Investing in our *future.*

Foresight Group Holdings Limited

Annual Report and Financial Statements
For the year ended 31 March 2024

Foresight
FOR A SMARTER FUTURE

Our purpose

We *invest* to *build* a sustainable future and *grow* thriving economies.

With decades of experience, our strategies offer investors access to compelling opportunities at the forefront of change. Every day, we are actively building and growing our investments to support the energy transition, decarbonise industry, enhance nature recovery and realise the economic potential of ambitious companies.

Investing in our *future*.

It takes Foresight.

Our values

Sustainable **impact**

Achieve with **ambition**

Relationships with **integrity**

Collective **success**

Our strategic pillars

Invest

Build

Grow

See more on page 11

Front cover: Community Day at Skaftåsen Wind Farm, Sweden, part of Foresight's portfolio

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foresight.group

Highlights

Our diversified business model continues to deliver profitable growth.

£12.1bn
AUM[1]
(31 March 2023: £12.2bn)

£8.4bn
FUM[1]
(31 March 2023: £9.0bn)

£141.3m
Total revenue
(FY23: £119.2m)

86.6%
Recurring revenue[1]
(FY23: 86.6%)

£59.3m
Core EBITDA pre-SBP[1]
(FY23: £50.2m)

42.0%
Core EBITDA pre-SBP margin[1]
(FY23: 42.1%)

£24.8m
Total comprehensive income
(FY23: £20.9m)

See more in our 2024 Sustainability Report

1. Alternative performance measures ("APMs") have been included to better reflect the Group's underlying activities. Whilst appreciating that APMs are not considered to be a substitute for, or superior to, IFRS measures, the Group believes their selected use may provide stakeholders with additional information which will assist in their understanding of the business. In particular, the Group believes Core EBITDA pre-SBP reflects the trading performance of the underlying business without distortion from the uncontrollable nature of the share-based payments charge. Recurring revenues % is recurring revenue divided by total revenue.

Note: Certain data contained in this document, including financial information, has 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%.

Executive Chairman's statement

"Strong earnings momentum and multiple drivers of growth."

Bernard Fairman
Executive Chairman

FY24 represented another strong year of profitable growth for the Group. We benefited from increasing demand for our higher margin retail vehicles (£436 million funds raised) and successful institutional fundraising activity from our Private Equity business (£134 million funds raised). The improved profitability of our resulting FUM mix, albeit modestly down to £8.4 billion (FY23: £9.0 billion), delivered growth in core EBITDA pre-SBP of 18% for the Group and further builds upon the substantial progress that we have made since IPO.

Three years post-IPO

In February 2021, we successfully listed Foresight Group on the London Stock Exchange with two key objectives:

1. Further enhance the Group's profile in order to strengthen fundraising delivery
2. Utilise the Group's shares as an additional source of capital to fund M&A activity

The first of these IPO objectives has been an overwhelming success.

Fundraising into higher margin retail and private equity institutional vehicles has increased by c.65% and c.120% respectively post-listing[1], when compared with the three years prior[2].

In institutional infrastructure fundraising, our flagship energy transition strategy, Foresight Energy Infrastructure Partners ("FEIP"), closed with total commitments of €851 million in 2021, which was c.70% over the original target. Building upon this success, post period end we secured commitments of €300 million for the first close of FEIP II, the second vintage of this strategy. This demonstrates the quality and demand for our flagship energy transition strategy and I have every confidence in our team's ability to achieve at least our target fundraise of €1.25 billion during 2025, a material increase on the first vintage and an important step in scaling our platform.

We also delivered early success in relation to our second IPO objective through the significant acquisition of Australia-based Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital"). This transaction has not only been financially and strategically accretive but has also substantially increased our geographic reach.

In summary, in our first three years as a listed company, including FY24 most recently, the Group has achieved significant growth across AUM (+69%), core EBITDA pre-SBP (+148%) and broadened our geographic presence, with non-UK asset exposure having increased from 22% to 46%. The Group has also delivered substantial margin expansion of +7.4ppts and is well positioned to realise further operating leverage as the business scales.

I firmly believe that the foundations we have built as a listed company ideally positions us to capture the long-term structural growth trends in our key markets.

Outlook within our key markets

As an international investment manager, we provide investors access to attractive opportunities in the transition to cleaner energy, decarbonised infrastructure and the economic potential of growing companies. Our extensive track record of identifying and then maximising the value of attractive investment opportunities means that we are well positioned to attract and deliver strong returns for institutional and retail investors within our key markets.

Energy transition: As I have said before, I believe that the energy transition represents the largest investment opportunity of our generation. This opportunity is driven by long-term structural and regulatory tailwinds arising from global decarbonisation agendas, energy security concerns in light of recent global conflicts and the increasing electricity consumption requirements of AI and data centres.

1. Defined as FY22, FY23 and FY24.
2. Defined as FY18, FY19 and FY20, with FY21 excluded due to the impact of COVID-19 on fundraising.

Executive Chairman's statement continued

Outlook within our key markets continued

To quantify the size of this opportunity, global investment in the energy transition reached a record $1.8 trillion in 2023, a 17% increase on 2022. Looking ahead, global investment levels are estimated to need to nearly triple to $4.8 trillion per year between 2024 and 2030 to remain on track to achieve global net zero targets[1].

To address this significant investment requirement, we plan to roll out multi vintages across a number of our institutional infrastructure strategies. This includes our flagship energy transition strategy, Foresight Energy Infrastructure Partners ("FEIP"), which successfully reached first close of its second vintage post period end. In addition, another established strategy, Australian Renewables Income Fund ("ARIF"), remains open to further fundraising. Finally, we have a Hydrogen strategy in pre marketing and also plan to leverage our experience in Natural Capital investment to develop a private fund in this growing sector.

Regional private equity: As is the case with many countries, the UK and Ireland Small and Medium-sized Enterprise ("SME") funding markets are structurally underserved. With an estimated £15 billion equity capital gap in the UK alone[2], we see this as a unique opportunity to provide much needed investment, and as such, Foresight's Private Equity division remains one of the most active SME investors.

To address the equity gap, the division's strategy provides multiple fundraising avenues across the UK and Ireland, with our retail Venture Capital Trusts ("VCTs") providing steady inflows and our regional institutional funds providing larger fundraising opportunities.

Our hard-to-replicate regional network then enables us to access high quality SME investment opportunities, with our experience through economic cycles helping to support our diverse portfolio through prevailing market conditions.

1. Per the Bloomberg NEF "Energy Transition Investment Trends 2024" report published on 30 January 2024.
2. Source: The Scale-Up Institute.

The SME equity gap is also not unique to the UK and Ireland, presenting an opportunity for our division to further expand outside of these countries in the future.

Foresight's considerable investment experience, combined with our range of compelling products within our key markets, gives me confidence that our diversified business model will continue to deliver strong profitable growth into FY25 and beyond.

Updating our guidance

Following three years of strong delivery against the targets that we set out at IPO, we believe that it is now appropriate to update our medium-term guidance. Looking forward, our focus will continue to be on delivering profitable growth with the aim of doubling core EBITDA pre-SBP in the five years to the end of FY29.

This aim will be achieved by growing our real asset and regional private equity focused strategies, as well as our tax efficient products. Our expertise and capabilities in these areas, combined with the structural growth trends in these markets that I have already outlined, give me full confidence in our ability to meet or exceed this guidance organically.

Strategic M&A will remain an important part of our overall strategy and provides an opportunity for outperformance. We will continue to apply a disciplined approach in our assessment of these opportunities, pursuing only those that are earnings accretive.

In addition to our headline guidance, we will:

- target 85-90% recurring revenue
- expand core EBITDA pre-SBP margin as the business scales
- payout 60% of profit after tax before non-underlying items, as part of a clear approach to capital allocation

Governance and Sustainability

Growth has clearly been a key focus for the Group but strong governance is critical to our success. In addition to the Governance section within this report we have produced a separate Sustainability Report for the second successive year. Please refer to this document for details on our approach to sustainability including the independent double materiality assessment we completed in FY24 to ensure that we comply and thrive within an evolving regulatory backdrop.

Dividend

To reflect the significant increase in core EBITDA pre-SBP delivered by the Group this year, and the continued strong levels of cash generation the Board is recommending a final dividend of 15.5 pence per share to match the prior year (2023: 15.5 pence per share) for approval by Shareholders at the upcoming AGM. When combined with our interim dividend of 6.7 pence per share (H1 FY23: 4.6 pence per share) this gives a total dividend payment for the year of 22.2 pence per share, representing a 10% increase on prior year (2023: 20.1 pence per share). The final dividend will be paid on 4 October 2024 based on an ex-dividend date of 19 September 2024, with a record date of 20 September 2024.

On behalf of the Board, I would like to thank all our colleagues across the globe for their valuable contributions to the success of the Group and for their continued dedication as we enter FY25.

Bernard Fairman
Executive Chairman

26 June 2024

Strategic Report

Building *successful* investment strategies.

Overview

Manfredonia, Italy, an energy-from-waste plant. Part of Foresight's and JLEN's portfolios

About us

Founded in 1984, Foresight is a leading investment manager in real assets and capital for growth.

We invest in building cleaner energy systems, decarbonising industry and growing the economic potential of ambitious companies.

Across our three divisions, Infrastructure, Private Equity and Foresight Capital Management, our investments play an important role in reducing the world's carbon emissions, improving social infrastructure for businesses and communities, and supporting the long-term growth of ambitious companies.

Foresight's decades of investment experience and hands-on approach help us create and maximise overall value and provide attractive returns to our diverse institutional and retail investor base across a broad range of fund strategies and investment structures. This diversified business model and strong track record of innovating products, scaling investment funds and delivering profitable growth have demonstrated resilience, efficiency and strong financial performance through economic cycles.

Together, we are united by a shared commitment to build a sustainable future and grow thriving economies.

Plug planting at solar site to celebrate the launch of Foresight's Nature Recovery Blueprint in Cornwall

About us continued

Profitable

Demonstrable track record of profitable growth

+148%

Increase in core EBITDA pre-SBP since IPO

+7.4ppt

Margin expansion since IPO, evidencing operating leverage

Growing markets

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

Global investment levels are forecast to need to nearly triple to $4.8 trillion per year between 2024 and 2030 to remain on track to achieve global net zero targets[1]

£15 billion[2] equity capital gap for SMEs in the UK alone

Sustainable

Foresight has over 80% of our AUM in investments that are aligned with the Multilateral Development Banks' list of activities considered universally aligned with the Paris Agreement's mitigation goals[3]

The Sustainability Report also sets out the process and results of the double materiality analysis conducted in FY24. To be well-prepared for future market demands, the double materiality analysis is based on both the International Sustainability Standards Board ("ISSB") as well as the European Sustainability Reporting Standards ("ESRS")

Foresight's Task Force on Climate-related Financial Disclosure ("TCFD") can be found in our Sustainability Report (https://www.foresight.group/sustainability-report-fy24)

1. Per the Bloomberg NEF "Energy Transition Investment Trends 2024" report published on 30 January 2024.
2. Source: The Scale-Up Institute.
3. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099212406162322091/

About us continued

Scalable

Scalable growth platform

+69%
Increase in AUM since IPO

+104%
Increase in revenue since IPO

+19%
increase in revenue in FY24

Diversified

Diversified and resilient business model with growing geographic footprint

>200
Institutional investors

c.40,000
Retail investors

69%
Institutional AUM

31%
Retail AUM

45
Investment vehicles

46%
Non-UK AUM

Predictable

Recurring and predictable long-term revenue model

85-90%
Recurring revenue range

92%
AUM in evergreen[1] or LP vehicles, with long-duration capital

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

1. Evergreen funds include listed investment trusts and are defined as having no pre-determined end of life and therefore have the capability to raise future capital.

About us continued

Our team, development and inclusion

We recognise that our people are the cornerstone of our continued success, holding invaluable knowledge and crucial client relationships.

Our People & Sustainable Culture ("PSC") Team sets the people strategy and frameworks to align with that of the organisation's key objectives of growth and diversification. The ultimate aim is to cultivate an environment where employees can thrive professionally, making significant contributions to the organisation's success.

We have a highly engaged workforce, as demonstrated by our annual engagement score of 81%. However, we recognise the loss of our top talent would not only disrupt operations, but also incur significant time and expense in finding replacements. We have therefore committed to nurturing our talent pool to provide ample opportunities for advancement to the highest grades within Foresight Group. Our internal talent mapping and succession planning processes are instrumental in maintaining a resilient workforce, thereby minimising disruptions in the event of senior staff turnover.

Effective recruitment is crucial for Foresight Group. We focus on building a team structure with well-defined roles and responsibilities to ensure smooth operations. We are dedicated to attracting talent that aligns with our Diversity, Equity and Inclusion ("DE&I") goals and ensures a positive workplace culture. The risk of a poorly selected workforce can manifest in the short term, potentially leading to an inability to meet business objectives, loss of investor confidence and missed opportunities. To mitigate these risks, we have unconscious bias training for all hiring managers, as well as ensuring our recruitment agencies are fully aware of our culture and our DE&I strategy.

Over the course of FY25 we will be sharing inclusive line manager training, and training around neurodiversity. By focusing on these areas, we can build a diverse and talented workforce well positioned to drive long-term success.

We also recognise the importance of offering competitive compensation packages to attract, retain and motivate top talent. We conduct regular benchmarking exercises to ensure our total compensation packages, including base salary, short-term incentives and long-term incentives, remain competitive.

We operate a UK Share Incentive Plan ("SIP") Scheme for all Pay As You Earn ("PAYE") employees and have a phantom SIP Scheme to mirror this for our other European and Australian employees. These schemes ensure increased engagement and alignment of interests in terms of long-term success and growth. We also utilise retention bonuses and a comprehensive benefits package to further enhance the employee value propositions.

Development

Our commitment to a skilled workforce extends beyond the financial and reputational risks associated with lack of training and competencies. In the short term, neglecting training could disincentivise and disengage employees. By not investing in our employees, we could in turn damage our employer brand, making it difficult to attract and retain top talent. However, by investing in comprehensive training programmes that address both on-the-job specific skills and DE&I competencies, we can cultivate a highly skilled and engaged workforce. Furthermore, by training our employees in sustainability and creating a robust competence base, we can demonstrate a genuine commitment to sustainability and thereby avoid risk of greenwashing. In addition to avoiding risks, our internal training strategy encourages innovation and puts us in a better position to become a market leader.

61% of employees
enrolled on the Share Incentive Plan

Launched
Elevate - Women in Leadership Programme

Launched
Foresight Group secondment programme

Launched
Bespoke line manager training

Internal ACE mentoring scheme with 30% of employee base engaged

About us continued

Development continued

Empowering our employees to make informed decisions that align with our sustainability commitments can further lead to more effective ESG due diligence in investment processes, improved governance practices, and a greater focus on material ESG areas. Ultimately, these factors contribute to improved operational efficiency and better decision-making, enhancing our culture, brand image and visibility in the marketplace.

Foresight conducts annual benefits reviews and appraisals to assess performance, with input provided by respective managers, and we also encourage 360-degree feedback. Mid-year appraisals are also held to ensure our people are on track and receive the necessary support and training from the business to achieve their goals. Additionally, we offer continual training for both employees and managers on effective appraisal approaches, resilience in giving and receiving feedback, and inclusive leadership. We have also refreshed our mentoring scheme, which has over 30% of people currently engaged in the scheme. This ensures our employees are fully supported.

Inclusion

Foresight currently has 396 employees, of which 40% are women. The Executive Management level is currently all male, a legacy situation driven by tenure. At Board level 20% are women. Foresight Group recognises that diversity is a challenge for the finance sector but is committed to ensuring DE&I is on the agenda for any future changes.

Foresight promotes gender equality and equal pay through its DE&I strategy, THRIVE, which includes targets and training. To encourage women into leadership positions, we have further developed ELEVATE, our bespoke Women in Leadership programme, which is currently being rolled out to our second cohort.

Foresight also provides training and skills development promoting diversity and inclusion and has a programme of training scheduled across FY25.

During the year, we have also conducted workshops on DE&I and had interactive talks with a Paralympian representative of the LGBTQ+ community.

Employee wellbeing and work-life balance

Foresight acknowledges the risks of mental health issues caused by long periods of stress and busy periods that may impact our employee population. To address this issue, employees at Foresight have access to our Employee Assistance Programme ("EAP") Health Assured, offering 24/7 support on various subjects from health to private finance.

Foresight employees are also encouraged to express concerns or issues through annual employee surveys and quarterly employee forums. Through this, wellbeing is continuously monitored, and assessed. Foresight carries out wellbeing initiatives as a result of the feedback provided and over FY24 allocated wellbeing bonuses of £500 (or the equivalent of) to employees. In the upcoming year, we will continue our focus on wellbeing by bringing in our EAP providers to explain more about what the support looks like, highlighting mental health first aiders' role in the business, and rolling out sessions on digital wellbeing.

Members of Foresight's People and Sustainable Culture team

Business model

Considering our key influences…

Our markets

See pages 15 to 35

Our assets

See pages 15 to 35

Our workforce

See pages 8 and 9

Our stakeholders' views

See pages 36 to 41

Our sustainability

Sustainability Report

…Our three business divisions…

Infrastructure

- Products provide direct access to a broad range of infrastructure classes, most notably addressing the significant investment opportunities resulting from the global energy transition.
- The experienced in-house global team source, develop, operate and manage these investments on behalf of our clients.

See pages 16 to 22

Private Equity

- Remain one of the most active SME investors targeting the SME equity gap in the UK and Ireland, focusing on the up to £10 million transaction sector.
- Leverage deep regional relationships and high-quality management capabilities to support and create value across our diverse portfolio through prevailing market conditions.

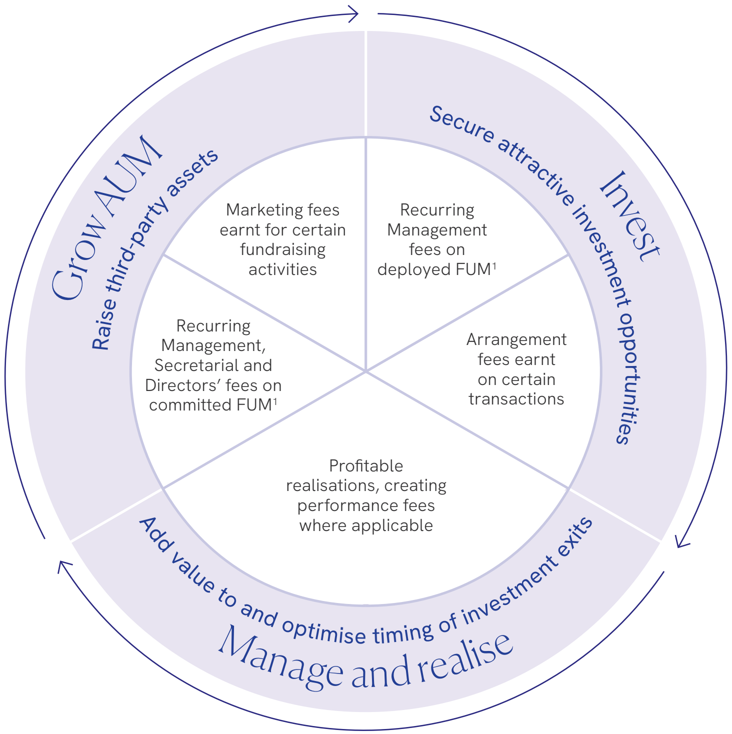
See pages 23 to 29

Foresight Capital Management

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

See pages 30 to 35

…Create value…



…For all our stakeholders

22.2p
Total dividend per share

See page 44

Investors, clients and advisers

See page 38

Staff

See page 37

Communities and charities

See page 38

Suppliers and service providers

See page 39

Regulators and industry bodies

See page 39

1. Varies by fund structure.

Strategic priorities

Our strategic priorities are implemented through three key elements:

Invest
in our existing products and the development of new products

Goal:

- Invest into core asset classes whilst also diversifying into adjacent asset classes where an opportunity is identified
- Utilise and transfer capabilities that we have developed within the Group's entrepreneurial culture to develop our position in adjacent markets

Strategy in action in FY24:

FEIP II

Following pre marketing activity in FY24, Post period end, less than six months after FEIP I's investment period ended, we were pleased to announce the accelerated first close of €300 million for the second vintage of this strategy, Foresight Energy Infrastructure Partners II ("FEIP II")

Year ahead:

- Continue to build diversified portfolios across the Group to deliver robust and attractive returns for our investors

Build
our international reach

Goal:

- Originate compelling international investment opportunities across the business
- Attract new investors from across the globe into our strategies and leverage existing relationships

Strategy in action in FY24:

900+

infrastructure investment opportunities reviewed

Year ahead:

- Continue to leverage global origination capabilities to maintain a strong pipeline of investment opportunities
- Market established and new strategies to new investors and Foresight's diversified and international investor base both directly and through third-party relationships

Grow
our scalable investment platform

Goal:

- Execute on our strong pipeline of institutional fund launches, leveraging our experience and performance track record
- As funds are raised, scale up deployment, generating operating leverage

Strategy in action in FY24:

£436 million

funds raised into higher margin retail vehicles

2

new regional private equity funds launched

Year ahead:

- First close and subsequent fundraising into the second vintage of our flagship energy transition strategy, FEIP II
- First close of a new investment strategy, dedicated to hydrogen investment
- Consistent retail fundraising through our well-established in-house retail sales team

Key performance indicators

AUM

£12.1bn (31 March 2023: £12.2bn)

(0.2%) decrease year-on-year

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 translates to the strength of our fundraising and future revenue potential

What we achieved in the year

- Record annual retail fundraising, with FY24 inflows of £436 million into higher margin vehicles
- Institutional private equity inflows of £134 million, including the launch of two new funds
- Pre marketing of two institutional infrastructure funds

Strategic alignment

Revenue

£141.3m (FY23: £119.2m)

86.6% recurring revenue (FY23: 86.6%)

Why is this important?

- 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

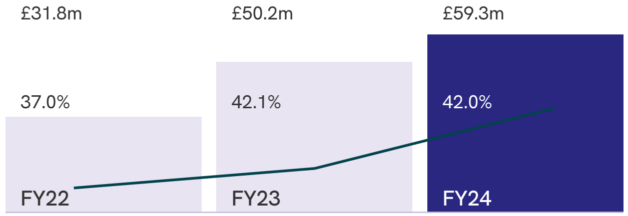
- We achieved our target range of recurring revenue which translates to a highly predictable source of future income

Strategic alignment

Core EBITDA pre-SBP

£59.3m (FY23: £50.2m)

-0.1pts margin decrease year-on-year



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

- Another year of strong profitable growth, up 18% in FY24
- Achieved a 43% core EBITDA pre-SBP margin in H2 FY24, in line with our medium-term target set at IPO

Strategic alignment

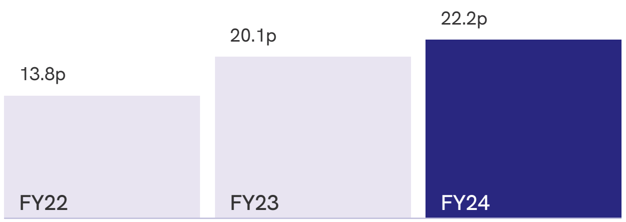
— Core EBITDA margin %

Key performance indicators continued

Dividend payout

22.2p (FY23: 20.1p)

64% payout ratio (FY23: 60% payout ratio)



Why is this important?

- Our business is highly cash generative, enabling significant dividends to be paid to our Shareholders
- We maintain a balance between returns to Shareholders and retaining cash within the business for future re-investment and M&A opportunities

What we achieved in the year

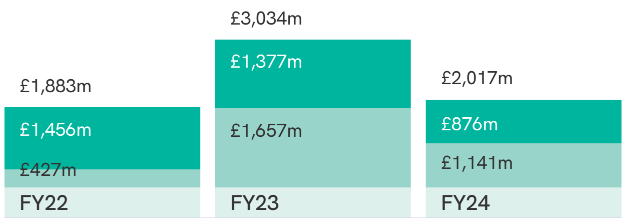
- Due to significant growth in core EBITDA pre-SBP and a continued strong level of cash flow generation we increased our total dividend by over 10%

Strategic alignment

Deployment

£2,017m (FY23: £3,034m)

34% decrease year-on-year



Why is this important?

- The rate at which we can deploy funds is dependent on cash availability, with a strong pipeline of investment opportunities in our key markets
- 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

- Continued development of the Infrastructure future deployment rights pipeline, which remains in excess of £5 billion

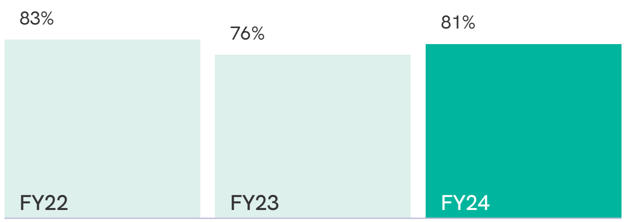
Strategic alignment

£m deployed
£m future deployment rights

Staff engagement score

81% (FY23: 76%)

87% participation rate (FY23: 86%)



Why is this important?

- Our Staff Engagement Survey measures our employees' emotional connection working for Foresight, their plans to stay, and motivation
- We ask 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 high level of engagement from our employees, above many of our peers. Company level and team specific strategies have been identified and rolled out in key areas to further improve engagement.

Strategic alignment

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

Strategic Report continued

We *invest in building* cleaner energy systems, decarbonising industry and growing ambitious companies.

Business review

Kövallen Wind Project, Sweden, part of Foresight's portfolio

Business review

Foresight's investment strategies are designed to generate long-term investment returns.

Investment

Infrastructure

Foresight's Infrastructure division is one of Europe's and Australia's most established real assets investors. We invest across many technologies, focusing on the energy transition which includes renewable generation, grid infrastructure and hydrogen, and also natural capital, social, transport and digital infrastructure.

£9.8bn

81%
of AUM

60%
of revenue

See more on pages 16 to 22

Private Equity

Our Private Equity division is one of the most active UK regional SME investors, supporting companies through their own and economic cycles. We partner with promising SMEs across all sectors and deal stages. Each year we review over 3,000 business plans and are currently supporting more than 250 SMEs.

£1.6bn

13%
of AUM

33%
of revenue

See more on pages 23 to 29

Foresight Capital Management

Our Foresight Capital Management ("FCM") division 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.

£0.7bn

6%
of AUM

7%
of revenue

See more on pages 30 to 35

Distribution

69%
Institutional AUM

31%
Retail AUM

Business review continued

Infrastructure

One of Europe's and Australia's most established real asset investors, focusing on the energy transition, natural capital and social, transport and digital infrastructure.

Business review continued

Infrastructure continued

Operational overview

£9.8bn
Assets Under Management

438
infrastructure assets

180+
investment, commercial and technical professionals

4.7GW
total green energy technology capacity[1]

Foresight's Infrastructure division is one of Europe's and Australia's most established real assets investors. We invest across many technologies, focusing on the energy transition which includes renewable generation, grid infrastructure and hydrogen, and also natural capital, social, transport and digital infrastructure. As at 31 March 2024, we managed 438 infrastructure assets, including assets with 4.7GW of total green energy capacity.

The experienced in-house team comprises over 180 investment, commercial and technical professionals who provide a complete end-to-end solution for retail and institutional investors. This includes:

1. Creating a bespoke range of products that meet the needs of investors, the economy and the environment
2. Investment origination and execution, including sourcing and structuring transactions
3. Ongoing active commercial, operational and technical management and optimisation of our assets

We utilise our established UK international networks to access the best available markets and opportunities at any given time.

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

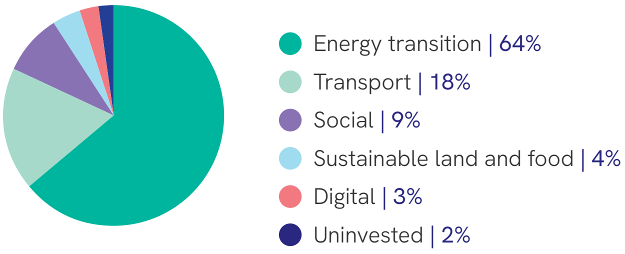
The division deploys and manages capital across a wide range of infrastructure sectors at various stages of an asset's life, through development, construction and operational stages. This creates further investment opportunities and enables us to maximise return on investment.

When considering investment opportunities, we apply five ESG principles to evaluate, monitor and encourage portfolio companies to make improvements:

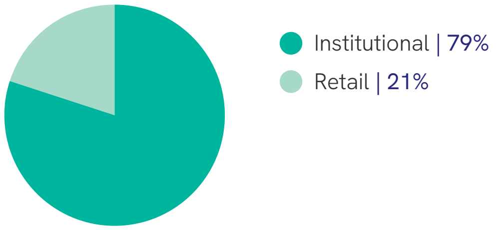
1. Sustainable development contribution: contribution made towards the global sustainability agenda
2. Environmental footprint: localised environmental impact of an investment
3. Social: the interaction with local communities and the welfare of employees
4. Governance: compliance with relevant laws and regulations
5. Third-party interactions: the sustainability of key counterparties and the broader supply chain

Our in-house asset management team focuses on operational performance, asset optimisation, commercial 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 Infrastructure division with a competitive advantage that few in the market can offer.

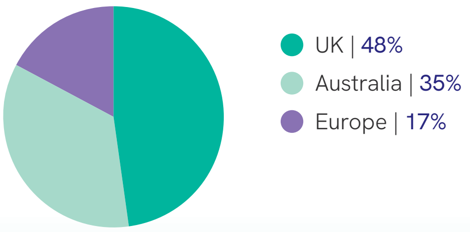
Infrastructure AUM by theme:



Infrastructure AUM by client type:



Infrastructure AUM by geography:



Business review continued

Infrastructure continued

Market opportunity

Due to strong global decarbonisation agendas, the sustainable infrastructure market is driven by powerful long-term structural and regulatory tailwinds with the aims of:

1. Achieving net zero targets (in line with the Paris Agreement or other verified timelines)
2. Strengthening energy security in light of recent global conflicts

Whilst global investment in the energy transition reached a record $1.8 trillion in 2023, a 17% increase on 2022, the 2024 BNEF Energy Transition Investment Trends report estimates that global investment levels need to nearly triple to $4.8 trillion per year between 2024 and 2030 to remain on track to achieve global net zero targets. With most countries not yet aligned to meet this increased demand, there is a growing need for public and private institutions to work more closely together to help scale the investment required.

We are now seeing evidence of strategic plans at a national/regional level, supported by new regulations that underpin these global ambitions. Specifically within our key markets:

- The UK Energy Act came into force in October 2023 aiming to create a more efficient energy system that can support the growth in the electrification of technologies to achieve net zero targets. It seeks to ensure the UK energy system is cleaner, more affordable and more secure, leveraging private investment in clean technologies to achieve this.
- The amended Renewable Energy Directive ("RED III"), that has been adopted by the EU Council, came into force in November 2023. This sets out the aim to increase the share of renewable energy in the EU's overall energy consumption to at least 42.5% by 2030 with an aspiration for 45%. This has significant implications for many sectors across industry, transport and buildings. For example, in the industrial sector, RED III requires a 1.6% annual increase in renewable energy usage.
- The expansion of the Australian Government's Capacity Investment Scheme ("CIS") was announced in November 2023. The expanded CIS seeks to incentivise the national deployment of 32GW of renewable capacity and clean dispatchable capacity by 2030. The Government is seeking to unlock more than A$65 billion of investment in renewable capacity through the CIS. Competitive tenders for revenue underwriting will be held approximately every six months starting from May 2024. Post period end, the Federal Budget for 2024-25 was announced in May 2024 and is the biggest clean energy budget in Australian history. The "Future Made in Australia" package will realise Australia's potential to become a renewable energy superpower, add value to resources, and strengthen economic security by attracting investment in priority areas.

Foresight's Infrastructure division, through its current and identified future strategies, targets these resulting significant investment opportunities.

Skaftåsen Wind Farm, Sweden, part of Foresight's portfolio

Business review continued

Infrastructure continued

Fundraising update

With the increasing focus on decarbonisation, our funds are well placed to benefit from the global drive to support the energy transition and wider net zero ambitions. There is a growing need for investment in energy storage and green hydrogen alongside the continued development of renewable energy production and investment upgrades to the grid that are needed to support these new energy sources and increased consumption resulting from electric vehicles and AI-related data centres.

Whilst challenging market conditions in 2023 necessarily slowed the pace but not the size or scope of our institutional infrastructure fundraising activities, we have been encouraged in 2024 by investor demand for our institutional infrastructure pipeline of products:

- FEIP/FEIP II: As part of our Foresight Energy Infrastructure Partners ("FEIP") differentiated energy transition strategy, we endeavour to create strong diversification across technologies and geographies, investing in complementary and negatively correlated assets to deliver a superior risk-adjusted return. In January 2024, FEIP successfully concluded its investment period, having deployed over €1 billion in capital.
- Post period end, less than six months after FEIP I's investment period ended, we were pleased to announce the accelerated first close of €300 million for the second vintage of this strategy, Foresight Energy Infrastructure Partners II ("FEIP II"), to meet investor requirements. With a target fundraise of €1.25 billion, FEIP II will continue to raise capital until late 2025.
- Hydrogen: Over the last 12 months, new or updated national hydrogen strategies and Government legislation have been announced that continue to support the investment case for low carbon hydrogen opportunities in key geographic regions. In addition, we are observing the increasing demand for this product, with large corporations such as TotalEnergies issuing public tenders for significant volumes every year. This gives Foresight confidence that the momentum to build a hydrogen economy is growing and long lasting. As such, we are increasing our emphasis on a new Foresight Hydrogen Infrastructure Fund ("FHIF") that is currently pre-marketing to financial institutions, sovereign funds and corporations across Europe, the US, Middle East and Asia.
- Australian Renewables Income Fund ("ARIF"): During the year, the continued global demand for sustainable investment has driven Australia's push towards decarbonisation. Achieving the Australian Energy Regulator's energy transition goals will require significant institutional investment, presenting substantial opportunities for ARIF, which remains open to capital commitments.

We continue to explore new opportunities in the market and look to develop further products to support decarbonisation agendas; for example, within natural capital, a sector that we already have experience investing in through forestry and aquaculture assets.

Against the backdrop of challenging market conditions for institutional fundraising in FY24, our Foresight Inheritance Tax Fund achieved a record year of inflows, with £289 million allocated to infrastructure investment strategies.

Performance and capital deployment

Our divisional AUM increased by 4% to £9.8 billion (FY23: £9.5 billion) in the period, largely supported by a strong performance through our retail fundraising.

FY24 deployment decreased year-on-year, reflecting fundraising constraints experienced during 2023. However, our team's well-established international networks resulted in the origination and review of over 900 investment opportunities, a 26% increase on the prior period. Improving institutional infrastructure fundraising conditions in 2024 provide us with confidence in unlocking a greater proportion of this origination pipeline in FY25.

	FY24	FY23
Transactions completed	29	54
Value (£m)	359	690
New future deployment rights (£m)[1]	1,141	1,657
Total (£m)	1,500	2,347

1. New future deployment rights associated with transactions completed during the period.

Business review continued

Infrastructure continued

Performance and capital deployment continued

Investments that progressed or completed in the year included:

- HH2E – Progress has continued towards a final investment decision ("FID") on the Company's green hydrogen production site project in Lubmin, Germany, which is expected in the second half of 2024. The Company also has a further pipeline of projects at various stages of development of which the Thierbach site in Germany is the furthest advanced. The Company continues to see strong interest from corporates from a range of sectors that need to decarbonise in discussing green hydrogen offtake from HH2E sites.
- In Australia, the Kondinin Energy Project with Shell received developmental approval for a 280MW wind, 80MW solar and 60MW Battery Energy Storage System. Stage 1 of the development comprises approximately 120MW of wind; ongoing development activities have included offtake marketing, EPC tendering, grid connection and community engagement.
- FEIP acquired the 1,800MWh capacity development stage pumped storage hydro ("PSH") project in Silvermines, Co Tipperary, Ireland. See the case study on page 22 for further details.

At the year end, the division held a strong total future deployment rights pipeline in international infrastructure of over £5 billion, across sectors including renewable generation, storage, hydrogen and natural capital.

Outlook

In FY24, a higher interest rate environment created headwinds to institutional infrastructure fundraising and therefore our ability to deploy capital. However, as a division we remain ideally positioned to benefit from the significant investment opportunities provided by global decarbonisation agendas and the resulting powerful long-term structural and regulatory tailwinds present within our key infrastructure markets.

Our heritage in supporting a range of renewable energy sources, including wind and solar, and our recent success in moving into grid flexibility and green hydrogen further highlights our ability to identify opportunities for growth and build diversified portfolios that deliver attractive, risk-adjusted returns.

This investment experience, combined with encouraging investor sentiment shown in 2024, as shown by the post period end first close of the second vintage of our flagship energy transition strategy, Foresight Energy Infrastructure Partners ("FEIP") II, provides confidence in our ability to continue to grow and unlock our strong investment pipeline in international infrastructure.

Our recent success in moving into grid flexibility and green hydrogen further highlights our ability to identify opportunities for growth

Business review continued

Infrastructure continued

The Lorca portfolio

The global focus on achieving decarbonisation continues to offer us strong investment opportunities. In Europe, the Spanish electricity market is one of the most active for the deployment of renewable projects, and having huge potential for harvesting photovoltaic energy, solar assets are particularly attractive.

In 2020, the listed investment trust, Foresight Solar Fund Limited ("FSFL"), purchased three assets in Andalusia, expanding its Iberian portfolio with further subsidy-free projects. The (99MW) project was acquired at the pre-construction stage, and our presence in and knowledge of the local market was key in structuring the construction, offtake and financing agreements for the portfolio – adding value at every stage.

Our team in Madrid worked to secure a ten year fixed power purchase agreement with Statkraft, Europe's largest producer of renewable energy. This secured long-term revenue visibility for our Spanish portfolio, directly contributing to dividend cover for FSFL. Foresight's local team were also able to secure debt financing for the portfolio, reflecting the strength of its revenue profile, further optimising financial returns.

Less than 24 months after acquisition of the initial project rights, all three assets, Las Salinas (30MW), Los Llanos (49MW) and Los Picos (20MW), started exporting to the grid. The resulting capital uplift from reaching commercial operations made a strong contribution to the FY23 performance of FSFL, delivering a 1.9pps uplift to the Company's net asset value.

In November 2023 we sold a 50% stake in the portfolio at a 21% premium to holding value. The sale crystallised a further capital uplift, enabling the fund to recycle capital into other investment opportunities and strengthen its balance sheet in accordance with its prudent capital allocation strategy, whilst retaining exposure to assets that will continue to support FSFL's financial objectives for the long term.

Lorca is a great example of how well our value creation strategy works. By acquiring assets at the pre-construction stage, we can utilise our experience within our investment management team to build and operate assets that can realise full financial upside for Foresight managed funds.

Los Llanos, part of Foresight and FSFL's Lorca Portfolio in Spain

Business review continued

Infrastructure continued

Silvermines

The revised European Renewable Energy Directive, adopted in 2023, has established new climate targets for EU countries to achieve net zero by 2050. In support of this, Ireland's Climate Action Plan 2023 aims to have renewables account for 80% of power by 2030. The transition needed to achieve these targets, in a country with a strong dependency on fossil fuels, requires improved flexibility and storage capacity in Ireland's electricity generation infrastructure to respond quickly to changes in renewable electricity supply and demand.

