FORESIGHT VCT PLC

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2022

FOR A SMARTER FUTURE

OUR PURPOSE

Foresight VCT plc is a Venture Capital Trust aiming to provide private investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

KEY OBJECTIVES

Development of Net Asset Value Total Return above a 5% target

Payment of annual ordinary dividends of at least 5% of the latest announced NAV

Maintaining a programme of regular share buybacks at a discount no less than 7.5% to NAV

Implementing a significant number of new and follow-on investments, exceeding deployment requirements to maintain VCT status

KEY DATES

Annual General Meeting	15 June 2023
Half-Yearly results to 30 June 2023	September 2023
Annual results to 31 December 2023	April 2024

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FINANCIAL HIGHLIGHTS

"In the year, the value of the investment portfolio rose by £2.8 million as a result of an increase of £14.6 million in the valuation of investments, plus £10.1 million of new investments offset by sales of investments totalling £21.9 million."

£191.7m

Total Net Assets
as at 31 December 2022

87.5p

NAV per share
as at 31 December 2022

£14.6m

Uplift in valuation of investments
in the year to 31 December 2022

8.5p

Dividends paid
4.5p 24 June 2022 and 4.0p 21 October 2022

- Total net assets £191.7 million.
- A final dividend of 4.5p per share was paid on 24 June 2022, costing £10.0 million.
- A special interim dividend of 4.0p per share was paid on 21 October 2022, costing £8.8 million.
- Net Asset Value per share decreased by 2.9% from 90.1p at 31 December 2021 to 87.5p at 31 December 2022. After adding back the payments of a 4.5p dividend made on 24 June 2022 and a 4.0p dividend made on 21 October 2022, NAV Total Return per share was 96.0p, bringing the total return in the year to 6.5%.
- Four new investments costing £6.8 million and three follow-on investments costing £3.3 million were made during the year.
- The value of the investment portfolio rose by £2.8 million in the year to 31 December 2022. This was driven by an increase of £14.6 million (2021: £42.0 million) in the valuation of investments, plus £10.1 million of new investments offset by sales of investments totalling £21.9 million.
- The offer for subscription launched in January 2023 was closed on 13 April 2023 and raised a total of £23.1 million after expenses.
- The Board is recommending a final dividend for the year ended 31 December 2022 of 4.4p per share, to be paid on 30 June 2023.

Key metrics

	1 year	3 years	5 years
Movement in NAV Total Return as at 31 December 2022[1]	6.5%	34.6%	41.3%

1. Definitions of these Alternative Performance Measures ("APMs") can be found in the Glossary on page 104.

PLACE OF BUSINESS OF PORTFOLIO COMPANIES

Key metrics

	31 December 2022	31 December 2021
Total net assets	**£191.7m**	£185.1m
Net Asset Value per share	**87.5p**	90.1p
Movement in Net Asset Value Total Return during the year[1]	**6.5%**	27.3%
Share price	**76.5p**	76.5p
Share Price Total Return[1, 2]	**227.1p**	223.9p
Dividend per share paid in the year[1]	**8.5p**	3.7p
Dividend yield[1]	**11.1%**	4.8%
Shares in issue	**219,151,944**	205,591,087

	2022	2021
Discount to NAV at 31 December[1]	**12.6%**	15.1%
Average discount on buybacks[1]	**10.0%**	10.0%
Shares bought back during the year under review[1]	**11,429,802**	8,657,404
Shares issued through fundraising	**20,797,803**	6,508,226
Shares issued under the dividend reinvestment scheme	**4,192,856**	1,786,248
Ongoing charges ratio (based on quarterly average net assets)[1]	**2.2%**	2.1%

1. Definitions of these Alternative Performance Measures ("APMs") can be found in the Glossary on page 104.
2. Based on 100.0p invested in the original Ordinary Share class launched in 1997.

CHAIR'S STATEMENT

I am pleased to present the Company's audited Annual Report and Accounts for the year ended 31 December 2022 and to report a Net Asset Value Total Return of 6.5% for the year and a dividend yield of 11.1% including a special dividend.

Margaret Littlejohns
Chair of Foresight VCT plc

PORTFOLIO OVERVIEW

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INVESTMENTS AS AT 31 DECEMBER 2022

£14.6m

UPLIFT IN VALUATION OF INVESTMENTS IN THE YEAR ENDED 31 DECEMBER 2022

£21.9m

INVESTMENT SALES PROCEEDS IN THE YEAR ENDED 31 DECEMBER 2022

Overview of 2022

The Net Asset Value ("NAV") Total Return per share of 6.5% for 2022 represents a good investment performance by the Company in the context of a particularly challenging macroeconomic environment throughout the year.

While the impact of COVID-19 had receded by the start of the year, the Russian invasion of Ukraine in February created an economic and geopolitical upheaval across the globe. Financial and trade sanctions imposed on Russia in response to the conflict increased the cost of energy and food and resulted in worldwide inflationary pressures and further disruption of supply chains, already under strain from the pandemic. The portfolio has some limited direct exposure to Russia and Ukraine, including a small proportion of customers, staff and contractors in both countries, but this remains manageable and supply chains to date have not been significantly disrupted. Rising inflation and interest rates, however, affected consumer and business confidence and, particularly in the UK, reduced growth prospects during 2022. Against this backdrop, the Manager worked closely with management teams of investee companies to prepare and plan for a weakening economy.

The Company's portfolio in aggregate has remained resilient amid this economic and political turmoil during the year. Many of the portfolio companies successfully adapted to the new economic landscape, with some performing extremely well and demonstrating the strength of their management teams. A minority struggled as a result of a fall in consumer demand and inflationary pressures, especially surging energy prices. However, these businesses are now beginning to show signs of recovery.

At the end of 2022, 26 companies still held in the portfolio recorded a combined increase in unrealised value of £19.8 million, offset by 16 companies still held in the portfolio recording an aggregate fall in unrealised value of £14.0 million.

Three investments were sold in full generating net gains in valuation of £8.8 million. Of particular note was the successful sale of Codeplay Software in May 2022, which generated a multiple of over 15 times the original cost of £0.7 million paid by the Company in 2018.

Strategy

The Board and the Manager continue to pursue a strategy for the Company which includes the following four key objectives:

- Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets
- Payment of annual ordinary dividends of at least 5% of the NAV per share per annum (based on the latest announced NAV per share) while endeavouring, at a minimum, to maintain the NAV per share on a year-on-year basis
- The implementation of a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status
- Maintaining a programme of regular share buybacks at a discount of no less than 7.5% (2021: 10%) to the prevailing NAV per share

The Board and the Manager believe that these key objectives remain appropriate and the Company's performance in relation to each of them over the past year is reviewed in more detail below.

Net Asset Value and dividends

The NAV of the Company grew over the financial year from £185.1 million to £191.7 million at 31 December 2022, which is in line with the Board's objective of growing the Company's assets.

At the end of 2022, 89% of the Company's assets were already invested and the Board believed it would be in the Company's best interest to raise further funds to provide liquidity for its activities in 2023 and beyond. On 20 January 2023, the Company launched an offer for subscription to raise up to £20 million, with an over-allotment facility to raise up to a further £10 million, through the issue of new shares. The offer was closed on 13 April 2023 having raised gross proceeds of £24.1 million, £23.1 million after expenses, as detailed in the post-balance sheet events note 20.

During the year, the previous offer was closed to applications on 7 April 2022 and raised gross funds of £24.1 million. We would like to thank those existing shareholders who have supported these offers and welcome all new shareholders to the Company.

The Company paid two dividends during the year: a dividend of 4.5p per share paid on 24 June 2022 which represented 5% of the NAV per share as at 31 December 2021 and a special dividend of 4.0p per share paid on 21 October 2022, following the successful realisations of TFC Europe and Codeplay Software. Our objective of maintaining NAV per share was met after paying the first dividend, but the distribution of the special dividend reduced the NAV per share to 87.5p at 31 December 2022, a reduction of 2.6p from 90.1p at 31 December 2021. After adding back both dividends, the NAV Total Return per share for the year was 96.0p, representing a total return of 6.5%.

Net Asset Value and dividends continued

The total return per share from an investment in the Company's shares made five years ago is 41.3%, which is above the minimum target return set by the Board of 5% per annum. Exceeding this target is at the centre of the Company's current and future portfolio management objectives.

The Board is recommending a final dividend for the year ended 31 December 2022 of 4.4p per share, to be paid on 30 June 2023 based on an ex-dividend date of 15 June 2023, with a record date of 16 June 2023. At the year end, distributable reserves totalled £64,303,000 (2021: £81,536,000).

The Company continues to achieve its target dividend yield of 5% of NAV, which was set in 2019 in light of the change in portfolio towards earlier-stage, higher-risk companies, as required by the VCT rules. The Board and the Manager hope that this level may be exceeded in future by payment of additional "special" dividends as and when particularly successful portfolio disposals are achieved.

Investment performance and portfolio activity

A detailed analysis of the investment portfolio performance over the year is given in the Manager's Review.

In brief, during the year under review, the Manager completed four new investments, in a range of sectors, and three follow-on investments costing £6.8 million and £3.3 million respectively. The Company also disposed of three investments, generating proceeds of £19.9 million with a further £0.9 million of deferred consideration included within debtors at the year end, representing a combined return multiple of 5.3x. Three loan principal repayments were also received in the year totalling £2.0 million.

The Board and the Manager are confident that a more significant number of new and follow-on investments can be achieved in 2023 as the economy continues to recover and more opportunities emerge.

After the year end, the Company made four new investments totalling £4.9 million in Sprintroom Limited (£1.0 million), Firefish Software Limited (£1.5 million), Five Wealth Limited (£0.7 million) and Red Flag Alert Limited (£1.7 million). The Company also completed four follow-on investments with an aggregate cost of £2.8 million in IMMJ Systems Limited (£0.6 million), NorthWest EHealth Limited (£1.5 million), Ten Health & Fitness Limited (£0.6 million) and Additive Manufacturing Technologies Ltd (£0.1 million). Furthermore, the Company realised its holdings in Mowgli Street Food Limited, Innovation Consulting Group Limited and Datapath Group Limited. The three exits combined generated proceeds of £15.4 million at completion with a further £2.8 million of deferred consideration due over the next 24 months. Including cash returned to the date of this report, the exits have delivered an impressive aggregate return multiple of 5.8 times the original investment. Further details of these investments and realisations can be found in the Manager's Report.

The Company and Foresight Enterprise VCT plc have the same Manager and share similar investment policies. The Board closely monitors the extent and nature of the pipeline of investment opportunities and is reassured by the Manager's confidence in being able to deploy funds without compromising quality and to satisfy the investment needs of both companies.

Responsible investing

The analysis of environmental, social and governance ("ESG") issues is embedded in the Manager's investment process and these factors are considered key in determining the quality of a business and its long-term success. Central to the Manager's responsible investment approach are five ESG principles that are applied to evaluate investee companies, acquired since May 2018, throughout the lifecycle of their investment, from their initial review and acquisition to their final sale. Every year, these portfolio companies are assessed and progress is measured against these principles. More detailed information about the process can be found on pages 44 to 46 of the Manager's Review.

Buybacks

During the year the Company repurchased 11,429,802 shares for cancellation at an average discount of 10.0%, achieving its former objective of maintaining regular share buybacks at a discount of 10.0%. As noted above and in the January 2023 Prospectus, the Board now has a current objective of maintaining a programme of regular share buybacks at a discount of no less than 7.5% to the prevailing NAV per share. The Board and the Manager consider that the ability to offer to buy back shares at no less than 7.5% is fair to both continuing and selling shareholders, and continues to help underpin the discount to NAV at which the shares trade.

Share buybacks are timed to avoid the Company's closed periods. Buybacks will generally take place, subject to demand, during the following times of the year:

- April, after the Annual Report has been published
- June, prior to the Half-Yearly reporting date of 30 June
- September, after the Half-Yearly Report has been published
- December, prior to the end of the financial year

Management charges, co-investment and performance incentive

The annual management fee is an amount equal to 2.0% of net assets, excluding cash balances above £20 million, which are charged at a reduced rate of 1.0%. This has resulted in ongoing charges for the period ended 31 December 2022 of 2.2%, which is at the lower end of the range when compared to competitor VCTs.

Since March 2017, co-investments made by the Manager and individual members of the Manager's private equity team have totalled £1.1 million alongside the Company's investments of £81.0 million.

The co-investment scheme requires that the individual members of the team invest in all of the Company's investments from that date onwards and prohibits selective "cherry picking" of co-investments. If any individual team member opts out of co-investment, they cannot invest in anything during that year. The Board believes that the co-investment scheme aligns the interests of the Manager's team with those of shareholders and has contributed to the gradual improvement in the Company's investment performance.

In addition to the co-investment scheme, a performance incentive scheme has been in place since 2017. The performance incentive scheme only applies after an investment has been sold and the scheme incorporates three different hurdles, all of which need to be achieved at different stages before any performance fee can be paid: an Investment Growth Hurdle for the individual investment at exit and also two NAV Total Return Hurdles, the first upon the exit of the investment and the second three years later. The NAV Total Return Hurdle increases each year, so the second NAV Total Return Hurdle will be higher than the first. Despite continued improvement in the Company's net asset performance and in its NAV Total Return per share, increases in RPI inflation have resulted in the initial NAV Total Return Hurdle under the arrangement not being met at the date of relevant realisations in the year or as at 31 December 2022.

As at 31 December 2022, the individual Investment Growth Hurdles have been met for three realised and 14 unrealised investments out of the 35 new early-stage investments made since the introduction of the performance incentive arrangements and a contingent liability of £7.2 million in respect of this is disclosed in note 15. At the date of this report, the Company has not paid fees in relation to the scheme.

The Board has been pleased to note good performance in recent years and several strong exits, including the exceptional exits of Codeplay for 15.4 times and TFC for 12.6 times the respective initial investment. However, despite strong performance the current performance incentive arrangement has not crystalised into performance related payments. The current performance incentive arrangements were introduced during a period of low interest rates and inflation in the UK. In light of recent economic conditions, in particular rises in inflation, the hurdles under the current arrangements have become extremely difficult to achieve even where there is exceptional investment performance. In addition, the arrangements are complex and require onerous assessment and monitoring with any payment being made long after the relevant investment exit.

The Board has, therefore, been considering revised arrangements which better incentivise the Manager's performance and are simpler to implement and understand, whilst continuing to align with the interests of shareholders.

The new arrangements will supersede the current scheme and any potential outstanding liabilities relating to it will end. Going forward, it is proposed that the Manager be able to earn an annual performance incentive fee as summarised below.

A performance incentive fee would be payable in respect of each financial year commencing on or after 1 January 2023 where the Company achieves an average annual NAV Total Return per share, over a rolling five year period, in excess of an average annual hurdle of 5%. In respect of the relevant financial year, the average annual NAV Total Return per share is the total movement in Net Asset Value per share plus dividends from the start of the four preceding years to the end of that financial year (i.e. a rolling five year period) divided by five. The average annual hurdle is an average return of 5% per annum (simple, not compounded) over that same rolling five-year period from the opening Net Asset Value per share at the beginning of that rolling five year period. If the hurdle is met, the Manager would be entitled to an amount equal to 20% of the excess over the hurdle subject to a cap of 1% of the closing Net Asset Value for the relevant financial year (and no fee will be due in excess of this cap). Where there is a negative return in the relevant financial year no fee shall be payable even if the hurdle is exceeded. However, the potential fee will be carried forward and will become due at the end of the next financial year if the performance hurdle described above for that next financial year is achieved and the negative return in the preceding financial year is recovered in that next financial year. Any such catch up fees shall be paid alongside any fee payable for the next financial year subject to the 1% cap applying to both fees in aggregate. Any such catch up fees cannot be rolled further forward to subsequent financial years. The new arrangements will be subject to continual review by the Board to ensure continued alignment with the interests of shareholders.

These proposals, which have not yet been entered into, will constitute a related party transaction under the Listing Rules of the Financial Conduct Authority and will, before they can be implemented, require a 'fair and reasonable' opinion from a sponsor and also the approval of shareholders. A circular to shareholders setting out further details and convening a general meeting to seek such approval will be sent to shareholders in due course.

More information on the current performance incentive arrangements (including an explanation of terms used above) can be found in note 13 of these accounts.

Board composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge its responsibilities. 2023 has seen some planned changes to the composition of the Board.

Board composition continued

The Board was delighted to appoint David Ford and Dan Sandhu as Non-Executive Directors in January 2023. Details of David and Dan's experience and expertise can be found in their biographies on page 53.

After over 16 years as a Non-Executive Director, including nearly 12 years as Chair of the Audit Committee, Gordon Humphries will not stand for re-election at the AGM on 15 June 2023. On behalf of the Company, I would like to thank Gordon for his significant contribution and dedication to the Company, which has benefited enormously from his wise counsel during his many years of service. We will miss Gordon and we wish him the very best for the future.

Gordon will be succeeded as Chair of the Audit Committee by Patty Dimond, who has already served on the Board for two years. Patty qualified with Deloitte Haskins & Sells as a Chartered Accountant and has experience as a current chair of the audit committee of Hilton Food Group plc and a former chair of the audit committee of LXi REIT plc, both FTSE 350 companies.

The Nomination Committee will continue its plans to refresh the Board over the coming year and aims to achieve a sensible balance between continuity and reinvigoration in compliance with the AIC Code. It is expected that the Board will revert to four Directors in 2024.

Shareholder communication

We were delighted to meet once again with some shareholders in person at the AGM on 31 May 2022, having long been unable to do so as a result of the travel restrictions due to COVID-19. Arrangements were also made to enable shareholders to attend online. However, very few took advantage of this facility and the Board has decided, in view of the considerable cost of providing it, not to repeat this in 2023. Additionally, the Manager once again reintroduced in-person investor forum events in the year which have proven popular with our shareholders in the past.

Annual General Meeting

The Company's Annual General Meeting will take place on 15 June 2023 at 2.00pm and we look forward to meeting as many of you as possible in person. Please refer to the formal notice on page 99 for further details in relation to the format of this year's meeting. We would encourage you to submit your votes by proxy ahead of the deadline of 2.00pm on 13 June 2023 and to forward any questions by email to **InvestorRelations@foresightgroup.eu** in advance of the meeting.

Sunset clause

The "Sunset Clause" for EIS and VCT reliefs has to be reviewed by the government by 6 April 2025. The clause provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is amended to make the scheme permanent, or the "sunset clause" is extended.

The government has the power to extend or remove the sunset clause through secondary legislation, which would allow the VCT & EIS schemes to operate in their current form beyond the current expiry date of the scheme. The then Chancellor Kwasi Kwarteng announced during his mini-budget of 23 September 2022 that venture capital schemes will be safeguarded beyond 2025 but no further details were given as to how this will be implemented. To date, the now Chancellor Jeremy Hunt has yet to clarify. However, through correspondence with the Treasury Select Committee, the Chancellor has stated that it is the government's firm intention to extend the VCT and EIS schemes beyond the sunset on 6 April 2025 and that further details will be provided in due course. The Treasury Select Committee also notes that the UK should be able to extend the scheme without European Commission approval, clarified by the recently announced Northern Ireland Protocol, the Windsor Framework.

Outlook

Growth in the UK is likely to be sluggish in 2023 and the prospects for many other countries are also uncertain. The economic impact of the war in Ukraine is likely to persist; ongoing inflationary pressures, tighter monetary policies and supply chain issues may continue to hinder economic recovery. Furthermore, the collapse of Silicon Valley Bank in March 2023 increased turmoil in financial markets. We are conscious that such conditions could prove challenging for our investee companies which are unquoted, small, early-growth businesses and by their nature entail higher levels of risk and lower liquidity than larger listed companies.

However, the Manager understands well the management and business requirements of each of the companies within the investment portfolio and is working closely with them to help them adapt to, and grow within, this changing environment. The Company's current portfolio of investments is well diversified by number, business sector, size and stage of development and overall has already demonstrated its relative resilience in the face of economic and geopolitical difficulties.

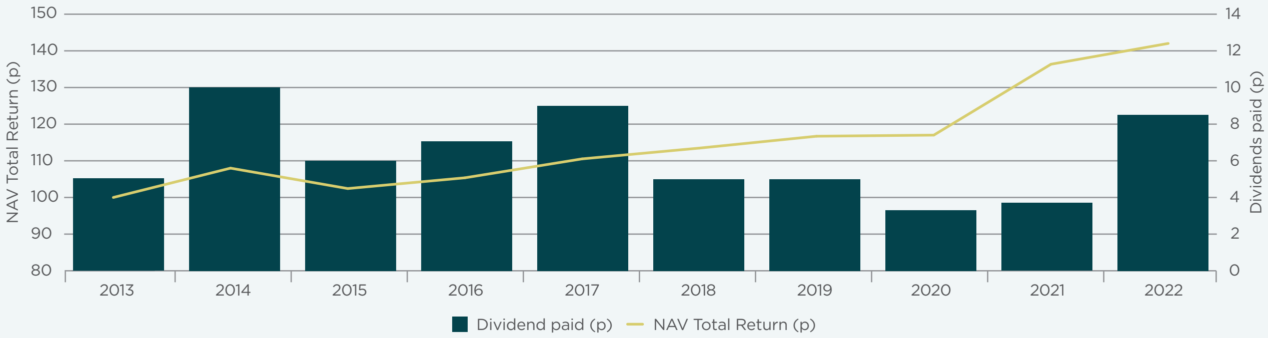
The fundraising referred to earlier will provide additional resources to make new acquisitions and enable the Company to continue to take advantage of the increasing numbers of investment opportunities that are now emerging out of the recent disruption. Although there will be considerable economic headwinds in the year ahead, we believe the diversified portfolio is well positioned to generate long-term value for shareholders.

Margaret Littlejohns

Chair

25 April 2023

Dividends paid and NAV Total Return (pence)[1]



1. Based on an initial investment on 1 January 2012.

	Dividend per share	Dividend per share (rebased)[1]
21 October 2022	4.0p	1.5p
24 June 2022	4.5p	1.7p
25 June 2021	3.7p	1.4p
19 June 2020	3.3p	1.3p
3 May 2019	5.0p	1.9p
4 May 2018	5.0p	1.9p
29 September 2017	4.0p	1.5p
3 April 2017	5.0p	1.9p
1 April 2016	7.0p	2.7p
13 March 2015	6.0p	2.3p
14 March 2014	10.0p	3.8p
14 June 2013	5.0p	1.9p
23 March 2012	7.5p	2.9p
17 June 2011	5.0p	1.9p
29 May 2009	1.0p	0.7p
7 March 2008	5.0p	3.4p
26 May 2006	0.5p	0.5p
5 July 2004	52.0p	52.0p
22 September 2003	8.0p	8.0p
30 June 2003	0.5p	0.5p
8 May 2000	100.0p	100.0p
6 August 1999	1.0p	1.0p
29 January 1999	3.2p	3.2p
Total dividends paid		**197.9p**
NAV per share based on 100.0p invested at launch		**33.4p**
NAV Total Return per share based on 100.0p invested at launch		**231.3p**

1. To get an accurate NAV Total Return per share in relation to the original Ordinary Share class launched in 1997, we have rebased dividends and NAV to account for the merger of the original Ordinary Share class and the C Share class in January 2007 (conversion ratio of 0.688075647795) and the subsequent reconstruction of the merged share class (this being the current share class) in March 2011 (conversion ratio of 0.554417986).

In addition to the details above, holders of the original C Share class (which became the current Ordinary Shares in January 2007) have received total dividends as set out on page 103.

EVOLUTION OF FORESIGHT VCT PLC

"Foresight Group is one of the longest serving VCT managers in the industry, launching the first Foresight VCT in 1997."

VCT

1997
Foresight VCT (formerly Foresight Technology VCT plc) was launched in November 1997, initially raising £10.9 million through an issue of Ordinary Shares (original Ordinary Shares) for investment in technology-focused companies.

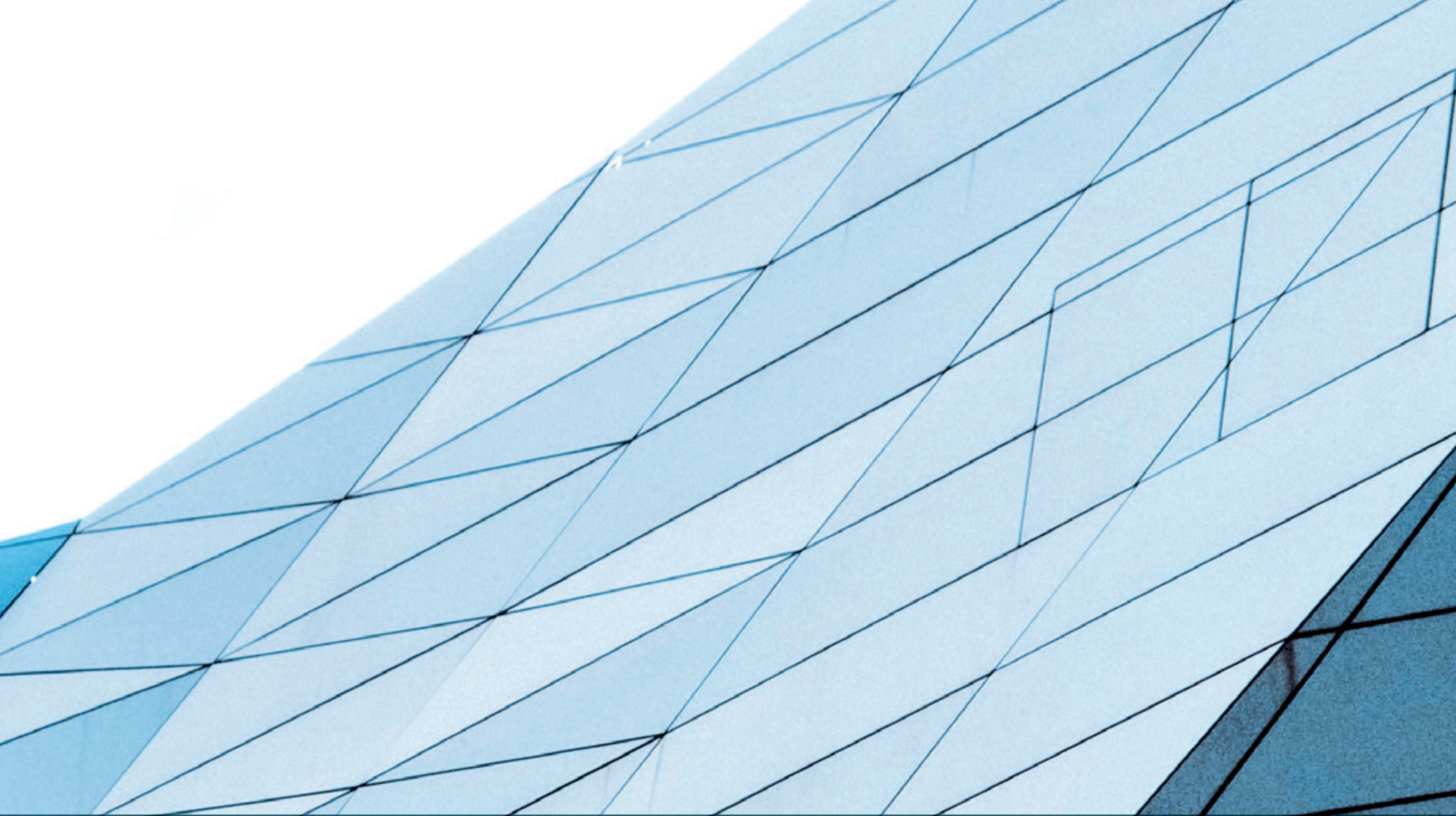
1999
A separate class of C Shares was launched in 1999, initially raising £32.6 million.

