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9 December 2021

### **Foresight Group Holdings Limited Half-year results for the six months ended 30 September 2021**

Foresight Group Holdings Limited ("Foresight", "the Company", "the Group"), a leading infrastructure and private equity manager, is pleased to announce its results for the six months ended 30 September 2021 ("H1 FY22").

'A strong financial and operational performance, significant organic growth and a very favourable outlook'

#### **Highlights**

- Significant organic growth in Assets under Management ("AUM") to £8.1 billion and Funds under Management ("FUM") to £6.1 billion at 30 September 2021, up 13% and 18% respectively, in the six-months from 31 March 2021
  - Successful final close of Foresight Energy Infrastructure Partners ("FEIP"), with total commitments of €851 million secured, 70% ahead of original target
  - Net inflows of £0.7 billion delivered across both retail and institutional funds, highlighting the benefits of Foresight's broad range of strategies
  - Retail net inflows of £0.3 billion during the six-month period, back to similar levels seen in the six-month period pre-pandemic
- Group Revenue of £39.7 million, up 22% on the prior year period; high quality recurring revenue comprised 89.5% of total revenue, comfortably within target range
- Core EBITDA pre-share-based payments<sup>1</sup> ("SBP") up 43% to £15.2 million (£10.6 million in the prior year period ("H1 FY21")); Core EBITDA pre-SBP margin improved to 38.3% (32.8% in H1 FY21), on track to deliver medium-term margin target of c.43%
- Interim dividend of 4 pence per share reflecting increased payout ratio of 60% announced in July 2021
- Strong capital deployment across Infrastructure and Private Equity with £295 million deployed in the six-month period across 51 assets, up from £206 million in H1 FY21

#### **Post-period end and outlook**

- Post-period end the Group listed its first dedicated forestry fund, raising £130 million and underlining Foresight's ongoing commitment to climate solutions and strength in product development
- Excellently positioned to capture benefits of the strong sector tailwinds further highlighted by COP26
- Significant pipeline of new fund launches and deployment opportunities in H2 FY22 and beyond
- Foresight remains on track to deliver against its ambitious strategic and financial targets

#### **Management update**

- To reflect both the rapid growth of the Infrastructure Division in recent years and its significant future growth plans the Group has appointed Ricardo Piñeiro as Co-Head of Infrastructure alongside Nigel Aitchison, effective 1 January 2022. Ricardo will join the Group's Executive Committee and will take responsibility for day-to-day management of the Division.

#### **Bernard Fairman, Executive Chairman of Foresight Group Holdings Limited, commented:**

"I am delighted with the Group's continued strong performance over the last six months, delivering a significant increase in

AUM on an organic basis, driven by strong retail net inflows and further institutional closings. This performance, combined with a very favourable sector outlook, the recent successful listing of our first dedicated forestry fund and a strong near-term pipeline of new launches and deployment, underpins the Board's considerable confidence in achieving the Group's targets for the full year to 31 March 2022.

"With our unique combination of skills and expertise across sustainable infrastructure and regional private equity investment in the UK, Foresight is optimally positioned to continue to grow by sourcing high quality opportunities in these attractive and expanding markets."

1. In line with previous periods we continue to quote Core EBITDA pre-SBP and have updated nomenclature to make this clear.

### **Analyst presentation**

The pre-recorded presentation will be available to view on the Company's website (<https://www.fsg-investors.com>) from 7.00 a.m. (UK time) on 9 December 2021.

It will be repeated at the start of the webcast at 9.00a.m. (UK time) on 9 December 2021, and be followed by live Q&A for analysts hosted by Bernard Fairman (Executive Chairman) and Gary Fraser (CFO and COO).

Those wishing to join should register via the following link:

[Register here](#)

For further information please contact:

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

Foresight Group was founded in 1984 and is a leading infrastructure and private equity investment manager, operating from 12 offices across six countries in Europe and Australia with AUM of c. £8.1 billion as at 30 September 2021. 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 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 eight regionally focused investment funds across the UK, supporting over 120 SMEs. Foresight Group listed on the Main Market of the London Stock Exchange in February 2021. <https://www.fsg-investors.com/>

#### **Disclaimer - Forward-looking statements**

This statement, prepared by Foresight Group Holdings Limited (the "Company"), may contain forward-looking statements about the Company and its subsidiaries (the "Group"). Such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "projects", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which are beyond the Company's control and are based on the Company's beliefs and expectations about future events as of the date the statements are made. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including

those set out under "Principal Risks" in the Company's annual report for the financial year ended 31 March 2021. The annual report can be found on the Company's website ([www.fsg-investors.com](http://www.fsg-investors.com)). Forward-looking statements speak only as of the date they are made. Except as required by applicable law and regulation, the Company undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

## **EXECUTIVE CHAIRMAN'S STATEMENT**

### **Introduction**

During the six-month period to 30 September 2021, we continued to build on the positive momentum generated by Foresight's listing earlier this year. FUM grew substantially with strong retail net inflows and institutional fund closes which, combined with the forecast near-term pipeline of new fund launches and deployment, gives the Board confidence in achieving the Group's targets for the full year to 31 March 2022.

### **Operational and financial highlights**

The first six months of FY22 saw strong growth in AUM to £8.1 billion and FUM to £6.1 billion, from £7.2 billion and £5.1 billion respectively at year end.

In terms of fundraising and new fund launches, following the easing of COVID-19 pandemic restrictions, it is good to see retail net inflows returning to pre-pandemic levels. On 6 September 2021, we delivered the final close of Foresight Energy Infrastructure Partners ("FEIP"), 70% ahead of our original target and with total commitments of €851 million, which was an excellent achievement. On the Private Equity side, Foresight Regional Investment Fund III ("FRIF III") delivered its first close of £66 million in May 2021.

There are a number of additional launches and capital fundraisings planned for other Foresight funds in the second half of FY22, underlining our ability to raise funds across a diversified investor base in a range of differentiated products.

After the period end, Foresight's new sustainable forestry fund issued its Prospectus and successfully listed on 24 November with £130 million raised. This is the Group's first dedicated forestry investment vehicle, and very much a fund of its time. It is particularly timely as investment mandates evolve to reflect a greater emphasis on ESG and is evidence of our ongoing commitment to sustainability.

We also saw strong capital deployment across Infrastructure and Private Equity with £295 million deployed during the period compared with £206 million for the corresponding period of the prior financial year.

Revenues in the period were in line with Group expectations, up 22% to £39.7 million (30 September 2020: £32.4 million) with most of the growth in the top line coming from an increase in management fees as a result of our increased FUM. We continue to experience minimal fee margin compression.

Recurring revenues for the six-month period represented 89.5% of total revenues. Our continued expectation for recurring annual revenue is a range of 85%-90%, which incorporates an element of performance fee recognition principally from the regionally based private equity funds as they reach the realisation phase of their investment cycle.

Core EBITDA pre-share based payments was in line with expectations at £15.2 million for the six-month period (30 September 2020: £10.6 million) with the associated margin also increasing to 38.3% from 32.8% as we continue to benefit from increased operational gearing and progress towards our medium-term target.

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

## **Dividend**

Following the success of FY21, we increased the proposed dividend payout to 60% and it is our intention to maintain this going forward, paying approximately one-third of the total dividend for the year as an interim dividend and approximately two-thirds as a final dividend.

The Board has therefore recommended an interim dividend of 4.0 pence per share (equating to £4.3 million) be paid on 25 March 2022 with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022.

## **Sustainability**

The agreements reached at COP26 over cutting methane emissions by 30% by 2030, the ending of financing unabated fossil fuels projects and the pledge to end deforestation are expected to lead to many more investment opportunities for Foresight, adding momentum across all our business areas.

We continue to focus on our ESG strategies, developing our policies and activities across our existing portfolio and new investments. As part of our strategy, in November we became a member of the Sustainable Market Initiative's Natural Capital Investment Alliance ("NCIA"), established in January 2021 by His Royal Highness The Prince of Wales.

NCIA members plan to launch, or have launched, investment products aligned to Natural Capital themes that are expected to mobilise more than \$10 billion in aggregate.

The themes range from direct investment in forestry, through to investments in businesses that are helping to move us from a "take, make, waste" economy to one that emphasises sustainability as a key component of alleviating pressure on forestry, biodiversity and natural systems.

As a sustainability-led investment manager, we have continued to review our own carbon footprint and are developing our net zero goals, on which we will provide more detail in the near future. We will also provide an update on our reporting requirements relating to TCFD in the Annual Results for FY22.

## **Power price volatility**

Foresight currently manages c.£4.0 billion of electricity generating assets. As noted in our October trading update, the recent significant increases in power pricing in the UK and beyond have provided positive momentum for Foresight's balanced portfolio of infrastructure assets. The Governor of the Bank of England recently spoke of permanently higher energy prices because of the shift to green policies.

More broadly, this highlights the need for further acceleration in the transition to reliable, resilient and low carbon energy systems, an area in which Foresight has established itself as a leader.

