

# **SEED INNOVATIONS LIMITED**

*(Formerly FastForward Innovations Limited)*

## **UNAUDITED CONDENSED HALF-YEARLY REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**SEED Innovations Limited**  
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## **SEED Innovations Limited Directors and Advisers**

### **Directors**

**Ian Burns** (*Non - Executive Chairman*)

**Edward McDermott** (*Executive Director*)

**Lance De Jersey** (*Executive Director*)

**Luke Cairns** (*Non-Executive Director*)

### **Advisers**

#### **Administrator, Secretary and Registered Office**

Obsidian Fund Services Limited (from 26 November 2021)  
The Grange,  
St. Peter Port  
Guernsey  
GY1 1RG

Vistra Fund Services (Guernsey) Limited (to 25 November 2021)  
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 St.  
London  
EC3M 3BY

#### **Investor Relations**

St Brides Partners Ltd  
Warnford Court  
29 Throgmorton Street  
London EC2N 2AT

#### **Nominated Adviser**

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

#### **Independent Auditor**

Grant Thornton Limited  
PO Box 313  
Lefebvre House, Lefebvre Street  
St Peter Port  
Guernsey  
GY1 3TF

#### **Guernsey Legal Adviser to the Company**

Collas Crill  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WN

#### **English Legal Adviser to the Company**

Hill Dickinson LLP  
The Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

## **SEED Innovations Limited**

### **Investing Policy**

“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.

## **SEED Innovations Limited**

### **Investing Policy (continued)**

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.

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 period ended 30 September 2021**

I am pleased to report on another progressive period, which saw the Company renamed and rebranded as SEED Innovations Limited ('SEED') to reflect its evolving portfolio and core objective - providing investors with exposure to disruptive growth opportunities that have significant potential and would normally be inaccessible to private investors.

We have made two investments into new companies during the period under review, both of which align with our focus to invest in disruptive technologies, but with a focus on investing within the medical cannabis, health and wellness space. Alongside these new investments, we have continued to support our existing portfolio companies, and collectively expand and balance out the liquidity of our portfolio.

Following regulatory guidance at the end of 2020, the UK stock market saw a flurry of activity from cannabis focussed companies during the calendar year. Frustratingly, market sentiment has not remained favourable across sectors in general with a number failing to deliver on the expectations of early investors, and particularly for the cannabis focussed stocks. Whilst the publicly listed cannabis stocks across the globe have seen some price pressure over recent months negatively impacting our net asset value, we continue to be a firm believer in investing in the medical cannabis, health and wellness space. With our access and network in the sector, we are well positioned to capitalise on this growth in the short, medium and long term, whilst continuing to seek investments in other disruptive technologies that we believe will create significant shareholder value.

We have previously reported on the sale of our stake in cannabis business EMMAC Life Sciences as part of a takeover by North American cannabis consumer products group Curaleaf Holdings Inc., but this formally completed in this period realising a gain for your company of £1.9 million, a 1.86 times return on the original investment, and one which demonstrated our ability to seek and deliver positive returns on investment from the international cannabis sector. While most of the global cannabis sales are represented by more mature U.S. and Canadian markets, such as in the recent EMMAC deal, international medical cannabis markets have also been evolving positively in the past years and are expected to continue that trend, representing a potentially huge growth opportunity judging by the North American experiences. Global cannabis sales mirror this predicted trend with an expected surge of 41% year-on-year in 2021, totalling \$31 billion, according to a recent report by Colorado-based cannabis market research firm BDSA. The report also notes global cannabis sales will surpass \$62 billion by 2026 (source: BDSA).

We are evaluating a large number of potential investment opportunities, many of which we are seeing via Alfredo Pascual, who joined our team in April as Vice President of Investment Analysis. Alfredo's focus on sourcing and evaluating investment opportunities in the burgeoning European medical cannabis industry, as well as supporting the growth of our portfolio companies in the sector, is a true asset to SEED.

Reflecting on the opportunity in Europe, we invested €3 million in Eurox Group, a revenue generating, German based European vertically integrated medical cannabis company, which is providing us direct access into the largest cannabis market in Europe today. Already well positioned in Germany, Eurox also has operations in Portugal and the UK and long-term manufacturing agreements in place with an EU GMP certified German pharmaceutical company. Since making our investment, Eurox has exceeded expectations by launching its own brand of '*made in Germany*' full-spectrum medical cannabis extracts ahead of schedule, along with entering into supply agreements with leading medical cannabis distributors in Germany, securing sales of dronabinol for the next quarters.

**SEED Innovations Limited**  
**Chairman's Statement (continued)**  
**For the period ended 30 September 2021**

Also reflecting our progress in Europe, investee company, ASX listed Little Green Pharma, a vertically integrated, medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution, has also made significant progress on the continent. This following on from its June acquisition of a fully operational GACP cultivation and GMP licensed medicinal cannabis asset in Denmark. This facility has the capacity to produce in excess of 20 tonnes of biomass per annum including 12 tonnes per annum of dried cannabis flower. The Company recently announced the first product shipment of its own branded cannabis flower medicines to the Australian market from the Danish Facility. Little Green Pharma has demonstrated its ability to show positive growth, both revenue and strategic, and in September 2021 experienced its highest sales month to date. We were therefore pleased to further support it with the purchase of shares both in the market and as part of a placing. Little Green Pharma has been ambitious in its growth strategy and is delivering beyond our expectations. With the Australian medical cannabis market experiencing high levels of growth, which is expected to have doubled from 2020's figures by the end of 2021 to A\$200m, we look forward to further positive news.

The second investment was in to CiiTECH Limited, an established research-led cannabis healthcare company. A brand building, consumer focused company dedicated to ongoing cannabis research and the commercialisation of cannabis products, CiiTECH is revenue generating and is growing its partnerships with leading institutions and scientists to create niche consumer brands.