2007
In January 2007, the original Ordinary Share and C Share classes were merged into one class of Ordinary Shares and the Company was renamed Foresight VCT plc.

2010
Foresight VCT and Foresight 2 VCT raised £12 million of Planned Exit Shares in the 2009/10 tax year.

2011
In March 2011, Keydata Income VCT 1 plc and Keydata Income VCT 2 plc were merged into the Ordinary Share class of Foresight VCT plc.

2011
In March 2011, a reconstruction of the Ordinary Shares took place to rebase the NAV per share to 100p.



2012
Foresight VCT and Foresight 2 VCT raised more than £30 million in the 2011/12 tax year through the launch of a new Infrastructure Share class.

VCT

2015
On 18 December 2015, following shareholder approval, Foresight 2 VCT plc was merged into Foresight VCT plc, creating the then third largest VCT in the UK.

2017
The Company completed the sale of all investments in the Planned Exit Share class and the Infrastructure Share class. These were wound up, with final distributions made to shareholders on 29 December 2017.

2018
Since 24 January 2018, the Company has comprised one single class of share, the Ordinary Shares.

2023
On 13 April 2023, the Company closed its latest offer for subscription after raising £23.1 million after expenses.

COMPANY OBJECTIVES AND KPIS

Objective

Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets

Progress against objective

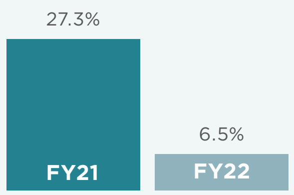
- The NAV of the Company grew from £185.1 million as at 31 December 2021 to £191.7 million as at 31 December 2022.
- During the year the NAV per share decreased by 2.9% from 90.1p at 31 December 2021 to 87.5p at 31 December 2022.
- After adding back the payments of a 4.5p dividend made on 24 June 2022 and a 4.0p dividend made on 21 October 2022, NAV Total Return per share was 96.0p, increasing the total return in the year to 6.5%.
- The total return per share from an investment made five years ago is 41.3%, which is above the minimum target return set by the Board of 5% per annum.

KPIs

6.5%

Movement in NAV Total Return

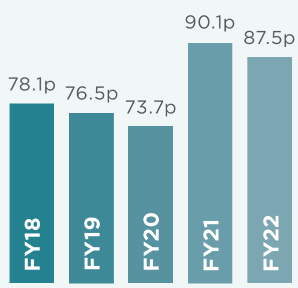
(31 December 2021: 27.3%)



87.5p

NAV per share

(31 December 2021: 90.1p)



Objective

Payment of annual ordinary dividends of at least 5% of the latest announced NAV per share while endeavouring, at a minimum, to maintain the NAV per share on a year-on-year basis

Progress against objective

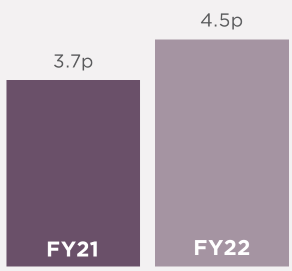
- The final dividend for the year ended 31 December 2021 of 4.5p per share was paid on 24 June 2022 based on an ex-dividend date of 9 June 2022, with a record date of 10 June 2022.
- A special interim dividend following successful realisations of TFC Europe and Codeplay Software of 4.0p per share was paid on 21 October 2022 based on an ex-dividend date of 6 October 2022, with a record date of 7 October 2022.
- This total payout exceeded the minimum target dividend per share of 5% of the NAV per share of 87.5p as at 28 February 2022.
- This target was set in 2019 in light of the change in the portfolio towards earlier-stage, higher-risk companies, as required by the current VCT rules.

KPIs

4.5p

Final dividend paid

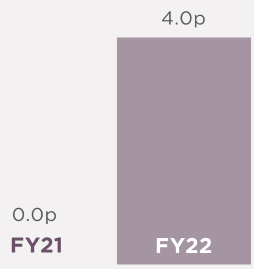
24 June 2022
(25 June 2021: 3.7p)



4.0p

Special dividend paid

21 October 2022



Objective

The implementation of a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status

Progress against objective

- During the year the Manager completed four new investments and three follow-on investments costing £6.8 million and £3.3 million respectively. Details of each of these new portfolio companies can be found in the Manager's Review.
- This level of new investment was in line with the Board's expectations, having successfully supported the existing portfolio through the various stages of the pandemic and the economic shock of the ongoing conflict in Ukraine.
- The Board and the Manager are confident that a more significant number of new and follow-on investments can be achieved in 2023 as the ongoing economic difficulties and political turmoil are already presenting unique investment opportunities.

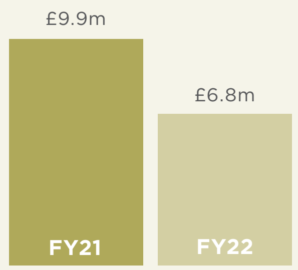
KPIs

£6.8m

New investment deployment

In year to 31 December 2022

(31 December 2021: £9.9m)

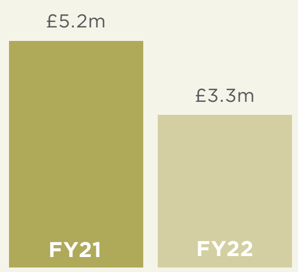


£3.3m

Follow-on investment deployment

In year to 31 December 2022

(31 December 2021: £5.2m)



Objective

Maintaining a programme of regular share buybacks at a discount of no less than 7.5% to the prevailing NAV per share

Progress against objective

- During the year, the Company repurchased 11,429,802 shares for cancellation at an average discount of 10.0%, achieving its former objective of maintaining regular share buybacks at a discount of 10%.
- As outlined in the January 2023 Prospectus, the Board has a current objective of maintaining a programme of re gular share buybacks at a discount of no less than 7.5% to the prevailing NAV per share.

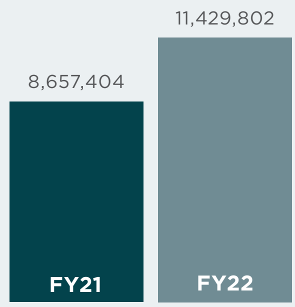
KPIs

11,429,802

Number of shares bought back

In year to 31 December 2022

(31 December 2021: 8,657,404)

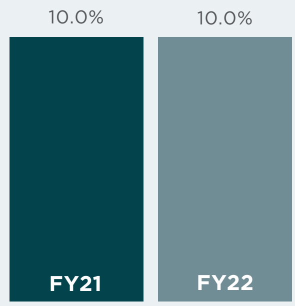


10.0%

Average discount on buybacks

In year to 31 December 2022

(31 December 2021: 10.0%)



INVESTMENT OBJECTIVE

To provide private investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

Performance and Key Performance Indicators ("KPIs")

The Board expects the Manager to deliver a performance which meets the objectives of the Company. The KPIs covering these objectives are growth in Net Asset Value per share and dividend payment, which, when combined, give a positive overall NAV Total Return. Additional KPIs and Alternative Performance Measures ("APMs") reviewed by the Board include the total expenses as a proportion of shareholders' funds. KPIs and APMs allow performance comparisons to be made between VCTs.

A record of some of these indicators is contained in the Key Metrics section on page 3 and the Company Objectives and KPIs section on pages 12 to 13.

The ongoing charges ratio for the year was 2.2% of net assets. Further detail of the Company's KPIs and APMs can be found in the Glossary of Terms on page 104.

A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Manager's Review. The Board assesses the performance of the Manager in meeting the Company's objective against the primary KPIs and APMs highlighted above.

Investments in unquoted companies at an early stage of their development will involve some disappointments. However, investing the Company's funds in companies with high growth characteristics with the potential to become strong performers within their respective fields creates an opportunity to provide investors with regular dividends and capital growth.

Strategies for achieving objectives

Investment policy

The Company will target investments in UK unquoted companies which it believes will achieve the objective of producing attractive returns for shareholders.

Investment securities

The Company invests in a range of securities including ordinary and preference shares, loan stock, convertible securities, fixed-interest securities and cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Cash is primarily held in interest-bearing accounts as well as in a range of permitted liquidity investments.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 to be classed as VCT qualifying holdings.

Asset mix

The Company aims to be significantly invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and a range of permitted liquidity investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors at different stages of development, using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment to such a company, is limited by VCT legislation to 15% of the Company's investments (which includes cash) by VCT value at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines, including an active management style for unquoted companies through the appointment of an investor director to investee company boards.

Borrowing powers

The Company is permitted by its Articles to borrow an amount not exceeding a sum equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). The Company does not currently borrow, and the Board has no plans to do so.

Other funds managed by Foresight Group

The Company may invest alongside other funds managed or advised by the Manager. Where more than one fund is able to participate in an investment opportunity, allocations will generally be made based on the Manager's allocation policy, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations, such as the portfolio diversity and the need to maintain VCT status.

The Manager provides investment management services or advice to Foresight Enterprise VCT plc, Foresight Solar & Technology VCT plc, Foresight Nottingham Fund LP, Foresight Solar Fund Limited, Foresight Inheritance Tax Solutions, Foresight Energy Infrastructure EIS, Foresight Regional Investment LP, Foresight WAE Technology EIS Fund, Foresight Italian Green Bond Fund, MEIF ESEM Equity LP, Scottish Growth Scheme — Foresight Group Equity Partners LP, NI Opportunities LP, JLEN Environmental Assets Group Limited, Foresight Regional Investment II LP, Foresight Energy Infrastructure Partners S.C.Sp, Foresight Regional Investment III LP, NI Opportunities II LP, Foresight Sustainable Forestry Company plc, Foresight Regional Investment IV LP, Foresight Regional Investment V LP, AIB Foresight SME Impact LP, Foresight West Yorkshire Business Accelerator LP, FP Foresight Sustainable Future Themes Fund, FP Foresight Global Real Infrastructure Fund, FP Foresight Sustainable Real Estate Securities Fund, FP Foresight UK Infrastructure Income Fund, Thames Ventures VCT 1 plc, Thames Ventures VCT 2 plc and Downing Ventures EIS.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its total investments and cash by VCT value, at the time of making the investment, in a single company, must also have at least 80% by VCT value of its investments and cash throughout the period in shares or securities in qualifying holdings and must invest 30% of funds raised in qualifying holdings within 12 months of the end of the year in which those funds were raised. In addition, in aggregate, 70% of a VCT's qualifying investments (30% for investments made before 6 April 2018 from funds raised before 6 April 2011) by VCT value must be in Ordinary Shares which carry no preferential rights to assets on a winding up or to dividends (apart from certain non-cumulative fixed preferential rights). For each individual investment, a minimum of 10% of the investment must be in ordinary shares of that company.

Dividend policy

The Board will endeavour to pay annual dividends of at least 5% of the NAV per share based on the latest announced NAV per share. The aim of the Board and the Manager is for future investment performance to support this level of distribution, whilst also at least maintaining the NAV per share on a year-on-year basis. This level of dividend may be exceeded by the payment of additional "special" dividends as and when particularly successful portfolio disposals are made.

Share buyback policy

It is the Company's policy, subject to adequate cash availability and distributable reserves, to consider repurchasing shares when they become available in order to help provide liquidity to the market in the Company's shares at a discount of no less than 7.5% to the prevailing NAV per share.

MANAGER'S REVIEW

The Board has appointed Foresight Group LLP ("the Manager") to provide investment management and administration services.

Portfolio summary

As at 31 December 2022, the Company's portfolio comprised 50 investments with a total cost of £103.8 million and a valuation of £169.8 million. The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 28 to 32.

In the year, the value of the investment portfolio rose by £2.8 million as a result of an increase of £14.6 million in the valuation of investments, plus £10.1 million of new investments offset by sales of investments totalling £21.9 million. Overall, the portfolio has performed well despite uncertainty in the markets following the impact of COVID-19 and subsequent geopolitical uncertainty and price inflation.

In line with the Board's strategic objectives, the Manager remains focused on growing the Company through further development of Net Asset Value Total Return whilst paying an annual dividend to shareholders of at least 5% of the latest announced NAV per share. In the year, Net Asset Value Total Return was 6.5%, net assets increased 3.6% to £191.7 million and dividends of 9.4% of the NAV per share as at 31 December 2021 were paid, meaning that the Company has successfully met these objectives.

New investments

2022 was a mixed year in the markets, with the technology sector in particular performing strongly early in 2022 but then seeing a significant softening. Many investee management teams have successfully steered their businesses through the uncertainty of 2022, whilst developing clearer medium and longer-term growth plans.

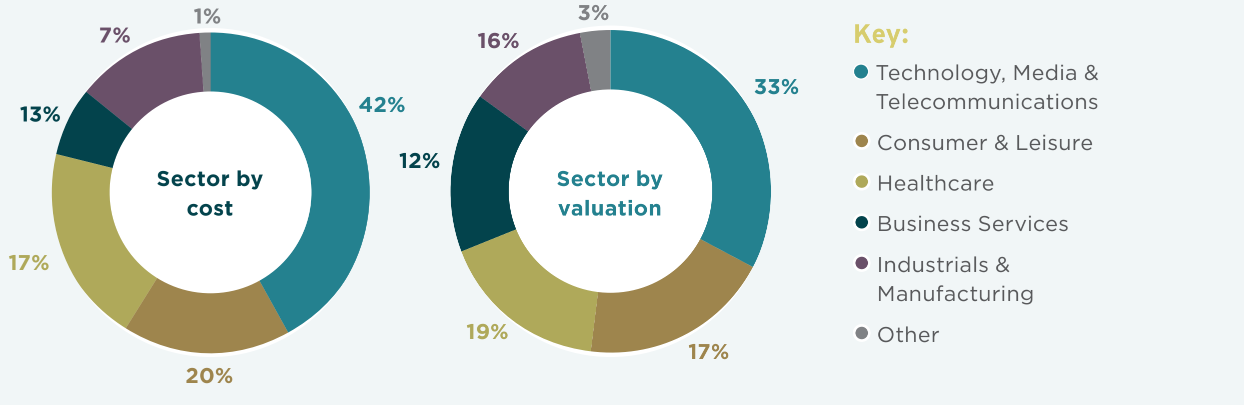
The Manager has invested further in its origination capabilities and identified a large number of potentially attractive investment opportunities during the year.

Over the course of 2022, four new investments were completed, investing a total of £6.8 million. New investments were across compliance technology, health services, advanced materials and insure-tech. Behind these, there continues to be a strong pipeline of opportunities that the Manager expects to convert during the next 12 months. Follow-on investments totalling £3.3 million were also made in three existing investee companies.

Homelink Healthcare Limited

In March 2022, the Company invested £1.1 million in Homelink Healthcare, a specialist provider of hospital-at-home and virtual ward services. The business employs highly qualified and experienced nurses and rehabilitation teams to provide services to patients in their own homes through contracts with the NHS. These services deliver a range of clinical interventions, including wound care, intravenous therapies, physiotherapy and rehabilitation. The nurses are paid in-line with NHS remuneration and the clinical services offered alleviate pressure on the NHS by freeing up vital bed space, saving time and reducing costs.

Portfolio diversification



So-Sure Limited

In May 2022, the Company invested £1.6 million in So-Sure, a digital tech platform that operates across the entire insurance supply chain, automating much of the process from distribution and policy administration to fraud detection and claim management. The investment will be used to scale up the business by investing into marketing, technology and to improve platform automation.

Strategic Software Applications Ltd

In August 2022, the Company invested £1.7 million in Strategic Software Applications, which trades under the name Ruleguard, a London-based SaaS technology provider supporting financial institutions in meeting their regulatory compliance obligations. The platform enables customers to navigate the ever-growing challenges of increasing regulatory compliance requirements with efficiency, reduced risk and lower audit compliance costs. The investment will help the company to develop additional platform capabilities while scaling up sales and marketing functions to capitalise on a large and growing market opportunity.

Copptech UK Limited

In August 2022, the Company made a £2.4 million investment in Copptech, a developer of environmentally friendly antimicrobial technologies that kill bacteria, fungi and viruses. Applications for the technology are wide ranging and include diminishing the transmission of viruses in medical facilities, extending the shelf life of perishable goods, reducing discolouration and odour in clothing and providing mould, fungi and termite-resistant properties to building materials. The business has proven itself to be highly scalable across Latin America and is already seeing meaningful traction in the large North American and European markets, where it is expanding its sales teams and operations. The investment will enable Copptech to scale the business and operate globally.

Follow-on investments

The Manager had expected that more portfolio companies would need additional capital to support them through continued difficult trading conditions resulting from macroeconomic challenges and political uncertainty affecting energy and supply prices. However, the portfolio has remained relatively resilient.

The Manager has arranged follow-on investments in three companies during 2022, totalling £3.3 million. Further details of each of these are provided below.

The additional equity injections in the year were mainly used to support each company's further growth plans, such as launching new products or to expand into new markets. In view of the difficult economic outlook, the Manager remains vigilant about the health of the rest of the portfolio and the need for follow-on funding over the coming months.

Rovco Ltd

In March 2022, Rovco, a leading provider of autonomous and cloud-managed robotics for subsea surveys in offshore wind and oil field decommissioning, received a £0.5 million follow-on investment from the Company as part of a larger round with various new institutional investors. The investment will be used to further develop Rovco's technical capabilities and alleviate pressure on working capital requirements.

Hexarad Group Limited

In August 2022, a £0.7 million follow-on investment was made in Hexarad, an early-stage, high-growth healthcare technology company, providing teleradiology services to NHS Trusts and UK private healthcare customers. The investment will be used to accelerate the company's growth plans in response to significant market demand.

Spektrix Limited

In November 2022, a follow-on investment of £2.0 million was made in Spektrix, alongside a US institutional investor. Spektrix is an enterprise software company providing ticketing, CRM, marketing and fundraising software to companies in the performing arts sector. The investment will be used to support growth plans for the business.

Realisations

The M&A climate was robust, particularly in the first half of 2022 and the Manager was pleased to report some particularly strong realisations, as well as a disposal of a challenged portfolio business. The Manager continues to engage with a range of potential acquirers of several portfolio companies, with demand for these high-growth businesses demonstrated by both private equity and trade buyers.

Realisations continued

Online Poundshop Limited

In February 2022, the Company sold its holding in Online Poundshop to Poundland, one of the UK's largest single price retailers. Unfortunately, Online Poundshop's business model had proven challenging for some time and despite revenue growth and a near break-even position it was unsustainable in the existing ownership structure. A dual track fundraising and trade exit process was launched and whilst there were several expressions of interest from UK retailers, ultimately Poundland were the most deliverable and committed to continuing to increase employment in the West Midlands. The transaction generated £nil proceeds on the Company's £2.6 million investment.

TFC Europe Limited

In June 2022, the Company sold its holding in TFC, a market-leading manufacturing operations services provider, to AFC, an Ohio-based distributor of fasteners backed by Bertram Capital, a California-based mid-market private equity house. This resulted in proceeds of £10.3 million, representing a particularly strong return of 12.6x the original investment made by Foresight 2 VCT plc, which merged with the Company in December 2015.

With offices in the UK and Germany, TFC is predominantly a supplier of technical fasteners across Europe. Since the original investment, the Manager had taken a proactive approach to supporting TFC, helping to extend its network in the UK and Germany. TFC rapidly expanded its vendor managed inventory service, grew its customer base, and became a market-leading service provider to SMEs and international global brands operating across a range of industries. The Manager supported three acquisitions as well as considerable investment in new and existing facilities, opening new sites in England, Northern Ireland and Czechia.

Codeplay Software Limited

In June 2022, the Company completed the sale of Codeplay, one of the UK's leading providers of solutions for the semiconductor industry, to a leading US chip manufacturer.

Since the Manager's investment in 2018, Codeplay continued to develop a suite of high-performance software assets and is positioned at the centre of an increasingly important ecosystem that improves the performance of chips, used in high-performance and low-power environments, from supercomputers to self-driving cars. It has also developed new routes to market, selling its solutions to chip companies and downstream users, such as manufacturers of diagnostic healthcare equipment.

This transaction generated proceeds of £9.6 million, representing an exceptional return of 15.4x and an IRR of nearly 100%.

Realisations in the year ended 31 December 2022

Company	Detail	Accounting cost at date of disposal (£)	Proceeds (£)	Realised gain/(loss) (£)	Valuation at 31 December 2021 (£)
TFC Europe Limited	Full disposal	3,614,612	10,271,922	6,657,310	6,887,033
Codeplay Software Limited[1]	Full disposal	689,656	9,582,978	8,893,322	4,099,278
Spektrix Limited	Loan repayment	1,442,000	1,442,000	—	1,442,000
Specac International Limited	Loan repayment	500,000	500,000	—	500,000
Positive Response Communications Limited	Loan repayment	125,000	125,000	—	125,000
Online Poundshop Limited	Full disposal	2,610,000	—	(2,610,000)	—
Total disposals		**8,981,268**	**21,921,900**	**12,940,632**	**13,053,311**

1. A further £930,000 of deferred consideration has been reflected in the accounts.

Pipeline

At 31 December 2022, the Company had cash reserves of £19.5 million, which will be used to fund new and follow-on investments, buybacks and running expenses. The Manager is seeing its pipeline of potential investments grow and has a number of opportunities under exclusivity or in due diligence, which continue to progress.

The volatility caused by political uncertainty, rising energy costs and broader price inflation resulted in a challenging period for many companies, with staff retention and exaggerated wage expectations causing concern for many. This does, however, create opportunities, and the Manager is well placed to consider these as they arise, whilst supporting existing portfolio companies with follow-on investments as needed.

In the medium term and long term, the Manager expects that current unpredictability will present attractive investment opportunities. It is able to access these opportunities through its wide and proprietary network of contacts around the country, and considers the Company's strategy to be well-suited to market volatility, due to its balanced mix of companies across sectors and stages, experienced investment team and network of high-quality chairs.

Post year end activity

SPRINT ELECTRIC

Sprintroom Limited

In January 2023, £1.0 million of growth capital was invested in Sprintroom, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to further develop and commercialise novel alternating current variable speed drive technology.

IMMJ SYSTEMS

IMMJ Systems Limited

In February 2023, £0.6 million was invested in IMMJ, a clinical electronic document management solution supplier to the NHS. The investment will be used to grow the leadership team and bolster the business' abilities to support the digitisation of records, providing easy and efficient access to patient records for clinical care across the NHS.

firefish SOFTWARE

Firefish Software Limited

In March 2023, the Company invested £1.5 million in Firefish Software Limited, a Glasgow based customer relationship management and marketing software platform targeting the recruitment sector. The funding will be used to further develop the platform in order to attract a larger enterprise level customer base and expand its outbound sales team.

NWEH NorthWest EHealth

NorthWest EHealth Limited

In March 2023, the Company invested £1.5 million in NorthWest EHealth, which provides software and services to the clinical trials market, allowing pharmaceutical companies and contract research organisations to conduct feasibility studies, recruit patients and run trials. The investment will be used to support the delivery of a 100% growth in real world trial delivery in FY23, while completing building the company's Connexon platform; to be compatible with all UK healthcare data sources by year end.

TEN HEALTH & FITNESS

Ten Health & Fitness Limited

In March 2023, Ten Health, a multi-site operator in the boutique health, wellbeing and fitness market, received an additional investment of £0.6 million. The funding will enable the company to complete its new flagship Kings Cross site and support the company's transition to profitability from Q1 2023.

FiveWealth

Five Wealth Limited

In March 2023, the Company invested £0.7 million in Five Wealth, an established boutique financial planning business operating across the North West of England, headquartered in Manchester. This growth capital investment will be used to support increased marketing and advertising to drive top line growth and greater regulatory and compliance costs which are forecast to increase commensurately with AUM.

Post year end activity continued

Red Flag Alert Limited

In March 2023, the Company invested £1.7 million in Reg Flag Alert, a Manchester based proprietary SaaS intelligence platform with modular capabilities spanning compliance, prospecting, risk management and financial health assessments. The growth capital will be used to expand the sales team and alongside an increased marketing budget is expected to accelerate new client acquisition.

Additive Manufacturing Technologies Ltd ("AMT")

In April 2023, the Company invested £0.1 million in AMT, which manufactures systems that automate the post-processing of 3D printed parts. The investment will be used to cover short-term working capital requirements, as the business continues to grow sales and pushes towards sustainable profitability.

Mowgli Street Food Group Limited

In January 2023, the Company announced the successful exit of casual Indian food chain Mowgli to TriSpan, a global private equity firm with extensive restaurant expertise. The Manager invested in 2017, when the business had three restaurant sites. It has since grown to 15 sites nationally. The Manager introduced Dame Karen Jones as chair, Matt Peck as finance director and helped recruit Lucy Worth as operations director and together with this team built a market-leading hospitality brand. The business also shared the Manager's commitment to sustainability, creating more than 500 jobs and ranking 16th best UK company to work for in 2022 owing to its focus on employee welfare, local charity support and sustainable sourcing.

