

Company Registration No. 06501918

Forevermark Limited

Annual Report and Financial statements

For the year ended 31 December 2021

Forevermark Limited
Financial statements for the year ended 31 December 2021

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Forevermark Limited
Financial statements for the year ended 31 December 2021
Officers and professional advisers

Directors

A Pregolato
C Assimon

Company Secretary

Anglo American Corporate Secretary Limited

Registered Office

17 Charterhouse Street
London
EC1N 6RA
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
United Kingdom
WC2N 6RH

Forevermark Limited

Strategic report

for the year ended 31 December 2021

The purpose of the strategic report is to provide a brief summary of the performance of Forevermark Limited (the “Company” or “Forevermark”) as well as the Company’s strategies that will impact future financial years.

General review and key performance indicators

The Company is a wholly-owned subsidiary of De Beers UK Limited, incorporated in the United Kingdom. The Company receives funding through its parent, with additional revenues being derived from third parties with respect to services provided to Forevermark retailers and diamantaires.

Revenue for 2021 was \$164,925k (2020: \$141,620k) and gross profit \$2,009k (2020: profit of \$1,110k). The Company’s financial key performance indicators are:

- the maximisation of third party revenues; and
- the control and cost-effective spend of marketing costs.

Third party revenues are primarily retail door revenue and grading and inscription revenue. Group recoveries have increased due to increased marketing spend on behalf of De Beers plc (the “Group”). Retail door (licence) revenue has decreased 73% year on year (see note 4) due to a structural change across the Forevermark group which transferred billing for licence fees from Forevermark Limited (UK) to Forevermark entities in Hong Kong and India as well as a broader business transition towards a wholesale model. Grading and inscription revenue has increased 9% year on year (see note 4).

The Company continues to effectively control spend on cost of sales. The increase of 16% is considered, by the Directors, to be acceptable in the course of business and the result of an increase in marketing spend compared to prior year.

The closing balance sheet is in a net asset position of \$42,435k (2020: net asset \$35,081k).

Principal risks and uncertainties

The focus of risk management is on identifying, assessing, evaluating, managing, reporting and monitoring all known forms of risk across the Group. Group and Company management is involved in a continuous process of developing and enhancing its comprehensive risk mitigation and control procedures to improve the mechanisms for managing and monitoring risks.

Market risk

The principal risk facing the Company is variability in demand for Forevermark diamonds from consumers, driven by fluctuations in the retail market. The Company’s marketing programmes form a key part of the Group’s strategy to maintain demand in the retail market.

Credit risk

The Company’s principal financial assets are amounts receivable from De Beers UK Limited and amounts receivable from its group undertakings. The Company’s credit risk is primarily attributable to its receivables with De Beers UK Limited and from its other group undertakings. The amounts presented in the Statement of financial position are net of expected credit losses.

Interest risk

The Company is financed by a loan advanced by Anglo American Capital plc. The Company is still in the process of transitioning USD LIBOR to an alternative risk-free rate. Phase 2 IBOR amendments were adopted using the practical expedient allowing changes in benchmark rate to be reflected in the effective interest rate prospectively and do not give rise to the recognition of an immediate gain or loss as a direct result of the benchmark reform. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Our Purpose, Values, Principles and Founding Objectives

The Board recognises the role the Company and the Forevermark brand plays in society and within De Beers Group. The Group’s Purpose statement is to ‘Make Life Brilliant’, and the Company is focused on contributing to the achievement of this Purpose. Connected to this Group Purpose, the Forevermark brand Purpose is to ‘Spark More Beautiful and Meaningful Tomorrows.’ We seek to increase the meaning and significance of diamonds for consumers through their journey, now and in the future. By providing a branded diamond that comes with the promise of being beautiful, rare and responsibly sourced, Forevermark aims to be a trusted partner within the diamond industry.

The Group and Company have six values: Put Safety First; Be Passionate; Pull Together; Build Trust; Show We Care; and Shape The Future. They were developed by the Group’s employees in 2006 and remain the values we live by today. These values keep us focused both on the Group and the Company’s purpose, guide our behaviour and shape our culture, and are fundamental to creating enduring benefit for all our employees, shareholders, and stakeholders in a way that demonstrably improves people’s lives.

Forevermark Limited

Strategic report (continued)

for the year ended 31 December 2021

Forevermark adheres to the De Beers Best Practice Principles (BPP). The BPP Programme is a set of the highest ethical, social and environmental standards that are verified by third-party auditors, SGS United Kingdom Limited, on annual basis through verification visits. Forevermark participates in this programme alongside all other De Beers Group entities and is compliant against the criteria. The BPP's are based on globally-recognized best practice standards that include the United Nations Guiding Principles on Business and Human Rights, the International Finance Corporation's Performance Standards, the Organisation of Economic Cooperation and Development's Guidance for Responsible Sourcing, the International Labour Organisation and the Voluntary Principles on Security and Human Rights. Forevermark was established with a defined set of objectives:

- reinforce the emotional symbolism of natural diamonds, thereby supporting and growing consumer demand for the category;
- respond authoritatively and authentically to consumers' ethical concerns; and
- offer a value-adding proposition to the retail diamond jewellery industry.