A number of our existing portfolio companies have made positive progress over the period under review including South West Brands, which we have supported with further investment. This female led, multi-brand consumer goods group developed specifically for the CBD industry, has launched two consumer brands, LoveMeMeMe and FEWE, both of which are receiving a positive reception from experts and users to date.

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, has had a busy period, particularly post its dual listing and \$9.7 million fundraise on the AQSE Growth Market. We invested in this round of funding and are pleased to report that, although the share price has been somewhat volatile, Yooma is delivering on its expansion strategy having made three acquisitions since August, including two of the largest cannabis deals globally in the last few years.

We have seen some positive developments in our investments outside of the cannabis sector. NASDAQ quoted Portage Biotech Inc. continues to advance a pipeline of products that are targeted for clinical testing, and we took the opportunity to realise a trading gain of £396,000 in June. We remain an investor in Portage and anticipate further progress in the near term.

Another portfolio company, online gaming group Leap Gaming, is looking at a stock market listing in 2022 having continued its successful run with a number of new partnerships announced; amongst others, EuroLeague Instant Legends extended its partnership with leading Greek GameTech company Kaizen Gaming.

We also announced the completion of the sale of the assets of Factom Inc. to Invenium Capital Partners Inc. in September following Factom being placed in Chapter 11 bankruptcy. Whilst the investment into Factom was highly disappointing, and we wrote our investment down to £nil in April 2020, the agreement with Invenium closed the chapter and with the issue of a number of Invenium preferred shares to us, there is the possibility of some recouping of losses in the future.

**SEED Innovations Limited**  
**Chairman's Statement (continued)**  
**For the period ended 30 September 2021**

Finally, Juvenescence, a longevity biotech and life sciences company, has also made some notable advances and is very well funded for future development having raised \$50 million in a convertible loan note which, when added to the return on investment made post the sale of its stake in Insilico Medicine, leaves the company with a large cash position while they look at possible stock market listing in London. In April, Juvenescence launched Metabolic Switch as a drink, and is subsequently launching Metabolic Switch Powder, which provides the power of extra ketones to keep your body in deep nutritional ketosis for several hours.

**Results**

The net asset value of the Company at 30 September 2021 was £23,353,000 (31 March 2021: £24,939,000), equal to net assets of 10.98p per Ordinary Share (31 March 2021: 11.72p per Ordinary Share).

As one of the only London listed vehicles that provides exposure to opportunities in the health, wellness and medical cannabis spaces, and with a strong balance sheet, I am confident of SEED's continually evolving future and look forward to reporting on further progress over the coming months.

**Ian Burns**

Non-Executive Chairman

7<sup>th</sup> December 2021

**SEED Innovations Limited**  
**Report of the Chief Executive Officer**  
**For the period ended 30 September 2021**

**Introduction**

Investing in companies where we can add value is a key driver and the cutting-edge businesses we invest in are all supported by entrepreneurs who truly care about the future. With the highly experienced and well-connected team at SEED, we remain dedicated to supporting the continued growth of our investee companies, while delivering on our strategy of providing access to investment opportunities in sectors often inaccessible to the smaller investor. We are excited by the opportunities we are seeing, particularly in the cannabis sector in Europe, and look forward to evaluating these, and investing further, in the period ahead. We always consider environmental, social and governance in our investing. We are committed to making sure the companies we invest in are doing all they can to improve our world.

**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 with innovative businesses at differing stages of maturity. Accordingly, our portfolio includes a broad mix of companies, which are, or have the potential to be, at the forefront of their industries.

**Performance and valuation**

The Company's Net Asset Value ("NAV") per share at the end of the period was 10.98p per share compared to 11.72p at 31 March 2021 primarily resulting from the softening of the listed cannabis market. Although operational progress has been made by SEED's cannabis-based investee companies, the soft nature of the current market has resulted in majority of key listed cannabis focused stocks being flat or down on the year with respect to share price. A good example is Yooma Wellness, with the market price down 50% over the reporting period, reducing SEEDs carrying value by \$2.5 million (£1.4 million) to 30 September 2021, which has been the main driver for the reduction in our NAV. Since 30 September 2021, Yooma's trading price has further reduced from CAD\$0.70 to CAD\$0.24 as at 30 November 2021. This has been driven by illiquidity in the market and is, we believe, well below the real underlying value of Yooma, particularly when examined against its forecast sales in Q4 which creates an impressive annualised forecast run rate of US\$20m giving it the potential to be one of the largest companies in its sector.

**Portfolio**

The table below lists the Company's holdings as at 30 September 2021 and 31 March 2021.

Holding	Share Class	Category	Country of Incorporation	Number of Shares Held at 30 September 2021	Valuation at 30 September 2021 £,000	Number of shares held at 31 March 2021	Valuation at 31 March 2021 £'000
Juvenescence Limited	Ordinary	Biotech / Healthcare	Isle of Mann	128,205	2,352	128,205	2,301
EMMAC Life Sciences Ltd	Ordinary	Biotech / Healthcare	England	-	-	6,666,667	3,333
	Loan			-	-	N/A	1,703
Eurox Group GmbH	Ordinary	Biotech / Healthcare	Germany	4,962	2,577	-	-

