

27 July 2021

### **Foresight Group Holdings Limited announces maiden full results for the year ended 31 March 2021**

Foresight Group Holdings Limited ("Foresight" or "the Company"), a leading infrastructure and private equity manager, is pleased to announce the Company's maiden full year results for the 12 months ended 31 March 2021.

#### **Highlights**

- Successful London listing in February 2021 already leading to increased visibility and opportunities  
AUM up 59% to £7.2 billion (2020: £4.5 billion) with strong organic net flows of £0.8 billion (organic gross flows of £1.2 billion);
- Acquisition of Pensions Infrastructure Platform (PiP) added £1.7 billion AUM and broadens core infrastructure offering
- Revenue up 21% to £69.1 million (2020: £57.3 million), with recurring revenues running at 90.3%
- Core EBITDA up 89% to £23.9 million (2020: £12.6 million); core EBITDA margin improved to 34.6% (2020: 22.1%)
- Expanded and developed investment strategies with first investments into forestry (c.£100m), fibre-broadband (c.£100 million) and CNG refueling stations (c.£80 million)
- Strong start to fundraising in FY2022 with net inflows of over £0.5 billion in Q1 plus valuation uplift of £0.1 billion (to 30 June 2021) resulting in AUM of £7.8 billion as at 30 June 2021 (an annualized run-rate of 33.3%, ahead of targeted annual AUM growth rate of 20-25%)
- Final dividend of 1.7 pence per share; payout ratio increased to 60% (previously 50%) reflecting strength of business and positive outlook

Bernard Fairman, Executive Chairman of Foresight, said:

"These are transformational times for Foresight Group as we work to cement and develop our position as market leader in both sustainable infrastructure and real assets and in regional UK private equity. Foresight performed very strongly during the year to the end of March and this momentum has continued into the current year. I am delighted that the positive outlook across our entire business, together with the Group's strong financial position, means that we have been able to increase the dividend payout ratio to 60% from the proposed 50%. And we are already seeing the benefits of our February listing as we leverage our fast-growing platform to scale our business and to deliver on our ambitious growth plans."

#### **Analyst presentation and annual report**

A webcast for presentation and Q&A for analysts will be held at 9.00a.m. (UK time) on 27 July 2021, hosted by Bernard Fairman (Executive Chairman) and Gary Fraser (CFO and COO). Those wishing to join should register via the following link: <https://www.lsegissuerservices.com/spark/FORESIGHTGROUPLIMITED/events/0831b2ed-b081-4695-9121-db9434e0ab9f>

A copy of the annual report will be submitted to the National Storage Mechanism and will shortly be available at <https://data.fca.org.uk/#/ns/nationalstoragemechanism>. The annual report and analyst presentation materials will also be available in the Shareholder Centre section of Foresight's corporate website <https://www.fsg-investors.com> from 7.00am on 27 July 2021.

#### **About Foresight Group Holdings Limited**

Foresight Group was founded in 1984 and is a sustainable, diversified asset manager. With a long-established focus on ESG and sustainability-led strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets. Foresight Group manages over 300 infrastructure assets (317 as at 31 March 2021, up from 247 the previous year and accounting for 90% of the Company's AUM) with a focus on solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects, energy efficiency management solutions, social and core infrastructure projects, and sustainable forestry assets. Its private equity team manages regionally focused investment funds across the UK, supporting over 100 SMEs. Foresight Group operates from 12 offices across the UK, Europe and Australia.

Foresight Group Holdings Limited listed on the Main Market of the London Stock Exchange in February 2021. <https://www.fsg-investors.com/>

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## **EXECUTIVE CHAIRMAN'S STATEMENT**

As co-founder and Executive Chairman of Foresight Group, I am delighted to present its first Annual Report as a listed company.

Our listing on the London Stock Exchange in February 2021 marked the latest step in Foresight's multi-decade journey and will facilitate the Company's next phase of growth as we leverage our fast-growing platform to scale our business. Our London listing not only provides capital, allowing us to explore exciting new growth opportunities, but also gives us greater visibility, helping to attract new investors to our funds. I would like to welcome the new Shareholders who joined us at the time of listing, recognising the potential of a market-leading infrastructure and private equity business which for many years has had ESG deeply embedded in its investment processes.

Our core focus remains on delivering strong, risk-adjusted returns for our institutional and retail clients while continuing to grow our Assets Under Management at a healthy, yet sustainable, rate.

Working with all our stakeholders, we will cement and develop our position as a market leader in both green energy infrastructure and regional UK private equity and will deliver on the ambitious growth plans we set out at the time of listing.

I would also like to take this opportunity to introduce our three Non-Executive Directors who bring a wealth of experience that will be invaluable to the Company as a listed entity. The non-executives on the Board now comprise Alison Hutchinson CBE as Senior Independent Director, Mike Liston OBE (also Chairman of JTC plc), and Geoffrey Gavey (also Managing Director of FNB International Trustees).

### **Operational and financial highlights**

Despite challenges presented by the COVID-19 pandemic during the financial year to 31 March 2021, the business performed very well, with minimal impact on operational or financial performance as a result of the crisis. Both fundraising and capital deployment were strong during the year as our employees across the globe adapted quickly to home working, which was swiftly implemented.

As restrictions associated with the pandemic are gradually lifted, we very much look forward to returning to the office and working alongside colleagues, as well as resuming in-person meetings with our clients.

Foresight Group ended the period with Assets Under Management ("AUM") of £7.2 billion (31 March 2020: £4.5 billion), an increase of 59% year-on-year, and Funds Under Management ("FUM") of £5.1 billion (31 March 2020: £3.6 billion). Strong growth in assets during the year was driven by significant organic growth and the acquisition of the Pensions Infrastructure Platform ("PiP") in August 2020. Gross new fundraising for the year was strong at £1.2 billion, resulting in net new funds of £0.8 billion, taking into account a normal level of outflows across the open-ended fund range.

The PiP acquisition added £1.7 billion to the Group's AUM and, importantly, broadened our infrastructure offering to include core infrastructure assets such as healthcare facilities and transportation assets. The expertise of the PiP team supports Foresight's ambition to build an even greater presence in this key segment of the UK infrastructure market.

As part of the transaction, we also welcomed a number of leading UK institutional clients to our client base, and we look forward to working with these investors going forward. This formed an important part of the rationale for doing the deal.

Revenues for the year were in line with market expectations at £69.1 million (31 March 2020: £57.3 million) with revenue growth driven by an increase in FUM and associated management fees. Recurring revenues remain extremely high at 90.3% and continue to increase following the transition of the business away from one-off non-recurring fee events, improving the quality and predictability of our earnings. Earnings from our two major investment segments, Infrastructure and Private Equity, were also in line with market expectations, with both areas increasing contributions to earnings year-on-year.

Costs discipline remained a key area of focus for the business during the year. As can be seen from the primary statements, overall administration expenses actually decreased year-on-year. However, stripping out the impact of one-off costs, there was a marginal increase in the cost base, principally driven by an increase in staff costs, offset by savings in travel and entertainment costs as a result of the pandemic.

Core EBITDA for the year ended 31 March 2021 increased to £23.9 million (31 March 2020: £12.6 million), with Core EBITDA margin improving to 34.6% (31 March 2020: 22.1%). This improvement in margin is a result of increased operational leverage. We feel the business is now well positioned to improve these margins further in the coming years.

More detail on our financial highlights can be found in the Financial Review section of this Annual Report.

### **Dividend**

As stated in the IPO Prospectus, the Board has adopted a progressive dividend policy. Initially, it was intended that dividends will equate to a payout of 50% of profit after tax, with this percentage expected to increase over time. As a consequence of existing fundamentals of the business and the outlook for both renewable energy infrastructure and UK regional private equity, we have decided to increase the dividend payout ratio to 60% (from a proposed 50%) with immediate effect. We expect to maintain the dividend at 60% going forwards with the intention that one-third of the total dividend payment for the year will be paid as an interim dividend and two-thirds paid by way of a final dividend.

The Board has recommended a final dividend of 1.7 pence per share (equating to 60% of the profit generated from the date of listing to period end) be paid on 24 September 2021 based on an ex-dividend date of 9 September 2021, with a record date of 10 September 2021.

### **Sustainability**

A defining attribute of our business is the prioritised active implementation of ESG-focused investment strategies. At the time of listing, this strength was recognised by the award of the London Stock Exchange Green Economy Mark.

Sustainable investing has experienced a dramatic rise in prominence in the asset management industry, driven by the increasing financial relevance of ESG factors, the availability of better ESG data and rapidly increasing regulatory pressure. In recent years, investor demand for ESG investment has increased significantly, particularly among institutional investors, and Foresight Group is well placed to benefit from this trend given its long established track record in ESG-focused investment and asset management. The strength of Foresight's ESG-focused performance was also recognised through the high scores awarded to the Group in the PRI Assessment Report 2020, when the Group attained an A+ for Strategy and Governance, an A+ for Infrastructure and an A for Private Equity.

ESG-focused investment strategies are a priority for management and ESG policies are used by all our investment teams to assess investment opportunities. Foresight has a Sustainability and ESG Committee whose influence permeates the entire business. By adopting this strategy, we aim to achieve positive social and environmental outcomes through the investments we manage, while also generating strong returns. The Group focuses on a broad range of renewable energy and infrastructure investments through Foresight Infrastructure, and local economic growth and job creation through Foresight Private Equity. We actively monitor our funds' ESG-focused investment strategies and overall performance, applying bespoke in-house methodologies to regularly monitor and evaluate progress, which is then reported in a transparent and clear manner to investors.

### **Outlook**

Foresight Group has an active, leading presence in both the international renewable energy infrastructure market and the UK regional private equity market. Both markets are growing rapidly, with high demand for capital and the hands-on business support we provide.

The regional private equity market is in urgent need of growth equity, particularly for over-indebted SMEs, some of which are struggling with COVID-era loans. Renewable energy infrastructure spending will require significant annual increases to achieve the carbon reduction targets set by governments around the world.

The Group has had an excellent start to the year, with over £0.5 billion raised in the first quarter to 30 June 2021, ahead of our 20-25% AUM growth target set at IPO, with capital also being effectively deployed. We will continue to invest in our market-leading platform, leverage the profile we have secured as a result of our successful IPO in February and take advantage of the expected high growth in the underlying markets we serve. As a result, the Board is confident that it will meet its expectations for the year, and its ambitious medium-term targets.

### **Bernard Fairman**

Executive Chairman

26 July 2021

## **KEY PERFORMANCE INDICATORS**

### **Tracking our strategic progress**

The following KPIs are alternative performance measures:

Assets Under Management ("AUM") - Revenue - Core EBITDA

#### **Strategic alignment:**

Grow  
Diversify  
Expand

#### **AUM**

**£2.7bn increase year-on-year  
(59% increase)**

2020: £4.5bn  
**2021: £7.2bn**

- Embedded tax business with high barriers to entry expected to continue to grow
- OEIC market is substantial and the key driver of retail business going forward with room to expand distribution
- As institutional funds mature, opportunity for roll-over of existing investors, along with new investors
- Potential for further acquisitions

#### **Revenue**

**£69.1m**  
(31 March 2020: £57.3m)

2020: £57.3m  
**2021: £69.1m**

#### **Recurring revenue 90.3%**

(31 March 2020: 85.4%)

2020: £48.9m  
**2021: £62.4m**

Successful transition of the revenue model to generate steady state recurring revenues of c.90% of total

- revenues
- Strong deployment pipeline over the next 12 months to drive revenue growth

#### **Core EBITDA**

**£23.9m**

**(34.6%)**

(31 March 2020: £12.6m (22.1%))

- With key components of growth already in place, Foresight is ready to scale rapidly
- Incremental AUM and revenue growth does not require a proportionate growth in costs
- Positive development in EBITDA margin expected due to recent strategic cost optimisation initiatives

## **FINANCIAL REVIEW** **as at 31 March 2021**

The financial year saw strong growth in AUM for the business and significant improvement in operating margins.

### **Gary Fraser**

Chief Financial Officer

**£7.2bn**

**AUM**

(31 March 2020: £4.5bn)

**90.3%**

**Recurring revenues**

(31 March 2020: 85.4%)

**34.6%**

**Core EBITDA margin**

(31 March 2020: 22.1%)

Culminating with the IPO in February, this year has been transformative for Foresight. Despite the challenges of the COVID-19 pandemic, the business performed resiliently, with AUM, revenue and Core EBITDA all growing year-on-year.

### **KPIs**

	<b>31 March 2021</b>	31 March 2020
Year-end AUM (£m)	<b>7,193</b>	4,519
Year-end FUM (£m)	<b>5,132</b>	3,638
Average AUM (£m)	<b>6,547</b>	4,063
Average FUM (£m)	<b>4,691</b>	3,166
Total revenue (£k)	<b>69,098</b>	57,253
Recurring revenue (£k)	<b>62,379</b>	48,882
Recurring revenue/total revenue (%)	<b>90.3%</b>	85.4%
Core EBITDA (£k)	<b>23,910</b>	12,649
Core EBITDA margin (%)	<b>34.6%</b>	22.1%

The Group feels that Core (underlying) EBITDA is the main profitability comparator used within the asset management market. Whilst 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.

### **IPO**

The primary reasons for the IPO were to enhance the Group's profile, thus strengthening the fundraising performance of the Group; provide additional capital for further acquisitions; enable existing shareholders to realise part of their investment; and enable employees to share in the future success of the Group.

As a result of the IPO, 108,333,333 shares were listed on the Main Market of the London Stock Exchange, of which 8,333,333 were new shares generating gross proceeds of £35 million.

Further details about the share capital and wider Group reorganisation can be found in the IPO Prospectus.

During the IPO process we highlighted four areas of focus:

- (1) AUM/FUM growth
- (2) Emphasis on recurring revenues
- (3) Medium-term Core EBITDA margin under IFRS of 43%
- (4) A progressive dividend policy

Each of these areas are covered in my report in turn.

### **Assets Under Management ("AUM")**

AUM grew significantly year-on-year, from £4.5 billion at the start of the year to £7.2 billion as at 31 March 2021. This was partly due to the acquisition of the Pensions Infrastructure Platform ("PiP") in August 2020, which added £1.7 billion to the overall figure, but there was also strong organic growth, particularly from our OEIC products, where a combination of net inflows and NAV growth saw their FUM grow from £0.6 billion to £1.1 billion over the year.

