



# FORESIGHT GROUP HOLDINGS LIMITED

ANNUAL REPORT AND  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

**Foresight**  
FOR A SMARTER FUTURE

# A SUSTAINABILITY-LED ALTERNATIVE INVESTMENT MANAGER

## OUR PURPOSE

## At Foresight, we're investing for a smarter future.

Our world is changing, which means finding new ways to drive progress and seize opportunities. As a sustainable growth investor, we invest in innovation, back ambitious SMEs and make complex investment products accessible.

This is how we're creating a sustainable legacy.

## OUR VALUES



Sustainable  
**impact**



Achieve with  
**ambition**



Relationships  
with **integrity**



Collective  
**success**



eden project



Foresight was awarded the Green Economy Mark at IPO. This recognises companies that derive 50% or more of their revenues from environmental solutions.

**FRONT COVER IMAGE**  
Bald Hills Wind Farm, Australia,  
part of Foresight's portfolio.

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### In this report

#### Executive Chairman's statement



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#### Strategic report



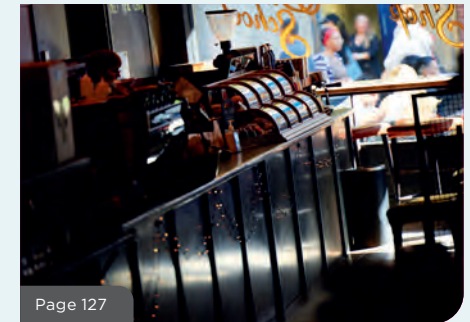
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#### Governance



Page 90

#### Financial statements



Page 127

## HIGHLIGHTS

Diversified and resilient business model delivers record year of profitability and AUM growth.

**£12.2bn**

**AUM<sup>1</sup>**  
(31 March 2022: £8.8bn)

**38%**

**AUM growth<sup>1</sup>**  
(31 March 2022: 59%)

**£9.0bn**

**FUM<sup>1</sup>**  
(31 March 2022: £6.7bn)

**£119.2m**

**Total revenue**  
(FY22: £86.1m)

**86.6%**

**Recurring revenues<sup>1</sup>**  
(FY22: 86.9%)

**£20.9m**

**Total comprehensive income<sup>3</sup>**  
(FY22: £24.9m)

**£50.2m**

**Core EBITDA pre-SBP<sup>1</sup>**  
(FY22: £31.8m)

**76%**

**Overall staff engagement score**

**4.4GW**

**Total green technology capacity<sup>2</sup>**

1. Alternative performance measures.

Alternative performance measures ("APMs") are described and explained in the appendices to the financial statements on pages 198 to 205.

2. As defined by the London Stock Exchange Green Economy Mark.

Note: Certain data contained in this document, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this document, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this document may have been rounded and accordingly may not add up to 100%.

3. Inclusive of non-underlying items.



**LOS LLANOS, SPAIN**  
part of Foresight Solar Fund Limited's portfolio.

## EXECUTIVE CHAIRMAN'S STATEMENT



Another excellent year of highly profitable growth for Foresight.

**Bernard Fairman**  
Executive Chairman

**FY23**

Strategic growth targets

**+38%**

**20-25%** growth in AUM averaged over a rolling three year period

**86.6%**

**85-90%** recurring revenue

**42.1%**

**c.43%** Core EBITDA pre-SBP margin over medium term

**20.1p**

**TOTAL DIVIDEND**

**60%** dividend payout ratio

### Introduction

I am delighted to report that it has been another excellent year of highly profitable growth for Foresight. We have further extended our track record of delivering against our ambitious strategic growth targets, in particular achieving exceptional increases in Assets Under Management (“AUM”) and Funds Under Management (“FUM”). Revenue was well ahead of latest consensus and we delivered a material uplift to Core EBITDA pre share-based payments.

As well as achieving our targets, we were also able to grow and diversify our geographic footprint with a presence now across eight countries. Key drivers of this growth included the strengthening of our Australian offering through the transformational acquisition of Infrastructure Capital Holdings Pty Ltd (“Infrastructure Capital”) and our expansion into the US sub-advisory market through our partnership with Cromwell Funds.

Our outstanding Group performance, achieved against a challenging economic backdrop, reflects the strength of our diversified and resilient business model. Our profitable growth and delivery of shareholder returns continues, and we remain ideally positioned to capture the long-term structural growth trends across international infrastructure and regional UK&I private equity.

### Financial highlights

In FY23 we continued to generate strong growth internationally. We achieved an AUM increase of 38% to £12.2 billion (2022: £8.8 billion), well in excess of our target of 20-25% over a rolling three year period, with FUM also significantly ahead, increasing 35% to £9.0 billion (2022: £6.7 billion).

## EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

### Financial highlights continued

While this has clearly been a standout year of growth for the Group, we were not completely immune to the impact of volatility in global equity markets. This was reflected in net outflows from our OEIC vehicles totalling £(97) million for the year. Reassuringly, this was more than offset by our diversified business model raising funds of £1,043 million across our range of strategies, including £499 million into retail and private equity vehicles which benefit from high margins and long duration capital.

Revenue increased significantly by 38% to £119.2 million (2022: £86.1 million), which is ahead of the latest market consensus after positive updates to expectations throughout the year. Recurring revenues of 86.6% are within our expected range of 85-90% and further demonstrate the reliable nature of our long-term revenue model. It is this recurring and predictable long-term revenue model that provides us with greater visibility over the short and medium term, and enables us to balance our growth opportunities with the differing needs of our divisions.

Core EBITDA pre share-based payments ("SBP") grew 58% to £50.2 million (2022: £31.8 million), representing a record year of profits for the Group. A material uplift to consensus was driven by performance fees generated from profitable portfolio realisations, which provided further evidence of the strength of Foresight's investment strategies, our asset and portfolio management capabilities and the value we can add to investment assets throughout their lifecycle. We remain well on track to deliver our margin target of 43% over the medium term.

### Dividend

The Board targets a total dividend payout of 60% of profit after tax before non-underlying items, with the aim being for the absolute dividend payment to grow with our operational profitability. In line with this policy, we have recommended a final dividend of 15.5 pence per share (2022: 9.8 pence per share) for approval by Shareholders at the upcoming AGM. When combined with our interim dividend of 4.6 pence per share (H1 FY22: 4.0 pence per share) this gives a total dividend payment for the year of 20.1 pence per share, representing a 46% increase on prior year (2022: 13.8 pence per share). The final dividend will be paid on 20 October 2023 based on an ex-dividend date of 28 September 2023, with a record date of 29 September 2023.

### Sustainability

We have built our Group on the foundation of sustainability. It drives our investment strategy and management, which is focused on areas such as renewable energy, sustainable forestry, agriculture and aquaculture. We also actively encourage our private equity portfolio companies to focus on adopting ESG strategies that will have a positive impact on both their performance and local communities.

This year has also marked the launch of our inaugural standalone Sustainability Report, which reflects our ongoing commitment to transparency with regard to our own direct impact on the world around us. As well as providing more detail on our environmental emissions, the report details our non-financial targets for areas such as employment, staff engagement scores and diversity and inclusion representation. <https://foresight.group/sustainability-report-fy23>

### Governance

The Board recognises that conducting business in an ethical manner is vital for our ongoing success. Corporate responsibility is integral to how we approach all our activities and underlies our engagement with our stakeholders to ensure we recognise and respond to any concerns they may have. As reported in our Half-year Report, we entered a period of elevated engagement with those Shareholders that had voiced their concerns on Resolutions 16 and 17 at our AGM on 10 August 2022. This engagement included one-to-one meetings and direct communication with the Group's Head of Governance.

The Board continues to consider Resolutions 16 and 17 to be in the best interests of Shareholders as a whole. However, based on this period of engagement, the Board has provided improved disclosure within this 2023 Annual Report to better inform our Shareholders and other stakeholders regarding the rationale for our Resolutions.



**SANDRIDGE SOLAR FARM**  
part of Foresight Solar Fund  
Limited's portfolio, which also  
houses beehives.

## EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

### People

During the year our acquisition activity and organic growth saw us welcome over 100 new people into the Group. This helped us to materially increase our Australian footprint in line with our strategic priority to expand our investment opportunities geographically. We have been delighted with how well everyone has integrated into the business, already adding value by raising and deploying funds. We look forward to growing the business further with them, in both current and new markets.

We are proud to retain an excellent level of engagement with our staff, with our engagement score remaining in the top quartile. Whilst we are pleased with these scores, we also recognise that engagement is an ongoing focus for all successful organisations and something that can require additional support during times of acquisition. Our Board remains focused on and committed to helping all our employees, old and new, to understand the importance of their role in our success and building a sense of pride in the positive impact we have on the world around us.

On behalf of the Board, I would like to thank all our employees for their ongoing and valuable contributions to the success of the Group. This has been an excellent year for us in no small part because of the dedication and commitment the whole team continues to bring every day.

### Strategic market opportunities

We remain one of Europe's and Australia's most established real asset investors, specialising in sustainability-led international infrastructure and regional UK&I private equity, whilst also providing access to real assets and sustainable investment opportunities in listed markets. We continue to utilise our experience and expertise in these areas to drive the Group forward, generating attractive returns for our investors and making a tangible difference to the world around us.

A key area of growth for us remains within the renewable energy market, as the demand for cleaner, greener energy sources at affordable prices continues to grow. This demand is being driven by a high and growing commitment to energy transition strategies and a recognition of the importance of renewable energy to future energy security. In the UK, for the first time in history, wind turbines generated more electricity than gas in the first three months of the 2023 calendar year. While this is a milestone event, there is still a long way to go to achieve the UK Government's aim of all electricity generation having net zero emissions by 2035.

As a result, there is an ever-increasing sustainability focus from corporations and governments around the world, with Hitachi Energy estimating that by 2050 the world will need four times as much electricity generation and three times as much transmission capacity as we have today. Recent examples of the growing focus of governments include the Inflation Reduction Act in the US, the EU's Net Zero Industry Act and the European Critical Raw Materials Act.

This material government support will further contribute to the current downward trend in costs associated with producing renewable energy and act as a catalyst for sustainable investment, providing opportunities that dwarf what we have seen to date. The scale of these investment opportunities is what is driving our focus on Europe and the US, where we know that the available government support will help us to generate attractive returns by making a positive contribution to the next step in the global sustainability journey.

**“Generating attractive returns for our investors and making a tangible difference to the world around us.”**

## EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

### Outlook

We have had an impressive year, especially considering the challenging economic conditions. It is our diversified and resilient business model that allows us to continue to deliver profitable growth for our stakeholders against this backdrop, both organically and through acquisitions.

Our expansion into adjacent markets and geographies has been key to our performance in the year and will continue to facilitate a strong performance across the Group going forward. By ensuring diversification, for example in our markets and in underlying currency, we have been able to balance challenges in one environment with opportunities in another.

Our growth in the year was primarily driven by acquisition activity. Looking ahead, our focus for FY24 is organic growth through targeted fundraising as we strive to further consolidate our position as leaders within our key markets. The capabilities that we have developed over our many years, which reflect the Group's entrepreneurial culture, are highly transferable and will enable us to expand into and build our position in adjacent, exciting markets. In the year this has been embodied in our Foresight Sustainable Forestry Company, which was also the first listed fund to become a member of the London Stock Exchange's Voluntary Carbon Market.

Within infrastructure, to meet the already high and increasing demand for investment in renewable energy, we have plans to raise further significant institutional funds. This includes established strategies such as FEIP and ARIF returning to the market, supported by new opportunities including core European renewables and our planned expansion into adjacent asset classes, such as hydrogen.

While recognising the need to support established renewable energy technologies, we believe that hydrogen power will play a vital future role in our transition to a more sustainable and secure energy provision.

On the private equity front, we remain one of the most active SME investors, with 21 investment vehicles operating across the UK and Ireland. Utilising our experience through economic cycles, we are well positioned to support our diverse portfolio through prevailing market conditions, with its very low leverage and thus limited exposure to increasing interest rates across the SME portfolio. Foresight is well placed to capitalise on the SME funding gap and cyclical nature of bank appetite, which will help drive growth in the amount of capital the division can deploy.

Our FCM division delivered a resilient performance against a backdrop of significant volatility in the global equity markets, meeting the investment objectives of our funds. This division is well placed to return to growth as and when markets improve. The division's expansion into the US market also provides a growth opportunity that could exceed that of the current UK business and we are actively pursuing further distribution opportunities, with Europe being a key focus in the near term.

Accelerated by the creation of the Inflation Reduction Act, we believe that the US will become the largest market in the world for sustainable energy. We will seek to respond to this opportunity by materially increasing our presence in this market, potentially through partnering opportunities.

With a strong pipeline of organic fundraising scheduled for FY24 and beyond, we reiterate all of our stated strategic growth targets, including 20-25% growth in AUM per annum on a rolling three year average basis.

We find ourselves addressing a range of markets internationally that are growing rapidly and that will continue to do so as the world looks to advance its sustainability ambitions, including global carbon reduction targets. Foresight remains ideally placed to benefit and contribute to these advances over the medium term as we continue to identify multiple investment opportunities, utilising our many years of unique experience within these markets. I am confident that the future for Foresight is brighter than ever as we strive to enable a more positive future for the world around us.

**Bernard Fairman**

Executive Chairman

3 July 2023



## STRATEGIC REPORT

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# OVERVIEW

### WHAT'S IN THIS SECTION

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KEY PERFORMANCE INDICATORS	19

**MANFREDONIA, ITALY**  
an energy-from-waste plant, part  
of Foresight's and JLEN's portfolios.

## ABOUT US

# Foresight Group, a sustainability- led alternative investment manager

We understand the role sustainable investing can play in evolving established markets, creating new ones and generating long-term value and impact.

Through our three core investment divisions, Infrastructure, Private Equity and Foresight Capital Management, we target attractive returns from hard-to-access private markets for institutional and private investors.

Since 1984, we have built a track record of developing innovative products, scaling existing investment funds and delivering excellent investment performance, all contributing to profitable growth and total returns.



## ABOUT US CONTINUED

### Who we are



#### Sustainable

Specialist in sustainability-led international infrastructure and regional UK&I private equity



#### Diversified

Diversified and resilient business model with growing geographic footprint



#### Predictable

Recurring and predictable long-term revenue model



#### Market Growth

Ideally positioned to capture long-term structural growth trends in our key markets



#### Scalable

Scalable growth platform



#### Profitable

Demonstrable track record of profitable growth, delivering against strategic and financial priorities

All underpinned by our culture and the wealth of knowledge and experience of our people

[READ MORE](#)  
See page 16

**ABOUT US** CONTINUED

**1 | Specialist in sustainability-led international infrastructure and regional UK&I private equity**

**INFRASTRUCTURE**

One of Europe's and Australia's fastest-growing real asset investors

**£9.5bn**

**AUM**  
(FY22: £6.3bn)

**406**

**ASSETS**  
(FY22: 337)

**READ MORE**  
See pages 23 to 29

**PRIVATE EQUITY**

Provider of choice for sub-£10 million growth investments into UK SMEs

**£1.4bn**

**AUM**  
(FY22: £0.9bn)

**250+**

**PORTFOLIO COMPANIES**  
(FY22: 131)

**READ MORE**  
See pages 30 to 37

**FORESIGHT CAPITAL MANAGEMENT**

Delivering real assets and sustainable investment opportunities in listed markets

**£1.3bn**

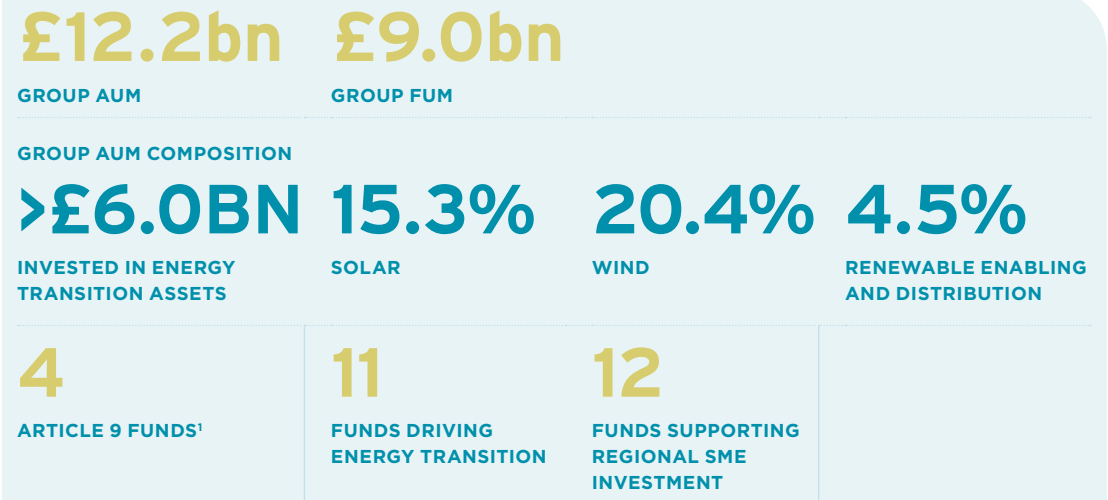
**AUM**  
(FY22: £1.6bn)

**7**

**INVESTMENT VEHICLES**  
(FY22: 6)

**READ MORE**  
See pages 38 to 44

Foresight is a “pure-play” sustainable alternative asset manager, operating across three core divisions.



**HUME HYDRO, AUSTRALIA**  
part of Foresight's portfolio.

1. Further three deemed to meet Article 9 requirements.

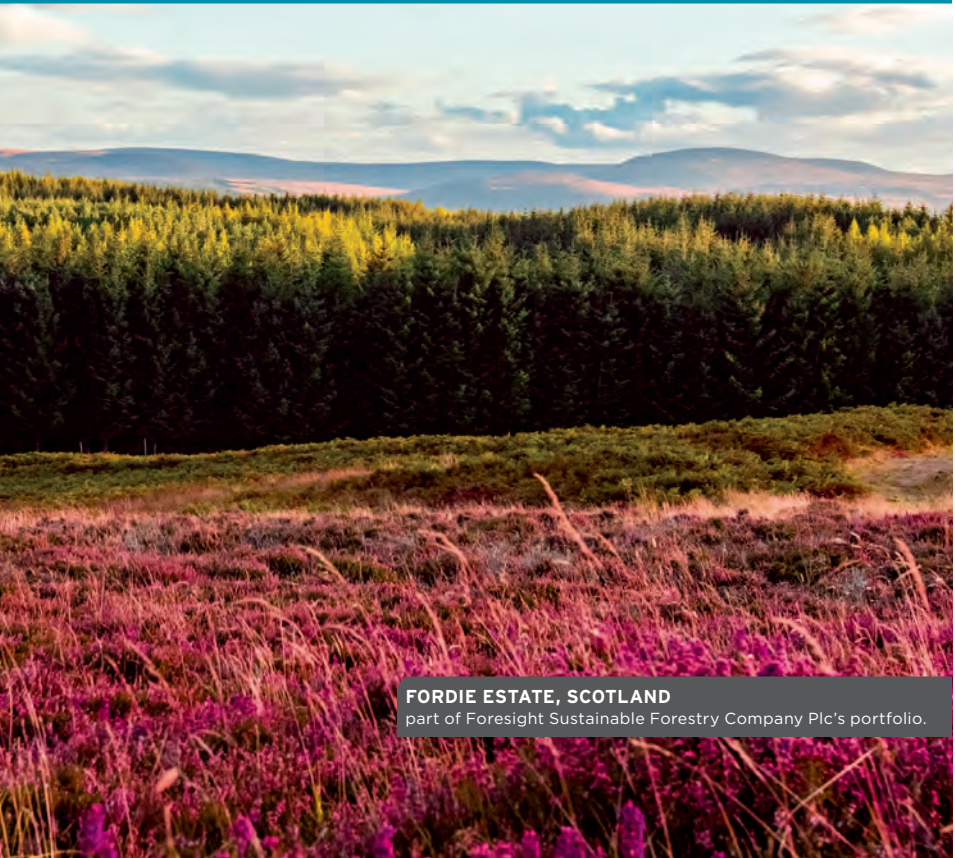
**ABOUT US** CONTINUED

**2 | Diversified and resilient business model with growing geographic footprint**

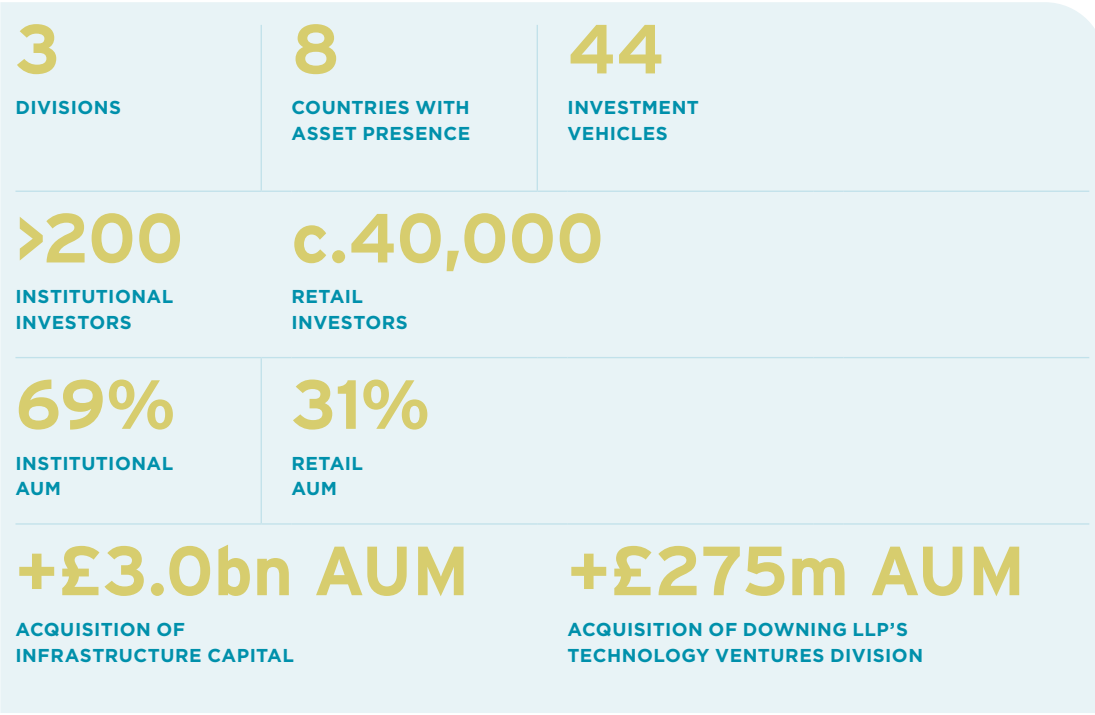
The resilience of Foresight’s robust business model is primarily a function of product, geographic and investor diversification.

This business model has driven Foresight’s strong track record of performance through economic cycles, across both private and public vehicles, which in turn facilitates consistent fundraising from a diverse international investor base.

A track record of successful M&A has accelerated Foresight’s diversification and growth, an example being the acquisition of Infrastructure Capital Holdings Pty Ltd (“Infrastructure Capital”) in FY23, which is now part of the significantly enlarged Foresight Australia.



**FORDIE ESTATE, SCOTLAND**  
part of Foresight Sustainable Forestry Company Plc’s portfolio.



**ABOUT US** CONTINUED

### 3 | Recurring and predictable long-term revenue model

Foresight's revenue model provides transparency on revenue generation over the short to medium term.

- This model is supported by the following key factors, which empower the business to make enhanced decisions based on the high degree of certainty of future revenue flows.
- The considerable duration of the weighted average investor commitment in LP funds enables us to take longer-term perspectives in our planning cycles.
- Our high number of evergreen funds provide capacity to consistently attract new capital through continuous fundraising opportunities<sup>1</sup>.
- A portion of management fees are earned on commitments and are therefore less correlated to market movements and deployment rates.

**85-90%**

RECURRING  
REVENUE TARGET

**12yr**

WEIGHTED AVERAGE LP  
COMMITMENT

**63%**

AUM IN EVERGREEN OR LISTED VEHICLES,  
WITH LONG-DURATION CAPITAL<sup>1</sup>

**BANNERTON, AUSTRALIA**  
part of Foresight Solar Fund Limited's portfolio.

1. Evergreen funds defined as having no pre determined end of life and therefore have the capability to raise future capital.

## ABOUT US CONTINUED

### 4 | Ideally positioned to capture long-term structural growth trends in our key markets



**BALD HILLS WIND FARM, AUSTRALIA**  
part of Foresight's portfolio.

Through a deep understanding of market drivers, Foresight has built a leadership position in key growth markets.

Foresight's purpose of investing for a smarter future has driven the Group's sustainable investment strategy for a number of years across both international infrastructure and regional UK&I private equity.

Historic leadership in these key markets has ensured that Foresight is ideally positioned to benefit from the increasing sustainability focus of investors, corporations and governments around the world.

We are therefore confident that the Group will continue to generate strong financial returns for investors by investing in established technologies and ongoing innovations that will make a real difference to the world around us, helping companies and countries worldwide deliver on their decarbonisation commitments.

**GLOBAL INVESTMENT IN ENERGY TRANSITION TECHNOLOGIES REACHED A RECORD HIGH OF \$1.3TN IN 2022. THIS NEEDS TO QUADRUPLE TO REMAIN ON THE 1.5°C PATHWAY<sup>1</sup>**

# \$44tn

**CUMULATIVE INVESTMENTS NEEDED IN THE ENERGY SECTOR BETWEEN NOW AND 2030 TO DELIVER THE 1.5°C SCENARIO, OF WHICH 80% WOULD NEED TO BE IN ENERGY TRANSITION TECHNOLOGIES<sup>1</sup>**

1. World Energy Transitions Outlook 2023. International Renewable Energy Agency.

**ABOUT US** CONTINUED

**5 | Scalable growth platform**



Foresight has significant scope to scale our existing investment platform.

Our existing strategies are already reaping the benefits of scale, as we can increase the size of our investments and create operational leverage. This increased scale, combined with effective cost management, has led to positive margin expansion for the Group. Looking ahead, there is significant potential to unlock additional scale benefits through second and third vintage funds.

Organic growth across each division has been supplemented by our ability to successfully add scale and capabilities through strategic acquisitions, without compromising the continued expansion of the Group's Core EBITDA pre-SBP margin.

**£3.3bn**

ACQUIRED AUM POST IPO

**£2.3bn**

ACQUIRED FUM

**+7.5ppt**

MARGIN EXPANSION POST IPO EVIDENCING OPERATING LEVERAGE<sup>2</sup>

**42%**

YEAR-ON-YEAR INCREASE IN INFRASTRUCTURE DEPLOYMENT<sup>1</sup>

**c.2x**

PRIVATE EQUITY AUM DOUBLED SINCE IPO

**FCM**

£NIL TO £1.3 BILLION AUM SINCE 2017

1. To £690 million (FY22: £484 million) with additional £1.7 billion of future deployment rights (FY22: £427 million).  
2. The increase in Core EBITDA pre-SBP margin from FY21 to FY23.



## ABOUT US CONTINUED

### 6 | Proven track record of achieving profitable growth and delivering on both strategic and financial priorities



Post our stock market listing in February 2021, Foresight's increasingly diversified business model has consistently delivered on, or exceeded, our four ambitious strategic growth targets:

20-25% average AUM growth, over a rolling three year period

85-90% recurring revenue

43% Core EBITDA pre-SBP margin over medium term

60% dividend payout

#### POST IPO



#### AUM GROWTH



#### REVENUE GROWTH



#### EBITDA PROGRESSION



#### REVENUE MARGIN OF NEW FUNDS IN LINE WITH EXISTING MANDATES

## ABOUT US CONTINUED

# This is all underpinned by the strength of our culture and the wealth of knowledge and experience of our people

Foresight's people drive the business forward, powering our growth through their ambition and knowledge.

Our mission is to create an environment that fosters employee growth, engagement and wellbeing, while also promoting sustainable business practices. We continuously explore new ways to develop our employees to ensure that they feel valued and supported in every aspect of their work, whilst also embedding sustainability at the core of every touchpoint in their career at Foresight.

As a result, we are able to attract and retain the top talent within our key markets, who collectively and consistently deliver outstanding success for the Group.

**76%**

EMPLOYEE  
ENGAGEMENT SCORE

**LAUNCHED**

FORESIGHT  
GROUP SECONDMENT  
PROGRAMME

**PEOPLE AND  
SUSTAINABLE  
CULTURE TEAM  
INTERNATIONAL  
COVERAGE**

**LAUNCHED**

BESPOKE LINE  
MANAGER TRAINING



## BUSINESS MODEL

In a changing world, we use innovative investment solutions to create a sustainable legacy.

### Considering our key influences...

#### Our markets

SEE PAGES 22 to 44

#### Our assets

SEE PAGES 22 to 44

#### Our workforce

SEE PAGE 16

#### Our stakeholders' views

SEE PAGES 55 to 61

#### Our sustainability

SEE PAGES 45 to 54

### ...our three core business divisions...

#### INFRASTRUCTURE

- Established infrastructure funds provide direct access to a broad range of infrastructure classes, from renewable energy generation to social infrastructure.
- Experienced investment professionals with strong networks continually assess the landscape for opportunities in core and adjacent asset classes.
- The in-house global team source, develop, operate and manage these investments sustainably on behalf of our clients.

SEE PAGES 23 to 29

#### PRIVATE EQUITY

- Highly active, sustainably focused SME investment team operating across the UK and Ireland focusing on the up to £10 million transaction sector.
- Leveraging deep regional relationships and high-quality management capabilities to support and enhance our diverse portfolio through prevailing market conditions.
- Ideally positioned to capitalise on the SME funding gap and cyclical nature of bank appetite.

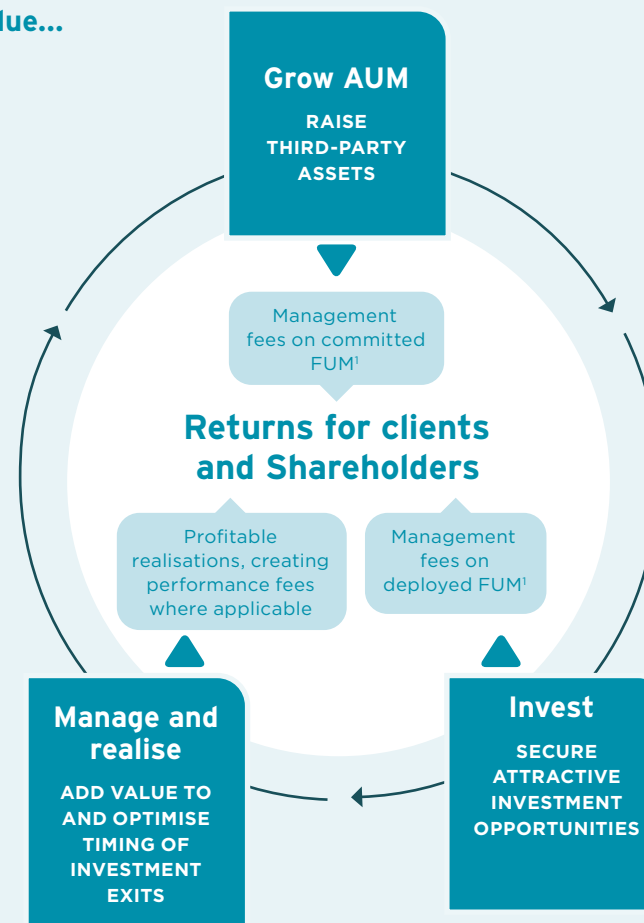
SEE PAGES 30 to 37

#### FORESIGHT CAPITAL MANAGEMENT

- Applying Foresight's deep knowledge of private markets to opportunities in listed markets to provide retail and institutional investors access to real assets and sustainable investment opportunities through actively managed open-ended funds.

SEE PAGES 38 to 44

### ...create value...



### ...for all our stakeholders

**20.1p**

TOTAL DIVIDEND PER SHARE  
SEE PAGE 64

#### Staff

SEE PAGE 56

#### Clients, advisers and investors

SEE PAGE 57

#### Communities and charities

SEE PAGE 57

#### Suppliers and service providers

SEE PAGE 58

#### Regulators and industry bodies

SEE PAGE 58

1. Varies by fund structure.

## STRATEGIC PRIORITIES

Our strategy is enacted under three key areas:

### Grow

our existing investment platform



#### Goal:

- Develop pipeline of institutional fund launches, leveraging our experience and performance track record
- Scale up our deployment, generating operating leverage

#### Strategy in action in FY23:

**£172 million**

Private Equity division organic fundraising in the year<sup>1</sup>

**£690 million**

deployed by Infrastructure (FY22: £484 million), with substantial future deployment rights of £1,657 million (FY22: £427 million)

#### Year ahead:

- Strong pipeline of organic fundraising scheduled for FY24 and beyond, in markets with long-term structural growth trends
- Utilise historic leadership in our key markets to benefit from investment opportunities created by increasing sustainability focus of corporations and governments around the world

### Diversify

and develop new investment strategies



#### Goal:

- Continue to invest into core asset classes whilst also diversifying into adjacent assets
- Utilise and transfer capabilities that we have developed within the Group's entrepreneurial culture to build our position in adjacent markets

#### Strategy in action in FY23:

**Hydrogen market**

Successfully expanded into adjacent classes such as green hydrogen and aquaculture

**Carbon trading**

Foresight Sustainable Forestry Company became the first listed fund to become a member of the London Stock Exchange's Voluntary Carbon Market

#### Year ahead:

- Utilise our existing green hydrogen infrastructure portfolio, and our experience in developing renewable energy projects, to strengthen our position in what we believe is a key area in helping companies and countries worldwide
- Continue to build diversified portfolios across the Group to deliver on their decarbonisation commitments, reduce risk and deliver robust, attractive returns

### Expand

our geographic footprint



#### Goal:

- Expand investment strategies geographically
- Attract investors from across the globe

#### Strategy in action in FY23:

**ICG acquisition**

Transformational acquisition, strengthening international offering and establishing Foresight as one of the leading renewable generation and infrastructure investors in Australia

**Expansion into US**

Appointment as sub-adviser to the Cromwell Foresight Global Sustainable Infrastructure Fund

#### Year ahead:

- Market both established and new strategies to Foresight's diversified and increasingly international investor base
- Replicate successful expansion into the US through further distribution opportunities across other geographies, including Europe

1. Excluding funds already under Foresight management.

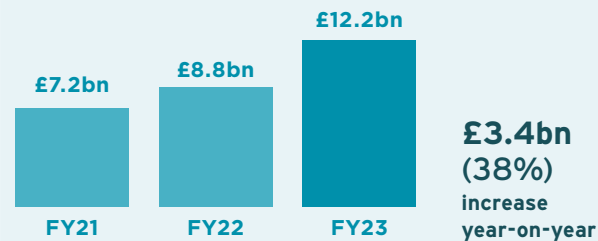
## KEY PERFORMANCE INDICATORS

The ongoing successful implementation of our strategy contributed to excellent progress against our KPIs.

### AUM<sup>1</sup>

**£12.2bn**

(31 March 2022: £8.8bn)



#### Why is this important?

- AUM is used to monitor the size and growth rate of our business. It is an important KPI within our industry and allows a simple, high level comparison with our peers
- AUM growth demonstrates how successfully we have implemented our strategy and how that has translated to the strength of our fundraising and future revenue potential

#### What we achieved in the year?

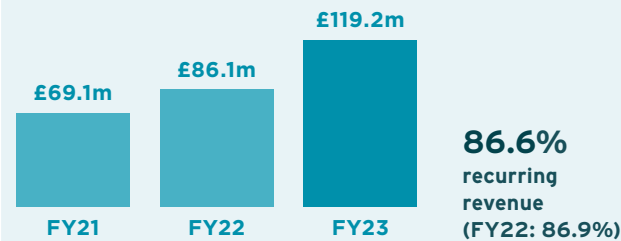
- We exceeded our growth target, with two strategic acquisitions driving this increase
- We expanded our geographic footprint with 43% of FY23 AUM outside the UK, with 25% in Australia

Strategic alignment **Grow** **Expand**

### Revenue<sup>1</sup>

**£119.2m**

(FY22: £86.1m)



#### Why is this important?

- Revenue growth allows us to identify any underlying fee margin pressure that may arise when comparing with our rate of AUM growth
- Monitoring the balance between recurring and non-recurring revenue is important to ensure we maintain our high quality of earnings

#### What we achieved in the year?

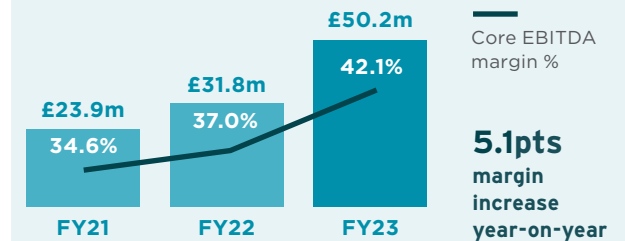
- We continued to beat market expectations throughout the year as an escalating power price helped to drive valuation increases and revenue generation
- We maintained our target range of recurring revenue which translates to a highly predictable source of future revenues

Strategic alignment **Grow** **Expand**

### Core EBITDA pre-SBP<sup>1</sup>

**£50.2m**

(FY22: £31.8m)



#### Why is this important?

- Core EBITDA pre-SBP is monitored to ensure we are growing the business efficiently, managing our cost base and maximising our operational leverage for the benefit of our Shareholders
- We view this as the profitability measure most relevant to the Group's recurring revenue model (i.e. a cash profit measure after taking out any one-off items, both positive and negative)

#### What we achieved in the year?

- A record year of profits for the Group with strong outlook for FY24 as we benefit from the annualisation impact of this year's growth

Strategic alignment **Grow** **Expand**

The following KPIs are alternative performance measures: Assets Under Management ("AUM") – Recurring revenue – Core EBITDA pre-SBP – Deployment – Staff engagement score

1. Align with our strategic growth targets.

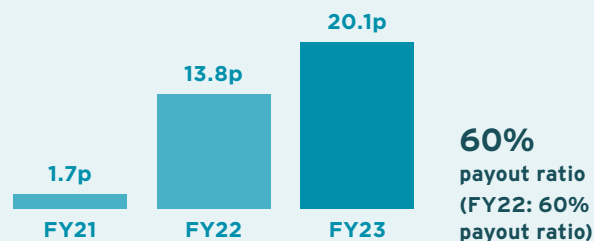
## KEY PERFORMANCE INDICATORS CONTINUED

Employee engagement remained high as we accelerated deployment and increased our dividend.

### Dividend payout<sup>1</sup>

**20.1p**

(FY22: 13.8p)



#### Why is this important?

- Our business is highly cash generative and we feel it is appropriate to recognise this by paying dividends to our Shareholders. An improved dividend reflects a higher level of cash generation in the period and therefore a higher level of return to our Shareholders
- We maintain a balance between offering returns to Shareholders and retaining cash within the business for future re-investment and M&A opportunities

#### What we achieved in the year?

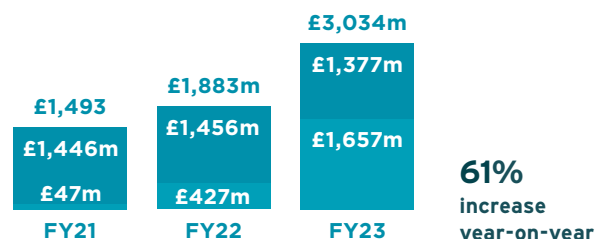
- Our aim is for the absolute dividend payment made to our Shareholders to grow with our operational profitability. The 46% growth in total dividend this year reflects the Group's outperformance in the year

Strategic alignment **Grow**

### Deployment

**£3,034m**

(FY22: £1,883m)



#### Why is this important?

- The rate at which we can deploy funds provides a lead indicator of the strength of opportunities in our key markets and of our competitive position within these to make quality investments
- Our deployment metric includes 100% of gross inflows into the FCM division in addition to investments made in private markets across the Infrastructure and Private Equity divisions

#### What we achieved in the year?

- We continued to increase the total amount of funds deployed in the period despite the challenging markets
- Infrastructure now benefits from £1,657 million of future deployment rights

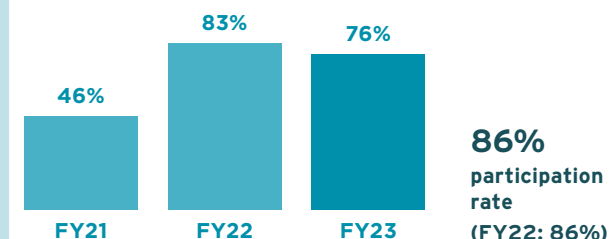
Strategic alignment **Diversify** **Expand**

£m deployed Future deployment rights £m

### Staff engagement score

**76%**

(FY22: 83%)



#### Why is this important?

- Our engagement survey measures our employees' emotional connection working for Foresight, their plans to stay, and motivation to go the extra mile
- We ask four employee engagement questions, taking the average score across those questions to obtain the overall engagement score for the survey

#### What we achieved in the year?

- We continue to benefit from a world-class level of engagement from our employees, above many of our peers
- This year's result was particularly pleasing given the two acquisitions completed in the period which contributed to over 50 new employees joining our team

Strategic alignment **Grow**

The following KPIs are alternative performance measures: Assets Under Management ("AUM") – Recurring revenue – Core EBITDA pre-SBP – Deployment – Staff engagement score


1. Align with our strategic growth targets.

## STRATEGIC REPORT

# BUSINESS REVIEW

### WHAT'S IN THIS SECTION

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**MANFREDONIA, ITALY**  
an energy-from-waste plant, part  
of Foresight's and JLEN's portfolios.

## BUSINESS REVIEW

Foresight’s investment strategies are designed to generate long-term investment returns while making a positive impact on the world and creating a sustainable legacy for future generations.

### Investment

#### INFRASTRUCTURE

Our Infrastructure division is one of Europe’s and Australia’s most established real assets investors, with an investment strategy which focuses on all forms of renewable energy and waste projects, as well as batteries, reserve power and interconnectors. In addition, we invest in transport businesses, social infrastructure, broadband companies and natural capital.

**£9.5bn**  
AUM 78%



**61%**  
of revenue

#### PRIVATE EQUITY

Our Private Equity division is one of the most active UK regional SME investors, supporting companies through various economic cycles. We partner with promising SMEs across all sectors and deal stages, and work together to achieve long-term sustainable growth. Each year we review over 2,500 business plans and are currently supporting more than 250 SMEs.

**£1.4bn**  
AUM 11%



**28%**  
of revenue

#### FORESIGHT CAPITAL MANAGEMENT

Our Foresight Capital Management (“FCM”) Team applies private market expertise to opportunities in listed markets. The FCM Team and investment approach were established in 2017 to facilitate retail and institutional investors accessing infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds investing in listed securities.

**£1.3bn**  
AUM 11%



**11%**  
of revenue

### Distribution

INSTITUTIONAL AUM

**69%**

RETAIL AUM

**31%**



## BUSINESS REVIEW CONTINUED

# INFRASTRUCTURE

## AT A GLANCE

As one of Europe's and Australia's most established real asset investors, we set our sustainable investment strategies in the context of the trends shaping our planet and society.

Total team of 173 consisting of:

**58** investment professionals with broad infrastructure experience

**90** asset management experts, creating value across our portfolio

**25** technical professionals and support staff

**MOUNT MERCER, AUSTRALIA**  
part of Foresight's portfolio.

## BUSINESS REVIEW CONTINUED

Our sustainable investment strategies focus on renewable energy generation, renewable energy enabling projects (such as flexible generation and battery storage), and energy efficiency management solutions, alongside social infrastructure, transport businesses, digital infrastructure and natural capital.

**406**

ASSETS  
MANAGED

**4.4GW**

TOTAL GREEN TECHNOLOGY  
CAPACITY



UK  
**266 assets**

Italy  
**59 assets**

Spain  
**26 assets**

Australia  
**42 assets**

Germany  
**4 assets**

Portugal  
**2 assets**

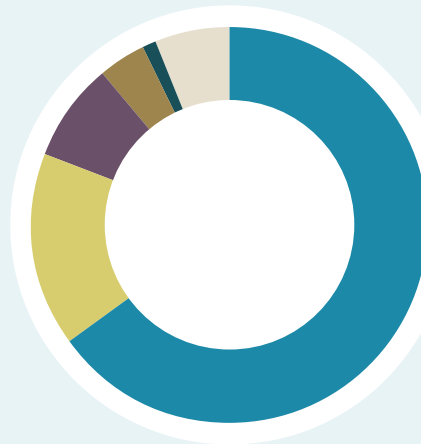
Netherlands  
**3 assets**

Finland  
**1 asset**

Sweden  
**2 assets**

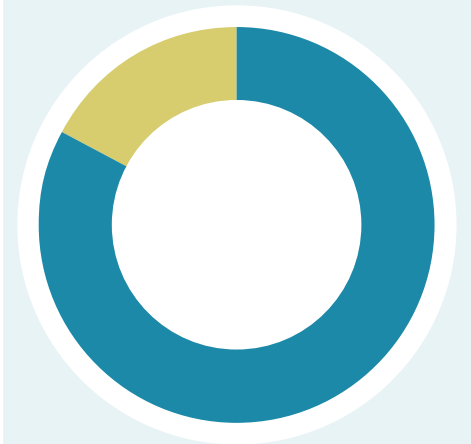
Norway  
**1 asset**

**Infrastructure AUM by sector**



- Energy transition 65%
- Transport 16%
- Social 8%
- Sustainable land and food 4%
- Digital 1%
- Uninvested 6%

**Infrastructure AUM by client type**



- Institutional 83%
- Retail 17%



**VERWOOD MANOR FARM, UK**  
part of Foresight Solar Fund Limited's portfolio.

## BUSINESS REVIEW CONTINUED

### MARKET OPPORTUNITY

The infrastructure market is characterised by powerful long-term structural trends, in particular the transition to a low-carbon energy system and the decarbonisation of core infrastructure industries and services. We are also seeing increasing emphasis on sustainable agriculture, aquaculture and natural capital, including the role of forests, soil and oceans in sequestering carbon and maintaining biodiversity.

Strong global decarbonisation and green recovery agendas

Energy security is a much greater priority for many governments, with Russia's invasion of Ukraine acting as a driver to the market penetration of renewable energy

Sustainability-led investment is increasing across key markets

Investors increasingly attracted to uncorrelated returns offered by sustainable infrastructure

#### Overview

Foresight's Infrastructure division is one of Europe's and Australia's most established real assets investors. As at 31 March 2023, we managed 406 infrastructure assets across 12 distinct infrastructure sectors, including assets with 4.4GW of total green energy technology capacity.

The team comprises 173 investment, commercial and technical professionals who provide a complete end-to-end solution for retail and institutional investors, from investment origination and execution, including sourcing and structuring transactions, to the ongoing and active technical, commercial and operational management of our assets. We have continued to thoughtfully expand the team in FY24, reflecting our commitment to growing and strengthening our infrastructure offering for investors.

We utilise our established international networks to access the best available markets at any given time. The division is able to deploy and manage capital across a wide range of infrastructure sectors at various stages of an asset's life, through development, construction and operational stages. This creates further investment opportunities and enables us to maximise return on investment.

Our in-house asset management team focuses on operational performance, asset optimisation, commercial and operational management as well as useful life enhancement, with the objective of generating sustainable long-term asset operations and associated economic benefits. We believe this team provides the wider Foresight Group with a competitive advantage that few in the market can offer.

#### Our sustainable investment approach

Our sustainability-led investment strategy remains central to the investment decisions we make and actions we take. We strive to create a sustainable legacy for future generations, through investments that offer attractive risk-adjusted returns and measurable positive impact.

In order to ensure we invest in assets that will deliver this, we utilise our proprietary Sustainability Evaluation Tool ("SET"), which allows us to integrate ESG factors throughout the investment lifecycle. With this, we not only evaluate its performance but identify areas that would benefit from strategic improvement.

We score investments against key assessment parameters across five key areas:

- i) Sustainable development contribution – the contribution made towards the global sustainability agenda
- ii) Environmental footprint – the environmental impact of an investment
- iii) Social welfare – the interaction with local communities and the welfare of employees
- iv) Governance – the compliance with relevant laws and regulations
- v) Third-party interactions – the sustainability of key counterparties and the broader supply chain

These criteria act as a guide for us to review and consider all possible investments. The SET has been designed to be flexible so that it can easily be adapted to new sectors, frameworks and standards that continue to develop as the sustainability agenda matures. This gives us further confidence in the investments we make, knowing each of our assets will continue to make a measurable contribution to our sustainability standards.

## BUSINESS REVIEW CONTINUED

### Our sustainable investment approach continued

Our efforts with regard to sustainability have been recognised in the year as our Foresight Sustainable Forestry Company became the first listed fund to receive the London Stock Exchange's Voluntary Carbon Market designation. This helps us stand out to those investors proactively looking for funds that make a tangible difference in the world; our Foresight Sustainable Forestry Company strives to do this, for example, through its UK afforestation pipeline, helping the UK's carbon offsetting efforts.

### Performance, fundraising and capital deployment

Our divisional AUM increased by 50% to £9.5 billion (FY22: £6.3 billion) in the period, with the transformational acquisition of Infrastructure Capital Group in Australia during September 2022 adding c.£3.0 billion to AUM. Foresight Australia is already benefiting from the integration of the acquisition, continuing to invest in attractive investment opportunities. One of the flagship funds, Australian Renewables Income Fund ("ARIF"), raised A\$75 million (£41 million<sup>1</sup>) of committed capital in Q4 FY23. With the already high demand for renewable energy only increasing, we have an FY24 infrastructure fundraising pipeline in place and have already received further commitments for ARIF post period end.

We also continue to build scale through substantially increased capital deployment in FY23, with 54 transactions completed (2022: 41) at a total value of £690 million (2022: £484 million), rising to £2,347 million (2022: £911 million) when including future deployment rights of £1,657 million (2022: £427 million).

1. Converted from AUD to GBP at an exchange rate of 0.5424 as at 31 March 2023.

## ARIF CASE STUDY

Foresight has always seen Australia and New Zealand as nascent markets that would, over time, provide considerable opportunities for the division, and this was strengthened by the acquisition of Infrastructure Capital Group in September 2022. Now fully integrated, Foresight Australia benefits from enhanced investment, product development and distribution capabilities.

Our Infrastructure division manages three open-ended funds in Australia: Diversified Infrastructure Trust ("DIT"); Energy Infrastructure Trust ("EIT"); and Australian Renewable Income Fund ("ARIF").

ARIF holds a diversified portfolio of wind, hydro and solar assets, which we operate directly, across Australia. It also has partnerships with major global utilities investing in renewable energy in Australia, including Engie, ANZ and Shell. Geographical and technological diversity across the portfolio ensures that investment returns are resilient and not dependent on the performance and conditions at a single site, market or technology, with an investment pipeline across wind, solar and BESS projects.

We are currently actively fundraising for ARIF, which remains focused on the renewable energy sector across Australia and New Zealand. This fundraising activity will continue in FY24 and beyond through our existing Australian investors, the Group's wider investor base and reaching out to new investors.

Current interest in sustainable funds such as ARIF is driven by the ongoing investment being made in Australia into renewable energy assets. This largely reflects the ongoing and active transition from legacy coal-fired power stations to new renewable energy provisions.

ARIF also stands to benefit from the Australian Government's commitment to being net zero by 2050. When combined with the significant corporate support committed to achieving this milestone, this drives the long-term and growing demand for renewable energy assets.

We look forward to delivering further value from the fund over time, whilst supporting the Australian Government in meeting their decarbonisation commitments.

**ZENITH, AUSTRALIA**  
part of Foresight's portfolio.



## BUSINESS REVIEW CONTINUED

### Performance, fundraising and capital deployment continued

As part of our Foresight Energy Infrastructure Partners (“FEIP”) strategy, we endeavour to drive strong diversification across technologies and geographies, acquiring complementary and negatively correlated assets to deliver a superior risk-adjusted return. Since the conclusion of our FEIP I fundraising, we have made good progress with the deployment of the Fund. Of total commitments, 90% have been reserved for 13 existing investments spread across all areas of the strategy, including solar, onshore and offshore wind, green hydrogen production, battery storage and an international interconnector.

Alongside the growth of our AUM and scale of deployment in the period, we have executed a number of profitable realisations. For example, the sale of Foresight Solar & Technology VCT’s portfolio of solar assets and Foresight’s EIEIS portfolio of Spanish and Portuguese solar assets enhanced the profitability of the wider Group through the generation of £3.6 million in performance fees.

### Market developments

In line with the Paris Agreement, many countries continue to push to be carbon net zero by 2050. Given the scale of this task and the considerable effort and investment needed, increasing governmental regulations are helping to drive the large-scale changes needed globally to make the transition to renewables to achieve decarbonisation. This will be a major driver for investment decisions and is presenting further opportunities for sustainable growth for those funds with ambitions to make a positive impact. A number of strategic plans and new regulations have been announced over the year that will facilitate this transition.

## FORESIGHT SOLAR & TECHNOLOGY VCT CASE STUDY

What sets us apart in the market is our strong investment strategies, our asset management capabilities and the value we add to our investment assets throughout their lifecycle. Having successfully exited the solar asset portfolio held in our Foresight Solar & Technology VCT in the year, this stands out as an excellent example of our approach to asset management.

**Investment portfolio:** The Foresight Solar & Technology VCT invested in a 75MWp portfolio of 11 ground-mounted and one rooftop solar projects across England, Wales and Northern Ireland.

**Asset management and value creation:** Our scale and expertise allowed us to add value in a number of ways, including establishing extended asset life, negotiating strong performance guarantees, which generate compensation for the Fund if not met, and undertaking detailed investigations into, and rectification of, any construction-related defects to ensure the long-term reliability of components.