The Board believes that, in pursuing our Purpose, living our Values, adhering to our Best Practice Principles and staying focused on our founding objectives, Forevermark operates in a way that seeks to meet the evolving expectations of our shareholders and stakeholders.

Engaging our stakeholders

Healthy stakeholder relationships help us to better communicate how our business decisions, activities and performance are likely to affect or be of significant interest to our stakeholders, and provide the opportunity to co-create effective and lasting solutions to business and other challenges.

The Company's stakeholders include our employees, customers, suppliers, business partners, governments, industry peers, trade associations, the media and importantly, our host communities, in addition to our shareholder. More information on engaging with key stakeholders is provided below.

Long-Term Decision Making

The Board takes a range of factors and stakeholder considerations into account when making decisions. Decisions are made within the current context but take into account long-term factors that may impact the Company and its stakeholders. As a member of De Beers Group, Forevermark is well positioned to guide the diamond industry's engagement with consumers in the future. In 2020, the Board renewed Forevermark's desire to positively affect stakeholder groups through its business, social and environmental activities. This has been articulated in the framework 'Building Forever'. Forevermark's application of the Building Forever framework incorporates the following goals:

- to become the most ethical and sustainable premium jewellery brand;
- to go beyond the promise of responsibly sourced diamonds and ensure all product attributes are sourced in a socially and environmentally responsible way;
- to support De Beers Group's journey towards its 2030 carbon neutrality goal; and
- to ensure sustainability is at the heart of everything we do.

The Board trust that, by incorporating Building Forever goals in all long-term decisions, Forevermark will have a positive influence on the diamond markets, communities and environment in which we operate.

The Interests of the Company's Employees

The Board acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us.

We consider workforce engagement to be a priority for every leader at De Beers Group. For several years, the Group has run regular surveys to identify areas where, for example, we need to do more to ensure that colleagues feel cared for and respected. In 2021, the Group completed an anonymous Employee Engagement Survey that was made available to all of the Company's employees. Employee responses were collated and follow-up actions were progressed.

The Board ensures that the interest of employees is at the centre of any decisions made. Our first and most important value as a Company is to Put Safety First, firmly believing that no diamond is worth as much as a human life.

The Company has a number of other engagement channels with employees, including regular employee presentations, annual events such as Global Safety Day and the YourVoice platform that enables employees to raise any concerns they may have anonymously.

Forevermark Limited

Strategic report (continued)

for the year ended 31 December 2021

Relationships with Suppliers and Customers

Forevermark aims to be a valued and trusted partner to all members of the diamond industry. This includes the suppliers and customers that we operate with.

Forevermark engages with suppliers and customers through a variety of business and industry forums in addition to direct personal conversation. Topics discussed include terms and conditions of contracts, delivery of product on agreed terms, and ensuring environmentally and socially responsible performance and risk management.

Forevermark adheres to a responsible sourcing policy and Pipeline Integrity Programme that audits against the adherence to this policy.

Communities

Forevermark aims to be a valued partner for all communities that we operate in. Through our promise to only sell diamonds that are responsibly sourced, we are committed to the support for the advancement of women, to ensuring that each diamond is conflict-free, and to preserve and protect the habitats and species of the natural world.

Directors' training

All new directors receive suitable induction training and management are also made aware of the director's duties in order to enhance their effectiveness in achieving the Company's Purpose.

Information

The Company has an internal website for the purpose of communications to staff, where regular updates and events are communicated on a regular basis.

The Board receives a broad range of reports to address the s172 duty. These discuss current operational issues and market information, enabling them to make informed judgements about their stakeholder interests and factors that are relevant for the Company.

Section 172 Statement

The Forevermark Limited Board recognises its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of other stakeholders. These include the likely consequences of any decisions we make in the long term; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

The Board received an update on the Companies (Miscellaneous Reporting) Regulations 2018 amongst other things.

As with any business, we are aware that the decisions we make may affect different stakeholders in different ways and we therefore consider risks relating to potential adverse impacts on certain groups. By listening to, understanding and engaging with our stakeholders, the Board endeavours to consider their expectations, by staying true to our Purpose and making decisions in accordance with our Values.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



A Pregolato
Director

29 September 2022

Forevermark Limited

Directors' report

for the year ended 31 December 2021

The Directors present their report and the audited financial statements for Forevermark Limited (the "Company" or "Forevermark") for the year ended 31 December 2021.