### **Net inflows**

Our Retail Sales Team (distributing our VCT, EIS, BR and OEIC products) had its second most successful year ever for fundraising, with total net inflows of £0.6 billion. This was a considerable achievement given the wider economic environment, demonstrating strong investor appetite for our products.

Turning to the Institutional funds, in addition to the PiP acquisition, we completed a further close on our Foresight Energy Infrastructure Partners ("FEIP") fund of €89 million, together with €170 million of co-investment from new investors on the Skaftåsen project, a Swedish greenfield wind farm within that fund.

Post-year end we have already announced a further interim close on our FEIP fund of c.€285 million of new commitments, taking that fund to €716 million, with a total capital pool of €886 million once the co-investments are included. On the Private Equity side, post-year end we also announced the first close of our Foresight Regional Investment Fund III at £65 million, further strengthening Foresight's regional Private Equity strategy of addressing the gap for impact-focused equity investments in growing SMEs.

### **Summary Statement of Comprehensive Income**

	<b>31 March 2021 £000</b>	31 March 2020 £000
Revenue	<b>69,098</b>	57,253
Cost of sales	<b>(4,639)</b>	(4,389)
<b>Gross profit</b>	<b>64,459</b>	52,864
Expenses <sup>1</sup>	<b>(40,767)</b>	(40,238)
Share of post-tax profits of equity accounted joint venture	<b>26</b>	235
Fair value movements	<b>192</b>	(147)
Performance fee	<b>-</b>	(65)
<b>Core EBITDA<sup>2</sup></b>	<b>23,910</b>	12,649
Non-operational staff costs	<b>(3,186)</b>	(1,124)
Non-operational legal costs	<b>(2,744)</b>	(1,870)
Other operating income	<b>394</b>	795
Performance fees	<b>-</b>	65
Financing costs	<b>(707)</b>	(694)
Depreciation and amortisation	<b>(2,305)</b>	(7,801)
Tax	<b>(481)</b>	(53)
Profit on discontinued operations, net of tax	<b>-</b>	54,275
<b>Total comprehensive income</b>	<b>14,881</b>	56,242

1. Includes foreign exchange on translation of overseas subsidiaries included in other comprehensive income.  
2. The Group uses Core EBITDA to assess the financial performance of the business. This measure is a non-IFRS measure because it excludes amounts that are included in the most directly comparable measure calculated and presented in accordance with IFRS. The specific items excluded from Core EBITDA are non-underlying items, which are defined as non-trading or one-off items where the quantum, nature or volatility of such items are considered by the Directors to otherwise distort the underlying performance of the Group.

Segmental Core EBITDA is set out below:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Infrastructure	<b>17,202</b>	6,917
Private Equity	<b>6,708</b>	5,733
	<b>23,910</b>	12,649

#### Revenue

	<b>31 March 2021 £000</b>	31 March 2020 £000
Management fees	<b>50,245</b>	35,550
Secretarial fees	<b>9,828</b>	11,485
Directors' fees	<b>2,306</b>	1,848
Marketing fees	<b>2,841</b>	4,307
Arrangement fees	<b>3,858</b>	3,998
Other fees	<b>20</b>	65
<b>Total</b>	<b>69,098</b>	57,253

Total revenue increased by 21% year-on-year to £69.1 million (2020: £57.3 million) with recurring revenue increasing by 28% to £62.4 million (2020: £48.9 million). In recent years the Group has focused on moving away from one-off transaction-related fees to a more recurring revenue model. This has continued in the current year, with recurring revenues increasing to over 90%.

As a result of AUM growth, the largest increase year-on-year came from management fees. The annualised impact of the JLEN acquisition in July 2019, plus the PIP acquisition in August 2020, contributed c.£3.1 million to the increase. In addition, there was the impact of a full year of revenue from FEIP (c.£1.2 million), while the growth in the OEICs contributed to an increase of £3.1 million. The largest movement in management fees related to our ITS fund where achievement of the performance hurdle saw an increase in management fees of c.£7.2 million year-on-year. The fee was restructured towards the end of the financial year, reducing the dependence of the management fee on a performance hurdle (with the overall percentage fee being reduced).

Marketing fees are initial fees recognised as a percentage of funds raised on the tax-based retail products. The reduction year-on-year reflected challenges faced as a result of the COVID-19 pandemic. More than 95% of investment into our tax-based retail products is through intermediaries, principally following face-to-face meetings with their clients. As a result of the pandemic, our Retail Sales Team was not able to conduct such face-to-face meetings, impacting this revenue stream. However, once lockdown restrictions were lifted, we experienced a significant increase in activity in this area with net retail inflows in the final quarter of the year being approximately double those experienced in the second and third quarters.

#### Cost of sales

Cost of sales comprise insurance costs associated with our Accelerated ITS ("AITS") product and "authorised corporate director" costs payable to a third party in relation to our OEIC products. The increase year-on-year reflects growth in our OEIC products and was offset slightly by lower AITS insurance costs as a result of the lower marketing fees referred to above.

#### Expenses

	<b>31 March 2021 £000</b>	31 March 2020 £000
Staff costs	<b>30,564</b>	28,309
Administration costs	<b>4,715</b>	3,814
Legal and professional	<b>3,297</b>	3,584
Office costs	<b>1,936</b>	1,751
Travel	<b>20</b>	1,035
Entertaining	<b>81</b>	493
Bad debt	<b>112</b>	1,198
Foreign exchange <sup>1</sup>	<b>42</b>	55
Other	<b>-</b>	(1)
<b>Total</b>	<b>40,767</b>	40,238

1. Includes foreign exchange on translation of overseas subsidiaries included in other comprehensive income.

Year-on-year, the overall cost base increased only marginally, reflecting investment made in the back office functions over recent years, which will allow margins to improve as the business scales up going forward. There were also cost savings relating to the current pandemic (e.g. lower travel and entertaining expenditure), and in addition, FY20 included some large one-off bad debt write-offs.

The increase in administration costs principally related to an increased irrecoverable VAT charge. As with most financial services businesses, we are not able to recover all the VAT on our purchases because some of our revenue streams are VAT exempt. The increase in our OEIC business over recent years has led to this becoming a larger expense due to those management fees being VAT exempt.

The largest element of our cost base is our staff costs. These increased by 8% year-on-year to £30.6 million (2020: £28.3 million), partly due to the annualised impact of hires part way through FY20 crystallising a full-year charge in FY21 (e.g. the 14 staff from JLEN who started with us in July 2019), plus the impact of the annual pay review process and enhancement of the staff benefits package (e.g. increased employer pension contributions). Staff numbers year-on-year stayed broadly level, with 234.4 FTE at 31 March 2021, an increase of only 0.4 on the prior year end, despite the significant growth of the business.

#### **Core EBITDA**

The Group uses Core EBITDA as one of its key metrics to measure performance because it views this as the closest profitability number comparable to the Group's recurring revenue model (i.e. a cash profit number after stripping out any one-offs, both positive and negative).

Core EBITDA increased by 89% to £23.9 million for the year ended 31 March 2021 (2020: £12.6 million). Core EBITDA margin improved to 34.6% (2020: 22.1%) reflecting the increased operational leverage seen across the business as a result of focusing on fewer larger-sized transactions and optimisation of our back office and support functions. The cost base is readily scalable and the low capital intensity of our business model and investment platform should result in further margin improvements.

The Group has concluded that the following are non-underlying items for the purposes of calculating Core EBITDA:

#### ● **Non-operational staff costs**

- Distributions made to members classified as remuneration expenses under IFRS have been added back as these are considered to be equity transactions for the purposes of calculating Core EBITDA. These expenses were related to distribution of the Group profit pre-IPO. They were also variable as they were dependent on Group profit and also the timing of when the distributions were made

These payments were larger in FY21 as they related to pre-IPO profit share for FY21, plus an element of the profit share still owed from FY20.

#### ● **Non-operational legal costs**

- Costs related to one-off transactions (e.g. professional fees and other costs incurred in preparing the Group for IPO) and therefore not considered to be related to the Group's ongoing business operations
- Redundancy costs relating to a planned restructuring of the business, principally relating to a review and subsequent optimisation of our back office functions

The FY21 figure relates to £2.3 million of IPO costs, £0.2 million of redundancy costs and £0.2 million of legal transaction costs. The FY20 figure relates to an element of IPO preparation costs, but also a non-contractual payment of £1.3 million to Foresight's ITS product as a goodwill gesture to reimburse it for losses incurred on an investment.

#### ● **Other operating income**

- One-off operating income which is not expected to recur

In FY21, £46k related to grant income from the Coronavirus Job Retention Scheme, with the remainder relating to development fees arising from the development of a reserve power plant in Shirebrook, Derbyshire on behalf of the Foresight ITS product.

In FY20, all other operating income arose from Shirebrook development fees.

#### ● **Performance fees**

- One-off fees considered to be non-recurring and non-core

Some small one-off performance fees were recognised in FY20 in relation to the successful exits of four investments from a fund set up by a previous appointed representative of the Group.

#### **Depreciation and amortisation**

The variance against the prior year largely relates to the write-off of the intangible asset recognised upon the acquisition of JLEN in August 2019.

#### **Tax**

Historically, the taxation on profits earned by the Group was generally the personal liability of the members of Foresight Group LLP, where the majority of the Group's profits are generated. Following the IPO, more of the Group's profits will be subject to corporation tax, as demonstrated by the charge recognised in FY21.

#### **Profit on discontinued operations, net of tax**

During FY20, the Group disposed of one of its non-core business activities (Foresight Metering Management Limited, a smart metering business) for a significant profit.

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

	<b>31 March 2021 £000</b>	31 March 2020 £000
<b>Assets</b>		
Property, plant and equipment	<b>3,012</b>	3,905
Right-of-use assets	<b>9,120</b>	10,346
Intangible assets	<b>3,012</b>	272
Investments	<b>2,326</b>	1,468
Deferred tax asset	<b>977</b>	20
Trade and other receivables	<b>20,718</b>	15,834
Cash and cash equivalents	<b>39,431</b>	13,002
Net assets of disposal group classified as held for sale	<b>64</b>	882
<b>Total assets</b>	<b>78,660</b>	45,729
<b>Liabilities</b>		
Trade and other payables	<b>(20,939)</b>	(16,398)
Loans and borrowings	<b>(4,324)</b>	-
Lease liabilities	<b>(12,019)</b>	(13,498)

Deferred tax liability	<b>(1,581)</b>	-
<b>Total liabilities</b>	<b>(38,863)</b>	(29,896)
<b>Net assets</b>	<b>39,797</b>	15,833

#### **Property, plant and equipment**

Reflect the fixtures and fittings across our offices. The movement in the year reflects the depreciation charge and disposal of a property in Sevenoaks.

#### **Right-of-use assets**

Relate to the IFRS 16 accounting treatment for our office leases. The movement in the year reflects the depreciation charge, offset by an increase in the asset in relation to our new office in Madrid.

#### **Intangible assets**

Comprises capitalised software development costs and other intangibles recognised in relation to the management contract acquired as part of the PiP acquisition in August 2020.

#### **Investments**

Contains the Group's co-investment positions across our LP funds, plus investments in joint ventures. The movement in the year has been driven by deployment across our LP funds and is broken down as follows:

	<b>31 March 2021 £000</b>	31 March 2020 £000
<b>Investment in securities</b>		
Foresight Energy Infrastructure Partners	<b>423</b>	94
Italian Green Bond Fund	<b>355</b>	123
Foresight Regional Investment Fund	<b>344</b>	347
Foresight VCT portfolio companies	<b>296</b>	182
Foresight Nottingham Fund	<b>264</b>	228
Midlands Engine Investment Fund	<b>223</b>	143
Foresight Regional Investment Fund II	<b>76</b>	25
Northern Ireland Opportunities Fund	<b>23</b>	14
Foresight Environmental Fund	<b>13</b>	29
Other	<b>58</b>	48
<b>Investment in joint ventures</b>		
FV Solar Lab JV	<b>251</b>	235
<b>Total investments</b>	<b>2,326</b>	1,468

#### **Deferred tax asset**

Following a review of the available losses in our Australian business and the projected business plan going forward, a deferred tax asset has been recognised in FY21.

#### **Trade and other receivables**

The increase year-on-year is due to the timing of cash receipts and principally driven by the management fee from the ITS fund which was owed at year end (in FY20, no management fee was recognised, as previously noted).

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

The year-end balance was bolstered by the primary funds raised from the IPO, in addition to positive cash generation from a strong trading performance.

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

The increase year-on-year is principally driven by an increase in the capital contributions from members of Foresight Group LLP following the IPO; an increase to the staff bonus accrual; and an increased VAT creditor as a result of a repayment plan agreed with HMRC as part of the support offered during the COVID-19 pandemic.

#### **Loans and borrowings**

The increase year-on-year is a result of the founder loans taken on as part of the consideration for the PiP acquisition in August 2020.

#### **Lease liabilities**

This relates to the liabilities arising from IFRS 16 Lease accounting. The year-on-year decrease is as a result of lease repayments offset by an increase in liability in relation to our new office in Madrid.

#### **Deferred tax liability**

A new deferred tax liability has been recognised in the year. This is in relation to the intangible asset recognised on the PiP acquisition, plus the corporation tax payable in the future as a result of the restructuring of the Group as part of the IPO.

#### **Dividends**

During the IPO process, we stated the intent to target a progressive dividend policy, increasing from 50% to 60%. However as noted in the Executive Chairman's statement on page 9, the Board has decided to increase the dividend payout ratio to 60% with immediate effect. The Board has recommended a final dividend payment of 1.7 pence per share. If approved by Shareholders, the dividend will be paid on 24 September 2021 based on an ex-dividend date of 9 September 2021, with a record date of 10 September 2021.

#### **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 91 to 93, and the principal risks and uncertainties disclosed within this report on pages 76 to 78, 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.

