# Forward-thinking capital

## Forward Partners Group PLC

ANNUAL REPORT 2021

# We're Forward Partners

Since 2013, we've been investing in the UK's most promising high-growth, early-stage technology businesses.

We provide venture capital through Forward Ventures, equity-free financing through Forward Advances and highly specialised growth support through Forward Studio. This model supports founders in building stronger businesses faster, providing better outcomes for both companies and investors.

## The Group

**FORWARD VENTURES**

We invest £200k—£2m in VC funding from day zero through to Series A and beyond, focusing on applied AI, marketplaces and eCommerce.

**FORWARD ADVANCES**

We provide equity-free funding of up to £1m to eCommerce and SaaS companies to fuel their growth through marketing and inventory spend, in return for a fixed percentage fee.

**FORWARD STUDIO**

We help founders build stronger businesses and grow faster through specialist support – ultimately aiming to provide better outcomes for companies and investors alike.

# We give founders their best shot at success

Entrepreneurs are solving the world's biggest problems with visionary thinking, new technology and challenger mindsets.

Our purpose is to help more of them succeed, supporting them with the right funding at the right time – and providing expertise from the start.

**WE FIND AND BACK ENTREPRENEURIAL TALENT — EARLIER**

We scour the UK tech ecosystem for ambitious entrepreneurs and help fulfil their vision faster. We invest in high-growth companies early, then nurture them to create better outcomes and great returns.

**WE PROVIDE FORWARD-THINKING CAPITAL FOR A CHANGING WORLD**

We tailor our funding and support to each founder's business, ambition and stage of growth. Our permanent capital structure allows us to deliver great returns through a patient, supportive approach to investment.

**WE BACK FOUNDERS WITH MORE THAN MONEY**

We give founders the support they need to build and grow faster. We create better outcomes for both founders and investors by applying expertise built from scaling dozens of companies at early stages of growth.

# Contents

# 2021 highlights

*Figures for 1 January — 31 December 2021 unless otherwise stated.*

| Venture Portfolio Value | Venture Portfolio Value growth | Average portfolio company revenue growth* |
|---|---|---|
| £117.1m | 25% | 128% |
| **Net Asset Value per share** | **Venture investments**** | **Cash realisations** |
| 104p | £8.8m | £5.0m |
| **Available cash** | **Net assets** | **Profit after tax** |
| £31.1m | £139.6m | £16.5m |

* Weighted average revenue growth of our top 15 holdings
** Excludes Forward Advances

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed Alternative Performance Measures (APMs). The above figures contain APMs.

# Chair's introduction

## 2021 was a remarkable year for Forward Partners. As we entered our first year as a public company, we saw a UK tech investment boom and great performance from our portfolio.

Covid-19 and the lockdowns presented new challenges, but the digital-first business models that many of our portfolio companies leverage – the likes of Ably and Gravity Sketch – allowed them to meet the sudden shift in consumer behaviour. As society has opened back up, those that were hit harder have also started to bounce back.

At the same time, investment in the European tech sector grew, with the London ecosystem raising a record-breaking $37.7bn over the year according to Dealroom.co, largely in later-stage rounds. For Forward, this market momentum held two upsides: increasingly exciting early-stage deal flow, as great founders were attracted to VC investment; and - as a high proportion of the funds raised were held by later stage investors – improved fundraising potential for our portfolio companies.

2022, however, is a different story. It will be a more difficult year, defined by geopolitical tension and inflationary headwinds. Our Ventures portfolio is not immune from these pressures, and as detailed in the CEO and Financial Review sections of this document we expect that our half year valuation will be down on the year end - primarily as a consequence of valuations rather than performance. It's important to note that venture capital is a long-term game.

The driver of growth in the startup ecosystem is the ever-increasing pace of change and that continues unabated through good times and bad. Our confidence in our business model remains as strong as ever and we're excited to be moving forwards and taking the next steps on the road to scale.

We're united by a belief that entrepreneurs are changing the world for the better, and our ambition is to give founders their best shot at success – to drive better outcomes for our portfolio companies and better returns for our shareholders. As ever, that means finding and backing the best entrepreneurial talent earlier, providing forward-thinking capital for a changing world, and offering hands-on support to our founders throughout their journey.

To deliver and scale this vision, we're continuing to follow an investment strategy highly focused on businesses leveraging applied AI and marketplace operating models – and as we move into 2022, Web3 and the decentralised technology that underpins it. We've developed strong proprietary deal flow, hold a growing pipeline of deals focused within these areas and have made a series of promising new investments this year from it.

Key to delivering value from our investments is how we help them to grow. A key belief at Forward is that we can improve founder outcomes by backing them with more than money. The Studio team continues to offer its expertise to our founders as they navigate running an early-stage company. Our offer to founders is as simple as it is innovative: we will give you more meaningful, hands-on support for your early-stage growth than other investors.

This tailored support strengthens our brand too, building our position in the ecosystem as an early-stage specialist, and increasing the quality of inbound deal-flow from partners and founders.

This year, our newly formed board has focused on developing the key structures that underpin our ability to scale. We have formalised policies, established processes and set up committees for remuneration and nominations, audit and valuations. We've also deeply considered our role in society and the impact we can make, developing company policy and our investment strategy to ensure that our efforts and our investments positively impact environmental, social and governance criteria.

At company level, we have overseen the strengthening of our teams to create capacity to move faster and retain our creative and competitive edge across Ventures, Advances and the Studio. Strategic leadership has been a key part of this: through the creation of the Forward Partners Group Board itself; the recruitment of our new Chief Financial Officer, Lloyd Smith - as we say goodbye to Matthew Bradley as Chief Investment and Financial Officer; and with the completion of a series of senior hires across the business, particularly in Forward Advances.

We believe that nurturing a high-performance culture is key to our continued success. Through 2021, Forward experienced a great deal of change: not only adjusting to life as a public company, but to new ways of working, post-pandemic. In the face of these changes, we see a clear purpose, deep belief and strong relationships as powerful enablers of culture.

We continue to build an environment that reflects the high-growth attitude of our best companies. We empower our people to live our shared values – to be bold, caring and wise in their decisions and actions. Our policies and procedures promote transparency, coordination, and communication. We have also moved to a hybrid working model that allows the team to get quality face-to-face time together two days a week, whilst leaving space for more focused time for deep work.

As we move through 2022, we are of course mindful of the challenging market condition that Forward and our portfolio companies will face in the months ahead. Predicting what will happen next at early stage companies is difficult at the best of times and is extraordinarily hard under current circumstances. Our advice to portfolio companies is to plan for the worst by conserving cash and extending their runway even if that means growing slower for a period. Where we do make predictions we will try to be both consistent and conservative in our approach.

**Our ambition is to give founders their best shot at success, for both better outcomes for our portfolio companies and better returns for our shareholders.**

Looking forward, we have the right elements in place to weather the storm and to continue to grow. We see our combined offer of venture capital, equity-free financing and expert support as the key to building a strong, resilient and high-potential portfolio. We are confident in our strategy, hold a strong pipeline of new and follow-on investment opportunities, and have a great team to nurture our investments through a difficult environment.

We move forwards deliberately and pragmatically, mindful of the headwinds our portfolio companies and our valuations will face.

I want to thank our staff, partners and shareholders for making 2021 a real success and their continued support as we grow.

**Jonathan McKay**
Chair

29 June 2022

## Our offer to founders is as simple as it is innovative: we'll give you more meaningful, hands-on support for your early-stage growth than other investors.

**Jonathan McKay**
Chair

# CEO's review

**On 19 July 2021, Forward Partners successfully listed on the London Stock Exchange. As CEO and Founding Partner, this was the realisation of a long-held vision, which was shared with key investors, and the culmination of nearly three years of planning to move to the next stage of growth for our business, democratise access to venture investments and, ultimately, support even more of the UK's best tech founders.**

2021 was a remarkable year for us, for venture capital and for European tech. London broke away from the pack as Europe's leading tech hub, receiving record levels of investment and becoming an even stronger magnet for great entrepreneurs, startups, investors and technical talent.

For Forward, these market conditions encouraged strong performance from many companies within our portfolio and an increase in high quality deal flow.

In 2022, however, we face a different situation, with conflict in Europe and high inflation. Share prices of listed technology companies have fallen and we are now starting to see that feed through into private company valuations. We expect that valuations of later stage private companies will be most affected and that those of smaller, earlier stage businesses will hold a weaker correlation to public markets.

Turning from valuations to underlying portfolio company performance I'm pleased to say the story is significantly more positive. Whilst our investments are feeling the impact individually as of today our portfolio generally remains in rude health with more than enough companies showing the potential to become one of the handful of winners we need to generate great returns. This is to be expected as with target holding periods of seven to ten years we know all our investments have to be strong enough to survive at least one difficult period in the economy.

## Operating review

Our mission is to build the UK's leading and most admired early-stage venture firm.

For entrepreneurs, that means being their first choice for funding. For investors, it means nurturing a reputation for compounding net asset growth.

To deliver on this mission, we invest our funds and support into visionary entrepreneurs leading high-potential companies. We offer finance tailored to each founder's needs, and work hard to be the most supportive investors. We enter the arena with our portfolio founders, helping them find their path and fight for success. We do this via our Studio team, which offers practical advice and expert execution to help them scale faster.

**In 2021, we focused our strategy on three core areas:**

**Building and nurturing a world-class portfolio.** We delivered Venture Portfolio Value growth through investment in promising technology startups; by participating in follow-on rounds into our breakout portfolio companies; and by supporting our portfolio companies to scale through the Studio Team.

**Providing forward-thinking capital.** We developed our funding offers – providing solutions tailored to founders' businesses, their stage and ambition, through both equity funding and revenue-based financing.

**Strengthening for scale.** We built up our core functions – our processes, people and technology – to deploy our capital more effectively and better support our portfolio companies' growth with more than money.

And we provide that support through bespoke funding and expertise. For companies ready to commit to the venture capital track – a strategy of rapid, loss-making growth in pursuit of a large, high value exit – we support them with equity investment through Forward Ventures. For businesses that might be in smaller markets or are focused on maintaining profitability and steady growth we provide equity-free loans through Forward Advances. And, for all, we provide hands-on support through our Studio, equipping our founders with everything they need to build.

### Group

In 2021, Forward Partners prepared for life as a public company. Following our successful submission to AIM in July we commenced a programme preparing Forward Partners for scale – expanding our ventures, Advances, finance, and marketing teams to further support Forward's growth and our portfolio, while furthering our commitment to compliance and risk management.

To that end, we're proud to welcome aboard Lloyd Smith, who joined us as CFO and Executive Director in March 2022.

### Ventures

Through 2021, Forward Ventures invested in 21 businesses, deploying a total of £8.8m in new and follow-on investments.

Ventures made six primary investments into new companies, totalling £4.3m.

Key highlights include:

*Clustermarket:* an all-in-one lab management platform that's revolutionising how researchers use lab equipment. The founding team have already demonstrated substantial progress, through the growth of their user base and through their development as a brand and company. You can learn more about them and how they've worked with our Studio to accelerate their progress in a case study further on in this report.

*PocDoc:* an app-based digital health platform that allows anyone with a smartphone or tablet to test themselves for a range of major diseases and conditions via a finger prick. The team works with health care organisations and employers, including the NHS, Department of Health and Edinburgh Airport.

*Sourcery AI:* a coding assistant that's helping developers to create better code, faster – think Grammarly for coders. The opportunity is huge: the team are addressing the 4.9 billion hours a year that developers waste dealing with sub-standard code*. They're tackling the fastest-growing coding language in the world, Python, whose user base grew almost 500% through 2021. And they've made great strides, with the product now used by 7,000 developers each month.

* Source: Tech EU. Working its magic, code refactoring platform Sourcery closes $1.75 million in seed funding

The Ventures team was also presented with increasing opportunities to further support the frontrunners in our portfolio. Through 2021, we made 15 follow-on investments, totalling £4.5m – taking just 39% of a total potential allocation of £11.6m, highlighting great opportunity for further investment into companies we know and respect without the need for additional management overhead.

Key follow-on investments include:

*Ably:* a platform building real-time infrastructure for the internet, who successfully raised a $70m Series B that resulted in a £10.6m uplift on our existing stake. We're excited to see their technology being so widely adopted. Serving thousands of developers, they send billions of messages each month to more than 250 million devices around the world every day and have been adopted by the likes of Capgemini, Toyota and Bloomberg. Ably is aiming to reach one billion devices per month by 2023.

*Gravity Sketch:* a platform revolutionising collaboration and design in 3D and virtual reality, who successfully raised a $33m Series A led by Accel that resulted in a £6.7m portfolio company valuation uplift. The company received their term sheet in November of 2021, finalising the round post-period in February 2022 and announcing it publicly in April of this year. We participated with a further £0.7m investment. Based upon the valuation implied by the fundraising, the Company's holding is worth approximately £8.4m, representing an increase of 7x on its original investment. We're excited to see their continued growth, with this new round of funding landing as Gravity Sketch passes 100,000 users, including product design teams at firms like Adidas, Reebok, Volkswagen and Ford.

Other significant positive movements in the year-end figure included an uplift of £3.2m on Cherryz and £2.1m on Cazoo, although the gain at Cazoo has been reversed by share price declines post period.

Conversely, as is to be expected in a large portfolio, some companies have done less well. Issues including Brexit-related import restrictions, rising advertising costs due to digital privacy changes and Covid-driven staff shortages have negatively affected some companies. In addition, the valuations at which we hold a number of our companies have been impacted by declining share prices of the public companies we use to determine their valuations.

In the second half of 2021, the Ventures team undertook an extensive market study to evolve the sector focus of our investment strategy, assessing a wide range of emerging opportunities and new operating models in the UK technology landscape. The result of this research is a belief that Web3 – the next iteration of the internet – and the decentralised applications that underpin it will generate strong returns for early-stage venture capital. This will be an additional area of focus for us in 2022 and beyond.

**Web3 – the next iteration of the internet – and the decentralised technology that underpins it will be a new area of focus for us in 2022 and beyond.**

### Advances

Forward Advances experienced strong growth over 2021, driven by a focused strategy and the increasing appeal of revenue-based financing for fast-growing British small and medium-sized businesses. As we moved into 2022, we slowed the pace of growth to focus on reducing write-off risk by strengthening underwriting capabilities. Key activities included improvements in data integrations for decision making and portfolio monitoring; bolstering the team across operations, underwriting and risk; and introducing additional governance measures.

## Financial performance

We're pleased to announce strong results for our first year as a listed business.

### Ventures portfolio growth

Our Ventures Portfolio Value grew from £86.6m to £117.1m in 2021. This included £8.8m of new investments, £5.0m of realisations, the £0.6m transfer of Forward Advances and £27.3m fair value gain. In totality, this represents an increase of 25% through 2021, excluding new investments – significant relative to the targeted 20% gross portfolio returns through the cycle.

### First portfolio realisations

Our portfolio saw its first significant realisation events in 2021. Successful trade sales of Heights and Wonderbly delivered cash exits totalling £5.0m, representing 2.3x and 13.1x cash-on-cash return respectively. Cazoo's SPAC merger in August 2021 has given the investment more liquidity with an opportunity to realise the investment when the lock up periods expire in 2022. Holding value at £4.9m as at 31 December 2021 (although significantly down post period end).

### Strong Ventures investment pipeline for 2022

Key to our continuing success is our ability to generate deal flow and make wise investments. Our brand is in a strong position at the heart of an incredible technology ecosystem in London. In 2021, Forward Ventures reviewed 4,162 opportunities, held 416 first meetings and conducted detailed due diligence on 55 of the most promising opportunities. This ultimately led to six highly considered new investments over the course of 2021 totalling £4.3m. We also invested £4.5m in follow-on investments, bringing the total investment for the year to £8.8m. As we move into 2022, we continue to see a strong pipeline of investment opportunities including exciting new companies leveraging applied AI, marketplace and Web3 operating models and follow-on opportunities from our maturing portfolio – enabling us to back the best as they ready for their next phase of growth.

### Advances originations accelerate

Forward Advances has shown strong growth. Total originations grew by 13.5x in 2021, driven by increases in both volume and size of individual Advances to total £9.5m for the year. Gross IRR on fully repaid Advances, exclusive of write-offs, was 35%.

Advances is expecting total write-offs of £0.8m (8.4%) within the 2021 cohort of loans, largely driven by defaults on three accounts. Management believes this level of write-offs was incurred as Advances expanded rapidly, while simultaneously evolving underwriting processes and enriching underwriting data sets. The Team have put mitigations in place to reduce write-off risk going forward in an environment of continued rapid growth. These include strengthening the underwriting process, increasing our use of technology, integrating new data sources, bolstering the team, and introducing additional governance measures. The management is confident that recent and continued improvements to the underwriting process, alongside continued portfolio growth will result in a higher quality loan book and a much-reduced write-off rate for the 2022 cohort.

### Capital resources

We ended 2021 with a strong cash position following Venture portfolio realisations and our IPO in July, which raised £36.6m.

At 31 December 2021, the Group held £31.1m in cash along with a £5m debt facility from Triple Point for Forward Advances of which £4m remains undrawn. This provides us with the resources to continue our investment cadence and take advantage of the increasing number of follow-on investment opportunities our maturing portfolio presents.

## Outlook

Whilst 2022 is shaping up to be a challenging year, we have also seen positive momentum from the portfolio. Direct-to-consumer menswear brand Spoke raised £4.7m from over 1,500 investors through crowd funding platform Seedrs in March; decision intelligence platform Silico raised a £3.4m seed round led by German VC Join Capital in the same month and virtual reality design software business Gravity Sketch announced their $33m Series A in April 2022. We have also seen strong deal flow with two new investments totalling £1.4m and 11 follow-on investments totalling £4.6m follow-ons in 2022.

A number of our portfolio companies are in late-stage discussions with investors in rounds forecast to close in the coming months. Through those discussions, we have observed that valuations have come under pressure and rounds are beginning to take longer to close, but they are still happening. Most of our companies are still at an early-stage and the investors they are raising from have significant dry powder they need to deploy over the next two to three years. That's markedly different to the later stages of the venture market where some of the most prolific investors over the last couple of years are likely to deploy significantly less capital in the period ahead.

Forward Ventures remains active in the market and our investment team continues to seek investments that leverage applied AI and marketplace operating models, whilst exploring further opportunities in the rapidly growing area of Web3. Entrepreneurs don't pause for down markets and we are still seeing strong deal flow across all these areas. What has changed is that valuations are starting to ease and companies' plans for future fundraising now need to allow for a future where investors are more demanding and take longer to make decisions. In addition, our maturing portfolio also offers an increasing number of opportunities to further support the frontrunners with ever larger cheques and without the need for additional management overhead.

This is not to say that our portfolio won't feel the effect of these challenges in the coming months. We anticipate that the valuations at which we hold our portfolio companies are likely to fall as a result, but that a significant proportion of the downward pressure will be valuation rather than business performance related. Many companies are now choosing to delay their fundraisings, resulting in more of the portfolio being valued on a revenue multiples basis. The revenue multiples are taken from a basket of comparable companies who are themselves trading at significantly lower share prices than they were last year. At lower valuations the preferential share structures common in tech startups come into play, bringing a compounding downward effect. These compounding effects, however, will work to our advantage when times improve.

It is very difficult to predict future valuations for venture capital portfolios and our usual practice is to limit our future looking statements to say we will return "20% annualised growth in Venture Portfolio Value over the cycle". However, because of the exceptional uncertainty surrounding private company valuations following the selloff in fast growth listed technology stocks, we believe that on this occasion there is value for investors in sharing a forecast for the half year. With that caveat, our conservative and considered view is that the value of our Ventures Portfolio will see a mid-to-high twenties percentage decline in the first half of 2022.

Turning to the bigger picture, numerous studies have shown that venture capital, particularly at the early stages of company growth, offers an alternative asset class that is weakly correlated with stock market performance. Technology startups are often founded to take advantage of tailwinds from abrupt changes in technology or regulation which aren't impacted by broader macro indicators and hence they operate in small fast-growing markets which continue to expand when times are tough.

We will continue to pursue our investment strategy and Ventures will target four to eight investments in 2022, but with additional caution due to the increased uncertainty in the markets. We will also continue to strengthen the Group's processes and controls and enhance the robustness of our portfolio. Longer term, we remain confident in the underlying strength of our model and our ambition remains on building and nurturing a world-class portfolio and creating value by investing our capital and expertise into high-potential technology companies.

## Sustainability

We believe that using our business to create a positive impact for our people, portfolio, stakeholders and the wider ecosystem is not only the right thing to do but makes great business sense too. Hence we remain committed to applying high environmental, social, and governance (ESG) standards to our work, inspired by the UN's Priniciples of Responsible Investment (PRI) and Sustainable Development Goals (SDGs). As a young company we are at the beginning of our journey with ESG and are in the process of formalising goals and targets across key aspects of our operations, including strategy, objective setting, governance and risk management.

Following a materiality study at the end of 2020, we've focused our efforts on where we can make the biggest impact: creating opportunities and driving growth through lifelong learning and development; releasing untapped potential through diversity and inclusion; and following a responsible investment strategy backed by strong governance. We have a particular focus on improving the diversity of our investment pipelines and candidate pools for jobs at Forward Partners and our portfolio companies.

We go into 2022 focused on these objectives, while building further rigour into measuring our progress and impact.

I'd like to thank all our shareholders for their continued support. Our confidence in the long-term prospects for our Ventures Portfolio and Advances business remains high. As we say to our portfolio companies, the businesses that manage themselves prudently through tough times come out leaner, stronger and able to win bigger than they were when they went in.

Nic Brisbourne
CEO

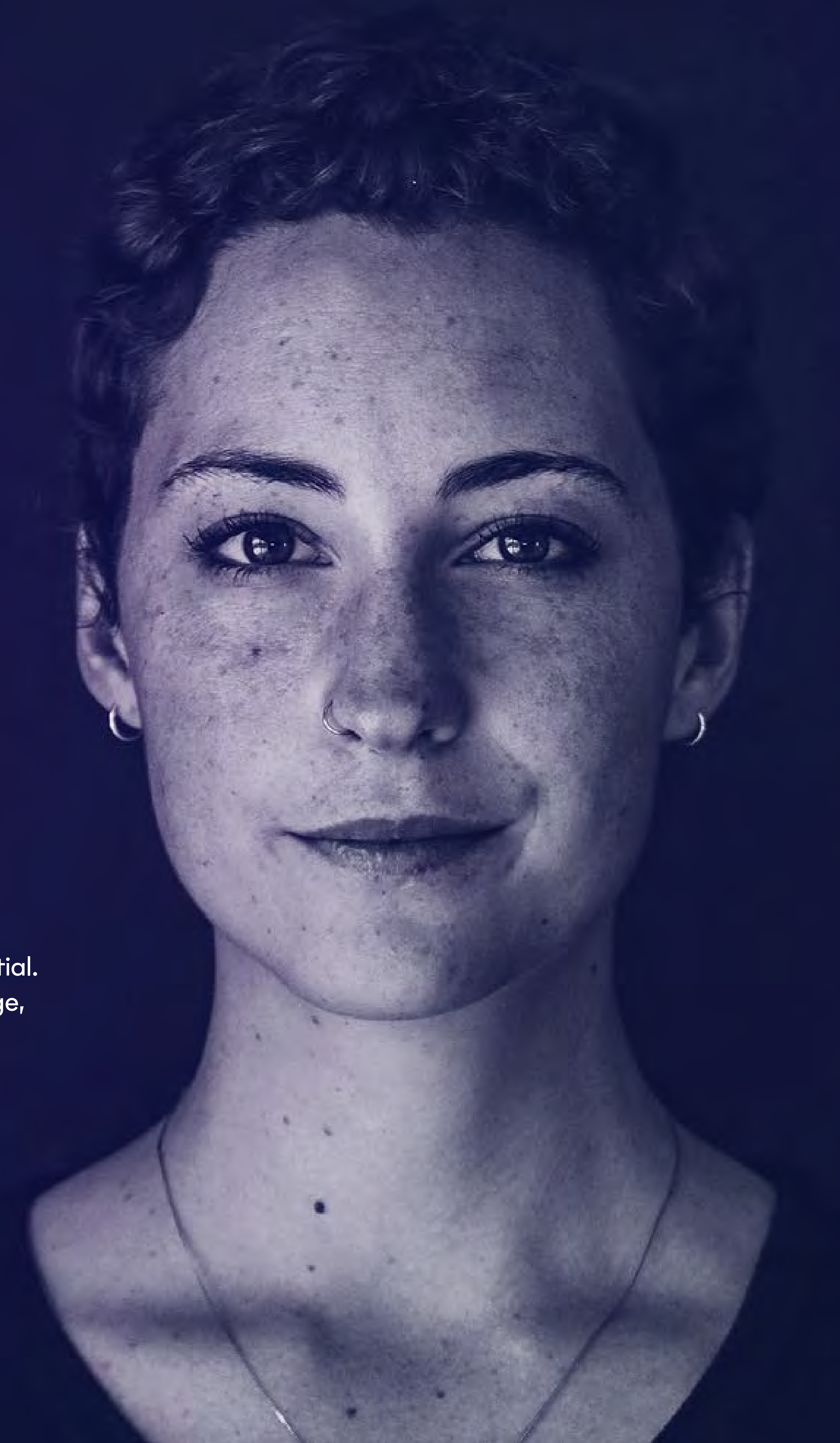
29 June 2022

Going public was the realisation of a long-held vision to democratise access to venture investments and, ultimately, support even more of the UK's best tech founders.

Nic Brisbourne
CEO

# Our character

We believe that venture can work harder for founders, reap superior results for investors, and increase the odds of transforming great ideas into world-changing businesses. That's why we're there for our founders, sleeves rolled, ready to take on the world with them.



## We're wise

We're considered in how we apply our character and skills to our decisions. We're always learning and growing – getting smarter but staying humble. We believe it's the best way to build an investment business.

## We're caring

We care deeply about our founders, our people and our stakeholders. We're driven to do the right thing and believe that it makes good business sense too.

## We're bold

We take brave decisions, backing young, unproven companies to reach their potential. It allows us to be on the forefront of change, catching and shaping developments in technology and startup investment early.

# Strategic Report

# Our market

European tech is booming, and the UK leads the pack.

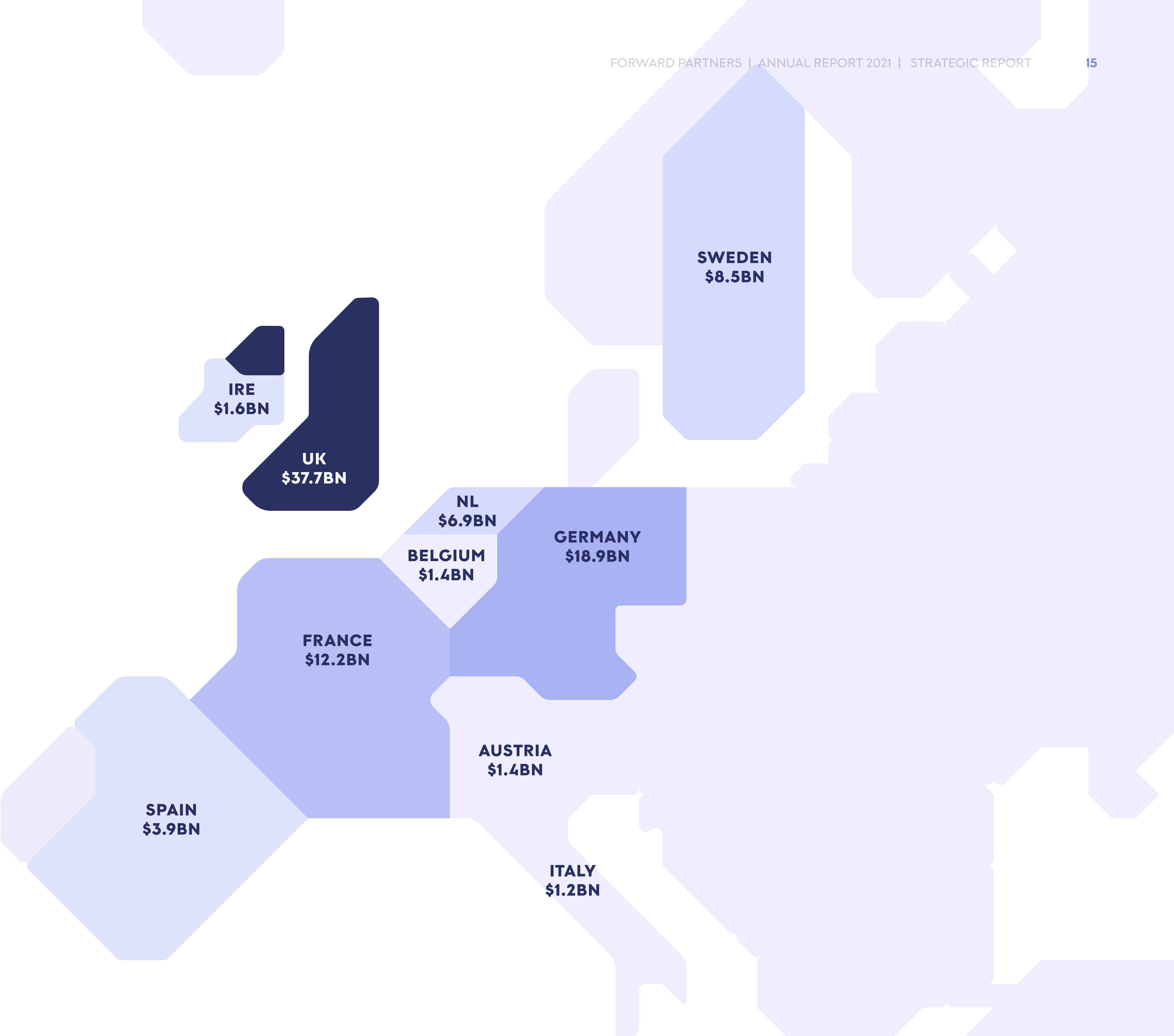
Forward is at the heart of it, recognised as one of the UK's leading early-stage venture capital brands.

# Market context
## The UK leads the way in European tech investment

In 2021, the UK attracted more venture capital than any other country in Europe - and more than Germany and France combined. UK-based technology companies raised an all-time high of $37.7b*, and UK investment grew 2.5x from 2020 – 15% faster than the global average of 2x.

With a record $9.9bn raised in new funds in 2021 ready to be deployed, early-stage venture-backed businesses have strong prospects of accessing further growth capital.

In 2022, geopolitical tensions, conflict in Ukraine and rising interest rates has caused uncertainty in markets. At Forward, we've seen that rounds are still closing, but often taking longer to close than last year. We continue to closely monitor how funds are being deployed across the ecosystem and how that may affect our portfolio.




*Source: Dealroom.co

# Market context

## The UK presents the perfect conditions for startup growth

**The UK and London's growth as an ecosystem is expected to continue in 2022,** despite challenging market conditions.

Three key factors contribute to the UK's success in building and growing startups into world-leading unicorns:

### AMPLE FUNDING FOR STARTUP GROWTH

Venture financing in London grew to a record $3.4bn* in the last quarter of 2021 in terms of deal value, despite the uncertainty caused by Brexit and Covid-19. As London reaches late-stage maturity, there are also strong signals for future growth, with London VCs raising record levels of new capital ($9.9bn)* – 35% of Europe's total in 2021.

### DEEP SECTOR UNDERSTANDING AND EXPERTISE

London is currently home to over 1,370* VC firms – more than any other city in Europe. This vast network of investors provides not only greater access to funding, but also deeper specialisation and expertise.

### A WORLD-LEADING TALENT HUB

Home to four of the world's top ten universities, and a wealth of technology companies and investment, London attracts and develops quality STEM and technical talent. There are almost half a million data analytics, AI, blockchain, extended reality and quantum computing professionals working in the UK.

*Source: Dealroom, London Partners.
2021: the year London tech reached new heights


Startup and scaleup ecosystem value $bn (2015—2020) Source: Tech Nation, Dealroom 2021

# Market context

## UK's maturing ecosystem holds great promise for early-stage companies

**The strength of the later-stage UK venture market grew over 2021** with later-stage investors laying claim to much of the $9.9bn of new capital raised over the period.

Investment through 2021 was heavily skewed towards later-stage: B round onwards accounted for 86% of the total $37.7bn and saw an increase of 264% over the same period whilst early-stage funding rounds – from pre-seed to A round – accounted for the remainder of 14% with an increase of just 30% over the year. Up rounds (follow-on fundraising rounds that are at a higher valuation than those prior) continued to trend higher as a proportion of total rounds*, providing a positive backdrop for valuations across the market.

This focus on later-stage investment give early-stage companies – such as those in our Venture Portfolio – better access to capital on good terms to accelerate growth, and the promise of higher valuations.

*Source: KPMG Venture Pulse Q4.21

In 2022, we have seen market conditions putting pressure on the valuations of later-stage private technology companies – and rounds taking longer to complete. We believe that early-stage companies are more protected from public market share prices, but not immune to the challenges the current macroeconomic environment presents. We continue to closely monitor these dynamics and consider the potential impact for our investment strategy and portfolio.


UK Venture capital funding rounds by size

# Strategic priorities

Our mission is to build the UK's leading and most admired early-stage venture firm.

For entrepreneurs, that means being their first choice for funding. For investors, it means nurturing a reputation for compounding net asset growth.

To deliver on it, the Group focused on three key priorities through 2021.

# 1 Building and nurturing a world-class portfolio

**We drive Venture Portfolio Value growth by investing our capital and expertise into high-potential technology companies. We aim to invest in between four and eight new startups each year, while deploying further growth capital into companies in which we already hold equity and know well.**

## 2021 REVIEW

**Strong portfolio performance.** We saw standout rounds and valuations from our portfolio, including Ably successfully raising a $70m Series B and Gravity Sketch raising a $33m Series A. We saw our first portfolio realisations through the trade sales of Heights and Wonderbly. And our investment into brand, marketing and community engagement, alongside a vibrant market, resulted in a pipeline of over 4000 investments opportunities.

**Capital deployment on track.** The Ventures team invested in 21 businesses, including six new investments totalling £4.3m and 15 follow-on investments totalling £4.5m, without exercising our full pro-rata rights.

This year, we paid particular attention to businesses leveraging applied AI and marketplace operating models, which have shown increasing promise as we emerge from the global pandemic.

**Advances enjoyed strong growth.** Through 2021, we increased originations by 13.5x, growing a large portfolio of revenue-based-financing customers.

## 2022 OUTLOOK

**A pragmatic approach to investment.** We believe the UK's technology ecosystem will continue to present great opportunities to invest capital and support strong teams with promising products; however, as we move through 2022, we are mindful of the geopolitical tensions and macroeconomic pressures creating headwinds for UK venture investment. We continue to closely monitor market conditions and the performance of companies within both the Ventures and Advances portfolio to ensure we responsibly build long-term shareholder value.

**Opportunities to follow our investments increase.** Within our maturing portfolio, we also see great upside potential in following on our investments. In 2021 we invested £4.5m into companies we already know and respect, just 39% of an opportunity estimated to total £11.6m. We expect this to increase further through 2022.

**A new investment focus to explore.** In 2021, we commenced our research into emerging trends and high-potential investment opportunities, concluding in the first half of 2022 that decentralisation, applied blockchain technology and what's becoming known as Web3 – would become an area of focus for Ventures. The Ventures team have already reviewed a number of strong candidates for investment.

# 2 Providing forward-thinking capital

**We offer founders capital that's more flexible and supportive through Forward Advances and our Studio.**

We focus on two key strategies to improve outcomes and help more founders to succeed.

**First, we offer funding that fits.** Capital is the key to growing any fast-paced business, but not every company's need is the same: we see opportunities to tailor finance to suit a range of business types, founder ambitions and growth profiles. As they grow, we consider how to add value through traditional equity investment and alternative funding approaches, including revenue-based financing and convertible notes.

**Second, we offer our founders more than money.** Once we've invested, we help our founders grow faster through expert guidance, hands-on support and a collaborative community.

## 2021 REVIEW

In 2021, we progressed our ambition to offer funding that fits.

**Our IPO provides flexibility in our investment model.** Becoming a public company has enabled us to offer more patient capital to our portfolio businesses. Without the constraints of investment cycles, we can invest for longer and encourage businesses to exit at the optimum moment, producing better outcomes for both founders and shareholders.

**Advances proposition proves to be attractive.** We also worked to provide access to growth capital and support for businesses that may not be suitable for equity-based funding through Forward Advances, our revenue-based financing product. It's proved popular, with originations increasing by 13.5x in 2021.

**Our Studio support received an 8/10 consumer satisfaction (CSAT) score for the year.** We also delivered on our promise to offer our portfolio companies more than money. Our Studio team delivered a range of strategic projects: from helping new investments like lab equipment marketplace Clustermarket to refine their offer and accelerate their growth with new branding, positioning and go-to-market strategies, to building sophisticated open banking underwriting tools for Forward Advances.

## 2022 OUTLOOK

We believe the UK's technology ecosystem will continue to present great opportunities to invest capital and support strong teams with promising products; however, as we move through 2022, we are mindful of the geopolitical tensions and macroeconomic pressures creating headwinds for UK venture investment. We continue to closely monitor market conditions for both Forward Ventures and Advances and will adjust our investment strategy as necessary to deliver long-term shareholder value.

**Our Studio further develops 'specialisms'.** In 2022, evolving our offer to suit the needs of the portfolio by expanding the services we offer to our portfolio across brand, marketing and talent.

**A focus on resilience.** We are mindful that these are challenging times for our portfolio company. Ventures are already working with many of them to scenario plan, extend their runway and create a sustainable growth strategy whilst these market conditions persist.

# 3 Strengthening for scale

**As opportunities to deploy capital accelerate, we will strengthen core functions so we can take advantage of these opportunities, manage a growing portfolio of investments and continue to deliver great returns.**

## 2021 REVIEW

We're building a company that delivers long-term shareholder value by efficiently and effectively delivering our strategy.

**Enhanced leadership & core functions.**
To support the management of a growing portfolio of investments, we built out our core functions, expanding our investment and finance teams with the recruitment of a new CFO and several new team members.

**Bolstering leadership and governance.**
We've prioritised the development of robust process and governance procedures to underpin our operations including formalising key committees for remuneration and nominations, audit and valuations. Further details of our procedures are available in the Governance section of this report.

## 2022 OUTLOOK

We believe the UK's technology ecosystem will continue to present great opportunities to invest capital and support strong teams with promising products; however, as we move through 2022, we are mindful of the geopolitical tensions and macroeconomic pressures creating headwinds for UK venture investment. We continue to closely monitor market conditions and will adjust our strategy as necessary to deliver long-term shareholder value.

**Strengthening our processes and controls.**
To ensure we deliver shareholder value, we'll continue to strengthen our processes and controls to ensure we deliver shareholder value. We continue to develop team culture, which we see as an essential part of delivering growth. This means building on our positive, inclusive and performance-oriented ethos, as well as improving performance management, creating personal development plans and further developing our transparency, accountability and collaboration as a team.

**Bolstering our investor relations programme.**
In 2022 we aim to create more opportunities for shareholders to understand and engage with our portfolio.

**Enhance the robustness of our portfolio.**
We're working with our portfolio companies to ensure that our investments are as strong as they can be as the move through the next period. Through Ventures, Advances and the Studio, we are proactively supporting them to build sustainable growth plans that ultimately deliver long-term shareholder value.

# Web3: a new investment area for 2022

## Web3 – the next iteration of the internet – is rapidly evolving into a strong prospect for early-stage investment

### What is Web3?

Web3 is a vision of the internet owned by its builders, users, and creators.

The internet has already gone through some major shifts. We've come from plain text websites to streaming video. From static web pages built on open protocols to full-featured applications served remotely through the browser.

But as the web's evolved, we've grown to rely on a handful of large companies for everything from search to payments to identity, with Google controlling over 85% of all search traffic, and Facebook controlling the online identities of more than 2.9 billion people*.

At its heart, Web3 is driving a shift in control. Built using open-source software on decentralised networks, and powered by a token economy, Web3 platforms can more effectively share information and the economic rewards – aligning incentives with usage and value creation. In the world of Web3, a content creator, for example, is no longer a product, but an autonomous economic agent – they, and their followers, become stakeholders in the platform, with a financial upside based on their contributions. And the platform gets a growing, more invested user base.

The decentralised blockchain technology that underpins it is established, with many use cases already in production, from "play-to-earn" gaming to asset tracking in supply chain management. But applied to Web3, it promises to both create new business models and expand existing ones. These novel applications present a great opportunity for early-stage investors to support and help define the space as it takes shape.

Products and platforms that utilise Web3 typically hold three key characteristics:

- The use of 'tokens' to create a native, borderless payment layer, more closely aligning incentives with usage and value creation.
- Decentralised design that will offer users and creators faster and safer ways to build trust and start transacting, with fewer third-party intermediaries.
- Deeper ownership and control of digital identities and data for users.

Another important characteristic of Web3 is its composability: the ability to mix and match software components like Lego bricks. Every software component only needs to be written once and can then be reused by another application. Due diligence is an excellent use case for this. With a Web3 know-your-customer (KYC) service, for example, customer checks can be completed once and stored on the blockchain for other service providers to access.

*Source: Statista. Number of monthly active Facebook users worldwide as of 1st quarter 2022 (in millions)

## Why is Web3 exciting?

There's been a huge increase in investment in Web3: VCs deployed more than $30bn globally into crypto startups in 2021*; early-adopter consumers are starting to move and we're already seeing the emergence of NFTs both as digital goods and personas.

But this is just the start. Developers see the potential and are flocking to build the next generation of the internet: 65% of active developers and 45% of full-time developers** who are currently working on Web3 started last year, and over 18,000 monthly active developers commit code to open-source crypto and Web3 projects, primarily building on the Ethereum blockchain.

What's more, one of Web3's key features – token incentives – creates the potential for strong network-effects and borderless growth. Bootstrapping a network currently requires spending a lot of money on sales and marketing to get through the network's early days, when lack of users limits the value of the network. But Web3 provides early users with financial utility via token rewards to make up for the lack of network utility – it uses tokens to incentivise value creation and the growth of the network.

We're in the foothills of what is potentially the biggest technological innovation since the advent of the internet. Now is the right time to jump in, learn all we can and help foster those founders who will be creating the next version of the internet.

## Emergence of key Web3 technologies

Cryptocurrencies and NFTs have been the first applications to have found product-market fit and gained consumer adoption, but these early experiments pave the way for more fundamental shifts. Within the Web3 landscape, we see a range of different applications:

- **Crypto-infrastructure.** The bricks and mortar of Web3, like digital wallets, and layer one and layer two protocols – everything to make the Web3 economy as functional and efficient as possible.
- **Tokenisation of assets.** Web3 protocols to track and manage ownership of assets, empowering the fractional ownership of art and other assets, real estate investing, and ownership rights management.
- **Decentralised finance.** Capital market infrastructure within Web3 and using the technology to improve capital markets, including derivatives, automatic execution of trades and market-making.
- **DAOs.** Decentralised organisations built around specific goals using smart contracts, allowing more dynamic creator collectives, gig-worker marketplaces and talent agencies.
- **Gaming.** Incorporating Web3 into consumer gaming and entertainment, and the development of the metaverse. Games built on a blockchain, for example, allow "play-to-earn" models and player ownership of digital goods.

## Our focus

While Web3 has seen rising interest from investors, developers and consumers, it requires developers to get comfortable with new ways of working – with different languages, development environments and terminology. That's why we're most interested in low- and no-code tools for Web3. These tools will make it easier for developers and non-developers alike to build with blockchain technology and incorporate the above Web3 applications into other solutions. By reducing the friction of working with Web3, these solutions will be key enablers of the emerging Web3 applications and their rapid uptake.

> We're in the foothills of what is potentially the biggest technological innovation since the advent of the internet. Now is the right time to jump in to Web3, learn all we can, and find and foster those founders building it.

*Source: Bloomberg UK. Crypto Attracts More Money in 2021 Than All Previous Years Combined.
**Source: CoinTelegraph. Web3 developer growth hits an all-time high as ecosystem matures.