The exit resulted in proceeds of £5.2 million, of which £1.6 million will be received over 12 months post the completion of the exit, representing a return of 3.5x cost.

Innovation Consulting Group Limited ("GovGrant")

In March 2023, the Company announced the impressive exit of GovGrant to Source Advisors, a US corporate buyer backed by BV Investment Partners. GovGrant is one of the UK's leading providers of R&D tax relief, patent box relief and other innovation services. The transaction generated proceeds of £6.8 million at completion. When added to £0.5 million of cash returned to date, this implies a total cash-on-cash return of 4.4 times the capital of £1.65 million invested in October 2015, equivalent to an IRR of 24%.

Since the original investment in 2015, the Manager had helped GovGrant through a period of material growth during which it supported the R&D activities of a growing number of customers. GovGrant's high levels of service and innovative products, such as the growing patent box offering, have contributed to driving innovation in the UK economy. The Manager had taken a proactive approach to supporting the exceptional senior management team, all of whom were introduced to the business during the investment period.

Datapath Group Limited

In March 2023, the Company announced the notable exit of Datapath, a global leader in the provision of visual solutions. The transaction generated proceeds of £5.1 million at completion with an additional £1.2 million payable over the next 24 months. When added to £5.4 million of cash returned to date, this implies a total cash-on-cash return of 11.7 times the original investment, equivalent to an IRR of 38% since the initial investment in 2007.

Since the original investment, the Manager had supported Datapath through a period of material growth with revenues growing from approximately £7 million to £25 million. Datapath has developed a market leading hardware and software product suite for the delivery of multi-screen displays and video walls which are sold globally to a diverse customer base across a range of sectors.

Key portfolio developments

Material changes in valuation, defined as increasing or decreasing by £1.0 million or more since 31 December 2021, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 28 to 32.

Key valuation changes in the year

Company	Valuation methodology	Net movement (£)
Hospital Services Group Limited	Discounted earnings multiple	3,336,610
Callen-Lenz Associates Limited	Discounted revenue multiple	2,826,319
Spektrix Limited	Price of last funding round	2,390,122
Nano Interactive Group Limited	Discounted offer received	1,674,441
Fourth Wall Creative Limited	Discounted revenue multiple	1,265,741
Vio Healthtech Limited	Nil value	(1,000,644)
Innovation Consulting Group Limited	Discounted offer received	(1,652,336)
Datapath Group Limited	Discounted offer received	(1,836,068)
Biotherapy Services Limited	Nil value	(2,346,371)
Ollie Quinn Limited	Discounted revenue multiple	(2,994,488)

OLLIE QUINN

Ollie Quinn Limited

Ollie Quinn is a branded retailer of prescription glasses, sunglasses and non-prescription polarised sunglasses based in the UK and Canada.

31 December 2022 update

Trading in the Canadian stores is robust, however the weaker economic environment in the UK and particularly soft consumer confidence has contributed to under-performance in the UK stores in the latter part of 2022.

ViO HealthTech

Vio Healthtech Limited

Vio Healthtech is a specialist women's health company, which has developed a range of medical devices that predict ovulation to support women trying to conceive. It is also developing digital healthcare solutions (digital therapeutics) to support broader health issues around the menopause and polycystic ovary syndrome.

31 December 2022 update

The company has struggled to regain positive sales traction post-pandemic and has had to significantly reduce spend on marketing activities. Management continues to seek alternative investment to support the ongoing transition to a digital therapeutics model, including further new product development.

biotherapy services

Biotherapy Services Limited

Biotherapy Services is an early-stage biopharma company that has developed a platform treatment for use in wound healing, initially for the treatment of diabetic foot ulcers but with additional use in cardiac issues and lung treatments. The company had been progressing a clinical trial.

31 December 2022 update

Recruitment into the RAPID gel trial has now been stopped as a result of continued slow progress. The trial will be formally closed to allow the publication of positive interim data. The company is still attempting to raise funds; however, despite several positive meetings, no heads of terms have been received and there is a substantial risk that no additional funding can be secured. If no funding is received, the company will pursue a sale.

Outlook

2022 has been a year of volatility for most asset classes, as rising inflation, increased energy costs and higher interest rates impacted business performance, particularly in the second half of the year. In global equity markets, the MSCI World Index fell by 10% over the 12 months, while the tech-heavy NASDAQ fell by more than 30%.

In the UK, business and consumer confidence was dented by political uncertainty and broader price inflation. Russia's invasion of Ukraine had a particularly acute effect on the UK economy as the price of electricity rose sharply due to the country's reliance on natural gas for power generation. In many markets, businesses began to invest in growth after an uncertain COVID-19 period at the same time that global supply chain issues resulted in long lead times for products, weighing on sales and increasing working capital requirements. Many businesses in the Company's portfolio faced challenges with both staff retention and hiring, as the number of vacancies and wage inflation drove staff churn. This required careful attention from management teams and the Manager's board members, but often presented an opportunity to focus on efficiency by retaining the best talent.

Despite this backdrop, the Company's portfolio performed strongly in the year, achieving a 6.5% NAV Total Return for its shareholders, with exceptional exits from the likes of TFC and Codeplay contributing in the Company's dividend of 8.5p per share for the year, representing an attractive 11.1% dividend yield. The Company's strategy is well-suited to market volatility, given its diverse sector allocation and the mix of later and earlier-stage growth companies in the portfolio, many of which are profitable and so typically more resilient in a downturn.

Looking forward to 2023, the UK market is likely to remain unpredictable. While some forecasters are expecting interest rates to peak in the summer, the labour market remains stubbornly tight and inflation persistent, meaning that rates may remain elevated for a longer period. While a recession has been avoided to date, balancing rate increases with current low growth and productivity rates is a difficult task for politicians and rate-setters. The range of outcomes for SMEs is likely to be wide, and so a balanced approach to portfolio construction is prudent, alongside providing hands-on support for management teams as they navigate this environment.

This is not a reason to be pessimistic. The UK remains a dynamic economy, attracting some of the best global talent in technology, life sciences, engineering and financial services among many others, while its cities remain a destination for workers and tourists alike. The Manager believes that the UK has great potential in the medium and long term with many competitive advantages over its neighbours and more distant trading partners, and this temporary pullback is already presenting unique investment opportunities, which we are able to access through our wide and proprietary network of contacts around the country. A weaker sterling also attracts overseas acquirers to the UK, such as the US trade buyers for Codeplay, TFC and other exits.

The Manager is pleased with the overall performance of the portfolio over the past 12 months, especially in these challenging times, and looks forward to a further improvement as labour markets loosen, inflation reduces and interest rates peak and reverse. While the market remains uncertain, the Manager expects to see a sustained high level of activity from UK companies seeking growth capital and expects VCTs to remain an attractive source of capital for entrepreneurs. This is driven by good relative performance of the Company, supported by its diverse portfolio and high-touch approach to supporting management teams and SMEs in achieving their full potential.

James Livingston
on behalf of Foresight Group LLP
Co-Head of Private Equity

25 April 2023


EYE
TESTS
HERE

CASE STUDY

ROXY LEISURE HOLDINGS LIMITED

In December 2019, the Company invested £1.5 million in Roxy Leisure, a competitive socialising bar group which now operates 14 venues across nine cities throughout the UK. The Company provided a further £1.0 million of funding in December 2020.

Roxy Leisure is aligned to Sustainable Development Goal 8 (Decent Work and Economic Growth).

Awareness

As a small family-run business still in its development stage, Roxy had limited awareness of ESG principles at investment. Since investment, ESG awareness has markedly increased, with key initiatives regularly discussed at board level and now embedded within the company's processes.

Environment

Roxy has dramatically reduced single-use plastics across the business. No plastic straws or drinks cups are used, and only canned and bottled drinks are sold with all related waste recycled.

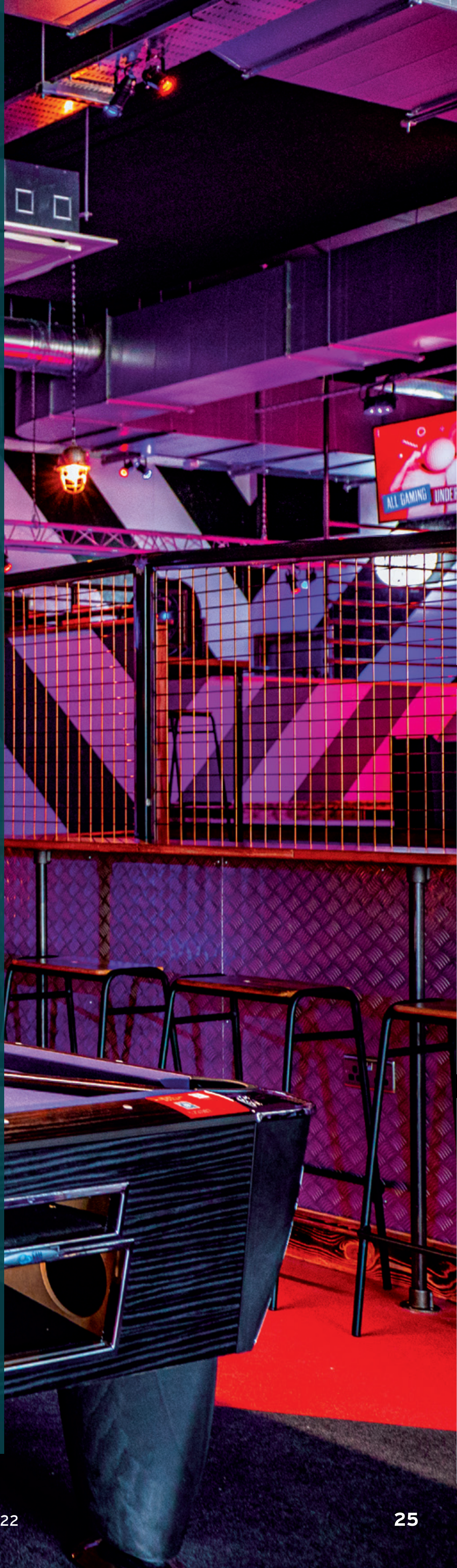
Energy efficiency has been a key focus since investment. The business now employs a full-time maintenance and site improvement team that has energy efficiency improvements as one of its key targets. All new sites are built with LED lighting as standard whilst legacy sites are being retrofitted with LEDs.

Roxy has recently trialled a heat recapturing system at its Sheffield site, which is intended to become a standard feature in all new site builds if successful.

Social

Since investment Roxy has created 319 jobs. Engagement with both staff and customers is very strong and embedded across the organisation, which is even more important as the business grows. Weekly customer feedback surveys are conducted, with results analysed and presented to the board each month to support continuous improvement. Internally, several staff systems, from staff-only social medial accounts to internal communications tools, are utilised to ensure constant staff engagement across all teams, supporting the company's strong culture.

Name	Roxy Leisure Holdings Limited
Location	Manchester
Website	www.roxyleisure.co.uk
Industry	Consumer & Leisure
Foresight VCT plc commitment	£2.5 million
Foresight VCT plc ownership %	5.3%
Stage	Growth stage
Investment date	December 2019
Total Foresight Group LLP commitment	£9.5 million (includes co-investment of £2.5 million from Foresight Enterprise VCT plc and £4.5 million from Foresight Regional Investment LP)



Staff incentives are now also partially aligned with engagement feedback scores to promote continuous improvement.

Governance

Since investment, to strengthen the senior management team, the Manager introduced Mark McQuater as chair. Mark is a former chief executive of Revolution Bar Group, founder chief executive of Barracuda Group, and managing director of JD Wetherspoon. His significant industry expertise and senior leadership experience within a main list plc has significantly enhanced Roxy's governance practices.

A managing director, finance director, financial controller, operations director and food & beverage manager are amongst several senior management roles created since investment that support improved compliance, policy adoption and governance throughout the business.

Third-party interactions

The company, supported by its scale, now works closely with key suppliers to plan ahead for future site builds and refurbishment projects by ordering increased quantities of key equipment and materials in advance, which dramatically reduces the level of shipping costs and carbon emissions associated with material transport.

All key equipment, such as bowling lanes, shuffleboards and arcade machines, comes from overseas suppliers. Ordering in bulk and forward planning makes a significant difference to the logistical and environmental burden. This is further supported by Roxy's investment in a warehousing facility for its projects team, which looks after all new site development and maintenance. This storage and development facility is key to enabling the shift to bulk advanced ordering.

CASE STUDY

NORTHWEST EHEALTH LIMITED ("NWEH")

In May 2021, the Company invested £1.5 million growth capital in NWEH, a Manchester-based technology-enabled provider of software and services to the real world clinical trials market. The Company provided a further £1.5 million of funding in March 2023.

Awareness

The company's products significantly improve outcomes for both pharmaceutical researchers and patients alike, since NWEH allows better trial design and faster recruitment of the most appropriate subjects, ultimately resulting in faster and safer drug development.

Since investment, ESG awareness has improved, with topics now regularly discussed at board level.

Third-party interactions

NWEH was originally established as a partnership between two NHS organisations and Manchester University. These parties remain closely involved in the business as shareholders. NWEH leverages its ability to build trusting relationships with data "nodes", such as NHS trusts, to improve outcomes for trial subjects and customers.

NWEH's products are focused on accessing healthcare records in a compliant way. It is the only company to have achieved regulatory approval for this in a stage 3 trial. NWEH is therefore contributing to new governance and regulatory standards in the sector.

Social

NWEH's aim is to introduce new ways of running clinical trials to the global pharma market. The goal of this is to reduce the cost of running clinical trials, increase the chances of their success, and allow the efficacy of drugs to be tested in a real-world setting. All of these should lead to an increase in the number of successful trials run, which in turn should lead to more treatments coming to market. NWEH's core activity therefore has a societal benefit, contributing to a healthier population.

Name	NorthWest EHealth Limited
Location	Manchester
Website	www.nweh.co.uk
Industry	Healthcare
Foresight VCT plc commitment	£3.0 million (£1.5 million invested post year end in March 2023)
Foresight VCT plc ownership %	13.6%
Stage	Growth stage
Investment date	June 2021
Total Foresight Group LLP commitment	£6.0 million (£3.0 million invested post year end in March 2023; includes co-investment of £3.0 million from Foresight Enterprise VCT plc)

Governance

Due to operating in a highly regulated environment and being backed by public sector bodies, NWEH already had strong governance processes in place at investment. This included a formal board and several sub-committees, as well as monthly management reports and an annual audit. However, management information and controls have markedly improved in the past year with the Manager's support.

Environment

NWEH has a formalised environmental policy that includes recycling and remote working. Whilst the company itself has a minimal carbon footprint, the move to real-world trials should reduce in-clinic visits, which will likely have a positive impact on the amount of travel required by patients.

TOP TEN INVESTMENTS

BY VALUE AS AT 31 DECEMBER 2022

HOSPITAL SERVICES GROUP LIMITED

BELFAST | **www.hsl.ie**

SECTOR: HEALTHCARE

Hospital Services Group ("HSL") distributes, installs and maintains high-quality healthcare equipment and consumables from global partners such as Hologic, Fujifilm and Shimadzu. HSL has strengths in the radiology, ophthalmic, endoscopy and surgical sectors, as well as a building presence in telehealth and broader healthcare IT.

31 December 2022 update

HSL had an excellent year of trading, reflecting resilience in healthcare spending, with steady growth in maintainable earnings. Although profitability is below FY2020 levels, the performance is now more sustainable as PPE sales now make up a small fraction of the previous year. There was a particularly strong performance from the MDI division which experienced strong demand for ultrasound systems. International supply chains have been volatile with longer lead times and price inflation, however trading continues to be strong.

Initial investment[1]	September 2015
Amount invested (£)[1]	3,320,000
Accounting cost (£)[2]	3,320,000
Valuation (£)	19,167,345
Basis of valuation	Discounted earnings multiple
Equity held (%)	45.2%
Income received in the year (£)	185,203
Cash returned up to 31 December 2022 (£)	417,087

£'000	Year ended 30 September 2021	Year ended 30 September 2020
Sales	30,789	44,965
Profit before tax	1,755	6,113
Retained profit	970	5,028
Net assets	4,687	3,663

1. Including the initial investment by Foresight 2 VCT plc ("F2").
2. The accounting cost includes the value at which F2's holding was transferred to the Company as part of the merger in December 2015.

NANO INTERACTIVE GROUP LIMITED

LONDON | **www.nanointeractive.com**

SECTOR: TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

Nano Interactive Group is an advertising technology business specialising in search re-targeting campaigns for its global customer base. The business was founded in 2010 and has offices across Europe.

31 December 2022 update

Nano Interactive Group had a solid year of trading and enters 2023 positioned to continue on its profitable growth trajectory. Key hires have been made to enable the business to grow supplier relationships and move towards a more programmatic approach to revenue generation.

Initial investment	October 2017
Amount invested (£)	4,434,191
Accounting cost (£)	4,434,191
Valuation (£)	11,128,883
Basis of valuation	Discounted offer received
Equity held (%)	28.7%
Income received in the year (£)	–
Cash returned up to 31 December 2022 (£)	–

£'000	Year ended 31 December 2021	Year ended 31 December 2020
Sales	9,545	4,477
Profit/(loss) before tax	739	(1,647)
Retained profit/(loss)	739	(1,563)
Net liabilities	(242)	(808)

Company results are taken from the most recent publicly available financial statements.

SPECAC INTERNATIONAL LIMITED

KENT | www.specac.com

SECTOR: INDUSTRIALS & MANUFACTURING

Specac International is a leading manufacturer of high specification sample analysis and preparation equipment used in testing and research laboratories worldwide, primarily supporting infrared spectroscopy.

31 December 2022 update

Specac International had a very strong year, bedding in a much-improved team, including new engineering and production managers, while focusing on improved sales processes and best-in-class production. The business also invested in its product development team to accelerate the output from its R&D pipeline. Sales and EBITDA were both ahead of budget and a good year of growth is forecast.

Initial investment	April 2015
Amount invested (£)	1,345,000
Accounting cost (£)	800,000
Valuation (£)	10,788,670
Basis of valuation	Discounted earnings multiple
Equity held (%)	42.6%
Income received in the year (£)	96,315
Cash returned up to 31 December 2022 (£)	1,388,244

£'000	Year ended 31 March 2022	Year ended 31 March 2021
Sales	13,727	11,093
Profit before tax	1,785	733
Retained profit	1,522	547
Net assets	5,776	4,673

SPEKTRIX LIMITED

LONDON | www.spektrix.com

SECTOR: TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

Spektrix is an enterprise software company, providing ticketing, CRM, marketing and fundraising software to venues in the performing arts sector across the UK and US.

31 December 2022 update

Spektrix has seen strong growth, with both new client wins in the US and UK and the arts sector largely recovering following the significant impact of COVID-19. The company continued to develop its technology offering and invest in staff in the UK and US. During the year the business attracted investment from a US institutional investor to further accelerate growth in market share.

Initial investment	December 2018
Amount invested (£)	6,909,811
Accounting cost (£)	5,467,811
Valuation (£)	9,850,828
Basis of valuation	Price of last funding round
Equity held (%)	11.6%
Income received in the year (£)	493,517
Cash returned up to 31 December 2022 (£)	1,935,517

£'000	Year ended 31 December 2021	Year ended 31 December 2020
Sales	9,248	7,201
Loss before tax	(1,069)	(2,268)
Retained loss	(522)	(2,013)
Net assets	546	1,068

TOP TEN INVESTMENTS CONTINUED

BY VALUE AS AT 31 DECEMBER 2022

FRESH RELEVANCE LTD

HAMPSHIRE | www.freshrelevance.com

SECTOR: TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

Fresh Relevance is a SaaS email marketing and web personalisation platform providing online retailers with personalised customer experiences and marketing tools across desktop and mobile.

31 December 2022 update

Fresh Relevance has continued to perform well over the past year, resulting from strong upsells to its existing customer base as well as an increased focus on its direct sales channel. Following some consolidation in the e-commerce solutions and reseller market, Fresh Relevance is also diversifying and investing in its partnership strategies. Average order value has continued to increase year-on-year reflecting strong upsell growth and success with larger customers.

Initial investment	March 2017
Amount invested (£)	2,860,324
Accounting cost (£)	2,860,324
Valuation (£)	5,935,427
Basis of valuation	Discounted revenue multiple
Equity held (%)	32.7%
Income received in the year (£)	–
Cash returned up to 31 December 2022 (£)	232,836

£'000	Year ended 30 September 2021	Year ended 30 September 2020
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	443	45

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

ROXY LEISURE HOLDINGS LIMITED

MANCHESTER | www.roxyleisure.co.uk

SECTOR: CONSUMER & LEISURE

Roxy Leisure ("Roxy") operates competitive socialising bars throughout the UK. The venues contain a range of games and activities from tenpin bowling, table tennis, shuffleboard and pool to more innovative activities such as ice-free curling and batting cages. As at December 2022 the business operated 13 bars across eight cities.

31 December 2022 update

Roxy had a strong year delivering robust revenues from existing sites whilst significantly expanding the site footprint, opening four new venues in Leeds, Edinburgh, Sheffield and Bristol. The company has a strong pipeline of new openings in 2023 with a second site in Birmingham having opened early in the new year.

Initial investment	December 2019
Amount invested (£)	2,467,933
Accounting cost (£)	2,467,933
Valuation (£)	5,760,744
Basis of valuation	Discounted earnings multiple
Equity held (%)	5.3%
Income received in the year (£)	29,266
Cash returned up to 31 December 2022 (£)	29,266

£'000	Year ended 31 December 2021	Year ended 31 December 2020
Sales	12,136	1,712
Profit/(loss) before tax	1,749	(2,269)
Retained profit/(loss)	1,410	(2,269)
Net assets/(liabilities)	867	(394)

INNOVATION CONSULTING GROUP LIMITED

HERTFORDSHIRE | **www.govgrant.co.uk**

SECTOR: BUSINESS SERVICES

Innovation Consulting Group, trading as GovGrant, provides support services and advice to UK-based SME businesses seeking to gain access to Government tax incentives.

31 December 2022 update

FY22 was a volatile year for trading due to changes in the market around the R&D scheme. This resulted in a drop in revenue and EBITDA. Trading has now stabilised and GovGrant is currently on track to demonstrate growth in FY23. The company is increasingly targeting larger customers in a strategic shift.

Initial investment[1]	**September 2015**
Amount invested (£)[1]	**1,650,000**
Accounting cost (£)[2]	**1,605,000**
Valuation (£)	**5,474,353**
Basis of valuation	**Discounted offer received**
Equity held (%)	**35.6%**
Income received in the year (£)	**–**
Cash returned up to 31 December 2022 (£)	**484,701**

£'000	**Year ended 30 September 2022**	Year ended 30 September 2021
Sales	**N/A**	N/A
Profit before tax	**N/A**	N/A
Retained profit	**N/A**	N/A
Net assets	**2,148**	2,647

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

1. Including the initial investment by F2.
2. The accounting cost includes the value at which F2's holding was transferred to the Company as part of the merger in December 2015.

FOURTH WALL CREATIVE LIMITED

WIRRAL | **www.fourthwallcreative.com**

SECTOR: CONSUMER & LEISURE

Fourth Wall Creative provides fan engagement services to Premier League and Championship football clubs and other sporting organisations via its technology platforms. It also designs, sources and fulfils membership welcome packs and related products.

31 December 2022 update

Fourth Wall has grown both revenues and customers in the year, with sales up significantly from the previous year. It now serves c.700k members via football clubs and sporting organisations either through its technology platform directly or by providing club-branded products to fans on behalf of the clubs.

Initial investment	**April 2019**
Amount invested (£)	**4,292,299**
Accounting cost (£)	**4,292,299**
Valuation (£)	**5,396,656**
Basis of valuation	**Discounted revenue multiple**
Equity held (%)	**24.1%**
Income received in the year (£)	**–**
Cash returned up to 31 December 2022 (£)	**–**

£'000	**Year ended 30 September 2021**	Year ended 30 September 2020
Sales	**N/A**	N/A
Profit before tax	**N/A**	N/A
Retained profit	**N/A**	N/A
Net assets	**8,205**	10,562

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

CALLEN-LENZ ASSOCIATES LIMITED

SALISBURY | **www.callenlenz.com**

SECTOR: INDUSTRIALS & MANUFACTURING

Callen-Lenz develops, designs and manufactures air vehicles, vehicle components and navigation and communication software for high performance unmanned aerial vehicles ("UAVs") globally.

31 December 2022 update

Callen-Lenz continues to see sustained revenue growth and is investing in outsourced manufacturing to meet future demand for aircraft. While orderbook growth has been modest, the pipeline has grown significantly. Maintaining close links with customers will be key for anticipating future demand, which is supported by R&D work on defence programmes.

Initial investment	August 2021
Amount invested (£)	2,351,485
Accounting cost (£)	2,351,485
Valuation (£)	5,338,246
Basis of valuation	Discounted revenue multiple
Equity held (%)	12.3%
Income received in the year (£)	–
Cash returned up to 31 December 2022 (£)	–

£'000	Year ended 28 February 2022	Year ended 28 February 2021
Sales	N/A	N/A
Profit before tax	N/A	N/A
Retained profit	N/A	N/A
Net assets	3,268	1,593

In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.

DATAPATH GROUP LIMITED

DERBYSHIRE | **www.datapath.co.uk**

SECTOR: TECHNOLOGY, MEDIA & TELECOMMUNICATIONS

Datapath Group is a UK manufacturer of multi-screen computer graphics cards and video capture hardware and software, specialising in video wall and data wall technology.

31 December 2022 update

The company's new product, Aetria, is being rolled out, with showrooms opening at strategically located sites globally. The pipeline continues to build, although at a slower pace than forecast, partly due to temporarily subdued markets. Supply chain shortages have had an impact on revenues and stock management, which are likely to be temporary. The company's approach to managing these post pandemic issues reflect the strong cash position and long-term outlook. The board continues to support the business as it navigates the steady growth in this new product suite.