In November 2023 our Foresight Energy Infrastructure Partners ("FEIP") fund acquired an equity stake and committed capital to the development of a Pumped Storage Hydro ("PSH") project, Silvermines Hydro, in the Republic of Ireland. This is in addition to an earlier grant from the European Commission through the Connecting European Facility.

The project has officially been designated as a European Project of Common Interest, meaning that it is an essential infrastructure project that aims to strengthen the European energy market and help achieve energy and climate goals. This reflects our move into more high-profile, nationally significant projects.

Silvermines is FEIP's second investment in the PSH sector and is located on a 148-hectare site in Tipperary. The site was previously used as an open cast mine and by utilising the existing open pit to create a lower reservoir, the plant will have positive environment and biodiversity impacts. Silvermines will add over 300MW of flexible storage capacity to the grid, with PSH a dependable and proven way to flexibly store green energy and generate electricity at scale. It addresses the growing demand for electricity in Ireland while contributing to the security of energy supply.

The project will play an essential role in balancing the grid and help reduce Ireland's fossil fuel dependency. It has been identified as a mitigating solution to Ireland's energy challenges, helping achieve renewable energy targets and reduce carbon emissions. Our investment will also help to create job opportunities in the region and deliver significant environmental benefits across the country.

Silvermines Hydro, Tipperary, part of Foresight's portfolio

Business review continued

Private Equity

We aim to be the capital provider of choice for smaller companies in the UK, Ireland and beyond. We provide Growth Private Equity, Venture Capital and Private 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.

Business review continued

Private Equity continued

£1.6bn	3,000+	250+	23	12	50+
Assets Under Management	business plans reviewed every year	portfolio companies	different investment vehicles	UK and Ireland offices	investment professionals

Market opportunity

Foresight's Private Equity division operates strategies across Growth Private Equity, Venture Capital and Private Credit. We invest in SMEs in the UK and Ireland ("UK&I") and are increasingly addressing international markets. As is the case with many countries, the UK and Irish SME funding markets are structurally underserved. This equity gap, combined with our diverse sources of funding from both retail and institutional investors, creates fundraising opportunities for new fund mandates and additional closes of existing funds.

We invest in sectors with favourable long-term trends and structural growth drivers, partnering with promising SMEs to achieve long-term sustainable growth. Our investments cover a range of maturity profiles, from early stage to more mature companies. Annual revenues at portfolio companies are typically between £2 million and £20 million, although venture and seed investments can be into high tech, pre-revenue companies, including university spinouts. Our Private Credit strategy deploys larger investments through attractive secured structures into innovative lenders commonly targeting the SME and property markets.

We believe smaller companies prefer to source capital in their local markets rather than seeking this from London. As a result, we have established a regional office network with 12 offices across the UK and Ireland, which is key to the deployment of capital raised.

- Our regional focus aligns with the long-term cross-party political agenda to invest in and grow regional economies outside London and the South-East. This, combined with our strong track record, continues to lead to multiple fundraising opportunities.
- We continue to see a high volume of attractive investment opportunities across all our strategies and complete a high volume of new and follow-on transactions each year.
- We continue to complete attractive exits, with a number of companies on the market currently.
- We seek to develop the ESG credentials of our investee companies, being synergistic with value creation.
- Our impact on the market is increasingly recognised, winning multiple awards during the period.

Operational overview

We offer a variety of fund structures to facilitate investment by both institutional and retail investors. By undertaking multiple fundraising initiatives each year, we avoid risks associated with binary fundraising, allowing us to deliver incremental and consistent inflows into our retail funds and capitalise on the fundraising opportunities available to us across our institutional funds.

Deployment across Growth Private Equity, Venture Capital and Private Credit investments is driven by the team's experience and differentiated and growing local network. The team includes over 50 dedicated investment professionals across a total of 12 UK&I offices, following the opening of new offices in Cardiff and Newcastle during the period. This is alongside representatives based in the US, UAE and Israel. In addition, we provide Private Credit to alternative secured lending companies, which principally service the UK SME market.

The division currently manages investments in over 250 small companies across UK&I. Investments cover a wide range of sectors, including telecommunications, media and technology ("TMT"), healthcare and business services, supporting Foresight's diversified business model and providing the division's portfolio with greater resilience through economic cycles. The team also continues to seek out new asset classes and avenues for growth for Foresight more broadly.

Our expertise in growing businesses has long been recognised, but central to this is our ability to grow responsible, self-sufficient, resilient businesses. We do this by creating and sharing the tools and understanding necessary to develop the ESG credentials of our investment companies. We believe this not only improves business performance, but helps companies stand out from their peers and create competitive advantage, enabling us to drive real value at the time of exit.

Business review continued

Private Equity continued

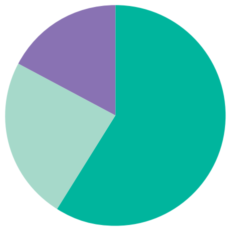
Funds raised

£145m[1]
Growth Private Equity
(FY23: £172m)

£66m
Venture Capital
(FY23: £64m)

£72m
Private Credit[2]
(FY23: £51m)

Divisional AUM split



Growth Private Equity | (£939m)
Venture Capital | (384m)
Private Credit | (£280m)

Fundraising

The Private Equity division delivered a strong performance in both institutional and retail fundraising during the year, resulting in a 12% increase to AUM, which totalled £1.6 billion as at 31 March 2024 (FY23: £1.4 billion).

We further strengthened our regional offering through multiple closes of existing and new institutional funds during the period:

- Foresight North East Fund increased from £59 million to £99 million[3] following its third and fourth closes, including a £30 million commitment from Tyne and Wear Pension Fund. This fund was initially cornerstoned by Durham County Council's Pension Fund, with additional support from the Teesside Pension Fund in June 2022. This fund helps small growth companies across the North East and Yorkshire and, to further support investment in the region, we have opened an office locally in Newcastle.
- IFW Foresight Equity Finance Fund was launched after Foresight was chosen to manage a £50 million equity finance fund for the Investment Fund for Wales. The fund will provide equity investments that will help drive sustainable economic growth across Wales.
- Foresight Northern Ireland Fund was launched with a £15 million commitment from British Business Investments. The fund targets small debt and equity investments in established smaller companies with growth potential in Northern Ireland, with an office planned to be opened in Belfast.
- AIB Foresight SME Impact Fund increased from €30 million to €68 million[3] following its second and third closes, including a commitment of €25 million from the Ireland Strategic Investment Fund. Through this fund, we are helping create high quality local jobs, whilst helping Ireland's transition to a green economy. This investment also allows us to further expand our Dublin office and broaden the scope of our activities in Ireland.
- Foresight Regional Investment Fund III ("FRIF III") received a £15 million commitment from South Yorkshire Pension Fund. FRIF III invests in growth companies across North-West England, South Yorkshire, West Yorkshire and North Wales.

From a retail fundraising perspective, we continued to see strong demand for our Foresight VCT plc and Foresight Enterprise VCT plc funds. Both were over-subscribed in the period and together raised £61 million. Whilst funds raised is comparable with prior years, we reached capacity far earlier in the year. This reflects positively on the Group's specialist in-house retail sales team and the strong recent performance of both funds when compared with peers on a one year share price total return basis.

In addition, our Foresight Inheritance Tax Fund allocated £72 million of total FY24 fundraising to our Private Credit strategy which is managed by the Private Equity division.

1. Excluding funds already under Foresight management.
2. Funds allocated to our Private Credit strategy by Foresight Inheritance Tax Fund.
3. Including funds already under Foresight management.

Business review continued

Private Equity continued

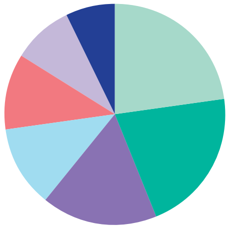
Division investment vehicles

14 Growth Private Equity funds (FY23: 13 funds)	7 Venture Capital funds (FY23: 6 funds)	2 Private Credit funds (FY23: 2 funds)

Capital deployed

£102m Growth Private Equity (FY23: £78m)	£24m Venture Capital (FY23: £27m)	£118m Private Credit (FY23: £69m)

Portfolio split by carrying value



- Private credit | (23%)
- Technology, media and telecommunications | (21%)
- Healthcare | (17%)
- Industrial and manufacturing | (12%)
- Business services | (11%)
- Consumer/leisure | (9%)
- Engineering/industrials | (7%)

Performance

Against a challenging macroeconomic backdrop and following a strong period of fundraising in FY23 and FY24, the division's focus on utilising its capabilities in sourcing and completing investments continued to deliver strong deployment in the period.

Capital deployed during FY24 totalled £102 million (FY23: £78 million) across 39 Growth Private Equity transactions (FY23: 31) and £118 million across Private Credit investments (FY23: £69 million). Within Venture Capital, the division deployed £24 million (FY23: £27 million) over 44 deals. The year-on-year increase in divisional deployment in FY24 was driven by funds deployed from 23 vehicles, of which 18 continued to make new investments, covering a wide variety of sectors and investment types.

Throughout the year we have also continued to deliver a number of successful exits, further bolstering our exit track record. 12 exits were completed during the period across growth private equity and venture capital at a 2.5x average cash-on-cash return. You can learn more about one of these exits in our case study on page 29.

Member of Foresight's Private Equity team

Business review continued

Private Equity continued

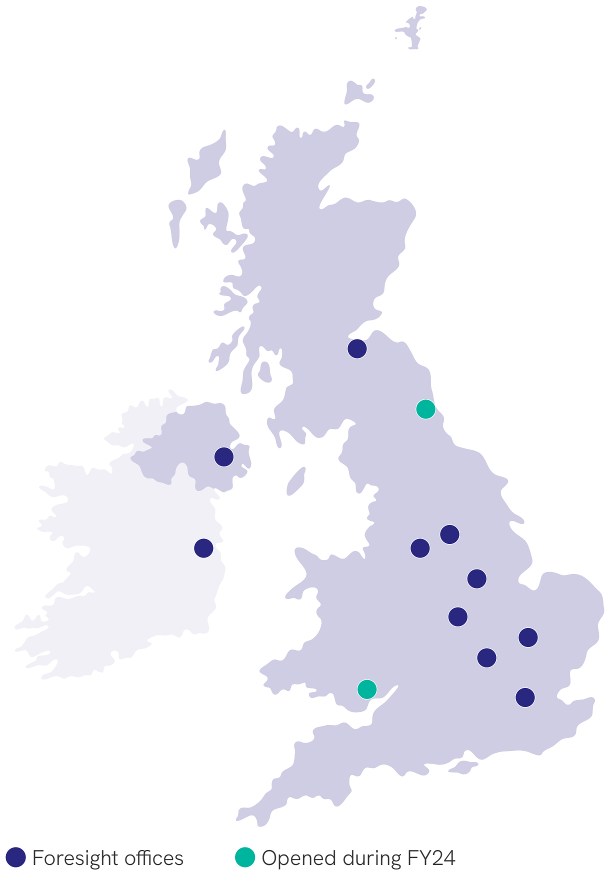
Market outlook

We have a strong regional network of offices in the UK and Ireland. During FY24, we have scaled up our regional teams to embed local investors and expertise within the division, launching new regional funds and offices that will further strengthen our strategic position as we enter FY25.

As one of the most active investors in small and medium-sized businesses in the UK and Ireland, we continue to demonstrate our commitment to investing in local economies to help them thrive. As a result of the strong fundraising delivered in FY23 and FY24 across the division, we are well placed to invest in the strong pipeline of opportunities that our regional network can originate.

We also continue to successfully navigate the volatility that has been felt across many of our markets during the year, through the diversity and low leverage profile of our portfolio, alongside the experience of our over 50 investment professionals in investing through various economic cycles. Against this challenging market backdrop we have continued to deliver good exits and will target further profitable exits in FY25.

Through the division's multiple fundraising avenues, hard-to-replicate regional network and investment experience through economic cycles, we remain confident in our ability to address the SME equity gap that exists in the UK and Ireland. Looking ahead, the division is well placed to continue to deliver value to our investors and investee companies, alongside profitable growth for the Foresight Group.



Members of the Foresight team

Business review continued

Private Equity continued

Refeyn

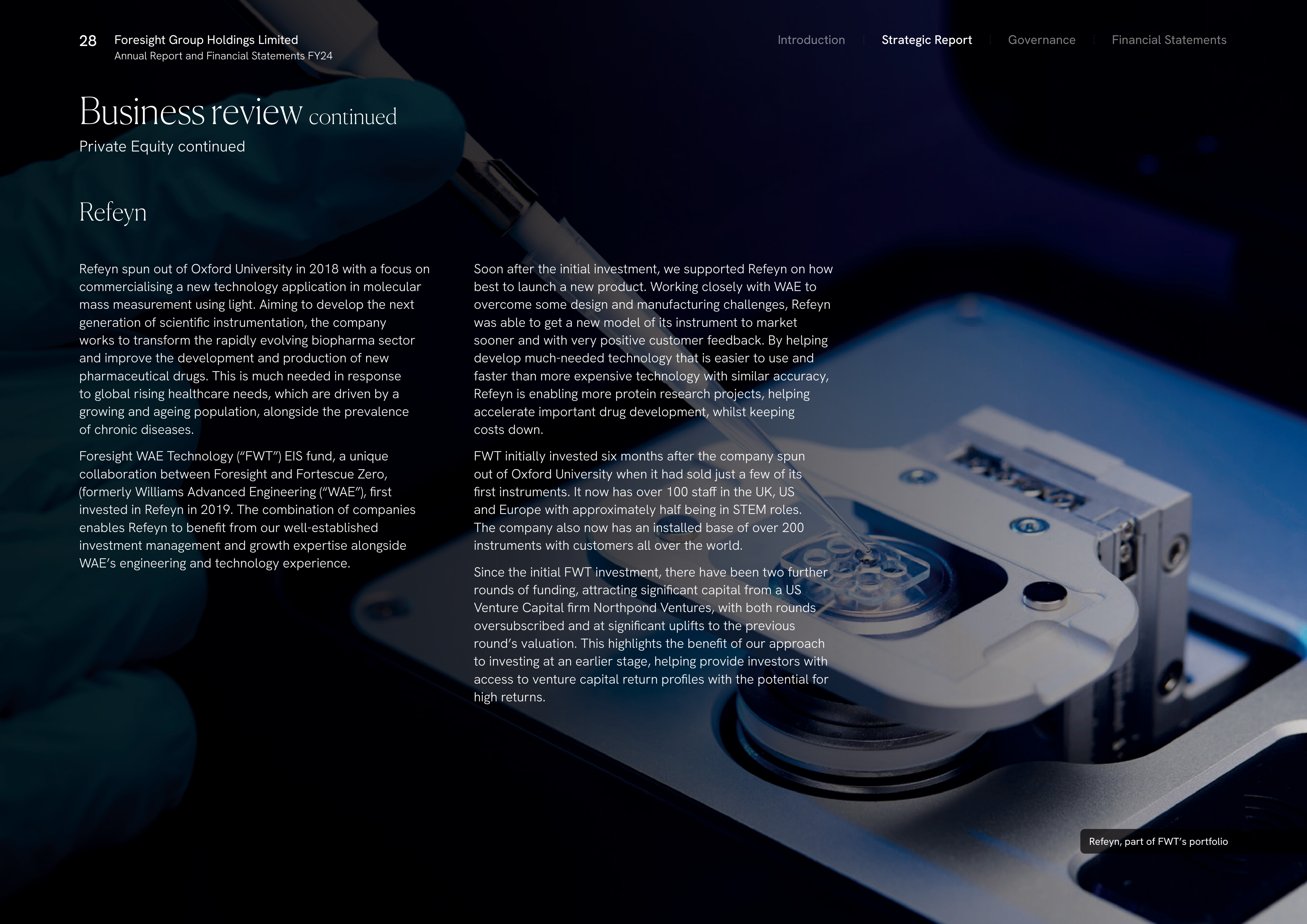
Refeyn spun out of Oxford University in 2018 with a focus on commercialising a new technology application in molecular mass measurement using light. Aiming to develop the next generation of scientific instrumentation, the company works to transform the rapidly evolving biopharma sector and improve the development and production of new pharmaceutical drugs. This is much needed in response to global rising healthcare needs, which are driven by a growing and ageing population, alongside the prevalence of chronic diseases.

Foresight WAE Technology ("FWT") EIS fund, a unique collaboration between Foresight and Fortescue Zero, (formerly Williams Advanced Engineering ("WAE"), first invested in Refeyn in 2019. The combination of companies enables Refeyn to benefit from our well-established investment management and growth expertise alongside WAE's engineering and technology experience.

Soon after the initial investment, we supported Refeyn on how best to launch a new product. Working closely with WAE to overcome some design and manufacturing challenges, Refeyn was able to get a new model of its instrument to market sooner and with very positive customer feedback. By helping develop much-needed technology that is easier to use and faster than more expensive technology with similar accuracy, Refeyn is enabling more protein research projects, helping accelerate important drug development, whilst keeping costs down.

FWT initially invested six months after the company spun out of Oxford University when it had sold just a few of its first instruments. It now has over 100 staff in the UK, US and Europe with approximately half being in STEM roles. The company also now has an installed base of over 200 instruments with customers all over the world.

Since the initial FWT investment, there have been two further rounds of funding, attracting significant capital from a US Venture Capital firm Northpond Ventures, with both rounds oversubscribed and at significant uplifts to the previous round's valuation. This highlights the benefit of our approach to investing at an earlier stage, helping provide investors with access to venture capital return profiles with the potential for high returns.



Refeyn, part of FWT's portfolio

Business review continued

Private Equity continued

Onfab

Onfab is a Cheshire-based company that specialises in the design, manufacture and installation of flexible containment equipment used in the pharmaceutical manufacturing process globally.

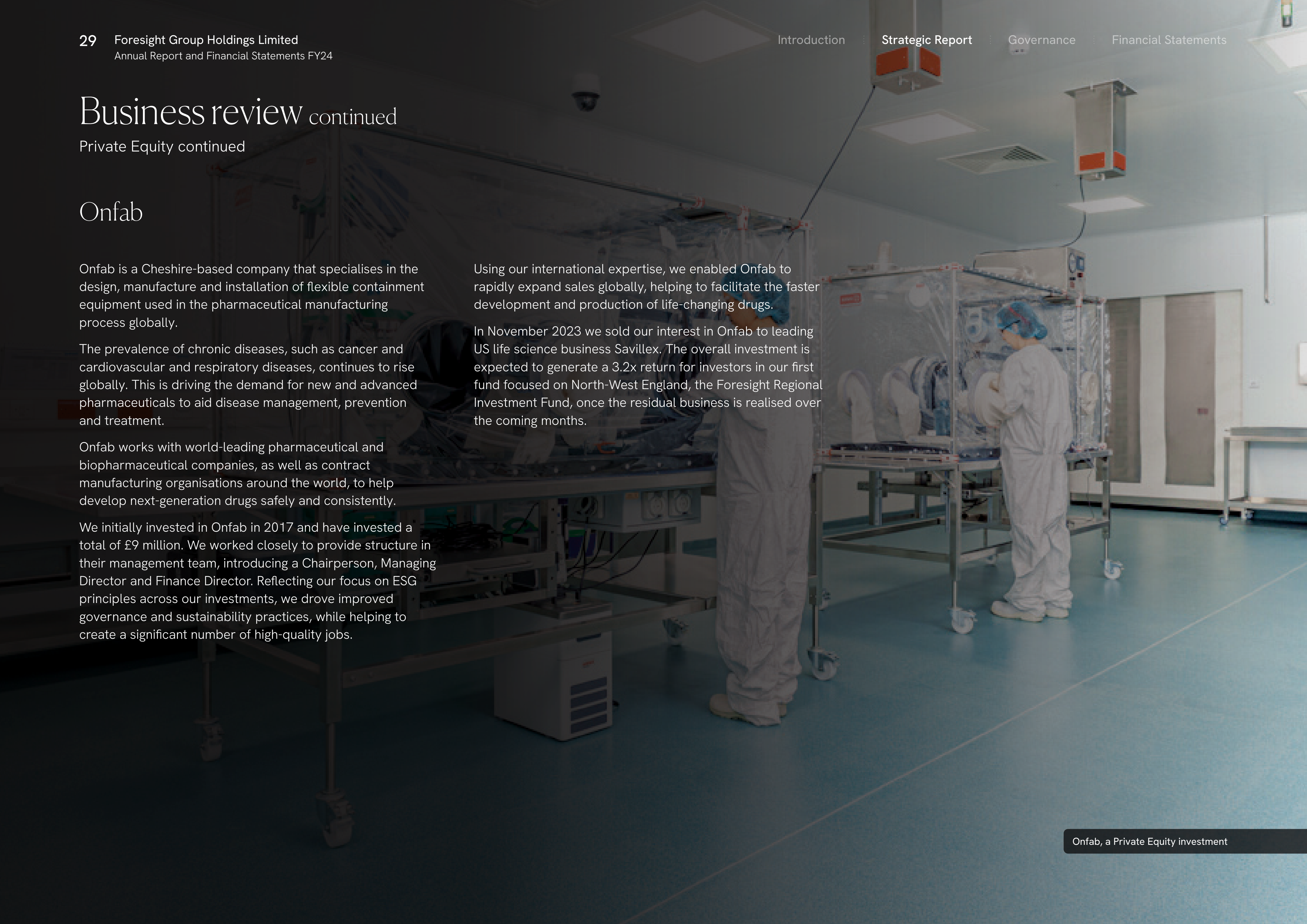
The prevalence of chronic diseases, such as cancer and cardiovascular and respiratory diseases, continues to rise globally. This is driving the demand for new and advanced pharmaceuticals to aid disease management, prevention and treatment.

Onfab works with world-leading pharmaceutical and biopharmaceutical companies, as well as contract manufacturing organisations around the world, to help develop next-generation drugs safely and consistently.

We initially invested in Onfab in 2017 and have invested a total of £9 million. We worked closely to provide structure in their management team, introducing a Chairperson, Managing Director and Finance Director. Reflecting our focus on ESG principles across our investments, we drove improved governance and sustainability practices, while helping to create a significant number of high-quality jobs.

Using our international expertise, we enabled Onfab to rapidly expand sales globally, helping to facilitate the faster development and production of life-changing drugs.

In November 2023 we sold our interest in Onfab to leading US life science business Savillex. The overall investment is expected to generate a 3.2x return for investors in our first fund focused on North-West England, the Foresight Regional Investment Fund, once the residual business is realised over the coming months.



Onfab, a Private Equity investment

Business review continued

Foresight Capital Management

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

Business review continued

Foresight Capital Management continued

AUM by investment strategy as at period end

£303m	£340m	£70m	£21m
UK Infrastructure Income	Global Infrastructure	Sustainable Real Estate	Sustainable Future Themes

Market opportunity

Globally, retail and institutional investors continue to demand investment products providing liquid exposure to asset classes such as infrastructure and real estate. Our differentiated approach to this market sets us apart from others.

Specifically, Foresight's experience investing in private markets through the Infrastructure and Private Equity divisions enables us to make attractive investments in listed companies. Our core investment competencies are renewable energy, the energy transition, infrastructure, real estate, natural capital and sustainable equity. These themes are supported by structural demand drivers and we believe that the market opportunities are characterised by:

- Continued demand for open-ended funds
- Transition to net zero driving international investors to demand access to sustainable investment strategies
- Opportunities for us to launch further investment vehicles globally to meet international demand for our existing strategies
- A scalable platform, with significant capacity for growth in AUM
- A UK sales team solely focused on FCM's product range, seeking to increase capital raising and retention by deepening both investor relationships and market penetration
- Potential to continue to expand distribution beyond the current focus on independent financial advisers ("IFAs") and wealth managers

Hume Hydro, Australia, part of Foresight's portfolio

Business review continued

Foresight Capital Management continued

Operational overview

£0.7bn
Assets Under Management

4
differentiated investment strategies

7
investment vehicles

12
dedicated professionals

2
institutional sub-advisory mandates

Operational overview

Our team of specialist listed securities professionals follows a sustainable, active and bottom-up investment process. The team of 12 draws on the Group's wider private market capabilities 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, creates valuable capabilities and insights that are hard to replicate. We continue to challenge ourselves to be a thought leader and have enhanced the sophistication of our investment approach beyond others in the market.

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

We have actively continued to expand the international reach of our distribution channels to further strengthen our resilience and enhance our growth potential. This has provided us with access to established distribution and marketing channels and opened new markets and countries. Specifically, in the year, we signed a new strategic agreement covering the Nordic region and Switzerland, complementing our existing US partnership and the creation of a specialist UK OEIC sales team. As a result of this strategic activity, we have positioned ourselves to deliver growth and ongoing sustainable investment opportunities and performance.

FCM expanded into the US market with its appointment as sub-adviser to the Baltimore-based Cromwell Foresight Global Sustainable Infrastructure Fund

Business review continued

Foresight Capital Management continued

Investment strategies and funds

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

Strategy	Fund	Investment focus
Foresight UK Infrastructure Income	• FP Foresight UK Infrastructure Income Fund ("FIIF")	Harnesses Foresight's infrastructure investment expertise and taps into the demand for lower volatility, predictable and often inflation-related income, actively managing UK-listed renewable energy and infrastructure investment companies. The investment objective of the Fund is to generate income and preserve capital with potential for capital growth over an investment term of five years. As at 31 March 2024, the strategy's total net assets were £303 million.
Foresight Global Infrastructure	• FP Foresight Global Real Infrastructure Fund ("GRIF") • VAM Global Infrastructure Fund (Lux) ("VAM") • Foresight Global Real Infrastructure (Lux) Fund ("Foresight SICAV") • Cromwell Foresight Global Sustainable Infrastructure Fund (US) ("Crom")	Invests in publicly traded shares of companies located in developed economies, which own or operate real infrastructure or renewable energy assets anywhere in the world. The Fund aims to grow, over any five year period, by more than 3% per annum above the rate of UK inflation (as measured by the UK Consumer Prices Index). As at 31 March 2024, the strategy's total net assets were £340 million.
Foresight Sustainable Real Estate	• FP Foresight Sustainable Real Estate Securities Fund ("REF")	Provides investors with exposure to a highly liquid and globally diversified portfolio of Real Estate 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. The Fund aims to provide an income yield of 4% net of fees with a secondary objective to achieve capital growth over a rolling five year period. As at 31 March 2024, the strategy's total net assets were £70 million.
Foresight Sustainable Future Themes	• FP Foresight Sustainable Future Themes Fund ("SFT")	Invests in a global portfolio of scalable listed companies that address the following core themes of sustainable development and decarbonisation as a key sustainable investment focus: • Sustainable energy • Sustainable food, land and forestry • Waste, water and the circular economy • Digital world • Health and education The Fund aims to grow capital over a five year period by investing in companies which meet the manager's sustainability criteria for positive environmental and/or social impact. As at 31 March 2024, the strategy's total net assets were £21 million.

Business review continued

Foresight Capital Management continued

Performance

FY24 was characterised by continued interest rate volatility and emerging geopolitical risks driving performance across listed markets. Asset allocation rotations, changing expectations of short-term interest rates and, in the UK, industry consolidation and uncertainty over cost disclosures have driven greater downside in share prices than were warranted by fundamentals. Despite these headwinds, operational and financial performance from underlying portfolio companies remains resilient. Portfolio companies have adapted to prevailing macro realities and we remain well positioned towards areas that benefit from structural growth trends.

Against this challenging backdrop, AUM reduced by 44% to £0.7 billion (FY23: £1.3 billion). This reflected negative NAV performance of £122 million and net outflows of £446 million, including inflows of £274 million. In H2 net outflows decelerated when compared with H1.

We have remained steadfast and committed to our focus on managing attractive strategies that benefit from multi-decade structural growth trends while leveraging our private market approach to public market investing. We continue to invest in leading, innovative, sustainable and high-quality companies that remain well positioned for the long term.

Fund	Inception date	12 month TSR	TSR since inception
FP Foresight UK Infrastructure Income Fund	4 December 2017	-11.02%	11.55%
FP Foresight Global Real Infrastructure Fund[1]	3 June 2019	-12.05%	11.06%
FP Foresight Sustainable Real Estate Securities Fund	15 June 2020	4.12%	-5.13%
FP Foresight Sustainable Future Themes Fund	28 March 2022	8.84%	2.86%

1. Return figures relate to UK domiciled vehicles in GBP.

FCM market outlook

Looking ahead, we believe our funds are well positioned to perform as the macroeconomic landscape normalises and markets focus again on fundamentals.

Considering the dislocation across markets, our portfolio of listed companies remains attractive relative to private markets and the valuation gap should eventually close as public markets re-rate with easing interest rates or as takeouts occur. The funds have already benefited from M&A activity in the sector, and we expect this to remain a theme over the next year as market participants seek to deploy capital into areas that offer attractive inflation-linked income streams and defensive growth characteristics. The investment opportunity across areas such as core infrastructure, data centres and renewable energy remains as strong as ever and the investment delivery models are going to continue to adapt as private capital is required in the sector.

The long-term investment themes of digitisation, ageing demographics, energy transition and deglobalisation are well represented across our funds. These themes continue to provide attractive investment opportunities within the strategies and the team remains vigilant for new investment ideas to benefit the funds. Our work in FY24 to lay strong foundations for future growth, including the expansion of our distribution channels, means that we are well positioned to capture appetite from the market into our highly scalable investment strategies, which have significant investment capacity.

We remain confident in the long-term prospects of the FCM funds, as well as the division's strategic positioning, which provides customer, product and geographic diversification to the wider Group.

Business review continued

Foresight Capital Management continued

Foresight Sustainable Future Themes Fund ("SFT")

We launched our Sustainable Future Themes strategy in 2022 with a focus on providing capital either help to decarbonise certain sectors of the global economy or provide positive social outcomes. With around 90% of global GDP now covered by a net-zero target, the Fund is well positioned to benefit from the global push for decarbonisation and sustainable development. The Fund focuses its investments across five core themes:

- Sustainable energy
- Sustainable food, land and forestry
- Waste, water and the circular economy
- Digital world
- Health and education

When assessing companies for the Fund, we consider both their "footprint", which is the impact of their day-to-day operations, and their "handprint", which is the scope for their goods and services to decarbonise an economic sector or provide positive social outcomes. Through this focus we are aiming to build a portfolio that generates good financial returns and drives positive change. Our holdings include an energy company specialising in renewable energy solutions and a cable manufacturer facilitating the exchange of energy between countries. Both companies are set to benefit from the continued surge in demand for new, clean energy capacity globally.

We also believe that the emergence of AI is a developing structural megatrend that is set to benefit renewable energy developers and generators within our portfolio and the broader FCM investable universe.

We are also focusing on developing an effective framework to assess the environmental, social and economic impacts of SFT's healthcare sector investments. We believe that many third-party metrics currently used within this investment sector ignore some of the important outcomes that healthcare companies can provide. Our focus is to develop metrics and indicators related to health outcomes, improved access to healthcare services, the environmental sustainability of healthcare operations, and potential economic benefits to communities.

There is increasing regulatory scrutiny on how sustainability-focused asset managers assess, monitor and communicate their impact. As such, beyond our investment work, a core focus of the past 12 months has been to ensure that the Fund's sustainable investment processes are appropriately aligned with incoming regulations. This relates most notably to the FCA's Sustainability Disclosure Requirements ("SDR"). In response to SDR, we have created and will disclose KPIs that will help us measure SFT's performance against its sustainability objectives. We have always internally measured the Fund against KPIs, and we welcome the incoming sustainability regulation as an opportunity to further formalise and codify our long-term approach to sustainable investment.

Another key focus of the last 12 months has been our work to expand our stewardship activities. This year we released our Stewardship Framework which outlined the team's approach to voting and engagement. We also implemented new engagement software enabling us to track, monitor and report our engagements. We will soon be releasing our inaugural Stewardship Report, providing highlights of our active ownership across the past year.

Our efforts and progress across our stewardship activities were reflected in Foresight Group's UN PRI assessment. The Company received a five-star score across the "Policy, Governance and Strategy" sector which assessed, amongst other considerations, FCM's stewardship approach. We will continue to work hard over the next reporting cycle to further build out our stewardship approach.

Fordie Estate, Scotland, part of Foresight's portfolio

Stakeholders

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

This section provides an overview of our engagement with stakeholders over the financial year.

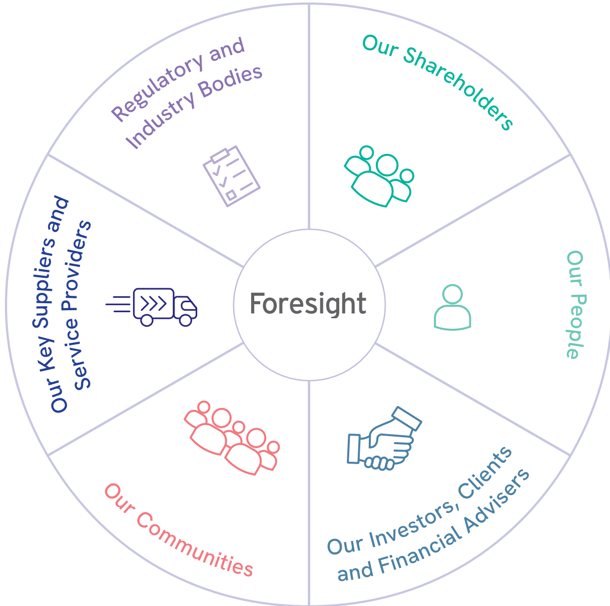
Stakeholder engagement is extremely important to ensure the resulting outcomes of the Group's operational, investment and strategic decisions are sustainable and positive. Through active engagement, we are able to foster relationships and collaborations, enhancing the quality of our interactions. This 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 that we are sufficiently and appropriately informed to effectively manage any negative impacts with a strong commitment to finding satisfactory solutions for all affected parties.

This section seeks to provide some insight to the stakeholder engagement that has taken place over the financial year. Engagement is undertaken by and for the Board, with the latter being undertaken by the Group's management across the business. In such circumstances, management feed back to the Board either directly to Board members or via Board reporting, which is provided by all investment and other functions across the business.

The Board strategy day, which takes place on an annual basis with the Executive Committee and other members of senior management provides an opportunity for the Board to receive direct feedback from those present and reports from those not in attendance. The day also enables the Board and Executive Committee to discuss market conditions and industry trends and changes (please also see page 18 for more details).

Details of the Board's activities over the year can be found on pages 79 to 80, and our Section 172(1) statement on page 42 provides an overview of how the Board has discharged its statutory obligations.

Additionally, details of key stakeholder group engagement is provided on the following pages.



Stakeholders continued

Our Shareholders – current and future

Our Shareholders are the owners of our Company.

Focus

- To provide more transparency and clarity in disclosures and communications generally
- To safeguard and improve market position
- To ensure the market, Shareholders and other stakeholders are kept informed

How we engaged

- Ongoing engagement programme for existing Shareholders and potential new Shareholders to meet with the Executive Directors and divisional management
- Attended sell side conferences and roadshows for the UK and European investor market
- Communicated with key Shareholders in regard to the revised Directors' Remuneration Policy
- At the request of a significant shareholder, arranged a meeting for them to meet the Audit & Risk Committee Chair to discuss the Group's approach to risk
- Communicated with proxy voting agencies in regard to AGM resolutions to ensure sufficient transparency and explanations, and to understand voting trends
- Engaged with our house brokers to review valuation, defence and market best practice for the communication of strategic targets

Outcomes

- Buyback programme announced in October 2023
- Feedback received on Directors' Remuneration Policy from Shareholders and proxy voting agencies
- Increased awareness of our position in the market via discussions with brokers, analysts and advisers to determine how to improve our position and address weaknesses

Our People – our Partners and staff

Our people are our most valuable assets, and their development and wellbeing are key to our success.

Focus

- To improve opportunities for people development
- To improve engagement and retention
- To improve diversity and inclusion

How we engaged

- Completed Annual Staff Engagement Survey and Employee Forum to gain employee feedback
- Increased attention to people development including Foresight Connect sessions to facilitate knowledge sharing across the Group, and the Foresight Skills Series to provide skills enhancement
- Launched LEAD, our middle management coaching courses run by our external executive coach in conjunction with senior leaders from within the business
- Launched ELEVATE, our bespoke Women in Leadership programme run by external coaches which is currently working with our second cohort of female leaders
- Launched THRIVE, our DE&I strategy, which shows both what we will achieve and how we intend to do this
- Refreshed and rebranded our mentoring programme, ACE, to provide both traditional mentoring and reverse mentoring

Outcomes

- 87% response rate to staff survey, scoring 81% for engagement. Noted both areas of strength and areas for improvement so that actions can be identified and addressed
- Skills enhancement initiatives gave effectiveness ratings of 90-100%. Excellent pick up of mentoring initiative with over 122 people currently taking part, and monitoring of staff undertaking formal external training
- Improvement in gender split and staff engagement scores for DE&I increased to 82%
- Wellbeing bonus offered to staff members to use for gym membership, leisure and other activities, with an uptake of 92%

Stakeholders continued

Our Clients, Investors and Financial Advisers ("FAs")

Understanding the needs of our clients and customers is important to our long-term success. For our retail products, our sales are via our FA network and it is important for us to build strong relationships with them.

Focus

- To ensure that our sales and investor relations operations are compliant with applicable regulations
- To ensure our staff are appropriately trained to promote a high standard of customer service
- To ensure we understand the needs of our clients, investors and FAs to develop our products and services
- To provide training to our FAs and build our FA network

How we engaged

- Carried out a customer survey with certain FAs to gain feedback for improvement
- Feedback from the sales and investor relations teams via Board reporting and direct presentations to the Board
- Reporting to and meetings with sales and investment teams' senior management regarding:
  - expanding the distribution of products and services
  - potential business product development opportunities
- Sales and investor relations team engagement with FAs as regards the portal service and products

Outcomes

- Distribution of products in the US and engagement of placing agents to identify sales opportunities in other countries
- Portal roll-out to FAs bringing operational efficiencies and increased security over personal data
- New institutional funds in new investment sectors, e.g. hydrogen

Our Communities

We recognise the importance of contributing to our communities through volunteering, working with local schools, community investment and forming longer-term partnerships.

Focus

- To ensure that the investment teams have appropriate tools and controls in place to assess community impact, aligning with the UN SDGs
- To support staff in their charitable activities
- To promote Foresight's external reputation by supporting communities local to our business locations across the Group

How we engaged

- Supported staff participation in local community projects in Australia, Italy and the UK
- Implemented PACT, our bespoke in-house platform, which allows us to monitor our portfolio companies' community engagement
- Established internship programme for the Retail Sales team with the Amos Bursary, a charity that supports talented students of African and Caribbean heritage
- Foresight's continued support of the Bayes Business School and new association with Svitlo School, an education charity offering English language classes to Ukrainian children

Outcomes

- One day cancer screening provided to women in Manfredonia, which doesn't fall within the Apulia Region Screening system
- Raised funds for various charities through staff activities
- The first Amos Bursary intern was offered a full-time role at Foresight
- Hosted Svitlo School's first and second anniversary celebrations and a five week-long interactive career series with Ukrainian students residing in the UK and Ukraine

Stakeholders continued

Our Suppliers and Service Providers

Our service providers enable us to enhance internal capabilities, strengthen business continuity and satisfy legal and regulatory requirements and are essential in ensuring high standards and efficiency in both our operations and our funds.