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

Holding	Share Class	Category	Country of Incorporation	Number of Shares Held at 30 September 2021	Valuation at 30 September 2021 £,000	Number of shares held at 31 March 2021	Valuation at 31 March 2021 £'000
Invenium Capital Partners	Preferred	Blockchain Tech	USA	8,681	258	-	-
Factom, Inc.	Series SEED	Blockchain Tech	USA	-	-	400,000	-
	Series A	Blockchain Tech	USA	-	-	5,911,330	-
Fralis LLC (Leap Gaming)	Units	Gaming	Nevis	1,512	9,254	1,512	9,174
	Loan			N/A	252	N/A	249
Yooma Wellness	Common Shares	CBD Wellness	Canada	4,427,609	1,821	4,007,165	3,234
Portage Biotech Inc.	Ordinary	Biotech / Healthcare	BVI	50,123	756	68,306	1,389
Vemo Education, Inc.	Pref Series SEED 2	Edtech	USA	1,000,000	162	1,000,000	214
South West Brands	Convertible Loan	CBD Wellness	England	N/A	310	N/A	252
Little Green Pharma	Ordinary	Biotech / Healthcare	Australia	7,324,796	2,753	2,146,462	831
CiiTech	Convertible Loan	Biotech / Healthcare	England	N/A	179	-	-
Northern Leaf	Convertible Loan	Biotech / Healthcare	Jersey	N/A	631	N/A	600
Total Investment Value					21,305		23,280
Cash and receivables, net of payables and accruals					2,048		1,659
<b>Net Asset Value</b>					<b>23,353</b>		<b>24,939</b>

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

**Yooma Wellness Inc. ('Yooma') (investment position: c. 7.80% of NAV)**

SEED has a holding of 4,427,609 ordinary shares in Yooma representing approximately 4.4% of Yooma's issued share capital.

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.

Yooma dual listed on the AQSE Growth Market in August 2021 and since then has demonstrated growth in line with its stated acquisition strategy, notwithstanding a volatile share price of late. Yooma completed the acquisition of Vertex Co. Ltd., a Tokyo-based wellness business, as well as announcing its launch of MYO Plant Nutrition brand in leading UK retailer, Holland & Barrett. Furthermore, Yooma acquired Socati Corp., a U.S. based manufacturer and seller of premium-quality cannabinoid ingredients and consumer products.

Yooma has recently announced results for the third quarter of 2021, which demonstrated a promising period. Q4 sales are forecast to be some US\$5 million, or over US\$20 million annualised run rate suggesting Yooma has the potential to become one of the largest companies globally in their sector and using a price-to-sales ratio, we believe that Yooma is undervalued by the market. The team at Yooma have a proven track record of delivering in the cannabinoid sector, and individuals in the Yooma team have been key members of the management of both Nuuvera and Emmac Life Sciences, both companies Seed Innovations has been an investor in, and both cases leading to material cash returns to the fund.

**Portage Biotech, Inc ('Portage') (investment position: c. 3.24% of NAV)**

NASDAQ listed 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 and a growing roster of notable partnerships.

Over recent months, Portage progressed its research and development for novel immuno-oncology therapeutics while simultaneously launching an important business transformation to strongly position itself for accelerated development of its innovative cancer treatments. Following this, the first three assets within their portfolio entered the clinic, a milestone achievement driven by their vision of helping those with cancer achieve durable responses and a better quality of life. Portage is funded to complete Phase 1 and Phase 2 clinical trials for their lead invariant natural killer T cell (iNKT) agonists, PORT-2 and PORT-3, which Portage believe have the potential to synergize with PD-1 agents and overcome PD-1 resistance. These attributes represent a substantial opportunity to expand the already significant PD-1 cancer treatment market.

We were pleased to have realised part of our investment in Portage in June 2021 having sold 18,183 ordinary shares which resulted in a gain of \$551,000, a return of some four times our original investment.

Following the sale, SEED remains interested in a total of 50,123 ordinary shares representing 0.4% of the issued share capital of Portage.

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

**Little Green Pharma Ltd ('LGP') (investment position: c. 11.78% of NAV)**

An active portfolio company is ASX-listed Little Green Pharma, a vertically integrated, medicinal cannabis business who has made large strides to expand globally. SEED owns a holding of 7,324,796 ordinary shares in LGP representing 3.1% of LGP's issued share capital.

LGP reported financial results within the period under review, showing a positive snapshot of the current financial position of the business following a year of growth, both organic and by acquisition, in the Australian and overseas markets.

During the reporting period, LGP's key focus has been on expanding its Western Australian production operations, acquiring additional production capacity in the EU, further developing sales channels into Europe and internationally, and the education of healthcare professionals in Australia. The company has an indoor cultivation facility and manufacturing facility in Western Australia for the production of its own-branded range of GMP-grade medicinal cannabis products and acquired a fully operational GACP cultivation and GMP licensed medicinal cannabis asset in Denmark opening up the EU market further. Following this, LGP completed its first product shipment of its own branded cannabis flower medicines to the Australian market from the newly acquired Danish facility. LGP products comply with all required Therapeutic Goods Administration regulations and testing requirements.

LGP has a strong focus on patient access in the emerging global medicinal cannabis market and is actively engaged in promoting education and outreach programs, as well as participating in clinical investigations and research projects to develop innovative new delivery systems.

Good progress was also made in overseas markets, with products being delivered to Germany (with some significant purchase orders received), the United Kingdom, France, New Zealand and Brazil including the signing of a five -year distribution agreement with Balancial in Denmark as well as an exclusive distribution agreement for Poland with a subsidiary of Pelion SA, the largest operator in the Polish and Lithuanian healthcare sector. More recently LGP has made statements on various platforms about their intention to dual list in London, we believe this would be a positive strategic step forward in light of their European interests and could very well increase the investor pool and ultimately the valuation significantly.

**Fralis LLC (trading as Leap Gaming - 'Leap') (investment position: c. 40.71% 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.

The consistent growth and expansion of Leap's network of partnerships is testament to the quality of its diverse range of innovative products as they continue to challenge gaming operators worldwide. An update from Greek GameTech company, Kaizen Gaming extended its partnership with Leap Gaming with the roll out of EuroLeague Instant Legends, offering the game across Kaizen's major gaming sites. As announced on 2 February 2021, EuroLeague Instant Legends is a unique new betting product created by Leap Gaming and launched by IMG Arena in partnership with EuroLeague Basketball.