Initial investment[1]	September 2007
Amount invested (£)[1]	1,000,000
Accounting cost (£)[2]	7,563,365
Valuation (£)	5,245,695
Basis of valuation	Discounted offer received
Equity held (%)	13.3%
Income received in the year (£)	–
Cash returned up to 31 December 2022 (£)[3]	5,385,232

£'000	Year ended 31 March 2022	Year ended 31 March 2021
Sales	25,878	21,845
Profit before tax	3,816	2,265
Retained profit	3,498	2,573
Net assets	29,609	26,111

1. The amount and date of initial investment by F2.
2. The accounting cost reflects the valuation of F2's investment in Datapath at the point it was transferred to the Company as part of the merger in December 2015.
3. Includes £3,981,822 returned to F2 pre-merger.

PORTFOLIO OVERVIEW

Investment (by value)		Date of the first investment	Sector	Valuation methodology
1.	Hospital Services Group Limited	2015	Healthcare	Discounted earnings multiple
2.	Nano Interactive Group Limited	2017	Technology, Media & Telecommunications	Discounted offer received
3.	Specac International Limited	2015	Industrials & Manufacturing	Discounted earnings multiple
4.	Spektrix Limited	2018	Technology, Media & Telecommunications	Price of last funding round
5.	Fresh Relevance Ltd	2017	Technology, Media & Telecommunications	Discounted revenue multiple
6.	Roxy Leisure Holdings Limited	2019	Consumer & Leisure	Discounted earnings multiple
7.	Innovation Consulting Group Limited	2015	Business Services	Discounted offer received
8.	Fourth Wall Creative Limited	2019	Consumer & Leisure	Discounted revenue multiple
9.	Callen-Lenz Associates Limited	2021	Industrials & Manufacturing	Discounted revenue multiple
10.	Datapath Group Limited	2009	Technology, Media & Telecommunications	Discounted offer received
11.	Mowgli Street Food Group Limited	2017	Consumer & Leisure	Sales proceeds
12.	TLS Management Limited	2015	Other	Discounted earnings multiple
13.	Clubspark Group Ltd	2019	Technology, Media & Telecommunications	Discounted revenue multiple
14.	Industrial Efficiency II Limited	2014	Business Services	Discounted cash flow
15.	Protean Software Limited	2015	Technology, Media & Telecommunications	Discounted offer received
16.	Itad (2015) Limited	2015	Business Services	Discounted earnings multiple
17.	Ollie Quinn Limited	2017	Consumer & Leisure	Discounted revenue multiple
18.	Ten Health & Fitness Limited	2019	Healthcare	Discounted revenue multiple
19.	Aerospace Tooling Corporation Limited	2013	Industrials & Manufacturing	Discounted earnings multiple
20.	Cinelabs International Ltd	2017	Technology, Media & Telecommunications	Discounted earnings multiple
21.	Aquasium Technology Limited	2010	Industrials & Manufacturing	Discounted earnings multiple
22.	Steamforged Holdings Limited	2019	Consumer & Leisure	Discounted revenue multiple
23.	PH Realisations 2020 Limited	2013	Technology, Media & Telecommunications	Discounted earnings multiple
24.	IMMJ Systems Limited	2020	Healthcare	Discounted revenue multiple
25.	Luminet Networks Limited	2018	Technology, Media & Telecommunications	Discounted earnings multiple
26.	Copptech UK Limited	2022	Industrials & Manufacturing	Price of last funding round
27.	Newsflare Limited	2021	Technology, Media & Telecommunications	Discounted revenue multiple
28.	Hexarad Group Limited	2021	Healthcare	Price of last funding round
29.	NorthWest EHealth Limited	2021	Healthcare	Discounted revenue multiple

Investment (by value)	31 December 2022 Accounting cost £	31 December 2022 Valuation £	31 December 2021 Accounting cost £	31 December 2021 Valuation £	Addition £	Disposal proceeds £	Net valuation movement £
1.	3,320,000	19,167,345[1]	3,320,000	15,830,735	—	—	3,336,610
2.	4,434,191	11,128,883[1]	4,434,191	9,454,442	—	—	1,674,441
3.	800,000	10,788,670[1]	1,300,000	11,339,823	—	(500,000)	(51,153)
4.	5,467,811	9,850,828[1]	4,875,999	6,868,894	2,033,812	(1,442,000)	2,390,122
5.	2,860,324	5,935,427[1]	2,860,324	6,855,799	—	—	(920,372)
6.	2,467,933	5,760,744[1]	2,467,933	4,834,846	—	—	925,898
7.	1,605,000	5,474,353[1]	1,605,000	7,126,689	—	—	(1,652,336)
8.	4,292,299	5,396,656[1]	4,292,299	4,130,915	—	—	1,265,741
9.	2,351,485	5,338,246[1]	2,351,485	2,511,927	—	—	2,826,319
10.	7,563,365	5,245,695[1]	7,563,365	7,081,763	—	—	(1,836,068)
11.	1,526,750	5,183,006	1,526,750	4,752,839	—	—	430,167
12.	100	4,826,405	100	4,034,572	—	—	791,833
13.	2,756,085	4,771,558	2,756,085	4,788,619	—	—	(17,061)
14.	2,603,260	4,515,126	2,603,260	4,357,299	—	—	157,827
15.	2,500,000	4,382,049	2,500,000	5,079,037	—	—	(696,988)
16.	2,750,000	4,194,944	2,750,000	5,178,462	—	—	(983,518)
17.	5,693,917	3,746,274	5,693,917	6,740,762	—	—	(2,994,488)
18.	2,958,591	3,311,458	2,958,591	2,770,940	—	—	540,518
19.	150,000	3,226,740	150,000	3,223,117	—	—	3,623
20.	2,216,250	3,220,096	2,216,250	3,733,587	—	—	(513,491)
21.	333,333	2,935,277	333,333	2,743,986	—	—	191,291
22.	2,364,532	2,799,144	2,364,532	2,595,607	—	—	203,537
23.	1,664,893	2,633,592	1,664,893	2,633,592	—	—	—
24.	1,732,674	2,546,538	1,732,674	1,800,505	—	—	746,033
25.	3,783,251	2,472,529	3,783,251	1,520,806	—	—	951,723
26.	2,430,694	2,430,694	—	—	2,430,694	—	—
27.	1,980,198	2,381,763	1,980,198	1,980,198	—	—	401,565
28.	1,534,653	2,316,188	841,585	841,585	693,068	—	781,535
29.	1,485,149	2,307,460	1,485,149	2,644,191	—	—	(336,731)

PORTFOLIO OVERVIEW CONTINUED

Investment (by value)	Date of the first investment	Sector	Valuation methodology
30. 200 Degrees Holdings Limited	2017	Consumer & Leisure	Discounted earnings multiple
31. Titania Group Limited	2020	Business Services	Discounted revenue multiple
32. ABL Investments Limited	2015	Business Services	Discounted earnings multiple
33. I-Mist Group Limited	2020	Industrials & Manufacturing	Discounted revenue multiple
34. Strategic Software Applications Ltd	2022	Business Services	Price of last funding round
35. Additive Manufacturing Technologies Ltd	2021	Technology, Media & Telecommunications	Discounted revenue multiple
36. Positive Response Corporation Ltd	2014	Business Services	Discounted revenue multiple
37. Homelink Healthcare Limited	2022	Healthcare	Discounted revenue multiple
38. Crosstown Dough Ltd	2021	Consumer & Leisure	Discounted revenue multiple
39. So-Sure Limited	2022	Consumer & Leisure	Discounted revenue multiple
40. Rovco Limited	2019	Technology, Media & Telecommunications	Discounted price of last funding round
41. Biofortuna Ltd	2012	Healthcare	Discounted revenue multiple
42. Weduc Holdings Limited	2018	Technology, Media & Telecommunications	Discounted revenue multiple
43. Whitchurch PE 1 Limited	2014	Other	Discounted earnings multiple
44. Cole Henry PE 2 Limited	2014	Other	Discounted earnings multiple
45. Kingsclere PE 3 Limited	2014	Other	Discounted earnings multiple
46. Sindicatum Carbon Capital Limited	2009	Other	Nil value
47. Vio Healthtech Limited	2018	Healthcare	Nil value
48. Biotherapy Services Limited	2019	Healthcare	Nil value
49. Powerlinks Media Limited	2017	Technology, Media & Telecommunications	Nil value
50. Oxonica Materials Limited	2010	Technology, Media & Telecommunications	Nil value
51. TFC Europe Limited	2009	Industrials & Manufacturing	Sold
52. Codeplay Software Limited	2018	Technology, Media & Telecommunications	Sold
53. Online Poundshop Limited	2017	Consumer & Leisure	Sold

1. Top Ten Investments by value shown on pages 28 to 32.

Investment (by value)	31 December 2022 Accounting cost £	31 December 2022 Valuation £	31 December 2021 Accounting cost £	31 December 2021 Valuation £	Addition £	Disposal proceeds £	Net valuation movement £
30.	1,477,832	2,150,061	1,477,832	2,141,061	—	—	9,000
31.	1,237,624	1,892,817	1,237,624	1,726,714	—	—	166,103
32.	2,750,000	1,800,888	2,750,000	1,243,814	—	—	557,074
33.	1,598,515	1,756,063	1,598,515	1,747,451	—	—	8,612
34.	1,732,673	1,732,673	—	—	1,732,673	—	—
35.	1,720,296	1,720,296	1,720,296	1,720,296	—	—	—
36.	875,000	1,710,657	1,000,000	1,592,454	—	(125,000)	243,203
37.	1,064,356	1,666,257	—	—	1,064,356	—	601,901
38.	1,485,149	1,619,888	1,485,149	1,485,149	—	—	134,739
39.	1,584,158	1,584,158	—	—	1,584,158	—	—
40.	1,457,631	1,457,631	935,961	642,676	521,670	—	293,285
41.	1,172,517	1,171,779	1,172,517	1,777,943	—	—	(606,164)
42.	54,145	580,063	54,145	458,615	—	—	121,448
43.	100,000	271,399	100,000	289,186	—	—	(17,787)
44.	100,000	204,610	100,000	215,818	—	—	(11,208)
45.	100,000	168,537	100,000	176,171	—	—	(7,634)
46.	246,075	—	246,075	—	—	—	—
47.	1,648,334	—	1,648,334	1,000,644	—	—	(1,000,644)
48.	2,220,408	—	2,220,408	2,346,371	—	—	(2,346,371)
49.	2,709,360	—	2,709,360	—	—	—	—
50.	2,804,473	—	2,804,473	—	—	—	—
51.	—	—	3,614,612	6,887,033	—	(10,271,922)	3,384,889
52.	—	—	689,656	4,099,278	—	(9,582,978)	5,483,700
53.	—	—	2,610,000	—	—	—	—
	103,765,284	169,775,465	102,686,121	167,006,211	10,060,431	(21,921,900)	14,630,723

ABOUT THE MANAGER

In 2022, the Manager was voted "Best VCT Investment Manager" at the Growth Investor Awards.

James Livingston
Partner and Co-Head of Private Equity

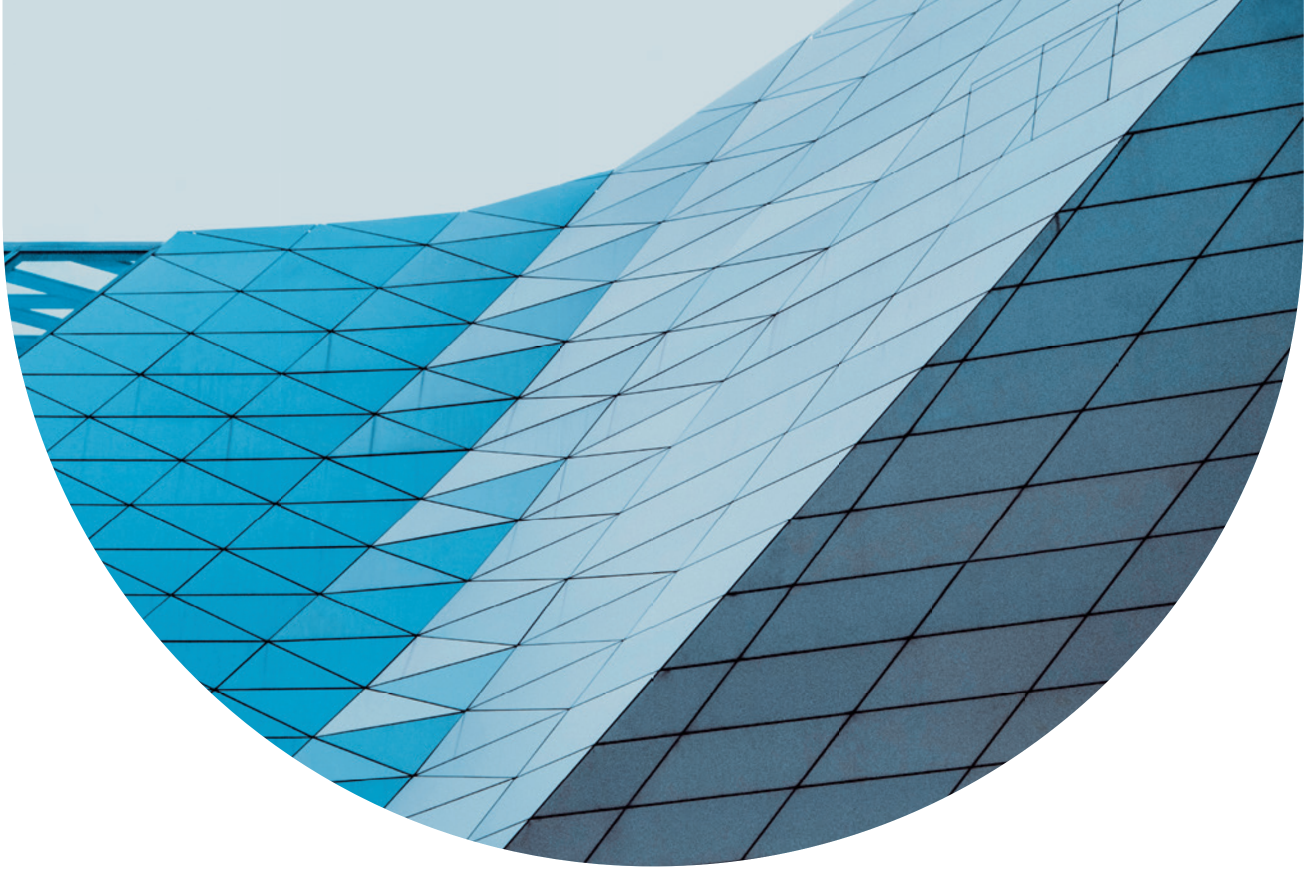
James joined Foresight Group in 2007 from Deloitte's strategy consulting team. James has 18 years of experience and is a member of the investment committee and the executive committee. Alongside Matt Smith, James manages the private equity team. James is responsible for originating, negotiating and managing growth and buyout investments in a variety of sectors. During his time at Foresight Group, James has led numerous successful transactions including growth and replacement capital transactions. Notably, in 2016 he led the investment into Simulity, and nine months later its sale to ARM, generating 3x return and a 400% IRR. Other successfully exited investments include FFX and Channel Safety Systems. James holds a Master's degree in Natural Sciences and Management studies from Cambridge University as well as the CIMA Advanced Diploma in Management Accounting.

Matt Smith
Partner and Co-Head of Private Equity

Matt joined Foresight Group in 2010 from Rothschild, where he spent six years advising companies in a range of sectors on a variety of transaction types. Matt has 18 years of experience and is a member of the investment committee and the executive committee. Alongside James Livingston, Matt manages the private equity team. Matt is responsible for originating, negotiating and managing growth and buyout investments in a variety of sectors. He has a particular focus on ESG considerations and has helped develop Foresight Group's approach. Matt led on a number of investments including ITAD, Agar, MPR, Poppy & Jacks and Mowgli. He has sold a number of successful investments including MPR, Flowrite, TFC, Mowgli and Clubhouse Golf. Matt graduated from Oxford University with a Master's degree in Biological Sciences and a postgraduate degree in Physiology.

Claire Alvarez
Partner

Claire joined Foresight Group's Manchester office in 2016 from Deloitte where she focused on transaction and restructuring services across a range of corporate finance assignments. Claire is responsible for sourcing and executing investments and providing ongoing strategic and financial advice to existing portfolio companies. Claire has led on a number of investments in Foresight Regional Investment LPs including Argyle, DA Languages, Hedges Direct and Tudor Group. Claire holds an MBA from Manchester Business School as well as a Corporate Finance Certificate from the Securities and Investment Institute. She also holds a degree in Management from Lancaster University.



Management

The Company has appointed Foresight Group LLP ("the Manager") to provide investment management and administration services.

The Manager prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions, or strategic partners with similar investment criteria. In considering a prospective investment in a company, particular regard will be paid to:

- Evidence of high-margin products or services capable of addressing fast-growing markets
- The company's ability to sustain a competitive advantage
- The strength of the management team
- The existence of proprietary technology
- The company's prospects of being sold or achieving a flotation within three to five years

Foresight Group LLP was voted "Best VCT Investment Manager" at the Growth Investor Awards 2022. The Manager was most recently shortlisted for "Environmental, Social and Governance – GP", "UK Small-cap House of the Year (EV on entry of less than €25m)" and "UK Small-cap Deal of the Year" for the Codeplay Software exit by Real Deals Private Equity Awards 2022. The Manager was also shortlisted for "Best ESG Investment Fund: Private Equity" at the ESG Investing Awards 2023, as well as "Venture/Growth Cap House of the year" at the Unquote British Private Equity Awards 2022. Recent awards also include "Fund Manager of the Year 2018" by the PLC Awards and "Generalist VCT of the Year" in 2018/19 by Investment Week Tax Efficient Awards. The Manager was also shortlisted for "Best EIS Investment Manager 2018" by EISA Awards and "Best Venture Capital Trust Provider 2018" by Moneyfactors Investment Life & Pensions.

RealDeals PRIVATE EQUITY AWARDS 2023 — ENVIRONMENTAL, SOCIAL AND GOVERNANCE - GP — FINALIST

GROWTH INVESTOR 2022 AWARDS — WINNER BEST VCT INVESTMENT MANAGER

Management continued

The growing private equity investment team of 51 is proactive and hands-on, with a focus on investing up to £5 million in UK growth companies across a broad range of sectors.

The team, based out of offices in London, Manchester, Nottingham, Edinburgh, Leeds, Dublin and Cambridge, with smaller satellite offices in Leicester and Milton Keynes, searches for investment opportunities across the whole of the UK.

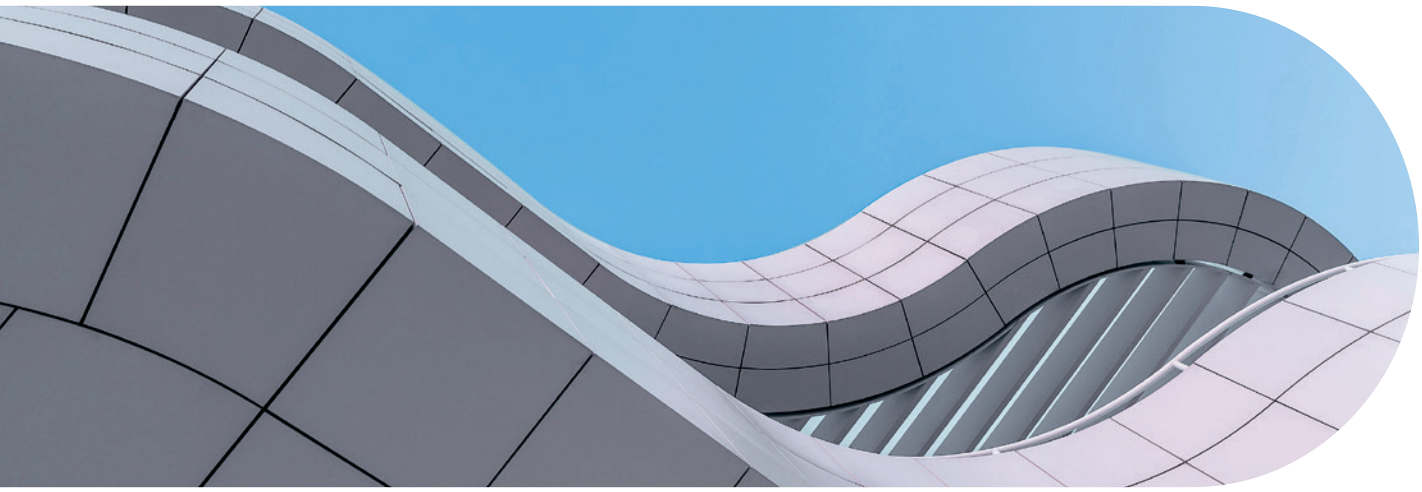
Since inception, the Manager has worked intensively to invest in, manage and realise a large number of investments. The team completes a considerable number of new deals and exits each year and supports investee companies pursuing various different strategies, including organic growth, buy & build and turnarounds. The team combines executives from varying backgrounds across corporate finance, consulting, accounting, private equity and industry. Between them, they have experience of more than 500 private equity and corporate finance transactions and have managed more than 200 investments, the majority of these during their time at Foresight Group.

This team has c.350 years' worth of collective investment experience and combines investors' capital and its own expertise with the intention of creating long-term shareholder value and generating attractive returns for shareholders.

The Manager has an active and direct portfolio management approach, taking a non-executive directorship position on each investee company board. The Foresight Investor Director will influence, support and, where necessary, strengthen or change management, in order to protect and build shareholder value. This hands-on role involves regular dialogue with the executive and non-executive team on growth, markets, strategy, products and tactics and a continuous evaluation of the performance of the team as a whole. As a matter of policy, the Manager also has the right to appoint a senior industry expert as chair.

The Manager works particularly closely with the investee companies in the following areas:

- Definition and review of strategy and its implementation
- Recruitment and incentivisation of key management and board members
- Planning for growth, international expansion and new product/service introduction
- Fundraising from banks and other external sources
- Proactive monitoring
- Merger, acquisition and exit planning
- ESG compliance



CO-INVESTMENTS

Co-investments have been made by other funds that the Manager advises and manages, as follows:

Investment	Foresight VCT Accounting cost £	Foresight Enterprise VCT Accounting cost £	Other Foresight funds Accounting cost £	Total equity managed by Foresight %
200 Degrees Holdings Limited	1,477,832	–	1,500,000	25.1
ABL Investments Limited	2,750,000	1,494,075	–	57.3
Additive Manufacturing Technologies Ltd	1,720,296	1,737,499	5,275,002	25.0
Aerospace Tooling Corporation Limited	150,000	415,255	–	82.2
Biofortuna Ltd	1,172,517	3,517,537	–	59.8
Callen-Lenz Associates Limited	2,351,485	2,375,000	–	25.0
Clubspark Group Ltd	2,756,085	1,860,000	–	30.6
Cole Henry PE 2 Limited	100,000	200,000	–	50.0
Copptech UK Limited	2,430,694	2,455,000	–	10.1
Crosstown Dough Ltd	1,485,149	1,500,000	–	20.0
Datapath Group Limited	7,563,365	11,081,243	–	40.0
Fourth Wall Creative Limited	4,292,299	2,900,000	–	41.5
Hexarad Group Limited	1,534,653	1,549,999	–	22.5
Homelink Healthcare Limited	1,064,356	1,075,000	–	22.6
Hospital Services Group Limited	3,320,000	1,200,000	3,500,000	81.6
iMIST Group Limited	1,598,515	1,614,500	1,271,000	39.7
IMMJ Systems Limited	1,732,674	1,750,000	–	21.0
Industrial Efficiency II Limited	2,603,260	–	926,669	100.0
Innovation Consulting Group Limited	1,605,000	1,938,046	–	72.4
Itad (2015) Limited	2,750,000	1,371,726	–	35.0
Kingsclere PE 3 Limited	100,000	100,000	–	50.0
Luminet Networks Limited	3,783,251	960,000	–	47.9
Mowgli Street Food Group Limited	1,526,750	–	1,900,000	22.7
Newsflare Limited	1,980,198	2,000,000	–	16.3
NorthWest EHealth Limited	1,485,149	1,500,000	–	27.7
PH Realisations 2020 Limited	1,664,893	2,162,929	1,000,000	85.0
Positive Response Corporation Ltd	875,000	884,195	–	63.9
Protean Software Limited	2,500,000	1,795,229	–	63.5
Rovco Limited	1,457,630	1,476,880	3,130,774	16.2
Roxy Leisure Holdings Limited	2,467,933	2,500,000	4,500,000	27.7
So-Sure Limited	1,584,158	1,600,000	1,000,000	18.7
Specac International Limited	800,000	2,054,761	–	85.2
Spektrix Limited	5,467,811	2,380,350	–	16.8
Steamforged Holdings Limited	2,364,532	1,600,000	1,000,000	31.9
Strategic Software Applications Ltd	1,732,673	1,750,000	–	26.3
Ten Health & Fitness Limited	2,958,591	2,000,000	–	44.1
Titania Group Limited	1,237,624	1,250,000	–	16.7
Weduc Holdings Limited	54,145	23,750	–	28.7
Whitchurch PE 1 Limited	100,000	378,000	–	50.0

Companies valued at £nil have been excluded from the table above.

Where the Manager controls over 50% of an investment by virtue of its discretionary management of one or more funds under management, decisions either have to be taken by the individual boards of the shareholding companies in respect of their individual holdings or voting is limited to 50%.

STAKEHOLDERS AND S172

DIRECTORS' DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The Directors have a duty to promote the success of the Company for the benefit of shareholders as a whole and to describe how they have performed this duty having regard to matters set out in Section 172(1) of the Companies Act 2006.

THE MANAGER

The principal relationship is with the Manager and the Manager's Review contains further information on this. Its investment management service is fundamental to the long-term success of the Company through the pursuit of the investment objective. The Board reviews the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It seeks to maintain a constructive working relationship with the Manager and, on an annual basis, the Management Engagement Committee reviews the appropriateness of the Manager's appointment.

The Board receives and reviews detailed presentations and reports from the Manager to enable the Directors to exercise effective oversight of the Company's activities.

As outlined in the Chair's Statement on page 7, the current performance incentive arrangements were introduced during a period of low interest rates and inflation in the UK. In light of recent economic conditions, in particular rises in inflation, the hurdles under the current arrangements have become extremely difficult to achieve even where there is exceptional investment performance. In addition, the arrangements are complex and require onerous assessment and monitoring with any payment being made long after the relevant investment exit. The Board has, therefore, been considering revised arrangements which better incentivise the Manager's performance and are simpler to implement and understand, whilst continuing to align with the interests of shareholders. Further detail is provided in the Chair's Statement.