Principal Activities

The Company is a private company limited by shared and domiciled in the United Kingdom. The Company is a wholly-owned subsidiary of De Beers UK Limited ("DBUK") which is incorporated in the United Kingdom. The principal activity of the Company is to provide marketing activities on behalf of the De Beers Group (the "Group").

Results and dividends and future developments

The profit for the year, after taxation, amounted to \$4,654k (2020: loss of \$491k). The directors do not recommend the payment of an ordinary dividend (2020: \$nil). The directors consider the outlook for the Company to be good. The Forevermark programme continues to operate in a number of territories whilst exploring new business opportunities in both existing and new jurisdictions. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Research and development

The Company did not undertake any research and development activity in the year (2020: \$nil).

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests through the Staff Consultative Committee.

Engagement with suppliers, customers and others

The Company predominantly transacts with other members of the De Beers group with whom the Directors continue to foster strong relationships.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. In both cases the Company would seek to make reasonable adjustments to accommodate the disabilities of the applicant/employee. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Streamlined Energy and Carbon Reporting

The Company has elected to apply the exemption of reporting these figures due to the Company's details being included in the Anglo American group annual report. Copies of the Anglo American annual report are available from 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

Political donations and political expenditure

The Company made no political donations during the year or incurred any political expenditures during the year (2020: \$nil).

Financial risk management

Management of financial risk is discussed within the strategic report.

Going concern

The Company's ability to operate as a going concern has been assessed by the Directors of the Company, alongside the wider assessment of De Beers plc and its subsidiaries (together the "Group"), as the Company's viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. In making this assessment, the Directors note that the Company's parent, De Beers plc, has confirmed that they will provide financial resources, where requested, for at least 12 months from the date of signing these financial statements.

The Directors have therefore concluded that at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the continue to adopt the going concern basis in preparing the annual financial statements.

Post balance sheet events

The Russian invasion of Ukraine has been an evolving situation for many years. However, the recent escalation of the tensions resulting in Russia invading Ukraine took place during February 2022. The geopolitical tensions between Russia and Ukraine, alongside the imposition of international sanctions, have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally where businesses engage in economic activities. The Company has no existence or direct exposure to Russia, Belarus or Ukraine or any of the neighbouring countries who might be affected with the situation. Furthermore, we have no facilities, customers or suppliers in any of these territories, nor any raw materials or energy supply contracts from them.

Forevermark Limited Directors' report (continued) for the year ended 31 December 2021

At this stage, it is too early to predict any broader potential impacts on the industry but we continue to monitor the situation closely and will take any necessary actions warranted by unfolding events.

The current De Beers plc Group ("DB plc") US\$2 billion facility with AAC expires in June 2022. The facility allows DB Plc Companies, including Forevermark Limited, to borrow or deposit cash directly with AAC. The US\$2 billion facility was renewed for a 5 year tenor at an interest rate of LIBOR plus a 175bps margin by the Anglo American plc Board on 22 February 2022 and by the DB UK board on 9 March 2022.

Refer to note 9 for the tax rate changes announced but not enacted subsequent to the year-end.

Directors

The directors who served throughout the reporting year and up to the date of signing were as follows:

S C Lussier (Resigned 30 June 2022)
N Liu (Resigned 20 September 2021)
R Giles (Resigned 30 September 2021)
A J Kirkbride (Resigned 31 December 2021)
A Pregnolato (Appointed on 30 September 2021)
C Assimon (Appointed on 31 December 2021)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of the approval of the financial statements.

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 company and of the profit or loss of the company 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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, 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 company will continue in business.

The Directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

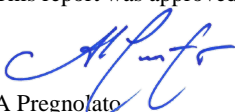
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated a willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf by:



A Pregnolato
Director
29 September 2022

Forevermark Limited

Independent auditors' report to the members of Forevermark Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion, Forevermark Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Forevermark Limited

Independent auditors' report to the members of Forevermark Limited (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to General Data Protection Regulation (GDPR), tax legislation and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 recording of fictitious business events and/or transactions, changing the timing of recognition of legitimate transactions, establishing or reversing reserves to manipulate results including intentionally biasing assumptions and judgements used to estimate account balances and altering records and terms related to significant or unusual transactions. Audit procedures performed by the engagement team included:

- enquiry of management and the Directors, including consideration of known or suspected instances of noncompliance with laws and regulations and fraud;
- reading the Board of Directors' meeting minutes;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, by unexpected users or with unusual words; and
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the Company's recoverability of investments in subsidiaries assessment.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Forevermark Limited

Independent auditors' report to the members of Forevermark Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Laura Burkhardt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2022

Forevermark Limited
Statement of comprehensive income
for the year ended 31 December 2021

		2021	2020
		\$'000	\$'000
	Note		
Revenue	4	164,925	141,620
Cost of sales		(162,916)	(140,510)
Gross profit		2,009	1,110
Other Income	5	2,079	-
Exceptional items	6	(11)	(1,058)
Loss on disposal	6	-	(170)
Operating profit / (loss)	6	4,077	(118)
Finance costs		(127)	(185)
Profit / (Loss) before taxation		3,950	(303)
Tax on profit / (loss)	9	704	(188)
Profit / (Loss) and total comprehensive income / (expense) for the year		4,654	(491)

All of the results are derived from continuing operations.