Leap also entered into a further partnership with CasinoHEX. CasinoHEX's site gives players access to a lot of information about various topics related to iGaming, such as casino and game reviews. With plenty of industry experience and expertise as a casino guide online, CasinoHEX is the place to visit if you want to read news.

In this period Leap made a third partnership up with Relax Gaming Ltd. Relax has a robust and extensive global network and serves top tier operators in key markets, using cutting-edge tech, to ensure smooth delivery of gaming content which ensures a top user experience. Leap is in the process of appointing advisers with a view to an IPO and, although this process has taken longer than anticipated, a listing in the first half of 2022 remains its target. We believe that Leap's partnership with Relax will be a positive factor when it goes public.

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

**Juvenescence Ltd ('Juvenescence') (investment position: c. 10.07% 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.

Juvenescence has made some notable advances during 2021 and is very well funded for future development having raised \$50 million in a convertible loan note which, when added to the return on investment made post the sale of its stake in Insilico Medicine, leaves the company with a large cash position while they look at possible stock market listing in London. In April, Juvenescence launched Metabolic Switch as a drink, and is subsequently launching Metabolic Switch Powder, which provides the power of extra ketones to keep your body in deep nutritional ketosis for several hours.

**South West Brands ('SWB') (investment position: c. 1.33% of NAV)**

We are pleased to report SWB's progress over this period. SWB was established to take advantage of and monetise the 'last mile' of the cannabis supply chain (brand, route to market and consumer engagement), whilst raising the bar to a new level of powerful and pioneering consumer brands with a global reach. It will look to develop and acquire brands in high margin, high volume product categories and exploit them through agreements with celebrity partnerships and licensed operating partners that have established manufacturing and distribution capability in relevant consumer segments.

In line with this, SWB have recently launched two consumer brands with both having received a positive reception from users to date. These first brand launches, which are generating SWB's early revenues, are LoveMeMeMe, a healthcare brand who produce and market all vegan and cruelty free self-care products with CBD ingredients <https://lovemememe.com>, and FEWE, the world's first full cycle-care brand that is dedicated to helping women understand the science behind the female monthly cycle <https://fewe.co.uk>.

SEED participated in a second 12-month, 8% Convertible Loan Note as part of a funding round by SWB to raise £300,000. The investment takes the total amount invested by SEED in SWB to date to £450,000.

**Northern Leaf Ltd ('Northern Leaf') (investment position: c. 2.70% of NAV)**

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. Northern Leaf is focused on becoming a key player in the rapidly burgeoning European medical cannabis supply chain, having already built a secure operational facility in Jersey.

2021 has been a transformative year and following an oversubscribed fundraise of £14.5 million (more than was originally planned due to demand), 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. It is fully funded to Phase 1 taking Northern Leaf through to revenue generation and with funds in place, an upgrade in technologies, processes, climate control and other systems is taking place, all of which are crucial to enable successful cultivation of products to EU GMP standards. This redesign has pushed back planned first plant by a few months, but in the long term will mitigate many of the risks involved in the growing process and will ultimately deliver higher yielding crops. With talks of an IPO within a year of the raise in 2021, we now hope to see a market debut sometime in 2022. We look forward to further updates from the management on this as we move into 2022.

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

**Vemo Education ('Vemo') (investment position: c. 0.70% of NAV)**

VEMO is an education technology company founded to address the student debt crisis by developing income share agreement ('ISA') programmes and deferred tuition plans and partnering with higher education institutions to make these funding options available to students.

There has been regulatory pressure on the space in 2021, in particular claims of misrepresentation against other market participants, and Vemo is currently defending a lawsuit taken out against a coding academy based in San Francisco and Vemo as the ISA provider. The lawsuit disputes the quality and price of the coding academy's training program, not the ISA itself. Vemo is defending this as the company provides guidance on partners' ISA program design, it does not determine the cost of the education/training or have the final say on programme terms. Vemo provides resources intended to help partners be good stewards of student-facing ISA information. Ultimately, it's the education institutions that communicate directly about the potential benefits and costs of available training and financing options to students. Until such claims are resolved, or clarity received from the regulator, there may be schools being reluctant to adopt ISA programmes.

**Eurox Group GmbH ('Eurox') (investment position: c. 11.03% of NAV)**

SEED has an 8.85% shareholding in Eurox. Eurox is a German-based, European vertically integrated medical cannabis company and one which provides SEED with direct exposure to a company focused on the German medical cannabis market, by far the largest in Europe. It has a long-term contract and manufacturing agreement for cannabis products with Dr. Reckeweg & Co. GmbH, a EU GMP certified German pharmaceutical company with 75+ years of experience manufacturing plant-based medicinal products.

In Europe, Germany represents the largest available market. The current German medical cannabis programme started in 2017, and in just a few years, sales of cannabis covered by statutory health insurers totalled €165 million in 2020. With €90 million reimbursed in the first half of 2021, the market is expected to continue its double-digit growth trajectory year-on-year in 2021. Total sales of medical cannabis in Germany are significantly higher if private prescriptions, for which there's no official and publicly available data, are added to the sales covered by statutory health insurers (source: GKV Gamsi).

Eurox have made good progress in the period under review with its own brand launch of full-spectrum cannabis-based medicinal products ahead of schedule, along with a distribution agreement with Materia Deutschland GmbH ("Materia"), a leading processor and distributor of medical cannabis and CBD wellness products across Europe, whereby Materia will become one of Eurox's selected distribution partners for its medicinal cannabis extracts.

In a more recent update Eurox announced it had successfully started sales in Germany to a number of select customers of dronabinol, the primary psychoactive compound in cannabis also known Delta-9-tetrahydrocannabinol ( $\Delta$ 9-THC). Sales of  $\Delta$ 9-THC represents a new revenue stream for Eurox.