Focus

- To ensure due diligence is carried out at onboarding and periodically thereafter
- To ensure a robust selection process for new service providers
- To ensure active management and day-to-day contact and adequate oversight

How we engaged

- Service providers reviewed against our business standards and applicable regulatory obligations to manage and monitor risk
- Oversight of service providers is delegated to the senior management and compliance teams who carried out due diligence visits on a selection of service providers in accordance with a risk-based approach and updated the Board on material issues and risks via compliance and risk reporting
- Hosted service providers' own due diligence visits where the business has completed information and documentation requests and meetings with the service providers to a satisfactory standard
- Maintained day-to-day contact with our service providers via the operations teams, who manage these relationships

Outcomes

- As a result of our due diligence visits to and from our service providers, we have improved the processes between the business and the service providers for operational effectiveness and enhanced service delivery
- Where relevant, we made minor recommendations to the service providers such as changes to processes and procedures and continuing training
- Following the FCA imposing a number of restrictions on the custodian of two VCTs for which the management recently transferred to Foresight, the custodian's directors applied to Court to place the custodian into special administration, whereupon Joint Special Administrators ("JSAs") were appointed. Foresight senior management are working closely with the JSAs towards completing the special administration process and will appoint a new custodian

Regulatory and Industry Bodies

As an investment management group, we are subject to financial services regulation in the jurisdictions in which we operate.

Focus

- To ensure our various authorisations, registrations and licences are maintained
- To maintain an open and transparent relationship with our regulators
- To ensure we maintain our memberships and signatory status of the industry bodies important to our business

How we engaged

- Relationships with the regulators delegated to the Compliance and other teams across the business whose activities require engagement. The Board is kept informed via regular Board reporting
- Engagement with regulators to ensure filings and notifications made on time
- Engaging with industry bodies and regulators in matters relevant to Foresight
- The Company received a letter from the FRC on 1 March 2024 requesting further information following their review of our Annual Report and Accounts for the year ended 31 March 2023. Following our responses, the FRC confirmed post year end that they had closed their enquiry. Further detail is provided in the Audit & Risk Committee report on page 84.
- Completion of questionnaires and applications for renewal of memberships and signatory status

Outcomes

- The UK Compliance Team provided classroom training in various key areas over the course of the year in relation to changes in/upcoming regulations in addition to mandatory training
- All regulatory filings were made and all regulator correspondence duly answered
- The Board was updated and appraised on regulatory change implementation and upcoming regulatory change developments which will impact the business
- Review of our corporate structure to meet sustainability related regulations
- We scored 5 stars in the UN PRI assessment and contributed to a number of initiatives and consultations run by governmental and industry bodies to help bring about/influence positive change

Stakeholders continued

Annual Staff Engagement Survey

Stakeholders

Strategic pillars

Enhancing communication and strengthening Diversity, Equity and Inclusion ("DE&I") at Foresight Group

Our annual employee survey results show an impressive 87% response rate, with a score of 81% for engagement. They consistently highlight our people, our culture and our sustainable ethos as the most rewarding aspects of working at Foresight Group.

Our advancements in DE&I efforts were also positively reflected in the DE&I section of the engagement survey, showing an increase in scores from 76% last year to 81% this year. We have also seen an increase in membership in the Pride network, with members across all of our jurisdictions.

While we acknowledge the strengths shown in the survey, we also recognise areas for improvement, particularly in enhancing communication across the organisation. The leadership team acknowledges our challenges and is invested in implementing a strategic communication plan over FY25 to improve this at all levels. This can be measured using our Staff Engagement Survey results and our Employee Forum.

Our initiatives to support our female colleagues have led to us doubling our paid maternity leave offering and developing our own bespoke Women in Leadership programme run by external coaches to best position our female talent in achieving leadership roles. Our CFO is the Executive Committee sponsor of this course and he has been part of each cohort's launch and celebration sessions.

Looking ahead, we are using systems to help strengthen our DE&I initiatives. We will be rolling out PACT, our bespoke in-house system, which will share people data metrics with Heads of Departments on a quarterly basis, so they have oversight and ownership of the DE&I statistics. A global calendar has already been shared, showing our DE&I initiatives and highlighting national events and public holidays that demonstrate the global business that we are and ensuring meetings can be scheduled in a more inclusive way.

Members of Foresight's Ventures team

Stakeholders continued

Foresight's Brand Evolution

Stakeholders

Strategic pillars

We view investment as more than just capital allocation; it's about creating lasting impact and sustainable growth for our investors. Our brand plays a pivotal role in communicating this message.

Drawing upon the expertise from both internal and external stakeholders, we have evolved the brand to position Foresight as a prominent international, founder-led FTSE 250 business. The strategy has been driven by our commitment to brand excellence, innovation, and investor-centricity.

Regulators and Competitors

The sustainable finance landscape is becoming increasingly competitive, with companies striving to stand out while adhering to new regulations to mitigate greenwashing. In response, we have enhanced our corporate narrative and visual identity to support our investment case, tailored to our various investor types, growth businesses, and other stakeholders.

Our peer analysis highlighted themes of solidity, commitment, advice and financial wellbeing. No other business model matches ours in terms of breadth and audience reach. While "sustainable impact" becomes harder to define, we represent it with new words and visuals, demonstrating our leadership. Under the Foresight banner, we now bring consistency and cohesion to our communications, clearly conveying who we are, and what we do.

Our Green Economy Mark substantiates our Group narrative. Over 70% of our assets under management (AUM) are investments that align with the Multilateral Development Banks' list of activities considered universally aligned with the Paris Agreement's mitigation goals. This includes energy transition, sustainable land and food, social infrastructure, and digital infrastructure.

Service Providers from the Creative & Communications industry

Collaborating with creative and communication agencies, we have developed a brand that reflects our bold, pioneering, entrepreneurial character, designed to be digital first.

'Invest. Build. Grow.'

is our narrative framework, enabling our messaging to flourish across all audiences, both internal and external.

We invest to build a sustainable future and grow thriving companies.

With decades of experience, our strategies offer investors access to compelling opportunities at the forefront of change. Every day, we are actively building and growing our investments to support the energy transition, decarbonise industry, enhance nature recovery and realise the economic potential of ambitious companies.

We have introduced a bold new colour palette with a graphic ripple to signify the impact we have on the markets we operate in, along with our commitment to the natural world and protecting biodiversity on the assets we manage.

We have invested in photography of our own assets to visually explain our portfolio performance, and bring to life the people and places behind each investment success story.

Colleagues & Communities

Our marketing and communications team, along with a broad community of contributors from across the business, managed this project internally. We held workshops involving a diverse range of roles and functions to ensure our company identity is built from within.

Investing in our future.
It takes *Foresight*.

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 matters set out in s172 when making decisions and providing oversight and leadership of the Group.

To illustrate how the Board has considered the matters set out in s172, the table below highlights some of the key decisions and actions taken by the Board over the course of the year.

These decisions include alignment with the Group's strategy, the interests of our stakeholders and employees, and the impact of the Group's operations on the community and environment.

Other examples of how the Board has considered the matters set out in s172 can be found in our Stakeholders section on page 36 and our Group Sustainability Report[1].

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.

Examples:

The likely consequences of any decision in the long term	The need to foster the Group's business relationships with suppliers, customers and others	The desirability of the Group maintaining a reputation for high standards of business conduct	The interests of the Group's employees	The impact of the Group's operations on the community and the environment	The need to act fairly as between members of the Company
• The acquisition of Wellspring Finance Company Limited and its portfolio allowed the Group to increase recurring revenue • On 27 October 2023, the Board commenced a share buyback program of up to £5 million as the Board considered this to be an optimal use of cash resources	• During the year, the Group conducted a double materiality assessment of the Group's activities. The double materiality assessment followed the AA1000 Stakeholder Engagement Standard methodology and identified the sustainability matters most material to Foresight and our stakeholders by evaluating their impact on environmental and social factors and how these factors influence our business performance	• The Board has committed to initiate an internal audit function in FY25 • The Board decided to extend the remit of the Audit & Risk Committee include Governance and Sustainability in recognition of their importance to the Group's activities	• During the year, the Board introduced a recurring agenda item for Board meeting to allow Alison Hutchison, the Board's workplace representative, to provide feedback directly to the Board on the discussions held at the Employee Forum	• Following the outcome of the double materiality assessment, the Board developed and adopted a Group Code of Conduct (the "Code") to ensure its operations are aligned with sustainability related legal requirements and the internationally agreed upon standards with which it is committed to comply	• As part of the review of the Company's Remuneration Policy, the Chair of the Remuneration Committee wrote to the Company's largest Shareholders to seek feedback on the proposed new policy to ensure that there was due regard was given to the views of our Shareholders
Read more in: Financial Review Strategic Report	Read more in: Business Review	Read more in: Audit & Risk Committee Report	Read more in: Our Team, Development & Inclusion	Read more in: Sustainability Report	Read more in: Remuneration Report

1. The link is to our Group Sustainability Report on our website.

Strategic Report continued

Growing *attractive,* risk-adjusted returns.

Performance and risk

Manfredonia, Italy, an energy-from-waste plant. Part of Foresight's and JLEN's portfolios

Financial review

For the year ended 31 March 2024

"FY24 was a strong year for Foresight, growing revenue and Core EBITDA pre-SBP by c.18% year-on-year to £141.3m and £59.3m respectively."

Gary Fraser
Chief Financial Officer

£12.1bn
AUM[1]
(31 March 2023: £12.2bn)

86.6%
Recurring revenues[1]
(31 March 2023: 86.6%)

42.0%
Core EBITDA pre-SBP margin[1]
(31 March 2023: 42.1%)

Introduction

FY24 continued our positive progress since IPO with revenue and Core EBITDA pre share-based payments both growing in the period, as outlined below together with our other key financial metrics. The growth in Core EBITDA pre shared-based payments was supported by our strong cost discipline and was further enhanced by the acquisition of Wellspring Finance Company Limited during the year which is described later on in my review.

	31 March 2024	31 March 2023
Period-end AUM[1] (£m)	12,144	12,167
Retail	3,741	3,790
Institutional	8,403	8,377
Period-end FUM[1] (£m)	8,397	9,022
Retail	3,545	3,747
Institutional	4,852	5,275
Total revenue (£000)	141,326	119,155
Recurring revenue (£000)	122,372	103,208
Recurring revenue/total revenue (%)	86.6%	86.6%
Core EBITDA pre share-based payments[1] (£000)	59,297	50,158
Core EBITDA pre share-based payments margin[1] (%)	42.0%	42.1%
Total comprehensive income (£000)	24,755	20,905
Basic earnings per share before non-underlying items[1] (pence)	32.9	34.6
Dividend per share (pence)	22.2	20.1

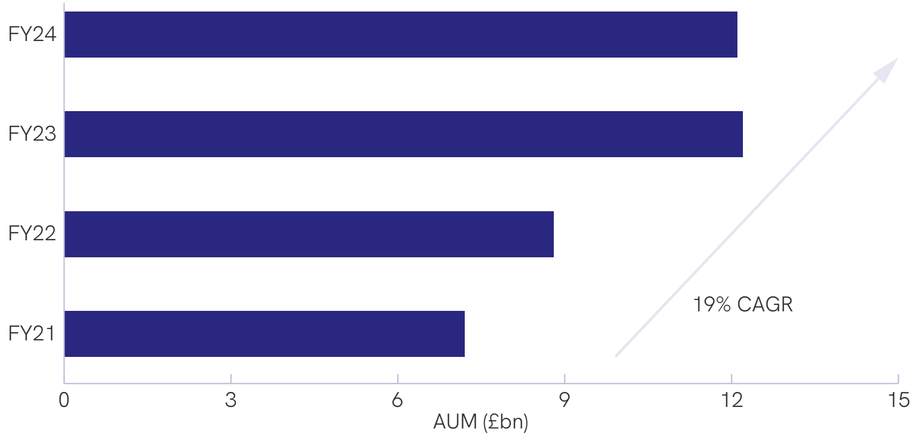
1. Alternative performance measures described and explained in the appendices to the financial statements on pages 185 to 197.

Financial review continued

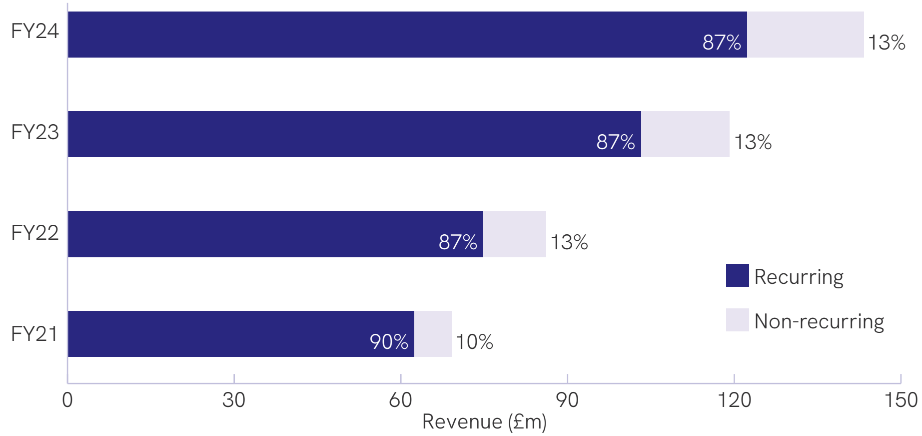
Performance against post-IPO targets

The Group set a number of targets following its IPO in February 2021. The Group has now completed three full years post-IPO and our performance against these targets are as follows.

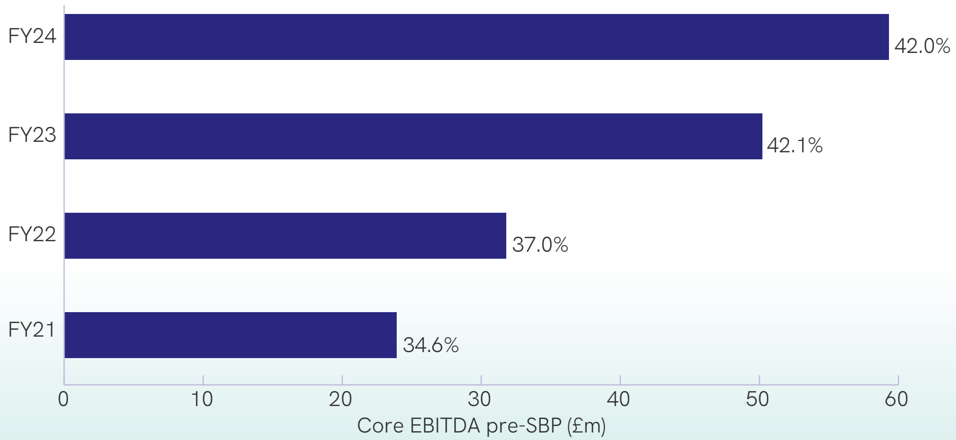
Growth – 20-25% growth in AUM over a rolling three year period (£bn)



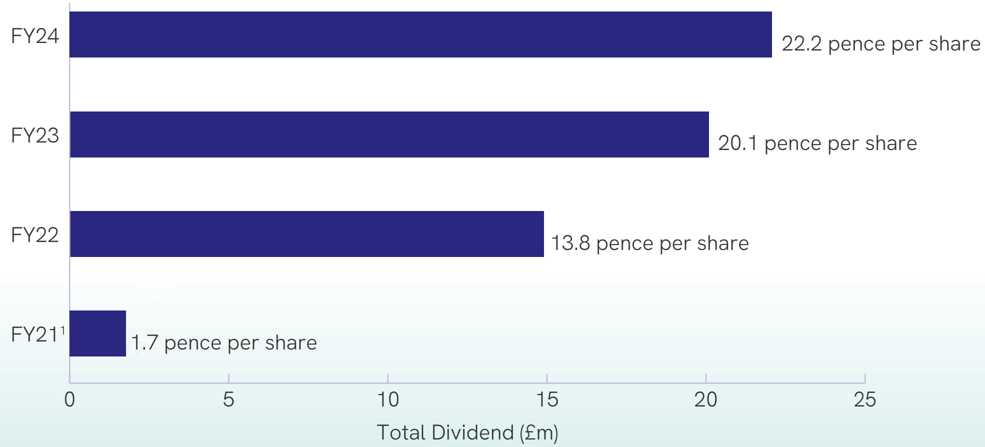
High quality earnings – 85-90% recurring revenue (£m)



Operating leverage – c.43% Core EBITDA pre-SBP margin over medium term (£m)



Shareholder alignment – 60% dividend payout (£m)



1. FY21 total dividend for stub period from date of IPO to 31 March 2021.

Financial review continued

Assets Under Management/Funds Under Management ("AUM/FUM")

AUM remained flat at £12.1 billion year-on-year, although on a constant currency basis it increased by £0.2 billion. FUM decreased by 7% to £8.4 billion (FY23: £9.0 billion) year-on-year.

The recent period of higher interest rates impacted our FCM division, with net outflows and performance leading to a £0.6 billion decrease in AUM to £0.7 billion. However, the Group once again benefited from its diversified business model, with strong inflows into higher margin retail vehicles of £0.44 billion.

We generated strong inflows of £359 million into our ITS product, a significant increase on the same period last year. This was accompanied by a further raise of £77 million from our VCT and EIS products, including the Foresight VCT Plc and Foresight Enterprise VCT Plc offerings closing fully subscribed only a few weeks after launch. As noted above, within FCM, our OEIC products experienced net outflows over the period of -£446 million, reflecting the wider macroeconomic factors resulting from the rapid increase in interest rates impacted by higher rates of inflation in the UK.

Net institutional inflows totalled £0.1 billion, with two new fund launches within our Private Equity division being offset by return of capital to investors following successful realisations, which generated significant positive returns for investors and performance fees for the Group. Further detail on these areas is provided later in my report.

As previously reported, the two new funds referred to above continued our regional strategy within our Private Equity division, with successful closes in Wales (£51 million) and Northern Ireland (£15m). In addition to this, we also achieved further closes for a number of our other regional funds, giving rise to an additional £68.1 million of inflows.

As noted in the Executive Chairman's statement, whilst institutional fundraising within our Infrastructure division was challenging during the year, we were very pleased to report the first close of FEIP II in June 2024 for €300 million.

Financial review continued

Financial performance

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.

Following its introduction for FY23, the Group also presents 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. Consequently, the Group calculates earnings per share before non-underlying items.

All of the Group's APMs are set out in the appendix to the financial statements on pages 185 to 197, 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 appendix.

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.

Whilst not alternative performance measures, this review uses the terminology "organic" and "inorganic" for the purposes of the year-on-year analysis of financial performance. This is due to the impact of our acquisitions; "organic" reflects the Group's operations without the impact of acquisitions in either the current or prior year, whereas "inorganic" is purely the results of the acquired businesses in the current or prior year.

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

	31 March 2024 Before non-underlying items £000	31 March 2023 Before non-underlying items £000
Revenue	141,326	119,155
Cost of sales	(7,304)	(6,303)
Gross profit	134,022	112,852
Administrative expenses	(88,992)	(70,630)
Operating profit	45,030	42,222
Other non-operating gains and losses	1,023	378
Profit on ordinary activities before taxation	46,053	42,600
Tax on profit on ordinary activities	(7,878)	(3,696)
Profit	38,175	38,904
Other comprehensive income		
Translation differences on foreign subsidiaries	(1,679)	(2,720)
Total comprehensive income	36,496	36,184
Adjustments:		
Redundancy payments	1,615	—
Non-operational staff costs	740	760
Depreciation and amortisation	6,438	5,214
Impairment	2,895	—
(Profit)/loss on disposal of tangible fixed assets	5	(10)
Finance income and expense (excluding fair value gain on derivatives)	(311)	733
Foreign exchange on acquisitions	1,331	2,436
Tax on profit on ordinary activities	7,878	3,696
Core EBITDA	57,087	49,013
Share-based payments	2,210	1,145
Core EBITDA pre share-based payments	59,297	50,158

Financial review continued

Financial performance continued

Revenue

	31 March 2024 £000	31 March 2023 £000
Management fees	115,580	97,373
Secretarial fees	3,152	2,719
Directors' fees	3,640	3,116
Recurring fees	122,372	103,208
Marketing fees	9,931	6,129
Arrangement fees	5,139	4,054
Performance and other fees	3,884	5,764
Total	141,326	119,155

Business model – case study

Our business model is to attract and retain FUM on which we receive different categories of revenue. Please see the business model on page 10 for more information. For example, the Group manages a number of Venture Capital Trusts ("VCTs"), publicly traded private equity funds. For each VCT the Group will receive different fees as follows.

Recurring fees

Management fees – an annual management fee driven by FUM and calculated as a percentage of NAV. For VCTs, the Group normally charges fees of 2% of NAV.

Secretarial fees – are fees received for services provided to the funds (such as secretarial, accounts preparation, administration). These are generally driven by FUM and calculated as a percentage of NAV, typically 0.3% or as a fixed fee depending on the terms of the individual contract agreements.

Directors' fees – are fees earned principally from investee companies where Group staff are appointed as Directors.

Re-occurring fees

Marketing fees – VCT investors pay a fee for entry into the VCT of approximately 2.5% of the amount invested. VCTs typically fundraise on an annual basis and so this fee is re-occurring.

Arrangement fees – these are fees earned by the Group for its role in arranging certain deals (including capital deployments, fundraisings and refinancings). For VCTs, the fees are charged to the portfolio companies rather than the VCT itself. As the VCTs typically fundraise on an annual basis, they have funds to deploy which will give rise to these fees. Therefore, these fees are also re-occurring.

Non-recurring fees

Performance fees – For a VCT, the Group will potentially be entitled to a performance fee where the VCT achieves a certain level of performance. An example is where an average annual NAV Total Return per share over a rolling five-year period exceeds an average annual hurdle. If the hurdle is met, the Group is entitled to an amount equal to 20% of the excess over the hurdle subject to a cap of 1% of the closing NAV for the relevant financial year.

Revenue analysis:

Total revenue increased by c.19% year-on-year to £141.3 million (31 March 2023: £119.2 million) with high-quality recurring revenue also increasing by 19% to £122.4 million (31 March 2023: £103.2 million). Our recurring revenue percentage was 86.6% (31 March 2023: 86.6%) and remained within our 85-90% target range. Recurring revenue increased due to both organic and inorganic growth, with organic growth contributing £9.6 million and inorganic growth £9.6 million of the additional recurring revenue (of which ICG totalled £7.8 million, Downing £0.9 million and Wellspring £0.9 million).

Management fees: Grew by £18.2 million (of which £9.0 million was organic and £9.2 million inorganic). The organic increase was driven by FUM growth in our ITS product, driving an additional £6.8 million of revenue, whilst additional revenue of £5.8 million arose from our Private Equity regional funds, alongside a £1.0 million increase from FEIP. The continuing challenging market conditions for our Foresight Capital Management division resulted in its revenue contribution decreasing by c.£3.7 million. The remaining balance of c.-£0.9 million was spread across small movements from our other funds.

Secretarial fees: Increased 16% primarily from inorganic growth.

Directors' fees: Increased 17% 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.

Financial review continued

Financial performance continued

Revenue analysis: continued

Marketing fees: Increased year-on-year as a result of record annual retail fundraising as noted earlier in the report.

Arrangement fees: £1.1 million higher year-on-year as a result of continued strong deployment.

Performance fees: Were generated in the period following further successful realisations from two of our Private Equity regional funds and fees from Foresight VCT plc and Foresight Enterprise VCT plc.

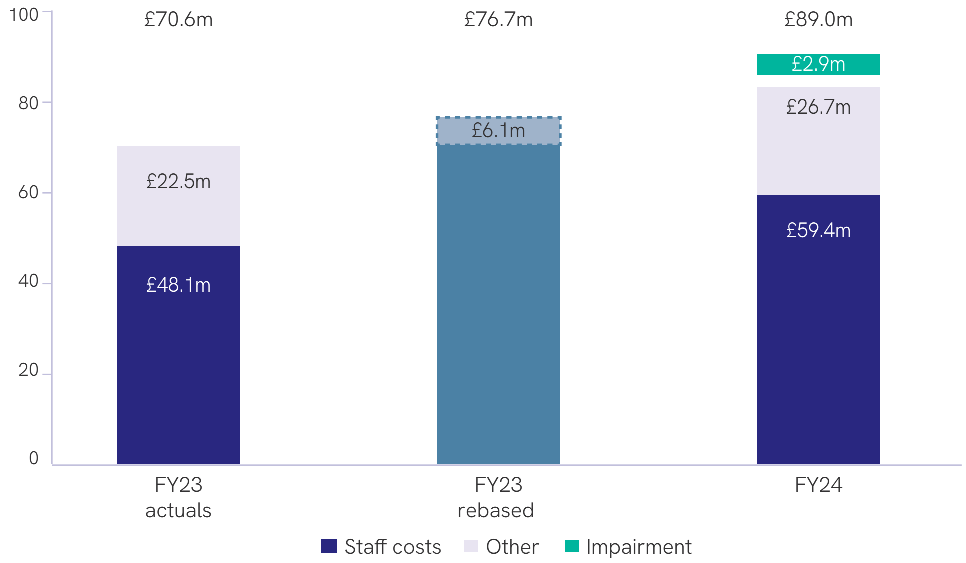
Cost of sales

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, plus higher asset management costs associated with the Wellspring acquisition, offset by lower costs on our OEIC products due to the reduced FUM in this division.

Administrative expenses before non-underlying items

	31 March 2024 Before non-underlying items £000	31 March 2023 Before non-underlying items £000
Staff costs	59,407	48,144
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	3,227	2,800
Amortisation and impairment in relation to intangible assets (customer contracts)	6,106	2,414
Legal and professional	5,908	5,288
Other administration costs	14,344	11,984
Total	88,992	70,630

Year-on-year, underlying administrative expenses increased by c. 26% but this was partly due to a full year of the operating costs of the FY23 acquisitions and an impairment charge of £2.9m in FY24. An analysis of the variance is shown in the chart below:



FY23 costs have been rebased to allow for a the annualization of the operating costs arising from the acquisitions and the impairment charge has been excluded. Overall, FY24 has increased c.12% on rebased FY23 which is marginally greater than our guidance of 10%. The reasons behind this are set out below.

Staff costs increased by c.£11.3 million of which £4.4 million was due to the annualization of staff costs arising from the acquisitions. Otherwise the increase was due an increase in FTE, above average salary increases, share-based payments and one-off expenses of £1.6 million associated with cost saving initiatives. Total FTE increased by 35.1 over the last 12 months, with approximately one-third of this increase from within our Private Equity division to support the launch of our new funds and growth in FUM over the last 12 months. Our Retail Sales team grew in the year to help deliver our record year of fundraising and central functions were strengthened to reflect continued growth of the business.

Financial review continued

Financial performance continued

Administrative expenses before non-underlying items continued

At the start of the current financial year, a benchmarking review of base remuneration for senior management was undertaken, with increases enacted from 1 April 2023 where necessary to bring people in line with market standards. This contributed an increase of £0.8 million to staff costs. Other factors contributing to the increase in staff costs were the increased cost of the PSP scheme as it entered its third year following implementation post-IPO, above average salary increases to allow for inflation and enhanced pension offering for our staff.

Legal and professional costs increased by c.£0.6 million, reflecting the growth of the business plus inflationary increases.

Other administration costs increased by c.20%, principally due to increases associated with the growth in our FTE (e.g. subscriptions and IT-related costs) plus the annual marketing spend this year included a re-branding of our website and wider marketing literature, in addition to us hosting our successful Foresight Sustainability Forum event in partnership with the Eden Project.

The depreciation, amortisation and impairment costs in the year included a £2.9 million impairment charge against intangible assets – customer contracts for the Downing acquisition. Amortisation charges before impairment were also higher in FY24 due to a full year of charges associated with the intangible assets – customer contracts acquired in FY23.

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 185 to 197 for further explanation of the adjustments made when calculating Core EBITDA.

Core EBITDA pre share-based payments increased 18.2% year-on-year to £59.3 million (31 March 2023: £50.2 million) with the associated margin percentage being 42.0% (31 March 2023: 42.1%). As set out at half year, the high inflationary environment, together with the challenging infrastructure fundraising markets across the globe, has led to a slightly lower margin versus the same period last year. However, following a margin of 40.7% in H1, cost-saving initiatives were implemented which led to an improved margin in H2 of 43.1%.

Organic Core EBITDA pre-SBP was £48.6 million with the acquisitions contributing £10.7 million.

Segmental Core EBITDA pre-SBP is set out below:

	31 March 2024 £000	31 March 2023 £000
Infrastructure	35,092	30,320
Private Equity	22,621	15,936
Foresight Capital Management	1,584	3,902
Total	59,297	50,158

Financial review continued

Financial performance 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 2024 £000	31 March 2023 £000
Administrative expenses		
Staff costs – acquisitions excluding SBP	427	3,153
Staff costs – acquisitions SBP	11,520	9,514
Other administration costs – foreign exchange	—	(782)
	11,947	11,885
Acquisition-related costs	—	3,721
Fair value gains on contingent consideration (incl. finance expense)	(190)	(327)
Gain on business combination	(16)	—
Total	11,741	15,279

Administrative expenses

Staff costs – acquisitions of c.£11.9 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 under IFRS 2 for consideration that is settled with shares and IAS 19 for consideration that is settled in cash. Both continue to accumulate over the vesting period (see note 8).

The cost in FY24 was affected by a reassessment of the overall fair value of the contingent consideration and accelerated costs arising from a good leaver.

Acquisition-related costs

The charge of £3.7 million for FY23 related to legal and professional costs incurred on the two acquisitions completed in that year. There were no costs associated with the Wellspring acquisition in the Group financial statements, please see note 32 for further information.

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

A fair value gain on contingent consideration of £0.2 million has arisen as the Group has reassessed the fair value of the contingent consideration arising from the Downing acquisition at 31 March 2024 (see Acquisition-related liabilities) later in the report.

Gain on business combination

On 20 June 2023, the Group completed the acquisition of 100% of the issued share capital of Wellspring Finance Company Limited and its 100% owned subsidiary Wellspring Management Services Limited ("WMS") for £4.8 million. WMS holds the asset management contracts for seven operational PFI projects in Scotland. The acquisition allowed the Group to increase recurring revenue at an attractive Core EBITDA margin on contracts that have a final expiry of May 2045. The Group carried out a purchase price allocation which fair valued the assets and liabilities on the date of acquisition and gave rise to a small gain on business combination.

Reconciliation of total comprehensive income before non-underlying items to total comprehensive income

	31 March 2024 £000	31 March 2023 £000
Total comprehensive income before non-underlying items	36,496	36,184
Non-underlying items	(11,741)	(15,279)
Total	24,755	20,905

Financial review continued

Financial position

Summary Statement of Financial Position

	31 March 2024 £000	31 March 2023 £000
Assets		
Property, plant and equipment	2,330	2,522
Right-of-use assets	5,768	7,281
Intangible assets	61,364	62,911
Investments	4,726	3,967
Deferred tax asset	1,563	1,742
Derivative asset	473	648
Contract costs	3,375	3,965
Trade and other receivables	28,728	21,742
Cash and cash equivalents	45,004	39,761
Net assets of disposal group	—	64
Total assets	153,331	144,603
Liabilities		
Trade and other payables	(38,028)	(35,382)
Loans and borrowings	(509)	(3,131)
Lease liabilities	(7,262)	(9,251)
Acquisition-related liabilities	(4,830)	(5,973)
Deferred tax liability	(13,273)	(12,827)
Provisions	(855)	(800)
Total liabilities	(64,757)	(67,364)
Net assets	88,574	77,239

Key movements in the Statement of Financial Position are summarised below, together with an analysis of cash flow in the year.

Intangible assets and deferred tax liability

The decrease in intangible assets of £1.5 million year-on-year was due to £7.9 million of amortisation and impairment charges and foreign exchange on assets and goodwill arising from acquisitions in prior year additions, offset by £6.4 million of intangible assets in respect of customer contracts related to the Wellspring acquisition. Within the £7.9 million, the Group has recognised an impairment charge of £2.9 million against the Downing customer contracts as mentioned earlier. Deferred tax liabilities have been accounted for in line with the movement in intangible assets in respect of customer contracts recognised during the year at the prevailing tax rate.

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 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 first annual payment was made in July 2023 for £1.2 million and at year end the fair value of the consideration was reviewed, resulting in a net reduction of £0.2 million due to a reduction in value of the AUM acquired, less unwinding of the discount. The liability was £2.1 million at 31 March 2024.

As explained earlier in non-underlying items, certain components of the consideration for the ICG acquisition are accounted for as remuneration for post-combination services. Where this remuneration will be paid in cash, the remuneration is accounted for under IAS 19, which gives rise to a liability in the Statement of Financial Position and this is included in acquisition-related liabilities. Based on the fair value assessed at the end of the previous reporting period, plus an accelerated liability for a good leaver, the liability increased by £4.4 million in the year. The fair value was reassessed at the end of current reporting period, reducing this liability by £4.0 million together with a foreign exchange gain of £0.2 million. The resulting position at 31 March 2024 was a liability of £2.8 million.

Financial review continued

Financial position continued

Cash and cash equivalents

The cash position remains healthy and has increased by £5.2 million year-on-year. In line with our positive trading performance during the period and continued strong cash conversion. Operating activities generated £49.8 million in cash versus £59.3 million Core EBITDA pre-SBP; at year end there were a number of non-recurring investment advisory fees, performance fees and caught up management fees which were largely recovered in Q1 of FY25.

The strong cash position facilitated the completion of the Wellspring acquisition for £4.8 million in June 2023. It also allowed for the repayment of four out of the five PiP founder loans in May 2023 and the annual repayment of the remaining loan in July 2023. Additionally, as noted above, contingent consideration was paid of £1.2 million.

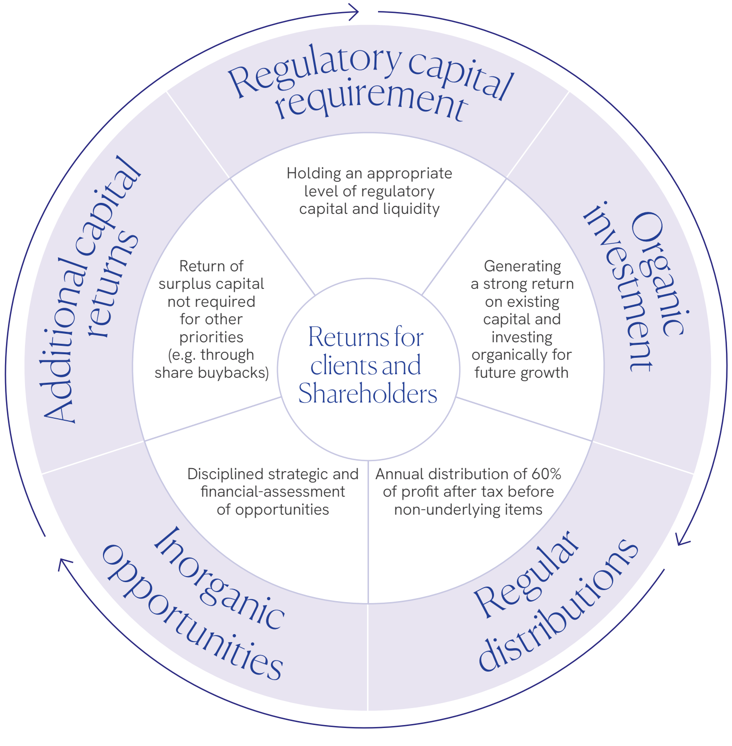
The Group commenced a share buyback programme in October 2023. The bought-back shares are held in treasury and have no voting rights or entitlement to dividends. At 31 March 2024, 236,492 shares had been repurchased for a cash outflow of £967,000. The Group also continues to purchase shares for its Share Incentive Plan with a further cash outflow in the year of £466,000.

Overall, we are in a position of strength with £45 million in cash and cash equivalents at 31 March 2024 having maintained significant headroom above our regulatory liquidity requirement without any third-party debt over the course of the year.

Financial review continued

Capital allocation priorities

We maintain a disciplined approach to capital allocation in order to support the following priorities:



The combination of our consistently strong free cash flow generation, and clear approach to capital allocation, enables us to effectively allocate capital to these priorities and generate value for Shareholders.

Dividend

The Board have introduced a further alternative performance measure for the purposes of calculating the dividend; in FY23 the dividend was calculated on profit before non-underlying items whereas in FY24 we have now updated this to exclude the impact of any impairment charge and associated deferred tax due to their one-off nature. This measure will be known as adjusted profit before non-underlying items and its calculation is shown in note A9 in the appendix to the financial statements.

An interim dividend of 6.7 pence per share was paid on 26 January 2024 and to reflect the strong performance by the Group this year, the Board has recommended a final dividend payment of 15.5 pence per share be approved by Shareholders at the upcoming AGM. This figure matches last year's final dividend and if approved, will be paid on 4 October 2024 based on an ex-dividend date of 19 September 2024, with a record date of 20 September 2024. This would result in a total dividend for the year of 22.2 pence per share (FY23: 20.1 pence per share), a 10.4% increase year-on-year, with the payout ratio increasing to 64% (FY23: 60%).

We will continue to pay an interim dividend as 33% of the total dividend from the prior year in January of each year. The balance of the total dividend 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 15 to 35, and the principal risks and uncertainties disclosed within this report on pages 55 to 63 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

We carry strong earnings momentum into the current financial year and our profitable strategies, together with our scalable, diversified business model provides me with confidence in creating further Shareholder value in FY25 and beyond.

Gary Fraser
Chief Financial Officer

26 June 2024

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.

Members of the Foresight team

Risks continued

Board of Foresight Group Holdings Limited (the "Group")

- Accountable for the overall adequacy and effectiveness of the Group-wide Risk Framework and the Group's risk culture
- Delegates responsibility for Risk Management to the Executive Committee

↑

Executive Committee for Foresight Group

- Responsible for the overall adequacy and effectiveness of the Group-wide Risk Framework
- Approves risk policies and procedures, risk roles and responsibilities
- Sets "tone from the top" and establishes tangible risk appetite and strategy
- Monitors risk reporting and ensures actions are taken to mitigate risk

↑

Members Board for the Prudential Consolidation Group (the "Firm" – Foresight Group LLP and subsidiaries)

- Responsible for the overall adequacy and effectiveness of the Firm-wide Risk Framework
- Approves Firm risk policies and procedures, risk roles and responsibilities
- Stewardship of "tone from the top"
- Monitors risk reporting and ensures actions are taken to mitigate risk

↑

External oversight/assurance

- Verification of the adequacy of the Group Risk Framework
- Non-executive challenge of the overall adequacy and effectiveness of actions taken by the Risk Committee

Third line of defence

↑

Firm Risk Committee

- Periodic reviews of integrity and adequacy of risk reporting
- Independent review of adherence to risk policies/procedures
- Recommendations and verification of implementation for detailed process and control improvements
- Tracking and reporting of incidents, losses and breaches

↑

Risk & Compliance

- Day-to-day responsibility for implementation of Risk Framework
- Risk identification, scoring and prioritisation with input from first line of defence
- Preparation of risk reporting
- Implements and monitors risk policies and procedures
- Advises on risk impact of regulatory issues/other external changes
- Loss/incident analysis
- Monitoring of investment limits

Second line of defence

↑

Businesses, functions

- Primary responsibility for ensuring adequate control environment and adherence to risk policies and procedures
- Primary responsibility for managing investment risk in accordance with fund mandates
- Input into risk identification and scoring managed by Risk function
- Notification and escalation of losses and incidents
- Provision of data for risk reporting

First line of defence

Risks continued

Risk appetite

As a provider of regulated services, Foresight is required to document its risk appetite in relation to its entities within the Group. Foresight Group LLP has its principal office based in London and the risk appetite for this entity is considered the minimum standard for the Group. Foresight's risk appetite statement sets out the level and types of risk that it is willing to assume to achieve its strategic objectives and business plan.