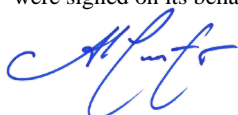
The notes on pages 13 to 25 are an integral part of these financial statements.

Forevermark Limited
Statement of financial position
as at 31 December 2021

	Note	2021 \$'000	2020 \$'000
Fixed assets			
Intangible assets	10	210	243
Property, plant and equipment	11	4,940	4,615
Investments in subsidiaries	12	15,305	17,499
Other investments	13	4,272	-
Total fixed assets		<u>24,727</u>	<u>22,357</u>
Current assets			
Deferred tax assets	14	2,037	1,501
Trade and other receivables	15	32,194	28,884
Current tax assets		155	155
Cash and cash equivalents		11,223	1,029
Total current assets		<u>45,609</u>	<u>31,569</u>
Creditors: amounts falling due within one year	16	(27,901)	(18,121)
Provisions for liabilities	17	-	(724)
Net current assets		<u>17,708</u>	<u>12,724</u>
Total assets less current liabilities		<u>42,435</u>	<u>35,081</u>
Net assets		<u>42,435</u>	<u>35,081</u>
Equity			
Called up share capital	18	9,687	9,687
Share premium account		4,813	4,813
Capital contribution		262	262
Share-based payment reserve		5,227	4,190
Retained earnings		22,446	16,129
Total equity		<u>42,435</u>	<u>35,081</u>

The notes on pages 13 to 25 are an integral part of these financial statements.

The financial statements on pages 10 to 25 were authorised for issue by the Board of Directors on 29 September 2022 and were signed on its behalf by:



A Pregnolato
 Director
 29 September 2022

Forevermark Limited
Statement of changes in equity
as at 31 December 2021

	Called up share capital \$'000	Share premium account \$'000	Capital contribution \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2020	9,687	4,813	262	3,314	15,741	33,817
Loss for the financial year	-	-	-	-	(491)	(491)
Total comprehensive expense for the year	-	-	-	-	(491)	(491)
Transactions with owners in their capacity as owners:						
Share-based payment charge	-	-	-	1,755	-	1,755
Reclassification of equity settled share schemes	-	-	-	(879)	879	-
Total transaction with owners, recognized directly in equity	-	-	-	876	879	1,755
Balance as at 31 December 2020	9,687	4,813	262	4,190	16,129	35,081
Profit for the financial year	-	-	-	-	4,654	4,654
Total comprehensive income for the year	-	-	-	-	4,654	4,654
Transactions with owners in their capacity as owners:						
Share-based payment charge	-	-	-	2,700	-	2,700
Reclassification of equity settled share schemes	-	-	-	(1,663)	1,663	-
Total transaction with owners, recognized directly in equity	-	-	-	1,037	1,663	2,700
Balance as at 31 December 2021	9,687	4,813	262	5,227	22,446	42,435

The notes on pages 13 to 25 are an integral part of these financial statements.

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

1. General Information

Forevermark Limited (the “Company” or “Forevermark”) is a private company, limited by shares, incorporated and registered in the United Kingdom (England and Wales) and its principal place of business is London. The address of its registered office is disclosed with the officers and professional advisers on page 1 and the principal activities of the Company are disclosed in the Directors' report.

2. Significant accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise 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 3.

2.2 Financial Reporting Standard 101 – reduced disclosure exemptions

Forevermark Limited meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

- the requirements of paragraphs 45 (b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of:
 - paragraph 79(1)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of the second sentence of paragraphs of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

The following amendments to IFRS and IAS are mandatory subject to endorsement by the UK Endorsement Board:

- Amendment to IFRS 16 Leases Covid 19 - Related rent concessions (effective 1 June 2020)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest rate benchmark reform Phase 2 (effective 1 January 2021)
- Amendments to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current;
- Amendments to IAS 1 Presentation of financial statements: disclosure of accounting policies;
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: definition of accounting estimates;
- Amendments to IAS 12 Income Taxes: deferred tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS 3 Business combinations: updating a reference to the conceptual framework;

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements (continued)

- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets: onerous contracts; and
- Annual Improvements to IFRS Standards 2018–2020.