**CiiTECH Limited ('CiiTECH') (investment position: c. 0.77% of NAV)**

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.

SEED participated £175,000 in a £2.1 million issuance of convertible loan notes ('CLN') in July alongside other professional and ultra-high-net-worth investors, again broadening our exposure to the cannabis and wellness industry. The CLNs were issued ahead of CiiTECH's intended reverse takeover by Fragrant Prosperity Holdings Limited, (LSE: FPP) announced on 24 May 2021. CiiTECH will use the capital raised via the CLN to fund its marketing strategy, invest in new talent, build

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

essential operational infrastructure to support future growth and finance the intended reverse takeover. We understand further information about the timings of the intended reverse takeover will be available shortly.

**Inveniam Capital Partners ('Inveniam') (investment position: c. 1.10% of NAV)**

Inveniam Capital Partners Inc. has completed the purchase of Factom Inc.'s assets. Factom was a SEED portfolio company that was written down to £nil as announced in April 2020 and this acquisition follows on from the previous mention in the Company's Annual Report published in July 2021, and Factom's exit from Chapter 11 bankruptcy proceedings.

Under the terms of the Acquisition, Inveniam settled all of Factom's creditor obligations and issued to the Factom preferred shareholders, of which SEED is one, a fixed number of Inveniam Preferred shares. The value of this investment is approximately £250,000 for SEED.

Inveniam is a private Fintech company with offices in New York and Northville, MI. Founded in 2017, Inveniam has built Inveniam.io, a powerful technology platform that utilises big data, AI and blockchain technology to provide not only surety of data, but high-functioning use of that data in a distributed data ecosystem. When verified by Inveniam, users can obtain real-time pricing of private, infrequently traded assets, accelerate diligence, accurately price, and identify buyers for those assets. Inveniam's operating system credentials data to commute trust - allowing payments throughout the global financial system. This ability to commute trust in data artifacts is regardless of their place of rest, origin, or application. Inveniam holds numerous patents around the ingestion of data into smart contracts.

Whilst very disappointing to see the final demise of Factom Inc., which has been held at nil value since March 2020, the agreement reached with Inveniam Capital Partners Inc. brings what has been a very difficult 18 months dealing with the Factom management to a close and presents an opportunity for SEED to possibly recoup some of that investment via the preference share holding in Inveniam.

**EMMAC Life Sciences ('EMMAC') (investment position: exited)**

SEED completed the sale of its entire holding in investee company, EMMAC Life Sciences Limited, to Curaleaf Holdings Inc in April for just over £5 million in cash, an overall return of 1.86 times the original investment and further demonstrating the potential of SEED's investment strategy. The proceeds of the sale has been, and will continue to be, used to make further investments in accordance with the Company's investing policy.

**Conclusion**

As mentioned, the Company's move towards investing more within the medical cannabis, health and wellness space, is reflected in the recent rebrand to SEED Innovations Limited.

Our focus on these markets is strategic, based not just on our team's track record of working in the space, but also on what we believe to be a highly favourable long-term demand profile for proven products that are increasingly ubiquitous to our everyday lives. According to a report by Fortune Business Insights™, the global cannabis market is projected to grow as "Rising awareness regarding the product's therapeutic and medicinal benefits, enabling policies, and relaxation regulations are likely to foster market development."

Several international markets where our portfolio companies operate continue showing strong growth. For instance, the Australian market is expected to reach A\$230 million in 2021, more than doubling the A\$90 from 2020 (source: FreshLeaf Analytics) while Israel just surpassed the 100,000 patients mark, doubling the number of patients from just two years ago (source: health.gov.il). Furthermore, other European countries, including the U.K., Denmark, Poland and France continue positively developing their medical cannabis programmes which represents a material revenue opportunity for our portfolio companies in the medium and long term.

**SEED Innovations Limited**  
**Report of the Chief Executive Officer (continued)**  
**For the period ended 30 September 2021**

We are confident that current market sentiment within the sector is not reflective of global market dynamics, which data indicates is robust, I would suggest this is down to several companies that jumped on the IPO bandwagon and disappointed their investors. Utilising our team of specialists, we analyse hundreds of companies and only invest in those that we believe provide significant growth opportunities. Given where the market is and the depressed valuations, new opportunities are being opened up to us; accordingly, we are reviewing a number of exciting prospects.

Additionally, the board and I are excited about the other opportunities that we have invested in, particularly Leap Gaming, which has indicated a likely H1 2022 IPO and, similarly, Juvenescence, which is also moving in the same direction.

As we move into 2022, we do so with the knowledge that our major shareholders are happy with their positions and that several stabilising, long-term strategic investors are assessing our business with a view to investing. We therefore look forward to the year ahead with confidence as we focus on delivering on our investment strategy to create significant value for our shareholders.

**Ed McDermott**  
**CEO**  
**7<sup>th</sup> December 2021**

**SEED Innovations Limited**  
**Directors' Responsibilities Statement**  
**For the period ended 30 September 2021**

The Directors are responsible for preparing these unaudited condensed half-yearly financial statements, which have not been reviewed or audited by the Company's independent auditors, and are required to:

- prepare the unaudited half-yearly financial statements in accordance with International Accounting Standard 34: Interim Financial Reporting;
- include a fair review of important events that have occurred during the period, and their impact on the unaudited half-yearly financial statements, together with a description of the principal risks and uncertainties of the Company for the remaining six months of the financial year as detailed in the Chairman's Statement; and
- include a fair review of related party transactions that have taken place during the six-month period which have had a material effect on the financial position or performance of the Company, together with disclosure of any changes in related party transactions from the last annual financial statements which have had a material effect on the financial position of the Company in the current period.