The Risk Appetite Statement is an articulation of the aggregate level and types of risk that the Group is willing to accept, or avoid, in order to achieve its business objectives. 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 covering business and strategic risk, market risk, credit risk, operational risk, legal and regulatory risk, financial crime risk, conduct risk and information security risk.

Risk position versus risk appetite is reviewed annually, with any changes to key metrics reviewed, challenged and adopted by the Board if appropriate, through the risk appetite framework.

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 and persistent inflation.

Sustainability Risk Management

A more detailed description of our climate risk assessment is included in the TCFD section of our Sustainability Report. Sustainability and operational resilience are synonymous. If our business activities are not sustainable, they will not be resilient, and this is as true of the impact of our social and governance activities as much as it is of our environmental or climate-related impact.

The Group 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 their adoption into the rulebooks.

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.

The Board requires assurances that significant ESG risks have been identified, are measured and managed and that Group businesses have enhanced their first line of defence risk management activities to integrate climate risk management. As approved by the Board, the Risk function is currently enhancing its set of Key Risk Indicators for the Risk Appetite Statement to monitor our progress towards our stated objectives in diversity and inclusion, as well as our emissions targets.

Our social risks are clearly a responsibility for all staff and our People & 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 consultation paper and make sure that we can evidence our commitment to diversity, equity and inclusion.

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 longstanding requirements for "fair, clear and not misleading" communications.

Risks continued

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 appropriate 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.

Operational resilience

Operational resilience is the state of being able to continue to offer our services in volatile and potentially disastrous situations (crises and emergencies) without disruption or reduction in the standards that our clients and counterparties expect from us.

In addition to our own activities, Foresight is dependent on third parties for some important business services. Disruption to these services may threaten the delivery of our own services. In order to manage this risk, our counterparties are assessed on an annual basis in terms of their importance to our operations, with our most important counterparties subject to annual on-site due diligence.

Stressed market conditions

Analysis is performed using scenarios that could result in the Board of FGHL and Exco determining 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 scenarios is that an orderly wind-down is executed under stressed market conditions. Wind-down would occur if the Group was unable to recover from an event or series of events, e.g. a failure of controls, business continuity and disaster recovery planning.

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 "greenwashing" scandal.

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, terrorist assault on or nearby office locations, or the next pandemic.

Geopolitical risks, business continuity and disaster recovery

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

Geopolitical tension can create problems for our supply chains. Some of the regions have historically been active in venture technologies; some ongoing conflicts may have indirect if not direct effects on our businesses. The actual and potential conflict zones for FY25 (Israel, China/Taiwan, Iran and Russia/Ukraine) will likely see increases in sanctions activities which would precipitate changes to operational workflows. Tariffs on Chinese "green technology" imports by the United States may precipitate a shift in the global supply chain and put pressure on industries based in Europe. For example, a glut of solar cells may be commercially attractive over the short term to the detriment of competitive European alternatives over the medium to long term.

Cyber risk

The Technology and Data team leverage a wide array of leading technology solutions and industry best practices 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 threats, the mitigations in place to counter threats, 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. Our Technology and Data team tests our cyber defences regularly through simulated cyber-attacks (penetration testing).

Risks continued

Cyber risk continued

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. We include a detailed IT security assessment as part of our due diligence process on such providers and the outcome of this assessment feeds into the Third-Party Risk Assessment and is a significant factor in the decision to proceed with or retain the business relationship.

Cyber and information security remains a key risk due to the prevalence and increased sophistication of cyber-attacks. The emergence of simple Artificial Intelligence ("AI") tools has had a significant impact on the quality of phishing emails and therefore phishing attacks are becoming harder to recognise. Foresight continues to monitor these threats regularly alongside employee engagement with cyber security training. The cyber security training covers the latest phishing techniques to ensure our staff stay abreast of the latest attack techniques. Regular test emails have proved beneficial and enable Foresight to understand which staff required additional training across the business. An internal review and escalation programme was recently implemented to align the training and event response with Foresight's risk strategy.

Internal Capital Adequacy and Risk Assessment ("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 which 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 2023, the ICARA was approved by the Executive Committee.

Risk culture

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 existing, emerging and evolving risks. These meetings also provide exposure and training on our enterprise risk management platform as we continue our migration from our former RCSA processes and towards more regular assessments as part of day-to-day business activities.

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.

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.

Risks continued

Financial crime risk assessment continued

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	Risk Assessment	Due Diligence & KYC	Training & Awareness	Monitoring & Surveillance
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.	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.	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").	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.	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.

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.

Consumer Duty

The Consumer Duty came into effect on the 31 July 2023 and sets higher standards in the industry for consumer protection in financial services. Successful implementation of the new Consumer Duty rules ahead of the regulatory deadline to ensure Foresight Group LLP delivers good outcomes for retail customers and our ability to measure this, necessitated updates to existing policies and processes as well as the introduction of additional policies and processes. The Compliance Team has incorporated the Consumer Duty Implementation Plan and ongoing initiatives into its periodic reporting to the Compliance Officer, Risk Committee and Foresight Group LLP Members Board.

Risks continued

Top 10

The following table represents the Top 10 risks to the execution of the Group's strategic goals, as of 31 March 2024. 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
Principal risks				
Cyber risk: information security (Increase)	Staff and asset managers are vulnerable to data breaches from cyberattacks, which can result in financial losses, regulatory fines and reputational damage.	• Phishing attacks • Malware and ransomware • Insider threats • Unpatched software	• Data breaches and unauthorised access to sensitive information • Expensive data recovery and security remediation exercises • Reputational damage • Confidential information distributed with potential harms to clients, markets and firm • Breaches of data protection laws • Potential vulnerabilities exploited more easily	• Robust firewall and intrusion detection systems • Employee security awareness training • Secure and resilient IT systems • Strong access controls and authentication mechanisms • Additional encryption and data protection measures
Macro-economic conditions (No change)	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.	• Price inflation and currency fluctuations • Interest rates • Political and geopolitical uncertainty • Regulatory changes and compliance complexity • Business disruptions and supply chain risks	• Reduced investment returns • Decreased market confidence • Regulatory non-compliance • Supply chain disruptions	• Business continuity and supply chain resilience • Diversification of investment portfolios • Active management of investment portfolios • Revision of hard and soft risk limits, risk appetite • Cost reduction and policy/process reviews
Third-party risk (No change)	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.	• Supplier quality issues • Ethical and social responsibility concerns • Lack of supply chain transparency • Geopolitical and natural disasters	• Business disruptions and financial losses • Reputational damage • Compromised product quality or safety • Compromised cyber security • Impact on investment performance	• Vendor and supplier evaluation and selection criteria • Supplier financial risk assessment • Increase supply chain visibility and transparency measures • Business continuity and disaster recovery planning review and test • Active third-party risk management

Increase | Trending up | Decrease | No change

Risks continued

Top 10 continued

Risk	Description	Causes	Consequences	Preventative and responsive controls and activities
Principal risk				
Sustainability risk	The risk associated with environmental, social and governance factors that can affect investment performance, regulatory compliance and reputation.	• Climate change and environmental impacts • Regulatory changes and compliance complexity • Changing customer preferences and market shifts • Social inequity and human rights violations	• Regulatory non-compliance • Reputational damage • Stakeholder disengagement • Decreased market share	• Maintaining climate impact as part of due diligence • Social responsibility policies and programmes • Supply chain sustainability management • Compliance monitoring and reporting • Crisis management and disaster recovery planning
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.	• Changes in government policies, industry standards and best practices • Shifts in regulatory enforcement practices, increased penalties and legal consequences • Updates to compliance requirements and increased compliance costs • International regulatory harmonisation	• Non-compliance • Reputational damage • Increased costs • Business disruptions	• Regulatory monitoring and compliance programmes • Engagement with regulatory bodies and trade associations • Compliance training and awareness programmes • Legal and compliance firm consultations
Resilience risk	Impact on investment performance.	• System or technology failures • Natural disasters • Cyber security attacks • Third-party service provider failures	• Service outages • Financial losses • Reputational damage • Regulatory penalties	• Redundancy and backup systems • Business continuity and disaster recovery plans • Staff training and competency development • Supply chain diversification and contingency planning

Increase   Trending up   Decrease   No change

Risks continued

Top 10 continued

Risk	Description	Causes	Consequences	Preventative and responsive controls and activities
Emerging risk				
Geopolitical risk (Increase)	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.	• Political instability and regime changes • Trade wars and tariffs • Economic sanctions and embargoes • Terrorism and political violence	• Business disruptions • Financial losses • Reputational damage • Compromised cyber security	• Geopolitical risk assessment and monitoring, political and country risk analysis • Contingency and crisis management plans • Diversification of markets and supply chains • Reputational risk management strategies
Evolving risk				
Data and records management (Decrease)	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.	• Inaccurate data entry and errors • Data duplication and redundancy • Data breaches and security incidents • Lack of record retention and destruction policies	• Compromised data integrity • Legal and regulatory consequences • Business disruptions • Data loss and unavailability	• Data governance framework and policies • Data privacy and compliance programmes • Backup and recovery systems • Cyber security measures and access controls
Conduct and culture (No change)	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.	• Ethical misconduct and fraud • Inadequate training and awareness programmes • Poor governance and oversight • Conflicts of interest and insider trading	• Reputational damage • Loss of customer trust • Legal and regulatory consequences • Decreased employee morale and productivity	• Code of conduct and ethics policies • Regulatory compliance programmes • Whistleblowing policy • Conduct and culture assessments/audit
Human capital risk (No change)	Foresight relies on skilled personnel to manage investments and run its businesses, so human capital risks such as key person risk and talent retention risk can be significant.	• Talent attrition and staffing shortages • Skills gaps and inadequate workforce planning • Training and development gaps • Succession planning and key person risk	• Business disruptions • Decreased productivity • Loss of critical knowledge • Talent retention challenges	• Talent acquisition and retention strategies • Workforce planning and skill development programmes • Succession planning and knowledge transfer • Training and development requirements

Increase | Trending up | Decrease | No change

TCFD Compliance statement

For Foresight Group's annual Task Force on Climate-related Financial Disclosure ("TCFD"), please refer to our FY24 Sustainability Report (https://www.foresight.group/sustainability-report-fy24).

The UK government will decide on endorsement of the International Sustainability Standards Board ("ISSB") standards in Q1 2025[1]. If they decide to endorse, the UK Sustainability Reporting Standards (SRS) will incorporate the ISSB standards. As Foresight is in scope for the UK SRS, our FY26 Sustainability Report will likely need to follow the ISSB standards. To prepare for this, we have decided to reference the structure of the standards voluntarily. The FCA has also encourages companies to familiarise with the standards and stated that companies may use it voluntarily[2]. As the requirements under TCFD are covered within the ISSB second standard, IFRS S2, Foresight have included the TCFD report within the Sustainability Report.

Foresight has reported on and complied with climate-related financial disclosures consistent with FCA's listing rules, except the following:

Strategy

- Transition plan:
  - Foresight currently does not have a transition plan in place but intends to evaluate feasibility of Group-level carbon reduction/transition plan and develop climate carbon reduction/transition plans for selected portfolios in the upcoming year.
- Climate-related scenario analysis:
  - Foresight does not yet conduct scenario analysis for its FCM and PE portfolios; however, we intend to conduct climate risk and scenario analyses assessments for our PE and FCM portfolios during the upcoming year.
- Quantification of the expected impact of climate-related risks and opportunities on financial position, performance and/or cash flows:
  - Foresight has not yet quantified the expected impact but intend to integrate climate-related risks and related KPIs into our ERM framework and thereby develop the quantitative analysis of risks in the upcoming year.

Metrics and targets

- Sustainability-related performance metrics are not currently included in remuneration policies. However, Foresight plans to evaluate whether any climate-related KPIs would be relevant to include in Board and/or Executive Committee compensation criteria in the upcoming year.
- Currently, Foresight has no climate-related targets in place. However, Foresight intends to evaluate feasibility of Group-level carbon reduction/transition plan and develop climate carbon reduction/transition plans for selected portfolios in the upcoming year. Climate-related targets will be developed based on the above analyses in the upcoming year.

For more information, please see our TCFD index, available in the Sustainability Report on pages 18 to 47.

1. https://www.gov.uk/guidance/uk-sustainability-disclosure-standards
2. https://www.fca.org.uk/publications/newsletters/primary-market-bulletin-49#lf-chapter-id-fca-updates-consultation-timeline-onissb-standards-and-transition-plans-based-on-uk-endorsement-process

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 2027, 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 55 to 63. 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 protect and enhance this profitability further.

As of 31 March 2024, the Group balance sheet was strong. The cash balance at year end was £45.0 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 4 to 65 constitute the Strategic Report, which was approved by the Board on 26 June 2024 and signed on its behalf by:

Jo-anna Nicolle
Company Secretary

Governance

Building a *successful,* resilient business.

What's in this section

Members of the Foresight team

Executive Chairman's introduction

"Corporate governance is the foundation of a successful business in a competitive and regulated arena."

Bernard Fairman
Executive Chairman

I am pleased to introduce Foresight Group's (the "Group") Corporate Governance Report on behalf of the Board for the year ended 31 March 2024.

This year brought with it a number of new regulations in the UK and EU, including in sustainability, which is an area of particular importance to the Group ethos. In recognition of that, and before the requirement to do so becomes mandatory, we engaged an external firm of specialists to conduct a double materiality assessment on the Group's activities. The purpose of the assessment is to identify the sustainability matters most material to Foresight and our stakeholders by evaluating their impact on environmental and social factors and how these factors influence our business performance.

It is our view that undertaking this double materiality assessment early will put us in a stronger position to deliver the long-term success of the Group, generate value for Shareholders and positively impact the way in which we look after our people and other stakeholders. The actions arising from the assessment will be implemented over the course of FY25 to ensure that we not only meet regulatory deadlines, but strengthen and future-proof our processes and corporate structure in the promotion of a sustainable culture.

A key to achieving a sustainable culture is to ensure we provide a positive, diverse and inclusive workplace. Our commitment to our people includes ensuring that our governance arrangements promote diversity, equity and inclusion across the Group's locations, which we seek to achieve by our Governance Team working closely with our Sustainability and People & Sustainable Culture ("PSC") Teams, taking on board feedback received from the Employee Forum, appraisal process and the results of the annual Employee Survey, details of which can be found on page 40. That collaboration and feedback also helps to ensure we are meeting all training and development needs.

As regards our other stakeholders, please see the Stakeholders section on pages 36 to 41 for details of our engagement over the course of the year. This includes our engagement with the Shareholders who voted against the two resolutions at the 2023 AGM that received >20% dissenting votes. It is worth noting that while those who responded acknowledged that we had provided sufficient information and transparency in the matters concerned, voting against those resolutions did not affect their support of Foresight or their continued shareholding but simply reflected their internal policies.

Lastly, to the Board. As noted in the Directors' Report on pages 106 to 112, the Board has aimed to comply with the requirements of the Corporate Governance Code throughout FY24 and remains committed to doing so. There are a few exceptions, including in regard to Board composition where we are not yet fully compliant, and I would direct you to the Nomination Committee report on pages 81 to 82 where this is further discussed and explained. Worthy of note is that we will establish an internal audit function during FY25, which will further complement the Company's corporate structure (see below).

The Nomination Committee report also notes the results of our third internal Board evaluation undertaken in the last quarter of FY24, with its results provided on pages 77 to 78. I am pleased to note that the results were in line with expectations, with no material concerns arising. As promised previously, our first external evaluation will be undertaken in FY25, and we are in the process of identifying a suitable third party to undertake that work.

Executive Chairman's introduction continued

Also, to strengthen the Company's corporate structure, in FY24 the Board decided to extend the remit of the Audit & Risk Committee ("ARC") to include Governance and Sustainability in recognition of their importance to the Group's activities. This decision will mean that the ARC will oversee those two functions, resulting in increased accountability and focus on their activities. The amended ARC Terms of Reference can be found on the website https://media.umbraco.io/foresight/h14kevet/2024-03-08-audit-risk-committee-terms-of-reference-final.pdf. These changes will benefit from the restructuring of the Group's Sustainability Committee and the creation of a Group-level Governance, Risk & Compliance Committee, both of which will take place in FY25.

I trust that in reading the Governance sections of this Annual Report for FY24, our commitment to conducting our business responsibly and maintaining high standards of corporate governance is shown to be in keeping with our belief that corporate governance is the foundation of a successful business in a competitive and regulated arena.

I look forward to reporting to you on our progress in the next Annual Report.

Bernard Fairman
Executive Chairman

26 June 2024

1. The responsibilities of the Executive Chair and SID are detailed in the document "Division of Responsibilities between the Executive Chair and the Senior Independent Director".

Our compliance with the Code

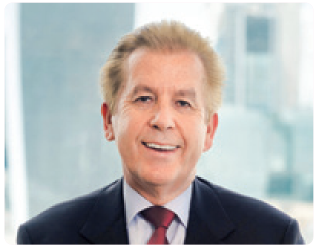
With the exception of the areas of non-compliance noted below, the Company has applied the principles and complied in full with the provisions of the UK Corporate Governance Code (the "Code") during the year:

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, who co-founded the Group in 1984, has exercised the role of Executive Chairman, combining those two roles. The Nomination Committee independently considers the role as part of the annual Board evaluation process and also as part of their review of the Company's succession planning. As a result, it is their belief that in undertaking the role, Bernard Fairman does meet the interests of the Shareholders through his proven leadership qualities and significant experience to ensure the Company's ongoing commercial success. Furthermore, it is considered that Bernard Fairman provides 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. Additionally, to ensure sufficient Board independence, certain additional duties are undertaken by the Senior Independent Director. These are set out in the document "Division of Responsibilities between the Executive Director and the Senior Independent Director".
26	During the year, the Audit & Risk Committee approved a proposal to implement an internal audit function at Group level and steps are being taken to do so during FY25.

Examples of how the Company has complied with the Code can be found in the pages listed below:

Board Leadership and Company Purpose	Pages
• Effective and entrepreneurial board	68, 69, 76 and 77
• Company's value, purpose and strategy	Inside front cover, 5 to 11
• Risk management	55 to 63
• Stakeholder engagement	36 to 41
• Workforce policies (remuneration)	91 to 101
Division of Responsibilities	
• Responsibilities of the Chair and the SID[1]	73
• Executive versus Non-Executive Directors	73
• Time commitment	76
• Board effectiveness and efficiency	77 and 78
Composition, Succession and Evaluation	
• Appointments and succession	80 to 81
• Skillset, knowledge and experience	68 to 69
• Evaluation	76 and 77
Audit, Risk and Internal Control	
• Independence and effectiveness of audit functions and integrity of the financial statements	83 to 90
• Fair, balanced and understandable assessment of the Company's position and prospects	83 to 90
• Risks and internal controls	83 to 90
Remuneration	
• Remuneration policies and practices	91 to 105
• Formal and transparent procedure for executive and senior management remuneration policies	91 to 105
• Exercise independent judgement and discretion	91 to 105

Board of Directors



C

Bernard Fairman
Executive Chairman

Appointed
24 February 2010

Background
After leaving 3i Ventures where he was responsible for sourcing, evaluating and negotiating investments, 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 now Foresight Group's Executive Chairman with over 40 years of private equity and infrastructure experience. He is responsible for the strategic direction and management of the Group, including its IPO in February 2021. He has achieved this through organic growth and acquisitions, with the Group attaining a leading position in the UK small cap private equity and international infrastructure markets.

Bernard's extensive experience provides him with a deep understanding of private equity and infrastructure investments and great insight into the opportunities for Foresight Group as well as the challenges that it may face. He is well placed to continue to lead the Board and develop and drive the Group's strategy, culture and values.

External directorships
Beau Port Investments Limited.

Gary Fraser
Chief Financial Officer/Chief Operating Officer

Appointed
3 February 2021

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 ultimately responsible for Group finance and operations, providing and facilitating specialist financial input into corporate, portfolio and investment decisions across the business. He also works closely with the boards of the various Foresight managed funds, listed and unlisted, and has been key to various corporate actions, including mergers and acquisitions, rights issues and restructuring. Gary works alongside Bernard in relation to strategic planning and business development, including acquisitions. Gary previously 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 also worked at EY, focusing on audit and risk assurance, and corporate finance.

Gary's strategic and decision-making skills are fundamental to his roles as CFO and COO in driving the Group forward to achieve its strategic goals. His involvement with the boards of Foresight's funds is also key to their success and the Group's.

External directorships
Averon Park Limited (a Foresight managed entity).

Alison Hutchinson, CBE
Senior Independent Non-Executive Director

Appointed
3 February 2021

Background
Alison is a highly experienced director, who brings a wealth of experience and knowledge to the Board gained from her strong background in both IT and retail financial services. Alison started her career at IBM and became 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. She has a keen interest in people and is our workplace representative; she also chairs our Employee Forum.

Alison is also 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.

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

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

Audit & Risk Committee | Nomination Committee | Remuneration Committee | Market Disclosure Committee | (C) Chair

Biographies accurate as at the date of publishing.

Board of Directors continued

C

Geoffrey Gavey
Independent Non-Executive Director

Appointed
31 May 2015

Background
Geoff joined the Foresight Group Board in 2015, pre-IPO, as a Non-Executive Director. The Board benefits from his experience in the finance industry as a service provider, including his extensive offshore regulatory knowledge and experience in risk management.

He is the managing director of FNB International Trustees Limited ("FNB") and deputy head of banking for FNB Channel Islands Bank. He also sits on the audit and risk committee of both FNB International Trustees Limited and FNB Channel Islands Bank.

Geoff 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.

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

C
C

Michael Liston, OBE
Independent Non-Executive Director

Appointed
3 February 2021

Background
Formerly Chief Executive of the electricity utility Jersey Electricity plc, Mike is the Non-Executive Chairman of JTC plc and brings to the Board the benefit of his extensive experience across public and private sector businesses.

Mike has also 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 was elected to the judiciary of the Royal Court of Jersey in 2012, retiring from this position in 2017.

In 2007, Mike was awarded an OBE for services to the electricity industry and charity.

External directorships
JTC plc chairman

Board skills

In line with the recommendations of the Corporate Governance Code, the Board and its Committees have identified the skills, experience and knowledge ("Skills") considered appropriate to support and develop Foresight.

The below skillset chart shows the combination of those Skills held by the Board members as at the year end.

A more detailed skills matrix is maintained internally, which drills down into each of the listed areas to better understand the nature of a Board member's skills. This enables the Nomination Committee to better assess the Board's skills versus the needs of the Company and is a useful tool in relation to succession planning and recruitment.

Board skills	
Executive/Strategic	👤👤👤👤
International	👤👤👤👤
Sector/Industry	👤👤👤👤
Operations	👤👤👤👤👤
Financial	👤👤👤👤👤
Governance, Risk, Compliance & Legal	👤👤👤👤
Sustainability/Climate	👤👤👤
People & Remuneration	👤👤👤👤👤
IT/Cyber	👤👤👤
Sales & Customer Service	👤👤👤👤👤
Product Development & Marketing	👤👤👤👤👤

Audit & Risk Committee | Nomination Committee | Remuneration Committee | Market Disclosure Committee | (C) Chair

Biographies accurate as at the date of publishing.

To read full biographies, go to:

Corporate governance

Board

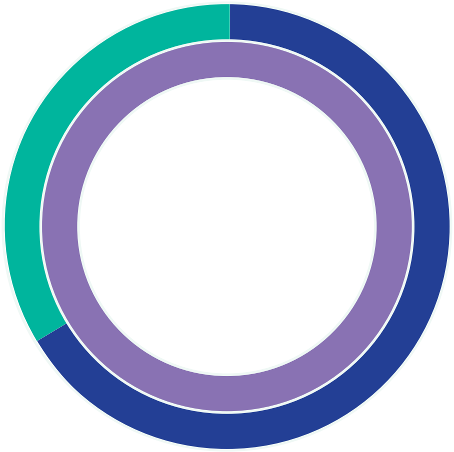
Nationality
- British | 5 | 100%

Ethnicity
- White | 5 | 100%

Gender
- Male | 4 | 80%
- Female | 1 | 20%

Non-Executive Directors' Tenure[4]
- 3-6 years | 2 | 66.6%
- 7-9 years | 1 | 33.3%

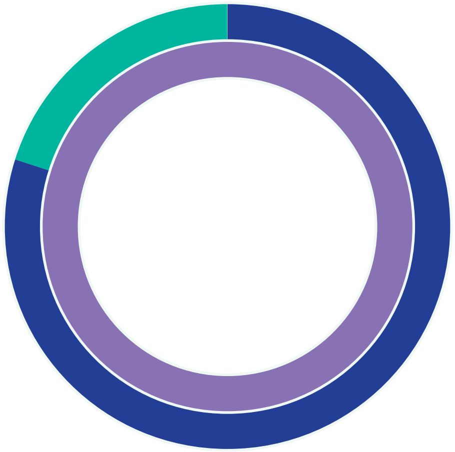
Senior Board Positions[1]



Gender
- Male | 2 | 66.6%
- Female | 1 | 33.3%

Ethnicity
- White | 3 | 100%

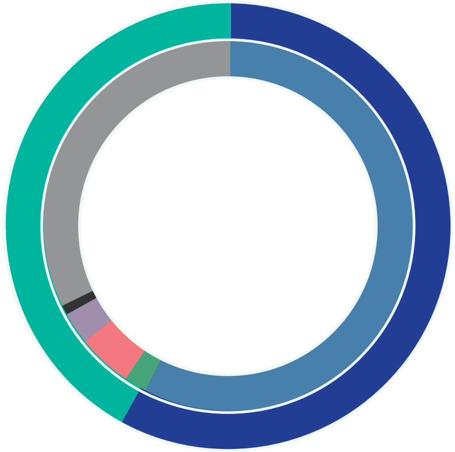
Group Executive Management[2]



Gender
- Male | 8 | 80%
- Female | 2 | 20%

Ethnicity
- White | 10 | 100%

Group Employees[3]



Gender
- Male | 239 | 59%
- Female | 167 | 41%

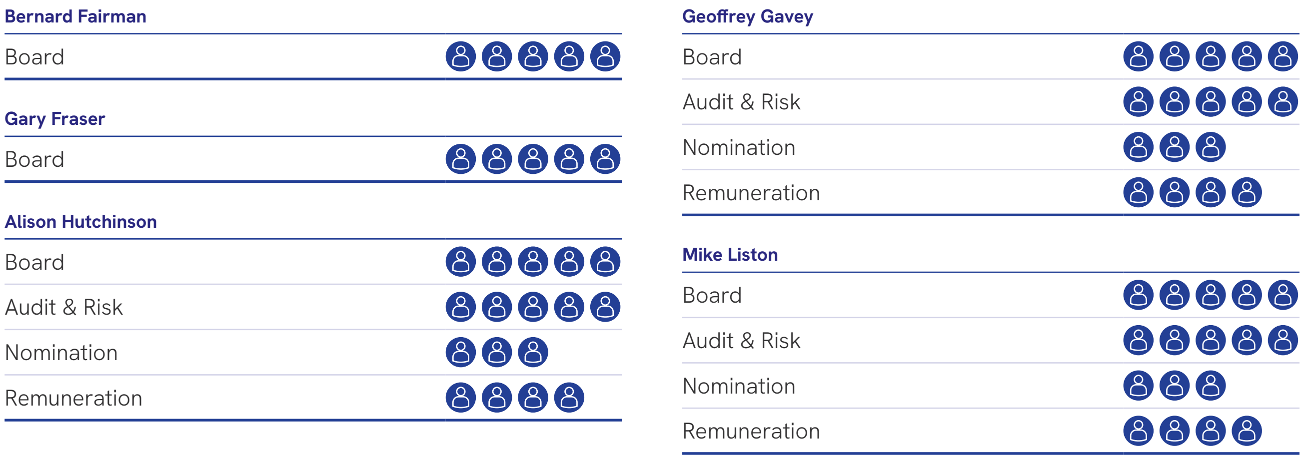
Ethnicity
- White British or other white | 234 | 57%
- Mixed/Multiple Ethnic Groups | 8 | 2%
- Asian/Asian British | 19 | 5%
- Black/African/Caribbean/Black British | 11 | 3%
- Other ethnic group (including Arab) | 4 |1%
- Not specified/prefer not to say | 130 | 32%

1. Our Senior Board Positions are CFO, SID and Executive Chair.
2. Executive Management comprises the Board, Executive Committee and Company Secretary.
3. The statistics provided in regard to the Group Employees is additional information intended to illustrate the diversity across our Group. Please also see our People section on pages 8 and 9, which provides more information on the progress being made across the business as regards diversity, equity and inclusion.
4. At 31 March 2024.

Corporate governance continued

Board and Committee meeting attendance

The chart below shows the total number of Board and Committee meetings and the attendance by each Director. There was full attendance from each of the Board Directors for the meetings held during the year.



Note: Bernard Fairman and Gary Fraser are not members of the above Committees, hence their attendance is not recorded.

Governance framework

Every member of the Board understands their role in terms of their individual and collective engagement, providing independent views and challenge, as well as 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 achieving the Group's purpose, strategies, values and targets.

Our governance framework comprises the Board, the Board's Committees and the Executive Committee, descriptions of which appear below. They are supported by senior management and the various teams across the Group.

Our approach to corporate governance

It is essential for our long-term success that high standards of corporate governance are developed, maintained and improved across the Group, to enable us to support our business strategies, operational resilience and growth and achieve our goals.

The Board has appointed four Committees, as described below, each of which operates under its respective Terms of Reference that can be found on the Group's website. The Board regularly reviews the Terms of Reference for each Committee to ensure the content remains relevant to the Group's business activities, current and future, and makes changes where necessary. In that regard, the Audit & Risk Committee now covers Governance and Sustainability.

Corporate governance continued

Our approach to corporate governance continued

With such a small Board, and with the exception of the Market Disclosure Committee, the Non-Executive Directors are each members of all other Board committees, promoting interaction and co-ordination where needed.

The Board also works closely with the Group's Executive Committee, to which it has delegated the day-to-day oversight and management of the Group's business activities.

Board	Executive Chairman	CFO/COO	Senior Independent Non-Executive Director	Non-Executive Directors	Company Secretary
• Collectively responsible for promoting the long-term, sustainable success of the Company, seeking to generate value for Shareholders while fulfilling responsibilities to our stakeholders. This includes: – Setting the Group's strategic targets and monitoring the performance of the Executive Committee against those targets – Setting the Group's risk appetite and ensuring effective controls are in place – Monitoring compliance with corporate governance principles – Upholding the purpose, culture, values and ethics of the Company	• Identifies, develops and proposes Group strategy, annual budget, business plans and commercial objectives to the Board • Oversees the Executive Committee's management of the Group and execution of Group strategy • Promotes appropriate standards of governance across the Group and ensures compliance with legal and regulatory responsibilities • Ensures timely flow of accurate and reliable information within the Group and with the Board • Promotes the health, safety and wellbeing of workforce and workforce engagement • Communicates with the workforce and ensures Board awareness of staff views	• Supports the Executive Chairman in developing Group strategy, annual budget, business plans and commercial objectives • Serves on the Executive Committee • Holds responsibility for the Group's operations and operational strategy via the Executive Committee • Holds responsibility for Finance, Risk, Compliance, Governance, PSC and Corporate IR teams	• Acts as a Non-Executive Director • Acts as intermediary for other Directors and the Shareholders to ensure views are communicated and understood • Leads the Board when the Executive Chairman is absent • Is the designated NED for workforce engagement • Ensures effective communication by the Group with its workforce and stakeholders • Leads on the appraisal of the Executive Chairman's performance and evaluates the same • Contributes to succession planning of the Executive Chairman, other Directors and Board Committees	• Monitor the Group's delivery of strategy • Ensure internal controls are robust and that an external audit is carried out • Engage with internal and external stakeholders, providing feedback to the Board • Provide constructive input to the development of the Group's strategy • Have a key role in succession planning for the Board and senior management • Serve on the Board's Committees	• Provides advice and support to the Board as necessary • Ensures timely and accurate information flows to the Board • Ensures compliance with the Company's Board and corporate governance policies • Keeps the Board updated on changes to applicable regulation, legislation and best practice standards • Tailors and carries out comprehensive inductions for new Directors • Provides support to the Chairman and the other Directors • Supports the Chairman with the Board evaluation

Corporate governance continued

Our approach to corporate governance continued

Board Committees

The Board

Accountable for the overall adequacy and effectiveness of the Group-wide Risk Framework and the Group's risk culture.

Audit & Risk Committee

Responsible for:

- Assessing the integrity of financial and non-financial reporting and monitoring the effectiveness of internal controls, internal and external auditors
- Overseeing the Company's position with the respect to the Code and corporate governance practice
- Sustainability and climate-related policies, reporting and risk management

Please see the Audit & Risk Committee report on pages 83 to 90.

Nomination Committee

Oversees Board composition and Board and senior executive succession.

Please see the Nomination Committee report on pages 81 to 82.

Remuneration Committee

Reviews the Group remuneration policy, the structure of senior management remuneration and determines the remuneration of the executive Board and the Group's Executive Committee.

Please see the Remuneration Committee report on pages 91 to 105.

Market Disclosure Committee

Oversees the disclosure of information by the Company to meet its obligations under MAR.

Corporate governance continued

Our approach to corporate governance continued

Executive Committee

The Executive Committee has been tasked by the Board to undertake the management of the Group on a day to-day basis and, in particular, to pursue the Group's commercial objectives through the execution and delivery of Group strategy, providing periodic updates to the Board. Both Bernard Fairman and Gary Fraser are members of the Executive Committee. The other members are as follows:

David Hughes, Chief Investment Officer	Ricardo Piñeiro, Head of Infrastructure	James Livingston, Co-Head of Private Equity	Matthew Smith, Co-Head of Private Equity
David joined the Group in 2004 and is the Group's Chief Investment Officer. He is based in the London office and has over 45 years of experience. He's responsible for the overall management of the Foresight Group investment portfolio, overseeing the complete investment cycle from initial investment to ultimate realisation.	Ricardo joined Foresight in 2011 and is the Head of Infrastructure. He is based in the London office and has 19 years of experience in fund management, sustainable infrastructure investment and financing in the UK and internationally.	James joined Foresight in 2007 and is Co-Head of Private Equity, based in the London office. He has 19 years of experience and is a member of the Investment Committee. Working alongside Matt, James manages a team that invests across the spectrum of Venture Capital, Private Equity and Private Credit throughout the UK, Ireland and beyond.	Matt joined Foresight in 2010 and is Co-Head of Private Equity, based in the London office. He has 19 years of experience and is a member of the Investment Committee. Working alongside James, Matt manages a team that invests across the spectrum of Venture Capital, Private Equity and Private Credit throughout the UK, Ireland and beyond.

More information on the members of the Executive Committee can be found on the Company's website at https://www.foresight.group/about-us/people.

Board independence

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 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 circumstance 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 so as to ensure the Board monitors and notes 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 responsibilities to the Company, their independence is maintained and there are no conflicts of interest arising as a result of the appointment.

Corporate governance continued

Our approach to corporate governance continued

Time commitment

Another consideration for the effective operation of the Board is for our Directors to have sufficient time to meet their responsibilities. The Nomination Committee considers the time commitments of our existing Directors in terms of any change to the amount of time being spent on Company matters and also should they wish to take on additional external appointments. Should the Nomination Committee consider that any changes are to be made, a recommendation would be made to the Board.

Professional advice

Subject to complying with the Guidance for Obtaining Independent Advice, Directors 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.

Training and development

The Board and the Group's senior management are committed to support the continuing development and training of all the Group's employees as well as their own. As an example, during the year, various training sessions related to the double materiality assessment were held across all jurisdictions and all employee grades (including the Board).

The Board also receives regular briefings on a range of strategically important matters to ensure they are informed of developments in these areas.

Culture

The Board is responsible for establishing the Company's cultural direction and monitoring behavioural patterns and standards across the Group.

This is achieved via various initiatives including an annual employee survey, the Employee Forum, the Employee Value Proposition and other ad hoc initiatives run from time to time.

More information on the results of these initiatives can be found on page 40.

Communication with Shareholders

Communication with Shareholders is important to the Board, and the Executive Directors have an ongoing dialogue and a programme of meetings with large/institutional investors and analysts managed by the Corporate Investor Relations Team. These meetings are normally with both the Executive Chairman and Chief Financial Officer and can cover a range of topics that enable them to understand Shareholders' perspectives, within the constraints of rules around confidential information. Shareholders' views are regularly communicated to the Board through the Board reporting process and periodic briefings, including from our corporate brokers and the Corporate Investor Relations Team. The Corporate Investor Relations Team and Company Secretary also engage with proxy voting agents ahead of each AGM.

As an example of Shareholder engagement during the year, due to the greater than 20% dissenting votes cast against two of the resolutions at the 2023 AGM, the Board wrote to Shareholders to offer the chance to meet with the Executive Directors to discuss the reasons behind their voting. The feedback gained provided a valuable insight into voting approach and will be of benefit for future AGMs. More information is provided in the Executive Chairman's Introduction to the Governance section to this report.

Risk management and internal control

The Board is responsible for setting the Group's risk appetite and ensuring that there is an appropriate system of risk governance in place. To discharge this responsibility, the Board has established frameworks for risk management and internal controls using a "three lines of defence" risk governance model.

The Audit & Risk Committee accesses the results of the risk monitoring undertaken via the risk functions across the Group, included periodic risk reporting, and receives updates on the establishment, development and effective operation of the risk management controls and processes.

The Group also produces an externally audited ISAE 3402 report annually in the UK. A similar audited report is also produced annually in Australia.

The Chair of the Audit & Risk Committee is also a regular attendee at the UK risk committee meetings and the opportunity is provided at all times for the Committee members to access the risk management team and systems to ensure there is sufficient transparency to assess the Group's risk management framework.

More information on risk management and the assessment of the same can be found on pages 55 to 63.

Corporate governance continued

Board evaluation

The effectiveness of the Board is important in ensuring the Group's success. The Board undertakes a rigorous evaluation process each year to assess how it, its individual Directors, its Committees and the Executive Chairman are performing.

The evaluation cycle and process are detailed in the sections below, together with the actions arising from the 2024 evaluation and the progress made in regard to the 2023 actions.