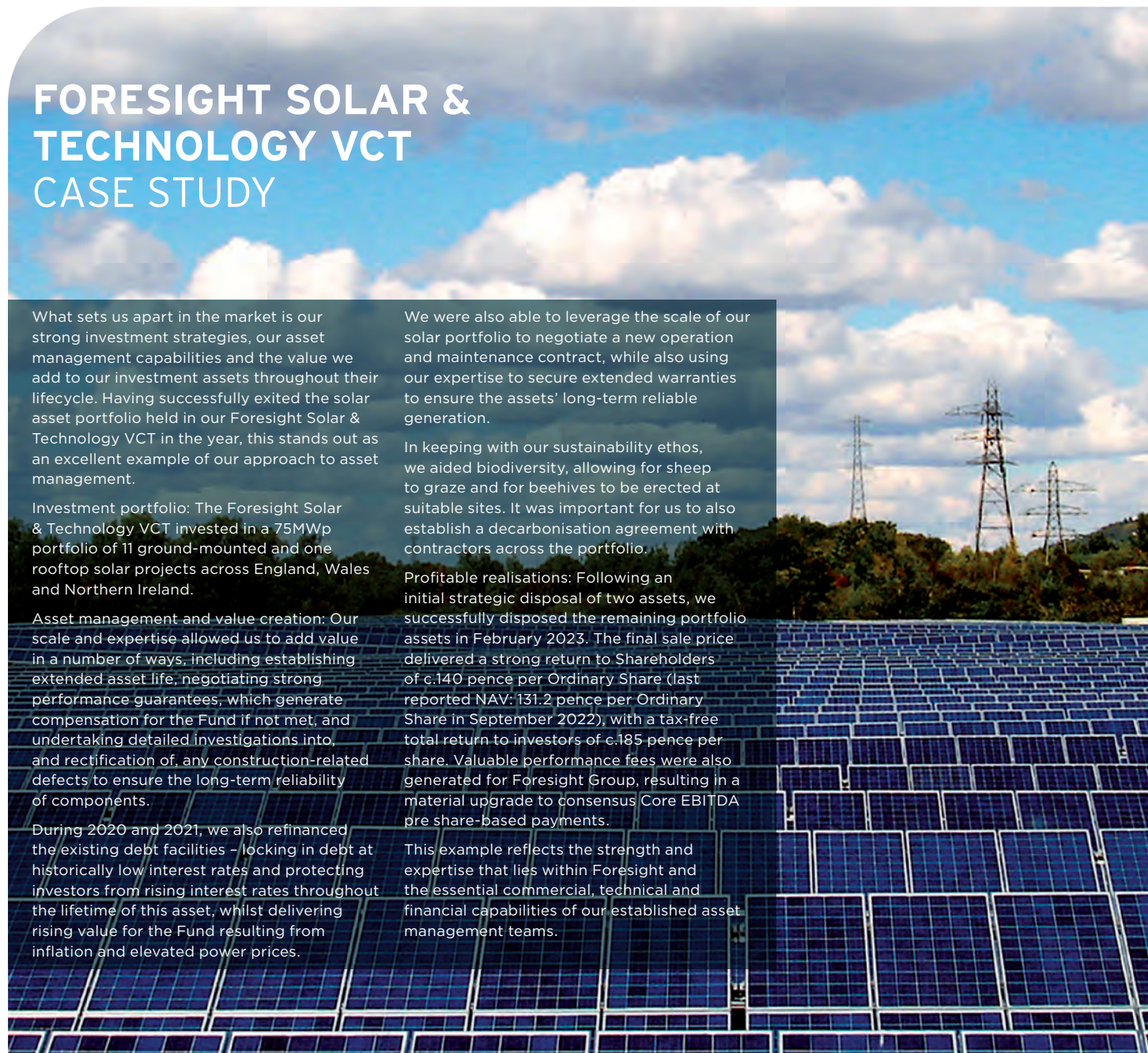
During 2020 and 2021, we also refinanced the existing debt facilities – locking in debt at historically low interest rates and protecting investors from rising interest rates throughout the lifetime of this asset, whilst delivering rising value for the Fund resulting from inflation and elevated power prices.

We were also able to leverage the scale of our solar portfolio to negotiate a new operation and maintenance contract, while also using our expertise to secure extended warranties to ensure the assets’ long-term reliable generation.

In keeping with our sustainability ethos, we aided biodiversity, allowing for sheep to graze and for beehives to be erected at suitable sites. It was important for us to also establish a decarbonisation agreement with contractors across the portfolio.

**Profitable realisations:** Following an initial strategic disposal of two assets, we successfully disposed the remaining portfolio assets in February 2023. The final sale price delivered a strong return to Shareholders of c.140 pence per Ordinary Share (last reported NAV: 131.2 pence per Ordinary Share in September 2022), with a tax-free total return to investors of c.185 pence per share. Valuable performance fees were also generated for Foresight Group, resulting in a material upgrade to consensus Core EBITDA pre share-based payments.

This example reflects the strength and expertise that lies within Foresight and the essential commercial, technical and financial capabilities of our established asset management teams.



## BUSINESS REVIEW CONTINUED

### Market developments continued

In April 2022, the UK Government published its energy security strategy and in May 2022 the European Commission presented its REPowerEU plan, both of which aim to drive improved energy efficiency and the integration of renewable energy options into the power matrix. The political impetus behind these policies to achieve energy security creates increased investment opportunities for us.

In November, the 2022 United Nations Climate Change Conference, COP27, delivered limited progress in strengthening the objective of reducing emissions and not exceeding the 1.5 degrees Celsius threshold. We remain confident that the commitment to climate change initiatives will grow stronger in the coming years and more global emissions will be covered by net zero pledges, supporting further investment in the energy transition.

In March 2023, the UK Government published its Net Zero Growth Plan and the Energy Security Plan, which together form the Powering Up Britain Plan. This outlines a range of new commitments for the ongoing energy transition, including £20 billion for carbon capture, £380 million for electric vehicle charging and £240 million for new green hydrogen projects. It also created Great British Nuclear ("GBN"), with the target to deliver 25% of the energy mix by 2050.

Two important pieces of European legislation were also announced in March 2023, the Net-Zero Industry Act, which aims to accelerate the rollout of key renewable technologies, and the Critical Raw Materials Act, which aims to ensure the supply of critical minerals required for the build out of zero-carbon energy infrastructure. Both Acts are to be discussed and agreed upon by the European Parliament and the Council of the European Union before adoption.

The UK Autumn Statement introduced the Electricity Generator Levy from 1 January 2023, a 45% temporary tax on exceptional renewable generation revenues resulting from high wholesale electricity prices. Similar levies and power price caps have been announced across Europe. The temporary introduction of the new levy will impact investment returns at a period when the cost of capital for energy transition investments is increasing, potentially impacting the development of new projects. However, we remain committed to investing in energy transition strategies and will continue to engage with the UK Government to create an investment landscape that delivers high-quality energy infrastructure which is crucial for boosting energy security and economic productivity.

### Infrastructure outlook

Despite increased inflation and interest rates, powerful long-term structural and regulatory tailwinds within the sustainable infrastructure market remain. This will support the growth of our established strategies whilst also providing opportunities to expand into adjacent asset classes.

There continues to be a global focus on achieving decarbonisation, through the core renewables market and decarbonisation of core infrastructure industries and services, whilst also establishing alternative approaches to energy generation, storage and distribution. Governments have set targets to deliver on this, and to achieve the EU's target of being net zero by 2050, wind and solar capacity needs to grow 20-25% each year to 2030. This equates to around €1.2 trillion of much-needed investment in this decade alone. With our extensive experience in solar and wind across all aspects of the value chain, we are well placed to act as the long-term holder and manager of these assets. We will continue to build diversified portfolios to deliver attractive, risk-adjusted returns, while keeping the key principles of sustainability at the heart of what we do.



**WILDFLOWER SEED COLLECTION**  
at Fordie Estate, Scotland, part of Foresight Sustainable Forestry Company Plc's portfolio.

## BUSINESS REVIEW CONTINUED

### Infrastructure outlook continued

Within the renewables market, our energy transition mandates will continue to target clean energy generation investments as well as the infrastructure that is necessary to support and enable the resulting power systems. We aim to undertake fundraising for FEIP II in FY24/25, building on the strong foundations of FEIP and benefiting from accelerated decarbonisation targets resulting from the increased focus on net zero, security of supply concerns emanating from geopolitical shocks and the regulatory tailwinds of the US Inflation Reduction Act and EU Net-Zero Industry Act.

Another key area emerging from this ongoing effort to reach net zero is the low-carbon, or green, hydrogen market. We believe there will be a complex transition in the hydrogen market, driven by the simultaneous electrification of industry and the growth in new demand from energy users. With analysts predicting significant growth in the hydrogen market by 2050, this could equate to a €5.0 trillion investment needed in the infrastructure to achieve ambitious net-zero targets by this date. As a result of our existing hydrogen infrastructure portfolio and our experience in developing renewable energy projects, we have a clear competitive advantage, enabling us to deliver successfully in this evolving marketplace.

The future foods market also presents us with a significant opportunity. Currently under-reported, global food systems are under increasing pressure because of growing populations, climate change and greater geopolitical conflict. Greater environmental concerns have been raised about traditional forms of food production, resulting in the development of technology-based food production solutions that promise increased productivity, efficiency and sustainability. Institutional investors have an important role in driving the transition to more sustainable and resilient food systems. The Group's proven ability to support management teams to build out their business platforms can create attractive real asset investment opportunities for private investors whilst also helping the food sector deliver against challenging net-zero targets and corporate responsibility agendas.

Global decarbonisation targets will require increasing amounts of private capital to deliver the necessary infrastructure projects, providing our experienced team with a wealth of near-term and multi-year opportunities across several markets.



## BUSINESS REVIEW CONTINUED

# PRIVATE EQUITY



We aim to be the capital provider of choice for small companies in the UK, Ireland and beyond. We provide equity and credit across a broad range of sectors and development stages, partnering with promising companies to help them achieve their ambitions and create long-term sustainable growth.

**£1.4bn**

ASSETS UNDER  
MANAGEMENT

**250+**

PORTFOLIO COMPANIES

**2,500+**

BUSINESS PLANS  
REVIEWED EVERY YEAR

**21**

DIFFERENT INVESTMENT  
VEHICLES

**9**

UK AND IRELAND  
OFFICES

**47**

INVESTMENT  
PROFESSIONALS

**£174m**

INVESTED IN EQUITY  
AND PRIVATE CREDIT  
TRANSACTIONS IN FY23

**69**

EQUITY TRANSACTIONS  
DURING FY23

### What we do

Growth Private Equity

Venture Capital

Private Credit

#### 200 DEGREES COFFEE

a collection of distinctly independent coffee shops, part of the Private Equity portfolio.



## BUSINESS REVIEW CONTINUED

Foresight’s Private Equity division offers a variety of fund structures to facilitate investment by both institutional and retail investors. We make venture capital, growth private equity and private credit investments through our growing network of eight UK offices and our Dublin office. In addition, we provide private credit to secured lending companies, the majority of which service the UK SME market.

### Overview

Our Private Equity division manages investments in over 250 small companies across the UK and Ireland. In line with the Group’s diversified business model, investments cover a wide range of sectors, including healthcare, business services and Telecommunications, Media and Technology (“TMT”), providing greater portfolio resilience throughout economic cycles.

AUM at 31 March 2023 was £1.4 billion, a significant increase of 54% on the prior year (2022: £0.9 billion), representing our strongest performance to date through both organic and acquisition activity.

In the year we grew our distinctive regional footprint further; increased our investment team by 15 (+47%), we opened a new office in Leeds and partnered with the AIB in Ireland to open our first office outside the UK. This ongoing commitment to growing the division reflects the confidence we have in our investment decisions and alignment with key growth markets. Whilst we recognise the impact that consumer pressures have had, including the softening of some of our end markets, we are still achieving strong returns that evidence the strength, capabilities and experience of our Private Equity division.

The successful acquisition and integration of the technology ventures division of Downing LLP substantially increased Foresight’s existing ventures offering and added £275 million of AUM, with these funds complementing the Foresight Williams Technology fund’s hard tech and industrial software focus. The investment teams focusing on these funds complement each other and have created a larger and more resilient centre of excellence focused on venture investing within the Foresight Private Equity division.

### Division AUM split



- Growth Private Equity: £837m
- Venture Capital: £391m
- Private Credit: £201m

### Portfolio split by carrying value



- Business services: 9%
- Consumer/leisure: 10%
- Engineering/industrials: 9%
- Healthcare: 14%
- Industrial and manufacturing: 11%
- Technology, media and communications: 26%
- Private credit: 21%

### Division investment vehicles

**13**

**GROWTH PRIVATE EQUITY FUNDS**

(FY22: 9 funds)

**6**

**VENTURE CAPITAL FUNDS**

(FY22: 3 funds)

**2**

**PRIVATE CREDIT FUNDS**

(FY22: 2 funds)

## BUSINESS REVIEW CONTINUED

### MARKET OPPORTUNITY

Foresight Private Equity is one of the most active regional small company investors in the UK and Ireland. We target investment in sectors with favourable long-term trends and structural growth drivers, partnering with promising companies to achieve long-term sustainable growth. Investments cover a range of maturity profiles, from early stage to more established companies. Annual revenues at portfolio companies are typically in the £2 million to £20 million range, although venture and seed investments can be into high tech, pre-revenue companies, which include university spinouts.

Our regional focus aligns with the UK Government's agenda to invest in and grow regional economies outside London and the South East

We believe transactions requiring up to £10 million are the most attractive in the UK market from a value creation perspective

Opportunities are increasing in the secured lending and private credit market, as SMEs look for alternatives to the high street banks for borrowing

We target sustainable companies that can deliver local impact. Progress on ESG is synergistic with value creation

We are well placed to capitalise on the SME funding gap and cyclical nature of banking appetite

### Sustainable investment approach

As the Group's ethos, sustainability is key to our investment management approach. We look to invest in those small companies that can deliver impact and demonstrate a continuous improvement approach to environmental, social and governance practices. Our expertise in growing businesses has long been recognised, but central to this is our ability to grow responsible, self-sufficient, sustainable businesses. We believe this not only improves business performance, but helps companies stand out from their peers and enables us to drive real additional value through to an exit.

We review investments across four Sustainable Development Goal aligned themes, to understand where each investment may have the greatest impact:

- Health
- Research and innovation
- Quality employment at scale
- Local infrastructure and the environment

Our investment team also apply five ESG principles to evaluate, monitor and encourage portfolio companies to make improvements:

1. Awareness: ESG/sustainability issues on the agenda at board meetings
2. Environmental: Environmental policies and track record
3. Social engagement: Community and stakeholder engagement
4. Governance: Policies and risk management
5. Third-party interactions: Supply chain transparency and interactions with other stakeholders

We are delighted that our achievements in this field continue to be acknowledged by the industry, and we received several awards during the year. This allows us time to reflect on our success at establishing our division as leading sustainability investment specialists. Investing sustainably is core to our investment approach – we do business responsibly and help our portfolio companies do the same.



**BECKETT INVESTMENT MANAGEMENT**  
one of the UK's largest regional providers of financial advice, part of the Private Equity portfolio.

## BUSINESS REVIEW CONTINUED

### Performance

The division delivered an outstanding performance across the year. We demonstrated our capabilities in sourcing and completing investments, and delivered strong exits despite the volatility in the economic environment.

The funds deployed came from 21 vehicles, of which 17 continue to make new investments, and cover a wide variety of sectors and investment types. All our funds are making good progress with deployment and are investing capital at the rates we anticipated.

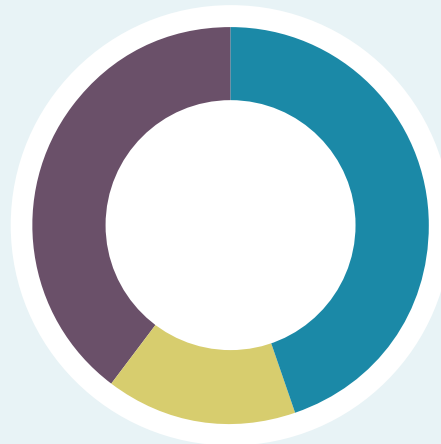
Throughout the year we have made 21 exits at an average cash-on-cash return of 3.7x. The most recent exits in Q4 FY23 included the following portfolio companies:

- Datapath is a true global market leader in the design and development of video wall, multiscreen displays and control room solutions. Foresight supported the company through a period of material growth, which saw revenue rise from £7 million to £25 million. The exit delivered an 11.7x cash-on-cash return for Foresight managed funds.
- Innovation Consulting Group Limited (Gov Grant) is a leading innovation tax specialist which utilised Foresight's experience to help it through a period of considerable growth, strengthen the management team and get it ready for the next stage of its growth journey. The sale delivered a 4.5x cash-on-cash return for Foresight managed funds.

- Mowgli has become one of the UK's most popular restaurant chains, thanks in part to investment from Foresight. The Group invested when there were only three restaurants and helped the company grow to become the leading Indian casual dining group in the UK, with 15 sites now nationally. The exit returned 3.5x cash-on-cash to Foresight managed funds. Please see page 34 for further details.

These exits build on the strong track record evidenced in the prior year and reflects our insight into market trends and understanding of the investment lifecycle despite the currently challenging macroeconomic backdrop.

### Capital deployed (£m)



- Growth Private Equity: £78m (FY22: £61m)
- Venture Capital: £27m (FY22: £20m)
- Private Credit: £69m (FY22: £49m)

**KRYPTO KLOUD**  
a cyber security solutions and service provider, part of the Private Equity portfolio.

## BUSINESS REVIEW CONTINUED

### MOWGLI CASE STUDY

Established in 2014, Mowgli is a fast-growing chain of casual, authentic Indian street food restaurants, that offers a home-from-home environment for customers. We invested in Mowgli in 2017 when it had two sites in Liverpool and one in Manchester, due to its differentiated market proposition, market-leading financials and brand proposition.

The hands-on approach we take with our SME investments let us work together with Mowgli to strengthen the management team, shape their strategy and site rollout plan, and support improved governance at board level.

We also shared a common passion for sustainability with them, with ESG principles a key aspect of our investment ethos and core to the Mowgli brand proposition. In alignment with our “Quality Employment at Scale” theme, we helped Mowgli create more than 500 new sustainable jobs. The restaurants raise money for both The Mowgli Trust and local charities and follow environmentally friendly policies, including sustainable sourcing and energy usage.

Through our Mowgli investment we have generated strong returns for our investors, including local authority pension funds. Hands-on management has helped the company through COVID-19 and the recent downturn in the consumer economy. Mowgli is now established as one of the UK’s most popular restaurant chains.

In January 2023 we announced our successful exit from Mowgli, delivering a 3.5x cash-on-cash return to Foresight managed funds. Having supported the group to grow from three sites to 15, we helped position the company for success in the next stage of its journey.

MOWGLI



## BUSINESS REVIEW CONTINUED

### EKKOSENSE CASE STUDY

EkkoSense, headquartered in Nottingham, is a leading provider of thermal consultancy services, monitoring software and sensors for data centres.

The world is creating more data than ever before and as demand continues to grow this is putting more strain on the data centres that gather, store and share data. The processing systems in data centres are very energy-intensive and generate a lot of heat. This in turn requires a lot of energy to cool the servers to the optimum operating temperatures. Providers are under pressure to run cost-efficient centres with reduced power consumption and lower carbon emissions. This is a key area where EkkoSense solutions make a real difference. As the amount of data increases exponentially, so too does the market opportunity for EkkoSense.

In November 2016, we made our initial investment in the company to enhance and fully develop its market-leading software. In line with our sustainability ethos and objectives, EkkoSense solutions are helping reduce the energy used to cool data centres by up to 30%, with the equivalent reduction in carbon emissions. Given the scaling up needed in data centres to meet future demands, these emission savings will play an even bigger part in reducing the future impact data centres have on the environment.

Utilising our international expertise we have worked with EkkoSense to help strengthen its management and leadership capabilities, encouraged further investment into sales and marketing channels and supported expansion into the US. We believe there are further expansion opportunities for the company globally, helping the world's largest data centre companies and operators manage risk, increase capacity, reduce energy consumption and lower carbon emissions.



## BUSINESS REVIEW CONTINUED

### Fundraising

During the period we delivered exceptional organic fundraising primarily through our private equity Limited Partner vehicles, with retail inflows also achieved across our venture capital and private credit offerings.

Private equity institutional inflows were driven by successful first closes of four new funds (+£132 million)<sup>1</sup>, with additional commitments to existing and new institutional funds totalling £40 million<sup>1</sup>. As a result of these fundraising activities, offices have now opened in Dublin and Leeds, with a presence established in each region.

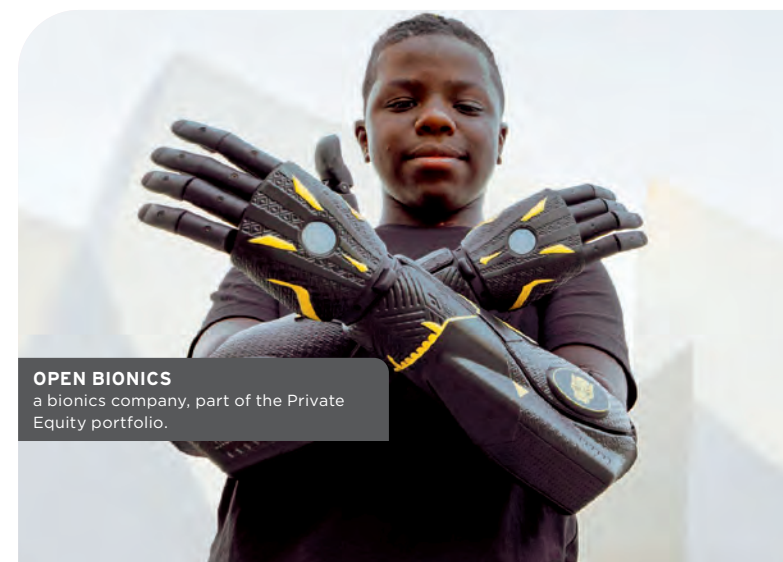
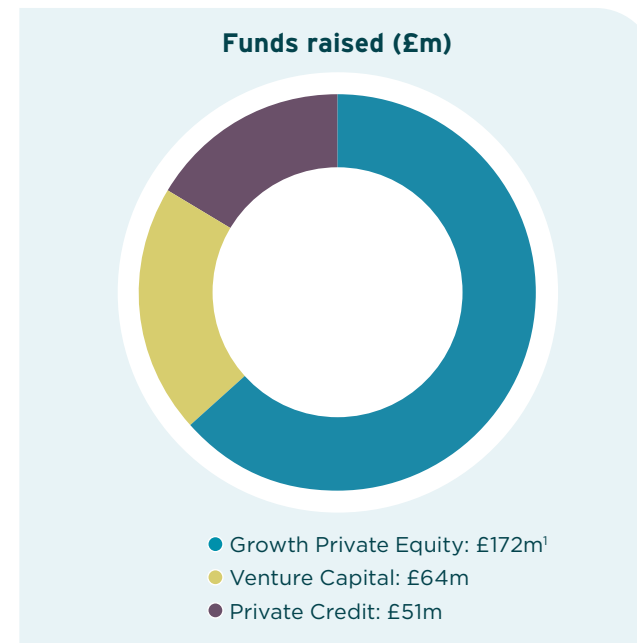
- The Foresight Regional Investment IV LP is a continuation of our regional investment strategy and will support the growth of smaller companies throughout the North-East of England, North Yorkshire, West Yorkshire, the East Riding of Yorkshire and North Lincolnshire. The fund is cornerstoned by Durham County Council, with support from Teesside Pension Fund and the British Business Investment Bank (the commercial arm of the British Business Bank) at second close. First and second closes totalled £24 million<sup>1</sup> and £20 million respectively.
- We have also been appointed by the West Yorkshire Combined Authority to manage a new £20 million fund to support SMEs throughout West Yorkshire. The Foresight West Yorkshire SME Investment Fund will make a significant contribution to West Yorkshire's economy by supporting companies' growth plans and creating high-quality, local jobs.
- AIB, Ireland's largest financial services provider, appointed Foresight to manage a new SME equity fund. The AIB Foresight SME Impact Fund, which is aiming to raise €75 million, raised €30 million at first close and will support small and medium enterprises in building a greener future for Ireland.

- Foresight Regional Investment Fund V LP, our second fund focused on SMEs in Scotland, achieved a £62 million first close from institutional investors. This Fund is dedicated to investment in Scotland and has cornerstone support from Strathclyde Pension Fund and British Business Investments, a wholly owned commercial subsidiary of the British Business Bank. The Fund will invest into SMEs across Scotland; supporting the local Scottish economy, delivering a positive social impact and creating high-quality, local jobs.
- Additional commitments were raised in two further institutional funds. The Foresight Regional Investment III LP secured additional capital of £4 million<sup>1</sup> from both existing and new investors, enabling it to further its impact and support of established, profitable small cap companies in the North-West region. Foresight manage part of the Midlands Engine Investment Fund, focused on the East Midlands, and received a further £16 million additional commitment this year from the British Business Bank, evidencing the strength of this important strategic relationship.

Retail inflows in the period included a number of our venture capital funds launching offers for subscription, successfully raising £64 million in aggregate.

In addition, our Foresight Inheritance Tax Fund, which also invests into private credit assets which are then managed by the Private Equity division, allocated £51 million of total FY23 fundraising to our private credit strategy.

1. Excluding funds already under Foresight management.



**OPEN BIONICS**  
a bionics company, part of the Private Equity portfolio.

## BUSINESS REVIEW CONTINUED

### Private equity market outlook

We expect the coming year to build upon the exceptional performance and fundraising activity delivered in FY23. We will utilise our experience and differentiated operating model to remain one of the most active SME investors, whilst also benefiting from a full 12 months of revenues generated from the funds raised in FY23.

The investment portfolio is well diversified against the backdrop of a challenging economic environment, with a broad base of both well-established smaller companies and earlier-stage high-quality growth companies across a range of sectors. This diversification, as well as our experience of investing through various economic cycles and the low interest rate exposure of our portfolio companies, continues to enable us to successfully navigate the volatility that has been felt across many of our markets recently.

The investment pipeline for FY24 is strong, with the significant fundraising delivered during FY23 providing a platform to deploy capital into attractive investment opportunities that we source through our differentiated network, both regionally across the UK and Ireland and more internationally in the case of venture capital investments. By targeting markets supported by favourable long-term trends and structural growth drivers, such as the UK Government's levelling-up agenda, which aims to support business growth in the regions, our division is well positioned to continue to deliver strong performance. Current market conditions will also only widen the SME funding gap and suppress bank appetite, increasing the number of attractive opportunities available to our funds.

In line with the increasing global focus on decarbonisation, we recognise the opportunities that are arising as governments and companies look to progress their efforts to achieve their net-zero targets. For example, we appreciate the role of hydrogen in the broader energy market transition and therefore this is something we are following closely. Foresight Group has been developing its experience in hydrogen through the Infrastructure division, and we are working to utilise and build on this to put Private Equity in a position of strength to undertake venture deals in the hydrogen market. We believe that hydrogen is a long-term energy source that will come to prominence over the medium term. We are teaming up with the leading hydrogen investors and potential users to build our presence in this market and ensure that we are ready for this expansion. This knowledge-sharing is a key strength of being a part of the wider Foresight Group; we benefit from the wealth of experience and expertise in place across the business, allowing us to learn from the combined experience of our Infrastructure and Venture Capital approaches in the market. This is one of the factors that helps us secure a leading position in new and emerging markets.

We are confident that FY24 will deliver another year of strong performance for the division as the full-year effect of the progress delivered in FY23 becomes apparent. Our diverse business model, across investment stage sectors and end markets, remains well positioned to respond to new developments as the market adapts to a challenging macro landscape and also to take advantage of new opportunities as they arise.



**200 DEGREES COFFEE**  
a collection of distinctly independent coffee shops, part of the Private Equity portfolio.

## BUSINESS REVIEW CONTINUED

# FORESIGHT CAPITAL MANAGEMENT

## AT A GLANCE

We leverage Foresight's deep knowledge of private markets to provide access to real assets and sustainable investment opportunities in listed markets.

### Investment strategies

UK Infrastructure Income

Global Infrastructure

Sustainable Real Estate

Sustainable Future Themes



## BUSINESS REVIEW CONTINUED

As a leader and innovator in sustainability-led investment strategies, FCM is well placed to develop and implement actively managed investment strategies to address the evolving investment landscape. Core investment competencies cover renewable energy, the energy transition, infrastructure, real estate and sustainable equity.

**£1.3bn**

ASSETS UNDER  
MANAGEMENT

**4**

DIFFERENTIATED  
INVESTMENT STRATEGIES



**7**

INVESTMENT VEHICLES

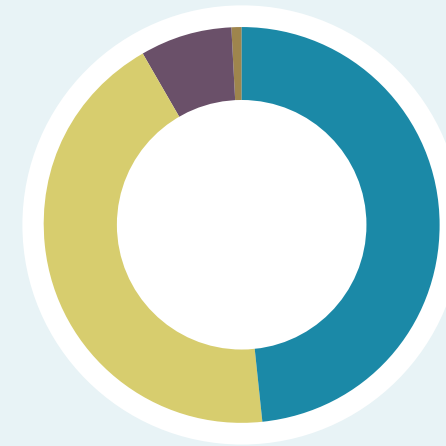
**12**

DEDICATED  
PROFESSIONALS

**2**

INSTITUTIONAL SUB-ADVISORY  
MANDATES

**AUM by strategy as at year end**



● UK Infrastructure Income **£632.8m**  
● Global Infrastructure **£565.0m**

● Sustainable Real Estate **£97.9m**  
● Sustainable Future Themes **£10.2m**



## BUSINESS REVIEW CONTINUED

### MARKET OPPORTUNITY

Globally, there continues to be demand from retail and institutional investors for access to sustainability-orientated investment products that hold listed securities in asset classes such as infrastructure and real estate. Our differentiated approach to this market sets us apart from others, drawing on Foresight Group's experience in investing in private markets through the Infrastructure and Private Equity divisions. This allows us to effectively apply this knowledge and skills base to make compelling investments in public markets.

Continued demand for our open-ended funds

International investors demanding access to sustainable investment strategies, with FCM vehicles now covering the US as well as Europe

Opportunity for us to launch further investment vehicles globally to provide access to our existing strategies

Our FCM platform is scalable and has significant capacity for further growth in AUM

Potential to expand the existing investor base beyond the current focus on IFAs and wealth managers

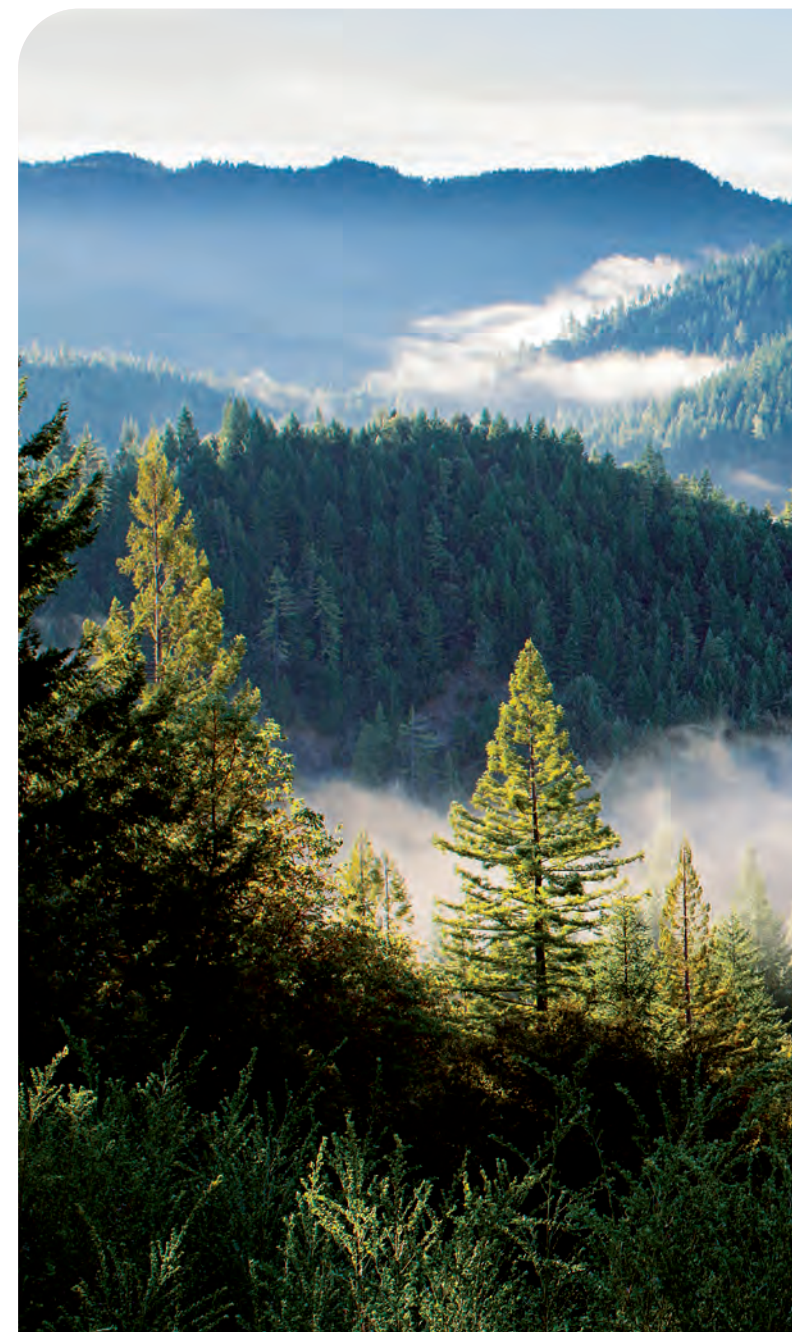
### Overview

Our team of specialist listed securities professionals follows a sustainable, active and bottom-up investment strategy. The team of 12 draws on the wider Group's experience of investing in private markets through the other divisions and applies these skills and knowledge to investing in public markets.

This experience, combined with dedicated internal resource focused on sustainability due diligence and analysis aligned to our sustainable investment policy, creates valuable capabilities and insights that are hard to replicate. By establishing our position as thought leaders, we have also enhanced the sophistication of our approach beyond others in the market.

Our division's UK distribution is primarily through independent financial advisers ("IFAs"), wealth managers and private banks. We work to develop strong relationships with these intermediaries, aiding capital retention. We also act as sub-adviser to two external fund groups: VAM Funds in Europe and Cromwell Funds in the US.

Our investment approach is to target those companies at the leading edge of global sustainable development. We seek to support those businesses that are at the forefront of driving change and making a tangible, sustainable difference. To achieve this, we follow a rigorous process to ensure that we continue to identify those companies in growth markets that can offer ongoing resilience, especially during periods of macroeconomic uncertainty.



## BUSINESS REVIEW CONTINUED

### Investment strategies and funds

FCM offers four investment strategies, which can be accessed through four UK, one US and two Luxembourg domiciled funds:

Strategy	Funds	Investment focus
<b>UK Infrastructure</b>	FP Foresight UK Infrastructure Income Fund (“FIIF”)	Harnesses Foresight’s infrastructure investment expertise and taps into the demand for lower-volatility, predictable inflation-linked income. Launched in 2017, the strategy has grown to total net assets of £633 million at 31 March 2023. The portfolio comprises listed companies active across renewable energy and core infrastructure with a UK focus.
<b>Global Infrastructure</b>	FP Foresight Global Real Infrastructure Fund (“GRIF”) VAM Global Infrastructure Fund (“VAM”) Foresight Global Real Infrastructure (Lux) Fund (“Foresight SICAV”) Cromwell Foresight Global Sustainable Infrastructure Fund	Invests in the publicly traded shares of companies located in developed economies, which own or operate real infrastructure or renewable energy assets anywhere in the world. With a growth-focused investment objective, the strategy was launched in June 2019 and has grown its total net assets to £565 million at 31 March 2023.
<b>Sustainable Real Estate</b>	FP Foresight Sustainable Real Estate Securities Fund (“REF”)	This strategy was launched in June 2020 to provide investors with exposure to a highly liquid and globally diversified portfolio of Real Estate Investment Trusts.  Given the lack of liquid open-ended funds in the UK that address sustainable real estate in a focused manner, REF is a highly differentiated strategy.  As at 31 March 2023, the strategy’s total net assets were £98 million.
<b>Sustainable Future Themes</b>	FP Foresight Sustainable Future Themes Fund (“SFT”)	The Sustainable Future Themes strategy aims to grow capital over a five year period by investing in companies that meet the investment manager’s sustainability criteria for positive environmental and/or social impact. The strategy targets attractive risk-adjusted returns by investing in a global portfolio of scalable listed companies that address the core themes of sustainable development and decarbonisation as a key sustainable investment focus. As at 31 March 2023, the strategy’s total net assets were £10 million.

## BUSINESS REVIEW CONTINUED

### Performance

We delivered a resilient performance in FY23, which was characterised by highly volatile and challenging market conditions caused by increased macroeconomic and geopolitical uncertainty.

Persistent inflation and central banks raising interest rates at a fast pace resulted in markets experiencing a reset in valuations. This impacted pricing across risk assets and notably in listed real assets where changes to the discount rate caused repricing based on the long duration nature of cash flows. The market also seemed to under-price the defensive business models and inflation-linked contractual uplifts that the companies in the listed real assets sector benefit from in the prevailing inflationary environment. Geopolitical uncertainty exacerbated the situation, through political instability in the UK and sterling volatility. The Ukraine war was not only a humanitarian crisis but highlighted further weaknesses in global supply chains as commodity prices sharply increased and initially drove the inflation spike. Overall, energy was the best performing sector within equity markets.

Against this challenging backdrop we delivered a robust relative performance, with AUM reduced by 19% to £1.3 billion (FY22: £1.6 billion), reflecting net outflows of £(0.1) billion and market performance of £(0.2) billion. We continued to meet the investment objectives of all our funds in FY23.

The FP Foresight Sustainable Future Themes Fund (“SFT”) launched at the end of FY22 and the strong relative YTD performance of -1.5%, being ahead of the benchmark and comparable peer strategies, provides the foundation for ongoing delivery in FY24.

## CROMWELL CASE STUDY

Building on FCM’s capabilities and growing track record as a sub-adviser, on 31 January 2023 we launched the Cromwell Foresight Global Sustainable Infrastructure Fund. Our partnership with Baltimore-based Cromwell Funds enables us to build on our success as a sub-adviser, whilst enhancing our reach into the important US asset management market.

A key element of our strategy is to expand our geographic footprint and our expansion into the US delivers on this and further strengthens the resilience of our diversified business model. This new sub-advisory partnership presents us with a low-cost opportunity to build scale within the Fund, as well as elevate the US profile of the Foresight brand.

The Fund mirrors our existing global real infrastructure strategy, whilst being underpinned by our sustainability-led, active and bottom-up investment approach that draws on the wider Group’s experience in investing in private markets and applying these skills and knowledge to investing in public markets.

The Fund offers US investors an attractive entry into a portfolio that is focused on sustainable energy infrastructure. We are encouraged by the continued focus on global policies on decarbonisation and believe the recent US Inflation Reduction Act will generate further opportunity for us in the market.

The Inflation Reduction Act focuses on addressing the real threat of climate change and driving the global clean energy economy forward. We are well placed through our fund to capitalise on our extensive capabilities and experience alongside the strong and well-established distribution capabilities of Cromwell Funds to maximise the potential for future inflows.

By partnering with Cromwell Funds in this Fund, we are enhancing the Fund’s growth potential, recognising the strong distribution and marketing channels Cromwell Funds has established. We look forward to sharing our successful high-quality investment approach with the Cromwell Funds sales teams and extensive broker and financial adviser network, as we work together to deliver ongoing sustainable investment opportunities and performance.



## BUSINESS REVIEW CONTINUED

### Performance continued

We are confident that the Fund should benefit from opportunities in sectors that have secular tailwinds, as well as the strong tailwinds supported by legislation, such as the Inflation Reduction Act, REPowerEU and the Green Industrial Plan in the EU, a response to the US that aims to boost European manufacturing of key transition technologies. SFT is our first mainstream equity fund and its success to date has been built on our in-house expertise in sustainable investing.

In Q4 FY23, we expanded the Group's geographic footprint into the US market through our appointment as sub-adviser to the Cromwell Foresight Global Sustainable Infrastructure Fund. This is our first US fund and provides an important route into the US market, which remains the largest asset management market globally. We have been pleased by the performance of the fund to date with initial inflows already achieved. We are focused on diversifying our geographical presence and the successful launch of this fund is a significant step on this journey, allowing us to access differentiated sources of capital and a wider selection of markets to operate within.

Fund	Inception date	12-month TSR	TSR since inception
<b>FP Foresight UK Infrastructure Income Fund</b>	4 December 2017	(11.32)%	25.37%
<b>FP Foresight Global Real Infrastructure Fund<sup>1</sup></b>	3 June 2019	(14.18)%	26.27%
<b>FP Foresight Sustainable Real Estate Securities Fund</b>	15 June 2020	(27.49)%	(8.88)%
<b>FP Foresight Sustainable Future Themes Fund</b>	28 March 2022	(5.70)%	(5.87)%

### FCM market outlook

We have navigated the challenging macroeconomic conditions experienced by equity markets in FY23 and remain confident in the underlying fundamentals and earnings quality of our sustainable investments. We will continue to invest in those companies that demonstrate robust approaches to addressing the ongoing challenges being faced in the current economic environment.

In FY24, the division remains well positioned, with underlying sectors such as sustainability, decarbonisation and renewable infrastructure expected to benefit from long-term structural tailwinds. Material legislation passed in recent months, such as the Inflation Reduction Act in the US, should ensure continued flows of investment capital over many decades into core FCM investment themes such as the energy transition.

Our division's expansion into the US market provides a growth opportunity that could exceed that of the current UK business. Additionally, we are actively pursuing further distribution opportunities, with Europe being a key focus in the near term.

A number of our strategies invest into underlying asset classes and sectors that can provide exposure to companies with inflation-linked returns. This element of inflation-linkage should remain valuable to our target investor base and support positive inflows into the funds as IFAs, wealth managers and Discretionary Fund Managers ("DFMs") seek to protect client portfolios from the effects of inflation.

We remain confident in the long-term value of the renewable energy assets within the FCM portfolio. We feel positive about our strategic position and our focus remains on expanding into those adjacent markets that enable us to broaden our current suite of funds, strengthen our offering and differentiate us from others in the market.

1. FP Foresight Global Real Infrastructure Fund strategy has other available access points through funds with various currency classes.

## BUSINESS REVIEW CONTINUED

### SFT CASE STUDY

To limit global warming to 1.5°C above pre-industrial levels emissions need to fall by 7% year-on-year over the next decade. This is against the backdrop of an increasing global population, expected to be just under 10 billion by 2050, living more carbon-intensive lives. Stopping economies from performing carbon-intensive activities will not be enough to hit global decarbonisation targets; economies must innovate their way towards emissions reductions through the commercialisation of new technologies and processes. To do this, funding and investment must be available to support those helping deliver on this ambition, which aligns with Foresight's investment ethos.

We launched our FP Foresight Sustainable Future Themes Fund ("SFT") in March 2022 to support our drive to invest into securities positioned to both benefit from and positively impact the global agenda to decarbonise and ensure sustainable economic development. FCM believes that the operational footprint and economic activity of a company is integral in the transition to a decarbonised, more climate-resilient economy. The Fund's sustainable investment process analyses a prospective holding's strategy, economic

activity and fundamental purpose; ensures UN Global Compact, UN SDG and revenue alignment; and includes technology assessments to ensure all companies in the fund portfolio reach the sustainable investment threshold required for inclusion. As a result, the Fund's portfolio has a deep grounding in climate science, overlaying a climate-analytical lens on social issues, and fundamentally impacting the real economy through the products and the services of its underlying holdings.

SFT's sustainable investment pillars have been chosen to ensure capital is invested into companies addressing this global challenge.

**1. Sustainable energy:** There will be substantial energy system changes to reduce emissions over the next 30 years, including reduced fossil fuel consumption, increased production from zero-carbon energy sources, increased electrification, and the use of alternative energy carriers.

**2. Sustainable food, land and forestry:** Agricultural production and land use must undergo transformations to protect limited natural resources, generate lower carbon emissions, and secure food for the world's growing population.

**3. Waste, water and the circular economy:** The circular economy contrasts with the current "take/make/waste" linear approach that focuses on the unsustainable use of natural resources to drive economic growth.

**4. Health and education:** Education is the most powerful lever available for breaking intergenerational poverty.

**5. Digital world:** The proper development and deployment of digital technology will be necessary for the world to hit its 2030 SDG targets.

The foundation of SFT's sustainable investment approach is based upon the concept of "double materiality". A double materiality approach focuses on a company's operational footprint whilst also assessing the environmental and social impacts of the products and services that company provides. This sets our fund apart from many others, which only assess the internal operational performance of a company, omitting the crucial assessment of the impact of their goods and services. By considering both, we are reassured that we are supporting those companies who ultimately are making the vital tangible and material difference to the decarbonisation of the global economy.

**BUSINESS REVIEW** CONTINUED

# SUSTAINABILITY

Summary of sustainability and climate disclosure

**SUSTAINABILITY**  
**SUSTAINABILITY REPORT 2023**

**CLIMATE DISCLOSURE SUMMARY:**  
**TCFD**  
**CLIMATE DISCLOSURE 2023**

**MORE DETAIL**

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>

## SUSTAINABILITY

### Sustainability summary

Sustainability underpins all our investment and business decisions, with our key focus areas continuing to centre around nature, climate, emissions and our culture. This year we have published our inaugural Sustainability Report alongside our Annual Report, which provides the full detail on all that is included in this section.

As a Group, we have continued to progress our approach to sustainability reporting and our commitments to making a positive impact. Without data, we cannot set meaningful goals for our investments or for the wider Group, and so this year we have worked with PwC to develop our own sustainability management platform, “PACT” using Salesforce’s Net Zero Cloud application. This will support both the corporate business and our private equity portfolio of SMEs including the Private Equity division’s new impact fund, which supports Irish SMEs.

New investment streams in the year demonstrated our commitment to transition the wider economy, not just the energy industry alone.

Whilst we continue to invest in renewable energy generation and enabling projects such as battery storage, we have also invested into geothermal and hydrogen, as well as regenerative farming and sustainable on-land fisheries. To further support our progress. We have created three new sustainability-focused roles, helping us maintain our leading sustainability position and growing AUM.

In June 2022 Foresight officially partnered with the Eden Project to deliver nature recovery across our portfolio and support us in the work we do to engage positively with the natural environment. Since then, we have launched our Nature Recovery Ambition Statement, a collaboratively written document which calls businesses to action, setting out the approach Foresight will take in tackling the nature crisis through the land that we manage and our engagement with communities.

We expect the coming year to bring new challenges, particularly in relation to upcoming regulations. One key area that has had significant traction this past year is human rights. Foresight Group has recently published its Human Rights Policy and we plan to build on this over the coming years to better inform our due diligence processes and our engagement with our supply chains.



**FORESIGHT SUSTAINABILITY FORUM 2023**  
hosted at the Eden Project, sustainability partner to Foresight.

#### MORE DETAIL

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>



**United Nations**  
Global Compact



## SUSTAINABILITY CONTINUED

### Our definition of sustainability

Sustainability lies at the heart of Foresight’s strategy, and we recognise that our ability to succeed today is dependent upon our ability to positively enhance the world for both current and future generations.

In all aspects of executing our business plan we retain a focus on the long term, whether it is making investments, building trusted relationships with investors, or creating environments where our employees can flourish and contribute year after year.

The United Nations Brundtland Commission defined sustainability over 35 years ago and the definition has stood the test of time. It is important to keep this in mind as this is the staple definition upon which we base our sustainability approach: “meeting the needs of the present without compromising the ability of future generations to meet their own needs”.

We consider sustainability to be the strategic direction and ESG as the framework used to implement sustainability into all we do. We believe that acting conscientiously as a business, and investing responsibly to achieve positive social and environmental outcomes, are critical to the long-term success of both Foresight and the funds we manage. The Group’s sustainability strategy builds upon the Principles for Responsible Investment (“PRI”) and UN Global Compact (“UNGC”) frameworks, of which we have been signatories since 2013 and 2019 respectively.

In 2022 we received our latest set of PRI scores:

Division	Star scoring (out of 5)
Group	★★★★★
Infrastructure	★★★★★
Private Equity	★★★★★
Foresight Capital Management	★★★★ X2 ★★★ X2

We set ourselves apart from others by the integral role sustainability has in our business model. It is wholly embedded into the investment process ensuring that sustainability considerations are one of the first things that we consider when investing or fundraising and not something we try to implement as an afterthought. It has been at the heart of our business since our creation and will remain there for decades to come.

### Carbon reduction plan

It is the responsibility of all businesses and individuals to reduce emissions to mitigate the impacts of climate change and ensure a sustainable future for us all. Over the last four years, we have been measuring our corporate carbon footprint covering scope 1 and 2 emissions and material scope 3 categories, including travel. In FY22 we worked with a third party to calculate our emissions for our investment portfolio for the first time.

Data is knowledge – it will inform strategic decision making and enable us to demonstrate the impact that we’re making. With improved data, we can set more meaningful targets and action plans across the full sustainability spectrum. This is particularly important when measuring our emissions and we can set goals for improving data quality so that our emissions reporting becomes more consistent.

#### MORE DETAIL

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>

## SUSTAINABILITY CONTINUED

### CarbonNeutral® certification

In 2021, the Group committed to neutralising our corporate carbon footprint (excluding financed emissions) annually whilst we worked on our carbon reduction plan with the ultimate goal to achieve net zero emissions across the business. Following the calculation of our emissions annually we work with Climate Impact Partners to select offsets with a focus both on renewable energy avoidance projects and carbon sequestration projects through natural capital investments.

### Stewardship Framework

In 2023, we formalised and updated our Stewardship Framework for areas that engage with proxy voting. We are an active owner that upholds its fiduciary responsibilities through maintaining an active approach to stewardship with robust management and governance structures in place.

We published our Stewardship Framework to disclose the processes maintained and oversight in place to ensure that capital is allocated to the areas that create sustainable long-term value for Shareholders. We have devised the Framework to ensure our activities are conducted in a manner that is aligned to the Principles of the FRC's Stewardship Code.



#### MORE DETAIL

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>

### Energy transition

The “just” energy transition is a critical aspect of addressing the global climate crisis. As an investment manager, Foresight Group recognises the urgent need to transition to a low-carbon economy that is both sustainable and equitable. The transition must not leave any individuals or communities behind, especially those who are most vulnerable to the impacts of climate change.

**Hydrogen** - We are actively engaged in supporting the development and deployment of hydrogen solutions, such as our green hydrogen electrolysis plant investment, recognising its immense potential in the energy transition.

**Battery storage** - We are one of the few established energy infrastructure investors with a substantial proven track record in the battery storage and flexibility sector. To date, Foresight-managed funds have acquired the development rights for c.400MW of standalone UK battery energy storage system (“BESS”) projects, including c.256MW of acquisitions in FY23 that included both distribution and transmission connected projects in England and Scotland.

### Nature

In the face of the nature crisis, Foresight is thinking differently and creatively about how we manage, and make the most of, the opportunities our land and waterways afford. In future, we intend to expand the areas of nature we will invest in beyond forestry, for example into soil and oceans.

Nature recovery is also about people and their relationship with the planet. If nature prospers, so will business. Foresight is in a strong position to take action in an organised way, by utilising the land and our contacts to deliver nature recovery and meaningful biodiversity enhancements.

### Eden Project partnership

In the year since we launched our partnership with the Eden Project it has become even more evident just how essential it is that businesses collaborate to deliver benefits to nature and support climate change mitigation.

Foresight's Nature Recovery Ambition Statement sets out our ambition to drive nature recovery and deliver biodiversity enhancements across our portfolio. One of the bigger initiatives underway with the Eden Project is the composition of a “Nature Recovery Blueprint”, which will seek to guide land managers on the practical actions they can take to measure, manage and improve nature and biodiversity across their land holdings. FSFL's solar portfolio is acting as the basis for this blueprint, and specific sites have been selected as potential pilot projects, where targeted approaches to sustainable land management and proactive, nature-focused interventions will be applied to try and maximise biodiversity gain. Sandridge solar farm is the first of these projects. As one of FSFL's larger sites, it offers huge potential for the implementation of nature recovery interventions that have the ability to create meaningful change to the site's biodiversity.



## SUSTAINABILITY CONTINUED

### Adding the “E” to I&D

Foresight is resolute in its dedication to enhancing the employee experience and level of support. We consistently search for innovative approaches to safeguard our strategies and frameworks for the future, ensuring that our staff feel appreciated and supported in all aspects of their work. Additionally, we understand the significance of sustainability and are committed to integrating it into every employee’s interaction throughout their Foresight career. Our objective is to foster an inclusive and sustainable work environment that empowers our personnel to prosper both personally and professionally.

We are pleased to announce that our commitment to Inclusion and Diversity (“I&D”) now incorporates equity, a crucial component in addressing systemic barriers and disparities to foster a supportive and inclusive workplace culture for all employees at Foresight.

As part of this commitment, we were proud to launch our comprehensive DE&I Policy and strategy in FY23, alongside a range of impactful initiatives designed to achieve our targets. Notably, our efforts to promote gender equality have seen progress in our Women in Finance target, with 26% representation in senior leadership roles and bespoke Women in Leadership courses sponsored by our Chairman with our CFO serving as Executive Committee sponsor.



#### MORE DETAIL

on our sustainability progress can be found in our inaugural Sustainability Report <https://foresight.group/sustainability-report-fy23>

### Learning and development

In March 2023, ESG specialist consultants from PwC delivered a training session to the Board and wider senior leadership team at Foresight Group covering “climate and ESG regulation awareness”. The presentation was well attended and actively engaged with by members of Foresight’s Board, compliance team, Head of Risk, Head of PSC, Head of IR and leaders of the different investment streams. We will continue to deliver similar sessions to our leadership teams on a regular basis.

Additionally, the Foresight Infrastructure Sustainability team ran a scoped emissions training session for JLEN’s Board in February 2023. The aim of the session was to give the Board an overview of emissions categories and to develop an understanding of methodologies and challenges in capturing accurate scoped emissions data. The session will help the fund gain further support from the Board to undertake activities to improve the accuracy of the funds’ scoped emissions data.



## CLIMATE DISCLOSURE SUMMARY: TCFD



The TCFD summary should be read together with our standalone Climate Disclosure which can be found on our website. The full Climate Disclosure contains additional information on our exposure to transition risk and physical risk. The disclosures in this Annual Report are consistent with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations setting out how the Group incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets. The Group continues to develop its metrics and performance targets to better manage climate-related risks and opportunities on its path toward full compliance with the TCFD recommendations.

In the past year, significant progress has been made in strategy through our scenario analysis work with Climonomics and in emission tracking due to the launching of our own Corporate and Private Equity level sustainability platform, “PACT”.

Further work will take place in developing scenario analysis beyond our Infrastructure division and into our investment process, as well as improving the data quality flowing into our platform which will facilitate compliance readiness for anticipated ESG regulatory requirements across all our Private Equity portfolio companies and funds.

Our stakeholders expect transparency on our climate-related risks and opportunities, and our reporting assists the understanding of climate change implications for the Group. Climate change will continue to be a defining driver of the global economy, financial markets and society in the future. Investors will be unable to avoid the impact of climate change but can support investment strategies intended to slow, halt and even reverse the rise of average global temperatures.

As a manager of funds invested in sustainable resources and technology, we are predominantly concerned with the indirect emissions from our investments and their potential impact on the environment.

We are committed to improving our analyses of climate-related risks and opportunities, in order to mitigate the risks and safeguard our clients’ investments. The TCFD seeks to provide investors with a common reference framework to assess the comparative approaches of investment firms to climate-related initiatives and reporting.



### MORE DETAIL

can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Governance

Our Governance structures have remained consistent throughout FY23 with Board and Executive Committee level oversight of climate-related risks and opportunities, and sustainability representatives at all levels. The Executive Committee is committed to ensuring there will be sufficient ongoing training and guidance for the Board.