SHAREHOLDERS

To help the Board in its aim to act fairly between the Company's members, it encourages communications with all shareholders. The Annual and Half-Yearly Reports are issued to shareholders and are available on the Company's website, together with other relevant information including quarterly factsheets. The Manager and members of the Board are available to meet the shareholders at investor forums held throughout the year. Directors are also available to meet with shareholders at the AGM.

Shareholders' views may also be considered during the Board's annual strategy reviews. The Board has also established guidelines in accordance with which the Manager implements share buybacks at a target discount of no less than 7.5% to the prevailing NAV per share. In addition, the Board continues to adopt a target dividend policy of at least 5% of the latest announced NAV per share.

Post year end, the Board revised the Investment Management Agreement via a side letter dated 3 January 2023, amending fees from 1 July 2022 to be paid in arrears rather than in advance.

In fulfilling this duty, the Directors consider the likely consequences of their actions over the long term and on other stakeholders.

As a third-party-managed VCT, the Company does not have employees. Its main stakeholders therefore comprise its shareholders, who are also its customers, portfolio companies, the environment and society and its principal suppliers. These suppliers are external firms engaged by the Board to provide, amongst other services, investment management, secretarial, registrar, audit and legal services.

PORTFOLIO COMPANIES

As described in more detail within the Corporate Governance Report, the Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board also expects high standards at the companies in which the Company is invested. In this regard, it is satisfied that the Manager consistently and proactively engages with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long-term success of the Company. The team of 51 investment professionals is well resourced and, collectively, has a deep knowledge and understanding across corporate finance, consulting, accountancy and private equity. More detail on this can be found in the Responsible Investment section of the Manager's Review.

Where environmental, social and governance matters impinge upon the investment case, the Manager engages with investee companies to encourage the issues to be addressed through that company's "100-day plan". The Manager is well placed to undertake this activity, which has always been an integrated element of its investment process.

OTHER SUPPLIERS

The Manager seeks to maintain constructive relationships with the Company's other suppliers on behalf of the Company, typically through regular communications and provision of relevant information.

While the Manager supports the aims and objectives of the FRC's Stewardship Code, it is not currently a signatory. It is, however, working to ensure alignment with the Stewardship Code and will periodically review its position regarding becoming a signatory in future. A statement to that effect is noted on the Manager's website and can be found at: **www.foresightgroup.eu/stewardship-code**.

In summary, the Board's primary focus is to promote the long-term success of the Company for the benefit of its shareholders, with a view to achieving the investment objective in a manner consistent with its stated investment policy and strategy. In doing so, and as described above, it has due regard to the impact of its actions on other stakeholders and the wider community.

RESPONSIBLE INVESTMENT

Often referred to as Responsible Investment, Environmental, Social and Governance principles ("ESG") provide not only a key basis for generating attractive returns for investors, but also to help build better quality businesses in the UK, creating jobs and making a positive contribution to society.

ESG values form an integral part of the Manager's day-to-day decision making, with all new investments made since May 2018 subject to ESG due diligence and ongoing ESG monitoring.

This accounts for 46% of the current portfolio, with the view of reaching 100% as legacy investments are sold. Central to its investment approach are five ESG Principles which are used to evaluate investee companies.

Overall, 40 individual key performance indicators are considered under the five Principles.

The Manager invests in a wide range of sectors and believes its approach covers the key tests that should be applied to assess a company's ESG performance, throughout the life cycle of an investment:

Strategy and awareness

Does the business demonstrate a good awareness of corporate social responsibility?

Is this reflected in its processes and management structure?

Environmental

Does the company follow good practice for limiting or mitigating its environmental impact, in the context of its industry?

How does it encourage the responsible use of the world's resources?

Social

What impact does the company have on its employees, customers and society as a whole?

Is it taking steps to improve the lives of others, either directly, such as through job creation, or indirectly?

Governance

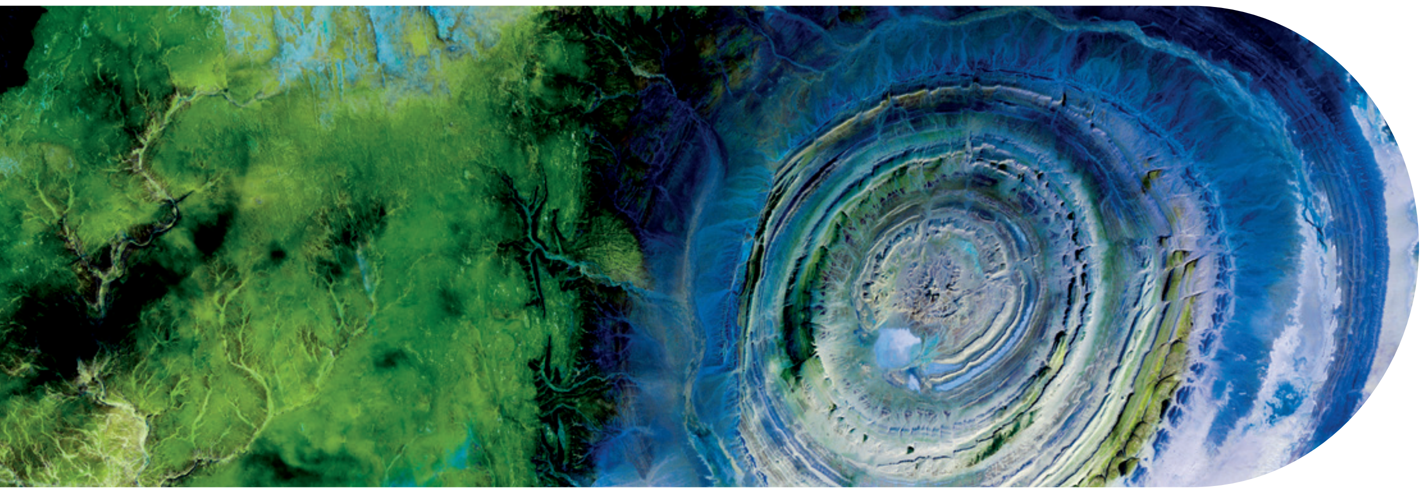
Does the company and its leadership team demonstrate integrity?

Are the correct policies and structures in place to ensure it meets its legislative and regulatory requirements?

Third-party interaction

Is the principle of corporate responsibility evidenced in the company's supply chain and customers?

How does it promote ESG values and share best practice?



UN SDGs

The UN's Sustainable Development Goals ("SDGs") also represent a key driver and important lens through which corporate and investment activities are reviewed.

In May 2021, the Manager formalised its Impact Themes for private equity investments into four areas:

- Health
- Quality Employment at Scale
- Research and Innovation
- Sustainable, Inclusive, Local Infrastructure and the Environment

These outcome-focused themes are aligned with the UN's SDGs. They help the Manager assess any opportunities in the business model, and by mapping its investments to them the private equity team can identify the value and benefits for the companies, society and the environment.

Each portfolio company is subject to an annual assessment where progress against each of the five Principles and four Impact Themes are measured and an evaluation matrix updated to allow progress to be tracked and continuous improvement encouraged.

The diagram below shows the specific SDGs that the Manager has scope to contribute to across all of its activities.

Credentials

The Manager has been a member of the UK Sustainable Investment and Finance Association since 2009 and a signatory to the Principles for Responsible Investment ("PRI") since 2013.

The Manager is an accredited Living Wage Employer and a signatory of the HM Treasury Women in Finance Charter, committing to implement recommendations to improve gender diversity in financial services. Portfolio companies are encouraged to pursue similar objectives.

Climate Change Statement

The Manager has a long-term investing vision and its strategy aligns with the UN's Sustainable Development Goals and the decarbonisation targets set out in the Paris Agreement of 2015. As such, taking actions to mitigate the risks posed by climate change, whilst also investing to generate commercial returns for our investors, must be done hand in hand. The Manager has been a signatory to the United Nations-backed PRI since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision-making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2020, the Manager received an "A+" for Strategy and Governance, and "A" for Private Equity and Infrastructure investments.

The Board supports the Manager's views on climate change and ESG and its vigorous process in the evaluation of an asset's environmental and social impact during due diligence and thereafter. For each material risk identified during due diligence, a mitigation plan is proposed in the investment submission and these actions form part of each portfolio company's "100-day plan" post-investment.

From an environmental perspective, analysis relating to the implementation of good industry practice in limiting and mitigating the potentially adverse environmental impact of a company's operations has four principal components:

- Environmental policy and track record
- Energy and resource usage and environmental impact
- Environmental impact of products and services
- Environmental performance improvements

Regular monitoring post-investment ensures that standards are maintained in respect of ESG issues where there is a change in either the regulatory or operating environment or the composition of the management team.

RESPONSIBLE INVESTMENT CONTINUED

We believe in delivering sustainable growth and incorporate ESG into our management process.

Climate Change Statement continued

The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") commencing from 1 January 2021 do not currently apply to the Company. They will, however, be kept under review and the Board and Manager will take note of any recommended changes. The Manager continues its journey to full alignment with the recommendations of the TCFD. Further details are noted in the Foresight Group Holdings Limited Annual Report and Accounts and can be found at: **www.foresightgroup.eu**

Environmental, human rights, employee, social and community issues

The Board recognises the requirement under Section 414 of the Companies Act 2006 to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; and information about any policies it has in relation to these matters and the effectiveness of these policies.

The Company does not have any policies in place for human rights, environmental, social and community issues due to having no office premises, no employees and its purchases being services as opposed to tangible products. The Manager's policies in respect of all the above issues can be found on its website www.foresightgroup.eu.

Diversity

The Board currently comprises two female and four male Directors. There is no formal diversity policy in place, however the Board is conscious of the need for diversity and will consider male and female candidates from all ethnic backgrounds when appointing new Directors.

The Manager has an equal opportunities policy and, as at 31 December 2022, employed 214 men (2021: 165) and 134 women (2021: 103).

Global greenhouse gas emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

RISKS

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

The Board carries out half-yearly reviews of the risk environment, including emerging risks, in which the Company operates.

The principal risks and uncertainties identified by the Board which might affect the Company's business and future performance, and the steps taken with a view to their mitigation, are set out below. Emerging risks that have also been considered include those of climate change, inflationary pressures, interest rates, supply chain issues, energy prices and the Russian invasion of Ukraine. In addition, tensions are increasing in the relationship between the United States and China over the future of Taiwan, where a large proportion of sophisticated microchips are manufactured and exported to businesses in the West, including those in the Company's portfolio.

While emerging risks are by nature difficult to predict, the Board and Manager's response to issues that may directly or indirectly effect the portfolio is immediate and evolves constantly.

The Board, with the help of the Manager's extensive research resources and market intelligence, surveys the full risk landscape of the Company in order to identify increasing and emerging risks to which the Company may be exposed to in the future.

The Board questions which parts of the Company's business may be vulnerable to disruption, including the business models of its investee companies and third party suppliers.

Analysis performed, including the portfolio's exposure to Russia and Ukraine and the effect of interest rates on individual investee companies in the year, is circulated to the Board and a best course of action decided. The impact of such risks on the Company's portfolio is under continuous assessment by the Manager. The Board and Manager therefore believe that emerging risks are mitigated and monitored to the best extent possible.

Further details of the Board's climate change considerations are provided in the Climate Change Statement in the Responsible Investment section on pages 45 and 46.

MARKET RISK

Risk description:

Macroeconomic changes, geopolitical developments, including the risk of war, or external shocks affect the investment community in general and lead to a fall in the valuation of investee companies, a drop in the Company's share price or widening discount to Net Asset Value, resulting in capital losses for shareholders.

Key controls and mitigation:

The Manager ensures the portfolio is diversified and the Board reviews it at least quarterly. The Company also maintains sufficient cash reserves to be able to provide additional funding to investee companies where appropriate and to repurchase its own shares.

STRATEGIC AND PERFORMANCE RISK

Risk description:

The Board fails to set appropriate strategic objectives and fails to monitor the Company's implementation of strategy which leads to poor performance.

Unattractive objectives or prolonged poor performance leads to a lack of investor demand for the Company's shares, resulting in difficulty raising new capital, a lack of cash available to fund buybacks and an inability to control a widening discount.

Key controls and mitigation:

The Board and the Manager meet on an annual basis for a specific session to assess the Company's strategy. Investment strategy and performance are further monitored quarterly at Board meetings.

Newly identified | Increased level of risk | Decreased level of risk | Similar level of risk

PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

INTERNAL CONTROL RISK

Risk description:

The control environments at service providers, including the Manager, have inadequate procedures for the identification, evaluation and management of risks, cyber security and data protection, putting the Company's assets and data at risk.

Key controls and mitigation:

The Board carries out semi-annual reviews of the system of internal and cyber controls, both financial and non-financial, operated by the Manager and other service providers and asks the external auditor to report on the Manager's control procedures. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

LEGISLATIVE AND REGULATORY RISK

Risk description:

The Company fails to comply with applicable laws and regulations including VCT Rules, UK Listing Authority Rules, AIC Code on Corporate Governance, Stewardship Code, Companies Act, Bribery Act, Market Abuse Regulations, data protection rules, Criminal Finances Act and relevant Taxes Acts and as a result loses its approval as a VCT.

Radical changes to VCT rules limit satisfactory investment returns and the ability to issue new shares, leading to a reduction in the sale of investee companies. This leads to a cash flow issue which restricts dividend payments or share buybacks and the Company's ability to control a widening discount.

The "Sunset Clause" for EIS and VCT reliefs has to be reviewed by 6 April 2025. The clause provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is amended to make the scheme permanent, or the "sunset clause" is extended. In extreme circumstances, the current VCT regime ending on 5 April 2025 is not renewed or extended, causing shareholders to cease to benefit from tax-free dividends and capital gains tax exemption after that date.

Key controls and mitigation:

The Manager is contracted to provide company secretarial, accounting and administration services through qualified professionals and the Board receives regular updates on compliance with relevant regulations.

The Company, the Manager and the VCT status adviser are, between them, members of the VCT Managers Association, EIS Association and the AIC and are regularly consulted by HMRC and Treasury, or reply to consultations, before changes in legislation take place, often enabling a middle ground to be agreed on legislative changes.

The Board and Manager review corporate governance and regulatory changes on a continual basis and seek additional advice as and when required.

The government has the power to extend or remove the sunset clause through secondary legislation, which would allow the VCT & EIS schemes to operate in their current form beyond the current expiry date of the scheme. The then Chancellor Kwasi Kwarteng announced during his mini-budget of 23 September 2022 that venture capital schemes will be safeguarded beyond 2025 but no further details were given as to how this will be implemented. To date, the now Chancellor Jeremy Hunt has yet to clarify. However, through correspondence with the Treasury Select Committee, the Chancellor has stated that it is the government's firm intention to extend the VCT and EIS schemes beyond the sunset on 6 April 2025 and that further details will be provided in due course. The Treasury Select Committee also notes that the UK should be able to extend the scheme without European Commission approval, clarified by the recently announced Northern Ireland Protocol, the Windsor Framework.

Newly identified | Increased level of risk | Decreased level of risk | Similar level of risk

VCT QUALIFYING STATUS RISK

Risk description:

The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company ceasing to be exempt from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and capital gains tax on the disposal of their shares, and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

Key controls and mitigation:

Legal advice is taken for each transaction to ensure all investments are qualifying. Advance assurance, where appropriate, is sought from HMRC ahead of completion. The Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Shakespeare Martineau LLP to undertake an independent VCT status monitoring role.

INVESTMENT VALUATION AND LIQUIDITY RISK

Risk description:

Most of the Company's investments are in small and medium-sized unquoted companies which are VCT qualifying holdings, and which by their nature entail a higher level of risk, subjective valuations and lower liquidity than investments in larger quoted companies. Unquoted companies have no published market price for their shares. The value of the shares needs to be calculated based on other information using estimates and judgements, and is reliant on the accuracy and completeness of some information provided by investee companies. As the Manager's remuneration is based on the Company's Net Asset Value, there is an inherent conflict of interest in valuations of the portfolio by the Manager.

The Company may not be able to sell its investments in unquoted companies. Insufficient capital realisations and the Company's inability to raise new capital could prevent the Company from meeting its financial objectives and restrict dividends and buybacks.

Key controls and mitigation:

The Manager aims to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a spread of holdings in terms of industry sector. The Board reviews the investment portfolio and its realisation profile with the Manager on a quarterly basis.

Valuations are prepared in accordance with the IPEV Valuation Guidelines, as discussed in more detail in note 1 to the accounts. Sensitivity analysis is disclosed in note 14. The Board reviews portfolio valuations quarterly and the external auditor performs an annual review, as noted in the auditor's report.

VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2019, the Directors have assessed the prospects of the Company over the three-year period to 31 December 2025. This three-year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency or liquidity. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment.

The Board also considered the ability of the Company to raise finance and deploy capital. This assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Manager adapting its investment process to take account of the more restrictive VCT investment rules that currently apply.

The Directors have also considered the Company's income and expenditure projections and underlying assumptions for the next three years and found these to be soundly based.

Stress testing on the cash flow forecast has not been performed, due to the discretionary nature of the main inflows and outflows. If fewer funds are raised, and fewer realisations achieved, then fewer investments and buybacks can be made and reduced dividends can be paid. The contracted ongoing costs of the Company are sufficiently covered for the next three years.

Based on the Company's processes for monitoring cash flow, share price discount, review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 31 December 2025.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and to help them assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Future strategy

The Board and the Manager believe that the strategy of continuing to qualify as a VCT and focusing on growth private equity investments is currently in the best interests of shareholders and the historical information reproduced in this report is evidence of positive recent performance in this area.

The Company's performance relative to its peer group will depend on the Manager's ability to allocate the Company's assets effectively, make successful investments and manage its liquidity appropriately.

This Strategic Report has been approved for issue by the Board.

Margaret Littlejohns

Chair

25 April 2023

GOVERNANCE

WHAT'S IN THIS SECTION

BOARD OF DIRECTORS

Please note that the information on the Directors noted below is accurate up to the date of signing of the Annual Report and Accounts.

Margaret Littlejohns
Chair of the Board
A M N R

Appointed
1 October 2017

Experience
Margaret has 19 years of experience in both commercial and investment banking, developing particular expertise in derivatives and in credit and market risk management. Between 2004 and 2006 she co-founded two start-up ventures, providing self-storage facilities to domestic and business customers in the Midlands, and acted as finance director until the businesses were successfully sold in 2016.

Other positions
Margaret is a non-executive director of UK Commercial Property REIT Limited. She previously served as non-executive chair of Henderson High Income Trust plc and as non-executive director of JPMorgan Mid Cap Investment Trust plc.

Beneficial shareholding
74,518 shares

Gordon Humphries
Non-Executive Director
A M N R

Appointed
20 February 2007

Experience
Gordon has over 35 years' experience in financial services, particularly with regard to investment trusts. He is an investor in early-stage private companies. He was head of investment companies at Standard Life Investments and prior to this he was joint head of investment trusts at F&C Asset Management. He was previously a member of the Institute of Chartered Accountants of Scotland Audit and Assurance Committee for the period 2005 to 2015. Gordon began his career with Deloitte Haskins & Sells (now PwC), where he qualified as a chartered accountant.

Other positions
Gordon is a non-executive director of Maven Income and Growth VCT 5 plc and JPMorgan UK Smaller Companies Investment Trust plc as well as deputy chair of The Association of Investment Companies.

Beneficial shareholding
32,863 shares

Jocelin Harris
Non-Executive Director
A M N R

Appointed
18 December 2015

Experience
Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation, which provides finance and advice for small businesses. Before this he was a director of private bank Rea Brothers for 13 years. He has personally invested in over 50 development-stage companies over the last 40 years.

Other positions
Jocelin is currently chair or non-executive director of a number of private companies in the UK and the USA. He is a trustee of St Peter's College, Oxford.

Beneficial shareholding
77,294 shares

A Audit Committee M Management Engagement Committee N Nomination Committee

Patricia Dimond
Non-Executive Director

A M N R

Appointed
1 February 2021

Experience
Patty has had an international career with over 30 years in the consumer, retail and financial sectors. As an executive or strategic adviser, she has worked with FTSE 100, private equity and owner-managed companies. She is an alumna of McKinsey & Company and a CFA Charter holder. Patty qualified as a Chartered Accountant with Deloitte Haskins & Sells, and holds an MBA from IMD Switzerland.

Other positions
She currently serves as a non-executive director and audit committee chair of Hilton Food Group plc and Aberforth Smaller Companies Trust plc as well as a trustee and audit committee chair of English National Opera and the National Academy of Social Prescribing.

Beneficial shareholding
49,381 shares

David Ford
Non-Executive Director

A M N R

Appointed
1 January 2023

Experience
David has City-based experience as a former managing director in equities for Prudential Capital Group and in fixed income for Intermediate Capital Group. Since 2017 he has been investing on his own behalf as an angel investor and as an adviser to funds.

Other positions
David sits as a non-executive director on the boards of a number of small early-stage companies. He is also a non-executive director of Alcentra Ltd, a Franklin Templeton-owned alternative asset manager.

Beneficial shareholding
29,171 shares

Dan Sandhu
Non-Executive Director

A M N R

Appointed
1 January 2023

Experience
Dan has commercial experience in the UK, China and India, successfully growing start-up companies funded by private equity. Until February 2023, Dan had been chief executive officer of Sparx Learning, a leading provider of educational technology to UK schools. He is also an active investor in early-stage businesses and was a founding member of Indian Angel Network, New Delhi.

Other positions
Dan is a member of the Institute of Chartered Accountants in England and Wales.

Beneficial shareholding
23,337 shares

R Remuneration Committee   Chair

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Company for the year ended 31 December 2022.

Activities and status

The principal activity of the Company during the year was the making of investments in unquoted companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a VCT under Sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's qualification as a VCT has been received up to 31 December 2021 and the Board has managed and intends to continue to manage the Company's affairs in such a manner as to continue to comply with these regulations.

Results and dividends

The total return attributable to shareholders for the year amounted to £12,702,000 (2021: £40,381,000).

The Board recommended a final dividend in respect of the year ended 31 December 2021 of 4.5p per share which was paid on 24 June 2022. The Board also declared a special interim dividend of 4.0p per share following the successful realisations of TFC Europe and Codeplay Software which was paid on 21 October 2022.

The Board is recommending a final dividend for the year ended 31 December 2022 of 4.4p per share, to be paid on 30 June 2023 based on an ex-dividend date of 15 June 2023, with a record date of 16 June 2023.

Net Asset Value Total Return

During the year ended 31 December 2022, the Company's principal indicator of performance, NAV Total Return, increased 6.5% (2021: 27.3%) from 90.1p per share to 96.0p per share.

Share issues

During the year 20,797,803 shares and 4,192,856 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 84.50p to 94.09p per share.

At 31 December 2022 the Company had 219,151,944 shares in issue.

Share buybacks

During the year, the Company repurchased 11,429,802 shares for cancellation at a cost of £8,980,000. No shares bought back by the Company are held in treasury. Share buybacks have been completed at an average discount of 10.0%.

Principal risks, risk management and regulatory environment

A summary of the principal risks faced by the Company is set out in the Strategic Report on pages 47 to 49.

Financial instruments

Details of all financial instruments used by the Company during the year are given in note 14 to the accounts.

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end, trade creditors represented an average credit period of five days (2021: less than one day).

Management

The Company has appointed Foresight Group LLP ("the Manager") to provide investment management, accounting and administration services.

Annually, the Management Engagement Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement Committee considers the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided, which include company secretarial services. It is the Board's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken in November 2022. The principal terms of the management agreement are set out in note 3 to the accounts.

The annual expenses cap is 2.4% of net assets, excluding performance incentive fees, which is one of the lower expenses caps of any VCT with total assets over £50 million.

No Director has an interest in any contract to which the Company is a party other than their own appointment.

Foresight Group LLP was appointed as Manager on 27 January 2020 and earned fees of £3,499,000 in the year to 31 December 2022 (2021: £3,087,000). Foresight Group LLP received £130,000 (2021: £122,000) during the year in respect of secretarial, administrative, accounting and custodian services to the Company.

Foresight Group LLP also received from investee companies arrangement fees of £282,000 (2021: £453,000) and directors' fees of £938,000 (2021: £750,000).

	£
Management fee	3,499,000
Directors' fees	938,000
Arrangement fees	282,000
Secretarial fee	130,000
	4,849,000

All amounts are stated, where applicable, net of VAT. The Manager is also a party to the co-investment and performance incentive arrangements described in note 13 to the accounts.

At the time of writing, officers and staff of the Manager held a total of 2,067,124 shares in the Company.

Performance-related incentives

Shareholders approved a co-investment scheme and performance incentive arrangements at a general meeting held on 8 March 2017, effective from 31 March 2017. The co-investment and performance incentive arrangements were novated from Foresight Group CI Limited to the Manager on 27 January 2020. Details can be found in note 13 to the accounts.

Venture Capital Trust status

Foresight VCT plc has been granted approval as a Venture Capital Trust ("VCT") under Sections 274-280A of the Income Tax Act 2007 for the year ended 31 December 2021. The next complete review will be carried out for the year ended 31 December 2022. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Board and the Manager have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed Shakespeare Martineau LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. Reviews of prospective investments are carried out by advisers assisting on the relevant investment transaction.

The Board monitors the Company's VCT status at quarterly meetings of the Board based on advice from Shakespeare Martineau LLP and the Manager monitors the status on a continuing basis. As at 31 December 2022, the Company had 100.0% (by VCT value) of its applicable funds in such VCT qualifying holdings.

VCT tax benefit for shareholders

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a "qualifying" individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions since 6 April 2006 are:

- Income tax relief of up to 30% on subscription by qualifying investors for new shares
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax in the hands of qualifying investors
- Capital gains on disposal of VCT shares by qualifying investors are tax free, whenever the disposal occurs

The upfront income tax relief will be forfeited by shareholders if the shares are not held for five years or the Company loses its approval as a VCT in that period.

The other tax reliefs will similarly be lost if the Company loses its approval as a VCT.