The Directors confirm that the unaudited condensed half-yearly financial statements comply with the above requirements and are signed on behalf of the Board of Directors by:

Lance De Jersey  
**Director**

Ian Burns  
**Director**

7<sup>th</sup> December 2021

**SEED Innovations Limited**  
**Condensed Half-Yearly Statement of Comprehensive Income**  
**For the period ended 30 September 2021**

		<i>1 April 2021 to 30 September 2021 (unaudited)</i>	<i>1 April 2020 to 30 September 2020 (unaudited)</i>
	<i>Note</i>	<i>£'000</i>	<i>£'000</i>
<b>Investment gains and losses</b>			
Realised (loss)/gain on investments at fair value through profit and loss	5	(1,930)	97
Unrealised gain on investments at fair value through profit and loss	5	762	1,359
Interest income on investments at fair value through profit and loss		45	4
<b>Total investment (losses)/gains</b>		<b>(1,123)</b>	<b>1,460</b>
<b>Income</b>			
Bank interest income		-	2
<b>Total income</b>		<b>-</b>	<b>2</b>
<b>Expenses</b>			
Legal and professional fees		(118)	(175)
Directors' remuneration and expenses	12	(200)	(133)
Other expenses		(65)	(82)
Adviser and broker's fees		(57)	(42)
Administration fees		(48)	(38)
Recognition of Directors share based expense	12	(16)	(31)
<b>Total expenses</b>		<b>(504)</b>	<b>(501)</b>
<b>Net (loss)/profit from operating activities before gains and losses on foreign currency exchange</b>		<b>(1,627)</b>	<b>961</b>
Net foreign currency exchange gain/(loss)		25	(6)
<b>Total comprehensive (loss)/income for the period</b>		<b>(1,602)</b>	<b>955</b>
<b>(Loss)/earnings per Ordinary Share – basic and diluted</b>	7	<b>(0.75)p</b>	<b>0.59p</b>

*All the items in the above statement are derived from continuing operations.  
The accompanying notes on pages 21 to 28 form an integral part of these unaudited condensed half-yearly financial statements.*

**SEED Innovations Limited**  
**Condensed Statement of Financial Position**  
**As at 30 September 2021**

	Note	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
<b>Non-current assets</b>			
Financial assets designated at fair value through profit or loss	5	21,305	23,280
<b>Current assets</b>			
Other receivables		36	53
Cash and cash equivalents		2,076	1,675
		2,112	1,728
<b>Total assets</b>		<b>23,417</b>	<b>25,008</b>
<b>Current liabilities</b>			
Payables and accruals		(64)	(69)
<b>Total liabilities</b>		<b>(64)</b>	<b>(69)</b>
<b>Net assets</b>		<b>23,353</b>	<b>24,939</b>
<b>Equity</b>			
Share capital	11	2,127	2,127
Employee stock option reserve		196	180
Other distributable reserves		21,030	22,632
<b>Total equity shareholders' funds</b>		<b>23,353</b>	<b>24,939</b>
<b>Net assets per Ordinary Share - basic and diluted</b>	10	<b>10.98p</b>	<b>11.72p</b>

The financial statements on pages 17 to 28 were approved by the Board of Directors on 6<sup>th</sup> December 2021 and were signed on their behalf by:

**Lance De Jersey**  
Director

**Ian Burns**  
Director

*The accompanying notes on pages 21 to 28 form an integral part of these unaudited condensed half-yearly financial statements*

**SEED Innovations Limited**  
**Condensed Half-Yearly Statement of Changes in Equity**  
**For the period ended 30 September 2021**

	Share capital £'000	Deferred shares reserves £'000	Employee stock option reserves £'000	Distributable reserves £'000	Total £'000
<b>Balance at 31 March 2021</b>	<b>2,127</b>	-	<b>180</b>	<b>22,632</b>	<b>24,939</b>
Total comprehensive loss for the period	-	-	-	(1,602)	(1,602)
<i>Transactions with shareholders</i>					
Employee share scheme - value of employee services	-	-	16	-	16
<b>Balance at 30 September 2021</b>	<b>2,127</b>	-	<b>196</b>	<b>21,030</b>	<b>23,353</b>

	Share capital £'000	Deferred shares reserves £'000	Employee stock option reserves £'000	Distributable reserves £'000	Total £'000
<b>Balance at 31 March 2020</b>	<b>1,615</b>	<b>630</b>	<b>1,263</b>	<b>10,730</b>	<b>14,238</b>
Total comprehensive income for the period	-	-	-	955	955
<i>Transactions with shareholders</i>					
Employee share scheme - value of employee services	-	-	31	-	31
Transfer of value of lapsed options	-	-	(1,130)	1,130	-
<b>Balance at 30 September 2020</b>	<b>1,615</b>	<b>630</b>	<b>164</b>	<b>12,815</b>	<b>15,224</b>

*The accompanying notes on pages 21 to 28 form an integral part of these unaudited condensed half-yearly financial statements.*

**SEED Innovations Limited**  
**Condensed Half-Yearly Statement of Cash Flows**  
**For the period ended 30 September 2021**

	<i>1 April 2021 to 30 September 2021 (unaudited) £'000</i>	<i>1 April 2020 to 30 September 2020 (unaudited) £'000</i>
<b>Cash flows from operating activities</b>		
Total comprehensive (loss)/income for the period	(1,602)	955
<i>Adjustments for:</i>		
Net gain on fair value adjustments on financial assets at FVTPL	(762)	(1,359)
Realised loss/(gain) on fair value adjustments on financial assets at FVTPL	1,930	(97)
Foreign exchange movement	(25)	6
Directors' share based expense	16	31
Finance income	(45)	(4)
<i>Changes in working capital:</i>		
Decrease in other receivables and prepayments	17	17
(Decrease) / increase in other payables and accruals	(5)	5
<b>Net cash outflow from operating activities</b>	<b>(476)</b>	<b>(446)</b>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at fair value through profit or loss	(4,714)	(1,121)
Disposal of financial assets at fair value through profit or loss	5,566	468
<b>Net cash inflow/(outflow) from investing activities</b>	<b>852</b>	<b>(653)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>376</b>	<b>(1,099)</b>
Cash and cash equivalents brought forward	1,675	1,213
Increase/(decrease) in cash and cash equivalents	376	(1,099)
Foreign exchange movement	25	(6)
<b>Cash and cash equivalents carried forward</b>	<b>2,076</b>	<b>108</b>