2.4 Going concern

The Company's ability to operate as a going concern has been assessed by the Directors of the Company, alongside the wider assessment of De Beers plc and its subsidiaries (together the "Group"), as the Company's viability is dependent upon the ability of the Group companies to settle their intercompany balances with the Company and to provide funds for working capital needs. In making this assessment, the Directors note that De Beers plc has confirmed that it will provide financial resources, where requested, for at least 12 months from the date of signing these financial statements.

The Directors have therefore concluded that at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the continue to adopt the going concern basis in preparing the annual financial statements.

2.5 Investments in subsidiaries and joint ventures

Investments in subsidiaries represent equity holdings valued at cost less any impairment provisions. Such investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group accounts. Consequently, these financial statements present information about the undertaking as an individual undertaking and not about its Group.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset straight line over its expected useful life, as follows:

- Office equipment - over six years
- Plant and equipment - over six years
- Jewellery - not depreciated

Jewellery is not depreciated as it is expected that the residual value will be maintained or increase to an amount in excess of the cost. The carrying value of all jewellery is reviewed annually for evidence of impairment, with any impairment recognised immediately as additional depreciation charged to the statement of comprehensive income.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

2.7 Intangible assets

Intangible assets which consist of computer software are stated at cost net of amortisation and any provision for impairment. Amortisation is provided on computer software at rates calculated to write off the cost, less estimated residual value, straight line over its expected useful life of three years.

2.8 Taxation

Income tax expense represents the sum of the current tax payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Significant accounting policies (continued)

2.8 Taxation (continued)

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.9 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of the Company are expressed in United States Dollars, which is the functional currency for the Company and all amounts given in these financial statements are in USD unless otherwise stated.

The exchange rates ruling at 31 December 2021 have been deemed to be those ruling at the statement of financial position date, with monetary assets and liabilities denominated in foreign currencies being translated at the rates on this date.

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

2.10 Retirement benefits

Retirement benefits are provided for all eligible employees through either defined benefit or defined contribution funds.

The Company participates in a multi-employer defined benefit plan for qualifying employees, with all defined benefit costs being met by De Beers UK Limited, the Company's parent. The defined benefit section was closed to new entrants on 31 December 2001, with only a small number of the Company's employees being eligible to participate. This has been closed to further accrual from September 2015.

The total expense recognised in the income statement of \$711k (2020: \$436k) represents contributions payable to the plan by the Company at rates specified in the rules to the plan.

Full details on the defined benefit scheme are provided in the De Beers UK Limited statutory accounts. Payments made to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.11 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Significant accounting policies (continued)

2.12 Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial instruments either under the amortised cost category or fair value through profit and loss. The classification of instruments under amortised cost is as a result of the purpose for which the instruments being acquired being to collect/pay contractual cash flows that are solely of principal and interest. Regular way purchases and sales of financial instruments are recognised on trade date, being the date on which the Company commits to purchase or sell the instrument. Assets are derecognised when the right to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. For financial liabilities these are derecognised once the Company has satisfied the payments of principal and interest to the counterparty. The classification of instruments under fair value through profit and loss applies when financial assets are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business, as well as amounts due from De Beers UK Limited relating to Group recoveries. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (IFRS 9(5.5.1)).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly-liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Anglo American Capital plc advance the Company funds for working capital requirements. These borrowings are unsecured and held at a floating rate linked to LIBOR. The facility has been extended at the start of 2022 (refer to note 18) and is repayable in June 2025. At the end of 2020 and 2021, the Company was in a receivable position on the loan facility due to deposits held with Anglo American Capital plc and therefore is classified as cash and cash equivalent.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. At initial recognition, the Company measures a financial liability at its fair value less, transaction costs that are directly attributable to the recognition of the financial liability. Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest costs on the Company's credit facility with its ultimate parent, Anglo American, are included in finance costs using the effective interest rate method.

2.13 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of each party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

2. Significant accounting policies (continued)

2.13 Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the profit or loss is charged with fair value of goods and services received.

2.14 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.15 Revenue recognition

Revenue represents income from diamond grading and inscription services, retail door (licence) fees and administration fees receivable in the normal course of business measured at the fair value of consideration received or receivable and is stated net of value added tax. Grading and inscription revenue is recognised when diamonds are handed to a return courier at the location of the sales. Retail door (licence) revenue is recognised evenly over the annual invoice period.

Group recoveries recharged to De Beers UK Limited are recognised on a monthly basis, in line with the service being provided.