## **Management update**

To reflect both the rapid growth of the Infrastructure Division in recent years and its significant future growth plans, I am delighted to announce the appointment of Ricardo Piñeiro as Co-Head of Infrastructure alongside Nigel Aitchison, effective 1 January 2022. Ricardo is the Foresight partner responsible for Foresight Solar Fund and the company's infrastructure asset management activities and will join the Group's Executive Committee, taking responsibility for day-to-day management of the Division. Nigel has made the decision to reduce his time commitment to three days per week and will utilise his significant experience in sustainable investment to focus on driving the longer-term ambitions of the business and managing a number of strategic initiatives.

## **Outlook**

It has been refreshing to see our offices return to life during the Autumn with the easing of restrictions across the UK, and with it the reinvigoration of Foresight's creative spark that has always underpinned our innovative and entrepreneurial spirit. However, with the identification of the Omicron variant we have been reminded that the COVID-19 pandemic is not over yet and we will continue to prioritise the health and safety of our staff, our clients and our suppliers as we navigate the evolving impacts of this global pandemic.

The Group achieved strong results in the first half of FY22, having achieved our stated AUM growth target from wholly organic sources. We continue to anticipate high growth in the underlying markets we serve and are confident in our ability to identify attractive investment opportunities which will allow us to strengthen our position as a leading presence in those markets. We believe we are excellently positioned to capture the benefits of the positive tailwinds driving sustainable infrastructure investment and are on track to achieve our targets for the full year and beyond.

## **Bernard Fairman**

Executive Chairman

8 December 2021

## **FINANCIAL REVIEW**

for the six months ended 30 September 2021

Continuing the progress made since IPO, the first six months of FY22 have delivered another strong performance, with AUM, revenue and Core EBITDA pre share-based payments ("SBP") all growing year-on-year.

### **KPIs**

	<b>30 September 2021</b>	30 September 2020	31 March 2021
Period-end AUM (£m)	<b>8,133</b>	6,766	7,193
Period-end FUM (£m)	<b>6,067</b>	4,761	5,132
Average AUM (£m)	<b>7,728</b>	6,098	6,547
Average FUM (£m)	<b>5,650</b>	4,402	4,691
Total revenue (£000)	<b>39,707</b>	32,417	69,098
Recurring revenue (£000)	<b>35,546</b>	29,508	62,379
Recurring revenue/total revenue (%)	<b>89.5%</b>	91.0%	90.3%
Core EBITDA pre share-based payments (£000)	<b>15,202</b>	10,625	23,910
Core EBITDA pre share-based payments margin (%)	<b>38.3%</b>	32.8%	34.6%

In line with previous periods, and for comparability, we continue to quote Core EBITDA pre-SBP and have changed nomenclature in order to make this clear. Core EBITDA pre-SBP was introduced as our key performance measure because the Group believes this measure is the main profitability comparator used within the asset management market and reflects the trading performance of the underlying business without distortion from the uncontrollable nature of the share based payments charge. While the Group appreciates that APMs are not considered to be a substitute for or superior to IFRS measures, we believe the selected use of these provides stakeholders with additional information which will assist in the understanding of the business.

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

AUM and FUM both grew by £0.9 billion in the six-month period. Retail net inflows totalled £0.3 billion, which included £0.2 billion from our OEIC products. Institutional net inflows totalled £0.4 billion, primarily through further closes from our Foresight Energy Infrastructure Partners ("FEIP") fund and the first close of our new Private Equity regional fund ("FRIF III").

### **Summary Statement of Comprehensive Income and Core EBITDA reconciliation**

	<b>30 September 2021</b>	30 September 2020	31 March 2021
	<b>£000</b>	£000	£000
Revenue	<b>39,707</b>	32,417	69,098
Cost of sales	<b>(2,447)</b>	(2,331)	(4,639)
<b>Gross profit</b>	<b>37,260</b>	30,086	64,459

Administrative expenses

Other operating income	(24,130)	(21,490)	(48,709)
<b>Operating profit</b>	<b>13,380</b>	8,642	16,144
Finance income and expense	(360)	(348)	(707)
Fair value gains on investments	83	51	192
Share of post-tax profits of equity accounted joint venture	8	(19)	26
<b>Profit on ordinary activities before taxation</b>	<b>13,111</b>	8,326	15,655
Tax on profit on ordinary activities	(1,644)	(8)	(481)
<b>Profit</b>	<b>11,467</b>	8,318	15,174
<b>Other comprehensive income</b>			
Translation differences on foreign subsidiaries	67	(272)	(293)
<b>Total comprehensive income</b>	<b>11,534</b>	8,046	14,881
<b>Adjustments:</b>			
Non-operational staff costs	300	670	3,186
Non-operational legal costs	-	475	2,744
Profit on disposal of tangible fixed assets and gain on bargain purchase	-	(174)	(344)
Other operating income	(250)	(46)	(394)
Finance income and expense	360	348	707
Tax on profit on ordinary activities	1,644	8	481
Depreciation and amortisation	1,404	1,298	2,649
<b>Core EBITDA</b>	<b>14,992</b>	10,625	23,910
Share-based payments	210	-	-
<b>Core EBITDA pre share-based payments<sup>1</sup></b>	<b>15,202</b>	10,625	23,910

1. The Group uses Core EBITDA pre-SBP 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 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.

#### Revenue

	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
Management fees	33,655	22,582	50,245
Secretarial fees	695	5,883	9,828
Directors' fees	1,196	1,043	2,306
<b>Recurring fees</b>	<b>35,546</b>	29,508	62,379
Marketing fees	2,114	1,290	2,841
Arrangement fees	1,435	1,610	3,858
Other fees	612	9	20
<b>Total</b>	<b>39,707</b>	32,417	69,098

Total revenue in the six-month period increased by 22% year-on-year to £39.7 million (30 September 2020: £32.4 million) with recurring revenue increasing by 20% to £35.5 million (30 September 2020: £29.5 million), maintaining the c.90% level of recurring fees we reported in last year's results. As we begin to make further realisations from our Private Equity portfolios, we anticipate that performance fees will contribute a larger part of the revenue mix. This is in line with our expectations and does not alter our previously stated target range of generating 85-90% of revenue from recurring fees.

As a result of FUM growth, the largest revenue increase year-on-year came from management fees with FEIP contributing c.£2.4 million of the uplift following further interim and final closes during the period. The continued growth in Foresight Capital Management also contributed to an increase of c.£2.3 million. The annualised impact from the PIP acquisition in August 2020 contributed a further c.£1.0 million in management fees.

As explained in our Annual Report, we restructured the fee on our ITS product in January 2021, removing the secretarial fee, and at the same time also removing the dependence of the management fee on a performance hurdle.

Marketing fees are the initial fees recognised as a percentage of funds raised on our tax-based retail products.

This revenue line increased during the six-month period as a result of the UK coming out of lockdown, with fundraising returning to pre-pandemic levels. This gives the Board further confidence in the outlook for the rest of this financial year and beyond.

#### Cost of sales

Cost of sales comprises 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. This charge is broadly in line with the prior six-month period.

#### Administrative expenses

	<b>30 September 2021 £000</b>	30 September 2020 £000	31 March 2021 £000
Staff costs	<b>16,609</b>	15,519	33,751
Depreciation and amortisation	<b>1,404</b>	1,298	2,649
Legal & professional	<b>1,594</b>	2,116	5,984
Other administration costs	<b>4,523</b>	2,557	6,325
	<b>24,130</b>	21,490	48,709

Year-on-year, the overall cost base has increased by c.12%. Staff costs have increased by c.£1.1 million, due to the annual pay review process; the implementation of the staff SIP and PSP schemes post-IPO; and an increase in FTE of 15.6 in the twelve months. This increase in FTE has predominantly occurred in the high growth areas across the business: FCM as our net inflows continue to increase and we launch new funds; Infrastructure in line with our increase in AUM and number of assets in the portfolio; and finally, in Retail Sales, where we have expanded the team to drive further inflows, which is already reaping rewards through strong inflows on our ITS product in the first six months of FY22.

The increase in Other administration costs principally relates 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 management fees from our FCM OEIC businesses are VAT exempt and their recent strong growth has driven a related increase in the irrecoverable VAT charge. In addition to this, there have been some increased costs year-on-year following our listing in February, which include the costs associated with the Annual and Half-year Reports and re-design of the Group's website.

#### Core EBITDA pre share-based payments

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

Core EBITDA pre share-based payments increased 43% year-on-year to £15.2 million for the period ended 30 September 2021 (30 September 2020: £10.6 million) with the margin percentage improving to 38.3% (30 September 2020: 32.8%) as we continue to progress towards our medium-term target of 43%.

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

#### Non-operational staff costs

The non-operational staff costs in the period ended 30 September 2021 relate to retention payments made to key members of staff.

The equivalent cost in the prior year related to pre-IPO profit share for FY20. These distributions made to members were classified as remuneration expenses under IFRS but considered to be equity transactions for the purposes of calculating Core EBITDA.

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

There have been no costs of this nature in the six-month period ended 30 September 2021. The period ended 30 September 2020 included c.£0.2 million of redundancy costs and c.£0.3 million of IPO costs.

### **Other operating income**

In the six-month period ended 30 September 2021, all other operating income arose from the development of a reserve power plant in Shirebrook, Derbyshire on behalf of the Foresight ITS product.

The £46k in the prior period related to grant income from the Coronavirus Job Retention Scheme.