#### **Gary Fraser**

Chief Financial Officer

26 July 2021

## **FINANCIAL STATEMENTS**

### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** FOR THE YEAR ENDED 31 MARCH 2021

	Note	31 March 2021 £000	31 March 2020 £000
<b>Revenue</b>	4	<b>69,098</b>	57,253
Cost of sales		<b>(4,639)</b>	(4,389)
<b>Gross profit</b>		<b>64,459</b>	52,864
Administrative expenses	6	<b>(48,709)</b>	(51,254)
Other operating income	8	<b>394</b>	795
<b>Operating profit</b>		<b>16,144</b>	2,405
Finance income	10	<b>3</b>	1
Finance expense	10	<b>(710)</b>	(695)
Fair value gains/(losses) on investments	15	<b>192</b>	(147)
Share of post-tax profits of equity accounted joint venture	16	<b>26</b>	235
<b>Profit on ordinary activities before taxation</b>		<b>15,655</b>	1,799
Tax on profit on ordinary activities	11	<b>(481)</b>	(53)
<b>Profit from continuing operations</b>		<b>15,174</b>	1,746
Profit on discontinued operations, net of tax	30	<b>-</b>	54,275
<b>Profit</b>		<b>15,174</b>	56,021
<b>Other comprehensive income</b>			
<i>Items that will or may be reclassified to profit or loss:</i>			
Translation differences on foreign subsidiaries		<b>(293)</b>	221
<b>Total comprehensive income</b>		<b>14,881</b>	56,242
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>			
<b>Profit or loss</b>			
Basic (£)	28	<b>0.15</b>	0.59
Diluted (£)	28	<b>0.15</b>	0.59
<b>Profit or loss from continuing operations</b>			
Basic (£)	28	<b>0.15</b>	0.02
Diluted (£)	28	<b>0.15</b>	0.02

The notes on pages 120 to 163 form part of this financial information.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
<b>Non-current assets</b>				
Property, plant and equipment	13	<b>3,012</b>	3,905	3,865
Right-of-use assets	21	<b>9,120</b>	10,346	10,627
Intangible assets	14	<b>3,012</b>	272	471
Investments at FVTPL	15	<b>2,075</b>	1,233	1,206
Investments in equity accounted joint ventures	16	<b>251</b>	235	-
Deferred tax asset	22	<b>977</b>	20	-
		<b>18,447</b>	16,011	16,169
<b>Current assets</b>				
Trade and other receivables	17	<b>20,718</b>	15,834	13,828
Cash and cash equivalents	18	<b>39,431</b>	13,002	10,067
		<b>60,149</b>	28,836	23,895
Assets of disposal group classified as held for sale	31	<b>65</b>	891	100,737
<b>Current liabilities</b>				
Trade and other payables	19	<b>(20,644)</b>	(16,398)	(12,176)
Loans and borrowings	23	<b>(688)</b>	-	-
Lease liabilities	21	<b>(2,157)</b>	(1,945)	(1,495)
		<b>(23,489)</b>	(18,343)	(13,671)
Liabilities directly associated with assets in disposal groups classified as held for sale	31	<b>(1)</b>	(9)	(108,797)
<b>Net current assets</b>		<b>36,724</b>	11,375	2,164
<b>Non-current liabilities</b>				
Loans and borrowings	23	<b>(3,636)</b>	-	-
Lease liabilities	21	<b>(9,862)</b>	(11,553)	(12,097)
Accruals	20	<b>(295)</b>	-	-
Deferred tax liability	22	<b>(1,581)</b>	-	-
		<b>(15,374)</b>	(11,553)	(12,097)
<b>Net assets</b>		<b>39,797</b>	15,833	6,236
<b>Equity</b>				
Share capital	25	<b>-</b>	1	1
Share premium	25	<b>32,040</b>	-	-
Share-based payment reserve	25	<b>-</b>	101	1,510
Group reorganisation reserve	25	<b>30</b>	30	30
Retained earnings	25	<b>7,727</b>	15,701	4,695
<b>Total equity</b>		<b>39,797</b>	15,833	6,236

The notes on pages 120 to 163 form part of this financial information.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £000	Share premium £000	Share-based payment reserve £000	Group re- organisation reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2019</b>	1	-	1,510	30	4,695	6,236
Net profit year ended 31 March 2020	-	-	-	-	56,021	56,021
Other comprehensive income	-	-	-	-	221	221
<b>Contributions by and distributions to owners</b>						

Dividends and distributions to equity members	-	-	-	-	(7,745)	(7,745)
Share buyback (cancellation)	-	-	-	-	(36,833)	(36,833)
Share-based payments	-	-	349	-	-	349
Transfer of share-based payments to retained earnings on vesting of Foresight Plan	-	-	(1,758)	-	1,758	-
Premium on redemption of preference shares	-	-	-	-	(2,416)	(2,416)
<b>Balance at 31 March 2020</b>	<b>1</b>	<b>-</b>	<b>101</b>	<b>30</b>	<b>15,701</b>	<b>15,833</b>

	Share capital £000	Share premium £000	Share-based payment reserve £000	Group re- organisation reserve £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2020</b>	<b>1</b>	<b>-</b>	<b>101</b>	<b>30</b>	<b>15,701</b>	<b>15,833</b>
Net profit year ended 31 March 2021	-	-	-	-	15,174	15,174
Other comprehensive income	-	-	-	-	(293)	(293)
<b>Contributions by and distributions to owners</b>						
Premium on issue of shares	-	35,000	-	-	-	35,000
Share issue costs	-	(2,960)	-	-	-	(2,960)
Dividends and distributions to equity members	-	-	-	-	(18,229)	(18,229)
Share-based payments	-	-	35	-	-	35
Share buyback (cancellation)	-	-	-	-	(10)	(10)
Transfer of share-based payments to retained earnings on vesting of Foresight Plans	-	-	(26)	-	26	-
Transfer of share-based payments to retained earnings on cessation of Foresight Plan	-	-	(110)	-	110	-
Premium on redemption of preference shares	-	-	-	-	(4,752)	(4,752)
Redemption of preference shares	(1)	-	-	-	-	(1)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>32,040</b>	<b>-</b>	<b>30</b>	<b>7,727</b>	<b>39,797</b>

The notes on pages 122 to 163 form part of this financial information.

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Note	31 March 2021 £000	31 March 2020 £000
Cash generated from operations		17,268	13,032
Tax paid		(174)	(1)
Bank interest paid	10	(7)	(3)
Interest on ROU lease liabilities	10	(621)	(692)
<b>Net cash from operating activities</b>		<b>16,466</b>	<b>12,336</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	13	(141)	(744)
Acquisition of intangible assets	14	(48)	(5,266)
Acquisition of investments at FVTPL	15	(881)	(381)
Sale of investments		230	61
Proceeds on disposal of fixed assets		450	1
Interest received	10	3	1
Proceeds on disposal of Group entities	30	819	45,333
Acquisition of subsidiaries	29	2,348	-
<b>Net cash from investing activities</b>		<b>2,780</b>	<b>39,005</b>
<b>Cash flows from financing activities</b>			
Dividends and distributions to equity members	12	(18,229)	(7,745)
Share buyback	12	(10)	(36,833)
Shareholder loan (repaid)/advanced		(750)	750
FGLLP members' capital contributions		1,455	-
Redemption and premium on redemption of preference shares	12	(4,753)	(2,416)
Repayment of lease liabilities (principal)	21	(2,570)	(2,162)
Gross proceeds of IPO share issue	25	35,000	-
Costs of IPO share issue	25	(2,960)	-
<b>Net cash from financing activities</b>		<b>7,183</b>	<b>(48,406)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26,429</b>	<b>2,935</b>
Cash and cash equivalents at 1 April		13,002	10,067
Cash and cash equivalents at 31 March	18	39,431	13,002
<b>Reconciliation of profit before tax to cash generated from operations</b>			
Profit before taxation		15,655	1,799
Profit from share in joint venture		(26)	(235)
Fair value gains on investments		(192)	147
Finance costs		710	695
Finance income		(3)	(1)
Share-based payment		35	349
Depreciation and amortisation		2,648	5,819
Impairment charge		-	1,982
Loss/(profit) on disposal of fixed assets		(170)	(1)
Gain on bargain purchase		(174)	-
Foreign currency (gains)/losses		(295)	245
(Increase)/decrease in trade receivables		(4,507)	(1,859)
Increase/(decrease) in trade payables		3,587	4,092
<b>Total</b>		<b>17,268</b>	<b>13,032</b>

The notes on pages 120 to 163 form part of this financial information.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

### 1. Corporate information

The consolidated financial statements of Foresight Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 26 July 2021. 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 Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. The consolidated financial statements (the "Group accounts") comprise the financial statements of the Company and its subsidiaries.

The Group is principally involved in the provision of the management of infrastructure assets and private equity investments on behalf of both institutional and retail investors using ESG-oriented strategies.

### 2. Basis of preparation

The Group accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company has taken advantage of the exemption in section 244 of the Companies (Guernsey) Law, 2008 (as amended) not to present its own individual financial statements or related notes.

The Group did not implement the requirements of any other standards or interpretations that were in issue; these were not required to be adopted by the Group for the year ended 31 March 2021. No other standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

No reconciliation under IFRS 1.24 has been prepared as no previous consolidated financial statements have been prepared or reported. The comparatives in these financial statements are therefore not audited (IFRS 1.28)

#### Key accounting principles

The following summarises the key accounting and other principles applied in preparing the financial statements:

The Group has applied IFRS for the first time from 1 April 2019. The basis of preparation of the Group accounts, which are the first consolidated financial statements of the Group, is consistent with the principles of IFRS 1 First-time Adoption of International Financial Reporting Standards. The Group has prepared the Group accounts using accounting policies which are compliant with IFRS. These accounting policies have been disclosed under significant accounting policies.

In preparing the Group accounts consistent with the principles of IFRS 1, the Group has applied the full retrospective application of IFRS 16. Accordingly, the date of initial application of IFRS 16 Leases in the Group accounts is 1 April 2019. The Group has also applied the exemptions in IFRS 1 D9(D) (b), (c) and (d).

The Group has also applied the following exemptions in preparing the Group accounts:

- Cumulative translation differences for all foreign operations have been set to zero at 1 April 2019 (IFRS 1 D13 a)

The consolidated financial statements have been prepared on a historical cost basis, except for investments 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).

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 profit or loss. Any investment retained is recognised at fair value.

### 3. Accounting policies

This section sets out the accounting policies of the Group that relate to the financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

The accounting policies set out in the sections below have been applied consistently to all periods presented within the financial information and have been applied consistently by all subsidiaries.

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 2020 or will become effective in later periods.

#### **New standards, interpretations and amendments adopted from 1 April 2020**

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 March 2021 are:

- Definition of a Business (Amendments to IFRS 3)

Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. The amendments do not permit the Group to reassess whether acquisitions occurring prior to 1 January 2020 met the revised definition of a business. See note 29 for disclosures relating to the Group's business combination occurring during the year ended 31 March 2021.

New standards that have been adopted in the annual financial statements for the year ended 31 March 2021, but have not had a significant effect on the Group are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material)
- Revisions to the Conceptual Framework for Financial Reporting

#### **New standards not yet implemented**

At the date of these accounts, the following standards and interpretations which have not been applied in this financial information were in issue but not yet effective:

- Interest Rate Benchmark Reform - IBOR "phase 2" (Amendments to IFRS 9, IAS 39 and IFRS 7) - date of implementation is accounting periods starting on or after 1 January 2021
- COVID-19-Related Rent Concessions (Amendments to IFRS 16) - date of implementation is accounting periods starting on or after 1 June 2020

The Group has performed a preliminary assessment of the impact of adopting the standards above and concluded that adopting them would not result in any adjustments to the reported financial results or financial position of the Group.

#### **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, including the impact of COVID-19 on global markets and potential implications for the Group's financial performance. The Board reviewed the Group's cash flow forecasts and trading budgets for a period of at least 12 months from the date of approval of these accounts, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the Group will have sufficient funds to pay its liabilities as they fall due for that period. Taking into consideration the impact of COVID-19 on 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. Any mitigating actions available to protect working capital and strengthen the balance sheet, including deferring non-essential capital expenditure and increased cost control, were also taken into account.

In considering the above, the Directors have formed the view that the Group will generate sufficient cash to meet its ongoing liabilities as they fall due for at least the next 12 months; accordingly, the going concern basis of preparation has been adopted.

#### **A. Revenue**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group's revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of services provided during the period, exclusive of value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the Group; this will be prior to the commencement of work for a customer and therefore before any revenue is recognised by the Group. Performance obligations are identified on a contract-by-contract basis; where contracts are entered into at the same time with the same customer at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The Group does not provide extended payment terms on its services and therefore no significant financing components are identified by the Group (settlement terms are normally 30 days payment or less). Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The principal components of revenue comprise management fees, secretarial fees, directors' fees, marketing fees, arrangement fees and performance incentive fees.

Management fees and most secretarial fees are generally based on a percentage of fund Net Asset Value ("NAV") or committed capital as defined in the funds' Prospectus and/or offering documents, with some secretarial fees being at an agreed fixed rate. Directors' fees are based on a specified fixed fee agreed with the customer.

Management, secretarial and Directors' fees are recognised over time to the extent that it is probable that there will be economic benefit and income can be reliably measured. This revenue is recognised over time on the basis that the customer simultaneously receives and consumes the economic benefits of the provided asset as the Group performs its obligations.

Marketing fees are based on a rate agreed with the customer and recognised at the point in time when the related funds have been allotted.

Arrangement and advisory 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.

Other fees are based on the contract agreed before services are provided and are recognised in line with the delivery of the services provided.

## **B. Taxation**

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and a deferred tax asset is recognised when it is considered recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## **C. Financial instruments**

### *(i) Trade and other receivables/trade and other payables*

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade receivables. For trade debtors this is because they meet the criteria set out under IFRS 9, being assets held under within a business model that give rise to contractual cash flows and are solely payments of principal and interest ("SPPI"). Trade debtors are less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. This encompasses trade debtors and balances within other debtors such as recharges yet to be invoiced to funds and investee companies.

Additionally, when a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written-off are credited to the income statement. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2020: £nil).