In March 2023, PwC’s ESG specialists delivered training to the Board and the senior leadership team on climate and ESG regulations. The session was attended by members of Foresight Group’s Board, compliance team, Head of Risk, Head of PSC, Head of IR and leaders of the different investment streams. Additionally, we conducted a training session on scoped emissions for JLEN’s Board in February 2023, led by the Foresight Infrastructure Sustainability team.

These sessions demonstrate our commitment to training and guidance at all levels across the Group. In future, we will incorporate climate-related mandatory training modules to ensure our service remains market leading. Proving our expertise when it comes to handling sustainability mandated, principled and marketed funds is something we feel we must do.

The Sustainability Committee, which is chaired by the Head of Group Sustainability Lily Billings, continues to meet on a monthly basis to implement the sustainability strategy through the Committee and supporting working groups. The Committee aims to promote inclusivity in all activities, ensuring those working in regional and international offices are considered when delivering the sustainability strategy and initiatives and the Committee’s strategic recommendations.

We will continue to refine our governance processes to ensure Foresight has sustainable processes and oversight in all areas of the business, to ensure the sustainable strategy is executed consistently.

### Strategy

As part of our ongoing development of integrating climate considerations into our business processes, we continue to monitor our progress under the Strategy pillar of the TCFD framework. We have and will continue to conduct a scenario analysis of our infrastructure portfolio, integrating both physical and transition risks and opportunities. This part of our business was prioritised due to the asset types being more susceptible to a broader array of climate-related risks. The S&P Global Climonomics platform offers market-leading analysis across the four Representative Concentration Pathway (“RCP”) scenarios, generating a Net Asset Value (“NAV”) and the resulting share price change.

For the FY23 Infrastructure portfolio, the analysis found:

Scenario	Impact on NAV
<b>RCP 2.6</b> Assumes that emissions peak early and then fall due to the active removal of GHGs from the atmosphere. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 0.9 to 2.3°C.	<b>+0.80%</b>
<b>RCP 4.5</b> Implies co-ordinated action to limit GHG emissions to achieve a global temperature warming limit of approximately 2°C, wherein global emissions peak around 2040 and then decline by 2045.	<b>Central case</b>
<b>RCP 6.0</b> Assumes a high GHG emission rate with radiative forcing stabilisation only after 2100. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 2.0 to 3.7°C.	<b>+0.72%</b>
<b>RCP 8.5</b> Assumes that no major global effort to limit GHG emissions will be brought into effect. It is estimated that end-of-century increases in global mean surface temperature will be in the range of 3.2 to 5.4°C.	<b>-1.97%</b>

**MORE DETAIL**  
can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Strategy continued

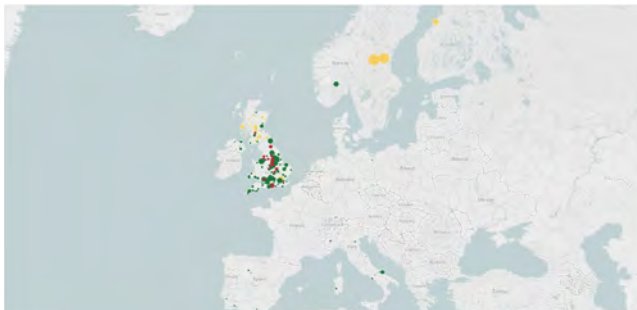
#### Physical risk summary by location



Climanomics' analysis highlighted that temperature extremes form the most material risk across the portfolio but the overall physical risk to the whole portfolio of this risk is low. The only significant transition risk impact is likely to be carbon pricing. However, the impacts of carbon pricing are more pertinent in more stringent emissions scenarios.

The landscape of scenario analysis is evolving quickly, and current assessments are made with the most credible existing frameworks and input data available. Given the very nature of this analysis, limitations remain. However, Foresight Group is committed to using best-in-class methodologies to accurately estimate its performance under different climate futures and will continue making the necessary adjustments as the methodologies progress to incorporate the findings into our investment process. In future we are also looking to extend scenario analysis to the wider Foresight Group and investment streams.

#### Transition risk summary by location



**MORE DETAIL**  
can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED



### Risk management

Developments in Group risk include the use of a new risk management platform to monitor risks and the effectiveness of our control framework. Foresight’s risk taxonomy looks at the ESG risks on an individual basis but also considers ESG factors as they contribute to other risks across the Group. The platform plays a significant role in raising awareness about climate change sensitivities across the businesses and Group functions, fostering a culture of sustainability.

The risks and opportunities set out in our past climate disclosures still apply. We continue to analyse the risks arising from climate change that could have a material financial impact on the Group.

Beyond our scenario analysis, we have begun implementing Group-wide mitigation programmes to extreme weather-related events with our project that is looking to enhance biodiversity across the land that we manage. Nature and planting methodologies can be used to reduce flood risk, enhance resilience to fire and reduce the impact of localised temperature increases. The Infrastructure Team has been working with the Eden Project to develop a “Nature Recovery Blueprint”. The Blueprint will seek to guide land managers on the practical actions they can take to measure, manage and improve nature and biodiversity across their land holdings.

Foresight Group has also made progress reducing its regulatory risk by following, with the support of external consultants, the progress of the ESG Rulebook, which formalised TCFD and will shortly include rules and guidance for the UK Sustainability Disclosure Requirements (“SDR”).

We will continue to assess various mitigation techniques and monitor regulatory changes through internal projects and external collaborations to ensure the effective management of our sustainability risks for the Group going forward.

#### MORE DETAIL

can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>

## CLIMATE DISCLOSURE SUMMARY: TCFD CONTINUED

### Metrics and targets

Our FY23 emissions, gathered through PACT, as verified by external sustainability consultants, Turley.

Scope	FY22				FY23			
	Total (tCO <sub>2</sub> e)	tCO <sub>2</sub> e/£ million revenue	tCO <sub>2</sub> e/FTE (End of year 260.5)	tCO <sub>2</sub> e/FTE (Year average 250.3)	Total (tCO <sub>2</sub> e)	tCO <sub>2</sub> e/£ million revenue	tCO <sub>2</sub> e/FTE (End of year 361.1)	tCO <sub>2</sub> e/FTE (Year average 313.5)
Scope 1	2.3	0.03	0.01	0.01	<b>7.1</b>	<b>0.06</b>	<b>0.02</b>	<b>0.02</b>
Scope 2	72	0.8	0.3	0.3	<b>183</b>	<b>1.5</b>	<b>0.5</b>	<b>0.6</b>
Scope 3	372	4.3	1.4	1.5	<b>725</b>	<b>6.1</b>	<b>2.0</b>	<b>2.3</b>
Scope 1+2	74	0.8	0.3	0.3	<b>190</b>	<b>1.6</b>	<b>0.5</b>	<b>0.6</b>
All scopes	447	5.2	1.7	1.8	<b>908</b>	<b>7.6</b>	<b>2.5</b>	<b>2.9</b>

In the financial year 2023, there was a rise in all scope emissions. The figures have differences arising from scope boundaries and estimation methodologies which means they cannot be directly compared. However, some notable changes can be attributed to the increase of overall emissions arising from the acquisition of ICG, three new offices (Dublin, Sydney and Melbourne), commuting emissions continuing to rebound to pre-pandemic levels, and an increase in business travel due to the distance of Foresight’s new Australian business from our other operations.

The higher emission per employee for scope 2 emissions can be attributed in part to a smaller window for office data gathering and an increase in our use of estimates. For example, due to the lack of energy consumption data for 75% of our offices, we used the US Environmentally Extended Input-Output (“USEEIO”) 2018 Building Intensity data set from Net Zero Cloud to fill the gaps. Poorer data quality has resulted in harsher values (in general) which we will remediate by gathering better data from our offices on a quarterly basis.

In future, Foresight will continue to use our PACT platform across the corporate business function and Private Equity investment division for emissions reporting. We will continue to adopt best practice through third-party verification of our corporate business emissions (aside from investment emissions at present).

Our data verification this year was supported by a list of recommendations and corrective actions for our platform to enact in the ongoing year. We will support the upgrades with ongoing collaboration with our office managers and travel company data providers to improve their data quality, with an update to be given in our next disclosure. This, in turn, will improve the overall accuracy of our emissions data.

We are not yet fully compliant with the recommendation to align climate-related key performance indicators to remuneration practice, but we are engaged in the analysis phase of the process.

### Our Scope 3 Category 15 financed emissions:

The total operational carbon footprint of 908 tCO<sub>2</sub>e is dwarfed by our financed emissions due to the nature of our business. Using Partnership for Carbon Accounting Financials (“PCAF”) and Bloomberg emissions data for the three investment streams, we estimate that our financed emissions make up 99.96% of our total emissions. Please refer to the full Climate Disclosure for more detail.

For context, our significant investment in renewables and other climate-positive opportunities has resulted in the Infrastructure division’s assets avoiding 1.3 million tCO<sub>2</sub>e when compared to the UK national grid. This is a statistic that we are proud of and will continue to monitor as the renewable parts of our Infrastructure portfolio expand.

Please find the link to our full Climate Disclosure for FY23 on our website, here: <https://foresight.group/climatedisclosure-fy23>

**MORE DETAIL**  
can be found in our Climate Report at: <https://foresight.group/climate-disclosure-fy23>



## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS

The Board recognises the fundamental roles our stakeholders play in achieving the Group's long-term success and generation of value for Shareholders.

The Board considers the engagement with its various stakeholders to be extremely important in ensuring the resulting outcomes of our operational, investment and strategic decisions are sustainable and positive. Through active engagement, we are able to foster relationships and collaborations, enhancing the quality of our interactions. This enables us to gain valuable insights and better comprehend the potential implications our business decisions may have on our Group and/or stakeholders. Consequently, we ensure we are sufficiently and appropriately informed to effectively manage any negative impacts with a strong commitment to finding satisfactory solutions for all affected parties.

As a sustainability-focused business, we remain conscious of our economic, environmental and social values. Accordingly, we endeavour to ensure that our service providers and suppliers reciprocate these values and by doing so, we ensure that our high standards permeate all facets of our activities.

We employ a variety of approaches to achieve stakeholder engagement, utilising both formal contractual arrangements, informal channels and operational practices designed to ensure the transparency of our sustainability considerations, both within our business activities and as a corporate entity.

Stakeholder engagement is facilitated by both the Board and our senior management and employees, co-operatively and collaboratively. We value the insights and perspectives gained from these interactions, which are subsequently shared through various communication channels. We report the outcomes of our engagements at local and global levels, as appropriate. In response to these engagements, we may change and improve our policies, processes and controls, and also explore opportunities for developing new and existing products.

The table overleaf summarises the typical engagement we have with our key stakeholders. Additionally, our s172 statement provides three case studies that illustrate some of the more significant areas of engagement during the financial year and the resulting outcomes.



#### Our stakeholders

SHAREHOLDERS

COLLEAGUES

CLIENTS, ADVISERS AND INVESTORS

COMMUNITIES AND CHARITIES

SUPPLIERS AND SERVICE PROVIDERS

REGULATORS AND INDUSTRY BODIES

## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED

#### Key stakeholder groups - why these groups are considered to be key stakeholders



#### OUR SHAREHOLDERS, CURRENT AND FUTURE



Our Shareholders are the owners of our Company and we are committed to delivering long-term, sustainable value to this important stakeholder group. Engaging with Shareholders is crucial as it allows them to gain a comprehensive understanding of our strategies, activities and overall performance. This is a fundamental aspect of our corporate governance framework.

#### Stakeholder engagement undertaken during the financial year

- RNS announcements on all material updates
- Engagement programme for significant Shareholders to meet with the Executive Directors
- Shareholder/analyst conferences and roadshows
- Annual/half-year reporting
- AGM
- Meetings with Chairs of Board and Board Committees
- Dedicated Investor Relations team
- Opportunities to engage via the Company Secretary

#### Board role in engagement

The Board is dedicated to delivering long-term, sustainable value to our Shareholders. We value Shareholder feedback highly and consider it a valuable source of insight and guidance. We take feedback seriously and actively utilise it to drive improvements and initiate necessary changes. Please refer to the second case study below, which provides a specific example highlighting how Shareholder feedback has influenced positive changes within our organisation. This case study underscores our commitment to take full benefit of Shareholder input and utilise it to foster continuous improvement and enhance our overall performance.



#### OUR COLLEAGUES - THE GROUP'S PARTNERS AND STAFF



We firmly believe that our colleagues are our most valuable asset, as they possess the expertise, knowledge and talent upon which the success of our Group is built. Recognising the significance of their contributions, we prioritise engagement with our colleagues to gain a deeper understanding of their perceptions of Foresight as an employer. This engagement serves as a valuable tool for us to attract, retain and develop the best individuals within our organisation.

#### Stakeholder engagement undertaken during the financial year

- Annual staff engagement survey used for driving change and improvements
- Employee Forum feedback to the Board and senior management to help bring about change
- Benchmarking remuneration packages with external experts and team heads
- Formal performance appraisal process
- Training and development - provision and support via internal and external resources
- Executive coaching
- Wellbeing podcasts
- Recognition and support of the diversity and inclusion across the staff base

#### Board role in engagement

The Senior Independent Director assumes the responsibility of chairing the Employee Forum, in collaboration with the Group's Head of People. That partnership plays a vital role in championing the interests of employees and ensuring their concerns are effectively addressed. It also helps to ensure that the Board and senior management actively support the workforce and proactively seek opportunities for improvement and change as necessary. Given our status as a global Group, the Board maintains oversight of the activities undertaken to address staff-related matters across all offices.

## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED



#### OUR CLIENTS, ADVISERS AND, INVESTORS



Our business is to create and manage institutional and retail funds for a range of investor and client types, with our retail funds distributed via advisers and other intermediaries. Our clients and investors, current and future, are therefore our lifeblood. Our relationships with them and their advisers are key to our future.

#### Stakeholder engagement undertaken during the financial year

- Tailor-made products for institutional clients
- Dedicated retail and institutional investor relations teams working with clients and investors to satisfy their needs
- Regular investor reporting
- Audited accounts
- Development of investor portal for retail investors and their advisers
- Training and support for distributors of our products
- ISAE 3402 audit of operational processes and controls
- Ongoing efforts to improve and strengthen our cyber security measures to protect our client, adviser and investor records

#### Board role in engagement

The Board recognises that clients, advisers and investors are our lifeblood and oversees senior management's efforts to ensure the sales and investor relations teams are appropriately resourced, having relevant skills to cover our product range. The Board receives periodic reports from the teams and has access to speak with the team heads directly.



#### OUR COMMUNITIES



Our stakeholder communities are those in which our investee companies operate and those in areas where our offices operate. Also, communities affected by our operations, such as supply chains.

The Board understands the importance of building trust and confidence through engaging and partnering with these communities.

#### Stakeholder engagement undertaken during the financial year

- Investment management teams' investment tools to assess sustainability, including community impact as appropriate, aligning with the UN SDGs
- Utilisation of new sustainability data platform, which will allow the business to better track engagement alongside other sustainability metrics
- Investment and other teams ensuring the standards of investee companies, suppliers and service providers reflect Foresight's own
- Outreach initiative (see case study on page 61)
- Relationship with the Bayes Business School whereby we host one or two study-placement Masters students each year and have done for the last three years
- Charity activities by staff in respect of community initiatives, including work this year to raise funds for the "Superhuman Charity", the Open Bionics' charitable foundation
- Foresight provides all staff with one fully paid volunteer day per staff member annually to support community initiatives
- Our Stewardship Framework covers our business areas that engage with proxy voting, ensuring we maintain our active owner approach to stewardship and uphold our fiduciary responsibilities.

#### Board role in engagement

Our business activities have both direct and indirect impacts on our communities. The Board oversees senior management's ESG measures to ensure that relationships and any impacts are properly managed to avoid unnecessary risks and reflect well on the Group's reputation. Charitable work is important to the Group and its wider community, hence the Board fully supports providing staff with one day's paid charity leave per annum.

## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED



#### KEY SUPPLIERS AND SERVICE PROVIDERS



While providing its services, the Group places reliance on the provision of services by third parties for various reasons, including to enhance internal capabilities, to strengthen business continuity and to satisfy legal and regulatory requirements. Engagement is essential in ensuring we underpin the standards of quality and efficiency of our operations and that of our funds.

#### Stakeholder engagement undertaken during the financial year

- Due diligence reviews by Foresight to ensure the level of service is as required, including business risk impact assessments
- Due diligence reviews by service providers carried out on Foresight
- RFP process for new service providers
- Active relationship management and day-to-day contact

#### Board role in engagement

The Board oversees the teams engaging third parties and serves as the ultimate escalation point for any issues and risks arising from those relationships to ensure they are managed and mitigated without delay. The CFO may also attend due diligence meetings with providers reviewing Foresight in recognition of the importance of these parties to the Group's operations.



#### REGULATORY AND INDUSTRY BODIES



As an investment management Group, we are subject to financial services regulation in the jurisdictions in which we operate. To maintain our various authorisations, memberships and signatory status, importance is placed on maintaining trusted relationships with the various regulators and industry bodies. Additionally, to stay at the forefront of our areas of expertise and to ensure we continue to meet industry standards relevant to our business, building and maintaining relationships with these bodies is highly important.

#### Stakeholder engagement undertaken during the financial year

- Responded to regulator consultations and reviews to help the development of new and existing rules
- Timely filing of returns and notifiable events
- Dedicated compliance and risk functions
- Submission of applications and due diligence required by industry bodies to attain grading and/or new/ renewed membership
- Regular engagement with industry bodies

#### Board role in engagement

The Board understands the importance of maintaining open and transparent relationships with its various regulators. This is mainly achieved via the compliance and risk management functions, which are overseen by the Board through open invitations to attend local team and committee meetings, and Board reporting.

Engagement with industry bodies is achieved via the specialist team heads and senior managers engaging with the relevant bodies, providing feedback and attending conferences and forums as speakers.

## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED

# CASE STUDY: ACQUISITION OF INFRASTRUCTURE CAPITAL GROUP

#### Stakeholders



#### Strategic pillars



During the year, the Group acquired Infrastructure Capital, a leading Australian specialist infrastructure manager. The Board decided to proceed with this transaction having considered the longer-term benefits, which included:

- Providing the Group with scale in the large and growing Australian infrastructure and renewables market
- Positioning Foresight as one of the leading independent renewable generation and infrastructure investors in Australia
- Enhanced product and distribution capabilities

Foresight's Executive Committee ("Exco") supervised the day-to-day running of the transaction, providing guidance and giving internal approvals at the appropriate stages of the process. This was overseen by the Board via regular progress updates by Exco and the project team, who highlighted any key points from the due diligence process.

This included providing detailed documentation outlining the impact of the transaction for the Group, illustrating the main areas of focus for the transaction team post completion and outlining clear deliverables in a set timeframe that were considered of high importance. The Board also requested that, post completion, an onsite risk assessment be carried out by the Head of Compliance and Head of Risk in the UK. This was done and the findings were discussed at a meeting with the Board.

As part of the overall transaction, the key Stakeholders were identified as including the shareholders, Infrastructure Capital staff, the investors in Infrastructure Capital's funds and regulators in both the UK and Australia. The long-term value to Shareholders was important to the Board's considerations of the outcome of the transaction should it proceed.

The Board also considered the areas on which the success of the transaction relied, which included the investors of Infrastructure Capital's funds being comfortable with the transaction and the retention of staff.

These areas were managed by Exco and the project team working with the Australian senior management team. Gaining regulatory approval (where required) was also fundamental.

Another key area of focus was ensuring the Infrastructure Capital team and business would be integrated successfully into Foresight's operations at completion. To ensure this, a detailed integration plan and timetable was produced, involving various departments across Foresight. This plan outlined workstreams, identified key people and the timing of deliverables. This was overseen by the Exco, with regular integration meetings. The plan also ensured personnel in both businesses were introduced to their new colleagues, encouraging regular contact to ensure an efficient and effective integration.

Throughout the transaction, regular status updates were provided to Exco and the Board, allowing the Board the opportunity to discuss and challenge progress.



## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED

#### CASE STUDY: ENGAGEMENT WITH SHAREHOLDERS

Following the AGM in 2022, for the proportion of votes cast against three resolutions exceeded 20%, the Board acknowledged the significance of this dissenting Shareholder sentiment and expressed its intention to engage with the concerned shareholders to gain a deeper understanding of their concerns.

To facilitate this engagement, the Board instructed the Investor Relations team to reach out to the relevant Shareholders, offering them the opportunity to speak with the Company Secretary. Several Shareholders took up this offer, and calls were scheduled accordingly.

The calls conducted between the Shareholders and the Company Secretary were well received, and the feedback gathered was subsequently reported back to the Board. A common theme that emerged from these discussions was the need for more comprehensive explanations and increased transparency regarding certain matters to provide a clearer understanding of the rationale and intentions behind the resolutions.

Considering the broader Shareholder base, the Company Secretary also engaged with proxy voting agencies to discuss their voting recommendations. These engagements yielded similar feedback, further reinforcing the importance of providing enhanced information and transparency.

In response to the valuable feedback received, the Board, working through the Company Secretary, has taken measures to ensure that this year's Annual Report and Notice of AGM include more extensive information. The aim is to provide Shareholders with a better-informed perspective on relevant matters, addressing the need for increased clarity and transparency.

By actively incorporating the feedback received from Shareholders and proxy voting agencies, the Board demonstrated its commitment to engaging with stakeholders, understanding their concerns, and proactively addressing them through improved communication and transparency.

#### Stakeholders



#### Strategic pillars



## BUSINESS REVIEW CONTINUED

### OUR STAKEHOLDERS CONTINUED

#### CASE STUDY:

# RETAIL SALES - COMMUNITY OUTREACH PROJECT

Driving positive change in the community is a big part of the Retail Sales team's vision, aligned with Foresight's focus on our social corporate responsibility.

Over the past year, meaningful steps forward have been made in relation to the work achieved with secondary schools in the surrounding areas of our offices, notably London and Nottingham. The team has built strong and impactful relationships with two schools specifically in the Camberwell region of London – Ark All Saints Academy and Sacred Heart, and one school near the Nottingham office, the George Spencer Academy.

The team has successfully facilitated five events over the last six months, December 2022 to June 2023, with these schools. Notable achievements include:

- Mock interview sessions with over 30 Year 11 students in London and a number of Year 13 students in Nottingham, to help them prepare for their university and college application processes, or their transition into the working world. This was an extremely rewarding experience for the team, who enjoyed the opportunity to interact with some extremely bright and motivated students. Two of the Year 13 students will be joining the Nottingham office in June 2023 for work experience.
- An Insight Day in the Shard offices for 12 Year 10 students from Ark All Saints Academy. This gave the students their first taste of a professional environment, with presentations shared introducing them to core business functions like Corporate Finance, People and Sustainable Culture, and Marketing. The students also gained valuable one-on-one time with a Partner from the Retail Sales team. These initiatives educated the students on the different types of roles which exist within the industry and what they can strive to achieve in the future, emphasising that the door is open for them in a variety of capacities.

The Retail Sales team will continue to strengthen its relationships with these three schools, as well as working with and building connections with other schools in areas surrounding our offices. The team aims to participate in one school activity per quarter to try and drive positive change through proactive action.

#### Stakeholders



#### Strategic pillars



## BUSINESS REVIEW CONTINUED

### SECTION 172(1) STATEMENT

Foresight Group Holdings Limited is incorporated under Guernsey law, which does not have a statutory equivalent to Section 172(1) of the Companies Act 2006 (“s172”). However, the Board is committed to complying with the UK Corporate Governance Code (the “Code”) and, as required under Provision 5, has undertaken to act in a manner consistent with s172 and give consideration to the following when making decisions and providing oversight and leadership of the Group:

- The likely consequences of any decision in the long term
- The interests of the company’s employees
- The need to foster the company’s business relationships with suppliers, customers and others
- The impact of the company’s operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

As a result, the Board considers that it has promoted the success of the Group in compliance with s172 in a manner consistent with the Group’s purpose, values and strategy, having due regard to the Group’s ongoing regulatory responsibilities.

To illustrate how the Board has complied with s172, case studies are provided in the Stakeholder section that highlight and describe some of the key decisions and considerations made by the Board over the course of the year. These decisions include alignment to the Group’s strategy, the interests of stakeholders, the business-related risks and benefits and the consequences of their decisions and activities.

#### Matters considered

##### **The likely consequences of any decision in the long term**

The Group has a rolling three year strategic plan and the Board considers any updates to the plan in terms of their impact in areas such as the Group’s competitive position, its stakeholders and its projected financial performance via the reporting it receives and meetings attended. The Board also considers the longer-term impact of individual decisions.

##### **The interests of the Group’s employees**

The Board receives feedback from employees via the Employee Forum and through reports from management and the results of employee surveys. Other forms of engagement are also undertaken, such as the appraisal process and development programmes. More information on employee engagement is provided on page 20?.

##### **The need to foster the Group’s business relationships with suppliers, customers and others**

The Group’s engagement with suppliers, customers and other stakeholders, including how the Board is kept informed, is described on page 58. The Group’s strategy, which is approved and monitored by the Board, relies on strong relationships with clients, advisers, investee companies and others, as the Group looks to broaden its capabilities and geographical reach, and reach new investors for its funds.

##### **The impact of the Group’s operations on the community and the environment**

The Board believes that having a positive impact on communities and strong environmental credentials are key parts of the Group’s culture. Examples of our activities and initiatives in this area can be found in the Stakeholder section on pages 55 to 61, and include involvement with the Eden Project and our Retail Sales team’s Community Outreach project, which is noted as a case study on page 61.

##### **The desirability of the Group maintaining a reputation for high standards of business conduct**

As a financial services business, a reputation for high standards of conduct is essential for the Group’s continued success. The UK domiciled members of the Executive Committee are subject to the Senior Managers and Certification Regime, which includes mandatory training and competency assessments on an annual basis. The Board members have also undergone mandatory training programmes during the year. The Board also receives assurance on the Group’s standards in certain functional areas through third-party reviews and audits. These include the Cyber Essentials accreditation in relation to IT security measures and the ISAE 3402 report for the Group’s operational arrangements in the UK. The Group also invites expert firms to undertake specific reviews and engages with them for training and advice to ensure the Group’s arrangements continue to meet regulatory, legal and best practice standards.

##### **The need to act fairly as between members of the Company**

Executive Chairman Bernard Fairman, together with other parties considered to be concert parties, control 40.4% of the Company’s share capital. As described on page 122, the Company has entered into a relationship agreement with parties including the Executive Chairman and CFO. The relationship agreement ensures that the Executive Directors do not have undue influence on the Board’s decisions, including any matters where there could be a potential conflict with the interests of the Company’s other Shareholders. There is also a dual voting system at AGMs to ensure that certain votes are only passed with a majority excluding the parties to the relationship agreement.



## STRATEGIC REPORT

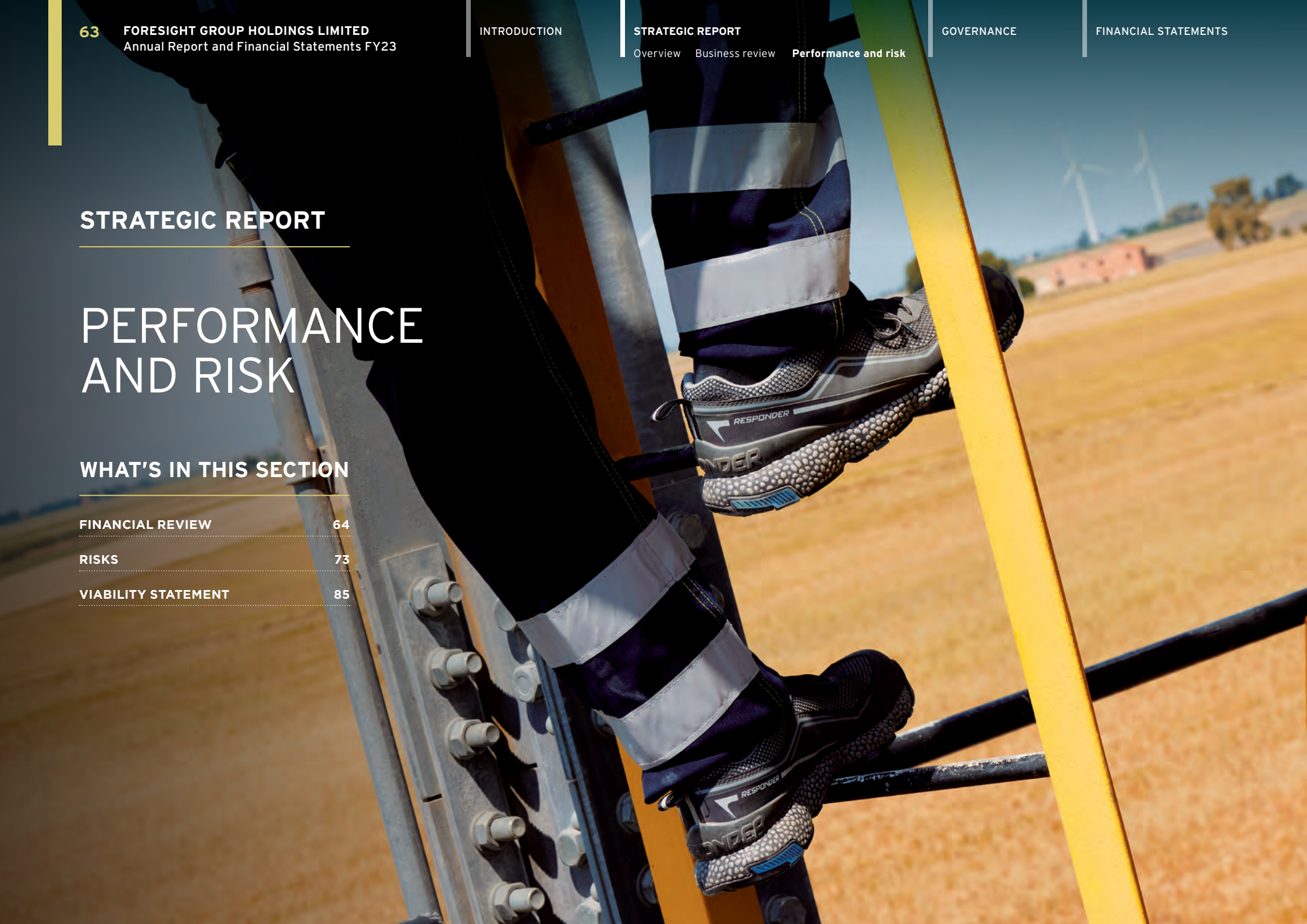
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# PERFORMANCE AND RISK

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## FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2023



FY23 was a milestone year for Foresight, growing revenue by 38% to £119m and exceeding £50m in Core EBITDA pre-SBP for the first time, representing a 58% year-on-year growth.

**Gary Fraser**  
Chief Financial Officer

### Highlights during the year

- Completion of two strategic acquisitions, Infrastructure Capital and Downing, generating incremental revenues of £10.1 million and £3.0 million respectively
- Successful exit of the solar portfolio of Foresight Solar & Technology VCT plc, generating £2.8 million of performance fees
- Strongest ever year of fundraising for our ITS product with £262 million raised

**£12.2bn**

**AUM<sup>1</sup>**  
(31 March 2022: £8.8bn)

**86.6%**

**Recurring revenues<sup>1</sup>**  
(31 March 2022: 86.9%)

**42.1%**

**Core EBITDA pre-SBP margin<sup>1</sup>**  
(31 March 2022: 37.0%)

We have delivered another impressive performance in the period, with AUM, revenue and Core EBITDA pre-SBP growing significantly as we continue to overachieve against our ambitious targets.

### Key financial metrics

	31 March 2023	31 March 2022
Period-end AUM <sup>1</sup> (£m)	12,167	8,839
Retail	3,790	3,643
Institutional	8,378	5,196
Period-end FUM <sup>1</sup> (£m)	9,022	6,675
Retail	3,747	3,546
Institutional	5,275	3,129
Average AUM <sup>1</sup> (£m)	11,176	8,108
Average FUM <sup>1</sup> (£m)	8,353	6,015
Total revenue (£000)	119,155	86,071
Recurring revenue (£000)	103,208	74,825
Recurring revenue/total revenue (%)	86.6%	86.9%
Core EBITDA pre share-based payments <sup>1</sup> (£000)	50,158	31,825
Core EBITDA pre share-based payments margin <sup>1</sup> (%)	42.1%	37.0%
Total comprehensive income (£000)	20,905	24,938
Basic earnings per share before non-underlying items <sup>1</sup> (pence)	34.6	22.2
Dividend per share (pence)	20.1	13.8

1. Alternative performance measures described and explained in the appendices to the financial statements on pages 198 to 205.

## FINANCIAL REVIEW CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

### Summary

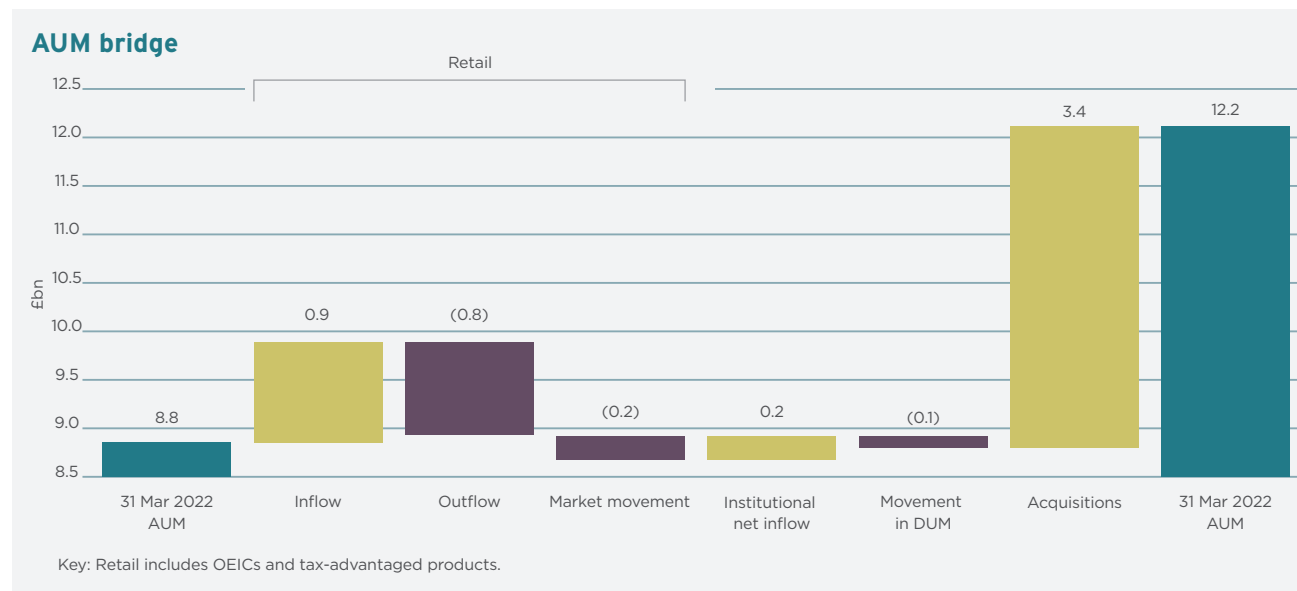
FY23 was another strong year for the Group with the successful completion of two strategic acquisitions supported by organic growth. In the year, we achieved the AUM and recurring revenue targets we outlined at IPO; continued our progression towards our medium-term Core EBITDA pre share-based payment (“SBP”) margin target; and, subject to Shareholder approval at the forthcoming AGM, will continue with the 60% dividend payout ratio established in last year’s Annual Report.

Revenue grew by 38% to £119.2 million (31 March 2022: £86.1 million) as a result of increased FUM, the acquisitions in the period and successful exits from some of our funds. As explained on the next page, the Group has introduced an analysis of the income statement to remove the impact of the IFRS 3 acquisition accounting adjustments, resulting in underlying total comprehensive income for the year of £36.2 million (31 March 2022: £23.9 million).

### Assets Under Management/Funds Under Management (“AUM/FUM”)

AUM grew significantly from £8.8 billion at the start of the year to £12.2 billion at 31 March 2023, an increase of c.38%, which is far in excess of our ambitious 20%-25% target range. The majority of this growth was due to the Downing and ICG acquisitions, which added £0.3 billion and £3.0 billion respectively. Regarding organic fundraising, we had modest net retail inflows of £58.0 million for the year, with a strong performance from our ITS inflows being offset by net outflows on our OEIC products, the latter reflecting the wider market performance. Net institutional inflows totalled £147.0 million, with new fund launches being offset by return of capital to investors following successful realisations, which generated significant positive returns for investors and the Group. Further detail on these areas is provided later in my report.

Reflecting the timing profile of inorganic growth, we clarified our target AUM growth rate, which is over a rolling three year average period. We are confident of continuing to deliver this level of growth given the pipeline of organic fundraising over the near term.



### Net inflows

Our ITS product went from strength to strength, generating inflows of £262.0 million; a record year for the Group, reflecting the recent investment in our successful Retail Sales team. This was accompanied by a further raise of £65 million from our VCT and EIS products. These inflows were offset by a return of capital to investors in our EI EIS and Solar & Technology VCT funds, the latter of which generated a total tax-free return to investors of 185 pence based on 100 pence invested at inception 12 years ago. Within FCM, our OEIC products experienced net outflows over the year for the first time (£97 million), reflecting the wider macroeconomic factors resulting from a rapid increase in interest rates impacted by higher rates of inflation in the UK, the conflict in Ukraine and the cost of living crisis.

On the institutional side, we closed four new funds within the Private Equity division, namely the AIB Foresight Impact Fund, Foresight West Yorkshire SME Investment Fund, Foresight Regional Investment Fund IV and Fund V, totalling £172.0 million, in addition to a further share issue in FSFC which raised gross proceeds of £45.0 million.

## FINANCIAL REVIEW CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

### Alternative performance measures (“APMs”)

In line with previous periods, and for comparability, we continue to quote Core EBITDA pre-SBP to assess the financial performance of the business. This measure was introduced as our key performance measure because the Group believes this reflects the trading performance of the underlying business, without distortion from the variability in the fair value measurement of the share-based payments charge.

The Group has now also introduced profit before non-underlying items as an APM, which excludes non-underlying items from statutory measures. In particular, this removes the impact of the IFRS 3 acquisition accounting, which is covered in detail in note 33 of these accounts. Consequently, the Group also now calculates earnings per share before non-underlying items.

In addition to these being described below, the APMs are now set out in the appendices to the financial statements on pages 198 to 205 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant. A full reconciliation of statutory profit, profit before non-underlying items and Core EBITDA pre-SBP is provided in the appendices.

While the Group appreciates that APMs are not considered to be a substitute for or superior to IFRS measures, we believe the selected use of these provides stakeholders with additional information which will assist in the understanding of the business.

### Summary Statement of Comprehensive Income and Core EBITDA pre-SBP reconciliation before non-underlying items

	31 March 2023 Before non- underlying items £000	31 March 2022 Before non- underlying items £000
<b>Revenue</b>	<b>119,155</b>	86,071
Cost of sales	<b>(6,303)</b>	(5,106)
<b>Gross profit</b>	<b>112,852</b>	80,965
Administrative expenses	<b>(70,630)</b>	(54,398)
Other operating income	—	250
<b>Operating profit</b>	<b>42,222</b>	26,817
Other non-operating gains and losses	<b>378</b>	40
<b>Profit on ordinary activities before taxation</b>	<b>42,600</b>	26,857
Tax on profit on ordinary activities	<b>(3,696)</b>	(2,793)
<b>Profit</b>	<b>38,904</b>	24,064
<b>Other comprehensive income</b>		
Translation differences on foreign subsidiaries	<b>(2,720)</b>	(138)
<b>Total comprehensive income</b>	<b>36,184</b>	23,926
<b>Adjustments:</b>		
Non-operational staff costs	<b>760</b>	728
Depreciation and amortisation	<b>5,214</b>	3,485
(Profit)/loss on disposal of tangible fixed assets	<b>(10)</b>	33
Other operating income	—	(250)
Finance income and expense (excluding fair value gain on derivatives)	<b>733</b>	651
Foreign exchange on acquisitions	<b>2,436</b>	—
Tax on profit on ordinary activities	<b>3,696</b>	2,793
<b>Core EBITDA</b>	<b>49,013</b>	31,366
Share-based payments	<b>1,145</b>	459
<b>Core EBITDA pre share-based payments</b>	<b>50,158</b>	31,825

## FINANCIAL REVIEW CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### Summary Statement of Comprehensive Income and Core EBITDA pre-SBP reconciliation before non-underlying items continued

##### Revenue

	31 March 2023 £000	31 March 2022 £000
Management fees	97,373	70,906
Secretarial fees	2,719	1,413
Directors' fees	3,116	2,506
<b>Recurring fees</b>	<b>103,208</b>	<b>74,825</b>
Marketing fees	6,129	5,046
Arrangement fees	4,054	2,964
Performance and other fees	5,764	3,236
<b>Total revenue</b>	<b>119,155</b>	<b>86,071</b>

Total revenue increased by 38% year-on-year to £119.2 million (31 March 2022: £86.1 million) with high-quality recurring revenue also increasing by 38% to £103.2 million (31 March 2022: £74.8 million). The Group has continued to focus on recurring revenue, which remained within our 85% - 90% target range. Recurring revenue increased due to both organic and inorganic growth, with organic growth contributing £15.3 million and inorganic growth £13.1 million of the additional recurring revenue (of which ICG totalled £10.1 million and Downing £3.0 million). The year finished with 86.6% (31 March 2022: 86.9%) of our revenue being classified as recurring despite recognition of further performance fee income, which is covered in more detail below.

The largest increase year-on-year came from management fees, which grew by £26.5 million (of which £14.5 million was organic and £12.0 million inorganic). The organic increase was driven by FUM growth in our ITS, VCT and EIS products, driving an additional £7.7 million of revenue, whilst additional revenue of £3.2 million arose from our Private Equity regional funds alongside £3.2 million from our listed Infrastructure funds as a result of NAV growth. Despite more challenging market conditions for our Foresight Capital Management division, its revenue contribution increased c.£0.9 million year-on-year. Our FEIP fund contributed an additional £0.7 million following further deployment, plus there was £0.5 million of additional revenue reflecting the first full year of being sole manager of ForVeI II. This was offset by a £1.7 million decrease as a result of a non-strategic mandate moving to a different fund manager, as previously reported.

Secretarial fees roughly doubled year-on-year, mainly due to the acquisitions, with growth from these new funds of £0.8 million.

Directors' fees increased year-on-year as a result of the larger number of companies within the Private Equity portfolio as a result of continued deployment and the Downing acquisition.

Marketing fees increased year-on-year as a result of strong fundraising in relation to our ITS product.

Performance fees were generated in the period following further successful realisations from two of our Private Equity regional funds and two of our Infrastructure portfolios. This included a performance fee of £2.8 million from the successful sale of the solar portfolio of Foresight Solar & Technology VCT plc, generating an exceptional return for investors.

#### Cost of sales

Cost of sales comprises insurance costs associated with our Accelerated ITS ("AITS") product, authorised corporate director costs payable to a third party in relation to our OEIC products and asset management costs. The increase year-on-year is due to the continued growth of the AITS product and a full year of managing FORVEI II following the FV Solar Lab S.R.L. acquisition in the prior year.

## FINANCIAL REVIEW CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### Summary Statement of Comprehensive Income and Core EBITDA pre-SBP reconciliation before non-underlying items continued

##### Administrative expenses before non-underlying items

	31 March 2023 before non-underlying items £000	31 March 2022 before non-underlying items £000
Staff costs	48,144	35,395
Depreciation and amortisation	5,214	3,485
Legal and professional	5,288	6,067
Other administration costs	11,984	9,451
<b>Total</b>	<b>70,630</b>	54,398

Year-on-year, underlying administrative expenses increased by c.30%. However, after excluding ongoing administrative expenses arising from the acquisitions in the year of c.£7.5 million and the amortisation associated with the intangible assets arising from the acquisitions, comparable ongoing administrative expenses increased by 12.9%.

Core staff costs increased by c.£12.7 million due to the annual pay review process, which was in line with previous years; the increased cost of the PSP scheme as it entered its second year following implementation post-IPO; and an increase in FTE of 100.6 over the last 12 months. This increase in FTE is predominantly a result of the acquisitions (contributing 56% of the increase), plus expansion in our Private Equity division to support the launch of the new regional UK and Ireland funds.

Legal and professional costs decreased by c.13% – mainly as a result of larger one-off items in FY22 such as the costs associated with the launch of our forestry fund, FSFC, in November 2021.

The increase in other administration costs principally relates to increases associated with the growth in the FUM and associated headcount (e.g. FCA fees and IT-related costs) plus increased travel and entertainment costs following the first full year without the impact of COVID-19 restrictions.

#### Core EBITDA pre share-based payments (“SBP”)

The Group uses Core EBITDA pre-SBP as one of its key metrics to measure performance as it views this as the profitability number that is most comparable to the Group’s recurring revenue model (i.e. a cash profit number after taking out any one-offs, both positive and negative). In addition to the adjustments for the acquisitions as explained previously, the other principal items adjusted for in calculating Core EBITDA pre-SBP relate to retention payments made to key members of staff and the SIP, PSP and overseas phantom share plan schemes implemented post-IPO. See the appendices to the financial statements on pages 198 to 205 for further explanation of the adjustments made when calculating Core EBITDA.

Core EBITDA pre share-based payments increased 57.6% year-on-year to £50.2 million (31 March 2022: £31.8 million) with the margin percentage improving to 42.1% (31 March 2022: 37.0%) in line with expectations set out at half year. As per FY22, the margin reduced slightly in H2 (H1: 42.4%) as a result of a full six months of higher salary costs following the annual pay rise in August 2022.

Organic Core EBITDA pre-SBP was £44.2 million with the acquisitions contributing £6.0 million.

Segmental Core EBITDA pre-SBP is set out below:

	31 March 2023 £000	31 March 2022 £000
Infrastructure	30,320	17,805
Private Equity	15,936	11,376
Foresight Capital Management	3,902	2,644
	<b>50,158</b>	31,825

## FINANCIAL REVIEW CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### Summary Statement of Comprehensive Income and Core EBITDA pre-SBP reconciliation before non-underlying items continued

##### Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further detail can be found in note 8 of these accounts.

	31 March 2023 £000	31 March 2022 £000
Administrative expenses		
Staff costs - acquisitions excluding SBP	3,153	—
Staff costs - acquisitions SBP	9,514	—
Other administration costs - foreign exchange	(782)	—
	11,885	—
Acquisition-related costs	3,721	—
Fair value gains on contingent consideration (incl. finance expense)	(327)	—
Gain on business combination	—	(1,012)
<b>Total non-underlying items</b>	<b>15,279</b>	<b>(1,012)</b>

##### Administrative expenses and taxation

Staff costs - acquisitions relate to the acquisitions during the year, of which c.£12.0 million reflects the IFRS 3 accounting treatment of the contingent consideration from the ICG acquisition. This is being treated as remuneration for post-combination services and will continue to accumulate over the vesting period (see note 33). The remainder reflects one-off bonuses awarded to staff who worked on the acquisitions.

##### Acquisition-related costs

A charge of £3.7 million for the year related to legal and professional costs incurred on the two acquisitions completed in the year.

##### Fair value gains on contingent consideration (incl. finance expense)

A fair value gain on contingent consideration of £0.3 million has arisen as the Group has reassessed the fair value of the contingent consideration arising from the Downing acquisition at 31 March 2023 (see Acquisition-related liabilities) later in my report.

##### Gain on business combination

In 2022, the Group made a gain on the business combination on the acquisition of the remaining 50% holding in FV Solar Lab S.R.L. where the fair value of assets and liabilities acquired were greater than the consideration paid. This resulted in a credit being recognised in the Statement of Comprehensive Income. There were no gains on business combinations arising from the acquisitions made in the current period.

##### Reconciliation of Total Comprehensive Income before non-underlying items to Total Comprehensive Income

	31 March 2023 £000	31 March 2022 £000
Total comprehensive income before non-underlying items	36,184	23,926
Non-underlying items	(15,279)	1,012
<b>Total comprehensive income</b>	<b>20,905</b>	<b>24,938</b>

## FINANCIAL REVIEW CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### Summary Statement of Financial Position

	31 March 2023 £000	31 March 2022 £000
<b>Assets</b>		
Property, plant and equipment	2,522	2,656
Right-of-use assets	7,281	8,260
Intangible assets	62,911	4,431
Investments	3,967	2,781
Deferred tax asset	1,742	615
Derivative asset	648	—
Contract costs	3,965	4,555
Trade and other receivables	21,742	21,207
Cash and cash equivalents	39,761	54,289
Net assets of disposal group classified as held for sale	64	64
<b>Total assets</b>	<b>144,603</b>	<b>98,858</b>
<b>Liabilities</b>		
Trade and other payables	(35,382)	(24,042)
Loans and borrowings	(3,131)	(3,690)
Lease liabilities	(9,251)	(10,408)
Acquisition-related liabilities	(5,973)	—
Deferred tax liability	(12,827)	(1,198)
Provisions	(800)	(933)
<b>Total liabilities</b>	<b>(67,364)</b>	<b>(40,271)</b>
<b>Net assets</b>	<b>77,239</b>	<b>58,587</b>

Key balance sheet items and their year-on-year movements are summarised below:

#### Intangible assets and deferred tax liability

The increase of £58.5 million year-on-year was due to additions of £44.8 million of intangible assets in respect of customer contracts related to the Downing and ICG acquisitions and £19.4 million of goodwill as detailed further in note 16 of the accounts (offset by amortisation charges and foreign exchange). The Group has now concluded its purchase price allocation for both acquisitions having presented provisional valuations at half year. These intangible assets in respect of customer contracts are in addition to those recognised in prior years for the PiP and FV Solar Lab S.R.L. acquisitions. No contracts required impairment at year end. Deferred tax liabilities have been accounted for in line with the intangible assets in respect of customer contracts recognised during the year.

#### Investments

Investments contain the Group's co-investment positions across our LP funds. The main movement in the year was from a £1 million increase in the co-investment into the Foresight Energy Infrastructure Partners fund plus investments and repayments from our UK private equity regional funds.

#### Derivative asset

In order to mitigate the risk associated with the increase in Group cash flows arising in a foreign currency following the acquisition of ICG, the Group entered into a number of forward foreign currency contracts in September 2022. The Group originally had eight forward foreign currency contracts, of which the first matured on 30 March 2023 and thereafter at quarterly intervals. Therefore, at 31 March 2023, the Group had seven contracts with a notional amount of A\$17.5 million to sell for £10.2 million and the fair value of these contracts gave rise to a gain of £0.6 million, recognised as a derivative asset.



## **FINANCIAL REVIEW** CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

### **Summary Statement of Financial Position** continued

#### **Cash and cash equivalents**

As seen in the cash flow statement on page 142, cash from operating activities was strong in the year at £51.4 million. This was principally the result of a strong trading performance, but was also bolstered by the collection of some large debtors from our EI EIS and Williams EIS funds as a result of successful exits from those funds (enabling them to settle historic management fees) plus an increase in deferred income as explained in the next section.

This strong cash generation enabled us to complete the two acquisitions during the year from our own cash resources, with no requirement for third-party debt. These outflows (£44.8 million), combined with the dividends paid to Shareholders of £16.0 million explains the reduction in the cash balance year-on-year.

#### **Trade and other payables**

Trade and other payables increased by £11.3 million as result of the following: £5.6 million of early cash collection for the June 2023 quarterly management fees giving rise to deferred income; £1.2 million of the performance fee from the Solar VCT exit payable to staff in the Infrastructure Team; with the remainder being an increase in the bonus accrual due to increased headcount in the year. Of this increase in the bonus accrual, £2.5 million arose in entities now included in the Group following the ICG acquisition.

#### **Loans and borrowings**

This balance relates to founder loans taken on as part of the consideration for the PIP acquisition in August 2020. The movement in the year is due to the annual payment made under that agreement in July 2022. In the Statement of Financial Position at 31 March 2023, four out of the five loans were fully disclosed as current liabilities as these were fully repaid in May 2023.

### **Acquisition-related liabilities**

Acquisition-related liabilities include the contingent consideration arising from the Downing acquisition and liabilities related to the remuneration for post-combination services arising from the ICG acquisition.

The Downing acquisition included deferred contingent consideration of £4.2 million, conditional on the valuation of the AUM acquired being maintained at future dates. On acquisition, the discounted fair value of the consideration was £3.8 million. The fair value of the consideration was reviewed at year end, resulting in a net reduction of £0.3 million due to a reduction in value of the AUM acquired less unwinding of the discount.

As explained already, certain components of the consideration for the ICG acquisition are to be accounted for as remuneration for post-combination services. Where this remuneration will be paid in cash, the remuneration is accounted for under IAS 19 with the discounted expense accounted for over the vesting period. This gives rise to a liability in the Statement of Financial Position which is included in acquisition-related liabilities and amounted to £2.5 million at 31 March 2023.

## **FINANCIAL REVIEW** CONTINUED FOR THE YEAR ENDED 31 MARCH 2023

### **Dividends**

The Board has decided to maintain the dividend payout ratio at 60% based on profit after tax before non-underlying items of £38.9 million.

An interim dividend of 4.6 pence per share was paid on 27 January 2023 and, as noted in the Executive Chairman's statement on page 4, the Board has recommended a final dividend payment of 15.5 pence per share be approved by Shareholders at the upcoming AGM. If approved, the dividend will be paid on 20 October 2023 based on an ex-dividend date of 28 September 2023, with a record date of 29 September 2023.

We will calculate the interim dividend as 33% of the total dividend from the prior year. This was increased by the Board from the 30% as originally planned at IPO due to the strong performance of the business. These interim dividends will be paid in January of each year. The balance of the 60% annual target will then be recommended to Shareholders each year at the AGM as a final dividend, with payment planned for each October.

### **Going concern**

The financial statements have been prepared on a going concern basis. In adopting this basis, the Directors have reviewed the financial processes and controls embedded across the business and examined the three year plan. They have considered the business activities as set out on pages 22 to 44, and the principal risks and uncertainties disclosed within this report on pages 81 to 84 and concluded that the adoption of a going concern basis, covering a period of at least 12 months from the date of this report, is appropriate.

### **Outlook**

As we enter FY24, the business is well positioned to continue along our strong growth trajectory. Our recent acquisitions and strong pipeline of both fundraising and deployment opportunities gives me confidence that we will be able to deliver against our key targets moving forward.