### **Interest and tax**

The only major variance in these line items year-on-year relates to tax. As noted in the Annual Report, 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 are subject to corporation tax, as demonstrated by the charge recognised in the period.

### **Share-based payments**

The share-based payments charge relates to the SIP and PSP schemes implemented in the period.

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

	<b>30 September 2021 £000</b>	30 September 2020 £000	31 March 2021 £000
<b>Assets</b>			
Property, plant and equipment	<b>2,838</b>	3,600	3,012
Right-of-use assets	<b>8,791</b>	9,490	9,120
Intangible assets	<b>3,014</b>	3,099	3,012
Investments	<b>2,455</b>	1,792	2,326
Deferred tax asset	<b>860</b>	169	977
Contract costs	<b>4,848</b>	739	837
Trade and other receivables	<b>20,780</b>	18,322	19,881
Cash and cash equivalents	<b>42,760</b>	11,971	39,431
Net assets of disposal group classified as held for sale	<b>64</b>	64	64
<b>Total assets</b>	<b>86,410</b>	49,246	78,660
<b>Liabilities</b>			
Trade and other payables	<b>(21,401)</b>	(12,907)	(20,939)
Loans and borrowings	<b>(3,649)</b>	(4,279)	(4,324)
Lease liabilities	<b>(11,547)</b>	(12,524)	(12,019)
Deferred tax liability	<b>(516)</b>	(544)	(1,581)
<b>Total liabilities</b>	<b>(37,113)</b>	(30,254)	(38,863)
<b>Net assets</b>	<b>49,297</b>	18,992	39,797

Net assets have increased by £9.5 million in the six-month period. The key variances since year end are explained below:

### **Contract costs**

The increase of £4.0 million since year end is due to the incremental placement agency fees on the further closes of FEIP in the period (as explained in note 3 to these accounts).

### **Cash and cash equivalents**

The cash balance has continued to grow since year end due to positive cash generation from a strong trading performance and the collection of some aged receivables.

### **Dividends**

As noted in our Annual Report, the Board decided to increase and maintain the dividend payout ratio at 60% going forward and has recommended an interim dividend payment of 4.0 pence per share. The dividend will be paid on 25 March 2022 with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022.

**Gary Fraser**

Chief Financial Officer

8 December 2021

## **BUSINESS REVIEW**

INFRASTRUCTURE

**17**

FORESTRY INVESTMENTS MADE DURING THE PERIOD

**4,440**

TOTAL HECTARES

### **Overview**

Foresight's Infrastructure team originates investment opportunities and manages assets in the renewable energy and energy transition markets as well as the social and core infrastructure sectors. Its investment strategies primarily focus on investment in solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects (such as flexible generation and battery storage), geothermal heat, energy efficiency management solutions, social infrastructure projects and sustainable forestry assets.

The team has a strong origination and execution capability, an active approach to asset management and an established track record of managing retail and institutional capital. The staff have extensive experience of deploying capital into a variety of renewable energy and infrastructure projects throughout their development, construction and operational phases.

As at 30 September 2021, Foresight Infrastructure had a total AUM of £6.0 billion. The team consists of 85 investment, portfolio and technical professionals who facilitate the acquisition and management of 338 infrastructure assets across 16 asset classes with a total renewable energy generating capacity of 3.1GW.

As at 30 September 2021, Foresight Infrastructure managed £1.6 billion of solar assets in the UK, Portugal, Spain, Italy and Australia, with 1.7GW of installed capacity as well as wind assets with 885MW of generation capacity across the UK, Sweden, Germany, France and Spain.

Foresight Infrastructure provides a complete end-to-end solution for investors. From investment origination and execution, including sourcing and structuring all elements of the capital structure required, to the ongoing and active technical asset management of operating assets, including performance and financial optimisation of an asset immediately upon its acquisition. The asset management process is driven by an in-house team which is focused on the relevant O&M contractor's performance, operational performance, cost management and asset life enhancement with the objective of generating sustainable long-term asset operation and economic benefits.

### **Capital deployment and fundraising**

Foresight's Infrastructure team completed 25 transactions in the first half of the year, committing £254 million of capital. Investments were made across a wide range of our funds and across multiple sectors and geographies. Deployment in H1 FY22 has predominantly been focused on Foresight's forestry strategy with the acquisition of 4,400 hectares of land across 17 assets in the period.

On 14 September 2021, Foresight Energy Infrastructure Partners completed its final close. The Fund secured total commitments of €851.4 million, 70% over the €500 million original target. Including co-investments to date of €170 million, this represents a total capital pool in excess of €1 billion for Foresight's energy transition strategy. Commitments were made by over 35 leading global institutional investors from Europe and North America.

Fundraising was strong in the first six months of FY22, with additional fundraises across a number of our existing funds. We received additional commitments of £1.1 billion during the period. There were no notable account losses or outflows during the period.

#### **Investment into new technologies**

Post period end, Foresight expanded the type of assets it invests in with the acquisition of a 51% shareholding in a Dutch geothermal heat pipeline. The investment, acquired by Foresight Energy Infrastructure Partners, involved both the acquisition of operational wells (c.15MW) and the construction of new wells (c.23MW). There is also a significant pipeline of development projects representing a potential build out capacity of c.200MW.

The technology utilises heat extracted from high temperature water which is located in the sub-surface of the earth and output heat is distributed via a heat network to surrounding houses and industry.

Geothermal is strongly supported by the Dutch government as a strategic priority because of the substantial role it can play in the decarbonisation of domestic and industrial heat. Studies of geothermal heat provision have demonstrated that geothermal heat can achieve carbon savings in excess of 90% by displacing the need for fossil fuel usage.

#### **Sustainability at the heart of the investment process**

To ensure that all potential Infrastructure investments have been adequately assessed to meet our high standard of sustainability and ESG-related performance, they are evaluated in line with Foresight's Sustainable Evaluation Tool ("SET"). The SET is designed to provide an objective view of sustainability performance through use of recognised quantitative KPIs and forms part of the Investment Committee papers. During the investment process, the analysis is read and approved by all those involved and once an asset has been acquired, Foresight's Asset Management team monitors performance and continually investigates ways for the asset to improve sustainability performance.

Asset-level KPIs are used to score an investment against a set of 15-18 key assessment parameters across five key areas:

- Sustainable Development Contribution
- Environmental Footprint
- Social Welfare
- Governance
- Third Party Interactions

All KPIs are weighted based on internal prioritisation and materiality assessments and are scored in line with response bands corresponding to the five-point scale as below:

- 5 = High performance
- 4 = Above average
- 3 = Average performance
- 2 = Below average
- 1 = Low performance

Whilst a specific minimum standard for the scoring against each assessment parameter is not set, in the context of the five-point scoring scale, we aim for all our assets to score at least an average of 3/5 and be consistent with the sustainability and ESG standards set across the Foresight portfolio. This quantitative KPI-based approach to

assessing a project's sustainability credentials helps to standardise the quality of sustainability assessment applied across the portfolio and also helps guide and focus investment teams' resources to the areas that require the most attention.

### **Market outlook**

In the period to 30 September 2021, there were several government announcements which aid Foresight Infrastructure's objective to decarbonise the power grid.

In April 2021, the UK government announced a new and more ambitious climate change target - to reduce emissions by 78% by 2035 compared to 1990 levels<sup>1</sup>. In line with the recommendation from the independent Climate Change Committee, the sixth Carbon Budget limits the volume of greenhouse gases emitted over a five-year period from 2033 to 2037.

This action will take the UK more than three-quarters of the way to reaching net zero by 2050. The Carbon Budget is intended to ensure the UK remains on track to reduce its contribution to climate change and remain consistent with the Paris Agreement temperature goal to limit global warming to well below 2°C and pursue efforts towards 1.5°C. In the Balanced Net Zero Pathway set out in the Carbon Budget, in-year capital investment increases significantly during the 2020s and early 2030s, from around £10 billion in 2020 to around £50 billion by 2030<sup>2</sup>.

In July 2021, the European Commission unveiled its plan to meet its 55% emission reduction target by 2030. This plan is the first step towards carbon neutrality set for 2050 and aims to make Europe the first climate neutral continent in the world. The Commission proposes to increase the binding target for renewable energy in the EU's energy mix to 40%.

This aims to promote the uptake of renewable energy and has increased energy efficiency targets at the EU level, making these binding, to achieve an overall reduction of 36%-39% by 2030 for final and primary energy consumption<sup>3</sup>. In order to fund this, it is estimated that annual investment in the European energy system will need to increase by around €350 billion in the coming decade (2021-2030) compared to the previous decade (2011-2020). This is mainly due to new capacity and interconnectors, including building renovations and the replacement of old power and industrial plants as they come to the end of their economic lives.

It is believed that this level of investment can provide a much-needed stimulus to promote a long-lasting recovery from the Covid-19 crisis for the benefit of the European economy and people.

The European Council believes that directing funds to appropriate investments is more important than ever in the current context, and economies cannot afford to invest in assets that may become obsolete in the near future<sup>4</sup>.

The outlook for Foresight Infrastructure is favourable with moves towards increased incentivisation of private capital to deliver public infrastructure projects. This is a consistent theme across many global economic development plans. The decarbonisation agenda is a major tailwind to the strategy with governments and corporates demanding more renewable energy and energy transition projects.