### *(ii) Cash and cash equivalents*

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

### Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or 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, 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 Company 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 profit and loss in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## **D. Investments**

Investments comprise holdings in subsidiaries, unlisted investments and a 50% holding in a joint venture.

### *Valuation*

Unlisted investments are recognised initially at fair value, which is normally the transaction price. Subsequent to initial recognition, unlisted investments are measured at fair value with changes recognised in profit and loss in the Statement of Comprehensive Income. Fair value is calculated as the percentage of the underlying fund to which the investment relates.

### *Business combinations*

The acquisition of subsidiaries is accounted for using the purchase method. 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, plus any costs directly attributable to the business

combination. 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.

#### *Joint ventures*

Joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Group Statement of Comprehensive Income.

#### *Goodwill*

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate, or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost assessed for impairment at each reporting date and is subsequently measured at cost less any accumulated impairment losses. Any gain on bargain purchase is credited to administrative expenses in the Statement of Comprehensive Income in the year such gain on bargain purchase arises.

Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### **E. Segmental reporting**

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 and Private Equity, 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.

#### **F. Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided, where material, on all tangible fixed assets at rates calculated to write off the cost or valuation, 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, fittings, property, plant and equipment:

- Office equipment over ten years
- Long leasehold flat over term of lease
- Short leasehold property over term of lease
- Motor vehicles over four years
- Computer equipment over five 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 income.

#### **G. Intangible assets excluding goodwill**

Other intangible assets comprise customer contracts (acquired) and computer software (internally generated) which are stated at cost less amortisation and any recognised impairment loss.

Intangible assets in respect of customer contracts (acquired) arose from the acquisition of PiP Manager Limited and 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.

Computer software (internally generated) represents software licences and development costs to bring software into use. Costs associated with developing or maintaining computer software programmes that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

Amortisation is provided, where material, on all intangible fixed assets excluding goodwill at rates calculated to write off the cost or valuation, 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 20 years
- Computer software over three to four years

The carrying values of customer contracts (acquired) and computer software (internally generated) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. 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 income.

#### *Impairment of tangible and intangible assets excluding goodwill*

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **H. Cash and cash equivalents**

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

#### **I. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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.

Borrowings are de-recognised from the Statement of Financial Position when the obligation specified in the contract is discharged, is cancelled or expires.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance costs.

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.

#### **J. Employee benefits**

##### *Pension obligations*

The Group operates several defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a third party. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### Staff advances

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.

#### **K. Provisions**

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

#### **L. Share capital**

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.

#### **M. Dividends, redemptions and buybacks**

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when they are paid. Final equity dividends are recognised when approved by the Shareholders. Redemptions of preference shares were recognised when approved by the directors of Foresight Group CI Limited upon request from the Shareholder. Share buybacks are recognised in equity when approved by the Directors.

#### **N. Leases**

##### *Leased assets*

Applying IFRS 16, for all leases, the Group:

- Recognises right-of-use assets and lease liabilities in the Consolidated 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 Consolidated Statement of Comprehensive Income
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Consolidated Statement of Cash Flows

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The carrying value is also adjusted for any re-measurement of the lease liability. The entity has chosen to apply the practical expedient in C3 of IFRS 16 to not reassess whether a contract is, or contains, a lease at the date of initial application. 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 whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.53 (c). This expense is presented within administrative expenses in the Consolidated Statement of Comprehensive Income.

The cost of any contractual requirements to dismantle, remove or restore the leased asset, typically dilapidations, are to be included in the initial recognition of right-of-use assets. The Group considers that the value of dilapidations for its leased assets to be immaterial and has therefore not included the cost of these in its recognition of right-of-use assets.

#### **O. Net finance costs**

##### *Finance costs*

Finance costs comprise interest payable on leases, borrowings and direct issue costs and are expensed in the period in which they are incurred.

##### *Finance income*

Finance income comprises interest receivable on cash deposits. Interest income is recognised in profit or loss as it accrues using the effective interest method.

#### **P. Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of Ordinary Shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on conversion of all the dilutive potential Ordinary Shares into Ordinary Shares, to the extent that the inclusion of such shares is not anti-dilutive.

#### **Q. Share-based payments**

The Group historically issued B shares as awards to its staff under share-based compensation plans. For equity-settled awards, the fair value of the amounts payable to staff was recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that were expected to vest. The fair value was measured at the grant date using an appropriate valuation model, taking into account the terms and conditions

upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period had expired and management's best estimate of the awards that are ultimately expected to vest were calculated. The movement in cumulative expense was recognised in the Consolidated Statement of Comprehensive Income with a corresponding entry within equity.

#### **R. Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Assets and liabilities classified as held for sale are presented separately as current items in the Consolidated Statement of Financial Position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income.

Additional disclosures are provided in note 30. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

#### **S. Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### **T. Foreign Exchange**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The assets and liabilities of Group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with transactions translated at average monthly exchange rates. Resulting exchange differences are recognised as a separate component of other comprehensive income and are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

#### **U. Use of judgements and estimates**

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Statement of Financial Position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

In the process of applying the Group's accounting policies, the Directors have made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements:

##### *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:

##### Valuation of investments

Investments in underlying funds are recorded at fair value. Fair value is calculated as the share of net assets of the underlying fund to which the investment relates.

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. The value of the investments as at 31 March 2021 was £2.1 million (31 March 2020: £1.2 million, 31 March 2019: £1.2 million). Further details on the key assumptions made and a sensitivity analysis are set out in note 27.

##### Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rates implicit in the leases; therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when adjustments are required to reflect the underlying economic market where overseas subsidiaries are located).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's standalone credit rating).

##### Recognition and measurement of intangible assets

In determining the fair value of the assets and liabilities acquired on acquisitions, the Directors have to make key judgements as to the appropriate discount rate to apply to discounted cash flows in determining the carrying value of relevant intangible assets.

##### *Key judgements*

These are as follows:

#### Consolidation of VCF Partners

VCF Partners is an existing general partnership of which Gary Fraser and David Hughes are the sole members and was used to hold certain of the Foresight Group's leasehold interests. Soon after the IPO, these leasehold interests, together with the other assets and liabilities of VCF Partners, were transferred to VCF II LLP.

Despite it being a general partnership and not a subsidiary, VCF Partners is considered to meet the requirements for consolidation, on the basis that VCF Partners is judged to be effectively controlled by the Company and is therefore included in the consolidated financial statements. Following the transfer of assets and liabilities to VCF II LLP, steps will be taken to dissolve VCF Partners.

#### Impairment of intangible assets

In determining whether there are indicators of impairment of the Group's intangible assets, the Directors take into consideration various factors including the economic viability and expected future financial performance of the asset and, when it relates to the intangible assets arising on a business combination, the expected future performance of the business acquired. Impairments made, and the basis of those judgements, are discussed in note 14.

#### Discretionary distributions payable

Until the date of the IPO, the Ordinary Members of Foresight Group LLP, ("FGLLP") or "the LLP" were also Shareholders of B shares and Alphabet shares in the Company. In addition to salary and bonus (where applicable), these individuals also received discretionary distributions from the LLP as well as dividends from the Company through Alphabet shares. However, the total of the discretionary distributions from the LLP and dividends received from the Company were based on their B share ownership. In order to determine the accounting treatment for the discretionary distributions, the Directors are required to make a judgement as to whether these distributions are purely for their shareholding or for their employment. The key determining factor is when these individuals became unconditionally entitled to B shares and that the distributions payable (including the dividends payable on Alphabet shares) are directly linked to the ownership of B shares. When the Shareholders were unconditionally entitled to B shares, the discretionary distributions payable to them were considered as equity distributions. When the Shareholders were conditionally entitled to B shares, the discretionary distributions payable were expensed as staff costs.

#### Share-based payments

Until the date of the IPO, the Company issued B shares to certain individuals with service conditions attached. In order to determine the charges related to these share awards, the Directors needed to make a number of judgements. The key ones relevant for these share awards were if they were equity settled or cash settled, the fair value of the Company as an unquoted Group as well as the number of shares expected to vest at the end of the vesting period. At the end of the vesting period, these shares could be sold back to the Company at the Company's option. As such, whether this was a cash-settled or equity-settled share-based payment was dependent on the Company's past practice. The Company did not typically settle these share awards with cash. As such, the Directors considered these shares to be equity settled. In determining the fair value of the Company, the Directors applied multiples to the Group's maintainable earnings. The multiples used were based on those of listed investment management groups, with a discount to reflect the fact that the Company was unquoted. The Directors estimated the number of shares expected to vest at the end of the vesting period based on past experience.

Bernard Fairman held A shares, and some B shares issued by the Company, as well as redeemable shares with Foresight Group CI Limited ("FGCI"). The redeemable shares were redeemed at FGCI's option. As such, they were treated as equity. The total distributions payable on the redeemable shares and A shares were based on his B share ownership. As Bernard Fairman was unconditionally entitled to the B shares, total payments to him were treated as equity distributions.

#### IPO costs

The costs incurred for IPO have been accounted for under IAS 32 as follows:

Incremental costs that were directly attributable to the issuing of new shares have been taken to equity (Share premium). Costs that relate to the listing, or are otherwise not incremental and directly attributable to issuing new shares have been recorded as an expense in the statement of comprehensive income.

Where costs relate to both share issuance and listing, these are required to be allocated on a rational and consistent basis between the two functions. The Directors considered that an appropriate allocation basis would be the objectives of the IPO where 50% of the objectives were for the benefit of the Group and have therefore allocated 50% of the costs to equity (Share premium).

#### **4. Revenue**

The Group's revenue arises largely from the charging of management, secretarial, directors', marketing, arrangement and performance incentive fees. Revenue over the period was as follows:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Management fees	<b>50,245</b>	35,550
Secretarial fees	<b>9,828</b>	11,485
Directors' fees	<b>2,306</b>	1,848
<b>Recurring fees</b>	<b>62,379</b>	48,883
Marketing fees	<b>2,841</b>	4,307
Arrangement fees	<b>3,858</b>	3,998
Performance incentive fees	-	65
Other income	<b>20</b>	-
	<b>69,098</b>	57,253

	<b>31 March 2021 £000</b>	31 March 2020 £000
Timing of transfer of goods and services:		
Point in time	<b>6,719</b>	8,370
Over time	<b>62,379</b>	48,883
	<b>69,098</b>	57,253

	<b>31 March 2021 £000</b>	31 March 2020 Contract Liabilities £000

At 1 April	(73)	243
Amounts included in contract liabilities that was recognised as revenue during the period	73	(243)
Cash received in advance of performance and not recognised as revenue during the period	(541)	(73)
<b>At 31 March</b>	<b>(541)</b>	<b>(73)</b>

The timing of revenue recognition, billings and cash collections results in either trade receivables, accrued income or deferred income in the Statement of Financial Position. For recurring fees, amounts are billed either in advance or in arrears pursuant to an management or advisory agreement. The contract liabilities above reflect the deferred income in Trade and other payables. Additionally, there was £4,840,000 (2020: £2,270,000) of accrued income (contract assets) included in trade receivables at 31 March 2021.

## 5. Business segments

Management monitors the performance and strategic priorities of the business from a business unit ("BU") perspective, and in this regard has identified the following two key "reportable segments": Infrastructure and Private Equity.

The Group's senior management assesses the performance of the operating segments based on revenue.

Revenue is measured in a manner consistent with that in the income statement. Segmental revenue is set out below:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Infrastructure	<b>50,873</b>	39,556
Private Equity	<b>18,225</b>	17,697
	<b>69,098</b>	57,253

Revenue by region is summarised below:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
United Kingdom	<b>65,999</b>	55,009
Italy	<b>1,177</b>	881
Other Europe	<b>1,209</b>	824
Rest of world	<b>713</b>	539
	<b>69,098</b>	57,253

Non-current assets by region are summarised below:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
UK	<b>15,397</b>	14,894
Italy	<b>808</b>	877
Other Europe	<b>1,264</b>	217
Rest of world	<b>1</b>	4
	<b>17,470</b>	15,992

## 6. Administrative expenses

These are summarised as follows:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Depreciation and amortisation of owned assets (note 7)	<b>936</b>	4,180
Impairment of intangible fixed assets (note 14)	<b>-</b>	1,982
Right-of-use asset depreciation (note 7)	<b>1,713</b>	1,639
Staff costs (note 9)	<b>30,970</b>	27,961
Staff costs - distributions	<b>2,746</b>	1,124
Share-based payments	<b>35</b>	349
Auditor's remuneration	<b>419</b>	221
Legal and professional costs	<b>5,984</b>	5,454
Office costs	<b>1,936</b>	1,751
Net foreign exchange profit/(loss) (note 7)	<b>(251)</b>	276
Travel costs	<b>20</b>	1,035
Administrative costs	<b>4,112</b>	3,593
Low-value and short-term lease expenses	<b>241</b>	221
Bad debt write-offs	<b>112</b>	1,198
(Profit)/loss on disposal of fixed assets (note 7)	<b>(170)</b>	(1)
Gain on bargain purchase (note 29)	<b>(174)</b>	-
Other	<b>80</b>	271
	<b>48,709</b>	51,254

Administrative costs mainly relate to bank charges, computer maintenance, conferences, irrecoverable VAT, minor capital purchases written off and sundries.

Auditor's remuneration may be further disclosed as follows:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Audit services</b>		
Statutory audit - Company	<b>124</b>	-
- Subsidiaries	<b>109</b>	125
<b>Total audit services</b>	<b>233</b>	125
<b>Non-audit services</b>		
Regulatory assurance services	<b>13</b>	8
Other assurance services	<b>196</b>	83
Other services	<b>35</b>	-
Taxation compliance services	<b>-</b>	5
Total non-audit services	<b>244</b>	96
<b>Total audit and non-audit services</b>	<b>477</b>	221

Of the £477,000 auditor's remuneration above, £115,000 related to interim audit services specifically for the IPO. Following the attribution of IPO costs between the issuing and listing of shares (see note 3T), £57,500 has been taken to share premium and £57,500 to legal and professional costs, leaving £419,000 charged to administrative expenses.