Substantial shareholdings

So far as the Board is aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

Likely future developments

Please refer to the Manager's Review on page 22 for more details on likely future developments.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and ongoing regulation of managers ("AIFMs") that manage alternative investment funds ("AIFs") in the EU. The Company qualifies as a small authorised AIF and so is required to comply, although additional costs and administration requirements are not material. The Company's approval was confirmed in August 2014. This has not affected the current arrangements with the Manager, who continues to report to the Board and manage the Company's investments on a discretionary basis.

Valuation policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022 and further COVID-19 guidance for March 2020) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at "fair value". Where the investment being valued was made recently, its cost would normally provide a good starting point for estimating fair value. At each measurement date, fair value is estimated using appropriate valuation techniques. Investments quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by the Manager, reviewed and approved by the Board quarterly, and are subject to annual review by the external auditor.

Statutory Instrument 2008/410 schedule 7 part 6

The following disclosures are made in accordance with Statutory Instrument 2008/410 schedule 7 part 6.

Capital structure

The Company's issued share capital as at 25 April 2023 was 245,731,254 Ordinary Shares of 1 penny each. Further information on the share capital of the Company is detailed in note 11 to the accounts.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 101.

Notifiable interests in the Company's voting rights

At the date of this report no notifiable interests had been declared in the Company's voting rights.

Auditor

Pursuant to Section 487(2) of the Companies Act 2006, the Board has decided to propose the re-appointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

Audit information

Pursuant to Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

Companies Act 2006 disclosures

In accordance with Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights
- There exist no securities carrying special rights with regard to the control of the Company
- The rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006
- The Company does not have an employee share scheme
- There exist no agreements to which the Company is party that may affect its control following a takeover bid
- There exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason

Conflicts of interest

The Directors have declared any conflicts or potential conflicts of interest to the Board, which has the authority to approve such conflicts. The Company Secretary maintains the Register of Directors' Conflicts of Interest which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions concerning their own conflicts.

Whistleblowing

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. On the basis of that information, adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chair's Statement, Strategic Report and Notes to the Accounts. In addition, the Annual Report and Accounts include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has adequate financial resources together with investments and income generated therefrom across a variety of industries and sectors. The Board believes that the Company is able to manage its business risks.

Three year cash flow projections to 31 December 2025 have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buybacks and dividends. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants, although its underlying investments may have external loan finance.

The Directors have considered the impact of the difficult economic outlook, inflationary pressures, COVID-19, Brexit and Russia's invasion of Ukraine during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

Post-balance sheet events are disclosed in note 20.

Directors' remuneration

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report that complies with a new set of disclosure requirements. See pages 66 to 69.

Directors' indemnification and insurance

To the extent permitted by law, the Directors have the benefit of indemnities under the Articles of Association of the Company against liabilities they may incur acting in their capacity as Directors of the Company.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities that may arise in the conduct of their duties. There is no cover in respect of fraudulent or dishonest actions.

Annual General Meeting

A formal notice convening the Annual General Meeting on 15 June 2023 can be found on pages 99 to 102.

Resolutions 1 to 11 will be proposed as ordinary resolutions, meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 12 and 13 will be proposed as special resolutions, meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 11 to 13 renew share issue and buyback authorities granted at previous general meetings of the Company and, together with Resolution 10, are explained in further detail below. The Directors believe that the proposed resolutions are in the interests of shareholders and accordingly recommend shareholders to vote in favour of each resolution.

Resolution 10

The Directors recommend to shareholders the payment of a final dividend in respect of the financial year ended 31 December 2022 of 4.4p per share of 1p each in the capital of the Company, for payment on 30 June 2023 to shareholders on the register on 16 June 2023.

Resolution 11

Resolution 11 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £1,000,000 (representing 40.7% of the issued share capital of the Company as at the date of this Annual Report). This authority will be used for the purposes listed under the authority requested under Resolution 12. This includes authority to issue shares pursuant to the dividend reinvestment scheme operated by the Company, performance incentive fee arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team and further top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. All new offers are intended to be at an offer price linked to NAV. The authority conferred by Resolution 11 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the passing of the resolution save that the Company may allot equity shares after such date in pursuant of a contract or contracts made prior to the expiration of this authority.

Resolution 12

Resolution 12 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal amount of up to £400,000 pursuant to offer(s) for subscription, (ii) with an aggregate nominal amount of up to 10% of the issued share capital pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per share which may be less than the Net Asset Value per share, as may be prescribed by the scheme terms, (iii) with an aggregate nominal amount of up to £100,000 pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team at a subscription price which may be less than the Net Asset Value per share and (iv) with an aggregate nominal amount of up to 10% of the issued share capital from time to time for general purposes, in each case where the proceeds of such issue may be used in whole or part to purchase the Company's shares.

The authority conferred by Resolution 12 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2024 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 13

It is proposed by Resolution 13 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 36,835,114 shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report) or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for a share taken from the London Stock Exchange daily official list on the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Article 5(6) of the Market Abuse Regulation (EU) 596/2014 (as such Regulation forms part of UK law and as amended). The authority conferred by Resolution 13 is in substitution for all existing authorities and will expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting to be held in 2024 or, if earlier, on the date falling 15 months after the passing of the resolution, save that the Company may purchase its shares after such date in pursuance of a contract or contracts made prior to the expiration of this authority.

Front-end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that investors may be willing to pay more for new shares issued by the Company than they would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may wish to sell shares from time to time, the Company proposes to renew the authority to buy-in shares, as it enables the Board to provide a degree of liquidity in the Company's shares. Whilst, generally, the Company does not expect that shareholders will want to sell their shares within five years of subscribing for them because this would lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. In making purchases the Company will deal only with member firms of the London Stock Exchange and at a discount to the then prevailing Net Asset Value per share of the Company's shares to ensure that existing shareholders' interests are protected.

This report has been approved for issue by the Board.

Foresight Group LLP

Company Secretary

25 April 2023

CORPORATE GOVERNANCE

The Board of Foresight VCT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance (the "AIC Code").

The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code ("the AIC Code") issued by the Financial Reporting Council, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the AIC Code to make them relevant for investment companies.

Unless noted as an exception below, the requirements of the AIC Code were complied with throughout the year ended 31 December 2022.

The Board

The Board comprises six Directors, all of whom are non-executive and deemed independent. The Board actively encourages Directors to hold shares in the Company, ensuring that their personal interests are aligned with the interests of shareholders. The Board does not feel that such holdings call into question Directors' independence. The Nomination Committee meets annually to discuss the appropriateness of the Board appointments and Directors are required to stand for annual re-election.

The Directors have significant relevant experience of similar investment funds to VCTs, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

Division of responsibilities

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and the Manager sets out the matters over which the Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties.

The Board has access to the officers of the Company Secretary who also attend Board meetings. Representatives of the Manager attend all formal Board meetings although the Directors may on occasion meet without representatives of the Manager being present. Informal meetings with the Manager are also held between Board meetings as required. Attendance by Directors at Board and Committee meetings is detailed in the table on the following page.

The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board meeting.

In addition to the meetings below, 16 further meetings were held in relation to the publication of corporate documents, fundraising, share issues, investments and Company strategy.

	Board	Audit	Nomination	Management Engagement	Remuneration
Patricia Dimond	4/4	2/2	2/2	2/2	2/2
David Ford[1]	0/0	0/0	0/0	0/0	0/0
Gordon Humphries	4/4	2/2	2/2	2/2	2/2
Jocelin Harris	4/4	2/2	2/2	2/2	2/2
Margaret Littlejohns	4/4	2/2	2/2	2/2	2/2
Dan Sandhu[1]	0/0	0/0	0/0	0/0	0/0

1. David Ford and Dan Sandhu were formally appointed to the Board on 1 January 2023 and therefore were not in office during the year the above meetings were held.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Manager, Shakespeare Martineau LLP and other service providers, the Company has not appointed a chief executive officer, deputy chair or a senior independent non-executive director as recommended by the AIC Code. The provisions of the AIC Code which relate to the division of responsibilities between a chair and a chief executive officer are, accordingly, not applicable to the Company.

Board committees

The Board has adopted formal terms of reference, which are available to view by writing to the Company Secretary at the registered office, for four standing committees which make recommendations to the Board in specific areas.

The Audit Committee comprises Gordon Humphries (Chair), Patricia Dimond, David Ford, Jocelin Harris, Margaret Littlejohns and Dan Sandhu, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things, the following:

- Review the valuation of unquoted investments
- Monitor the integrity of the Annual and Half-Yearly Reports of the Company and recommend the accounts to the Board for approval
- Review the Company's internal control and risk management systems
- Make recommendations to the Board in relation to the appointment of the external auditor
- Review and monitor the external auditor's independence
- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services

In the prior year, the shareholders reappointed Deloitte LLP as the Company's auditor as proposed by the Board.

Board committees continued

The Audit Committee has performed an assessment of the audit process and the auditor's report in the Audit Committee Report. The Directors have decided to recommend the reappointment of Deloitte LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting. Blick Rothenberg Limited provides the Company's taxation services.

The Management Engagement Committee comprises Margaret Littlejohns (Chair), Patricia Dimond, David Ford, Jocelin Harris, Gordon Humphries and Dan Sandhu and meets at least annually to review the appointment and terms of engagement of the Manager. The Board has decided that the entire Board of Directors should fulfil the role of the Management Engagement Committee due to its size.

The Remuneration Committee comprises Gordon Humphries (Chair), Patricia Dimond, David Ford, Jocelin Harris, Margaret Littlejohns and Dan Sandhu and meets at least annually to consider the levels of remuneration of the Directors. More details can be found in the Directors' Remuneration Report. The Board has decided that the entire Board of Directors should fulfil the role of the Remuneration Committee due to its size.

The Nomination Committee comprises Margaret Littlejohns (Chair), Patricia Dimond, David Ford, Jocelin Harris, Gordon Humphries and Dan Sandhu and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. The Board has decided that the entire Board of Directors should fulfil the role of the Nomination Committee due to its size.

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Board currently comprises two female and four male Directors. There is no formal diversity policy in place, however the Board is conscious of the need for diversity and will consider both male and female candidates from all ethnic backgrounds when making new appointments. The Nomination Committee makes recommendations to the Board on the Company's succession plans and also considers the resolutions for the annual re-election of Directors.

Board evaluation

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by the AIC Code. Initially, the evaluation takes the form of a questionnaire for the Chair and individual Directors. The Chair then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation, the Chair will take appropriate action to address any issues arising from the process.

Internal controls

The Directors have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The internal controls system is designed to manage, rather than eliminate, the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable, but not absolute, assurance against misstatement or loss.

The Manager has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

The Manager was appointed as Company Secretary in 2017 with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the officers of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of its appointment, the Manager invests the Company's assets and has physical custody of documents of title relating to investments.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the Annual Report and Accounts, and this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Manager's existing risk-based approach to internal control whereby a risk register is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to counter those risks. A residual risk rating is then applied.

The Board is provided with reports highlighting all changes to the risk ratings and confirming the action that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with the Manager, Shakespeare Martineau LLP and other service providers.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year, and reported its conclusions to the Board (which was satisfied with the outcome of the review).

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company against its objectives at each Board meeting.

The Board also reviews the Company's activities since the last Board meeting to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Manager, the Audit Committee and other third-party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. The Board has therefore concluded that it is not necessary to establish an internal audit function at present but this policy will be kept under review.

UK Stewardship Code

While the Manager supports the aims and objectives of the FRC's Stewardship Code, it is not currently a signatory. It is, however, working to ensure alignment with the Stewardship Code and will periodically review its position regarding becoming a signatory in future. A statement to that effect is noted on the Manager's website and can be found at: **www.foresightgroup.eu/stewardship-code**.

Relations with shareholders

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. The Manager hosts regular investor forums for shareholders and publishes quarterly factsheets, as well as information on new investments, on the Company's website.

Individual shareholders are welcomed to the Annual General Meeting, where they have the opportunity to ask questions of the Directors, including the Chair, as well as the Chairs of the Audit, Nomination, Management Engagement and Remuneration Committees. There is also an open invitation for shareholders to meet the Manager. For more information on the Directors' relations with shareholders please refer to the Section 172(1) statement in the Strategic Report on page 42.

Margaret Littlejohns

Chair

25 April 2023

AUDIT COMMITTEE REPORT

Gordon Humphries
Chair of the Audit Committee

The Audit Committee has identified and considered the following key areas of risk in relation to the business activities and financial statements of the Company:

- Valuation of unquoted investments
- Existence of unquoted investments
- Venture Capital Trust status

These issues were discussed with the Manager and the auditor at the conclusion of the audit of the financial statements, as explained below:

Valuation of unquoted investments

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. As a VCT, the Company's investments are predominantly in unquoted securities, which are difficult to value and require the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Manager follows the valuation methodologies for unlisted investments as set out in the IPEV Valuation Guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in note 1 of the accounts. These were then further checked by the auditor and reviewed and challenged by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data.

Existence of unquoted investments

For all investments made, both share certificates and loan stock documentation are held by the Manager in the Company's own name and monthly reconciliations are carried out by the Manager to ensure that valid documents of title are held.

Venture Capital Trust status

Maintaining VCT status and adhering to the tax rules of Section 274 of ITA 2007 is critical to both the Company and its shareholders for them to retain their VCT tax benefits.

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved VCT had been met throughout the year. The Manager seeks legal advice in advance for all qualifying investments and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with VCT status would be discussed at or between formal meetings. In addition, an external third-party review of VCT status is conducted by Shakespeare Martineau LLP on a quarterly basis and this is reported to both the Board, Audit Committee and the Manager.

Auditor's assessment

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately 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 Committee considers that Deloitte LLP has carried out its duties as auditor in a diligent and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit partner is rotated every five years, ensuring that objectivity and independence is not impaired. The current audit partner, Chris Hunter, assumed responsibility for the audit in 2019. Deloitte LLP was appointed as auditor in August 2019, with its first audit for the year ended 31 December 2019. No tender for the audit of the Company has been undertaken since this date and the Audit Committee does not intend to put the audit out to tender during the current financial year. As part of its review of the continuing appointment of the auditor, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit. Deloitte LLP is not engaged for non-audit services.

The Audit Committee considered the performance of the auditor during the year and agreed that Deloitte LLP continued to provide a good level of service and maintained a good knowledge of the VCT market, making sure audit quality continued to be maintained.

The Audit Committee met in March 2022 to review the Annual Report and Accounts for the year ended 31 December 2021 and the Company's risk register, in September 2022 to review the Half-Yearly Report, the audit plan for the year ended 31 December 2022 and the Company's risk register, and in March 2023 to review the Annual Report and Accounts for the year ended 31 December 2022.

Gordon Humphries

Chair of the Audit Committee

25 April 2023

DIRECTORS' REMUNERATION REPORT

Gordon Humphries
Chair of the Remuneration Committee

Introduction

The Board has prepared this report in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, Deloitte LLP, to audit certain areas of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report.

Annual Statement from the Chair of the Remuneration Committee

The Board, which is profiled on pages 52 and 53, consists solely of Non-Executive Directors and considers at least annually the level of the Directors' fees.

During the year, remuneration for the Directors was increased following shareholder approval of the remuneration policy and remuneration report at the Annual General Meeting.

In November 2022, the Committee concluded, following a review of the level of Directors' fees, there would be an increase of 2.5% to the base salary of Directors effective 1 January 2023. This followed a 3.4% increase in the base fee of Directors, effective 1 July 2022, agreed by the Committee in March 2022.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee comprises six Directors: Gordon Humphries (Chair), Patricia Dimond, David Ford, Jocelin Harris, Margaret Littlejohns and Dan Sandhu.

The Remuneration Committee meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role.

The Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Remuneration Committee has been provided with external advice or services by any person, but has received industry comparison information from the Manager and industry research carried out by third parties in respect of Directors' remuneration.

The remuneration policy set by the Board is described on the following page. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

The Remuneration Committee recommends to the Board a base fee for Non-Executive Directors which is increased by agreed percentages for chairing the Board and each committee.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 2022 were agreed during the year.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' non-executive status, and Directors are not eligible for bonuses or other benefits.

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally (or to a third party if requested by any Director, although no such request has been made).

None of the Directors has a service contract but, under letters of appointment dated 24 November 2022, they may resign at any time. There are no set minimum notice periods and no compensation is payable to Directors on leaving office.

As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment but all Directors retire every year and may seek re-election.

The above remuneration policy was last approved by shareholders at the Annual General Meeting on 31 May 2022 and it is the intention of the Board that the above remuneration policy will, subject to shareholder approval, continue in effect immediately following the Annual General Meeting of the Company on 15 June 2023 for a period of three years unless renewed, varied or revoked in a general meeting.

Shareholders' views in respect of Directors' remuneration may be communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting, 95.3% of shareholders voted in favour of the resolution approving the Directors' Remuneration Report, showing significant shareholder support.

Please refer to page 69 for the Directors' remuneration tables.

Retirement by rotation

All Directors retire and may offer themselves for re-election every year.

Details of individual emoluments and compensation

The emoluments in respect of qualifying services of each person who served as a Director during the year are shown on page 69. No Director has waived or agreed to waive any emoluments from the Company in either the current or previous year.

No other remuneration was paid or payable by the Company during the current or previous year nor were any expenses claimed by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

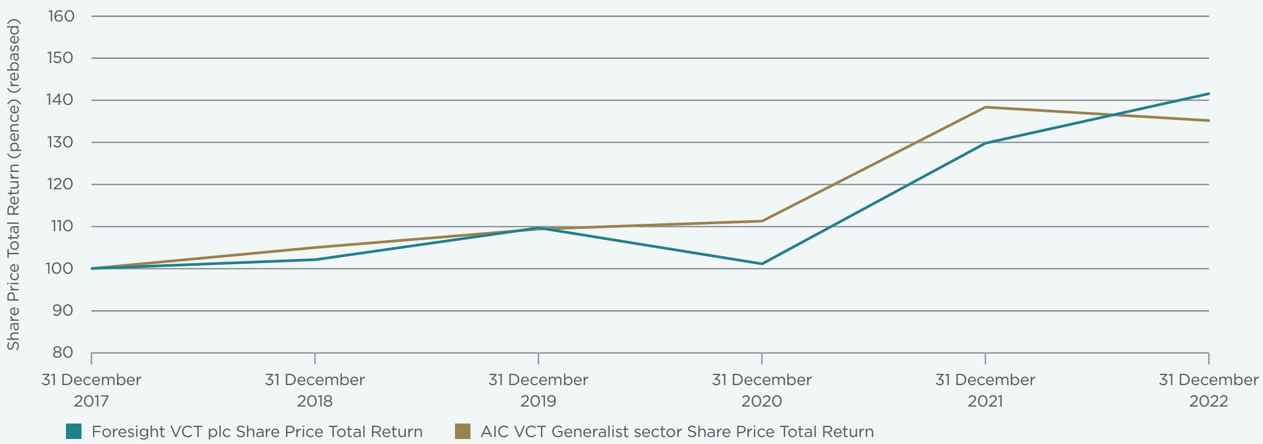
The Company's Articles of Association do not set an annual limit on the level of Directors' fees but fees must be considered within the wider remuneration policy noted above.

Directors' liability insurance is held by the Company in respect of the Directors.

Share Price Total Return

The graph below charts the total shareholder return to 31 December 2022, on the hypothetical value of £100 invested on 1 January 2018. The return is compared to the total shareholder return on a notional investment of £100 in the AIC VCT Generalist sector.

Share Price Total Return (pence)



Directors

The Directors who held office during the year or up to the date of signing the Annual Report and their interests in the issued shares of 1p each of the Company were as follows:

	31 December 2022 Shares (audited)	31 December 2021 Shares (audited)
Margaret Littlejohns (Chair)	**51,181**	51,181
Patricia Dimond[1]	**26,044**	–
David Ford[2]	**–**	–
Jocelin Harris	**77,294**	70,242
Gordon Humphries	**32,863**	32,863
Dan Sandhu[2]	**–**	–

1. Patricia Dimond appointed on 1 February 2021.
2. David Ford and Dan Sandhu appointed on 1 January 2023.

All the Directors' share interests shown above were held beneficially.

In February 2023, Margaret Littlejohns purchased 23,337 shares in the Company, Jon Gudelis, Patricia Dimond's husband, purchased 23,337 shares in the Company, David Ford purchased 29,171 shares in the Company and Dan Sandhu purchased 23,337 shares in the Company.

In accordance with the UK Corporate Governance Code and the Board's policy, Ms Dimond, Mr Ford, Mr Harris, Ms Littlejohns and Mr Sandhu retire annually and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on pages 52 and 53.

The Board believes that Ms Dimond's, Mr Harris' and Ms Littlejohns' skills, experience and knowledge continue to complement each other and benefit the Company and recommends their re-election to the Board. Additionally, the Board believes that Mr Ford's and Mr Sandhu's skills, experience and knowledge will benefit the Company and recommends their election to the Board. None of the Directors has a contract of service with the Company.

Audited information

The information below has been audited. See the Independent Auditor's Report on pages 72 to 77.

	Directors' fees year ended 31 December 2022 (£)	Directors' taxable benefits[1] year ended 31 December 2022 (£)	Total remuneration year ended 31 December 2022 (£)	Total remuneration year ended 31 December 2021 (£)
Margaret Littlejohns (Chair)	**33,825**	**—**	**33,825**	29,950
Patricia Dimond	**25,075**	**—**	**25,075**	22,400
David Ford	**—**	**—**	**—**	—
Jocelin Harris	**25,075**	**—**	**25,075**	24,450
Gordon Humphries	**30,575**	**3,938**	**34,513**	31,850
Dan Sandhu	**—**	**—**	**—**	—
John Gregory[2]	**—**	**—**	**—**	13,600
Total	**114,550**	**3,938**	**118,488**	122,250

1. Relates to expenses incurred for attending meetings at the Company's principal place of business.
2. John Gregory retired from the Board on 21 May 2021.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes. Directors' fees are reviewed annually and fees were last increased on 1 January 2023 after consideration of fees paid to other VCT directors and available independent research.

Votes cast For and Against the Directors' Remuneration Report for the year ended 31 December 2021:

Shares and percentage of votes cast For	Shares and percentage of votes cast Against	Number of votes withheld
95.3%	4.7%	
9,434,321 votes	461,149 votes	199,759 votes

In accordance with Companies Act 2006 legislation, the table below sets out the relative importance of spend on pay when compared to distributions to shareholders in the form of dividends and share buybacks.

	Year ended 31 December 2022	Year ended 31 December 2021
Dividends	**£18,817,000**	£7,508,000
Share buybacks	**£8,980,000**	£6,142,000
Total shareholder distributions	**£27,797,000**	£13,650,000
Directors' fees excluding employer's National Insurance contributions	**£114,550**	£120,200
Directors' fees % of shareholder distributions	**0.4%**	0.9%

Approval of report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. In addition to this, Resolution 3, which is seeking shareholder approval for the Directors' remuneration policy, will, if approved, take effect from the Annual General Meeting and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

This Directors' Remuneration Report was approved by the Board on 25 April 2023 and is signed on its behalf by Gordon Humphries (Director).

On behalf of the Board

Gordon Humphries

Chair of the Remuneration Committee

25 April 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in respect of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the 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 its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so

The Directors are 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 its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company
- The Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face

We consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Margaret Littlejohns
Chair

25 April 2023

FINANCIAL STATEMENTS

WHAT'S IN THIS SECTION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORESIGHT VCT PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Foresight VCT plc (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related Notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the valuation of unquoted investments. Within this report, key audit matters are identified as follows: **Newly identified** (!) **Increased level of risk** (↑) **Similar level of risk** (◇) **Decreased level of risk** (↓)
Materiality	The materiality that we used in the current year was £3.75m, which was determined on the basis of 2% of the Net Asset Value of the Company at year end.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the engagement team.
Significant changes in our approach	There were no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

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.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Considering as part of our risk assessment the nature of the Company, its business model and related risks including where relevant the impact of the evolving economic landscape, the requirements of the applicable financial reporting framework and the system of internal control.
- Challenging the underlying data and key assumptions through assessing the forecasted cash flows and the impact of external market forces, and evaluating the Directors' plans for future actions in relation to their going concern assessment.
- Assessing the relevant disclosures about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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 relation to the reporting on how the Company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

5. 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 which 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.

5.1. Valuation of unquoted investments

Key audit matter description	The Company holds unquoted investments of £169.8m representing 88.6% of the entity's net assets (2021: £166.7m, 90%). The valuation of the investments held by the VCT, due to materiality in the context of the financial statements as a whole, is considered to be one of the areas which has the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. The unquoted investments are valued in line with IPEV Guidelines and carry a higher degree of judgement. We have identified current economic conditions as being a factor potentially impacting the valuation of certain investments. Specifically, factors such as high inflation and energy prices, increasing interest rates and supply chain issues may result in increased risk over the valuation of certain investments. Therefore, we have pinpointed the key audit matter to the valuation of unquoted investments which have been particularly impacted by one or more of these factors, with the valuation of the remaining portfolio being classified as higher risk. Refer to note 1b to the financial statements for the accounting policy on unquoted investments and details of the investments are disclosed in note 8 to the financial statements. Critical accounting judgement and key sources of estimation uncertainty is disclosed in note 1k. The valuation of investment risk is included within the Audit Committee report on page 64.

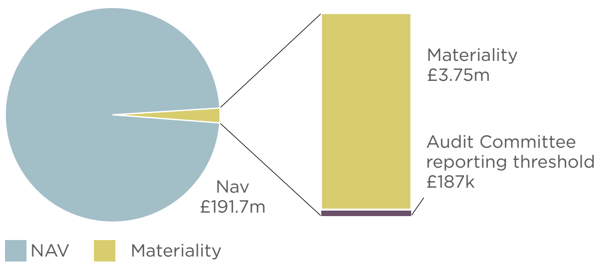
5. Key audit matters continued
5.1. Valuation of unquoted investments continued

How the scope of our audit responded to the key audit matter	We have performed the following testing to address the key audit matter: • Obtained an understanding of relevant controls in place over the valuation of unquoted investments through enquiry of management and detailed review of documentation of relevant controls; • Assessed the valuation methodology applied for compliance with the IPEV Guidelines and assessed the assumptions adopted; • Tested the judgemental inputs around maintainable Revenue/EBITDA by performing back testing against latest financial information and historical performance where available, to assess and evaluate the appropriateness of the assumption on those inputs; • Evaluated any adjustments made in relation to the impact of inflation and other market risks on the performance of the investee companies, scrutinising cash position and forecasts as relevant; • Assessed the suitability and accuracy of the multiple from a basket of comparable transactions/quoted companies; • Tested a sample of unquoted investee company data (e.g. financial information and capital structures) to supporting documentation; and • Assessed whether any critical judgement or sources of estimation uncertainty are applied and appropriately disclosed.
Key observations	Based on our testing, we concluded that the valuation of the unquoted investments is reasonable.