2.16 Exceptional items

Where significant expenses or income that do not reflect the Company's ongoing operations are incurred during the year, these items are disclosed as exceptional items in the statement of comprehensive income. In 2020, the De Beers Group, including Forevermark Ltd., undertook a restructuring exercise which had material expenses associated with it. The expense that went through the Income Statement in 2021 related to this same restructuring exercise.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described within note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

3.1 Critical accounting judgements

The only critical judgement made by the Directors in applying the Company's accounting policies is in respect of the recoverability of the investment value of the investment in subsidiaries held by the Company. The Company conducts an impairment review each year comparing the net asset value of each investment with its carrying value in the financial statements. If net asset value is lower than carrying value, then the fair value of each investment would be compared against the carrying value. If fair value is also lower than the carrying value, then an impairment is recognised. The total carrying value of all investments is \$15,305k (\$17,499k) and there were no impairments identified in the current or prior year. The movement in the current year related to a disposal of a subsidiary (note 12).

3.2 Key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no key sources of estimation uncertainty in applying the Company's accounting policies.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

4. Revenue

An analysis of the Company's revenue for the year is as follows:

	2021	2020
	\$'000	\$'000
Group recoveries	155,827	128,150
Grading and inscription revenue	7,401	6,810
Retail door revenue	1,668	6,223
Other revenue	29	437
	<hr/>	<hr/>
Total revenue	164,925	141,620

Analysis of revenue by country of destination:

	2021	2020
	\$'000	\$'000
United Kingdom	155,853	128,275
Rest of Europe	117	122
Rest of the World	8,955	13,223
	<hr/>	<hr/>
Total revenue	164,925	141,620

5. Other Income

Other income relates to a gain arising on the disposal of Forevermark Diamonds Private Limited and subsequent acquisition of an investment in De Beers India Private Limited. This new investment is being accounted for as fair value through profit and loss.

6. Operating Profit/(Loss)

Operating Profit/(Loss) has been arrived at after (crediting) / charging:

	2021	2020
	\$'000	\$'000
	Notes	
Net foreign exchange gains		(840)
Depreciation of property, plant and equipment	11	74
Amortisation of intangible assets	10	106
Employee benefits expense (including \$11k of exceptional restructuring costs in 2021, 2020: \$1,058k)	8	15,191
Amounts (released) / provided for doubtful debts		(398)
Total fees payable to the Company's auditors for the audit of the Company's annual financial statements		63
Loss on sale of fixed assets		-
		<hr/>
		170

No other fees were payable to the Company's auditors and their associates.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

7. Information regarding directors' remuneration and transactions

	2021	2020
	US\$'000	US\$'000
Directors' remuneration		
Emoluments (excluding pension contributions)	-	317
Company contributions to directors' pensions		
Defined contribution scheme	-	25
Benefits received or receivable under long-term incentive schemes	-	330
Restructuring	-	569
	2021	2020
	US\$'000	US\$'000
Remuneration of the highest paid director		
Emoluments (excluding pension contributions)	-	317
Benefits received or receivable under long-term incentive schemes	-	330
Restructuring	-	569

The director employed by the company in 2020 is no longer employed by the company. The remuneration of the directors listed in the Directors' Report is paid by De Beers UK Limited which does not make any recharge to the company. The directors are directors of numerous group subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, no remuneration in respect of directors is disclosed. The total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of De Beers UK Limited.

8. Information regarding staff costs and numbers

	2021	2020
	\$'000	\$'000
Staff costs during the year including directors		
Wages and salaries	9,699	6,125
Social security costs	1,745	836
Share based payment charge	3,025	2,335
Restructuring	11	1,058
Other pension costs	711	436
	15,191	10,790
The monthly average number of employees (including directors) in the year was:		
	2021 No.	2020 No.
Marketing Employees	57	28
Operations Employees	22	36
Total Employees	79	64

Forevermark Limited employs staff which support IIDGR (UK) Limited, a fellow De Beers Group company. The Company has recharged \$1,650k (2020: \$2,232k) to IIDGR (UK) Limited for a share of these employee costs. During the year employees were transferred from another group subsidiary, De Beers Jewellers.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

9. Tax on profit / (loss)

	2021	2020
	\$'000	\$'000
Current tax:		
Adjustments in respect of prior years	(181)	(140)
Foreign tax suffered	13	442
Total current tax	(168)	302
Deferred tax:		
Current year	(12)	(23)
Effect of changes in tax rates	(489)	(99)
Adjustments in respect of prior years	(35)	8
Total deferred tax	(536)	(114)
Tax (credit) / charge per income statement	(704)	188

Tax for the year is lower (2020: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021	2020
	\$'000	\$'000
Profit / (Loss) before tax	3,950	(303)
Tax at the domestic income tax rate of 19% (2020: 19%)	751	(58)
Effects of:		
Expenses not deductible	48	26
Income not taxable	(458)	-
Tax rate changes	(489)	(99)
Effects of overseas tax rates	10	358
Share based payments	277	(23)
Adjustments in respect of prior years	(216)	(124)
Effects of group relief / other reliefs	(627)	108
Tax (credit) / charge	(704)	188

