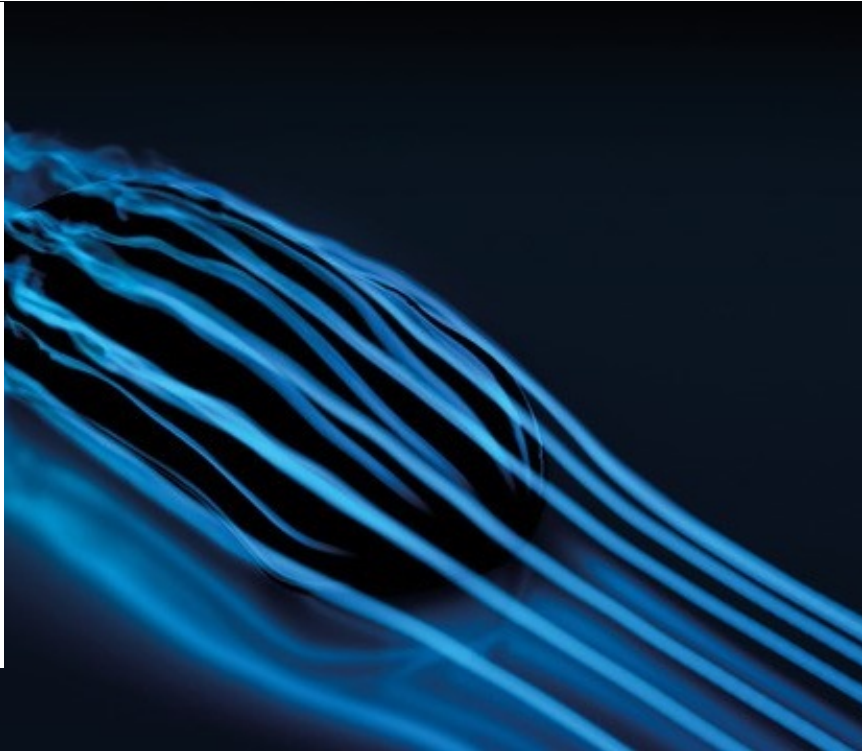


# FORESIGHT WAE TECHNOLOGY INVESTMENT PLATFORM

The story so far

MAY 2023



## The Foresight WAE Technology (FWT) Platform

The FWT Platform is a collaboration between Foresight Group, an experienced investor in UK smaller companies; and WAE, a technology and engineering services business whose origins lie in the Williams Formula One Team.

The relationship between WAE and Foresight began in early 2015. Following an initial period of due diligence, the Foresight WAE Technology Platform ("FWT Platform") was launched in November 2016.

The concept of the collaboration is that by working together, Foresight and WAE can deliver better results for investors than would be the case if either company were working individually.

We believe that the collaboration between Foresight and WAE provides a sustainable competitive advantage when it comes to sourcing investment opportunities, carrying out due diligence and working with portfolio companies to maximise development and growth through the investment period. We believe this proposition should ultimately lead to more successful exits at higher multiples.

In December 2019 the FWT VCT Share class was launched to provide investors with access to the FWT Platform via the VCT tax wrapper.

At the time of publication, the FWT Platform had raised £80m+ and made 64 investments, of which 30 are follow-ons into existing portfolio companies.

Throughout this period the Foresight and WAE teams have worked closely together in sourcing opportunities and carrying out the due diligence on potential investments.

In June 2022 the FWT Platform announced an agreement to sell portfolio company Codeplay to a US corporate buyer. This exit delivered a return of over 15x original costs to FWT EIS investors and provided validation of the Foresight WAE collaboration.

In August 2022, the FWT Platform announced the sale of Flusso Limited, delivering a 3x return on the original investment amount and the second exit of the FWT strategy.