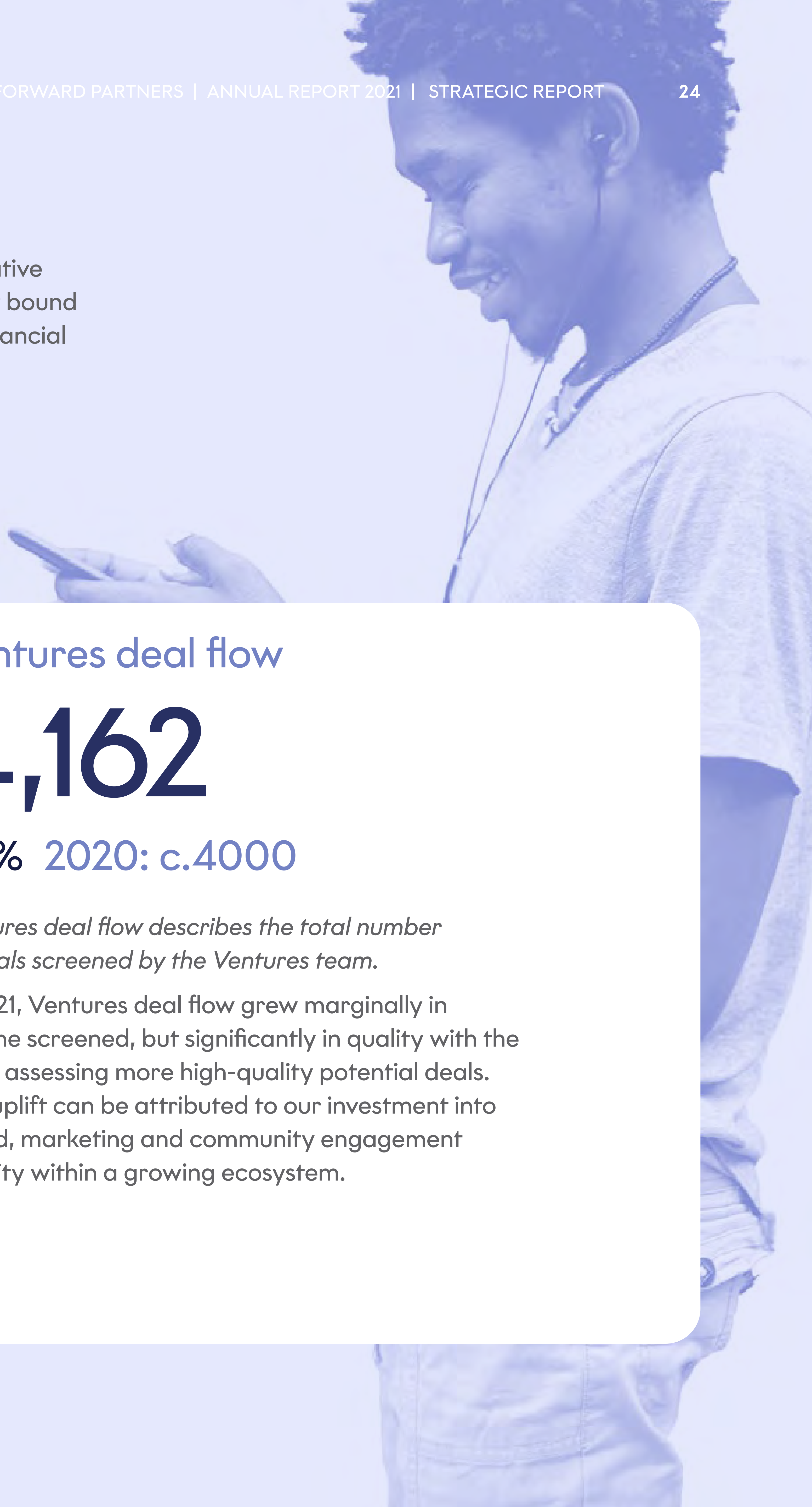
# Our KPIs

**We assess how we serve our customers, engage our people and generate value for our shareholders through a set of financial and non-financial metrics.**

These metrics help the Board and Senior Management assess performance against our strategic priorities of building and nurturing a world-class portfolio, providing forward-thinking capital and strengthening for scale, as well as delivering on our purpose of giving founders their best shot at success.

They include non-GAAP measures – alternative performance measures (APMs) that are not bound by the requirements of the International Financial Reporting Standards (IFRS).

*Figures for 1 January—31 December 2021, unless otherwise stated.*



## Ventures

### Venture Portfolio Value

**£117.1m**

↑25% growth excluding value of new investments

2020: £86.6m

*Venture Portfolio Value is the gross value of the Group's investments in the funds before deductions for carried interest liability.*

Venture Portfolio Value benefitted from a series of stand-out valuations in 2021, leading to outperformance in the first half of the year and continued growth in the second. Good progress has been observed across many companies in the portfolio – both in terms of revenue growth and in achieving ambitious commercial milestones.

### Ventures capital deployed

**£8.8m**

↑66% 2020: £5.3m

*Ventures capital deployed describes the amount of capital invested into both new and existing portfolio companies.*

The Ventures team deployed £8.8m into 21 companies through new and follow-on investments in 2021. As we enter 2022, we continue to see an acceleration in portfolio maturity, presenting further opportunities to participate in follow-on investments into businesses well known and understood by both the Ventures and Studio teams.

### Ventures deal flow

**4,162**

↑4% 2020: c.4000

*Ventures deal flow describes the total number of deals screened by the Ventures team.*

In 2021, Ventures deal flow grew marginally in volume screened, but significantly in quality with the team assessing more high-quality potential deals. This uplift can be attributed to our investment into brand, marketing and community engagement activity within a growing ecosystem.

The above figures contain APMs. The APMs that we use may not be directly comparable with those used by other companies.

# Advances

## Advances book value

**£2.3m**

↑11.5x 2020: £0.2m

*Advances book value describes the total value of advances outstanding at the end of the financial year.*

In 2021, Advances book value was driven by a programme of highly targeted brand, marketing and sales activity, as we continue to develop our offer for SME eCommerce businesses.

## Advances originations

**£9.5m**

↑13.5x 2020: £0.7m

*Advances originations describes the total capital deployed over the period.*

Advances originations in 2021, like book values, were driven by a programme of highly targeted brand, marketing and sales activity, as we continue to develop our offer for SME eCommerce businesses.

## Advances write-offs

**£0.8m**

2020: Nil

*Advances write-offs describe the forecast write-offs for advances that originated during 2021 (some advances still have balances outstanding).*

We experienced three material Advances write-offs in 2021, contributing £0.7m to the expected total of £0.8m. We believe this was due to a small number of isolated issues which one expects as a growing business. We have already taken action to improve processes and better support this fast-scaling part of our business to reduce the future write-off risk.

The above figures contain APMs.

# Non-financial KPIs

## Studio team customer satisfaction

# 80%

**Q4.21 figure. Customer satisfaction methodology was revisited in Q3 of 2021, so yearly and comparable figures are not available.**

*Studio team customer satisfaction (CSAT) score describes the average rating provided by Studio team customers on a scale of 1 (very unsatisfied) to 5 (very satisfied).*

The Studio Team delivered a number stand-out projects for our portfolio in 2021. This included delivering a marketing strategy for Clustermarket; helping Makers to develop their leadership team; Would You Rather Be to build a great product experience; and Forward Advances to create great customer experiences through product, brand and marketing.

## Employee happiness

# 78%

**Q4.21 figure. Employee happiness methodology was revisited in Q3 of 2021, so yearly and comparable figures are not available.**

*Employee happiness is defined as the percentage of employees who state in monthly surveys that working at Forward makes them happy.*

In 2021, our Board and Management Team focused on creating an environment that gives our people the freedom to operate within our values and create a working environment in which they can thrive through collaboration, recognition and support.

## Deal flow diversity

# 34% FEMALE 32% NON-WHITE

**Q4.21 figures for representation of gender and ethnicity respectively. Diversity tracking statistics methodology was revisited in Q3 of 2021, so yearly and comparable figures are not available.**

*Deal flow diversity describes the gender and ethnicity split of all deals that reach the 'first meeting' stage of our Ventures investment process.*

To increase deal flow diversity in 2021 we hosted a series of female-only office hours programmes, uncovered what diverse founders want from a VC with our More Than Money report, and partnered with Colour In Tech, an organisation focused on increasing diversity in tech, to develop and deliver an acceleration programme for under-represented founders.

The above figures contain APMs.

# Our portfolio at a glance

### APPLIED AI

Forward Ventures is growing a portfolio of companies leveraging near-market AI technology that can be applied to products and within industries to solve problems quickly and effectively.

### MARKETPLACE

The Group is growing a portfolio of companies focused on the next generation of eCommerce products and solutions, leveraging these key trends in demand for products, online purchasing and payments.

### ECOMMERCE

Forward Ventures is growing a portfolio of companies focused on connecting the buyers and sellers of goods or services with each other and providing infrastructure to facilitate a transaction.

### OTHER TECH

Companies leveraging technology to solve problems, create better customer experiences and improve operational efficiency.

# How we invest

## OUR BUSINESS MODEL

We offer access to high-growth companies at early stages. Investing early not only means great deals on equity. It means we can roll up our sleeves and get involved right from the start, supporting our businesses to build strong foundations for growth.

1

### A HIGHLY FOCUSED INVESTMENT STRATEGY

We focus on three scalable technology-led operating models at a time. For 2021, we continued to focus on applied AI, marketplaces and eCommerce. In 2022, we introduce Web3 in exchange for the latter.

2

### INVESTING EARLY AND BACKING THE BEST

We specialise in pre-seed and seed-stage investments within these key sectors, backing teams and products with promise and momentum. We participate in follow-on rounds, continuing to back the best.

3

### SUPERCHARGING GROWTH

We provide support right from the start of our investment. We roll up our sleeves, helping founders on the ground and at board level, through strategic advice and expert execution.

# 1 A highly focused investment strategy

UK tech is booming, dominating the European market. And it holds exciting opportunities for those that know where to focus.

We invest venture capital into three high-growth operating models that hold great potential for returns.

**This approach empowers our Ventures Team to:**

(i) strengthen decision making, growing internal technology and sectoral knowledge and expertise;

(ii) drive competitive advantage by building a portfolio and a reputation for investing in leading companies in the space; and

(iii) improve and accelerate deal flow, making faster, better decisions and attracting more of the entrepreneurial talent we want to invest in.

## Key investment focus in 2021

**APPLIED AI**
AI has the potential to transform industries, by enabling new business models, unlocking efficiency and creating value. We invest in companies applying AI to speed up operations, enabling businesses to solve complex problems across a range of industries, at scale.

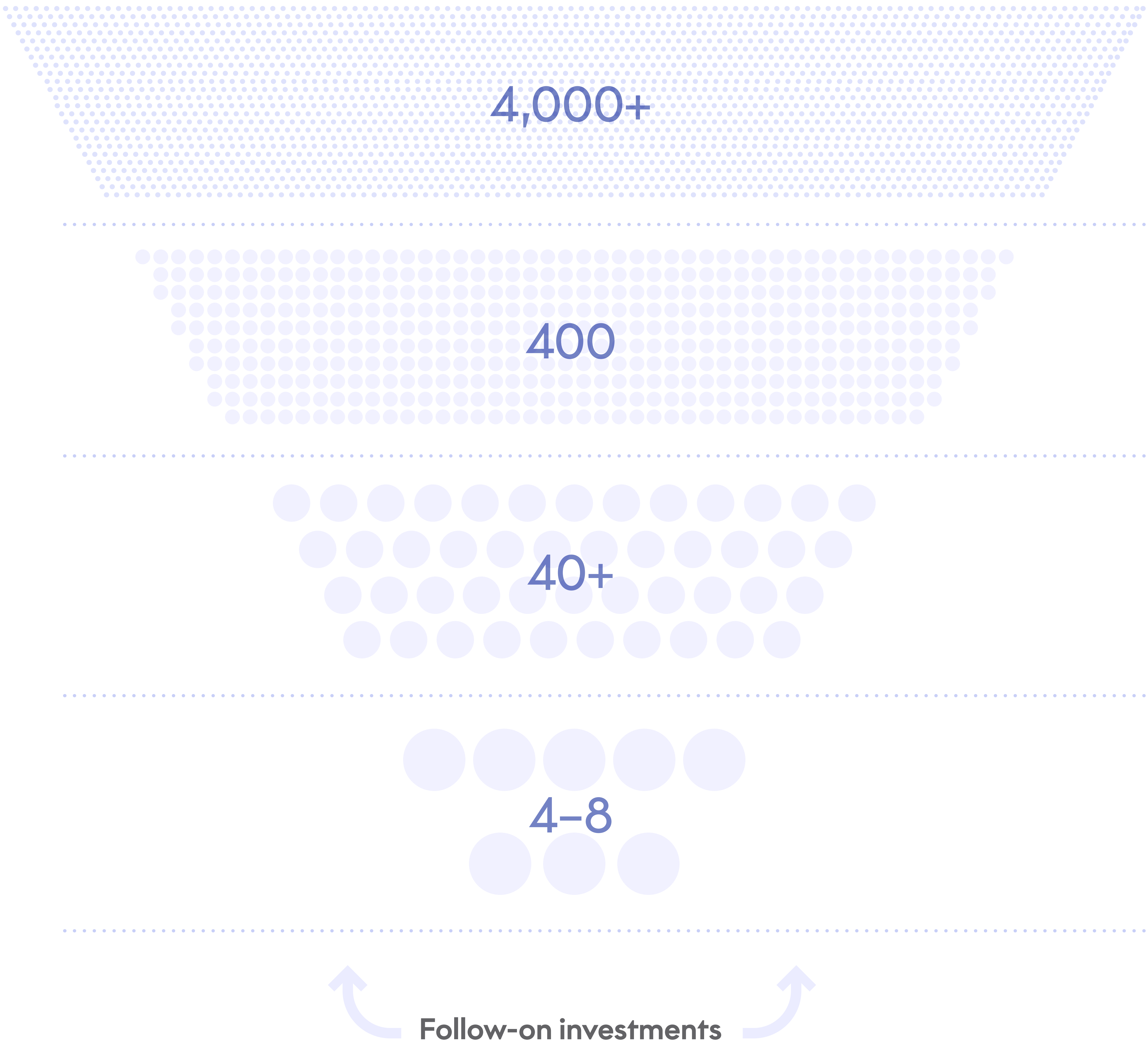
**MARKETPLACES**
Marketplace businesses have the power to increase transparency, efficiency and build trust between buyers and sellers. We invest in those platforms that distinguish themselves with innovative tech and a highly scalable business model.

**ECOMMERCE**
The pandemic pushed consumers online in unprecedented numbers. We invest in the next generation of eCommerce products and solutions powering the rise in online shopping and digital payments.

# 2 Investing early and backing the best

## Driving a pipeline of deals from strong teams with promising products and momentum.

We seek companies with the potential to scale efficiently, building sustainable revenue growth for future acquisition or IPO.




### Deals screened

We've built a strong and sustainable pipeline, sourcing potential deals through referrals from the Group's network, focused outbound activity, brand driven inbound enquiries, content marketing and community engagement.

### First meetings

Our Ventures team meet around 10% the businesses we screen to understand the company, the team and the market opportunity they are tackling.

### In-depth assessments

The Ventures team conduct second and third meetings, ultimately conducting detailed due diligence on circa. 40 of the most promising opportunities.

### Investment

Each year we aim to invest in 4–8 highly ambitious new companies into our portfolio.

## Backing companies as they grow

**Companies are staying private for longer than ever before. For public market investors, it means less access to the value generated by these early-stage growth companies. But for Forward – and our investors – it presents a great opportunity.**

We invest small amounts early on in a company's development, then continue to back the best as they mature. It means we can drive growth from the very start, while building value – and our stake – over time, before an acquisition or IPO.

For our investors, it provides access to young, high-growth companies long before they enter public markets – and investments that are less correlated to public markets, generating compounding returns and remaining liquid in nature.

### INVEST EARLY

Forward Ventures sources great deals and upside potential. We invest at an early stage, where valuations are lower and fast growth potential is higher.

### GROW

Once we have invested, we help our visionary founders to grow faster through expert guidance, support and a community to build with.

### BUILD STAKE

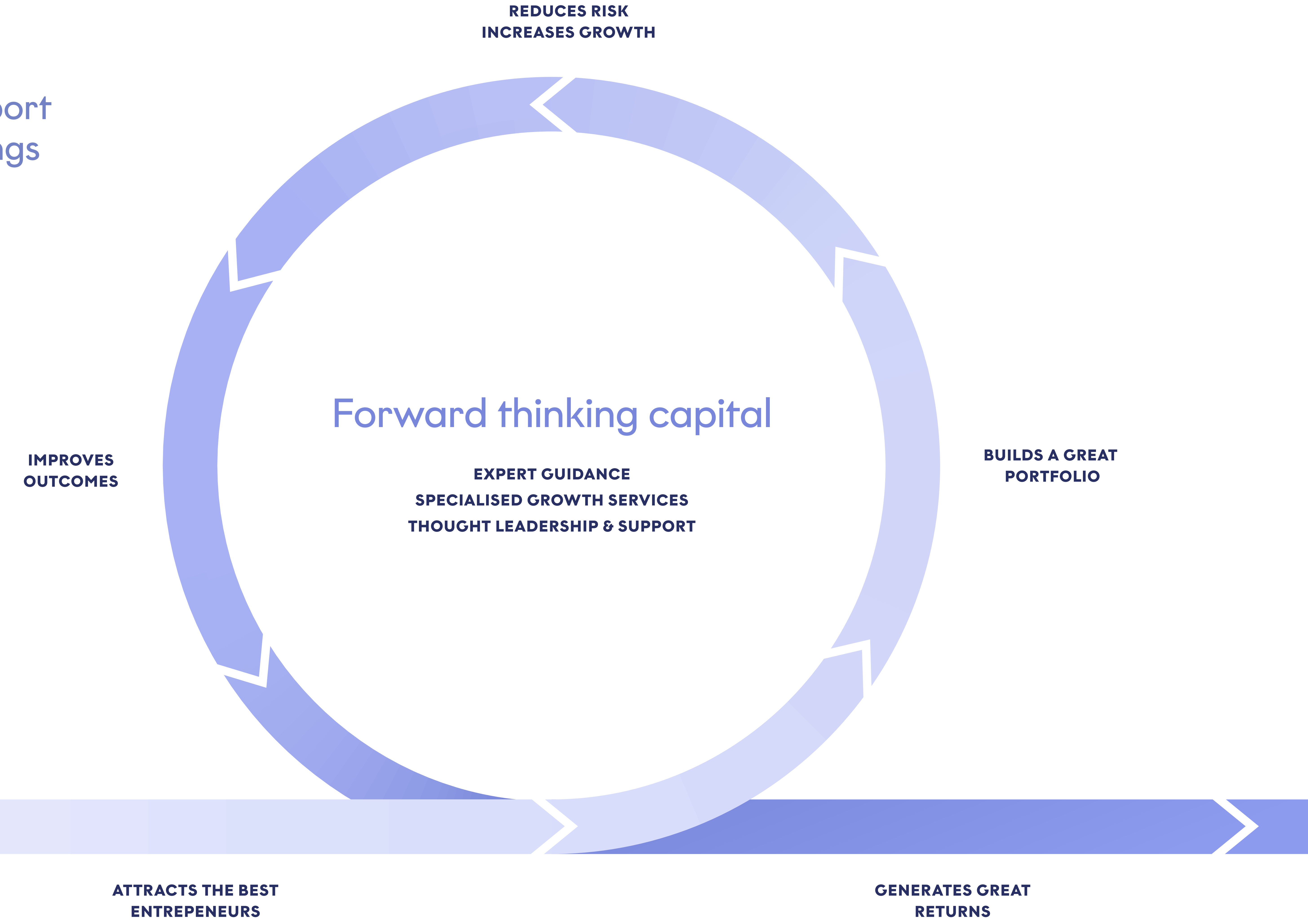
As our portfolio matures, we see standout companies emerging and more and more opportunities to invest in companies we already know and respect.

### EXIT

As a public company, we're not constrained to the 5-year cycles that venture capital businesses typically face. It means we can be patient with our investments, encouraging portfolio businesses to maximise their exit potential by waiting until they have reached maturity and become an attractive prospect for a strategic buyer or as an IPO.

# 3 Supercharging growth

We believe that founders can build valuable companies faster with the right support. That's why we provide support right from the start of our investment. Our approach brings together investors, growth experts and a community to improve the odds of success.



# How we support

## We offer founding teams support through our Venture and Studio teams.

### EXPERT GUIDANCE

**Our investment team** bring broad expertise from founding and finance to provide valuable strategic advice. We take board or observer seats to help support our portfolio companies' growth. A member of our investment team will attend board meetings of an actively managed company and maintain frequent and close contact with the founding team as necessary.

### HANDS-ON GROWTH

**Our Studio** offers expert support to drive growth. We provide in-depth knowledge and insight built through the delivery of more than 200 projects for portfolio companies in the last five years. Through the Studio, we aim to deliver greater returns over the long term by offering services that create a step change in a portfolio company's brand, marketing, sales or product development.

### THOUGHT LEADERSHIP AND SUPPORT

**Our community supports founders and operators to learn and grow.** We bring founders and the Studio together to inspire each other and the wider startup ecosystem. We deliver focused value to our portfolio through thought leadership, learning and development opportunities, and building connections. Our events bring together business, technology and growth leaders to share, support and solve problems.

# Capital for a changing world

## In an age when capital is becoming increasingly commoditised, venture needs to work harder for founders.

The one-size-fits-all approach no longer cuts it. And as the number of founders increases, so too do the circumstances in which they need funding.

Equity-based capital remains our key focus at Forward – but it's not right for every founder, business and circumstance. As the funding needs of businesses become increasingly varied, more funding options are needed to allow both venture and non-venture backed businesses to flourish.

The startup ecosystem needs to provide founders with novel, flexible capital that fits their unique circumstances – their ambitions, the type of business they run, and where they are on their journey. It's about providing access to funding for more founders, thus levelling the playing field for those typically underrepresented, and giving those founders their best shot at success. At Forward, we want every founder to realise their potential, and every investor to realise returns.

But it takes more than capital to transform a great idea into a world-changing business. We focus on giving founders more than money in the early stages of growth. That's why, alongside our innovative revenue-based financing through Forward Ventures, we provide long-term, hands-on support to our founders through our Studio – our specialist team of startup growth experts.

By identifying founders' real needs and tailoring our capital and value-added support to meet them, we're helping them soar.

### Beating a new path

2021 was a record-breaking year for venture funding. Over $675bn was raised globally by startups in last year, doubling 2020's previous all-time high, and the UK's tech sector experienced its best year ever with some £29.4bn raised by startups and scale-ups and a doubling of the number of tech businesses worth $10bn or more.

But while there's more capital available than ever before, the eCommerce, marketplace and SaaS businesses that powered the digital transformation face big funding challenges. Venture is progressively skewed towards unicorns, leaving the much greater number of entrepreneurs who are sitting on smaller potential outcomes, or who don't want to run the venture race of fast, loss-making growth, increasingly underserved.

Traditional loans can take weeks to clear, and often require personal warranties and covenants which restrict growth. So startups are in a bind: they either have to grow slower than they know they can, or opt for a sub-optimal funding solution.

In addition, promises of value-add are being made by VCs – and then not met. Our More Than Money report found that 92% of investors said that they provide value-add services, yet 61% of founders said that they got less than they were promised.

To help founders navigate increasingly varied funding journeys – pre-seed rounds, mid-tier rounds, follow-on rounds – and support them effectively, VCs need to make the effort to understand the nuances of each startup they invest in, to provide the right capital at the right time and advise accordingly. New financing options, and support besides money, for this vast audience of fast-growing digital businesses are vital.

### Shaping funding to founders' needs

This is why we created Forward Advances, our revenue-based financing product.

We saw that revenue-generating SME and eCommerce businesses, which are typically unattractive for equity investment at an early stage, had a need for equity-free growth capital unserved by the incumbent loans and invoice factoring.

Through Forward Advances, we provide equity-free capital to founders in return for a flat fee.

In short, it provides a cash injection – to, for example, boost their inventory or ramp up their marketing spend – without the founder having to give up equity or commit to a personal warranty.

**Serving founder needs is the best way to drive more growth and help founders succeed. It's a model where venture can work smarter for founders, increasing the odds of transforming great ideas into world-changing businesses, and reaping superior results for investors.**

Designed for more established businesses that have stable, growing revenue, understanding the ebb and flow of the business is all the more key to making a timely investment and tailoring our value-add support. And technology now makes this possible, empowering a better understanding of a company's situation.

Plugging into open banking, payment and eCommerce platforms allows us to build a detailed, verifiable picture of a business – not only the balance sheet, but the unit economics, too. We can reconstruct cash flows, giving a near-real-time view of a customer's financial situation and a more granular understanding of the risks and opportunities. Through data from eCommerce integrations such as Shopify, for example, we can dig into the key financial characteristics of a business and predict when a company may need additional support. And tapping into media integrations like Google and Facebook ads, we can build an understanding of return on advertising spend.

This data-driven approach allows us to make more informed investment decisions, as well as monitor progress and better support founders in a personalised, hands-on way over time. We can deploy equity-free capital precisely when it's needed, making the business more likely to succeed.

And this sort of precise tailoring of capital and value-add is important for another reason: it opens new opportunities that the restrictive return windows of traditional venture equity might not allow access to.

## Providing funding at startup speed

Equity-based capital, of course, still plays the key role. Our focus with Forward Ventures remains providing equity funding to ambitious teams with big ideas and the potential for high growth. Those building software, in particular, need the upfront capital to get their product to market.

But offering innovative, revenue-based financing adds something new to the mix. For one, we can offer it at startup speed. It's simpler and faster to implement – the time between initiating the process and receiving funding is days, not the weeks associated with securing an additional round of venture funding – and the founders don't need to consider giving up ownership or control, allowing them to focus on growing their business.

It also enables us to fund a more diverse range of founders, because it's not reliant on investor networks or connections. It's based on the sustainable growth of your business. It opens big opportunities in underserved parts of the market, whether that's revenue-generating eCommerce businesses or underrepresented founders. By extending our knowledge and support as far as we can, we can support everyone in maximising their own opportunity, levelling the playing field for every founder, no matter their background, gender or ethnicity.

And it goes further than financing.

We support our portfolio companies through the Studio team, who use their experience building great businesses to accelerate growth for our founding teams. We also share our lessons with the wider ecosystem and run education programmes through an early-stage founders programme.

And the data we can access means we can shape our value-add in a way truly suited to the founder, their business and where they are on the journey. By providing the right funding and the right advice at just the right time, we can help make sure our companies are ready to take on the scale they're capable of achieving, helping them move faster, build stronger and grow with confidence.

## Building together

Serving founder needs is the best way to drive more growth and help founders succeed. It's a model where venture can work smarter for founders, increasing the odds of transforming great ideas into world-changing businesses, and reaping superior results for investors.

Equity remains the lynchpin, but revenue-based financing – married with permanent capital – is the starting point for a new, more dynamic funding system, empowering digital companies and VCs to be bolder: to build and innovate together over the long term.

With our unique approach to venture capital, we can support a wider set of entrepreneurs with funding and expertise from an early stage of their growth, finding and backing changemakers earlier, and shaping our value-add to serve the diversity of founder needs. And with the data now accessible to us, we can hone our funding and advice not just to the stage of the company, but to specific cost lines and tactical needs. We can nurture those companies to create better outcomes and great returns.

In our mission to help every founder to achieve their potential, the key is the support we offer. Capital for a changing world has to be founder focused. And that's not only how they get the money but what extra value comes with it.

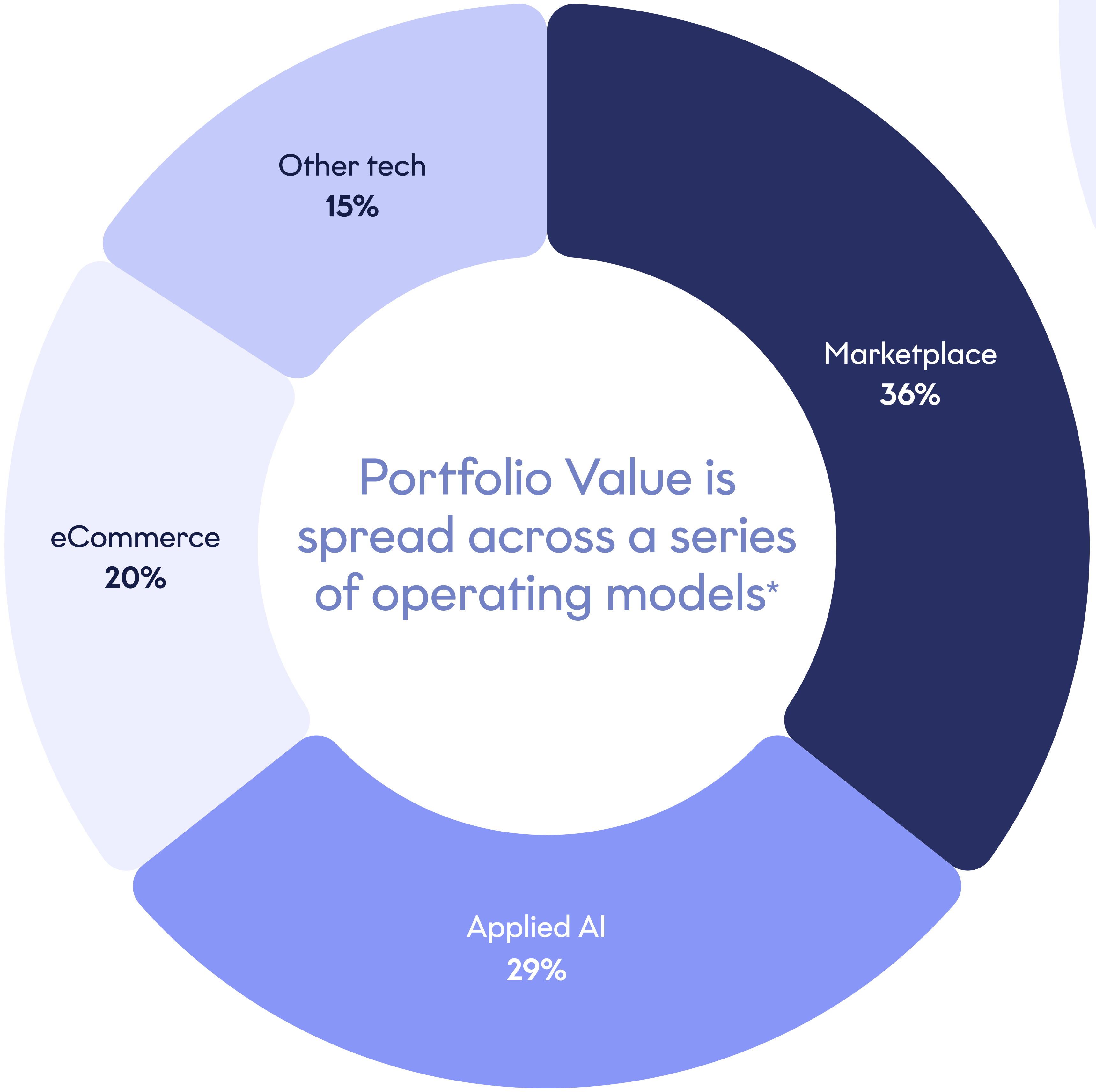
**Nic Brisbourne**
CEO

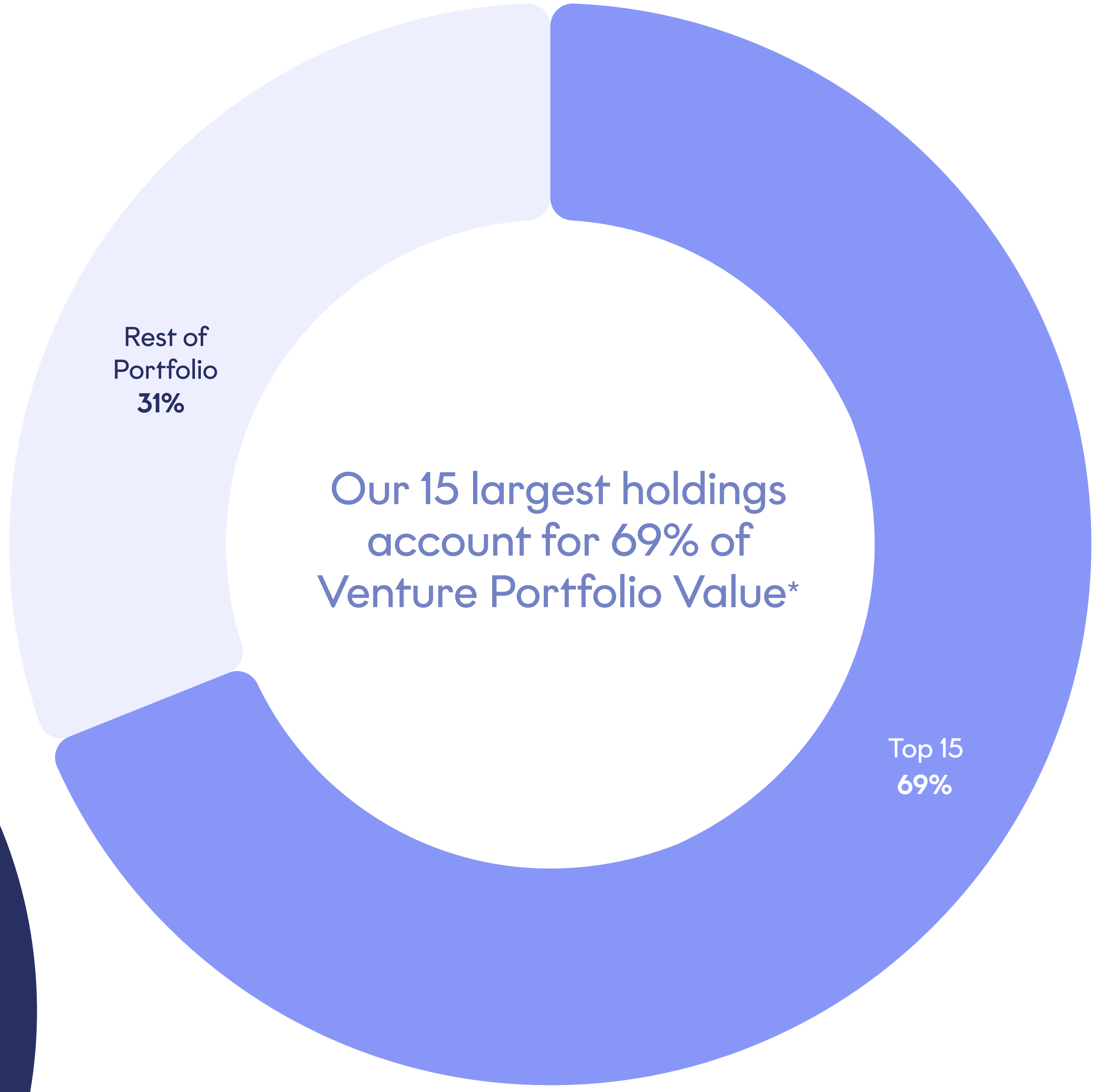
By extending our expertise and support as far as we can, we can help everyone in maximising their own opportunity, levelling the playing field for every founder, no matter their background, gender or ethnicity.

# Ventures Portfolio Review

**At 31 December 2021, Forward Partners' portfolio consisted of 47 active companies, with a Venture Portfolio Value of £117.1m (vs 30 Jun 2021 £108.0m and 31 December 2020: £86.6m excluding Forward Advances). Movements in the year result from cash proceeds of £5.0m received from realisations (reducing the size of the portfolio), new investments made of £8.8m, and a gross fair value increase of £27.3m, 31.5%. The Portfolio valuation by company Table below provides further detail on the movements in the portfolio.**

The year to 31 December 2021 saw our first realisations with £5.0m from Heights and Wonderbly exits.




Our top companies are growing fast**

# 128%

**Weighted average revenue growth of our top 15 holdings**

* Figures as at 31 December 2021.

**Revenue growth from 2020 to 2021 weighted by Venture Portfolio Value to give a true indication of how fast the value in our Ventures Portfolio is growing.

# Portfolio

Our portfolio has been constructed to maximise risk-adjusted returns by balancing upside potential, chance of failure, likely holding period and concentration risk.

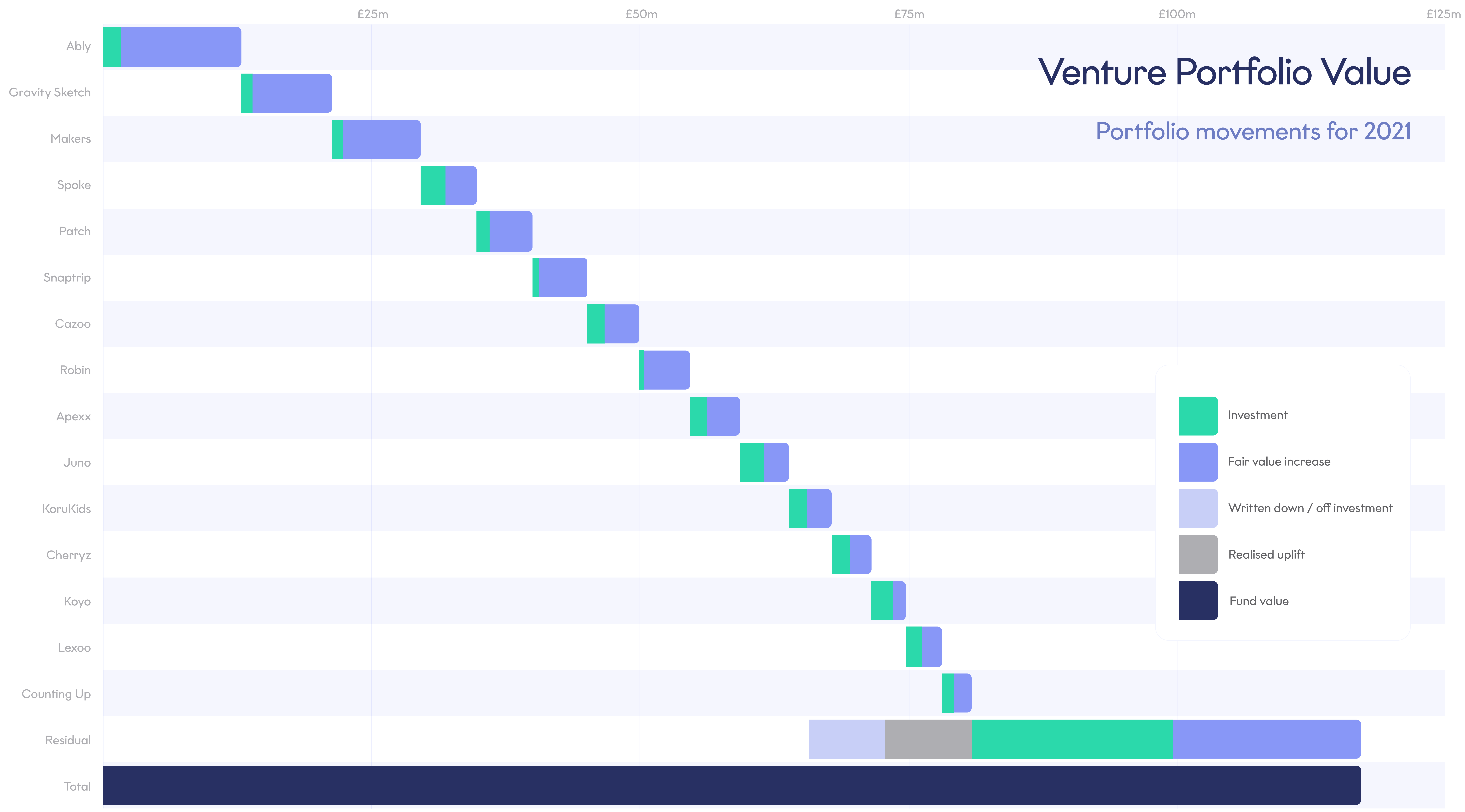
Forward Ventures invests into three key operating models: applied AI, eCommerce and marketplace, representing 29%, 20% and 36% of the portfolio respectively at 31 December 2021. The top fifteen core holdings represent 69% of Venture Portfolio Value with the largest holding, Ably representing 11%.

At 31 December 2021, Forward Partners portfolio core holdings (top 15 by portfolio value) were Ably, Gravity Sketch, Makers, Patch, Snaptrip, Cazoo, Robin AI, Apexx, Juno, KoruKids, Spoke, Cherryz, Koyo Loans, Lexoo and Counting Up.

**Key movements from December 2020 include:**

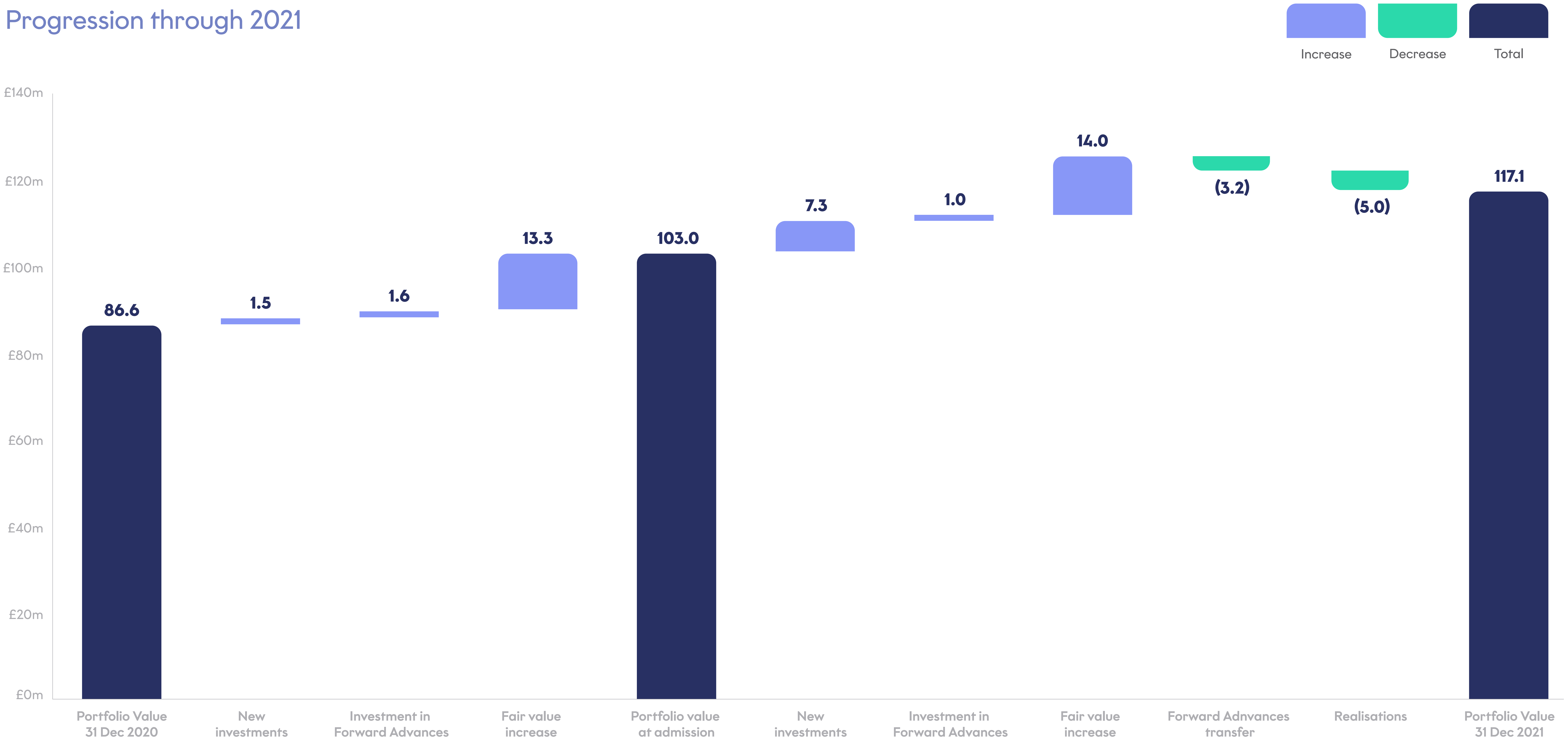
- Ably Realtime's $70m Series B round that resulted in a £10.6m uplift.
- Gravity Sketch's $130m post money Series A round that resulted in a £6.6m uplift.
- Robin AI's Convertible loan Note raise with a £30m cap which resulted in a £4.2m uplift
- Plus uplifts at KoruKids, £2.5m and Apexx, £2.3m

Conversely, notable valuation declines were seen at Patch £3.8m, Lexoo £2.6m, Breedr £1.4m and Fy! £1.2m, attributed to shifts in post-Covid consumer behaviour impacting sales momentum.


Venture Portfolio Value
Portfolio movements for 2021
£25m
£50m
£75m
£100m
£125m
Ably
Gravity Sketch
Makers
Spoke
Patch
Snaptrip
Cazoo
Robin
Apexx
Juno
KoruKids
Cherryz
Koyo
Lexoo
Counting Up
Residual
Total
Investment
Fair value increase
Written down / off investment
Realised uplift
Fund value

# Venture Portfolio Value

## Progression through 2021



# Investments

**During the period from 1 January 2021 to 31 December 2021, £8.8m was invested by Forward Ventures – £4.3m of which was invested into six new portfolio companies and £4.5m was invested into 15 existing portfolio companies through follow-on rounds.**

## New investments

**Bea Fertility.** Forward Partners invested £0.3m through a Convertible Loan Note (CLN) into this at-home intracervical insemination (ICI) fertility treatment provider.