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021 and is included in these financial statements.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. Had the change been substantively enacted, the \$489k tax rate change above would not have been required.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

10. Intangible assets

	Computer Software	Assets Under Construction	Totals
	\$'000	\$'000	\$'000
Cost			
At 1 January 2021	7,054	235	7,289
Additions	-	73	73
Disposal	(2,047)	-	(2,047)
Transfer	235	(235)	-
At 31 December 2021	<u>5,242</u>	<u>73</u>	<u>5,315</u>
Accumulated amortisation			
At 1 January 2021	7,046	-	7,046
Disposal	(2,047)	-	(2,047)
Charge for the year	106	-	106
At 31 December 2021	<u>5,105</u>	<u>-</u>	<u>5,105</u>
Carrying amount			
At 31 December 2021	<u>137</u>	<u>73</u>	<u>210</u>
At 31 December 2020	<u>8</u>	<u>235</u>	<u>243</u>

11. Property, plant and equipment

	Plant and equipment	Jewellery	Office equipment	Assets in the course of construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2021	947	4,455	36	13	5,451
Additions	182	138	-	79	399
Reclassification	13	-	-	(13)	-
At 31 December 2021	<u>1,142</u>	<u>4,593</u>	<u>36</u>	<u>79</u>	<u>5,850</u>
Accumulated depreciation					
At 1 January 2021	808	-	28	-	836
Charge for the year	68	-	6	-	74
At 31 December 2021	<u>876</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>910</u>
Carrying amount					
At 31 December 2021	<u>266</u>	<u>4,593</u>	<u>2</u>	<u>79</u>	<u>4,940</u>
At 31 December 2020	<u>139</u>	<u>4,455</u>	<u>8</u>	<u>13</u>	<u>4,615</u>

Forevermark Limited

Notes to the financial statements

for the year ended 31 December 2021

12. Investments in subsidiaries

All investments in subsidiaries are in ordinary shares and are accounted for at cost less any provision for impairment. Details of the Company's subsidiaries at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation ownership (or registration) and operation	Proportion of voting interest (%)	Proportion of voting power held (%)
Forevermark KK	Japan	100%	100%
Forevermark Limited	Hong Kong	100%	100%
Forevermark Italy s.r.l	Italy	100%	100%
International Institute of Diamond Grading and Research (Belgium) NV	Belgium	100%	100%
Forevermark US, Inc	US	100%	100%
			\$'000
At 1 January 2021			17,499
Disposal			<u>(2,194)</u>
At 31 December 2021			<u>15,305</u>

The Company disposed of its investment in Forevermark Diamonds Private Limited. Refer to note 13 for details of the investment received for consideration.

The registered address for each subsidiary is as follows:

Forevermark KK	New Otani Garden Court 7 th Floor 4-1, Kioi-cho Chiyoda-ku Tokyo Japan
Forevermark Limited	RM 02B&03-06 26/F Kinwick Centre 32 Hollywood Road Central Hong Kong
Forevermark Italy s.r.l	Via F. Burlamacchi Francesco 14 20135 Milan Italy
International Institute of Diamond Grading and Research (Belgium) NV	21 Schupstraat 21, 2018 Antwerp Belgium
Forevermark US, Inc	300 First Stamford Place Stamford CT 06902 USA

13. Other Investments

Other investments comprise preference shares in De Beers India Private Limited (DBI). On conversion of the preference shares, the Company will own 33% of the total shares in DBI. An assessment was completed at the time of acquisition using net asset value as an indicator of the fair value. The investment is held at fair value through profit and loss. A fair value assessment will be completed at each subsequent year end. DBI is incorporated in India. The address of DBI is TCG Financial Centre, C-53, Bandra Jurla Complex, Bandra (East), Mumbai 400098, India.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

14. Deferred tax assets

The following is the deferred tax asset recognised by the Company and the movements during the current and prior year:

	Accelerated tax depreciation \$'000	Retirement benefit obligation \$'000	Share-based payments \$'000	Tax Losses \$'000	Total \$'000
At 1 January 2020	1,085	10	292	-	1,387
Credit to income statement	23	-	-	-	23
Effect of change in the UK tax rate	129	2	(32)	-	99
Prior year adjustment	(8)	-	-	-	(8)
<hr/>					
At 31 December 2020	1,229	12	260	-	1,501
Prior year adjustment	(24)	(12)	-	71	35
Credit to income statement	1	11	-	-	12
Effect of change in the UK tax rate	381	3	82	23	489
<hr/>					
At 31 December 2021	1,587	14	342	94	2,037

The deferred tax asset is deemed to be recoverable due to expected future profits and further taxable temporary differences.