6. Our application of materiality
6.1. Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.75m (2021: £3.7m)
Basis for determining materiality	2% (2021: 2%) of Net Asset Value
Rationale for the benchmark applied	Net Asset Value is the primary measure used by the shareholders in assessing the performance of the Company as an investment entity.



6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the quality of the Company's overall control environment and management's willingness to correct identified errors in previous audits.

6.3. Error reporting threshold
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £187k (2021: £185k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

7.2. Our consideration of the control environment

The investment management and accounting and reporting operations were undertaken by the Manager, the safeguarding of assets resides with the Manager. We have obtained an understanding of the Manager's systems of internal control and reviewed the Manager's controls report. In the current year, we took a controls reliance strategy over the valuation of unquoted investments. This consisted of testing the relevant controls over the review, challenge and approval of the unquoted investment valuation.

7.3. Our consideration of climate-related risks

As part of our risk assessment, we have considered the potential impact of climate change on the VCT's business and its financial statements. We obtained an understanding of the process for identifying climate-related risks, the processes and controls in place, as well as the determination of any mitigating actions.

The Manager continues to develop its assessment of the potential impact of environmental, social and governance ("ESG") related risks, including climate change. As outlined in the strategic report on page 47, the Board considers climate change to be an emerging risk within the business. As part of our assessment of our key audit matter, we considered whether there was a heightened element of climate risk in relation to the key judgements in the valuation of unquoted investments.

Details of the Board's climate change considerations are provided in the Climate Change Statement in the Responsible Investment section on pages 45 and 46. We have assessed whether the risks identified by the entity are consistent with our understanding of the business and read the disclosures in the Annual Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

8.1. Scoping

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 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.

10. 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 FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities including those that are specific to the Company's sector;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of unquoted investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's compliance with VCT regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of unquoted investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified 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.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 57;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 50;
- the Directors' statement on fair, balanced and understandable set out on page 70;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 47 to 49;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 62 and 63; and
- the section describing the work of the Audit Committee set out on pages 61 and 62.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 30 August 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years, covering the years ending 31 December 2019 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. 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.

Chris Hunter CA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

25 April 2023

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 Revenue £'000	Year ended 31 December 2022 Capital £'000	Year ended 31 December 2022 Total £'000	Year ended 31 December 2021 Revenue £'000	Year ended 31 December 2021 Capital £'000	Year ended 31 December 2021 Total £'000
Realised gains on investments	8	—	**13,207**	**13,207**	—	13,070	13,070
Investment holding gains	8	—	**2,138**	**2,138**	—	30,424	30,424
Income	2	**1,536**	—	**1,536**	858	—	858
Investment management fees	3	**(949)**	**(2,550)**	**(3,499)**	(772)	(2,612)	(3,384)
Other expenses	4	**(680)**	—	**(680)**	(587)	—	(587)
(Loss)/return on ordinary activities before taxation		**(93)**	**12,795**	**12,702**	(501)	40,882	40,381
Taxation	5	—	—	—	—	—	—
(Loss)/return on ordinary activities after taxation		**(93)**	**12,795**	**12,702**	(501)	40,882	40,381
(Loss)/return per share	7	**(0.1)p**	**5.9p**	**5.8p**	(0.2)p	19.9p	19.7p

The total columns of this statement are the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total comprehensive income has been presented.

The Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted earnings per share figures are relevant. The basic and diluted earnings per share are, therefore, identical.

The notes on pages 82 to 98 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 December 2022	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve[1] £'000	Capital reserve[1] £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2022		**2,056**	**34,954**	**1,081**	**75,591**	**5,945**	**65,521**	**185,148**
Share issues in the year[2]	11	**250**	**22,084**	**—**	**—**	**—**	**—**	**22,334**
Expenses in relation to share issues[3]		**—**	**(658)**	**—**	**—**	**—**	**—**	**(658)**
Repurchase of shares	11	**(114)**	**—**	**114**	**(8,980)**	**—**	**—**	**(8,980)**
Realised gains on disposal of investments	8	**—**	**—**	**—**	**—**	**13,207**	**—**	**13,207**
Investment holding gains	8	**—**	**—**	**—**	**—**	**—**	**2,138**	**2,138**
Dividends paid	6	**—**	**—**	**—**	**(18,817)**	**—**	**—**	**(18,817)**
Management fees charged to capital	3	**—**	**—**	**—**	**—**	**(2,550)**	**—**	**(2,550)**
Revenue loss for the year		**—**	**—**	**—**	**(93)**	**—**	**—**	**(93)**
As at 31 December 2022		**2,192**	**56,380**	**1,195**	**47,701**	**16,602**	**67,659**	**191,729**

Year ended 31 December 2021	Notes	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve[1] £'000	Capital reserve[1] £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2021		2,060	67,634	994	50,546	(4,513)	35,097	151,818
Share issues in the year[2]		83	6,714	—	—	—	—	6,797
Expenses in relation to share issues[3]		—	(198)	—	—	—	—	(198)
Repurchase of shares		(87)	—	87	(6,142)	—	—	(6,142)
Cancellation of share premium		—	(39,196)	—	39,196	—	—	—
Realised gains on disposal of investments		—	—	—	—	13,070	—	13,070
Investment holding gains		—	—	—	—	—	30,424	30,424
Dividends paid	6	—	—	—	(7,508)	—	—	(7,508)
Management fees charged to capital	3	—	—	—	—	(2,612)	—	(2,612)
Revenue loss for the year		—	—	—	(501)	—	—	(501)
As at 31 December 2021		2,056	34,954	1,081	75,591	5,945	65,521	185,148

1. Reserve is available for distribution; total distributable reserves at 31 December 2022 total £64,303,000 (2021: £81,536,000).
2. Includes the dividend reinvestment scheme.
3. Expenses in relation to share issues includes trail commission for prior years' fundraising.

The notes on pages 82 to 98 form part of these financial statements.

BALANCE SHEET
AT 31 DECEMBER 2022

Registered number: 03421340

	Notes	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	**169,775**	167,006
Current assets			
Debtors	9	**3,037**	1,669
Cash and cash equivalents		**19,525**	17,521
		22,562	19,190
Creditors			
Amounts falling due within one year	10	**(608)**	(751)
Net current assets		**21,954**	18,439
Amounts falling due greater than one year	10	**–**	(297)
Net assets		**191,729**	185,148
Capital and reserves			
Called-up share capital	11	**2,192**	2,056
Share premium account		**56,380**	34,954
Capital redemption reserve		**1,195**	1,081
Distributable reserve		**47,701**	75,591
Capital reserve		**16,602**	5,945
Revaluation reserve		**67,659**	65,521
Equity shareholders' funds		**191,729**	185,148
Net Asset Value per share	12	**87.5p**	90.1p

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2023 and were signed on its behalf by:

Margaret Littlejohns
Chair

The notes on pages 82 to 98 form part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flow from operating activities			
Loan interest received from investments	2	**1,249**	582
Dividends received from investments	2	**132**	384
Deposit and similar interest received	2	**220**	1
Investment management fees paid	3	**(3,789)**	(3,095)
Secretarial fees paid	4	**(130)**	(122)
Other cash payments	4	**(457)**	(462)
Net cash outflow from operating activities		**(2,775)**	(2,712)
Cash flow from investing activities			
Purchase of investments	8	**(11,051)**	(15,111)
Proceeds on sale of investments	8	**21,922**	22,810
Proceeds on deferred consideration	8	**266**	—
Net cash inflow from investing activities		**11,137**	7,699
Cash flow from financing activities			
Proceeds of fundraising		**18,531**	5,407
Expenses of fundraising		**(473)**	(164)
Repurchase of own shares		**(9,234)**	(5,496)
Equity dividends paid	6	**(15,182)**	(6,152)
Net cash outflow from financing activities		**(6,358)**	(6,405)
Net inflow/(outflow) of cash in the year		**2,004**	(1,418)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash and cash equivalents for the year		**2,004**	(1,418)
Net cash and cash equivalents at start of year		**17,521**	18,939
Net cash and cash equivalents at end of year		**19,525**	17,521

Analysis of changes in net debt

	At 1 January 2022 £'000	Cash flow £'000	At 31 December 2022 £'000
Cash and cash equivalents	17,521	2,004	**19,525**

The notes on pages 82 to 98 form part of these financial statements.

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Foresight VCT plc is a public limited company incorporated in England and Wales and its registered office is at The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 19 August 1997.

The Company's principal activity is to provide private investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice ("SORP"): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in October 2019 and July 2022.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments.

The Company presents its Income Statement in a three-column format to give shareholders additional detail of the performance of the Company split between items of a revenue or capital nature.

As permitted by FRS 102, paragraph 14.4, investments are held as part of an investment portfolio, and their value to the Company is through their marketable value as part of a portfolio of investments, rather than as a medium through which the Company carries out its business. Therefore, the investments are not considered to be associated undertakings.

Where the Company's interest in an investment is greater than 50% of the investee company's total equity, specific clauses are included in the investee company's articles of association to prevent the Company from exercising control. Therefore, these investments are not considered to be subsidiary undertakings. The Company is exempt from preparing consolidated accounts under the investment entities exemption as permitted by FRS 102.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chair's Statement, Strategic Report and Notes to the Accounts. In addition, the Annual Report and Accounts include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Board believes that the Company is able to manage its business risks.

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buybacks and dividends. The Company has no loan finance in place and therefore is not exposed to any gearing covenants, although its underlying investments may have external loan finance.

The Directors have considered the difficult economic outlook, inflationary pressures, COVID-19, Brexit, Russia's invasion of Ukraine and mounting tensions with China during their assessment of going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Assets held at fair value through profit or loss – investments

All investments held by the Company are classified as "fair value through profit or loss". The Board values investments in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines, as updated in December 2022 including further COVID-19 guidance in March 2020. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Board in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines. When valuing an unquoted investment at fair value the following factors will be considered:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.

(ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast earnings before interest, tax, depreciation and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Manager compared to the sector including, inter alia, illiquidity); or

b) where a company's under-performance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of observable evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, a price of a recent or the last funding round, venture capital method or industry-specific valuation benchmarks may be applied. An example of an industry-specific valuation benchmark would be the application of a multiple to that company's historic, current or forecast revenue (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity). The venture capital method ("VC method") of valuation calculates and discounts the present value of the expected exit proceeds from an investment, taking account of both time and risk.

(v) In estimating the fair value of the investments held, the Manager has considered the COVID-19 pandemic, the Russian invasion of Ukraine, inflationary pressures and the difficult economic outlook which may impact the fair value of the investments and the sectors in which they operate. The COVID-19 pandemic and the Russian invasion of Ukraine have had a significant impact in many sectors across the globe. The Manager has applied assumptions based on a best estimate of likely outcome for each individual investment and applied discounts where it is considered necessary.

c) Income

Dividends receivable on unquoted equity shares are brought into account when the Company's rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as interest is included on an accruals basis. Loan interest income is calculated using the effective interest method and recognised on an accruals basis.

d) Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to the Manager for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

Performance incentive payments predominantly relate to the capital performance of the portfolio and are therefore charged 100% to capital. The performance incentive arrangements are described in note 13. Various performance hurdles (as noted in note 13) must be met before any performance incentive fee is triggered.

Once two of the three hurdles have been met on the disposal of an investment, the Board will consider the likelihood of the third hurdle being achieved. A provision for a performance incentive fee is made when it is probable the fee will be payable and the amount of the obligation can be estimated reliably.

Where there is a possible but uncertain future obligation on the remaining investments, the Board discloses a contingent liability instead.

Note 15 gives detail on the nature of the contingent liability, the estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

e) Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1 Accounting policies continued

e) Basic financial instruments continued

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in preference and Ordinary Shares

Investments in preference and Ordinary Shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition, investments that can be measured reliably are measured at fair value with changes recognised through profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market funds and exchange traded funds. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

f) Other financial instruments

Other financial instruments not meeting the definition of basic financial instruments include non-current investments and are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

g) Taxation

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Income Statement and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

h) Deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. A provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised.

i) Capital reserves

The capital reserve is made up of two elements:

(i) Realised

The following are accounted for in this reserve:

- Gains and losses on realisation of investments, including the reversal of prior year revaluation reserves
- Permanent diminution in value of investments
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies
- Income and costs for the period (capital items)

(ii) Revaluation reserve (unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit or loss, all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the year.

j) Investment recognition and derecognition

Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the Income Statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

k) Critical accounting judgement and key sources of estimation uncertainty

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. In the Board's opinion, there was no critical accounting judgement applied. The Board considers that the only area where the Manager makes critical estimates and assumptions that may have a significant effect on the financial statements relates to the fair valuation of unquoted investments. Trading results of investee companies may differ from the estimates made. The underlying assumptions are reviewed on each valuation date.

The Board considers that the fair value of investments not quoted in an active market involves critical estimates and assumptions because they are determined by the Manager, using valuation methods and techniques generally recognised as standard within the industry. Valuations use observable data to the extent practicable. However, they also rely on significant unobservable inputs about the maintainable earnings; comparable multiples and discounts. Furthermore, changes in these inputs and assumptions affect the reported fair value of unquoted investments. The determination of what constitutes "observable" requires significant judgement by the Manager. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Both the Audit Committee and the auditor review the Manager's valuations in detail. Sensitivity analysis is performed on the portfolio as a whole and for more detail on this please refer to note 14.

The Board notes that the Manager also makes estimates relating to the performance incentive fee and contingent liability.

2 Income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loan stock interest	**1,184**	473
Dividends receivable	**132**	384
Deposit and similar interest received	**220**	1
	1,536	858

3 Investment management fees

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Investment management fees charged to the revenue account	**949**	772
Investment management fees charged to the capital account[1]	**2,550**	2,612
	3,499	3,384

1. Included within investment management fees charged to the capital account is the reversal of £297,000 of performance incentive fees previously charged to the capital account in 2021.

The Manager advises the Company on investments under an agreement dated 27 January 2020. The agreement may be terminated by not less than one year's notice in writing.

The Manager receives an annual investment management fee of an amount equal to 2% of the net assets of the Company. The Manager has agreed to reduce its annual management fee to 1% in respect of any cash within the net assets of the Company in excess of £20 million.

Management fees are calculated on the most recently announced net assets and paid quarterly in arrears. A side letter dated 3 January 2023 amended fees from 1 July 2022 to be paid in arrears rather than in advance. Supplemental management fees are paid in relation to funds raised during any quarter.

Details of the performance-related incentive fees are given in note 13.

4 Other expenses

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Accounting and secretarial services (excluding VAT)	**130**	122
Directors' remuneration including employer's National Insurance contributions	**122**	127
Auditor's remuneration (excluding VAT)[1]	**53**	50
Other	**375**	288
	680	587

1. The auditor's remuneration relates to the audit of the financial statements. There were no non-audit fees paid to the Company's auditor during the year (2021: £nil).

The Manager is responsible for external costs such as legal and accounting fees incurred on transactions that do not proceed to completion ("abort expenses"). In line with common practice, the Manager retains the right to charge arrangement and syndication fees and directors' or monitoring fees to companies in which the Company invests.

The Manager is the Company Secretary and received annual fees, paid quarterly in arrears, for administration services provided of £130,000 (2021: £122,000). The annual administration fee will be adjusted annually in line with the UK Retail Prices Index and is subject to a cap of £130,000. A side letter dated 3 January 2023 amended fees from 1 July 2022 to be paid in arrears rather than in advance.

The normal annual running costs of the Company are capped at an amount equal to 2.4% of the net assets of the Company as at the end of each financial year, with any excess being borne by the Manager.

5 Tax on ordinary activities

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Current tax						
Corporation tax	**—**	**—**	**—**	—	—	—
Total current tax	**—**	**—**	**—**	—	—	—
Deferred tax	**—**	**—**	**—**	—	—	—
Total tax	**—**	**—**	**—**	—	—	—

Factors affecting the total tax charge for the year:

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total return on ordinary activities before taxation	**12,702**	40,381
Corporation tax at 19% (2021: 19%)	**2,413**	7,672
Effect of:		
Realised capital gains not taxable	**(2,509)**	(2,483)
Unrealised capital gains not taxable	**(406)**	(5,781)
Unutilised management expenses	**527**	665
Dividend income not taxable	**(25)**	(73)
Total tax charge for the year	**—**	—

As a qualifying VCT, the Company is exempt from tax on capital gains; therefore, no provision for deferred tax has been recognised in respect of any capital gains or losses arising on the revaluation or disposal of investments.

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised for surplus management expenses. There is an unrecognised deferred tax asset of approximately £5,206,000 (2021: £4,518,000).

6 Dividends

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Dividends – paid in the year	**18,817**	7,508

The dividends paid in the year were split between a cash dividend of £15,184,000 (2021: £6,152,000) and the value of shares issued under the dividend reinvestment scheme of £3,635,000 (2021: £1,356,000), offset by the return of unclaimed dividends from the Registrar, which have remained unclaimed for at least 12 years and hence automatically forfeited pursuant to the Articles of Association, totalling £2,000 (2021: £nil).

The Board is recommending a final dividend for the year ended 31 December 2022 of 4.4p (2021: 4.5p).

As at 31 December 2022, reserves available for dividend distribution totalled £64,303,000 (2021: £81,536,000) comprising the capital and distributable reserves.

In accordance with Section 259 of the Income Tax Act 2007, a VCT may not retain more than 15% of its qualifying income in any one accounting period. The payment of the dividends noted above satisfies this requirement.

7 Return per share

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total return after taxation	**12,702**	40,381
Total return per share (note a)	**5.8p**	19.7p
Revenue loss from ordinary activities after taxation	**(93)**	(501)
Revenue loss per share (note b)	**(0.1)p**	(0.2)p
Capital return from ordinary activities after taxation	**12,795**	40,882
Capital return per share (note c)	**5.9p**	19.9p
Weighted average number of shares in issue in the year (note d)	**218,519,391**	204,937,084

Notes:

a) Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.

b) Revenue loss per share is revenue loss after taxation divided by the weighted average number of shares in issue during the year.

c) Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the year.

d) The weighted average number of shares is calculated by taking the number of shares issued and bought back during the year, multiplying each by the percentage of the year for which that share number applies and then totalling with the number of shares in issue at the beginning of the year.

8 Investments held at fair value through profit or loss

	2022 £'000	2021 £'000
Unquoted investments	**169,775**	167,006

	£'000
Book cost as at 1 January 2022	102,687
Investment holding gains	64,319
Valuation at 1 January 2022	167,006
Movements in the year:	
Purchases at cost	10,060
Disposal proceeds[1]	(21,922)
Realised gains[2]	12,941
Investment holding gains[3]	1,690
Valuation at 31 December 2022	**169,775**
Book cost at 31 December 2022	**103,766**
Investment holding gains	66,009
Valuation at 31 December 2022	**169,775**

1. The Company received £21,922,000 (2021: £22,810,000) from the disposal of investments during the year. The book cost of these investments when they were purchased was £8,981,000 (2021: £9,740,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.
2. Realised gains in the Income Statement include deferred consideration receipts from Accrosoft Limited (£51,000), FFX Group Limited (£155,000) and Ixaris Systems Ltd (£60,000).
3. Investment holding gains in the Income Statement include the deferred consideration debtor increase of £448,000. The debtor movement reflects the recognition of amounts receivable in respect of Codeplay Software Limited (£930,000) and FFX Group Limited (£155,000), offset by receipts in respect of Accrosoft Limited (£51,000), FFX Group Limited (£155,000) and Ixaris Systems Ltd (£60,000) and provisions made against balances in respect of Mologic Ltd. (£361,000) and Accrosoft Limited (£10,000).

9 Debtors

	2022 £'000	2021 £'000
Accrued interest	**50**	114
Deferred consideration	**1,976**	1,528
Prepayments	**20**	27
Other debtors	**991**	—
	3,037	1,669

10 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	59	5
Accruals and other creditors	549	746
	608	751

Amounts falling due greater than one year

	2022 £'000	2021 £'000
Provision for performance incentive fee (see note 13)	—	297

11 Called-up share capital

	2022 £'000	2021 £'000
Allotted, called-up and fully paid:		
219,151,944 shares of 1p each (2021: 205,591,087)	2,192	2,056

Share issues and share buybacks

During the year 20,797,803 shares and 4,192,856 shares were issued pursuant to an offer for subscription and the dividend reinvestment scheme respectively. Shares were issued at issue prices ranging from 84.50p to 94.09p per share.

These share issues were under the VCT provisions that commenced on 6 April 2006, namely: 30% upfront income tax relief which can be retained by qualifying investors if the shares are held for the minimum five-year holding period.

As part of the Company's buyback programme, during the year, 11,429,802 shares were purchased for cancellation at a cost of £8,980,000.

	Shares No.
Share capital at 1 January 2022	205,591,087
Shares allotted	20,797,803
Dividend reinvestment	4,192,856
Share buybacks	(11,429,802)
Share capital at 31 December 2022	**219,151,944**

12 Net Asset Value per share

The Net Asset Value per share is based on net assets at the end of the year and on the number of shares in issue at that date.

	31 December 2022	31 December 2021
Net assets	£191,729,000	£185,148,000
No. of shares at year end	219,151,944	205,591,087
Net Asset Value per share	87.5p	90.1p

13 Co-investment and performance incentive arrangements

A co-investment scheme and performance incentive fee arrangement was approved by shareholders and entered into by the Company and Foresight Group CI Limited in March 2017.

The rights and obligations of Foresight Group CI Limited in respect of the co-investment scheme and performance incentive arrangements were novated to the Manager on 27 January 2020. As a result, in respect of investments made before that date, the co-investments to which Foresight Group CI Limited was entitled were transferred to the Manager on 31 March 2020.

Co-investment

In order to align the interests of the Manager and the individual members of the Manager's private equity team ("advisory team") with those of shareholders, the Manager and the advisory team will co-invest, alongside the Company, for shares and loans in each new investee company at the same time and at the same price paid by the Company.

In respect of investments made by the Company in new investee companies (including follow-ons) on or after 31 March 2017, the Manager and the advisory team subscribe, in aggregate, for shares and loans equal to 1.0% (1.5% for the period from 31 March 2017 to 27 January 2020) of the total value being invested by the Company. This allocation is split as to 75% to the advisory team and 25% to the Manager. The co-investment will be in the lowest priority of securities that the Company is investing in, subject to not representing more than 3.33% (5% for the period from 31 March 2017 to 27 January 2020) of the amount the Company is investing in each security class.

The Board believes that these arrangements will align the interests of the Manager and the advisory team with the Company through their investment in each new investee company in which the Company invests.

Performance incentive

In order to incentivise the Manager to generate enhanced returns for shareholders, the Manager will potentially be entitled to a performance incentive payment in respect of investments made by the Company in new investee companies on or after 31 March 2017 (including follow-ons in such investee companies).

The Manager will be entitled to a performance incentive fee in respect of cash proceeds received by the Company in respect of a realisation of an investment subject to (i) an Investment Growth Hurdle and (ii) a NAV Total Return Hurdle.

The "Investment Growth Hurdle" requires that the cash return received in respect of all investments in the relevant investee company is greater than the cost of those investments increased annually by 4% plus RPI (on a compound basis).

The "NAV Total Return Hurdle" requires that the NAV Total Return per share must be at least the "Hurdle TR" (i) at the time of the exit of the relevant investment and (ii) at the end of the three-year period following the relevant exit.

For these purposes:

- "NAV Total Return per share" means, as at the date of assessment, the NAV per share plus dividends paid per share since 18 December 2015
- "Dividends paid per share" means the aggregate of the amount of dividends actually paid, divided by the number of shares in issue at the point of assessment, to give a rebased amount of dividends per share
- "Hurdle TR" means 100p as increased from 1 January 2020 to the date of the relevant total return assessment by the greater of (i) the percentage increase in RPI and (ii) 3.5% per annum (such increase to be compounded yearly by the greater of the RPI increase and 3.5% for the relevant year)

As at 31 December 2022, the NAV Total Return was 121.1p (being the aggregate of the NAV per share as at 31 December 2022 of 87.5p and dividends paid per share (rebased) since 18 December 2015 totalling 33.6p). This compares to the NAV Total Return Hurdle as at 31 December 2022 of 126.3p.

Should all the above hurdles be met, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the Investment Growth Hurdle. The Company may issue shares in lieu of a cash payment.

The fee will only be paid after three years following the exit of a relevant investment, when the NAV Total Return can be measured.

No performance incentive fees have been paid or accrued during the year. More detail on the contingent liability relating to the performance incentive fee can be found in note 15.

14 Financial instrument risk management

The Company's financial instruments comprise:

- Equity shares, debt securities and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Directors' Report
- Cash, liquid resources, short-term debtors and creditors that arise directly from the Company's operations

Classification of financial instruments

The Company held the following categories of financial instruments at fair value as at 31 December 2022:

	2022 £'000	2021 £'000
Investment portfolio	**169,775**	167,006
Cash and cash equivalents	**19,525**	17,521
Total	**189,300**	184,527

The investment portfolio consists of unquoted investments. Unquoted investments consist of shares in and loans to investee companies and are valued at fair value through profit or loss.

The main financial risks arising from the Company's financial instruments are market price risk, interest rate risk, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised on the following pages.

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding investments in the face of adverse market movements. The Board manages market price risk through the application of venture capital disciplines and investment structuring delegated to the Manager.

The investments in shares and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 December of 2022, was £169,775,000 (2021: £167,006,000). Market price risk sensitivity analysis can be found on page 93.

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early-stage businesses, which are relatively high-risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk was £42,667,000, being the total value of the loan stock investments and cash as at 31 December 2022 (2021: £42,518,000). Floating rate investments relate to the interest-bearing deposit account which earned interest based on the Bank of England rate of 3.5% at 31 December 2022. As at 31 December 2022, if the interest rate increased or decreased by 10 basis points the interest earned would increase or decrease by £19,525.