### **COP26**

In November 2021, government officials from around the world met at COP26 in Glasgow to discuss plans on how to tackle the climate crisis. The first major announcement was the agreement by more than 100 world leaders to end and reverse deforestation by 2030. The countries which signed the pledge cover 85% of the world's forests and included Canada, Brazil, Russia, China, the United States and the United Kingdom<sup>5</sup>. The recently listed Foresight Sustainable Forestry Company ("FSFC") is well placed to benefit from government support to achieve this target. With its diversified portfolio of UK forestry and afforestation assets, FSFC is targeting to plant 40% of the UK's annual target of 30k hectares in the first year.

1. Source: <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

2. Source: <https://www.theccc.org.uk/wp-content/uploads/2020/12/The-Sixth-Carbon-Budget-The-UKs-path-to-Net-Zero.pdf>
3. Source: [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en)
4. Source: [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_20\\_1598](https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_1598)
5. Source: <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

PRIVATE EQUITY

**7**

UK OFFICES

**c.2,000**

BUSINESS PLANS REVIEWED EVERY YEAR

**129**

PORTFOLIO COMPANIES

**£810m**

AUM

**11**

DIFFERENT INVESTMENT VEHICLES

**32**

INVESTMENT PROFESSIONALS

### **Overview**

Foresight Private Equity offers a variety of fund structures to facilitate investment from both institutional and retail investors, such as regional institutional funds, Venture Capital Trusts, Enterprise Investment Schemes ("EIS") and Inheritance Tax Solutions ("ITS"). Foresight provides venture, growth capital and replacement capital investments through Foresight's network of seven regional UK offices.

The team makes investments of up to £5 million, targeting investment in sectors with favourable long-term trends and structural growth drivers. As over 80% of all UK SMEs are based outside London, we believe our UK regional focus is a key strength and differentiator. These investments also cover a range of maturity profiles from early stage to more mature small companies. Annual revenues at portfolio companies predominantly range between £2 million and £20 million for equity release and buyout transactions, although venture and seed investments can be into high tech, pre-revenue companies, which are often university spin-outs.

ESG considerations are core to Foresight's investment management approach. Foresight's Private Equity team makes sustainable growth investments into SMEs that have the potential to create broad, long-term ESG benefits through their operations and continuous improvement. We understand that many SMEs struggle to adopt ESG best practices and we work in partnership with our portfolio companies to put ESG principles at the heart of their businesses. This not only helps to improve performance, but also differentiates them from their competitors and drives real value at time of exit.

### **Performance**

In the six months to 30 September 2021, the Private Equity team had another period of strong activity, benefiting from the full reopening of the UK economy. £41.5 million of capital was deployed across 26 transactions to support 22 UK SMEs. The funding came from nine different investment vehicles, covering a wide variety of sectors and investment types. A further £40 million was committed to portfolio companies which provide lending to third parties. The Foresight Williams Technology funds and Foresight VCTs were particularly active, completing eight and seven transactions respectively, including follow-on investments.

Foresight has seen a revival in the pipeline of potential investments and has a considerable number of opportunities under exclusivity or in due diligence across all of its active Private Equity funds.

The impact of Covid-19 will increase investment opportunities over time. SMEs that have demonstrated their resilience during the last 18 months are now assessing their growth funding requirements. Those that have required government support, which has been primarily in the form of debt, will be looking to raise equity to strengthen their balance sheets ahead of expansion.

In the six months to 30 September 2021, the Private Equity team also completed several successful realisations from both retail and institutional funds. Notable examples include Mologic, a health diagnostics company providing both contract research services for clients and developing its own range of proprietary point-of-care diagnostics products. The company was sold to Global Access Health, a not-for-profit company financed by the Soros Economic Development Fund, returning 3.1x to Foresight funds in three years.

Poppy & Jacks, a nursery chain, was Foresight's fourth successful exit this year as it was sold to Kids Planet Day Nurseries, a national nursery chain, returning 2.5x the initial investment.

During the period, the portfolio has shown good recovery as businesses adapt to the new economic climate combined with the easing of restrictions in the Autumn.

The Private Equity team is ensuring that finance directors at the portfolio companies continue to tightly manage overheads and critically assess capital expenditure given the uncertain macro environment, which includes undertaking scenario analysis that covers the potential for another lockdown in winter 2021/22. Foresight will continue to provide support to its portfolio companies using the same toolbox of support as during the first lockdowns in 2020.

The portfolio has faced new challenges stemming from the Brexit transition and COVID-19 headwinds, including supply chain issues and staff shortages. In the medium term, businesses must remain cautious through this transition to the "new normal".

Thanks to the diverse nature of the portfolio, across investment stage, sectors and end markets, Foresight remains confident that its portfolio is well positioned to respond to new challenges as the market adapts to an evolving macro landscape.

### **Fundraising**

With regard to retail funds, Foresight VCT plc announced the launch of an offer for subscription to raise up to £20 million, with an over-allotment facility to raise up to a further £10 million. The fundraise is progressing well and applications will close in April 2022. Post period end, Foresight Enterprise VCT plc announced that it also intends to launch an offer for subscription to raise up to £20 million, with an over-allotment of up to £10 million. The Prospectus, which will contain full details and the terms and conditions of the offer, is expected to be available in January 2022.

Within institutional fundraising, in May, Foresight held the first close of its latest regional Private Equity fund, the North West-focused Foresight Regional Investment III LP. The Fund raised an initial £66 million from investors, exceeding the size of the previous Foresight fund focused on this region.

The Fund is cornerstoned by the Greater Manchester Pension Fund, with support from Clwyd and Merseyside Pension Funds. Like its predecessor, the Fund is targeting investments in established SMEs valued at up to £30

million in North West England, North Wales and beyond.

Despite the challenges COVID-19 presents in the medium term, the UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture.

Foresight believes that transactions between £1-£5 million are the least competitive and most attractive in the UK Private Equity market, from a value creation perspective. The economic consequences of COVID-19 will only widen the SME equity gap, increasing the number of attractive opportunities available to our funds. New investments will be well positioned to benefit from the growth phase of the next economic cycle.

## FORESIGHT CAPITAL MANAGEMENT

**£1.4bn**

FUM AT 30 SEPTEMBER 2021

**£208m**

NET INFLOWS IN THE SIX-MONTH PERIOD

### Overview

Foresight Capital Management ("FCM") was established in 2017 to facilitate retail and institutional investors accessing infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds investing in listed securities.

Following continued strong fundraising and investment performance, as well as the addition of a new mandate, as at 30 September 2021, FUM totalled £1.4 billion compared to £1.1 billion at 31 March 2021, an increase of 20% over the six-month period.

The portfolio currently comprises the FP Foresight UK Infrastructure Income Fund ("FIIF"), launched in December 2017; the FP Foresight Global Real Infrastructure Fund ("GRIF"), launched in June 2019; the FP Foresight Sustainable Real Estate Securities Fund ("REF"), launched in June 2020; and the VAM Global Infrastructure Fund ("VAM"), launched in June 2021.

As the open-ended funds represent a growing proportion of Foresight's total AUM, FCM is now treated as a separate business line within the Group, alongside Infrastructure and Private Equity.

### FCM open-ended funds

An open-ended investment company ("OEIC") is a professionally managed FCA authorised company which purchases shares in other financial assets or companies. When units are purchased in an OEIC, the OEIC fund manager pools that money with that of other investors. This allows individual investors access to a greater variety of financial assets.

The value of an OEIC is directly linked to the performance of its underlying investments. As the value of the underlying investments change, so do the value of the units purchased.

FCM works with a third party to provide detailed reporting on alignment with sustainability and regulatory disclosure requirements where relevant. All our OEICs are aligned with a bespoke ESG policy in order to vote in a manner that is consistent with widely accepted ESG practices. If an investment fails to meet our sustainable investment criteria, FCM will divest.

### **FP Foresight UK Infrastructure Income Fund ("FIIF")**

FIIF harnesses Foresight's infrastructure investment expertise and taps into the demand for low volatility, predictable index-linked income. Launched in 2017, FIIF has grown to total net assets in excess of £620 million at 30 September 2021. The portfolio comprises listed companies active across renewable energy, core infrastructure and real estate with a UK focus.

**FP Foresight Global Real Infrastructure Fund ("GRIF")**

GRIF invests in the publicly traded shares of companies located in developed economies that own or operate real infrastructure or renewable energy assets anywhere in the world. With a growth-focused investment objective, GRIF was launched in June 2019 and has grown its total net assets to more than £590 million at 30 September 2021 in just over two years.

**FP Foresight Sustainable Real Estate Securities Fund ("REF")**

REF was launched in June 2020 to provide investors with exposure to a highly liquid and globally diversified portfolio of Real Estate Investment Trusts. Given the lack of OEICs in the UK that are addressing both sustainability and real estate, REF is a highly differentiated strategy and one that has delivered both strong returns and low risk characteristics for investors since launch.

**Fundraising and performance**

During the period, the OEICs have continued to generate positive net inflows every month, bolstered by the launch of the VAM mandate (see details below). Retail fundraising delivered net inflows of £208 million between 1 April 2021 and 30 September 2021 (of which £22 million was raised into VAM by its distribution team).