15. Trade and other receivables

	2021 \$'000	2020 \$'000
Amounts owed by parent undertaking	26,250	19,057
Amounts owed by Forevermark Group undertakings	2,309	2,967
Other taxes receivable	897	779
Trade receivables	1,185	1,112
Prepayments and accrued income	1,553	4,969
Total trade and other receivables	<u>32,194</u>	<u>28,884</u>

16. Creditors: amounts falling due within one year

	2021 \$'000	2020 \$'000
Amounts owed to Forevermark Group undertakings	20,858	13,421
Amounts owed to other Anglo and De Beers Group undertakings	60	478
Social security and taxation	215	168
Trade creditors	3,705	1,965
Accruals and deferred income	3,063	2,089
Total creditors: amounts falling due within one year	<u>27,901</u>	<u>18,121</u>

The Directors consider that the carrying amount of trade and other payables is equal to their fair value. No interest is added to intercompany payables as these arrangements are interest free and all balances are unsecured and repayable on demand.

Forevermark Limited
Notes to the financial statements
for the year ended 31 December 2021

17. Provisions for liabilities

	2021	2020
	\$'000	\$'000
At 1 January	724	-
Charged to profit and loss	11	1,058
Utilised in the year	(735)	(334)
	<hr/>	<hr/>
At 31 December	-	724

The wider Group announced a restructuring to employees on the 7th August 2020. As part of the exercise, a number of redundancies were made across the group. Given the announcement Forevermark Limited provided for the costs relating to its share of the restructuring programme. This provision was nil at the end of 2021.

18. Called up share capital

	2021	2020
	\$'000	\$'000
At 1 January 2021 and 31 December 2021	9,687	9,687

The Company has one class of ordinary shares with par value of £1, which carry no right to fixed income. The Company has 7,373,001 ordinary shares issued at 31 December 2021.

19. Share-based payments

During the year ended 31 December 2021, the Company had share-based payment arrangements with employees relating to the shares of Anglo American plc. All of these schemes are equity settled, either by award of ordinary shares (Bonus Share Plan (BSP), Long Term Incentive Plan (LTIP) and Share Incentive Plans (SIP)) or award of options granted with a fixed exercise price to acquire ordinary shares three years after the date of grant, which expire five years after the date of grant (Save As You Earn (SAYE)). Employees are required to remain in employment with the company until the options become exercisable. The BSP, LTIP and SIP schemes are an award of shares that deliver automatically on a date with no instruction or financial consideration required from the employee; these have an exercise price of nil. For SAYE shares outstanding at 31 December 2021, the exercise price ranges from £6.96 to £24.55 and the weighted average remaining contractual life is 2 years.

The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Anglo American plc. This amount is treated as a reduction of the capital contribution, and it is recognised directly in equity.

20. Post balance sheet events

The Russian invasion of Ukraine has been an evolving situation for many years. However, the recent escalation of the tensions resulting in Russia invading Ukraine took place during February 2022. The geopolitical tensions between Russia and Ukraine, alongside the imposition of international sanctions, have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally where businesses engage in economic activities. The Company has no existence or direct exposure to Russia, Belarus or Ukraine or any of the neighbouring countries who might be affected with the situation. Furthermore, we have no facilities, customers or suppliers in any of these territories, nor any raw materials or energy supply contracts from them. At this stage, it is too early to predict any broader potential impacts on the industry but we continue to monitor the situation closely and will take any necessary actions warranted by unfolding events.

The current De Beers plc Group ("DB plc") US\$2 billion facility with AAC expired in June 2022. The facility allows DB Plc Companies, including Forevermark Limited, to borrow or deposit cash directly with AAC. The US\$2 billion facility was renewed for a 5 year tenor at an interest rate of LIBOR plus a 175bps margin by the Anglo American plc Board on 22 February 2022 and by the DB UK board on 9 March 2022.

Refer to note 9 for the tax rate changes announced but not enacted subsequent to the year-end.

Forevermark Limited
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21. Parent undertaking and controlling party

The smallest Group for which Group accounts are prepared is De Beers plc, incorporated in Jersey and registered at 3rd Floor, 44 Esplanade, St Helier, JE4 9WG, Jersey. The immediate parent of the Company is De Beers UK Limited, incorporated in the United Kingdom (England and Wales). Accounts for De Beers Plc and De Beers UK Limited can both be obtained from its registered address at Anglo American plc, 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

The largest Group to consolidate these financial statements is Anglo American plc. The Company's ultimate parent is Anglo American plc, a public limited company registered in the United Kingdom (England and Wales) (registered number 03564138). The consolidated accounts of Anglo American plc may be obtained from The Company Secretary, Anglo American plc, 17 Charterhouse Street, London, EC1N 6RA, United Kingdom which is the registered address of Anglo American plc.