**ChangeEngine.** Forward Partners invested £0.4m into this provider of internal marketing automation as part of its $10.5m pre money seed investment round.

**Clustermarket.** Forward Partners invested £0.6m into the all-in one lab management platform as part of the company's $3.5m round, alongside Haymarket and existing investors.

**PocDoc.** Forward Partners invested £1.3m as the lead into this provider of at-home lipid (fat) profile tests as part of the company's £2.3m initial fund raise.

**Ryde.** Forward Partners invested £1.0m into Ryde, the on-demand delivery driver platform, as part of a £2.5m fundraise round alongside Triple Point and existing investors including Seedcamp.

**Sourcery AI.** Forward Partners invested £0.7m into this provider of automated refactoring software for Python developers.

## Follow-on investments

**Ably.** Forward Partners invested £0.5m into Ably, a platform building real time infrastructure for the internet as part of the company's $70m round co-led by Insight Partners and Dawn Capital.

**Koyo Loans.** Forward Partners invested £0.5m into Koyo, a loans provider as part of a $50m Series A led by Force Over Mass.

**HIGHR.** Forward Partners invested £0.1m into HIGHR, a direct to consumer (DTC) clean cosmetics company.

**UpLearn.** Forward Partners invested £0.2m into UpLearn, an online learning platform.

**Ahauz.** Forward Partners invested £0.2m into Ahauz, a PropTech firm seeking to help first time buyers get on the property ladder.

**Aphetor.** Forward Partners invested £0.2m into Aphetor, a sports entertainment platform.

**Cherryz.** Forward Partners invested £0.6m into Cherryz as part of a £10m round led by Balderton. Cherryz is an online discount retailer of low price fast-moving consumer goods and general merchandise.

**Counting Up.** Forward Partners invested £0.3m as part of a £9.1m series A led by Framework Venture Partners. Counting Up combines business banking with accounting software, providing SMEs with one platform to manage the finances of their business.

**Breedr.** Forward Partners invested £0.4m into Breedr, a SaaS platform for precision rearing of livestock combined with a trading marketplace and supply chain finance.

**Fy!.** Forward Partners invested £0.3m into FY, an e-commerce app/website for a curated selection of jewellery, accessories, homeware, and art from independent brands, artists and designers.

**Fair HQ.** Forward Partners invested £0.4m into Fair HQ, a platform that helps businesses to improve their diversity and inclusion.

**Juno.** Forward Partners invested £0.2m into Juno, a legal service automation platform, focused initially on residential conveyancing.

**Makers.** Forward Partners invested £0.2m into Makers, which teaches IT and computer programming courses which lead to employment placements at large tech and finance institutions.

**SpotQA/Virtuoso.** Forward Partners invested £0.4m into SpotQA/Virtuoso, which automates the process of software quality assurance testing by providing a smart test automation platform.

## Realisations

**Heights.** Forward Partners exited from supplements brand Heights, facilitated by a third-party investment realising a total cash return of £2.2m, valuing its stake at 2.0x the fair value held at 31 March 2021. It represents a 2.3x cash on cash return and 29% IRR.

**Wonderbly.** Forward Partners exited from Wonderbly, the publishing platform for personalised children's books following private equity firm Graphite Capital's acquisition. The total cash return from the Wonderbly investment, including £0.5m from a partial sell-down in 2015, stands at £3.3m, valuing its stake at 1.0x the fair value held at 31 March 2021. It represented a 13.1x cash on cash return and 103% IRR.

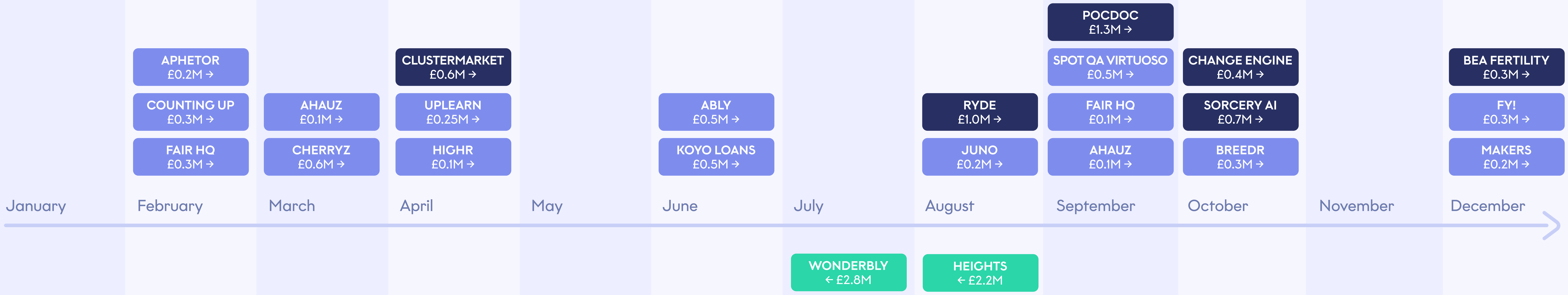
## Potential realisations

**Cazoo.** Our holding in Cazoo increased from £3.0m at 31 March 2021 to approximately £6.7m, following the company's SPAC merger. Our holding in Cazoo Group Limited consists of 1,042,328 shares with a year-end value of £4.9m, of which 951,417 are held in escrow until 1 March 2022 and the remaining 90,911 held in escrow until 25 July 2022 alongside approximately £91,000 in cash for a period of 12 months from the date of completion of the merger. Our non-escrow shareholding in Cazoo is subject to a lock-up of six months from the date of completion of the merger.

Since the year-end the value of our shareholding in Cazoo has reduced by circa 83% to USD $0.95 per share as at 15 June 2022.

| *Portfolio Comapny* | *Fair Value at 31/12/20* | *Invested* | *Fair value change* | *Fair Value at admission* | *Invested* | *Realised* | *Fair value change* | *Fair Value at 31/12/21* |
|---|---|---|---|---|---|---|---|---|
| | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* |
| Ably | 2.3 | - | 9.8 | 12.1 | 0.5 | - | 0.3 | 12.9 |
| Gravity Sketch | 1.8 | - | - | 1.8 | - | - | 6.6 | 8.4 |
| Makers | 8.5 | - | (1.4) | 7.1 | 0.2 | - | 1.0 | 8.3 |
| Spoke | 5.0 | - | - | 5.0 | - | - | 0.2 | 5.2 |
| Patch | 9.0 | - | (0.5) | 8.5 | - | - | (3.3) | 5.2 |
| Snaptrip | 4.6 | - | 1.7 | 6.3 | - | - | (1.3) | 5.0 |
| Cazoo | 2.7 | - | 0.3 | 3.0 | - | - | 1.9 | 4.9 |
| Robin | 0.5 | - | 1.2 | 1.7 | - | - | 3.0 | 4.7 |
| Apexx | 2.4 | - | 2.3 | 4.7 | - | - | - | 4.7 |
| Juno | 3.3 | - | (0.6) | 2.7 | 0.2 | - | 1.6 | 4.5 |
| KoruKids | 1.4 | - | (0.2) | 1.2 | - | - | 2.7 | 3.9 |
| Cherryz | 0.5 | 0.6 | 2.6 | 3.7 | - | - | - | 3.7 |
| Koyo Loans | 3.6 | - | (1.9) | 1.7 | 0.5 | - | 1.1 | 3.3 |
| Lexoo | 5.8 | - | (0.8) | 5.0 | - | - | (1.8) | 3.2 |
| Counting Up | 2.1 | 0.3 | 0.4 | 2.8 | - | - | - | 2.8 |
| Wonderbly | 2.8 | - | - | 2.8 | - | (2.8) | - | - |
| Remaining portfolio | 29.7 | 0.6 | 0.4 | 30.7 | 5.9 | (2.2) | 2.0 | 36.4 |
| **Portfolio Value** | **86.0** | **1.5** | **13.3** | **100.8** | **7.3** | **(5.0)** | **14.0** | **117.1** |
| Forward Advances | 0.6 | 1.6 | - | 2.2 | 1.0 | (3.2) | - | - |
| **Total Portfolio value** (including Advances) as per Admission document | **86.6** | **3.1** | **13.3** | **103.0** | **8.3** | **(8.2)** | **14.0** | **117.1** |
| Carried interest | (5.6) | - | (2.0) | (7.6) | - | - | (3.7) | (11.3) |
| **Net Portfolio Value** | **81.0** | **3.1** | **11.3** | **95.4** | **8.3** | **(8.2)** | **10.3** | **105.8** |

# Activity timeline




## Key

- New investment
- Follow on investment
- Realisation

*Excludes Forward Advances*

# Q&A Meet Investment Partner Luke

**Luke, Investment Partner at Forward, leads our Ventures Investment Team. Before joining us, he held investment and consultant positions at REV Venture Partners and Oliver Wyman.**

**Now, Luke runs Forward Ventures, responsible for its investment strategy, growing the investment team, advising our portfolio companies and keeping ahead of market trends.**

## What are your highlights from the team this year?

This year, we undertook an extensive strategy review to explore what we think the next big tech trend will be. We looked at everything from "software eating biology" to the metaverse and foodtech, but the area that really stood out was Web3. More specifically, applied Web3 and how this evolving vision and the technology that underpins it can offer additional value and growth potential to business models we're already familiar with, like marketplaces and SaaS.

Our investment in Ryde, the first after our IPO was also a big moment. It marked our first investment as a public company and was a great chance to back a pair of experienced founders building an exciting company.

## What are your best moments from the portfolio this year?

There have been plenty of notable moments from this year, but the ones that really stand out are:

Ably's Series B, led by Insight and Dawn Capital, in Q2 2021 was a big moment for the portfolio and a nice milestone in the journey, having led their seed round in 2017. The company's grown massively since our initial investment and it was great to see other well-known investors share our enthusiasm.

Robin AI's seed extension round, which included the Softbank Emerge Programme and a number of notable angels, was also exciting to see as the business gets set up for success in 2022. Their revenues have grown 10x since their seed round in March 2021 and they've attracted some big clients, including several private equity firms, Clifford Chance, Foot Anstey, Pizza Hut and Babylon Health.

Koyo Loans raising $50m in debt and equity in a Series A round led by Force Over Mass. It's allowing the business to scale lending to underserved "thin-file" consumers who struggle to access credit from traditional lenders.

OutThink being awarded a €2m grant from the European Innovation Council in December 2021. It was a great recognition of the power of OutThink's technology and puts the business in a strong position for 2022.

## Technology is moving fast. Where do you see the biggest opportunities for 2022?

We're very excited about the Web3 space and the potential of decentralised software for both the evolution of the internet and its application to existing business models. And developers and early adopters are already on the move. Almost $27bn was invested in Web3 in 2021, according to Forbes, up from $6bn in 2020. And the number of monthly active Web3 developers was at an all-time high of 18,400 in December 2021, according to Electric Capital – almost doubling from 2018. The volume of cryptocurrency trades is also rising steadily, and, over the last 12 months, we've seen non-fungible tokens (NFTs) boom, with interesting applications such as digital personas holding promise for the development of the metaverse.

A lot of smart people want to work in the space and we've already started to see businesses leveraging the potential of blockchain to solve real problems, from monetising communities to delivering robust due diligence on suppliers and effectively managing networks. As interest in the space grows, we're keen to see more entrepreneurs building Web3 companies, to identify founder talent early and support them on their journey.

It's also important to highlight that though these new and emerging technologies garner a great deal of excitement, we believe that some of the biggest opportunities are still found within operating models we know well. We're still seeing lots of exciting companies helping businesses to automate repetitive processes or draw insights from complex data by using applied AI techniques. We also see businesses leveraging marketplace operating models as very powerful propositions – particularly where they are solving market inefficiencies and creating transparency and accessibility in B2B supply chains. We expect to see many more opportunities in these spaces through 2022.

# Meet the portfolio

Our top 15 companies by value represented 69% of total Venture Portfolio Value at period end. The following section provides a short overview of their business, progress and highlights from the year.

## Ably

Ably is building better real-time infrastructure for the internet. Established in 2016 by Matthew O'Riordan and Paddy Byers, the company's platform handles complex, behind-the-scenes real-time communication to power chat, live updates and "internet of things" (IoT) functionality. It delivers billions of messages to more than 50 million people across web, mobile, and IoT platforms every day.

### Recent news

- Ably won the Best Use of API Gateway Integration, Best API Business Model (for the second year in a row), and Best Overall SME Dev Portal at the 2021 DevPortal Awards.
- The senior team was strengthened with the addition of a CTO from Microsoft, COO from Facebook, and Chief Customer Officer from Spacemaker AI.
- On 30 June, Ably announced a successful raise of $70m led by Insight Partners and Dawn Capital. They're using the funding to strengthen the UK team, expanding it from 65 to 125 employees by the end of 2022 to drive innovation and scale.

| £1.7m | £12.9m | 7.5x | B |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

FD Category represents fully diluted interest shares categorised as follows:
Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%.

## Gravity Sketch

Gravity Sketch was founded in London in 2014 by Oluwaseyi Sosanya and Daniela Paredes with the vision to revolutionise the way physical products are designed, developed, and brought to market. Today, the company is a leading innovator in the digital design industry, offering intuitive 3D design software for cross-disciplinary teams to create, collaborate, and review in an entirely new way, addressing a market worth an estimated $10bn in 2022.

### Recent news

- In April 2022, Gravity Sketch announced the successful completion of a $25m funding round ($33m final close). Forward participated with a further £0.7m in this Series A, led by Accel alongside Google Ventures.
- Gravity Sketch launched LandingPad Collab, which allows users to create personalised spaces for real-time collaboration.

| £1.2m | £8.4m | 7.1x | C |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Makers

Makers are creating a new generation of tech talent through courses and apprenticeships. By combining an academy and a recruitment agency, they've turned over 1,700 people into junior software engineers and placed them in over 300 businesses, including Google, Tesco, Starling Bank, and the BBC. Makers hold a rating of 4.7/5 from customers on bootcamp review site SwitchUp.

### Recent news

- Over 35% of Makers engineers are female, two times higher than the industry average.
- July marked the third year of Maker's Women in Software Power List in partnership with Google for Startups UK and Computer Weekly.
- The company is now working with three of the world's four largest technology companies.

| £1.1m | £8.3m | 7.5x | E |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Spoke

Spoke is a direct-to-consumer eCommerce company that provides better fitting, better looking men's clothes. Established in 2013, the company has over 200,000 customer to date. It has been featured in GQ and Esquire and holds a Trustpilot rating of 4.7/5.

### Recent news

- Post-period in March 2022, Spoke launched a crowdfunding round on Seedrs which reached £3.7m (248% of the £1.5m target) with 24 days left.
- The company has annual gross revenues of over £18m and 75% year-on-year growth.
- In May, Spoke announced ITV's subscription of £2 million in convertible loan notes.
- Spoke will use ITV's media investment to launch a TV advertising campaign running alongside major sporting events.

| £2.3m | £5.2m | 2.3x | C |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

FD Category represents fully diluted interest shares categorised as follows:
Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%.

## Patch

Patch is one of the leading online UK direct-to-consumer plant stores, having attracted over 500,000 customers. Established in 2015 by Freddie Blackett, Patch helps people who need plants most — those who live and work in the city — to choose and care for plants in their home and workplace. They hold a 4.8/5 rating on Trustpilot and an audience of 240,000 plant fans on Instagram. Patch was recently voted 28th in startups.co.uk '100 to watch'.

### Recent news

- Patch opened a new fulfilment centre to reduce delivery times and logistics costs.
- The company exhibited at the Chelsea Flower Show in collaboration with The Edible Bus Stop.
- The team also launched the Patch Plant Hotel to take care of customers' plants while they are on holiday.
- Patch was a finalist in The Institute of Customer Services UK Customer Satisfaction Awards 2021 and won the award for Best Use of Voice of the Customer at the 2021 Engage Awards.
- In 2021, Patch plant doctors helped 12,000 customers diagnose problems with their plants.
- Patch won a silver gilt medal at the 2021 Chelsea Flower Show for their studio: the Pharmacy of House Plants.

| £1.1m | £5.2m | 4.7x | D |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Snaptrip

Snaptrip is a marketplace that helps people to discover the best last-minute cottage holiday deals in the UK. Founded in 2014 by Dan Harrison and Matthew Fox, Snaptrip has grown to offer over 60,000 professionally managed cottages from big-name partners. They hold a rating of 4.4/5 on Trustpilot.

### Recent news

- Snaptrip raised a £2.1m round in May 2021, led by Bestport Ventures, which the company used to acquire Last Minute Cottages.
- The team aim to grow their position as the UK's biggest and best last-minute self-catering brand.
- Post-period in March 2022, Snaptrip acquired Independent Cottages for a seven-figure fee. This is the company's second acquisition in 12 months following the acquisition of Hot Tub Hideaways in Summer 2021.
- Snaptrip now operates a family of brands, including Dog Friendly Cottages, Last Minute Cottages and Big Cottages, giving it access to several targeted markets.

| £0.6m | £5.0m | 8.2x | D |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Cazoo

Cazoo is an online used car marketplace designed to transform the way people buy, finance, and rent used cars. The platform enables customers to purchase a used car online and have it delivered to their door. It provides free delivery, a seven-day money-back guarantee, a free 90-day warranty and roadside assistance, allowing customers to embrace the online buying experience with confidence.

### Recent news

- In May 2021, Cazoo announced their 25,000th car sale, just 18 months after launch.
- Cazoo acquired leading automotive data insights platform, Cazana.
- In August 2021, Cazoo raised $1bn in a SPAC merger, increasing our holding by £3.7m to approximately £6.7m.
- Cazoo sold 13,000 vehicles in Q3 2021, making for £174m in revenue and £11.8m of gross profit. Revenues were up 267% year-on-year.
- In September 2021 Cazoo acquired SMH Fleet Solutions, doubling its reconditioning, logistics and storage capabilities.
- Post-period, in February 2022, Cazoo raised $630m from investors, including Viking Global Investors, to support its continued growth and expansion.

| £1.6m | £4.9m | 3.0x | A |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

FD Category represents fully diluted interest shares categorised as follows:
Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%.

## Robin AI

Robin AI is a legal-tech company that provides companies, scale-ups and funds with a solution to improve contracts through software, machine learning and a team of world-class legal professionals. Established in 2019 by Richard Robinson, Robin developed from Richard's personal experience as a lawyer.

### Recent news

- Robin AI raised £2.5m in December 2021 in a seed extension round, with participation from the Softbank Emerge Program, Tom Blomfield (the founder of Monzo) and existing investors.
- The company increased revenues by more than 10x between the seed investment in March and the seed extension in December.

| £0.5m | £4.7m | 9.1x | D |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Apexx

Apexx's platform allows merchants to connect via a simple API to the world's payment ecosystem, increasing conversion at lower cost and powering digital payments. The team has grown to 41 people working across 3 countries, serving clients like ASOS, Avon, Xe, eShopworld and Air Seychelles.

### Recent news

- Apexx has continued to push forward its "buy now pay later" (BNPL) product, now integrated with 10 BNPL providers.
- Apexx now has over 120 integrated partners and operates across more than 70 countries.
- In August 2021, Apexx announced four new global brands as customers: Atome, LayBuy, Sezzle and Tamara.
- Apexx have expanded sales operations to cover the USA, with two FTEs now hired.
- The company won payment innovation of the year at the 2021 FS Tech awards.

| £1.6m | £4.7m | 3.0x | B |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Juno

Juno brings together legal expertise with software and AI to offer conveyancing that's clear, convenient and reliable. Established in 2017 by Etienne Pollard and Henry Hadlow, their vision is to make the legal side of home buying simpler, clearer and faster – and for Juno to become the UK's largest and most trusted property law firm. The founders saw an opportunity in a fragmented, people-intensive legal and conveyancing sector. Their disruptive solution takes a data-driven approach to drive better, faster, more cost-efficient services. Revenues more than doubled in 2020.

### Recent news

- Juno launched a closed beta of its AI-enabled legal service to complete property purchases, targeting 10x-faster-than-average completions.
- The company also launched a new buy-to-let re-mortgaging product, targeting a 5x speed-up versus the industry average.
- Juno holds a 4.6 rating on Trustpilot, with 79% of its 527 reviews being five stars.
- LendInvest, the UK's leading property finance platform appointed Juno to their buy-to-let legal panel.

| £2.3m | £4.5m | 2.0x | D |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

FD Category represents fully diluted interest shares categorised as follows:
Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%.

## Koru Kids

Koru Kids is a childcare marketplace that connects parents with vetted part-time nannies. Established in 2016 by Rachel Carrell, the company has delivered over 1,000,000 hours of childcare to families and works with over 10,000 nannies across the UK. It holds a TrustPilot rating of 4.8/5.

### Recent news

- Koru Kids launched a home nursery service, allowing carers to take care of children in their home and teach a varied curriculum following the early years foundation stage (EYFS) framework.
- The platform now has more than 25 home nursery sites, with more being added as carers are trained.

| £1.7m | £3.9m | 2.3x | B |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Cherrz

Cherryz is an online discount retailer of low-price fast-moving consumer goods and general merchandise. Its app gives consumers the convenience of online shopping with the low prices of discount stores. The company is now focused on the growing online grocery sector and creating shopping (vs buying) experiences on mobile devices – trends that have both accelerated during the Covid-19 pandemic. It holds a Trustpilot rating of 4.0/5.

### Recent news

- Cherryz recently completed a £10m round led by Balderton.
- In 2021, Cherryz increased its headcount from 25 to 70 in 2021, and grew its fulfilment operations 3x.
- The company invested in its machine learning capabilities to deliver a more personalised customer experience.
- Cherryz hired a Head of Trading with more than 15 years in retail buying to improve its range of products.
- In June 2021, Cherryz hired a Head of Engineering from SkyScanner.

| £1.8m | £3.7m | 2.1x | B |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

# Q&A Meet Brendan, CEO of Sourcery

Brendan Maginnis is CEO and co-founder of Sourcery, a real-time refactoring tool for developers. In 2021, they closed a $1.75m seed funding round, led by Forward, investing alongside Runa Capital, Techstars, Angel Invest, CapitalX, Acequia Capital, and other private angel investors.

Launched in 2018, Sourcery addresses the 4.9 billion hours a year that developers waste dealing with poor quality code by automatically reviewing and improving the code in real time.

### Why did you and the team develop Sourcery?

My co-founder Nick and I worked together for several years at a retail financial software company with a dated codebase that was mostly from the late 80s. It had most of the issues you'd expect in a legacy codebase. It was complex, slow to develop on, and any new development risked introducing unseen bugs. As we dealt with these challenges, we became very good at refactoring code and navigating complex, legacy codebases, but we also felt that there needed to be a better way to deal with these issues than manually refactoring.

As we chatted with more software developers, we realised that this wasn't just a problem at companies with 20+ years of legacy code. It was a problem that slowed down software engineering teams everywhere. Complex code and design decisions made in the past significantly slow down future development.

We started building Sourcery to automatically review and fix or refactor code so that teams could start to automatically fix those issues in legacy codebases and prevent these code quality issues from ever arising.

### Why is Sourcery different?

We've built Sourcery so that it can do more than simply flag issues that exist in your code – it can actually fix them for you. While it can be helpful to get a notification or a warning that there's a potential issue in your code, it's useless unless you know how to fix it. With Sourcery, you can instantly apply our suggestions to make your code better, rather than just having one more warning about potential problems.

Our tools integrate directly into a developer's code editor, code hosting platforms, and the company's CI/CD pipeline, improving code across every step of the software development process. Today, Sourcery is used by 7,000 developers every month, and at organisations across the globe like Sky, Microsoft, Amazon, and LinkedIn.

We're helping developers move beyond the current industry standards for code review and improvement. Most teams currently rely on manual code review or tools that point out potential issues with the code, but Sourcery takes things further by continually reviewing the code and showing developers exactly how it can be improved – it cuts down on technical debt, reducing time spent on manual code review and increasing the speed of future development.

### What's next for Sourcery?

Every codebase is unique and has its own nuances. That's why we're expanding Sourcery to allow teams to create their own custom sets of rules and code guidelines that Sourcery will then automatically apply and enforce for them. This helps teams to standardise their codebase, ensure compliance regulations are met, and cut down on the manual time that developers need to spend on code reviews. At the same time, we're continuing to make the core Sourcery engine more powerful so that every Sourcery user, whether you're a hobbyist or an enterprise team, sees more impactful improvements on their code every day.

**We've been so lucky to be able to find a great partner in Forward who are focused on helping us get Sourcery where it needs to go – from the first day we started working with Luke and the Studio team the focus has always been on 'what does success look like for you' and helping us achieve our vision.**

## Koyo

Koyo uses open banking and applied AI to offer personal loans to consumers who lack traditional historical credit data, without excessive fees for credit. Established in 2018 by Thomas Olszewski, Koyo is on a mission to provide loans that are personal and transparent, to those who have little or no options through no fault of their own.

### Recent news

- In September 2021, Koyo closed a $50m Series A of equity and debt led by Force Over Mass. We participated in the round, alongside Seedcamp, Frontline Ventures and Matt Robinson (founder of GoCardless).
- The company is using the funding to provide access to competitively priced credit, when most traditional leaders have been scaling back lending.
- Koyo has a Trustpilot score of 4.9, with 96% of their 983 reviews being five stars.

| £2.0m | £3.3m | 1.7x | C |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

FD Category represents fully diluted interest shares categorised as follows:
Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%.

## Lexoo

Lexoo is a technology-driven legal outsourcing solution. Founded in 2014, the company has grown to deliver legal services to companies worldwide through a network of more than 1,100 lawyers in 70 countries. Tackling transparency and efficiency in the legal market, the team leverages technology driven processes to unlock capacity, efficiency and improve stakeholder engagement. Lexoo holds a rating of 4.6/5 on Trustpilot.

### Recent news

- Lexoo was recognised as one of the top 25 LegalTech Companies of 2021 by TechRound.
- More recently, it onboarded Trustpilot as a client, and launched a credits-based subscription model to drive recurring revenue from an ad-hoc client base.
- The company will also soon launch its new product line, offering GDPR assessments as a recurring service.
- Going into 2022, the business has been putting in place the foundations to scale, expanding its customer acquisitions team and adding more in-house lawyers.

| £1.5m | £3.2m | 2.2x | E |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

## Counting Up

Countingup is the UK's #1 SME banking app with built-in accounting features. Their vision is to become a "financial hub" for micro businesses in the U.K. and beyond. The company was established in 2017 by Tim Fouracre, who previously founded cloud accounting software Clear Books. It combines a business bank account with bookkeeping features to help automate the filing of accounts — a major time sink and pain-point for an underserved market of sole traders and small businesses. The company now boasts over 34,000 business customers.

### Recent news

- In March 2021, Countingup closed a £9.1M Series A investment led by Framework Venture Partners, in conjunction with Gresham House Ventures and Sage Group.

| £1.1m | £2.8m | 2.6x | B |
|---|---|---|---|
| Total invested | Fair Value | Fair value/ investment | FD Category |

clustermarket + FORWARD STUDIO

CASE STUDY

# Building a brand set for scale

Clustermarket is on a mission to create the world's leading operating system for life sciences laboratories. And they're well on their way. Over 70,000 researchers from more than 7,000 laboratories across six continents now use their platform to manage their work more efficiently and effectively.

The company made a bold move away from an original equipment and resource sharing marketplace to focus on the development of a cloud-based SaaS platform for laboratory management. This shift in strategy allowed the company to move from industry challenger to an authoritative voice trusted by tens of thousands of researchers across the world.

We invested in Clustermarket in 2021, and, soon after, the team approached our Studio team to support them in building a brand ready for scale, suited to their new position as a respected and recognised solution for the sector.

## The Brief

A strong brand acts as an enabler of scale for fast-growth startups. Once a startup has validated a value proposition and product-market fit, activity becomes more focused, more consistent – aiming to scale acquisition and build relationships that last.

The Clustermarket team validated their proposition by creating a sub-brand for their new lab management software called 'Bookkit', while keeping their original marketplace platform under the Clustermarket brand. As Bookkit became increasingly well known, the team began to discover challenges created by this brand architecture that would become unsustainable long term. Two brands to manage meant a large amount of marketing work for the team – duplicate activity across separate brand marketing channels and messaging complexity that was confusing new users.

## From hustling challenger to industry authority

The pre-existing Clustermarket brand was formal, scientific, and a little 'at-arm's-length', with complex messaging creating barriers to fast, clear communication. This isn't uncommon for early-stage startups. In the early days, no startup wants to be truly transparent as a brand. You want your potential customers to buy into your future, not current, scale. Overly complex messaging typically comes from early-stage value proposition and acquisition experiments, developed to quickly understand how to capture the interest of various different audience segments. It's essentially the result of broad-scale hustling, which is an important part of learning and developing how to communicate what a company does and why it's important.

But once a company has found product-market fit and turned its focus to scale, the brand needs to fulfil a different role. To support fast and sustainable growth it needs to both communicate a competitive value proposition while building brand affinity and loyalty by communicating more openly and authentically, ensuring clarity and consistency as well as proving its value.

Clustermarket is made up of a tenacious and refreshingly authentic team of scientific minds who have a deep understanding of the problems they are trying to solve and the people they're trying to solve them for.

Our job at the Studio has been to help the team to showcase all of this through a clearly-defined vision for the future and a refreshed identity that consolidates the Clustermarket and Bookkit brands. Rather than having to communicate two separate products (a sharing marketplace and a lab management tool), Clustermarket will now engage their audience with one authoritative voice – offering a SaaS-enabled marketplace poised to become the world's leading operating system for life-sciences laboratories.

## Defining shared goals and values

We centred an exploration of visual identity and voice around an exercise to define a shared mission, vision and core values. As a brand, Clustermarket has to build relationships with lab managers and researchers, but also increasingly with large organisations and equipment manufacturers. So it needs to strike a delicate balance between coming across as professional, strong and secure, while being approachable and empathetic.

## The 'carbonic C' logo

The new Clustermarket 'C' icon references original branding, evolving the visual idea to showcase strength, confidence and the progressive nature of the company. The new icon represents carbon, a fundamental building block of all living organic things, and its shape is based on carbocyclic compounds – chemical compounds composed of carbon atoms. The forward-pointing arrow illustrates progress and Clustermarket's commitment to innovation.

With a long brand name, a full logotype would not scale to mobile devices, so it was important we created something that could easily scale down to app icons, favicons and sidebars. We opted for a logo mark as a visual device to accompany the full logotype. We wanted to base this around a 'C' to help suggest the name of the company, which helps with recognition for a relatively young company. We also created the design with animation in mind and consideration of how shapes, angles and motifs within the negative space could be used as visual devices across marketing assets.

## Considering colour and typography

With a strong logo illustrating scientific prowess and progress, colour and typography were used to strike a balance. There are few colours that convey trust and calm as well as blue. We also wanted to be conscious not to move too far from Clustermarket's original branding, to reduce the leap for existing customers. Relying on blue as a primary colour would also allow us to create a colour-blind-friendly palette for the brand and product interface, ensuring maximum accessibility for scientists across the globe.

Typographically, we wanted to contrast with the sharp lines within the logo and to find a font that would work well for marketing and within product UI. We selected an open-source font – and we recommend going in this direction for any startup. Licensing fonts not only creates complexity, but becomes expensive as the company grows.

## Crafting a more human voice

A refreshed Clustmarket brand voice empowers the team to become an authoritative voice within the industry, while connecting with customers in an authentic way that builds trust and loyalty. Our goal with the new tone of voice was to bring it in line with the way the team presents themselves, making it both more authentic and more approachable.

## Bringing together bookkit.org and clustermarket.com

To ensure Clustermarket could hit the ground running, we brought Bookkit and Clustermarket together in one marketing site.

Rebuilding clustermarket.com also offered the team a perfect opportunity to reconsider whether the technology underpinning the site was fit for scale. We used the opportunity to shift the site from Squarespace to Webflow. We love Squarespace as a tool for early-stage businesses; it allows fast testing and iteration, helping to quickly validate value propositions and explore product-market fit. But as a company moves into a phase of fast growth, we've found it can be restrictive. Webflow offers greater control, flexibility and the ability to communicate a more unique presence.

> Working together with the Forward team gave us the confidence to be brave and get on with merging Bookkit and Clustermarket. We may have continued as we were for another year or so. Now we feel we can be bolder and think bigger. We have aligned the team around a clear shared vision and set of goals – and we know we're ready for what's coming next.

**Tobias Wingbermuehle,**
Co-Founder at Clustermarket

# Risk management

## Risk Governance

Forward has a robust risk management framework that represents the Group's Risk Policy and overall risk appetite.

Our approach to risk governance is to develop a culture of compliance that runs from the Board, through its committees, the Management Team, the Group Compliance Officer, to all staff. Our aim: to create ownership and a proactive attitude towards managing risk in all our staff to ensure we continue to deliver for our stakeholders.

Forward takes a top-down and bottom-up approach to risk management. The Board conducts a top-down strategic review of risks that flows through its committees and the Management Team to all staff. Each business unit provides a bottom-up review and activity reporting to build a thorough understanding of the Group's exposure.

For the Group, the first line of defence comprises operational management and internal control measures followed by all employees, with a second line of risk management administered by senior management, supported by the Compliance Officer.

The Board delegates day-to-day responsibility to the Management Team.

All risks associated with the Group are recorded in the Group's Risk Register. The Audit and Valuations Committee uses this document to regularly assess prioritisation of risks, mitigations and proposed actions. Risks are mapped and monitored as controls are put in place to mitigate the Group's exposure. The Committee meets formally twice a year, with other informal meetings convened as necessary.

# Our risk management framework

**BOTTOM UP APPROACH**

**TOP DOWN APPROACH**

## BOARD

The Board take overall responsibility for risk management and assessment of risk.
We see risk management as an essential element of delivering our strategy and continued value to our stakeholders.

The Board oversees a top-down assessment of risk. This includes both internal and external factors that affect Forward Group's operations. It takes into account the impact and likelihood of each risk, whether pre-existing or emerging, long or short term. The board is well equipped to assess these risks, exhibiting substantial experience in negotiating external factors, the market in which Forward operates and holding a strong understanding of internal processes.

## AUDIT & VALUATIONS COMMITTEE

The Committee is appointed by the Board to assist the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. Full details of the responsibilities and activities of the board can be found in the Governance section of this report.

## MANAGEMENT TEAM COMMITTEE

The Management Committee assess business-unit level risks alongside wider strategic risks facing the Group, such as the UK macroeconomic environment. The risk discussion is chaired by CEO and composed of representatives from each business unit. Meeting outcomes are reported on at the Audit & Valuations Committee.

## OPERATIONAL MANAGEMENT

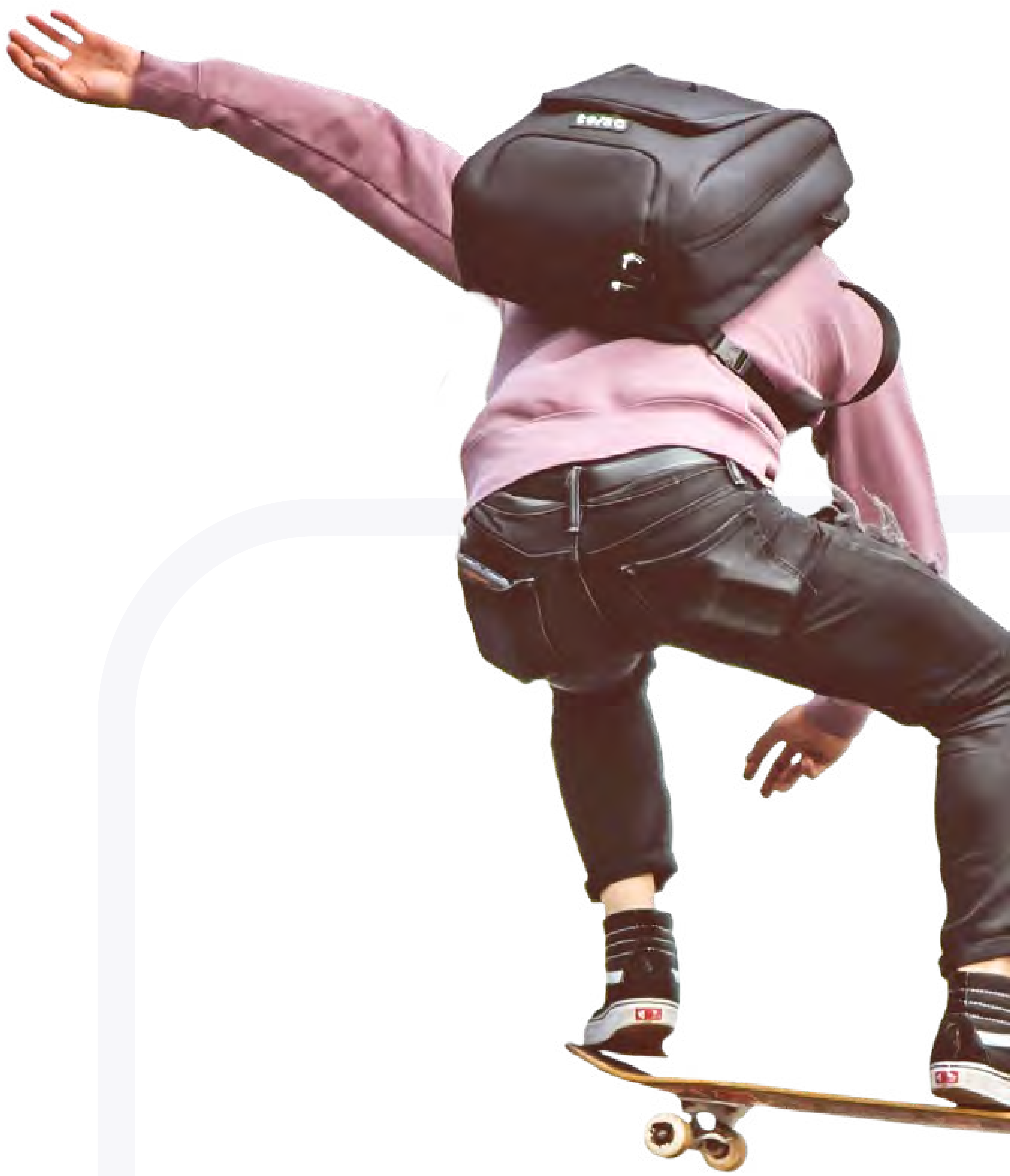
Risk management activities are embedded into our day-to-day operations. Operational management hold responsibility for internal financial control, information security and compliance. They provide policies and frameworks to enable risk and compliance to be managed in the first line, ensuring consistency in definitions, monitoring and measurement of risks.

## ALL EMPLOYEES

All employees are trained to hold an understanding of the company, objectives, market environment and risks it faces. They hold the knowledge, skills and information to effectively operate within it. They are encouraged to be proactive and alert to the risks associated with the role that they perform, own and operate processes and mitigating controls and to report issues and improvements where possible. Managers at all levels within Ventures, Studio and Advances actively lead day-to-day risk management, owning and operating processes and mitigating controls and maintain business unit level risk registers.

**STRATEGIC RISKS** | **OPERATIONAL RISKS** | **FINANCIAL RISKS**

**EXTERNAL AUDIT**



# Risk appetite

**The Board is responsible for setting and monitoring the risk appetite for the Forward Group. Risk appetite relates to the amount of risk the Group may seek or accept at any given time.**

To achieve our objective of delivering shareholder returns, we must accept a level of risk to create and maintain a pipeline of investment opportunities and support our portfolio in their growth within the context of the current operating environment. The business carefully manages the balance of risk and return to deliver consistent and meaningful returns. The Board has identified the following risks which it considers to be the most significant for Group stakeholders. The risks referred to below do not purport to be exhaustive and do not necessarily comprise all of the risks to which the Group is exposed or all those associated with an investment in the Group.

## Ventures

### Equity investments

Forward Ventures invest in early-stage high-growth companies. We invest with the understanding that not every company will achieve an exit event. We expect that a substantial proportion of the portfolio value will be driven by a small number of stand-out companies that demonstrate exceptional growth and that a proportion of our investments will fail.

Forward Ventures balances individual investment risk in the portfolio by making small investments at an early stage to create a highly diversified portfolio of companies across a number of key operating models. Our rigorous selection and due diligence process increase confidence in our decisions and the probability of a successful outcome for an investment.

As a company grows, it will require follow-on capital from later-stage investors. We also participate in the investment rounds of companies that we know well and respect. These rounds exhibit higher valuations but lower risk, further reducing the portfolio risk. As our portfolio matures, we see more and more opportunities to make these follow-on capital investments.

## Advances

### Revenue based financing

Forward Advances seeks robust digital SME businesses that can benefit from additional investment in marketing and inventory. These investments naturally hold a much lower risk profile than our Venture portfolio as the return on loans are short term and repayments start immediately when compared to an equity investment.

Advances mitigates risk through a data-driven underwriting process. Through this process, the team assesses the health of a prospective investment, gaining understanding into key financial aspects of the company, including balance sheet, unit economics and finally, through one-to-one conversation, an understanding of a founder's attitude to their business, their risk profile and ability to execute.

Advances is a relatively new business. Key to mitigating the risk of individual investments is reducing concentration risk by growing the portfolio. Development of the underwriting capabilities – through process development, automation and increasing use of data – are also key to mitigating risk as we grow.

## Studio and founder support

### Providing more than money

Forward's Studio takes a pragmatic approach to developing and delivering innovative growth solutions for portfolio companies. As such it is a medium-risk service for our portfolio with many, but not all of our projects delivering outstanding results. The Studio operates with a break-even business model making it low investment and hence low risk from a Forward perspective.

## Group

### Processes and management

Forward's Board and Management team believe that strong governance and robust processes – built with a high level of disciplined focus across all of the Group's operations – is key to sustainable growth. Hence, we have a low appetite for risk in our internal and back-office operations.

# Principal risks and uncertainties

## We categorise our risks into three key areas:

### 1 Strategic risks

Strategic risks relate to the fundamental decisions that directors take concerning the Group's objectives and the markets we choose to play in. They summarise internal and external factors that may affect the effectiveness of a company's commitments.

### 2 Operational risks

Operational risks relate to the Group's ability to execute well on this strategy. They summarise the chances and uncertainties a company faces in the course of conducting its daily business activities, procedures, and systems.

### 3 Financial risks

Financial risks relate to the possibility of the Group losing money on an investment or business venture. They summarise the uncertainty a company faces on key factors including credit risk, liquidity risk, and operational risk.

## Emerging considerations in 2021

The Board and Management Team regularly consider emerging risks and opportunities that face the Group including those that may threaten its business model, future performance, solvency or liquidity. There are also areas of our principal risks that we acknowledge will evolve over time.

Key emergent risks considered to be significant in 2021 focused on the UK macroeconomic environment and its potential impact on the Group and our portfolio.

On a global scale, we've seen the aftermath of the Covid-19 pandemic, political impacts – such as Brexit – and geopolitical tensions create economic headwinds that have impacted company revenues, portfolio valuations and essentially the current economic downturn. We see these trends as highly impactful for our business and closely monitor their impact on our operations, portfolio valuations and the revenue of the companies within it.

We've paid close attention to governmental actions and policies this year. We saw the end of the 'Brexit transition period' as the UK formed new trading relationships with the European Union (EU) and across the world, which caused many of our portfolio companies to think differently about their expansion plans. Governmental support and regulation for business models, sectors and technology can also have a profound effect – on our business and the businesses we invest in too. The Kalifa Review, for example, not only set out a new regulatory framework for emerging technology, but it also may, as it is implemented, affect the means and pace that later-stage businesses can scale and even exit through the introduction of free float reduction, dual-class shares and relaxation of pre-emption rights.

Finally, we've watched for changes in consumer and digital environments. We've seen the rising importance of privacy to consumers. As users protect themselves – through cookie and ad-blockers, for instance – and companies adopt policies to reflect this change – for example, through Apple's iOS 14.5 update – we've seen digital advertising costs rise and the importance of holding first-party data become paramount. Indeed, McKinsey estimates that $10bn in US publisher revenue is at risk through third-party cookie depreciation. We've also seen an emphasis on data ubiquity through the integration of data sources across platforms and users, as well as decentralisation of systems, processes and even ownership through the emergent popularity of Web3, the metaverse and blockchain adoption – all backed by big advances in AI.