All three of the UK OEICs (FIIF, GRIF and REF) have delivered positive total returns during the period, and continue to deliver performance since inception in line with, or in excess of, their investment objectives (VAM not included below given it launched during the period).

**UK OEIC performance since inception**

Fund	Inception date	Fund
FP Foresight UK Infrastructure Income Fund	4 December 2017	35.29%
FP Foresight Global Real Infrastructure Fund	3 June 2019	47.39%
FP Foresight Sustainable Real Estate Securities Fund	15 June 2020	20.64%

**Growth**

On 1 June 2021, Foresight announced the launch of VAM Global Infrastructure Fund ("VAM"), a Luxembourg UCITS V Fund, through a new partnership with VAM Funds, a Luxembourg-based SICAV fund management company. Foresight Capital Management has been appointed investment manager to VAM, which is being distributed in South Africa, Singapore, the Middle East and Europe through VAM's established global distribution platform. VAM's investment strategy mirrors that of GRIF, with a focus on globally listed asset-owning infrastructure and renewables businesses, tapping into the growth potential and attractive risk-adjusted returns available to investors in these asset classes. This partnership has already delivered positive results, with net inflows of £22 million during the four months of the period that the mandate was in place. Underlying investors in the VAM fund have included clients in South Africa and the Middle East; markets where Foresight has not previously raised retail capital.

Post period end Foresight launched a new SICAV. This will initially provide investors with access to the GRIF investment strategy via a Luxembourg-domiciled SICAV with UK tax reporting status. The addition of further strategies to the SICAV, such as REF, will also form part of the medium-term growth strategy for Foresight Capital Management.

The growing OEIC market in the UK provides positive tailwinds for retail fundraising and Foresight's FUM in the near to medium term. The launch of other new open-ended funds, also drawing on Foresight's core competencies and with a sustainability focus, is being considered.

## **SUSTAINABILITY**

### ENVIRONMENTAL, SOCIAL & GOVERNANCE

Acting conscientiously as a company and investing responsibly are critical to the long-term success of both Foresight and the capital it manages.

#### **Response to COP26**

Following the COP26 agreement, there is likely to be an increased demand for infrastructure and PE investments which simultaneously deliver measurable sustainable impact alongside attractive risk-adjusted returns. Foresight is already acting on climate change and protecting the natural environment by investing in sustainable infrastructure and real assets that contribute in a tangible and measurable way to decarbonisation.

Investing in renewables that support the phase out of fossil fuels, investing in the decarbonisation of transport and investing in the sustainable production of timber used in construction and packaging, are only a few of the strategies being actively pursued that seek to address some of the greatest challenges the global community is facing.

SMEs have a key role to play in driving long-term sustainable economic growth. This is particularly true in the UK outside of London and the South East, where levels of economic activity, social mobility and economic growth are commonly lower.

Foresight's Private Equity team has a regional approach, investing in some of the more disadvantaged areas of the UK, and targeting a clear equity gap, for both capital and expertise. However, many SMEs struggle to identify how to harness sustainability and adapt to systemic challenges such as climate change, human rights and globalisation.

Foresight works with companies to increase their efficiency, differentiate them from their competitors and drive real change. We believe putting sustainable principles at the heart of these businesses provides them with the greatest opportunity to succeed.

#### **SUSTAINABLE INVESTOR**

- Signatory to the Principles for Responsible Investment since 2013
- Investments assessed for alignment to UN Sustainable Development Goals
- Bespoke methodologies used to assess and monitor ESG across Infrastructure, Private Equity and Foresight Capital Management investments
- As a signatory to the Investing in Women Code, we are committed to producing statistics from across the investment cycle and driving concrete action
- Foresight has joined the Sustainable Markets Initiative: Natural Capital Investment Alliance ("NCIA") to accelerate the development of Natural Capital as a mainstream investment theme and mobilise this private capital efficiently and effectively for Natural Capital opportunities
- Signatory of Playfair Capital's Female Founder Office Hours initiative, alongside 100 investors and over 300 female founders
- Partnered with a third party to perform enhanced due diligence across our key solar supply chain counterparties
- Suite of sustainability KPIs launched across our infrastructure assets

#### **RESPONSIBLE BUSINESS**

- Climate change readiness
- We continue to establish our TCFD reporting methodology and have completed our carbon footprinting analysis on our corporate business activities
- Aiming to establish science-based emissions targets in 2022
- People and community
- Mandatory unconscious bias training has been conducted for all staff

- Supporting a diverse and inclusive culture
- Established our Inclusion & Diversity committee and rolled out the "Count Me In" initiative, which aims to improve the diversity data that our staff share with us. This will help us to make meaningful commitments for our business and staff long term
- Signatory to the HM Treasury Women in Finance Charter
- Communication and transparency
- In September, we hosted Foresight Sustainability Week in partnership with the Goodwood Estate <https://www.foresightgroup.eu/insight/watch-on-demand-foresight-sustainability-week/>

**25%**

WOMEN IN SENIOR MANAGEMENT POSITIONS WITHIN FORESIGHT

**82%**

RESPONSE RATE TO SHARING OF PERSONAL DIVERSITY DATA IN OUR "COUNT ME IN" INITIATIVE

**A+, A+, A**

FORESIGHT'S PRI SCORES

## **RISKS**

The Board is accountable for risks and has oversight of the risk management process across the Group. The Board is also responsible for establishing the risk culture across the Group's businesses and functions.

### **Our approach to risk management**

The Group's approach to risk management, risk governance and risk appetite are set out in the risks section of the 2021 Annual Report and is established through the Risk Management Framework. An effective Risk Management Framework is driven by "top-down" Board leadership and "bottom-up" involvement of management.

Engagement by management at all levels is expected across the Group and is measured through cooperation with and support of the second line of defence functions.

The executive oversight of the risk framework is delegated by the Board to the Chief Financial Officer, who is currently responsible for the risk and control frameworks across the Group.

The Company has identified nine principal risk areas for the Group which are set out in the 2021 Annual Report. The risk assessment processes are continuous and principal risk categories may be updated in the event of material change to the business constituency or market conditions.

Developments in relation to the UK governance, risk and compliance frameworks since the publication of the 2021 Annual Report, particularly those which could potentially have a short to medium-term impact during the period to 31 March 2022, are currently underway in the areas outlined below.

<b>Governance</b>	<b>Risk</b>	<b>Compliance</b>
<ul style="list-style-type: none"> <li>· A comprehensive organisational and governance framework, comprising clearly defined staff roles, responsibilities and authorities, supported by Group policies</li> </ul>	<ul style="list-style-type: none"> <li>· A comprehensive Risk Management Framework for the Group, including a robust and scalable control framework, supported by a dedicated resource</li> </ul>	<ul style="list-style-type: none"> <li>· A regulatory compliance system that includes a risk-based compliance monitoring programme</li> <li>· Governance oversight programme that includes information</li> </ul>

- A framework of policies and procedural documents to ensure compliance with applicable legislation, regulations, standards and industry best practices and quality of service<sup>1</sup>
  - Risk aggregation across businesses to deliver aggregate analytics to the Executive Committee and the Board
  - Communications programme supporting staff development to further staff awareness of their responsibilities for managing risks within their respective business areas and in support of Group initiatives
  - security and data protection
  - Additional training and competence activities, such as in-house best practice sessions, external courses, as well as ongoing CPD
- 

1. The UK operation also undergoes an annual ISAE 3402 review of its operations.

### **Three lines of defence**

The first line of defence is the businesses and functions themselves, where day-to-day front-line ownership of performance and risk management resides. Heads of businesses and functions are responsible for implementing controls to manage risks.

The second line of defence is responsible for the design and implementation of Group-wide risk frameworks. The risk function provides additional oversight, enforcing limits set by the Board, independent measurement and monitoring of front-line activities, and challenges to measurements and assumptions.

The third line of defence provides external assurance with respect to the suitability and adequacy of the risk frameworks in place.

### **Risk governance structure**

The Group's principal operation is based in the UK, with the London office providing support services to all UK regional and global offices. The risk function is coordinated by the CFO, who is based in London, and the Head of Governance, who is based in Guernsey. Foresight is committed to following a three lines of defence model for the Group and is investing additional resources to develop the independent risk management function, including the hire of a Head of Risk. Independent oversight is in place through external audits of the compliance and risk functions, the Group's financial systems and position, and the Group's information security arrangements related to ISO 27001.

### **Risk appetite**

As a provider of regulated services, Foresight is required to document its risk appetite in relation to its entities within the Group. Foresight Group LLP has its principal office based in London and the risk appetite for this entity is considered the minimum standard for the Group.

Foresight's risk appetite statement sets out the level and types of risk that it is willing to assume to achieve its strategic objectives and business plan.

The risk appetite statement has early warning triggers and hard risk limits covering business and strategic risk, market risk, credit risk, operational risk, legal and regulatory risk, financial crime risk, conduct risk and information security risk.