### **Gary Fraser**

Chief Financial Officer

3 July 2023

## RISKS

### Our risk management framework

The Group's risks are managed on a day-to-day basis within the businesses and functions across the Group's entities. Inherent risks are identified and assessed by "First Line" resources alongside controls and their proven or expected mitigating effects. This process is supported by the risk functions across the Group and is called the Risk and Control Self-Assessment ("RCSA"). Risk is aggregated across businesses, themes and functions as directed by the Executive Committee, to provide risk reporting for the Group and the qualitative and quantitative bases for determining risk appetite for the firm. The Executive Committee is responsible for endorsing the policies and procedures within the Group framework and motivating the business to take calculated risks. The "Second Line" risk function is responsible for the risk taxonomy and the Group's risk register as well as the management of risk events (recording, escalation, reporting) through the Risk Committee. The regional risk officers (Luxembourg and Australia) report to the Head of Risk and the Chief Risk Officer.

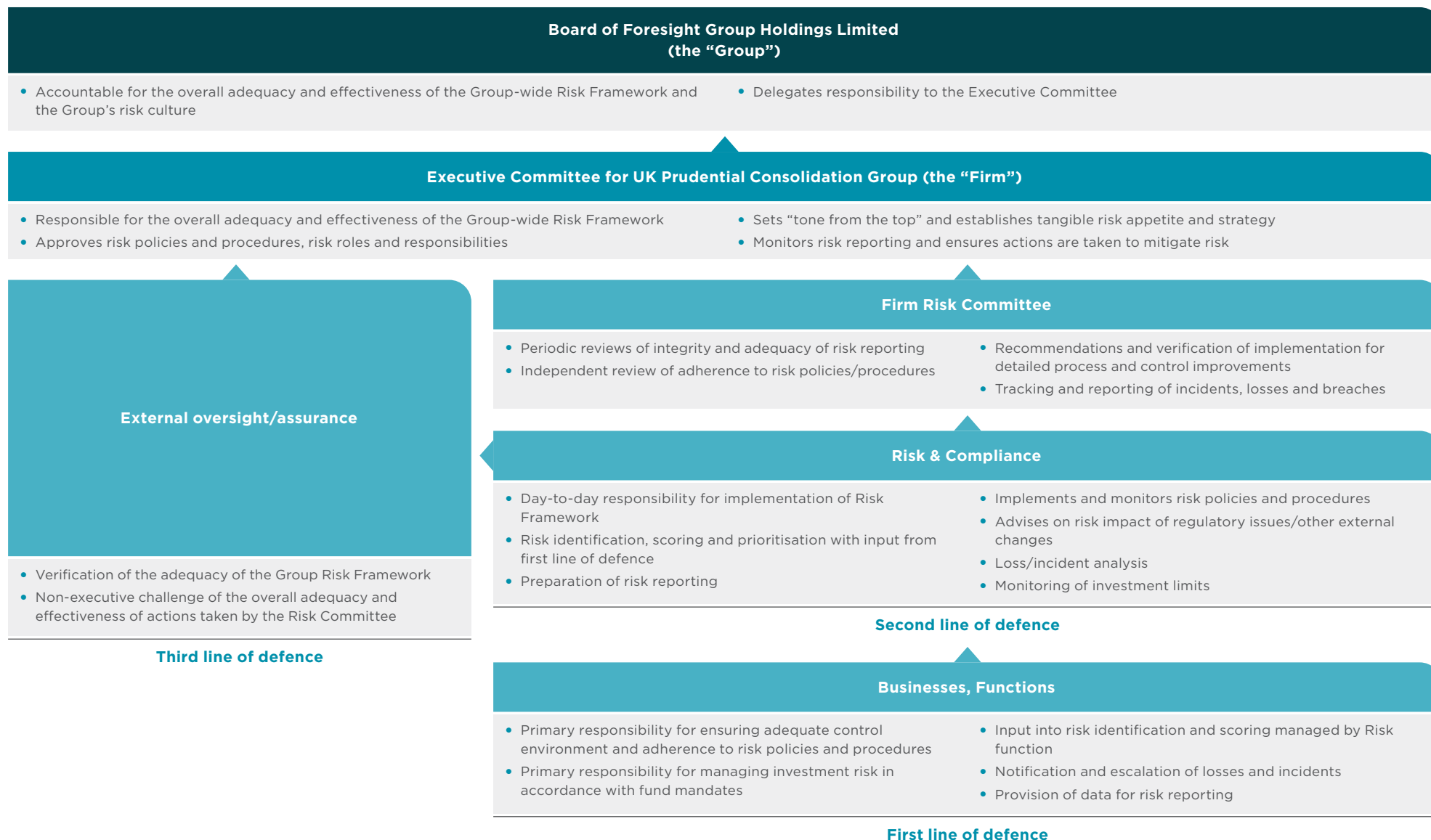
The Board believes the Group has an effective framework to identify, manage, monitor and report the risks the firm is or might be exposed to, or pose or might pose to others, and operates adequate internal control mechanisms, including sound administration and accounting procedures.

### Three lines of defence

The Group operates a three lines of defence ("3LOD") model with risk management oversight owned by and managed within the second line of defence ("2LOD"). The Audit & Risk Committee of the Group receives quarterly reports on the risk profile of the UK, Luxembourg and Australian entities from the Head of Risk for Foresight Group LLP.



## RISKS CONTINUED



## RISKS CONTINUED

### Risk appetite

The Risk Appetite Framework is the overall approach through which the risk appetite is established or updated, communicated and monitored. It includes the Risk Appetite Statement, an articulation of the aggregate level and types of risk that the Group is willing to accept, or avoid, in order to achieve the business objectives of Group. It includes qualitative statements, quantitative measures expressed in relation to earnings, capital, concentration, liquidity, risk measures and other relevant measures (individual business or functional area appetite statements) as appropriate.

The Group uses staggered risk limits (Early Warning Indicators (“EWIs”) and hard limits) as appropriate for each risk metric to monitor compliance with the approved risk appetite.

All risk limits are reviewed quarterly at the Risk Committee and during the annual calibrations by the Executive Committee with other risk appetite components to ensure that they are relevant and appropriately calibrated.

### Operational resilience

As Foresight Group has grown, the Risk Committee now also has more focus on operational resilience.

Our stakeholders expect that the self-assessment processes within our Risk Management Framework deliver actionable insights that lead to improvements in the Group operational processes. Operational resilience has been a more visible feature of the due diligence exercises we undertook on behalf of our key counterparties over the financial year and the Board has monitored our progress as we strengthened our processes. Our initial exercise identified our important business services and the level of resilience required for the Group to deliver these services without impairing the quality of those services to our clients. The analysis highlighted areas of our operational resilience that we should enhance. Our principal regulated entity, Foresight Group LLP, is not in scope for the operational resilience rules that came into force last year, but the Board believes that an operational resilience framework aligned with the rules represents best practice and will position our business well for upcoming regulations in the UK and globally, for example where EU, Australian and US rules may apply to our activities directly or indirectly through extra-territorial scope.

### Operational risk management

#### Wind down

#### Stressed market conditions

Board of FGHL and Exco determine that Foresight Group LLP, as the MIFIDPRU Investment Firm and principal regulated entity, must cease its regulated activity and surrender its permissions such that Foresight Group LLP is no longer authorised under Part 4A of FSMA 2000.

Wind-down may occur in normal market conditions, but the underlying assumption for the plan is that an orderly wind-down is executed under stressed market conditions.

Wind-down may be the natural corollary of the Group’s inability to recover from an event or series of events, i.e. a failure of controls, business continuity and disaster recovery planning.

#### Operational resilience

#### Disaster recovery

#### Crises

The Crisis Management Plan (Disaster Recovery Plan (“DRP”)) is the process by which events categorised as crises are managed.

The DRP is activated when there is a catastrophe, including, but not limited to, property destruction and/or loss of life.

The DRP may be activated upon a significant event or series of events that bear a heavy reputational risk payload to the Group, such as a “green-washing” scandal.

#### Business continuity

#### Emergencies

The Business Continuity Plan (“BCP”) is the process by which events categorised as emergencies are managed.

The BCP is in place to ensure that our regulated activities can continue more-or-less uninterrupted given a variety of scenarios that would otherwise cause them to stop.

The BCP may be activated upon cyber assaults, out-of-hours terrorist assault on or nearby office locations, or the next pandemic.

#### Controls

#### Event prevention

Outsourcing/ third-party review.  
Due diligence.  
Risk appetite limits.  
Control assessment framework.  
ISAE 3402 compliance.  
Business and function internal limits.  
Ongoing first line of defence (“1LOD”) activities that reduce potential harms to clients and counterparties, financial markets and the Group itself.

## RISKS CONTINUED

### Geopolitical risks, business continuity and disaster recovery

We regularly monitor our exposure to geopolitical risks and perform scenario analyses to work through potential consequences.

The impact of Russia's invasion of Ukraine continues to be felt throughout Western Europe and beyond, although European economies are adjusting well to the loss of cheap Russian energy supplies. The mild winter and relatively low demand for LNG from China supported European resolve with respect to sanctions, but it is hard to predict how this commitment develops if either of those mitigating factors falls away this year. Escalation in the conflict, especially direct engagement of other nations, will likely result in continued supply chain disruption and inflation persisting at high levels.

We expect central banks have hiked interest rates near to their peaks bearing in mind growth considerations, in order to dampen inflationary expectations and avoid stagflation, where low growth and wage inflation would create a destructive "new normal".

One significant potential impact to our business from the current macroeconomic environment is the risk of a slowdown in climate-related energy transition programmes, with the transition to clean energy sources in some countries at threat from immediate short-term requirements to support economic growth and affordable energy. We see this as an opportunity to communicate our commitment to a longer-term vision of energy security through low carbon energy technologies but accept that the climate narrative might shift at the sovereign level.

The high energy price environment and cost of living crisis have increased the likelihood of government intervention in the market in which the Group operates.

In the UK, the Electricity Generator Levy announced in the Chancellor's 2022 Autumn Statement introduces a temporary 45% tax that will be levied on extraordinary returns from low-carbon UK electricity generation for the next five years. In Europe, the European Council announced proposals to temporarily cap revenues for electricity from energy producers at EUR 180/MWh, in addition to demand reduction targets for electricity consumption of 15% per Member State. Member States retain discretionary powers to define a lower revenue cap if deemed necessary.

The Group continues to maintain strong liquidity across a range of scenarios, with the greatest threats to capital and liquidity positions represented by the risks of new and escalating conflicts, persistent inflation, tightening fiscal and monetary policies and levies on renewable energy providers.

We remain concerned about the risks of an escalating war in Eastern Europe, particularly with respect to cyber-attacks against core infrastructure in the UK as a response to supporting Ukraine. Our renewable energy asset supply chain is not immune from cyber-attacks by state-sponsored hacking groups and we are providing additional resources to mitigate these risks.

### Cyber risk

The IT team leverages a wide array of leading technology solutions and industry best practice to maintain a secure perimeter and detect and respond to threats in real time. Additionally, senior management (including the Foresight Executive Committee) are actively engaged and regularly updated on the extent of the threat, the mitigations in place to counter this threat, and the business continuity and response plans in place to manage cyber incidents. The Information Technology Steering Committee and the Risk Committee provide oversight of the management of cyber risk. Cyber risk is a standing agenda item of the Risk Committee. The IT team tests our cyber defences regularly through simulated cyber-attacks (penetration testing). These exercises feed into a significant programme of work to continue to enhance the integrity and security of our digital estate. The Board is focused on the evolution of our cyber capabilities as part of our operational resilience and updates on the emerging and evolving cyber threat landscape are provided.

With respect to the operational resilience of our service providers, we are also focused on the risk that hackers might find a way into the Group's systems through a compromised third party and so we now include a detailed IT security assessment as part of our evolving due diligence process on such providers.

## RISKS CONTINUED

### Integration

In 2022 Foresight Group acquired Infrastructure Capital and the venture capital business of Downing Capital. The Risk function has worked closely with the Compliance team to integrate these new businesses into Foresight Group’s frameworks through the alignment of policies, and a continuing exercise to onboard the remaining entities to our enterprise risk management platform. This will ensure that risk and control standards are consistent across the Group.

### ICARA

Our Prudential Consolidation Group is comprised of our principal regulated entity, Foresight Group LLP, and its subsidiaries. The Group is in scope of the FCA’s Investment Firms Prudential Regime (“IFPR”). The regulation is implemented through the MIFIDPRU rulebook and came into force on 1 January 2022. As well as capital and liquidity requirements, the rulebook sets out governance requirements and revised remuneration standards that apply to the Collective Portfolio Management Investment firm but also represent best practice for the Group. In October 2022, the ICARA was approved by the Executive Committee.

### Strengthening risk culture

The Risk function is responsible for developing and maintaining a strong risk culture at the behest of the Board. A strong risk culture helps Foresight Group to proactively identify, assess and manage risks, which can enhance opportunities for growth.

Result 1 - Enhanced decision-making	Result 2 - Improved resilience and adaptability	Result 3 - Regulatory compliance and reduced legal exposure	Result 4 - Increased stakeholder confidence
<b>Explanation</b>	<b>Explanation</b>	<b>Explanation</b>	<b>Explanation</b>
A strong risk culture fosters informed decision-making by ensuring that risk considerations are an integral part of strategic planning, investment decisions and operational management.	Organisations with a robust risk culture can better anticipate and respond to emerging risks, disruptions or changes in the market environment.	Companies with a strong risk culture are more likely to comply with relevant regulations and laws, reducing the likelihood of penalties, fines or legal actions.	Demonstrating a robust risk culture can boost the confidence of stakeholders, such as investors, customers, suppliers and regulators.
<b>Opportunity</b>	<b>Opportunity</b>	<b>Opportunity</b>	<b>Opportunity</b>
This can lead to better business outcomes and improved financial performance.	This increased resilience can help Foresight’s businesses adapt to new challenges and maintain a competitive edge.	Foresight’s forward-looking risk and compliance culture protects the Company’s reputation and helps avoid costly litigation or regulatory enforcement actions.	This can lead to increased investment, customer loyalty and market credibility, positively impacting the Company’s overall performance.

## RISKS CONTINUED

### Strengthening risk culture continued

#### Result 5 - Attraction and retention of talent

##### Explanation

A robust risk culture can create a positive work environment that values transparency, accountability and continuous improvement.

##### Opportunity

Foresight is committed to attracting and retaining high-quality employees who are motivated to contribute to our success.

#### Result 6 - Innovation and growth

##### Explanation

By embracing a strong risk culture, Foresight can identify and seize opportunities for innovation and growth, while effectively managing the associated risks.

##### Opportunity

This helps Foresight develop new products and services, supports our expansion and increases profitability.

#### Result 7 - Enhanced reputation and brand value

##### Explanation

Foresight is committed to successfully managing risks and demonstrating a commitment to ethical conduct.

##### Opportunity

This builds our reputation and brand value, leading to increased customer loyalty, stakeholder trust and market share.

#### Result 8 - Better access to capital

##### Explanation

Our risk culture can make a business more attractive to investors and lenders.

##### Opportunity

This can lead to better access to capital and potentially lower borrowing costs.





## RISKS CONTINUED

### Strengthening risk culture continued

By fostering a strong risk culture, businesses can seize opportunities, mitigate threats and create a sustainable path for long-term success.

We continue to enhance our RCSA activities as part of our process of supporting the Group's risk culture. The RCSA process is a core part of our risk management framework and helps us manage risk across the Group. The Risk team meets with the heads and risk owners of the businesses and core functions on a monthly basis to assess emerging and evolving risks. These meetings also provide exposure and training on our enterprise risk management platform as we migrate from our former RCSA processes and embed a culture of more regular assessments.

RCSAs are used to identify inherent risks arising from activities conducted by businesses and functions across the Group. We record and assess the controls in place to mitigate risks as well as the risks themselves, which enables us to maintain ongoing oversight of the overall risk profile of the Group.

### Reputational risk

Foresight Group's growth strategy and value to its Shareholders depends on its sustainability credentials and, as such, the Board recognises that the controls in place to mitigate associated risks such as Greenwashing and "Impact Washing" need to be robust and receive additional focus. Foresight Group communicates with clients through a variety of media channels, as we support the marketing and promotion of our products across a wide set of markets and jurisdictions.

The Board recognises the importance of being able to substantiate our sustainability claims wherever they are made, beyond the threshold standard of "fair, clear and not misleading". The Head of Risk is a member of the Sustainability Committee and is responsible for the oversight of sustainability risk management activities across the Group.

### Sustainability risk

Our Risk function ensures that there is a robust framework in place to identify and manage sustainability risks and opportunities as well as improve Board visibility of our activities. The management of the risks arising from our sustainability objectives focuses as much on the opportunities as the threats. Supporting a diverse range of financial products designed to satisfy our customers' sustainable investment objectives necessitates enhanced oversight not only of the investment process but also the marketing and promotion of those products.

Sustainability, within which we include environmental, social and governance ("ESG") practices, has become an important business driver over the last decade for most firms and is a key driver for Foresight. Foresight also focuses on wider environmental issues, such as nature and biodiversity, firstly because these form a core part of our sustainability strategy and secondly because we expect the regulator to follow the same path with TNFD (Taskforce for Nature-related Financial Disclosures) as it did for TCFD; voluntary disclosures become mandatory through the adoption into the rulebooks.

We also focus on social and governance issues, such as diversity and inclusion and supply chains. The FCA Financial Lives Survey (the full report of which is scheduled for publication this summer) reveals that "at May 2022, 79% of consumers think businesses have a wider social responsibility than simply to make a profit."

The success of our business depends on our ability to generate attractive risk-adjusted returns for our investors while meeting our sustainability objectives. Delivering any of the ambitious climate and "social" targets demanded represents a challenge for every business and in addition to aligning business strategies, requires significant investment in data frameworks and controls to support regulatory reporting requirements.

Our Board requires assurances that our significant ESG risks have been identified, are measured and managed and that our businesses have enhanced their first line of defence risk management activities to integrate climate risk management.

Our "social" risks are clearly a responsibility for all staff and our People and Sustainable Culture team continue to improve the data collection and analytical capabilities that will enable us to report most of the metrics mentioned in a recent FCA discussion paper and make sure that we can evidence our commitment to diversity and inclusion.

## RISKS CONTINUED

### Sustainability risk continued

Regulatory and legal risk, particularly with respect to the integrity of sustainability claims (including the risk of “greenwashing”) is a feature of most top ten risk lists for product manufacturers and distributors. Foresight’s sustainability focus necessitates additional controls and careful scrutiny of all of our sustainability claims in digital and print media. We expect that enforcement activity relating to specious sustainability claims will be a significant feature of the regulatory landscape over the short to medium term, as new regulations come into force while firms adapt to regulatory requirements and enhance their existing processes around the current requirements for “fair, clear and not misleading” communications.

### Financial crime risk assessment

Foresight Group must ensure that there are adequate systems and controls in place to manage any potential financial crime (“FC”) risks within the business and combat the potential misuse of its services and products in the furtherance of FC.

The Group aims to meet its responsibilities in carrying out its activities in accordance with the laws and regulations of the UK and the overseas jurisdictions in which it operates. The Group and its subsidiaries must comply with FC laws and regulations related to, but not limited to, money laundering, terrorist financing, financial sanctions, proliferation financing, fraud, anti-bribery and corruption, market abuse and tax evasion.

The Group has established a framework to manage FC risk effectively and proportionately, underpinned by five key pillars: Governance, Risk Assessment, Due Diligence & KYC (“Know Your Customer”), Training & Awareness and Monitoring & Surveillance. These pillars go across all three lines of defence; however, the key second line of defence (“2LOD”) activities undertaken to deliver this framework for Foresight are as follows:

#### Governance

The Money Laundering Reporting Officer (“MLRO”) is responsible for oversight of Foresight Group LLP’s (“Foresight”) compliance with the FCA’s rules as well as systems and controls to manage FC risk. The Compliance function meets monthly to discuss FC matters affecting Foresight and reports to the Executive Committee.

#### Risk Assessment

An annual risk assessment specific to each of the principal regulated Foresight entities is produced. Identification of inherent risks, controls and an assessment of residual risk areas requiring focus to ensure all financial crime risks are identified, understood, and managed/mitigated.

#### Due Diligence & KYC

Initial risk-based KYC due diligence on prospective and existing clients, investors, transactions and counterparties is supported by periodic risk-based KYC reviews, with enhanced initial and periodic reviews where there is a higher financial crime risk (e.g. PEPs). In addition to the 1LOD quality assurance reviews, the 2LOD reviews a sample of KYC files via the compliance monitoring programme (“CMP”).

#### Training & Awareness

Annual financial crime training for Foresight employees is supported by periodic FC refresher training via e-Learning and classroom sessions, as well as regular communications on topics such as how to escalate issues to Compliance.

#### Monitoring & Surveillance

Reporting of potential higher-risk circumstances, issues and breaches to the Risk Committee and the Executive Committee which includes the MLRO.

Reporting of suspicious activity to the MLRO in accordance with the Anti-Financial Crime Guide.

Periodic review and assessment of the Firm’s FC monitoring systems and controls in accordance with the compliance monitoring programme.

These pillars are supported by policies and procedures including the AML Policy and Anti-Financial Crime Guide, Anti-Bribery & Corruption Policy, Anti-Market Abuse Policy, Anti-Tax Evasion Policy and Record Keeping Policy.

### Conduct risk

Foresight Group defines conduct risk as the risk from improper behaviour or judgement by our employees, associates or representatives that results in negative financial, non-financial or reputational impact to our clients, employees, the firm and/or the integrity of the markets. This is a Group-wide definition and sets the foundation for the conduct risk framework. Confirming appropriate standards of conduct is a key aspect of the Group’s culture.

## RISKS CONTINUED

### Conduct risk continued

In order to manage conduct risk we take the following approach:

a) Identify and analyse – Define potential key areas of conduct risks

b) Mitigation – Operation and assessment of existing management controls (processes, procedures and documents) that are key in ensuring the sound conduct of the business

c) Monitoring and management – Analysis of potential gaps and formulation of remediation recommendations where appropriate

d) Reporting – Discussion of content and potential actions with senior management

We look to identify potential conduct risks through regular review of the key risk areas across the business. We evaluate any conduct breaches and put in place mitigating measures to avoid further occurrences.

As the conduct risk framework matures, we reduce the opportunity for behaviour that could result in harms to our clients, harms to the integrity of the financial markets and harms to the Group itself.

### Top 10

The following table represents the Top 10 risks to the execution of the Group’s strategic goals, as of 31 March 2023. The threat landscape is evolving, and debated at the Risk Committee, which convenes on a monthly basis. The principal risks are discussed at the Audit & Risk Committees, where our assessment and control framework is challenged.

RISK	DESCRIPTION	CAUSES	CONSEQUENCES	PREVENTATIVE AND RESPONSIVE CONTROLS AND ACTIVITIES
<b>Principal Risk</b>				
Investment Landscape, Macro-economic Conditions	The opportunity for investment in the markets in which Foresight operates is highly competitive. Identifying and committing capital to investment opportunities over the long term involves a high degree of uncertainty and our profitability is sensitive to many factors, including Power Price volatility. Persistently high levels of inflation and uncertainty over central bank containment policies may have far-reaching consequences for investments. The Group recognises the need to balance competing aspects of wage inflation across capital requirements and talent retention.	<ul style="list-style-type: none"> <li>Price inflation and currency fluctuations</li> <li>Political and geopolitical uncertainty</li> <li>Regulatory changes and compliance complexity</li> <li>Business disruptions and supply chain risks</li> </ul>	<ul style="list-style-type: none"> <li>Reduced investment returns</li> <li>Decreased market confidence</li> <li>Regulatory non-compliance</li> <li>Supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity and supply chain resilience</li> <li>Diversification of investment portfolios.</li> <li>Active management of investment portfolios</li> <li>Revision of hard and soft risk limits, risk appetite</li> <li>Cost reduction and policy/process reviews</li> </ul>
Cyber Risk Information Security	Asset managers are vulnerable to data breaches from cyberattacks, which can result in financial losses, regulatory fines and reputational damage	<ul style="list-style-type: none"> <li>Phishing attacks</li> <li>Malware and ransomware</li> <li>Insider threats</li> <li>Unpatched software</li> </ul>	<ul style="list-style-type: none"> <li>Data breaches and unauthorised access to sensitive information</li> <li>Expensive data recovery and security remediation exercises</li> <li>Confidential information distributed with potential harms to clients, markets and firm</li> <li>Potential vulnerabilities exploited more easily</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Robust firewall and intrusion detection systems</li> <li>Secure and resilient IT systems</li> <li>Employee security awareness training</li> <li>Strong access controls and authentication mechanisms</li> <li>Additional encryption and data protection measures</li> </ul>

## RISKS CONTINUED

### Top 10 continued

RISK	DESCRIPTION	CAUSES	CONSEQUENCES	PREVENTATIVE AND RESPONSIVE CONTROLS AND ACTIVITIES
<b>Principal Risk</b>				
Sustainability Risk	The risk associated with environmental, social, and governance factors that can affect investment performance, regulatory compliance, and reputation.	<ul style="list-style-type: none"> <li>• Climate change and environmental impacts</li> <li>• Regulatory changes and compliance complexity</li> <li>• Changing customer preferences and market shifts</li> <li>• Social inequity and human rights violations</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory non-compliance</li> <li>• Reputational damage</li> <li>• Stakeholder disengagement</li> <li>• Decreased market share</li> </ul>	<ul style="list-style-type: none"> <li>• Social responsibility policies and programmes</li> <li>• Supply chain sustainability management</li> <li>• Compliance monitoring and reporting</li> <li>• Crisis management and disaster recovery planning</li> </ul>
Regulatory Compliance	The risk of changing regulations or compliance failures that could result in fines, penalties, or reputational damage. Foresight must comply with a variety of regulatory requirements, including Sustainability Disclosure rules, which can result in significant penalties if violated.	<ul style="list-style-type: none"> <li>• Changes in government policies, industry standards and best practices</li> <li>• Shifts in regulatory enforcement practices, increased penalties and legal consequences</li> <li>• Updates to compliance requirements and increased compliance costs</li> <li>• International regulatory harmonisation</li> </ul>	<ul style="list-style-type: none"> <li>• Non-compliance</li> <li>• Reputational damage</li> <li>• Increased costs</li> <li>• Business disruptions</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory monitoring and compliance programmes</li> <li>• Engagement with regulatory bodies and trade associations</li> <li>• Compliance training and awareness programmes</li> <li>• Legal and compliance firm consultations</li> </ul>

## RISKS CONTINUED

### Top 10 continued

RISK	DESCRIPTION	CAUSES	CONSEQUENCES	PREVENTATIVE AND RESPONSIVE CONTROLS AND ACTIVITIES
<b>Principal Risk</b>				
Third-Party Risk	The Group may rely on third-party service providers for various functions, which can introduce additional operational risks that need to be managed and monitored.	<ul style="list-style-type: none"> <li>• Supplier quality issues</li> <li>• Ethical and social responsibility concerns</li> <li>• Lack of supply chain transparency</li> <li>• Geopolitical and natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Business disruptions and financial losses</li> <li>• Reputational damage</li> <li>• Compromised product quality or safety</li> <li>• Compromised cyber security</li> <li>• Impact on investment performance</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor and supplier evaluation and selection criteria</li> <li>• Supplier financial risk assessment</li> <li>• Increase supply chain visibility and transparency measures</li> <li>• Business continuity and disaster recovery planning review and test</li> <li>• Active third party risk management</li> </ul>
Resilience Risk	Including business continuity and disaster recovery risks, Foresight must have contingency plans in place to ensure continuity of operations in the event of natural disasters, system failures and other disruptions. Asset managers must have contingency plans in place to ensure business continuity in the event of natural disasters, system failures, or other disruptions.	<ul style="list-style-type: none"> <li>• System or technology failures</li> <li>• Natural disasters</li> <li>• Cyber security attacks</li> <li>• Third-party service provider failures</li> </ul>	<ul style="list-style-type: none"> <li>• Service outages</li> <li>• Financial losses</li> <li>• Reputational damage</li> <li>• Regulatory penalties</li> </ul>	<ul style="list-style-type: none"> <li>• Redundancy and backup systems</li> <li>• Business continuity and disaster recovery plans</li> <li>• Staff training and competency development</li> <li>• Supply chain diversification and contingency planning</li> </ul>
<b>Emerging Risk</b>				
Geopolitical risk	The risk that political, social, or economic events in a specific country or region may have a negative impact on the performance of investments in that area.	<ul style="list-style-type: none"> <li>• Political instability and regime changes</li> <li>• Trade wars and tariffs</li> <li>• Economic sanctions and embargoes</li> <li>• Terrorism and political violence</li> </ul>	<ul style="list-style-type: none"> <li>• Business disruptions</li> <li>• Financial losses</li> <li>• Reputational damage</li> <li>• Compromised cyber security</li> </ul>	<ul style="list-style-type: none"> <li>• Geopolitical risk assessment and monitoring, political and country risk analysis</li> <li>• Contingency and crisis management plans</li> <li>• Diversification of markets and supply chains</li> <li>• Reputational risk management strategies</li> </ul>

## RISKS CONTINUED

### Top 10 continued

RISK	DESCRIPTION	CAUSES	CONSEQUENCES	PREVENTATIVE AND RESPONSIVE CONTROLS AND ACTIVITIES
<b>Evolving Risk</b>				
Data and Records Management	The risk that the Group's processes, systems and controls relating to the management, storage and protection of data and records are not sufficient to support the growth in the Group's business.	<ul style="list-style-type: none"> <li>Inaccurate data entry and errors</li> <li>Data duplication and redundancy</li> <li>Data breaches and security incidents</li> <li>Lack of record retention and destruction policies</li> </ul>	<ul style="list-style-type: none"> <li>Compromised data integrity</li> <li>Legal and regulatory consequences</li> <li>Business disruptions</li> <li>Data loss and unavailability</li> </ul>	<ul style="list-style-type: none"> <li>Data governance framework and policies</li> <li>Data privacy and compliance programmes</li> <li>Backup and recovery systems</li> <li>Cyber security measures and access controls</li> </ul>
Conduct and Culture	Conduct risk is the risk of harm to our clients arising from misconduct by our employees or by third parties or other counterparties engaged by the Group.	<ul style="list-style-type: none"> <li>Ethical misconduct and fraud</li> <li>Inadequate training and awareness programmes</li> <li>Poor governance and oversight</li> <li>Conflicts of interest and insider trading</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Loss of customer trust</li> <li>Legal and regulatory consequences</li> <li>Decreased employee morale and productivity</li> </ul>	<ul style="list-style-type: none"> <li>Code of conduct and ethics policies</li> <li>Regulatory compliance programmes</li> <li>Whistleblowing policy</li> <li>Conduct and culture assessments/audit</li> </ul>
Human Capital Risk	Foresight relies on skilled personnel to manage investments and run their businesses, so human capital risks such as key person risk and talent retention risk, can be significant.	<ul style="list-style-type: none"> <li>Talent attrition and staffing shortages</li> <li>Skill gaps and inadequate workforce planning</li> <li>Training and development gaps</li> <li>Succession planning and key person risk</li> </ul>	<ul style="list-style-type: none"> <li>Business disruptions</li> <li>Decreased productivity</li> <li>Loss of critical knowledge</li> <li>Talent retention challenges</li> </ul>	<ul style="list-style-type: none"> <li>Talent acquisition and retention strategies</li> <li>Workforce planning and skill development programmes</li> <li>Succession planning and knowledge transfer</li> <li>Training and development requirements</li> </ul>

## VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have carried out a comprehensive and robust assessment of the Group's prospects and viability.

### Process and period for assessing viability

The Directors have assessed the Group's viability over a three year period to 31 March 2026, taking account of the Group's current financial position and the potential impact of our principal risks.

The Group's long-term prospects are primarily assessed through the strategic and financial planning process. The main output of this process is the Group's three year plan, which is produced by the Finance Team with detailed input from team heads across each area of the business. The Executive Committee and Group Board review and challenge the plan.

The assessment of the Group's viability requires the Directors to consider the principal risks that could affect the Group, which are outlined on pages 81 to 84. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks, to maintain the Group's ongoing viability.

As part of the Internal Capital Adequacy and Risk Assessment process ("ICARA"), stress testing is performed on the Group's three year plan, which considers the impact of one or more of the key risks crystallising over the assessment period. Severe but plausible downside scenarios applied to the plan included:

- 50% lower fundraising
- 10% reduction in valuation of the funds managed by the Group
- 25% lower deployment
- A combination of the three scenarios above

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in each scenario and that the Group's ongoing viability would be sustained. The shift in recent years to a more recurring revenue model, with c.85-90% recurring revenues from evergreen or long-term funds, means the Group has a stable baseline profitability. Under all the scenarios above, the Group remains profitable and in the event of any of these happening, mitigating actions would be taken to increase this profitability further.

As of 31 March 2023, the Group balance sheet was strong. The cash balance at year end was £39.8 million and this financial position provides confidence that the Group has sufficient financial resources for the foreseeable future.

### Viability statement

Based on the results described above, the Directors confirm they have a reasonable expectation that the Group is well positioned to manage its operations and meet its liabilities as they fall due, over the three year period they assessed.

The Directors also consider it appropriate to prepare the financial statements on the going concern basis.

Pages 7 to 85 constitute the Strategic Report, which was approved by the Board on 3 July 2023 and signed on its behalf by:

**Jo-anna Nicolle**  
Company Secretary

## GOVERNANCE

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**SHORTHOPE, SCOTLAND**  
part of Foresight Sustainable  
Forestry Company Plc's portfolio.



## EXECUTIVE CHAIRMAN'S INTRODUCTION



“We remain committed to continuing to identify and implement improvement of our corporate governance to the benefit of the success and development of our business and to bring long-term value to our stakeholders.”

I am pleased to introduce the Group's Corporate Governance Report on behalf of the Board for the year ended 31 March 2023 and to re-affirm our commitment to conducting business responsibly and maintaining high standards of corporate governance. This reflects the Board's belief that strong and supportive corporate governance is the foundation of a successful business in a competitive and regulated arena.

Detailed within this and the overall Annual Report, we have provided details of the Group's structure and the work of the Board and its Committees during the year that illustrate how our responsibilities have been discharged. In so doing, the Board has sought to comply with the Corporate Governance Code, details of which are noted in the Directors' Report on page 122.

The Board recognises its fundamental role to deliver the long-term success of the Group, generating value for Shareholders whilst looking after its employees and other stakeholders. We have provided more information on those activities in the Stakeholders section on pages 55 to 61. Additionally, the Board contacted all Shareholders who voted against the three resolutions that received >20% dissenting votes at the 2022 AGM to better understand both the reasons behind those votes and to see what (if anything) we could have done to have changed their votes. From the responses received, we have recognised the importance of making clearer, more augmented disclosures going forward, which we trust is evident from the disclosures made within this Annual Report.

In recognition of the importance of our staff, we have been pleased with the success of the Employee Forum, which is now in its second year. Membership of the Forum now includes representation of all our overseas offices and overseas participation in meetings across the Group is encouraged, with meeting times set to suit the various participants. The Employee Value Proposition, which was launched by the Forum in 2022, very much underlines the value placed on engaging with our staff to gain the benefit of their views, skills, knowledge and experience.

This year has also seen a good deal of development within our sustainability framework. Further information can be found in our separate Sustainability Report, which can be found at <https://foresight.group/sustainability-report-fy23> and also on page 46 of this Annual Report.

Regarding the Board membership and our performance, we conducted our second internal Board evaluation in the last quarter of the financial year. The Nomination Committee reviewed the results, which are discussed in the Nomination Committee Report on page 102.

As a Board, we remain committed to continuing to identify and implement improvements to our corporate governance to the benefit of the success and development of our business and to bring long-term value to our stakeholders. I look forward to reporting to you on our progress in the next Annual Report.

**Bernard Fairman**

Executive Chairman

3 July 2023

## BOARD OF DIRECTORS

The Board is responsible to the Shareholders and wider key stakeholders for the overall performance of the Group and for the leadership, promotion of the long-term sustainable success of the Group and generation of value for Shareholders.

### Committee membership key

- A Audit & Risk Committee
- N Nomination Committee
- R Remuneration Committee
- M Market Disclosure Committee
- Chair



**Bernard Fairman**  
Executive Chairman

#### Background

Bernard co-founded Foresight Group in 1984 to raise a new fund for investment in unquoted technology companies based in the UK, the United States and France. He is the Executive Chairman, with over 40 years of private equity and infrastructure experience. Bernard is responsible for the strategic direction and management of the Group through organic growth and acquisitions to reach a leading position in the UK small cap private equity and international infrastructure markets.

Prior to founding Foresight Group, Bernard worked at 3i Ventures as an investment manager where he was responsible for sourcing, evaluating and negotiating investments.

#### Qualifications

BA in Applied Economics from the University of Nottingham.

#### External directorships

Beau Port Investments Limited.



**Gary Fraser**  
Chief Financial Officer and Chief Operating Officer

#### Background

Gary joined Foresight in 2004 and is the Chief Financial Officer and Chief Operating Officer based in the London office. He has over 27 years of experience and is responsible for all financial and operational matters including providing and facilitating specialist financial input into corporate, portfolio and investment decisions.

Prior to joining Foresight, Gary worked at F&C Asset Management as a company secretary, where he focused on legal and tax compliance, financial compliance, technical and financial reporting and corporate finance. He has also worked at EY, focusing on audit and risk assurance, and corporate finance.

#### Qualifications

Chartered Fellow of the Securities Institute, Chartered Accountant, BAcc from the University of Stirling.

#### External directorships

Averon Park Limited (a Foresight managed entity)



## BOARD OF DIRECTORS CONTINUED



**Alison Hutchinson, CBE**

Senior Independent Non-Executive Director

### Background

Alison is CEO of fintech charity The Pennies Foundation, which she founded in 2009, working with retailers to enable digital giving, and serves as the senior independent non-executive director at DFS Furniture plc and Yorkshire Building Society.

Alison has a strong background in both IT and retail financial services, having started her career at IBM and becoming global director of online financial services before joining Barclays Bank and then specialist mortgage provider Kensington Group PLC as managing director and then group CEO.

In 2016, Alison was awarded a CBE for services to the economy and charities.

### Qualifications

BSc in Technology & Business Studies from Strathclyde University.

### External directorships

DFS Furniture plc, Yorkshire Building Society and Your Penny Limited.



**Geoffrey Gavey**

Independent Non-Executive Director

### Background

Geoff joined the Foresight Group Board in 2015 as an Independent Non-Executive Director and sits on the Remuneration, Audit & Risk and Nomination Committees. He is the managing director of FNB International Trustees Limited (“FNB”) and deputy head of banking for FNB Channel Islands Bank. He is a member of the audit and risk committee of both FNB International Trustees Limited and FNB Channel Islands Bank.

He was formerly a director of Fairbairn Trust Company Limited, a subsidiary of Old Mutual, and worked for Lloyds Bank International in both Guernsey and Gibraltar.

### Qualifications

Associate of the Chartered Institute of Bankers, Member of the Chartered Institute of Marketing, registered Trust and Estate Practitioner, BSc in Mining Engineering from University College, Cardiff.

### External directorships

Ashburton Investments International Holdings Limited plus various directorships of companies serviced by FNB for its clients.



**Michael Liston, OBE**

Independent Non-Executive Director

### Background

Formerly Chief Executive of the electricity utility Jersey Electricity plc, Mike is the Non-Executive Chairman of JTC plc and has extensive experience across public and private sector businesses.

Mike has held a number of non-executive roles including Chairman of AIM-listed Renewable Energy Generation Limited and was formerly chairman of The Jersey Appointments Commission, established by the Government of Jersey to ensure probity in senior public sector appointments. He is a Fellow of the Royal Academy of Engineering.

In 2007, Mike was awarded an OBE for services to the electricity industry and charity. He was elected to the judiciary of the Royal Court of Jersey in 2012, retiring from this position in 2017.

### External directorships

JTC plc chairman.



## CORPORATE GOVERNANCE

### Compliance with the UK Corporate Governance Code in 2023

In compliance with Listing Rule 9.8.7R, as an overseas company with a premium listing, the Company must comply with the 2018 UK Corporate Governance Code (the “Code”), which is published by the Financial Reporting Council. A copy of the Code can be found at [www.frc.org.uk](http://www.frc.org.uk). The Board is committed to comply with the Code and did so in full for the financial year aside from the areas noted below:

Provision	Explanation
9 & 19	The Code recommends that the role of chairman and chief executive officer should not be exercised by the same individual. Since Admission, Bernard Fairman has exercised the role of Executive Chairman, combining the role of chairman and chief executive officer, which does not comply with the recommendations of the Code. The Nomination Committee and the Board continue to consider that, in the Company’s specific case and circumstances, the role of an Executive Chairman is in the interest of Shareholders in order to utilise the proven leadership qualities and significant experience of Bernard Fairman to ensure the ongoing commercial success of the Group. Furthermore, Bernard Fairman was one of the founders of the Company in 1984 and can therefore provide stability and continuity through his detailed understanding of the Group’s operations, both past and present, and the markets in which it operates. These qualities are considered to be of particular importance given the Company’s growth ambitions and relatively recent listing. The Board, through the Nomination Committee, continues to review its succession planning on a regular basis and further details of these discussions can be found within the Nomination Committee report on pages 99 to 102.
26	Due to the size of Foresight Group, the Company’s Audit & Risk Committee’s view remains that it is not yet necessary to appoint an internal audit function. This decision will remain under constant review by the Board and Audit & Risk Committee, who agree that an internal audit function will be required once the Company reaches a certain size.

The table on pages 91 and 92 illustrates how Foresight Group Holdings Limited has applied the principles and complied with the provisions of the Code during the year. The adjacent schedule provides signposting of where this report illustrates the Group’s compliance with the Code and a high level overview of that compliance.

	Pages
<b>Board Leadership and Company Purpose</b> Effective and entrepreneurial board Company’s value, purpose and strategy Risk management Stakeholder engagement Workforce policies (remuneration)	88, 89 and 102 IFC and 8 to 18 73 to 84 55 to 62 113, 114 and 116
<b>Division of Responsibilities</b> Responsibilities of the Chair and the SID <sup>1</sup> Executive vs Non-Executive Directors Time commitment Board effectiveness and efficiency	93 93 101 102
<b>Composition, Succession and Evaluation</b> Appointments and succession Skillset, knowledge and experience Evaluation	101 88 and 89 100 and 102
<b>Audit, Risk and Internal Control</b> Independence and effectiveness of audit functions and integrity of the financial statements Fair, balanced and understandable assessment of the Company’s position and prospects Risks and internal controls	103 to 108 Same as above Same as above
<b>Remuneration</b> Remuneration policies and practices Formal and transparent procedure for executive and senior management remuneration policies Exercise independent judgement and discretion	109 to 121 Same as above Same as above

1. As the Company has an Executive Chair, certain responsibilities are undertaken by the SID. This division of responsibilities is fully documented.

## CORPORATE GOVERNANCE CONTINUED

The Board has overseen the Group’s corporate governance and business activities during the course of the financial year, which has been illustrated throughout this Report. The Board has actively worked with the Executive Committee and senior managers to ensure high corporate governance standards are developed and improved to support the Group in achieving its goals for enabling revenue generation, operational resilience and growth for the long-term success of the Group for the benefit of its stakeholders and wider society.

Areas of focus	PURPOSE, VALUES AND STRATEGY	FINANCIAL MANAGEMENT AND PERFORMANCE	SUSTAINABILITY	STAKEHOLDER ENGAGEMENT
<b>Board activities</b>	<ul style="list-style-type: none"> <li>• Board meetings/Board reporting</li> <li>• Board strategy and networking days</li> <li>• Ad hoc meetings and calls with senior management on key projects and key areas of the business</li> <li>• Attendance at employee engagement forums where strategy is a key value driver</li> <li>• Meetings with senior management and ad hoc attendance at meetings of key committees</li> <li>• Approval of three year plan considering strategic growth by organic/internal growth and acquisition</li> <li>• Approval of business acquisitions, the share issue and oversight of business integration</li> <li>• Oversight of expansion of distribution into the US</li> </ul>	<ul style="list-style-type: none"> <li>• Regular liaison of finance staff with Chair of Audit &amp; Risk Committee</li> <li>• Chair of Audit &amp; Risk Committee meeting independently with the audit partner pre-reporting cycle</li> <li>• Management report generated by auditor</li> <li>• Board reporting</li> <li>• KPI and APM reviews</li> <li>• Ad-hoc attendance at Valuation Committees</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment of a member of the Board and Executive Committee to champion sustainability</li> <li>• Training in key areas relevant to the Group’s business activities and strategies</li> <li>• Board reporting</li> <li>• Joint ventures enhancing the Group’s sustainability initiatives and progressing its sustainability strategy</li> <li>• Regular interaction with the Head of Sustainability</li> <li>• Approval and promotion of sustainability-related strategy, policies and activities</li> <li>• Approval of the Modern Slavery and Human Rights Statement</li> <li>• Sustainability events and joint ventures such as the Eden Project</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings with key Shareholders and market analysts</li> <li>• Employee Forum and Employee Value Proposition initiative</li> <li>• Attendance and participation in a variety of industry bodies to shape the investment management and related industries</li> <li>• Promoting open and transparent relationships and communication with all stakeholders</li> <li>• Monitoring of customer trends</li> <li>• Annual General Meeting</li> <li>• Ensuring consideration is given to stakeholder impacts within investment process</li> <li>• Ensuring retention of Group memberships/signatory status of sustainability organisations/bodies</li> <li>• Contributing to industry consultations supporting stakeholder groups</li> </ul>
<b>Strategy</b>				

## CORPORATE GOVERNANCE CONTINUED

Areas of focus	PEOPLE, DIVERSITY & INCLUSION AND SUSTAINABLE CULTURE	OVERSIGHT OF OPERATIONAL PERFORMANCE VS STRATEGIC TARGETS	RISK MANAGEMENT	CORPORATE GOVERNANCE AND REPORTING
<b>Board activities</b>	<ul style="list-style-type: none"> <li>• Rebranding the HR Team to become the People and Sustainable Culture Team to recognise their commitment to promote and support a sustainable workforce culture</li> <li>• Employee Forum and Employee Value Proposition initiative</li> <li>• Talent mapping</li> <li>• Employee surveys</li> <li>• Succession planning oversight</li> <li>• Whistleblowing oversight</li> <li>• Supporting and promoting workforce initiatives championing diversity and inclusion, including The Diversity Project, events and communications led by staff</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight via reporting and attendance at certain Team/Committee meetings</li> <li>• Challenging the Executive Directors and Executive Committee on performance</li> <li>• Meeting team heads directly</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight of integration of acquired businesses to risk framework</li> <li>• Overseeing risk management framework</li> <li>• Implementation of new risk system</li> <li>• Review, assessment and challenge of Group's principal and emerging risks</li> <li>• Meetings with CRO and Head of Risk</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Monitoring compliance with the Corporate Governance Code</li> <li>• Ongoing growth and improvement to the governance framework, maintaining alignment with business growth</li> <li>• Board effectiveness review and planning</li> <li>• Oversight of global subsidiaries and offices</li> <li>• Regular Board meetings and reporting</li> <li>• Engagement with external advisers and experts</li> </ul>
<b>Strategy</b>				

## CORPORATE GOVERNANCE CONTINUED

Each member of the Board understands their role as an individual, providing independent views and challenge, as well as being part of a collective acting with their Board colleagues to secure the long-term success of the Group. The division of responsibilities among the Directors is also key to the Group achieving the Group's purpose, strategies, values and targets.

The roles of the Board and its four Committees are summarised below:

Board	Role overview
<b>Executive Chairman</b>	<ul style="list-style-type: none"> <li>Identify, develop and propose Group strategy, annual budget, business plans and commercial objectives</li> <li>Oversight of the Executive Committee's management of the Group and execution of Group strategy</li> <li>Promote appropriate standards of governance across the Group and ensure compliance with legal and regulatory responsibilities</li> <li>Ensure timely flow of accurate and reliable information within the Group and with the Board</li> <li>Health, safety and wellbeing of workforce and workforce engagement</li> <li>Communication with workforce and ensuring Board awareness of staff views</li> <li>Board evaluation oversight</li> </ul>
<b>CFO/COO</b>	<ul style="list-style-type: none"> <li>Support the Executive Chairman in developing Group strategy, annual budget, business plans and commercial objectives</li> <li>Serve on the Executive Committee</li> <li>Responsible for the Group's operations and operational strategy via the Executive Committee</li> <li>Responsible for Finance, Risk, Compliance, Governance, PSC and Corporate IR</li> </ul>
Board	Role overview
<b>Senior Independent Non-Executive Director</b>	<ul style="list-style-type: none"> <li>Act as a Non-Executive Director</li> <li>Act as intermediary for other Directors and the Shareholders to ensure views are communicated and understood</li> <li>Lead the Board when the Executive Chairman is absent</li> <li>Designated NED for workforce engagement</li> <li>Ensure effective communication by the Group with its workforce and stakeholders</li> <li>Lead on the appraisal of the Executive Chairman's performance and evaluates the same</li> <li>Contribute to succession planning of the Executive Chairman, the other Directors and the Board's Committees</li> </ul>
<b>Non-Executive Directors</b>	<ul style="list-style-type: none"> <li>Monitor the Group's delivery of strategy</li> <li>Ensure internal controls are robust and that an external audit is carried out</li> <li>Engage with internal and external stakeholders, providing feedback to the Board</li> <li>Provide constructive input to the development of the Group's strategy</li> <li>Have a key role in succession planning for the Board and senior management</li> <li>Serve on the Board's Committees</li> </ul>
<b>Company Secretary</b>	<ul style="list-style-type: none"> <li>Provide advice and support to the Board as necessary</li> <li>Ensure timely and accurate information flows to the Board</li> <li>Ensure compliance with the Company's Board and corporate governance policies</li> <li>Keep the Board updated on changes to applicable regulation, legislation and best practice standards</li> <li>Tailor and carry out comprehensive inductions for new Directors</li> <li>Provide support to the Chairman</li> <li>Support the Chairman with the Board evaluation</li> </ul>

## CORPORATE GOVERNANCE CONTINUED

### Board Committees

#### Audit & Risk Committee

The Audit & Risk Committee's role is to assist the Board with the discharge of its responsibilities in relation to external audits and internal controls and risk management. This includes annual financial statements and risk appetite, considering the scope of the annual audit and the extent of the non-audit work undertaken by the External Auditor, advising on the appointment of the External Auditor and reviewing the effectiveness of the internal control systems (including risk management processes and cyber risk) in place within the Group. The Audit & Risk Committee will normally meet no less than four times per year.

#### Nomination Committee

The Nomination Committee assists the Board in determining the composition and make-up of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need arises. The Nomination Committee also determines succession plans for the Board and organises the annual Board effectiveness review. The Nomination Committee will normally meet not less than once a year.

#### Remuneration Committee

The Remuneration Committee provides the Board with recommendations as regards the remuneration policy for executive remuneration, levels of remuneration for each of the Directors as well as making recommendations in regard to and monitoring the remuneration of the Group's senior management. The Remuneration Committee will also prepare an annual remuneration report to be approved by the members of the Company at the Annual General Meeting ("AGM"). The Chair of the Remuneration Committee will be available at AGMs of the Company to respond to questions from Shareholders on the Remuneration Committee's activities. The Remuneration Committee will normally meet no less than twice a year.

### Market Disclosure Committee

The Board has delegated to the Committee responsibility for overseeing the disclosure of information by the Company to meet its obligations under MAR. The Committee is required to maintain procedures, systems and controls for the identification, treatment and disclosure of inside information and for complying with the obligations falling on the Company and its Directors and employees under MAR. The Committee meets as necessary or appropriate as determined by its Chair, Bernard Fairman. It is authorised to investigate any matter within its Terms of Reference and to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to co-operate with any request made by the Committee. The Committee will conduct an annual review of its work, membership and Terms of Reference to ensure it is operating at maximum effectiveness. It will also make recommendations about any changes it considers necessary to the Board.

### Board and Committee meeting attendance

Meetings	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Bernard Fairman <sup>1</sup> (Appointed: 22/02/2010)	6	—	—	—
Geoff Gavey (Appointed: 31/05/2015)	6	5	4	4
Alison Hutchinson (Appointed: 03/02/2021)	5	4	4	3
Michael Liston (Appointed: 03/02/2021)	6	5	4	4
Gary Fraser <sup>1</sup> (Appointed: 03/02/2021)	6	—	—	—

1. Note that Bernard Fairman and Gary Fraser are not members of the Audit & Risk, Remuneration or Nomination Committees.



## CORPORATE GOVERNANCE CONTINUED

### Executive Committee

The Executive Committee, acting under the oversight of the Group's Executive Chairman via his membership of the Committee and within the authority delegated by the Board, has been tasked with the management of the Group on a day to-day basis; in particular, to pursue the Group's commercial objectives and execute and deliver Group strategy, as approved by the Board, and to provide periodic updates to the Board accordingly. Gary Fraser also sits on the Executive Committee. The other members are as follows:



**David Hughes,**  
**Chief Investment Officer**

David joined the Group in 2004 and is the Group's Chief Investment Officer and is based in the London office. He has over 45 years of experience and is responsible for the overall management of the Foresight Group investment portfolio, overseeing the complete investment cycle from initial investment to ultimate realisation.

Prior to joining Foresight, David worked at Advent Venture Partners as a Principal in the VCT Unit, where he was responsible for managing Advent's two listed VCTs, comprising a portfolio of over 30 unquoted investments, mainly in technology companies. He also spent almost 20 years working at 3i, where he provided advice to public and private companies on corporate strategy, acquisitions, disposals, mergers and capital raising.

David is a Fellow of the Chartered Association of Certified Accountants and holds a First Class BSc in Chemistry from the University of Bristol.



**Nigel Aitchison,**  
**Co-Head of Infrastructure**

Nigel joined Foresight in September 2008 and is Co-Head of Infrastructure based in the London office. He has over 30 years of experience covering specific areas such as waste management, project finance and fund management.

Prior to joining Foresight, Nigel was a director within Shanks Group where he was responsible for strategy and managing relationships with key stakeholders for the UK business. Prior to that he led the management of their PFI division both in terms of bidding and operational profit and loss responsibility.

Nigel is a Chartered Environmentalist and a member of the Chartered Institute of Waste Management. He also holds a Diploma with Distinction in Environmental Science from Crewe and Alsager College.

Nigel officially retired from Foresight on 30 June 2023 but shall remain as a consultant to Foresight Group for a minimum period of six months.



**Ricardo Piñeiro,**  
**Co-Head of Infrastructure**

Ricardo joined Foresight in 2011 and is Co-Head of Infrastructure based in the London office. He has 17 years of experience in fund management, sustainable infrastructure investment and financing in the UK and internationally.

Prior to joining Foresight, Ricardo worked at Espirito Santo Investment where he focused on lending and advisory for the energy infrastructure and transportation sectors.

Ricardo holds a BA in Business Administration with Finance from the Universidade Católica Portuguesa.

## CORPORATE GOVERNANCE CONTINUED

### Executive Committee continued



**James Livingston,**  
**Co-Head of Private Equity**

James joined Foresight in 2007 and is Co-Head of Private Equity, based in the London office. James has 17 years of experience and is a member of the Investment Committee. James is responsible for originating, negotiating and managing growth and buyout investments in a variety of sectors.