# The Portfolio

£70m into 34 companies across 64 investments with two exits at 15x and 3x



£1.2m\*

Remote management of gas networks



£2.1m\*

Laser dispersion for gas detection



£1.7m

Satellite imagery and data analysis



£3.7m\*

Clean propellant aerosol valve technology



£1.1m (Exited)

Automotive AI software platform



£2.8m\*

Booms and antennas for nanosatellites



£2.0m\*

Smaller e-bike powertrain technology



£1.8m\*

3D printed bionic prosthetic arms



£3.0m\*

Collaborative robot arms for SME manufacturing



£3.3m\*

Mass spectrometry using light



£2.1m\*

Remote monitoring of the electrical grid



£2.7m\*

Metrology for automated manufacturing



£5.5m\*

Post processing for 3D printing



£2.7m\*

Smart hot water tanks



£1.7m\*

Flexible ultrasound for industrial applications



£3.1m\*

Subsea infrastructure survey robotics and AI



£1.5m

AR/VR collaboration for engineering design



£2.2m\*

Smaller and faster hyperspectral cameras



£1.5m (Exited)

Flow sensors



£2.6m\*

Immersive 3D audio soundbars



£1.9m\*

GaN semiconductor chip power devices



£1.2m\*

Semiconductor laser company



£0.8m

AI-driven simulation software



£2.1m

Holographic display software



£1.8m\*

10x smaller RF module for mobiles



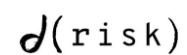
£1.6m

Ultra precise positioning chips



£2.5m

AR platform for remote servicing of industrial assets



£1.1m

Autonomous vehicle training software provider



£1.3m

Sophisticated flood simulation and warning system



£0.6m

Nebuliser technology for next generation biologic drugs



£1.6m

Subsurface making technology for diamonds



£0.5m

LiDAR semi-conductor sensor for AV's, telecom and defence



£0.5m

3D flow cytometry life sciences instrument



£1.1m

Accelerated and secure processor technology

\* Including follow-ons

## Case Studies

### Refeyn

The award-winning spinout from University of Oxford developing life sciences instrumentation

**Industry:** Life Sciences

#### About

Built on ten years of academic research and patents, Refeyn is commercialising a revolutionary technology using light to weight and characterise molecules. It enables reproducible results more quickly, simply and cheaply than existing instruments.

#### FWT Value Add

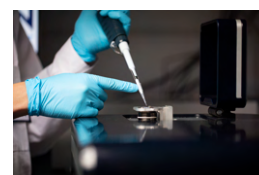
FWT invested in February 2019 and again in November 2020. Co-investors

include Northpond Ventures, Oxford Science Enterprises, Parkwalk and the University of Oxford.

WAE assisted with early IP reviews and product industrial design and styling.

The company is growing rapidly and has been approached by numerous potential acquirers and investors. The recent funding rounds have been completed at an uplift to the initial investment and the holding value has been marked up accordingly.

REOFEYN



### Nebuflow

Developing the next generation of nebulisers for inhalation drug delivery

**Industry:** Healthcare

#### About

NebuFlow is developing next generation respiratory drug delivery via nebulisers which use surface acoustic waves to deliver respiratory medicines.

Their technology allows for much more tightly controlled droplet generation, improving uptake and enabling nebulisation of traditionally injected medicines, such as antibodies and RNA.

This could enable cutting-edge treatment modalities, improving the outcome for patients with life-limiting conditions such as CF and COPD.

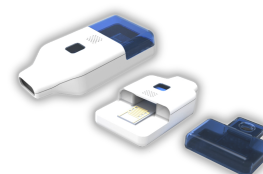
#### FWT Value Add

FWT invested in April 2022 and has assisted the company through the introduction of syndicate partners supporting the company's initial investment round.

WAE has advised the company on aspects of product design and system integration.

Recent innovations suggest that Nebuflow's device could adjust its operating parameters based on the properties of specific drugs, thus making delivery more efficient and wasting less costly pharmaceuticals as a result.

Nebuflow



## Case Studies

### Audioscenic

Immersive 3D audio technology for loudspeaker systems using head-tracking technology

**Industry:** 3D audio technology

#### About

Audioscenic was spun out of the Institute of Sound and Vibration Research (ISVR) at the University of Southampton in 2017.

They are commercialising technology, allowing 3D sound to be used in new applications such as public space kiosks and in-car audio entertainment.