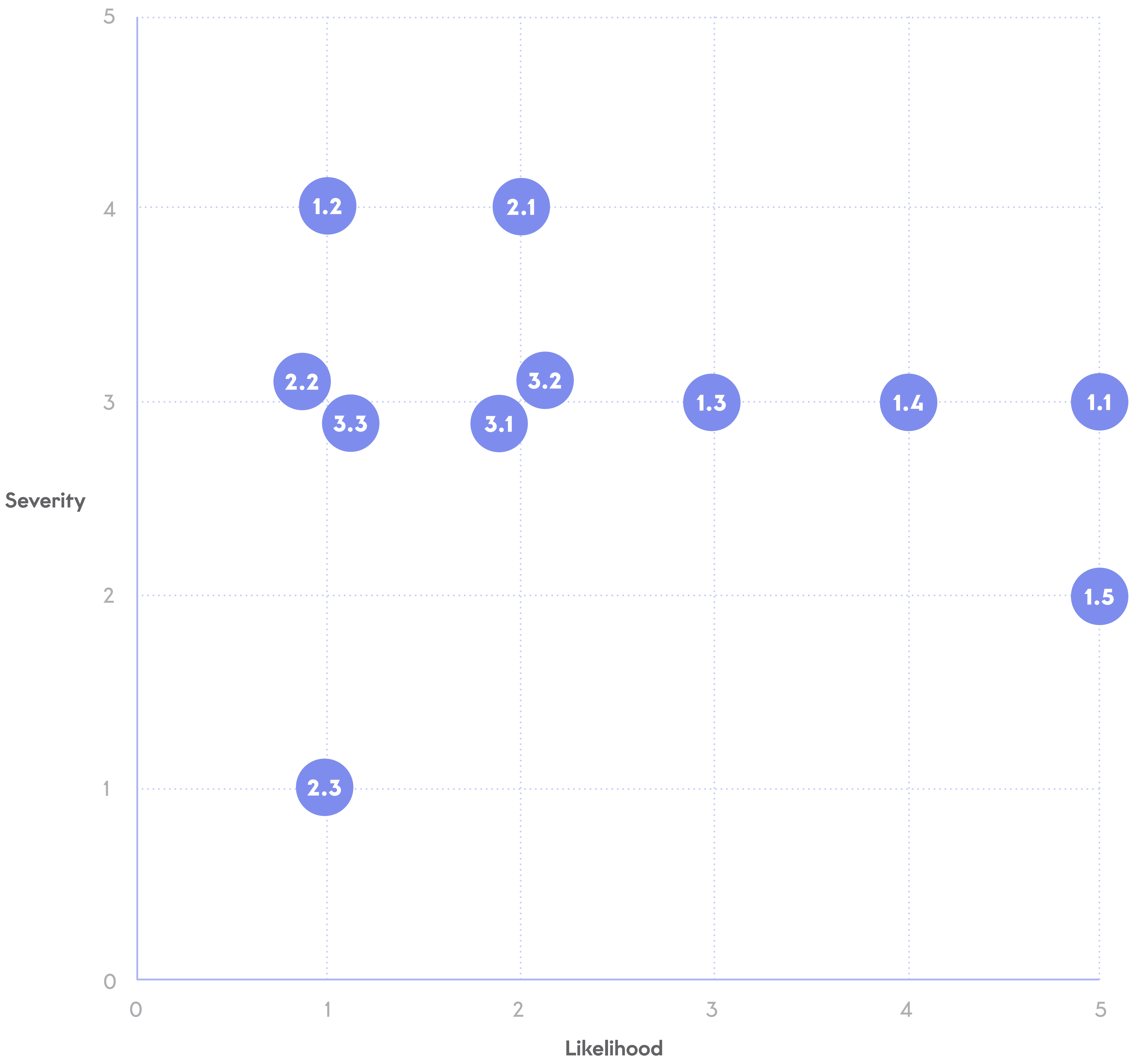
The Board and Management Team continue to monitor these emergent risks and assess their impact and likelihood in the context of the wider Group Risk Register.

# Overview

The following table sets out what the Board believes to be the principal risks and uncertainties facing the Group through 2021 and 2022, the mitigating actions for each and, where applicable, updates on change in profile of each risk through the year. These risks, and our approach to mitigating them, is described in more detail further on in this section.

Additional risks and uncertainties of which Forward is not currently aware or are believed not to be significant may also adversely affect strategy, business performance or financial condition in the future.

| Strategic risks S | Impact | Likelihood |
|---|---|---|
| **1.1** UK macroeconomic environment | 3 | 5 |
| **1.2** Investment strategy | 4 | 1 |
| **1.3** Competition | 3 | 3 |
| **1.4** Portfolio concentration | 3 | 4 |
| **1.5** Portfolio company valuation fluctuation | 2 | 5 |
| **Operational risks O** | | |
| **2.1** Key personnel | 4 | 2 |
| **2.2** Internal control failure | 3 | 1 |
| **2.3** Cyber security | 1 | 1 |
| **Financial risks F** | | |
| **3.1** Valuation risk | 3 | 2 |
| **3.2** Cash risk | 3 | 2 |
| **3.3** Credit risk | 3 | 1 |



# 1 Strategic risks

## 1.1 UK macroeconomic environment

Group performance is influenced by the volatility of key economic indicators

Category: S
Impact: ●●●○○
Likelihood: ●●●●●
Business unit:
Ventures
Studio
Advances
Movement: In 2021 ↑

### Risk overview

The performance of the Group and our portfolio is materially influenced by macroeconomic factors. These include the aftermath of the Covid-19 pandemic and geopolitical tensions behind the current economic downturn, high debt levels and high inflation that may affect market volatility.

Market volatility may lead to a loss of confidence in public market investments and reduced consumer and corporate spending. This trend may impact the revenues of companies within the portfolio, reducing their ability to grow and raise, which, in turn, may increase the time to a realisation. In the short term, this may also impact the valuations of our portfolio that are driven by revenue and public market comparable traded stock.

### Mitigation

Forward's investment strategy drives natural diversification, both in terms of size and concentration of the portfolio and our sector focus. Our Ventures Team works closely with actively managed portfolio companies to monitor their performance and to guide them through opportunity development and risk mitigation.

The Board and Management Team monitor the macroeconomic environment and discuss potential impact where appropriate. The Board holds strong experience to help the company navigate and mitigate market risks.

### 2021 update

Through 2021, the Board and Management Team have carefully watched the external environment to understand and mitigate risk. The post-Brexit trade agreements caused some portfolio companies to adjust their plans as they expand their operations globally. London's reputation as a centre of excellence for technology and fintech development grew significantly this year as seen through record venture investments. Bolstered by the Kalifa Report's recommendations, we hope to see the ecosystem continue to grow and dominate the European technology landscape. The Group carefully observed UK economic conditions following the Brexit transitionary period and the Covid-19 pandemic. The long-term economic effects of these events are still uncertain.

### 2022 outlook

As we move into 2022, the Forward Management Team and Board will continue to carefully monitor the wider economic environment and key trends within it.

We anticipate the headwinds resulting from inflationary pressure on the UK economy to have an impact on some of the metrics used to value the underlying portfolio.

## 1.2 Investment strategy

Group performance relies on our ability to identify and support high potential businesses to reach their goals.

Category: S
Impact: ●●●●○
Likelihood: ●○○○○
Business unit:
Ventures
Advances
Movement: In 2021 ↑

### Risk overview

The performance of our portfolio is based upon our ability to successfully identify (i) strong teams with (ii) promising products, markets and momentum, and (iii) our ability to support them to grow, raise follow-on investment and eventually exit.

The Group cannot be certain that such a successful outcome is possible. It relies on the quality of the initial investment decision in assessing each of these key factors.

Outside of these core risks, a portfolio company may encounter unforeseen operational or technical challenges or changes in the macroeconomic economy, specific market or competitive environment in which they operate that affect their ability to develop a product, grow or raise further investment.

Forward Partners invests in early-stage companies that by nature are developing their product to find their fit in the market. In this journey, their ability to adjust to market demand and develop a profitable product with limited capitalisation is key. Such companies may not have the financial strength to operate in periods of low economic growth.

### Mitigation

Forward Venture's investment strategy is rigorous and data-driven, utilising well known methodologies and frameworks that improve decision making and consistency across our team. Our rigorous due diligence process includes assessing both founder and team competencies and capabilities, as well as product and market assessments.

The Ventures Team works with our core portfolio and actively manages investments on a monthly basis to attend board meetings, offer guidance and track any issues as they may arise. Updates on material changes are provided to the Board, alongside any further funding requirements and new investment opportunities. As markets mature and change, so does our investment focus. The Ventures Team constantly assesses the market for opportunities within and outside our current focus markets to ensure that we have access to a sufficient number of high-quality opportunities.

### 2021 update

Through 2021, we have experienced a strong market with good deal flow from teams with promising products, working in markets of interest and with good momentum.

We have seen more compelling companies leveraging applied AI and marketplace operating models than ever before. In the case of applied AI, this is likely due to technology and market maturity: the businesses we invest in apply known AI and ML models and techniques to solve problems in new ways. Over the last year, we've seen huge opportunities as providers such as Amazon's AWS, Microsoft's Azure and Google Cloud have brought increasing sophistication into their offerings.

In a post-Covid and Brexit economy, marketplace businesses have a strong part to play in improving efficiency, particularly in the B2B space. This year, marketplaces have proven that they can play a powerful role in creating supply chain transparency, reducing procurement costs and providing customers and suppliers with better experiences.

Through 2021, we also saw eCommerce continue to grow as consumers swapped bricks for clicks in their retail purchasing habits. As the pandemic subsided and our economy opened up through 2021, however, we considered whether there would be a reduction in the potential of eCommerce as a venture-led investment and began to consider other areas for investment.

### 2022 outlook

We continue to apply rigour and a data-driven approach to our investment strategy and subsequent monitoring and support of our growing portfolio.

We have addressed our concern that eCommerce will continue to be a strong investment area for Venture, making the decision to transition to Web3 as a new focus area. We still believe that there is great promise in eCommerce and will continue to support our current portfolio companies as well as invest in eCommerce growth.

## 1.3 Competition

High competition may increase pressure on company valuations and decision discipline.

**Category:** S
**Impact:** ●●●○○
**Likelihood:** ●●●○○
**Business unit:**
Ventures
Advances
**Movement:** In 2021 ↑

### Risk overview

The execution of Forward's investment strategy depends primarily on our ability to identify opportunities to make investments and to convert those opportunities.

Increased competition for investment opportunities may prevent Forward from identifying investments that are consistent with our investment objectives or that generate attractive returns for shareholders. It holds a number of key risks:

- Forward may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors, which may be less favourable than we would usually seek.
- It may increase pressure to close deals quickly and reduce the quality of the due diligence and investment decision.

It may increase pressure to close deals quickly and reduce the quality of the due diligence and investment decision.

### Mitigation

Forward maintains a rigorous and data-driven investment strategy, using well known methodologies and frameworks that improve decision making and consistency across our team.

Our strong brand proposition, reputation and differentiation allows us to attract and secure great deals from strong teams. In particular, our Studio team offers highly differentiated and attractive services tailored to founders needs at the stage when we invest.

### 2021 update

Through 2021 we have seen high competition for the best companies, with deals moving fast to completion. Forward has maintained good investment discipline through this period, ensuring due diligence is thorough and our decision quality is high.

The Forward team has also considered how to mitigate for continued competition. We've paid particular attention to increasing proprietary deal flow, further developing activities such as our founder Office Hours and Founders Programme to increase volume and quality of our deal flow. We've also considered our investment area focus, as documented in 1.2, exploring new areas and ultimately shifting away from eCommerce and towards Web3.

### 2022 outlook

Though competition in the market for investments continues to be a concern, we see great promise in our deal flow, particularly as we focus on new and growing areas for investment. As 2022 has progressed we are seeing competitors reduce their pace of deployment and competition is decreasing. We are beginning to see that translate into lower valuations for new investments.

## 1.4 Ventures portfolio concentration

A higher concentration in the portfolio means that valuation changes in a small number of our portfolio companies could have a large impact on our results.

**Category:** S
**Impact:** ●●●○○
**Likelihood:** ●●●●○
**Business unit:**
Ventures
**Movement:** In 2021 ↑

### Risk overview

It is possible that a significant portion of the Group's portfolio will be concentrated within a small number of successful underlying investee companies. Fluctuations in valuation may occur within an individual or group of companies (for instance, those leveraging a specific operating model). It is most common when a portfolio company secures a round of funding with a significant increase in valuation.

As a consequence, there is a risk that the Group could be subject to significant losses if any such company suffered a material adverse change, or if any sector or geography in which the Group has substantial investments were to experience difficulties.

### Mitigation

Forward's investment strategy drives natural diversification, both in terms of size and concentration of the portfolio and our sector focus. Ventures invests across a wide area of investments focused on three key operating models. Risk is diversified within the portfolio by deploying capital into promising businesses across these sectors. Our focus on early-stage investment also allows us to create a large and diversified portfolio, spreading the investment risk and our continued expansion and diversification of that portfolio will further mitigate this risk.

### 2021 update

Through 2021 we have seen portfolio concentration remain fairly consistent. Our top 15 companies represented 75% of total Venture Portfolio Value in Q1.21, trending to 69% of in Q4.21. Peak concentration at the start of the year was primarily driven by portfolio company Ably's $70m funding round in June 2021. Within this group, the top three portfolio companies accounted for 28% of Venture Portfolio Value in Q1.21, also trending down to 25% by Q4.21.

### 2022 outlook

Many of our most highly valued companies are responding to the current macroeconomic headwinds by reducing expenditure and slowing growth to lengthen the time before they need to fundraise again. This will likely result in fewer up rounds later this year and may result in some companies holding values being reduced as valuations move from being driven primarily by the price of the last round of investment to being calculated primarily on a multiples basis.

## 1.5 Portfolio company valuation fluctuation

Fluctuations in portfolio company valuations directly affect Venture Portfolio Value.

**Category:** S
**Impact:** ●●○○○
**Likelihood:** ●●●●●
**Business unit:** Ventures
**Movement:** In 2021 ↑

### Risk overview

Fluctuations in valuation may occur within an individual or group of companies (for instance, those leveraging a specific operating model). The valuation of Forward's portfolio of investments is mostly driven by the revenue generated by these businesses. A drop in company performance will impact portfolio value. The valuation of Forward's investments may change even if the performance of the underlying investments remains the same. Reasons include changes in market standards for the application of valuation methodologies, valuation of a company through a further round of funding or changes in multiples of companies used in comparable valuation analysis.

### Mitigation

Forward's investment strategy drives natural diversification, both in terms of size and concentration of the portfolio and our sector focus. Ventures invests across a wide area of investments focused on three key operating models. Risk is diversified within the portfolio by deploying capital into promising businesses across these sectors. Our focus on early-stage investment also allows us to create a large and diversified portfolio, spreading the investment risk and our continued expansion and diversification of that portfolio will further mitigate this risk.

The Board and Management Team monitor the portfolio and macroeconomic environment and discuss potential impact where appropriate. The Board holds a strong level of experience to help the company navigate and mitigate market risks.

### 2021 update

Through 2021 we have seen many of our portfolio businesses deliver strong revenue growth and valuation uplifts through follow-on rounds of funding. Despite our portfolio exhibiting strong growth, the downturn in public markets observed in the last half of FY21 negatively impacted our valuations. The comparable valuation analysis that we use to value many portfolio companies relies on a benchmark consisting of revenue multiples from public market peer groups, many of whom have been affected by the downturn.

### 2022 outlook

We continue to closely monitor fluctuations in the portfolio based upon both internal and external factors.

# 2 Operational risks

## 2.1 Key personnel

The Group may not be able to retain or attract key personnel with the right skills or experience to deliver the company strategy

**Category:**
**Impact:**
**Likelihood:**
**Business unit:**
Ventures
Studio
Advances
**Movement:** In 2021

### Risk overview

The work of the Group requires specialist practitioners. There is a risk that the individuals responsible for managing the company and the portfolio may leave their employment or be prevented from undertaking their duties. If the Group does not succeed in retaining these personnel it may not be able to grow as anticipated or meet its financial objectives.

### Mitigation

The Group manages this risk by developing a comprehensive assessment of roles and recruitment, aligned to the business strategy and growth plans for the year. It carries out regular analysis of the market to benchmark remuneration and offers highly competitive packages to its personnel. Senior executives are shareholders in the business and the Group operates appropriate incentive programmes to align individuals with the Group's strategy and shareholder interests over the long term.

Forward also provides its team with enhanced benefits and works to develop a fun, safe and inclusive culture. The Management Team monitors employee engagement – including key indicators that affect retention – on a monthly basis.

The Management Team continues to find opportunities to engage and develop team culture and closely monitor employee engagement.

### 2021 update

Through 2021, Forward has worked to strengthen staff incentivisation and alignment with the Group strategy and shareholder interests. We have introduced a long-term incentive plan, an annual bonus scheme and addressed the established carried interest plans for the Investment Team and certain other employees of the Group in respect of any investments and follow-on investments made post admission.

Post-admission, we also focused on recruiting a fully focused CFO to manage an expanded Finance function.

### 2022 outlook

The Board and Management Team will continue to discuss resourcing to deliver the Group strategy through the year.

## 2.2 Internal control failure

Lapses in governance could impact the Group's ability to deliver the strategy and expose it to risk of mismanagement.

**Category:**
**Impact:**
**Likelihood:**
**Business unit:**
Ventures
Studio
Advances
**Movement:** In 2021

### Risk overview

Technical, operational, administrative and architectural weaknesses within the Group may result in a control failure. Poor implementation or performance of internal controls could negatively affect the Group's ability to deliver the company strategy and expose the group to the risk of mismanagement.

### Mitigation

**The Group**

A compliance function has been established with regular staff training and certification implemented. Risk assessments are maintained on a periodic basis at team level. A Group level register is reviewed regularly by the Board. Forward's Finance team undertake a continuous programme of work to proactively fulfil ongoing regulatory requirements under FCA rules. External compliance and legal advisors are engaged to ensure that the Group is continuously monitoring and improving its systems and processes to navigate the changing legal and regulatory landscape. The Board regularly reviews internal controls and risk management systems to ensure their adequacy and effectiveness to ensure that a robust assessment of the principal risks facing the Group has been undertaken and provide advice on the management and mitigation of those risks.

**Forward Ventures**

The Ventures Team follows a rigorous and well-documented investment process. Each proposed investment is brought to the Investment Committee in a formally written note, which is then debated and voted upon, the results and note for which are formally recorded.

**Forward Advances**

Forward Advances' processes are continuously reviewed to improve the use of data in underwriting and improve company monitoring through data integrations with eCommerce and payment platforms and open banking protocols. The Advances Underwriting Team has also been expanded and its capacity and capabilities are in constant review. The Advances Team follows a rigorous credit process which is subject to regular review. Each proposed investment is brought to the Credit Committee for review.

### 2021 update

Through 2021, post-IPO, the Forward Management Team and Board have worked to develop and implement a comprehensive governance strategy across the Group, including the implementation of staff compliance training, risk assessments and appointment of an external auditor.

Forward Advances have not performed as well as we had hoped this year, exceeding the target write-off rate. We have introduced remedial measures to strengthen key aspects of the underwriting process through technology, as well as bolstering the team and introducing additional governance to improve this rate for 2022.

### 2022 outlook

As we move into 2022, the Board will continue to regularly review internal controls and risk management systems to ensure their adequacy and effectiveness. The recruitment of a new CFO will enable the Group to implement new controls and processes to further mitigate risks. We aim to monitor and maintain the level of staff training in the organisation and continue to work with our external auditor to provide assurance of our disclosures. Our work to improve the data-driven nature of Advances' underwriting and continuous monitoring will continue to accelerate.

## 2.3 Cyber security

Cyber security breaches may affect the operations and reputation of the Group.

**Category:**
**Impact:**
**Likelihood:**
**Business unit:**
Ventures
Studio
Advances
**Movement:** In 2021

### Risk overview

The Group relies on information technology systems to conduct its operations. Because of this, the Group and its software are at risk from cyber attacks. Cyber attacks can result from deliberate attacks or unintentional events and may include malicious third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information (such as customer data), corrupting data, or causing operational disruption.

### Mitigation

To ensure operational security and resilience, and to minimise the risk of cyber security incidents, the Group has ensured that appropriate organisational structures, policies, and processes are in place to understand, assess and systematically manage security risks to the network and information systems supporting essential functions.

### 2021 update

Through 2021, the Group has considered cyber security to be an important aspect of organisational resilience. We continue to use well known and respected cloud services for creation and collaboration and make use of best-practice techniques like two-factor authentication and secure passwords to minimise risk.

### 2022 outlook

As we move into 2022, we constantly monitor and evaluate our cyber security policy and measures to cope with a rapidly changing environment.

# 3 Financial risks

## 3.1 Valuation risk

The Group portfolio may not be valued accurately.

**Category:** F
**Impact:** ●●●○○
**Likelihood:** ●●○○○
**Business unit:** Ventures
**Movement:** In 2021 ↔

### Risk overview

The Group's investments may be difficult to value accurately. Valuation methodologies are subject to significant subjectivity and there can be no assurance that the values of the Group's investments reported will in fact be realised.

### Mitigation

The Group's investments are valued in accordance with IFRS 13 and International Private Equity and Venture Capital (IPEV) Valuation Guidelines. The Group follows a pre-agreed valuation policy and process.

### 2021 update

In the lead up to our IPO in June 2021, the Ventures Team further formalised the valuation process. Valuations were performed internally quarterly. The year-end portfolio valuations were subject to an external audit.

### 2022 outlook

As we move into 2022, we look to further enhance the robustness of our valuation process through the strengthening of personnel within the finance function.

## 3.3 Credit risk

Default or breach of terms of Advances credit facility.

**Category:** F
**Impact:** ●●●○○
**Likelihood:** ●○○○○
**Business unit:** Advances
**Movement:** In 2021 ↔

### Risk overview

The Group utilises debt to finance a portion of the Forward Advances loan book. In the event of a default or material breach of the condition of the loan agreements, including debt covenants, the Group may be unable to draw further funds and/or could the repayment of the loan and any unpaid accrued interest could be triggered.

### Mitigation

The debt facility is repaid as an advance is returned, generally over a six month period, which the Board believes to be sufficient relative to the liquidity of the underlying assets. There is substantial headroom within the agreed debt covenants (which are closely monitored) to mitigate any likelihood of a breach or default by the Group.

### 2021 update

In 2021, the Group agreed on the terms of a £5m revolving debt facility with Triple Point Advancr Leasing plc. The facility is for a term of three years and was entered into in July 2021 with covenants focused on the concentration of the loans, such as the facility can only be used for up to 80% of the total loan balances.

### 2022 outlook

As we move into 2022, we constantly monitor and evaluate the term and size of the facility in context of the evolving needs of the Advances business.

## 3.2 Cash risk

The Group may not generate sufficient proceeds from exits of its investments to fund its operations and continued investments.

**Category:** F
**Impact:** ●●●○○
**Likelihood:** ●●○○○
**Business unit:** Ventures, Studio, Advances
**Movement:** In 2021 ↔

### Risk overview

The Group may not generate sufficient proceeds from exits of its investments to fund its operations and continued investments. If the Group is then not able to obtain additional capital on acceptable terms it may be forced to slow its investment rate and downsize its operations.

Due to the nature of Forward Ventures early-stage investment model, returns to the Group through holding cash and cash equivalents are currently low. Where a holding is not realised in cash, it may be subject to share price fluctuations and/or FX exposure.

### Mitigation

Following Forward's IPO in June 2021, the Group holds significant cash balances. It deploys funds in a considered manner in line with detailed scenario plans agreed with the Board. Frequent discussions are held to consider the future cash requirements of the Group and its investments to ensure that sufficient cash is maintained.

The Directors have considered the going concern assessment and hold a reasonable expectation that the Group has adequate resources and cash reserves to continue in operational existence over the going concern assessment period - even if economic instability were to have an impact on the portfolio valuations and our customers' ability to repay loans advanced to them. Further detail can be found in the Directors Report in this document.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Group is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence from the date of approval of these financial statements and for at least 12 months following the signing of this Annual Report. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2021.

### 2021 update

Through 2021 Forward saw its first significant portfolio realisations through sales of shares in Wonderbly and Heights totalling £5m. It also saw a portfolio valuation increase of £3.7m following Cazoo's SPAC merger with the Group's new holding valued at £6.7m at the time of the announcement in September 2021. Following the merger, Forward's holding in Cazoo has been subject to fluctuating market conditions. The Board and Management team continue to monitor the situation closely.

### 2022 outlook

As we move into 2022, we constantly monitor and evaluate our cash position to evaluate the Group's exposure.

# Financial review

## Overview

Welcome to our maiden Annual Accounts covering the results of the Group since it combined and listed on AIM on 19 July 2021. The Group's consolidated results reflect the accounting of the Venture, Advances and Studio businesses.

As a result of the admission, the Group successfully raised £36.6m from the issue of new shares upon admission to AIM. The additional capital enables the Group to continue to invest in the very best of AI, marketplaces and – now Web3 – startups, along with providing cash flow to meet the growth requirements of the Forward Advances business.

At the year-end the Group achieved a NAV of £139.6m up from the £81.7 at 31 December 2020. The increase attributable to fair value gains of £27.3m and the additional capital raised upon admission.

I joined the Group in March 2022, attracted by the opportunity to make a difference and to be a part of a company that is right at the heart of the UK venture capital market – and with the technology and investment excellence to transform the way the next generation of startups grow from idea-stage to unicorn status. I'm excited by the journey ahead and encouraged by what Forward has achieved to date, while remaining very focused on the current and coming headwind challenges.

## The Group Combination

The Forward Partners Group PLC corporate entity was incorporated on 4 March 2021 as a holding company for the Group and had no trading activity until its admission to AIM on 19 July 2021.

At admission the PLC entity acquired the Limited Partner Interests in Forward Partners 1 Limited Partnership (Fund I) and Forward Partners II Limited Partnership (Fund II) holding a portfolio of 46 investments in early-stage companies for a share consideration of £97.5m. Along with the management company, Forward Partners Management Company Limited and the Group's general partner Forward Partners General Partner Limited. These combined businesses contain the Forward Ventures and Forward Studio businesses.

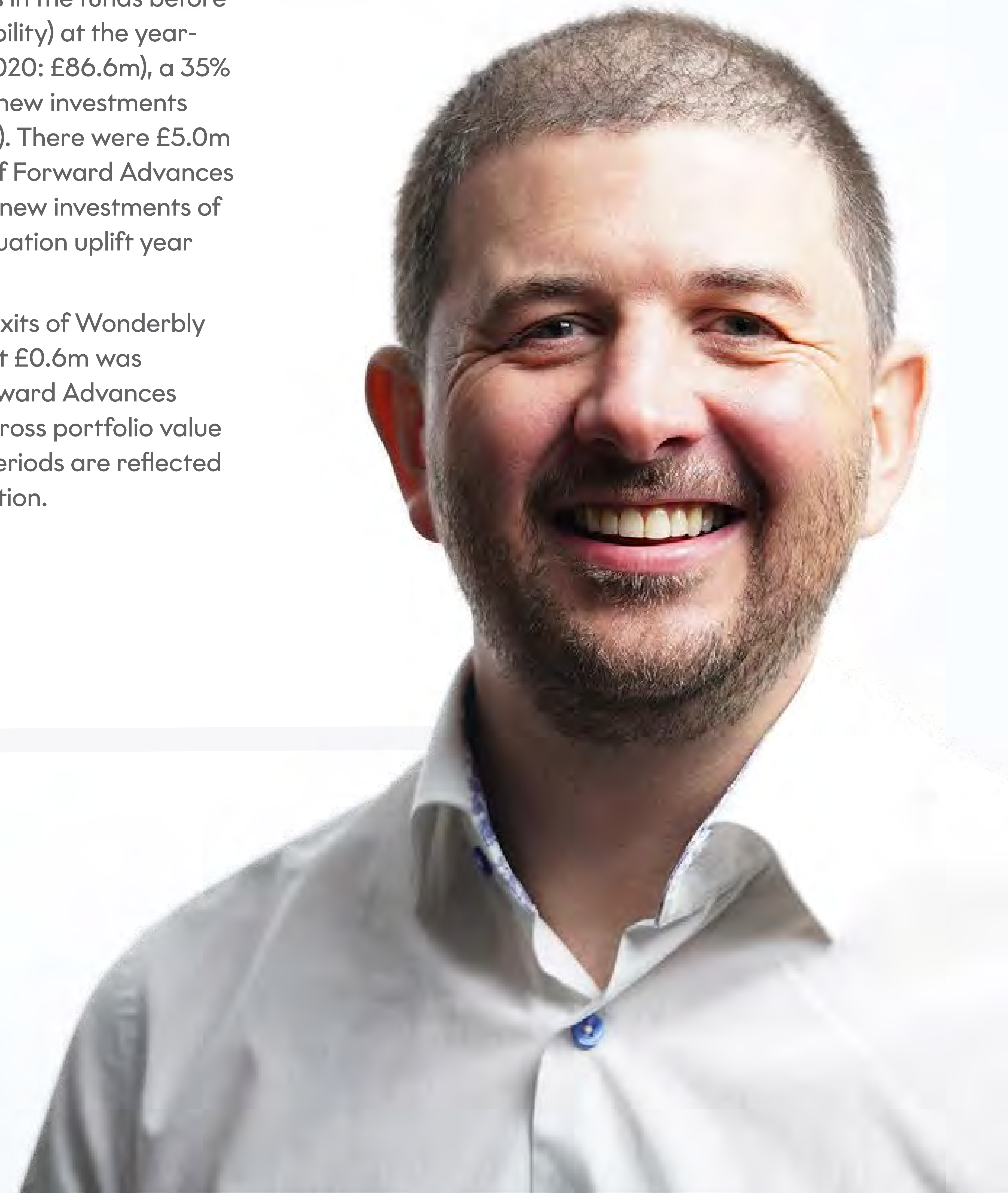
On the 20th July 2021, the Group transferred Forward Partners Venture Advance Limited (Forward Advances) for £3.2m from Fund II to become a fully owned trading subsidiary of the Forward Partners Group PLC. Thereby enabling the Group to benefit from the synergies as a combined offering of equity and revenue based financing to the UK's most promising high growth businesses.

To facilitate the investment of the additional capital raised upon admission to AIM, Forward Partners III Limited Partnership (Fund III) was formed. All investments in new portfolio companies since admission have been made via Fund III, save for follow-on investments in existing portfolio companies made from Fund II.

## Portfolio valuation

The Forward Venture Portfolio Value (the gross value of the Group's investments in the funds before deductions for carry interest liability) at the year-end was £117.1m (31 December 2020: £86.6m), a 35% increase year on year including new investments (25% excluding new investments). There were £5.0m of realisations, £0.6m transfer of Forward Advances equity and the increase reflects new investments of £8.8m, along with £27.3m of valuation uplift year on year.

The proceeds from third party exits of Wonderbly and Heights totalled £5m. Whilst £0.6m was attributed to the transfer of Forward Advances from Fund II to the Group. The gross portfolio value movements between relevant periods are reflected in the table further on in this section.



## Advances investment

The Forward Advances loan book grew from £0.2m at 31 December 2020 to £2.3m at 31 December 2021. Forward Advances issued £9.5m in originations during 2021. Since Forward Advances became a full trading subsidiary of the Group there were £5.5m of originations, £4.7m of repayments, £0.8m of loans provided for and £0.3m of fee and interest income generated.

## Statement of financial position

The nature of the Group's business means that the balance sheet primarily consists of its Financial Assets held at fair value (the Net Asset value of the investment funds) and its Cash.

Net assets as at 31 December 2021 were £139.6m (2020: £81.7m), resulting in a Net Asset Value (NAV) per share of 104 pence against an issue price of 100 pence per share in July 2021. The Group's Net assets are substantially made up of its investments in the portfolio. The fair value of the funds on the balance sheet at the year-end is £117.1m. The Group's consolidated cash position strengthened as a result of raising £34.3m of cash after admission costs have been deducted upon the successful listing on the AIM market of the London Stock Exchange. The Group's year-end cash balance of £31m, demonstrates a strong cash position in which the Group can take advantage of the very best investment opportunities.

The Group holds a £5m revolving credit facility for the benefit of Forward Advances, at the year-end this facility was drawn down by £1m. The Group only intends to utilise further funds from this facility once it sufficiently reduces its current cash position and only up to 80% of the current loan book. The facility expires in July 2024.

The Group will always seek to maintain sufficient cash availability for a period greater than 12 months.

Upon admission to AIM 134,613,117 shares were issued at £1 each.

## Consolidated statement of comprehensive income

Income recognised during the year-ending 31 December 2021 comprises investment gains of £27.3m, Studio fee income of £0.5m and fees and interest of £0.3m from the Advances loan business.

Operating expenses were £5.7m in the period which was principally attributable to staff and office costs. A charge to the Income Statement of £5.7m was recognised in respect of the carried interest returns accrued by the scheme's members. Finance costs are the interest and fees attributable to the TriplePoint loan facility of which only £1.0m has been drawn down.

## 2022 Outlook

Whilst the impact of the COVID-19 pandemic eases, the emerging macroeconomic challenges brought on by global inflation and the impact of the Ukraine conflict will affect the UK economy, public markets, the venture sector and outcomes for individual companies.

We are closely monitoring these headwinds, anticipating that the valuations at which we hold our portfolio companies will be impacted by both company performance and our valuation methodologies. We pay especially close attention to the latter as we see company's rounds delayed, resulting in more companies in our portfolio being valued on a revenue multiple basis. These revenue multiples are experiencing downside pressure as they are taken from a basket of comparable companies trading on average at a reduced share price than in 2021. Liquidation preferences, which are typical in venture backed technology startups, further compound the downward pressure on valuations.

As a consequence of this market turbulence, our conservative forward guidance is the Venture Portfolio Value will be impacted by a mid-high twenties percentage decline during the first half of 2022.

Lloyd Smith

**Lloyd Smith**
Chief Financial Officer

29 June 2022

# Portfolio Value

The top 15 investments cover 69% of the portfolio by fair value.

| *Portfolio Comapny* | *Fair Value at 31/12/20* | *Invested* | *Fair value change* | *Fair Value at admission* | *Invested* | *Realised* | *Fair value change* | *Fair Value at 31/12/21* |
|---|---|---|---|---|---|---|---|---|
| | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* | *£m* |
| Ably | 2.3 | - | 9.8 | 12.1 | 0.5 | - | 0.3 | 12.9 |
| Gravity Sketch | 1.8 | - | - | 1.8 | - | - | 6.6 | 8.4 |
| Makers | 8.5 | - | (1.4) | 7.1 | 0.2 | - | 1.0 | 8.3 |
| Spoke | 5.0 | - | - | 5.0 | - | - | 0.2 | 5.2 |
| Patch | 9.0 | - | (0.5) | 8.5 | - | - | (3.3) | 5.2 |
| Snaptrip | 4.6 | - | 1.7 | 6.3 | - | - | (1.3) | 5.0 |
| Cazoo | 2.7 | - | 0.3 | 3.0 | - | - | 1.9 | 4.9 |
| Robin | 0.5 | - | 1.2 | 1.7 | - | - | 3.0 | 4.7 |
| Apexx | 2.4 | - | 2.3 | 4.7 | - | - | - | 4.7 |
| Juno | 3.3 | - | (0.6) | 2.7 | 0.2 | - | 1.6 | 4.5 |
| KoruKids | 1.4 | - | (0.2) | 1.2 | - | - | 2.7 | 3.9 |
| Cherryz | 0.5 | 0.6 | 2.6 | 3.7 | - | - | - | 3.7 |
| Koyo Loans | 3.6 | - | (1.9) | 1.7 | 0.5 | - | 1.1 | 3.3 |
| Lexoo | 5.8 | - | (0.8) | 5.0 | - | - | (1.8) | 3.2 |
| Counting Up | 2.1 | 0.3 | 0.4 | 2.8 | - | - | - | 2.8 |
| Wonderbly | 2.8 | - | - | 2.8 | - | (2.8) | - | - |
| Remaining portfolio | 29.7 | 0.6 | 0.4 | 30.7 | 5.9 | (2.2) | 2.0 | 36.4 |
| **Portfolio Value** | **86.0** | **1.5** | **13.3** | **100.8** | **7.3** | **(5.0)** | **14.0** | **117.1** |
| Forward Advances | 0.6 | 1.6 | - | 2.2 | 1.0 | (3.2) | - | - |
| **Total Portfolio value** (including Advances) as per Admission document | **86.6** | **3.1** | **13.3** | **103.0** | **8.3** | **(8.2)** | **14.0** | **117.1** |
| Carried interest | (5.6) | - | (2.0) | (7.6) | - | - | (3.7) | (11.3) |
| **Net Portfolio Value** | **81.0** | **3.1** | **11.3** | **95.4** | **8.3** | **(8.2)** | **10.3** | **105.8** |

# Sustainability report

**I'm pleased to present our sustainability report for 2021.**

Early-stage investments can have a huge impact on the tech ecosystem, our economy, society, and environment, powering a cycle of opportunity and social mobility for all. We recognise that to make an impact we need to provide more than money. The support we provide, the investments we make and the actions we take, should not only consider how we deliver consistent, sustainable growth for our investors but also the impact that we have across every aspect of society.

Our vision is a world where every founder realises their potential. Our aim is to use our position as a leading and admired investor to build a more sustainable, accessible, and fair ecosystem where great founders can help to solve some of the world's biggest problems.

We believe the key to delivering this vision is through our people and our actions. We work hard to build a culture that encourages our people to be bold, caring and wise. And our company aims to invest responsibly, using a set of environmental, social and governance policies to help us inspire and fund more founders.

As a newly listed company, we are at the beginning of our ESG journey. We have applied ESG principles adapted from the UN's Principles for Responsible Investment (PRI) and have aligned key activity to the UN's Sustainable Development Goals (SDGs) – 17 interlinked goals and related targets with the aim of addressing the challenges we face as a global society.

In late 2020, we conducted a materiality study based on these SDGs to understand what is relevant to Forward and where we can have the most impact. This study included research conducted with:

- Sustainability experts
- Our brokers
- Key shareholders
- Our employees

This study uncovered the following UN SDGs as the most important for us and formed the basis of our ESG policies. In order of priority, the UN SDGs on which we think we can have the biggest impact are:

1. **Goal 5**
   Achieve gender equality and empower all women and girls.
2. **Goal 8**
   Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
3. **Goal 4**
   Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
4. **Goal 3**
   Ensure healthy lives and promote well-being for all at all ages.
5. **Goal 12**
   Ensure sustainable consumption and production patterns.
6. **Goal 9**
   Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

We have implemented environmental, inclusion and diversity and code of conduct* policies alongside a number of other initiatives, such as ensuring gender-balanced candidate pipelines and improving our deal sourcing processes to favour inclusion. As we adjust to life as a public company, we intend to build on our initial efforts.

Our responsible approach to investment uses these principles across business operations, and throughout the investment process – from screening stage through to due diligence and ongoing monitoring and engagement with the portfolio.

Through our operations, we consider the impact we make as a company, aligning activity with key SDGs to ensure we operate responsibly and create a positive impact on both the environment and wider society.

Our commitment to ESG is fully embedded into the core of our business and teams across the business hold dedicated objectives and key results to ensure we continue to iterate and improve on this. Looking ahead, our ESG Committee will be exploring ways to measure and improve our impact. We will share an update on this in our 2022 Annual Report.

**Nic Brisbourne**
CEO

*All policies can be found at forwardpartners.com

# Responsible investment

Forward Venture's approach to investing is considerate and aligned to our ESG objectives. We invest in founders and businesses who aim to solve the world's biggest challenges and create positive change.

Through our investments, we screen businesses to ensure our investments fit with our key principles. After investing, we encourage our companies to align to these or develop their own set of principles and targets.

## SCREENING

*Our investment process includes an initial pre-screening exercise using an exclusion list for companies that do not align to our ESG objectives and values as a company.*

*This includes weaponry, nicotine, adult content, gambling, and anything else we deem unethical, including forced or child labour and inappropriate environmental damage.*

We also align with the World Bank's IFC Exclusion List, which lists sectors, business models and activities that we will not invest in. Our Investment Committee reviews this list twice a year to ensure that it continues to align with our strategy and ideals.

## DUE DILIGENCE

*We are dedicated to being responsible investors through the lifecycle of our engagement – from pre-screening to exit.*

Companies that pass this evaluation move onto more detailed screening. As part of our investment terms, we require that our portfolio companies adopt an inclusion and diversity policy and report regularly on the diversity of their organisation.

Through this screening process, we assess both risks and opportunities within a prospective investment, scoring individual aspects of the company's operations across key environmental, social and governance criteria. The company's ESG credentials are outlined in the Investment Committee paper as a key issue to consider in the final investment decision, with key risks highlighted for consideration.

## MONITORING

*Following an investment, we don't look to impose our own standards on their operations as we believe that each business, and the impact that they can have on society and the environment, is different.*

Instead, we seek commitment from founders and management teams that they will define the impact that their business will have and hold their business accountable to targets relevant to their organisation in the future.

We believe that this will benefit the operations and standing of the portfolio company as well as the wider environment and community. We encourage ESG matters to be discussed regularly as part of a standing board agenda.

# Portfolio impact on wider society

We believe that entrepreneurs have the power to solve the world's biggest problems. We see first-hand the incredible potential of visionary founders to create businesses that shape the way we work, the way we live and the environment around us. Our portfolio are creating change by applying technology, innovation and intellect to a wide range of categories – from beauty to agriculture, childcare to learning.

HIGHR COLLECTIVE LA — LDN

HIGHR is a sustainable beauty brand, founded to produce clean lip products for today's modern woman. They meet the highest verified standards of social and environmental impact, accountability and transparency to become the first certified B Corp™ luxury lipstick business.

FairHQ

Fair HQ is the first all-around DE&I platform, helping companies become more successful by improving their diversity, equality and inclusion. They envision a world where everyone can succeed regardless of their background.

Breedr

Breedr is a precision livestock network for forward-thinking farmers. Their app is proven to help farmers produce and market more profitable cattle with higher welfare and less waste, saving on average 1.8 tonnes of feed per cow.

MAKERS

Makers provide curated training courses and help their customers to launch a new career in software engineering. They are creating a new generation of tech talent who are skilled and ready for the changing world of work. In so doing, they are discovering and unlocking potential in people for the benefit of 21st century business and society.

Up LEARN

Up Learn is an online learning platform for A-level students, which combines cognitive science, AI and engaging content to provide an effective, enjoyable and effortless learning experience for any student. They envision a future where humanity can learn as efficiently as possible, where success is never in doubt, and the only thing student have to think about is where to invest their time.

Koru Kids

Koru Kids is an online marketplace for trained and vetted local nannies. Their ethos is that childhood lays the critical foundations for lifelong emotional wellbeing. They want to give children the tools they can use their whole life long to flourish on their own unique path, whatever that might be, via their childcare.

# Q&A Claudia Harris, founder of Makers

Claudia is the CEO and Chairwoman of Makers. Before joining the team, she was the CEO of The Careers & Enterprise Company and prior to that a partner at McKinsey & Company. Claudia is passionate about people finding work that they love.

**Launched in 2013, Makers transform motivated individuals into qualified software developers through our world-class 16-week training bootcamp, and place them with leading employers. They don't recruit based on qualifications; they look for aptitude, attitude and the ability to learn, so their cohorts reflect the diversity of society today.**

**Makers exists to change lives and organisations for the better. They are for career changers from any background who want to unlock their true potential in tech. They are for employers who want look beyond the obvious to find the exceptional.**

## Why did you and the team develop Makers?

We started Makers to transform lives and organisations by bridging tech industry needs and under-discovered talent. The tech industry faces a historic shortage of talent as COVID has accelerated the already rapid industrial shift towards tech. At the same time, the traditional routes to filling that talent gap don't work. Universities are slow, often not focused on workplace skills, and critically they exclude huge swathes of potential talent.

Only 50% of young people in England go to university and only 17% of computer science students are women. At Makers we identify talent by testing for attitude and aptitude. We do not look at qualifications. As a result we can access the extraordinary, under-discovered talent that is neglected by other sources of talent supply. We look beyond the obvious and we find the exceptional.

## Why is Makers different?

We don't just train our Makers to be software engineers. We give them the tools and the growth mindset to continue to learn and solve problems through the rest of their careers. Our structured curriculum supports our students to solve their own challenges, underpinned by a pioneering emotional intelligence and wellbeing curriculum that helps them manage uncertainty and ambiguity. That's the kernel of the transformational experience of the Makers course.

Our course is aimed at career switchers. We believe it is never too late to find the right work. The average age of our Makers is 28. Our vision is career joy in a more representative tech industry and we are here for people who may not have had the opportunity to enter tech when they first left education.

Our organisation is built around a set of values and beliefs about what work should be like. We hire people who care deeply about our mission and empower them to do their roles with freedom and autonomy. Our values are to nurture a growth mindset, prioritise joy and to trust rather than fear. Dana, our Chief Joy Officer was one of our first hires.

## What's next for Makers?

We are in the process of becoming a BCorp. We believe passionately in our broader mission and responsibilities and the BCorp status allows us to crystallise this in our formal governance. We have recently launched a new devops course and have plans for more launches this year.

Watch this space.