Our Board and Committee evaluation cycle

Board evaluation process

As can be seen from the evaluation cycle, the Board agreed to carry out internal evaluations in respect of the first three full financial years before undertaking an external review. Its internal review for FY23 was undertaken in the last quarter in the financial year in the same format as the previous year to enable the results to be compared and progress tracked.

The Directors each completed the questionnaire scoring each question from one to four, four being the highest mark. Free-hand comments were also noted, enhancing the results by providing more details of areas of weakness, merit and general remarks.

The themes of the questionnaire covered all of the principles under the Code and considered Board and Committee performance. Additionally, the role of the Executive Chair was also considered.

The completed questionnaires were collated by the Company Secretary and the anonymous consolidated results presented to the Board. This was followed by a review by the Nomination Committee.

Areas recording the higher scores included Leadership and Company purpose, Board meetings (including reporting), decision making and relations with Shareholders.

It is expected that the evaluation process will benefit from the external review for FY25 and will be used to develop the internal evaluation process.

Our Board evaluation cycle and actions

Year 1[1]	Year 2	Year 3	Year 4
FY22 internal evaluation	FY23 internal evaluation	FY24 internal evaluation	FY25 external evaluation

1. As the IPO took place on 4 February 2021, the first evaluation was undertaken in FY22.

It was agreed that the Board would undertake an internal evaluation for the first three full financial years and an external evaluation on the fourth year. Thereafter, an external evaluation will be undertaken in respect of every third financial year.

Alison Hutchinson CBE, Senior Independent Non Executive Director

Corporate governance continued

Our Board evaluation cycle and actions continued

Progress on 2023 actions

Type	Aim	Progress
Reporting and transparency	To ensure the Board receives the right level of reporting, access to staff, etc.	Continued progress on this during the year, with the various teams working with the Board and receiving feedback to ensure their reporting needs are met.
Succession planning	To ensure appropriate succession planning for the Board.	The enhanced plan was tabled at the August 2023 Nomination Committee meeting. A longer-term plan is also in production.

Actions arising from the 2024 evaluation

Type	Aim	Actions
Board composition/ succession planning	To have a clear short/longer-term succession plan that would meet the diversity recommendations under the FCA's Listing Rules.	It was acknowledged by the Board that its composition does not meet the diversity recommendations under the FCA's Listing Rules or those set by organisations such as the FTSE Women Leaders. As part of the Company's succession planning and communications with Shareholders, a clear plan is needed on how and when the situation will be remedied.
Board meetings	Improve reporting, particularly regarding sustainability, and consider the need for additional meetings.	While the Board meetings section scored highly, due to the increasing sustainability regulations, additional and improved reporting is to be provided to the Board. This will include providing feedback from the employee forum. Review of meeting frequency to be undertaken.
Monitoring culture	To ensure culture is a key Board consideration.	While the culture theme scored well, it was noted that with the evolution of the business, it is important to ensure that the Group's culture is a key Board consideration. It will therefore become a regular Board discussion topic and appropriate reporting and measures for staff feedback will be provided.
Audit & Risk Committee	To consider the implementation of an internal audit function.	As a FTSE 250 company, the Board is aware of the need for this function. It is intended to initiate the function in FY25.

Corporate governance continued

Our Board activities

Purpose, Values and Strategy

- Board meetings/reporting
- Board strategy and networking days
- Ad hoc meetings and calls with senior management on key projects and key areas of the business
- Attendance at employee engagement forums where strategy is a key value driver
- Meetings with senior management and ad hoc attendance at meetings of key committees
- Approval of three year plan considering strategic growth by organic/internal growth and acquisition
- Approval of business acquisitions and share buybacks

Financial Management and Performance

- Regular liaison of finance staff with Chair of Audit & Risk Committee
- Chair of Audit & Risk Committee meeting independently with the audit partner pre-reporting cycle
- Management report generated by auditor
- Board reporting
- KPI and APM reviews

Sustainability

- Board sustainability champion engagement with Group Head of Sustainability
- Board training on sustainability and double materiality
- Board reporting
- Review and approval of the UK Modern Slavery and Human Rights Statement
- Review of double materiality review results and approval of resulting actions

Stakeholder Engagement

- Regular meetings by Executive Directors with key Shareholders and market analysts
- Attendance and participation in a variety of industry bodies to shape the investment management and related industries
- Monitoring of customer trends through Board reporting
- Annual General Meeting
- Ensuring consideration is given to stakeholder impacts within investment process
- Ensuring retention of Group memberships/signatory status of sustainability organisations/bodies
- Contributing to industry consultations supporting stakeholder groups

Board strategy day

In August each year, the Board holds a strategy day to review the rolling three year plan and receive updates from the Executive Committee on the performance of each investment division and other team heads representing the various support functions. Holding the strategy day provides numerous benefits, including fostering a unified vision, facilitating in-depth strategic planning and enhancing Board member engagement. It allowed for focused discussions on long-term goals, market opportunities and competitive positioning, ensuring alignment among Board members and the Executive Committee. Key topics for the main body of discussion included a review of the current strategic plan, analysis of market trends and competitive landscape, risk management strategies, innovation and growth opportunities, and alignment of organisational resources with strategic priorities. This concentrated effort helps to sharpen strategic focus and drive organisational success.

Details of the activities undertaken by the Board in relation to its stakeholders can be found in the Stakeholders section on pages 36 to 41.

Corporate governance continued

Our Board activities continued

People, Diversity & Inclusion and Sustainable Culture

- Employee Forum and Employee Value Proposition
- Employee surveys
- Succession planning
- Supporting and promoting workforce initiatives championing diversity and inclusion

Oversight of Operational Performance Vs Strategic Targets

- Oversight via Board reporting and attendance at certain team/Committee meetings
- Challenging the Executive Directors and Executive Committee on performance vs targets
- Meeting team heads directly via annual networking day and presentation at Board meetings, as well as ad hoc meetings

Risk Management

- Overseeing risk management framework
- Review, assessment and challenge of Group's principal and emerging risks
- Meetings with Chief Risk Officer and Head of Risk
- Attendance at Risk Committee meetings

Corporate Governance and Reporting

- Annual General Meeting
- Monitoring compliance with the Corporate Governance Code
- Ongoing growth and improvement to the governance framework, maintaining alignment with business growth
- Board evaluation and planning
- Oversight of global subsidiaries and offices
- Regular Board meetings and reporting
- Engagement with external advisers and experts

Gary Fraser, CFO, during a meeting with Foresight's Executive Committee

Nomination Committee report

"Formal mapping of individual Board members' skillsets during the year confirmed good alignment between the collective and current needs of the business."

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 2024 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.

Succession

The further development of talent was a key focus for the year to ensure future readiness for planned and unplanned succession in Executive Director and senior management roles. Succession resilience at Board level was confirmed but further work continues in order to strengthen the pipeline of executive talent beneath it in recognition of the Company's growth expectations. Formal mapping of individual Board members' skillsets during the year confirmed good alignment between the collective and current needs of the business. The complete matrix is shown on page 70 and was discussed at length as part of this year's Board effectiveness evaluation, as described below. No changes to the Board's composition were proposed on completion of these two streams of Committee work, but it will be kept under review as the Company's activities expand.

The Committee keeps under review the foreseeable leadership needs of the Company as it grows and acknowledges that the present combination of the Executive Chairman and CEO roles is an area of non-compliance with the 2018 UK Corporate Governance Code (the "Code"). The reasons for its ongoing and unanimous support for Bernard Fairman's continuation in that combined role are set out on page 68.

The Committee has agreed that in due course, when Mr Fairman retires, these roles will separate and the Board will appoint an independent Chairman and executive CEO.

During the year, the Committee also considered Mr Gavey's tenure, which, if calculated to include his non-executive engagement with the Company pre-IPO, will exceed the nine-year maximum tenure recommended under the Code in the next financial year. The Committee therefore gave particular consideration to Mr Gavey's independence and is satisfied that he remains independent in his role.

Board composition

The Board was formed in February 2021 at the time of the IPO and whilst the Committee's reviews of Board effectiveness and skillsets have found no need for change, it remains mindful that the Board's composition does not currently meet the requirements of the FCA's diversity rules announced in 2022, as can be seen from the information on page 71. The Committee seeks to actively promote diversity and inclusion in the overall workforce through its work with the People & Sustainable Culture ("PSC") team to ensure that there are no cultural or structural barriers for women and/or ethnic and other under-represented groups.

This is achieved in part by Alison Hutchinson's chairing of the Group's Employee Forum and her engagement with the Sustainability Team as the Board's Sustainability representative. The PSC team also regularly reports to the Board on employee matters. Pages 8 and 9 provide details of the work being undertaken and the initiatives established to promote diversity and inclusion in the workplace.

Nomination Committee report continued

Board Diversity & Inclusion 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 the Group's policies and approach to ensure that its staff are treated fairly and respectfully and have equal opportunities regardless of age, gender, ethnicity or background.

The Committee's approach to Board diversity includes that:

- We aim to ensure Board composition is such that as a whole it has the right skillset, knowledge and experience required to achieve the Group's objectives and strategies and enhance value for its 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 effectiveness and evaluation

The Committee undertook its third annual evaluation of Board effectiveness during the year, the findings of which are provided on pages 77 and 78 along with details of the evaluation cycle and evaluation process.

As indicated previously, a fully independent external evaluation is scheduled to take place during the year ending 31 March 2025.

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. All the Directors offer themselves for re-election by Shareholders and the Committee recommends re-election in each case.

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.

Board independence

The independence of the non-executive members of our Board was considered as part of the Board evaluation process and the Committee remains satisfied that compliance was maintained throughout the year.

Time commitment

Time commitment is reviewed as part of the annual Board 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 appointments/induction

In the event a new Board member is appointed, each will be 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 will include 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.

Mike Liston OBE

Chair of the Nomination Committee

26 June 2024

Audit & Risk Committee report

"The Audit & Risk Committee is responsible for maintaining the integrity of the Group's financial reporting in addition to monitoring and reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems."

Geoffrey Gavey
Chair of the Audit & Risk Committee

Dear Shareholders,

I am pleased to present the Audit & Risk Committee report for the year ended 31 March 2024. My report summarises the areas of focus and work conducted by the Committee over the course of the last year.

The 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, including: reviewing the Group's annual financial statements and risk appetite, considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal control systems (including risk management processes).

Key areas of focus

One of the primary responsibilities of the Committee is to consider and report any significant issues that arise in relation to the audit of the financial statements. Further details on the areas of focus are provided later in my report, but I can confirm there were no significant issues to report to Shareholders in respect of the audit of the financial statements for the year ended 31 March 2024.

The Committee has focused on the continuing development of the risk management function within the business. The Group's Head of Risk continues to evolve our systems and controls to support the growth and stability of the business, with a particular focus this year on our sustainability risk management activities. Regional risk and compliance frameworks continue to support our ambitions in Europe alongside the growth of our AIFM branch network. Our risk platform continues to support our business and functions and ensures a dynamic exchange of information on risks across our regions.

Towards the end of the year, the Board decided to extend the remit of the Committee to include Governance and Sustainability in recognition of their importance to the Group's activities. During FY25, the Group's Sustainability committee will be restructured and a Group-level Governance, Risk & Compliance Committee will be established to support the Audit & Risk Committee with our responsibilities in these areas.

Over the next 12 months the Committee will review the double materiality analysis work performed by the Group Sustainability committee as the Group seeks to improve and expand its ESG analytical and reporting capabilities. Foresight has undertaken this work as a matter of best practice ahead of formal compliance requirements being implemented over the coming years. The Committee will review the framework policies and processes for identifying and assessing business risks and opportunities as they relate to sustainability and climate-related risks and the management of their impact on the Group.

Audit & Risk Committee report continued

What the Committee reviewed during FY24

Financial and narrative reporting	Internal control, risk management and compliance	External/internal audit	Governance	Sustainability
• Annual and Half-year Reports to ensure they were fair, balanced and understandable, including APMs • Key accounting judgements and estimates • Communications with the FRC • Going concern and viability • ESG disclosure enhancements	• Reports from the Group's Risk Committee ("RC") • Review of the viability statement and the supporting stress test scenarios • Update on cyber security and penetration tests • Regular reviews of compliance with regulatory rules and compliance monitoring findings	• Audit reports from the External Auditor • Confirmation of the External Auditor's independence • Policy and approval for non-audit fees • FY24 audit plan, including significant audit risks • External Auditor performance and effectiveness • Internal audit strategic plan over the next three years	• Reports from the Group Governance team • Annual review of the Company's compliance with the Corporate Governance Code and reporting to Shareholders • Consideration of upcoming changes to the Code which apply to financial years beginning on or after 1 January 2025	• Introduction to double materiality analysis • UK SDR and anti-greenwashing • Data management and reporting • Group Sustainability Report

Interaction with the Financial Reporting Council ("FRC")

The Company received a letter from the FRC on 1 March 2024 requesting further information following their review of our Annual Report and Accounts for the year ended 31 March 2023 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures.

The areas they requested further information on were in relation to:

(i) Fair value of intangible assets – customer contracts

(ii) Earnings per share

In addition, they noted some observations on our TCFD disclosures and APMs, which we have reviewed and considered when completing this year's Annual Report and Accounts.

Specifically in relation to the intangible assets, they asked us to explain why there had been a difference in the value of customer contract intangible assets recognised on the acquisition of Infrastructure Capital Holdings Pty Ltd between the Half-year Report for the six months ended 30 September 2022 and the Annual Report for the year ended 31 March 2023. We explained that the figures in the Half-year Report were provisional at the time (as permitted under IFRS 3) and that the figures were finalised in the Annual Report for the year ended 31 March 2023.

This was explained in the Half-year Report for the six months ended 30 September 2023, but we acknowledge that further disclosure should have been made to facilitate an understanding of the adjustments to the provisional amounts in the Annual Report for the year ended 31 March 2023.

Regarding earnings per share, the FRC asked for further information about the calculation of the weighted average number of shares in issue during the period. We provided an explanation of the calculation and agreed to update our accounting policy wording.

Post period end, we received a follow-up letter from the FRC on 7 May 2024 confirming they were satisfied with our responses and that they had closed their enquiry. As is common with all FRC enquiries, we have consented to the FRC publishing the findings of their review on their website in due course. The FRC have requested us to make clear the limitations of their review and that it provides no assurance that the Annual Report and Accounts are correct in all material respects – the FRC's role is not to verify the information provided to it, but to consider compliance with reporting requirements.

Audit & Risk Committee report continued

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 and reviewed and discussed a number of topics, as outlined in the table earlier in the report.

Responsibilities

As part of the IPO in February 2021, Terms of Reference ("ToR") were defined and documented for the Committee. These were reviewed and updated during the year to reflect the current statutory requirements and best practice appropriate to a group of Foresight's size, including extending the remit of the Committee to include Governance and Sustainability.

The Group complies with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

The new ToR were adopted on 8 March 2024 and a copy can be found here.

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
(v) Reviewing the Group's position with respect to the Code and corporate governance practice
(vi) Sustainability reporting, including the support of any audit undertaken regarding such reporting

(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 2024 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.

Audit & Risk Committee report continued

Responsibilities continued

(i) Significant financial reporting areas continued

Area of focus – Revenue recognition continued

Management and Secretarial fees; Marketing fees; Directors' fees; Arrangement fees; and Performance fees

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"), Foresight VCT plc and Foresight Enterprise VCT plc. 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.

Area of focus – Accounting for business combinations under IFRS 3

Comments and conclusions

As previously reported, on 20 June 2023 the Group acquired Wellspring Finance Company and, its 100% owned subsidiary, Wellspring Management Services Limited. Management concluded that the acquisition constituted the acquisition of a business under IFRS 3 and therefore accounted for it as a business combination. The asset management contracts of Wellspring Management Services Limited were therefore required to be valued at acquisition as intangible assets – customer contracts.

There is a considerable amount of subjectivity used in valuing intangibles of this nature and, therefore, management engaged a third-party professional services firm to conduct a purchase price allocation, including the identification and valuation of these separately identified intangible assets. Provisional assessments at the half year have now been finalised.

The intangible assets for customer contracts 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.

Audit & Risk Committee report continued

Responsibilities continued

(i) Significant financial reporting areas continued

Area of focus – Impairment of goodwill and intangibles (customer contracts)

Comments and conclusions

In addition to intangible assets – customer contracts, goodwill arising on acquisitions is capitalised and carried at cost less provision for impairment. Intangible assets – customer contracts are held at the amount initially recognised less accumulated amortisation. An assessment is made at each year end for each intangible as to whether there is any indication that the assets may be impaired.

Management have now concluded their allocation of goodwill arising from the Infrastructure Capital Group and Downing acquisitions to cash-generating units ("CGUs") and the Committee was satisfied that this allocation was appropriate. Management have conducted valuations of these CGUs which are greater than the carrying value of goodwill and no impairment has arisen.

Management have reviewed each intangible asset – customer contract for indicators of impairment and indicators were identified for the two contracts acquired from Downing, Thames Ventures VCT 1 plc and Thames Ventures VCT 2 plc. This is due to the reduction in AUM seen in these VCTs since acquisition. Management have reassessed the valuation of these assets using appropriate assumptions. The Committee considered management's assessments and are satisfied that the correct accounting treatment has been followed. Indicators were also identified for the three contracts acquired from Infrastructure Capital Group, Energy Infrastructure Trust, Diversified Infrastructure Trust and Australian Renewables Infrastructure Fund. This is due to the reassessment of achieving the management fee revenue targets in future periods for the remuneration for post combination services. Management have reassessed the valuation of these assets, which is greater than the carrying values and therefore no impairment has arisen.

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 2023. 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 – Transfer pricing

Comments and conclusions

Due to the Group operating in a number of jurisdictions across the globe, there are a number of inter-company pricing policies applicable to both the investment management and asset management value chains.

As reported previously, a third-party professional services firm was engaged in the prior year to review and develop the Group's transfer pricing policies. There were no changes to the policies during FY24 and the Committee remains satisfied that these were still appropriate. Management will continue to review these policies regularly in light of any changes in tax legislation.

Audit & Risk Committee report continued

Responsibilities continued

(i) Significant financial reporting areas continued

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.

(ii) Risk management and internal controls

Each business and functional area across the Group is responsible for identifying, monitoring, measuring and managing risks as well as setting controls and assessing their efficacy. Oversight of risks and risk management activity remains with the Group's Risk Committee, 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 is 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 55 to 63 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 discussions and challenge provided by senior management. These meetings covered Risk, Compliance and Valuations in addition to meetings of the three core 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 initiate an internal audit function in FY25 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. During the year, an internal audit function implementation plan was presented to the Board by the Head of Risk. It was agreed that the Group would prepare the first and second lines of defence for the arrival of an internal audit function, starting with areas of higher risk.

Audit & Risk Committee report continued

Responsibilities continued

(iii) Internal audit continued

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 with the audit for the 12-month period to 31 March 2024 ongoing. 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. As reported previously, having completed five years on the Foresight audit, Peter Smith rotated off the engagement following the conclusion of last year's audit and was replaced by Elizabeth Hooper.

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. Since Elizabeth joined the audit, I have held several meetings with her and her team (both with and without Foresight present) 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.

As a result of these meetings, I was satisfied with BDO's processes, capability of their staff and observations about management.

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 2024 related to an assurance report on the internal control environment of the Group in accordance with ISAE 3402; agreed-upon procedures in conjunction with the publication of the Group's Half-year Report; the annual CASS audits and assistance with the FRC Corporate Reporting Review letter.

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 a review of component auditors after the ICG acquisition, the Committee agreed to use BDO instead of PwC for the local audits in Australia for the year ended 31 March 2024.

The Committee is 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 2024 AGM, BDO be reappointed as External Auditor of the Group for the forthcoming year.

Audit & Risk Committee report continued

Responsibilities continued

(v) Governance

With effect from 8 March 2024, the Board approved an amendment to the Committee's Terms of Reference to include Governance. This was specifically to assign responsibility to the Committee for overseeing the Company's position with respect to the Code and corporate practice, including leading an annual review of the Company's compliance with the Code and its governance procedures and reporting to Shareholders. As has been the case since the IPO in February 2021, the Company Secretary has tracked the Company's compliance with the Code and its three areas of non-compliance are noted and explained on page 68. All other governance arrangements are reviewed periodically by the Company Secretary; however, with effect from FY25, this review will take a more formalised approach for the purpose of presenting reports on progress and findings to the Committee during the course of the year.

(vi) Sustainability

As noted earlier in the report, the Committee has now also been assigned responsibility for Sustainability. During FY24, the Committee approved the delivery of a double materiality analysis via a third-party consultancy specialising in sustainability regulation and reporting. The outputs of the project led to a gap analysis and action plan that will shape Foresight's sustainability strategy for the next three years.

Additional work conducted by the Committee included implementation of a UK Sustainability Disclosure Requirements ("SDR") working group to ensure compliance with these new rules.

Further details on these initiatives can be found in our separate Sustainability Report, located here https://www.foresight.group/sustainability-report-fy24.

On behalf of the Audit & Risk Committee

Geoffrey Gavey
Chair of the Audit & Risk Committee

26 June 2024

Members of the Foresight team

Remuneration Committee report

"Our new Directors' Remuneration Policy is fit for the future and ensures we are able to align Executive Director remuneration to our strategy and Shareholder interests."

Mike Liston OBE
Chair of the Remuneration Committee

Annual statement from the Chair of the Remuneration Committee

Dear Shareholder,

As Chair of the Remuneration Committee (the "Committee"), I am pleased to share my report for the year ended 31 March 2024. This report sets out the remuneration received by the Directors during the year, our proposed Directors' Remuneration Policy (the "policy") and our implementation of that new policy for the year ahead. The report (excluding our new policy) and, separately, the policy, will be presented to Shareholders for approval at our 2024 AGM.

I would like to thank my fellow Shareholders for their support of the Directors' Remuneration Report presented at our 2023 AGM, which received over 90% support, endorsing the Committee's decision to bring our CFO/COO's base salary to market levels.

FY24 business context

As Shareholders will be aware, much of the market volatility seen in recent years continued throughout FY24. As such, the performance of the Group was delivered against a backdrop of higher inflation, high interest rates, and continued geopolitical instability, along with more specific industry headwinds.

Despite AUM remaining flat year-on-year, the Group was able to deliver another strong performance with Core EBITDA up by c.18%, due to an improved FUM mix - a further illustration of the success of our diversified, highly scalable business model.

On the back of this resilient performance and our strong pipeline of opportunities, the Group is well positioned to deliver on our strategic priorities and to continue to deliver profitable, sustainable growth.

Committee governance

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. I fulfill 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 FY24, the Committee met four times. The Committee reviewed the Executive Directors' and wider Group remuneration policy as well as implementation of the policy for FY25 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 Executive Director level.

Advice provided to the Committee

During FY24, 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.

Remuneration Committee report continued

Committee Terms of Reference

The Remuneration Committee's Terms of Reference can be found on the Group's website https://foresight.group/corporate-governance or obtained from the Company Secretary.

The Committee's key responsibilities include:

- Determine policy for the Directors' Remuneration
- Determine within the agreed policy, individual remuneration packages for Executive Directors and other senior executives
- Determine any employee share-based incentive awards and any performance conditions used for such awards
- Review and understand reward policies and practices throughout the Group

The Committee is made up of three Non-Executive Directors: Mike Liston OBE (Chair), Alison Hutchinson CBE (SID) and Geoffrey Gavey.

Directors' Remuneration Policy review

As noted last year, our current policy was put in place at the 2021 AGM, following our IPO, and implied a heavy dependence on the historical shareholdings of the Executive Directors for their remuneration post-IPO.

The Committee's review of the policy last year identified that some changes were needed to align to market norms and support ongoing delivery of business strategy. However, it was agreed that these were not urgent and could be made at our 2024 AGM as part of our triennial review. The Committee is therefore bringing a new policy to our 2024 AGM with the changes that I have set out below.

Changes to the Remuneration Policy

The Committee's review concluded that the policy needs to be future-proofed to offer Executive Directors a market-aligned base salary and performance incentive benefits, specifically an annual bonus opportunity and share plan entitlement. The current policy does not enable the Executive Directors to participate in an annual bonus. Set out below are the key changes that the Committee is therefore proposing to make to the policy.

Shareholders will note below that the Committee's approach to incentive award maximums is slightly unusual in that it seeks flexibility to provide an annual bonus and Performance Share Plan ("PSP") award each with a maximum opportunity of up to 200% of salary, with an overall cap on variable remuneration (combined annual bonus and PSP awards) of 350% of salary for any one year. This flexibility is needed so that the Committee can ensure the weighting of both short and long-term incentives is aligned to business strategy taking into account that because of measures put in place at IPO as part of a Concert Party Agreement, the incumbent Executive Directors' participation in the PSP is currently restricted.

At this time the Committee does not anticipate making variable pay awards that total the full 350% but wishes to retain that headroom, for example, in a recruitment scenario.

- Pension: The revised policy confirms Executive Directors' existing entitlement to pension provisions, subject to capping at the benefit level for the wider workforce. Currently the Executive Directors waive their entitlement to pension provision as part of their remuneration package and there are no proposals to change this approach.
- Annual bonus: The introduction of an annual bonus element to the policy is proposed with a maximum opportunity of 200% of salary, subject to a condition that when combined with any PSP awards the total shall not exceed 350% of salary in any one year. As I explain further below, there is no bonus opportunity for the Executive Directors for FY25.
- Annual bonus deferral: A two year bonus deferral period is proposed for one-third of bonus awards for newly appointed Executive Directors. For the incumbent Executive Directors, it is proposed that the Committee retains discretion to determine whether there should be bonus deferral, in view of the significant shareholdings of these Executive Directors, which under the concert party agreement restricts their entitlement to share awards. The proposed policy allows deferral into Foresight shares or funds, noting that deferral in funds is not unusual in the sector and provides strong alignment with our clients and Shareholders. The Committee would consider the most appropriate mechanism for deferral depending on all the circumstances, for example the opportunity for the current Executive Directors to defer into funds where they cannot be granted share awards. Deferral would be made post-tax with beneficially owned shares or an investment in funds subject to a minimum two year holding period. Therefore, the deferral is not forfeited on cessation of employment, but clawback continues to apply.

Remuneration Committee report continued

Changes to the Remuneration Policy continued

- **Performance Share Plan:** Revisions to the PSP element of the policy address ambiguities in the current text. Whilst Executive Directors currently waive their entitlement to participate in the Company's scheme, the revised policy clarifies how PSP awards will be structured for Executive Directors with three year performance periods and post-vesting holding periods ensuring a five year minimum period until the earliest opportunity for sale of shares. The proposed maximum opportunity of 200% of salary is conditional on combined annual bonus and PSP awards not exceeding 350% of salary in any one year.
- **Discretion to adjust formulaic outcome and operate clawback and malus:** There is discretion to adjust formulaic incentive outturn and the policy will include market-aligned clawback and malus provisions.
- **Shareholding requirements:** The in-service shareholding requirement is increased to 200% of salary to align to market practice. The post-employment requirement remains at the lower of shares held on cessation and 150% of salary for two years, to be met through shares acquired from incentives.

The full policy is set out pages 94 to 102.

Implementation of policy for FY25

The Committee has not finalised salary increases for FY25 and any awards to Executive Directors will not exceed the average percentage increase for the workforce.

Consistent with the approach since IPO the current Executive Directors will waive their right to pension provisions.

The Committee has considered carefully during the year the structure of an annual bonus award for the Executive Directors as well as appropriate financial and non-financial metrics. No annual bonus opportunity for the Executive Directors is proposed for FY25. However, the Committee considers that it should have the flexibility to include the Executive Directors in the annual bonus plan at some point in the new policy period.

As already explained, the Executive Directors will not participate in the PSP because of certain restrictions in the concert party agreement put in place at IPO.

Shareholder engagement

I have reached out to our largest Shareholders to seek feedback on our new policy and the proposed implementation of the policy for the year ahead. To date, we have not received any meeting requests and have responded to all queries. We will continue to engage with our Shareholders over the course of FY25.

Wider employee context

We concluded our below-Board review of senior management remuneration during the year and continue to monitor its effectiveness. The Committee also considers and reviews the approach to broader workforce remuneration with specific input from our Head of People & Sustainable Culture team and Alison Hutchinson, our designated Non-Executive Director for employee engagement.

Conclusion

Our current policy was put in place at the 2021 AGM and reflected the material shareholdings that Foresight's Executive Directors had in the business following the IPO earlier that year.

The Committee is confident that its new policy proposals provide a framework within which the current Executive Directors' remuneration can be aligned to the Company's business strategy whilst equipping it to recruit executive talent for growth and succession. No changes are proposed for FY25 to the current remuneration of the Executive Directors, which comprises fixed pay only. However, it is intended that the flexibility is provided to include them in the annual bonus at a future time during the new policy period.

We are committed to open and constructive dialogue with our Shareholders and if you have any questions or would like to provide feedback on our new policy or remuneration more generally, I would be pleased to hear from you. You can contact me through our Company Secretary.

On behalf of the Committee, thank you for reading this report and we look forward to receiving your support at the AGM on 2 August 2024 for our new Directors' Remuneration Policy and separately our report on remuneration (excluding our new policy) as Shareholder Resolutions 3 and 2.

Mike Liston OBE

Chair of the Remuneration Committee

26 June 2024

Remuneration Committee report continued

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "policy"), set out below, is subject to an advisory Shareholder vote at the 2024 Annual General Meeting ("AGM"). This policy will take effect from the date it is approved, replacing the policy approved at our first AGM in 2021, and is expected to apply 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 require Shareholder approval of the Directors' Remuneration Policy of UK incorporated companies to be binding. 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 advisory vote of Shareholders on the policy to be binding in its application.

The policy applies to current Directors and future appointments. It aligns with the wider market practice in terms of Executive Director remuneration for a FTSE 250 listed entity and enables the business to contemplate remuneration beyond that of the existing Executive Directors who, due to their shareholdings at IPO, do not currently participate in LTIPs, cash bonuses and pension contributions.

Changes to the Directors' Remuneration Policy

This is the first policy renewal since IPO in 2021 and our updated policy is more detailed, for example in respect of our decision-making process and our leaver and new joiner Policy, to align with market practice. We have also removed the detail that was previously included about our workforce remuneration policy. This is so our Shareholders can clearly understand what is included in the Directors' Remuneration Policy and subject to Shareholder vote on that policy. An overview of our approach to workforce remuneration is included. Set out below are the key changes that have been made within this updated format.

- Updating the pension element so that it is clear a pension can be provided to any Executive Director with a cap in line with the provision for the workforce. It is noted that the current Executive Directors do not at this time receive pension provision as part of their remuneration package and there are no proposals at this time to change this approach.
- Introducing an annual bonus element providing a policy maximum opportunity of 200% of salary with total annual bonus and Performance Share Plan ("PSP") awards not exceeding 350% of salary in any one year. There is no bonus opportunity for the current Executive Directors for FY25.
- Introducing bonus deferral for newly appointed Executive Directors of one-third of bonus earned for two years. For the incumbent Executive Directors, the Committee has discretion to determine whether there should be bonus deferral, noting the significant shareholdings of these Directors and that because of restrictions put in place as part of a concert party agreement on IPO they cannot currently receive deferred share awards.

  The policy enables deferral into Foresight shares or funds and the Committee would consider the most appropriate mechanism depending on all the circumstances, for example the opportunity for the current Executive Directors to defer into funds where they cannot increase their shareholding. Deferral is made post-tax with beneficially owned shares or an investment in funds subject to a minimum two year holding period. Therefore, the deferral is not forfeited on cessation of employment, but clawback continues to apply.
- Updating the PSP element of the policy. In the current policy there is no specific detail of the Executive Director terms of participation, but reference to the all-employee policy. This section now includes standard provisions in terms of how PSP awards would be structured for Executive Directors. There is a policy award maximum of 200% of salary with total annual bonus and PSP awards not exceeding 350% of salary in any one year. The current Executive Directors will not participate in the PSP because of certain restrictions in the concert party agreement put in place at IPO.
- There is discretion to adjust formulaic incentive outturn and detail of clawback and malus provisions has been included.
- The in-service shareholding requirement is increased to 200% of salary to align to market practice. The post-employment requirement remains at 150% of salary for two years, to be met through shares acquired from incentives.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Decision-making process for determination, review and implementation of policy

The review of the policy is carried out by the Remuneration Committee, in the absence of the Executive Directors, where appropriate, to manage potential conflicts of interest, and with the advice of our remuneration consultant, Korn Ferry. The Committee's review process includes consideration of how the current policy aligns to and supports the business strategy, market practice, regulation and governance developments as well as wider pay context, such as Group reward arrangements. The Committee also considers the guidelines of Shareholder representative bodies, proxy agencies and investor expectations.

As part of a policy review, we will engage with our Shareholders and this engagement will include the operation of the policy for the year ahead. There will also be engagement where no changes to policy are being made but significant changes are being considered to the operation of the policy.

Group reward arrangements, including base salary increases and pension provision, are considered by the Committee when determining and implementing the policy for the Executive Directors.

The implementation of the policy is considered annually by the Committee for the year ahead in light of the above strategic priorities. Where variable remuneration arrangements are operated, metrics and target scales are also reviewed and recalibrated as necessary based on a number of internal and external reference points to ensure that they remain appropriate.

In determining the policy and practices (including for the Executive Chair), the Committee ensures the following are 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

Our remuneration approach

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.

The policy enables remuneration to be structured and set at levels to enable Foresight to recruit and retain high calibre executives 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 is 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 and determining Executive Directors' remuneration

Remuneration Committee report continued

Directors' Remuneration Policy continued

Executive Directors' Remuneration Policy table

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary Provides fixed 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: • Scope and responsibility of the role • Any changes to the scope or size of the role • Salary levels for similar roles within appropriate comparators • Value of the remuneration package as a whole	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.	N/A
Pension Assists with provision for retirement aligned to market practice.	Executive Directors may participate in pension arrangements, or receive cash in lieu.	Maximum opportunity aligned to the Group's wider workforce (currently a matching scheme of up to 8% of base salary up to £125k).	N/A
Benefits Provides benefits sufficient to attract and retain Executives with the appropriate experience and expertise.	Includes, but is not limited to, the benefits currently received by the Executive Directors: • Private medical insurance • Certain de minimis benefits in kind	The maximum will be set at the cost of providing the benefits described.	N/A
Annual bonus Variable remuneration that rewards the achievement of annual financial, operational and individual objectives integral to the Group strategy. Bonus deferral supports alignment of longer-term interests with Shareholders, clients and wider stakeholders.	Objectives are typically set and assessed 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.	Maximum opportunity of 200% of base salary, subject to an annual variable remuneration limit (annual bonus and PSP) of 350% of salary. No more than 20% of maximum is payable for delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach). For newly appointed Executive Directors, one-third of any bonus paid will be deferred, subject to the payment of relevant taxes and social security, into shares or funds which the Executive is required to hold for at least two years. The Committee has discretion to determine whether the current Executive Directors defer annual bonus taking into account their existing shareholding in the Company and whether deferral can technically be made taking into account any legal obligations and agreements that may prevent investment into shares or funds.	Awards may be based on financial, operational, strategic and individual goals set at the start of the year, with the majority of the bonus based on financial performance. The Committee has the discretion to adjust the formulaic outcome if the Committee believes that such outcome is not in all the circumstances fair and reasonable. Malus and clawback applies to both the cash and deferred element of the annual bonus. This allows for subsequent reductions if events come to light that, if known at the time of the bonus determination, would have decreased the bonus determination. See later for further detail.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Executive Directors' Remuneration Policy table continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
All-employee share plan To align with Group employees' reward and to promote share ownership.	Operation for Executive Directors is aligned to that of the wider workforce.	Participation will be capped by the HMRC limits applying to the respective plan.	N/A
PSP Variable remuneration designed to incentivise and reward longer-term sustainable growth aligned with Shareholder interests.	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 nil cost options. Accrued dividends may be paid, normally in shares, to the extent that awards vest.	The PSP individual annual award level cannot exceed 200% of base salary, subject to an annual variable remuneration limit (annual bonus and PSP) of 350% of salary. Threshold performance under each metric will result in no more than 25% of that portion of the award vesting. Executive Directors will be required to hold shares received pursuant to the vesting of share awards so that there is a period of at least five years from the date of grant to the earliest opportunity for the sale of shares, subject to sales to meet taxes.	The majority of performance measures will be based on financial performance and be linked to the strategic objectives of the Group. The Committee has the discretion to adjust the formulaic outcome if the Committee believes that such outcome is not in all the circumstances fair and reasonable. Malus and clawback applies to both the cash and deferred element of the annual bonus. This allows for subsequent reductions if events come to light that, if known at the time of the bonus determination, would have decreased the bonus determination. See later for further detail.

Non-Executive Directors' fees

Purpose and link to strategy	Operation	Maximum opportunity
Non-Executive Director fees To attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience.	The fees paid to the Non-Executive Directors are determined by the Board (excluding the Non-Executive Directors). Additional fees are payable for acting as Senior Independent Director and as Chair of the Board's Audit & Risk Committee, Remuneration Committee and Nomination Committee (or to reflect other additional responsibilities and/or additional/unforeseen time commitments). The fee for a Non-Executive Chair of the Board is determined by the Committee and will be a single fee inclusive of all time commitments. Neither the Non-Executive Directors, nor a non-Executive Chair, will participate in any incentive plans or retirement benefits. The Company will reimburse any reasonable expenses incurred (and related tax if applicable).	Fees are set at a level to reflect the amount of time commitment, skills and responsibilities required to perform their duties as members of the Board and its Committees. Fee levels are set by reference to Non-Executive Director fees at other FTSE companies of similar size, sector and complexity. Increases will generally be in line with the increase in salaries for the rest of the workforce, although higher increases may be made as necessary.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Exercise of discretion

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 share awards in the event of a variation arising from a corporate event by the Company; (vii) apply a holding period where appropriate; (viii) act within the terms of the Exit Payment 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, and PSP. 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.

Choice of performance measures

Performance metrics for incentives, weightings and targets are considered annually for the year ahead. The Remuneration Committee will select the most appropriate performance measures for the annual bonus and PSP, taking into account Company strategy and key performance indicators. Targets are set taking into account the strategic plan, the business plan, brokers' forecasts and the market environment. The Annual Report on Remuneration will set out what and why performance measures are chosen each year.

Malus and clawback

Malus and clawback provisions will apply for two years from the date of annual bonus determination and PSP vesting. Circumstances include if financial statements are materially misstated, an error or inaccurate or misleading information or assumptions which lead to an error in determining award levels or assessing the performance conditions of a PSP award, negligence or gross misconduct of an employee, any circumstances which would have warranted summary dismissal, in an event of corporate failure, failure of risk management, fraud, a breach of the Code of Business Conduct, or reputational damage.

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 Directors' remuneration. We will seek to engage with major Shareholders and their representative bodies on changes to our policy and significant changes to implementation of 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 Directors' 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.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Recruitment policy

Consistent with best practice, Executive Directors (including those promoted internally) will be offered packages in line with the policy. The table below sets out the approach to different elements of remuneration on the appointment of an Executive Director.