Non-audit services included the following:

- **Regulatory assurance services.** These services are for CASS assurance audits for Foresight Group LLP and PiP Manager Limited
- **Other assurance services.** These services are for the ISAE 3402 assurance report on the internal controls of Foresight Group LLP and interim non-statutory audit work in relation to the IPO
- **Other services.** These services are in respect of an offer for new shares in Foresight Solar & Technology VCT plc

## 7. Operating profit

Operating profit is stated after charging:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Owned property, plant and equipment depreciation	749	697
Amortisation of other intangible assets	187	3,483
Right-of-use assets depreciation	1,713	1,639
Impairment of intangible fixed assets	-	1,982
Gain on remeasurement of investments to fair value	192	(147)
(Profit)/loss on disposal of fixed assets	(170)	(1)
Net foreign exchange profit/(loss)	(251)	276
Gain on bargain purchase	(174)	-

### Core EBITDA

The Group uses Core EBITDA as one of its key metrics to measure performance because it views this as the closest profitability number comparable to the Group's recurring revenue model (i.e. a cash profit number after stripping out any one-offs, both positive and negative).

Core EBITDA may not be comparable to other similarly titled measures used by other companies and it has 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.

The specific items excluded from Core EBITDA are non-underlying items. Non-underlying 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 are non-underlying items for the purposes of calculating Core EBITDA:

- Non-operational legal costs. These are costs related to a series of proposed corporate transactions over the period and redundancy costs relating to a restructuring of the business. The corporate transaction costs relate to professional and other costs incurred in preparing the Group for an IPO and therefore are not considered to be related to the Group's ongoing business operations. Non-operational legal costs of £2.7 million in the financial year ended 31 March 2021 relates to IPO costs. The 31 March 2020 figure relates to an element of IPO preparation costs, but also a non-contractual payment of £1.3 million to Foresight's ITS product as a goodwill gesture to reimburse the ITS product for losses incurred on an investment
- Performance incentive fees in the year ended 31 March 2020 (performance incentive fees classed as non-core on the basis these related to income from an appointed representative whose relationship with the Group has now ended in terms of this income stream)
- Distributions made to members classified as remuneration expenses under IFRS have been added back as these are considered to be equity transactions for the purposes of calculating Core EBITDA. These expenses were related to distribution of the Group profit. They were variable as they were dependent on Group profit and also the timing of when the distributions were made
- Staff advances expensed have been added back as these are not deemed to reflect the core underlying performance of the business
- Other operating income as per note 8 below which is not expected to recur. This relates to Shirebrook development fees, grant income and recharges of set-up costs discussed further under note 8 below
- Profits or losses on disposal of fixed assets are added back to calculate Core EBITDA as these are classed as non-recurring
- Profits or losses arising on acquisition of subsidiaries are added back to calculate Core EBITDA as these are classed as non-recurring
- All depreciation and amortisation costs are added back to determine Core EBITDA
- All financing and taxation costs are added back to determine Core EBITDA
- Profit from discontinued operations is added back to determine Core EBITDA

A reconciliation of retained profit to Core EBITDA is set out below:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Net profit after other comprehensive income	14,881	56,242
Add back depreciation and amortisation		
Depreciation and amortisation	936	6,163
Right-of-use asset depreciation	1,713	1,639
Add back non-operational staff costs		
Distributions	2,746	1,124
Staff advances expensed	440	-
Add back non-operational legal costs	2,744	1,870
Profit on disposal of tangible fixed assets	(170)	(1)
Gain on bargain purchase on acquisition of PiP Manager	(174)	-
Deduct performance incentive fees	-	(65)
Deduct other operating income	(394)	(795)
Deduct/add back financing	707	694
Add back tax	481	53
Profit from discontinued operation	-	(54,275)
<b>Core EBITDA</b>	<b>23,910</b>	<b>12,649</b>

## 8. Other operating income

This is summarised as follows:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Fees arising from the Shirebrook development	<b>348</b>	795
Grant income	<b>46</b>	-
	<b>394</b>	795

#### ***Fees arising from the Shirebrook development***

The Group is managing the development of a reserve power plant site in Shirebrook, Derbyshire on behalf of the Foresight ITS product. Development fees have been accounted for as other operating income when it is virtually certain that relevant contractual conditions have been met. At 31 March 2021, total fees of £2.1 million had been recognised. Further contractual conditions have been met in the year ended 31 March 2022 when the reserve power plant became fully operational giving rise to fees of £0.3 million.

#### ***Grant income***

The Group applied for a Government support programme introduced in response to the global pandemic. Included in the Statement of Comprehensive Income is £45,967 of Government grants obtained relating to supporting the payroll of the Group's employees. The Group has presented this Government grant separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expenses. The Group does not have any unfulfilled obligations relating to this programme.

### **9. Staff costs and Directors' remuneration**

The average number of employees was:

	<b>31 March 2021 Number</b>	31 March 2020 Number
Operations	<b>135</b>	118
Sales and Marketing	<b>40</b>	44
Administration	<b>58</b>	59
	<b>233</b>	221

Their aggregate remuneration comprised:

	<b>31 March 2021 £000</b>	31 March 2020 £000
Wages and salaries	<b>26,666</b>	24,415
Social security costs	<b>2,380</b>	2,012
Pension costs	<b>601</b>	456
Other staff costs	<b>1,323</b>	1,078
	<b>30,970</b>	27,961
Distributions	<b>2,746</b>	1,124
Share-based payments	<b>35</b>	349
<b>Total staff costs</b>	<b>33,751</b>	29,433

#### ***Distributions and share-based payments prior to the IPO***

The Group includes a Limited Liability Partnership, (FGLLP), whose members (until the date of the IPO) were also holders of B shares and Alphabet shares in the Company. From the LLP, the Ordinary Members received Ordinary Member Tier Two Shares in addition to the other distributions receivable. The Ordinary Member Tier Two Shares were payable at the sole discretion of the Designated Member of the LLP; as such, they are accounted for as equity distributions in the LLP's financial statements.

At the overall Group level, the Ordinary Members also received dividends through their Alphabet shares. The total discretionary distributions received by the Ordinary Members (Ordinary Member Tier Two Shares and the Alphabet share dividends) were determined based on their B shareholdings. Whether the total discretionary distributions should be treated as remuneration or equity distributions was determined based on whether these payments were made in relation to their shareholding or their tenure with the Group.

Based on the rights and obligations attached to the B shares, the B shareholders were not unconditionally entitled to B shares unless they had an uninterrupted ten years of service with the Group. After the ten-year service period, there were no restrictions on B shareholders. At that point, the discretionary distributions payable to B shareholders were only purely for their equity ownership. As such, the Ordinary Member Tier Two Shares and the Alphabet share dividends payable to individuals who had not completed their ten-year service are included in this note as remuneration (this is the "Distributions" line in the table above). The discretionary distributions payable to B shareholders who had completed their ten-year service are factored into the calculation of retained earnings.

Following the IPO, these arrangements ceased upon the issue of one class of Ordinary Share as discussed further under note 25 below.

### **10. Finance income and expense**

	<b>31 March 2021 £000</b>	31 March 2020 £000
<b>Finance income</b>		
Bank interest receivable	<b>3</b>	1
<b>Total finance income</b>	<b>3</b>	1
<b>Finance expenses</b>		
Bank interest payable	<b>(7)</b>	(3)
Loan interest (accrued)	<b>(82)</b>	-
Interest on lease liabilities	<b>(621)</b>	(692)
<b>Total interest expense on financial liabilities measured at amortised cost</b>	<b>(710)</b>	(695)
<b>Net finance expense recognised in the Statement of Comprehensive Income</b>	<b>(707)</b>	(694)

The above finance income and expense includes the following in respect of assets (liabilities) not at fair value through profit or loss:

	<b>31 March 2021 £000</b>	31 March 2020 £000
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Total interest income on financial assets	3	1
Total interest expense on financial liabilities	(89)	(3)
	<b>(86)</b>	<b>(2)</b>

## 11. Taxation

	31 March 2021 £000	31 March 2020 £000
<b>Current tax</b>		
UK corporation tax	-	425
Foreign taxation	111	49
Adjustments in respect of prior periods (foreign tax)	134	-
<b>Total current tax charge</b>	<b>245</b>	<b>474</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	279	(20)
Recognition of previously unrecognised deferred tax assets	(43)	-
<b>Total deferred tax</b>	<b>236</b>	<b>(20)</b>
<b>Tax on profit on ordinary activities</b>	<b>481</b>	<b>454</b>
<b>Continuing and discontinued operations</b>		
Continuing	481	53
Discontinued	-	401
	<b>481</b>	<b>454</b>
<b>Total tax expense</b>		
From above	481	454
Share of tax expense of equity accounted joint ventures	14	76
	<b>495</b>	<b>530</b>

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

	31 March 2021 £000	31 March 2020 £000
Profit for the year	15,174	55,254
Add back total tax	495	530
<b>Profit before all tax</b>	<b>15,669</b>	<b>55,784</b>
Profit before tax at 19%	2,977	10,599
Profits not assessable to corporation tax	(438)	(1,310)
Profit share allocation from partnership funds	(78)	-
Fixed asset timing differences	(30)	-
Unrecognised deferred tax	(416)	199
Adjustments to previous periods	134	-
Differences on overseas tax rate	(2,213)	(646)
Expenses not deductible for tax purposes	579	1,443
Other permanent differences	(20)	-
Exempt gain on disposal of discontinued operation	-	(9,755)
<b>Total tax charge</b>	<b>495</b>	<b>530</b>

The Company is resident for taxation purposes in Guernsey and its income is subject to income tax in Guernsey, presently at a rate of 0% per annum.

The tax reconciliation for the Group has been prepared using the current UK corporation tax rate of 19%, as the majority of the Group's trading activities are carried out in the UK.

Profits not assessable to corporation tax comprise profits in various UK LLPs and Guernsey-registered companies within the Group where UK corporation tax law does not apply.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate had not been substantively enacted at the balance sheet date. As a result, UK deferred tax balances at 31 March 2021 continue to be measured at 19%. This will have a consequential effect on the Group's future tax charge although this is not expected to be material, and has been estimated to be £95,000.

At 31 March 2021, the Group had unutilised tax losses of approximately £4.9 million (2020: £2.7 million) available against future corporation tax liabilities. Management have performed an assessment and concluded that no material uncertain tax positions exist as at 31 March 2021 and further have also recognised a deferred tax asset. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact corporation tax expense in the period in which such determination is made.

## 12. Dividends and redemptions

Equity dividends, distributions and share buybacks were as follows:

	31 March 2021 £000	31 March 2020 £000
Dividends and distributions to equity members	18,229	7,745
Share buybacks	10	36,833
	<b>18,239</b>	<b>44,578</b>

Set out below are the details of all equity dividends, distributions and share buybacks for the year ended 31 March 2021 and year ended 31 March 2020. On IPO, there was a restructuring of the share capital of the Company so that dividends per share pre and post IPO would be incomparable. Therefore, the disclosure of dividends per share has not been made for pre-IPO equity dividends as it would be both unhelpful and misleading and not reflective of future dividend policy.

### Year ended 31 March 2021

#### A shares

- On 22 May 2020, the Company declared dividends of £137,500 in respect of the Company's A shares
- On 21 August 2020, the Company declared dividends of £137,500 in respect of the Company's A shares
- On 26 November 2020, the Company declared dividends of £183,333 in respect of the Company's A shares
- On 1 February 2021, the Company declared dividends of £8,870,838 in respect of the Company's A shares

#### Alphabet shares

- On 1 February 2021, the Company paid dividends of £16,561 in respect of the Company's Alphabet shares

#### Distributions

- During the financial year, Foresight Group LLP paid distributions of £8,792,208 to its members
- During the financial year, VCF Partners paid distributions of £91,117 to its members

#### Share buyback

- On 9 February 2021, the Company enacted a share buyback of £10,000 per share, in respect of one of the Company's A shares

#### Year ended 31 March 2020

##### A shares

- On 24 May 2019, the Company declared dividends of £125,000 in respect of the Company's A shares
- On 16 August 2019, the Company declared dividends of £133,333 in respect of the Company's A shares
- On 28 November 2019, the Company declared dividends of £137,500 in respect of the Company's A shares
- On 6 March 2020, the Company declared dividends of £137,500 in respect of the Company's A shares

##### Alphabet shares

- On 23 April 2019, the Company paid dividends of £1,226,752 in respect of the Company's Alphabet shares
- On 26 November 2019, the Company paid dividends of £15,130 in respect of the Company's Alphabet shares

#### Distributions

- During the financial year, Foresight Group LLP paid distributions of £5,812,131 to its members
- During the financial year, VCF Partners paid distributions of £152,434 to its members
- During the financial year, Foresight Group Promoter LLP paid distributions of £5,154 to its members

#### Share buyback

- On 26 November 2019, the Company enacted a share buyback of £1,059.71 per share, in respect of 9,999 of the Company's A shares
- On 26 November 2019, the Company enacted a share buyback of £292.40 per share, in respect of 53,134 of the Company's B shares
- On 26 November 2019, the Company enacted a share buyback in respect of the Company's B shares amounting to £7.5 million
- On 30 March 2020, the Company enacted a share buyback of £292.40 per share, in respect of 10,944 of the Company's B shares

#### Preference Shares

Redemptions on preference shares were as follows:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Redemption of preference shares	<b>4,753</b>	2,416

In terms of preference shares redemptions, these all took place prior to the IPO via arrangements in place between Beau Port Investments Ltd ("BPIL") and Foresight Group CI Ltd. These arrangements were all terminated before the date of the IPO and all preference shares were fully redeemed and cancelled.