*The accompanying notes on pages 21 to 28 form an integral part of these unaudited condensed half-yearly financial statements.*

**SEED Innovations Limited**  
**Notes to the Condensed Half-Yearly Financial Statements**  
**For the period ended 30 September 2021**

**1. General Information**

SEED 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 P.O. Box 343, Obsidian House, La Rue D'Aval, Vale, Guernsey GY6 8LB.

The Company's objective is set out in its Investing Policy which can be found at: <https://seedinnovations.co/about/investing-policy> and as detailed on pages 3 to 4 of these financial statements.

The Company's Ordinary Shares are traded on AIM, a market operated by the London Stock Exchange. 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.

**2. Statement of Compliance**

These condensed half-yearly financial statements, which have not been independently reviewed or audited by the Company auditors, have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 March 2021.

The unaudited condensed half-yearly financial statements were approved by the Board of Directors on 7<sup>th</sup> December 2021.

**3. Significant Accounting Policies**

These unaudited condensed half-yearly financial statements have adopted the same accounting policies as the last audited financial statements, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretations Committee and applicable legal and regulatory requirements of Guernsey Law and reflect the accounting policies as disclosed in the Company's last audited financial statements, which have been adopted and applied consistently.

The Company has adopted all revisions and amendments to IFRS issued by the IASB, which may be relevant to and effective for the Company's financial statements for the annual period beginning 1 April 2021. No new standards or interpretations adopted during the period had an impact on the reported financial position or performance of the Company.

**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:

**SEED Innovations Limited**  
**Notes to the Condensed Half-Yearly Financial Statements (continued)**  
**For the period ended 30 September 2021**

**4. Critical Accounting Estimates and Judgements (continued)**

***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.

***Estimates***

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 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.

## SEED Innovations Limited

### Notes to the Condensed Half-Yearly Financial Statements (continued)

For the period ended 30 September 2021

#### 4. Critical Accounting Estimates and Judgments (continued)

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. Investments designated at fair value through profit or loss

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

	30 September 2021 £'000	31 March 2021 £'000
Fair value of investments brought forward	17,825	12,426
Purchases during the period/year	3,044	1,853
Transfers from Level 3 to Level 1	-	(50)
Disposal proceeds during the period/year	(5,288)	-
Capitalised interest on convertible loan	45	31
Realised (losses)/gains on disposals	(2,334)	-
Net unrealised change in fair value	2,684	3,565
Fair value of investments carried forward	<u>15,976</u>	<u>17,825</u>

The disposal proceeds during the period relate to the sale of Emmac shares and loan and the conversion of Factom to Invenium.

A reconciliation of the opening and closing balances of assets designated at fair value through profit or loss classified as Level 2 is as follows:

	30 September 2021 £'000	31 March 2021 £'000
Fair value of investments brought forward	-	-
Transfers from Level 1 to Level 2	3,234	-
Purchases during the period/year	220	-
Net unrealised change in fair value	(1,633)	-
Fair value of investments carried forward	<u>1,821</u>	<u>-</u>

**SEED Innovations Limited**  
**Notes to the Condensed Half-Yearly Financial Statements (continued)**  
**For the period ended 30 September 2021**

**5. Investments designated at fair value through profit or loss (continued)**

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:

	30 September 2021 £'000	31 March 2021 £'000
Fair value of investments brought forward	5,455	946
Purchases during the period/year	1,701	1,883
Transfers from Level 3 to Level 1	-	50
Transfers from Level 1 to Level 2	(3,234)	-
Disposal proceeds during the period/year	(529)	(1,166)
Realised gains on disposals	384	443
Net unrealised change in fair value	(269)	3,299
Fair value of investments carried forward	3,508	5,455
Total value of investments at fair value through profit or loss	21,305	23,280

During the period, there was a transfer between fair value hierarchy levels from Level 1 to Level 2 relating to the valuation treatment of Yooma Wellness. Due to no volume on the valuation day and a large transaction on the prior day skewing the price, a Moving Volume Weighted Average Price was applied thus defining the valuation as Level 2 (31 March 2021: 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 resulting in a transfer from Level 3 to Level 1).

During the period, Invenium Capital Partners purchased Factom for cash to settle Ch.11 creditors and issued Invenium stock to the Factom preference shareholders.

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. The valuations prepared by the Company or received from third parties are in accordance with the International Private Equity and Venture Capital Valuation 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.

**6. Segmental Information**

In accordance with International Financial Reporting Standard 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 Condensed Half-Yearly Financial Statements (continued)

#### For the period ended 30 September 2021

#### 7. Earnings per Ordinary Share

The loss per Ordinary Share of 0.75p (30 September 2020: 0.59p gain per Ordinary Share) is based on the loss for the period of £1,602,000 (30 September 2020: gain of £955,000) and on a weighted average number of 212,747,395 Ordinary Shares in issue during the period (30 September 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 period was below the exercise price of the Options (exercise prices of 19.00 pence and 25.00 pence). Therefore, as at 30 September 2021 the Options had no dilutive effect.

#### 8. Dividends

The Directors do not propose an interim dividend for the period ended 30 September 2021 (30 September 2020: £Nil).