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

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The condensed consolidated half-year financial statements are the responsibility of, and have been approved by, the Directors. In that regard, we confirm that to the best of our knowledge:

- The condensed consolidated half-year financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU") and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The half-year report includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosures Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority

By order of the Board

**Jo-anna Nicolle**

Company Secretary

8 December 2021

## **INDEPENDENT REVIEW REPORT**

to Foresight Group Holdings Limited ("The Group")

### **Introduction**

We have been engaged by the Group to review the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2021 which comprises the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of financial position, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated cash flow statement.

We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### **Directors' responsibilities**

The half-year financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half-year financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The condensed set of financial statements included in this half-year financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the Group a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with EU-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

#### Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Group in meeting its responsibilities in respect of half-year financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### BDO LLP

Chartered Accountants

London, UK

8 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2021

		<b>Unaudited six months ended 30 September 2021</b>	Unaudited six months ended 30 September 2020	Audited year ended 31 March 2021
	Note	<b>£000</b>	£000	£000
Revenue	5	<b>39,707</b>	32,417	69,098
Cost of sales		<b>(2,447)</b>	(2,331)	(4,639)
<b>Gross profit</b>		<b>37,260</b>	30,086	64,459
Administrative expenses	7	<b>(24,130)</b>	(21,490)	(48,709)
Other operating income	10	<b>250</b>	46	394
<b>Operating profit</b>		<b>13,380</b>	8,642	16,144
Finance income	11	-	2	3
Finance expense	11	<b>(360)</b>	(350)	(710)
Fair value gains on investments		<b>83</b>	51	192
Share of post-tax profits/(losses) of equity accounted joint ventures		<b>8</b>	(19)	26

<b>Profit on ordinary activities before taxation</b>		<b>13,111</b>	8,326	15,655
Tax on profit on ordinary activities	12	<b>(1,644)</b>	(8)	(481)
<b>Profit</b>		<b>11,467</b>	8,318	15,174
<b>Other comprehensive income</b>				
Items that will or may be reclassified to profit or loss:				
Translation differences on foreign subsidiaries		<b>67</b>	(272)	(293)
<b>Total comprehensive income</b>		<b>11,534</b>	8,046	14,881
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>				
<b>Profit or loss</b>				
Basic (£)	14	<b>0.11</b>	0.09	0.15
Diluted (£)	14	<b>0.11</b>	0.09	0.15

The notes on pages 21 to 37 form part of this financial information.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

		Unaudited <b>30 September 2021</b>	Unaudited 30 September 2020	Audited 31 March 2021 as restated
	Note	<b>£000</b>	£000	£000
<b>Non-current assets</b>				
Property, plant and equipment		<b>2,838</b>	3,600	3,012
Right-of-use assets	19	<b>8,791</b>	9,490	9,120
Intangible assets		<b>3,014</b>	3,099	3,012
Investments at FVTPL		<b>2,196</b>	1,577	2,075
Investments in equity accounted joint ventures		<b>259</b>	215	251
Deferred tax asset	20	<b>860</b>	169	977
Contract costs	15	<b>4,259</b>	648	712
Trade and other receivables	16	<b>3,619</b>	3,549	3,411
		<b>25,836</b>	22,347	22,570
<b>Current assets</b>				
Contract costs	15	<b>589</b>	91	125
Trade and other receivables	16	<b>17,161</b>	14,773	16,470
Cash and cash equivalents		<b>42,760</b>	11,971	39,431
		<b>60,510</b>	26,835	56,026
Assets and liabilities of disposal group classified as held for sale		<b>64</b>	64	64
<b>Current liabilities</b>				
Trade and other payables	17	<b>(21,217)</b>	(12,469)	(20,644)
Loans and borrowings	21	<b>(619)</b>	(606)	(688)
Lease liabilities	19	<b>(2,239)</b>	(2,033)	(2,157)
		<b>(24,075)</b>	(15,108)	(23,489)
<b>Net current assets</b>		<b>36,499</b>	11,791	32,601
<b>Non-current liabilities</b>				
Loans and borrowings	21	<b>(3,030)</b>	(3,673)	(3,636)
Lease liabilities	19	<b>(9,308)</b>	(10,491)	(9,862)
Accruals	18	<b>(184)</b>	(438)	(295)
Deferred tax liability	20	<b>(516)</b>	(544)	(1,581)
		<b>(13,038)</b>	(15,146)	(15,374)
<b>Net assets</b>		<b>49,297</b>	18,992	39,797
<b>Equity</b>				
Share capital	22	-	1	-
Share premium	22	<b>32,040</b>	(231)	32,040
Own share reserve	22	<b>(402)</b>	-	-
Share-based payment reserve	22	<b>210</b>	125	-
Group reorganisation reserve	22	<b>30</b>	30	30
Retained earnings	22	<b>17,419</b>	19,067	7,727
<b>Total equity</b>		<b>49,297</b>	18,992	39,797

The financial statements were approved and authorised for issue by the Board of Directors on 8 December 2021

and were signed on its behalf by:

**Gary Fraser**

Chief Financial Officer

**Geoffrey Gavey**

Director

The notes on pages 21 to 37 form part of this financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2021

	Share capital	Share premium	Own share reserve	Share-based payment reserve	Group re-organisation reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
<b>Unaudited balance at 1 April 2020</b>	1	-	-	101	30	15,701	15,833
Profit for the six months	-	-	-	-	-	8,318	8,318
Other comprehensive income	-	-	-	-	-	(272)	(272)
<b>Contributions by and distributions to owners</b>							
Share issue costs	-	(231)	-	-	-	-	(231)
Dividends and distributions to equity members	-	-	-	-	-	(1,930)	(1,930)
Share-based payments	-	-	-	24	-	-	24
Premium on redemption of Preference Shares	-	-	-	-	-	(2,750)	(2,750)
<b>Unaudited balance at 30 September 2020</b>	1	(231)	-	125	30	19,067	18,992
Profit for the six months	-	-	-	-	-	6,856	6,856
Other comprehensive income	-	-	-	-	-	(21)	(21)
<b>Contributions by and distributions to owners</b>							
Premium on issue of shares	-	35,000	-	-	-	-	35,000
Share issue costs	-	(2,729)	-	-	-	-	(2,729)
Dividends and distributions to equity members	-	-	-	-	-	(16,299)	(16,299)
Share-based payments	-	-	-	11	-	-	11
Share buyback (cancellation)	-	-	-	-	-	(10)	(10)
Transfer of share-based payments to retained earnings on vesting and cessation of Foresight Plan	-	-	-	(136)	-	136	-
Premium on redemption of Preference Shares	-	-	-	-	-	(2,002)	(2,002)
Redemption of Preference Shares	(1)	-	-	-	-	-	(1)
<b>Audited balance at 31 March 2021</b>	-	32,040	-	-	30	7,727	39,797
Profit for the six months	-	-	-	-	-	11,467	11,467
Other comprehensive income	-	-	-	-	-	67	67
<b>Contributions by and distributions to owners</b>							
Dividends	-	-	-	-	-	(1,842)	(1,842)
Purchase of own shares	-	-	(402)	-	-	-	(402)
Share-based payments	-	-	-	210	-	-	210
<b>Unaudited balance at 30</b>							

The notes on pages 21 to 37 form part of this financial information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 September 2021

	Unaudited six months ended 30 September 2021	Unaudited six months ended 30 September 2020	Audited year ended 31 March 2021 as restated
	Note	£000	£000
Cash generated from operations		9,648	17,268
Tax paid		(1,594)	(174)
Bank interest paid	11	(3)	(7)
Loan interest paid		(97)	-
Interest on ROU lease liabilities	11	(314)	(621)
<b>Net cash from operating activities</b>		<b>7,640</b>	<b>16,466</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(198)	(141)
Acquisition of intangible assets		(125)	(48)
Acquisition of investments at FVTPL		(339)	(881)
Sale of investments		303	230
Proceeds on disposal of fixed assets		-	450
Interest received	11	-	3
Proceeds on disposal of Group entities		-	819
Acquisition of subsidiaries		-	2,348
<b>Net cash from investing activities</b>		<b>(359)</b>	<b>2,780</b>
<b>Cash flows from financing activities</b>			
Dividends and distributions to equity members	13	(1,842)	(18,229)
Share buyback	13	-	(10)
Shareholder loan repaid		-	(750)
FGLLP members' capital contributions		(38)	1,455
Redemption and premium on redemption of Preference Shares	13	-	(4,753)
Purchase of own shares	22	(402)	-
Repayment of lease liabilities (principal)	19	(1,049)	(2,570)
Repayment of loan liabilities (principal)		(621)	-
Gross proceeds of IPO share issue	22	-	35,000
Costs of IPO share issue	22	-	(2,960)
<b>Net cash from financing activities</b>		<b>(3,952)</b>	<b>7,183</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,329</b>	<b>26,429</b>
Cash and cash equivalents at beginning of period		39,431	13,002
Cash and cash equivalents at end of period		42,760	39,431
<b>Reconciliation of profit before tax to cash generated from operations</b>			
Profit before taxation		13,111	15,655
(Profit)/loss from share in joint venture		(8)	(26)
Fair value gains on investments		(83)	(192)
Finance costs		360	710
Finance income		-	(3)
Share-based payment	8	210	35
Depreciation and amortisation		1,404	2,648
(Profit) on disposal of fixed assets		-	(170)
Gain on bargain purchase		-	(174)
Foreign currency gains/(losses)		61	(295)
(Increase)/decrease in contract costs		(4,011)	19
Increase in trade and other receivables		(900)	(4,526)
(Decrease)/increase in trade and other			

payables	(496)	(4,292)	3,587
<b>Total</b>	<b>9,648</b>	<b>2,372</b>	<b>17,268</b>

The notes on pages 21 to 37 form part of this financial information.

## NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 September 2021

### 1. Corporate information

Foresight Group Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Guernsey and whose shares are publicly traded on the Main Market of the London Stock Exchange. The registered office is located at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT. The condensed consolidated half-year financial statements for the six months ended 30 September 2021 (the "Group accounts") comprise the financial statements of the Company and its subsidiaries (collectively, the "Group").

### 2. Basis of preparation

The condensed consolidated half-year financial statements (the "half-year financial statements") for the six months to 30 September 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU"), the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and the Companies (Guernsey) Law, 2008. They do not include all the information required for a complete set of IFRS financial statements. Accordingly, the half-year financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Independent Auditor's Report on the annual consolidated financial statements for the year ended 31 March 2021 was unqualified and did not contain an emphasis of matter paragraph. The financial statements for the six months ended 30 September 2021 and 30 September 2020 are unaudited but have been subject to review by the Group's auditor.

As the Company listed on the London Stock Exchange on 4 February 2021, the financial statements for the six months ended 30 September 2020 and substantially for the year ended 31 March 2021 are when the Group was in private ownership.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 March 2021.

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).

The half-year financial statements have been prepared on a historical cost basis, except for investments that have been measured at fair value.

### 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.

### **3. Significant events and transactions**

The financial position and performance of the Group was affected by the following events and transactions during the six months ended 30 September 2021:

#### ***Placement fees arising on interim and final closes of Foresight Energy Infrastructure Partners ("FEIP")***

In the six months ended 30 September 2021, FEIP, a sustainability-led energy transition infrastructure fund managed by Foresight, had further interim and final closes giving rise to placement agency fees of £3.9/€4.6 million. A specific accounting policy for costs arising from placement agency fees is disclosed below, see note 4A.

#### ***Commencement of the Share Incentive Plan ("SIP") and first grant under the Performance Share Plan ("PSP")***

As noted in the annual financial statements for the year ended 31 March 2021, the first grant date of the SIP was 28 February 2021 but was trivial to account for in that period. Therefore, accounting for the SIP has commenced in the six months ended 30 September 2021. The first grant date under the PSP was 6 September 2021 and is accounted for in the six months ended 30 September 2021. See note 4B for the associated accounting policy.

### **4. Accounting policies**

The accounting policies applied in these half-year financial statements are the same as those applied by the Group in its annual financial statements for the year ended 31 March 2021 except for the policies below. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

#### ***A. Contract costs (Placement agency fees)***

The Group may enter into placement agency agreements with providers who will seek to raise investor monies. Where placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, these fees are capitalised and then amortised on a systematic basis consistent with the pattern of transfer of the services to which the asset relates. Where placement agency fees are not considered to be incremental, these are expensed as they are incurred. Capitalised placement fees are included within contract costs.

Retainer amounts paid to placement agents are recognised as an asset. Where the placement agent is successful in obtaining a contract with a customer, the retainer amounts are offset against the gross placement agency fees when incurred. If unsuccessful, the retainer amounts are expensed.

#### ***B. Share-based payments***

The Group engages in share-based payment transactions in respect of services receivable from certain participants by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices. These have been accounted for as equity-settled share-based payments.

The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period. The corresponding credit is recognised within total equity. The fair value of the awards is calculated using an option pricing model, the principal inputs being the market value on the date of award and an adjustment for expected and actual levels of vesting which includes estimating the number of eligible participants leaving the Group and the number of participants satisfying the relevant performance

conditions. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

*Key sources of estimation uncertainty and judgements*

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date.

In preparing these half-year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the annual financial statements for the year ended 31 March 2021.

**5. 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>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Management fees	33,655	22,582	50,245
Secretarial fees	695	5,883	9,828
Directors' fees	1,196	1,043	2,306
<b>Recurring fees</b>	<b>35,546</b>	29,508	62,379
Marketing fees	2,114	1,290	2,841
Arrangement fees	1,435	1,610	3,858
Performance incentive fees	609	-	-
Other income	3	9	20
	<b>39,707</b>	32,417	69,098

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Timing of transfer of services:			
Point in time	4,161	2,909	6,719
Over time	35,546	29,508	62,379
	<b>39,707</b>	32,417	69,098

	<b>Unaudited six months ended 30 September 2021 Contract liabilities £000</b>	Unaudited six months ended 30 September 2020 Contract liabilities £000	Audited year ended 31 March 2021 Contract liabilities £000
<b>Contract balances</b>			
At beginning of period	(541)	(73)	(73)
Amounts included in contract liabilities that were recognised as revenue during the period	541	73	73
Cash received in advance of performance and not recognised as revenue during the period			

<b>At end of period</b>	<b>(36)</b>	<b>(28)</b>	<b>(541)</b>
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The timing of revenue recognition, billings and cash collections results in either trade receivables, accrued income or deferred income in the Statement of Financial Position. For recurring fees, amounts are billed either in advance or in arrears pursuant to a management or advisory agreement. The contract liabilities above reflect the deferred income in trade and other payables.

## 6. 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 three key "reportable segments": Infrastructure, Private Equity and Foresight Capital Management.

Foresight Capital Management had previously been included within Infrastructure but as reported in the Business Review in the Annual Report for the year ended 31 March 2021, from FY22 onwards it is to be treated as a separate business unit. Accordingly, segmental revenue has been represented for the year ended 31 March 2021.

Foresight Capital Management commenced in 2017 and had FUM of £1.1 billion at 31 March 2021 which had grown further to £1.4 billion at 30 September 2021.

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>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Infrastructure	<b>24,682</b>	20,229	43,392
Private Equity	<b>9,771</b>	8,881	18,225
Foresight Capital Management	<b>5,254</b>	3,307	7,481
	<b>39,707</b>	32,417	69,098

Revenue by region is summarised below:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
United Kingdom	<b>35,017</b>	31,536	65,999
Italy	<b>246</b>	210	1,177
Luxembourg	<b>3,367</b>	90	676
Spain	<b>299</b>	227	533
Australia	<b>778</b>	354	713
	<b>39,707</b>	32,417	69,098

Non-current assets (excluding deferred tax assets, contract costs and trade and other receivables) by region are summarised below:

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
United Kingdom	<b>14,338</b>	16,594	15,397
Italy	<b>779</b>	819	808
Luxembourg	<b>1,444</b>	564	778
Spain	<b>535</b>	-	486
Australia	<b>2</b>	4	1
	<b>17,098</b>	17,981	17,470

## 7. Administrative expenses

These are summarised as follows:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Staff costs	<b>16,609</b>	15,519	33,751
Depreciation and amortisation	<b>1,404</b>	1,298	2,649
Legal and professional	<b>1,594</b>	2,116	5,984
Other administration costs	<b>4,523</b>	2,557	6,325
	<b>24,130</b>	21,490	48,709

Other administration costs mainly relate to irrecoverable VAT, office costs, conferences, computer maintenance, travelling and entertainment and sundries.

## 8. Share-based payments

Expenses arising from share-based payments are summarised below:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Performance Share Plan	<b>134</b>	-	-
Share Incentive Plan	<b>76</b>	-	-
Foresight Plan	<b>-</b>	24	35
	<b>210</b>	24	35

### Performance Share Plan

The Group's Performance Share Plan allows for the grant of nil cost options with vesting dependent on the performance of the Group and continued service by the participant. The first grant of options under the plan was made on 6 September 2021 as approved by the Remuneration Committee. The number of options awarded totalled 1,071,830 and have been fair valued using a Monte-Carlo simulation and appropriate retention rate %.

### **Share Incentive Plan**

Under the Foresight Share Incentive Plan ("SIP") for each one partnership share that an employee buys, Foresight offers two free matching shares. In each tax year, employees can buy up to £1,800 or 10% of salary (whichever is lower) of partnership shares from their pre-tax salary. If an employee leaves the Group, any matching shares held for less than three years will be withdrawn, i.e. the vesting period of the matching shares is three years with the performance condition of continuous service. The SIP shares are held in trust by Yorkshire Building Society (the SIP Trustee). Voting rights are exercised by the SIP Trustee on receipt of participants' instructions.

At 30 September 2021, the number of matching shares purchased for £402,000 was 95,038. An additional 45,000 shares were transferred into trust from Foresight Guernsey Limited (see IPO Prospectus) so that the total matching shares held in trust was 140,038.

### **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). The Foresight Plan ceased in February 2021. Full details of the Foresight Plan were included in the annual financial statements for the year ended 31 March 2021.