#### Year ended 31 March 2021

- On 31 July 2020, Foresight Group CI Limited exercised its right to redeem one redeemable share for a total consideration of £2,750,000
- On 17 December 2020, Foresight Group CI Limited redeemed two redeemable shares for a total consideration of £2,003,191
- On 28 January 2021, Foresight Group CI Limited redeemed the remaining 846 redeemable shares for nil value and these were subsequently cancelled
- The value of these redemptions was determined by the Board of Directors of FGCI after taking into account FGCI's profits and working capital requirements

#### Year ended 31 March 2020

- On 24 April 2019, Foresight Group CI Limited exercised its right to redeem two redeemable preference shares for a total consideration of £1,666,000
- On 28 June 2019, Foresight Group CI Limited exercised its right to redeem two redeemable preference shares for a total consideration of £750,000

### 13. Property, plant and equipment

	Fixtures and fittings	Short leasehold property	Long leasehold flat	Motor vehicles	Total PP&E
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 April 2019	375	4,834	326	21	5,556
Additions	194	534	-	16	744
Foreign exchange movement	(2)	(4)	-	-	(6)
Disposals	(245)	-	-	(22)	(267)
At 31 March 2020	322	5,364	326	15	6,027
Additions	<b>113</b>	<b>28</b>	-	-	<b>141</b>
Foreign exchange movement	-	<b>(7)</b>	-	-	<b>(7)</b>
Disposals	<b>(94)</b>	-	<b>(326)</b>	-	<b>(419)</b>
<b>At 31 March 2021</b>	<b>341</b>	<b>5,385</b>	-	<b>15</b>	<b>5,741</b>
<b>Depreciation</b>					
Balance at 1 April 2019	(260)	(1,411)	-	(21)	(1,692)
Depreciation charge for the year	(126)	(549)	(20)	(2)	(697)
Disposals	246	-	-	21	267
Foreign exchange movement	1	-	-	-	1
Balance at 31 March 2020	(139)	(1,960)	(20)	(2)	(2,121)
Depreciation charge for the year	<b>(145)</b>	<b>(575)</b>	<b>(26)</b>	<b>(3)</b>	<b>(749)</b>
Disposals	<b>93</b>	-	<b>46</b>	-	<b>139</b>
Foreign exchange movement	<b>(2)</b>	<b>4</b>	-	-	<b>2</b>
<b>Balance at 31 March 2021</b>	<b>(193)</b>	<b>(2,531)</b>	-	<b>(5)</b>	<b>(2,729)</b>
Net book value at 31 March 2019	115	3,423	326	-	3,865
Net book value at 31 March 2020	183	3,404	306	12	3,905
<b>Net book value at 31 March 2021</b>	<b>148</b>	<b>2,854</b>	-	<b>9</b>	<b>3,012</b>

#### 14. Intangible assets

	Capitalised software £000	Other intangibles £000	Total £000
<b>Cost</b>			
At 1 April 2019	672	-	672
Additions	121	5,145	5,266
Disposals	(130)	(5,145)	(5,275)
<b>At 31 March 2020</b>	<b>663</b>	<b>-</b>	<b>663</b>
Additions	<b>13</b>	<b>35</b>	<b>48</b>
Business combinations	-	<b>2,879</b>	<b>2,879</b>
Disposals	<b>(197)</b>	-	<b>(197)</b>
<b>At 31 March 2021</b>	<b>479</b>	<b>2,914</b>	<b>3,393</b>
<b>Amortisation/impairment</b>			
Balance at 1 April 2019	(201)	-	(201)
Charge for the year	(320)	(3,163)	(3,483)
Disposals	130	3,163	3,293
Impairment	-	(1,982)	(1,982)
Disposals	-	1,982	1,982
<b>Balance at 31 March 2020</b>	<b>(391)</b>	<b>-</b>	<b>(391)</b>
Charge for the year	<b>(95)</b>	<b>(92)</b>	<b>(187)</b>
Disposals	<b>197</b>	-	<b>197</b>
<b>Balance at 31 March 2021</b>	<b>(289)</b>	<b>(92)</b>	<b>(381)</b>
Net book value at 31 March 2019	471	-	471
Net book value at 31 March 2020	272	-	272
<b>Net book value at 31 March 2021</b>	<b>190</b>	<b>2,822</b>	<b>3,012</b>

Other intangibles comprise the capitalised value of the customer contract acquired during the year ended 31 March 2020 as part of the JLEN transaction. This was an asset acquisition where only the contract was acquired and no other assets or liabilities were taken on at acquisition. On the basis of a 12-month notice period in the contract acquired, this intangible asset was amortised over one year. However, upon notice of termination of these contracts on 10 February 2020, the amortisation was accelerated, leading to an impairment charge of £1.9 million which resulted in the remaining net book value at the termination date of this intangible (£5.145 million) being written down to nil value. Subsequent to this termination, a new contract was established with a different Group company.

The other element of other intangibles relates to the intangible asset (being investment management contracts) acquired as part of the PiP transaction discussed further below in note 29. The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a discounted profitability model, with reference to the projected profitability of the fund over 20 years based on internal forecasts and a weighted average cost of capital (WACC) of 13.75% using various inputs to reflect the operations which are principally based in the UK. A 1% increase in the WACC would result in a decrease in the intangible asset recognised by £123,382; likewise a 1% decrease would result in an increase of £133,439. The PiP intangible asset is amortised over 20 years. An impairment review was undertaken by reference to the AUM of the funds to which the investment management contracts relate. There were no indicators of impairment of the asset at the reporting date.

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

#### 15(a). Investments at FVTPL

	Unlisted investments £000
At 31 March 2019	1,206
Additions	381
Fair value movements	(147)
Sales proceeds	(207)
<b>At 31 March 2020</b>	<b>1,233</b>
Additions	<b>881</b>
Fair value movements	<b>192</b>
Sales proceeds	<b>(231)</b>
<b>At 31 March 2021</b>	<b>2,075</b>

Investments comprise investments in underlying funds which are measured at fair value.

#### 15(b). Investments in subsidiaries

The Company has investments in the following undertakings:

Entity	Domicile	Type	Country of registration	Interest
<b>Subsidiary undertakings</b>				
Foresight Solar Australia (UK) Limited	UK	Company	England & Wales	100%
Foresight Iberian Solar Development Limited	UK	Company	England & Wales	100%
FGB Sarl	Luxembourg	Company	Luxembourg	100%
Foresight Group Holdings (UK) Limited	UK	Company	England & Wales	100%
Foresight Asset Management Limited	UK	Company	England & Wales	100%
Foresight Fund Managers Limited	UK	Company	England & Wales	100%
Foresight Group (SK) Limited	UK	Company	England & Wales	100%
Pinecroft Corporate Services Limited	UK	Company	England & Wales	100%
Foresight Environmental GP Co. Limited	UK	Company	Scotland	100%
Foresight NF GP Limited	UK	Company	England & Wales	100%
Foresight Environmental FP GP Co. Limited	UK	Company	Scotland	100%
Foresight NF FP GP Limited	UK	Company	England & Wales	100%
Foresight Company 1 Limited	UK	Company	England & Wales	100%
Foresight Company 2 Limited	UK	Company	England & Wales	100%
Foresight Regional Investment General Partner LLP	UK	LLP	Scotland	100%
Foresight Impact Midlands Engine GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment II General Partner LLP	UK	LLP	Scotland	100%

Foresight Group Equity Finance (SGS) GP LLP	UK	LLP	Scotland	100%
NI Opportunities GP LLP	UK	LLP	Scotland	100%
Foresight Legolas Founder Partner GP LLP	UK	LLP	Scotland	100%
Foresight Infra Hold Co Limited	UK	Company	England & Wales	100%
Foresight Regional Investment III General Partner LLP	UK	LLP	Scotland	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 RP-MA GP LLP	UK	LLP	England & Wales	100%
PIP Multi-Strategy Infrastructure GP LLP	UK	LLP	England & Wales	100%
PIP WM-MA GP LLP	UK	LLP	England & Wales	100%
Foresight Group CI Limited	Guernsey	Company	Guernsey	100%
Foresight European Solar Fund GP Ltd	Jersey	Company	Jersey	100%
Foresight (Guernsey) Limited	Guernsey	Company	Guernsey	100%
Foresight Holdco 2 Limited	UK	Company	England & Wales	100%
VCF II LLP	UK	LLP	England & Wales	100%
Foresight Group LLP	UK	LLP	England & Wales	100%
Foresight Group Promoter LLP	UK	LLP	England & Wales	100%
Foresight Investor LLP	UK	LLP	England & Wales	100%
Foresight Group S.R.L.	Italy	Company	Italy	100%
Foresight Group Australia Pty Limited	Australia	Company	Australia	100%
FGA Ventures Pty Ltd	Australia	Company	Australia	100%
Above It Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Services Pty Limited	Australia	Company	Australia	100%
Foresight Group Iberia SL	Spain	Company	Spain	100%
Foresight Energy Infrastructure Partners GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Luxembourg S.A.	Luxembourg	Company	Luxembourg	100%
Foresight Solar LLP	UK	LLP	England & Wales	100%
Foresight European Solar Fund CIP GP Limited	UK	Company	Scotland	100%
<b>In liquidation</b>				
Foresight Metering Limited	UK	Company	England & Wales	100%
FMM Holding Limited	UK	Company	England & Wales	100%
<b>Joint venture undertakings</b>				
FV Solar Lab S.R.L.	Italy	Company	Italy	50%
<b>Other undertakings</b>				
VCF Partners	UK	Partnership	England & Wales	100%

## 16. Investments in equity accounted joint ventures

	Joint venture £000
At 31 March 2019	-
Additions	-
Revaluations	-
Share of profit	235
Repayments	-
At 31 March 2020	235
Additions	-
Share of profit	26
Revaluations	-
Foreign exchange movement	(10)
Repayments	-
<b>At 31 March 2021</b>	<b>251</b>

The investment in joint venture relates to a joint venture entered into by Foresight Group S.R.L. which holds a 50% holding in FV Solar Lab S.R.L.

### Joint venture

FV Solar Lab S.R.L. is a separate structured vehicle incorporated and operating in Italy. It was setup by the Group and VEI Green on commencement of ForVEI II, an investment platform which specialises in acquiring solar assets in Italy. The platform is managed by the Group and VEI Green who share equally in the assets and liabilities of FV Solar Lab S.R.L. and under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised financial information in relation to the joint venture is presented below. FV Solar Lab S.R.L. has a reporting date of 31 December and therefore management accounts for the year to 31 March have been prepared.

	2021 £000	2020 £000
<b>Profit or loss from continuing operations</b>	<b>26</b>	235
<b>Post-tax profit or loss from discontinued operations</b>	<b>-</b>	-
<b>Other comprehensive income</b>		
Translation differences on foreign subsidiaries	(10)	(7)
<b>Total comprehensive income</b>	<b>16</b>	228

## 17. Trade debtors and other receivables

	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
Trade debtors	10,988	6,842	5,337
Other debtors	4,255	4,494	6,996
Prepayments	2,795	2,898	1,495
Staff advances	2,680	1,600	-
	<b>20,718</b>	<b>15,834</b>	<b>13,828</b>

The Directors consider that the carrying value of trade and other receivables approximates to their fair value. All trade debtors and other receivables are due within one year. Staff advances at 31 March 2021 and 31 March 2020 have been

made in order to retain key staff. The advances 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:

	<b>31 March 2021 £000</b>	31 March 2020 £000	1 April 2019 £000
Current	<b>7,139</b>	3,607	1,806
<b>Overdue</b>			
< 30 days	<b>101</b>	506	935
30-60 days	<b>526</b>	521	233
60-90 days	<b>77</b>	239	485
> 90 days	<b>3,145</b>	1,969	1,878
	<b>10,988</b>	6,842	5,337

The movement in the impairment allowance for trade receivables is as follows:

	<b>31 March 2021 £000</b>	31 March 2020 £000	1 April 2019 £000
Brought forward provision	<b>(532)</b>	(264)	(339)
Utilised	<b>226</b>	23	56
Profit and loss (charge)/credit	<b>74</b>	(291)	19
Carried forward provision	<b>(232)</b>	(532)	(264)

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.

## 18. Cash and cash equivalents

	<b>31 March 2021 £000</b>	31 March 2020 £000	1 April 2019 £000
Cash and cash equivalents per balance sheet	<b>39,431</b>	13,002	10,067
Cash and cash equivalents per cash flow statements	<b>39,431</b>	13,002	10,067

## 19. Trade and other payables

	<b>31 March 2021 £000</b>	31 March 2020 £000	1 April 2019 £000
Trade creditors	<b>1,175</b>	1,570	672
Accruals	<b>8,402</b>	8,002	5,687
Deferred income	<b>541</b>	73	243
Other creditors	<b>5,244</b>	4,469	4,001
VAT and PAYE	<b>3,520</b>	1,299	1,569
Corporation tax	<b>143</b>	72	-
Hire purchase	-	-	2
Shareholder loan	-	750	-
Partnership capital contributions	<b>1,619</b>	163	-
	<b>20,644</b>	16,398	12,176

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider the carrying amount of trade and other payables approximates to their fair value when measured by discounting cash flows at market rates of interest as at the balance sheet date. Deferred income relates to fees received in advance. The Shareholder loan relates to a short-term unsecured loan of £750,000 at nil interest to Foresight Group Holdings Limited from Bernard Fairman which was fully repaid during the year ended 31 March 2021. Partnership capital contributions relate to contributions by members to Foresight Group LLP.

## 20. Creditors due after more than one year

	<b>31 March 2021 £000</b>	31 March 2020 £000	1 April 2019 £000
LTIP accrual	<b>295</b>	-	-
	<b>295</b>	-	-

The LTIP accrual was acquired as part of the PiP acquisition (note 29) - the Group agreed to take on this liability as part of the acquisition agreement and considers its fair value is materially in line with book value.

## 21. Leases

Set out below are the carrying amounts of the right-of-use assets recognised and associated lease liabilities (included under short and long-term creditors) together with their movements over the period. The leases all relate to the offices of the Group as follows:

### VCF Partners/VCF II LLP

- 23rd Floor Shard, London
- 18th Floor Shard, London
- Park Row, Nottingham 3rd Floor
- Park Row, Nottingham 4th Floor

### Foresight Group LLP

- George Street, Edinburgh, Scotland

- Station Road, Cambridge
- King Street, Manchester

**Foresight Group S.R.L.**

- Piazza Barberini, Rome

**Foresight Group Iberia SL**

- Planta Tercera, Madrid

The leases are typically of ten years' duration.

Following the IPO, the leases held in the books of VCF Partners were transferred to VCF II LLP, a newly incorporated entity within the Group.