Find out more about Makers at makers.tech

# Sustainable Development Goals at a glance

| | | | |
|---|---|---|---|
| Focus | **Realising potential through diversity, inclusion and wellbeing** | **Creating opportunities and driving growth through lifelong learning and development** | **Our responsibility to the environment** |
| **UN's SDGs** | Goal 3,5 and 8<br> | Goal 4<br> | Goal 12<br> |
| **Why does it matter?** | We believe that technology can act as a social accelerator – and help to solve the world's problems, create jobs and social mobility. It's only possible to realise this potential when education, capital and employment are available to all. | We believe that educating founders and teams within early-stage businesses can greatly increase their chances of success. We offer this to the ecosystem through free and open schemes, such as the Forward Founders Programme and to our portfolio through our Studio team of industry specialists and our growing community.<br><br>Inside Forward, we believe that learning and development is a key component of wellbeing. We invest in our people providing opportunities to develop specialist skills and progress as leaders. | We continually seek out opportunities to improve our environmental performance and contribute to global efforts to reduce our impact on the environment around us. |

# Releasing potential through diversity, inclusion and wellbeing

At Forward, we believe that diverse perspectives are the key to innovation, growth and our continued success as a business. We're fostering a culture that values difference, furthers inclusion and promotes collaboration. We do it, because we see that when every employee, founder or team member is empowered to impact our business, we all win.

SDG GOAL 3, 5 & 8

We recognise that in order to achieve our mission of being the UK's leading and most admired early-stage investor, Forward needs to be a reflection of our community both in terms of our daily operations as well as the investments we make. In 2020, we undertook a materiality study to assess the UN's SDGs for relevance and impact. We established that gender equality (Goal 5) and sustainable working practices (Goal 8) were key areas where Forward could have a significant societal impact. As a result, inclusion and diversity has formed a key part of our overall ESG strategy.

Our core inclusion and diversity principles are as follows:

**Diversity** – improving representation both in terms of gender and race disparity.

**Inclusion** – ensuring a fair and safe workplace where everyone can fulfil their potential.

**Investment** – improving the diversity and inclusion of our investment pipeline.

We have a zero-tolerance approach to discrimination and harassment in the workplace. We can confirm that there were no reportable events within the organisation during the period.

## For Forward

Our goal is to make Forward a great place for everyone to work. Ultimately, we want to be an employer of choice for high quality, talented people no matter their gender, sexuality, race, ethnicity, social background, or religion, not only because this is the right thing to do, but because it makes us a better business.

### How we recruit

We actively recruit and nurture talent that adds diversity to our workplace, seeking the best and the brightest, whoever they are.

All applicants receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

To improve equality across the Forward Group, our key activities in 2021 focused upon improving the recruitment pipeline and candidate experience. By analysing the candidate journey, our People Team identified several key opportunities to improve equality and diversity in the recruitment process:

**Using inclusive language in our job descriptions** and throughout the hiring process to attract diverse candidates. We continue to work with platforms like BeApplied to identify and remove bias and inequalities in our job adverts and descriptions.

**Delivering unbiased hiring** through process development and the use of tools and platforms, like Equalture, that provide insights into a person's skills, personality and potential.

**Creating partnerships with organisations** to help us build strong connections with diverse communities.

These activities in 2021 allowed us to achieve a diverse candidate pool with 20% representation of ethnic minorities and a 50:50 gender split of initial applicants across the majority of roles.

### Building a strong team culture

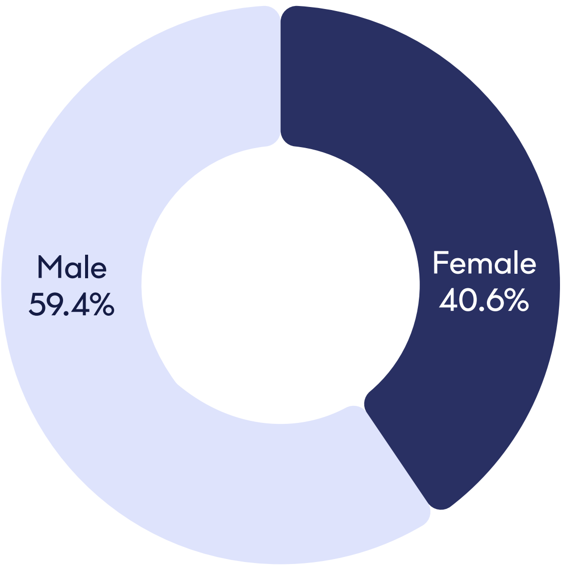
We believe that team culture is a powerful way to unlock growth and innovation. And we recognise the importance of bringing together diverse experiences, opinions and perspectives.

Diversity and inclusion principles are embedded at every level of our company, from the top down and ground up. We run a series of group-wide initiatives and support employee-led proposals for activity throughout the year, empowering every one of our team to serve as a role model and spread the message of inclusion. Highlights include mental health awareness week, featuring a series of talks, voluntary activities and the launch of our mental health policies; Pride Month celebrations, including team socials and educational content; International Women's Day, including book distribution and an external speaker for our team and portfolio.

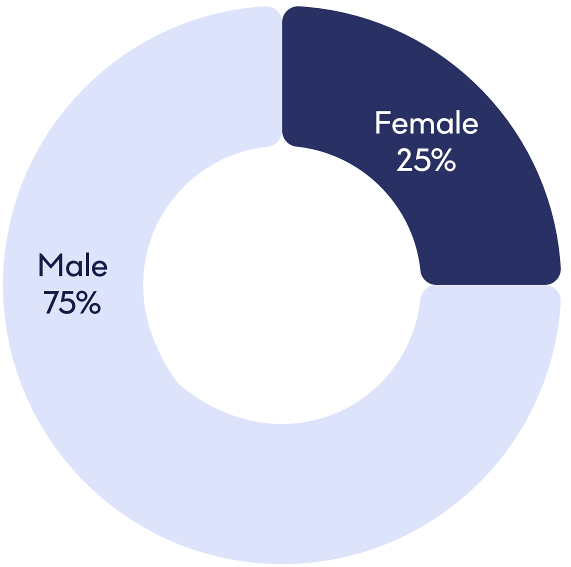
## Gender equality

As a company, we're working towards a more equal female-to-male ratio in the workplace. A breakdown of our makeup in December 2021 is outlined in the charts below.

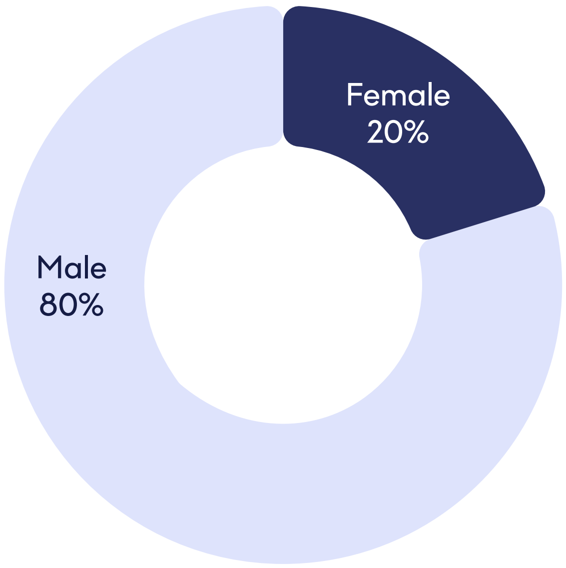
Group, including Execs and NEDs




Management team




Plc board

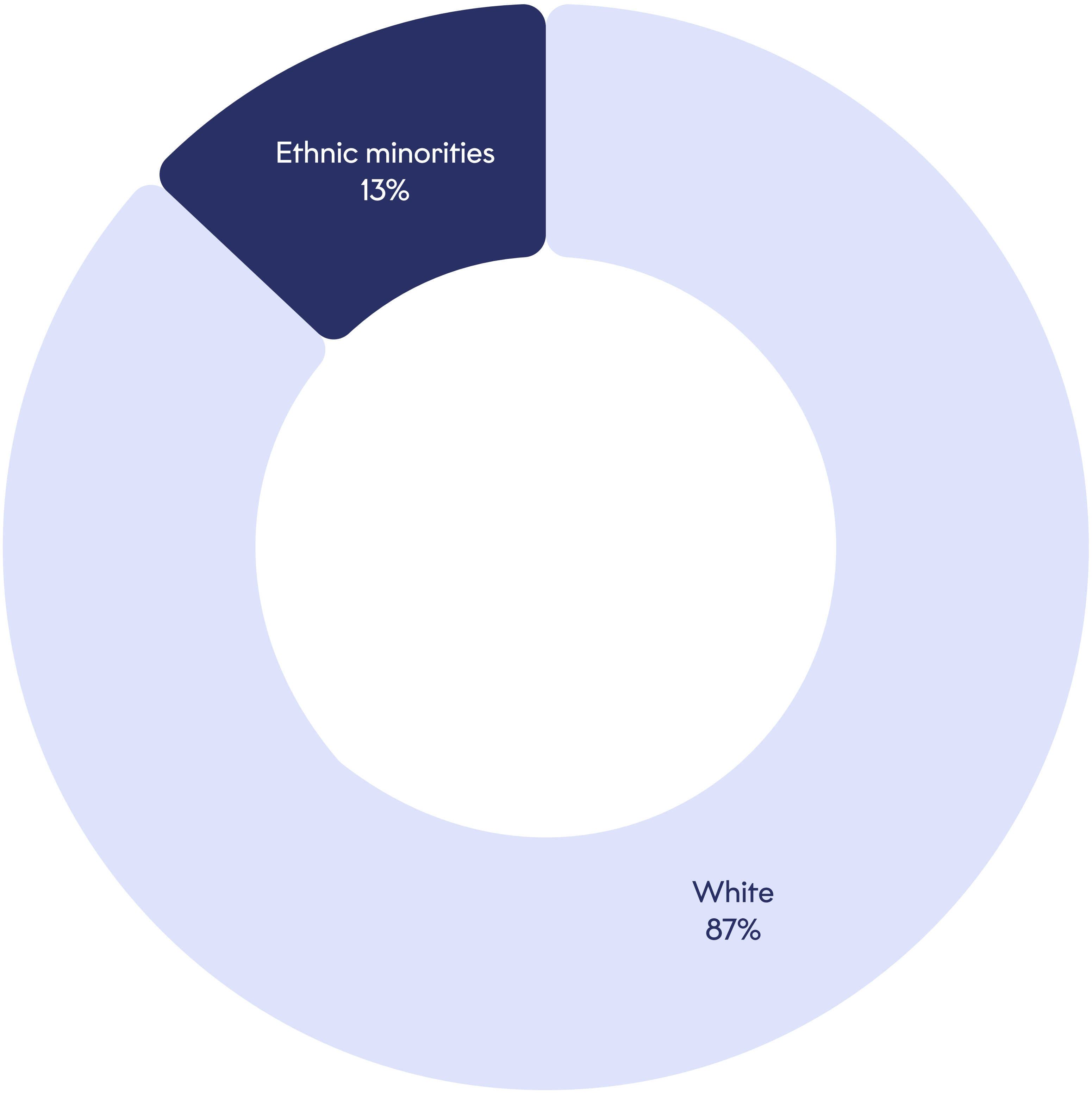



## Minority Representation

We are committed to building a team that reflects our community.

We are proud to report that the ethnic backgrounds that our employees identify with reflect our community and in some groups we are ahead. We have achieved representation of the community and we will continue to maintain our performance of attracting diverse ethnic backgrounds to Forward.

Management team




## Building an inclusive environment

We are committed to the continuous effort of building an inclusive environment where people are treated equally and everyone has the opportunity to realise their potential.

We want to continue building an open and inclusive culture where we recruit and develop the best talent in our community.

In 2021, key activities to improve inclusion across the Forward Group included:

**Improving transparency in remuneration and progression** through a benchmarking exercise and the development of a progression framework.

**Ensuring we use gender-fair language,** with an audit to identify any male bias and a programme to reduce it across all our communications.

**Ensuring that every employee can express their performance and impact** through implementation of specific and measurable objectives aligned to company goals.

## Health and wellbeing

As an organisation, we are committed to providing our employees with robust health and wellbeing benefits to ensure that they can reach their full potential at work.

We offer every employee AXA medical care, including mental health cover. We also offer four Mental Health Days per year. We have two qualified Mental Health First Aiders in the business who are on hand to provide support to our employees. We also reimburse our employees for their FIIT, Headspace or Calm apps to encourage physical and mental health.

We offer sick pay beyond the statutory offering, as well as a variety of flexible working policies to support our team working around other commitments they may have within their personal lives, such as parenting or other care-giving responsibilities.

## Policies

Our staff handbook includes a range of policies designed to protect both our employees and our business. These include:

- Whistleblowing
- Conduct at work
- Harassment & Bullying
- Anti-Bribery
- Sickness and Absence
- Grievance
- Disciplinary

We also have an enhanced family policy which we intend to revisit again in 2023 to ensure that parents at Forward can get the work-life balance they need.

# For Founders

## Improving deal flow diversity

In 2021, we worked to increase gender equality and ethnic diversity of our deal flow pipeline by leveraging networks, partnerships and through Forward-led initiatives. In Q4, female entrepreneurs represented 34% of our first meetings and applicants from Black, Asian & Minority Ethnic (BAME) backgrounds made up 32%.

We consider the improvement of these statistics to be of key importance in 2022.

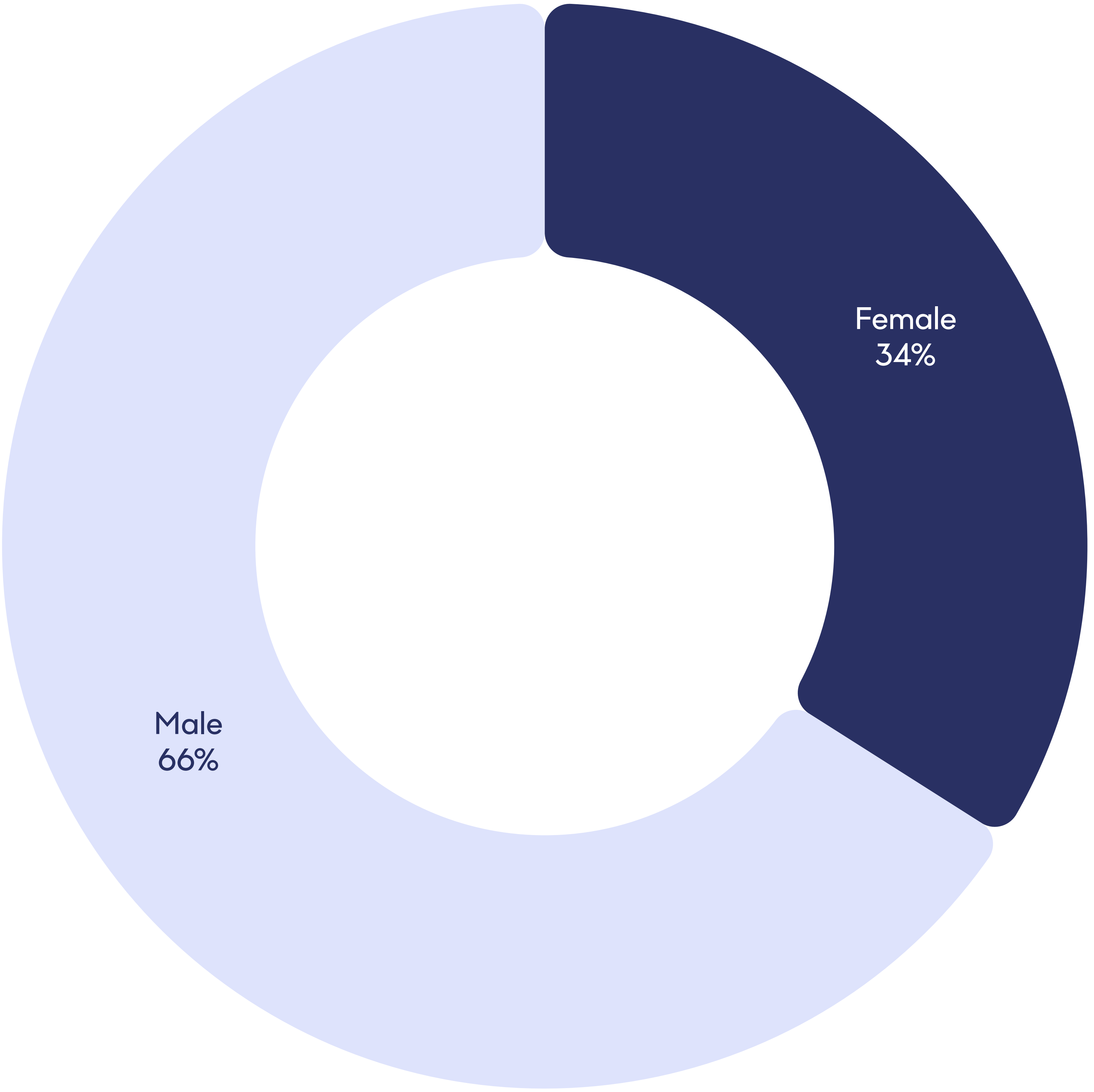
## Driving diversity in our portfolio

In 2021 we worked to increase diversity in our deal flow – and ultimately our portfolio – through a series of activities. Highlights include:

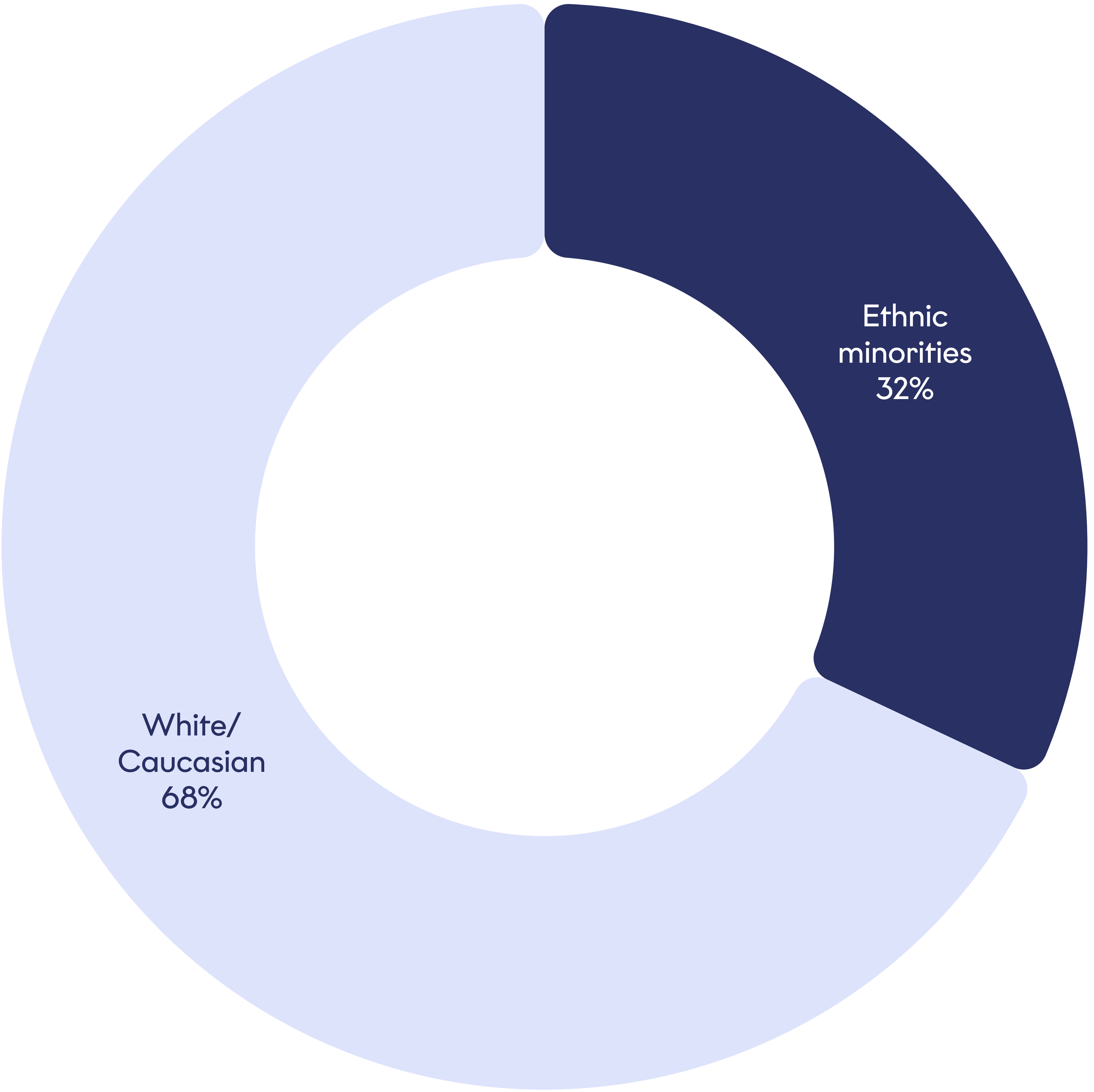
**Our More Than Money Report.** Covered by TechCrunch, Sifted and CityAM, this report highlighted the challenges facing founders of colour. We gathered insights from founders inside and outside our portfolio, influential figures within the community, and data from The Black Report to uncover what specific support under-represented groups need from VCs to succeed.

**Partnering with key communities.** This included our ongoing collaboration with Colour In Tech, an organisation focused on increasing diversity in the tech world to develop and deliver an acceleration programme for under-represented founders. We've actively supported their programmes through mentoring and education – recently in their high-profile Rise Programme, and later in mid-2022 we will support their second, B2B focused acceleration programme 'Traction Club'.

1st meetings Q4 2021 – Gender split




1st meetings Q4 2021 – Split by ethnicity



# Creating opportunities & driving growth through lifelong learning & development

We believe that education, lifelong learning and development are not only the keys to building a successful and sustainable business, but also highly important for unlocking growth in our portfolio and opportunities for all in the burgeoning UK tech ecosystem.

## For Forward

### Learning and development at the heart of our culture

At Forward, we believe that learning and development can be a powerful way to unlock growth and innovation. They're key to building a happy, effective team.

This year, we've formalised personal learning and development goals for individuals to ensure our managers understand team members' ambitions, goals and personal motivations – and can help them to achieve them where possible, particularly where they're aligned to company objectives.

In addition, we host frequent "lunch and learn" events featuring external expert speakers, and offer a range of self-led staff benefits, including access to Sunlight, a SaaS platform for individualised professional development programmes that puts our people in control of their professional development.

We continue to offer a six-month rotating Venture Associate programme.

## For Founders

### Driving portfolio growth through learning and development

We believe that empowering a culture of learning and development within early-stage businesses can greatly increase their chances of success.

Our purpose is to give founders their best shot at success. Through our learning and development programmes we help make this possible for founders within and outside our portfolio through a range of schemes, including:

**Forward's Founder Programme**
A free six-week programme for early-stage founders to test and develop their ideas and get them ready for pitching. At the end of the programme, if a company is the right fit for us, we'll consider investing. Kate Pljaskovova, founder and CEO of FairHQ, a technology platform that helps companies to embed diversity and inclusion into their business, completed the Founders Programme in 2021, and we were pleased to invest in their first round of funding. In 2021, we ran the programme twice and received almost 1,000 applications.

**Community events**
Forward's Studio and Marketing teams run events throughout the year for portfolio companies and the wider ecosystem. We use these events to deliver specific educational content across a range of specialised topics – from fundraising to marketing and product development – as well as providing a safe place for founders and operators to share their insights and activity.

**Office hours**
Our Office Hours pitching sessions are a radically open way to gain access to VC advice without the need for a network. Open to any founder with a big idea at the start of their journey, entrepreneurs can pitch their idea or simply ask for advice and feedback. We've invested in multiple companies through Office Hours, including HIGHR, a direct-to-consumer eCommerce brand offering clean beauty products. In 2021, we received over 1,000 applications.

SDG GOAL 4

# Managing our environmental responsibility

**We recognise the immediate and long-term challenges to our business and society posed by climate change. As a firm with a relatively small corporate headquarters and a focus on early-stage investments, our environmental impact is quite low. Nonetheless, we will seek to align with SDG 12 and contribute towards achieving the Paris Agreement.**

SDG GOAL 12

## For Forward

The outcome of our materiality study in 2020 highlighted that sustainable production and consumption (Goal 12) was materially important for Forward. As a result, we reviewed our environmental responsibilities and implemented the following:

- We developed internal processes to align ourselves with the Paris Protocol.
- We minimise our waste through managing consumption, recycling and reusing items where possible.
- We ensure our consumables, equipment and suppliers support our environmental goals.
- We minimise the impact commuting and business travel has on our overall emissions, without impacting our business performance, through a part-time remote working policy.
- We conduct most of our business meetings via video conference software, resulting in little travel, particularly as we largely invest in UK-based businesses.

Looking ahead, our ESG Committee will be exploring other ways to measure and improve on our environmental impact. While we believe our environmental impact to be low, we understand that there is room to build on our early efforts, possibly via a reputable certification or initiative. We will share an update on this in our 2022 Annual Report.

## For Founders

Our investors actively analyse the environmental impacts of any potential investment through the screening and due diligence processes. We review the carbon footprint information available to us and determine the company's commitment towards reducing environmental emissions in the product, their operations, and their sales process for both the business and stakeholders. This is then actively monitored once we invest through board meetings and regular updates. For more information on this process, see our Responsible Investment within the Sustainability Report.

# Governance

Governance for the Group rests with our Board of Directors. But our approach to good governance means we hold every manager accountable, ensure that internal processes are robust and well considered and that training is regularly undertaken.

As we grow, we ensure that our support functions are sufficient to support the investment team and, ultimately, our portfolio by expanding supporting functions. Post year-end, we welcomed a Chief Financial Officer to the group who will take responsibility of our finance function.

Find more information on our Governance policy and procedures in the Governance section of this report.

## The QCA Code

As a publicly traded entity listed on the AIM market of the London Stock Exchange, we apply the principles of the Corporate Governance Code for small and mid-size quoted companies published by the Quoted Companies Alliance (known as the QCA Code). The requirements of the QCA Code mean that we are subject to rigorous risk management and governance arrangements which we seek to continuously monitor and, where appropriate, enhance.

# Engaging with our stakeholders

**Under Section 172(1) of the Company Act 2006, a Director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members, and in doing so have regard (amongst other matters) to:**

a) the likely consequence of any decision in the long-term;

b) the interests of the company's employees;

c) the need to foster the company's business relationships with suppliers, customers and others;

d) the impact of the company's operations on the community and the environment;

e) the desirability of the company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors' Statement under section 414CZA of The Companies Act 2006. Examples have been included of both the routine application of such considerations in the ordinary course of business, and their role in certain key Board decisions through the year.

Our goal is to drive value for our portfolio, colleagues and shareholders, while balancing the interests of these stakeholders. The Board believes that this balance is facilitated through our Group's purpose and the desire to maintain high standards of ethical conduct that is embedded in the way we do business.

## How we consider our stakeholders

The following disclosure describes how the Directors have considered each stakeholder group, their needs and interests. It outlines how we have kept them updated with information regarding actions we are taking and how it affects them in regard to the matters set out in Section 172(1)(a) to (f). It forms the Directors' Statement under section 414CZA of The Companies Act 2006.

## Employees

### Why we engage

**Our people are the key to delivering our purpose and growth as a business. We consider team culture to be a vital part of our strategy and both top-down and bottom-up engagement as the key to promoting a strong culture of pace, ownership and corporate governance.**

### How we engage

Forward holds a relatively small employee base, making it possible for Directors to engage with employees on a day-to-day basis, including during all periods of Covid-19-enforced remote working in 2021.

All-staff meetings are held quarterly as an 'away day' to align strategy and objectives across the Company. Fortnightly meetings are held to review department updates against objectives and key results. All Executive Directors are present at these meetings.

The Non-Executive Directors have an open invitation to speak with anyone in the business and regularly speak with them in person at board and committee meetings. The Board frequently discusses and advises on people-related matters.

### 2021 outcomes

- 'All-staff' meetings were held each fortnight to track performance and encourage a cohesive, transparent culture.
- Quarterly away-day programme was formalised and implemented to ensure alignment between department and Group objectives.

## Shareholders

### Why we engage

**Our investors provide capital for growth as well as feedback our strategy and objectives.**

### How we engage

The Directors maintain an investor relations annual plan that includes delivery of key updates, presentations and reports delivered via Forward Partners website and through The London Stock Exchange's (LSEG) Regulatory News Service (RNS); regular communication with institutional shareholders through individual meetings, particularly following the publication of interim and full-year results; and reporting to the board on general investor matters, including feedback gained from brokers following investor engagements. The Company's shareholders are also invited to attend our annual Investor Day and Annual General Meeting.

At our Investor Day, a selection of portfolio companies present their businesses and trading updates, allowing for direct engagement between Forward Partners, our shareholders and our portfolio companies.

The Board welcomes questions from our shareholders at our Annual General Meeting. Members of the Board are in attendance and available for shareholder questions.

Dates for these events will be made in due course.

### 2021 outcomes

- Investor relations plan created and maintained.
- Investor communications programme and key asset creation implemented.
- Events schedule planned. Publication of key dates in due course.

## Portfolio companies

### Why we engage

**At Forward, we believe that early-stage founders who receive higher levels of engagement and support are more likely to grow faster and succeed.**

**We believe that an open, inclusive and supportive approach to engagement with portfolio companies improves outcomes by creating better visibility on company progress, practices and opportunities to support growth.**

### How we engage

We maintain regular contact with our portfolio companies. For actively managed companies, this typically involves taking a board directorship or attending meetings as an observer. Across our portfolio, we strive to build strong relationships between founders and our Ventures, Advances and Studio teams to ensure that they have the expertise, mentorship and support that they need to drive growth. Portfolio company performance is a standing agenda item at Management and Board meetings. For further information on our portfolio, please refer to the Portfolio Review included in the Strategic Report section of this document.

### 2021 outcomes

- Forward Ventures actively manages 27 companies. Within these companies, we hold a board or observer seat. A member of the team attends board meetings – these typically occur every 1 to 3 months.
- In addition, team members work with portfolio companies on an ad hoc basis to support and assist founders and their management team.

## Investment partners

### Why we engage

**We believe that collaboration with key, like-minded partners in the ecosystem can enhance investment opportunities through access to otherwise proprietary dealflow, as well as provide entrepreneurs with greater access to funding and support to grow their businesses.**

### How we engage

Forward Ventures regularly engages on a formal and informal basis with a curated network of investment partners. Each investor holds key relationships based upon their areas of expertise and investment focus. Through this network, Forward shares deal flow and resources to co-invest into high-growth, early stage technology companies across the UK. This includes initial investments and follow-on rounds with companies within our portfolio.

### 2021 outcomes

- In 2021 more than 500 high quality investment leads were referred to the Ventures team through the personal network of Forward Partners team members.

## Ecosystem

### Why we engage

**Our vision is a world where every founder can realise their potential. Engaging with the founders at the early stages of their development is key to reaching this goal. For Forward, it's not only the right thing to do: this activity fundamentally improves our brand and standing in the ecosystem as a leading and admired investor, which in turn boosts the volume and quality of our proprietary deal flow.**

### How we engage

Our Venture, Studio and Marketing teams deliver a range of programmes and events to support, engage and educate early-stage founders. Key activities include:

Forward's Founder Programme – a free six-week programme for early-stage founders to test and develop their ideas ready for pitching.

Forward's Founder Office Hours – a route for entrepreneurs to directly engage with investors, with or without a referral network. We've provided hundreds of companies with advice and support and have directly invested in a series of businesses through this initiative.

Our Studio and Marketing teams also run events throughout the year for portfolio companies and the wider ecosystem. These events deliver educational content across a range of specialised topics – from fundraising to marketing and product development – as well as providing a safe place for founders and operators to share their insights and activity.

Our Studio and Marketing teams also run events throughout the year for portfolio companies and the wider ecosystem. These events deliver educational content across a range of specialised topics – from fundraising to marketing and product development – as well as providing a safe place for founders and operators to share their insights and activity.

We also recognise the significance of improving deal flow diversity. We run a series of programmes to highlight its importance to the ecosystem and improve key metrics.

### 2021 outcomes

- Forward's Founders Programme ran twice in 2021, receiving almost 1,000 applications.
- Forward's Founder Office Hours ran monthly through 2021.

## Suppliers & advisors

### Why we engage

**Our partnerships with suppliers ensure that we can deliver the best possible service to our stakeholders, while fulfilling our obligations as a public company and maintaining a high level of regulatory compliance. We are highly selective in our choice of suppliers, ensuring that they hold high standards of delivery, governance and ethics. We foster strong relationships and engage regularly to ensure that the goods and services they deliver are in line with applicable laws, regulations and best practice.**

### How we engage

The Group seeks suppliers with proven track records and demonstrable levels of performance, ethics and governance in order to create value and mitigate risk.

### 2021 outcomes

The Group holds positive and open relationships with its suppliers. Relationships are typically held by Directors or Senior Management. Through 2021, relationships with suppliers and advisors were regularly reviewed to ensure capabilities and performance are appropriate to aid the Group in delivery of its key functions.

## The environment

### Why we engage

**We recognise the importance of environmental, social and corporate governance (ESG) issues and their potential impact on society and our business.**

**Forward continually seeks opportunities to improve ESG-related measures, considering our role to act responsibly as a business as well as the direct impact these issues can have within the community and our business as investor expectations evolve.**

### How we engage

Forward is committed to positively engaging with sustainability and ESG issues and has considered the interests and priorities of our stakeholders on environmental matters in our approach. More details on our ESG Policy and ESG-related activities can be found in the Sustainability section of the Strategic Report of this report.

### 2021 outcomes

Following a materiality study in Q4 of 2020, key activity in 2021 focused upon the development of internal activity and processes to align ourselves with the Paris Protocol; to minimise our waste through managing consumption, to recycle and reuse items where possible; to ensure our consumables, equipment and suppliers support our environmental goals; and to minimise the impact commuting and business travel has on our overall emissions, without impacting our business performance through a part-time remote working policy.

# Governance

# Board of directors

## An independent Board with the expertise to support Forward as it scales

### Jonathan McKay
Non-Executive Director and Chairperson

**Appointed**
04.03.21

**Committee memberships**
Audit and Valuations Committee
Observer: Remuneration and Nomination Committee

**Areas of expertise**
Experienced chairperson and board member

Jonathan has over 30 years of experience in managing and mentoring fast-growth tech companies. He has a background in telecom infrastructure and has experience of scaling businesses in the UK and internationally. Earlier in his career, Jonathan was the Vice President and General Manager of Sun Microsystems' software Tools and Integration business unit in San Francisco. He joined Sun Microsystems following their acquisition of Forte, where he held COO and CMO roles.

As an executive and non-executive Chairperson, Jonathan has worked on several large M&A deals, including ISG's sale to Allvotec and Just Giving's sale to Blackbaud. Jonathan is currently the Chairperson of La Fosse Associates (a technology recruitment company), Driftrock (lead generation for consumer-facing corporates) and Poq (a leading UK SaaS-based App platform).

### Susanne Given
Non-Executive Director

**Appointed**
28.05.21

**Committee memberships**
Remuneration and Nomination Committee
Audit and Valuations Committee

**Areas of expertise**
Brings both Chairperson and PLC experience

Susanne is an experienced executive with a track record of delivering sustained performance improvements in medium and large-scale businesses, both in the private and listed company spheres. Susanne has a background in the consumer sector, having held executive roles at TJX Inc, John Lewis Partnership and Superdry Plc. Susanne is currently the Chairperson of online furniture retailer Made.com Group Plc and women's clothing retailer Hush Homewear Ltd.

Internationally, Susanne is a non-executive director of Trent Limited, the retail arm of Tata Group, which is listed on the National Stock Exchange of India, and she was previously chair of the remuneration committee at Al Tayer Insignia, part of the Al Tayer Group in the Middle East. Furthermore, Susanne's previous non-executive directorships include Deloitte NSE, Eurostar, Morrisons Plc and Tritax Big Box REIT PLC.

Susanne is also a trustee on the board of the Guy's and St Thomas' Foundation.

## Christopher Smith
Non-Executive Director

**Appointed**
04.03.21

**Committee memberships**
Remuneration and Nomination Committee
Audit and Valuations Committee

**Areas of expertise**
Brings financial PLC experience

Christopher has extensive corporate finance and public markets experience in a career covering 35 years in equities and investment banking, most recently as a Vice Chairman at UBS Limited, which he joined in 1992 as SG Warburg. He began his banking career in 1985 in equity sales, moving over to corporate finance in 1999. From 2006 he ran the UK, Ireland and South African Equity Capital Markets business at UBS and has advised many company boards and the UK Government on a variety of major transactions. His wide-ranging experience includes capital-raising, stake sales, flotations, the market and shareholder element of public M&A transactions and giving strategic and general corporate finance advice.

## Nic Brisbourne
Chief Executive Officer

**Appointed**
04.03.21

Appointed Executive Director & CEO of Forward Partners Management Company Limited 18.12.13.

Nic has worked in venture capital for over 20 years. Prior to founding Forward Partners in June 2013, he was a founding partner at venture capital firm Molten Ventures, which went on to admit to AIM in 2016. He has worked and invested in businesses in London and Silicon Valley, leading over 100 investments and overseeing several successful exits, including, most recently, Wonderbly, Heights, and the SPAC merger of Cazoo from the Forward portfolio.

**Matthew Bradley**
Chief Financial Officer
and Chief Investment Officer

**Appointed**
04.03.21

Appointed Director of Forward Partners Management Company Ltd 24.12.19.

Departure from Forward announced 17.01.22 effective from 07.06.22.

Matthew has six years' experience as an entrepreneur and venture capital investor and has been a director of a number of small UK companies. He began his career at Lloyds Banking Group and Barclays Capital before earning an MBA at SDA Bocconi and joining Forward Partners in August 2014. Up until June 2022, Matt headed up the Investment Team at Forward Partners and split his time between sourcing investments and working across the portfolio.

As CFO, Matthew's role in 2021 encompassed both finance functions, active management of the Group's portfolio of investments and consideration of new investment opportunities. To reflect the developing needs of the Group post-admission, the Management anticipated the appointment of a new, permanent CFO to the Board. On 17 January 2022, Forward announced that Matt will be leaving the Group in June 2022, with Lloyd Smith joining as full-time CFO and Luke Smith assuming responsibility for the Investment Team.

**Lloyd Smith**
Chief Financial Officer

**Appointed**
21.03.22

Appointed Company Secretary 07.06.22.

On 17 January 2021, Forward announced the appointment of Lloyd Smith as Chief Financial Officer, with effect from 21 March 2022.

Lloyd joins from ATI Global, incorporating InfoTrack and Practice Evolve, who provide legal technology, software and information services. Lloyd held the position of Chief Financial Officer for the UK and Ireland businesses. Prior to joining ATI, he spent five years in audit at EY and four years in PwC's Deals Team working with a mix of private equity firms, AIM-listed businesses, banks and other privately held companies.

# Chair's report

**Dear Shareholders,**

**I'm pleased to introduce our first corporate governance report. Here, we set out Forward's approach to corporate governance, how our Board and committees work, their responsibilities and the key activities for the year.**

The Directors believe that great governance is key to Forward's strength as a business and our ability to deliver sustainable growth over the long term. We have sought to ensure that appropriate systems and procedures suitable to our size and operating model are in place and adhered to.

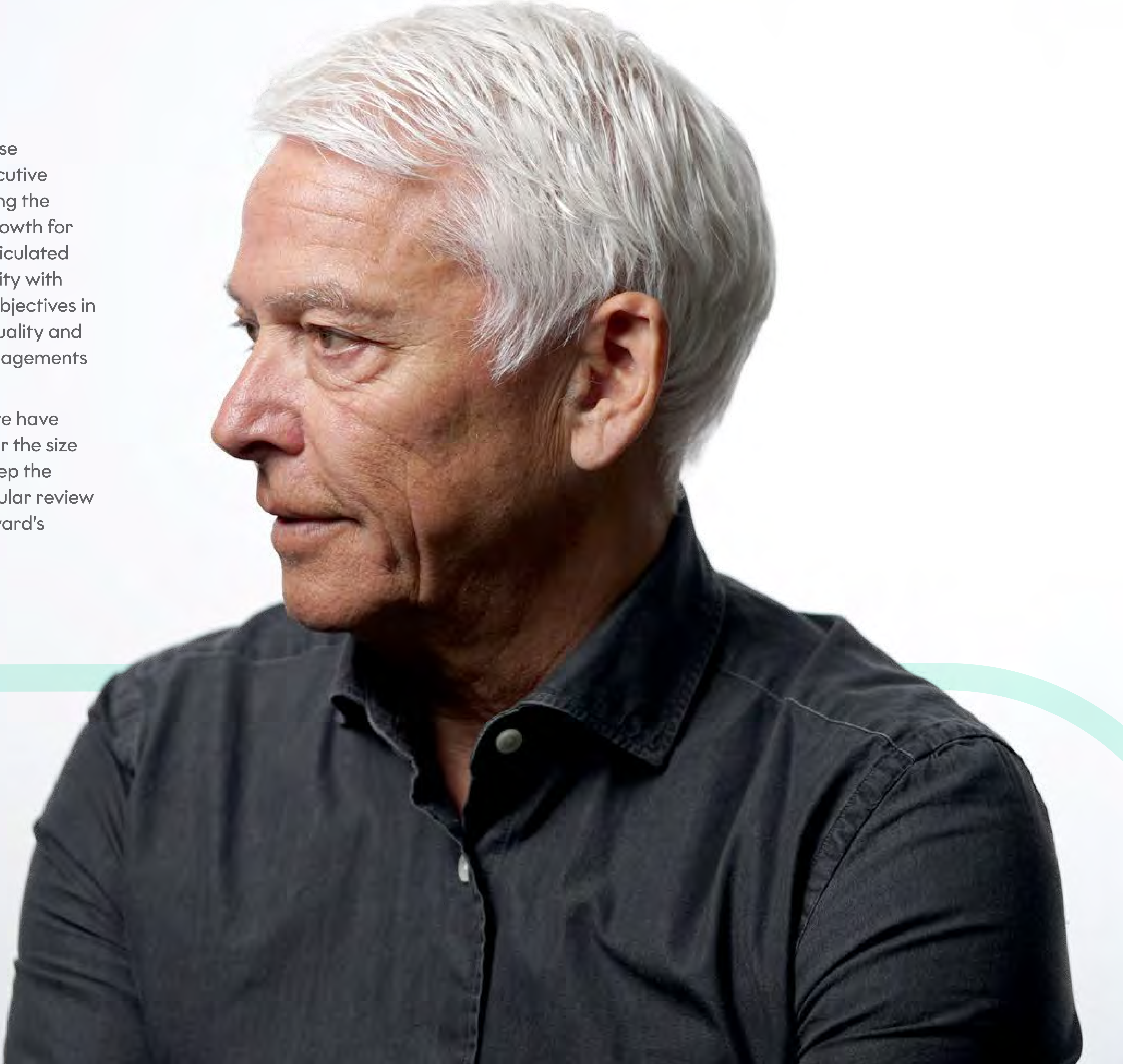
In our admission document to AIM, we stated our intention to comply with the principles of corporate governance for small and mid-size quoted companies published by the Quoted Companies Alliance – the "QCA Code". In the lead up to our IPO in July 2021, several governance procedures and policies were developed. Foremost of these was the construction of the Board itself, which is described in detail overleaf, as well as the formal Remuneration and Nominations, and Audit and Valuations Committees whose reports can be found later in this section. Our focus through this work was to ensure systems are in place to support compliance with the AIM Rules and other regulatory requirements which apply to AIM listed companies.

Our key objective as a business is to deliver sustainable growth to our stakeholders. These governance structures allow Forward's Executive and Management Team to focus on delivering the investment strategy and driving portfolio growth for the Group within a framework of clearly articulated roles. As a company, we aim to deliver activity with our environmental, social and governance objectives in mind – driving improvements in diversity, equality and inclusivity for our team and through our engagements with the UK technology ecosystem.

We believe that the governance structure we have implemented is appropriate and effective for the size and stage of our business. The Board will keep the relevant systems and procedures under regular review to ensure that they develop in line with Forward's growth and development as a business.

**Jonathan McKay**
Chair

29 June 2022



# Corporate governance report

The Corporte Governance statement forms part of the Directors' Report

## The Board

### Composition of the Board

The Board comprised five directors in 2021: three Non-Executive Directors – Jonathan McKay (Chair), Christopher Smith and Susanne Given – and two Executive Directors – Nic Brisbourne (Chief Executive Officer) and Matthew Bradley (Chief Financial Officer and Chief Investment Officer). On 17 January 2022, Forward announced Matthew Bradley's departure and the appointment of Lloyd Smith as Chief Financial Officer, effective from 21 March 2022.

The background and experience of this Board is outlined at the beginning of this section in their biographies. Collectively, the Non-Executive Directors bring strong functional and sectoral experience and skills appropriate to providing constructive support and challenge to the Executive Directors.