The company's method of monitoring the location of a listener's head and beaming separate sound waves to their left and right ear from a single, compact

soundbar, creates an immersive 3D audio experience.

#### FWT Value Add

FWT invested in October 2020, and again in December 2022, to support Audioscenic as it commercialises its technology into products such as soundbars and laptops.

WAE is well connected to the infotainment market, a segment that Audioscenic sees as a long-term area of growth, so can introduce the company to key players in this industry.

Other shareholders in the company include IP Group Plc.

### AUDIOSCENIC



### Oxford Space Systems (OSS)

Developing components for satellites such as extendable booms and foldable antennae

**Industry:** Satellite components

#### About

OSS are commercialising a new generation of deployable antennae and boom arms for nanosatellites.

They have invented systems using proprietary lightweight flexible composites, that are folded or rolled at launch, then deployed once in space.

Its systems are lighter, less complex and lower cost than existing solutions.

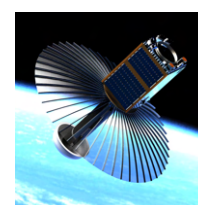
#### FWT Value Add

FWT invested in May 2018 and again in

February 2022. Co-investors include: Longwall, Midven, IQ Capital and the National Security Strategic Investment Fund (NSSIF).

WAE has supported the company with improving its composite supplier base and improving its wrapped rib design.

OSS recently attracted a £4m investment round led by NSSIF, the Government's national security and defence technology corporate venturing arm, and collaboration with the Ministry of Defence to develop a new metal mesh and carbon fibre parabolic dish antenna.



## Case Studies - Recent Exits

### Codeplay

An Edinburgh-based software developer with acknowledged expertise in heterogeneous computing systems

**Exit date:** June 2022 **Return:** 15x

**Industry:** Software development

#### About

Established in Edinburgh, Codeplay has developed some of the first tools enabling artificial intelligence (“AI”) to be accelerated using graphics processors (“GPUs”).

Today, most AI software is developed using GPUs, but as AI algorithms have become more complex, as has the computing hardware required, leading to the design of specialised AI and computer accelerators.

#### FWT Value Add

FWT invested in 2018 to help the vendors gain design wins by establishing an open standards-based hardware-agnostic software layer and ecosystem.

WAE helped Codeplay to secure government grant funding, as part of a consortium building an advanced battery management solution.

By 2021, Codeplay had grown steadily and had become a leader in the industry. Several large companies showed interest in acquiring the company, ultimately generating an attractive exit price of 16x cost to a large US multinational.



### Flusso

A University of Cambridge spin-out that is commercialising miniature flow sensor technology

**Exit date:** August 2022 **Return:** 3x

**Industry:** Sensors / semiconductors

#### About

Flusso developed the world’s smallest and best value flow sensor. The company’s exciting and patent-protected technology, based on a semiconductor chip design, offered a radical step in changing flow sensor miniaturisation without compromising performance.

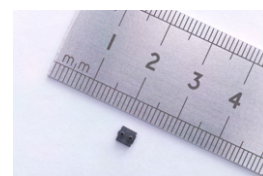
With a portfolio of further products in development, Flusso showed the potential to revolutionise the flow sensing industry, opening up multiple markets and applications that were previously unserviceable.

#### FWT Value Add

FWT invested in 2020 when Flusso’s first product was being tested by potential customers and the management team was in early discussions with a wide range of potential partners across multiple industries.

By July 2022, Flusso had won a number of industry awards, were regularly named as a ‘start up to watch’ for its innovative flow sensor technology and had released two ground-breaking products.

This made them an attractive acquisition target for an international PE-backed buyer targeting new sectors within high-volume, industrial, medical and consumer markets.



# FWT's Approach to Company Valuations

Foresight assesses the valuation of all investee companies on a quarterly basis in accordance with the International Private Equity (IPEV) guidelines.

Investee companies are generally held at the price of the last funding round unless there has been a significant change in performance which has had a material impact on value. This approach is also used for follow-on investment rounds where a new third party investor has invested significant funds.