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
Company portfolio	**31 December 2022 £'000**	31 December 2021 £'000	**31 December 2022 %**	31 December 2021 %	**31 December 2022 Days**	31 December 2021 Days
Loan stock – exposed to fixed interest rate risk	**23,142**	24,997	**10.6**	10.4	**185**	424
Loan stock – exposed to variable interest rate risk	**—**	—	**—**	—	**—**	—
Cash	**19,525**	17,521	**3.2**	0.1	**—**	—
Total exposed to interest rate risk	**42,667**	42,518				

14 Financial instrument risk management continued

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities or cash to which the Company is entitled. The Company has exposure to credit risk in respect of the loan stock investments it has made in investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of cash and cash equivalents by ensuring there is a spread of cash balances such that none exceed 15% of the Company's total investment assets by VCT value. These cash and cash equivalents are investment grade funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 December 2022 was £44,973,000 (2021: £44,160,000) based on cash and cash equivalents and other receivables (amounts due on investments, dividends and interest). As at 31 December 2022, the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

An analysis of the Company's assets exposed to credit risk is provided in the table below:

	2022 £'000	2021 £'000
Loan stock investments	**23,142**	24,997
Cash and cash equivalents	**19,525**	17,521
Other debtors	**2,306**	1,642
Total	**44,973**	44,160

Liquidity risk

The investments in shares and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The Company may not be able to realise the investments at their carrying value if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the qualification requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed below indicates that these assets are also not readily realisable until dates up to five years from the year end.

To counter these risks to the Company's liquidity, the Company maintains sufficient cash and money market funds to meet running costs and other commitments. The Company typically invests its surplus funds in money market funds which are all accessible on an immediate basis and exchange traded funds which are all accessible within 7 days, in line with VCT rules.

Maturity analysis:	2022 £'000	2021 £'000
– in one year or less	**36,882**	33,090
– in more than one year but no more than two years	**2,338**	3,011
– in more than two years but no more than three years	**1,884**	2,878
– in more than three years but no more than four years	**963**	2,576
– in more than four years but no more than five years	**600**	963
Total	**42,667**	42,518

Sensitivity analysis

Equity price sensitivity

The Board believes the Company's investments are mainly exposed to equity price risk, as the Company holds 100% of its investments in the form of sterling-denominated investments in small companies.

All of the investments made in unquoted companies, irrespective of the instruments the Company holds (whether shares or loan stock), carry a full equity risk, even though some of the loan stocks may be secured on assets (as they will be behind any prior ranking bank debt in the investee company).

The Board considers that even the loan stocks are "quasi-equity" in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes affect the enterprise value of unquoted companies. The table on the following page shows the impact on profit and net assets if there were to be a 15% (2021: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolio of investments in unquoted companies.

The sensitivity analysis on the following page assumes that each of these sub-categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. This percentage reflects a number of factors, including the performance of the underlying investee companies as well as the wider market uncertainties associated with inflationary pressures, the difficult economic outlook, Brexit, COVID-19 and Russia's invasion of Ukraine. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur in the value of both quoted and unquoted companies and result from changes in the market or alternatively as a result of assumptions made when valuing the portfolio or a combination of the two.

	2022 Return and net assets	2021 Return and net assets
If overall share prices fell by 15% (2021: 15%), with all other variables held constant – decrease (£'000)	**(25,466)**	(25,051)
Decrease in Net Asset Value per share (in pence)	**(11.62)p**	(12.18)p

	2022 Return and net assets	2021 Return and net assets
If overall share prices increased by 15% (2021: 15%), with all other variables held constant – increase (£'000)	**25,466**	25,051
Increase in Net Asset Value per share (in pence)	**11.62p**	12.18p

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because all of the interest is fixed, so not at risk of interest rate movements (2021: no interest rate risk).

14 Financial instrument risk management continued

Fair value hierarchy

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3)

As at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	169,775	169,775
Financial assets	—	—	169,775	169,775

As at 31 December 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investments	—	—	167,006	167,006
Financial assets	—	—	167,006	167,006

Transfers

During the year there were no transfers between Levels 1, 2 or 3.

15 Contingent assets and liabilities

In order to incentivise the Manager to generate enhanced returns for shareholders, the Manager will potentially be entitled to performance incentive payments in respect of investments made in new investee companies on or after 31 March 2017 (including follow-ons in such investee companies), as described in note 13.

As at 31 December 2022, the NAV Total Return was 121.1p (being the aggregate of the NAV per share as at 31 December 2022 of 87.5p and dividends paid per share (rebased) since 18 December 2015 totalling 33.6p). This compares to the NAV Total Return Hurdle as at 31 December 2022 of 126.3p.

As at 31 December 2022, the Investment Growth Hurdle had been met for three realised and 14 unrealised investments out of the 35 new early-stage investments made since the introduction of the performance incentive arrangements.

Estimation of the financial effect

Should all the hurdles detailed in note 13 be met in the future, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the Investment Growth Hurdle. Based on the current investments made on or after 31 March 2017, the contingent liability, if investments were sold at their current carrying value, would be £7.2 million (2021: £4.9 million). Excluded from this figure are performance incentive fees of £nil (2021: £297,000) that have been provided for as at the year end, as described in note 13.

Possibility of reimbursement

The fee will only be paid after three years following the exit of a relevant investment, once the NAV Total Return can be measured. As the payment is conditional on meeting the hurdles and payment would only occur three years after the relevant exit, this contingent liability is not provided for in the financial statements.

16 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide an adequate return to shareholders.

In accordance with VCT requirements, the Company must have at least 80% of its total assets (as measured under VCT rules) in qualifying holdings (these being investments in a relatively high-risk asset class of small UK companies meeting VCT requirements). Effective 6 April 2018, where new funds are raised, the Company must invest 30% of such funds in qualifying holdings within 12 months following the end of the accounting period in which that capital was subscribed, with the balance being invested within approximately three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the investment policy implies, the Board may consider borrowing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities is small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

17 Related party transactions

No Director has an interest in any contract to which the Company is a party other than their appointment and remuneration as Directors.

18 Transactions with the Manager

Foresight Group LLP was appointed as Manager on 27 January 2020 and earned fees of £3,499,000 during the year (2021: £3,087,000).

Foresight Group LLP is the Company Secretary (appointed in November 2017) and received accounting and company secretarial services fees of £130,000 (2021: £122,000) during the year. At 31 December 2022, the amount due to Foresight Group LLP was £nil (2021: £nil).

No amounts have been written off in the year in respect of debts due to or from the Manager.

19 Related undertakings

Under Section 409 of the Companies Act 2006, the Company is required to disclose specified details of all its related undertakings, including significant holdings which are undertakings where the Company's holding amounted to 20% or more of the nominal value of any class of shares as at 31 December 2022. These are listed on the following page. The percentage holding does not reflect the percentage voting rights in the Company as a whole. All holdings are direct.

Please note that where holdings stated are above 50%, this is as a result of (i) holding 50% or more of a particular share class as opposed to the entire share capital, (ii) holding 50% or more of the share capital but with restricted rights, or (iii) is a legacy, historic, permitted non-qualifying holding and, therefore, not in breach of VCT rules.

19 Related undertakings continued

Investee company name	Latest accounts year end	Profit/(loss) after tax for year £'000	Aggregate capital and reserves £'000	Class and percentage of shares held
200 Degrees Holdings Limited	31/03/2022	N/A[1]	1,125	A Ordinary 49.1%
ABL Investments Limited	31/12/2021	N/A[1]	(2,318)	A Ordinary 65.1%
Aerospace Tooling Corporation Limited	30/06/2022	864	2,637	A Ordinary 42.9%
Aquasium Technology Limited	31/12/2021	(266)	6,817	Ordinary 33.3%
Biotherapy Services Limited	30/06/2022	N/A[1]	(227)	A Ordinary 47.9%
Callen-Lenz Associates Limited	28/02/2022	N/A[1]	3,268	A Ordinary 49.3%
Cinelabs International Ltd	31/12/2021	N/A[1]	929	A Ordinary 97.0%
Clubspark Group Ltd	31/03/2022	N/A[1]	1,930	A Ordinary 57.8% AA Ordinary 60.0%
Cole Henry PE 2 Limited	31/03/2022	(22)	463	Ordinary 50.0%
Copptech UK Limited	N/A[2]	N/A	N/A	B Ordinary 29.6%
Crosstown Dough Ltd	31/01/2022	(318)	3,749	A Ordinary 49.4%
Datapath Group Limited	31/03/2022	3,498	29,609	A Ordinary 33.3%
Fourth Wall Creative Limited	30/09/2021	N/A[1]	8,205	A Ordinary 58.1%
Fresh Relevance Ltd	30/09/2021	N/A[1]	443	A Ordinary 95.3%
Hexarad Group Limited	30/06/2021	N/A[1]	1,943	AB Ordinary 48.4% AD Ordinary 34.7%
Homelink Healthcare Limited	31/12/2021	N/A[1]	(1,038)	A Ordinary 37.6%
Hospital Services Group Limited	30/09/2021	1,173	4,687	A Ordinary 73.5%
I-Mist Group Limited	31/12/2021	N/A[1]	3,118	A Ordinary 34.9%
IMMJ Systems Limited	31/03/2022	N/A[1]	(3,214)	A Ordinary 49.2%
Industrial Efficiency II Limited	31/03/2022	N/A[1]	(220)	B Ordinary 75.2%
Innovation Consulting Group Limited	30/09/2022	N/A[1]	2,148	A Ordinary 49.2%
Itad (2015) Limited	31/01/2022	836	(783)	A Ordinary 68.8%
Kingsclere PE 3 Limited	31/03/2022	(15)	373	Ordinary 50.0%
Luminet Networks Limited	31/03/2022	(1,238)	(6,640)	A Ordinary 76.2%
Mowgli Street Food Group Limited	31/07/2021	(3,022)	5,074	A Ordinary 43.2%
Nano Interactive Group Limited	31/12/2021	739	(242)	A Ordinary 95.2% A1 Ordinary 28.1%
Newsflare Limited	31/07/2021	N/A[1]	(969)	B Ordinary 37.7%
NorthWest EHealth Limited	31/12/2021	(7)	6,968	AB Ordinary 49.2%
Ollie Quinn Limited	30/06/2022	N/A[1]	3,261	AA Ordinary 98.3% A Ordinary 98.5%

Investee company name	Latest accounts year end	Profit/(loss) after tax for year £'000	Aggregate capital and reserves £'000	Class and percentage of shares held
PH Realisations 2020 Limited	31/12/2018 (In administration)	(1,522)	(3,361)	A Ordinary 50.0%
Positive Response Corporation Ltd	31/03/2022	N/A[1]	261	A Ordinary 50.0%
Protean Software Limited	31/03/2022	N/A[1]	905	A Ordinary 62.5%
Rovco Limited	31/12/2021	N/A[1]	(1,610)	A Ordinary 24.0%
So-Sure Limited	31/12/2021	N/A[1]	541	A Ordinary 37.7%
Specac International Limited	31/03/2022	1,493	5,776	A Ordinary 50.0%
Spektrix Limited	31/12/2021	(533)	546	A Ordinary 23.9% B Ordinary 68.5%
Steamforged Holdings Limited	31/03/2021	(1,131)	(1,035)	A Ordinary 46.2%
Strategic Software Applications Ltd	31/03/2022	N/A[1]	(674)	A Ordinary 49.5%
Ten Health & Fitness Limited	31/12/2021	N/A[1]	(1,767)	A Ordinary 57.1% AA Ordinary 58.3%
Titania Group Limited	30/04/2022	N/A[1]	2,539	A Ordinary 48.4%
TLS Management Limited	31/12/2021	2,620	3,178	A Ordinary 100.0%
Vio Healthtech Limited	31/12/2022	N/A[1]	424	C Ordinary 49.8% D Ordinary 27.6%
Weduc Holdings Limited	N/A[2]	N/A	N/A	A Ordinary 66.7% AB Ordinary 61.6%
Whitchurch PE 1 Limited	31/03/2022	(36)	627	Ordinary 50.0%

1. In accordance with Section 444 of the Companies Act 2006, a statement of income has not been delivered in the financial statements available on Companies House.
2. The company is yet to deliver financial statements to Companies House.

20 Post-balance sheet events

The Company announced a £20 million Prospectus offer on 20 January 2023 with an over-allotment facility to raise up to a further £10 million. The Company made the following issues of Ordinary Shares of 1p each post year end:

Date	Ordinary Shares	NAV to calculate issue price
20 February 2023	2,037,877	85.7p
2 March 2023	1,416,274	85.7p
22 March 2023	5,872,611	85.7p
30 March 2023	4,428,507	85.7p
5 April 2023	10,988,605	88.5p
13 April 2023	1,835,436	88.5p
	26,579,310	

The offer was closed to new applications on 11 April 2023 and the final allotment was made on 13 April 2023 having raised gross proceeds of £24.1 million, £23.1 million after expenses.

In advance of the allotment of Ordinary Shares on 5 April 2023, the Board announced that the unaudited NAV as at 5 April 2023 was 88.5p per share. The increase of 1.1% in NAV since 31 December 2022 was a result of the successful realisations of Mowgli Street Food Limited on 27 January 2023, Innovation Consulting Group Limited on 31 March 2023 and Datapath Group Limited on 31 March 2023.

NOTICE OF ANNUAL GENERAL MEETING

15 JUNE 2023

Order of events	
2.00pm	Manager presentation
Immediately following the Manager presentation	Formal business of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight VCT plc ("the Company") will be held on 15 June 2023 at 2.00pm at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12 and 13 will be proposed as special resolutions.

Resolution 1

To receive the Report and Accounts for the year ended 31 December 2022.

Resolution 2

To approve the Directors' Remuneration Report.

Resolution 3

To approve the Directors' Remuneration Policy.

Resolution 4

To re-elect Patricia Dimond as a Director.

Resolution 5

To elect David Ford as a Director.

Resolution 6

To re-elect Jocelin Harris as a Director.

Resolution 7

To re-elect Margaret Littlejohns as a Director.

Resolution 8

To elect Dan Sandhu as a Director.

Resolution 9

To reappoint Deloitte LLP as auditor and to authorise the Directors to fix the auditor's remuneration.

Resolution 10

To approve the payment of a final dividend in respect of the financial year ended 31 December 2022 of 4.4p per Ordinary Share of 1p each in the capital of the Company, payable on 30 June 2023 to shareholders on the register on 16 June 2023.

Resolution 11

That, in substitution for all existing authorities, the Directors be and they are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of 1p each in the capital of the Company ("Shares") and to grant rights to subscribe for, or to convert any security into, Shares ("Rights"), up to an aggregate nominal amount of £1,000,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require Shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot Shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired.

Resolution 12

That, in substitution for all existing authorities, the Directors be and they are empowered pursuant to Section 570 and Section 573 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 11 above or by way of a sale of treasury shares as if Section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £400,000 pursuant to offer(s) for subscription;

(b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time pursuant to the dividend reinvestment scheme operated by the Company at a subscription price per Share which may be less than the net asset value per Share, as may be prescribed by the scheme terms;

(c) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Shares (which may be at a subscription price per Share which is less than the net asset value per Share) pursuant to performance incentive arrangements with Foresight Group LLP and relevant individuals of the Foresight Group LLP investment team; and

(d) the allotment (otherwise than pursuant to sub-paragraphs (a) to (c) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, and shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2024, or, if earlier, on the date falling 15 months after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred hereby had not expired.

Resolution 13

That, in substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares on such terms and in such manner as the Directors shall from time to time determine, provided that:

(i) the aggregate number of Shares to be purchased shall not exceed 36,835,114 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue at the date of passing this resolution;

(ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);

(iii) the maximum price which may be paid for a Share is the higher of (1) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange daily list for the five business days immediately preceding the day on which the Shares are purchased, and (2) the amount stipulated by Article 5(6) of the Market Abuse Regulation (EU) 596/2014 (as such Regulation forms part of UK law and as amended);

(iv) the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the Annual General Meeting of the Company to be held in the year 2024 or, if earlier, on the date falling 15 months after the passing of this resolution; and

(v) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to such contract.

By order of the Board

Foresight Group LLP
Company Secretary

25 April 2023
The Shard
32 London Bridge Street
London
SE1 9SG

NOTES

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on their behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the Chair of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chair) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0370 703 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 25 April 2023 (being the last business day prior to the publication of this notice), the Company's issued share capital was 245,731,254 Ordinary Shares of 1p each in the capital of the Company, carrying one vote each. Therefore, the total voting rights in the Company as at 25 April 2023 was 245,731,254.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should they subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting. Where the Company holds a virtual meeting, the Register of Directors' Interests will be available for inspection on the Company's website **www.foresightvct.com**.
10. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from **www.foresightgroup.eu**.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at **www.investorcentre.co.uk/eproxy**, in each case so as to be received no later than 48 hours (excluding non-working days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN, which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.

    CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual (available via **www.euroclear.com**). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to them by other means.

    CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that EUI does not take available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

    In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

13. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a member or members meeting the qualification criteria, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.

C SHARES DIVIDEND HISTORY AND NAV TOTAL RETURN

The C Share class was launched in 1999. To provide an accurate NAV Total Return per share in relation to the original C Share class, we have rebased dividends and NAV to account for the merger of the original Ordinary Share class and the C Share class in January 2007 (conversion ratio of 1) and the subsequent reconstruction of the merged share class (this being the current share class) to rebase the NAV per share to 100p in March 2011 (conversion ratio of 0.554417986).

C Shares (converted into Ordinary Shares in January 2007):	Dividend per share (rebased)
21 October 2022	2.2p
24 June 2022	2.5p
25 June 2021	2.1p
19 June 2020	1.8p
4 May 2019	2.8p
4 May 2018	2.8p
29 September 2017	2.2p
3 April 2017	2.8p
1 April 2016	3.9p
13 March 2015	3.3p
14 March 2014	5.5p
14 June 2013	2.8p
23 March 2012	4.15p
17 June 2011	2.8p
29 May 2009	1.0p
7 March 2008	5.0p
26 January 2007	2.0p
27 May 2005	0.5p
1 August 2004	0.5p
22 September 2003	0.75p
30 June 2003	0.75p
24 March 2003	0.75p
7 June 2002	1.0p
11 March 2002	2.5p
26 July 2001	2.0p
Total	58.4p
NAV per C Share rebased[1]	48.5p
NAV Total Return per C Share[1]	106.9p

1. Based on an original 100.0p invested in the original C Share class launched in 1999.

For information on the dividend history and NAV Total Return in relation to the original Ordinary Share class (which merged with the current class of share in January 2007) please refer to the Financial Highlights section on page 9.

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GLOSSARY OF TERMS

VCT	A Venture Capital Trust as defined in the Income Tax Act 2007.
Net Asset Value or NAV	The Net Asset Value ("NAV") is the amount by which total assets exceed total liabilities, i.e. the difference between what the Company owns and what it owes. It is equal to shareholders' equity, sometimes referred to as shareholders' funds.
Net Asset Value per share or NAV per share	Net Asset Value expressed as an amount per share.
NAV Total Return since inception	The sum of the published NAV per share rebased by the conversion ratios as set out on page 9 of 33.4p (2021: 34.4p) plus all dividends paid per share since inception rebased, being 197.9p (2021: 194.7p). This giving a NAV Total Return of 231.3p (2021: 229.1p).
Movement in Net Asset Value Total Return	This is the movement in the NAV per share at the start of the year to the NAV per share at the end of the year plus all dividends paid per share in the year. The NAV at the start of the year was 90.1p (2021: 73.7p), dividends paid during the year were 8.5p (2021: 3.7p) with NAV at the end of the year being 87.5p (2021: 90.1p); as such, NAV Total Return at the end of the year was 96.0p (2021: 93.8p). Therefore the movement in Net Asset Value Total Return in the year is 6.5% (2021: 27.3%).
Share Price Total Return	The sum of the current share price rebased by the conversion ratios as set out on page 9 of 29.2p (2021: 29.2p) plus all dividends paid per share since inception rebased, being 197.9p (2021: 194.7p). This giving a Share Price Total Return of 227.1p (2021: 223.9p).
Discount to NAV	A discount to NAV is the percentage by which the mid-market share price of the Company of 76.5p (2021: 76.5p) is lower than the Net Asset Value per share of 87.5p (2021: 90.1p). This giving a discount to NAV of 12.6% (2021: 15.1%).
Dividends paid in the year	The total dividends paid in the year per share of 8.5p (2021: 3.7p).
Dividend yield	The sum of dividends paid during the year of 8.5p (2021: 3.7p) expressed as a percentage of the mid-market share price at the year-end date of 76.5p (2021: 76.5p). This giving a dividend yield of 11.1% (2021: 4.8%).
Shares bought back in the year	The total number of shares which were bought back in the year, being 11,429,802 (2021: 8,657,404).
Average discount on buybacks	The average of the percentage by which the buyback price is lower than the Net Asset Value per share at the point of the buyback.
Ongoing charges ratio	The sum of expenditure incurred in the ordinary course of business, being £4.4 million (2021: £3.6 million), expressed as a percentage of the average of the quarterly net assets throughout the year in accordance with the AIC's recommended guidance, being £197.4 million (2021: £171.2 million).
IRR	The internal rate of return on an investment.
Qualifying Company	A company satisfying certain conditions under the VCT legislation. The conditions are detailed but include that the company must be unquoted (companies listed on AIM or AQUIS can qualify), have a permanent establishment in the UK, apply the money raised for the purposes of growth and development for a qualifying trade within a certain time period and not be controlled by another company. There are additional restrictions relating to the size and stage of the company to focus investment into earlier-stage businesses, as well as maximum investment limits (certain of such restrictions and limits being more flexible for "knowledge intensive" companies). VCT funds cannot be used by a Qualifying Company to acquire shares in another company or a trade.
Qualifying investment	An investment which consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company and satisfying certain conditions under the VCT legislation.
Manager	Foresight Group LLP.

FINANCIAL CONDUCT AUTHORITY

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000.

Beware of share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams.

They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register from **www.fca.org.uk** to see if the person and firm contacting you is authorised by the FCA.
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- Use the firm's contact details listed on the Register if you want to call it back.
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**.
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- Think about getting independent financial and professional advice before you hand over any money.
- **Remember:** if it sounds too good to be true, it probably is!

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

In association with

CORPORATE INFORMATION

COMPANY NUMBER

03421340

DIRECTORS

Margaret Littlejohns (Chair)
Patricia Dimond
David Ford (appointed 1 January 2023)
Jocelin Harris
Gordon Humphries
Dan Sandhu (appointed 1 January 2023)

COMPANY SECRETARY

Foresight Group LLP

The Shard
32 London Bridge Street
London
SE1 9SG

MANAGER

Foresight Group LLP

The Shard
32 London Bridge Street
London
SE1 9SG

AUDITOR

Deloitte LLP

20 Castle Terrace
Edinburgh
EH1 2DB

SOLICITORS AND VCT STATUS ADVISERS

Shakespeare Martineau LLP

No. 1 Colmore Square
Birmingham
B4 6AA

and

60 Gracechurch Street
London
EC3V 0HR

REGISTRAR

Computershare Investor Services plc

The Pavilions
Bridgwater Road
Bristol
BS99 6ZY

MARKET MAKER

Panmure Gordon & Co

One New Change
London
EC4M 9AF

BANKER

Lloyds Bank plc

25 Gresham Street
London
EC2V 7HN

SHAREHOLDER INFORMATION

Foresight VCT plc is a Venture Capital Trust aiming to provide investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

For details on the Company's investment policy please refer to the Strategic Report.

www.foresightvct.com

Enquiries

The Board and Manager are always keen to hear from investors. If you have any feedback about the service you receive or any queries relating to Foresight VCT plc, please contact the Investor Relations team:

020 3667 8181

InvestorRelations@foresightgroup.eu

www.foresightgroup.eu

Annual and Half-Yearly Reports, as well as quarterly factsheets and information on new investments, can be viewed online.

As part of the Manager's investor communications policy, investor forums are held throughout the year. Shareholders can also arrange a mutually convenient time to meet the Manager's investment team. Please contact Investor Relations if you are interested.

Dividends

All cash dividends will be credited to your nominated bank/building society account. Your options are:

- Receive your dividends in sterling via direct credit to a UK domiciled bank account
- Reinvest your dividends for additional shares in the Company through our dividend reinvestment scheme

www.investorcentre.co.uk

Investors can manage their shareholding online using Investor Centre, Computershare's secure website.

Shareholders just require their Shareholder Reference Number ("SRN"), which can be found on any communications previously received from Computershare, to access the following:

Holding enquiry Balances I Values History I Payments I Reinvestments

Payments enquiry Dividends I Other payments

Address change Change registered address to which all communications are sent

Bank details update Please ensure bank details are up to date in order to receive your dividends

Outstanding payments Reissue payments using our online replacement service

Downloadable forms Dividend mandates I Stock transfer I Dividend reinvestment I Change of address

Alternatively, you can contact Computershare by phone on 0370 703 6388

Key dates

Annual General Meeting	15 June 2023
Half-Yearly results to 30 June 2023	September 2023
Annual results to 31 December 2023	April 2024

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Privacy policy

We respect your privacy and are committed to protecting your personal data. If you would like to find out more about the measures the Manager takes in processing your personal information, please refer to the privacy policy, which can be found at **www.foresightgroup.eu/privacy-policy**.

Trading shares

The Company's shares are listed on the London Stock Exchange. Share price information is available on Foresight Group LLP's website and can also be obtained from many financial websites.

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight VCT plc is Panmure Gordon & Co.

You can contact Panmure Gordon by phone on 0207 886 2716 or 0207 886 2717

Investment in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original subscription may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please contact the Manager if you or your adviser have any questions about this process.

Important information

Foresight VCT plc currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in a VCT.

Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility increases the risk to the value of, and the income from, the investment.

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This report is printed on Nautillus made from FSC® recycled certified post-consumer waste pulp. Printed sustainably in the UK by Pureprint, a CarbonNeutral® company with FSC® chain of custody and an ISO 14001 certified environmental management system recycling over 100% of all dry waste.

Foresight

FOR A SMARTER FUTURE

Foresight VCT plc
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www.foresightvct.com