In 2016, James 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.

Prior to joining Foresight, James was in Deloitte's Strategy Consulting team. 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.



**Matthew Smith,**  
**Co-Head of Private Equity**

Matt joined Foresight in 2010 and is Co-Head of Private Equity and based in the London office. Matt has 17 years of experience and is a member of the Investment Committee. Matt has a particular focus on ESG considerations and has helped develop Foresight's approach.

Prior to joining Foresight, Matt worked for Rothschild, where he spent six years advising companies in a range of sectors on a variety of transaction types.

Matt graduated from Oxford University with a Master's degree in Biological Sciences and a postgraduate degree in Physiology.

## CORPORATE GOVERNANCE CONTINUED

### Our governance framework

The Board adopted the “Matters Reserved for the Board”, which is available to view via the Company’s website and by writing to the Company Secretary at the registered office. As part of its governance framework, the Board appointed the four standing committees listed below and the Executive Committee. The purpose of each committee is summarised below.

The Board appointed the

#### The Board

The role of the Board is to collectively promote the long-term success of the Group. Also, to shape the Group’s strategy, having regard to all stakeholders, while maintaining a balanced approach to risk within a framework of effective controls.

#### Audit & Risk Committee

Oversees financial reporting and monitors internal controls including risk management. Monitors the effectiveness of the external auditors.

#### Remuneration Committee

Sets, reviews and recommends the Group’s overall remuneration policy and strategy and monitors their implementation.

#### Nomination Committee

Evaluates and makes recommendations regarding Board and Committee composition and succession planning.

#### Market Disclosure Committee

Oversees disclosure of information by Foresight Group Holdings Limited to meet its regulatory obligations.

#### Executive Committee (see pages 95 and 96)

Oversees and manages the Group’s day-to-day operations.

## CORPORATE GOVERNANCE CONTINUED

### Our governance framework continued

The Group's governance framework forms the foundation of its operations, enabling it to operate and develop as a successful and sustainable business, understanding and responding to the needs of our key stakeholders and the changing market conditions in which we operate.

The governance structure, as illustrated on page 97, takes a layered approach:

- Level 1 – the structure is headed by the Board, whose responsibility is to set the Group's purpose and strategy in a manner compliant with the Code (as set out above) and in the interests of the Shareholders and other stakeholders. It has appointed four Committees, which are shown on pages 94 and 97, each of which is subject to Terms of Reference set and approved by the Board. Those Terms of Reference can be found on the Group's website <https://www.foresightgroup.eu/>.
- Level 2 – the Board has authorised the Group's Executive Committee to manage and oversee the Group's day-to-day activities in such a way as to achieve the strategies and targets set by the Board and to support the Board in setting such strategies and targets.
- Level 3 – the Executive Committee is supported by Group and jurisdictional level committees, jurisdictional boards and senior management globally.

Common committee members and regular reporting go to support the efficiency and effectiveness of the structure and ultimately provide the Board with the information needed to discharge their responsibilities. Further, the Board is provided with unfettered access to meetings of key committees, teams and boards so, should they wish to attend, they can judge the information flows, controls, effectiveness and efficiency of our operations directly.

The Group has adopted high standards of corporate governance driven by the Code's principles and also by the requirements of regulation and legislation across the business. These standards are translated into policies, which are rolled out across the Group as appropriate.

As the Board has an Executive Chairman, the Senior Independent Director undertakes certain responsibilities normally assigned to a non-executive chair. This split in responsibilities is captured by a corporate governance document, "Division of Responsibilities between the Executive Chair and the Senior Independent Director", which can be found at <https://www.foresightgroup.eu>.

### The Board

The Board is responsible to the Shareholders and wider key stakeholders for the overall performance of the Group and for the leadership, promotion of the long-term sustainable success of the Group and generation of value for Shareholders. Such activities, where possible, should provide a positive contribution to society, within a framework of prudent and effective controls that enable risk to be assessed and managed. While the Board may delegate some of its powers, certain powers may not be delegated and are documented in "Matters Reserved for the Board". Such matters include those related to the following:

- Strategy
- Financial
- Treasury
- Legal, administration, pension and other benefits
- Communications with Shareholders
- Executive Group appointments and arrangements

The Board fully complied with the above during the year.

### Board independence

The independence of the Non-Executive Directors was judged as part of the annual evaluation in accordance with the Code, and the Nomination Committee considered that they were all free from any relationship or circumstances that could affect, or appear to affect, their independent judgement. The Committee was satisfied that the Non-Executive Directors could properly fulfil their roles on the Board, providing constructive challenge to the Board and Executive Committee.

### Conflicts of interest

The Company Secretary maintains a register of conflicts of interest. Each Director understands their responsibility to identify and manage conflicts of interest and to provide details to the Board and the Company Secretary. The Directors are reminded of their responsibilities in relation to conflicts of interest at each Board meeting. The Company Secretary provides a copy of the register of conflicts of interest at all full Board meetings, to enable the Board to monitor and note any potential conflicts of interest that may have arisen. Any Director wishing to take on an additional external appointment must obtain permission from the Board, which shall be granted if the additional time commitments will not interfere with the respective Director's ability to discharge their responsibility to the Company, their independence is maintained and there are no conflicts of interest arising as a result of the appointment.

### Professional advice

Subject to complying with the Guidance for Obtaining Independent Advice, a Director may take independent professional advice at the Company's expense in the furtherance of their duties as Directors of the Company. During the year, no Directors sought to do so.

## NOMINATION COMMITTEE REPORT



The Committee's key responsibilities include Board composition, succession, diversity and performance evaluation.

**Mike Liston OBE**

Chair of the Nomination Committee

Dear Shareholders,

I am pleased to present the Nomination Committee report for the year ended 31 March 2023 and wish to thank the other members of the Committee, Alison Hutchinson and Geoffrey Gavey, management and our external advisers for their support during the year.

### Key responsibilities

The Committee's key responsibilities include Board composition, succession, diversity and performance evaluation. During the year, new focus was applied to initiatives to further improve equity and inclusion beyond the Board, not least by our People and Sustainable Culture Team, who continuously develop people strategy for the Group.

### Succession

Having made rapid progress in executing its growth strategy in its second full year as a listed company, succession has become a key priority for the Committee's long-term planning activities. Together with the Executive Directors, it continues to develop Group-wide talent, recruitment and retention mechanisms to future proof its skills needs. These include professional development, training and skillset mapping at Board and Executive Committee levels, with diversity as a culture-enhancing opportunity for the business as a whole.

The Committee's succession planning acknowledges that the present combination of the Executive Chairman and CEO roles and Executive Chairman's tenure are both areas of non-compliance with the 2018 UK Corporate Governance Code (the "Code"). The Corporate Governance report on pages 90 to 98 confirms the Committee's continuing and unanimous support for Bernard Fairman's continuation in that combined role, which remains unchanged since the Company's IPO. In due course, when Mr Fairman retires, the chairing role will become independent and will separate from the CEO role.

### Board composition and diversity

The Board was formed in February 2021 at the time of the IPO and its composition remains relevant to and supportive of the Group's business activities and delivery of its strategy for growth.

The Committee keeps under review the foreseeable leadership needs of the Company as it grows. It remains of the view that the constitution of the Board is relevant to the size, complexity and skills needs of the Group. It is mindful that the composition does not currently meet the requirements of the FCA's new diversity rules announced in 2022, as can be seen from the table on page 100. For this reason, it pays particular attention in its oversight of the Group's operations and its direct interactions with key staff and the Employee Forum to ensure there are no cultural or structural barriers for women, ethnic and other under-represented groups. It is satisfied that the Company continues to promote equity, inclusion and diversity and it expects to see an increasingly diverse talent pipeline that will feed into its workforce with more people from minority groups as it expands.

## NOMINATION COMMITTEE REPORT CONTINUED

### Board composition and diversity continued

Sex/gender	Number of Board members	Percentage of the Board <sup>1</sup>	Number of senior positions	Number in Executive Management	Percentage of Executive Management <sup>2</sup>
Men	4	80%	2	9	81.8%
Women	1	20%	1	2	18.2%
<b>Total</b>	<b>5</b>	<b>100%</b>	<b>3</b>	<b>11</b>	<b>100%</b>
Minority ethnic background <sup>3</sup>					
White British or other White	5	100%	3	11	100%
<b>Total</b>	<b>5</b>	<b>100%</b>	<b>3</b>	<b>11</b>	<b>100%</b>

1. Senior positions include CEO, CFO, SID and Chair.

2. Executive Management comprises the Board, Executive Committee and the Company Secretary. See Glossary on pages 209 to 211 for full definition.

3. See Glossary on pages 209 to 211 for full definition.

### Board effectiveness and evaluation

The Committee undertook a formal evaluation of Board effectiveness during the year.

This was the second evaluation to be conducted internally and one more is planned before a fully independent external evaluation is carried out. That is scheduled to take place during the Company's third full year, ending 31 March 2025. More details on the results of the evaluation are provided on page 102.

### Re-Election of Directors

In accordance with the Company's Articles of Incorporation and the Code, all Board members will retire at the forthcoming AGM and offer themselves for re-election by Shareholders. The Committee does not recommend any change in Board composition and recommends the re-election of each member of the Board.

### Shareholder engagement

We value engagement with our Shareholders and I would welcome feedback and questions on this report and the Committee's activities throughout the year. Should you wish to make contact with me, please do so via the Company Secretary.

## NOMINATION COMMITTEE REPORT CONTINUED

### Board Diversity Policy

Diversity is a key part of the Group's culture as it brings diversity of perspective, experience and values to help inform decisions and activities to the benefit of the Group and its stakeholders. This culture is embedded within our policies and approach to ensure that our staff are treated fairly and respectfully and have equal opportunities regardless of their age, gender, ethnicity or background. As noted on page 99, diversity is a key consideration of the Committee in reviewing the Board composition and effectiveness and in identifying any new Board members.

Our Board Diversity Policy may be summarised as follows:

- Our aim is to seek to ensure our Board composition is such that the Board as a whole has the right skillset, knowledge and experience we believe is required for us to achieve the Group's targets and strategies and bring value to our Shareholders and other stakeholders
- We will promote and support diversity and will ensure diversity is a key consideration when recruiting new Board members
- Where possible, we will seek to comply with the rules and requirements of our regulators and the industry bodies we engage with as regards diversity and to fully explain any areas of non-compliance
- We will review the skillsets, knowledge and experience of Board members regularly to ensure alignment with the Company's purpose, objectives and culture, demonstrating diversity where possible

### Board independence

The independence of the non-executive members of our Board was considered at the IPO to be compliant with the UK Corporate Governance Code. Their independence is reviewed annually by the Committee as part of the Board Effectiveness Evaluation process and the Committee remains satisfied that compliance was maintained throughout the year.

### Time commitment

The members of the Board are required to commit sufficient time to the Company as is necessary for them to carry out their duties as Directors. Time commitment is reviewed as part of the annual Board Effectiveness Evaluation process, which confirmed the Committee's belief that the time committed by each Board member remained sufficient and not excessive for the year.

### Board succession and planning

The Committee is mandated to:

- Lead the process for appointments to the Executive Group, via a formal, transparent and rigorous process
- Ensure effective succession plans are in place to provide for an orderly succession to Executive Group positions
- Oversee the development of a diverse succession pipeline
- Carry out an evaluation no less than annually of the skills, experience and knowledge of the Board and its committees

As noted above, the Committee is working with the Executive Directors to progress and focus on succession planning and related activities such as training, skillset and experience mapping at Board and Executive Committee levels, as well as diversity. The aim of the planning is to identify and develop the leadership talent on which the Group depends in its business-critical positions and maintain resilience against the emergence of unforeseen gaps as it grows. Succession planning for the Executive Committee and other senior management roles is an additional priority for 2023.

During the year, no new Board members were appointed and none retired.

### Board appointments/induction

All new Board members are required to undertake an induction programme, tailored to the needs of the individual and also providing familiarisation with the Company's various governance arrangements. The programme includes meetings with other Board members and key advisers. Meetings will also be arranged with members of the Executive Committee and team heads to provide an overview of our operations and enable individual fact finding. The Company Secretary also provides relevant policy and procedural information.

During the year, there were no new Board appointments and no resignations.

## NOMINATION COMMITTEE REPORT CONTINUED

### Board Effectiveness Evaluation

An internal Board Effectiveness Evaluation was undertaken in the first calendar quarter of 2023. The process was led by the Committee Chair, supported by the Company Secretary, and involved completion of a questionnaire designed to assess the effectiveness of the Board, its committees and the Board Chairman. The main areas covered by the Evaluation were Strategy, Corporate Governance and Risk and focused mainly on ensuring the Board has the right level of access to information, reporting, staff, etc. to enable it to be effective.

The responses to the questionnaires were provided on an anonymous basis and collated and presented to the Committee for review, which was formally undertaken at a Committee meeting in March 2023.

The Committee’s findings were minuted and actions identified and allocated to appropriate staff for completion. The findings recorded an improvement in all areas, which was in line with recommendations made during last year’s Evaluation. While there were no significantly negative findings, some areas summarised below remained priorities for attention:

Type	Aim	Progress
<b>Reporting and transparency</b>	To ensure the Board receives the right level of reporting, access to staff, etc.	As a recently listed and fast-growing Company, there remains scope to improve consistency in the scope and strategic content of management reporting to the Board. Good progress was made during the year, particularly in risk and cyber security.
<b>Stakeholder engagement (excl workforce)</b>	To ensure the Board understands who our key stakeholders are, their impact to the business and their ESG priorities	The Board understands that relationships with stakeholders are key to the success of the Group and play an important role with ensuring we meet the ESG standards we aspire to. The Board receives various reports from and has access to staff who hold relationships with the stakeholders. The Board has the authority to challenge staff and, if necessary, engage with stakeholders. No interventions were required during the year.
<b>Workforce engagement</b>	To ensure our workforce is valued, managed and considered in relation to our investment in staff	The Board takes workforce engagement very seriously. The Senior Independent Director is the chair of our Employee Forum and engages regularly with the Head of People and Sustainable Culture (“PSC”) as well as the Head of Sustainability on matters relating to the workforce. The PSC team present annual benchmarking and salary reviews to the Remuneration Committee for review. PSC also share the findings of the annual staff survey with the Board, who have input to the actions to be taken in areas of weakness.
<b>Succession planning</b>	To ensure appropriate succession planning for the Board	This year’s Evaluation noted good progress by the Committee in developing the succession plan for senior executives at and below Board level. The August 2023 Board meeting will receive the Committee’s enhanced plan.

The Evaluation process includes the performance of the Executive Chairman, with whom the Senior Independent Director discussed the results. The Committee Chair also met with the CFO. The Board will consider the overall findings of the Evaluation at its August 2023 meeting.

### Mike Liston

Chair of the Nomination Committee

3 July 2023



## AUDIT & RISK COMMITTEE REPORT



The Audit & Risk Committee continues to play a key role in scrutinising, monitoring and reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems, in addition to maintaining the integrity of the Group's financial reporting.

**Geoffrey Gavey**

Chair of the Audit & Risk Committee

Dear Shareholders,

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 March 2023.

### Key areas of focus

Over the last 12 months the Committee has focused on the further development of the risk management function within the business whilst continuing to ensure the integrity of the Group's financial statements is maintained, with a particular focus on the valuation and associated accounting for the successful acquisitions made during the year.

The Group's new Head of Risk has implemented several improvements to our systems and controls to support the growth and stability of the business. The acquisition of Infrastructure Capital Group ("ICG") last year precipitated a review of the regional risk and compliance frameworks across our global offices to align governance policies and processes across the Group. This has resulted in a more dynamic exchange of information on risks across our regions.

The Committee is updated on all developments in this regard and is satisfied with the progress.

### Interaction with the Financial Reporting Council ("FRC")

The Company received a letter from the FRC on 27 February 2023 following their review of our interim report and accounts for the period ended 30 September 2022 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures.

I am pleased to note that based on their review, there were no questions or queries that they wished to raise.

They did, however, suggest some improvements to our disclosures relating to APMs and segmental profit and loss. We have taken on board this feedback and included a detailed appendix to the financial statements explaining all of our APMs and segmental profit and loss has been detailed in note 5 of the accounts.

### Composition

The Committee was formed on 3 February 2021 as part of the preparation for the Company's Admission to the Main Market of the London Stock Exchange. Its members are me as Chair, alongside fellow independent NEDs Alison Hutchinson and Mike Liston.

The UK Corporate Governance Code recommends that all members of the Audit & Risk Committee be Independent Non-Executive Directors, that one such member has recent and relevant financial experience and that the Committee as a whole shall have competence relevant to the sector in which the Company operates.

Whilst no member of the Audit & Risk Committee has an accounting or audit qualification, the Board considers that the Company complies with the requirements of the UK Corporate Governance Code, as I have recent and relevant financial experience, being a member of the Audit & Risk Committee at other companies. The absence of a member of the Audit & Risk Committee with an accounting and/or audit qualification is kept under periodic review by the Board.

### Committee meetings

The Committee meets at least three times per year and at such other times as required. The Company's External Auditor or Chief Risk Officer ("CRO") may also request a meeting if they consider it necessary.

The Committee met on five occasions during the financial year under review to discuss and approve both the Annual and Half-year Reports; plan for the audit for the year ended 31 March 2023; and discuss a number of other risk and accounting areas within the remit of the Committee, including the valuation and accounting for the intangible assets and goodwill acquired as part of the Downing and ICG acquisitions.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Responsibilities

As part of the IPO in February 2021, Terms of Reference (“ToR”) were defined and documented for the Committee, which reflect the current statutory requirements and best practice appropriate to a group of Foresight’s size.

The Committee is principally responsible for the following:

- (i) Considering and reporting any significant issues that arise in relation to the audit of the financial statements

- (ii) Reviewing the adequacy and effectiveness of the Group’s internal financial controls and internal control and risk management systems
- (iii) Considering the need for an internal audit function
- (iv) Reviewing the independence and effectiveness of the external audit process, including the provision of any non-audit services

A copy of the ToR can be found at

<https://foresight.group/corporate-governance?tab=Board%20Responsibilities>

### (i) Significant financial reporting areas

The key areas of risk identified and considered by the Committee in relation to the business activities and financial statements of the Group for the year ended 31 March 2023 were as follows:

#### Area of focus - Revenue recognition

(Management and Secretarial fees; Marketing fees; Directors’ fees; Arrangement fees; and Performance fees)

#### Comments and conclusions

##### Management fees

Revenue is recognised in line with the investment management or advisory agreements in place with the appropriate funds. These are typically based on the Net Asset Value (“NAV”) or committed capital of Limited Partnership funds managed or advised by the Group. Where NAV is used, it is typically the last audited or publicly available NAV approved by the independent boards of the relevant companies.

##### Secretarial fees

Relate to services provided to funds Foresight manages (such as company secretarial, accounts preparation, administration, etc.) and are generally driven by Funds Under Management (“FUM”) and calculated as a percentage of NAV or as a fixed fee depending on the terms of the individual contract agreements.

##### Marketing fees

These are fees recognised as a percentage of initial funds raised from the tax-based retail products.

##### Directors’ fees

Relate to services provided by Foresight staff where they are appointed as Directors on the boards of portfolio companies in which the Foresight funds invest. The fees are recognised in line with the contractual agreements between Foresight and the portfolio companies.

##### Arrangement fees

Earned by Foresight for its role in arranging certain deals (including capital deployments, fundraisings and refinancings), based on a percentage of the capital raised/deployed/refinanced.

##### Performance fees

Usually one-off in nature and earned from carried interest arrangements. Performance fees are recognised only at the point in time when the Group has certainty as to the receipt of such revenue, such that it is highly probable that a significant reversal in the amount of revenue recognised will not occur. Performance fees were recognised during the year following successful exits from the Foresight Regional Investment Fund LP (“FRIF”), Foresight Nottingham Fund (“FNF”), Energy Infrastructure EIS and Solar & Technology VCT. The revenue was recognised once the Group had received the cash.

Following discussions with management and review of the Group’s controls and procedures as part of the meetings held throughout the year, the Committee is comfortable that revenue has been properly recognised in the financial statements in line with the Group’s accounting policies.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Responsibilities continued

#### (i) Significant financial reporting areas continued

##### Area of focus - Accounting for Business Combinations under IFRS 3 - Recognition, measurement and impairment of customer contract intangible assets and goodwill

###### Comments and conclusions

As previously reported, there were two acquisitions during the current financial year, namely Downing and ICG. Management concluded that both acquisitions in the year constituted the acquisition of a business under IFRS 3 and were therefore accounted for as business combinations.

There is a considerable amount of subjectivity used in valuing intangibles of this nature and following provisional assessments at half-year, management engaged a third-party professional services firm to conduct purchase price allocations, including the identification and valuation of separately identified intangible assets for both business combinations.

The separately identified intangible assets are for the customer (management) contracts acquired through both business combinations. These have been valued using a discounted cash flow model, with assumptions regarding length of contract, appropriate costs and appropriate discount rates applied. Contributory asset charges have also been applied to determine the fair value of the management contract. Following discussions with management and review of the third-party report, the Committee is satisfied with the valuations conducted and that there were no indicators of impairment of these intangible assets and those recognised in respect of business combinations from prior periods.

##### Area of focus - Accounting for Business Combinations under IFRS 3 - Valuation and accounting treatment of deferred elements of consideration payable

###### Comments and conclusions

The consideration for the acquisition of ICG consisted of different components payable in cash and shares, some of which are subject to forfeiture if any of the sellers cease to be employed or contracted by Foresight during specified time periods. We reviewed the judgements made by management as to whether each component should be accounted for as consideration or as remuneration for post-combination services. Contingent consideration is also based on the achievement of management fee revenue targets in future periods and the Committee is satisfied with the underlying assumptions used by management to forecast revenue to estimate the fair value of this consideration.

The consideration for the acquisition of Downing's ventures business also included contingent consideration based on the valuation of the AUM acquired at future dates. The Committee is satisfied with the underlying assumptions used by management to derive expected AUM at these dates to estimate the fair value of this consideration.

##### Area of focus - Forward contracts

###### Comments and conclusions

In order to mitigate the risk associated with the increase in Group cash flows arising in a foreign currency following the acquisition of ICG, the Group entered into a number of forward foreign currency contracts in September 2022. These forward foreign currency contracts are considered to be derivatives and are accounted for as financial instruments within the scope of IFRS 9 but are not designated as hedging instruments and therefore not subject to hedge accounting.

Following discussions with management, review of the Group's treasury policy and confirmation of the existence of the derivatives from the Group's foreign exchange broker, the Committee is comfortable that the contracts have been accounted for correctly in the Annual Report and Accounts.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Responsibilities continued

#### (i) Significant financial reporting areas continued

##### Area of focus - Transfer pricing

###### Comments and conclusions

Due to the increasing presence of the Group worldwide, a third-party professional services firm was engaged during the year to review and develop the Group's inter-company pricing policies applicable to both the investment management and asset management value chains. As a result of this work, no transfer pricing adjustments were required for charges made to date.

The Committee was presented with the policies to be adopted by management and is satisfied that these were appropriate. Management will review these policies regularly in light of any changes in tax legislation.

##### Area of focus - IFRS 2 - Performance Share Plan

###### Comments and conclusions

The Group continues to operate an IFRS 2 Performance Share Plan ("PSP") scheme and there was a further grant of options in August 2022. The operation of this plan involves management judgement and complex accounting, in particular around the grant and vesting start date and the fair value of the options including appropriate retention rates.

Management continued its engagement with a third-party firm specialising in IFRS 2 valuations to assist with the valuation in this area. Discussions were held between the firm and management who challenged the assumptions used and assessed their appropriateness.

Following discussions with management and review of the output from the third-party firm, the Committee has concluded that the financial statements have been accurately presented in accordance with IFRS 2.

##### Area of focus - Fair value of investments in underlying funds

###### Comments and conclusions

The Group has various "co-investments" in underlying Limited Partnership funds. The fair value of these investments is based on the NAV of the respective funds.

There is some element of judgement involved in arriving at the valuation of the investments held by these funds, but the Committee is comfortable with the processes and controls in place across the Group, as evidenced by the ISAE 3402 report produced for the 12 month period to 31 March 2023.

Comfort was also obtained by the fact that these funds were externally audited during the year, plus I attended two Valuation Committee meetings (one for Private Equity, one for Infrastructure) and observed the robust discussion and challenge of assumptions that took place during this process.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Responsibilities continued

#### (ii) Risk management and internal controls

Each business and functional area across the Group identifies risks and assesses the risk and controls framework. Oversight of risks and risk management activity remains with the Group's Risk Committee, with relevant risks discussed at those committees as well, with escalation to the Executive Committee and Audit & Risk Committee as required.

The Board of Directors is accountable for the risk management activities of the Group and responsible for setting the tone for the Group's risk culture. The Board therefore has the ultimate responsibility for the effective management of risk, including determining the Group's risk appetite, identifying key strategic and emerging risks, and reviewing Foresight's risk management and internal control framework. For information on the Group's principal and material risks please refer to pages 81 to 84 of the Strategic Report.

In addition to the Group Risk Committee, the Audit & Risk Committee continues to rely on a number of different sources, including the production of the annual ISAE 3402 report which covers controls around the valuation of the Group's funds, as well as third parties providing additional support in specialist areas such as tax, risk, compliance and governance.

In my role as Chair of the Audit & Risk Committee, I attended a number of management meetings during the year to observe for myself the discussion and challenge provided by senior management. These meetings covered Risk, Compliance and Valuations in addition to meetings of the three main business divisions.

The Committee provided its confirmation to the Board that it has reviewed the effectiveness of the systems of internal control, including financial, operational and compliance controls, and risk management for the reporting period, as required under the provisions of the Code.

#### (iii) Internal audit

Taking account of the nature, scale and complexity of the Group's business, Foresight does not currently have a dedicated internal audit function. However, the Committee keeps this under constant review and is expecting to implement an internal audit function in future reflecting the continued growth of the business. Our risk governance function continues to be developed by the Head of Risk and the timeline for an internal audit function is regularly raised at the Risk Committees.

Foresight prepares a controls report in accordance with International Standards on Assurance Engagements (ISAE 3402) which is also reviewed by BDO. This report describes the controls in place for processing investment transactions across the Group including the procedures in place to deal with conflicts of interest. The most recent report was produced and audited for the 12 month period to 31 March 2023. In addition, to ensure CASS rules are followed, an independent review is performed by the internal compliance function as part of its annual compliance monitoring plan.

#### (iv) External audit, including non-audit services

The Committee is responsible for ensuring that the External Auditor provides an effective audit of Foresight's financial statements, including overseeing the relationship and evaluating the effectiveness of the service provided and its ongoing independence.

BDO are engaged as the External Auditor for the Group and have audited the principal trading business within the Group (Foresight Group LLP) since the year ended 31 March 2019. Peter Smith has been BDO's senior statutory audit partner since then and given the regulations require the External Auditor to rotate its engagement partner at least every five years, the current year will be Peter's final engagement. BDO have identified a replacement engagement partner, Lizzie Hooper, and I held an initial introductory meeting with her post year end. The rest of the Committee are looking forward to meeting with her in due course.

In assessing the quality and effectiveness of the external audit, the Committee reviewed the audit team's demonstrated competence, experience, diligence, objectivity, professional scepticism, current knowledge and its relationship with the Executive Directors and senior management. In particular, the Committee met with the lead partner and senior members of the audit team to review the audit scope and audit findings, provide challenge and assess the depth of review provided by BDO over the significant judgements and estimates made by management. I also held private meetings with Peter Smith during the year to understand BDO's processes, capability of their staff and observations about management, with all of which I was satisfied.

## AUDIT & RISK COMMITTEE REPORT CONTINUED

### Responsibilities continued

#### (iv) External audit, including non-audit services continued

BDO confirmed its independence and objectivity from Foresight during the reporting period and both the Committee and the Board are satisfied that BDO has adequate policies and safeguards in place to ensure its objectivity and independence are maintained.

When assessing the independence of BDO, the Committee considered, amongst other things, the value of non-audit services provided by BDO, and the relationship with them as a whole. The provision of non-audit services is considered by the Committee in the policy they have adopted on the independence and objectivity of external auditors. This policy is aligned to the recommendations of the Financial Reporting Council's ("FRC's") Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019) (the "Ethical Standard"). An external audit firm will only be appointed to perform a non-audit service when doing so would be consistent with both the requirements and overarching principles of the Ethical Standard, and when its skills and experience make it the most suitable supplier.

Details of the fees paid to BDO for audit and non-audit services are shown in note 6 of these financial statements. The non-audit services provided by BDO for the year ended 31 March 2023 related to an assurance report on the internal control environment of the Group in accordance with ISAE 3402; the interim review of the Group's Half-year Report; and the annual CASS audits.

The Group has a number of overseas subsidiaries, some of which require a local statutory audit. BDO have been used as component auditors in Luxembourg and Guernsey for a number of years, but following the ICG acquisition during the year, the Group inherited PwC in Australia as incumbent component auditor for the acquired ICG entities. Given the benefit of maintaining the continuity in service, the Committee agreed to retain PwC for the local audits in Australia for the year ended 31 March 2023, but will be actively exploring whether it makes sense to move to a different component auditor for the year ending 31 March 2024.

The Committee is ultimately responsible for recommending to the Board the appointment, reappointment and removal of the External Auditor. The Committee has recommended to the Board that, subject to Shareholder approval at the 2023 AGM, BDO be reappointed as External Auditor of the Group for the forthcoming year.

On behalf of the Audit & Risk Committee

### Geoffrey Gavey

Chair of the Audit & Risk Committee

3 July 2023

## REMUNERATION COMMITTEE REPORT



The Remuneration Committee's aim is to establish and maintain appropriate remuneration policies which promote long, term value for Shareholders through transparent alignment with the Board's corporate strategy.

**Mike Liston OBE**

Chair of the Remuneration Committee

Dear Shareholders,

I am pleased to share the report of the Remuneration Committee for the year ended 31 March 2023, which includes a summary of findings of the Committee's review of our existing remuneration policy and details the remuneration received by the Directors during the year and our implementation of the policy for the year ahead.

### Executive Director policy review

In my 2022 report, I announced our appointment of remuneration consultants, Korn Ferry, to assist the Committee's thorough review of the Company's remuneration policy. This policy had been formulated at the time of IPO in 2021 and whilst compatible with the UK Corporate Governance Code it implied a heavy dependence on the historical shareholdings of the Executive Directors for their remuneration post-IPO. Whilst it is commendable that those Directors have continued to exhibit under public ownership the same extraordinary "owners' mentality" that has driven the Company's success since founding, misalignment with market salary norms and performance incentives threatens, in the Committee's view, the Company's ability to attract new leadership talent to provide for ongoing rapid growth and eventual succession. In addition, the Committee is keen to ensure that its current Executive Directors are appropriately incentivised and rewarded for their post-IPO roles.

The purpose of the review was to establish the policy's adequacy to support the delivery of the Board's strategic objectives and in this respect its remit extended also to the level immediately below the Board, where legacy remuneration arrangements posed a number of strategic risks.

This undertaking was our primary focus in the period and involved close engagement with senior management across all business units as well as the Executive Directors. I am grateful for the goodwill, candour and integrity which has been shown by all involved. The review concluded that whilst changes to the current remuneration policy are needed to address some anomalies to align with market norms and to support the delivery of business strategy, these changes are more important than urgent and can wait until the next triennial vote by Shareholders when the remuneration policy is put to the Company's 2024 AGM. It is envisaged that the principal change to be proposed at that AGM will be the introduction of an annual bonus opportunity. This short-term performance incentive will complement the longer-term Performance Share Plan which is already in place for senior management but to which the Executive Directors have hitherto not participated. The Committee regards its highest priority now as the development of appropriate financial and non-financial performance criteria to calibrate both these incentive mechanisms against the achievement of the Foresight business strategy. I will engage with key Shareholders ahead of the 2024 AGM to seek feedback on the proposed introduction of an annual incentive plan and these performance criteria and other features of the proposed policy changes.

### Review of senior management remuneration

As mentioned above, we extended the policy review to include below-Board senior management remuneration and we have implemented a number of changes for FY24, which we consider important for the future recruitment and retention of key managerial talent. Monitoring the effectiveness of these changes will be an important part of our work described above, given our aim to achieve alignment of Executive Director and senior management remuneration to support our business strategy and the Company's long-established aim of succession from within.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Operation of the policy for FY24

The Committee believes that the Executive Directors should receive a fair and appropriate level of remuneration for their roles, reflecting their skills, responsibilities, experience and contribution to the business and that their personal shareholdings should not be considered when determining their remuneration. The Executive Directors do not currently receive any incentive pay, nor pension contributions, and whilst these matters will be considered in the policy proposals being brought to the 2024 AGM, a more immediate anomaly concerning fixed pay for our CFO/COO, Gary Fraser, has been addressed within the terms of the current policy.

The policy review confirmed that whilst the Executive Chairman's total remuneration is substantially below market (largely because of the absence of incentive pay) its salary ranks at median amongst a peer group of FTSE Small Cap companies of comparable size. Accordingly, that salary will remain unchanged at £550k for the year ending 31 March 2024. However, the CFO/COO's remuneration is significantly below market in both salary and total remuneration. The Committee is alert to investor concerns regarding increases in fixed pay and the preference for any increases to be made gradually in several tranches. However, the magnitude of the gap to market is so profound that the Committee decided to correct the historical anomaly with a single salary increase to £350k for FY24. That is still below the fixed pay median of the peer group of CFOs and it is also noted that the CFO at Foresight Group also fulfils the role of COO.

When reviewing the CFO/COO's base salary the Committee also noted investor preference for increases in remuneration to be made through incentives rather than fixed pay. It is not currently possible for the Executive Directors to participate in the Group's Performance Share Plan because of restrictions put in place as part of a concert party agreement on IPO. This matter will be considered alongside annual bonus participation as part of the policy changes to be brought to the 2024 AGM. While noting the benefits of introducing an element of performance-related pay, the Committee's firm view, and one that it believes investors will understand and support, is that the Executive Directors must also receive an appropriate level of fixed pay.

There are no other changes to the operation of the policy for FY24.

### Shareholder views

I have reached out to our largest Shareholders to explain the remuneration decisions that the Committee has made for FY24 and thank those investors that have provided feedback. Should you have any questions or wish to provide feedback on our approach, please reach out to the Company Secretary. I look forward to further engaging with you as we prepare our new remuneration policy for approval at our 2024 AGM.

### Conclusion

Our commitment to cultivating a culture of fairness and transparency is reflected in our steadfast approach to remuneration practices. We recognise the importance of continually monitoring and evaluating our strategies to ensure they remain aligned with the ever-evolving dynamics of the market.

I look forward to receiving your support for the Shareholder resolution to approve our 2023 Remuneration Report. Your invaluable backing enables us to further our commitment to fair and transparent remuneration practices, driving sustained growth and maximising Shareholder value.

On behalf of the Remuneration Committee

### Mike Liston

Chair of the Remuneration Committee

3 July 2023



## REMUNERATION COMMITTEE REPORT CONTINUED

### Committee governance Composition

The Committee was formed on 3 February 2021 as part of the preparations for the Company's IPO. Its membership comprises three Non-Executive Directors: Mike Liston (Chair), Alison Hutchinson and Geoffrey Gavey.

The UK Corporate Governance Code recommends that before appointment as Chair of the Remuneration Committee, the appointee should have served on a remuneration committee for at least 12 months. Mike Liston fulfils this requirement, having served on the Remuneration Committee of JTC plc for several years.

### Committee meetings

The Committee meets at least twice each year, inviting such attendees, in an advisory capacity, as are considered necessary and appropriate to the business to be discussed.

During the year ended 31 March 2023, the Committee met four times. The Committee reviewed the Executive Directors' and wider Group remuneration policy as well as implementation of the policy for FY24 for both the Executive Directors and other members of the senior management team, including the annual bonus and Performance Share Plan awards for participants below the Executive Director level.

### Responsibilities

As part of the preparation for Admission, Terms of Reference ("ToR") were defined and documented for the Committee, which reflect the current statutory requirements and best practice appropriate to a Company of Foresight's size. A copy of the ToR can be found at <https://foresight.group/corporate-governance?tab=Board%20Responsibilities>

The Committee is principally responsible for determining, in accordance with the principles and provisions of the Code, the policy for the Directors' remuneration and setting remuneration for Executive Director(s) and senior management (as defined in the Code), being the Executive Committee and the Company Secretary (the "Executive Group"). No member of the Executive Group is involved in any decisions as to their own remuneration.

The Board itself, or, where required by the Articles of Incorporation, the Shareholders, determine the remuneration of the Non-Executive Directors, within the limits set in the Articles of Incorporation.

### Advice provided to the Committee

During FY23, Korn Ferry provided external remuneration advice to the Remuneration Committee. Korn Ferry is a signatory of the Remuneration Consultants Group Code of Conduct which requires it to provide objective and impartial advice.

### Directors' Remuneration Policy

In determining the Executive Director remuneration policy and practices (including for the Executive Chairman), the Committee ensures the following is addressed:

- **Clarity:** remuneration arrangements should be transparent and promote effective management with Shareholders and the workforce
- **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand
- **Risk:** remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified, and mitigated

- **Predictability:** the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy
- **Proportionality:** the link between individual rewards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance
- **Alignment to culture:** incentive schemes should drive behaviours consistent with Company purpose, values and strategy

The Executive remuneration for the year just ended and the year ahead is described in more detail later in this report and the Committee is of the view that the current Executive remuneration packages address all the points outlined above.

The Committee also reviews: (i) pay and employment conditions and remuneration trends across the Group, especially when determining annual salary increases; and (ii) the alignment of workforce incentives and rewards with culture.

The remuneration policy below was approved by Shareholders at the Company's AGM on 26 August 2021. It became effective from that date and remains effective for three years.

The Remuneration Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable, although, as a Guernsey registered company, the Company is not required to do so. The UK remuneration reporting regulations contain provisions which make Shareholder approval of the policy of UK incorporated companies binding.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Directors' Remuneration Policy continued

As the Company is not UK incorporated those provisions have no legal effect. However, the Company will limit the power of the Committee so that it may only authorise payments to Directors that are consistent with the policy as approved by Shareholders. In that way the Company considers the vote of Shareholders on the policy to be binding in its application.

The policy explains the purpose and principles underlying the structure of remuneration packages and how the policy links remuneration to the achievement of sustained high performance and long-term value creation.

Overall remuneration is structured and set at levels to enable Foresight to recruit and retain high-calibre colleagues necessary for business success whilst ensuring that:

- Our reward structure, performance measures and mix between fixed and variable elements is comparable with similar organisations
- Rewards are aligned to the strategy and aims of the business
- The approach is simple to communicate to participants and Shareholders
- Particular account has been taken of structures used within FTSE 350 companies and other comparable organisations
- The incentive structure for senior management does not raise ESG risks by inadvertently motivating irresponsible behaviour - the Committee is able to consider corporate performance on ESG issues when setting Executive Directors' remuneration

### Executive Directors' Remuneration Policy table

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
<b>Base salary</b>	Provides a set level of remuneration sufficient to attract and retain Executives with appropriate experience and expertise.	The Committee will consider a number of factors when setting and reviewing salaries, including: <ul style="list-style-type: none"> <li>• Scope and responsibility of the role</li> <li>• Any changes to the scope or size of the role</li> <li>• Salary levels for similar roles within appropriate comparators</li> <li>• Value of the remuneration package as a whole</li> </ul>	There is no maximum to salary levels or salary increases. Account will be taken of increases applied to the workforce as a whole when determining salary increases for Executive Directors. However, the Committee retains the discretion to award higher increases where it considers it appropriate, particularly where salary at the outset has been set at a relatively low level.
<b>Pension</b>	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	N/A - The Executive Directors have waived their entitlement to a pension.	N/A - The Executive Directors have waived their entitlement to a pension.
<b>Benefits</b>	Provides benefits sufficient to attract and retain Executives with the appropriate experience and expertise.	Executive Directors are currently entitled to the following benefits: <ul style="list-style-type: none"> <li>• Partial private medical insurance</li> <li>• Certain de minimis benefits in kind</li> </ul> Executive Directors may also be eligible to participate in the Group Performance Share Plan at the discretion of the Committee. However, the current Executive Directors have thus far elected each year not to participate in the PSP.	The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Company strategy. The maximum will be set at the cost of providing the benefits described. One-off payments such as legal fees or outplacement costs may also be paid if it is considered appropriate.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Wider workforce remuneration policy table

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>Base salary</b>	Provides a set level of remuneration sufficient to attract and retain the most talented people with appropriate experience and expertise.	Base salaries are reviewed annually on 1 August. When conducting the annual salary review for all staff, account is taken of the external market (including market data provided by independent advisers) and individual performance.	When benchmarking roles against the external market, salary bands stating a minimum and maximum will be agreed for each role. Account will also be taken of increases applied to colleagues as a whole when determining salary increases across the business.	In addition to the benchmarking exercise, individual performance will also be considered, including financial, operational, strategic and individual goals set at the start of the year.
<b>Pension</b>	Provides a competitive remuneration package sufficient to attract and retain the most talented people with appropriate experience and expertise.	Staff below Partner grade are entitled to participate in the Group's pension scheme. As part of the government's pension auto-enrolment programme, all new starters (if eligible) are automatically enrolled into the scheme.	The Group contributes up to 8% of base earnings (up to £100k) into the pension scheme.	N/A
<b>Annual bonus</b>	Variable remuneration that rewards the achievement of annual financial, operational and individual objectives integral to the Group strategy.	Objectives are set annually based on the achievement of strategic goals. At the end of the year, the Committee meets to review performance against the agreed objectives and determines payout levels.	In the event that staff are in receipt of a bonus equating to more than 50% of their base salary then the additional amount above 50% will be deferred.	Awards are based on financial, operational, strategic and individual goals set at the start of the year. The Committee reserves the right to make an award of a different amount produced by achievement against the measures if it believes the outcome is not a fair reflection of Company performance. The split between these performance measures will be determined annually by the Committee.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Wider workforce remuneration policy table continued

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>Share Incentive Plan (“SIP”) for UK employees<sup>1</sup></b>	The Company attaches considerable importance to the role of performance-based bonuses to drive profitability and business growth and to the importance of wider all-employee share and/or performance-based incentives to align employees’ interests with the interests of Shareholders. The SIP has been adopted to further those aims.	UK employees of the Company and its subsidiaries will be eligible to be granted an award under the SIP at the discretion of the Committee.  Executive Directors and senior managers are not eligible to participate in the SIP.	The SIP is an HMRC approved scheme, whereby UK employees can purchase up to £1,800 of Partnership Shares per tax year, with the Group then awarding two free matching shares for each Partnership Share purchased.	Shares need to be held for three to five years to benefit from the advantageous HMRC tax treatment.
<b>Performance Share Plan (“PSP”)</b>	Variable remuneration designed to incentivise and reward the achievement of long-term targets aligned with Shareholder interests. The PSP also provides flexibility in the retention and recruitment of Executive Directors.	Awards granted under the PSP vest subject to achievement of performance conditions measured over a three year period. PSP awards may be made as conditional share awards or in other forms (e.g. nil cost options) if it is considered appropriate. Accrued dividends may be paid in cash or shares, to the extent that awards vest. The Committee may adjust and amend awards in accordance with the PSP rules. Malus and clawback provisions may be applied in exceptional circumstances.	In any financial year, the total market value of shares over which awards can be made under the PSP to any participant cannot normally exceed 150% of their annual base salary, but the plan rules will allow the Remuneration Committee the discretion to award up to 300% of annual base salary in exceptional circumstances.	PSP options will vest depending on the Company’s total shareholder return (“TSR”) performance.

1. We have implemented similar schemes in our overseas jurisdictions during the year, mirroring the terms of the UK scheme where possible.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Non-Executive Director fees

Remuneration	Purpose and link to strategy	Operation	Maximum opportunity
<p><b>Non-Executive Director fees</b></p>	<p>Fees are set at a level to reflect the amount of time and level of involvement required in order to perform their duties as members of the Board and its Committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.</p>	<p>The fees paid to the Non-Executive Directors are determined by the Board as a whole. Additional fees are payable for acting as Senior Independent Director and as Chair of the Board's Audit &amp; Risk Committee, Remuneration Committee and Nomination Committee.</p>	<p>Fee levels are set by reference to Non-Executive Director fees at other FTSE companies of similar size, sector and complexity and general increases for salaried employees within the Company.</p>

### Notes to the Policy table

As described in this Policy, the Committee may exercise its discretion to: (i) determine the size of the annual bonus and PSP awards; (ii) set the performance measures and targets attaching to the annual bonus and PSP awards; (iii) amend those performance measures and targets during a year if they are no longer considered a fair measure of performance; (iv) override the formulaic outcomes of performance measures and targets (where applicable) to ensure that payments under the annual bonus plan reflect the underlying performance of the business or of the employee concerned; (v) apply malus and clawback; (vi) adjust the shares subject to the SIP and PSP awards in the event of a variation of a corporate event by the Company; (vii) apply a holding period where appropriate; (viii) act within the terms of the Termination Policy; and (ix) act within the terms of the Recruitment Policy. Additionally, the Committee may exercise its discretion in order to make such other non-material decisions affecting the Executive Directors' awards in order to facilitate the administration of the annual bonus, PSP and SIP respectively. Any and all decisions will be made in compliance with the Company's policies and in accordance with the applicable plan rules. Use of discretion will be disclosed in the relevant Directors' Remuneration Report.

### Legacy matters

The Committee reserves the right to make any remuneration payments where the terms of the payment were agreed (i) prior to the Company's IPO, or (ii) before the Policy came into effect, or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

### Shareholder dialogue

The Committee is committed to ongoing dialogue with Shareholders and welcomes feedback on Executive Directors' remuneration. We will seek to engage with major Shareholders and their representative bodies on changes to our Policy. The Committee will also consider Shareholder feedback on remuneration-related resolutions following each year's Annual General Meeting. This, along with any additional feedback received (including on any updates to Shareholders' remuneration guidelines), will be considered as part of our annual review of our remuneration policy and its implementation. The Committee also actively monitors changes in the expectations of institutional investors and considers good practice guidelines from institutional Shareholders and Shareholder bodies.

### Recruitment policy

Consistent with best practice, new senior management hires (including those promoted internally) will be offered packages in line with the remuneration policy in force at the time. It is the Committee's policy that no special arrangements will be made, and in the event that any deviation from standard policy is required to recruit a new hire, approval would be sought at the AGM.

The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts foregone from a previous employer ("buyout awards"). Any buyout awards would be limited to what is felt to be a fair estimate of the value of remuneration foregone when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the fair value and other key terms (e.g. time to vesting and performance targets) than the incentives it is replacing.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Termination policy

In the event of termination, service contracts provide for payments of base salary and benefits only over the notice period.

There is no contractual right to any bonus payment in the event of termination although in certain “good leaver” circumstances the Committee may exercise its discretion to pay a bonus for the period of employment and based on performance assessed after the end of the financial year.

The default treatment for any share-based entitlements under the share plans is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, or at the discretion of the Remuneration Committee, “good leaver” status can be applied. In these circumstances a participant’s awards will, ordinarily, vest subject to the satisfaction of the relevant performance criteria and on a time pro-rata basis, with the balance of the awards lapsing.

### Share ownership guidelines

In accordance with good practice and further aligning Executive Directors with the long-term interests of the Company, Executive Directors are required to build or maintain a shareholding equivalent to at least 150% of their annual base salary and after they have left the employment of the Group, they are required to retain a shareholding equivalent to 150% of their annual salary at the time of departure for at least two years after they have departed. Both Executive Directors hold a significant shareholding, as detailed on page 117.

### Appointment of Directors

At every AGM, each of the Directors on the Board will retire. A Director who retires at an Annual General Meeting may be reappointed if they are willing to act as a Director.

The notice period of Bernard Fairman is 12 months and for Gary Fraser is six months, by either party.

### Wider workforce remuneration policy

As with the Executive Directors, salary for other employees is set at a level sufficient to attract and retain them, considering their experience and expertise. Remuneration packages comprise salaries plus cash bonuses and/or employee share awards.

The Group regards membership of its share plans as a key part of its reward strategy which also aligns with the interests of employees and other stakeholders. Most employees receive benefits such as a contribution towards private medical cover and life assurance.

### Implementation of the Directors’ Remuneration Policy in FY23 Directors’ emoluments (audited)

The Executive Directors’ emoluments for the financial year to 31 March 2023 are summarised in the table below.

	2023		2022	
	Bernard Fairman	Gary Fraser	Bernard Fairman	Gary Fraser
Total earnings (£000)				
Salary <sup>1</sup>	550	220	20	220
Benefits <sup>2,3</sup>	12	3	10	2
Pension <sup>4</sup>	—	—	—	—
Short-term variable remuneration	—	—	—	—
Long-term variable remuneration	—	—	—	—
<b>Total</b>	<b>562</b>	<b>223</b>	30	222
Amount fixed	562	223	30	222
Amount variable	—	—	—	—

- As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman’s favour immediately pre-Admission, so for the year ended 31 March 2022 he agreed to reduce his base salary to £20,000.
- As disclosed in the pre-IPO Prospectus, Foresight Group LLP sold a long leasehold flat to Bernard Fairman’s wife for a consideration of £450k, being the fair market value. Foresight Group LLP continues to pay council tax, utilities, service charges and rates payable in connection with the flat for as long as Bernard Fairman acts as Executive Chairman of FGHL.
- Other benefits for the Executive Directors solely comprise medical insurance.
- Neither of the Executive Directors receive any pension benefit as they have elected not to participate in the Group’s pension scheme.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Implementation of the Directors' Remuneration Policy in FY23 continued Directors' emoluments (audited) continued

Last year the salaries for the Executive Directors were reviewed and the Committee agreed that they would remain the same at £550,000 for Bernard Fairman and £220,000 for Gary Fraser for the year ended 31 March 2023. The Committee noted as part of its decision on salaries that it would be undertaking a broader review of the Executive Directors' remuneration during the year. Neither Executive Director was eligible to receive variable pay in respect of the year ended 31 March 2023 and as a result there was no requirement to consider the exercise of discretion during the year.

No share awards were made to the Executive Directors during the year.

### Directors' shareholdings and share interests (audited)

The table below illustrates the current shareholdings of each Executive Director, based on the closing share price on 31 March 2023 (£3.94).

Executive Director	Number of shares at year end	Value of shareholding at year end	Shareholding requirement (% of base salary)	% of base salary at year end
Bernard Fairman <sup>1</sup>	32,324,699	£127,359,314	150%	23,156%
Gary Fraser <sup>2</sup>	4,413,365	£17,388,658	150%	7,904%

- Bernard Fairman holds his shares in the Company through Beau Port Investments Limited.
- All held in the name of his wife, Susan Fraser.

There have been no changes to shareholdings of the Executive Directors between the year end and the date of this report.

Both Executive Directors are entitled to 30 days' holiday each year (in addition to the usual bank holidays) and their notice periods are 12 months and six months (by either party) for Bernard Fairman and Gary Fraser respectively.

### CEO pay ratio

As a non-UK incorporated company, Foresight is not required to adhere to the CEO pay reporting regulations. However, as noted in my annual statement, the Committee has decided, as a matter of good corporate governance, to adhere to the requirements of the UK remuneration reporting regulations whenever practicable and so has chosen to make a voluntary disclosure of CEO pay ratios.

The table below sets out the salary and total pay and benefits for the three identified quartile employees.

Year		25th percentile ratio	Median pay ratio	75th percentile ratio
FY23	Salary	11.3	6.0	3.8
	Total Pay and benefits	11.5	6.1	3.9
FY22	Salary	0.4	0.2	0.2
	Total Pay and benefits <sup>1</sup>	0.6	0.3	0.2

- If using Bernard Fairman's Total Pay and benefits as of £550,000, the ratios in the table above for FY22 would be 11.2, 6.4 and 4.3 respectively.

Employee pay is calculated on the basis of the CEO single figure, which is "Option A" under the reporting requirements and the methodology the Committee believes to be the most comparable and robust. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2022 and 31 March 2023, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant) and have used the earnings for FY22 and FY23 of our Executive Chairman, Bernard Fairman.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Gender pay gap

We are pleased to report our advancements in achieving gender equality, evident in our ongoing efforts to address both the gender split and the gender pay gap at Foresight.

Our commitment to narrowing this gap remains steadfast as we strive for a more inclusive and equitable future. To reinforce this objective, we are actively developing a comprehensive Diversity, Equity and Inclusion (“DE&I”) framework that will serve as a solid foundation. Additionally, we are excited to introduce the Women in Leadership Programme - Elevate, which will be implemented throughout FY 2024. These initiatives demonstrate our dedication to fostering a diverse and empowered workforce.

	FY23		FY22	
	% of men	% of women	% of men	% of women
Upper quartile	69	31	68	32
Upper middle quartile	73	27	72	28
Lower middle quartile	54	46	60	40
Lower quartile	35	65	36	64
Mean gender pay gap	26%		31% <sup>1</sup>	
Median gender pay gap	38%		39% <sup>1</sup>	

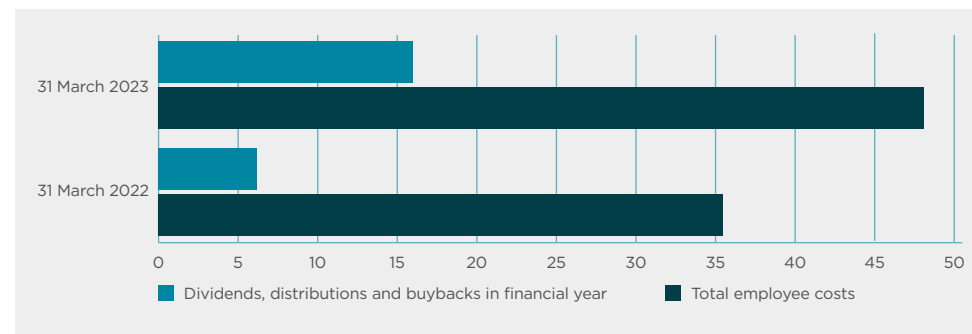
1. Restated compared with prior year.

### Relative spend on pay

The table and graph below show the amount of dividends, distributions and buybacks against employee costs for the last two financial years. These figures are underpinned by the amounts from the notes to the financial statements.