#### 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 income disclosed in the Statement of Comprehensive Income (30 September 2020: £Nil).

#### 10. Net Assets per Ordinary Share

##### *Basic and diluted*

The basic net assets value per Ordinary Share is based on the net assets attributable to equity shareholders of £23,353,000 (31 March 2021: £24,939,000) and on 212,747,395 Ordinary Shares in issue at the end of the period (31 March 2021: 212,747,395 Ordinary Shares).

#### 11. Share Capital and Options

	<i>30 September</i>	<i>31 March</i>
	<i>2021</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>
<i>Authorised:</i>		
1,910,000,000 Ordinary Shares of 1p	19,100	19,100
100,000,000 Deferred Shares of 0.9p	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	2,127	2,127
	<u>2,127</u>	<u>2,127</u>
<i>Options:</i>		
Share options	2,000,000	2,000,000
Warrants	24,117,762	24,117,762

##### *Ordinary Shares*

There was no issue of shares during the period ended 30 September 2021 (31 March 2021: 51,247,290 Ordinary Shares of 1p issued).

**SEED Innovations Limited**  
**Notes to the Condensed Half-Yearly Financial Statements (continued)**  
**For the period ended 30 September 2021**

**11. Share Capital and Options (continued)**

*Deferred Shares*

In aggregate (not per share), the holders of Deferred Shares shall be entitled to receive up to £1 only as a preferred dividend or distribution. The Deferred Shares have zero economic value. The holders of Deferred Shares, in respect of their holdings of Deferred Shares, shall not have the 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. No movement in deferred shares has occurred in the period.

*Options*

The options granted relate to Ed McDermott.

*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 Annual General Meeting on 22 September 2021 the Directors may determine to issue 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.

*Warrants*

During the year ended 31 March 2021, 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.

**12. Related Parties**

*Ian Burns*

Mr Burns is the legal and beneficial owner of Smoke Rise Holdings Limited ("Smoke"), which holds 1,374,024 (31 March 2021: 1,374,024) Ordinary Shares in the Company, representing 0.65% (31 March 2021: 0.65%) of the Company's issued share capital.

Mr Burns is entitled to an annual remuneration of £36,000, payable quarterly in arrears.

*Ed McDermott*

Mr McDermott was a co-founder and an executive director of, EMMAC Life Sciences Limited ("EMMAC"). Mr McDermott owned 11,250,000 (31 March 2021: 11,250,000) shares in EMMAC, which equated to 3.9% of the shares in issue. During the period, both the Company and Mr McDermott disposed of their holdings in EMMAC as part of the sale of EMMAC to Curaleaf. The sale of the Company's shares was for total cash proceeds of £5,036,000.

Mr McDermott is entitled to an annual remuneration of £160,000 (2020: £92,808). Mr McDermott was paid a performance bonus in July 2021 of £15,000 relating to work undertaken in the year ended 31 March 2021.

Mr McDermott held 2,000,000 options as at 30 September 2021 (31 March 2021: 2,000,000).

*Lance De Jersey*

Mr De Jersey, Finance Director of the Company holds 400,000 (31 March 2021: 400,000) Ordinary Shares in the Company, representing 0.19% (31 March 2021: 0.19%) of the Company's issued share capital.

Mr De Jersey is entitled to an annual salary of £106,000 (2020: £80,000) per annum. Mr De Jersey was paid a performance bonus in July 2021 of £15,000 relating to work undertaken in year ended March 2021.

**SEED Innovations Limited**  
**Notes to the Condensed Half-Yearly Financial Statements (continued)**  
**For the period ended 30 September 2021**

**12. Related Parties (continued)**

Luke Cairns

Mr Cairns is entitled to an annual remuneration of £36,000 per annum.

**30 September 2021**

	<i>Directors'</i> <i>Remuneration</i> £'000	<i>Recognition of</i> <i>share based</i> <i>expense</i> £'000	<i>Total</i> £'000
Ian Burns	18	-	18
Ed McDermott	95	16	111
Lance De Jersey	69	-	40
Luke Cairns	18	-	18
	<hr/> 200	<hr/> 16	<hr/> 216 <hr/>

**30 September 2020**

	<i>Directors'</i> <i>Remuneration</i> £'000	<i>Recognition of</i> <i>share based</i> <i>expense</i> £'000	<i>Total</i> £'000
Ian Burns	18	-	18
Lorne Abony	12	15	27
Ed McDermott	45	16	61
Lance De Jersey	40	-	40
Luke Cairns	18	-	18
	<hr/> 133	<hr/> 31	<hr/> 164 <hr/>

No pension contributions were paid or were payable on behalf of the Directors.

**13. Capital management policy and procedures**

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

The Company does not ordinarily 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 by way of 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.

## **SEED Innovations Limited**

### **Notes to the Condensed Half-Yearly Financial Statements (continued)**

**For the period ended 30 September 2021**

#### **14. COVID**

During the previous year and to the date that the Financial Statements were approved, the coronavirus (“COVID”) outbreak emerged and has continued to cause extensive disruptions to businesses and economic activities. The company has not experienced a negative impact on its operations or arrangements as a result of COVID-19.

As the pandemic continues the quantum of the effect is difficult to determine and could be material, however the Directors are monitoring the situation and considering the effect it may have on possible future impact on the company and its operations.

The Directors therefore remain confident that the going concern basis remains appropriate.

#### **15. Events after the financial reporting date**

On 4 October 2021, a further investment was made into South West Brands Limited for £150,000 by way of a second 12-month, 8% Convertible Loan Note.

On 7 October 2021, the Company provided a one month Term loan of €100,000 to Fralis LLC at a rate of 8% per annum. On 18 November 2021, the Term loan was subsequently rolled up into a further total investment of €450,000 by way of an extension to the existing €1 million 1% Convertible Loan Note.

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