### Compliance with the QCA Code

The Board believes the 10 principles of the QCA Code have been appropriately applied through 2021. The report on the 10 principles can be found on our website, forwardpartners.com/aim26.

### Overview of the corporate governance framework

Our governance structure has been constructed to support our compliance with the QCA Code, the AIM Rules, and other legal, regulatory and compliance requirements that apply to us. They allow Forward's executive and management team to focus on delivering the investment strategy and driving portfolio growth for the Group within a framework of clearly articulated roles.

The structure of the Board and its committees, including key responsibilities and reporting lines, is illustrated below:

### Board and committee structure

#### Board

The Directors are responsible for setting strategic goals and objectives for the Group. This includes Forward's strategies for investment strategy and driving portfolio growth as well as furthering Forward's mission to build the UK's most admired early-stage investment firm and developing the Group's corporate values and culture.

#### Audit & Valuations Committee

Assist the Board in fulfilling its obligations relating to the integrity of the intetnal financial controls and financial reporting of the company.

Key responsibilities include:

- Monitoring internal controls and risk management;
- Reviewing financial reporting;
- Managing external audit; and
- Recommending valuations of the company's investments to the Board.

#### Remuneration Committee

Assists the Board in the fulfillment of their respective corporate governance responsibilities under applicable securities laws, instruments, rules and policies and regulatory requirements, to promote a culture of integrity throughout the Company and to assist the Company in identifying and recommending new nominees for election to the Board; and in setting director and senior officer remuneration and to develop and submit to the Board recommendations with respect to other employee benefits considered advisable.

Key responsibilities include:

- Reviewing salary proposals; and
- Reviewing bonus and long-term incentive plan share option awards.

## Role of the Board

The Directors are responsible for setting strategic goals and objectives for the Group. This includes Forward's investment strategy; driving portfolio growth; environmental, sustainability and governance factors; furthering Forward's mission to build the UK's most admired early-stage investment firm and developing the Group's corporate values and culture. In discharging its role, the board is responsible for ensuring that appropriate policy, procedures and controls are in place to support effective risk management and performance against agreed strategic and financial key performance indicators.

## Roles and responsibilities

Responsibilities between Executive and Non-Executive members of the Board are clearly delineated. The roles of the Chair and Chief Executive are separately held and their responsibilities are well defined.

| *Director* | *Role* |
|---|---|
| **Chairperson** | Lead and manage the Board. Ensure the Board's effectiveness. |
| **CEO** | Delivery of the Group's strategy through the management team. |
| **CFO** | Manage the Group's financial affairs and activities. Support the CEO in delivering the Group's strategy. |
| **Non-Executive Directors** | Oversee development and delivery of the Group's strategy, performance of senior leadership and the adequacy of governance policies and processes. |

## Operation and responsibilities

The Board's operation is documented in a formal schedule of matters reserved for its approval. This includes matters relating to:

- Management structure and appointments, including the appointment or removal of senior executives and senior management.
- Strategic aims and objectives, including reviewing business strategy and performance.
- Approval of investments greater than £3m for Forward Ventures, and £1m for Advances; the sale of any assets where the proceeds will be greater than 10% of the Group's net asset value; and any investment decision where a conflict of interest exists.
- Changes to the capital, corporate or management structure of the Group.
- Approval of financial reporting, financial controls and dividend policy and approving annual budgets.
- Oversight of environmental, social and governance (ESG) issues.

Day-to-day management of the Group is the responsibility of the CEO, CFO and Management Team.

## Board meetings

The Board met 7 times in the period from IPO to end of the financial year. Ad-hoc board and committee meetings outside of this schedule operate on an as-needed basis.

| *Director* | *Board* | *Audit & Valuations* | *Remuneration & Nominations* |
|---|---|---|---|
| | *Out of 7 meetings** | *Out of 1 meetings** | *Out of 2 meetings** |
| Jonathan McKay | 7 | n/a | 1 |
| Susanne Given | 7 | 1 | n/a |
| Chris Smith | 7 | 1 | 1 |
| Nic Brisbourne | 7 | n/a | n/a |
| Matt Bradley | 7 | n/a | n/a |

** Meetings of Forward Partners Group PLC post IPO on 19 July 2021*

Agendas for these meetings are distributed in advance, in line with the agreed annual schedule of activities approved by the Board. This ensures that key governance and strategic updates and decisions are discussed at the appropriate time in the financial calendar, while also allowing sufficient time to be devoted to relevant matters which may arise during the course of the year. Standing items are included on each agenda, including updates from the CEO, CFO and Compliance Officer. A comprehensive pack is prepared and circulated in advance of each meeting, with reports against the standing items providing updates on key matters, including performance against the agreed objectives and KPIs.

Board and Committee papers are distributed to Directors in advance of the meetings, and each meeting is minuted. Every Director is aware of their right to have any concerns minuted.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Group's affairs to fulfil their duties as Directors.

The Non-Executive Directors' letters of appointment anticipate that each Non-Executive Director will need to devote such time as is necessary for the proper performance of their duties.

This includes preparation for and attendance at monthly Board meetings, the AGM, at least one site visit a year, meetings with the non-executive directors, meetings with shareholders, meetings with managers and non-managerial members of the workforce, meetings with key stakeholders, meetings forming part of the Board evaluation process and updating and training meetings.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments or questions on matters to be discussed to the Chair (or Committee Chair) in advance of the meeting to ensure that their views are recorded and taken into account.

The Board is satisfied that the Chair and each of the Non-Executive Directors is able to devote sufficient time to the business, in accordance with the time commitment requirements set out in their individual Letters of Appointment. Each maintains open communication with the Executive Directors and the Management team between the formal Board meetings.

## Board evaluation and composition

There has been no formal board performance evaluation conducted this year as the Board has only been in operation since submission to AIM in July of 2021.

# Operational considerations

## Conflicts of interest

At each meeting of the Board or its Committees, the Directors are required to declare any interests in the matters to be discussed. The Group also has established a conflict of interest policy, under which employees and Executive Directors are required to obtain permission from Forward Partner's Compliance Officer before undertaking any personal share dealings. Non-Executive Directors are required to seek approval from the Group Compliance Officer if they wish to invest in companies that they consider to be conflicting or could lead to insider trading.

## Internal controls

The Board is responsible for the Group's internal controls as well as the monitoring of performance against them and ongoing review of their effectiveness.

These controls are deemed appropriate for the size, complexity and risk profile of the Group in the identification and management of risks, but it is acknowledged that they cannot eliminate them entirely. As a result, such controls cannot provide absolute assurance against misstatement or loss.

Key elements of this control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors;
- An organisational structure with defined levels of responsibility;
- Specified investment approval levels and financial authority limits;
- An annual budgeting process, which is approved by the Board; and
- Bi-monthly management reporting.

## External advisors

The Board seeks advice and guidance on various matters from its nominated advisor Liberum, solicitors Gowling WLG (English law), FCA compliance consultants Newgate Compliance, remuneration advisors MM&K, and audit and tax accountants Grant Thornton UK LLP, along with external accounting and tax advisors for specific technical advice.

# Shareholder and stakeholder relations

## Communication

Regular communication with institutional shareholders is maintained through individual meetings with the Executive Directors, particularly following the publication of interim and full-year results and trading statements.

The Board encourages all shareholders to attend and vote at Forward's Annual General Meeting, where the Board will be in attendance and available for shareholder questions. Full details of this meeting are available via Forward's investor hub at forwardpartners.com.

Investor relations is a key consideration for the Board, and the Management Team routinely updates the Board as to outcomes of their meetings with shareholders and potential investors. These initiatives help us to understand shareholders' views and to address their concerns.

## Connecting shareholders with our portfolio

Through 2022, the Management Team intends to deliver a programme of activity to connect investors with portfolio companies through events and further investor-oriented communications.

## AGM details

The Notice of the Annual General Meeting, which sets out the resolutions proposed and explanatory notes, will be contained in a separate circular to shareholders to be sent out shortly after the release of this Annual Report.

# Remuneration & Nominations Committee report

Dear Shareholders

**On behalf of the Board, I am pleased to present our first Directors' Remuneration Report as a public listed company. The report summarises the work of the Committee in 2021 and Forward's remuneration policy which was adopted during the year. It also sets out the remuneration paid to the Directors during the year.**

Forward Partners listed on AIM during the year under review, and therefore provides these remuneration disclosures on a voluntary basis. The remuneration policy is not being put up for approval by shareholders at the forthcoming AGM.

**Christopher Smith**
Chair of the Remuneration and Nominations Committee

## Overview

### Purpose

The Committee is appointed by the Board to assist in the fulfilment of their respective corporate governance responsibilities under applicable securities laws, rules and regulatory requirements; to promote a culture of integrity throughout the Group; to assist the Group in identifying and recommending new nominees for election to the Board; in setting director and senior officer remuneration; and to develop and submit to the Board recommendations with respect to other employee benefits considered advisable.

At IPO, the Board put in plan a mix of long-term incentive structures designed to attract and retain high quality staff in a way which aligns the interests of employees and shareholders. The components of the incentives are a Group Long Term Incentive Plan (LTIP) for the CEO and CFO, a carried interest scheme and Group LTIPs for employees in the Ventures business and an Advances LTIP scheme for those in the Advances business. Options granted in the Group LTIP plan vest dependent on total shareholder return (TSR) and exit success whilst the Advances LTIPs vest dependent achievement of origination growth, returns and default record of that business.

## Members of the Committee

The members of the Remuneration and Nominations Committee are the two Non-Executive Directors, Christopher Smith (Chair of the Committee), Jonathan McKay and Susanne Given. The committee operates under the terms of reference adopted for it by the Board on 10th December 2021.

## Board appointments and succession planning

The Committee proposes to review the composition of the Board and its committees to evaluate the relevant skills and experience within them on an annual basis.

## Advisors

The Committee has appointed advisors MM&K to provide independent guidance and advice on the planning, design and implementation of the Company's remuneration policy, including its short and long term incentive plans, employee share plans, corporate governance and IFRS2 valuations. MM&K has advised the Remuneration Committee on all of the incentive schemes which have been implemented in FY2021 and are retained for advice for FY2022. The fees paid to MM&K in relation to the advice provided to the committee for FY21 were £40,000. The committee evaluates the advice provided by MM&K on a regular basis and is comfortable that they do not have any connections with Forward that may impair their independence. No non-remuneration related advice was provided by MM&K to the Group in the year.

## Meetings

It is intended that the Committee shall meet at least twice a year and otherwise as required at the discretion of the Committee Chairperson, a majority of the members or as may be required by Applicable Laws. It met on two occasions during the year under review and has met once since year-end.

## Responsibilities of the Committee

The Committee's key responsibilities include:

- Promoting a culture of integrity throughout the Group;
- Encouraging executives to operate within the risk parameters set by the Board;
- Assisting the Group in identifying and recommending new nominees for election to the Board;
- Aligning the interests of the executive directors with the interests of long-term Shareholders; and
- Setting director, senior officer and senior management remuneration and to develop and submit to the Board recommendations with respect to other employee benefits considered advisable.

## Key activity during the year

- Long-term incentive plan approved and performance criteria for Forward Partners Group and Forward Venture Advances Ltd agreed and implemented.
- Executive Director compensation agreed – both base salary and annual bonus potential for 2022 with the support of MMK Advisors.
- Overall salary increase contribution agreed and allocated to the business for 2022.
- Succession planning for the CFO following announcement of Matt Bradley's departure.

# Remuneration policy

The objective of Forward's remuneration policy is to attract, retain and motivate executives of the highest calibre to enable the Group to achieve the strategic plan within the demanding budgets approved by the Board. The Committee also recognise the importance of ensuring that senior executives and all employees are incentivised and aligned with the long-term objectives of the Group in delivering shareholder value. To that end, a remuneration framework has been constructed to balance individual role, divisional and company performance-related criteria.

## Long Term Incentive Plan (LTIP)

The Committee recognises the importance of long-term equity incentive schemes as a means to incentivise the Group's executive management and ensure alignment with the objectives of the Group and its shareholders. Accordingly, a new LTIP was adopted by the Board in December 2021, with the initial awards in the form of nominal value options granted under it soon thereafter. Options granted pursuant to the Group LTIP will only vest subject to the achievement of stretching performance conditions linked to total shareholder return targets and target portfolio exits. For those involved in the Advances business, their LTIP awards will vest dependent on the performance of that business.

## Carried interest scheme

The Group has established carried interest plans for the Investment Team and certain other employees (together the "Plan Participants") of the Group in respect of any investments and follow-on investments made. Nic Brisbourne, the CEO, is a participant in the Fund I and II Carried Interest plans but will not be a participant in the Fund III plan and nor will he be in future carried interest plans. Funds I and II were setup prior to the Group's admission to AIM.

Under the carried interest plans, subject to certain exceptions, Plan Participants will receive, the amounts as set out in the table below of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Group has been repaid the Priority Profit Share (PPS) and received an aggregate amount equal to 6% per annum calculated on a monthly basis, compounded annually on the initial capital and loan funds put into the partnerships to fund the investments and PPS (the 'hurdle').

**Carried interest distribution**

| *Limited Partnership* | *Amount equivalent to compound interest* |
|---|---|
| Fund I | 20.8% |
| Fund II | 20.0% |
| Fund III | 10.0% |

The carried interest plans run from inception to cessation of the partnership for Fund I and II. The Fund III carried interest plan operates in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period, save that the first carried interest entitlement which shall be in respect of the period from the Group admission to AIM to 31 December 2023.

Plan participants' carried interest vests over 48 months for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a plan participant becoming a leaver can be reallocated by the Remuneration and Nominations Committee.

Fund III Plan Participants carried interest vests over seven years (save for certain members of the Studio Team whose carried interest vests over four years).

Non-executive Directors of the Company are not eligible to participate in the carried interest arrangements.

## Annual bonus scheme

The Committee recognises the importance of annual bonus schemes as a means to incentivise and reward both Executive Directors and other employees for delivering short term performance. Accordingly, no bonuses were awarded for 2021 performance. Towards the end of 2021, an annual bonus scheme based on both Company performance at an annual level and individual performance was approved to apply to the 2022 financial year and onwards.

## Executive Directors' remuneration package

The main elements of the remuneration package for Executive Directors are:

- Base salary;
- Participation in the Group's long-term incentive plan; and
- Employee benefits including company pension contribution and private medical insurance.

## Executive Directors' service contracts

The Executive Directors signed new service agreements with the Group on Admission. The Executive's appointments are terminable upon six months' written notice by either party.

## Non-Executive Directors

Each of the Non-Executive Directors signed a letter of appointment with the Group on Admission to AIM. Subject to their re-election by Shareholders appointment for each Non-Executive Director shall continue until terminated at any time by the Group in accordance with the Group's articles of association or the Companies Act 2006 or upon either party giving to the other three months' notice in writing.

The Non-Executive Directors' fees are determined by the Board, subject to the limit set out in the Group's Articles of Association.

## Statutory information

The following information includes disclosures required by the AIM Rules and UK company law.

# Remuneration report

## Director's remuneration

The following table summarises the total remuneration (post IPO) of the Directors who served during the 2021 Financial Year.

| *Director* | *Basic salary (£)* | *Pension contrib-utions (£)* | *Taxable benefits* | *Medical (£)* | *Perform-ance related bonus (£)* |
|---|---|---|---|---|---|
| Executive Directors | | | | | |
| Nic Brisbourne | 229,314 | 13,462 | Medical | 5,702 | 0 |
| Matthew Bradley | 165,000 | 8,933 | Medical | 2,733 | 0 |
| Non-executive Directors | | | | | |
| Christopher Smith | 27,308 | 0 | None | None | 0 |
| Susanne Given | 27,308 | 0 | None | None | 0 |
| Jonathan McKay | 31,859 | 0 | None | None | 0 |

## Director's share options

In the lead up to the Group's Admission to AIM in June 2021, the Board made efforts to ensure that the Executive Team's interests align with those of our shareholders. From admission, the CEO's ongoing remuneration is aligned to key company performance indicators through Forward's LTIP.

The individual interest of the Executive Directors under the LTIP are as follows:

| *Director* | *Date of grant* | *Number of options* | *First exercise date* | *Exercise price* |
|---|---|---|---|---|
| Executive Directors | | | | |
| Nic Brisbourne | 06/01/22 | 323,318 | ⅓ on 19/7/2024 | £0.01 per share |
| | | | ⅓ on 19/7/2025 | |
| | | | ⅓ on 19/7/2026 | |
| Non-executive Directors | | | | |
| *Non-executive Directors do not participate in the LTIP scheme.* | | | | |

The total number of shares awarded under nominal value options under the LTIP during the period was 1,135,632 across the Group and Advances schemes - 807,280 and 328,352 respectively.

## Service Agreements and Letters of Appointment

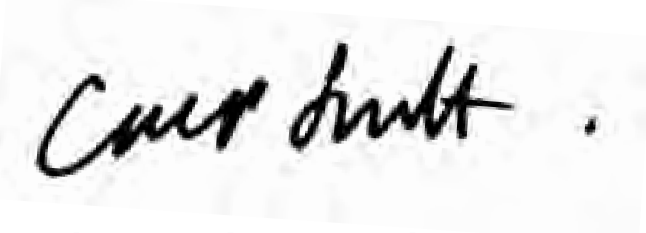
The Remuneration policy for notice periods with the Executive Directors is a six-month notice period as standard.

| *Name* | *Position* | *Date of service agreement* | *Notice by company (months)* | *Notice by Director (months)* |
|---|---|---|---|---|
| Nic Brisbourne | CEO | 12/07/21 | 6 | 6 |
| Matthew Bradley | CFO/CIO | 12/07/21 | 6 | 6 |
| Lloyd Smith* | CFO | 13/01/22 | 6 | 6 |

**Notice subject to successful completion of probationary period*

The Non-Executive Directors are appointed by Letters of Appointment. Their terms are subject to their re-election by the Group Shareholders at the AGM. The current terms are highlighted below.

| *Name* | *Position* | *Date of service agreement* | *Notice by company (months)* | *Notice by Director (months)* |
|---|---|---|---|---|
| Jonathan McKay | Chairperson | 12/07/21 | 3 | 3 |
| Christopher Smith | NED | 12/07/21 | 3 | 3 |
| Susanne Givens | NED | 28/05/21 | 3 | 3 |



**Christopher Smith**
Chair of the Remuneration and Nominations Committee

29 June 2022

# Audit and Valuations Committee report

**Dear Shareholders**

**On behalf of the Board, I'm pleased to present our first Audit and Valuations Committee Report. The following summarises the work of the Committee this year, key responsibilities and policies.**

**Susanne Given**
Chair of the Audit and Valuations Committee

## Overview

### Purpose

The Committee is appointed by the Board to assist the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Group.

### Members of the Committee

The Board is supported by the Audit and Valuations Committee, which is composed of three Non-Executive Directors: Chairperson Jonathan McKay, Susanne Given (Chair of the Committee) and Christopher Smith.

The Committee operates under the terms of reference, which are reviewed annually and approved by the Board.

Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee. The Board may fill vacancies in the Committee by appointment from amongst the Board.

### Meetings

The Committee is required to meet at least bi-annually at appropriate times in the reporting and audit cycle and otherwise as required. Outside of the formal meeting programmes, the Committee Chair will maintain a dialogue with key individuals involved in the Group's governance, including the Chairperson, the Chief Executive, the Chief Financial Officer and the external audit lead partner. It met on one occasion during the year under review (starting June and has met twice since year-end.

## Responsibilities of the Committee

The Audit and Valuations Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

The committee's key responsibilities include:

- Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports and any other formal statements or announcements relating to Group performance.
- Review of narrative reporting, including the annual report and accounts to advise the Board on whether it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy.
- Monitoring internal controls and risk management systems to ensure their adequacy and effectiveness. Whilst, confirming that a robust assessment of the principal risks facing the Group has been undertaken and provide advice on the management and mitigation of those risks.
- Review the adequacy and security of the Group's arrangements for compliance, whistleblowing and fraud.
- Consider at least annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the Board for disclosure in the annual report.
- Manage the relationship, performance, appointment, re-appointment and removal of a firm as external auditor.
- Providing a detailed review of investment valuations and supporting information.

The Committee is also responsible for establishing, monitoring and reviewing procedures and controls for ensuring compliance with the AIM Rules. It reports regularly to the Board on its activities and makes recommendations, all of which have been accepted during the year.

## Role of the external auditor

The Audit Committee is responsible for monitoring the relationship with the external auditor, Grant Thornton UK LLP, in order to ensure that the auditor's independence and objectivity is maintained. As part of this responsibility, the Audit Committee reviews the provision of non-audit services by the external auditor and the Audit and Valuations Committee Chairperson is consulted by management prior to the external auditor being engaged to provide any such non-audit services.

## Appointment and tenure of the external auditor

Grant Thornton UK LLP was first appointed as the Group's external auditor in 2021 for all entities save for Fund II where they have been the auditors since its inception in 2017. The Committee continues to be satisfied with the scope of the external auditor's work, the effectiveness of the external audit process, and that Grant Thornton UK LLP continues to be independent and objective. The Committee intends to adopt the timing for audit tenders recommended by the UK Corporate Governance Code and in line with appropriate legislative and regulatory requirements. It is therefore intended that the external audit contract will be put out to tender at least every ten years, and therefore no later than the 2031 financial year-end.

## Audit process

The external auditor prepares an audit plan for its review of the full-year financial statements, and the audit plan is reviewed and agreed in advance by the Audit and Valuations Committee. Prior to approval of the financial statements, the external auditor presents its findings to the Audit and Valuations Committee, highlighting areas of significant financial judgement for discussion.

## Internal audit

The Group has no internal audit function. The Audit and Valuations Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, management and the Board are able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one and as such there is no current requirement to establish a separate internal audit function.

## Significant issues considered in relation to the Financial Statements

Significant issues and accounting judgements are identified by the finance team and the external audit planning process and then reviewed by the Audit and Valuations Committee. The most significant risk in the Group's financial statements is whether its investments are fairly and consistently valued, and this issue is considered carefully when the Audit Committee reviews the Group's Annual and Interim Reports.

Management has confirmed to the Audit and Valuations Committee that the basis of valuation for unquoted companies was in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. The valuation of unquoted investments is discussed regularly at Board meetings, Directors are also consulted about material changes to these valuations between Board meetings.

The Groups listing on the AIM stock exchange and the acquisition by Forward Partners Group PLC of the Funds and operating companies that made up the Forward Partners operating companies required the Group to undergo a reorganisation.
This reorganisation did not represent a significant risk but did require significant accounting judgements to be made. Due to Blackrock having a majority ownership of the Limited Partnerships (Fund I and II) before IPO and subsequently a majority ownership of Forward Partners Group PLC post IPO the transaction was considered to be a common control transaction.

In preparing the consolidated financial statements, the Directors are required to determine whether the transactions fall within the scope of IFRS 3 Business Combinations to determine the appropriate basis for disclosure and the substance of the transaction. It is the directors' view that the transactions fall within the scope exclusion of IFRS 3, as a common control transaction and as such an alternative accounting policy was selected. In the opinion of the directors, there is no other IFRS that specifically applies to these transactions. Management have applied merger accounting on the basis that the transaction was one under common control. Management have elected to present the numbers on a retrospective presentation method, so have included prior period information where applicable so that the accounting treatment is consistent across the group.

Management confirmed to the Audit and Valuations Committee that they were not aware of any material misstatements. Having reviewed the Group's Financial Statements, valuations and reports received from Management, the Audit and Valuations Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the Financial Statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

The Audit and Valuations Committee has managed the relationship with the auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the period under review the Committee considered the auditor's technical knowledge and that they have a clear understanding of the business of the Group; that the audit team is appropriately resourced; that the auditor provided a clear explanation of the scope and strategy of the audit and maintained independence and objectivity. As part of the review of auditor effectiveness and independence, Grant Thornton UK LLP has confirmed that it is independent of the Group and has complied with applicable auditing standards.

## Share dealing, anti-bribery and whistleblowing

The Group has adopted a share dealing code in conformity with the requirements of Rule 21 of the AIM Rules and the UK Market Abuse Regulation. All employees, including new joiners, are required to agree to comply with the code. The Group has also adopted anti-bribery and whistleblowing policies, which are included in the employee staff handbook, as well as systems and controls, to ensure compliance with those policies. The Group operates an open and inclusive culture and employees are encouraged to speak up if they have any concerns. The aim of such policies is to ensure that all employees observe ethical behaviours and bring matters which cause them concern to the attention of either the Group Compliance Officer, the Executive or Non-Executive Directors.

## Committee performance evaluation

The Committee is awaiting completion of the first external audit before conducting its first performance evaluation.

**Susanne Given**
Chair of the Audit and Valuations Committee
29 June 2022

# Directors' Report

## Introduction

Our Board currently comprises the Chair, two other Non-Executive Directors and two Executive Directors.

The Board met formally 7 times during 2021. Regular contact between the Directors and the Management Team continued through the year as required for the purpose of considering key decisions of the Group.

The Directors are kept fully informed of investment and company performance. The Board receives periodic reports and ad-hoc information.

An overview of the Director's outlook for the business can be found within the Chair's Introduction and CEO Report. Further detail can be found within the Ventures Portfolio Review and Financial Review subsections of the Strategic Report.

## Results and dividends

### Capital structure

During the year, Forward raised £36.6m of cash. As at 31 December there were 134,613,117 shares of £0.01 each in issue.

### Results and dividends

The Group's post-tax profit for the year was £16.5m. In accordance with our dividend policy as stated in our Admission document, the Directors do not recommend the payment of a dividend.

### Group performance, profit and dividend recommendations

The results attributable to Shareholders for the year are shown on the Income Statement. The Directors are not recommending the payment of a dividend for the year.

### Post year-end developments

Since the year-end the value of our shareholding in Cazoo has reduced by circa 83% to USD $0.95 per share as at 15 June 2022.

The impact of Cazoo and the effect of headwinds on the wider Venture Portfolio Value is discussed in the Outlook statements of the CEO and Financial Review sections of the Annual Report.

The Group, as ever, remains focused on delivering the best value to entrepreneurs and investors.

### Review of the business

The CEO's introduction contained within the Strategic Report provides a review of the business, the Group's performance for 2021, key performance indicators and an indication of future developments and risks and forms a part of this Directors' Report.

# Voting

## Voting rights

The rights attaching to the shares are set out in the bye-laws of the Group. There are no restrictions on the transfer of ordinary shares other than those which may be imposed by law from time to time. There are no special control rights in relation to the Group's shares and the Group is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. In accordance with the Market Abuse Regulation and the Group's share dealing code, Board members and certain employees of the Group's service providers are required to seek approval to deal in the Group's shares.

At a general meeting of the Group, every holder of shares who is present in person or by proxy shall, on a poll, have one vote for every share of which they are the holder. All the rights attached to a treasury share shall be suspended and shall not be exercised by the Group while it holds such treasury shares and, where required by the Act, all treasury shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares of the Group. As at the year-end, the Group did not hold any treasury shares.

Ordinary Shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Group. On a show of hands, every Shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll, every Shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies. The holders of ordinary shares are entitled to one vote per share at meetings of the Group. There are no restrictions on the transfer of shares. No Shareholder holds securities carrying any special rights or control over the Group's share capital. The Directors are not aware of any agreements between holders of the Group's shares that may result in the restriction of the transfer of securities or of voting rights.

# Directors

The current Directors of the Group are listed at the beginning of this Governance section.

One third of all Directors seek re-election by Shareholders at each Annual General Meeting, along with any Directors appointed within the year. No other person was a Director of the Group during any part of the period up to the approval of this Report on 29 June 2022. The Board has reviewed the performance and commitment of the Directors standing for re-election and considers that each of them should continue to serve on the Board as they bring wide, current and relevant experience that allows them to contribute effectively to the leadership of the Group. More details are contained within the Notice of Annual General Meeting.

The Directors of the Group who held office during the year were:

| *Director* | *Role* |
|---|---|
| **Jonathan McKay** | Non-Executive Chairman |
| **Christopher Smith** | Non-Executive Director |
| **Susanne Given** | Non-Executive Director |
| **Matthew Bradley** | Director |
| **Nicholas Brisbourne** | Director |

## Directors' interests

A table showing the interests of the Directors in the share capital of Forward Partners Group Plc is set out in the Remuneration and Nomination Committee Report.

The Directors continue to declare on an ongoing basis all conflicts and potential conflicts of interest to the Board, a register of which is considered at Board and Committee meetings. Declaration of Directors' interests is a standing Board agenda item at the outset of each meeting.
A conflicted Director is not allowed to take part in the relevant discussion or decision and is not counted when determining whether a meeting is quorate.

## Directors' conflicts of interest

Directors report on actual or potential conflicts of interest at each Board meeting. Any Director or Directors with a potential conflict would be excluded from any related discussion.

## Directors' and Officers' liability insurance cover

Directors' and officers' liability insurance cover has been maintained by the Group since 28 June 2021. It is intended that cover will continue and be renewed when the current policy expires towards the end of June 2022.

## Directors' indemnity

The Group provides, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and also liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the Financial Statements. A copy of each deed of indemnity is available for inspection at the Group's offices during normal business hours and will be available at the Annual General Meeting.

## Directors' fees

The Directors' Remuneration Report and the Directors' Remuneration Policy are set out later in this section.

## Compensation for loss of office

There are no agreements between the Group and its Directors providing for compensation for loss of office that occurs because of a change of control.

## Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Group's Articles of Association. A copy of the Articles of Association can be found on the Group's website: forwardpartners.com/aim26.

## Financial instruments

The financial risk management objectives of the Group, including details of the exposure of the Group and its subsidiaries to financial risks including credit risk, interest rate risk and currency risk, are provided in the Risk Management subsection of the Strategic Report (page 57) and within the financial statements (page 119). The Group did not enter into any derivative contracts during the year.

## Going concern: financial prospects and position

The directors have considered the going concern assessment undertaken at Group. The directors have reviewed cash flow forecasts for the Group and considered the impact of the Covid-19 pandemic and Brexit-related uncertainty on them, which has included stress testing the Group's cash flow forecasts for severe but plausible downside scenarios and performing a reverse stress test covering the period 12 months from the date of signing (the going concern assessment period). This period is appropriate due to continued economic uncertainty. The directors have a reasonable expectation that the Group has adequate resources and cash reserves to continue in operational existence over the going concern assessment period even if economic instability resulted were to have an impact on the portfolio valuations and the ability of customers to repay loans advanced to them.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Group is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence from the date of approval of these financial statements up to 30 June 2023. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2021.

## Global greenhouse gas emissions for the year ended 31 December 2021

At the date of this report, the Group had a staff of 29 FTE (Full-time equivalent) on average through the year, operating from a shared office in the UK. It does not have any significant greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio. The Group consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

## Political donations and expenditure

The Group has made no political donations within the year (2020: Nil) and has no expectation of doing so in the future.

## Annual General Meeting ('AGM')

The Notice of the Annual General Meeting and the ordinary and special resolutions to be put to the meeting will be contained in a separate circular to Shareholders shortly after the release of this Annual Report.

## Capital Markets Day

The Group holds an annual Capital Markets Day consisting of presentations to Shareholders and analysts by senior members of Forward Group and management teams from selected portfolio Companies. The first event will be held later in 2022. Directors of the Board attend the Capital Markets Day.

## Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards and applicable laws.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable international accounting standards and applicable laws have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Annual Report comply with the applicable laws.

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

## Directors' confirmation

Each of the Directors confirms that to the best of their knowledge and belief there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information to establish that the Group's auditor is aware of that information.

**Nic Brisbourne**
Chief Executive Officer

29 June 2022

# Financial statements

# Independent auditor's report to the members of Forward Partners Group Plc

## Opinion

**Our opinion on the financial statements is unmodified.**

We have audited the financial statements of Forward Partners Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and 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 UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' 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 Group's and the parent 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- assessment of the Company's cashflow forecast prepared by management, availability and nature of its liquid resources and the appropriateness of key assumptions used; and
- evaluation of the sensitivity analysis prepared by management and challenging management on the impact on the forecast from potential changes in assumptions.

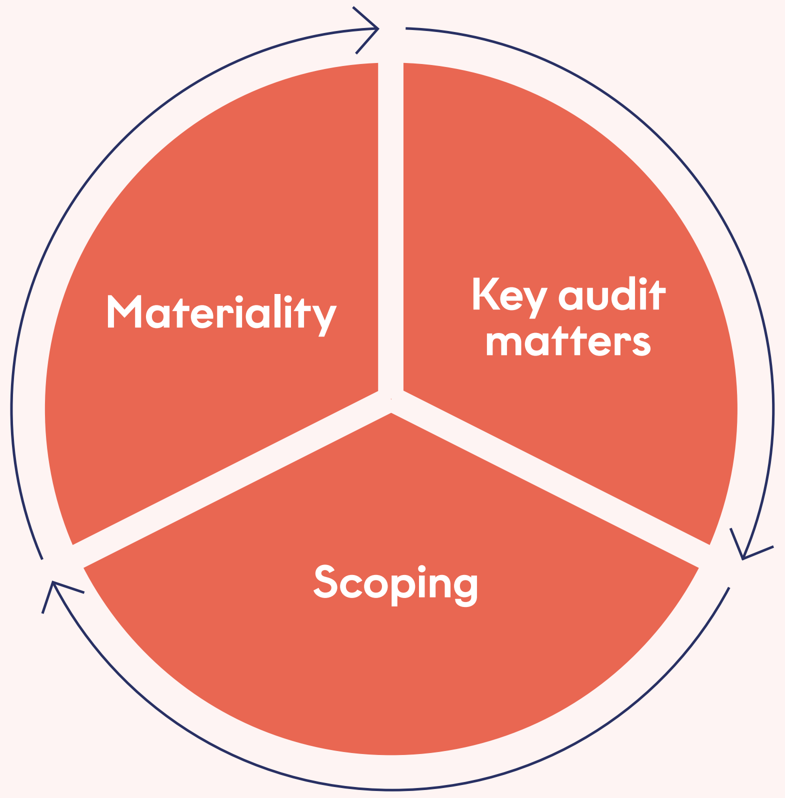
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

# Our approach to the audit




Grant Thornton

## Overview of our audit approach

**Overall materiality:**

Group: £2,734,000, which represents approximately 2% of the Group's net assets.

Parent company: £2,666,000, which represents 2% of the parent company's net assets, determined prior to management adjustments to the carried interest liability and the investments balance.

**Key audit matters were identified as:**

- Fair value measurement of unquoted investments in the Group financial statements; and
- Group reorganisation.

This is the first period for which we are providing an audit opinion on the financial statements of Forward Partners Group Plc since this is the first period end following incorporation of the company. Accordingly, there were no key audit matters from prior periods.

We performed a risk-based substantive audit focused on valuation of unquoted investments at the year-end and income recognised during the year.

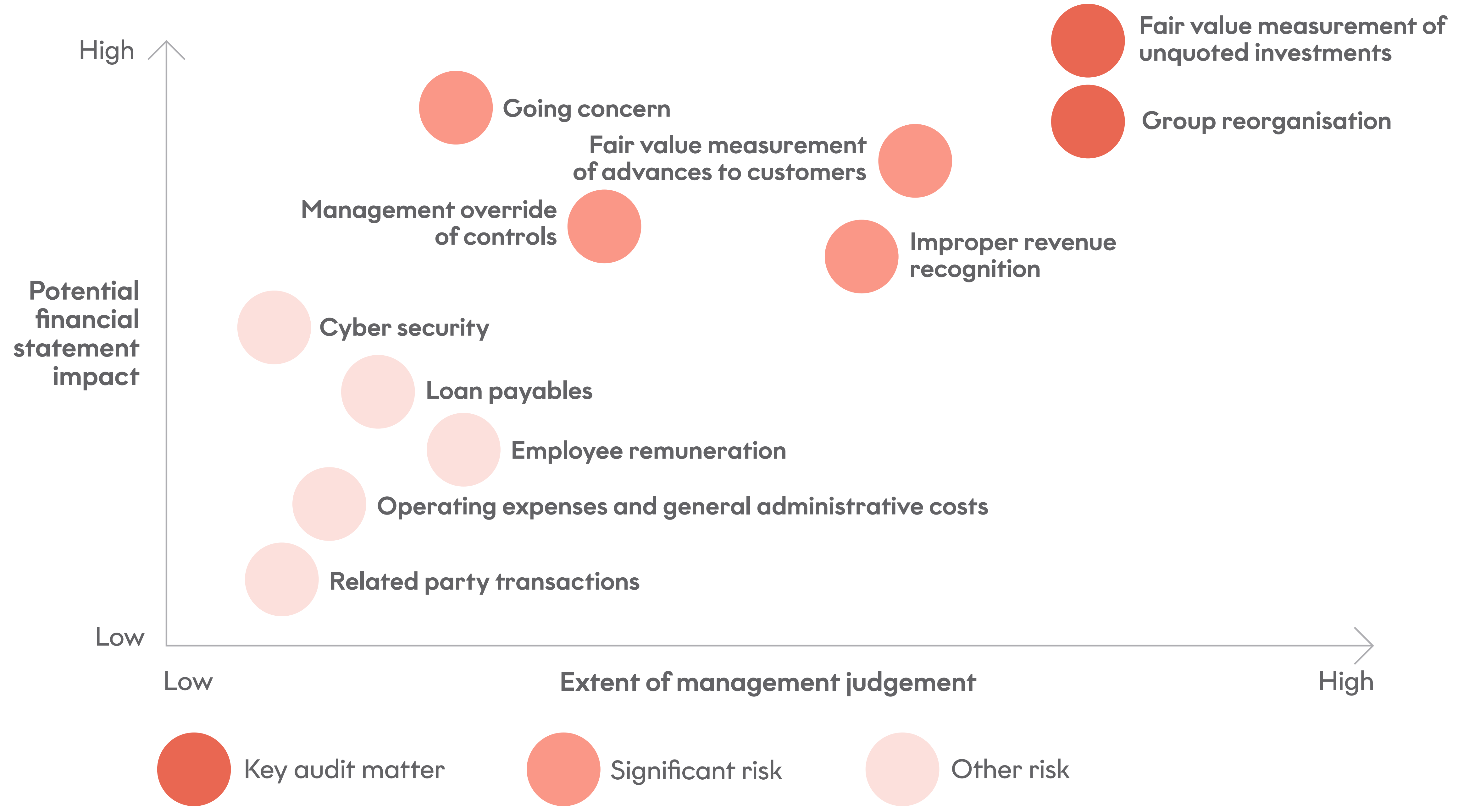
The Group includes following significant components: the parent company, Forward Partners Management Company Limited, Forward Partners Venture Advance Limited, Forward Partners Fund 1 L.P., Forward Partners Fund II L.P. and Forward Partners Fund III L.P. We performed full scope audit procedures on all significant components.