Year		25th percentile ratio	Median pay ratio	75th percentile ratio
FY23	Salary	11.3	6.0	3.8
	Total Pay and benefits	11.5	6.1	3.9
FY23	Salary	0.4	0.2	0.2
	Total Pay and benefits <sup>1</sup>	0.6	0.3	0.2

### Relative importance of spend on pay (£m)



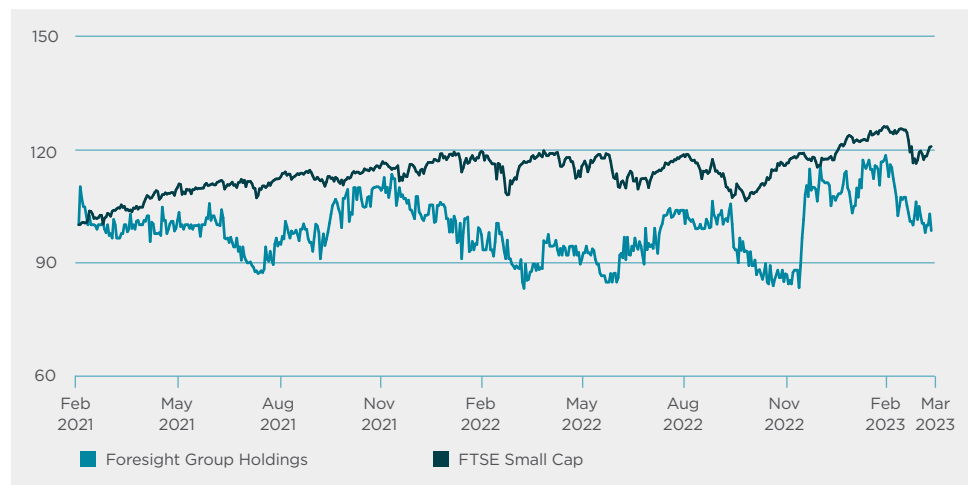


## REMUNERATION COMMITTEE REPORT CONTINUED

### Total shareholder return performance

The graph below shows the value at 31 March 2023 of £100 invested in Foresight Group at IPO, compared to £100 invested in the FTSE Small Cap Index (both with dividends re-invested). The Group is a member of the FTSE Small Cap Index and this is therefore deemed to be the most relevant benchmark to use.

### Total shareholder return



### Executive Chairman remuneration

The table below provides a summary of the Executive Chairman’s total remuneration for FY22 and FY23. FY21 is not included as the Company was only listed for a short period that year and the remuneration packages pre-IPO were structured significantly differently. Therefore those figures would not be a useful comparison for readers of the accounts.

	FY23	FY22
Total remuneration (£’000)	562	30 <sup>1</sup>
Annual Incentive (as a % of maximum)	N/A	N/A
Long-term Incentive (as a % of maximum)	N/A	N/A

1. As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman’s favour immediately pre-Admission, so for the year ended 31 March 2022 it was agreed his base salary would be reduced to £20,000.

### Share scheme dilution

Commitments under our share schemes satisfied by newly issued shares must not exceed 10% of the issued share capital in any rolling ten year period. The Group’s position against the dilution limits at 31 March 2023 since Admission is 1% across all schemes.

### Wider Group workforce

The Committee diligently assesses the continued suitability of our broader workforce remuneration policies. Our objective is to design a remuneration package that remains competitive within the market landscape where our Group operates, ensuring the retention of exceptional talent. This comprehensive package comprises the following key elements:

- Base salary
- Performance bonus
- Pension
- Benefits package (e.g. private medical insurance and life assurance)
- Share Incentive Plan (“SIP”)
- Performance Share Plan (“PSP”)
- Professional development

By strategically combining these elements, we strive to provide a comprehensive remuneration package that attracts, motivates and retains top talent, empowering them to contribute to the Group’s ongoing success. The Committee remains vigilant in its oversight, regularly reviewing and adapting these policies to ensure their continued appropriateness and alignment with our strategic goals.

In addition to the above, as part of the ICG acquisition during the year (and as approved by Shareholders at last year’s AGM), a number of ICG’s senior management team who are now Foresight employees are party to a Management Incentive Plan (“MIP”).

The Group seeks to promote and maintain good relations with staff as part of its broader staff engagement strategy. The Senior Independent Director has met with the Head of People & Sustainable Culture on several occasions throughout the year and staff engagement has increased through the establishment of an Employee Forum. This initiative represents staff at all grades and departments across the business, with a primary focus on the culture at Foresight.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Non-Executive Directors (“NEDs”)

Each of the three NEDs is currently serving under a three year contract, with the current year marking the final year of their respective contracts. Following the initial contract period, each NED has the potential to be reappointed for an additional term. However, it is important to note that irrespective of the term, the appointment of any NED is subject to annual re-election by the Shareholders at each Annual General Meeting of the Company.

Both the Company and the NEDs have the right to terminate the appointment by providing one month’s written notice, or in accordance with the provisions outlined in the Articles of Incorporation. In the event that a NED is not re-elected by the Shareholders, the Articles of Incorporation stipulate that they will be retired from office and their appointment will be terminated immediately and without any compensation. Upon termination of appointment, NEDs are only entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

NEDs are not eligible to participate in any of the Group’s long-term incentive, bonus or pension schemes. Detail regarding the fees paid to our NEDs is set out below.

NED	Fees for year ended 31 March 2023	Fees for year ended 31 March 2022	No. of shares held at year end	Value of shareholding at year end <sup>2</sup>
Alison Hutchinson (Senior Independent Director)	£60,000	£60,000	5,952	£23,451
Mike Liston (Chair of the Nomination and Remuneration Committees)	£60,000	£60,000	11,904	£46,902
Geoffrey Gavey (Chair of the Audit & Risk Committee) <sup>1</sup>	£65,000	£65,000	11,904	£46,902

1. Geoffrey Gavey receives an additional £10,000 per annum for acting as NED of a licensed subsidiary within the Group.

2. Based on closing share price of £3.94 on 31 March 2023.

## REMUNERATION COMMITTEE REPORT CONTINUED

### Annual percentage change in the remuneration of the directors and employees

The table below shows the percentage year-on-year change in salary, benefits and bonus in FY23 for the directors compared with the average Foresight employee. Previous years are not shown as the remuneration packages pre-IPO (FY21 and earlier) were structured significantly differently. Therefore those figures would not be a useful comparison for readers of the accounts.

	Salary	Benefits	Annual bonus
<b>Executive directors</b>			
Bernard Fairman	2,650% <sup>1</sup>	20%	n/a
Gary Fraser	0%	50%	n/a
<b>Non-executive directors</b>			
Alison Hutchison	0%	n/a	n/a
Mike Liston	0%	n/a	n/a
Geoffrey Gavey	0%	n/a	n/a
Average pay based on Foresight UK employees	6%	38%	12%

1. As disclosed in the pre-IPO Prospectus, a distribution was made in Bernard Fairman's favour immediately pre-Admission, so for the year ended 31 March 2022 it was agreed his base salary would be reduced to £20,000.

### Implementation of the Directors' Remuneration Policy in FY24

#### Base salary

As noted earlier in my report, Gary Fraser's base salary increased to £350,000 with effect from 1 April 2023 to reflect the market rate for this role. Bernard Fairman's base salary remains at £550,000.

There is no change to benefits provided in FY24.

#### Variable remuneration

The Executive Directors will continue to not participate in variable incentive arrangements for the year ending 31 March 2024.

### Non-Executive Director fees (audited)

The annual NED fees are outlined below. A base fee is agreed, with additional fees payable for chairing Board Committees:

NED fee type	Annual fee
Base fee for Independent NEDs	£50,000
Additional fee for chairing a sub-committee	£5,000
Additional fee as Senior Independent Director	£10,000
Additional fee for acting as NED of a licensed subsidiary	£10,000

### Payments for loss of office

There were no payments made to Directors for loss of office during the year.

### Payments to past directors

There were no payments made to past directors during the year.

### AGM Shareholder voting

Resolution	Votes for	Votes against	Votes withheld
Approval of the Directors' Remuneration Report (2022 AGM)	87,997,852 92.51%	7,125,557 7.49%	175 —
Approval of the Directors' Remuneration Policy (2021 AGM)	91,703,711 98.06%	1,814,094 1.94%	175 —

### Mike Liston

Chair of the Remuneration Committee

3 July 2023

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Group for the year ended 31 March 2023.

### The Company

The Company, Foresight Group Holdings Limited, is a limited liability company incorporated in Guernsey and is listed on the London Stock Exchange Main Market with a premium listing. The Company's Shares may be traded through the CREST system.

### Compliance with the 2018 UK Corporate Governance Code (the "Code")

It is a requirement of Listing Rule 9.8.7R that as an overseas company with a premium listing, the Company must comply with the Code, which is published by the Financial Reporting Council, or explain in its Annual Report and Financial Statements any areas of non-compliance and the Company's reasons for this. A copy of the Code can be found at [www.frc.org.uk](http://www.frc.org.uk).

The Corporate Governance Report on pages 90 to 98 illustrates how the Company has applied the principles and complied with the provisions of the Code during the year. It also notes the three areas of non-compliance.

### Subsidiary undertakings and branches

The Company operates via its various subsidiary undertakings, which are domiciled in a number of jurisdictions globally. A list can be found on page 206, which provides the domicile of each undertaking at the date of this report.

The Company has a branch in the UK, which is registered at The Shard, 32 London Bridge Street, London SE1 9SG, with registration number BR023882. Additionally, certain of the Company's subsidiary undertakings also have branches in the UK and elsewhere.

### Forward-looking statements

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions, and speak only as of the date they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information.

The Company cautions investors that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement.

Neither the Group, nor any of its officers, Directors or employees, provide any representation, assurance or guarantee of the occurrence of the events expressed or implied in any forward-looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### Relationship Agreement - controlling Shareholder

As at 31 March 2023, Beau Port Investments Limited (the investment vehicle through which Bernard Fairman holds his shares) held, together with its concert parties, 40.4% of the Company's issued share capital. Consequently, under the Listing Rules, Bernard Fairman was, and continues to be, a controlling Shareholder of the Company.

Pursuant to Listing Rule 9.8.4, the Company has entered into a relationship agreement with Bernard Fairman, Beau Port Investments Limited and the other parties deemed to be acting in concert (the "Relationship Agreement"). Since the date of the Relationship Agreement, the Company has complied with the mandatory independence provisions in the Relationship Agreement and, as far as the Company is aware, Bernard Fairman, Beau Port Investments Limited and the other parties to the Relationship Agreement have also complied.

### Financial and operational matters

#### Results and dividends

The Consolidated Statement of Comprehensive Income is set out on page 139 and shows the results for the year ended 31 March 2023.

The Directors recommend that the Company pays a final dividend for the year ended 31 March 2023 of 15.5p per share (2022: 9.8 pence), to be paid on 20 October 2023. An interim dividend of 4.6 pence per share (2022: 4.0 pence) was paid on 27 January 2023, giving a total dividend for the year of 20.1 pence per share (2022: 13.8 pence).

## DIRECTORS' REPORT CONTINUED

### Financial and operational matters continued

#### Research and development

Foresight has not conducted any activities in the field of research and development.

#### Acquisitions and disposals

Details of the acquisitions made during the year are provided on pages 64 to 72.

#### Principal activities, review of business and future developments

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

The review of the business and a summary of future developments are included in the Executive Chairman's statement on pages 3 to 6 and in the Strategic Report on pages 7 to 85.

#### Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging principal risks and uncertainties affecting the Group. These risks and uncertainties are explained in the Risks section on pages 73 to 84.

#### Political expenditure

No donations of a political nature have been made during the year (2022: £nil).

#### Charitable donations

No donations of a charitable nature have been made during the year (2022: £nil).

### Going concern

After making enquiries, the Directors have formed a judgement that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For that reason, the financial statements continue to be prepared under a going concern basis.

Details of the going concern basis adopted in preparing the Group's financial statements are set out in note 1 to those financial statements. Please also see the Viability Statement on page 85.

### Post balance sheet events

Details of the post balance sheet events are set out in note 37 to the financial statements.

### Financial risk management

The Group's financial risk management objectives can be found in note 32 to the financial statements and details of the financial instruments utilised by Foresight and the associated risks are described in note 32 to the financial statements.

### Directors

#### Directors Powers

The Directors' powers are conferred on them by Guernsey company law and by the Company's Articles Incorporation ("Articles").

### Directors

The names and details of the Directors serving at the date of this report are provided below and also on pages 88 and 89. All the Directors served throughout the year:

- Bernard Fairman, Executive Chairman
- Gary Fraser, CFO/COO
- Alison Hutchinson, Senior Independent NED
- Geoffrey Gavey, NED
- Mike Liston, NED

In accordance with the Company's Articles, all Directors will stand for re-election at the forthcoming Annual General Meeting ("AGM") of the Company. As noted in the Nomination Committee report, the Board believes that it is in the best interests of Shareholders that all Directors be re-elected.

### Directors' indemnity

The Company has maintained a Directors' and Officers' liability insurance policy on behalf of the Directors, indemnifying them in respect of certain liabilities that may be incurred by them in connection with the activities of the Company. This policy does not provide cover for fraudulent or dishonest actions by the Directors. In addition, the Company has entered into deeds of indemnity with each of the Directors, which were in place during the financial year, and which provide a limited indemnity to each of the Directors in respect of liabilities incurred as a result of their directorships of the Company or any member of the Group.

## DIRECTORS' REPORT CONTINUED

### Directors continued

#### Appointment and removal of Directors

Both the Company, by ordinary resolution, and the Directors, may elect any person to be a Director. The number of Directors shall not exceed the maximum number fixed by the Company's Articles. Any person appointed by the Directors shall hold office only until the next AGM and shall then be eligible for election. The office of a Director shall be vacated on the occurrence of any of the events listed in Article 24.2 of the Company's Articles. The Company may, in accordance with its Articles, remove any Director from office and elect another person in their place.

#### Directors' interests

Details of the Directors' interests can be found in the Remuneration Committee report on pages 109 to 121.

#### UK Listing Rule 9.8.4

There are no disclosures required to be made under UK Listing Rule 9.8.4 that have not been disclosed elsewhere in this Report. Details of long-term incentive plans can be found in the Remuneration Report on pages 109 to 121.

### Securities Dealing Code

In accordance with the UK Market Abuse Regulations, the Company has adopted a Securities Dealing Code and Securities Dealing Code Guidance (the "Code and Guidance") that sets out the Directors' responsibilities for ensuring compliance when dealing in the Company's shares. The Code and Guidance have been shared with all persons named as insiders on the Group's Insider Lists, including the Company's Directors, other PDMRs (persons discharging managerial responsibility), external parties and certain employees of the Group, and those documents are also available to all employees via the Foresight Governance and Compliance Library.

### Relations with Shareholders

The Board recognises the importance of regular and effective communication with Shareholders, particularly the need for open communication on the Company's strategy. As a result, the Executive Directors and members of senior management have regular dialogue with the Company's major Shareholders to ensure that their views are communicated fully to the Board.

Other forms of communication typically include the Annual and Half-year Reports, announcements released via the London Stock Exchange, the AGM and regular face-to-face meetings with major Shareholders and management. These meetings enable the Executive Chairman and the CFO to update Shareholders on strategy and the Group's performance. The Company also has an ongoing programme of individual meetings with institutional Shareholders and analysts following the preliminary and half-year results presentations and bi-annual trading updates.

As soon as practicable following the conclusion of any general meeting, the results of the meeting are released through a regulatory news service and a copy of the announcements placed in the FSG Shareholders section of the Group's website: <https://www.foresightgroup.eu/>. For 2022, all resolutions were duly passed but the proportion of votes against Resolutions 16 and 17 exceeded 20%. In response, all Shareholders who voted against these resolutions were offered a meeting with the Company Secretary to discuss the concerns that led to their voting decisions. The matters raised during these discussions were fed back to the Board, who have and will continue to take the views of all Shareholders into consideration when decision making.

The FSG Shareholders section on the Group's website includes Annual and Half-year Reports, notices of meetings and other governance-related material, such as investor presentations and press releases.

### Annual General Meeting

The Annual General Meeting ("AGM") will be held on 10 August 2023 at the address noted at the end of this report. A copy of the Notice of Meeting will be made available on the Company's website.

Voting at the AGM will be facilitated by proxies for those unable to attend. The registrar will provide proxies to each of the registered Shareholders and a blank copy will be available on the Company's website via the FSG Shareholders section.

Details of CREST voting are provided in the Notice of AGM, which will be circulated or published on the Company's website. Shareholders are welcome to submit questions for the Board to the Company Secretary by 1.00pm on 8 August 2023 either by email to [companysecretary@foresightgroup.gg](mailto:companysecretary@foresightgroup.gg) or in writing to the Company's registered address.

## DIRECTORS' REPORT CONTINUED

### People

#### Employment information - employment of people with disabilities

Our policies and processes are intended to be inclusive and comply with legislative requirements such that they ensure that people with disabilities have equal opportunities when applying for vacancies.

The Group's policies and approach to Diversity, Equity & Inclusion ensures the fair treatment of all employees, whether or not disabled, ensuring that their training and career development needs are carefully considered, taking account of special requirements. The Group's inclusive approach also supports any employee who may become disabled during the course of their employment.

That support may be achieved through the provision of training, re-training, re-deployment and/or other measures appropriate to the employee concerned, to ensure the best opportunity for them to remain in the Group's employment where that is possible.

#### Engagement with employees

The Group is committed to engaging with its employees and has established various initiatives, policies and forums in that regard. More detail of that engagement is provided in the "Our Stakeholders" section.

### Share capital

#### Share capital

The Company's capital structure and details of share movements during the year are shown in note 29 to the financial statements.

As part of the Group's acquisition of Infrastructure Capital Group on 8 September 2022, a further 7,937,879 new Ordinary Foresight Shares (the "Consideration Shares") were issued to Infrastructure Capital's Shareholders. Therefore, as at 31 March 2023, there were 116,271,212 Ordinary Shares ("Shares") in issue of nil par value (2022: 108,333,333 Shares).

### Voting rights and entitlements

Shareholder rights and entitlements are as follows:

- Shareholders are entitled to dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company
- On a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Share. Any Shareholder entitled to more than one vote need not cast all votes in the same way
- Shareholders are entitled to participate in any surplus assets in a winding up in proportion to their Shareholdings

### Substantial interests

At the Company's year end, 31 March 2023, and as at the date of this Report, the following were the only substantial holdings representing 5% or more of the Company's total voting rights notified to the Company pursuant to DTR 5.

Beneficial Shareholder	Number of Shares	% of issued share capital
Beau Port Investments Limited	32,324,699	27.8%
Slater Investments Ltd.	6,000,000	5.2%
Liontrust Asset Management plc	5,819,822	5.0%

### Authority to Allot Shares

At the Company's AGM held in 2022 (the "2022 AGM"), the Shareholder authority granted to the Directors to issue Shares of up to two-thirds of the issued Share capital was renewed. It is the Directors' intention to seek the renewal of this authority by Shareholder resolution which will be set out in the notice of the forthcoming AGM (the "2023 AGM").

Also at the 2022 AGM, the Shareholders renewed the authority granted to the Directors to allot Shares without application of the pre-emption rights contained in Article 5.1 of the Company's Articles up to (i) approximately 5% of the Company's issued Share capital on a general basis, and (ii) a further 5% of the Company's issued Share capital in connection with the financing (or refinancing) of an acquisition or specified capital investment as contemplated by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in 2015, in each case until the conclusion of the next AGM.

## DIRECTORS' REPORT CONTINUED

### Share capital continued

#### Authority to allot Shares continued

The Directors will also seek to renew these authorities by proposing a special resolution at the 2023 AGM albeit increasing the thresholds to those permitted by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in November 2022.

#### Purchase, cancellation and holdings of own shares

At the 2022 AGM, the authority granted by the Shareholders to buy back up to 10% of its own Shares by market purchase until the conclusion of the next AGM was renewed. The Directors will seek to renew this authority at the 2023 AGM on the condition that this power will only be exercised if the Directors are satisfied that the purchase is in the interest of Shareholders. No Shares were purchased under that authority during the year. Additionally, as at the date of this Report, the Company does not hold any of its own Shares as treasury shares.

At the 2022 AGM, the Company also sought authority for a waiver of Rule 9 of the Takeover Code. Without this waiver, the purchase of the Company's own Shares would trigger a mandatory offer for the entire issued Share capital of the Company. The Company will therefore seek to renew the Rule 9 waiver at the 2023 AGM.

#### Restrictions on transfers of shares and/or voting rights

Holders of Shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the Shareholder is a company, one or more corporate representatives. Each Shareholder who is present in person or by proxy or corporate representative shall have (i) one vote on a show of hands, and (ii) on a poll, one vote for every Share of which they are a Shareholder, proxy or corporate representative.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities and/or voting rights and, except as described below, there are no restrictions on the transfer of the Company's Shares and/or voting rights:

- Certain restrictions on transfers of shares may from time to time be imposed by, for example, share dealing regulations. In certain situations, Directors and certain employees must seek the Company's approval to deal in its Shares
- Shares carry no voting rights while they are held in treasury
- Unless the Directors determine otherwise, Shareholders are not entitled to vote personally, by corporate representative or by proxy at a Shareholders' meeting, or to exercise any other Shareholder's right in relation to Shareholders' meetings, in respect of any Share for which any call or other sum payable to the Company remains unpaid or if the Shareholder fails to provide the Company with the required information concerning interests in those shares, within the prescribed period after being served with a notice under the Company's Articles

The Notice of AGM will provide voting deadlines for the forthcoming 2023 AGM that will be made available to Shareholders on the Company's website.

#### Share incentive plan

Under the rules of the Foresight Share Incentive Plan ("SIP"), which was introduced in 2021, eligible employees are entitled to acquire Ordinary Shares in the Company. The SIP shares are held in trust for participants by Global Shares Trustees (UK) Limited (the "SIP Trustee"). Voting rights are exercised by the SIP Trustee on receipt of participants' instructions. If a participant does not submit an instruction to the SIP Trustee, no vote is registered. In addition, the SIP Trustees do not vote on any unallocated shares held in trust. As at 31 March 2023, the SIP Trustee held 0.29% of the Company's issued share capital.

### Significant agreements - change of control

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover.

### Auditor

#### Auditor's right to information

As at the date of this Report, so far as each Director is aware, there is no relevant audit information (as defined by section 249 of The Companies (Guernsey) Law 2008) of which the Company's Auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

#### Independent auditor

The Auditor, BDO LLP, has indicated its willingness to continue in office and a resolution that it be reappointed as the Company's Auditor will be proposed at the 2023 AGM.

By Order of the Board

#### Jo-anna Nicolle

Company Secretary

3 July 2023

1st Floor Royal Chambers  
PO Box 650  
St Julian's Avenue  
St Peter Port  
Guernsey  
GY1 3JX



## FINANCIAL STATEMENTS

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#### 200 DEGREES COFFEE

a collection of distinctly independent coffee shops, part of the Private Equity portfolio.

## RESPONSIBILITY STATEMENT OF THE DIRECTORS

### IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and applicable law.

The Directors also confirm that, to the best of their knowledge:

- Suitable accounting policies have been selected and applied
- Judgements and estimates made have been reasonable, relevant and reliable
- The financial statements comply with IFRS as adopted by the European Union
- The Company’s ability to continue as a going concern has been assessed and, as applicable, matters relating to going concern have been disclosed
- It is appropriate that the financial statements have been prepared on the going concern basis
- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company
- The Strategic Report contains a fair review of the development and performance of the business and the position of the Company

Each of the Directors considers that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Group’s position, performance, business model and strategy.

#### Jo-anna Nicolle

Company Secretary

3 July 2023

1st Floor Royal Chambers  
PO Box 650  
St Julian’s Avenue  
St Peter Port  
Guernsey  
GY1 3JX

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of Foresight Group Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit and risk committee.

### Independence

Following the recommendation of the audit and risk committee, we were appointed by the board on 14 April 2021 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the years ended 31 March 2021 to 31 March 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

### 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 Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's cash flow forecasts for the Group for a period of three years from 31 March 2023 that support the Board's assessment and conclusion with respect to the going concern basis of preparation of the financial statements and performing the following:
  - Assessing the reasonableness of management's assumptions with respect to the following, but not limited to: revenue growth, expenses growth, timing of cash flows, fundraising into underlying funds against historical performance.
  - Evaluating the reasonableness of management's downside scenarios and the assumptions used, considering the impact on the expected receipt of cash from revenue streams and future expenditure as well as the likelihood of this scenario occurring.
  - We reviewed the highly stressed scenario prepared by management where revenues are not forecast to increase from current levels to assess the available headroom and performed our own further sensitivity analysis.
  - Assessing the overall group liquidity and sufficiency of the cash reserves to cover current liabilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's 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 Parent Company's reporting on how it 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.

## INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

### Overview

<b>Coverage</b>	97% (2022: 99%) of Group profit before tax		
	92% (2022: 94%) of Group revenue		
	98% (2022: 90%) of Group total assets		
		2023	2022
<b>Key audit matters</b>	Fraud in revenue recognition	✓	✓
	Accounting for Business Combinations under IFRS 3	✓	✗
	<b>Group financial statements as a whole</b>		
<b>Materiality</b>	£1,550,000 (2022:£1,400,000) based on 5% (2022: 5%) of Group Profit before tax		

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group consists of the Parent Company (Foresight Group Holdings Limited), incorporated in Guernsey, and a number of subsidiary undertakings. The Group audit engagement team carried out full scope audits for the Parent Company and the two significant components being Foresight Group LLP and Foresight Group Australia BIDCO PTY Limited. For non-significant components, the Group engagement team performed specific procedures over significant balances and classes of transactions, as well as analytical procedures, based on their individual financial significance to the Group with reference to their profit before tax, revenue and total assets.

### Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit and Risk Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment to neutralising their corporate carbon footprint may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 136 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

### 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, including 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.

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Fraud in revenue recognition</b> Note 4</p> <p>Revenue is a key driver in demonstrating performance, therefore there is an incentive to overstate revenue.</p> <p>There is a risk that revenue may be misstated as a result of complex calculations, judgement in the Net Asset Values (“NAVs”) of underlying funds which drive revenue, use of inappropriate accounting policies, or from an inappropriate use of judgments in calculating revenue.</p> <p>With regard to performance fees, there is also judgement around whether the performance conditions have been met and complex calculations that could give rise to management override.</p> <p>For these reasons we considered revenue recognition to be a key audit matter.</p>	<p>We challenged management by reviewing the terms of the relevant agreement and re-calculating the derived fee. We also considered whether the fee recognised complies with the requirements of IFRS 15.</p> <p><b>Management and Secretarial fees (84% of group revenue):</b></p> <ul style="list-style-type: none"> <li>• For all management and secretarial fees, except those where in aggregate the fee is immaterial, we obtained the relevant agreements to corroborate the basis of the fee and the fee rates used.</li> <li>• For the NAVs in the workings, we have vouched the NAVs to the relevant RNS announcement on the LSE website (where the fund is listed) or to the investor reports (where the fund is not-listed).</li> <li>• For the commitments used in the workings, we have agreed these to the relevant agreement or investor documentation.</li> <li>• We assessed the appropriateness of recognising revenue over time for both management and secretarial fees in accordance with IFRS 15.</li> <li>• For any fixed fees, we have evidenced the existence of the fee by obtaining and reviewing the related agreement.</li> <li>• Where there was an annual RPI uplift to the fixed fee, we have recalculated the annual RPI uplifts for accuracy using the details of the agreement and the RPI from the ONS.</li> </ul> <p><b>NAV Testing:</b></p> <p>We have performed the following work for all NAVs (except those where the fees in aggregate are immaterial) that are the basis of the management or secretarial fee:</p> <ul style="list-style-type: none"> <li>• For both Infrastructure and Private Equity we performed a walkthrough of the valuations process to understand the basis on which the valuations of investments held by funds are prepared by management.</li> <li>• Performed a review of the accuracy of past valuations by comparing the unaudited NAVs per RNS announcements or valuations workbooks and comparing these to the NAVs in audited financial statements. We also identified whether disposals were made at a profit or loss in the fund's audited financial statements as an indication of the historical accuracy of NAVs.</li> <li>• For audited funds, we vouched the NAV to the audited accounts, we performed an assessment of the auditors and reviewed the accounting policy for investments to determine whether it was appropriate. We also checked whether the audit opinions were modified.</li> <li>• For unaudited funds, we used our materiality and the relative size of each fund's fees to set thresholds for movements in the NAVs that we deemed to be reasonable. For any movements above our thresholds we obtained the valuations workbooks, documented the key drivers of the movement and reviewed their reasonableness, obtaining supporting documentation to evidence the explanations.</li> <li>• We also reviewed the latest audited accounts for the private equity and infrastructure funds, where available, to identify any indicators of impairment.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Fraud in revenue recognition continued</b> Note 4</p>	<p><b>Inheritance Tax Solutions (ITS and AITS, together 21% of group revenue, included as a subset of management fees):</b></p> <ul style="list-style-type: none"> <li>• We obtained calculations for the ITS and AITS management fees and reviewed these for arithmetic accuracy. We agreed totals to the relevant trial balance.</li> <li>• We read the prospectuses for these products and confirmed that the calculation of the ITS and AITS management fees were aligned to the terms of these documents.</li> <li>• We verified key inputs into the calculation (e.g. amounts invested) on a sample basis by agreeing to investor applications and other supporting documentation.</li> <li>• We performed a walkthrough of the valuations process to understand the basis on which the valuations of investments held by the ITS fund are prepared by management.</li> <li>• For the ITS rebate we have obtained the agreement that is the basis for the rebate. On a sample basis we have tested the invested capital to investor reports and NAV to the fund's management accounts, which are prepared by management. We have recalculated the fee and fee rebate.</li> <li>• We reviewed the drivers of the movements of the NAV for each quarter to gain comfort over the reasonableness of the NAV.</li> </ul> <p><b>Arrangement and Marketing fees (8.5% of group revenue):</b></p> <ul style="list-style-type: none"> <li>• For a sample of arrangement/advisory and marketing fees, we obtained the relevant share purchase agreements, investment agreements or evidence of new investor commitments as appropriate and recalculated the fees in accordance with the terms of the contract.</li> <li>• We agreed our recalculations to Management's revenue schedules and then back to the relevant trial balance.</li> </ul> <p><b>Directors' fees (2.6% of group revenue):</b></p> <ul style="list-style-type: none"> <li>• For a sample we reviewed the relevant agreements in order to obtain evidence of the fee existence.</li> <li>• We recalculated the annual RPI uplift for accuracy using the details of the agreement and the RPI from the ONS.</li> <li>• We agreed the Directors' existence to the relevant payroll listing or Companies House.</li> </ul> <p><b>Performance Incentive Fees (4.8% of group revenue):</b></p> <ul style="list-style-type: none"> <li>• We have inspected the agreement to verify the existence of the fee and summarised the background/basis of the fee.</li> <li>• We obtained supporting documentation to gain comfort over the existence and entitlement to this fee based on the crystallisation of gains.</li> <li>• We recalculated the fee based on the agreement to determine its accuracy.</li> <li>• We agreed the receipt of the fee to bank statements.</li> </ul> <p><b>Key observations:</b></p> <p>Based on our procedures performed, we found the recognition of revenue to be appropriate and no evidence of management override in the calculations of the underlying fund values and subsequent revenue fee calculations.</p>

## INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Accounting for business combinations under IFRS 3</b> Notes 25 and 33</p> <p>During the current financial year, there were two acquisitions that fall under the scope of IFRS 3, Business Combinations. The first of the acquisitions was the technology ventures division of Downing LLP, while the other was the purchase of the Infrastructure Capital Holdings Pty Ltd group ('ICG').</p> <p>There is significant judgement involved in the valuation of the intangibles for both acquisitions. This includes the inputs into the discounted cash flows and the discount rates used. For the ICG acquisition, calculating the consideration to be recognised is complex due to existence of contingent consideration including share-based consideration with forfeiture clauses and there is therefore a risk of error in the calculation of consideration for the acquisition and the accounting treatment of post-combination remuneration.</p> <p>Management used an external expert to assist in the accounting and calculations related to the acquisitions.</p> <p>For the reasons set out above we determined the accounting for these acquisitions to be a key audit matter.</p>	<p>We responded to the risks identified by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• We obtained and reviewed both purchase agreements and challenged management on the commercial and strategic rationale for the transaction.</li> <li>• We have assessed the accounting treatment and initial recognition of the transaction including whether the acquired assets meet the definition of a business and that the deferred tax has been recognised correctly, under IAS 12.</li> <li>• We reviewed the relevant clauses of the agreements pertaining to consideration and verified that the various elements of the consideration recognised align to the definition of consideration under IFRS 3. We recalculated the consideration to determine its accuracy and completeness.</li> <li>• We obtained the discounted cash flow calculations for the intangible assets, being the customer contracts. We verified the arithmetic accuracy of the model and agreed inputs back to supporting documentation.</li> <li>• We challenged management on the forecasted revenues, cost of sales, expenses and lives of the funds that underpin the discounted cash flows. We have obtained reasonable explanations or support, ensuring they align to our understanding of the business.</li> <li>• We assessed the competency, independence, objectivity and credentials of management's expert for valuing the intangible assets.</li> <li>• With the assistance of our internal valuations expert we verified the appropriateness of the valuation techniques and that the discount rate used was reasonable.</li> </ul> <p>For the assets and liabilities recognised in the ICG acquisition on the acquisition date, we performed the following procedures on balances above performance materiality:</p> <ul style="list-style-type: none"> <li>• We agreed a sample of trade receivables and accrued income back to invoices and challenged management on the recoverability, agreeing post-period end receipts to bank.</li> <li>• We agreed a sample of trade payables and accrued expenses back to invoices, supporting agreements, or payroll reports.</li> <li>• We agreed a sample of the annual leave and long service leave provisions to employee contracts and pay rise letters, before recalculating the provision.</li> <li>• We agreed cash balances back to bank statements.</li> <li>• We challenged management on the transaction costs, intangible asset and assessed accounting treatment in respect of these. We agreed the amounts to invoices and agreements to verify existence and accuracy.</li> <li>• We obtained the lease agreements to verify the existence of the leases. We agreed inputs in the lease calculations back to the agreements. We then verified the arithmetic accuracy of the computation to gain comfort over the operating lease asset and liability. We assessed the incremental borrowing rate (IBR) to determine whether it is reasonable. We recalculated the depreciation on the leases over the term to verify net book value as of the acquisition date.</li> <li>• Performed cut-off testing by testing a sample of pre and post-acquisition to supporting documentation to assess completeness of the above items.</li> <li>• We assessed whether the assets and liabilities recognised as part of the acquisitions are included in the balance sheet and classified correctly in accordance with the applicable accounting standards.</li> <li>• We have reviewed the journals posted at the date of the acquisition to check that they are correct.</li> <li>• We challenged management on the treatment of the share-based consideration, considering the clawback arrangement in particular.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Accounting for business combinations under IFRS 3 continued</b> Notes 25 and 33</p>	<p>For Downing we reviewed whether under IFRS 3 the 'golden hello payment' made to staff should be included under consideration, the key determinant being whether the amounts relate to pre or post-acquisition services.</p> <p><b>Disclosure</b></p> <ul style="list-style-type: none"> <li>We have reviewed the disclosures and verified that these were presented correctly and completely and satisfied the requirements of IFRS 3 paragraphs 59 and B64-B66.</li> </ul> <p><b>Key observations:</b> Based on the testing performed we have not identified any material matters to indicate that the accounting for business combinations was not appropriate.</p>

#### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.



## INDEPENDENT AUDITOR'S REPORT CONTINUED

### TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

#### Our application of materiality continued

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

	Group financial statements	
	2023 £	2022 £
Materiality	1,550,000	1,400,000
Basis for determining materiality	5% of Group Profit Before Tax	5% of Group Profit Before Tax
Rationale for the benchmark applied	This was determined as the most appropriate benchmark given that profit before tax is an important measure for users of the financial statements in assessing the performance of the Group	This was determined as the most appropriate benchmark given that profit before tax is an important measure for users of the financial statements in assessing the performance of the Group
Performance materiality	1,090,000	980,000
Basis for determining performance materiality	70% of materiality	70% of materiality
Rationale for the percentage applied for performance materiality	70% determined based on risk assessment which comprised, but was not limited to, consideration of the Parent Company being premium listed; findings from previous audits; existence of financial statement areas subject to estimation uncertainty and complexity; and review of the Group's overall control environment.	70% determined based on risk assessment which comprised, but was not limited to, consideration of the Parent Company being premium listed; findings from previous audits; existence of financial statement areas subject to estimation uncertainty and complexity; and review of the Group's overall control environment.

## INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

### Our application of materiality continued

#### Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 29% and 92% (2022: 30% and 93%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £456,000 to £1,430,000 (2022: £66,000 to £1,296,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

#### Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £78,000 (2022: £70,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

### 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 parent 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 or our knowledge obtained during the audit.

#### Going concern and longer-term viability

- 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 85; and
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 85.

#### Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 123;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 73 to 84;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 73 to 84; and
- The section describing the work of the audit and risk committee set out on pages 103 to 108

### Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept by the Parent Company; or
- The financial statements are not in agreement with the accounting records; or
- We have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

## INDEPENDENT AUDITOR'S REPORT CONTINUED TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

### Responsibilities of Directors

As explained more fully in the Responsibility Statement of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was 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:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be International Financial Reporting Standards ("IFRSs") as adopted by the European Union, tax legislation, Listing Rules, the FCA rules, the principles of the UK Corporate Governance Code, Corporation Tax (Guernsey) Law 1950, Australian Tax Office legislation and Companies (Guernsey) Law 2008.

Our procedures in respect of the above included:

- Discussions held with management, directors and the Audit & Risk Committee and reviewed correspondence with regulators and reviewed minutes of Board meetings to assess how the Group is complying with these laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of internal tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### TO THE MEMBERS OF FORESIGHT GROUP HOLDINGS LIMITED

#### Auditor's responsibilities for the audit of the financial statements continued

##### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition and management override.

Our procedures in respect of the above included:

- The procedures set out in the key audit matters section above, addressing the risk of fraud in revenue recognition;
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, particularly in relation to the net asset values of funds which drive management and secretarial fees (please see procedures performed in the key audit matters section above); and
- Identifying any journal entries in respect of net asset value adjustments which were posted outside of the expected quarterly period end and assessing the reason for these.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Peter Smith

For and on behalf of BDO LLP  
Chartered Accountants  
London, UK

3 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 MARCH 2023

	Note	31 March 2023			31 March 2022		
		Before non-underlying items <sup>1</sup> £000	Non-underlying items <sup>2</sup> £000	Total £000	Before non-underlying items <sup>1</sup> £000	Non-underlying items <sup>2</sup> £000	Total £000
<b>Revenue</b>	4	<b>119,155</b>	<b>—</b>	<b>119,155</b>	86,071	—	86,071
Cost of sales		<b>(6,303)</b>	<b>—</b>	<b>(6,303)</b>	(5,106)	—	(5,106)
<b>Gross profit</b>		<b>112,852</b>	<b>—</b>	<b>112,852</b>	80,965	—	80,965
Administrative expenses	6	<b>(70,630)</b>	<b>(11,885)</b>	<b>(82,515)</b>	(54,398)	—	(54,398)
Acquisition-related costs	7	<b>—</b>	<b>(3,721)</b>	<b>(3,721)</b>	—	—	—
Other operating income	11	<b>—</b>	<b>—</b>	<b>—</b>	250	—	250
<b>Operating profit</b>		<b>42,222</b>	<b>(15,606)</b>	<b>26,616</b>	26,817	—	26,817
Finance income	12	<b>883</b>	<b>—</b>	<b>883</b>	2	—	2
Finance expenses	12	<b>(854)</b>	<b>—</b>	<b>(854)</b>	(653)	—	(653)
Fair value gains on investments	17	<b>349</b>	<b>—</b>	<b>349</b>	638	—	638
Fair value gains on contingent consideration (incl. finance expense)	25	<b>—</b>	<b>327</b>	<b>327</b>	—	—	—
Share of post-tax profits of equity-accounted joint venture		<b>—</b>	<b>—</b>	<b>—</b>	53	—	53
Gain on business combination	33	<b>—</b>	<b>—</b>	<b>—</b>	—	1,012	1,012
<b>Profit on ordinary activities before taxation</b>		<b>42,600</b>	<b>(15,279)</b>	<b>27,321</b>	26,857	1,012	27,869
Tax on profit on ordinary activities	13	<b>(3,696)</b>	<b>—</b>	<b>(3,696)</b>	(2,793)	—	(2,793)
<b>Profit for the period attributable to Ordinary Shareholders</b>		<b>38,904</b>	<b>(15,279)</b>	<b>23,625</b>	24,064	1,012	25,076
<b>Other comprehensive income</b>							
<i>Items that will or may be reclassified to profit or loss:</i>							
Translation differences on foreign subsidiaries		<b>(2,720)</b>	<b>—</b>	<b>(2,720)</b>	(138)	—	(138)
<b>Total comprehensive income</b>		<b>36,184</b>	<b>(15,279)</b>	<b>20,905</b>	23,926	1,012	24,938
<b>Earnings per share attributable to Ordinary Shareholders</b>							
<b>Profit or loss</b>							
Basic (pence)	14			<b>21.0</b>			23.2
Diluted (pence)	14			<b>20.7</b>			23.0
Basic before non-underlying items (pence) (non-IFRS measure)	14	<b>34.6</b>			22.2		
Diluted before non-underlying items (pence) (non-IFRS measure)	14	<b>34.0</b>			22.1		

The notes on pages 143 to 197 form part of this financial information.

1. Alternative performance measure. The Group has defined and explained the purpose of its alternative performance measures in note 1.
2. See note 8 for an analysis of non-underlying items.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	31 March 2023 £000	31 March 2022 £000
<b>Non-current assets</b>			
Property, plant and equipment	15	2,522	2,656
Right-of-use assets	24	7,281	8,260
Intangible assets	16	62,911	4,431
Investments at FVTPL	17	3,967	2,781
Derivative assets	18	245	—
Deferred tax asset	27	1,742	615
Contract costs	19	3,435	3,976
Trade and other receivables	20	2,599	3,260
		<b>84,702</b>	25,979
<b>Current assets</b>			
Derivative assets	18	403	—
Contract costs	19	530	579
Trade and other receivables	20	19,143	17,947
Cash and cash equivalents	21	39,761	54,289
		<b>59,837</b>	72,815
Assets and liabilities of disposal group classified as held for sale	34	64	64
<b>Current liabilities</b>			
Trade and other payables	22	(35,382)	(23,978)
Loans and borrowings	23	(2,646)	(660)
Lease liabilities	24	(2,562)	(2,302)
Acquisition-related liabilities	25	(1,150)	—
		<b>(41,740)</b>	(26,940)
<b>Net current assets</b>		<b>18,161</b>	45,939

	Note	31 March 2023 £000	31 March 2022 £000
<b>Non-current liabilities</b>			
Trade and other payables	22	—	(64)
Loans and borrowings	23	(485)	(3,030)
Lease liabilities	24	(6,689)	(8,106)
Acquisition-related liabilities	25	(4,823)	—
Provisions	26	(800)	(933)
Deferred tax liability	27	(12,827)	(1,198)
		<b>(25,624)</b>	(13,331)
<b>Net assets</b>		<b>77,239</b>	58,587
<b>Equity</b>			
Share capital	29	—	—
Share premium	29	61,886	32,040
Shares held in escrow reserve	29	(26,496)	—
Own share reserve	29	(729)	(454)
Share-based payment reserve	29	11,118	481
Group reorganisation reserve	29	30	30
Foreign exchange reserve	29	(2,930)	—
Retained earnings	29	34,360	26,490
<b>Total equity</b>		<b>77,239</b>	58,587

The financial statements were approved and authorised for issue by the Board of Directors on 3 July 2023 and were signed on its behalf by:

**Gary Fraser**

Chief Financial Officer

**Geoffrey Gavey**

Director

The notes on pages 143 to 197 form part of this financial information.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Share premium £000	Shares held in escrow reserve £000	Own share reserve £000	Share-based payment reserve £000	Group re-organisation reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
<b>At 1 April 2022</b>	—	32,040	—	(454)	481	30	—	26,490	58,587
Transfer	—	—	—	—	—	—	(210)	210	—
Profit for the period	—	—	—	—	—	—	—	23,625	23,625
Other comprehensive income	—	—	—	—	—	—	(2,720)	—	(2,720)
<b>Total comprehensive income</b>	—	—	—	—	—	—	(2,930)	23,835	20,905
<b>Contributions by and distributions to owners</b>									
Premium on issue of shares	—	29,846	—	—	—	—	—	—	29,846
Dividends	—	—	—	—	—	—	—	(15,965)	(15,965)
Shares held in escrow arising from acquisition	—	—	(26,496)	—	—	—	—	—	(26,496)
Purchase of own shares	—	—	—	(275)	—	—	—	—	(275)
Share-based payments	—	—	—	—	10,593	—	—	—	10,593
Deferred tax	—	—	—	—	44	—	—	—	44
<b>At 31 March 2023</b>	—	61,886	(26,496)	(729)	11,118	30	(2,930)	34,360	77,239

	Share capital £000	Share premium £000	Shares held in escrow reserve £000	Own share reserve £000	Share-based payment reserve £000	Group re-organisation reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
<b>At 1 April 2021</b>	—	32,040	—	—	—	30	—	7,727	39,797
Profit for the period	—	—	—	—	—	—	—	25,076	25,076
Other comprehensive income	—	—	—	—	—	—	—	(138)	(138)
<b>Total comprehensive income</b>	—	—	—	—	—	—	—	24,938	24,938
<b>Contributions by and distributions to owners</b>									
Dividends	—	—	—	—	—	—	—	(6,175)	(6,175)
Purchase of own shares	—	—	—	(454)	—	—	—	—	(454)
Share-based payments	—	—	—	—	459	—	—	—	459
Deferred tax	—	—	—	—	22	—	—	—	22
<b>At 31 March 2022</b>	—	32,040	—	(454)	481	30	—	26,490	58,587

The notes on pages 143 to 197 form part of this financial information.

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2023

Note	31 March 2023 £000	31 March 2022 £000
<b>Cash flows from operating activities</b>		
	27,321	27,869
Profit before taxation		
Adjustments for:		
Gain on business combination	—	(1,012)
Profit from share in joint venture	—	(53)
Fair value gains on investments	17	(638)
Finance expenses	12	653
Finance income	12	(2)
Fair value gains on contingent consideration (incl. finance expense)	25	—
Share-based payment (including share-based staff costs – acquisitions)	10	459
Staff costs – acquisitions (excluding share-based staff costs – acquisitions)	33	—
Amortisation in relation to intangible assets (customer contracts)	6	292
Depreciation and amortisation	6	3,193
(Profit)/loss on disposal of tangible and intangible fixed assets	6	33
Gain on disposal of investments at FVTPL	17	(108)
Foreign currency losses		(163)
Decrease/(increase) in contract costs		(3,718)
Decrease/(increase) in trade and other receivables		(222)
Increase in trade and other payables		2,547
<b>Cash generated from operations</b>	<b>54,985</b>	29,130
Other interest paid <sup>1</sup>	—	(4)
Interest paid on loan liabilities <sup>1</sup>	—	(97)
Interest paid on lease liabilities <sup>1</sup>	—	(564)
Tax paid	(3,624)	(3,399)
<b>Net cash from operating activities</b>	<b>51,361</b>	25,066

Significant non-cash transactions from investing in the year are the shares issued for the Infrastructure Capital acquisition (see note 33).

Note	31 March 2023 £000	31 March 2022 £000
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	15	(398)
Acquisition of intangible assets	16	(171)
Acquisition of investments at FVTPL	17	(712)
Proceeds on sale of investments at FVTPL	17	752
Proceeds on disposal of property, plant and equipment		3
Realised gain on derivatives		—
Interest received	12	2
Acquisition of FV Solar Lab S.R.L.	33	(339)
Acquisition of Infrastructure Capital	33	—
Acquisition of the technology ventures division of Downing LLP	33	—
<b>Net cash from investing activities</b>	<b>(46,021)</b>	(863)
<b>Cash flows from financing activities</b>		
Dividends and distributions to equity members	30	(6,175)
FGLLP members' capital contributions		61
Purchase of own shares	29	(454)
Principal paid on lease liabilities	24	(2,155)
Interest paid on lease liabilities <sup>1</sup>	24	—
Principal paid on loan liabilities	23	(622)
Interest paid on loan liabilities <sup>1</sup>	23	—
Other interest paid <sup>1</sup>	12	—
<b>Net cash from financing activities</b>	<b>(19,868)</b>	(9,345)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,528)</b>	14,858
Cash and cash equivalents at beginning of period	54,289	39,431
Cash and cash equivalents at end of period	39,761	54,289

The notes on pages 143 to 197 form part of this financial information.

- The Group has classified interest paid on lease liabilities, interest paid on loan liabilities and other interest paid to financing activities in FY23 as it believes this better reflects the nature of these activities. However, it has not restated its comparatives as it was not material to do so.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 1. Corporate information

Foresight Group Holdings Limited (the “Company”) is a public limited company incorporated and domiciled in Guernsey and whose shares are publicly traded on the Main Market of the London Stock Exchange. The registered office is located at PO Box 650, 1st Floor Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 3JX. The consolidated financial statements (the “Group financial statements”) comprise the financial statements of the Company and its subsidiaries. Details of subsidiaries are disclosed in the appendices to the financial statements on pages 198 to 205.

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

#### Going concern

These financial statements have been prepared on the going concern basis.

The Directors of the Group have considered the resilience of the Group, taking into account its current financial position and the principal and emerging risks facing the business. The Board reviewed the Group’s cash flow forecasts and trading budgets for a period of 12 months from the date of approval of these accounts as part of its overall review of the Group’s three year plan, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the Group will have sufficient funds to pay its liabilities as they fall due for that period. Taking into consideration the impact of inflation and Russia’s invasion of Ukraine on global markets and the wider economic environment, the forecasts have been stress tested to ensure that a robust assessment of the Group’s working capital and cash requirements has been performed. The stress test scenarios adopted involved severe but plausible downside scenarios with respect to the Group’s trading performance. Downside scenarios included a material reduction in revenues through 50% lower fundraising, 25% lower deployment and 10% reduction in valuation of the funds managed by the Group. Any mitigating actions available to protect working capital and strengthen the balance sheet, including deferring non-essential capital expenditure and increased cost control, were also taken into account.

In considering the above, the Directors have formed the view that the Group will generate sufficient cash to meet its ongoing liabilities as they fall due for at least the next 12 months; accordingly, the going concern basis of preparation has been adopted. This confirmation should be reviewed alongside the Group’s Viability statement on page 85.

### 2. Basis of preparation and other reporting matters

#### 2a. Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The Company has taken advantage of the exemption in section 244 of the Companies (Guernsey) Law, 2008 (as amended) not to present its own individual financial statements or related notes.

The Group did not implement the requirements of any other standards or interpretations that were in issue; these were not required to be adopted by the Group for the year ended 31 March 2023. No other standards or interpretations have been issued that are expected to have a material impact on the Group’s financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for investments, derivatives and contingent consideration that have been measured at fair value.

The financial information is presented in sterling, which is the Company’s functional currency. All information is given to the nearest thousand (except where specified otherwise).

#### 2b. Alternative performance measures (“APMs”)

The Group has identified measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ APMs.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 2. Basis of preparation and other reporting matters continued

##### 2b. Alternative performance measures (“APMs”) continued

In line with previous periods, and for comparability, we continue to quote Core EBITDA pre-SBP to assess the financial performance of the business. This measure was introduced as our key performance measure because the Group believes this reflects the trading performance of the underlying business, without distortion from the variability in the fair value measurement of the share-based payments charge.

The Group has now also introduced profit before non-underlying items as an APM, which excludes non-underlying items from statutory measures. Non-underlying items are described below (see note 2c). Consequently, the Group also now calculates earnings per share before non-underlying items. Other alternative performance measures include recurring revenues, dividend payout ratio and assets and funds under management (“AUM”, “FUM”). The APMs are set out in the appendices to the financial statements on pages 198 to 205 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

##### 2c. Non-underlying items

The Group has chosen to present a measure of profit and earnings per share for the first time which excludes certain items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. This is as a result of the financial effect of non-underlying items relating to business combinations (more specifically remuneration for post-combination services), acquisition-related costs, fair value gains on contingent consideration and gain on business combination. In respect of remuneration for post-combination services, these are deferred consideration payments to sellers that are contingent on the recipients remaining employees of the Group which are exceptional due to both their size and their nature. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group’s underlying financial performance. Further details of non-underlying items are provided in Note 8. These non-underlying items are also excluded from Core EBITDA pre-SBP.

##### 2d. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 2. Basis of preparation and other reporting matters continued

##### 2d. Basis of consolidation continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Statement of Comprehensive Income. Any investment retained is recognised at fair value.

#### 3. Accounting policies

This section sets out the accounting policies of the Group that relate to the financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. The accounting policies have been applied consistently to all periods presented within the financial information.

This section also details new accounting standards that have been endorsed in the period and have either become effective for the financial period beginning on 1 April 2022 or will become effective in later periods.

#### New standards, interpretations and amendments adopted from 1 April 2022

None of the mandatory amendments to standards from 1 April 2022 had an impact on the Group's financial statements.

#### New standards not yet implemented

A number of new amendments to standards and interpretations will be effective for periods beginning on or after 1 April 2023 and on or after 1 April 2024. None are expected to have a material impact on the Group's financial statements.

#### A. Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The assets and liabilities of Group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with transactions translated at average monthly exchange rates.

Resulting exchange differences are recognised as a separate component of other comprehensive income and are also recognised in the foreign exchange reserve within equity. Any differences are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

#### B. Use of judgements and estimates

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Statement of Financial Position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

Where the estimate or judgement is specific to one note, the judgement is described in the note to which it relates.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows:

- Share-based payments – see note 10
- Recognition, measurement and amortisation of intangible assets – see notes 16 and 33
- Valuation of investments – see note 17(a)
- Contingent consideration – see note 25
- Remuneration for post-combinations services – see note 25 and 28

#### Key judgements

These are as follows:

- Impairment of intangible assets (customer contracts) – see note 16
- Contract costs – see note 19
- Deferred tax assets – see note 27
- Determining whether an acquisition is the acquisition of a business – see note 33
- Payments to newly recruited investment managers arising on acquisitions – see note 33
- Treatment of consideration transferred – see note 33

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 4. Revenue

##### Accounting policy:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group's revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of services provided during the period, exclusive of value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a customer and therefore before any revenue is recognised by the Group. Performance obligations are identified on a contract-by-contract basis; where contracts are entered into at the same time with the same customer at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The principal components of revenue comprise management fees, secretarial fees, directors' fees, marketing fees, arrangement fees and performance incentive fees.

Management fees and most secretarial fees are generally based on a percentage of fund Net Asset Value ("NAV") or committed capital as defined in the funds' prospectus and/or offering documents, with some secretarial fees being based on an agreed fixed rate. Directors' fees are based on a specified fixed fee agreed with the customer.

Management, secretarial and directors' fees are recognised over time to the extent that it is probable that there will be economic benefit and income can be reliably measured. This revenue is recognised over time on the basis that the customer simultaneously receives and consumes the economic benefits of the provided asset as the Group performs its obligations.

Marketing fees are based on a rate agreed with the customer and recognised at the point in time when the related funds have been allotted.

Arrangement fees are based on a set rate agreed with the customer and recognised at the point in time when the related service obligations have been achieved.