Remuneration element	Policy
Salary	Salary would be provided at such a level as is required to attract and secure the most appropriate candidate while paying no more than is necessary.
Relocation	If an Executive Director needs to relocate in order to take up the role, the Company would pay to cover the costs of relocation including (but not limited to actual relocation costs, temporary accommodation and travel expenses.
Buy-out awards	All buy-out awards will adhere to the applicable regulatory requirements. For external appointments, the Committee may (if it is considered appropriate) provide a buy-out award in respect of any forfeited remuneration including outstanding incentive awards that will be forfeited on cessation of a Director's previous employment. To the extent possible, the buy-out award will be made on a broadly like-for-like basis. The award will take into account the performance conditions attached to the vesting of the forfeited incentives, the timing of vesting, the likelihood of vesting and the nature of the awards (cash or equity). Any such buy-out award may be granted under the LTIP or the provision available under UKLA Listing Rule 9.4.2. to enable awards to be made outside the PSP in exceptional circumstances.
Annual incentive	Joiners may receive a pro-rated annual bonus award based on their employment as a proportion of the financial year and targets may be different to those set for other Executives.
PSP	Grants will be set in line with the policy in the year of joining.
Other elements	Benefits and pension will be set in line with policy.
Internal appointment to the Board	When existing employees are promoted to the Board, the above policy will apply from the point where they are appointed to the Board and not retrospectively. In addition, any existing awards will be honoured and form part of ongoing remuneration arrangements.
Non-Executive Directors	Fees will be in line with the Directors' Remuneration Policy.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Exit payment policy

The treatment of the various elements of pay on termination is summarised below.

Remuneration element	Treatment
Salary, benefits and pension	If notice is served by either party, the Executive Director will continue to receive base salary, benefits and pension for the duration of their notice period. The Executive Director may be asked to perform their normal duties during their notice period, or they may be put on garden leave. The Group may, at its sole discretion, terminate the contract immediately, at any time after notice is served, by making a payment in lieu of notice equivalent to salary, benefits and pension, with any such payments being paid in monthly instalments over the remaining notice period. The Executive Director will normally have a duty to seek alternative employment and any outstanding payments will be subject to offset against earnings from any new role.
Annual incentive	"Good leavers" will be eligible to receive an annual bonus at the usual time with performance measured at usual time. The annual bonus will normally be pro-rated for service during the financial year. "Bad leavers" will normally not be eligible to receive an annual bonus. Any deferred shares and other awards/deferral into funds will be beneficially owned and are not at risk of forfeiture, other than in relation to clawback. Shares/funds subject to a holding period will be released at the normal time.
PSP	Awards are normally forfeited on cessation of employment save for "good leavers" (where awards vest subject to performance conditions and are normally scaled back pro rata to the proportion of the performance or vesting period served). Shares subject to a holding period will be released at the normal time.
Other payments	Depending upon circumstances, the Committee may make other payments, for example to settle statutory entitlements, legal claims or potential legal claims, in respect of an unfair dismissal award, outplacement support and assistance with legal fees.
Change of control	There are no enhanced provisions on a change of control, but the Committee can exercise judgement and discretion in line with the respective incentive plans. The extent to which unvested awards under the PSP will vest will be determined in accordance with the rules of the plan. The Committee will determine the level of vesting taking into account the extent to which the performance conditions have been satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant corporate event. Holding periods applying to shares owned under the bonus plan and vested PSP awards will normally cease to apply.

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 200% of their annual base salary. On standing down as an Executive Director, they are required to retain a shareholding equivalent to the lower of shares held on standing down and 150% of their base annual salary at the time of departure for at least two years after they have departed. The post-employment requirement is to be met through shares acquired from incentives. Until the shareholding requirement is met, Executive Directors will be required to retain 50% of the net of tax shares they receive under any variable remuneration arrangement.

Remuneration Committee report continued

Directors' Remuneration Policy continued

Reappointment 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.

Service Agreements and Letters of Appointment

Executive Directors

The Executive Directors each have service contracts with the details set out below:

Executive Director	Date of appointment	Date of current contract	Notice from the Company	Notice from the individual	Unexpired period of service contract
Bernard Fairman	24 February 2010	3 February 2021	12 months	12 months	Rolling
Gary Fraser	3 February 2021	3 February 2021	six months	six months	Rolling

Non-Executive Directors

The table on the right details the letter of appointments for each Non-Executive Director.

Each Non-Executive Director has a three year appointment. Following the initial three year period, each NED has the potential to be reappointed for an additional term. However, irrespective of the term, the appointment 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.

Non-Executive Directors	Date of appointment	Date of current letter of appointment	Notice from the Company	Notice from the individual
Alison Hutchison	3 February 2021	3 February 2021	One month	One month
Mike Liston	3 February 2021	3 February 2021	One month	One month
Geoffrey Gavey	31 May 2015	3 February 2021	One month	One month

Wider Group workforce

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.

The Committee diligently assesses the continued suitability of broader workforce remuneration policies. The objective is to design a remuneration package that remains competitive within the market landscape where the Group operates, ensuring the retention of exceptional talent. This comprehensive package comprises salaries, benefits, annual bonus and share awards with a share incentive plan ("SIP") for all Group employees and PSP awards for more senior employees.

The Group regards membership of its incentive 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.

The Group strives 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, a number of ICG's senior management team participate in a Management Incentive Plan ("MIP").

Remuneration Committee report continued

Directors' Remuneration Policy continued

Wider Group workforce continued

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 remained high, thanks to the Employee Forum, which is comprised of staff at all grades, departments and jurisdictions across the business, with a primary focus on the culture at Foresight.

FY25 remuneration scenarios for Executive Directors

The charts below are intended to illustrate the potential remuneration opportunities for the Executive Directors based on different performance scenarios where they participate in an annual bonus plan and/or long-term incentives. The Executive Directors do not currently participate in any variable remuneration plan and therefore fixed pay is shown for all three scenarios.

Annual Report on Remuneration

Implementation of the Directors' Remuneration Policy in FY24

Directors' emoluments (audited)

The Executive Directors' emoluments for the financial year to 31 March 2024 are summarised in the single total figure table below.

	2024		2023	
Total earnings (£000)	Bernard Fairman	Gary Fraser	Bernard Fairman	Gary Fraser
Salary	550	350	550	220
Benefits[1]	15	3	12	3
Pension[2]	—	—	—	—
Short-term variable remuneration	—	—	—	—
Long-term variable remuneration	—	—	—	—
Total	565	353	562	223
Amount fixed	565	353	562	223
Amount variable	—	—	—	—

1. Benefits comprise medical expenses and, for the Executive Chairman, costs of property services as set out in the IPO Prospectus.
2. Neither of the Executive Directors receive any pension benefit as they have elected not to participate in the Group's pension scheme.

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 2024 (£4.45).

Executive Director	Number of shares at year end	Value of shareholding at year end	In service shareholding requirement (% of base salary)	Post employment shareholding requirement (% of base salary)	% of base salary at year end
Bernard Fairman[1]	32,324,699	£143,844,911	200%	150%	26,154%
Gary Fraser[2]	4,413,365	£19,639,474	200%	150%	5,611%

1. Bernard Fairman holds his shares in the Company through Beau Port Investments Limited.
2. All held in the name of his wife, Susan Fraser.

Remuneration Committee report continued

Annual Report on Remuneration continued

There have been no changes to shareholdings of the Executive Directors between the year end and the date of this report.

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 the Chair's 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		Chair	25th percentile ratio	Median pay ratio	75th percentile ratio
FY24	Salary £000	550	54.8	93.2	148.2
	Total pay and benefits £000	565	54.8	93.2	148.2
FY24	Salary ratio		10.0	5.9	3.7
	Total pay and benefits ratio		10.3	6.1	3.8
FY23	Salary ratio		11.3	6.0	3.8
	Total pay and benefits ratio		11.5	6.1	3.9
FY22	Salary ratio		0.4	0.2	0.2
	Total pay and benefits ratio[1]		0.6	0.3	0.2

1. If using Bernard Fairman's Total pay and benefits 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 2023 and 31 March 2024, 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 FY23 and FY24 of our Executive Chairman, Bernard Fairman.

Gender pay gap

Our DE&I Strategy, Thrive, shows how we are supporting our female talent, having had 17 female employees at the Director level and above participate in our bespoke Women in Leadership course, Elevate. We have also doubled our enhanced maternity leave pay to support our female population. In FY25, the gender pay gap will be reviewed as part of the agenda of the Remuneration Committee, an important step in ensuring progress towards our targets.

	FY24		FY23[1]	
	% of men	% of women	% of men	% of women
Upper quartile	78	22	76	24
Upper middle quartile	64	36	61	39
Lower middle quartile	54	46	62	38
Lower quartile	31	69	32	68
Mean gender pay gap	34%		30%	
Median gender pay gap	40%		44%	

1. The FY23 previously reported mean gender pay gap has been restated from 26% to 30% and the median gender pay gap has changed from 38% to 44%. This was due to an error in the calculation that was subsequently identified.

Remuneration Committee report continued

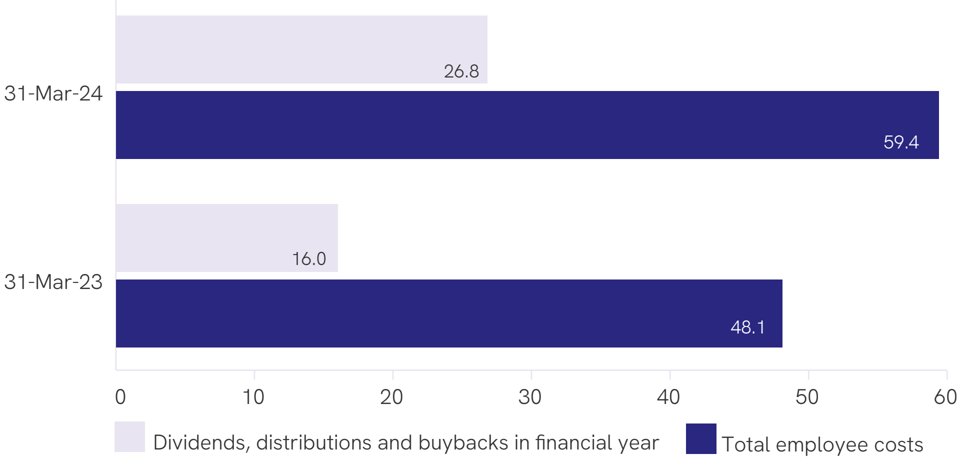
Annual Report on Remuneration continued

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.

£m	31 March 2024	31 March 2023	% change
Total employee costs (£m)	59.4	48.1	23%
Dividends, distributions and buybacks in financial year (£m)	26.8	16.0	68%

Relative importance of spend on pay (£m)



Total Shareholder return performance

The graph below shows the value at 31 March 2024 of £100 invested in Foresight Group at IPO, compared to £100 invested in the FTSE 250 Index (both with dividends re-invested). The Group is a member of the FTSE 250 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-FY24. 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.

	FY24	FY23	FY22
Total remuneration (£000)	565	562	30[1]
Annual incentive (as a % of maximum)	N/A	N/A	N/A
Long-term incentive (as a % of maximum)	N/A	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.

Remuneration Committee report continued

Annual Report on Remuneration continued

Non-Executive Directors ("NEDs")

The annual NED fees are outlined below. A base fee is agreed, with additional fees payable for chairing Board Committees and for the Senior Independent Director:

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

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 2024	Fees for year ended 31 March 2023	No. of shares held at year end	Value of shareholding at year end[2]
Alison Hutchinson (Senior Independent Director)	£60,000	£60,000	5,952	£26,486
Mike Liston (Chair of the Nomination and Remuneration Committees)	£60,000	£60,000	11,904	£52,973
Geoffrey Gavey (Chair of the Audit & Risk Committee)[1]	£65,000	£65,000	11,904	£52,973

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 £4.45 on 31 March 2024.

Annual percentage change in the remuneration of the Directors and employees

The table on the right shows the percentage year-on-year change in salary, benefits and bonus in FY24 and 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.

	FY23 to FY24			FY22 to FY23		
	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Executive Directors						
Bernard Fairman	0%	25%	n/a	2,650%[1]	20%	n/a
Gary Fraser	59%	0%	n/a	0%	50%	n/a
Non-Executive Directors						
Alison Hutchinson	0%	n/a	n/a	0%	n/a	n/a
Mike Liston	0%	n/a	n/a	0%	n/a	n/a
Geoffrey Gavey	0%	n/a	n/a	0%	n/a	n/a
Average pay based on Foresight UK employees	6%	27%	-6%	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.

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 (2023 AGM)	92,439,329 90.13%	10,120,457 9.87%	1,818 —
Approval of the Directors' Remuneration Policy (2021 AGM)	91,703,711 98.06%	1,814,094 1.94%	175 —

Mike Liston OBE

Chair of the Remuneration Committee

26 June 2024

Directors' report

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. A copy of the Code can be found at www.frc.org.uk. The Corporate Governance Report on pages 71 to 80 signposts to the areas of this Annual Report that show how the Company has applied the principles and complied with the provisions of the Code during the year. It also notes the Company's 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 pages 195 to 197, 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 have branches 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 2024, Beau Port Investments Limited (the private company through which Bernard Fairman holds his shares) held, together with its concert parties, 34.1% 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.

Streamlined Energy & Carbon Reporting scheme ("SECR" statement: greenhouse gas ("GHG") emissions and energy consumption disclosure

Based on the Environmental Reporting Guidelines[1] as specified by the SECR. Foresight has provided the following energy and carbon information for the FY24 reporting period:

1. (https://assets.publishing.service.gov.uk/media/5de6acc4e5274a65dc12a33a/Env-reportingguidance_inc_SECR_31March.pdf)

Directors' report continued

SECR disclosure

Metrics	Current reporting year 2023-2024 (UK and offshore)		Comparison reporting year 2022-2023 (UK and offshore)	
Energy consumption used to calculate emissions	Gas	74,226 kWh	Gas	39,160 kWh
	Electricity	722,044 kWh	Electricity	594,406 kWh
	Distance travelled of personal and rental cars	228,637 km	Distance travelled of personal and rental cars	291,936 km
Emissions from combustion of gas tCO_2e (Scope 1)	13.6 tCO_2e		7.1 tCO_2e	
Emissions from combustion of fuel for transport purposes (Scope 1)	0 tCO_2e		0 tCO_2e	
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	38.9 tCO_2e		50.5 tCO_2e	
Emissions from purchased electricity (Scope 2, location-based)	158.3 tCO_2e		264.8 tCO_2e	
Total gross CO_2e based on above	210.8 tCO_2e		322.4 tCO_2e	
Intensity ratio: tCO_2e gross figure based from mandatory fields above/e.g. £100,000 revenue	0.149 tCO_2e/£100,000 revenue		0.271 tCO_2e/£100,000 revenue	
Methodology	Foresight Group's carbon footprint is calculated in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Standard. We collect consumption level data across all our offices which covers energy, waste, water, business travel, staff commuting habits, office and IT equipment, food and office furniture. Business travel is calculated on a combination of distance travelled and spend based data.			
Third Party verification	Turley has provided limited assurance of Scopes 1, 2, 3 (excluding financed emissions).			

Energy Efficiency Action

In the period covered by the report, Foresight has not undertaken any business wide action to reduce its energy intensity.

Foresight bought 1,023 tCO_2e of carbon offsets to offset our scope 1, scope 2 and scope 3 (excluding financed emissions) emissions. In September 2023, Foresight purchased a mix of 86% avoidance and 14% removal offsets through Climate Impact Partners to renew our Carbon Neutral Certification.

Directors' report continued

Financial, risk and operational matters

Results and dividends

The Consolidated Statement of Comprehensive Income is set out on pages 125 and 126 and shows the results for the year ended 31 March 2024. The Directors recommend that the Company pays a final dividend for the year ended 31 March 2024 of 15.5 pence per share (2023: 15.5 pence), to be paid on 4 October 2024 based on an ex-dividend date of 19 September 2024, with a record date of 20 September 2024. An interim dividend of 6.7 pence per share (2023: 4.6 pence) was paid on 26 January 2024, giving a total dividend for the year of 22.2 pence per share (2023: 20.1 pence).

Research and development

Foresight has not conducted any activities in the field of research and development.

Acquisitions and disposals

Acquisitions and disposals are detailed in note 32 to the financial statements.

Principal activities, review of business and future developments

The Group is principally involved in the investment and management of infrastructure assets, UK and SME private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies where appropriate/required. The review of the business and a summary of future developments are included in the Executive Chairman's statement on pages 2 and 3 and in the Strategic Report on pages 4 to 65.

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 55 to 63.

Political expenditure

No donations of a political nature have been made during the year (2023: £nil).

Charitable donations

No donations of a charitable nature have been made during the year (2023; £nil), however, the cost associated with staff taking a Charity Day as leave to undertake charitable work was £5,159.

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 these financial statements. Please also see the Viability Statement on page 65.

Post balance sheet events

Details of the post balance sheet events are set out in note 36 to the financial statements.

Financial risk management

The Group's financial risk management objectives can be found in note 31 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' report continued

Directors' powers

The Directors' powers are conferred on them by Guernsey company law and by the Company's Articles of Incorporation ("Articles").

Directors

The names and details of the Directors serving at the date of this report are provided below and also on pages 69 and 70. 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.

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 91 to 105.

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 91 to 105.

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.

Directors' report continued

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 ad hoc and regular meetings with institutional Shareholders and analysts, including those related to 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 announcement placed in the FSG Shareholders section of the Group's website: foresight.group.

For 2023, all resolutions were duly passed, but the proportion of votes against Resolution 7 to approve the reappointment of Mike Liston as a Director and Resolution 15 to approve the Rule 9 waiver both exceeded 20%. As such, in accordance with the Code, on 6 March 2024, the Company provided an update to Shareholders following the outcome of Resolutions 7 and 15 at the AGM held in 2023 (the "2023 AGM"). As noted in this update, that voting was in line with recommendations published by certain proxy voting agencies, particularly in regard to Resolution 15. Prior to the voting deadline and following engagement with those agencies, we also provided our significant Shareholders with additional information, explaining the purpose of these resolutions and offering to meet with them to discuss any concerns. While they appreciated our engagement and understood our rationale for the proposed resolutions, the Shareholders noted that the voting was in accordance with their respective corporate policy.

As a result, our engagement did not alter their final voting, although it has provided the Company with valuable insight into our Shareholders' voting approach and highlighted the areas of concern. We will therefore seek to ensure that, going forward, our disclosures and explanations address those areas and will continue to work positively and engage with Shareholders, including dissenting Shareholders, to help address any concerns they may have.

Annual General Meeting

The Annual General Meeting ("AGM") will be held on 2 August 2024 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 9.30am on 31 July 2024 either by email to companysecretary@foresightgroup.gg or in writing to the Company's registered address.

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 Stakeholders section on page 37.

Directors' report continued

Shares/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 at 31 March 2024, there were 116,271,212 Ordinary Shares ("Shares") in issue of nil par value (comprised of 116,034,720 Shares with one vote each and 236,492 Shares held in treasury, which are non-voting) (2023: 116,271,212 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. 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 2024, and as at the date of this Report, the following were the only substantial holdings representing 5% or more of the Company's issued share capital notified to the Company pursuant to DTR 5. The number of voting rights are also noted, as the Shares bought back by the Company are being held in treasury and whilst held as such, do not carry voting rights.

Beneficial Shareholder	Number of Shares	% of issued share capital	% voting rights
Beau Port Investments Limited	32,324,699	27.80%	27.86%
Slater Investments Ltd.	6,000,000	5.16%	5.17%
Liontrust Asset Management plc	5,819,822	5.01%	5.02%
Ameriprise Financial Inc	5,808,041	5.00%	5.01%

Authority to allot Shares

At the 2023 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 "2024 AGM").

Also at the 2023 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 10% of the Company's issued Share capital on a general basis with an additional authority of up to a maximum of approximately 2% of the Company's issued Share capital only for the purposes of a follow-on offer that the Board determines to be of a kind contemplated by paragraph 3 of section 2B of the Pre-Emption Group's Statement of Principles; published in 2022 (the "Statement of Principles"); and (ii) a further 10% 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 with an additional authority of up to a maximum of 2% of the Company's issued Share capital only for the purposes of a follow-on offer that the Board determines to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles, in each case until the conclusion of the next AGM .

The Directors will also seek to renew these authorities by proposing a special resolution at the 2024 AGM.

Purchase, cancellation and holdings of own shares

At the 2023 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 2024 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.

During the year, 236,492 shares were purchased under that authority and are now held in treasury. While that remains the case, those shares have no voting rights.

At the 2023 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 2024 AGM.

Directors' report continued

Restrictions on transfers of shares and/or voting rights

Holders of Shares (excluding those held in treasury) 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 2024 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 2024, the SIP Trustee held 0.44% (2023: 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 2024 AGM.

By Order of the Board

Jo-anna Nicolle
Company Secretary

26 June 2024

PO Box 650
1st Floor Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 3JX

Financial statements

Invest. Build. *Grow.*

What's in this section

Fordie Estate, Scotland, part of Foresight's 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 and Group'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 and the undertakings included in the consolidation taken as a whole
- The Strategic Report contains a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

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

26 June 2024

PO Box 650
1st Floor Royal Chambers
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 of Foresight Group Holdings Limited (the "Parent Company"):

- give a true and fair view of the state of the Group's affairs as at 31 March 2024 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 and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") 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 & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board of Directors 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 4 years, covering the years ended 31 March 2021 to 31 March 2024.

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 2024 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 and timing of cash flows
  - 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 these scenarios occurring
  - Reviewing 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 or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In 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

Coverage	99% (2023: 97%) of Group profit before tax 99% (2023: 92%) of Group revenue 98% (2023: 98%) of Group total assets		
Key audit matters		2024	2023
	Fraud in revenue recognition	✓	✓
	Accounting for business combinations under IFRS 3	✓	✓
	Impairment of goodwill and intangibles	✓	✗
Materiality	**Group financial statements as a whole** £1,716,000 (2023: £1,550,000) based on 5% (2023: 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 a full scope audit for the significant component, determined to be Foresight Group LLP. 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.

Our involvement with component auditors

For the work performed by the component auditor, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with BDO Australia Limited included the following:

- Calls and correspondence via email to discuss progress and any findings
- Submission of our group instructions outlining risks and approach
- Directly reviewing the work performed by the component auditor on key balances

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
- Involvement of our internal expert technical team in evaluating climate risks and the Group's processes
- Review of the accuracy and consistency of Management disclosures included as 'Other Information' with the financial statements and with our knowledge obtained from the audit
- Challenge of Management on 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 and viability assessments
- Review of the minutes of Board and Audit and Risk Committee meetings 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 carbon footprint may affect the financial statements and our 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.

Independent Auditor's report continued

To the members of Foresight Group Holdings Limited

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.

Key audit matter	How the scope of our audit addressed the key audit matter
Fraud in revenue recognition Note 4 Revenue is a key indicator in demonstrating performance, therefore there is an incentive to overstate revenue. 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 judgements in calculating revenue. With regard to performance fees, there are complexities around the calculations that could give rise to management override. For these reasons we considered revenue recognition to be a key audit matter.	We challenged management by reviewing the terms of the relevant agreement and re-calculating the derived fees. We also considered whether the fees recognised comply with the requirements of IFRS 15. **Management and Secretarial fees (83% of group revenue):** **NAV based fees testing (56% of group revenue)** For all NAV based 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 and recalculated the fees earned. To determine the appropriateness of the NAV upon which fees are earned, we performed the following procedures: • Where the underlying funds are audited, we vouched the NAVs to the latest audited financial statements of the fund and reviewed the accounting policies for investments to determine whether they were appropriate • For unaudited periods (e.g. quarters) we have vouched the NAVs to the relevant RNS announcement on the LSE website (where the fund is listed) or to the investor reports or management accounts (where the fund is not listed) for a sample of "Periods". We considered the relative size of each fund's fees and materiality to select periods for testing • We obtained Board and investment valuation committee approvals for periods of unaudited NAVs (where applicable) and understood the internal process to determine the appropriateness of investment valuations • We understood the movements for each period (e.g. quarter) by obtaining a NAV bridge (or similar) and considered whether the drivers of movements were in line with our expectations and corroborated to external evidence where possible (such as RNS announcement and external evidence regarding movements in asset valuations, including consulting with our internal valuation experts) • We considered whether movements in NAVs were in line with our understanding and expectations based on the wider market and share price (for example whether movements are in line with other listed infrastructure/PE funds or the funds own share price movements) • We performed a review of the historical accuracy of past valuations by comparing the unaudited NAVs per RNS announcements (for listed funds) or valuation workbooks with 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 • We also performed internet searches to identify any events which may contradict the valuation movement in the period and/or indicate an impairment • We considered whether there was consistency in movements across NAVs for funds with similar types of assets and considered whether there were any indications of overall management bias

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
Fraud in revenue recognition continued Note 4 continued	**Management and Secretarial fees (83% of group revenue):** continued Non – NAV based fees testing (27% of group revenue) • For a sample of commitment based and fixed fees, we obtained the relevant agreements to corroborate the basis of the fee and the fee rates used and recalculated the fees earned • For commitment-based fees, we confirmed the total commitments to underlying agreements as well as amounts drawn/undrawn to drawdown notices • For any fixed fees, we agreed the fee earned to agreements and 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 • We assessed the appropriateness of recognising revenue over time for both management and secretarial fees in accordance with IFRS 15 Inheritance Tax Solutions (ITS and AITS, together 19% of group revenue, included as a subset of management fees): • Additional further procedures have been performed in respect of ITS and AITS as noted below, in addition to the procedures outlined above (as relevant) • For AITS we verified key inputs into the calculation (e.g. amounts invested) on a sample basis by agreeing to investor applications and other supporting documentation, where relevant • 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 rebate Marketing fees (7% of group revenue) • For a sample of marketing fees we obtained investor application forms to evidence the investor commitments and recalculated the fee in line with the prospectus Performance Incentive Fees (3% of revenue): We have inspected the agreements to verify the existence of the fee and summarised the background/basis of the fee. We obtained supporting documentation to gain comfort over the existence and entitlement to this fee based on the crystallisation of gains. We recalculated the fee based on the agreement to determine its accuracy. We agreed the receipt of the fee to bank statements. Arrangement fees (4% of group revenue): • For a sample of arrangement fees, we obtained the relevant investment agreement or share purchase agreement and recalculated the fees in accordance with the terms of the contract and consideration of any rebates • We agreed our recalculations to Management's revenue schedules and then back to the relevant entity trial balance

Independent Auditor's report continued

To the members of Foresight Group Holdings Limited

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Fraud in revenue recognition
Note 4 continued</td><td>Management and Secretarial fees (83% of group revenue): continued
Directors' fees (2% of group revenue):
• For a sample of director fees, we reviewed the relevant agreements in order to obtain evidence of the fee existence. Where monitoring fees were recognised, we inspected the agreement to verify that a monitoring fee was stipulated
• We recalculated the annual RPI uplift for accuracy using the details of the agreement and the RPI from the ONS
We agreed the Directors' existence to the relevant payroll listing and Companies House

Key observations:
• Based on our procedures performed, we found the recognition of revenue to be appropriate with no evidence of management override in the calculations of the underlying fund values and subsequent revenue fee calculations</td></tr>
<tr><td>Accounting for business combinations under IFRS 3
Note 32
During the current financial year, the Group has acquired Wellspring Finance Company Limited and its 100% owned subsidiary, Wellspring Management Services Limited. Associated with this acquisition are intangible assets that need to be recognised upon acquisition, specifically customer contracts, as well as the gain on bargain purchase arising from this acquisition. There is a considerable amount of subjectivity used in valuing intangibles of this nature.

The accounting treatment of this acquisition under IFRS 3 is complex, as there are several elements of the standard which will need to be applied, especially in relation to the definitions of the transfer of a business and the recognition of consideration. Based on this, the business combination is deemed to be a key audit matter.</td><td>We responded to the risks identified by performing the following procedures:
• Obtained and documented our understanding of the acquisition, which included an evaluation to gain comfort over the commercial and strategic rationale
• We reviewed the recognition of the acquisition in line with the relevant paragraphs of IFRS 3 Business Combinations to ensure the accounting treatment adopted is in accordance with the standard. This included identification of the inputs, processes and outputs to verify this was an acquisition of a business
• We obtained the valuation of the intangible asset (customer contracts) performed by Management's expert. We then assessed the independence and credentials of the expert before engaging BDO Specialists to assist with challenging the valuation methodology applied and key assumptions underlying the valuation
• When considering the cash flow forecasts used to value the intangible, we challenged and tested the appropriateness of revenue figures, anticipated growth, staff costs, period of recognition (based on the likely life of the fund) and other key assumptions of the forecast. We also tested the arithmetic accuracy of the fair value calculation
• We tested the amount of the consideration recognised. Due to the structure of the consideration we reviewed the terms of the consideration and the definitions under IFRS 3 to ensure that the treatment of the consideration was appropriate. We then deducted the fair value of the net assets acquired and verified the quantum of the gain on bargain purchase
• We reviewed the accounting treatment of the deferred tax liability being recognised with regards to the customer contracts, verifying the correct tax rate was used and that deferred tax has been appropriately included in the bargain purchase calculation

Key observations:
• Based on the testing performed, we have not identified any material matters to indicate that the accounting for business combinations was not appropriate</td></tr>
</table>

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
Impairment of goodwill and intangibles (customer contracts) Notes 15 and 32 There is a risk that the goodwill which has arisen on acquisitions or and intangibles (customer contracts) should be impaired. Due to the judgement involved in determining the carrying value of goodwill and intangibles, we have identified a risk that management could overstate the value of these assets. Relevant indicators of impairment may not be identified by management, or there could be manipulation of the calculation of any impairment charge.	In respect of goodwill and intangible assets, we performed the following procedures: Goodwill: • We obtained Management's assessment of cash-generating units to check whether the allocation of goodwill is appropriate • We obtained an understanding of the performance of the businesses acquired in the prior years for which goodwill had been recognised • We noted that Management had determined that the fair value of contingent consideration payments had decreased following a reduction in the probabilities that management fee revenue targets would be met. As a result, we considered whether an impairment would be required in light of the probabilities changing. We reviewed Management's value-in-use calculation, challenging the inputs into this assessment • We obtained the discounted cash flow calculations for the goodwill assets to compare the carrying amount of the CGU with the recoverable amount. We reviewed the calculations and verified that inputs were appropriate by agreeing back to supporting documentation and/or external market sources Intangible assets (customer contracts): • We obtained management's assessment of potential indicators of impairment and challenged the assumptions and conclusions reached by management • We performed our own research to identify any internal or external indicators of impairment to assess management's impairment assessment conclusion • We obtained the valuation of the recoverable amount of the intangible assets performed by Management and the WACC input provided by Management's expert. We reviewed the calculations and agreed inputs back to supporting documentation and/or external market sources, where relevant • We assessed the independence and credentials of the management expert • We documented our understanding of the methodologies used by management in determining the recoverable amount of these assets and we have documented our conclusions on whether these are appropriate and in line with the applicable accounting standard • We reviewed and challenged the estimations and judgements applied, as well as the significant assumptions made **Key observations:** • Based on the testing performed, we have not identified any material matters to indicate that the impairment charge was inaccurate or that the recoverable amount calculations were manipulated to understate the charge

Independent Auditor's report continued

To the members of Foresight Group Holdings Limited

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.

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

Group financial statements		
	2024 £	2023 £
Materiality	1,716,000	1,550,000
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	1,200,000	1,090,000
Basis for determining performance materiality	70% of materiality	70% of materiality
Rationale for the percentage applied for performance materiality	70% was determined based on the 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% was determined based on the 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.

Component materiality

For the purposes of our Group audit opinion, we set materiality for the components of the Group, which was based on a percentage of between 2% and 86% (2023: between 29% and 92%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was between £30,000 and £1,475,000 (2023: range of between £456,000 to £1,430,000). In the audit of the component, we further applied performance materiality levels of 70% (2023: 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 Committee that we would report to them all individual audit differences in excess of £86,000 (2023:£78,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's report continued

To the members of Foresight Group Holdings Limited

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 108; 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 65.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 114; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 55 to 63; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 55 to 63; and • The section describing the work of the Audit and Risk Committee set out on pages 83 to 90.

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 and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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
- Obtaining an 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, Guernsey tax legislation, Australian Tax Office legislation and the Companies (Guernsey) Law 2008.

Our procedures in respect of the above included:

- Discussions held with management, directors and the Audit & Risk Committee and review of correspondence with regulators and review of 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 agreement to supporting documentation
- Involvement of internal tax specialists in the audit
- Review of legal expenditure accounts to identify any legal or regulatory matters

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud
  - Internal controls established to mitigate risks related to fraud
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud

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 continued

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition for the NAV-based revenue streams and management override.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation and other procedures
- Incorporating an element of unpredictability into our procedures by testing a sample of small value journals
- The procedures set out in the key audit matters section above, addressing the risk of fraud in revenue recognition
- Assessing significant estimates made by management for bias, particularly in relation to the net asset values of funds which drive management and secretarial fees (see procedures set out in the key audit matters section above)
- 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, including component engagement teams, 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. For component engagement teams, we also reviewed the result of their work performed in this regard.

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. 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.

Elizabeth Hooper (Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London, UK

26 June 2024

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 2024

		31 March 2024			31 March 2023		
	Note	Before non-underlying items[1] £000	Non-underlying items[2] £000	Total £000	Before non-underlying items[1] £000	Non-underlying Items[2] £000	Total £000
Revenue	4	141,326	—	141,326	119,155	—	119,155
Cost of sales		(7,304)	—	(7,304)	(6,303)	—	(6,303)
Gross profit		134,022	—	134,022	112,852	—	112,852
Administrative expenses	6	(88,992)	(11,947)	(100,939)	(70,630)	(11,885)	(82,515)
Acquisition-related costs	7	—	—	—	—	(3,721)	(3,721)
Operating profit		45,030	(11,947)	33,083	42,222	(15,606)	26,616
Gain on business combination	32	—	16	16	—	—	—
Finance income	11	1,309	—	1,309	883	—	883
Finance expenses	11	(564)	—	(564)	(854)	—	(854)
Fair value gains on investments	16	278	—	278	349	—	349
Fair value gains on contingent consideration (incl. finance expense)	24	—	190	190	—	327	327
Profit on ordinary activities before taxation		46,053	(11,741)	34,312	42,600	(15,279)	27,321
Tax on profit on ordinary activities	12	(7,878)	—	(7,878)	(3,696)	—	(3,696)
Profit for the period attributable to Ordinary Shareholders		38,175	(11,741)	26,434	38,904	(15,279)	23,625
Other comprehensive income							
Items that will or may be reclassified to profit or loss:							
Translation differences on foreign subsidiaries		(1,679)	—	(1,679)	(2,720)	—	(2,720)
Total comprehensive income		36,496	(11,741)	24,755	36,184	(15,279)	20,905

Consolidated Statement of Comprehensive Income continued

For the year ended 31 March 2024

		31 March 2024			31 March 2023		
	Note	Before non-underlying items[1] £000	Non-underlying items[2] £000	Total £000	Before non-underlying items[1] £000	Non-underlying Items[2] £000	Total £000
Earnings per share attributable to Ordinary Shareholders							
Profit or loss							
Basic (pence)	13			22.8			21.0
Diluted (pence)	13			22.2			20.7
Basic before non-underlying items (pence) (non-IFRS measure)	13	32.9			34.6		
Diluted before non-underlying items (pence) (non-IFRS measure)	13	32.1			34.0		

The notes on pages 131 to 184 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 2b.
2. See note 8 for an analysis of non-underlying items.

Consolidated Statement of Financial Position

As at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Property, plant and equipment	14	2,330	2,522
Right-of-use assets	23	5,768	7,281
Intangible assets	15	61,364	62,911
Investments at FVTPL	16	4,726	3,967
Derivative assets	17	—	245
Deferred tax asset	26	1,563	1,742
Contract costs	18	2,777	3,435
Trade and other receivables	19	1,242	2,599
		79,770	84,702
Current assets			
Derivative assets	17	473	403
Contract costs	18	598	530
Trade and other receivables	19	27,486	19,143
Cash and cash equivalents	20	45,004	39,761
		73,561	59,837
Assets and liabilities of disposal group classified as held for sale	33	—	64
Current liabilities			
Trade and other payables	21	(38,028)	(35,382)
Loans and borrowings	22	(121)	(2,646)
Lease liabilities	23	(2,897)	(2,562)
Acquisition-related liabilities	24	(1,005)	(1,150)
		(42,051)	(41,740)
Net current assets		31,510	18,161

	Note	31 March 2024 £000	31 March 2023 £000
Non-current liabilities			
Loans and borrowings	22	(388)	(485)
Lease liabilities	23	(4,365)	(6,689)
Acquisition-related liabilities	24	(3,825)	(4,823)
Provisions	25	(855)	(800)
Deferred tax liability	26	(13,273)	(12,827)
		(22,706)	(25,624)
Net assets		88,574	77,239
Equity			
Share capital	28	—	—
Share premium	28	61,886	61,886
Shares held in escrow reserve	28	(16,206)	(26,496)
Own share reserve	28	(1,195)	(729)
Treasury share reserve	28	(967)	—
Share-based payment reserve	28	14,628	11,118
Group reorganisation reserve	28	30	30
Foreign exchange reserve	28	(4,609)	(2,930)
Retained earnings	28	35,007	34,360
Total equity		88,574	77,239

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2024 and were signed on its behalf by:

Gary Fraser
Chief Financial Officer

Geoffrey Gavey
Director

The notes on pages 131 to 184 form part of this financial information.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Note	Share capital £000	Share premium £000	Shares held in escrow reserve £000	Own share reserve £000	Treasury share reserve £000	Share-based payment reserve £000	Group re-organisation reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
At 1 April 2022		—	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)
Contributions by and distributions to owners											
Premium on issue of shares	28	—	29,846	—	—	—	—	—	—	—	29,846
Dividends	29	—	—	—	—	—	—	—	—	(15,965)	(15,965)
Shares held in escrow arising from acquisition	32	—	—	(26,496)	—	—	—	—	—	—	(26,496)
Purchase of own shares	28	—	—	—	(275)	—	—	—	—	—	(275)
Share-based payments	28	—	—	—	—	—	10,593	—	—	—	10,593
Deferred tax	26	—	—	—	—	—	44	—	—	—	44
At 31 March 2023		—	61,886	(26,496)	(729)	—	11,118	30	(2,930)	34,360	77,239
Profit for the period		—	—	—	—	—	—	—	—	26,434	26,434
Other comprehensive income		—	—	—	—	—	—	—	(1,679)	—	(1,679)
Contributions by and distributions to owners											
Dividends	29	—	—	—	—	—	—	—	—	(25,787)	(25,787)
Purchase of own shares	28	—	—	—	(466)	(967)	—	—	—	—	(1,433)
Share-based payments	28	—	—	—	—	—	13,675	—	—	—	13,675
Deferred tax	26	—	—	—	—	—	125	—	—	—	125
Transfer on vesting of initial consideration shares issued for Infrastructure Capital acquisition	28	—	—	10,290	—	—	(10,290)	—	—	—	—
At 31 March 2024		—	61,886	(16,206)	(1,195)	(967)	14,628	30	(4,609)	35,007	88,574

The notes on pages 131 to 184 form part of this financial information.

Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Cash flows from operating activities			
Profit on ordinary activities before taxation		34,312	27,321
Adjustments for:			
Gain on business combination		(16)	—
Fair value gains on investments	16	(278)	(349)
Finance expenses	11	564	854
Finance income	11	(1,309)	(883)
Fair value gains on contingent consideration (incl. finance expense)	24	(190)	(327)
Share-based payment (including share-based staff costs – acquisitions)	10	13,730	10,659
Staff costs – acquisitions (excluding share-based staff costs – acquisitions)	8	427	2,503
Amortisation in relation to intangible assets (customer contracts)	6	3,211	2,414
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	6	3,227	2,800
Impairment of intangible assets (customer contracts)	6	2,895	—
Loss/(profit) on disposal of tangible and intangible fixed assets	6	5	(10)
Loss on disposal group classified as held for sale		23	—
Foreign currency gains		(281)	(1,104)
Decrease in contract costs		590	590
(Increase)/decrease in trade and other receivables		(6,916)	2,771
(Decrease)/increase in trade and other payables		(238)	7,746
Cash generated from operations		49,756	54,985
Tax paid		(5,082)	(3,624)
Net cash from operating activities		44,674	51,361
Cash flows used in investing activities			
Acquisition of property, plant and equipment	14	(790)	(619)
Acquisition of intangible assets	15	(5)	(13)

Consolidated Cash Flow Statement continued

For the year ended 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Acquisition of investments at FVTPL	16	(869)	(1,310)
Proceeds on sale of investments at FVTPL	16	388	473
Proceeds on disposal of property, plant and equipment		—	29
Proceeds from derivative instruments		609	114
Interest received	11	875	121
Proceeds from disposal group classified as held for sale		40	—
Contingent consideration paid	24	(1,221)	—
Acquisition of Wellspring net of cash and cash equivalents acquired	32	(4,677)	—
Acquisition of Infrastructure Capital net of cash and cash equivalents acquired	32	—	(31,391)
Acquisition of Downing's technology ventures business net of cash and cash equivalents acquired	32	—	(13,425)
Net cash used in investing activities		(5,650)	(46,021)
Cash flows used in financing activities			
Dividends and distributions to equity members	29	(25,787)	(15,965)
FGLLP members' capital contributions	21	(744)	35
Purchase of own shares	28	(466)	(275)
Purchase of treasury shares	28	(967)	—
Principal paid on lease liabilities	23	(2,669)	(2,451)
Interest paid on lease liabilities	23	(463)	(512)
Principal paid on loan liabilities	22	(2,545)	(606)
Interest paid on loan liabilities	22	(130)	(92)
Other interest paid	11	(10)	(2)
Net cash used in financing activities		(33,781)	(19,868)
Net increase/(decrease) in cash and cash equivalents		5,243	(14,528)
Cash and cash equivalents at beginning of period		39,761	54,289
Cash and cash equivalents at end of period		45,004	39,761

The notes on pages 131 to 184 form part of this financial information.

Notes to the financial statements

For the year ended 31 March 2024

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 185 to 197.

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.

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 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 Statement of Financial Position, 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 65.

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 consolidated financial statements have been prepared on a historical cost basis, except for investments, derivatives and acquisition-related liabilities 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.

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.

Notes to the financial statements continued

For the year ended 31 March 2024

2. Basis of preparation and other reporting matters continued

2b. Alternative performance measures ("APMs") continued

The Group also continues to report 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 calculates earnings per share before non-underlying items. As profit before non-underlying items include the benefits of major business combinations but exclude significant costs (such as remuneration for post-combination services, acquisition-related costs, fair value gains on contingent consideration and gain on business combination), they may result in profit before non-underlying items being materially higher or lower than profit after 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 185 to 197, 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 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 2024. 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 reassesses 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.

Notes to the financial statements continued

For the year ended 31 March 2024

2. Basis of preparation and other reporting matters continued

2d. Basis of consolidation continued

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.

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.

Details of the investments in related undertakings, comprising subsidiaries, are included in the appendices to the financial statements on pages 185 to 197.

2e. Impact of sustainability and climate change on preparation of the financial statements

Climate change and sustainability risks have been considered and assessed in the preparation of the consolidated financial statements for the year ended 31 March 2024. No material impact has been identified on the estimates and judgements made, however.

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 2023 or will become effective in later periods.

New standards, interpretations and amendments adopted from 1 April 2023

The following amendments are effective for the period beginning 1 April 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

These amendments have had no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but have affected the disclosure of accounting policies.

Other mandatory amendments to standards effective from 1 April 2023 had no effect on the consolidated financial statements of the Group.

New standards not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The impact on the Group's financial statements of standards not yet effective is still being assessed.

Notes to the financial statements continued

For the year ended 31 March 2024

3. Accounting policies continued

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 Statement of Financial Position 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 contingencies 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 grant date fair value – see note 10
- Recognition and measurement of intangible assets arising on acquisitions – see notes 15 and 32
- Impairment of intangible assets – see note 15
- Contingent consideration – see note 24
- Remuneration for post-combinations services – see note 24

Key judgements

These are as follows:

- Valuation method for measurement of intangible assets arising on acquisition – see note 15 and 32
- Impairment of intangible assets – see note 15
- Contract costs – see note 18
- Deferred tax assets – see note 26

Notes to the financial statements continued

For the year ended 31 March 2024

4. Revenue

Accounting policy:

The principal components of revenue which fall within the scope of IFRS 15 comprise management fees, secretarial fees, directors' fees, marketing fees, arrangement fees and performance incentive fees which are contractual arrangements that the Group operates as principal.

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 or 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.

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.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group.

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 or Valuations team 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 by the Group's valuation committee. As a result, there is no significant uncertainty or judgement in the amount of revenue to be recognised.

Notes to the financial statements continued

For the year ended 31 March 2024

4. Revenue continued

	31 March 2024 £000	31 March 2023 £000
Management fees	115,580	97,373
Secretarial fees	3,152	2,719
Directors' fees	3,640	3,116
Recurring revenue	122,372	103,208
Marketing fees	9,931	6,129
Arrangement fees	5,139	4,054
Performance incentive fees	3,879	5,740
Other income	5	24
	141,326	119,155

The timing of revenue is as follows:

	31 March 2024 £000	31 March 2023 £000
Timing of transfer of goods and services:		
Point in time	18,954	15,947
Over time	122,372	103,208
	141,326	119,155

Contract balances are as follows:

	31 March 2024 Contract liabilities £000	31 March 2023 Contract liabilities £000
At beginning of period	(5,790)	(134)
Amounts included in contract liabilities that were recognised as revenue during the period	5,790	134
Cash received in advance of performance and not recognised as revenue during the period	(7,361)	(5,790)
At end of period	(7,361)	(5,790)

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.

Notes to the financial statements continued

For the year ended 31 March 2024

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.

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.

	31 March 2024				31 March 2023			
	Infrastructure £000	Private Equity £000	FCM £000	Total £000	Infrastructure £000	Private Equity £000	FCM £000	Total £000
Revenue	84,174	47,350	9,802	141,326	73,035	33,411	12,709	119,155
Cost of sales	(4,389)	(981)	(1,934)	(7,304)	(714)	(3,349)	(2,240)	(6,303)
Gross profit	79,785	46,369	7,868	134,022	72,321	30,062	10,469	112,852
Administrative expenses	(64,125)	(29,601)	(7,213)	(100,939)	(56,107)	(19,308)	(7,100)	(82,515)
Acquisition-related costs	—	—	—	—	(415)	(3,295)	(11)	(3,721)
Operating profit	15,660	16,768	655	33,083	15,799	7,459	3,358	26,616
Non-operating items	733	471	25	1,229	430	328	(53)	705
Profit on ordinary activities before taxation	16,393	17,239	680	34,312	16,229	7,787	3,305	27,321
Translation differences on foreign subsidiaries	(1,679)	—	—	(1,679)	(2,720)	—	—	(2,720)
Core EBITDA reconciling items (see appendices – note A5)	20,378	5,382	904	26,664	16,811	8,149	597	25,557
Core EBITDA pre-SBP	35,092	22,621	1,584	59,297	30,320	15,936	3,902	50,158

The Group has recognised an impairment in respect of intangible assets (customer contracts) – see note 15. The impairment charge is recorded within administrative expenses in the Private Equity operating segment.

Notes to the financial statements continued

For the year ended 31 March 2024

5. Business segments continued

The Group operates in different geographic regions. Revenue by region is summarised below:

	31 March 2024 £000	31 March 2023 £000
United Kingdom	112,776	100,237
Australia	18,442	11,010
Luxembourg	6,303	5,414
Italy	1,128	1,498
Spain	746	602
Ireland	1,931	394
	141,326	119,155

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 2024 were £43,515,000 (2023: £30,758,000), of which £33,346,000 (2023: £23,787,000) was attributable to Infrastructure, £7,822,000 (2023: £5,443,000) to Private Equity and £2,347,000 (2023: £1,528,000) 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 2024 £000	31 March 2023 £000
United Kingdom	33,246	32,523
Australia	36,664	39,704
Luxembourg	2,571	2,584
Italy	685	1,353
Spain	453	517
Ireland	569	—
	74,188	76,681

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

	31 March 2024 £000	31 March 2023 £000
Staff costs (see note 9)	59,407	48,144
Staff costs – acquisitions (see note 9)	11,947	12,667
Amortisation in relation to intangible assets (customer contracts) (see note 15)	3,211	2,414
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts)) (see note 14, 15 and 23)	3,227	2,800
Impairment of intangible assets (customer contracts) (see note 15)	2,895	—
Legal and professional	5,908	5,288
Other administration costs[1]	14,344	11,202
	100,939	82,515

1. 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 2024

6. Administrative expenses continued

Specific administrative expenses are as follows:

	31 March 2024 £000	31 March 2023 £000
Auditor's remuneration	641	621
Net foreign exchange losses/(gains)	124	(763)
Low-value and short-term lease expenses	49	95
Bad debt write-offs	—	64
Loss/(profit) on disposal of fixed assets	5	(10)

Auditor's remuneration is further disclosed as follows:

	31 March 2024 £000	31 March 2023 £000
Audit services		
Statutory audit – Company	114	136
– Subsidiaries	397	323
Total audit services	511	459
Non-audit services		
Regulatory assurance services	22	16
Other assurance services	85	146
Other services	23	—
Total non-audit services	130	162
Total audit and non-audit services	641	621

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. No interim review was conducted on the FY24 Half-year Report and this was replaced by the agreed upon procedures below
- Other services: These services are for agreed upon procedures of the Half-year Report and assistance in responding to the letter from the FRC

7. Acquisition-related costs

The Group has incurred the following legal and professional costs in respect of its acquisitions:

	31 March 2024 £000	31 March 2023 £000
Acquisition of Infrastructure Capital	—	3,121
Acquisition of Downing's technology ventures business	—	452
Other	—	148
	—	3,721

See note 32 for details on the acquisition-related costs associated to the Wellspring acquisition.

Notes to the financial statements continued

For the year ended 31 March 2024

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 51.

	31 March 2024 £000	31 March 2023 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	11,947	12,667
Other administration costs – foreign exchange	—	(782)
	11,947	11,885
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital	—	3,121
Legal and professional costs in respect of acquisition Downing's technology ventures business	—	452
Other legal and professional costs	—	148
	—	3,721
Fair value gains on contingent consideration (incl. finance expense) (see note 24)	(190)	(327)
Gain on business combination (see note 32)	(16)	—
Total non-underlying items	**11,741**	**15,279**

Notes to the financial statements continued

For the year ended 31 March 2024

8. Non-underlying items continued

Breakdown of staff costs – acquisitions

The table below shows the breakdown of staff costs – acquisitions related to the deferred payments from the acquisition of Infrastructure Capital for the year ended 31 March 2024.

	31 March 2024			31 March 2023		
	Cash settled £000	Share settled £000	Total £000	Cash settled £000	Share settled £000	Total £000
Initial share consideration	—	11,066	11,066	—	8,741	8,741
Earn-out consideration	1,093	564	1,657	1,480	374	1,854
Revenue earn-out consideration	(306)	—	(306)	288	—	288
Performance consideration	(360)	(110)	(470)	735	399	1,134
	427	11,520	11,947	2,503	9,514	12,017

For the year ended 31 March 2023, further bonuses of £246,000 and £404,000 were recognised for payments to staff who were involved in the acquisitions of Infrastructure Capital and Downing's technology ventures business respectively. The costs have been reported as staff costs – acquisitions within administrative expenses above.

The decrease in cash-settled deferred payments of the revenue earn-out and performance considerations is due to the change in the expected payout of the earn-outs at 31 March 2024.
See note 10 and note 24.

Notes to the financial statements continued

For the year ended 31 March 2024

9. Staff costs and Directors' remuneration

The average number of employees was:

	31 March 2024 Number	31 March 2023 Number
Operations	207	172
Sales and Marketing	54	56
Administration	121	86
	382	314

Their aggregate remuneration comprised:

	31 March 2024			31 March 2023		
	Staff costs £000	Staff costs – acquisitions £000	Total £000	Staff costs £000	Staff costs – acquisitions £000	Total £000
Wages and salaries	45,649	—	45,649	39,596	586	40,182
Social security costs	4,876	—	4,876	3,981	64	4,045
Pension costs	1,950	—	1,950	1,245	—	1,245
Redundancy payments	1,615	—	1,615	—	—	—
Other staff costs[1]	3,107	427	3,534	2,177	2,503	4,680
	57,197	427	57,624	46,999	3,153	50,152
Share-based payments (see note 10)	2,210	11,520	13,730	1,145	9,514	10,659
Total staff costs	59,407	11,947	71,354	48,144	12,667	60,811

1. Other staff costs mainly relate to healthcare insurance, long service leave, recruitment, sub-contractors and staff advances expensed.

Details regarding the total remuneration paid to Directors is disclosed in the Remuneration Committee report (see pages 91 to 105).

Notes to the financial statements continued

For the year ended 31 March 2024

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 period end date, measured at the fair value of the liability. At each subsequent period end 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 Statement of Comprehensive Income.

Estimation uncertainty:

Performance Share Plan grant date fair value

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 three 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 for the current year grant of options.

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 of the FY24 grant would impact on the Group's profit before taxation by +/- £43,000 (2023: +/- £84,000) respectively.

Infrastructure Capital – post-combination services

As per note 32, contingent consideration to be paid in shares is accounted for at fair value at the date of acquisition (grant date) using estimated outcomes and expected payout of the earn-outs with this fair value reassessed at each reporting period. For the initial share consideration, there is no estimation uncertainty as the shares have already been issued. The fair value was calculated as the share price on grant date. During the period there was one good leaver to whom forfeiture no longer applies and on 30 September 2023, 33.3% of the shares were no longer subject to forfeiture. The expiry date of the remaining shares is detailed in the table below.

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 expected payout percentage of the earn-outs and forfeiture rate. As such, the number of shares potentially to be issued is not currently known. The earn-out consideration has an expected payout percentage of 54% (2023: 95%) and 0% (2023: 0%) forfeiture rate. The performance earn-out has an expected payout percentage of 13% (2023: 79%) and 0% (2023: 0%) forfeiture rate. The basis of the expected payout assessments was internal forecasts of the appropriate management fee revenue. During the period, there was one good leaver to whom forfeiture no longer applies and the total cost has been expensed based on the relevant expected payout percentage at 31 March 2024. The maximum award for each consideration at the end of the reporting period would result in an additional charge of £2,463,000 (2023: £84,000) and the minimum would result in a reversal of the earn-out of £899,000 (2023: £374,000) and performance earn-out of £255,000 (2023: £399,000).

Notes to the financial statements continued

For the year ended 31 March 2024

10. Share-based payments continued

	31 March 2024 £000	31 March 2023 £000
Included in staff costs (note 6)		
Performance Share Plan (equity-settled)	1,818	840
UK Share Incentive Plan (equity-settled)	337	239
Overseas Phantom Share Plan (cash-settled)	55	66
	2,210	1,145
Included in staff costs – acquisitions (note 6)		
Infrastructure Capital – post-combination services (see note 32) (equity settled)	11,520	9,514
	13,730	10,659

The classification of share-based payments above is as follows:

	31 March 2024 £000	31 March 2023 £000
Equity-settled	13,675	10,593
Cash-settled	55	66
	13,730	10,659

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 2024 since Admission was 3% (2023: 2%).

Details of movements in the number of shares are as follows:

	31 March 2024		31 March 2023	
	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	2,359,530	—	1,071,830	—
Granted	1,162,311	—	1,316,700	—
Vested	—	—	—	—
Extinguished	(42,250)	—	(29,000)	—
Awards outstanding at end of period	3,479,591	—	2,359,530	—

No options expired during the periods covered by the above table.

Notes to the financial statements continued

For the year ended 31 March 2024

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:

	Expiry date	Exercise price	Share options 31 March 2024	Share options 31 March 2023
4 September 2021 (FY22 Grant)	31 July 2024	—	1,039,330	1,042,830
9 August 2022 (FY23 Grant)	31 July 2025	—	1,289,200	1,316,700
10 August 2023 (FY24 Grant)	31 July 2026	—	1,151,061	—
			3,479,591	2,359,530
Weighted average remaining contractual life of options outstanding at end of period			1.37 years	1.89 years

Fair value of options granted

The assumptions used in the Monte-Carlo simulation for the FY24 Grant were as follows:

- Starting share price of 452.60 pence (FY23 Grant: 419.85 pence) (the share price of the Company on the date of the grant)
- Annual volatility of 40% (FY23 Grant: 40%) (based on volatility of share price from IPO to grant date)
- Vesting period of three years (FY23 Grant: three years)
- Holding period of two years (FY23 Grant: two years) with associated 20% (FY23 Grant: 20%) deduction for lack of marketability (based on empirical studies)
- Exercise price of 0 pence (FY23 Grant: 0 pence)
- Risk-free rate of 4% (FY23 Grant: 2%) per annum which has been used as a discount factor (based on government bond yields)
- Annual dividend of 20.1 pence (FY23 Grant: 14.0 pence) per annum

The simulation based on these assumptions resulted in a fair value of 161.8 pence (FY23 Grant: 169.7 pence) per option.

Share Incentive Plan

Under the Foresight Share Incentive Plan ("SIP"), for each one Partnership Share that a UK 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.

The movement in matching shares purchased under this scheme during the year was as follows:

	31 March 2024 Number of shares purchased	31 March 2023 Number of shares purchased
At the beginning of period	218,494	152,769
Movement	72,598	65,725
At end of period	291,092	218,494

Notes to the financial statements continued

For the year ended 31 March 2024

10. Share-based payments continued

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.

The movement in notional matching shares awarded under this scheme during the year was as follows:

	31 March 2024 Number of shares purchased	31 March 2023 Number of shares purchased
At the beginning of period	36,368	—
Granted	7,266	36,368
Vested	(8,046)	—
Extinguished	(9,626)	—
At end of period	25,962	36,368

Infrastructure Capital – post-combination services (see note 32)

Payments of the initial share consideration arising from the acquisition of Infrastructure Capital require the sellers to remain either employed or contracted to the Group 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 was one during the year ended 31 March 2024. The movement in the initial share consideration during the year is a result of the good leaver and 33.33% of the shares which are no longer subject to forfeiture. The initial share consideration is 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 32.

The expiry dates of shares issued under this arrangement are as follows:

	Expiry date	Exercise price[1]	Share options 31 March 2024	Share options 31 March 2023
8 September 2022	30 September 2023	—	—	2,276,784
8 September 2022	30 September 2024	—	2,088,924	2,276,784
8 September 2022	30 September 2025	—	2,088,924	2,276,784
			4,177,848	6,830,352
Weighted average remaining contractual life of options outstanding at end of period			1 year	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 2024

11. Finance income and expenses

	31 March 2024 £000	31 March 2023 £000
Finance income		
Gain on derivatives	434	762
Bank interest receivable	875	121
Total finance income	1,309	883
Finance expenses		
Other interest payable	10	2
Loan interest (accrued)	53	139
Interest on lease liabilities	463	512
Interest on dilapidation provisions	38	201
Total finance expense	564	854
Net finance income recognised in the Statement of Comprehensive Income	745	29

12. Taxation

Accounting policy:

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Accounting policy: continued

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 26.

	31 March 2024 £000	31 March 2023 £000
Current tax		
UK corporation tax	6,473	3,260
Foreign taxation	2,240	1,708
Adjustments in respect of prior periods	(105)	—
Adjustments in respect of prior periods (foreign tax)	(193)	—
Total current tax charge	8,415	4,968
Deferred tax		
Origination and reversal of temporary differences	(537)	(1,272)
Total deferred tax	(537)	(1,272)
Tax on profit on ordinary activities	7,878	3,696

Notes to the financial statements continued

For the year ended 31 March 2024

12. Taxation continued

The effective tax rate has varied through the historical period, and is explained as:

	31 March 2024 £000	31 March 2023 £000
Profit for the year	26,434	23,625
Add back total tax	7,878	3,696
Profit before all tax	34,312	27,321
Profit before tax at 25% (2023: 19%)	8,578	5,191
Profits not assessable to corporation tax	(622)	(410)
Profit share allocation from partnership funds	538	120
Unrecognised deferred tax	(48)	(328)
Adjustments to previous periods	92	—
Differences on overseas tax rate	(5,150)	(4,368)
Expenses not deductible for tax purposes	1,062	1,082
Other – share-based payments	311	126
Staff costs – acquisitions	2,952	2,283
Thin Cap adjustment	169	—
Gain on business combination	(4)	—
Total tax charge	7,878	3,696

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 25% (2023: 19%), as most of the Group's trading activities are carried out in the UK.

13. 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 and treasury shares held (see note 28 "Own share reserve" and "Treasury share 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).

	31 March 2024 £000	31 March 2023 £000
Earnings		
Profit for the period for purpose of basic and diluted earnings per share	26,434	23,625
Non-underlying items (see note 8)	11,741	15,279
Profit before non-underlying items for the period for purpose of basic and diluted earnings per share before non-underlying items	38,175	38,904

Notes to the financial statements continued

For the year ended 31 March 2024

13. Earnings per share continued

	31 March 2024 '000	31 March 2023 '000
Number of shares		
Weighted average number of shares in issue during the period	116,271	112,770
Less time-apportioned own shares held	(239)	(193)
Less time-apportioned treasury shares held	(54)	—
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	115,978	112,577
Add back weighted average number of dilutive potential shares		
Performance Share Plan	3,091	1,727
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	119,069	114,304

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 32) as the amount of shares potentially to be issued is not currently known.

	31 March 2024 pence	31 March 2023 pence
Earnings per share		
Basic	22.8	21.0
Diluted	22.2	20.7
Basic before non-underlying items	32.9	34.6
Diluted before non-underlying items	32.1	34.0

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.

14. 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.

Notes to the financial statements continued

For the year ended 31 March 2024

14. Property, plant and equipment continued

	31 March 2024				31 March 2023			
	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000
Cost								
At beginning of period	917	5,690	—	6,607	454	5,474	15	5,943
Additions	352	438	—	790	413	206	—	619
Business combinations (see note 32)	—	—	—	—	73	—	—	73
Foreign exchange movement	(9)	(6)	—	(15)	26	10	—	36
Disposals	(7)	—	—	(7)	(49)	—	(15)	(64)
At end of period	1,253	6,122	—	7,375	917	5,690	—	6,607
Depreciation								
At beginning of period	381	3,704	—	4,085	173	3,106	8	3,287
Depreciation charge for the year	357	619	—	976	249	594	2	845
Disposals	(2)	—	—	(2)	(35)	—	(10)	(45)
Foreign exchange movement	(9)	(5)	—	(14)	(6)	4	—	(2)
At end of period	727	4,318	—	5,045	381	3,704	—	4,085
Net book value at end of period	526	1,804	—	2,330	536	1,986	—	2,522

Notes to the financial statements continued

For the year ended 31 March 2024

15. 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 ("CGUs"), which represent the lowest level at which goodwill is monitored for internal management purposes. CGUs are identified as the smallest identifiable group of assets that generate 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. Computer software is carried at cost less accumulated amortisation.

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 four to five 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.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment by estimating the recoverable amount of the CGU or group of CGUs the goodwill is allocated to. Any impairment is recognised immediately in the Statement of Comprehensive Income 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 2024

15. Intangible assets continued

Key judgements:

Valuation method for measurement of intangible assets arising on acquisition

There is significant management judgement when determining the appropriate methodology to calculate the value of the investment management contracts. The cost approach, income approach and market approach have been considered in the preparation of the valuation analysis and the income approach was determined as the most appropriate on the premise that the value is equal to the present value of the future cash flows that the asset will generate over its remaining useful life. The net present value was therefore calculated using a Multi-period Excess Earnings Method ("MEEM").

Impairment of intangible assets

Customer contracts

For intangible assets with finite useful lives, an assessment is made at each reporting date as to whether there is any indication that an asset in use may be impaired. There is significant management judgement in determining the appropriate internal and external factors to consider.

Goodwill

Significant management judgement is required to determine the appropriate CGU or group of CGUs that are expected to benefit from the synergies of the acquisition.

Estimation uncertainty:

Recognition and measurement of intangible assets arising on acquisitions

Acquisition of Wellspring

The valuation of investment management contracts represents an estimation of the present value of the cash flows that those contracts were expected to generate at the completion date, with reference to the projected profitability of the fund over a useful life of 19.7 years based on the weighted average length of the contracts acquired. A weighted average cost of capital ("WACC") of 9% has been used and is considered a significant estimate.

Should this WACC be increased by 1%, the value of the investment management contracts would reduce by £445,000, resulting in goodwill arising from the acquisition of £317,000. If the WACC decreased by 1%, the value of the investment management contracts would increase by £501,000 and the gain on business combination would increase to £392,000. See note 32 for further details on the identifiable assets acquired and liabilities assumed.

Impairment of intangible assets

Customer contracts

The Directors have reviewed the intangible assets at 31 March 2024 and concluded there are indicators of impairment for the customer contracts acquired in Downing's technology ventures business and Infrastructure Capital (2023: no indicators of impairment). The recoverable value was determined based on a value in use calculation using a discounted cash flow ("DCF") model derived from the budget for the next three years and does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the customer contracts being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected cash flows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the customer contracts, including a sensitivity analysis, are disclosed and further explained in the note below.

Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations using a DCF model. The cash flows are derived from the budget for the next three years and does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected cash flows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in the note below.

Notes to the financial statements continued

For the year ended 31 March 2024

15. Intangible assets continued

	31 March 2024				31 March 2023			
	Computer software £000	Customer contracts £000	Goodwill £000	Total £000	Computer software £000	Customer contracts £000	Goodwill £000	Total £000
Cost								
At beginning of period	663	47,035	18,426	66,124	650	4,558	—	5,208
Additions	5	—	—	5	13	—	—	13
Business combinations (see note 32)	—	6,422	—	6,422	—	44,798	19,404	64,202
Foreign exchange movement	—	(1,317)	(554)	(1,871)	—	(2,321)	(978)	(3,299)
At end of period	668	52,140	17,872	70,680	663	47,035	18,426	66,124
Amortisation/impairment								
At beginning of period	477	2,736	—	3,213	394	383	—	777
Charge for the year	51	3,211	—	3,262	83	2,414	—	2,497
Impairment	—	2,895	—	2,895	—	—	—	—
Foreign exchange movement	—	(54)	—	(54)	—	(61)	—	(61)
At end of period	528	8,788	—	9,316	477	2,736	—	3,213
Net book value at end of period	140	43,352	17,872	61,364	186	44,299	18,426	62,911

Notes to the financial statements continued

For the year ended 31 March 2024

15. 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 (see note 32)	18.4 years	24,785
Acquisition of Downing's technology ventures business (see note 32)	13.3 years	9,689
Acquisition of PiP Manager Limited	16.4 years	2,357
Acquisition of FV Solar Lab S.R.L.	0.6 years	351
Acquisition of Wellspring (see note 32)	18.9 years	6,170
		43,352

For the customer contracts acquired as part of the Downing's technology ventures business acquisition, indicators of impairment were identified as at 31 March 2024 due to NAV valuation decreases, leading to actual revenues being lower than originally forecast. The value of the customer contracts has therefore been tested for impairment. The recoverable amount of the customer contracts has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period and extrapolated over the useful life. The discount rate was derived from the Group's weighted average cost of capital and takes into account the weighted average cost of capital of other market participants. The average revenue growth rate is a combination of market growth, fundraising and NAV attrition. The terminal growth rate is based on external long-term inflation expectations.

For the Infrastructure Capital customer contracts, the expected payout percentage of the earn-outs were reassessed at 31 March 2024 and have declined, indicating that the customer contracts could be impaired. The Group have therefore calculated the recoverable amount to test for impairment. The recoverable amount of the customer contracts has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period and extrapolated over the useful life. The discount rate was derived from the Group's weighted average cost of capital and takes into account the weighted average cost of capital of other market participants. The average revenue growth rate is a combination of market growth, fundraising and NAV attrition. The terminal growth rate is based on external long-term inflation expectations.

No indicators of impairment have been identified for the remaining customer contracts acquired at 31 March 2024.

The following key assumptions were applied in the value in use calculations:

	Downing's technology ventures business	Infrastructure Capital
Post-tax discount rate[1]	14.8%	13.3%
Useful life	13.3 years	18.4 years
Average revenue growth rate	5%	5%
Long-term growth rate	2%	2%

1. Using a pre-tax discount rate of 21.9% (Downing) and 20.9% (Infrastructure Capital) on pre-tax cash flows does not produce a materially different result.

As a result of this analysis, the Group has recognised an impairment charge of £2,895,000 in the current year against the Downing's technology ventures business customer contracts, with a carrying amount of £12,584,000 as at 31 March 2024 prior to the impairment. The impairment charge is recorded within administrative expenses in the Statement of Comprehensive Income.

The recoverable amount of the Infrastructure Capital customer contracts is £27,715,000, which is greater than the carrying amount of £24,785,000 at 31 March 2024 and therefore no impairment has been recognised.

Notes to the financial statements continued

For the year ended 31 March 2024

15. Intangible assets continued

Customer contracts continued

A sensitivity analysis was carried out on the customer contracts impairment models to assess the impact of reasonable plausible scenarios on both the discount rate and revenue growth rates on the Group's estimation by the stated percentages:

	Downing's technology ventures business Impact on Statement of Comprehensive Income £000	Infrastructure Capital Impact on Statement of Comprehensive Income £000
Impact of a change in discount rate assumptions:		
+ 1%	(432)	(151)
- 1%	466	—
Impact of a change in revenue growth rate assumptions:		
+ 5%	617	—
- 5%	(1,481)	—

Goodwill

The table below shows the carrying amount of goodwill.

	31 March 2024 £000
Acquisition of Infrastructure Capital (see note 32)	11,335
Acquisition of Downing's technology ventures business (see note 32)	6,537
	17,872

Goodwill is allocated between CGUs at 31 March 2024 as follows: £11,335,000 from the acquisition of Infrastructure Capital to the Infrastructure operating segment CGUs; and £6,537,000 from the acquisition of Downing's technology ventures business to the Private Equity operating segment CGUs.

An annual impairment test for goodwill is carried out at the period end date comparing the carrying value and recoverable amount of the CGU. The recoverable value was determined based on a value in use calculation using a DCF model over a period of five years where the terminal growth rate is used for years beyond that. The forecasted cash flows have been determined using the three year plan that has been approved by the Board on 20 June 2024. The discount rate was derived from the CGUs weighted average cost of capital and takes into account the weighted average cost of capital of other market participants.

The following key assumptions were applied in the value in use calculation:

	Infrastructure CGUs	Private Equity CGUs
Post-tax discount rate[1]	12.3%	13.0%
Terminal growth rate	2%	2%
Average EBITDA margin	51.1%	45.2%

1. Using a pre-tax discount rate of 15.8% (Infrastructure) and 17.0% (Private Equity) on pre-tax cash flows does not produce a materially different result.

The growth rate and EBITDA margin assumptions applied only to the period beyond the formal budgeted period, with the value in use calculation based on an extrapolation of the budgeted cash flows from year three.

As a result of this analysis, there is headroom of £452.4 million in the Infrastructure CGUs and £146.3 million in the Private Equity CGUs and therefore no impairment has been recognised.

A sensitivity analysis was carried out and the Group do not consider that a reasonably possible change in key assumptions would reduce the recoverable amount of the CGUs to below their carrying value.

Computer software

The remaining element of intangible assets relates to capitalised software costs, which are amortised over four to five years. The amortisation charges above are recognised within administrative expenses in the Statement of Comprehensive Income.

Notes to the financial statements continued

For the year ended 31 March 2024

16. 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.

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 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 below.

	31 March 2024 £000	31 March 2023 £000
At beginning of period	3,967	2,781
Additions	869	1,310
Fair value movements	278	349
Sales proceeds	(388)	(473)
At end of period	4,726	3,967

The NAV of these funds or investments represent the fair value at the end of the reporting period and as such a range of unobservable inputs is not reported. If the NAV of those funds changed by +/- 5%, then the valuation of the investments would change by +/- £236,000 (2023: +/- £198,000).

17. Derivative assets

Accounting policy:

The Group uses forward currency contracts to mitigate 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 2024 £000	31 March 2023 £000
Derivative assets arising from forward currency contracts, of which:	473	648
Non-current assets	—	245
Current assets	473	403

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 2024, the Group had three contracts with a notional amount of AUD$7.5 million to sell for £4.4 million and the fair value of these contracts gave rise to a gain of £0.5 million recognised as a derivative asset.

Notes to the financial statements continued

For the year ended 31 March 2024

18. 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.

Key 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.

	31 March 2024 £000	31 March 2023 £000
Incremental placement agency fees, of which:	3,375	3,965
Non-current assets	2,777	3,435
Current assets	598	530

19. 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.

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 or previous period. The Group has not incurred a bad debt expense in the current year. A bad debt expense of £64,000 was incurred in the year ended 31 March 2023 in relation to 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.

Notes to the financial statements continued

For the year ended 31 March 2024

19. Trade and other receivables continued

Accounting policy: continued

Derecognition continued

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.

	31 March 2024 £000	31 March 2023 £000
Trade receivables	17,808	12,956
Other receivables	6,010	3,411
Prepayments	3,850	3,080
Staff advances	1,060	2,295
	28,728	21,742
Less non-current assets:		
Trade receivables	822	1,044
Staff advances	420	1,555
	1,242	2,599
Current assets:		
Trade receivables	16,986	11,912
Other receivables	6,010	3,411
Prepayments	3,850	3,080
Staff advances	640	740
	27,486	19,143

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 2024 £000	31 March 2023 £000
Current	14,139	10,932
Overdue		
< 30 days	27	40
30-60 days	322	248
60-90 days	105	300
> 90 days	3,215	1,436
	17,808	12,956

The movement in the impairment allowance for trade receivables is as follows:

	31 March 2024 £000	31 March 2023 £000
At beginning of period	61	213
Written off during the period as uncollectible	—	(216)
Increase during the period	—	64
At end of period	61	61

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 31 for management of credit risk.

Notes to the financial statements continued

For the year ended 31 March 2024

20. Cash and cash equivalents

Accounting policy:

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less.

	31 March 2024 £000	31 March 2023 £000
Cash at banks and on hand	32,357	39,761
Short-term deposits	12,647	—
Cash and cash equivalents	45,004	39,761
Cash and cash equivalents per Cash Flow Statement	45,004	39,761

21. 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 2024 £000	31 March 2023 £000
Current liabilities:		
Trade payables	1,582	1,945
Accruals	16,472	17,504
Deferred income	7,361	5,790
Other payables	3,228	3,993
VAT and PAYE	3,522	2,876
Corporation tax	4,892	1,559
Partnership capital contributions	971	1,715
	38,028	35,382

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 2024

22. 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, cancelled or expired.

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 the Statement of Comprehensive Income 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 2024 £000	31 March 2023 £000
Loans and borrowings, of which:	509	3,131
Non-current liabilities	388	485
Current liabilities	121	2,646

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity[2]	31 March 2024 Carrying amount[1] £000
Unsecured loan	GBP	Base rate + 2%	2027	509

1. The carrying amount of these loans and borrowings equates to the fair value.
2. The loans were provided by five lenders equally. The Group agreed with four lenders for early repayment, with repayment made in May 2023.

The movement on the above loans may be summarised as follows:

	31 March 2024 £000	31 March 2023 £000
At beginning of period	3,131	3,690
Interest	53	139
Repayment – principal	(2,545)	(606)
Repayment – interest	(130)	(92)
At end of period	509	3,131

For more information about the Group's exposure to interest rate risk, see note 31.

Notes to the financial statements continued

For the year ended 31 March 2024

23. 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. Short-term leases (lease term of 12 months or less) and leases of low-value assets are expensed on a straight-line basis over the term of the lease. 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.

The Group's lease arrangements primarily consist of operating leases relating to office space. The leases are typically of ten years' duration.

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.

	31 March 2024 £000	31 March 2023 £000
Right-of-use asset		
At beginning of period	7,281	8,260
Additions	648	706
Business combination (see note 32)	—	560
Lease modifications	48	—
Adjustment to dilapidations (see note 25)	—	(334)
Depreciation	(2,200)	(1,872)
Foreign exchange movement	(9)	(39)
At end of period	5,768	7,281
Lease liability		
At beginning of period	9,251	10,408
Additions	648	722
Business combination (see note 32)	—	619
Lease payment	(3,132)	(2,963)
Interest	463	512
Foreign exchange movement	32	(47)
At end of period	7,262	9,251
Current	2,897	2,562
Non-current	4,365	6,689

The lease payment in the year has been split £2,669,000 (2023: £2,451,000) of principal and £463,000 (2023: £512,000) of interest.

Notes to the financial statements continued

For the year ended 31 March 2024

23. Lease liabilities and right-of-use assets continued

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments:

31 March 2024					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	Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
8,006	3,176	2,267	1,854	709	10,187	2,991	3,015	3,312	869

The following are the amounts recognised in the Statement of Comprehensive Income:

	31 March 2024 £000	31 March 2023 £000
Depreciation expense on right-of-use assets	2,200	1,872
Interest expense on lease liabilities	463	512
	2,663	2,384

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 4.62% (2023: 4.61%).

In accordance with IFRS 16.6 (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 for these items. This expense is presented within administrative expenses in the Statement of Comprehensive Income and for the year ended 31 March 2024 was £49,000 (2023: £95,000).

24. Acquisition-related liabilities

Acquisition-related liabilities arise from the acquisitions made by the Group during the year ended 31 March 2023 (see note 32).

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 Statement of Comprehensive Income.

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 32). The liabilities will be expensed over the deferral period and are included in staff costs – acquisitions.

Notes to the financial statements continued

For the year ended 31 March 2024

24. Acquisition-related liabilities continued

Estimation uncertainty:

Contingent consideration

Contingent consideration 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. The significant unobservable input is the NAV of the two VCT's whose investment mandates were acquired (see note 32). The first anniversary payment of £1,221,000 was fully paid in October 2023. 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 £2,784,000 (2023: £nil and £4,176,000). A change in +/- 5% of the NAV would result in a +/- £103,000 (2023: +/- £174,000) change in the fair value.