# 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.


In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



| Key Audit Matter – Group | How our scope addressed the matter – Group |
|---|---|
| **Fair value measurement of unquoted investments in the Group financial statements**<br>We identified the valuation of unquoted investments in the Group financial statements as one of the most significant assessed risks of material misstatement due to error.<br><br>The objective of the Company is to provide shareholders with long-term returns by investing in predominantly unquoted companies through limited partnerships managed by the Group. Consequently, unquoted investments are the largest asset class in the financial statements representing 77% (2020: 99%) of the Company's total assets of £153 million (2020: £88 million).<br><br>Valuations of investments are subjective and are based on a mix of the price of a recent investment and the multiples based valuation approach. For investments valued at the price of a recent investment, that valuation is calibrated using a secondary technique. For the calibration, adequate consideration is given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the investee company. These changes in the market or changes in the performance of the investee company (as measured against specified milestones) are documented and used as the basis of valuations above or below the price of a recent investment. For the multiple based valuation approach, this involves applying an appropriate multiple derived from comparable listed companies and market transactions to maintainable earnings of the investee companies. The key assumptions in these models include adjustments to reported figures from investee companies to calculate maintainable earnings, the selection of comparable listed companies and transaction multiples, and the weightings applied to these multiples.<br><br>The subjective nature and complexity inherent in the process introduces a risk that the fair value measurements of these investments may not be appropriate. | In responding to the key audit matter, we performed the following audit procedures:<br>• Conducting procedures to satisfy ourselves of the expertise of the management team to prepare investment valuations for the Company;<br>• Obtaining an understanding of matters that may affect the fair value of the unquoted investments through discussions with the finance team and through independent research into investee companies and industry trends;<br>• Considering the appropriateness of the valuation methodologies used by the finance team and whether the valuations were performed in accordance with UK-adopted international accounting standards and with reference to the International Private Equity and Venture Capital valuation guidelines;<br>• Challenging management on the appropriateness of the valuation process implemented in the current period;<br>• Challenging management to consider alternative valuation methodologies and assessing the resulting analysis for significant variations between different methodologies;<br>• Using our internal valuation specialists to assess the appropriateness of the key assumptions used in a sample of the most significant judgemental valuations, specifically:<br>- the reasonableness and factual accuracy of comparable listed company multiples;<br>- the reasonableness of the weightings applied to multiples derived from comparable listed companies and market transactions; and<br>- the appropriateness of the adjustments made to earnings to arrive at a maintainable position.<br>• For a sample of investments valued using price of recent investment we:<br>- Agreed the cost or price of the recent investments to supporting documentation;<br>- Assessed whether the investment was an arm's length transaction by identifying the parties involved in the transaction and determining whether or not they were already investors of the investee company;<br>- Considered whether there were any indications that the cost or price of the recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee Company and the milestones and assumptions; and<br>- Considered whether the price of the recent investment is supported by alternative valuation techniques to calibrate the investment valuation.<br>• Performing extensive testing on information provided by the entity, including on the valuations spreadsheet that is manually prepared by management; and<br>• Testing the significant inputs to our selected sample of unquoted investee Company valuations by agreeing key information such as earnings and net debt to investee Company reports as well as evaluating the arithmetical accuracy of the valuation. |

| Key Audit Matter | How our scope addressed the matter |
|---|---|
| **Relevant disclosures in the Annual Report 2021**<br>• Financial statements: Note 1, Financial instruments and Note 8, Financial assets and liabilities<br>• Audit committee report: Significant issues considered in relation to the Financial Statements | **Our results**<br>Our audit work did not identify any material misstatements in relation to the valuation of unquoted investments. |
| **Group reorganisation**<br>We identified accounting for merger on formation of the Group as one of the most significant assessed risks of material misstatement due to error.<br>Forward Partners Group plc was registered as a company on 4 March 2021 and listed on AIM on 19 July 2021.<br>On the same day the company acquired all equity interests in Forward Management Company Limited, its subsidiaries and limited partnership funds managed by Forward Management Company Limited.<br>There is significant judgement relating to the accounting treatment of the acquisitions and the selection of an appropriate accounting policy to record such acquisitions. | In responding to the key audit matter, we performed the following audit procedures:<br>• Inspected relevant minutes of the Board meeting to Group acquisitions;<br>• Assessed and challenged the accounting treatment of acquisitions which had initially been accounted for under IFRS 3. That treatment did not take into account the existence of entities under common control;<br>• Consulted with our internal financial reporting specialists on the detail of the transaction and the proposed accounting treatment;<br>• Assessed the consolidation workings including the consolidation adjustments by agreeing amounts to the individual trial balance of subsidiaries and determining the reasonableness of consolidation adjustments; and<br>• Evaluated the merger reserve calculations to confirm the accuracy of the underlying amounts. |
| **Relevant disclosures in the Annual Report 2021**<br>• Financial statements: Note 1, Accounting for merger on formation of the group<br>• Audit committee report: Significant issues considered in relation to the Financial Statements | **Key observations**<br>Our work identified that acquisition accounting under IFRS 3 was inappropriate for the group reorganisation. As a result of our challenge, management reassessed the basis of accounting for the transaction and applied a predecessor accounting policy retrospectively. This resulted in the presentation of comparative figures and the recognition of a merger reserve. |

# Our application of materiality

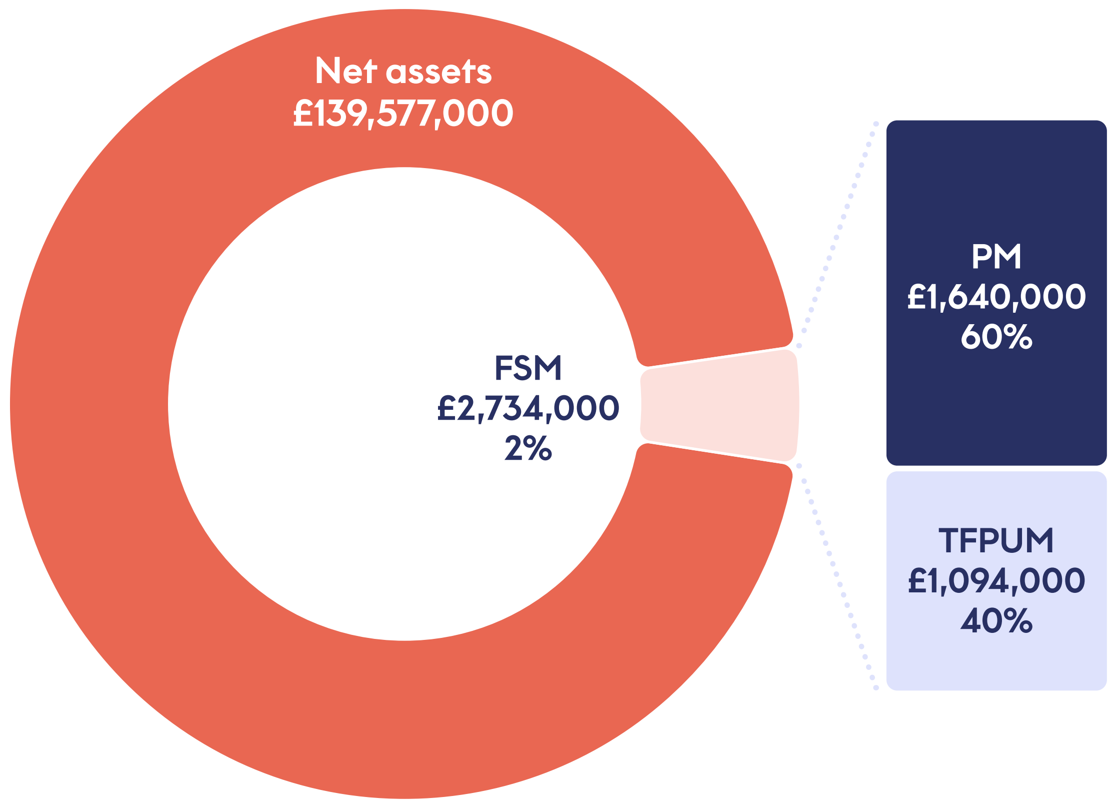
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

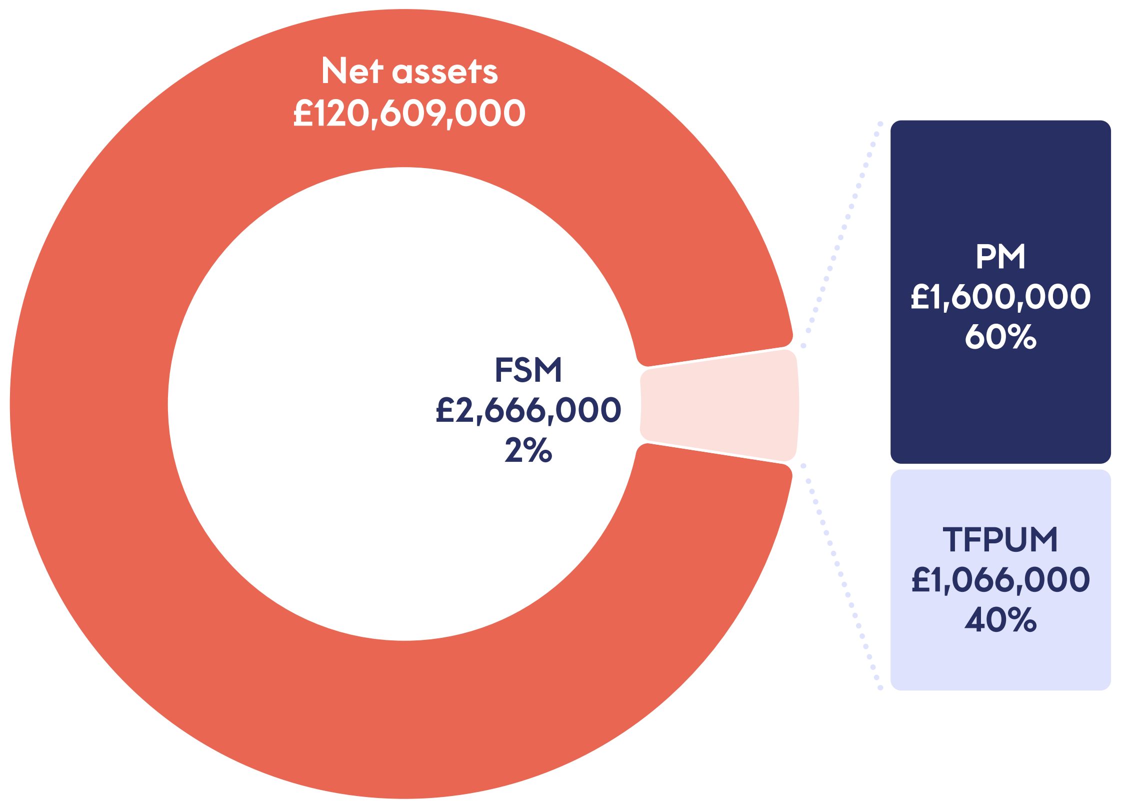
| *Materiality measure* | *Group* | *Parent company* |
| --- | --- | --- |
| **Materiality for financial statements as a whole** | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work. | |
| Materiality threshold | £2,734,000, which is approximately 2% of the Group's net assets. | £2,666,000, which is 2% of the parent company's net assets prior to the recognition of £11m of carried interest liability and a £2m adjustment to the investments balance by management. |
| Significant judgements made by auditor in determining the materiality | In determining materiality, we made the following significant judgements:<br>• The use of net assets is consistent with the view that shareholders look to the financial health and valuation of the investment portfolio as the primary financial indicator to understand the Group's performance.<br>• In setting overall materiality, we applied a rate of 2% as the activities are not complex. | In determining materiality, we made the following significant judgements:<br>• Net assets, which primarily comprise the Company's investment in its subsidiaries, are considered to be the key driver of the Company's total return performance and form a part of the net asset value calculation.<br>• A rate of 2% is applied as the activites are not complex. |
| **Performance materiality used to drive the extent of our testing** | We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. | |
| Performance materiality threshold | £1,641,000, which is 60% of financial statement materiality. | £1,600,000, which is 60% of financial statement materiality. |
| Significant judgements made by auditor in determining the performance materiality. | In determining performance materiality, we made the following significant judgements:<br>• Performance materiality was set at 60% of materiality for the financial statements as a whole because this is the first period end following the formation of the Group. Management is experienced but there is a heightened risk of errors in the first period of audit. | In determining performance materiality, we made the following significant judgements:<br>• Performance materiality was set at 60% of materiality for the financial statements as a whole because this is the first period end following incorporation of the Company. Management is experienced but there is a heightened risk of errors in the first period of audit. |
| **Specific materiality** | We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | |
| Specific materiality | We determined a lower level of specific materiality for the following areas:<br>• Administrative expenses;<br>• Related party transactions; and<br>• Directors' remuneration. | We determined a lower level of specific materiality for the following areas:<br>• Administrative expenses;<br>• Related party transactions; and<br>• Directors' remuneration. |
| **Communication of misstatements to the audit committee** | We determine a threshold for reporting unadjusted differences to the audit committee. | |
| Threshold for communication | £137,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. | £133,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. |

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

## Overall materiality – Group




## Overall materiality – Parent company




FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

# An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

### Understanding the Group, its components, and their environments, including Group-wide controls

- the engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level;
- we identified fair value measurement of unquoted investments and group reorganisation as key audit matters and the procedures performed in respect of this have been included in the key audit matters section of our report; and
- this is the first year we are engaged as the statutory auditors of Forward Partners Group Plc due to this being the first period end since incorporation.

### Identifying significant components

The Group engagement team evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's total assets, revenue and profit before taxation.

### Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

For each component of the Group, namely: the parent company, Forward Partners Management Company Limited, Forward Partners Venture Advance Limited, Forward Partners Fund 1 L.P., Forward Partners Fund II L.P. and Forward Partners Fund III L.P., the following approach was undertaken:

- an audit of the financial information of the component using component materiality was performed (full-scope audit procedures).
- this ensured all key audit matters were addressed.

### Performance of our audit

A full scope audit was performed for all components, each of which are based in a single location.

# Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report 2021, 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 in 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.

# Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

# Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# Responsibilities of directors for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the parent company and the industry in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, the Companies Act 2006, the AIM Rules for Companies, the QCA Corporate Governance Code and the relevant provisions of HMRC's regulations applicable to the Group and the parent company. We enquired of management to obtain an understanding of how the Group and the parent company are complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of minutes of the Group's and the parent company's board meetings.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the potential for manipulation of financial data or management bias in accounting estimates in the financial statements such as the valuation of financial assets held at fair value through profit or loss.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Group's and the parent company's operations, including the nature of their investments, sources of income, their objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- We assessed the susceptibility of the Group's and the parent company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included determining the completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the period-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - the specialist skills required in relation to valuation of investments; and
  - knowledge of the industry in which the client operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Grant Thornton UK LLP

**William Pointon**
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

29 June 2022

# Consolidated statement of comprehensive income for the year ended 31 December 2021

| | Note | Year Ended 31.12.21 £'000 | Year Ended 31.12.20 £'000 |
|---|---|---|---|
| Fair value change in gains on investments held at fair value through the profit and loss | 8 | 27,247 | 4,614 |
| Profit on disposal of investments | | 34 | - |
| Revenue | 3 | 826 | 605 |
| Interest income | | 100 | - |
| **Total Income** | **4** | **28,207** | **5,219** |
| Administrative expenses | 14 | (11,426) | (8,984) |
| Depreciation and amortisation | 6,7 | (213) | (194) |
| **Total Operating Expense** | | **(11,639)** | **(9,178)** |
| Profit/(loss) from operations | | 16,568 | (3,959) |
| Finance costs | 17 | (88) | (12) |
| **Profit/(loss) before taxation** | | 16,480 | (3,971) |
| Corporation tax expense | 18 | (3) | 23 |
| **Profit/(loss) for the year after tax attributable to owners of the parent** | | **16,477** | **(3,948)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income attributable to owners of the parent/(loss)** | | **16,477** | **(3,948)** |
| Basic and diluted Earnings per Share from continuing operations | 19 | 12p | n/a |

*Accounting policies and notes on pages 113 to 134 form part of these financial statements.*

# Consolidated statement of financial position as at 31 December 2021

*Registered number: 13244370*

| | Note | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Intangible assets | 6 | 71 | - |
| Financial assets held at fair value through the profit or loss | 8 | 117,597 | 86,625 |
| Property, plant and equipment | 7 | 35 | 40 |
| Right of use assets | 7 | 37 | 218 |
| | | **117,740** | **86,883** |
| **Current Assets** | | | |
| Trade and other receivables | 10 | 1,411 | 583 |
| Financial assets held at amortised cost | 8 | 1,499 | - |
| Financial assets held at fair value through the profit or loss | 8 | 804 | - |
| Cash and cash equivalents | | 31,066 | 503 |
| | | **34,780** | **1,086** |
| **Total Assets** | | **152,520** | **87,969** |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 682 | 414 |
| Lease liabilities | 8,21 | 30 | 178 |
| | | **712** | **592** |
| **Non-Current Liabilities** | | | |
| Deferred tax liabilities | 13 | 9 | 6 |
| Financial liabilities | 8 | 934 | - |
| Lease liabilities | 21 | - | 30 |
| Provision for carried interest | 8 | 11,288 | 5,638 |
| | | **12,231** | **5,674** |
| **Total Liabilities** | | **12,943** | **6,266** |
| Net Assets | | **139,577** | **81,703** |
| **Capital and reserves attributable to equity holders of the Group** | | | |
| Called up share capital | 11 | 1,346 | - |
| Share premium account | 11 | 130,991 | - |
| Merger reserve | | (33,189) | 49,412 |
| Non-controlling interest | | - | 20,329 |
| Retained earnings | | 40,429 | 11,962 |
| | | **139,577** | **81,703** |
| Basic and diluted NAV per share | | 104p | n/a |

The financial statements were approved and authorised for issue by the board of directors on 29 June 2022, and were signed on its behalf by:

**Lloyd Smith**
Director

*Accounting policies and notes on pages 113 to 134 form part of these financial statements.*

# Consolidated statement of changes in equity for the year ended 31 December 2021

| | Share Capital £'000 | Share Premium £'000 | Merger Reserve £'000 | Non-Controlling Interest £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| Balance at 1 January 2020 | - | - | 42,149 | 19,668 | 16,571 | 78,388 |
| Profit for year attributable to equity holders | - | - | - | 661 | (4,609) | (3,948) |
| Increase in investment in Fund I & II | - | - | 7,224 | 39 | - | 7,263 |
| **Balance at 31 December 2020** | **-** | **-** | **49,373** | **20,368** | **11,962** | **81,703** |
| Issue of Ordinary Shares | 1,346 | 133,267 | - | - | - | 134,613 |
| Listing fees expensed to Share Premium | - | (2,276) | - | - | - | (2,276) |
| Change in merger reserve arising on reorganisation | - | - | (82,562) | (20,368) | 11,984 | (90,946) |
| Options granted and awards exercised | - | - | - | - | 6 | 6 |
| Profit for year attributable to equity holders | - | - | - | - | 16,477 | 16,477 |
| **Balance at 31 December 2021** | **1,346** | **130,991** | **(33,189)** | **-** | **40,429** | **139,577** |

*Accounting policies and notes on pages 113 to 134 form part of these financial statements.*

# Consolidated statement of cash flows for the year ended 31 December 2021

| | Note | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 16,479 | (3,971) |
| **Adjustments to reconcile operating profit to net cash flows used in operating activities** | | | |
| Revaluation of investments held at fair value through the profit and loss | | (27,247) | (4,614) |
| Loss on disposal of fixed assets | | 2 | - |
| Depreciation and amortisation | 6,7 | 213 | 194 |
| Share-based payments | 16 | 6 | - |
| Finance expense | 17 | 88 | - |
| (Increase) in trade and other receivables and other working capital movements | | (825) | (346) |
| (Increase) in loans receivable | | (2,303) | - |
| Decrease in trade and other payables | | 5,891 | 5,702 |
| Purchase of investments | | (11,399) | (5,870) |
| Proceeds from disposals | | 8,175 | 197 |
| **Net cash generated used in operating activities** | | **(10,920)** | **(8,708)** |
| Tax received/(paid) | | 23 | (22) |
| **Net cash (outflows) from operating activities** | | **(10,897)** | **(8,730)** |
| **Cash flows used in investing activities** | | | |
| Purchase of property, plant and equipment | 7 | (21) | (19) |
| Purchase of intangible assets | 6 | (79) | - |
| **Net cash (outflows) from investing activities** | | **(100)** | **(19)** |
| **Cash flows used in financing activities** | | | |
| Proceeds from borrowings | | 1,000 | - |
| Fees paid on issuance of loan | | (84) | - |
| Interest paid | | (70) | - |
| Repayments of leasing liabilities | | (178) | (175) |
| Increase in investment in Fund I & II | | 6,568 | 7,263 |
| Gross proceeds from issue of share capital | | 36,600 | - |
| Equity issuance costs | | (2,276) | - |
| **Net cash inflow from financing activities** | | **41,560** | **7,088** |
| **Net increase in cash and cash equivalents** | | 30,563 | (1,661) |
| Cash and cash equivalents at beginning of year | | 503 | 2,164 |
| **Cash and cash equivalents at end of year** | | **31,066** | **503** |

*Accounting policies and notes on pages 113 to 134 form part of these financial statements.*

# Notes to the financial statements for the year ended 31 December 2021

## General information

The consolidated financial statements of Forward Partners Group Plc and its subsidiaries (collectively, the Group), for the year 1 January to 31 December 2021, were authorised for issue in accordance with a resolution of the directors on 29 June 2022. Forward Partners Group Plc (the Company or the parent) is a limited company incorporated and domiciled in England and Wales and whose shares are publicly traded on AIM a sub-market of the London Stock Exchange. The address of the registered office is given at the front of this report.

The nature of the Group's operations and its principal activities are set out in the strategic report. Information on the Group's structure is provided below under the Basis of consolidation. Information on other related party relationships of the Group is provided in Note 22. The financial statements are presented in pounds sterling which is the Company's functional and the Group's presentation currency. The figures shown in the financial statements are rounded to the nearest thousand pound.

## 1. Accounting Policies

### Basis of preparation of financial statements

The Group's financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The financial statements have been prepared under the historical cost convention except as noted below.

The preparation of financial statements in conformity with IFRS' requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 2.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate as the Group has adequate resources to continue in operational existence for the foreseeable future based upon forecasts.

### Basis of consolidation

The Group financial statements consolidate the financial statements of Forward Partners Group Plc and all its subsidiary undertakings made up to 31 December 2021.

| *Name of Undertaking* | *Nature of Business* | *Country of Incorporation* | *% Ownership* |
|---|---|---|---|
| Forward Partners Management Company Limited | Management Company | England | 100% |
| Forward Partners Venture Advance Limited | Provider of business loans | England | 100% |
| Forward Partners General Partner Limited* | General Partner | England | 100% |
| Forward Partners Carried Interest General Partner Limited* | General Partner | Scotland | 100% |
| Forward Partners 1 Limited Partnership | Limited Partner Fund | England | 100% |
| Forward Partners II Limited Partnership | Limited Partner Fund | England | 100% |
| Forward Partners III Limited Partnership | Limited Partner Fund | England | 100% |
| FPGP Nominees Ltd* | Dormant | Scotland | 100% |
| Forward Partners Carried Interest LP* | Dormant | Scotland | 100% |
| Forward Partners Investment Company Limited* | Dormant | England | 100% |

** These companies are either direct or indirect subsidiaries of Forward Partners Management Company Limited.*

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Inter-company transactions (including unrealised gains/losses) and balances are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

### Accounting for merger on formation of the group

Immediately prior to the Forward Partners Group Plc's admission to AIM, the company acquired all equity interests in Forward Management Company Limited and its subsidiaries. Forward Partners Management Company Limited is now a 100% owned direct subsidiary of Forward Partners Group Plc and consolidated into these financial statements. For purposes of this transaction Forward Partners Management Company Limited is deemed to be the accounting acquirer, as Forward Partners Group Plc had a majority shareholder post admission who had a controlling interest in the underlying funds that were acquired. Therefore, the consolidated financial statements of the reporting entity, Forward Partners Group Plc have been prepared as a continuation of the accounting acquirer's financial statements.

Contemporaneous to Forward Partners Group Plc's admission to AIM, the company acquired all the equity interests in Forward Partners 1 Limited

Partnership, Forward Partners II Limited Partnership and Forward Partners III Limited Partnership. Forward Partners 1 Limited Partnership, Forward Partners II Limited Partnership and Forward Partners III Limited Partnership are now 100% owned direct subsidiaries of Forward Partners Group Plc and consolidated into these financial statements.

The day after Forward Partners Group Plc's admission to AIM, the company acquired all equity interests in Forward Partners Venture Advance Limited. Forward Partners Venture Advance Limited is now a 100% owned direct subsidiary of Forward Partners Group Plc and consolidated into these financial statements.

In preparing these consolidated financial statements, the Group is required to determine whether the transactions fall within the scope of IFRS 3 Business Combinations to determine the appropriate basis for disclosure and the substance of the transaction. It is the directors' view that the transactions fall within the scope exclusion of IFRS 3, as a common control transaction and as such an alternative accounting policy must be selected. In the opinion of the directors, there is no other IFRS that specifically applies to these transactions.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paras 10-12) requires the Company to develop and apply an accounting policy suitable to the transaction, in accordance with the particulars laid out in the standard. IAS 8 paragraph 12 also states that "In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices...".

In reviewing the scope of the mergers and group formation, including IFRS 3 Business Combinations the directors have determined the selection of an accounting policy analogous to that of the UK's FRS 102 section 19 Business Combinations and Goodwill (merger accounting method) will provide the most relevant, reliable and representative accounting treatment, which reflects the economic substance of the transactions.

In applying merger accounting when preparing these Consolidated Financial Statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

## Going concern

The directors have considered the going concern assessment undertaken at Group. The directors have reviewed cash flow forecasts for the Group and considered the impact of the Covid-19 pandemic and Brexit related uncertainty on them, which has included stress testing the Group's cash flow forecasts for severe but plausible downside scenarios and performing a reverse stress test covering the period 12 months from date of signing the financial statements (the going concern assessment period). This period is appropriate due to continued economic uncertainty.

The directors have a reasonable expectation that the Group has adequate resources and cash reserves to continue in operational existence over the going concern assessment period even if economic instability resulted were to have an impact on the portfolio valuations and the ability of customers to repay loans advanced to them.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Group is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence from the date of approval of these financial statements up to 30 June 2023. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2021.

## Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identified the contract with a customer, identifies the performance obligations in the contract; determines the transaction price which takes into account the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

| *Revenue stream* | *Nature, timing of satisfaction of performance obligations and significant payment terms* |
|---|---|
| Advances Income | Forward Advances originates two types of loans, revenue based variable repayment and fixed repayment loans.<br>*Variable repayment loans*<br>The first type of loan has a variable repayment obligation calculated on the revenue generated by the client. These loan receivables are recognised at fair value; therefore, Revenue arises from the movement in the fair value of the loan receivable through profit and loss.<br>*Fixed repayment*<br>The second type of loan receivable originated by Forward Advances has a fixed repayment obligation, these loans are recognised at amortised cost and therefore Interest Income is recognised using the effective interest rate method to give a constant rate of income based on the amount outstanding.<br>Both types of loan income are subject to the requirements of IFRS 9. Accordingly, please see the Financial Instruments section within Accounting Policies for further detail on the specific revenue recognition principles. |
| Studio services | The Group provides services such as product discovery, mobile & web engineering, branding & design, marketing & growth, talent acquisition services and people & culture consultancy services.<br>The performance obligation for studio services overall is that the Group delivers the service to the customer that the customer has contracted with the Group to deliver, subject to the requirements of IFRS 15.<br>For recruitment placement, revenue is recognised at a point in time when the candidate starts work for the customer as that is when the performance obligation is fulfilled.<br>Revenue from other studio services is recognised over time as the Group recognises revenues monthly for the services delivered in that month. Revenue recognition for studio services is based on the number of hours worked by each employee on the customer engagement multiplied by the hourly rate. |

An unbilled receivable (accrued income) is recognised when a performance obligation to a customer is satisfied (and the unconditional right to receive payment is present) but the actual invoice has not been raised and sent to the customer at the year end. Post year end, the invoices are raised and sent to the customer at which point the unbilled receivable is reclassified as trade receivable.

## Finance income and costs

Finance costs comprise interest charged on bank loans in the Forward Advances business and lease liabilities.

## Segmental reporting

An operating segment is defined as a component of an entity:

- that engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's Chief Operating Decision Makers (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The CODM is considered to be the Board of Directors which consists of two executive Directors, three non-executive Directors and two executive Directors of the subsidiaries who are not Directors of Forward Partners Group Plc. The executive Directors take an active role in the operations of the Group on a day-to-day basis.

The Group reports its business activities in three areas: venture capitalist services, loan advances and Studio services, which is reported in a manner consistent with the internal reporting to the Board of Directors.

## Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified, explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of use asset has been reduced to zero.

## Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and low-value assets, including IT equipment. The Group would recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Dilapidations provision

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Group statement of financial position are reported at the rates of exchange prevailing at that date. All foreign exchange gains and losses are presented in the statement of comprehensive income within the administrative expense heading.

## Intangible assets

All finite-life intangible assets accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairments testing as described below. Forward Advances software development costs are amortised on a straight-line basis over their useful economic lives.

Management have determined that 5 years is the most appropriate life as the development of the software is expected to service customers for the foreseeable future.

| | |
|---|---|
| **Forward Advances software** | 20% of cost on a straight-line basis |

## Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All property, plant and equipment with a finite life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment losses are charged to administrative expenses.

## Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over the shorter of the expected useful life or lease term, as follows:

| | |
|---|---|
| **Long leasehold & leasehold improvements** | Over the term of the lease |
| **Right of use assets** | Over the term of the lease |
| **Fixtures and fittings** | 25% of cost on a straight-line basis |
| **Computer equipment** | 33% of cost on a straight-line basis |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, bank overdrafts, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

## Financial instruments

*Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

*Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost;
- fair value through profit or loss (FVPL); or
- fair value through other comprehensive income (FVOCI).

In the year presented the Group does not have any financial assets that would be designated as hedging instruments or financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

*Subsequent measurement of financial assets*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest rate (EIR) method. Discounting is omitted where the effect of discounting is immaterial.

The Group's financial assets at amortised cost includes trade receivables, loan receivables on a fixed repayment schedule and a loan to a director included under other current financial assets (Note 8).

Financial assets at fair value through profit or loss (FVPL) are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Further, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

*Impairment of financial assets*

Trade Receivables are accounted for under the simplified approach. IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Group applies the impairment requirements of IFRS 9. The IFRS 9 impairment model requires a three-stage approach:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECLs") (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit-impaired. For these assets, lifetime ECLs (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised, and interest income is still calculated on the gross carrying amount of the asset. The Group assumes there has been a significant increase in credit risk if outstanding amounts on the financial assets exceed 30 days, in line with the rebuttable presumption per IFRS 9 at which point the assets are considered to be stage 2.
- Stage 3 consists of financial assets that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For these assets, lifetime ECLs are also recognised, but interest income is calculated on the net carrying amount (that is, net of the ECL allowance). The Group defines a default, classified as stage 3, as an asset with any outstanding amounts exceeding a 60-day due date, which reflects the point at which the asset is considered to be credit-impaired.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and recognises a loss allowance for such losses at each reporting date. The measurement of ECLs reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Non-current financial assets*

Non-current financial assets comprise investments in unquoted equity instruments, quoted equity investments and loan notes (unquoted investments) which are measured at fair value.

To determine the fair value of the funds underlying portfolio of investments using one of the below valuation methods at each calendar quarter end:

- If there has been investment within one year, we will calibrate to the Price of Recent Investment (PoRI), when PoRI is an appropriate starting point for estimating fair value. For the calibration, adequate consideration will be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the investee company. These changes in the market or changes in the performance of the investee company (as measured against specified milestones) will be documented and used as the basis of valuations above or below PoRI.
- Where the asset has been held for more than one year without any further investment activity, and there is not a reliable third-party validation of value, and there are inputs for a multiples-based valuation, we will value the asset according to a multiples-based valuation method.
- Quoted equity investments are based on the bid price at the reporting date.

Where the funds have reason to believe the investee company is about to be wound up or has suffered a significant downturn in prospects, it will write the value down to zero or to whatever value is in our best estimate appropriate. Any gain or loss on revaluation is recognised immediately in the profit and loss account.

The values the funds have assigned to the investments are based upon available information and do not necessarily represent amounts which might ultimately be realised. Due to the inherent uncertainty of the valuation, the estimated fair value may differ significantly from the values that would have been determined had the investments been liquidated and those differences could be material.

The value of the Group's non-current financial assets are held at fair value through the profit or loss, any listed investments are valued on the quoted price at the balance sheet date.

Changes in fair value are recognised in the profit and loss.

*Trade receivables*

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 8 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

*Loan receivables*

The Group has determined that loan receivables with fixed repayment obligations are financial assets which are measured at amortised cost. Further, loan receivables with variable repayments and other financial assets are measured at Fair Value Through Profit and Loss ("FVPL").

*Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

## Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss under a business combination. Deferred tax is determined using tax rates and laws that have been substantially enacted by the statement of financial position date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the Group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

## Provisions

These are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

## Carried interest

The Company has established carried interest plans for the Executive Directors other members of the investment team and certain other employees (together the "Plan Participants") in respect of any investments and follow-on investments made within the Groups Limited Partnership Funds.
Plan Participants will receive, the amounts as set out in the table below of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Group has been repaid the Priority Profit Share (PPS) and received an aggregate amount equal to 6% per annum calculated on a monthly basis, compounded annually on the initial capital and loan funds put into the partnerships to fund the investments and PPS (the 'hurdle').

**Carried interest distribution**

| *Limited Partnership* | *Amount equivalent to hurdle* | *Balance of profits* |
|---|---|---|
| Fund I | 20.8% | 20.8% |
| Fund II | 25.0% | 20.0% |
| Fund III | 25.0% | 10.0% |

The carried interest plans run from inception to cessation of the partnership for fund I and II and for Fund III the carried interest fee operates in respect of investments made during a 24 month period and related follow-on investments made for a further 36 month period, save that the first carried interest fee shall be in respect of the period from the Group admission to AIM to 31 December 2021.

Carried interest is measured at FVTPL with reference to the performance conditions described above and is accrued as a non current liability as the Funds are consolidated into the Group results.

Carried Interest is calculated based on the valuation of the Company's investments as at the year end, assuming all the investments were converted to cash at that point, less estimated selling costs. The actual amount payable will be dependent on the amount and timing of the actual realisations of the portfolio investments.

Based on the investment valuations as at 31 March 2021 the hurdle has been met in Fund I and II, on an unrealised basis, as such carried interest has been provided for. This will only be payable if the hurdle is met on a realised basis and a carried interest fee is paid by the Group to the Plan Participants.
The carried interest arrangements have been set up with aim of incentivising employees of the Group and aligning them with shareholders through participation in the realised investment profits of the Group. The Remuneration Committee determine the allocation of the carried interest amongst employees of the Group. Each carried interest plan is subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by the Remuneration Committee. Non-executive Directors of the Company are not eligible to participate in the carried interest arrangements.

## Merger reserve

To the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve, along with an adjustment to reflect the share capital and share premium of the legal parent. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

## Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The proceeds of share issues, received net of any directly attributable transaction costs, are credited to share capital at nominal value and the excess credited to the share premium account. Retained earnings represent the accumulated profits and losses, less dividends since the Group was formed.

## Employee benefits and Pensions

The Group supports various personal pension arrangements and is auto-enrolment compliant. Payments are made to individual defined contribution pension schemes. Agreed contributions are charged to the statement of comprehensive income as they become payable.

## Share based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group has not issued any cash-settled awards during the year.

*Equity-settled transactions*

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 16. That cost is recognised in employee benefits expense (Note 15), together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 19).

## Financial Risk Management

*Financial risk*

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the board which evaluate and manage financial risks in close co-operation with the managing directors of the subsidiary companies. The Group:

- regularly reviews credit extended to customers with appropriate action being taken to minimise the cost of bad debts;
- balances risk and return when assessing where to place cash surplus to the Group's immediate requirements; and
- keeps open options to employ debt finance to ensure that the Group has sufficient funds for continuing operations and planned expansions.

*Market risk*

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, currency risk, and certain other price risks, which result from both its operating and investing activities. The Group has interest-bearing assets which are subject to a fixed rate of interest. Thus, the Group is exposed to interest rate risk, which is not expected to have a significant impact on profit or loss or equity. The Group considers its exposure to currency risk as minimal.

*Foreign exchange risk*

Most of the Group's transactions are carried out in GBP. Exposures to currency exchange rates arise from the Group's portfolio company investments in overseas companies, which are primarily denominated in US dollars (USD) and Euros (EUR). The Group has two non-current asset investments dominated in US dollars (USD). These investments will have revenues dominated in US dollars (USD), which could impact the fair value, albeit do not have a direct impact on the Group's operations.
The Group monitors its exposure to foreign exchange risks on a regular basis but its exposure to date has been de-minimis and the cost of any FX hedging strategy is not deemed cost effective.

*Credit risk*

The principal credit risk the Group is exposed to arises on the issuing of new loan to customers. The Group has implemented strong credit vetting policies that require appropriate credit checks via credit checking agencies, background financial checks on companies and Know Your Client (KYC) checks on potential customers and directors before loans are made.

*Liquidity risk*

The Group keeps open avenues for securing debt finance to ensure that funds may be called upon if and when needed for operations and payments due in respect of acquisitions. The board monitors the Group's liquidity position on the basis of expected cash flow on a regular basis.

The following table analyses the Group's financial liabilities, which will be settled on a net basis, into relevant maturity groupings, based on the remaining period to maturity at 31 December. The amounts disclosed are the contractual undiscounted cash flows:

| At 31 December 2021 | Less than 1 year £'000 | Between 1&2 years £'000 | Between 2&5 years £'000 | Over 5 years £'000 |
|---|---|---|---|---|
| Trade payables | 165 | - | - | - |
| Lease liabilities | 30 | - | - | - |
| Non-current financial liabilities | - | - | 934 | 11,288 |
| **Total** | 195 | - | 934 | 11,288 |

| At 31 December 2020 | Less than 1 year £'000 | Between 1&2 years £'000 | Between 2&5 years £'000 | Over 5 years £'000 |
|---|---|---|---|---|
| Trade payables | 53 | - | - | - |
| Lease liabilities | 178 | - | - | - |
| Non-current financial liabilities | - | 30 | - | 5,638 |
| **Total** | 231 | 30 | - | 5,638 |

*Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group defines capital as loans, share capital plus reserves. The Group is not subject to any externally imposed capital requirements. The board monitors levels of cash and any excess levels have historically been used for acquisition.

*Other pricing sensitivities*

The Group is exposed to other price risk in respect of its listed equity securities and within the use of the multiples-based valuation method of investments (Note 2). The investments in listed and unlisted equity securities are considered long-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilised in the Group's favour.

## 2. Significant accounting judgements, estimates and assumptions

The Group may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Non-current financial assets

The Group's Non-current financial assets held at fair value through the profit or loss represent our investments in the equity of quoted and unquoted companies which are very thinly traded and for which no market exists. These investments are measured at fair value through the profit or loss at the year end. The Group's valuation of investments measured at fair value through profit or loss is therefore dependent upon estimations of the valuation of the underlying portfolio companies.

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines December 2018 as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the Covid-19 crisis ("IPEV Guidelines"). An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The Group invests in early-stage and growth technology companies. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to observable market data, being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Recent transactions may include post year-end as well as pre year-end transactions depending on the nature and timing of these transactions.

If this methodology is used, its initial use and the length of period for which it remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed. In addition, the inputs to the valuation model (e.g. revenue, comparable peer group, product roadmap) will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance and technical/product milestones since the round and the company's trading performance relative to the expectations of the round.

The Group considers alternative methodologies in the IPEV Guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value. When using multiples, we consider public traded multiples in similar lines of business, which are adjusted based on the relative growth potential and risk profile of the subject company versus the market and to reflect the degree of control and lack of marketability.

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

In all cases, valuations are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the Group may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

### Provision for expected credit losses of financial assets

Given the length of time the Group has been supplying loans to customers it does not have sufficient historical information and observed default rates in which to base its provision matrix. The Group therefore relies on recent trading history with customers and forward-looking information.

The assessment of the information correlation between recent trading history, forward looking information, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's recent credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets is disclosed in Note 8 & 9.

### Accounting for merger on formation of the group

As disclosed in the Group's accounting policies the Group is required to apply a suitable accounting policy to account for the formation of the Group. IAS 8 para 12 specifically states '...management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices...". Accordingly, managements considerations in formulating the accounting policy are a significant accounting judgement.

The Group was formed in the year to bring together the investment management company and the funds it managed into a new venture capital investment group realising the vision of members of the Management team which was shared with key investors. Management consider that Forward Partners Management Company Limited is the accounting acquirer of Forward Partners Group Plc as the latter did not trade, nor was it considered a business, prior to the merger and the transaction was not one that is subject to common control.

In relation to the merger of Forward Partners 1 Limited Partnership, Forward Partners II Limited Partnership, Forward Partners III Limited Partnership with Forward Partners Group Plc management have applied merger accounting on the basis that the transaction was one under common control. Management have elected to present the numbers on a retrospective presentation method, so that it is consistent with the accounting treatment for Forward Management Company Limited.

Management also considers the transaction to acquire Forward Advances took place under common control and therefore have applied the same policy as those for the funds. Up until Forward Advances was acquired the company was held as an investment at fair value within the fund, Forward Partners II Limited Partnership. From the date of the transaction, management consider that the Forward Partners Venture Advance Limited is no longer an investment held at fair value, as its purpose was to enable the Group to offer revenue-based financing to its customers as an alternative to venture capital funding. Accordingly, applying the retrospective presentation method results in no comparatives being shown during the period in which company was held within the fund.

## 3. Revenue

| | *31.12.21* *£'000* | *31.12.20* *£'000* |
|---|---|---|
| Fees on Advances | 266 | - |
| Interest on Convertible Loan Notes | 17 | - |
| Investment Fees | - | 6 |
| From external customers | 543 | 599 |
| **Total revenue** | **826** | 605 |

# 4. Segmental reporting

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. Forward Partners Group Plc's operating segments are by subsidiary company as the directors and management team receive and make decisions based on monthly management accounts by subsidiary. A description of each subsidiary's activities is included on page 2 of this report.

The following table shows the Group's revenue and results for the year under review analysed by operating segment. Segment operating profit represents the trading profit after depreciation, but before tax and management charges. The management charges represent Group overheads and are reflected in the operating loss of the parent company. All revenue arose in the UK and all assets are located in the UK.

| **Year ended 31 December 2021** | *Revenue £'000* | *Depreciation £'000* | *Operating profit/(loss) £'000* | *Net interest £'000* | *Profit/(loss) before tax £'000* | *Taxation £'000* | *Deferred taxation £'000* | *Profit/(loss) after tax £'000* |
|---|---|---|---|---|---|---|---|---|
| Ventures | 27,298 | (200) | 18,008 | (4) | 18,004 | (1) | (1) | 18,002 |
| Studio* | 543 | (4) | (60) | - | (60) | - | - | (60) |
| Advances** | 366 | (9) | (1,046) | (84) | (1,130) | - | (2) | (1,132) |
| | 28,207 | (213) | 16,902 | (88) | 16,814 | (1) | (3) | 16,810 |
| Forward Partners Group Plc | - | - | (335) | - | (335) | 1 | - | (334) |
| **Total** | **28,207** | **(213)** | **16,567** | **(88)** | **16,479** | **-** | **(3)** | **16,476** |

| **Year ended 31 December 2020** | *Revenue £'000* | *Depreciation £'000* | *Operating profit/(loss) £'000* | *Net interest £'000* | *Profit/(loss) before tax £'000* | *Taxation £'000* | *Deferred taxation £'000* | *Profit/(loss) after tax £'000* |
|---|---|---|---|---|---|---|---|---|
| Ventures | 4,648 | (191) | (3,555) | (12) | (3,567) | 23 | - | (3,544) |
| Studio* | 571 | (3) | (404) | - | (404) | - | - | (404) |
| Advances** | - | - | - | - | - | - | - | - |
| | 5,219 | (194) | (3,959) | (12) | (3,971) | 23 | - | (3,948) |
| Forward Partners Group Plc | - | - | - | - | - | - | - | - |
| **Total** | **5,219** | **(194)** | **(3,959)** | **(12)** | **(3,971)** | **23** | **-** | **(3,948)** |

**The Studio design services were also utilised by the Advances segment throughout the whole of 2020 and for the first part of 2021 until it became an operating subsidiary of the Group.*

***The Advances segment was held as an investment in 2020 up to 18 July 2021. On the 19 July 2021 the Advances segment became an operating subsidiary of the Group.*

Revenues from one customer within the Studio services segment totalled £267k (2020:£152k), this representing 48% of its total revenue (2020:25%).

The table below shows assets and liabilities by subsidiary, exclusive of inter-company balances.

| **As at 31 December 2021** | *Non-current asset additions £'000* | *Non-current assets £'000* | *Current assets £'000* | *Total assets £'000* | *Current liabilities £'000* | *Non-current liabilities £'000* | *Total liabilities £'000* | *Net operating assets £'000* |
|---|---|---|---|---|---|---|---|---|
| Ventures | 11,907 | 117,627 | 404 | 118,031 | (229) | - | (229) | 117,802 |
| Studio | - | 37 | 396 | 433 | (294) | - | (294) | 139 |
| Advances | 85 | 76 | 4,823 | 4,899 | (97) | (934) | (1,031) | 3,868 |
| | 11,992 | 117,740 | 5,623 | 123,363 | (620) | (934) | (1,554) | 121,809 |
| Forward Partners Group Plc | - | - | 29,154 | 29,154 | (89) | (11,297) | (11,386) | 17,768 |
| **Total** | **11,992** | **117,740** | **34,777** | **152,517** | **(709)** | **(12,231)** | **(12,940)** | **139,577** |
| **Net Assets** | | | | | | | | **139,577** |

| **As at 31 December 2020** | *Non-current asset additions £'000* | *Non-current assets £'000* | *Current assets £'000* | *Total assets £'000* | *Current liabilities £'000* | *Non-current liabilities £'000* | *Total liabilities £'000* | *Net operating assets £'000* |
|---|---|---|---|---|---|---|---|---|
| Ventures | 5,879 | 86,740 | 846 | 87,586 | (267) | (5,654) | (5,921) | 81,665 |
| Studio | 10 | 143 | 240 | 383 | (325) | (20) | (345) | 38 |
| Advances | - | - | - | - | - | - | - | - |
| | 5,889 | 86,883 | 1,086 | 87,969 | (592) | (5,674) | (6,266) | 81,703 |
| Forward Partners Group Plc | - | - | - | - | - | - | - | - |
| **Total** | **5,889** | **86,883** | **1,086** | **87,969** | **(592)** | **(5,674)** | **(6,266)** | **81,703** |
| **Net Assets** | | | | | | | | **81,703** |

# 5. Auditor's remuneration

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| **Grant Thornton UK LLP** | | |
| Fees payable to the company's auditor for the audit of the annual parent company and consolidated accounts | 80 | - |
| Audit of the financial statements of the company's subsidiaries | 143 | 32 |
| **Total audit** | **223** | **32** |
| Audit-related assurance services | 6 | 12 |
| **Total audit and assurance services** | **229** | **44** |
| Tax compliance services | 25 | - |
| Tax advisory services* | 95 | - |
| Transaction advisory services* | 280 | - |
| **Total non-audit services** | **400** | **-** |
| **Total** | **629** | **44** |

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| **Shipleys LLP** | | |
| Audit of the financial statements of the company's subsidiaries | - | 14 |
| Audit-related assurance services | 7 | 6 |
| **Total audit and assurance services** | **7** | **20** |
| Tax compliance services | - | 2 |
| **Total non-audit Services** | **-** | **2** |
| **Total** | **7** | **22** |
| **Total fees payable to current and previous auditors** | **636** | **66** |

** Fees payable to the company's auditor for other services related to the costs associated with the listing on the London Stock Exchange.*

# 6. Intangible assets

| | Software £'000 | Total £'000 |
|---|---|---|
| **Cost** | | |
| At 1 January 2021 | - | - |
| Additions | 79 | 79 |
| At 31 December 2021 | **79** | **79** |
| **Depreciation/Amortisation** | | |
| At 1 January 2021 | - | - |
| Charge for the year | 8 | 8 |
| At 31 December 2021 | **8** | **8** |
| **Net Book Value** | | |
| At 31 December 2021 | **71** | **71** |
| At 31 December 2020* | - | - |

** The prior year opening balance was nil and there were no additions or disposals during it.*

# 7. Property, plant and equipment

| | Right of Use Asset £'000 | Long Lease-hold £'000 | Fixtures & Fittings £'000 | Computer Equipment £'000 | Totals £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2021 | 541 | 28 | 18 | 69 | 656 |
| Additions | - | - | - | 21 | 21 |
| Disposals | - | - | - | (11) | (11) |
| At 31 December 2021 | **541** | **28** | **18** | **79** | **666** |
| **Depreciation** | | | | | |
| At 1 January 2021 | 323 | 23 | 10 | 42 | 398 |
| Charge for the year | 181 | 1 | 3 | 20 | 205 |
| Disposals | - | - | - | (9) | (9) |
| At 31 December 2021 | **504** | **24** | **13** | **53** | **594** |
| **Net Book Value** | | | | | |
| At 31 December 2021 | **37** | **4** | **5** | **26** | **72** |

| | Right of Use Asset £'000 | Long Lease-hold £'000 | Fixtures & Fittings £'000 | Computer Equipment £'000 | Totals £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2020 | 541 | 28 | 16 | 55 | 640 |
| Additions | - | - | 2 | 16 | 19 |
| Disposals | - | - | - | (2) | (2) |
| At 31 December 2020 | **541** | **28** | **18** | **69** | **657** |
| **Depreciation** | | | | | |
| At 1 January 2020 | 143 | 21 | 8 | 34 | 206 |
| Charge for the year | 180 | 2 | 2 | 10 | 195 |
| Disposals | - | - | - | (2) | (2) |
| At 31 December 2020 | **323** | **23** | **10** | **42** | **399** |
| **Net Book Value** | | | | | |
| At 31 December 2020 | **218** | **5** | **8** | **27** | **258** |

# 8. Financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

| **Year ended 31 December 2021** | *Amortised Cost £'000* | *FVPL £'000* | *Total £'000* |
|---|---|---|---|
| **Financial Assets** | | | |
| Non-current financial assets | - | 117,597 | 117,597 |
| Current financial assets | 1,499 | 804 | 2,303 |
| Trade receivables and cash held in e-commerce banks | 1,169 | - | 1,169 |
| Cash and cash equivalents | 31,066 | - | 31,066 |
| | 33,734 | 118,401 | 152,135 |
| **Financial liabilities** | | | |
| Trade payables | 165 | - | 165 |
| Lease liabilities (Note 21) | 30 | - | 30 |
| Non-current financial liabilities | 934 | 11,288 | 12,222 |
| | 1,129 | 11,288 | 12,417 |

| **Year ended 31 December 2020** | *Amortised Cost £'000* | *FVPL £'000* | *Total £'000* |
|---|---|---|---|
| **Financial Assets** | | | |
| Non-current financial assets | - | 86,625 | 86,625 |
| Trade and other receivables (Note 10) | 583 | - | 583 |
| Cash and cash equivalents | 503 | - | 503 |
| | 1,086 | 86,625 | 87,711 |
| **Financial liabilities** | | | |
| Trade and other payables (Note 12) | 414 | - | 414 |
| Lease liabilities (Note 21) | 178 | - | 178 |
| Deferred tax (Note 13) | 6 | - | 6 |
| Non-current financial liabilities | 30 | 5,638 | 5,668 |
| | 628 | 5,638 | 6,266 |

The methods used to measure financial assets and liabilities reported at fair value are described in the accounting policies section of this report.