Performance incentive fees are based on the returns achieved over a predetermined threshold as defined in the funds' prospectus or offering documents and are recognised only at the point in time when management have certainty as to the receipt of such revenue, such that it is highly probable that a significant reversal in the amount of revenue recognised will not occur and when the fees can be measured reliably.

Other income is based on the contract agreed before services are provided and is recognised in line with the delivery of the services provided.

##### Limited estimation uncertainty

The NAVs which are used to calculate management fees are subject to the Group's fund Valuations Policy which sets out acceptable methodologies that may be applied in valuing a fund's investments. Each quarter, each Investment Manager values their investments in accordance with the guidelines of this policy, typically the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022) developed by the British Venture Capital Association and other organisations. Where appropriate, these valuations are also approved by the independent Boards of each fund and in all cases by the Group's valuation committee. As a result, there is limited uncertainty or judgement in the amount of revenue to be recognised.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 4. Revenue continued

	31 March 2023 £000	31 March 2022 £000
Management fees	97,373	70,906
Secretarial fees	2,719	1,413
Directors' fees	3,116	2,506
<b>Recurring revenue</b>	<b>103,208</b>	<b>74,825</b>
Marketing fees	6,129	5,046
Arrangement fees	4,054	2,964
Performance incentive fees	5,740	3,232
Other income	24	4
	<b>119,155</b>	<b>86,071</b>

The timing of revenue is as follows:

	31 March 2023 £000	31 March 2022 £000
Timing of transfer of goods and services:		
Point in time	15,947	11,246
Over time	103,208	74,825
	<b>119,155</b>	<b>86,071</b>

Contract balances are as follows:

	31 March 2023 Contract liabilities £000	31 March 2022 Contract liabilities £000
At beginning of period	(134)	(541)
Amounts included in contract liabilities that were recognised as revenue during the period	134	541
Cash received in advance of performance and not recognised as revenue during the period	(5,790)	(134)
<b>At end of period</b>	<b>(5,790)</b>	<b>(134)</b>

The timing of revenue recognition, billings and cash collections results in either trade receivables, accrued income or deferred income in the Statement of Financial Position. For recurring fees, amounts are billed either in advance or in arrears pursuant to a management or advisory agreement. The contract liabilities above reflect the deferred income in trade and other payables.

#### 5. Business segments

##### Accounting policy:

Segment information is provided based on the operating segments which are reviewed by the Executive Committee ("Exco"), which is considered to be the Chief Operating Decision Maker. These operating segments, which comprise Infrastructure, Private Equity and Foresight Capital Management ("FCM") are aggregated if they meet certain criteria. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. No disclosure is made for net assets/liabilities as these are not reported by segment to Exco.

Management monitors the performance and strategic priorities of the business from a business unit ("BU") perspective, and in this regard has identified the following three key "reportable segments": Infrastructure, Private Equity and FCM.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 5. Business segments continued

The Group's senior management assesses the performance of the operating segments based on Core EBITDA pre-SBP. See appendices to the financial statements for further explanation.

Year ended 31 March 2023	Infrastructure £000	Private Equity £000	FCM £000	Total £000
<b>Revenue</b>	<b>73,035</b>	<b>33,411</b>	<b>12,709</b>	<b>119,155</b>
Cost of sales	(714)	(3,349)	(2,240)	(6,303)
<b>Gross profit</b>	<b>72,321</b>	<b>30,062</b>	<b>10,469</b>	<b>112,852</b>
Administrative expenses	(56,107)	(19,308)	(7,100)	(82,515)
Acquisition-related costs	(415)	(3,295)	(11)	(3,721)
<b>Operating profit</b>	<b>15,799</b>	<b>7,459</b>	<b>3,358</b>	<b>26,616</b>
Non-operating items	430	328	(53)	705
<b>Profit on ordinary activities before taxation</b>	<b>16,229</b>	<b>7,787</b>	<b>3,305</b>	<b>27,321</b>
Translation differences on foreign subsidiaries	(2,720)	—	—	(2,720)
Core EBITDA reconciling items	16,811	8,149	597	25,557
<b>Core EBITDA pre-SBP</b>	<b>30,320</b>	<b>15,936</b>	<b>3,902</b>	<b>50,158</b>

Year ended 31 March 2022	Infrastructure £000	Private Equity £000	FCM £000	Total £000
<b>Revenue</b>	50,753	23,874	11,444	86,071
Cost of sales	(2,414)	(402)	(2,290)	(5,106)
<b>Gross profit</b>	48,339	23,472	9,154	80,965
Administrative expenses	(33,475)	(14,064)	(6,859)	(54,398)
Other operating income	—	250	—	250
<b>Operating profit</b>	14,864	9,658	2,295	26,817
Non-operating items excluding gain on business combination	513	(428)	(45)	40
Gain on business combination	1,012	—	—	1,012
<b>Profit on ordinary activities before taxation</b>	16,389	9,230	2,250	27,869
Translation differences on foreign subsidiaries	(138)	—	—	(138)
Core EBITDA reconciling items excluding taxation	1,554	2,146	394	4,094
<b>Core EBITDA pre-SBP</b>	17,805	11,376	2,644	31,825

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 5. Business segments continued

The Group operates in different geographic regions. Revenue by region is summarised below:

	31 March 2023 £000	31 March 2022 £000
United Kingdom	100,237	78,562
Australia	11,010	851
Luxembourg	5,414	5,312
Italy	1,498	778
Spain	602	568
Ireland	394	—
	<b>119,155</b>	86,071

In accordance with IFRS 8 paragraph 34, the Group has a single customer with revenues which amount to 10% or more of Group revenue. Total revenues from this customer in 2023 were £30,758,000 (2022: £23,555,000), of which £23,787,000 (2022: £19,147,000) was attributable to Infrastructure, £5,443,000 (2022: £3,225,000) to Private Equity and £1,528,000 (2022: £1,183,000) to FCM.

Non-current assets (excluding derivative assets, deferred tax assets, contract costs and trade and other receivables) by region are summarised below:

	31 March 2023 £000	31 March 2022 £000
UK	32,523	14,016
Australia	39,704	4
Luxembourg	2,584	1,521
Italy	1,353	2,021
Spain	517	566
	<b>76,681</b>	18,128

The Statement of Financial Position is reported to the Board on a single segment basis. No further segmental information is provided as this would not aid strategic and financial management decisions.

#### 6. Administrative expenses

##### Accounting policy:

The Group's administrative expenses are recognised as the services are received by the Group. Staff costs are the largest component of the Group's operating costs and include salaries and wages, together with the cost of other benefits provided to staff such as pensions and bonuses.

	31 March 2023 £000	31 March 2022 £000
Staff costs	48,144	35,395
Staff costs - acquisitions	12,667	—
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	2,800	3,193
Amortisation in relation to intangible assets (customer contracts)	2,414	292
Legal and professional	5,288	6,067
Other administration costs	11,202	9,451
	<b>82,515</b>	54,398

Other administration costs mainly relate to irrecoverable VAT, computer maintenance, conferences, bank charges and sundries.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6. Administrative expenses continued

Specific administrative expenses are as follows:

	31 March 2023 £000	31 March 2022 £000
Auditor's remuneration	621	587
Net foreign exchange gains	(763)	(222)
Low-value and short-term lease expenses	95	117
Bad debt write-offs	64	138
(Profit)/loss on disposal of fixed assets	(10)	33

Auditor's remuneration is further disclosed as follows:

	31 March 2023 £000	31 March 2022 As restated <sup>1</sup> £000
<b>Audit services</b>		
Statutory audit – Company	136	77
– Subsidiaries	323	238
<b>Total audit services</b>	459	315
<b>Non-audit services</b>		
Regulatory assurance services	16	34
Other assurance services	146	133
Other services	–	105
<b>Total non-audit services</b>	162	272
<b>Total audit and non-audit services</b>	621	587

1. FY22 Auditor's remuneration has been restated due to regulatory assurance services being double counted in audit services and reclassification of fees arising from the audit of Foresight Group Luxembourg S.A. from regulatory assurance to statutory audit.

Non-audit services included the following:

- **Regulatory assurance services:** These services are for CASS assurance audits for Foresight Group LLP and PiP Manager Limited
- **Other assurance services:** These services are for the ISAE 3402 assurance report on the internal controls of Foresight Group LLP and interim review of the Half-year Report

#### 7. Acquisition-related costs

The Group has incurred the following legal and professional costs in respect of its acquisitions and other costs which are considered to be non-operational and are excluded from Core EBITDA pre-SBP (see appendices to the financial statements).

	31 March 2023 £000	31 March 2022 £000
Acquisition of Infrastructure Capital (see note 33)	3,121	–
Acquisition of the technology ventures division of Downing LLP (see note 33)	452	–
Other	148	–
	<b>3,721</b>	<b>–</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 8. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of non-underlying items are included in note 2c and in the Strategic Report on page 66.

	31 March 2023 £000	31 March 2022 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	12,667	—
Other administration costs – foreign exchange	(782)	—
	11,885	—
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital (see note 33)	3,121	—
Legal and professional costs in respect of acquisition of the technology ventures division of Downing LLP (see note 33)	452	—
Other legal and professional costs	148	—
	3,721	—
Fair value gains on contingent consideration (incl. finance expense)	(327)	—
Gain on business combination	—	(1,012)
<b>Total non-underlying items</b>	<b>15,279</b>	<b>(1,012)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 9. Staff costs and Directors' remuneration

The average number of employees was:

	31 March 2023 £000	31 March 2022 £000
Operations	172	135
Sales and Marketing	56	46
Administration	86	70
	<b>314</b>	251

Their aggregate remuneration comprised:

	31 March 2023			31 March 2022		
	Staff costs £000	Staff costs - acquisitions £000	Total £000	Staff costs £000	Staff costs - acquisitions £000	Total £000
Wages and salaries	39,596	586	40,182	29,556	—	29,556
Social security costs	3,981	64	4,045	2,744	—	2,744
Pension costs	1,245	—	1,245	608	—	608
Other staff costs	2,177	2,503	4,680	2,028	—	2,028
	<b>46,999</b>	<b>3,153</b>	<b>50,152</b>	34,936	—	34,936
Share-based payments (see note 10)	1,145	9,514	10,659	459	—	459
<b>Total staff costs</b>	<b>48,144</b>	<b>12,667</b>	<b>60,811</b>	35,395	—	35,395

Details regarding the total remuneration paid to Directors is disclosed in the Remuneration Committee report (see pages 109 to 121).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 10. Share-based payments

##### Accounting policy:

The Group engages in equity-settled and cash-settled share-based payment transactions in respect of services received from its employees.

##### Equity-settled

Equity-settled share-based payments arise in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices.

The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period with a corresponding credit to equity. When appropriate (i.e. Performance Share Plan), the fair value of the awards is calculated using an option pricing model, the principal inputs being the market value on the date of award and an adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and the number of employees satisfying the relevant performance conditions. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

##### Cash-settled

For cash-settled share-based payments, a liability is recognised for the services received to the balance sheet date, measured at the fair value of the liability. At each subsequent balance sheet date and at the date on which the liability is settled, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement.

##### Estimation uncertainty:

##### Performance Share Plan

The Group's Performance Share Plan allows for the grant of nil cost options with vesting dependent on the performance of the Group and continued service by the participant, which are both estimations. There have been two annual grants of options under the plan as approved by the Remuneration Committee. The number of options awarded and the assumptions used in the Monte-Carlo simulation are described below. The Group regularly reviews its estimation of the number of eligible employees leaving the Group but this is not considered to be significant or material. A +/-10% movement to the grant date fair value would impact on the Group's profit before taxation by £84,000/(£84,000) (2022: £30,000/(£30,000)) respectively.

##### Infrastructure Capital - post-combination services

As per note 33, contingent consideration to be paid in shares is accounted for at fair value at the date of acquisition (grant date) using estimated outcomes and probability of those outcomes with this fair value reassessed at each reporting period. For the initial share consideration where the shares have already been issued, the fair value was the share price on grant date multiplied by the estimated forfeiture rate which was 0%. There was no change to this estimate at the end of the reporting period. The amount expensed in the year of £8,741,000 is the maximum possible charge; if the forfeiture rate was increased to 100% this would result in a full reversal of this charge.

For the other forms of consideration (earn-out and performance earn-out), the fair value of each consideration on the grant date was the maximum amount for each discounted back to the valuation date multiplied by the probability of achieving the management fee revenue targets and forfeiture rate. As per note 33, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate and the performance consideration had a management fee revenue target probability of 71% and 0% forfeiture rate. Both were discounted using the weighted average cost of capital used to fair value the intangible assets on acquisition (see note 16). The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £84,000 and the minimum would result in a full reversal of the respective charges of £374,000 and £399,000.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 10. Share-based payments continued

	31 March 2023 £000	31 March 2022 £000
<b>Included in staff costs (note 6)</b>		
Performance Share Plan	840	299
UK Share Incentive Plan	239	160
Overseas Phantom Share Plan	66	—
	<b>1,145</b>	459
<b>Included in staff costs - acquisitions (note 6)</b>		
Infrastructure Capital - post-combination services (see note 33)	9,514	—
	<b>10,659</b>	459

#### Performance Share Plan

The Remuneration Committee approved the implementation of the Performance Share Plan (“PSP”) following the IPO. Options are granted under the plan for no consideration, carry no dividend or voting rights and are linked to an absolute total shareholder return (“TSR”) of 6% compound growth per annum over a three year period. The absolute TSR condition vests over a range from 0% to 6% compounded over a three year period. The exercise price is £nil. The Group is allowed to issue new shares to satisfy the share schemes which must not exceed 10% of the issued share capital in any rolling ten year period. The Group’s position against the dilution limits at 31 March 2023 since Admission was 2% (2022: 1%).

Details of movements in the number of shares are as follows:

	31 March 2023		31 March 2022	
	Number of shares granted	Average exercise price per share option £	Number of shares granted	Average exercise price per share option £
At the beginning of period	1,071,830	—	—	—
Granted	1,316,700	—	1,071,830	—
Vested	—	—	—	—
Extinguished	(29,000)	—	—	—
Awards outstanding at end of period	<b>2,359,530</b>	—	1,071,830	—

No options expired during the periods covered by the above table.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 10. Share-based payments continued

##### Performance Share Plan continued

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 31 March 2023	Share options 31 March 2022
4 September 2021 (FY22 Grant)	31 July 2024	—	<b>1,042,830</b>	1,071,830
9 August 2022 (FY23 Grant)	31 July 2025	—	<b>1,316,700</b>	—
			<b>2,359,530</b>	1,071,830
Weighted average remaining contractual life of options outstanding at end of period			<b>1.89 years</b>	2.33 years

##### Fair value of options granted

The assumptions used in the Monte-Carlo simulation for the FY23 Grant were as follows:

- Starting share price of 419.85 pence (FY22 Grant: 378.40 pence) (the share price of the Company on the date of the grant)
- Annual volatility of 40% (FY22 Grant: 40%) (based on volatility of share price from IPO to grant date)
- Vesting period of three years (FY22 Grant: three years)
- Holding period of two years (FY22 Grant: two years) with associated 20% (FY22 Grant: 30%) deduction for lack of marketability (based on empirical studies)
- Exercise price of 0 pence (FY22 Grant: 0 pence)
- Risk-free rate of 2% (FY22 Grant: 1%) per annum which has been used as a discount factor (based on government bond yields)
- Annual dividend of 14 pence (FY22 Grant: 14 pence) per annum

The simulation based on these assumptions resulted in a fair value of 169.7 pence (FY22 Grant: 143.83 pence) per option.

##### Share Incentive Plan

Under the Foresight Share Incentive Plan (“SIP”), for each one Partnership Share that an employee buys, Foresight offers two free matching shares. In each tax year, employees can buy up to £1,800 or 10% of salary (whichever is lower) of Partnership Shares from their pre-tax salary. If an employee leaves the Group, any matching shares held for less than three years will be withdrawn, i.e. the vesting period of the matching shares is three years with the performance condition of continuous service. The SIP shares are held in trust by the SIP Trustee. Voting rights are exercised by the SIP Trustee on receipt of participants’ instructions.

As the SIP options have a zero strike price and the participant is entitled to dividends (with the dividend cash received into the trust used to purchase additional shares) during the vesting period, the fair value of the award is indistinguishable from the share price. Therefore, the share price on the award date is used when calculating the share-based payment expense.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 10. Share-based payments continued

##### Share Incentive Plan continued

The movement in matching shares purchased under this scheme during the year was as follows:

	Number of shares purchased	Number of shares purchased
At the beginning of period	152,769	—
Movement	65,725	152,769
At end of period	218,494	152,769

##### Overseas Phantom Share Plan

During the year ended 31 March 2023, the Group launched the Overseas Phantom Share Plan (the “Plan”) which was introduced to create a plan similar to the UK Share Incentive Plan for non-UK employees. All non-UK employees may participate except those who participate in the Performance Share Plan. The Plan is a cash-bonus scheme whereby each non-UK employee is granted a number of notional share options replicating the terms of the UK SIP. At 31 March 2023, the Group had made awards of 36,368 notional matching shares under the plan.

##### Infrastructure Capital - post-combination services (see note 33)

Payments of consideration arising from the acquisition of Infrastructure Capital require the sellers to remain either employed or contracted to the Group or the payments will be forfeited. They are therefore accounted for as remuneration for post-combination services. Where the consideration is paid in shares, these are accounted for as equity-settled share-based payments under IFRS 2. Further explanation of the consideration is contained in note 33.

The expiry dates of shares issued under this arrangement are as follows:

Grant date	Expiry date	Exercise price <sup>1</sup>	Share options 31 March 2023	Share options 31 March 2022
8 September 2022	30 September 2023	—	2,276,784	—
8 September 2022	30 September 2024	—	2,276,784	—
8 September 2022	30 September 2025	—	2,276,784	—
			6,830,352	—
Weighted average remaining contractual life of options outstanding at end of period			1.5 years	—

1. Exercise price not applicable as shares have already been issued.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 11. Other operating income

	31 March 2023 £000	31 March 2022 £000
Fees arising from the Shirebrook development	—	250

#### Fees arising from the Shirebrook development

The Group is managing the development of a reserve power plant site in Shirebrook, Derbyshire on behalf of the Foresight ITS product. Development fees have been accounted for as other operating income when it is virtually certain that relevant contractual conditions have been met. At 31 March 2022, total fees of £2.4 million had been recognised over four years, which reflects the total contractual fees on the development.

#### 12. Finance income and expenses

##### Accounting policy:

##### Finance income

Finance income comprises fair value gain on derivatives and interest receivable on cash deposits.

Fair value gain on derivatives not designated as hedging instruments reflects the changes in fair values of foreign currency exchange forward contracts. Interest income is recognised in the income statement as it accrues using the effective interest method.

##### Finance expenses

Finance expenses comprise interest payable on leases and associated dilapidation provisions, borrowings and direct issue costs and are expensed in the period in which they are incurred.

	31 March 2023 £000	31 March 2022 £000
<b>Finance income</b>		
Gain on derivatives	762	—
Bank interest receivable	121	2
<b>Total finance income</b>	<b>883</b>	<b>2</b>
<b>Finance expenses</b>		
Other interest payable	2	4
Loan interest (accrued)	139	85
Interest on lease liabilities	512	564
Interest on dilapidation provisions	201	—
<b>Total finance expense on financial liabilities measured at amortised cost</b>	<b>854</b>	<b>653</b>
<b>Net finance income/(expense) recognised in the Statement of Comprehensive Income</b>	<b>29</b>	<b>(651)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 12. Finance income and expenses continued

The above finance income and expense includes the following in respect of assets (liabilities) not at fair value through profit or loss:

	31 March 2023 £000	31 March 2022 £000
Total finance income on financial assets	883	2
Total finance expense on financial liabilities	(854)	(653)
	<b>29</b>	(651)

#### 13. Taxation

##### Accounting policy:

##### Current tax

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority.

The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in the Statement of Other Comprehensive Income or directly in equity. See note 27.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 13. Taxation continued

	31 March 2023 £000	31 March 2022 £000
<b>Current tax</b>		
UK corporation tax	3,260	3,098
Foreign taxation	1,708	66
Adjustments in respect of prior periods (foreign tax)	—	5
<b>Total current tax charge</b>	<b>4,968</b>	3,169
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,272)	(376)
<b>Total deferred tax</b>	<b>(1,272)</b>	(376)
<b>Tax on profit on ordinary activities</b>	<b>3,696</b>	2,793
<b>Total tax expense</b>		
From above	3,696	2,793
Share of tax expense of equity-accounted joint ventures	—	21
	<b>3,696</b>	2,814

The effective tax rate has varied through the historical period, and is explained as:

	31 March 2023 £000	31 March 2022 £000
Profit for the year	23,625	25,076
Add back total tax	3,696	2,814
<b>Profit before all tax</b>	<b>27,321</b>	27,890
Profit before tax at 19%	5,191	5,299
Profits not assessable to corporation tax	(410)	(762)
Profit share allocation from partnership funds	120	654
Unrecognised deferred tax	(328)	350
Adjustments to previous periods	—	5
Differences on overseas tax rate	(4,368)	(4,126)
Remeasurement of deferred tax	—	150
Expenses not deductible for tax purposes	1,082	1,482
Other - share-based payments	126	(46)
Contingent payments to sellers of acquired companies	2,283	—
Gain on business combination	—	(192)
<b>Total tax charge</b>	<b>3,696</b>	2,814

The Company is resident for taxation purposes in Guernsey and its income is subject to corporation tax in Guernsey, presently at a rate of 0% per annum. The tax reconciliation for the Group has been prepared using the current UK corporation tax rate of 19%, as most of the Group's trading activities are carried out in the UK.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 14. Earnings per share

##### Accounting policy:

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares in issue during the period less the weighted average number of own shares held and shares held in escrow (see note 29 “Own share reserve” and “Shares held in escrow reserve”).

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares for the purposes of the basic earnings per share plus the weighted average number of shares that would be issued on the conversion of dilutive potential Ordinary Shares into Ordinary Shares (see note 10 for Performance Share Plan and note 33 for Infrastructure Capital initial share consideration).

	31 March 2023 £000	31 March 2022 £000
<b>Earnings</b>		
Profit for the period for purpose of basic and diluted earnings per share	23,625	25,076
Non-underlying items (see note 8)	15,279	(1,012)
Profit before non-underlying items for the period for purpose of basic and diluted earnings per share before non-underlying items	38,904	24,064

	31 March 2023 000	31 March 2022 000
<b>Number of shares</b>		
Weighted average number of shares in issue during the period	112,770	108,333
Less time-apportioned own shares held	(193)	(133)
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	112,577	108,200
Add back weighted average number of dilutive potential shares		
Performance Share Plan	1,727	608
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	114,304	108,808

Weighted average number of Ordinary Shares for the purpose of diluted earnings per share does not include the impact of contingent shares to be issued for both the earn-out consideration and performance consideration arising from the Infrastructure Capital acquisition (see note 33) as the amount of shares potentially to be issued is not currently known.

	31 March 2023 pence	31 March 2022 pence
<b>Earnings per share</b>		
Basic	21.0	23.2
Diluted	20.7	23.0
Basic before non-underlying items	34.6	22.2
Diluted before non-underlying items	34.0	22.1

Earnings per share before non-underlying items is calculated in the same way as earnings per share, but by reference to non-underlying items attributable to Shareholders.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 15. Property, plant and equipment

##### Accounting policy:

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Fixtures and fittings:
  - Office equipment over ten years
  - Computer equipment over five years
- Short leasehold property over term of lease
- Motor vehicles over four years

The carrying values of items of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 April 2022	454	5,474	15	5,943
Additions	413	206	—	619
Business combinations (see note 33)	73	—	—	73
Foreign exchange movement	26	10	—	36
Disposals	(49)	—	(15)	(64)
<b>At 31 March 2023</b>	<b>917</b>	<b>5,690</b>	<b>—</b>	<b>6,607</b>
<b>Depreciation</b>				
At 1 April 2022	173	3,106	8	3,287
Depreciation charge for the year	249	594	2	845
Disposals	(35)	—	(10)	(45)
Foreign exchange movement	(6)	4	—	(2)
<b>At 31 March 2023</b>	<b>381</b>	<b>3,704</b>	<b>—</b>	<b>4,085</b>
<b>Net book value at 31 March 2023</b>	<b>536</b>	<b>1,986</b>	<b>—</b>	<b>2,522</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 15. Property, plant and equipment continued

	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000
<b>Cost</b>				
At 1 April 2021	341	5,385	15	5,741
Additions	308	90	—	398
Foreign exchange movement	(2)	(1)	—	(3)
Disposals	(193)	—	—	(193)
<b>At 31 March 2022</b>	<b>454</b>	<b>5,474</b>	<b>15</b>	<b>5,943</b>
<b>Depreciation</b>				
At 1 April 2021	193	2,531	5	2,729
Depreciation charge for the year	172	576	3	751
Disposals	(191)	—	—	(191)
Foreign exchange movement	(1)	(1)	—	(2)
<b>At 31 March 2022</b>	<b>173</b>	<b>3,106</b>	<b>8</b>	<b>3,287</b>
<b>Net book value at 31 March 2022</b>	<b>281</b>	<b>2,368</b>	<b>7</b>	<b>2,656</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16. Intangible assets

##### Accounting policy:

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and measured at cost less accumulated impairment losses. It is allocated to groups of cash-generating units, which represent the lowest level at which goodwill is monitored for internal management purposes. Cash-generating units are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and are no larger than the Group's operating segments, as set out in note 5.

Intangible assets in respect of customer contracts (acquired) reflect the fair value of the investment management contracts obtained, which is equal to the present value of the earnings they are expected to generate. This is on the basis that it is probable that future economic benefits attributable to the investment management contracts will flow to the Group and the fair value of the intangible asset can be measured reliably. These intangible assets are subsequently carried at the amount initially recognised less accumulated amortisation, which is calculated using the straight-line method over their estimated useful lives.

Computer software (internally generated) represents software licences and development costs to bring software into use. Costs associated with developing or maintaining computer software programmes that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

Amortisation is provided, where material, at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Customer contracts over remaining term of investment management contract
- Computer software over three to four years

The carrying values of customer contracts (acquired) and computer software (internally generated) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income immediately.

Goodwill impairment: Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16. Intangible assets continued

##### Estimation uncertainty and judgements:

##### Acquisition of Infrastructure Capital Group

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a Multi-period Excess Earnings Method (“MEEM”) methodology, with reference to the projected profitability of the fund over a useful life of twenty years based on internal forecasts and a weighted average cost of capital (“WACC”) of 13% using various inputs to reflect the operations which are based in Australia.

##### Acquisition of Downing’s technology ventures business

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a Multi-period Excess Earnings Method (“MEEM”) methodology, with reference to the projected profitability of the fund over a useful life of fifteen years based on internal forecasts and a weighted average cost of capital (“WACC”) of 13.8% using various inputs to reflect the operations which are principally based in the United Kingdom.

A key area of estimation is the expected useful life of the contracts especially where the contracts do not have a defined end date, which is the case for Infrastructure Group and Downing. The Group considers the nature of the contracts and also undertakes a benchmark analysis of comparable purchase price allocations. The amortisation charge for Infrastructure Capital and Downing contract are £969,000 and £712,000 respectively for the current period. A reduction in useful life to ten years for both acquisitions would result in an increased charge of £1,937,000 and £356,000 respectively.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16. Intangible assets continued

	Computer software £000	Customer contracts £000	Goodwill £000	Total £000
<b>Cost</b>				
At 1 April 2022	650	4,558	—	5,208
Additions	13	—	—	13
Business combinations	—	44,798	19,404	64,202
Foreign exchange movement	—	(2,321)	(978)	(3,299)
Disposals	—	—	—	—
<b>At 31 March 2023</b>	<b>663</b>	<b>47,035</b>	<b>18,426</b>	<b>66,124</b>
<b>Amortisation/impairment</b>				
At 1 April 2022	394	383	—	777
Charge for the year	83	2,414	—	2,497
Foreign exchange movement	—	(61)	—	(61)
Disposals	—	—	—	—
<b>At 31 March 2023</b>	<b>477</b>	<b>2,736</b>	<b>—</b>	<b>3,213</b>
<b>Net book value at 31 March 2023</b>	<b>186</b>	<b>44,299</b>	<b>18,426</b>	<b>62,911</b>

	Computer software £000	Customer contracts £000	Goodwill £000	Total £000
<b>Cost</b>				
At 1 April 2021	479	2,914	—	3,393
Additions	171	—	—	171
Business combinations	—	1,679	—	1,679
Disposals	—	(35)	—	(35)
<b>At 31 March 2022</b>	<b>650</b>	<b>4,558</b>	<b>—</b>	<b>5,208</b>
<b>Amortisation/impairment</b>				
At 1 April 2021	289	92	—	381
Charge for the year	105	292	—	397
Disposals	—	(1)	—	(1)
<b>At 31 March 2022</b>	<b>394</b>	<b>383</b>	<b>—</b>	<b>777</b>
<b>Net book value at 31 March 2022</b>	<b>256</b>	<b>4,175</b>	<b>—</b>	<b>4,431</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16. Intangible assets continued

##### Customer contracts

The table below shows the carrying amount assigned to each component of customer contracts and the remaining amortisation period.

	Remaining amortisation period	Carrying value £000
Acquisition of Infrastructure Capital Group (see note 33)	19.4 years	<b>27,322</b>
Acquisition of Downing's technology ventures business (see note 33)	14.3 years	<b>13,534</b>
Acquisition of PiP Manager Limited	17.4 years	<b>2,501</b>
Acquisition of FV Solar Lab S.R.L. (see note 33)	1.6 years	<b>942</b>
		<b>44,299</b>

##### Goodwill

The table below shows the carrying amount of goodwill.

	31 March 2023 £000
Acquisition of Infrastructure Capital Group (see note 33)	<b>11,889</b>
Acquisition of Downing's technology ventures business (see note 33)	<b>6,537</b>
	<b>18,426</b>

In accordance with IAS 36, goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash generating units (CGUs) that are expected to benefit from that business combination. However, due to the Group having only recently finalised its purchase price allocation for each of the acquisitions in the year, it has not yet concluded on this initial allocation of goodwill to CGUs. This will be completed in FY24 in accordance with IAS 36 para 84. The Group does not anticipate any impairment of goodwill as it is already benefiting from the synergies of each acquisition.

##### Computer software

The remaining element of intangible assets relates to capitalised software costs, which are amortised over three to four years. The amortisation charges above are recognised within administrative expenses in the Statement of Comprehensive Income.

#### 17(a). Investments at FVTPL

##### Accounting policy:

Investments at FVTPL are recognised initially at fair value, which is normally the transaction price. Subsequent to initial recognition, investments at FVTPL are measured at fair value with changes recognised in the Statement of Comprehensive Income.

##### Estimation uncertainty and judgements:

Investments at FVTPL are the Group's co-investment into Limited Partnership funds and VCT investments managed by the Group. Fair value is calculated as the Group's share of NAVs of these funds and investments. These NAVs are subject to the Group's fund Valuations Policy which sets out acceptable methodologies that may be applied in valuing a fund's investments. Each quarter, each Investment Manager values their investments in accordance with the guidelines of this policy, typically the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022) developed by the British Venture Capital Association and other organisations. Where appropriate, these valuations are also approved by the independent Boards of each fund and in all cases by the Group's valuation committee.

While valuations of investments are based on assumptions that the Directors consider are reasonable under the circumstances, the actual realised gains and losses will depend on, amongst other factors, future operating results, the value of the assets and market conditions at the time of disposal, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Further details on the key assumptions made and a sensitivity analysis are set out in note 32.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 17(a). Investments at FVTPL continued

	31 March 2023 £000	31 March 2022 £000
At beginning of period	2,781	2,075
Additions	1,310	712
Fair value movements	349	638
Sales proceeds	(473)	(644)
<b>At end of period</b>	<b>3,967</b>	<b>2,781</b>

Investments comprise co-investments into Limited Partnership funds and VCT investments managed by the Group which are measured at fair value.

#### 17(b). Investments in related undertakings

Details of the investments in related undertakings, comprising subsidiaries, are included in the appendices to the financial statements on pages 206 to 208.

#### 18. Derivative assets

##### Accounting policy:

The Group uses forward currency contracts to hedge the risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The forward currency contracts entered into to date have not been designated as hedging instruments and are not subject to hedge accounting.

	31 March 2023 £000	31 March 2022 £000
Derivative assets arising from forward currency contracts, of which:		
Non-current assets	648	—
Current assets	245	—
	<b>403</b>	—

The Group originally had eight forward foreign currency contracts, of which the first matured on 30 March 2023 and thereafter at quarterly intervals. Therefore, at 31 March 2023, the Group had seven contracts with a notional amount of A\$17.5 million to sell for £10.2 million and the fair value of these contracts gave rise to a gain of £0.7 million recognised as a derivative asset.

#### 19. Contract costs

##### Accounting policy:

The Group may enter into placement agency agreements with providers who will seek to raise investor monies. Where placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, these fees are capitalised and then amortised on a systematic basis consistent with the pattern of transfer of the services to which the asset relates. Where placement agency fees are not considered to be incremental, these are expensed as they are incurred. Capitalised placement fees are included within contract costs.

Retainer amounts paid to placement agents are recognised as an asset. Where the placement agent is successful in obtaining a contract with a customer, the retainer amounts are offset against the gross placement agency fees when incurred. If unsuccessful, the retainer amounts are expensed.

##### Estimation uncertainty and judgements:

When deciding whether placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, the Group must consider whether an individual investor is the customer or whether the fund that the investor is investing into is the customer. Where the individual investor is the customer, the fees will be incremental. Where the customer is the fund, the fees for the individual investor would not be incremental.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 19. Contract costs continued

	<b>31 March 2023 £000</b>	31 March 2022 £000
Incremental placement agency fees, of which:	<b>3,965</b>	4,555
Non-current assets	<b>3,435</b>	3,976
Current assets	<b>530</b>	579

#### 20. Trade and other receivables

##### Accounting policy:

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. For trade receivables this is because they meet the criteria set out under IFRS 9, being assets held within a business model that give rise to contractual cash flows and are solely payments of principal and interest (“SPPI”). 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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the receivables current financial position, adjusted for factors that are specific to the receivable, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. This encompasses trade receivables and balances within other receivables such as recharges yet to be invoiced to funds and investee companies.

Additionally, when a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income. In line with the Group’s historical experience, and after consideration of current credit exposures, the Group does not expect to incur any significant credit losses and has not recognised any ECLs in the current year (2022: £nil). A bad debt expense has though been incurred in for the year for a small number of directors fees, but none for management fees.

##### Amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

##### Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense is recognised in the Statement of Comprehensive Income.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 20. Trade and other receivables continued

	31 March 2023 £000	31 March 2022 £000
Trade receivables	12,956	13,383
Other receivables	3,411	2,310
Prepayments	3,080	2,050
Staff advances	2,295	2,880
Tax receivable	—	584
<b>Less non-current assets:</b>		
Trade receivables	1,044	1,120
Staff advances	1,555	2,140
	<b>2,599</b>	<b>3,260</b>
<b>Current assets:</b>		
Trade receivables	11,912	12,263
Other receivables	3,411	2,310
Prepayments	3,080	2,050
Staff advances	740	740
Tax receivable	—	584
	<b>19,143</b>	<b>17,947</b>

The Directors consider that the carrying value of trade receivables, other receivables and staff advances approximates to their fair value. Staff advances have been made in order to retain key staff and are expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individual leaves the Group.

The ageing profile of the Group's trade receivables is as follows:

	31 March 2023 £000	31 March 2022 £000
Current	10,932	7,254
<b>Overdue</b>		
< 30 days	40	705
30-60 days	248	449
60-90 days	300	81
> 90 days	1,436	4,894
	<b>12,956</b>	<b>13,383</b>

The movement in the impairment allowance for trade receivables is as follows:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	213	232
Written off during the period as uncollectible	(216)	(159)
Increase during the period	64	140
At end of period	<b>61</b>	<b>213</b>

Trade receivables include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of trade receivables the Directors considered any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Such changes would include when one or more detrimental events have occurred, such as significant financial difficulty of the counterparty or it becoming probable that the counterparty will enter bankruptcy or other financial reorganisation. As the majority of trade receivables are fees settled directly from the cash of the respective funds, the credit risk is considered to be very low. When trade receivables are fees settled directly from investee companies, i.e. directors' fees, there is the possibility of financial difficulty, however these fees individually are not significant. See note 32 for management of credit risk.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 21. Cash and cash equivalents

##### Accounting policy:

Cash and cash equivalents comprise cash on hand and cash at banks.

	31 March 2023 £000	31 March 2022 £000
Cash and cash equivalents per Statement of Financial Position	39,761	54,289
Cash and cash equivalents per Cash Flow Statement	39,761	54,289

#### 22. Trade and other payables

##### Accounting policy:

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### Amortised cost

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

##### Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

	31 March 2023 £000	31 March 2022 £000
Trade payables	1,945	1,322
Accruals	17,504	12,459
Deferred income	5,790	134
Other payables	3,993	4,716
VAT and PAYE	2,876	3,234
Corporation tax	1,559	497
Partnership capital contributions	1,715	1,680
<b>Less non-current liabilities:</b>		
Accruals	—	64
<b>Current liabilities:</b>		
Trade payables	1,945	1,322
Accruals	17,504	12,395
Deferred income	5,790	134
Other payables	3,993	4,716
VAT and PAYE	2,876	3,234
Corporation tax	1,559	497
Partnership capital contributions	1,715	1,680
	<b>35,382</b>	<b>23,978</b>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider the carrying amount of trade payables, other payables, accruals and partnership capital contributions approximates to their fair value when measured by discounting cash flows at market rates of interest as at the Statement of Financial Position date. Deferred income relates to fees received in advance. Partnership capital contributions relate to contributions by members to Foresight Group LLP. The main component of accruals are bonuses relating to the financial period but substantially settled in July in the following financial year.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Loans and borrowings

##### Accounting policy:

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Loans and borrowings are derecognised from the Statement of Financial Position when the obligation specified in the contract is discharged, is cancelled or expires.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance expenses.

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans and borrowings arose from the acquisition of PiP Manager Limited in the year ended 31 March 2021.

	31 March 2023 £000	31 March 2022 £000
<b>Current liabilities</b>		
Loans and borrowings	2,646	660
<b>Non-current liabilities</b>		
Loans and borrowings	485	3,030
	<b>3,131</b>	3,690

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity <sup>2</sup>	31 March 2023 Carrying amount <sup>1</sup> £000
Unsecured loan	GBP	Base rate + 2%	2027	3,131

- The carrying amount of these loans and borrowings equates to the fair value.
- The loans were provided by five lenders equally. The Group agreed with four lenders for early repayment, with repayment made in May 2023. These repayments have been disclosed within current liabilities.

The movement on the above loans may be summarised as follows:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	3,690	4,324
Interest	139	85
Repayment - principal	(606)	(622)
Repayment - interest	(92)	(97)
<b>At end of period</b>	<b>3,131</b>	3,690

For more information about the Group's exposure to interest rate and foreign currency risk, see note 32.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 24. Lease liabilities and right-of-use assets

##### Accounting policy:

Applying IFRS 16, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income
- Separates the total amount of cash paid into a principal portion and interest (presented within financing activities) in the Cash Flow Statement

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The carrying value is also adjusted for any remeasurement of the lease liability. The lease liability is measured in subsequent periods using the effective interest rate method and adjusted for lease payments.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.53 I. This expense is presented within administrative expenses in the Statement of Comprehensive Income.

The cost of any contractual requirements to dismantle, remove or restore the leased asset, typically dilapidations, are included in the initial recognition of right-of-use assets.

Set out below are the carrying amounts of the right-of-use assets recognised and associated lease liabilities (included under current and non-current liabilities) together with their movements over the period. The leases all relate to the offices of the Group as follows:

##### VCF II LLP

- 23rd Floor Shard, London
- 18th Floor Shard, London
- 3rd Floor Park Row, Nottingham
- 4th Floor Park Row, Nottingham

##### Foresight Group LLP

- George Street, Edinburgh, Scotland
- Station Road, Cambridge
- King Street, Manchester

##### Foresight Group S.R.L.

- Piazza Barberini, Rome

##### Foresight Group Iberia SL

- Planta Tercera, Madrid

##### Foresight Group Luxembourg S.A.

- Europe Building, Allee Scheffer, Luxembourg

New leases entered into or acquired through business combinations in the year ended 31 March 2023:

##### Foresight Group LLP

- Northspring, Wellington Street, Leeds
- Earl Grey House, Grey Street, Newcastle upon Tyne

##### Foresight Australia Funds Management Limited (renamed from Infrastructure Capital Group Limited on 2 November 2022)

- Hunter Street, Sydney
- Collins Street, Melbourne VIC 3000

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 24. Lease liabilities and right-of-use assets continued

The leases are typically of ten years' duration.

	31 March 2023 £000	31 March 2022 £000
<b>Right-of-use asset</b>		
At beginning of period	8,260	9,120
Additions	706	1,477
Business combination (see note 33)	560	—
Adjustment to dilapidations (see note 26)	(334)	—
Depreciation	(1,872)	(2,337)
Foreign exchange	(39)	—
<b>At end of period</b>	<b>7,281</b>	<b>8,260</b>
<b>Lease liability</b>		
At beginning of period	10,408	12,019
Current	2,302	2,157
Non-current	8,106	9,862
Additions	722	544
Business combination (see note 33)	619	—
Lease payment	(2,963)	(2,719)
Interest	512	564
Foreign exchange	(47)	—
<b>At end of period</b>	<b>9,251</b>	<b>10,408</b>
Current	2,562	2,302
Non-current	6,689	8,106
	<b>9,251</b>	<b>10,408</b>

The lease payment in the year has been split £2,451,000 (2022: £2,155,000) of principal and £512,000 (2022: £564,000) of interest.

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments at 31 March 2023.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>10,187</b>	<b>2,991</b>	<b>3,015</b>	<b>3,312</b>	<b>869</b>

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments at 31 March 2022.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>11,634</b>	<b>2,799</b>	<b>2,800</b>	<b>5,172</b>	<b>863</b>

The following are the amounts recognised in the Statement of Comprehensive Income:

	31 March 2023 £000	31 March 2022 £000
Depreciation expense on right-of-use assets	1,872	2,337
Interest expense on lease liabilities	512	564
	<b>2,384</b>	<b>2,901</b>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 4.61% (2022: 4.79%).

In accordance with IFRS 16.53(c), (d) and (e) (in respect of short-term, low-value and variable lease expenses), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 for these items. This expense is presented within administrative expenses in the Statement of Comprehensive Income and for the year ended 31 March 2023 was £95,000 (2022: £117,000).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 25. Acquisition-related liabilities

Acquisition-related liabilities arise from the acquisitions made by the Group during the period (see note 33).

##### Accounting policy:

Contingent consideration payable is measured at fair value at acquisition and assessed annually with particular reference to the conditions upon which the consideration is contingent. Fair value movements in the year are recognised in the income statement.

Remuneration for post-combination services is the liability that arises from accounting for contingent consideration payments to sellers which are subject to forfeiture if the seller ceases to be employed and are payable in cash; this consideration is accounted as long-term employee benefits under IAS19 (see note 28).

##### Estimation uncertainty: Contingent consideration

Contingent consideration accounted for reflects the Group's best estimate of the amounts that are expected to be paid, discounted to their present value arising from the acquisition of Downing's technology ventures business. This is based on the updated AUM of the two VCT's whose investment mandates were acquired (see note 33). The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £4,176,000.

##### Remuneration for post-combination services

The proportion of the deferred payments that are contingent on the recipients remaining employees of the Group for a specific period arising from the acquisition of Infrastructure Capital are accounted for as remuneration for post-combination services. The Group's estimate of the amounts ultimately payable will be expensed over the deferral period, discounted to their present value (see note 28).

	Contingent consideration £000	Remuneration for post-combination services £000	Total £000
At 1 April 2022	—	—	—
Business combinations	3,797	—	3,797
Arising in the period <sup>1</sup>	—	2,503	2,503
Fair value movements <sup>2</sup>	(327)	—	(327)
<b>At 31 March 2023</b>	<b>3,470</b>	<b>2,503</b>	<b>5,973</b>
Current liabilities	1,104	46	1,150
Non-current liabilities	2,366	2,457	4,823

1. The remuneration for post-combination services is made up of £2,485,000 of expense at the grant date fair value, £20,000 of unwinding the discount and a further (£2,000) arising from the assessment carried out to best estimate the amounts the Group expects to pay.
2. Of the fair value movement for contingent consideration, £133,000 related to unwinding the discount on the liability with remaining movement of (£460,000) arising from the assessment carried out to best estimate the amounts the Group expects to pay.

The table below summarises the maturity profile of the Group's contingent consideration based on contractual undiscounted payments and current assessment of probabilities at 31 March 2023.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>3,687</b>	<b>1,229</b>	<b>1,229</b>	<b>1,229</b>	<b>—</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 26. Provisions

##### Accounting policy:

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance expenses.

	31 March 2023 £000	31 March 2022 £000
At beginning of period	933	—
Additions	—	933
Adjustment (see below)	(334)	—
Interest	201	—
At end of period	800	933

##### Dilapidation provisions

As part of its operating lease agreement for its various premises, the Group has an obligation to pay for dilapidation costs at the end of the lease term. The Group engages independent surveyors to carry out inspections to assess these likely dilapidations which the Group then makes provisions for.

The provisions were first accounted for in FY22. At that time the provisions were not discounted which the Group has corrected for in FY23 using the incremental borrowing rates used to measure lease liabilities.

#### 27. Deferred tax assets and liabilities

##### Accounting policy:

Deferred tax is recognised based on differences between the carrying value of assets and liabilities for accounting purposes and their tax values (see note 13). Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that the Group considers them to be recoverable, which is determined by reference to estimates that future taxable profits will be available against which deductible temporary differences can be utilised.

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

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

##### Estimation uncertainty and judgements:

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted or substantively enacted at the Statement of Financial Position date.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 27. Deferred tax assets and liabilities continued

The movement on the deferred tax account is as shown below:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	(583)	(604)
<b>Recognised in Statement of Comprehensive Income</b>		
Tax expense	1,272	376
Foreign exchange	673	26
	<b>1,945</b>	<b>402</b>
<b>Recognised in equity</b>		
Share-based payment reserve	44	22
<b>Arising on business combination</b>		
Intangible asset (see note 33)	(12,727)	(403)
Other temporary and deductible differences	236	—
	<b>(12,491)</b>	<b>(403)</b>
<b>At end of period</b>	<b>(11,085)</b>	<b>(583)</b>

The movements in deferred tax assets and liabilities during the period are shown below:

	Asset 2023 £000	Liability 2023 £000	Net 2023 £000	Credited to profit or loss 2023 £000	Credited to equity 2023 £000
Other temporary and deductible differences	1,742	(416)	1,326	633	44
Business combinations - intangible asset	—	(12,411)	(12,411)	639	—
	<b>1,742</b>	<b>(12,827)</b>	<b>(11,085)</b>	<b>1,272</b>	<b>44</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 27. Deferred tax assets and liabilities continued

	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	(Charged)/ credited to profit or loss 2022 £000	(Charged)/ credited to equity 2022 £000
Other temporary and deductible differences	615	(178)	437	582	22
Business combinations - intangible asset	—	(1,020)	(1,020)	(87)	—
Business combinations - other temporary and deductible differences	—	—	—	(119)	—
	615	(1,198)	(583)	376	22

#### 28. Employee benefits

##### Defined contribution pension plan

###### Accounting policy:

The Group operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The amounts charged to the Statement of Comprehensive Income in respect of these schemes represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution schemes for the year ended 31 March 2023 was £1,245,000 (2022: £608,000).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 28. Employee benefits continued

##### Remuneration for post-combination services

###### Accounting policy:

Arising from the acquisition of Infrastructure Capital (see note 33), the Group has deferred payments which require the sellers to remain in employment with or contracted to the Group for the duration of the respective deferral periods. Where deferred payments are to be paid in cash, these are accounted for as other long-term employee benefits under IAS 19.

###### Estimation uncertainty:

The Group has estimated the amounts which will ultimately become payable, i.e. the expected value of the obligation based on the maximum amount for each consideration discounted back to the valuation date multiplied by the probability of achieving of the management fee revenue targets and forfeiture rate. The discounting uses high-quality corporate bond rates of 3.3%. As per note 33, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate, the revenue earn-out a probability of 40% and 0% forfeiture rate and the performance consideration had a probability of 71% and 0% forfeiture rate. The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95%, 47.5% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £1,858,000 and the minimum would result in a full reversal of the respective charge of £2,503,000.

The liabilities will be expensed over the deferral period and are included in staff costs – acquisition. The liabilities are included in Acquisition-related liabilities (see note 25).

The cost recognised in the Statement of Comprehensive Income for the deferred payments is £2,503,000 (2022: £nil).

#### 29. Share capital and other reserves

###### Accounting policy:

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

	31 March 2023 Number	31 March 2023 £	31 March 2022 Number	31 March 2022 £
<b>Ordinary Shares of no par value allotted</b>				
At beginning of period	108,333,333	—	108,333,333	—
Shares issued on acquisition of Infrastructure Capital (see note 33)	7,937,879	—	—	—
<b>At end of period</b>	<b>116,271,212</b>	<b>—</b>	<b>108,333,333</b>	<b>—</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 29. Share capital and other reserves continued

##### Rights for Ordinary Share class

The rights attaching to the shares are uniform in all respects and they form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders are under general law entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

##### Share premium

###### Accounting policy:

Ordinary Shares issued by the Group are recognised at the proceeds or fair value received, with the excess of the amount received over nominal value being credited to the share premium account (net of the direct costs of issue).

	<b>31 March 2023 £000</b>	31 March 2022 £000
At beginning of period	<b>32,040</b>	32,040
Shares issued on acquisition of Infrastructure Capital – 7,937,879 shares at £3.76 per share (see note 33)	<b>29,846</b>	–
<b>At end of period</b>	<b>61,886</b>	32,040

##### Shares held in escrow reserve

###### Accounting policy:

The Group can issue shares to employees that are subject to forfeiture if the employee ceases to be employed by the Group for a specified time period. Such shares are recognised at cost and are presented in the Group Statement of Financial Position as a deduction from equity.

The shares held in escrow reserve arises from the acquisition of Infrastructure Capital and accounting treatment of the initial share consideration under IFRS 3 (see note 33). If a seller forfeited their shares, under the terms of share and purchase agreement, these shares would be proportionally allocated to the other sellers. As the good leaver sellers cannot forfeit their shares, any other forfeited shares would be allocated to the good leavers and not returned to the Company.

##### Own share reserve

###### Accounting policy:

The Group operates a trust for the purpose of satisfying certain share awards to employees. Own shares held are equity shares of the Company acquired and held by this trust. Such shares are recognised at cost and are presented in the Group Statement of Financial Position as a deduction from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

The Group operates a Share Incentive Plan as per note 10. The Group operates a trust which holds shares that have not yet vested unconditionally to employees of the Group.

At 31 March 2023, the total number of shares held in trust was 342,403 (2022: 228,838), including 218,494 (2022: 152,769) of matching shares at a cost of £729,000 (2022: £454,000), an increase of £275,000 on the prior year.

##### Share-based payment reserve

The share-based payment reserve represents the cumulative cost of the Group's share-based remuneration schemes and associated deferred tax together with the cumulative cost of the remuneration for post-combination services arising from acquisitions (see note 10 for share-based payments and note 33 for acquisitions). The cumulative cost is analysed below.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 29. Share capital and other reserves continued

##### Share-based payment reserve continued

	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post- combination services £000	Total £000
<b>Cost</b>				
At 1 April 2022	299	160	—	459
Additions	840	239	9,514	10,593
<b>At 31 March 2023</b>	<b>1,139</b>	<b>399</b>	<b>9,514</b>	<b>11,052</b>
<b>Deferred tax</b>				
At 1 April 2022	22	—	—	22
Additions	44	—	—	44
<b>At 31 March 2023</b>	<b>66</b>	<b>—</b>	<b>—</b>	<b>66</b>
<b>Net value at 31 March 2023</b>	<b>1,205</b>	<b>399</b>	<b>9,514</b>	<b>11,118</b>

	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post- combination services £000	Total £000
<b>Cost</b>				
At 1 April 2021	—	—	—	—
Additions	299	160	—	459
<b>At 31 March 2022</b>	<b>299</b>	<b>160</b>	<b>—</b>	<b>459</b>
<b>Deferred tax</b>				
At 1 April 2021	—	—	—	—
Additions	22	—	—	22
<b>At 31 March 2022</b>	<b>22</b>	<b>—</b>	<b>—</b>	<b>22</b>
<b>Net value at 31 March 2022</b>	<b>321</b>	<b>160</b>	<b>—</b>	<b>481</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 29. Share capital and other reserves continued

##### Group reorganisation reserve

The Group reorganisation reserve consists of the Ordinary Share capital of Foresight Group CI Limited. As there is no investment in Foresight Group CI Limited held in the books of any holding companies (Foresight Group Holdings Limited) this balance is left as a Group reserve.

##### Foreign exchange reserve

The foreign exchange reserve includes all exchange differences from translating Group entities that have a functional currency different from the presentational currency of the Group.

##### Retained earnings

Includes all current and prior period retained profits and losses.

#### 30. Dividends

##### Accounting policy:

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's Shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividends on Ordinary Shares declared and paid during the year:

	<b>31 March 2023 £000</b>	31 March 2022 £000
Final dividend	<b>10,617</b>	1,872
Interim dividend	<b>5,348</b>	4,303
	<b>15,965</b>	6,175

#### Year ended 31 March 2023

- A final dividend of 9.8 pence per share in respect of the year ended 31 March 2022 was paid on 14 October 2022 with an ex-dividend date of 18 August 2022 and a record date of 19 August 2022
- An interim dividend of 4.6 pence per share in respect of the year ended 31 March 2023 was paid on 27 January 2023 with an ex-dividend date of 12 January 2023 and a record date of 13 January 2023

#### Year ended 31 March 2022

- A final dividend of 1.7 pence per share in respect of the year ended 31 March 2021 was paid on 24 September 2021 with an ex-dividend date of 9 September 2021 and a record date of 10 September 2021
- An interim dividend of 4.0 pence per share in respect of the year ended 31 March 2022 was paid on 25 March 2022 with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022

Dividends proposed by the board of directors to be approved by shareholders (not recognised as a liability at 31 March 2023)

	<b>31 March 2023 £000</b>	31 March 2022 £000
Final dividend	<b>18,022</b>	10,617

- A final dividend of 15.5 pence per share in respect of the year ended 31 March 2023 is proposed but subject to approval by the Shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

#### 31. Commitments and contingencies

There were no capital commitments or contingencies at 31 March 2023 or 31 March 2022 except as disclosed in note 25.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement

##### Financial assets

Financial assets comprise cash and cash equivalents, trade receivables and other receivables (at amortised cost) and investments and derivative assets at FVTPL, as follows:

	<b>31 March 2023 £000</b>	31 March 2022 £000
Trade and other receivables	<b>18,662</b>	18,573
Cash and cash equivalents	<b>39,761</b>	54,289
Derivative assets	<b>648</b>	—
Investments at FVTPL	<b>3,967</b>	2,781
	<b>63,038</b>	75,643

##### Financial liabilities

Financial liabilities comprise trade payables, other payables, accruals, loans and borrowings and lease liabilities (at amortised cost) and contingent consideration as follows:

	<b>31 March 2023 £000</b>	31 March 2022 as restated £000
Trade payables	<b>1,945</b>	1,322
Other payables and partnership capital contributions	<b>5,708</b>	6,396
Accruals	<b>17,504</b>	12,459
Loans and borrowings	<b>3,131</b>	3,690
Lease liabilities	<b>9,251</b>	10,408
Acquisition-related liabilities	<b>5,973</b>	—
	<b>43,512</b>	34,275

Financial liabilities for the year ended 31 March 2022 have been restated to include accruals.

##### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk and credit risk. Risk management is carried out by the Board of Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

##### (a) Market risk

###### (i) Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements.

The investments in equity 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 Group to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The potential maximum exposure to market price risk, being the value of the investments as at 31 March 2023, was £4.0 million (2022: £2.8 million).

###### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows related to financial instruments will fluctuate because of changes to market interest rates.

The Group had only £3.1 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see note 23) with a fixed interest rate. As per note 37, £2.5 million of this debt was repaid post year-end.

Cash and cash equivalents at year-end consist of cash held in non-interest bearing bank accounts. The Group had though placed cash in fixed rate deposit accounts during the year and has continued to do so post year-end.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement continued

##### Financial risk management continued

##### (a) Market risk continued

##### (iii) Foreign exchange risk

Foreign currency risk is the risk that changes in foreign exchange rates will cause the Group to suffer losses. Before the Infrastructure Capital acquisition (see note 33), the Group was not exposed to significant foreign exchange transaction risk as the Group's activities were primarily within the UK.

In order to mitigate the risk associated with the increase in Group cash flows arising in a foreign currency following the acquisition, the Group entered into a number of forward foreign currency contracts in September 2022. These forward foreign currency contracts are considered to be derivatives so are accounted for as financial instruments within the scope of IFRS 9 but are not designated as hedging instruments and are not subject to hedge accounting. See note 18 for further explanation of the contracts entered into.

The table below summarises the Group's exposure to foreign currency translation risk at 31 March 2023. Included in the table are the Group's financial assets, at carrying amounts, categorised by currency.

At 31 March 2023	Euro £000	Aus dollar £000	US dollar £000	Total £000
<b>Financial assets</b>				
Cash and cash equivalents	1,993	—	69	2,062
Investments at FVTPL	2,078	—	—	2,078
	<b>4,071</b>	<b>—</b>	<b>69</b>	<b>4,140</b>

At 31 March 2022	Euro £000	Aus dollar £000	US dollar £000	Total £000
<b>Financial assets</b>				
Cash and cash equivalents	3,036	837	127	4,000
Investments at FVTPL	991	—	—	991
	<b>4,027</b>	<b>837</b>	<b>127</b>	<b>4,991</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement continued

##### Financial risk management continued

##### (a) Market risk continued

##### (iii) Foreign exchange risk continued

A 5% strengthening of euro against sterling would reduce the net euro position and profit and loss by £214,000 (2022: £212,000). This assumes all other variables are held constant. A 5% strengthening of Australian dollar against sterling would reduce the net Australian dollar position and profit and loss by £nil (2022: £44,000).

##### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains significant liquid resources in the form of cash or cash deposits in order to meet working capital and regulatory needs. Foresight is predominantly financed through a combination of share capital, undistributed profits and cash.

The contractual maturities (representing undiscounted contractual cash flows) of financial liabilities are contained in the respective note for each category of liability as follows:

- Trade and other payables, see note 22
- Loans and borrowings, see note 23
- Lease liabilities, see note 24
- Acquisition-related liabilities: Contingent consideration – see note 25

##### (c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The Group does not consider that there is any concentration of risk within either trade or other receivables.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

##### Capital risk management

The Group is predominantly equity funded and this makes up the capital structure of the business. Equity comprises share capital, share premium and retained profits and is equal to the amount shown as “Equity” in the Statement of Financial Position.

The Group’s current objectives when maintaining capital are to:

- Safeguard the Group’s ability as a going concern so that it can continue to pursue its growth plans
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term
- Maintain regulatory capital
- Provide a reasonable expectation of future returns to Shareholders

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement continued

##### Capital risk management continued

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

During the year to 31 March 2023, the Group's strategy remained unchanged and all regulatory capital requirements of subsidiaries in the Group were complied with. Foresight Group LLP has documented its the Internal Capital Adequacy and Risk Assessment process ("ICARA") in compliance with the Investment Firm Prudential Regime (IFPR).

##### Fair value hierarchy

For financial instruments not traded in an active market, such as forward foreign currency contracts, the fair value is determined using appropriate valuation techniques that take into account the terms and conditions of the contracts and utilise observable market data, such as spot and forward rates, as inputs. Investments at FVTPL are the Group's co-investment into Limited Partnership funds and VCT investments managed by the Group. These unquoted investments are valued on a net asset basis by the Group. The actual underlying investments are valued in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines as described in note 17.

- i) Where a value is indicated by a material arm's-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 multiple to that company's historic, current or forecast earnings before tax, interest, depreciation and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified compared to the sector including, inter alia, illiquidity)
  - 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 Group assesses the portfolio for such investments and, after agreement with the relevant manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement continued

##### Fair value hierarchy continued

iii) Premiums on loan 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, 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 turnover (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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>At 31 March 2023</b>				
Financial assets				
Investments at FVTPL	—	—	3,967	3,967
Derivative assets	—	648	—	648
	—	648	3,967	4,615
Financial liabilities				
Acquisition-related liabilities: Contingent consideration	—	—	3,470	3,470
Acquisition-related liabilities: Remuneration for post-combination services	—	—	2,503	2,503
	—	—	5,973	5,973
<b>At 31 March 2022</b>				
Financial assets				
Investments at FVTPL	—	—	2,781	2,781
Derivative assets	—	—	—	—
	—	—	2,781	2,781
Financial liabilities				
Acquisition-related liabilities: Contingent consideration	—	—	—	—

Derivative assets have arisen from the forward foreign currency contracts entered into during the year and are classified as Level 2. These were fair valued using valuation techniques that incorporate foreign exchange spot and forward rates. Otherwise, financial assets and liabilities are classified as Level 3.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 32. Financial instruments - classification and measurement continued

##### Transfers

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

The unobservable inputs may be summarised as follows:

Asset class and valuation	31 March 2023 fair value £000	Significant unobservable inputs	Range estimates	Sensitivity factor	Change in fair value £000
Investments at FVTPL	3,967	NAV (See note 17)	1x	+/-5%	+/- 198
Acquisition-related liabilities: Contingent consideration	3,470	NAV (see note 25)	1x	+/-5%	+/- -174
Acquisition-related liabilities: Remuneration for post-combination services	2,503	Forecast (see note 28)	1x	See note 28	See note 28

As can be seen in the table above, the most significant unobservable input is in relation to the NAV of the relevant investments. A change of 5% to this assumption would increase or decrease the value of these investments by £198,000.

As required by IFRS 13 para 93 (e), a reconciliation of opening to closing balances for Investments at FVTPL is disclosed in note 17 and in note for 25 for Acquisition-related liabilities: Contingent consideration.

Unrealised gains and losses on Investments at FVTPL are recognised in the Statement of Comprehensive Income as fair value gains on investments. Unrealised gains and losses on contingent consideration are recognised in the Statement of Comprehensive Income as fair value gains on contingent consideration (incl. finance expense). Fair value gains and losses on remuneration for post-combination services are recognised over the vesting period as staff costs – acquisitions.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations

##### Accounting policy:

The Group recognises business combinations (including acquisitions) when it considers that it has obtained control over a business, which could be an entity or separate business within an entity (for example acquiring management contracts and hiring the team to service those contracts). The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. As per IFRS 3.B55(a) where the cost of acquisition contains payments that are automatically forfeited if employment terminates, these are accounted for as remuneration for post-combination services and not cost of the acquisition.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred and included within administrative expenses in the Statement of Comprehensive Income.

##### Goodwill

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and measured at cost less accumulated impairment losses (see note 16 for further explanation). Where the fair value of the identifiable assets and liabilities exceeds the cost of acquisition, a gain on business combination arises and is credited to the Statement of Comprehensive Income in the year of the acquisition.

##### Judgements:

##### Customer contract intangibles purchased through acquisitions

When the Group purchases customer contracts through acquisitions but not the share capital of the selling entity, a judgement is made as to whether the transaction should be accounted for as a business combination or as a separate purchase of intangible assets. In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business combination in IFRS 3. In particular, consideration is given to the scale of the operations subject to the transaction and whether ownership of a corporate entity has been acquired, among other factors. The acquisition of the technology ventures division of Downing LLP has been accounted for as the acquisition of a business under IFRS 3.

##### Payments to newly recruited investment managers arising on acquisitions

The Group assesses whether payments made to newly recruited investment managers arising on acquisitions under contractual agreements represent payments for the acquisition of customer contract intangibles or remuneration for ongoing services provided to the Group. If these payments are incremental costs of acquiring customer contracts and are considered to be recoverable (i.e. through future revenues earned from the funds that transfer), they are capitalised. Otherwise, they are judged to be in relation to the provision of ongoing services and are expensed in the period in which they are incurred.

##### Treatment of consideration transferred

The purchase price payable in respect of the acquisitions can be split into a number of different components. The payments of certain elements are deferred; and the timing and value of these are contingent on certain employment conditions and operational and financial targets being met. The proportion of the deferred payments that are contingent on the recipients remaining employees of the Group for a specific period is accounted for as remuneration for post-combination services.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023

##### Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital")

On 8 September 2022, the Group completed the acquisition of 100% of the issued share capital of Infrastructure Capital. Infrastructure Capital consists of the following companies:

- Infrastructure Capital Holdings Pty Limited (renamed Foresight Capital Holdings Pty Limited on 31 October 2022)
- Infrastructure Capital Group Limited (renamed Foresight Australia Funds Management Limited on 2 November 2022)
- Infrastructure Capital Services Pty Ltd
- Infrastructure Specialist Asset Management Limited
- Infra Asset Management Pty Limited

Infrastructure Capital is expected to deliver a meaningful contribution to the Group's growth, increasing AUM by £3 billion. It enables the Group to strengthen its presence in the attractive Australian infrastructure and renewables market and to diversify its revenue profile, increasingly positioning the Group internationally. Additional value is expected to be unlocked through synergies over time.

Combining Infrastructure Capital's strong market position in Australia with the Group's strengths as an international sustainability-led alternative asset manager provides significant growth potential for both organisations. The combined Group will be one of the largest renewable generation and infrastructure investors in Australia and will benefit from a stronger business profile and broader investor reach. The acquisition will also enhance Infrastructure Capital's and the Group's investment, product development and institutional distribution capabilities and facilitate the introduction of new products in both new sectors and new geographies, providing clients access to a wider suite of products and services.

The acquisition also creates a pathway for the Group to address Asian markets which represent a compelling opportunity for real asset investors, especially in the energy infrastructure sector where the combined Group is better positioned to successfully raise and deploy capital over time.

#### Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred:

	£000
Initial cash consideration	32,626
Initial share consideration	4,296
<b>Total carrying value</b>	<b>36,922</b>

Initial cash consideration comprises an initial cash payment of £30,792,000 (A\$52,500,000) paid on 8 September 2022 and a further payment of £1,834,000 (A\$3,125,000) paid in December 2022 for working capital.

Initial share consideration comprises 7,937,879 shares in the Company issued on 8 September 2022 to service A\$52,500,000 of amounts due to sellers. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the next three years, with 100% of a seller's shares being forfeited if this occurs prior to 30 September 2023, 66.66% from 30 September 2023 to 29 September 2024 and 33.33% from 30 September 2024 to 29 September 2025. Forfeiture does not apply to good leavers, of which there were three on completion. Initial share consideration for these good leavers is included in consideration valued at £4,296,000 (1,107,527 shares) with remaining consideration of £26,496,000 (6,830,352 shares (see note 10)) debited to the Shares held in escrow reserve (see note 29). This is because the initial share consideration payable to non-good leavers is treated as remuneration for post-combination services. This remuneration expense is charged to the Statement of Comprehensive Income over the vesting period, accounted for as equity-settled share-based payments under IFRS 2. Under IFRS 2, the expense is measured at the fair value of the shares on grant date, which was the share price of £4.08 per share converted to AUD at the prevailing exchange rate with a 0% forfeiture rate.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023 continued

##### Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital") continued

##### Other deferred payments

The sale and purchase agreement and supplementary management incentive deed details other deferred and contingent payments to be made to sellers for the sale of the shares of Infrastructure Capital. However, these payments require the sellers to remain in employment with or contracted to the Group for the duration of the respective deferral periods. Hence, they are also being accounted for as remuneration for post-combination services and the expense charged to the Statement of Comprehensive Income over the respective vesting periods. Details of each of these elements are as follows:

	Gross amount		Grant date	Grant date fair value		Expected vesting date
	£000	A\$000		£000	A\$000	
Earn-out consideration	17,595	30,000	8 September 2022	17,595	30,000	30 June 2028
Revenue earn-out consideration	2,933	5,000	8 September 2022	1,181	2,013	30 June 2023-2026
Performance consideration	14,633	25,000	8 September 2022	10,391	17,716	30 June 2027

The consideration above will be paid in either cash and/or shares as explained below. Where consideration is paid in shares, these will be accounted for as equity-settled share-based payments under IFRS 2. Where consideration is paid in cash, these will be accounted for as long-term employee benefits under IAS 19.

- Earn-out consideration of up to A\$30,000,000 was granted on the date of acquisition and is payable A\$15,000,000 in cash and A\$15,000,000 in shares in the Company dependent on the achievement of management fee revenue targets for the 12 month period ending 30 June 2025 and the sellers being employed or contracted by Infrastructure Capital on 30 June 2025. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the two years that follow, with 100% of a seller's shares being forfeited if this occurs prior to 30 June 2026 and 50.00% from 30 June 2026 to 30 June 2027. There is a further clawback up to 30 June 2028 if there is a reversal in management fee revenue so that the total vesting period is to this date.
- Revenue earn-out consideration of up to A\$5,000,000 was granted on the date of acquisition and is payable A\$5,000,000 in cash and is based on a revenue share mechanism for incremental asset management revenues over the period from acquisition to 30 June 2026 and the sellers being employed or contracted by Infrastructure Capital during this period.

- Performance consideration of up to A\$25,000,000 was granted on the date of acquisition and is payable A\$12,500,000 in cash and A\$12,500,000 in shares in the Company dependent on the achievement of management fee revenue targets for the 12 month period ending 30 June 2026 and the sellers being employed or contracted by Infrastructure Capital on 30 June 2026. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the year that follows, with 100% of a seller's shares being forfeited if this occurs prior to 31 December 2026 and 50.00% from 31 December 2026 to 30 June 2027.

The fair value of this consideration has been estimated at the date of acquisition (grant date) using estimated outcomes and the probability of those outcomes. The fair value will be assessed at each reporting period. For further explanation of how fair value is calculated, see note 10 for consideration paid in shares under IFRS 2 and note 28 for consideration paid in cash under IAS 19.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023 continued

##### Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital") continued

##### Other deferred payments continued

The cost recognised in the Statement of Comprehensive Income for the year ended 31 March 2023 for the above consideration and the initial share consideration is as follows:

	Cash £000	Shares £000	Total £000
Initial share consideration	—	8,741	8,741
Earn-out consideration	1,480	374	1,854
Revenue earn-out consideration	288	—	288
Performance consideration	735	399	1,134
	<b>2,503</b>	<b>9,514</b>	<b>12,017</b>

Further bonuses of £246,000 were paid to staff who worked on the acquisition. These costs are being reported as staff costs – acquisitions within administrative expenses (see note 6). Consideration payable in shares has been credited to the share-based payment reserve (see note 29) and the consideration payable in cash has been included in acquisition-related liabilities (see note 25).

##### Acquisition-related costs

Costs of £3,121,000 for legal and advisory fees have been recognised in acquisition-related costs (note 7) in the period in relation to this transaction.

#### Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows. The Group has now concluded its purchase price allocation for the acquisition having reported provisional fair values in the half-year report for the six months ended 30 September 2022.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Property, plant and equipment	73	—	73
Right-of-use assets	560	—	560
Intangible assets – customer contracts	—	30,551	30,551
Deferred tax assets	239	—	239
Trade and other receivables	3,890	—	3,890
Cash and cash equivalents	1,235	—	1,235
Trade and other payables	(2,706)	—	(2,706)
Lease liabilities	(619)	—	(619)
Deferred tax liability	(3)	(9,165)	(9,168)
<b>Total net assets acquired</b>	<b>2,669</b>	<b>21,386</b>	<b>24,055</b>

The fair value of the intangible asset above was derived from cash flow forecasts of the Infrastructure Capital business, being the fees arising from the various management contracts assumed using a 14.8% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over 20 years.

The fair values of all other net assets acquired were equal to their carrying value.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023 continued

##### Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital") continued

##### Identifiable assets acquired and liabilities assumed continued

The acquisition is reflected in the Cash Flow Statement as follows at 31 March 2023:

	£000
Cash paid	(32,626)
Cash acquired on acquisition of subsidiary	1,235
<b>Total per Cash Flow Statement</b>	<b>(31,391)</b>

##### Goodwill

The goodwill arising from the acquisition has been recognised as follows:

	£000
Total consideration (see above)	36,922
Fair value of identifiable net assets acquired (see above)	(24,055)
	<b>12,867</b>

Goodwill of £12,867,000 arises as a result of the acquired workforce, expected future growth, as well as operational and revenue synergies arising post-integration. Goodwill arising from the Infrastructure Capital acquisition is not deductible for tax purposes.

##### Revenue and profits of Infrastructure Capital

Amounts that the acquisition contributed to both Group revenue and underlying profit in the post-acquisition period are as follows:

	£000
Revenue contribution	10,085
Underlying profit on ordinary activities before taxation	4,808

Had the acquisition occurred at the start of the period, the acquisition would have made the following contributions to both Group revenue and underlying profit:

	£000
Revenue contribution	18,441
Underlying profit on ordinary activities before taxation	7,933

##### Downing's technology ventures business

On 4 July 2022, the Group completed the acquisition of the technology ventures division of Downing LLP.

Through this acquisition, the Group acquired the investment mandates of Downing ONE VCT Plc (renamed Thames Ventures VCT 1 Plc on 7 September 2022) and Downing FOUR VCT Plc (renamed Thames Ventures VCT 2 Plc on 7 September 2022) (excluding the Healthcare share class). As an interim measure, the Group was also appointed sub-manager of Downing Ventures EIS Scheme (renamed Thames Ventures EIS Fund on 10 March 2023) (see below). These transactions gave rise to incremental AUM of c.£275 million deployed across venture capital, AIM-quoted investee companies and a small number of legacy asset-backed debt investments. These venture-focused funds, with c.12,000 investors and assets predominantly across the UK as well as in the US and Israel, are complementary to the existing funds managed by the Group's Private Equity Team.

With a thematic focus on enterprise software, deep technology and consumer, the acquisition will diversify the Group's existing ventures offering and complement the Foresight Williams Technology hard tech and industrial software focus. Additionally, as the Downing venture capital trusts hold shares in AIM-listed companies, the acquired portfolio provides the Group with a platform to potentially expand into a new asset class. This broader client offering, when combined with the Group's regional footprint and strong retail sales platform, is anticipated to provide enhanced growth opportunities.

The Group was appointed as sub-manager to the Downing Ventures EIS Scheme because its appointment as manager is subject to regulatory approval from the FCA. Once this regulatory approval is obtained, the Group will be appointed manager and the acquisition of this investment mandate will complete. Consequently, for the purposes of accounting for the acquisition under IFRS 3, the Downing Ventures EIS Scheme is excluded. The consideration for the EIS acquisition is in the form of a fee sharing ratio and therefore, the EIS AUM was not valued in the consideration.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023 continued

##### Downing's technology ventures business continued

##### Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred:

	£000
Initial cash consideration	13,425
Contingent cash consideration	3,797
<b>Total carrying value</b>	<b>17,222</b>

Initial cash consideration comprises an initial cash payment of £13,633,000 paid on 4 July 2022 and then an adjustment payment of £(208,000) following the finalisation of the marked to market adjustments on the AUM of the AIM portfolio.

Contingent cash consideration with an expected fair value of £3,797,000 will be payable in cash over a three year period conditional on achieving certain AUM targets. The fair value of this consideration has been estimated at the date of acquisition using estimated outcomes, the probability of those outcomes and discounting this a rate of 4.6% (in line with the cost of debt in our WACC analysis plus an additional premium of 2%). As such, this will be recognised as a liability on the balance sheet and the fair value assessed each reporting period.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £4,176,000.

##### Acquisition-related costs

Costs of £452,000 for legal and advisory fees have been recognised in acquisition-related costs (see note 7) in the year in relation to this transaction.

Bonuses of £404,000 have been recognised for payments to staff transferring from Downing to the Group including associated social security costs. These are included in staff costs – acquisitions within administrative expenses (see note 6).

##### Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows. The Group has now concluded its purchase price allocation for the acquisition having reported provisional fair values in the half-year report for the six months ended 30 September 2022.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Intangible assets – customer contracts	–	14,247	14,247
Deferred tax liability	–	(3,562)	(3,562)
<b>Total net assets acquired</b>	<b>–</b>	<b>10,685</b>	<b>10,685</b>

The fair value of the intangible asset above was derived from cash flow forecasts for the acquired business, being the fees arising from the various management contracts assumed using a 12.8% discount rate based on the weighted average cost of capital (“WACC”) derived from a capital asset pricing model (“CAPM”). The intangible asset is being amortised over 15 years.

##### Goodwill

The goodwill arising from the acquisition has been recognised as follows:

	£000
Total consideration (see above)	17,222
Fair value of identifiable net assets acquired (see above)	(10,685)
	<b>6,537</b>

Goodwill of £6,537,000 arises as a result of the acquired workforce, expected future growth, as well as operational and revenue synergies arising post-integration. Goodwill arising from the Downing acquisition is not deductible for tax purposes.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2023 continued

##### Downing's technology ventures business continued

##### Revenue and profits of Downing

Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	2,990
Profit on ordinary activities before taxation	1,397

The disclosure of the revenue and loss for the Group if the acquisition had occurred on 1 April 2022 has not been presented as the determination of these amounts is impracticable, due to the fact that the entire Downing business was not acquired and there will have been revenues and expenses not relevant to the Ventures fund management business acquired.

##### Acquisitions in the year ended 31 March 2022

##### FV Solar Lab S.R.L.

On 21 January 2022, the Group completed the full acquisition of FV Solar Lab S.R.L. having previously held a 50% interest in the company. The entity was acquired via direct investment in the share capital of the target. The acquisition represented an opportunity for the Group to expand its Italian business by becoming the sole manager of ForVEI II, an investment vehicle that aggregates and improves Italian solar parks into an optimised portfolio. This presented growth opportunities and secured additional recurring revenue, namely in asset management fees and investment advisory services. By completing the transaction, AUM increased by £0.1 billion.

##### Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred:

	£000
Initial cash consideration	557
<b>Total carrying value</b>	<b>557</b>

There were no acquisition-related costs.

##### Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Intangible assets – customer contracts	–	1,679	1,679
Trade and other receivables	520	–	520
Cash and cash equivalents	218	–	218
Trade and other payables	(141)	–	(141)
Deferred tax liability	–	(403)	(403)
<b>Total net assets acquired</b>	<b>597</b>	<b>1,276</b>	<b>1,873</b>

The acquisition is reflected in the Cash Flow Statement as follows at 31 March 2022:

	£000
Cash paid	(557)
Cash acquired on acquisition of subsidiary	218
<b>Total per Cash Flow Statement</b>	<b>(339)</b>

The fair value of the intangible asset above was derived from cash flow forecasts for the FV Solar Lab S.R.L. standalone business, being the fees arising from management contracts for ForVEI II using a 7.0% discount rate based on the weighted average cost of capital (“WACC”) derived from a capital asset pricing model (“CAPM”). The intangible asset is being amortised over the remaining life of the ForVEI II contracts.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 33. Business combinations continued

##### Acquisitions in the year ended 31 March 2022 continued

##### FV Solar Lab S.R.L. continued

##### Gain on disposal and gain on business combination

The gain on disposal of the Group's existing interest in FV Solar Lab S.R.L. is as follows:

	£000
Fair value of investment in joint venture	937
Less carrying value of investment in joint venture	(304)
Gain on disposal of investment in joint venture	633

The gain on the acquisition of FV Solar Lab S.R.L. is as follows:

	£000
Fair value of net assets acquired	1,873
Less fair value of previously held investment in joint venture	(937)
Less consideration	(557)
Gain on bargain purchase	379

##### Gain on disposal and gain on business combination continued

Total gain arising from business combination achieved in stages:

	£000
Gain on disposal of investment in joint venture	633
Gain on bargain purchase	379
<b>Total gain</b>	<b>1,012</b>

The Group has credited this total gain to the Statement of Comprehensive Income during the year ended 31 March 2022. Due to the materiality of the gain, this is shown as a separate line item in the Statement of Comprehensive Income.

##### Revenue and profits of FV Solar Lab S.R.L.

Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	148
Profit before tax contribution	65

Had the acquisition occurred at the start of the period, the acquisition would have made the following contributions to both Group revenue and profit:

	£000
Revenue contribution	806
Profit before tax contribution	230

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 34. Assets and liabilities of disposal group as held for sale

##### Accounting policy:

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance expenses and income tax expense.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

The assets and liabilities of operations classified as a disposal group are as follows:

	31 March 2023 £000	31 March 2022 £000
<b>Assets</b>		
<b>Current assets</b>		
Cash	65	65
<b>Total assets</b>	<b>65</b>	<b>65</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(1)	(1)
<b>Total liabilities</b>	<b>(1)</b>	<b>(1)</b>
<b>Net assets and liabilities</b>	<b>64</b>	<b>64</b>

The assets above at 31 March 2023 and 2022 relate to residual cash balances in Foresight Metering Limited (“FML”). The liabilities at the same dates relate to accruals made for liquidator costs. FML entered into liquidation on 16 April 2020 following the sale of its subsidiary Foresight Metering Management Limited in November 2019. FML has remained in liquidation as the liquidator was awaiting clearance from HMRC. This clearance has now been received so in FY24, FML will make a final distribution to the Company and FML will be dissolved.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### FOR THE YEAR ENDED 31 MARCH 2023

#### 35. Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

#### Transactions with key management personnel

The Group considers Exco members as the key management personnel and the table below sets out all transactions with these personnel and the Directors:

	31 March 2023 £000	31 March 2022 £000
Emoluments	2,459	1,240
Other benefits	37	23
Share-based payments	222	—
<b>Total</b>	<b>2,718</b>	<b>1,263</b>

Emoluments increased compared to the year ended 31 March 2022 because of the increase in emoluments paid to Bernard Fairman as disclosed in the Remuneration Committee report on pages 109 to 121 and because of the increased headcount of the Executive Committee as disclosed in the Strategic Report on page 95.

#### Staff advances

##### Accounting policy:

Advances to staff (including Partners of Foresight Group LLP) are accounted for as employee benefits under IAS 19. In line with IAS 19, the advance is initially recognised as a financial asset and then as an expense when services are provided, also taking into account the contractual terms of the advances.

Staff advances are made to various members of Foresight Group LLP or employees to be expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individuals leave the Group. During the year ended 31 March 2023, a further £nil (2022: £1,000,000) of advances were made by Foresight Group LLP and £760,000 (2022: £580,000) of the advances were expensed.

#### Management fee rebates

Gary Fraser, Chief Financial Officer, and David Hughes, Chief Investment Officer, are investors into Foresight Regional Investment III LP. In 2023, following a further close of the fund, they entered into management fee rebate agreements with Foresight Group LLP. These rebates totalled £5,600 and £9,700 respectively.

#### 36. Ultimate holding company

Foresight Group Holdings Limited is the ultimate parent company of a group of companies that form the Group presented in this financial information. The Company is a company incorporated and domiciled in Guernsey.

#### 37. Subsequent events

##### Business combinations

On 20 June 2023, the Group acquired Wellspring Finance Company Limited and its subsidiary Wellspring Management Services Limited for £4.8 million funded from existing financial resources. Wellspring Management Services Limited holds the asset management contracts for seven operational PFI projects.

Due to the timing of completion, at the date these consolidated financial statements were authorised for issue, it was impracticable to disclose all the information required by IFRS 3 Business Combinations as the Group has not completed its initial accounting of the business combination including the purchase price allocation. More specifically, the valuation of asset management contracts acquired has not yet been finalised. The Group will provide further information in its Half-year Report for the six months ended 30 September 2023.

The acquisition is expected to contribute £0.9 million and £0.7 million to Group revenue and profit respectively in the post-acquisition period to 31 March 2024. Annualised contribution to Group revenue and profit is expected to be £1.2 million and £0.9 million, respectively.

##### Repayment of loans

As per note 23, in respect of the loans that arose from the acquisition of PiP Manager Limited, the Group agreed early repayment of the loans with four out of five lenders. Repayment of £2,520,000 was made in May 2023.

## APPENDICES TO THE FINANCIAL STATEMENTS

### Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (“APMs”), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies’ alternative performance measures.

### Core EBITDA pre share-based payments (“SBP”)

The Group uses Core EBITDA and Core EBITDA pre-SBP as two of its key metrics to measure performance because it views these as the closest profitability number comparable to the Group’s recurring revenue model (i.e. a cash profit number after removing/adjusting for any one-offs, both positive and negative). Core EBITDA pre-SBP is shown as the Group considers that there is no cash alternative to the share-based payments and due to the variability from its fair value measurement. Core EBITDA and Core EBITDA pre-SBP may not be comparable to other similarly titled measures used by other companies and they have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group’s operating results as reported under IFRS.

### Non-underlying items

The Group has chosen to present a measure of profit and earnings per share for the first time which excludes certain items, that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. This is as a result of the financial effect of non-underlying items relating to business combinations (more specifically remuneration for post-combination services), acquisition-related costs, fair value gains on contingent consideration and gain on business combination. In respect of remuneration for post-combination services, these are deferred consideration payments to sellers that are contingent on the recipients remaining employees of the Group which are exceptional due to both their size and their nature. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group’s underlying financial performance.



## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (“ESMA”), we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
<b>Financial measures derived from the financial statements</b>			
<b>Statement of Comprehensive Income measures</b>			
<b>Recurring revenue</b>	Revenue	Refer to definition, note 4 to the financial statements and note A1	Recurring revenue is management fees, secretarial fees (including administration) and directors’ fees. The Group believes that recurring revenue may provide prospective investors with a meaningful supplemental measure to evaluate the stability and quality of earnings.
<b>Recurring revenue %</b>	None	Refer to definition and note A2	Recurring revenue % is recurring revenue divided by total revenue.
<b>Core EBITDA</b>	None	Refer to definition and notes A3 and A6	Key metric to measure performance because the Group views this as the closest profitability number comparable to the Group’s recurring revenue model (i.e. a cash profit number after removing/adjusting for any one-offs, both positive and negative).
<b>Core EBITDA pre share-based payments (“SBP”)</b>	None	Refer to definition and notes A3 and A6	Core EBITDA pre-SBP is shown as the Group considers that there is no cash alternative to the share-based payments and due to the variability from its fair value measurement. It is calculated by adding back share-based payments to Core EBITDA. A reconciliation of the above measures is shown in note A3
<b>Core EBITDA pre-SBP margin (%)</b>	None	Refer to definition and note A4	Core EBITDA pre-SBP divided by total revenue.
<b>Non-underlying items</b>	None	See note 8 to the financial statements and note A5	Items which are not considered part of the normal operating costs of the business, are non-recurring and considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group’s underlying financial performance. An explanation of the nature of the items identified as non-underlying is provided in note 8 to the financial statements, and in a full reconciliation to Core EBITDA as per note A6.

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued Definitions and reconciliations continued

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
<b>Financial measures derived from the financial statements continued</b>			
<b>Statement of Comprehensive Income measures continued</b>			
<b>Before non-underlying items profit and total comprehensive income</b>	Profit and total comprehensive income	Refer to definition, Statement of Comprehensive Income and note A6	Total profit and comprehensive income excluding non-underlying items as shown in the Statement of Comprehensive Income and reconciled to Core EBITDA as per note A6.
<b>Earnings per share before non-underlying items</b>	Earnings per share	Non-underlying items, note 14 to the financial statements and note A7	Profit for the period attributable to Ordinary Shareholders divided by weighted average number of shares in issue during the period.
<b>Dividend payout ratio</b>	None	Refer to definition, before non-underlying items profit and total comprehensive income and note A8	The dividend payout ratio is the ratio of the total amount of dividends paid out to Ordinary Shareholders divided by profit for the period attributable to Ordinary Shareholders before non-underlying items relative to the same period.
<b>Financial measures not derived from the financial statements</b>			
<b>Funds Under Management ("FUM")</b>	None	Refer to definition	The Group's Funds Under Management, being the NAV of the funds managed plus the capital that the Group is entitled to call from investors in the funds pursuant to the terms of their capital commitments to those funds. FUM is calculated on a quarterly basis.
<b>Assets Under Management ("AUM")</b>	None	Refer to definition	The Group's assets under management, being the sum of: (i) FUM; and (ii) debt financing at Infrastructure Fund level and at the Asset level of these Infrastructure Funds at a period end. AUM is calculated on a quarterly basis.
<b>AUM growth %</b>	None	Refer to definition and note A9	AUM at current period end less AUM at prior period end divided by AUM at prior period end as per note A9.
<b>Average FUM</b>	None	Refer to definition	Calculated as the average of the quarterly FUM valuations in each period.
<b>Average AUM</b>	None	Refer to definition	Calculated as the average of the quarterly AUM valuations in each period.

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### A1. Recurring revenue

Amounts shown below are derived from note 4 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
Management fees	97,373	70,906
Secretarial fees	2,719	1,413
Directors' fees	3,116	2,506
	<b>103,208</b>	74,825

#### A2. Recurring revenue %

Amounts shown below are derived from note 4 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
Recurring revenue	103,208	74,825
	—	—
Divided by total revenue	119,155	86,071
<b>Recurring revenue %</b>	<b>86.6%</b>	86.9%

#### A3. Core EBITDA and Core EBITDA pre share-based payments ("SBP")

The specific items excluded from Core EBITDA and Core EBITDA pre-SBP are the amounts included in non-underlying items and other non-recurring items. Non-recurring items are non-trading or one-off items disclosed separately below, where the quantum, nature or volatility of such items are considered by the Directors to otherwise distort the underlying performance of the Group. The Group has assessed that the following items as either non-underlying items or non-recurring items for the purposes of calculating Core EBITDA and Core EBITDA pre-SBP:

- Gain on business combination which is non-recurring
- Acquisition-related costs: these are costs related to acquisitions in the period (see note 7)
- Staff costs – acquisitions, being the expense of consideration from the acquisition of Infrastructure Capital which has the requirement of continued employment plus non-recurring staff bonuses related to the acquisitions (see note 33)
- All depreciation and amortisation costs are added back, including amortisation arising on intangible assets (customer contracts)
- Non-operational staff costs: staff advances expensed have been added back as these are not deemed to reflect the core underlying performance of the business
- Profits or losses on disposal of fixed assets are added back as these are classified as non-recurring
- Other operating income as per note 11 which is not expected to recur. This relates to the historic Shirebrook development
- Fair value gains/(losses) on contingent consideration (incl. finance expense). This gain or loss is also related to contingent consideration arising from acquisitions
- All financing and taxation costs are added back
- Foreign exchange gains or losses on balances arising from acquisitions, including a foreign exchange gain on the share issuance, a foreign exchange loss on the transfer of the Infrastructure Capital cash consideration and a foreign exchange loss on the intangible asset and associated deferred tax liability recognised on the acquisition of Infrastructure Capital

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### A3. Core EBITDA and Core EBITDA pre share-based payments ("SBP") continued

A reconciliation of net profit after other comprehensive income to Core EBITDA and Core EBITDA pre-SBP is set out below:

	31 March 2023 £000	31 March 2022 £000
Net profit after other comprehensive income	20,905	24,938
Gain on business combination	—	(1,012)
Acquisition-related costs	3,721	—
Staff costs - acquisitions (excluding share-based payments)	3,153	—
Amortisation in relation to intangible assets (customer contracts)	2,414	292
Non-operational staff costs	760	728
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	2,800	3,193
(Profit)/loss on disposal of tangible fixed assets	(10)	33
Other operating income	—	(250)
Finance income and expense (excluding fair value gain on derivatives)	733	651
Fair value (gains)/losses on contingent consideration (incl. finance expense)	(327)	—
Foreign exchange - administrative expenses	(782)	—
Foreign exchange - translation differences on foreign subsidiaries	2,436	—
Tax on profit on ordinary activities	3,696	2,793
<b>Core EBITDA</b>	<b>39,499</b>	<b>31,366</b>
Share-based payments	10,659	459
<b>Core EBITDA pre-SBP</b>	<b>50,158</b>	<b>31,825</b>

#### A4. Core EBITDA pre-SBP margin

	31 March 2023 £000	31 March 2022 £000
Core EBITDA pre-SBP (see note A3)	50,158	31,825
Divided by total revenue (see note A2)	119,155	86,071
<b>Core EBITDA pre-SBP margin %</b>	<b>42.1%</b>	<b>37.0%</b>

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### A5. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of non-underlying items are included in note 2c and in the Strategic Report on page 66.

	31 March 2023 £000	31 March 2022 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	12,667	–
Other administration costs – foreign exchange	(782)	–
	11,885	–
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital (see note 33)	3,121	–
Legal and professional costs in respect of acquisition of the technology ventures division of Downing LLP (see note 33)	452	–
Other legal and professional costs	148	–
	3,721	–
Fair value gains on contingent consideration (incl. finance expense)	(327)	–
Gain on business combination	–	(1,012)
<b>Total non-underlying items</b>	<b>15,279</b>	<b>(1,012)</b>

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### A6. Summary Statement of Comprehensive Income and Core EBITDA and before non-underlying items reconciliation

	31 March 2023			31 March 2022		
	Before non-underlying items £000	Non-underlying items <sup>1</sup> £000	Total £000	Before non-underlying items £000	Non-underlying items <sup>1</sup> £000	Total £000
<b>Revenue</b>	119,155	—	119,155	86,071	—	86,071
Cost of sales	(6,303)	—	(6,303)	(5,106)	—	(5,106)
<b>Gross profit</b>	112,852	—	112,852	80,965	—	80,965
Administrative expenses	(70,630)	(11,885)	(82,515)	(54,398)	—	(54,398)
Acquisition-related costs	—	(3,721)	(3,721)	—	—	—
Other operating income	—	—	—	250	—	250
<b>Operating profit</b>	42,222	(15,606)	26,616	26,817	—	26,817
Gain on business combination	—	—	—	—	1,012	1,012
Other non-operating gains and losses	378	327	705	40	—	40
<b>Profit on ordinary activities before taxation</b>	42,600	(15,279)	27,321	26,857	1,012	27,869
Tax on profit on ordinary activities	(3,696)	—	(3,696)	(2,793)	—	(2,793)
<b>Profit</b>	38,904	(15,279)	23,625	24,064	1,012	25,076
<b>Other comprehensive income</b>						
Translation differences on foreign subsidiaries	(2,720)	—	(2,720)	(138)	—	(138)
<b>Total comprehensive income</b>	36,184	(15,279)	20,905	23,926	1,012	24,938
<b>Adjustments:</b>						
Gain on business combination	—	—	—	—	(1,012)	(1,012)
Acquisition-related costs	—	3,721	3,721	—	—	—
Staff costs - acquisitions (excluding share-based payments)	—	3,153	3,153	—	—	—
Amortisation in relation to intangible assets (customer contracts)	2,414	—	2,414	292	—	292
Non-operational staff costs	760	—	760	728	—	728
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	2,800	—	2,800	3,193	—	3,193
(Profit)/loss on disposal of tangible fixed assets	(10)	—	(10)	33	—	33
Other operating income	—	—	—	(250)	—	(250)
Finance income and expense (excluding fair value gain on derivatives)	733	—	733	651	—	651
Fair value (gains)/losses on contingent consideration (incl. finance expense)	—	(327)	(327)	—	—	—
Foreign exchange on acquisitions	2,436	(782)	1,654	—	—	—
Tax on profit on ordinary activities	3,696	—	3,696	2,793	—	2,793
<b>Core EBITDA</b>	49,013	(9,514)	39,499	31,366	—	31,366
Share-based payments	1,145	9,514	10,659	459	—	459
<b>Core EBITDA pre SBP</b>	50,158	—	50,158	31,825	—	31,825

1. See note A5.

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Alternative performance measures continued

#### A7. Earnings per share before non-underlying items

	31 March 2023 £000	31 March 2022 £000
<b>Earnings</b>		
Profit before non-underlying items for the period for the purpose of basic and diluted earnings per share before non-underlying items (see note A6)	<b>38,904</b>	24,064

Weighted average number of Ordinary Shares and earnings per share are derived from note 14 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
<b>Number of shares</b>		
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	<b>112,577</b>	108,200
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	<b>114,304</b>	108,808

	31 March 2023 pence	31 March 2022 pence
<b>Earnings per share before non-underlying items</b>		
Basic	<b>34.6</b>	22.2
Diluted	<b>34.0</b>	22.1

#### A8. Dividend payout ratio

All dividends are derived from note 30 except for the proposed final dividend for the year ended 31 March 2023, which has not yet been paid.

	31 March 2023 £000	31 March 2022 £000
Interim dividend paid	<b>5,348</b>	4,303
Proposed final dividend	<b>18,022</b>	10,617
	<b>23,370</b>	14,920
Divide by measure used for dividend payout ratio <sup>1</sup>		
Profit for the period attributable to Ordinary Shareholders before non-underlying items (see note A6)	<b>38,904</b>	n/a
Total comprehensive income (see note A6)	<b>n/a</b>	24,938
<b>Dividend payout ratio</b>	<b>60%</b>	60%

1. Due to the introduction of non-underlying items as an APM, the Directors have now chosen Profit for the period attributable to Ordinary Shareholders before non-underlying items as the basis of the calculation of the dividend.

#### A9. AUM growth %

	31 March 2023 £000	31 March 2022 £000
AUM at current period end	<b>12.2</b>	8.8
Less AUM at prior period end	<b>(8.8)</b>	(7.2)
	<b>3.4</b>	1.6
Divide by AUM at prior period end	<b>8.8</b>	7.2
<b>AUM growth %</b>	<b>38%</b>	23%

Note the % has been subject to a rounding adjustment.

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Related undertakings

The Company has investments in the following undertakings:

Entity	Domicile	Type	Country of registration	Interest
<b>Subsidiary undertakings</b>				
FGB S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Holdings (UK) Limited	UK	Company	England & Wales	100%
Foresight Asset Management Limited	UK	Company	England & Wales	100%
Foresight Fund Managers Limited	UK	Company	England & Wales	100%
Foresight Group (SK) Limited	UK	Company	England & Wales	100%
Pinecroft Corporate Services Limited	UK	Company	England & Wales	100%
Foresight Environmental GP Co. Limited	UK	Company	Scotland	100%
Foresight NF GP Limited	UK	Company	England & Wales	100%
Foresight Environmental FP GP Co. Limited	UK	Company	Scotland	100%
Foresight NF FP GP Limited	UK	Company	England & Wales	100%
Foresight Company 1 Limited	UK	Company	England & Wales	100%
Foresight Company 2 Limited	UK	Company	England & Wales	100%
Foresight Regional Investment General Partner LLP	UK	LLP	Scotland	100%
Foresight Impact Midlands Engine GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment II General Partner LLP	UK	LLP	Scotland	100%
Foresight Group Equity Finance (SGS) GP LLP	UK	LLP	Scotland	100%
NI Opportunities GP LLP	UK	LLP	Scotland	100%
Foresight Legolas Founder Partner GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment III General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact General Partner LLP	UK	LLP	Scotland	100%
Foresight West Yorkshire Business Accelerator General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact Fund GP Limited	Ireland	Company	Ireland	100%
Foresight Regional Investment IV General Partner LLP	UK	LLP	Scotland	100%
Foresight Regional Investment V General Partner LLP	UK	LLP	Scotland	100%
Foresight Infra Hold Co Limited	UK	Company	England & Wales	100%
PIP Manager Limited	UK	Company	England & Wales	100%



## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Related undertakings continued

Entity	Domicile	Type	Country of registration	Interest
<b>Subsidiary undertakings</b> continued				
PiP Multi-Strategy Infrastructure Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure (Scotland) Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure GP LLP	UK	LLP	England & Wales	100%
Foresight Group Holdings UK Finco Limited	UK	Company	England & Wales	100%
Foresight Group Australia Holdco Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Bidco Pty Ltd	Australia	Company	Australia	100%
Foresight Capital Holdings Pty Limited (renamed from Infrastructure Capital Holdings Pty Limited on 31 October 2022)	Australia	Company	Australia	100%
Foresight Australia Funds Management Limited (renamed from Infrastructure Capital Group Limited on 2 November 2022)	Australia	Company	Australia	100%
Infrastructure Capital Services Pty Ltd	Australia	Company	Australia	100%
Infrastructure Specialist Asset Management Limited	Australia	Company	Australia	100%
Infra Asset Management Pty Limited	Australia	Company	Australia	100%
Foresight Group CI Limited	Guernsey	Company	Guernsey	100%
Foresight European Solar Fund GP Ltd	Jersey	Company	Jersey	100%
Foresight Holdco 2 Limited	UK	Company	England & Wales	100%
VCF II LLP	UK	LLP	England & Wales	100%
Foresight Group LLP	UK	LLP	England & Wales	100%
Foresight Group Promoter LLP	UK	LLP	England & Wales	100%
Foresight Investor LLP	UK	LLP	England & Wales	100%
Foresight Group S.R.L.	Italy	Company	Italy	100%
Foresight Group Australia Pty Limited	Australia	Company	Australia	100%
FGA Ventures Pty Ltd	Australia	Company	Australia	100%
Above It Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Services Pty Limited	Australia	Company	Australia	100%
Foresight Group Iberia SL	Spain	Company	Spain	100%

## APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

### Related undertakings continued

Entity	Domicile	Type	Country of registration	Interest
<b>Subsidiary undertakings</b> continued				
Foresight Energy Infrastructure Partners GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Luxembourg S.A.	Luxembourg	Company	Luxembourg	100%
Foresight European Solar Fund CIP GP Limited	UK	Company	Scotland	100%
Foresight 1 VCT Limited	UK	Company	England & Wales	100%
Foresight Energy VCT Limited	UK	Company	England & Wales	100%
Foresight Venture Limited	UK	Company	England & Wales	100%
Foresight Venture Capital Limited	UK	Company	England & Wales	100%
Foresight Ventures VCT Limited	UK	Company	England & Wales	100%
Foresight Ventures VCT 2 Limited	UK	Company	England & Wales	100%
<b>In liquidation</b>				
Foresight Metering Limited	UK	Company	England & Wales	100%

## GLOSSARY

<b>Absolute TSR</b>	Share price appreciation plus dividends paid to show total return to a Shareholder, expressed as a percentage	<b>Ethical Standard</b>	The FRC's Revised Ethical Standard (2019)
<b>AGM</b>	Annual General Meeting	<b>Exco</b>	Executive Committee
<b>AIFM</b>	Alternative Investment Fund Manager	<b>Executive Group</b>	Board, Executive Committee and the Company Secretary
<b>AITs</b>	Foresight's Accelerated Inheritance Tax Solution	<b>Executive Management</b>	Definition provided under the FCA's Listing Rules under LR App 1, App 1.1: "the executive committee or most senior executive or managerial body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff"
<b>AML</b>	Anti-Money Laundering	<b>EU</b>	European Union
<b>AUM</b>	Assets Under Management (FUM + DUM)	<b>FCA</b>	Financial Conduct Authority
<b>CAGR</b>	Compound Annual Growth Rate	<b>FCM</b>	Foresight Capital Management
<b>CASS</b>	The Financial Conduct Authority's Client Assets Sourcebook	<b>FEIP</b>	Foresight Energy Infrastructure Partners
<b>CFO</b>	Chief Financial Officer of Foresight Group	<b>FG Australia</b>	Foresight Group Australia Pty Ltd
<b>Company</b>	Foresight Group Holdings Limited	<b>FGCI</b>	Foresight Group CI Limited
<b>COO</b>	Chief Operating Officer	<b>FGLLP</b>	Foresight Group LLP
<b>Core EBITDA</b>	Core earnings before interest, taxes, depreciation and amortisation. See explanation in appendix to the financial statements	<b>FIIF</b>	FP Foresight UK Infrastructure Income Fund
<b>CRO</b>	Chief Risk Officer of Foresight Group	<b>Foresight/ Foresight Group/Group</b>	Foresight Group Holdings Limited together with its direct and indirect subsidiary undertakings
<b>DE&amp;I</b>	Diversity, Equity & Inclusion	<b>Foresight SICAV</b>	Foresight Global Real Infrastructure (Lux) Fund
<b>DTRs</b>	Disclosure Guidance and Transparency Rules	<b>FRIF</b>	Foresight Regional Investment Fund LP
<b>DUM</b>	Debt Under Management	<b>FSFC</b>	Foresight Sustainable Forestry Company plc
<b>EDD</b>	Enhanced Due Diligence	<b>FSFL</b>	Foresight Solar Fund Limited
<b>EIS</b>	Enterprise Investment Scheme		
<b>EPS</b>	Earnings per share		
<b>ESG</b>	Environmental, Social and Governance		

## GLOSSARY CONTINUED

<b>FTE</b>	Full-Time Equivalent	<b>ITS</b>	Foresight's Inheritance Tax Solution
<b>FUM</b>	Funds Under Management	<b>JLEN</b>	JLEN Environmental Assets Group
<b>FVTPL</b>	Fair value through profit and loss	<b>LSE</b>	London Stock Exchange
<b>FY22/23/24</b>	Year ending 31 March 2022/23/24	<b>MAR</b>	Market Abuse Regulation, being the UK version of Regulation (EU) No 596/2014 which has effect in English law by virtue of the European Union (Withdrawal) Act 2018
<b>GHGs</b>	Greenhouse gases	<b>Minority ethnic background</b>	Definition provided under the FCA's Listing Rules under LR App 1, App 1.1: from one of the following categories of ethnic background, as set out in the tables in LR 9 Annex 2.1R(b) and LR 14 Annex 1.1R(b), excluding the category "White British or other White (including minority-white groups)"
<b>GRIF</b>	FP Foresight Global Real Infrastructure Fund	<b>NAV</b>	Net Asset Value
<b>IASB</b>	International Accounting Standards Board	<b>NCIA</b>	Sustainable Market Initiative's Natural Capital Investment Alliance
<b>IBR</b>	Incremental Borrowing Rate	<b>NEDs</b>	Non-Executive Directors
<b>IC</b>	Investment Committee	<b>OEIC</b>	Open Ended Investment Company
<b>I&amp;D</b>	Inclusion and Diversity	<b>O&amp;M</b>	Operations and maintenance
<b>IFA</b>	Independent financial adviser	<b>Parent Company</b>	Foresight Group Holdings Limited
<b>IFRS</b>	International Financial Reporting Standard(s)		
<b>IPEV</b>	International Private Equity and Venture Capital		
<b>IPO</b>	Initial Public Offering		
<b>ISAE 3402</b>	International Standard on Assurance Engagements – 3402, Assurance Reports on Controls at a Service Organisation		

## GLOSSARY CONTINUED

<b>PIP</b>	Pensions Infrastructure Platform	<b>SDR</b>	UK Sustainable Disclosure Requirements
<b>PRI</b>	The UN's Principles for Responsible Investment	<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>PSC</b>	People & Sustainable Culture	<b>SET</b>	Sustainability Evaluation Tool
<b>PSP</b>	Performance Share Plan	<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>RCSA</b>	Risk Control Self-Assessment	<b>SFT</b>	Sustainable Future Themes Fund
<b>Recurring revenue</b>	Management, secretarial and directors' fees	<b>Shareholder</b>	Holder of the Company's Ordinary Shares
<b>REF</b>	FP Foresight Sustainable Real Estate Securities Fund	<b>SIP</b>	Share Incentive Plan
<b>Relationship Agreement</b>	Pursuant to Listing Rule 9.8.4, the Company has entered into a relationship agreement with Bernard Fairman, Beau Port Investments Limited and other parties with whom they are deemed to be acting in concert	<b>SSPs</b>	Shared Socioeconomic Pathways
<b>RMF</b>	Risk Management Framework	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>RPI</b>	Retail Price Index	<b>the Code</b>	The UK Corporate Governance Code
<b>SBP</b>	Share-based payment	<b>ToR</b>	Terms of Reference
<b>SBTi</b>	Science Based Targets initiative	<b>TSR</b>	Total shareholder return
<b>SC</b>	Sustainability Committee	<b>UNGC</b>	UN Global Compact
<b>SDGs</b>	Sustainable Development Goals	<b>VAM</b>	VAM Global Infrastructure Fund
		<b>VCM</b>	Voluntary Carbon Market
		<b>VCT</b>	Venture Capital Trust
		<b>WACC</b>	Weighted average cost of capital

## CORPORATE INFORMATION

### Registered number

51521

### Directors

#### Bernard Fairman

(Executive Chairman)

#### Gary Fraser

(Chief Financial Officer  
and Chief Operating Officer)

#### Alison Hutchinson, CBE

(Senior Independent Non-Executive Director)

#### Geoffrey Gavey

(Independent  
Non-Executive Director)

#### Mike Liston, OBE

(Independent  
Non-Executive Director)

### Company Secretary

Jo-anna Nicolle

### Registered office

1st Floor, Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3JX

### Principal office

The Shard  
32 London Bridge Street  
London SE1 9SG

### Joint corporate brokers

#### Numis Securities Limited

45 Gresham Street  
London EC2V 7BF

#### Jefferies International Limited

100 Bishopsgate  
London EC2N 4JL

### English and US legal advisers

#### Travers Smith LLP

10 Snow Hill  
London EC1A 2AL

### Guernsey legal advisers

#### Ogier (Guernsey) LLP

Redwood House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA

### Auditors

#### BDO LLP

55 Baker Street  
London W1U 7EU

### Registrar

#### Computershare Investor Services (Guernsey) Limited

13 Castle Street  
St Helier  
Jersey JE1 1ES



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**Foresight**

FOR A SMARTER FUTURE

**Foresight Group Holdings Limited**

1st Floor, Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey  
GY1 3JX

[www.foresightgroup.eu](http://www.foresightgroup.eu)