Once the price of the last funding round is no longer appropriate, other appropriate valuation techniques are applied. Due to the early-stage nature of the investee companies in the portfolio, the most common approach is the Venture Capital method, which takes into account the future

revenue potential of the company; the dilutive impact of further funding rounds; financial valuation multiples for comparable, publicly listed companies; the estimated time until an exit event occurs; and a suitable discount rate to reflect the high risk nature of these investments.

This approach means that the poor performance of a portfolio company tends to be reflected in the valuation at a much earlier stage than a strong performance. As a result, the value of the portfolio is expected to follow a 'J-curve' profile.

## Why is now a good time to invest in the FWT Platform?

Foresight believes there are five reasons to consider an investment into the Foresight WAE Platform:

1

### Track Record

Foresight has been investing in UK SMEs for over 37 years and the Foresight Private Equity team has delivered a 3.7x return on investments up to 31 December 2022.

2

### Experience in the Market

The Foresight WAE Technology Platform has now invested in over 30 early stage advanced engineering and deep technology companies over the past five years. During this time, the fund has refined its investment thesis, built up a strong network and brand within the ecosystem and has now started to demonstrate a track record of exits.

3

### Exposure to Existing Investments

In addition to new investments, investors will gain some exposure to existing portfolio companies by participating in follow-on funding rounds. This means the investment team will have worked closely with the investee company for at least 1-3 years and will have a good understanding of the future potential of the investment, thereby allowing them to make more informed investment decisions

4

### Robust Investment Thesis

The Foresight WAE Technology Platform invests into deep technology and advanced engineering companies which are looking to commercialise proprietary intellectual property (IP). These companies build on their IP portfolio as they scale their operations, allowing them to capture and grow value in the business over time. The value of this intellectual property is often a key driver of an exit event

5

### Market Timing

Analysis of private equity returns over multiple economic cycles shows that funds which invest during challenging economic times often go on to produce better returns. This is because the initial investments are made at lower valuations and exits can be timed to coincide with favourable market conditions. This compares favourably to funds which invest just prior to an economic correction when asset prices are at their peak. Given the volatility seen in global equity markets over the past 18 months and the current outlook for the global economy, history suggests that investments made in the next 1-2 years will generate strong returns

## Foresight Group LLP

The Shard, 32 London Bridge Street London SE1 9SG

**E:** [sales@foresightgroup.eu](mailto:sales@foresightgroup.eu)

**T:** +44 (0)20 3667 8199

**FWT.**[foresight.group](http://foresight.group)

**Foresight**  
FOR A SMARTER FUTURE

**WAE**  
A Fortescue Company

**Important Information:** This document has been approved by Foresight Group LLP ("Foresight") as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") on 15 May 2023. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority, under firm reference number 198020. Foresight's registered office is at The Shard, 32 London Bridge Street, London, SE1 9SG.

This document is addressed and distributed by Foresight to Foresight WAE Technology EIS Fund ("the Fund") (i) existing investors in the Fund and (ii) financial advisers that are authorised and regulated by the Financial Conduct Authority. Investment in the Fund is only permitted through financial advisers. Financial advisers are required to explain to clients the risks of investing in the product and confirm the product is suitable for their clients. Financial advisers should only provide this document to potential investors if provided together with the Foresight WAE Technology EIS Information Memorandum ("IM"), highlighting the FCA Prescribed Risk Warning section at the beginning of that document. Key risks are explained in the Information Memorandum and should be carefully considered before submitting an application to invest. An investment in the Fund is NOT suitable for all Investors.

Foresight cannot provide legal, tax, financial or investment advice. Foresight has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any forward-looking statements or projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved.

EIS tax reliefs are subject to change, investments may also rely on the company or investment opportunity in question meeting EIS qualifying criteria which are not guaranteed. Investments will be made in small unquoted companies, which carry a higher risk than many other forms of investment. The EIS investments are likely to be illiquid and difficult to realise. The value of shares and income from them may go down as well as up, and past performance is not a reliable indicator of future performance and may not be repeated. Your capital is at risk and you may lose all the money you invest.

If you are in any doubt about the content of this document and/or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type.