Non-current financial assets includes £500k for the purchase of Jonathan McKay's interest in Forward Partners Carried Interest L.P. during 2021. See note 22 for further detail.

Current financial assets relate entirely to loans receivable by the Group. At 31 December 2021 there were £620k (2020: n/a) impaired loans receivables. The maximum exposure to credit risk at the year-end is the fair value of each class of receivable. The Group does not hold any collateral as security.

The ageing of financial assets over the Group's normal credit terms is:

| **31 December 2021** | *Amortised Cost £'000* | *FVPL £'000* | *Total £'000* |
|---|---|---|---|
| Up to 3 months | 1,253 | 551 | 1,804 |
| 3 – 6 months | 246 | 234 | 480 |
| Over 6 months | - | 19 | 19 |
| | 1,499 | 804 | 2,303 |

| **31 December 2020** | *Amortised Cost £'000* | *FVPL £'000* | *Total £'000* |
|---|---|---|---|
| Up to 3 months | - | 166 | 166 |
| 3 – 6 months | - | 62 | 62 |
| Over 6 months | - | 12 | 12 |
| | - | 240 | 240 |

| Non-current financial assets | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| **Cost** | | |
| At 1 January 2021 | 86,625 | 76,338 |
| Additions | 11,899 | 5,870 |
| Disposals | (8,174) | (197) |
| Unrealised gains on the revaluation of investments | 27,247 | 4,614 |
| At 31 December 2021 | **117,597** | **86,625** |

The Additions include £8,799k in new venture investments, £2,600k in Forward Partners Venture Advance Limited before it was transferred from Fund II to Forward Partners Group PLC and £500k in Forward Partners Carried Interest General Partner Limited.

Disposals include £3,200k for Forward Partners Venture Advance Limited transfer from the fund to be held directly by the company.

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the assets or liabilities.

The Non-current financial assets are all recognised at fair value through the profit & loss. The assets represent the portfolio company investments held through the groups limited partnership fund subsidiaries. The Group's finance team performs the valuations of the funds' portfolio investments with the assistance of the investment manager for financial reporting purposes. Valuation techniques are based on the International Private Equity and Venture Capital Valuation (IPEVCV) guidelines December 2018 as well as the IPEV Board, Special Valuation Guidance issued on 31 March 2020 in response to the Covid-19 crisis as described in the accounting policies and significant accounting judgements sections of this report.

The following table provides an analysis of the financial assets held by the partnership, which are measured subsequent to initial recognition, at fair value as per the accounting policies set out in note 1.

## Financial assets at fair value through the profit or loss

| 31 December 2021 | *Level 1 £'000* | *Level 2 £'000* | *Level 3 £'000* | *Total £'000* |
|---|---|---|---|---|
| Non-current | 4,869 | - | 112,728 | 117,597 |
| Current | - | - | 804 | 804 |
| | 4,869 | - | 113,532 | 118,401 |

| 31 December 2020 | *Level 1 £'000* | *Level 2 £'000* | *Level 3 £'000* | *Total £'000* |
|---|---|---|---|---|
| Non-current | - | - | 86,625 | 86,625 |
| Current | - | - | - | - |
| Total | - | - | 86,625 | 86,625 |

## Financial liabilities – interest-bearing loans and borrowings

| 31 December 2021 | *Interest rate %* | *Maturity* | *31.12.21 £'000* |
|---|---|---|---|
| **Current interest-bearing loans and borrowings** | | | |
| Lease liabilities (Note 22) | 4.50 | 2022 | 30 |
| Total current interest-bearing loans and borrowings | | | 30 |
| **Non-current interest-bearing loans and borrowings** | | | |
| Secured bank loan | 11.75 | 2024 | 934 |
| Total non-current interest-bearing loans and borrowings | | | 934 |
| Total interest-bearing loans and borrowings | | | 964 |

| 31 December 2020 | *Interest rate %* | *Maturity* | *31.12.20 £'000* |
|---|---|---|---|
| **Current interest-bearing loans and borrowings** | | | |
| Lease liabilities (Note 21) | 4.50 | 2022 | 178 |
| Total current interest-bearing loans and borrowings | | | 178 |
| **Non-current interest-bearing loans and borrowings** | | | |
| Lease liabilities | 4.50 | 2022 | 30 |
| Total non-current interest-bearing loans and borrowings | | | 30 |
| Total interest-bearing loans and borrowings | | | 208 |

### *Secured bank loan*

The loan is a £5.0m revolving facility provided by Triple Point Advancr Leasing PLC under an agreement signed on 15 July 2021. The loan is repayable on the third anniversary of the loan, by 15 July 2024. The loan can only be used to finance loans made by Forward Partners Venture Advance Limited to customers up to a maximum of 80% of the origination value.

The facility is secured by a fixed and floating charge over the Group's subsidiary, Forward Partners Venture Advance Limited in favour of Triple Point Advancr Leasing Plc.

# 9. Financial instruments risk

## Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and ensure any limits are adhered to. The Group's activities are reviewed regularly and potential risks are considered.

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 7. The main types of risks are market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

## Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- investments;
- trade and other receivables;
- loan receivables (including financial assets valued at amortised cost and financial assets valued at FVTPL*);
- cash and cash equivalents;
- trade and other payables;
- bank borrowings; and
- lease liabilities.

*(*Fair value through the profit or loss)*

## Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

*Market Risk – Foreign Currency Risk*

Most of the Group's transactions are carried out in GBP. Exposure to currency exchange rates arise from the Group's overseas purchases, of those which are overseas purchase, they are primarily denominated in US dollars (USD). The Groups also holds overseas investments within the Fund investments held at fair value through the profit or loss.

The majority of the Group's investments and cash deposits are denominated in Pound Sterling. The Group holds cash deposits in EUROs (EUR). The principal currency exposure risk is due to changes in the exchange rate between GBP and USD/EUR. Presented below is an analysis of the theoretical impact of 10% volatility in the exchange rate on shareholder equity.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into GBP at the closing rate:

| **31 December 2021** | *Short-term exposure* | | | *Long-term exposure* | |
|---|---|---|---|---|---|
| | *GBP £'000* | *USD £'000* | *EUR £'000* | *GBP £'000* | *USD £'000* |
| Financial assets | 34,759 | - | 25 | 112,506 | 5,234 |
| Financial liabilities | (709) | - | - | (12,231) | - |
| **Total exposure** | **34,050** | **-** | **25** | **100,275** | **5,234** |

| **31 December 2020** | *Short-term exposure* | | | *Long-term exposure* | |
|---|---|---|---|---|---|
| | *GBP £'000* | *USD £'000* | *EUR £'000* | *GBP £'000* | *USD £'000* |
| Financial assets | 1,086 | - | - | 86,883 | - |
| Financial liabilities | (592) | - | - | (5,674) | - |
| **Total exposure** | **494** | **-** | **-** | **81,209** | **-** |

The following table illustrates the sensitivity of profit and equity in relation to the Group's financial assets and financial liabilities and the USD/GBP exchange rate and the EUR/GBP exchange rate 'all other things being equal'. It assumes a theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR. These percentages have been determined based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the group's foreign currency financial instruments held at each reporting date.

Most of the Groups investments are denominated in GBP except for its holding in Cazoo shares which listed on the New York stock exchange in August 2021.

If the GBP had strengthened or weakened against the USD by 10% and EUR by 10% respectively then this would have had the following impact:

| Foreign currency exposures – Investments | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| Investments denominated in USD | 5,234 | n/a |
| 10% increase in USD:GBP* | 4,759 | n/a |
| 10% decrease in USD:GBP* | 5,710 | n/a |

Some of the Group's cash deposits were held in a Euro bank account at the year end. The theoretical impact of a change in the exchange rate of +/-10% between GBP and EUR these balances would be as follows:

| Foreign currency exposures – Cash | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| Cash denominated in Euro | 21 | n/a |
| 10% increase in Euro:GBP* | 19 | n/a |
| 10% decrease in Euro:GBP* | 23 | n/a |

The combined theoretical impact on shareholders' equity of the changes to investments and cash and cash equivalents of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

| Foreign currency exposures – Cash | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| Shareholders Equity | 139,577 | 81,703 |
| 10% increase in Euro:GBP* | 139,100 | 81,703 |
| 10% decrease in Euro:GBP* | 140,055 | 81,703 |

**where there is a sensitivity contained within the Market Risk sections the amount is inclusive of the impact of the sensitivity.*

### *Market Risk – Price risk*

The Group's investments are susceptible to price risk arising from uncertainties about the future price of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements which have been heighted due to the impact of COVID-19 and the war in Ukraine.

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at FVTPL (Note 7). These equity rights are held in unquoted high growth technology companies and are valued by reference to revenue or earnings multiples of quoted comparable companies or last round price. These valuations are subject to market movements.

The Group seeks to manage this risk by routinely monitoring the performance of these investments and employing rigorous appraisal processes.

The theoretical impact of a fluctuation of +/- 10% would have the following impact:

| | *Revenue-multiple £'000* | *Last round price £'000* |
|---|---|---|
| As at 31 December 2021* | 2,804 | 8,906 |
| As at 31 December 2020* | 4,493 | 4,169 |

The Group further flexed the theoretical impact by 25% given the volatility resulting from the Covid-19 pandemic, war in Ukraine and current macro economic uncertainty. Theoretical impact of a fluctuation of +/- 25% would have the following impact:

| | *Revenue-multiple £'000* | *Last round price £'000* |
|---|---|---|
| As at 31 December 2021* | 7,009 | 22,265 |
| As at 31 December 2020* | 11,233 | 10,423 |

### *Market Risk – Interest rate risk*

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 31 December all borrowings are at fixed interest rates. There are no significant interest-rate risks as the only interest-bearing assets are cash and cash equivalents. The Group considers there to be no material interest rate exposures.

### *Liquidity Risk*

Cash and cash equivalents comprise cash and short-term bank deposits held in readily-accessible bank accounts. The carrying amount of these assets is approximately equal to their fair value. The Group manages its liquidity needs by maintaining adequate reserves and by continuously monitoring forecast and actual cashflows and utilisation of the loan facility.

Liquidity needs are monitored in various time bands, on a week-to-week basis, as well as on the basis of a rolling 12-month projection. Long-term liquidity needs for a 360-day lookout period are identified quarterly. Net cash requirements are compared to the available borrowing facility in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 12-month periods at a minimum. This objective was met for the reporting year. Funding for long-term liquidity needs is additionally secured by an adequate amount of a committed credit facility and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and, current financial assets (loans held at amortised cost & fair value through the profit or loss and trade receivables). The Group's existing cash resources and current assets (see Note 8 and 10) significantly exceed the current cash outflow requirements.

*Credit risk*

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and financial assets.

The credit risk is managed on a group basis based on the Group's risk management policies and procedures. The Group is exposed to this risk for various financial instrument; namely trade receivables, loan receivables and cash held at banks. The Group's maximum exposure to credit risk is limited to the carrying amount of trade receivables, loan receivables and cash at bank and in hand at 31 December 2021, as summarised below:

| **Classes of financial assets impacted by credit risk: Carrying amount** | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| Trade receivables | 1,169 | 241 |
| Loans receivable – valued at amortised cost | 1,499 | - |
| Loans receivable – valued at FVTPL | 804 | - |
| Cash at bank and in hand | 31,066 | 503 |
| | 34,538 | 744 |

The Group monitors the credit quality of customers based on customer score cards. When available credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The credit terms for Studio customers are typically 30 days. Repayment periods for loans issued to customers range between three months and six months. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of aging analysis, together with trading and repayments history.

In respect of trade and other receivables, the Group is not exposed to significant risk as the principal customers are the investment funds managed by the Group, and in these the Group has control of the banking as part of its management responsibilities.

The credit risk in respect of cash balances and deposits held with banks are managed by only holding money with major reputable financial institutions.

## Trade and loan receivables

Under IFRS 9, the Group is required to provide for trade receivables and loans measured at amortised cost under the expected credit loss ("ECL") model.

In measuring the expected credit losses, the trade and other receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The expected loss rates are based on the payment profile for sales over the past 12 months before 31 December 2021 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade and other receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. This is assessed on an individual debtor basis as required.

As at the year end the Group had £154k trade receivables (2020: £240k) and held other receivables of £429k (2020: £343k).

In measuring the expected credit losses, in respect of Financial Assets measured at amortised cost the impairment is based on the ECLs associated with the probability of default of that loan in the next 12 months unless there has been a significant increase in credit risk of that loan since origination. The Group assumes there has been a significant increase in credit risk if repayments have not been made for three consecutive weeks or four weeks in total.

The Group defines a default as a Financial Assets where there have been no repayments for six consecutive weeks. When loans are made by Forward Advances, they are targeted to be repaid within 6 months. At 31 December 2021 (31 December 2020: Nil) there was only one Advance that had a significant increase in credit risk since initial recognition and this was deemed credit impaired and categorised as stage 3. All other loans had not had a significant increase in credit risk since initial recognition and were categorised as Stage 1 as they were all deemed repayable within the 6-month target.

## Overall ECL disclosures

### Loans and advances at amortised cost

| As at 31 December 2021 | | | | |
|---|---|---|---|---|
| Gross value | £'000 | £'000 | £'000 | £'000 |
| | *Stage 1* | *Stage 2* | *Stage 3* | *Total* |
| Gross loan value | 1,505 | - | 243 | 1,748 |
| Impairment Allowance | (6) | - | (243) | (249) |
| Net exposure | 1,499 | - | - | 1,499 |
| Coverage Ratio | 0.4% | 0.0% | 100% | 14.2% |

The Group applies the impairment requirements of IFRS 9. The IFRS 9 impairment model requires a three-stage approach:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECLs") (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit-impaired. For these assets, lifetime ECLs (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised, and interest income is still calculated on the gross carrying amount of the asset. The Group assumes there has been a significant increase in credit risk if outstanding amounts on the financial assets exceed 30 days, in line with the rebuttable presumption per IFRS 9 at which point the assets are considered to be stage 2.
- Stage 3 consists of financial assets that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For these assets, lifetime ECLs are also recognised, but interest income is calculated on the net carrying amount (that is, net of the ECL allowance). The Group defines a default, classified as stage 3, as an asset with any outstanding amounts exceeding a 60-day due date, which reflects the point at which the asset is considered to be credit-impaired.

# 10. Trade and other receivables

| | *31.12.21* *£'000* | *31.12.20* *£'000* |
|---|---|---|
| Trade receivables | 137 | 240 |
| Prepayments and accrued income | 78 | 67 |
| Other debtors | 1,196 | 276 |
| **Total** | **1,411** | **583** |

## Allowance for expected credit losses are as follows:

| | *31.12.21* *£'000* | *31.12.20* *£'000* |
|---|---|---|
| At 1 January2021 | 56 | 21 |
| Increase in allowance for credit losses | 249 | 56 |
| Decrease in allowance for credit losses | (56) | (21) |
| **At 31 December 2021** | **249** | **56** |

The creation and release of the provision for impaired receivables is included in administrative expenses in the statement of comprehensive income. Amounts are written off when there is no expectation of recovering additional cash. Amounts provided for or written off during the year totalled £901k (2020: £56k). The other classes within trade and other receivables do not contain impaired assets.

# 11. Called up share capital

| *Called up, allotted and fully paid* | *No. of shares (Nominal value of £1)* | *No. of shares (Nominal value of 1p)* | *Ordinary shares £'000* | *Share premium £'000* | *Total £'000* |
|---|---|---|---|---|---|
| Balance at 1 January 2020 | 1 | - | - | - | - |
| **At 31 December 2020** | **1** | - | - | - | - |
| Issue of shares | (1) | 134,613,117 | 1,346 | 133,267 | 134,613 |
| Expense of listing issue costs | - | - | - | (2,276) | (2,276) |
| **At 31 December 2021** | - | **134,613,117** | **1,346** | **130,991** | **132,337** |

Ordinary shares carry full and equal rights to participate in voting in all circumstances, in dividends and in capital distributions, whether on a winding up basis or otherwise. The shares are not redeemable. The shares were issued for £1.00 per share with a nominal share value of £0.01. The £0.99 per share was taken to the share premium account.

# 12. Trade and other payables

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| Trade payables | 165 | 22 |
| Social security and other taxes | 141 | 114 |
| Other payables and accruals | 376 | 278 |
| **Total** | **682** | **414** |

# 13. Deferred tax

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| At 1 January | 6 | 7 |
| (Credited)/debited to income statement | 3 | (1) |
| **At 31 December** | **9** | **6** |

# 14. Expenses by nature

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| Staff related costs (Note 15) | 3,502 | 2,148 |
| Carried interest charge | 5,650 | 5,638 |
| Listing costs | 400 | - |
| Marketing costs | 227 | 8 |
| Premises expenses | 278 | 103 |
| Write offs | 836 | 43 |
| Other expenses | 533 | 1,044 |
| **Total administrative expenses** | **11,426** | **8,984** |

# 15. Employees

| Staff costs (including executive directors) | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| Wages and salaries | 2,942 | 1,785 |
| Social security costs | 331 | 244 |
| Post-employment benefits | 100 | 87 |
| Short-term employee benefits | 123 | 32 |
| Long-term employee benefits (Share-based payments) (Note 16) | 6 | - |
| **Staff Costs** | **3,502** | **2,148** |
| Carried Interest | 5,622 | 2,702 |
| | **9,124** | **4,850** |

The average monthly number of employees during the year was as follows:

| | | |
|---|---|---|
| Directors | 7 | 3 |
| Administrative | 22 | 16 |
| **Total** | **29** | **19** |

The aggregate compensation for key management, being the members of the board of Forward Partners Group Plc and the directors of the subsidiary companies, was as follows:

| | 31.12.21 £'000 | 31.12.20 £'000 |
|---|---|---|
| Wages and salaries | 733 | 546 |
| Social security costs | 95 | 69 |
| Post-employment benefits | 33 | 30 |
| Short-term employee benefits | 11 | 7 |
| Long-term employee benefits (Share-based payments) | 7 | - |
| **Total** | **879** | **652** |
| Carried Interest | 2,697 | 2,671 |
| **Total** | **3,576** | **3,323** |

# 16. Share based payments

*General Employee Share Option Plan (GESP)*

Under the Long-Term Investment Plan (LTIP), the Group, at its discretion, may grant share options of the Group to employees and directors, once the employee has passed probation. Vesting of the share options is dependent on the Group's total shareholder return (TSR) and realisation proceeds performance conditions (RPPC) on a 75% and 25% split respectively.

The fair value of share options granted subject to the TSR element is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. The model simulates the TSR and compares it against the group of principal competitors. It takes into account the expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The fair value of share options granted subject to the RPPC is estimated at the date of grant using the Black-Scholes method, taking into account the terms and conditions on which the share options were granted. The method expected level of achievement for this condition based on the forecast actual values for these targets provided by the Group as at the 31 December 2021.

The exercise price of the share options is £0.01 on the date of grant. The contractual term of the share options is six years and there are no cash settlement alternatives for the employees.

*Advances Employee Share Option Plan (AESP)*

Under the Long-Term Investment Plan (LTIP), the Group, at its discretion, may grant share options of the Group to employees and directors, once the employee has passed probation. Vesting of the share options is dependent on the Forward Partners Venture Advance Limited performance conditions over the performance period; 60% based on new Advances (loans) made by the company, 20% on the loan default rate and 20% on the gross IRR.

The fair value of share options granted is estimated at the date of grant using the Black-Scholes method, considering the terms and conditions on which the share options were granted. The method expected level of achievement for this condition based on the forecast actual values for these targets provided by the Group as at the 31 December 2021.

The exercise price of the share options is £0.01 on the date of grant. The contractual term of the share options is six years and there are no cash settlement alternatives for the employees.

The expense recognised for employee services received during the year is shown in the following table:

| | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | 6 | - |
| **Total expense arising from share-based payment transactions** | **6** | **-** |

There were no cancellations or modifications to the awards during the year.

*Movements during the year*

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | *31.12.21 Number* | *31.12.21 WAEP* | *31.12.20 Number* | *31.12.20 WAEP* |
|---|---|---|---|---|
| Outstanding at 1 January | | - | | - |
| Granted during the year | 913,760 | £1.095 | - | - |
| Forfeited during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Expired during the year | - | - | - | - |
| **Outstanding at 31 December** | **913,760** | **£1.095** | **-** | **-** |
| Exercisable at 31 December | - | - | - | - |

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 was 5 years. The weighted average fair value of options granted during the year was £1.095. The range of exercise prices for options outstanding at the end of the year was £0.01 exactly.

The following table list the inputs to the models used for the two plans for the period ended 31 December 2021:

| **Grant date** | *31.12.21 GESP* | *31.12.21 GESP* | *31.12.21 AESP* |
|---|---|---|---|
| Model | Monte-Carlo | Black-Scholes | Black-Scholes |
| Vesting period ends | 19 Jul 2024 | 19 Jul 2024 | 19 Jul 2024 |
| Share price at date of grant | £1.095 | £1.095 | £1.095 |
| Dividend yield (%) | 0.00% | 0.00% | 0.00% |
| Expected volatility (%) | 43.44% | 43.44% | 43.44% |
| Risk–free interest rate (%) | 0.65% | 0.65% | 0.65% |
| Fair value per option at grant date | £0.592 | £0.868 | £0.868 |
| Exercise price at date of grant | £0.01 | £0.01 | £0.01 |
| Exercisable from / to | 19 Jul 2024 / 19 Jul 2026 | 19 Jul 2024 / 19 Jul 2026 | 19 Jul 2024 / 19 Jul 2026 |
| Expected life of share options (years) | 2.57 | 2.57 | 2.57 |

The standard practice would be to estimate the Company's share price volatility over a period equivalent to the expected life (2.57 years) ending on the Valuation Date (23 December 2021). However, as the Group only listed on London Stock Exchange in 2021, it is not possible to calculate volatility over a period equivalent to the expected life. Accordingly, the approach to calculate an average volatility over a period equivalent to the expected life ending on the Valuation Date (23 December 2021) of three comparable UK listed companies.

# 17. Finance costs

| | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| **Finance cost** | | |
| Interest paid | 88 | 12 |
| **Total finance costs** | **88** | **12** |

# 18. Taxation

| Analysis of tax charge in year | *31.12.21 £'000* | *31.12.20 £'000* |
|---|---|---|
| **Current tax:** | | |
| UK corporation tax on profits in the year | (1) | - |
| Adjustments in respect of previous year | 1 | (22) |
| Total current tax charge/(credit) | - | **(22)** |
| **Deferred tax:** | | |
| Origination and reversal of timing differences | - | - |
| Effect of tax rate change on opening balance | 3 | (1) |
| Taxation (credit)/charge | **3** | **(1)** |
| Tax on profit on ordinary activities | **3** | **(23)** |

## Reconciliation of tax on ordinary activities

The relationship between expected tax expenses based on the effective tax rate of 19% and the tax expense actually recognised in the income statement can be reconciled as follows:

| Profit/(loss) on ordinary activities before tax | **16,478** | **(3,971)** |
|---|---|---|
| Tax on profit on ordinary activities at standard rate of corporation tax of 19% | 3,131 | (754) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,190 | 1,078 |
| Effect of capital allowances and depreciation | 1 | (1) |
| Non-taxable income | (4,323) | (347) |
| Effect of tax rate change on opening balance | 3 | (1) |
| Adjustments in respect of prior periods | 1 | (22) |
| Utilised tax losses | - | - |
| Unused tax losses | - | 24 |
| **Total tax charge/(credit)** | **3** | **(23)** |

*Factors that may affect future tax charges*

In the Spring Budget 2021, the UK Government announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. The carried forward deferred tax balance has been measured using these enacted tax rates and reflected in these financial statements.

## 19. Earnings per share & NAV per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

| | *31.12.21* | *31.12.20* |
|---|---|---|
| Profit attributable to equity holders of the Group (£'000) | 16,477 | 3,948 |
| Net assets | 139,577 | 81,703 |
| Weighted average number of ordinary shares in issue | 134,613,117 | 1 |
| Basic earnings per share (pence per share) | 12 | n/a |
| NAV* per share (pence per share) | 104 | n/a |

**NAV (Net Asset Value)*

The basic and diluted EPS are the same as there are no dilutive financial instruments.

## 20. Dividends

No dividends were paid during the year (2020 Nil).

## 21. Leases

The Group leases an office building in London for use by its staff.
Information about lease for which the company is presented below.

The company leases IT equipment such as printers for use by staff.
The company has elected to apply the recognition exemption for leases of low value for these leases.

### Right-of-Use assets

Please see Note 7 for detail of Right of Use assets held by the Company during the year.

### Lease liabilities

| **31 December 2021** | *Property £'000* | *Total £'000* |
|---|---|---|
| **Lease liabilities included in the statement of financial position** | | |
| Current | 30 | 30 |
| Non-current | - | - |
| **Total lease liabilities at 31 December 2021** | **30** | **30** |

| **31 December 2020** | *Property £'000* | *Total £'000* |
|---|---|---|
| **Lease liabilities included in the statement of financial position** | | |
| Current | 178 | 178 |
| Non-current | 30 | 30 |
| **Total lease liabilities at 31 December 2020** | **208** | **208** |

### Amounts recognised in the consolidated statement of comprehensive income

| | *31.12.2021 £'000* | *31.12.20 £'000* |
|---|---|---|
| Interest on lease liabilities | 4 | 12 |
| Depreciation charge for the year on right-of-use assets | 180 | 180 |

Total expected cash outflow for lease commitments in the next 12 months will be £30k.
The Group only has one lease which expires on 22 March 2022.

## 22. Related party disclosures

*Transactions with key management personnel*

During the period, key management invoiced the group £42,500 for consultancy services (2020: £20,000). The amount owed to key management at the balance sheet date is NIL (2020: £5k).

Upon admission, Jonathan McKay sold his limited partnership interest in Forward Partners Carried Interest L.P. to a subsidiary of the Forward Partners Management Company Limited in consideration for the issuance of 500,000 Ordinary Shares at £1 each. The carried interest disposal gave rise to a tax liability for Jonathan McKay of £98,201.38, which will be repaid to the Group by 30 June 2022.

*Key Management Personnel Compensation*

The remuneration of the executive directors of Forward Partners Group Plc, from all Group companies was as follows:

| **Year ended 31.12.21** | *Short term employee benefits* | | *Post-employment benefits* | *Total* |
|---|---|---|---|---|
| | *Salary £'000* | *Benefits £'000* | *Pension £'000* | *£'000* |
| Executive directors | 445 | 10 | 22 | 477 |
| Other Group entity directors | 383 | 1 | 10 | 394 |
| **Total** | **828** | **11** | **32** | **871** |

£10K benefits relate to health insurance (2020: £7K).

| **Year ended 31.12.20** | *Short term employee benefits* | | *Post-employment benefits* | *Total* |
|---|---|---|---|---|
| | *Salary £'000* | *Benefits £'000* | *Pension £'000* | *£'000* |
| Executive directors | 621 | 8 | 30 | 659 |
| Other Group entity directors | - | - | - | - |
| **Total** | **621** | **8** | **30** | **659** |

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Remuneration Committee Report on pages 92, form part of these consolidated financial statements

The remuneration of the non-executive directors was as follows:

| | 31.12.21<br>£'000 | 31.12.20<br>£'000 |
|---|---|---|
| **Total** | **86** | **20** |

During the year, Jonathan Mckay Management LLP, a service company of the Chairman, invoiced the Group £11k. (2020 - £20k) for consultancy services. The amount owed to Jonathan Mckay Management LLP at the balance sheet date is NIL (2020 - £5k).

The Group operates a carried interest scheme. The senior management and related parties were entitled to Carried interest of £5,340,899 (2020: £2,671,400). No amounts have been paid out, these are their entitlements as at the year end, assuming all the investments were converted to cash at that point, less estimated selling costs.

## 23. Ultimate controlling party

Forward Partners Group Plc, incorporated in the England and Wales, is the ultimate parent company of the Group. The ultimate beneficiary, and the largest shareholder is Blackrock International Limited, which holds 70.4% of the issued share capital of Forward Partners Group Plc.

## 24. Events after the reporting date

The Groups holding in Cazoo consists of 1,042,328 shares of which 951,417 shares were held in escrow until 1 March 2022 and the remaining 95,417 shares are held in escrow until 25 July 2022. Since the year-end the value of our shareholding in Cazoo has reduced by circa 83% to USD $0.95 per share as at 15 June 2022.

The impact of Cazoo and the effect of headwinds on the wider Venture Portfolio Value is discussed in the Outlook statements of the CEO and Financial Review sections of the Annual Report. The Group, as ever, remains focused on delivering the best value to entrepreneurs and investors.

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

# Company financial statements

**For the 10 month period ended 31 December 2021**

# Company statement of financial position as at 31 December 2021

| | Note | 31.12.21 £'000 |
|---|---|---|
| **Non-Current Assets** | | |
| Investment in subsidiaries | 6 | 100,365 |
| Loan receivable from subsidiary | | 2,600 |
| | | **102,965** |
| **Current Assets** | | |
| Trade and other receivables | 7 | 4,821 |
| Cash and cash equivalents | | 25,500 |
| | | **30,321** |
| **Total Assets** | | **133,286** |
| **Current Liabilities** | | |
| Trade and other payables | 8 | 1,389 |
| | | **1,389** |
| **Non-Current Liabilities** | | |
| Financial liabilities held at amortised cost | | 11,288 |
| | | **11,288** |
| **Total Liabilities** | | **12,677** |
| Net Assets | | **120,609** |
| **Capital and reserves attributable to equity holders of the Group** | | |
| Called up share capital | 9 | 1,346 |
| Share premium account | | 130,991 |
| Retained earnings | | (11,728) |
| | | **120,609** |

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account. The loss for the period from incorporation on 4 March 2021 to 31 December 2021 was £11.7m.

Approved and authorised for issue by the board on 29 June 2022 and signed on its behalf by;

**Lloyd Smith**
Director

# Company statement of changes in equity for the period ended 31 December 2021

| | *Share Capital £'000* | *Share Premium £'000* | *Retained Earnings £'000* | *Total £'000* |
|---|---|---|---|---|
| **Balance at 4 March 2021** | - | - | - | - |
| Issue of share capital – Ordinary Shares | 1,346 | 133,267 | - | 134,613 |
| Listing fees expensed to share premium | - | (2,276) | - | (2,276) |
| Options granted and awards exercised | - | - | 6 | 6 |
| (Loss) for year attributable to equity holders | - | - | (11,734) | (11,734) |
| **Balance at 31 December 2021** | **1,346** | **130,991** | **(11,728)** | **120,609** |

# Notes to the financial statements for the year ended 31 December 2021

## 1. Basis of preparation

The company was incorporated on 4 March 2021 and the company's financial statements have been prepared for the period from incorporation to 31 December 2021 in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention except for certain office leases (classified as property, plant and equipment) that have been measured at fair value.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. 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 1 of the Group's Consolidated financial statements.

The financial statements have been prepared on a going concern basis. Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate as the company has adequate resources to continue in operational existence for the foreseeable future based upon forecasts.

### Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
  - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
  - reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- A Statement of Cash Flows and related disclosures for cash flows from discontinued activities
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- Disclosures in relation to the objectives, policies and process for managing capital
- Disclosure of the effect of future accounting standards not yet adopted
- The remuneration of key management personnel
- Related party transactions with two or more wholly owned members of the group
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations
- The amount of lease income recognised on operating leases as lessor
- The maturity analysis of lease liabilities, as required by paragraph 58 of the indebtedness required by Companies Act has been presented separately for lease liabilities in note 21 of the Group's consolidated financial statements.

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Forward Partners Group Plc. These financial statements do not include certain disclosures in respect of:

- Share based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment
- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement

## 2. Accounting policies

### Revenue

Management charge income is recognised at the point in time when the service to the company has been provided and is fulfilled.

### Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

### Share based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Group has not issued any cash-settled awards during the period.

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 16 of the Group's consolidated financial statements.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (within retained earnings; see 'Options granted and awards exercised'), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 19 of the Group's consolidated financial statements).

### Investments

Investments in subsidiary undertakings are measured at cost less accumulated impairment. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Statement of Profit or Loss.

Investments comprise of limited partnerships which invest in unquoted equity instruments and loan notes (unquoted investments) which are measured at fair value. The unquoted investments included Forward Partners Venture Advance Limited up to 19 July 2021. On 20 July 2021 Forward Partners Venture Advance Limited was sold by Fund II to Forward Partners Group PLC and the company was treated as a subsidiary from that date.

### Taxation

Current income tax assets/liabilities comprise those claims from or obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

### Deferred income tax

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### Provisions

These are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.
The increase in the provision due to the passage of time is recognised as a finance cost.

### Financial Instruments

Trade receivables and contract assets are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts for accounts receivable are net of allowances for expected credit losses. The Company evaluated the expected credit losses on trade receivables by reviewing historical data. Individual receivables are only written off when management deems them not collectible.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The proceeds of share issues received net of any directly attributable transactions costs are credited to share capital at nominal value and the excess credited to the share premium account.

### Dividends

Dividends received from subsidiary companies are recognised at the point that the right to receive the dividend has been established.

## 3. Directors' remuneration

Full details are given in Note 22 of the Group accounts.

## 4. Auditor's remuneration

Full details are given in Note 5 of the Group accounts.

## 5. Finance income

| | *Period ended 31.12.21 £'000* |
|---|---|
| **Finance income** | |
| Interest received | 48 |
| **Total finance income** | **48** |

# 6. Fixed assets

| | *Investment in subsidiaries* *£'000* |
|---|---|
| Cost | |
| At 4 March 2021 | - |
| Additions | 100,365 |
| **At 31 December 2021** | **100,365** |

| | *31.12.21* *£'000* |
|---|---|
| Investment in interests of subsidiary undertakings | |
| At 4 March 2021 | - |
| **Investment in subsidiaries** | |
| Investment in Forward Partners Fund 1 LP | 42,880 |
| Investment in Forward Partners Fund II LP | 52,713 |
| Investment in Forward Partners Fund III LP | 3,646 |
| Investment in Forward Partners Management Company Ltd | 500 |
| Investment in Forward Partners Venture Advance Ltd | 620 |
| LTIP award costs | 6 |
| **At 31 December 2021** | **100,365** |

Investments in subsidiary undertakings are stated at fair value and at the year include the following:

| *Name of Company* | *Registered office* | *Proportion of voting rights held* | *Nature of business* |
|---|---|---|---|
| Forward Partners Fund 1 LP | 124 East Road, London N1 6FD | 100% | Limited partnership |
| Forward Partners Fund II LP | 124 East Road, London N1 6FD | 100% | Limited partnership |
| Forward Partners Fund III LP | 124 East Road, London N1 6FD | 100% | Limited partnership |
| Forward Partners Management Company Limited | Huckletree Shoreditch, Alphabeta building Finsbury Square, London, EC2A 1AH | 100% | Investment management |
| Forward Partners Venture Advance Limited | Huckletree Shoreditch, Alphabeta building Finsbury Square, London, EC2A 1AH | 100% | Lending |
| Forward Partners General Partner Limited | Huckletree Shoreditch, Alphabeta building Finsbury Square, London, EC2A 1AH | 100% | General partner |
| Forward Partners Carried Interest General Partner Limited | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ | 100% | General partner |
| FPGP Nominees Ltd | 124 East Road, London N1 6FD | 100% | Dormant |
| Forward Partners Carried Interest LP | 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ | 100% | Limited partnership |
| Forward Partners Investment Company Limited | 124 East Road, London N1 6FD | 100% | Dormant |

On 19 July 2021 the company acquired 100% of Forward Partners Fund 1 LP, Forward Partners Fund II LP and Forward Partners Management Company Ltd for a total consideration of £96m (please see the tables above within this note for further details).

On 20 July 2021 the company acquired 100% of Forward Partners Venture Advance Ltd for a total consideration of £620k.

Since the company's admission to AIM it has added interests in Forward Partners Fund III LP for £3,646k and issued LTIP awards with a cost of £6k.

The total of all the company's investments is £100,365k.

# 7. Trade and other receivables

| | 31.12.21<br>£'000 |
|---|---|
| Amount owed by subsidiary undertakings | 4,821 |
| | 4,821 |

# 8. Trade and other payables

| | 31.12.21<br>£'000 |
|---|---|
| Trade payables | 72 |
| Amount owed to subsidiary undertakings | 1,300 |
| Accruals | 17 |
| | 1,389 |

# 9. Share capital

| *Called up, allotted and fully paid* | *No. of shares (Nominal value of 1p)* | *Ordinary shares £'000* | *Share premium £'000* | *Total £'000* |
|---|---|---|---|---|
| Balance at 4 March 2021 | - | - | - | |
| Issue of shares | 134,613,117 | 1,346 | 133,267 | 134,613 |
| Expense of listing issue costs | | - | (2,276) | (2,276) |
| **At 31 December 2021** | **134,613,117** | **1,346** | **130,991** | **132,337** |

Ordinary shares carry full and equal rights to participate in voting in all circumstances, in dividends and in capital distributions, whether on a winding up basis or otherwise. The shares are not redeemable.

# 10. Parent undertaking

Forward Partners Group Plc, incorporated in the UK, is the ultimate parent company of the Group. The ultimate beneficiary and the largest shareholder is Blackrock International Limited, which owns 70.4% of the issued share capital of Forward Partners Group Plc.

The parent company operates within the UK and its accounts may be obtained from the registered office address Huckletree Shoreditch, Alphabeta Building, 18 Finsbury Square, London EC2A 1AH.

# Company information

## Directors

Matthew Bradley
(appointed 4 March 2021, resigned 7 June 2022)

Nicholas Brisbourne (appointed 4 March 2021)

Susanne Given (appointed 28 May 2021)

Jonathan Mckay (appointed 4 March 2021)

Christopher Smith (appointed 4 March 2021)

Lloyd Smith (appointed 21 March 2022)

## Comapny Secretary

Allen Browning
(appointed 4 March 2021, resigned 7 June 2022)

Lloyd Smith (appointed 7 June 2022)

## Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

## Solicitors

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

## Registrars

Equiniti Limited
Highdown House
Yeoman Way
Worthing
West Sussex BN99 3HH

## Nominated Adviser & Broker

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

## Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

## Registered Office & Business Address

Huckletree Shoreditch
Alphabeta Building
18 Finsbury Square
London EC2A 1AH

## Registered Number

13244370 (England and Wales)

# Glossary of terms

| | |
|---|---|
| **"Admission"** | The admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies. |
| **"Advances"** | As per definition for "Forward Advances". |
| **"Act"** | The UK Companies Act 2006. |
| **"AI"** | Artificial intelligence. |
| **"AIM"** | AIM, the market of that name operated by the London Stock Exchange. |
| **"AIM Rules"** | The AIM Rules for Companies and the AIM Rules for Nominated Advisers. |
| **"AIM Rules for Companies"** | The AIM Rules for Companies issued by the London Stock Exchange governing admission to and the operation of AIM, as amended or re-issued from time to time. |
| **"AIM Rules for Nominated Advisers"** | The AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time. |
| **"APMs"** | The Group assesses our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed Alternative Performance Measures (APMs). The APMs that we use may not be directly comparable with those used by other companies. The Group considers the following to be APMs, which are defined elsewhere in the glossary: Average Portfolio Company Revenue Growth, Deal Flow Diversity, Employee Happiness, Studio Customer Satisfaction, Venture Portfolio Value, Ventures Deal Flow. |
| **"Audit and Valuation Committee"** | The audit and valuation committee of the Board. |
| **"Average Portfolio Company Revenue Growth"** | Average revenue growth of our top 15 holdings, weighted by the Group's fair value of each asset. |

| | |
|---|---|
| **"Board"** | The board of directors of the Company from time to time |
| **"Company" or "Group"** | Forward Partners Group plc, a company incorporated in England and Wales with registered number 13244370 and having its registered office at Huckletree Shoreditch, Alphabeta Building, 18 Finsbury Square, London EC2A 1AH. |
| **"Deal Flow Diversity"** | Deal flow diversity describes the gender and ethnicity split of all deals that reach the 'first meeting' stage of our Ventures investment process. |
| **"Directors" or "Board"** | The directors of the Company from time to time, but whose names as at the date of this document appear within the Directors Report section of this document. |
| **"ECL"** | Expected Credit Loss. |
| **"Employee Happiness"** | Employee happiness is defined as the percentage of employees who state in monthly surveys that working at Forward makes them happy. |
| **"ESG policy"** | Environmental, social and governance. |
| **"Executive Directors"** | The executive directors of the Company at the date of this document. |
| **"FCA"** | The UK Financial Conduct Authority. |
| **"Forward Advances"** | Forward Partners Venture Advance Ltd, a company incorporated in England and Wales with registered number 12401240 and having its registered office at Huckletree Shoreditch, Alphabeta Building, 18 Finsbury Square, London EC2A 1AH. The division of the Company focused on providing flexible revenue based financing to digital businesses. |
| **"Forward Partners" or "Forward"** | The Company or any of its subsidiaries, such as Forward Partners Management (as applicable). |
| **"Forward Partners Management"** | Forward Partners Management Company Limited, a private limited company registered in England and Wales with registered number 08819822 and having its registered office at Huckletree Shoreditch, Alphabeta Building, 18 Finsbury Square, London EC2A 1AH. |

| | |
|---|---|
| **"Forward Studio"** | A division of the Group focused on providing strategic and executional services to Forward Ventures' and Forward Advances' portfolio companies. |
| **"Forward Ventures"** | A division of the Group focused on providing capital to high growth, early-stage technology businesses in exchange for an equity stake in such businesses. |
| **"Grant Thornton"** | Grant Thornton UK LLP, a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at 30 Finsbury Square, London, England, EC2A 1AG. |
| **"Gross IRR"** | The internal rate of return expressed before deduction of fees and other expenses. |
| **"Group"** | The Company and its subsidiaries from time to time and, for the purposes of this document, including Forward Partners Management and its subsidiaries and subsidiary undertakings. |
| **"IFRS" or "IFRSs"** | International Financial Reporting Standards, as adopted for use in the United Kingdom (and in respect of financial periods commencing before 1 January 2021, as adopted for use in the European Union). |
| **"Liberum"** | Liberum Capital Limited, a company incorporated in England and Wales with registered number 05912554 and having its registered office at Level 12, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY. |
| **"Net Asset Value" or "NAV"** | The value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time. |
| **"Nominated Adviser"** | Liberum in its capacity as Nominated Adviser to the Company for the purposes of the AIM Rules. |
| **"Non-executive Directors"** | The non-executive directors of the Company at the date of this document. |
| **"Originations"** | New loans made to customers before interest is applied. |
| **"Studio Customer Satisfaction"** | The Studio team's customer satisfaction score describes the average rating provided by Studio team customers on a scale of 1 (very unsatisfied) to 5 (very satisfied). |

| | |
|---|---|
| **"QCA Code"** | The corporate governance code for small and mid-size quoted companies published by the Quoted Companies Alliance from time to time. |
| **"Registrar"** | Equiniti Limited of Corporate Advice, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. |
| **"Remuneration and Nominations Committee"** | The remuneration and nominations committee of the Board. |
| **"SME"** | Small and medium enterprises. |
| **"Startup"** | A high growth, early-stage technology business. |
| **"Studio"** | As per definition for "Forward Studio". |
| **"VAT"** | UK value added tax. |
| **"Ventures"** | As per definition for "Forward Ventures" |
| **"Ventures Deal Flow"** | Ventures deal flow describes the total number of deals screened by the Ventures team. |
| **"Venture Portfolio Value"** | The fair value of the Portfolio as at the date of reporting, calculated in accordance with the Group's Valuation Policy. |

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**FORWARD PARTNERS**

Huckletree Shoreditch
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