	Land and buildings £000
<b>Right-of-use asset</b>	
At 1 April 2019	10,627
Additions	1,358
Depreciation	(1,639)
Closing balance at 31 March 2020	10,346
Additions	<b>486</b>
Depreciation	<b>(1,712)</b>
<b>Closing balance at 31 March 2021</b>	<b>9,120</b>
<b>Lease liability</b>	
At 1 April 2019	13,592
Short term	1,495
Long term	12,097
Additions	1,358
Lease payment	(2,162)
Interest	691
Foreign exchange	19
Closing balance at 31 March 2020	13,498
Short term	1,945
Long term	11,553
	13,498
Additions	<b>486</b>
Lease payment	<b>(2,570)</b>
Interest	<b>621</b>
Foreign exchange	<b>(16)</b>
<b>Closing balance at 31 March 2021</b>	<b>12,019</b>
Short term	<b>2,157</b>
Long term	<b>9,862</b>
	<b>12,019</b>

The maturity analysis of lease liabilities is:

<b>Total £000</b>	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>13,817</b>	2,712	2,735	7,289	1,081

The following are the amounts recognised in the Consolidated Statement of Comprehensive Income:

	31 March 2021 £000	31 March 2020 £000
Depreciation expense on right-of-use assets	<b>(1,713)</b>	(1,639)
Interest expense on lease liabilities	<b>(621)</b>	(692)
	<b>(2,334)</b>	(2,331)

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 4.79%.

In accordance with IFRS 16.53(c), (d) and (e) (in respect of short-term, low-value and variable lease expenses), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 for these items. This expense is presented within administrative expenses in the Consolidated Statement of Comprehensive Income as follows: year ended 31 March 2021: £240,809, year ended 31 March 2020: £221,450.

There were no material residual value guarantees or contractual dilapidation commitments that impacted the initial recognition value for ROU assets and lease liability.

## 22. Deferred taxation liability

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020 and 2019: 19%).

The movement on the deferred tax account is as shown below:

	2021 £000	2020 £000
At 1 April	<b>20</b>	-
<b>Recognised in profit and loss</b>		
Tax expense	<b>(236)</b>	20
	<b>(216)</b>	20
<b>Arising on business combination</b>		
Intangible asset	<b>(547)</b>	-
Other temporary and deductible differences	<b>159</b>	-
<b>At 31 March</b>	<b>(604)</b>	20

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

A provision has been made for the deferred tax liability associated with the recognition of an intangible asset as part of the

acquisition of PIP Manager Limited at 19% of its fair value. Subsequent movement in line with amortisation of the intangible asset has been recognised in the income statement and at 31 March 2021 the deferred tax liability was £547,091. The fair value of the deferred tax asset recognised for tax losses was determined to be £159,022 on acquisition, an increase of £109,127 compared to its carrying value.

The movements in deferred tax assets and liabilities during the period are shown below:

	Asset 2021 £000	Liability 2021 £000	Net 2021 £000	(Charged)/ credited to profit 2021 £000	(Charged)/ credited to equity 2021 £000
Other temporary and deductible differences	858	(1,051)	(193)	(213)	-
Business combinations - intangible asset	-	(530)	(530)	17	-
Business combinations - other temporary and deductible differences	119	-	119	(40)	-
	977	(1,581)	(604)	(236)	-

	Asset 2020 £000	Liability 2020 £000	Net 2020 £000	(Charged)/ credited to profit or loss 2020 £000	(Charged)/ credited to equity 2020 £000
Other temporary and deductible differences	20	-	20	20	-
	20	-	20	20	-

### 23. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 27.

	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
<b>Current liabilities</b>			
Loans	688	-	-
<b>Non-current liabilities</b>			
Loans	3,636	-	-
	4,324	-	-

### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	31 March 2021 Carrying amount <sup>1</sup> £000
Unsecured loan	GBP	2%	2027	4,324

1. The carrying amount of these loans and borrowings equates to the fair value.

The movement on the above loans may be summarised as follows:

	31 March 2021 £000
At 1 April 2020	-
At acquisition	4,242
Interest	82
<b>At 31 March 2021</b>	<b>4,324</b>

### 24. Employee benefits

The Group operates a number of defined contribution pension plans, all of which have materially the same characteristics and risk profile.

The amounts charged to the profit and loss in the Consolidated 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 was £601,000 for the year ended 31 March 2021 (31 March 2020: £456,000).

### 25. Share capital and other reserves

The Company had issued and allotted share capital of 108,333,333 Ordinary Shares of nil par value at 31 March 2021.

#### Ordinary Shares and preference shares

	31 March 2021 £	31 March 2020 £	1 April 2019 £
<b>Share capital</b>			
Ordinary Shares	-	-	-
Preference shares brought forward	849	853	859
Preference shares redeemed	(849)	(4)	(6)
Preference shares carried forward	-	849	853

#### Ordinary Shares

	31 March 2021 Number	31 March 2021 £	31 March 2020 Number	31 March 2020 £	1 April 2019 Number	1 April 2019 £
A shares of no par value						
In issue at start of the year	1	-	10,000	-	10,000	-
Cancelled during the year	(1)	-	(9,999)	-	-	-



Issued during the year	<b>1,000</b>	-	1,000	-	-
Cancelled during the year	<b>(1,000)</b>	-	-	-	-
In issue at end of the year	-	-	1,000	-	-
AA shares of no par value					
In issue at start of the year	<b>500</b>	-	-	-	-
Issued during the year	-	-	500	-	-
Cancelled during the year	<b>(500)</b>	-	-	-	-
In issue at end of the year	-	-	500	-	-
Ordinary Shares of no par value					
Redesignated	<b>1,000,000</b>	-	-	-	-
Subdivided	<b>99,000,000</b>	-	-	-	-
Issued	<b>8,333,333</b>	-	-	-	-
In issue at end of the year	<b>108,333,333</b>	-	-	-	-

### **Rights for each Ordinary Share class**

#### *New Ordinary Shares*

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.

Note that for all share classes discussed below in the following sub-section, these shares were cancelled at the date of the IPO and replaced with the new Ordinary Shares discussed above.

#### *A shares*

##### Rights:

Income - entitled to receive and participate in dividends or other distributions attributable to the A shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital - entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and solely in respect of amounts paid up on such A shares.

Voting - entitled to receive notice of and to attend general meetings of the Company but not vote at such meetings.

#### *B shares*

##### Rights:

Income - entitled to receive and participate in dividends or other distributions attributable to the B shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital - entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and in proportion to the number of B shares held by them.

Redemption - redeemable at the option of the Company upon the member ceasing to be an employee or ceasing to hold the shares for an employee.

Voting - entitled to receive notice of and to attend and vote at general meetings of the Company.

#### *D to AA shares ("Alphabet shares" - each a separate share class)*

##### Rights:

Income - entitled to receive and participate in dividends or other distributions attributable to the respective class of the Alphabet shares resolved by the Board to be so distributed in respect of any accounting period or any other income or right to participate therein.

Capital - entitled on a winding up or sale to participate in the distribution of capital in the manner described in Companies Law and solely in respect of amounts paid up on such Alphabet shares.

Voting - entitled to receive notice of and to attend general meetings of the Company but not vote at such meetings.

Dividends paid on the above Shares are included in note 12 above.

### **Preference shares**

	<b>31 March 2021</b>	31 March 2020	1 April 2019
	<b>£</b>	£	£
Allotted, called up and fully paid			
Redeemable shares of no par value paid up at £1 per share			
At 1 April	<b>849</b>	853	859
Fully redeemed and cancelled during the year	<b>(849)</b>	(4)	(6)
	-	849	853

These were held in the books of Foresight Group CI Limited ("FGCI") for the benefit of Beau Port Investments Limited. The redeemable shares were redeemable at the sole option of FGCI, had no par value and had no voting rights, save in respect of any resolution to change the rights attached to them.

The Articles of Association of FGCI gave it the power to issue an unlimited number of shares of no par value as permitted by law.

The redemptions of preference shares over the period are included in note 12 above.

The preference shares were fully redeemed during the year ended 31 March 2021 (pre-IPO).

#### *Group reorganisation reserve*

The Group reorganisation reserve consists of the Ordinary Share capital of FGCI. As there is no investment in FGCI held in the books of any holding companies (Foresight Group Holdings Limited) this balance is left as a Group reserve.

#### *Retained earnings*

Includes all current and prior period retained profits and losses.

#### Share-based payment reserve

The share-based payment reserve represents the cumulative cost of share-based payments associated with the Foresight plan, see note 35.

#### Share premium

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) as follows:

	£000
At 1 April 2019 and 2020	-
Cash on primary raise	<b>35,000</b>
Transaction costs of primary raise	<b>(2,960)</b>
<b>At 31 March 2021</b>	<b>32,040</b>

The total transaction costs relating to the IPO amounted to £5.275 million, of which £2.96 million was taken to the share premium account and £2.3 million was expensed through administrative expenses in the Statement of Comprehensive Income.

## 26. Commitments and contingencies

There were no capital commitments at 31 March 2020 or 31 March 2021.

## 27. Financial instruments - classification and measurement

### Financial assets

Financial assets comprise cash and cash equivalents, trade receivables and other receivables (at amortised cost) and unlisted investments (at FVTPL), as follows:

	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
Trade and other receivables	<b>17,923</b>	12,936	12,333
Cash and cash equivalents	<b>39,431</b>	13,002	10,067
Unlisted investments	<b>2,075</b>	1,233	1,206
	<b>59,429</b>	27,171	23,606

### Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables and other creditors/accruals as follows:

	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
Trade creditors	<b>1,175</b>	1,570	672
Other creditors and accruals	<b>18,785</b>	14,683	11,260
	<b>19,960</b>	16,253	11,932

### Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk and credit risk. Risk management is carried out by the Board of Directors. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

#### (a) Market risk

##### (i) Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements.

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Group to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The potential maximum exposure to market price risk, being the value of the investments as at 31 March 2021, was £2.1 million (31 March 2020: £1.2 million).

##### (ii) Interest rate risk

The Group has only £4.3 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see note 29 below) with a fixed interest rate. As the interest rates on Shareholders' loans and lease contracts are also fixed, interest rate risk is considered to be very low. Floating rate investments relate to the interest-bearing deposit account which earned interest based on the Bank of England rate of 0.1% at 31 March 2021. As at 31 March 2021, if the interest rate increased or decreased by ten basis points the interest earned would increase or decrease by £4,000.

##### (iii) Foreign exchange risk

The Group is not exposed to significant foreign exchange translation or transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore considered immaterial.

#### (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 ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk. Foresight is financed through a combination of share capital, undistributed profits and cash.

#### (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. There are no impairments to trade or other receivables in each of the years presented.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

### Capital risk management

The Group is equity funded and this makes up the capital structure of the business. Equity comprises share capital, share premium and retained profits and is equal to the amount shown as "Equity" in the balance sheet.

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 2021, 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 Pillar III disclosures required by the Financial Conduct Authority under BIPRU 11. These are available on the Foresight Group website or from its registered office.

#### **Fair value hierarchy**

Unquoted investments represents the Group's share of the value of the underlying investments held across various Funds Under Management. 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. When valuing an unquoted investment at fair value the following factors will be considered:

- i. Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used
- ii. In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
  - a) an earnings multiple basis. The shares may be valued by applying a suitable multiple to that company's historic, current or forecast earnings before tax, interest, depreciation and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified compared to the sector including, inter alia, illiquidity); or
  - b) where a company's under-performance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Group assesses the portfolio for such investments and, after agreement with the relevant manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value
- iii. Premiums on loan investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable
- iv. Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be the application of a multiple to that company's historic, current or forecast turnover (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity)

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

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

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>As at 31 March 2021</b>				
Unquoted investments	-	-	2,075	2,075
Net financial instruments	-	-	2,075	2,075

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>As at 31 March 2020</b>				
Unquoted investments	-	-	1,233	1,233
Net financial instruments	-	-	1,233	1,233

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>As at 1 April 2019</b>				
Unquoted investments	-	-	1,206	1,206
Net financial instruments	-	-	1,206	1,206

#### **Transfers**

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

The unobservable inputs may be summarised as follows:

Asset class and valuation	March 2021 fair value £000	Significant unobservable inputs	Range estimates	Sensitivity factor	Change in fair value £000
Net financial instruments	2,075	NAV	1x	+/-5%	+/- 103.7

As can be seen in the table above, the most significant unobservable input is in relation to the NAV of the relevant investments. A change of 5% to this assumption would increase or decrease the value of these investments by £103,700.

#### **28. Earnings per share**

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.

There were no dilutive share options in issue during the period.

	31 March 2021 £000	31 March 2020 £000

## Earnings

Earnings for the purposes of basic earnings per share, being profit attributable to the owners of the parent company	<b>15,174</b>	56,021
Continuing activities	<b>15,174</b>	1,746
<b>Discontinued activities</b>	<b>-</b>	<b>54,275</b>

	<b>31 March 2021</b>	31 March 2020
<b>Number of shares</b>		
Weighted average number of shares in issue during the period (000)	<b>101,780</b>	94,918
Earnings per share Group (Basic)	<b>£0.15</b>	£0.59
Earnings per share continuing (Basic)	<b>£0.15</b>	£0.02
Earnings per share discontinued (Basic)	-	£0.57
Earnings per share Group (Diluted)	<b>£0.15</b>	£0.59
Earnings per share continuing (Diluted)	<b>£0.15</b>	£0.02
Earnings per share discontinued (Diluted)	-	£0.57

## 29. Business combinations

Details of the acquisition in the year ended 31 March 2021 are as follows:

Business	Country of incorporation	Nature of activity	Date of acquisition	Consideration £000	Percentage ownership
PIP Manager Limited	UK	Asset management services to pension funds	18 August 2020	5,339	100%

The entity was acquired via direct investment in the share capital of the target. The following subsidiaries of PIP Manager Ltd were also acquired:

- PIP Multi-Strategy Infrastructure Limited
- PIP Multi-Strategy Infrastructure (Scotland) Limited
- PIP RP-MA GP LLP
- PIP Multi-Strategy Infrastructure GP LLP
- PIP WM-MA GP LLP

The carrying amount of assets and liabilities in the books of the acquiree at the date of acquisition was as follows:

	£000
Trade and other receivables	377
Cash and cash equivalents	3,446
Trade and other payables	(362)
Non-current payables	(439)
Deferred taxation asset	50
<b>Total carrying value</b>	<b>3,072</b>

Purchase consideration was £1.1 million of cash and £4.2 million of loans due to the vendors taken on by the Group at acquisition (further details of these loans are included in note 23 above). Transaction costs of £184,000 (which have been expensed) comprise adviser fees, including financial, tax and legal due diligence costs. Consideration is broken down as follows:

	£000
Cash paid	1,098
Founder loans taken on	1,098
<b>Total consideration</b>	<b>5,339</b>

The above acquisition is reflected in the cash flow statement as follows:

	£000
Cash paid	(1,098)
Cash acquired on acquisition of subsidiary	(1,098)
	3,446
<b>Total per cash flow statement</b>	<b>2,348</b>

The following intangible assets were recognised at acquisition:

	£000
<b>Intangible asset - customer lists</b>	<b>2,879</b>

The fair values of the assets and liabilities arising from the acquisition are as follows:

	£000
Intangible asset	2,879
Trade and other receivables	377
Cash and cash equivalents	3,446
Trade and other payables	(362)
Non-current payables	(439)
Deferred taxation asset	159
Deferred taxation liability - intangible asset	(547)
Net assets acquired	5,513
Consideration	5,339
Gain on bargain purchase	(174)
<b>Transaction costs</b>	<b>184</b>

The fair value of the intangible asset above was derived from cash flow forecasts for the PIP standalone business, over a 20-year period using a 13.75% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible is being amortised over a useful life of 20 years.