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 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 expected payout percentage of the earn-outs and forfeiture rate. The discounting uses high-quality corporate bond rates of 3.3%. The earn-out consideration has an expected payout percentage of 54% (2023: 95%) and 0% (2023: 0%) forfeiture rate. The performance earn-out has an expected payout percentage of 13% (2023: 79%) and 0% (2023: 0%) forfeiture rate. The revenue earn-out has an expected payout percentage of 0% (2023: 47.5%) and 0% (2023: 0%) forfeiture rate. The significant unobservable input of the expected payout assessments is internal forecasts of the appropriate management fee revenue. During the period, there was one additional good leaver to which forfeiture no longer applies and the total cost has been expensed based on the expected payout percentage at 31 March 2024. As a result of the change in expected payout percentage at 31 March 2024 a fair value decrease of £3,888,000 (2023: £2,000) has been recognised. A change in management fee revenue target to the maximum award for each consideration at the end of the reporting period would result in an additional charge of £7,139,000 (2023: £1,858,000) and the minimum would result in a reversal of the respective charge of £2,771,000 (2023: £2,503,000).

Notes to the financial statements continued

For the year ended 31 March 2024

24. Acquisition-related liabilities continued

	31 March 2024			31 March 2023		
	Contingent consideration £000	Remuneration for post-combination services £000	Total £000	Contingent consideration £000	Remuneration for post-combination services £000	Total £000
At beginning of period	3,470	2,503	5,973	—	—	—
Business combinations	—	—	—	3,797	—	3,797
Arising in the period	—	4,182	4,182	—	2,485	2,485
Payments	(1,221)	—	(1,221)	—	—	—
Interest	126	133	259	133	20	153
Fair value movements	(316)	(3,888)	(4,204)	(460)	(2)	(462)
Foreign exchange movement	—	(159)	(159)	—	—	—
At end of period	2,059	2,771	4,830	3,470	2,503	5,973
Current liabilities	1,005	—	1,005	1,104	46	1,150
Non-current liabilities	1,054	2,771	3,825	2,366	2,457	4,823

The following are the amounts recognised in the Statement of Comprehensive Income:

	31 March 2024		31 March 2023	
	Contingent consideration £000	Remuneration for post-combination services £000	Contingent consideration £000	Remuneration for post-combination services £000
Arising in the period	—	4,182	—	2,485
Interest	126	133	133	20
Fair value movements	(316)	(3,888)	(460)	(2)
	(190)	427	(327)	2,503

Notes to the financial statements continued

For the year ended 31 March 2024

24. Acquisition-related liabilities continued

The table below summarises the maturity profile of the Group's contingent consideration based on contractual undiscounted payments and current assessment of the expected payout at 31 March 2024.

31 March 2024				31 March 2023			
Total £000	Less than one year £000	One to two years £000	Two to five years £000	Total £000	Less than one year £000	One to two years £000	Two to five years £000
2,140	1,070	1,070	—	3,687	1,229	1,229	1,229

The table below summarises the maturity profile of the Group's remuneration for post-combination services based on contractual undiscounted payments and current assessment of the expected payout at 31 March 2024.

31 March 2024				31 March 2023			
Total £000	Less than one year £000	One to two years £000	Two to five years £000	Total £000	Less than one year £000	One to two years £000	Two to five years £000
5,015	—	4,168	847	14,404	66	316	14,022

25. Provisions

Dilapidation provisions

As part of its operating lease agreements 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.

	31 March 2024 £000	31 March 2023 £000
At beginning of period	800	933
Additions	17	—
Adjustment[1]	—	(334)
Interest	38	201
At end of period	855	800

1. The provisions were first accounted for in FY22. At that time, the provisions were not discounted which the Group corrected for in FY23 using the incremental borrowing rates used to measure lease liabilities.

Notes to the financial statements continued

For the year ended 31 March 2024

26. 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 12). 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.

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.

Key judgements:

Significant management 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.

The movement on the deferred tax account is as shown below:

	31 March 2024 £000	31 March 2023 £000
At beginning of period	(11,085)	(583)
Recognised in Statement of Comprehensive Income		
Tax expense	537	1,272
Foreign exchange movement	319	673
	856	1,945
Recognised in equity		
Share-based payment reserve	125	44
Arising on business combination		
Intangible asset (see note 32)	(1,606)	(12,727)
Other temporary and deductible differences	—	236
	(1,606)	(12,491)
At end of period	(11,710)	(11,085)

Notes to the financial statements continued

For the year ended 31 March 2024

26. Deferred tax assets and liabilities continued

The movements in deferred tax assets and liabilities during the period are shown below:

	31 March 2024				31 March 2023			
	Asset £000	Liability £000	Credited to profit or loss £000	Credited to equity £000	Asset £000	Liability £000	Credited to profit or loss £000	Credited to equity £000
Other temporary and deductible differences	1,563	(1,172)	(1,021)	125	1,742	(416)	633	44
Business combinations – intangible asset	—	(12,101)	1,558	—	—	(12,411)	639	—
	1,563	(13,273)	537	125	1,742	(12,827)	1,272	44

27. Employee benefits

Defined contribution pension plan

Accounting policy:

The Group operates a defined contribution 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.

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 2024 was £1,950,000 (2023: £1,245,000).

Notes to the financial statements continued

For the year ended 31 March 2024

28. 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 2024 Number	31 March 2024 £	31 March 2023 Number	31 March 2023 £
Ordinary Shares of no par value allotted				
At beginning of period	116,271,212	—	108,333,333	—
Shares issued on acquisition of Infrastructure Capital (see note 32)	—	—	7,937,879	—
At end of period	116,271,212	—	116,271,212	—

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).

	31 March 2024 £000	31 March 2023 £000
At beginning of period	61,886	32,040
Shares issued on acquisition of Infrastructure Capital – 7,937,879 shares at £3.76 per share (see note 32)	—	29,846
At end of period	61,886	61,886

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 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 32). 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.

On 30 September 2023, 33.33% of the shares were no longer subject to forfeiture. During the year ended 31 March 2024, there was an additional good leaver whose shares were no longer subject to forfeiture. Consequently, a transfer of £10,290,000 was made between the shares held in escrow reserve and the share-based payment reserve.

Notes to the financial statements continued

For the year ended 31 March 2024

28. Share capital and other reserves continued

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 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 2024, the total number of shares held in trust was 513,862 (2023: 342,403), including 291,092 (2023: 218,494) of matching shares at a cost of £1,195,000 (2023: £729,000), an increase of £466,000 on the prior year.

Treasury share reserve

Accounting policy:

Treasury shares held are equity shares of the Company acquired and held by the Company. Such shares are recognised at cost and are presented in the 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 Company announced a share buyback programme on 27 October 2023 to buyback Ordinary Shares in the capital of the Company. The bought back shares are held in treasury and have no voting rights or entitlement to dividends.

At 31 March 2024, the total number of shares held in treasury was 236,492 (2023: nil) at a cost of £967,000 (2023: £nil).

Notes to the financial statements continued

For the year ended 31 March 2024

28. Share capital and other reserves continued

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 32 for acquisitions). The cumulative cost is analysed below.

	31 March 2024				31 March 2023			
	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post-combination services £000	Total £000	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post-combination services £000	Total £000
Cost								
At beginning of period	1,139	399	9,514	11,052	299	160	—	459
Additions	1,818	337	11,520	13,675	840	239	9,514	10,593
Transfer on vesting of initial consideration shares for Infrastructure Capital acquisition	—	—	(10,290)	(10,290)	—	—	—	—
At end of period	2,957	736	10,744	14,437	1,139	399	9,514	11,052
Deferred tax								
At beginning of period	66	—	—	66	22	—	—	22
Additions	125	—	—	125	44	—	—	44
At end of period	191	—	—	191	66	—	—	66
Net value at end of period	3,148	736	10,744	14,628	1,205	399	9,514	11,118

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 reduced by any dividends paid.

Notes to the financial statements continued

For the year ended 31 March 2024

29. 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:

	31 March 2024 £000	31 March 2023 £000
Final dividend	18,022	10,617
Interim dividend	7,765	5,348
	25,787	15,965

Year ended 31 March 2024

- A final dividend of 15.5 pence per share in respect of the year ended 31 March 2023 was paid on 20 October 2023 with an ex-dividend date of 28 September 2023 and a record date of 29 September 2023
- An interim dividend of 6.7 pence per share in respect of the year ended 31 March 2024 was paid on 26 January 2024 with an ex-dividend date of 11 January 2024 and a record date of 12 January 2024. At the record date, the shares that were held in treasury had no entitlement to dividends

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

Dividends proposed by the Board of Directors to be approved by shareholders (not recognised as a liability at 31 March 2024)

	31 March 2024 £000	31 March 2023 £000
Final dividend	18,022	18,022

- A final dividend of 15.5 pence per share in respect of the year ended 31 March 2024 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

30. Commitments and contingencies

On 16 February 2024, the Group signed an asset purchase agreement for the Healthcare share class of Thames Venture VCT 2 Plc. At 31 March 2024, the contract had not completed. Due to the exchange of contract the Group has a commitment of the estimated initial consideration of £0.90 million and estimated deferred consideration of £0.3 million.

There were no other capital commitments or contingencies at 31 March 2024 or 31 March 2023 except as disclosed in note 24.

Notes to the financial statements continued

For the year ended 31 March 2024

31. Financial instruments – classification and measurement

In accordance with IFRS 9, the financial assets and liabilities are classified as FVTPL or at amortised cost. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 March 2024					31 March 2023				
	Amortised cost £000	FVTPL £000	Total financial instruments £000	Non-financial instruments £000	Total £000	Amortised cost £000	FVTPL £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Property, plant and equipment	—	—	—	2,330	2,330	—	—	—	2,522	2,522
Right-of-use assets	—	—	—	5,768	5,768	—	—	—	7,281	7,281
Intangible assets	—	—	—	61,364	61,364	—	—	—	62,911	62,911
Investments at FVTPL	—	4,726	4,726	—	4,726	—	3,967	3,967	—	3,967
Derivative assets	—	473	473	—	473	—	648	648	—	648
Deferred tax assets	—	—	—	1,563	1,563	—	—	—	1,742	1,742
Contract costs	—	—	—	3,375	3,375	—	—	—	3,965	3,965
Trade and other receivables	24,878	—	24,878	3,850	28,728	18,662	—	18,662	3,080	21,742
Cash and cash equivalents	45,004	—	45,004	—	45,004	39,761	—	39,761	—	39,761
	69,882	5,199	75,081	78,250	153,331	58,423	4,615	63,038	81,501	144,539

Notes to the financial statements continued

For the year ended 31 March 2024

31. Financial instruments – classification and measurement continued

Financial liabilities

	31 March 2024					31 March 2023				
	Amortised cost £000	FVTPL £000	Total financial instruments £000	Non-financial instruments £000	Total £000	Amortised cost £000	FVTPL £000	Total financial instruments £000	Non-financial instruments £000	Total £000
Trade payables	1,582	—	1,582	—	1,582	1,945	—	1,945	—	1,945
Other payables and partnership capital contributions	4,199	—	4,199	15,775	19,974	5,708	—	5,708	10,225	15,933
Accruals	16,472	—	16,472	—	16,472	17,504	—	17,504	—	17,504
Loans and borrowings	509	—	509	—	509	3,131	—	3,131	—	3,131
Lease liabilities	7,262	—	7,262	—	7,262	9,251	—	9,251	—	9,251
Acquisition-related liabilities	—	4,830	4,830	—	4,830	—	5,973	5,973	—	5,973
Provisions	—	—	—	855	855	—	—	—	800	800
Deferred tax liability	—	—	—	13,273	13,273	—	—	—	12,827	12,827
	30,024	4,830	34,854	29,903	64,757	37,539	5,973	43,512	23,852	67,364

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 Exco supported by the Risk Committee (see page 56). 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 2024, was £4.7 million (2023: £4.0 million).

Notes to the financial statements continued

For the year ended 31 March 2024

31. Financial instruments – classification and measurement continued

Financial risk management continued

(a) Market risk continued

(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 £0.5 million of external debt at 31 March 2024 (2023: £3.1 million) related to the PiP acquisition during the year ended 31 March 2021 (see note 22). £2.6 million of the debt was repaid in May 2023 and the remaining loan has a maturity of 2027. Any changes in market interest rates would not result in a material change to profit before tax.

The Group holds cash on deposit with the interest on these balances based on fixed or agreed rates. Any changes in market interest rates would not result in a material change to profit before tax.

(iii) Foreign exchange risk

Foreign currency risk is the risk that changes in foreign exchange rates will cause the Group to suffer losses. Due to the Infrastructure Capital acquisition (see note 32), the Group is exposed to foreign exchange transaction risk as the Infrastructure Capital activities are within Australia.

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 17 for further explanation of the contracts entered into.

The table below summarises the Group's exposure to foreign currency translation risk at 31 March 2024. Included in the table are the Group's financial assets, at carrying amounts, categorised by currency.

	31 March 2024				31 March 2023			
	Euro £000	Aus dollar £000	US dollar £000	Total £000	Euro £000	Aus dollar £000	US dollar £000	Total £000
Financial assets								
Cash and cash equivalents	418	2,583	83	3,084	1,993	—	69	2,062
Investments at FVTPL	2,140	—	—	2,140	2,078	—	—	2,078
	2,558	2,583	83	5,224	4,071	—	69	4,140

A 5% strengthening of sterling against euro would reduce the net euro position and profit and loss by £122,000 (2023: £214,000). This assumes all other variables are held constant. A 5% strengthening of sterling against Australian dollar would reduce the net Australian dollar position and profit and loss by £123,000 (2023: £nil).

Notes to the financial statements continued

For the year ended 31 March 2024

31. Financial instruments – classification and measurement continued

Financial risk management continued

(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 21
- Loans and borrowings, see note 22
- Lease liabilities, see note 23
- Acquisition-related liabilities: Contingent consideration, see note 24

(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 above A.

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 as per 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

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 2024, 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 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 16.

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.

Notes to the financial statements continued

For the year ended 31 March 2024

31. Financial instruments – classification and measurement continued

Fair value hierarchy continued

At 31 March 2024, the Group held the following financial instruments measured at fair value:

	31 March 2024				31 March 2023			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets								
Investments at FVTPL	—	—	4,726	4,726	—	—	3,967	3,967
Derivative assets	—	473	—	473	—	648	—	648
	—	473	4,726	5,199	—	648	3,967	4,615
Financial liabilities								
Acquisition-related liabilities: Contingent consideration	—	—	2,059	2,059	—	—	3,470	3,470
Acquisition-related liabilities: Remuneration for post-combination services	—	—	2,771	2,771	—	—	2,503	2,503
	—	—	4,830	4,830	—	—	5,973	5,973

Derivative assets have arisen from the forward foreign currency contracts entered into during the year ended 31 March 2023 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 2024

31. Financial instruments – classification and measurement continued

Transfers

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

The following table summarises the inputs and estimates used for items categorised in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis. There have been no changes in valuation methodology during the year.

Asset class and valuation	31 March 2024 Fair value £000	Valuation technique	Significant unobservable inputs	Sensitivity inputs unobservable input	Change in fair value £000
Investments at FVTPL	4,726	The fair value is based on the closing NAV of underlying investments	NAV	+/-5% on closing NAV	+/- 236
Acquisition-related liabilities: Contingent consideration	2,059	The fair value is a ratio of the closing NAV of the funds acquired to the NAV on acquisition	NAV	+/-5% on closing NAV	+/ -103
Acquisition-related liabilities: Remuneration for post-combination services	2,771	The fair value is the current forecasted management fees divided by the management fees required to achieve the maximum earn-out multiplied by the maximum earnout payable	Forecast	Applied a sensitivity on the maximum and minimum payment that could be made	Max: +7,139 Min: -2,771

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.

The reconciliation of opening to closing balances, significant unobservable inputs and sensitivities are disclosed in the following notes:

- Investments at FVTPL – note 16
- Acquisition- related liabilities: Contingent consideration – note 24
- Acquisition-related liabilities: Remuneration for post-combination services – note 24

Notes to the financial statements continued

For the year ended 31 March 2024

32. 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 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 15 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.

Acquisitions in the year ended 31 March 2024

Wellspring Finance Company Limited ("Wellspring")

On 20 June 2023, the Group completed the acquisition of 100% of the issued share capital of Wellspring Finance Company Limited. The principal activity of the company is that of providing outsourced management services through its 100% owned subsidiary, Wellspring Management Services Limited.

Wellspring Management Services Limited holds the asset management contracts for seven operational PFI projects in Scotland. The acquisition allowed the Group to increase recurring revenue at an attractive Core EBITDA margin on contracts that have a final expiry of May 2045.

Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred:

	£000
Cash consideration	4,870
Total carrying value	**4,870**

Cash consideration comprises an initial cash payment of £4,800,000 paid on 20 June 2023 and further cash payment of £70,000 that was fully paid by March 2024.

Acquisition-related costs

Alongside the Group's acquisition, a Foresight managed fund also acquired the equity of the seven operational PFI projects. Due to the transaction structure and value to the fund, the fund bore all of the transaction and adviser costs so that the Group did not incur any 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. 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 2023 and noted no change to the identifiable net assets acquired.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Intangible assets – customer contracts	3,948	2,474	6,422
Trade and other receivables	70	—	70
Cash and cash equivalents	193	—	193
Trade and other payables	(193)	—	(193)
Deferred tax liability	—	(1,606)	(1,606)
Total net assets acquired	**4,018**	**868**	**4,886**

Notes to the financial statements continued

For the year ended 31 March 2024

32. Business combinations continued

Acquisitions in the year ended 31 March 2024 continued

Identifiable assets acquired and liabilities assumed continued

The fair value of the intangible asset above was derived from cash flow forecasts of the fees arising from the seven PFI contracts using a 9% 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 19.7 years. See note 15 for further information including sensitivity analysis.

The fair value of all other net assets acquired were equal to their carrying value.

The acquisition is reflected in the Cash Flow Statement as follows at 31 March 2024:

	£000
Cash paid	(4,870)
Cash acquired on acquisition	193
Total per Cash Flow Statement	(4,677)

Gain on business combination

The gain on business combination on the acquisition of Wellspring has been recognised as follows. The Group reported a provisional gain on business combination in the Half-year Report for the six months ended 30 September 2023 and noted no change to the gain on business combination at year-end.

	£000
Fair value of net assets acquired	4,886
Less total consideration	(4,870)
Gain on business combination	16

The gain on business combination arises due to the fair value of net assets acquired being greater than the total consideration. The consideration was negotiated without direct correlation to the value of the net assets acquired. The gain on business combination is recognised in the Statement of Comprehensive Income and as a non-underlying item (see note 8).

Revenue and profits of Wellspring

Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	914
EBITDA contribution	681
Profit on ordinary activities before taxation	521

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	1,173
EBITDA contribution	848
Profit on ordinary activities before taxation	634

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

The Group acquired this business 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.

Notes to the financial statements continued

For the year ended 31 March 2024

32. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

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
Total carrying value	36,922

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 28). 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 the grant date, which was the share price of £4.08 per share converted to Australian dollars at the prevailing exchange rate with a 0% forfeiture rate. See note 10 for the movement in the initial share consideration and remuneration for post-combination services for the year ended 31 March 2024.

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 fair value		
	£000	A$000	Grant date	£000	A$000	Expected vesting date
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

Notes to the financial statements continued

For the year ended 31 March 2024

32. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

Other deferred payments continued

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 unless the seller is considered a good leaver. 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% 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 unless the seller is considered a good leaver.
- 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 unless the seller is considered a good leaver. 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% 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 expected payout percentage of those outcomes. The fair value will be assessed at each reporting period. For further explanation of how fair value is calculated and the cost recognised in the Statement of Comprehensive Income for the year ended 31 March 2024, see note 10 for consideration paid in shares under IFRS 2 and note 24 for consideration paid in cash under IAS 19.

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
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)
Total net assets acquired	2,669	21,386	24,055

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
Total per Cash Flow Statement	(31,391)

Notes to the financial statements continued

For the year ended 31 March 2024

32. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

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)
	12,867

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. The goodwill is subject to foreign exchange movements as it is deemed to be an Australian dollar asset.

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. At 31 March 2024, the Group has a commitment to complete the purchase of the Healthcare share class of Thames Ventures VCT 2 Plc. See note 30.

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 for 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. At 31 March 2024, the acquisition of this investment mandate is not complete.

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
Total carrying value	17,222

Contingent cash consideration with an expected fair value of £3,797,000 is 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 expected value 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 has been recognised as a liability at 31 March 2023 and the fair value assessed each reporting period. The first payment was made during the current reporting period and the remaining liability fair value has been assessed at 31 March 2024. See note 24.

Notes to the financial statements continued

For the year ended 31 March 2024

32. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

Downing's technology ventures business continued

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	—	14,247	14,247
Deferred tax liability	—	(3,562)	(3,562)
Total net assets acquired	—	10,685	10,685

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)
	6,537

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.

33. Assets and liabilities of disposal group as held for sale

The assets of disposal group as held for sale related to residual cash balances in Foresight Metering Limited ("FML") and the liabilities related 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 remained in liquidation as the liquidator was awaiting clearance from HMRC which was received during the period. FML made a final distribution to the Company and FML has now been dissolved.

The assets and liabilities of operations classified as a disposal group are as follows:

	31 March 2024 £000	31 March 2023 £000
Assets		
Current assets		
Cash and cash equivalents	—	65
Total assets	—	65
Liabilities		
Current liabilities		
Trade and other payables	—	(1)
Total liabilities	—	(1)
Net assets and liabilities	—	64

34. Related party transactions

Transactions between the 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 2024 £000	31 March 2023 as restated[1] £000
Emoluments	3,156	3,078
Other benefits	38	37
Share-based payments	425	222
Total	3,619	3,337

1. Emoluments for the year ended 31 March 2023 have been restated for discretionary bonuses that were incorrectly excluded from the disclosure. The restatement has increased the emoluments for the year ended 2023 by £619,000.

Notes to the financial statements continued

For the year ended 31 March 2024

34. Related party transactions continued

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 2024, a further £nil (2023: £nil) of advances were made by Foresight Group LLP and £740,000 (2023: £760,000) 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. Following a further close of the fund, they entered into management fee rebate agreements with Foresight Group LLP. These rebates totalled £5,014 (2023: £5,600) and £8,774 (2023: £9,700) respectively.

35. 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.

36. Subsequent events

On 17 June 2024, the Group signed an extension of the leased offices in The Shard for a further ten-year period. The Group will account for the lease extension as a lease modification and the right of use asset and lease liability will be updated in the Half-year Report for the six months ending 30 September 2024.

Since 31 March 2024, under the Company’s share buyback programme, a further 142,174 shares were bought back for £621,042. The total number of shares held in treasury is now 378,666.

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 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.

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.

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
Financial measures derived from the financial statements			
Statement of Comprehensive Income measures			
Recurring revenue	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.
Recurring revenue %	None	Refer to definition and note A2	Recurring revenue % is recurring revenue divided by total revenue.
Core EBITDA	None	Refer to definition and notes A3 and A7	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).
Core EBITDA pre share-based payments ("SBP")	None	Refer to definition and notes A3 and A7	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.
Core EBITDA pre-SBP margin (%)	None	Refer to definition and note A4	Core EBITDA pre-SBP divided by total revenue.
Core EBITDA reconciling items	None	Refer to definition and note A5	Core EBITDA reconciling items is calculated as the sum of the adjustments made to Core EBITDA pre-SBP before tax. A reconciliation of the above measures is shown in note A5.
Non-underlying items	None	See note 8 to the financial statements and note A6	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 A7.
Before non-underlying items profit and total comprehensive income	Profit and total comprehensive income	Refer to definition, Statement of Comprehensive Income and note A7	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 A7.

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
Financial measures derived from the financial statements			
Statement of Comprehensive Income measures			
Earnings per share before non-underlying items	Earnings per share	Non-underlying items, note 13 to the financial statements and note A8	Profit for the period before non-underlying items attributable to Ordinary Shareholders divided by weighted average number of shares in issue during the period.
Adjusted profit before non-underlying items	Profit	Refer to definition, Statement of Comprehensive Income and note A9	Before non-underlying items profit and total comprehensive income with any impairment and associated deferred tax credit added back for the purposes of the calculating the Group dividend.
Dividend payout ratio	None	Refer to definition, before non-underlying items profit and total comprehensive income and note A10	The dividend payout ratio is the ratio of the total amount of dividends paid out to Ordinary Shareholders divided by adjusted profit for the period attributable to Ordinary Shareholders before non-underlying items relative to the same period.
Dividend payout	None	Refer to definition and note A11	Total dividend paid or proposed for the period to Ordinary Shareholders divided by the total number of shares at the end of the relative period. The Group believes that the separate disclosure of the dividend payout per share provides additional useful information on the dividends paid and proposed.
Financial measures not derived from the financial statements			
Funds Under Management ("FUM")	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.
Assets Under Management ("AUM")	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.
AUM growth %	None	Refer to definition and note A12	AUM at current period end less AUM at prior period end divided by AUM at prior period end as per note A12.

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 2024 £000	31 March 2023 £000
Management fees	115,580	97,373
Secretarial fees	3,152	2,719
Directors' fees	3,640	3,116
	122,372	103,208

A2. Recurring revenue %

Amounts shown below are derived from note 4 to the financial statements.

	31 March 2024 £000	31 March 2023 £000
Recurring revenue	122,372	103,208
Divided by total revenue	141,326	119,155
Recurring revenue %	86.6%	86.6%

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 8)
- All depreciation and amortisation costs are added back, including amortisation arising on intangible assets (customer contracts)
- Impairments of non-financial assets, including impairments of intangible assets (customer contracts)
- Non-operational staff costs: staff advances and redundancy payments 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 classed as non-recurring
- 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 2024 £000	31 March 2023 £000
Net profit after other comprehensive income	24,755	20,905
Gain on business combination	(16)	—
Acquisition-related costs	—	3,721
Staff costs – acquisitions (excluding share-based payments)	427	3,153
Redundancy payments	1,615	—
Non-operational staff costs	740	760
Amortisation in relation to intangible assets (customer contracts)	3,211	2,414
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	3,227	2,800
Impairment of intangible assets (customer contracts)	2,895	—
Loss/(profit) on disposal of tangible fixed assets	5	(10)
Finance income and expense (excluding fair value gain on derivatives)	(311)	733
Fair value gains on contingent consideration (incl. finance expense)	(190)	(327)
Foreign exchange – administrative expenses	—	(782)
Foreign exchange – translation differences on foreign subsidiaries	1,331	2,436
Tax on profit on ordinary activities	7,878	3,696
Core EBITDA	45,567	39,499
Share-based payments	13,730	10,659
Core EBITDA pre-SBP	59,297	50,158

A4. Core EBITDA pre-SBP margin

	31 March 2024 £000	31 March 2023 £000
Core EBITDA pre-SBP (see note A3)	59,297	50,158
Divided by total revenue (see note A2)	141,326	119,155
Core EBITDA pre-SBP margin %	42.0%	42.1%

Appendices to the financial statements continued

Alternative performance measures continued

A5. Core EBITDA reconciling items

	31 March 2024 £000	31 March 2023 £000
Gain on business combination	(16)	—
Acquisition-related costs	—	3,721
Staff costs – acquisitions (excluding share-based payments)	427	3,153
Redundancy payments	1,615	—
Non-operational staff costs	740	760
Amortisation in relation to intangible assets (customer contracts)	3,211	2,414
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	3,227	2,800
Impairment of intangible assets (customer contracts)	2,895	—
Loss/(profit) on disposal of tangible fixed assets	5	(10)
Finance income and expense (excluding fair value gain on derivatives)	(311)	733
Fair value gains on contingent consideration (incl. finance expense)	(190)	(327)
Foreign exchange – administrative expenses	—	(782)
Foreign exchange – translation differences on foreign subsidiaries	1,331	2,436
Tax on profit on ordinary activities	7,878	3,696
Share-based payments	13,730	10,659
	34,542	29,253
Less tax on profit on ordinary activities	(7,878)	(3,696)
Core EBITDA reconciling items (note 5)	26,664	25,557

A6. 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, note 8 and in the Strategic Report on page 51.

	31 March 2024 £000	31 March 2023 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	11,947	12,667
Other administration costs – foreign exchange	—	(782)
	11,947	11,885
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital	—	3,121
Legal and professional costs in respect of acquisition of Downing's technology ventures business	—	452
Other legal and professional costs	—	148
	—	3,721
Fair value gains on contingent consideration (incl. finance expense)	(190)	(327)
Gain on business combination	(16)	—
Total non-underlying items	11,741	15,279

Appendices to the financial statements continued

Alternative performance measures continued

A7. Summary Statement of Comprehensive Income and Core EBITDA and before non-underlying items reconciliation

	31 March 2024			31 March 2023		
	Before non-underlying items £000	Non-underlying items[1] £000	Total £000	Before non-underlying items £000	Non-underlying items[1] £000	Total £000
Revenue	141,326	—	141,326	119,155	—	119,155
Cost of sales	(7,304)	—	(7,304)	(6,303)	—	(6,303)
Gross profit	134,022	—	134,022	112,852	—	112,852
Administrative expenses	(88,992)	(11,947)	(100,939)	(70,630)	(11,885)	(82,515)
Acquisition-related costs	—	—	—	—	(3,721)	(3,721)
Operating profit	45,030	(11,947)	33,083	42,222	(15,606)	26,616
Gain on business combination	—	16	16	—	—	—
Other non-operating gains and losses	1,023	190	1,213	378	327	705
Profit on ordinary activities before taxation	46,053	(11,741)	34,312	42,600	(15,279)	27,321
Tax on profit on ordinary activities	(7,878)	—	(7,878)	(3,696)	—	(3,696)
Profit	38,175	(11,741)	26,434	38,904	(15,279)	23,625
Other comprehensive income						
Translation differences on foreign subsidiaries	(1,679)	—	(1,679)	(2,720)	—	(2,720)
Total comprehensive income	36,496	(11,741)	24,755	36,184	(15,279)	20,905
Adjustments:						
Gain on business combination	—	(16)	(16)	—	—	—
Acquisition-related costs	—	—	—	—	3,721	3,721
Staff costs – acquisitions (excluding share-based payments)	—	427	427	—	3,153	3,153
Redundancy payments	1,615	—	1,615	—	—	—
Non-operational staff costs	740	—	740	760	—	760
Amortisation in relation to intangible assets (customer contracts)	3,211	—	3,211	2,414	—	2,414

Appendices to the financial statements continued

Alternative performance measures continued

A7. Summary Statement of Comprehensive Income and Core EBITDA and before non-underlying items reconciliation continued

	31 March 2024			31 March 2023		
	Before non-underlying items £000	Non-underlying items[1] £000	Total £000	Before non-underlying items £000	Non-underlying items[1] £000	Total £000
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	3,227	—	3,227	2,800	—	2,800
Impairment of intangible assets (customer contracts)	2,895	—	2,895	—	—	—
Loss/(profit) on disposal of tangible fixed assets	5	—	5	(10)	—	(10)
Finance income and expense (excluding fair value gain on derivatives)	(311)	—	(311)	733	—	733
Fair value gains on contingent consideration (incl. finance expense)	—	(190)	(190)	—	(327)	(327)
Foreign exchange on acquisitions	1,331	—	1,331	2,436	(782)	1,654
Tax on profit on ordinary activities	7,878	—	7,878	3,696	—	3,696
Core EBITDA	57,087	(11,520)	45,567	49,013	(9,514)	39,499
Share-based payments	2,210	11,520	13,730	1,145	9,514	10,659
Core EBITDA pre-SBP	59,297	—	59,297	50,158	—	50,158

1. See note A6.

Appendices to the financial statements continued

Alternative performance measures continued

A8. Earnings per share before non-underlying items

	31 March 2024 £000	31 March 2023 £000
Earnings		
Profit before non-underlying items for the period for the purpose of basic and diluted earnings per share before non-underlying items (see note A7)	38,175	38,904

Weighted average number of Ordinary Shares and earnings per share are derived from note 13 to the financial statements.

	31 March 2024 '000	31 March 2023 '000
Number of shares		
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	115,978	112,577
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	119,069	114,304

	31 March 2024 pence	31 March 2023 pence
Earnings per share before non-underlying items		
Basic	32.9	34.6
Diluted	32.1	34.0

A9. Adjusted profit for the period before non-underlying items

	31 March 2024 £000	31 March 2023 £000
Profit for the period attributable to Ordinary Shareholders before non-underlying items (see note A7)	38,175	38,904
Adjusted for:		
Impairment of intangible assets (customer contracts)	2,895	—
Deferred tax on impairment of intangible assets (customer contracts)	(724)	—
Adjusted profit for the period attributable to Ordinary Shareholders before non-underlying items	40,346	38,904

A10. Dividend payout ratio

All dividends are derived from note 29 except for the proposed final dividend for the year ended 31 March 2024, which has not yet been paid.

	31 March 2024 £000	31 March 2023 £000
Interim dividend paid	7,765	5,348
Proposed final dividend	18,022	18,022
	25,787	23,370
Divided by adjusted profit for the period attributable to Ordinary Shareholders before non-underlying items (see note A9)	40,346	38,904
Dividend payout ratio	64%	60%

Appendices to the financial statements continued

Alternative performance measures continued

A11. Dividend payout

All dividends are derived from note 29 except for the proposed final dividend for the year ended 31 March 2024 which has not yet been paid.

	31 March 2024 £000	31 March 2023 £000
Interim dividend paid	7,765	5,348
Final dividend proposed	18,022	18,022
	25,787	23,370
Divided by total number of shares (note 28)	116,271	116,271
Dividend payout	22.2	20.1

A12. AUM growth %

	31 March 2024 £bn	31 March 2023 £bn
AUM at current period end	12.1	12.2
Less AUM at prior period end	(12.2)	(8.8)
	(0.1)	3.4
Divided by AUM at prior period end	12.2	8.8
AUM growth %	(0.2%)	38%

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:

	Domicile	Type	Country of registration	Interest
Subsidiary undertakings				
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%
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%

Appendices to the financial statements continued

Related undertakings continued

	Domicile	Type	Country of registration	Interest
Foresight Regional Investment V General Partner LLP	UK	LLP	Scotland	100%
Foresight Regional Investment VI GP LLP	UK	LLP	Scotland	100%
Foresight WAE Hydrogen Technology General Partner LLP	UK	LLP	Scotland	100%
Foresight IFW Equity 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%
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	Australia	Company	Australia	100%
Foresight Australia Funds Management Limited	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 Limited	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%

Appendices to the financial statements continued

Related undertakings continued

	Domicile	Type	Country of registration	Interest
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%
Foresight Group Iberia SL	Spain	Company	Spain	100%
Foresight Energy Infrastructure Partners GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Hydrogen Infrastructure Fund GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Energy Infrastructure Partners GP II 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%
Wellspring Finance Company Limited	UK	Company	England & Wales	100%
Wellspring Management Services Limited	UK	Company	England & Wales	100%

Glossary

Absolute TSR	Share price appreciation plus dividends paid to show total return to a Shareholder, expressed as a percentage
AGM	Annual General Meeting
AIFM	Alternative Investment Fund Manager
AITS	Foresight's Accelerated Inheritance Tax Solution
AML	Anti-Money Laundering
AUM	Assets Under Management (FUM + DUM)
CAGR	Compound Annual Growth Rate
CASS	The Financial Conduct Authority's Client Assets Sourcebook
CFO	Chief Financial Officer of Foresight Group
Company	Foresight Group Holdings Limited
COO	Chief Operating Officer
Core EBITDA	Core earnings before interest, taxes, depreciation and amortisation. See explanation in appendix to the financial statements
CRO	Chief Risk Officer of Foresight Group
DE&I	Diversity, Equity & Inclusion
DTRs	Disclosure Guidance and Transparency Rules
DUM	Debt Under Management
EDD	Enhanced Due Diligence
EIS	Enterprise Investment Scheme
EPS	Earnings per share
ESG	Environmental, Social and Governance
Ethical Standard	The FRC's Revised Ethical Standard (2019)
EU	European Union
Exco	Executive Committee
Executive Group	Board, Executive Committee and the Company Secretary
Executive Management	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"
FCA	Financial Conduct Authority
FCM	Foresight Capital Management
FEIP	Foresight Energy Infrastructure Partners
FG Australia	Foresight Group Australia Pty Ltd
FGCI	Foresight Group CI Limited
FGLLP	Foresight Group LLP
FIIF	FP Foresight UK Infrastructure Income Fund
Foresight/Foresight Group/Group	Foresight Group Holdings Limited together with its direct and indirect subsidiary undertakings
Foresight SICAV	Foresight Global Real Infrastructure (Lux) Fund
FRIF	Foresight Regional Investment Fund LP
FSFC	Foresight Sustainable Forestry Company plc
FSFL	Foresight Solar Fund Limited
FTE	Full-Time Equivalent
FUM	Funds Under Management
FVTPL	Fair value through profit and loss
FY23/24/25	Year ending 31 March 2023/24/25
GHGs	Greenhouse gases
GRIF	FP Foresight Global Real Infrastructure Fund
IASB	International Accounting Standards Board
IBR	Incremental Borrowing Rate
IC	Investment Committee
I&D	Inclusion and Diversity

Glossary continued

IFA	Independent financial adviser
IFRS	International Financial Reporting Standard(s)
IPEV	International Private Equity and Venture Capital
IPO	Initial Public Offering
ISAE 3402	International Standard on Assurance Engagements – 3402, Assurance Reports on Controls at a Service Organisation
ITS	Foresight's Inheritance Tax Solution
JLEN	JLEN Environmental Assets Group
LSE	London Stock Exchange
MAR	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
Minority ethnic background	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)"
NAV	Net Asset Value
NCIA	Sustainable Market Initiative's Natural Capital Investment Alliance
NEDs	Non-Executive Directors
OEIC	Open Ended Investment Company
O&M	Operations and maintenance
Parent Company	Foresight Group Holdings Limited
PiP	Pensions Infrastructure Platform
PRI	The UN's Principles for Responsible Investment
PSC	People & Sustainable Culture
PSP	Performance Share Plan
RCSA	Risk Control Self-Assessment
Recurring revenue	Management, secretarial and directors' fees
REF	FP Foresight Sustainable Real Estate Securities Fund
Relationship Agreement	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
RMF	Risk Management Framework
RPI	Retail Price Index
SBP	Share-based payment
SBTi	Science Based Targets initiative
SC	Sustainability Committee
SDGs	Sustainable Development Goals
SDR	UK Sustainable Disclosure Requirements
SECR	Streamlined Energy and Carbon Reporting
SET	Sustainability Evaluation Tool
SFDR	Sustainable Finance Disclosure Regulation
SFT	Sustainable Future Themes Fund
Shareholder	Holder of the Company's Ordinary Shares
SIP	Share Incentive Plan
SSPs	Shared Socioeconomic Pathways
TCFD	Task Force on Climate-related Financial Disclosures
the Code	The UK Corporate Governance Code
ToR	Terms of Reference
TSR	Total shareholder return
UNGC	UN Global Compact
VAM	VAM Global Infrastructure Fund
VCM	Voluntary Carbon Market
VCT	Venture Capital Trust
WACC	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

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