The acquisition of PiP resulted in a small gain on bargain purchase as a result of the assessment of fair value of assets acquired and liabilities assumed marginally exceeding the total of the fair value of the purchase consideration. The Group has credited the gain on bargain purchase to the Consolidated Statement of Comprehensive Income during the year ended 31 March 2021, within administrative expenses.

Amounts that the acquisition contributed to both Group revenue and profit in the post acquisition period are as follows:

	£000
Revenue contribution	1,432
Profit before tax contribution	212

### 30. Discontinued operations

On 13 November 2019, the Group disposed of 100% of its interests in Foresight Metering Management Ltd ("FMML") for a cash consideration of £103,309,554.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the results of these operations have been reclassified as discontinued operations in these consolidated financial statements. Profit from discontinued operations for the years ended 31 March 2020 and 2021 has been shown as a single line in the Consolidated Statement of Comprehensive Income and net cash flows from discontinued operations have been shown as a single line in the Consolidated Cash Flow Statement.

Further analysis of the results and cash flows for the discontinued operations presented in the consolidated financial statements is shown below.

The post-tax gain on disposal of discontinued operations was determined as follows:

	31 March 2021 £000	31 March 2020 £000
Cash consideration received	-	103,310
Other consideration received	-	-
Cash paid on disposal	-	(9,270)
Total consideration received	-	94,040
Cash disposed of	-	(5,452)
Net cash inflow on disposal of discontinued operation	-	88,588
<b>Net assets disposed (other than cash)</b>		
Property, plant and equipment	-	(66,934)
Intangibles	-	(12,898)
Intangibles - goodwill	-	(19,970)
Stock, trade receivables and other receivables	-	-
Trade and other payables	-	7,745
Other financial liabilities	-	65,542
Deferred tax liability	-	2,193
Pre-tax gain on disposal of discontinued operation	-	57,227
Related tax expense	-	-
<b>Gain on disposal of discontinued operation</b>	-	57,227

### Results of discontinued operations

	31 March 2021 £000	31 March 2020 £000
Revenue	-	9,153
Expenses other than finance costs	-	(6,465)
Finance costs	-	(5,239)
Tax expense/credit	-	(401)
Gain from selling discontinued activities, net of tax	-	57,227
<b>Profit on discontinued activities</b>	-	54,275

	31 March 2021 £	31 March 2020 £
<b>Basic earnings/(loss) per share</b>	-	0.57

### Statement of cash flows

	31 March 2021 £000	31 March 2020 £000
Operating activities	-	(3,150)
Financing activities	819	(5,452)
Investing activities	-	53,935
Net cash flows from discontinued activities	819	45,333

The cash inflow in the year ended 31 March 2021 relates to the residual cash at bank in Foresight Metering Limited which was transferred to the Group.

### 31. Assets and liabilities of disposal group

The assets and liabilities of operations classified as a disposal group as at 1 April 2019, 31 March 2020 and 31 March 2021 are as follows:

	31 March 2021 £000	31 March 2020 £000	1 April 2019 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	-	-	27
Intangible assets	-	-	12,898
Intangible assets - goodwill	-	-	19,970
<b>Current assets</b>			
Stock	-	-	2,067

Debtors < 1 year	-	-	2,728
Investment in finance leases	-	-	58,978
Cash	<b>65</b>	891	4,069
<b>Total assets</b>	<b>65</b>	<b>891</b>	<b>100,737</b>
<b>Liabilities</b>			
Creditors < 1 year	<b>(1)</b>	(9)	(24,961)
Creditors > 1 year	-	-	(45,383)
Deferred tax liability	-	-	(2,193)
Share capital	-	-	(362)
Preference shares	-	-	(35,865)
Growth shares	-	-	(33)
<b>Total liabilities</b>	<b>(1)</b>	<b>(9)</b>	<b>(108,797)</b>

The assets and liabilities of the disposal group relate to the disposal of FMML as summarised in note 30 above.

The assets above at 31 March 2021 and 2020 relate to residual cash balances in Foresight Metering Ltd. The liabilities at the same dates relate to accruals made for liquidator costs.

### 32. Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

#### Transactions with key management personnel

The Group considers the Executive Committee ("Exco") members as the key management personnel and the table below sets out all transactions with these personnel:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Emoluments	<b>830</b>	1,008
Partnership profit share	<b>3,217</b>	3,616
Equity dividends	<b>9,319</b>	1,260
Capital redemptions	<b>4,763</b>	2,416
Share buybacks	<b>10</b>	24,197
Private medical insurance	<b>8</b>	8
Other benefits	<b>1</b>	-
IPO proceeds	<b>148,070</b>	-
<b>Total</b>	<b>166,218</b>	32,505

#### Loans to and from Shareholders

A loan of £500,000 was made to a Shareholder on 19 December 2019. It was interest free provided the loan was repaid by the repayment date (31 March 2020). The loan was repaid on 31 March 2020 following the buyback of some of the Shareholder's shares.

During the year ended 31 March 2020, Bernard Fairman made a short-term unsecured loan of £750,000 at nil interest to the Company. This loan was repaid on 18 December 2020.

#### Staff advances

During the year ended 31 March 2020, £1,600,000 of staff advances were made to various members of Foresight Group LLP. The advances are 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 2021, a further £1,500,000 of advances were made by Foresight Group LLP and £100,000 by Foresight Group Holdings Limited and £440,000 of the advances were expensed.

#### Disposal of long leasehold property

On 2 February 2021, the leasehold interest for Flat 18, Railway & Bicycle, 205 London Road, Sevenoaks was purchased from Foresight Group LLP by Julia Fairman, the wife of the Executive Chairman of the Group, for £450,000 (being the fair market value). As part of this transaction, it was agreed that Foresight Group LLP will continue to pay any council tax, utilities, services charges and rates payable in connection with the flat for as long as Bernard Fairman acts as Executive Chairman of FGHL.

#### Other related party transactions

At 31 March 2021, the Company owed Beau Port Investments Limited, a privately owned company of Bernard Fairman, £530,000 in unpaid dividends. This balance is to be fully repaid by 31 March 2022 and Bernard Fairman has agreed to reduce his salary for the year ending 31 March 2022 as a result of this dividend.

### 33. 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.

### 34. Subsequent events

There are no material subsequent events to report from 31 March 2021 to the date of issue of these accounts.

### 35. Share-based payments

The cost related to share-based payments recognised by the Group in the Consolidated Statement of Comprehensive Income is shown below:

	<b>31 March</b>	31 March
	<b>2021</b>	2020
	<b>£000</b>	£000
Foresight Plan	<b>35</b>	349

#### The Foresight Plan

The Foresight Plan was introduced in 2014 and provided for the grant of shares to members of staff. Shares granted under the Foresight Plan vested after the members of staff had reached an uninterrupted period of service of ten years with Foresight Group (or any of its subsidiaries). Shares granted under the Foresight Plan were accounted for as equity-settled. The Foresight Plan ceased in February 2021.

The equity-settled payments below represent the share-based payments related to the Foresight Plan. The valuation attributed to the payments was on a EBITDA market multiple basis; this did not take into consideration any future dividends or other features of equity instruments in determining this valuation.

Total expense for each year in which shares were granted (excluding national insurance) was as follows:

Year of grant	31 March	31 March
	2021	2020
	£000	£000
2014	-	121,023
2015	6,589	62,516
2016	-	133,604
2017	587	781
2018	5,721	7,614
2019	7,577	13,115
2020	14,752	9,979
2021	-	-
<b>Total Foresight share-based payments expense reported in comprehensive income</b>	<b>35,226</b>	<b>348,632</b>

Unvested shares outstanding under the Foresight Plan were as follows:

	31 March 2021		31 March 2020	
	Number of shares granted	Weighted average share price £	Number of shares granted	Weighted average share price £
At the beginning of the year	45,605	6	16,030	119
Granted	11,654	4	36,498	3
Vested	(1,830)	(12)	(6,923)	(254)
Extinguished	(55,429)	(4)	-	-
<b>Awards outstanding at year end</b>	<b>-</b>	<b>-</b>	<b>45,605</b>	<b>6</b>

#### The Foresight SIP

Under the Foresight Share Incentive Plan ("SIP") for each one partnership share that an employee buys, Foresight offers two free matching shares. In each tax year, employees can buy up to £1,800 or 10% of salary (whichever is lower) of partnership shares from their pre-tax salary. If an employee leaves the Group, any matching shares held for less than three years will be withdrawn, i.e. the vesting period of the matching shares is three years with the performance condition of continuous service. The SIP scheme was accounted for as an equity-settled share-based payment transaction. The first grant date of the SIP scheme was 28 February 2021 which would give rise to a £10,000 expense in the current financial year but will be accounted for next year as it was trivial to include in the current financial year.

#### The Pensions Infrastructure Platform Ltd ("PiP") LTIP

PIP operates a cash LTIP scheme that is subject to specific performance criteria that are assessed over a two-year period and a subsequent vesting period of three years before the cash is paid out in stages. The award made in 2017 is now fully vested and accruals for the amounts due within the year of £136,500 and amounts due after one year of £297,098 have been recognised.

## GLOSSARY

<b>Absolute TSR</b>	Share price appreciation plus dividends paid to show total return to a Shareholder, expressed as a percentage
<b>AIMS</b>	Foresight's Accelerated Inheritance Tax Solution
<b>AUM</b>	Assets Under Management (FUM + DUM)
<b>BPIL</b>	Beau Port Investments Limited
<b>CAGR</b>	Compound Annual Growth Rate
<b>CASS</b>	The Financial Conduct Authority's Client Assets Sourcebook
<b>CFO</b>	Chief Financial Officer of Foresight Group
<b>CIO</b>	Chief Investment Officer of Foresight Group
<b>Company</b>	Foresight Group Holdings Limited
<b>COO</b>	Chief Operating Officer
<b>Core EBITDA</b>	Core earnings before interest, taxes, depreciation and amortisation. See explanation in note 7 of the financial statements
<b>CRO</b>	Chief Risk Officer of Foresight Group
<b>D&amp;I</b>	Diversity and Inclusion
<b>DUM</b>	Debt Under Management
<b>ECL</b>	Expected Credit Losses
<b>EPS</b>	Earnings per share
<b>ESG</b>	Environmental, Social and Governance
<b>Ethical Standard</b>	FRC's Revised Ethical Standard (2019)
<b>FEIP</b>	Foresight Energy Infrastructure Partners
<b>FGCI</b>	Foresight Group CI Limited
<b>FGLLP/LLP</b>	Foresight Group LLP
<b>Foresight/Foresight Group/Group</b>	Foresight Group Holdings Limited together with its direct and indirect subsidiary undertakings
<b>FPPP Report</b>	Financial Position Prospects and Procedures Report
<b>FSFL</b>	Foresight Solar Fund Limited
<b>FTE</b>	Full-Time Equivalent
<b>FUM</b>	Funds Under Management
<b>FVTPL</b>	Fair value through profit and loss
<b>GHGs</b>	Greenhouse gases
<b>Gross fundraising</b>	Gross institutional funds raised and gross retail funds raised
<b>IBR</b>	Incremental Borrowing Rate
<b>IFRS</b>	International Financial Reporting Standard(s)
<b>IPCC</b>	International Panel on Climate Change
<b>IPO</b>	Initial Public Offering
<b>ISAE 3402</b>	International Standard on Assurance Engagements - 3402, Assurance Reports on Controls at a Service Organisation
<b>ITS</b>	Foresight's Inheritance Tax Solution
<b>JLEN</b>	JLEN Environmental Assets Group
<b>MAR</b>	Market Abuse Regulation being the UK version of Regulation (EU) No 596/2014 which has effect in English law by virtue of the European Union (Withdrawal) Act 2018

<b>NAV</b>	Net Asset Value
<b>NEDs</b>	Non-Executive Directors
<b>Net fundraising</b>	Gross funds raised less outflows of funds for the same period (predominantly consisting of outflows through the OEICs)
<b>OEIC</b>	Open Ended Investment Company
<b>PIF</b>	Pensions Infrastructure Platform
<b>PRI</b>	The UN's Principles for Responsible Investment
<b>PSP</b>	Performance Share Plan
<b>Recurring Revenue</b>	Management, secretarial and Directors' fees
<b>ROU</b>	Right-of-use assets
<b>SDG</b>	Sustainable Development Goals
<b>SEC</b>	Sustainability Evaluation Criteria
<b>Shareholder</b>	Holder of the Company's Ordinary Shares
<b>SIP</b>	Share Incentive Plan
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>the Code</b>	The UK Corporate Governance Code
<b>ToR</b>	Terms of Reference
<b>TSR</b>	Total Shareholder Return
<b>UNGC</b>	UN Global Compact

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## 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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