### **9. Core EBITDA pre share-based payments**

The Group uses Core EBITDA and Core EBITDA pre share-based payments as two of its key metrics to measure performance because it views these as the closest profitability number comparable to the Group's recurring revenue model (i.e. a cash profit number after removing/adjusting for any one-offs, both positive and negative). Core EBITDA pre share-based payments is shown as the Group considers that there is no cash alternative and due to their uncontrollable nature. Core EBITDA and Core EBITDA pre share-based payments may not be comparable to other similarly titled measures used by other companies and they have limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

The specific items excluded from Core EBITDA and Core EBITDA pre share-based payments 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 and Core EBITDA pre share-based payments:

- 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 relate to IPO costs
- Distributions made to members classified as remuneration expenses under IFRS have been added back as these are considered to be equity transactions. 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 10 below which is not expected to recur. This relates to Shirebrook development fees and grant income from a government support programme introduced in response to the COVID-19 global pandemic
- Profits or losses on disposal of fixed assets are added back as these are classed as non-recurring
- Profits or losses arising on acquisition of subsidiaries are added back as these are classed as non-recurring
- All depreciation and amortisation costs are added back
- All financing and taxation costs are added back

A reconciliation of retained profit to Core EBITDA and Core EBITDA pre share-based payments is set out below:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Net profit after other comprehensive income	<b>11,534</b>	8,046	14,881
Add back depreciation and amortisation	<b>1,404</b>	1,298	2,649
Add back non-operational staff costs			
Distributions	-	670	2,746
Staff advances expensed	<b>300</b>	-	440
Add back non-operational legal costs	-	475	2,744
Profit on disposal of tangible fixed assets	-	-	(170)
Gain on bargain purchase on acquisition of PiP Manager	-	(174)	(174)
Deduct other operating income	<b>(250)</b>	(46)	(394)
Deduct/add back financing	<b>360</b>	348	707
Add back tax	<b>1,644</b>	8	481
<b>Core EBITDA</b>	<b>14,992</b>	10,625	23,910
Share-based payments	<b>210</b>	-	-
<b>Core EBITDA pre share-based payments</b>	<b>15,202</b>	10,625	23,910

#### 10. Other operating income

This is summarised as follows:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Fees arising from the Shirebrook development	<b>250</b>	-	348
Grant income	-	46	46
	<b>250</b>	46	394

#### **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 30 September 2021, total fees of £2.4 million had been recognised which reflects total contractual fees on the development.

#### **Grant income**

The Group applied for a government support programme introduced in response to the COVID-19 global pandemic.

#### 11. Finance income and expense

	<b>Unaudited six months ended 30</b>	Unaudited six months ended 30	Audited year ended
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	<b>September</b>	September	31 March
	<b>2021</b>	2020	2021
	<b>£000</b>	£000	£000
<b>Finance income</b>			
Bank interest receivable	-	2	3
<b>Total finance income</b>	<b>-</b>	<b>2</b>	<b>3</b>
<b>Finance expenses</b>			
Bank interest payable	<b>(3)</b>	(2)	(7)
Loan interest (accrued)	<b>(43)</b>	(37)	(82)
Interest on lease liabilities	<b>(314)</b>	(311)	(621)
<b>Total interest expense on financial liabilities measured at amortised cost</b>	<b>(360)</b>	(350)	(710)
<b>Net finance expense recognised in the Statement of Comprehensive Income</b>	<b>(360)</b>	(348)	(707)

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

	<b>Unaudited six months ended 30 September</b>	Unaudited six months ended 30 September	Audited year ended 31 March
	<b>2021</b>	2020	2021
	<b>£000</b>	£000	£000
Total interest income on financial assets	-	2	3
Total interest expense on financial liabilities	<b>(46)</b>	(39)	(89)
	<b>(46)</b>	(37)	(86)

## 12. Taxation

	<b>Unaudited six months ended 30 September</b>	Unaudited six months ended 30 September	Audited year ended 31 March
	<b>2021</b>	2020	2021
	<b>£000</b>	£000	£000
<b>Current tax</b>			
UK corporation tax	<b>2,522</b>	-	-
Foreign taxation	<b>68</b>	1	111
Adjustments in respect of prior periods (foreign tax)	<b>2</b>	-	134
<b>Total current tax charge</b>	<b>2,592</b>	1	245
<b>Deferred tax</b>			
Origination and reversal of temporary differences (see note 20)	<b>(948)</b>	7	279
Recognition of previously unrecognised deferred tax assets	-	-	(43)
<b>Total deferred tax</b>	<b>(948)</b>	7	236
<b>Tax on profit on ordinary activities</b>	<b>1,644</b>	8	481

The Group is headquartered in Guernsey and its principal office is in the UK. The Group also has international offices in Italy, Australia, Spain and Luxembourg. The Group pays taxes according to the rates applicable in the countries in which it operates.

## 13. Dividends and redemptions

Equity dividends, distributions and share buybacks were as follows:

	<b>Unaudited six months</b>	Unaudited six months	Audited
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	<b>ended 30 September 2021 £000</b>	ended 30 September 2020 £000	year ended 31 March 2021 £000
<b>Distributions subsequent to the IPO</b>			
Final dividend	<b>1,842</b>	-	-
<b>Distributions prior to the IPO</b>			
Dividends and distributions to equity members	-	1,930	18,229
Share buybacks	-	-	10
	<b>1,842</b>	1,930	18,239

A final dividend of 1.7 pence per Ordinary Share was approved by Shareholders and paid during the six months ended 30 September 2021 relating to the previous financial year's results.

Details of distributions prior to the IPO are set out in the annual financial statements for the year ended 31 March 2021.

#### **Preference Shares**

Redemptions on Preference Shares were as follows:

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Redemption of Preference Shares	-	2,750	4,753

All profit share redemptions 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. Details of redemptions prior to the IPO are set out in the annual financial statements for the year ended 31 March 2021.

#### **14. 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 less the weighted average number of own shares held (see note 22).

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares for the purposes of the basic earnings per share plus the weighted average number of shares that would be issued on the conversion of dilutive potential Ordinary Shares into Ordinary Shares (see note 8 for Performance Share Plan).

	<b>Unaudited six months ended 30 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
<b>Earnings</b>			
Earnings for the purposes of basic earnings per share, being profit attributable to the owners of the parent company	<b>11,467</b>	8,318	15,174

**Unaudited**    Unaudited

	<b>six months ended 30 September 2021 '000</b>	six months ended 30 September 2020 '000	Audited year ended 31 March 2021 '000
<b>Number of shares</b>			
Weighted average number of shares in issue during the period	<b>108,333</b>	94,918	101,780
Less time-apportioned own shares held	<b>(120)</b>	-	-
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	<b>108,213</b>	94,918	101,780
Add back weighted average number of dilutive potential shares	<b>73</b>	-	-
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	<b>108,286</b>	94,918	101,780
Earnings per share Group (basic) (£)	<b>0.11</b>	0.09	0.15
Earnings per share Group (diluted) (£)	<b>0.11</b>	0.09	0.15

#### 15. Contract costs

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 as restated £000
Incremental placement agency fees of which:			
Non-current assets	<b>4,848</b>	739	837
Current assets	<b>4,259</b>	648	712
	<b>589</b>	91	125

Incremental placement agency fees have arisen from further interim and final closes of Foresight Energy Infrastructure Partners, see note 3. See note 26 for explanation for adjustment to corresponding amounts.

#### 16. Trade and other receivables

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 as restated £000
Trade receivables	<b>13,001</b>	9,058	10,988
Other receivables	<b>3,117</b>	4,112	4,255
Prepayments	<b>2,282</b>	1,952	1,958
Staff advances	<b>2,380</b>	3,200	2,680
<b>Less non-current assets:</b>			
Trade receivables	<b>1,979</b>	989	1,471
Other receivables	-	-	-
Prepayments	-	-	-
Staff advances	<b>1,640</b>	2,560	1,940
<b>Current assets:</b>			
Trade receivables	<b>11,022</b>	8,069	9,517
Other receivables	<b>3,117</b>	4,112	4,255
Prepayments	<b>2,282</b>	1,952	1,958
Staff advances	<b>740</b>	640	740
	<b>17,161</b>	14,773	16,470

The Directors consider that the carrying value of trade and other receivables approximates to their fair value. Staff advances have been made in order to retain key staff and are expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individual leaves the Group. See note 26 for explanation for adjustment to corresponding amounts.

## 17. Trade and other payables

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
Trade payables	1,096	647	1,175
Accruals	6,452	5,463	8,402
Deferred income	56	20	541
Other payables	8,052	2,482	5,244
VAT and PAYE	2,840	2,873	3,520
Corporation tax	1,140	71	143
Shareholder loan	-	750	-
Partnership capital contributions	1,581	163	1,619
	<b>21,217</b>	12,469	20,644

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.

Other payables include payables arising from placement agency fees from the FEIP interim and final closes.

Corporation tax is the corporation tax charge for the period less payments on account plus a tax charge which is offset by a corresponding reduction in deferred tax liabilities (see note 20).

Partnership capital contributions relate to contributions by members to Foresight Group LLP.

## 18. Non-current liabilities - accruals

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
LTIP accrual	184	438	295
	<b>184</b>	438	295

The LTIP scheme arises in PiP Manager Limited, a company acquired by the Group in August 2020. See the annual financial statements for the year ended 31 March 2021 for full details of this acquisition.

## 19. Leases

Set out below are the carrying amounts of the right-of-use assets recognised and associated lease liabilities (included under current and non-current liabilities) together with their movements over the period. The leases all relate to the offices of the Group as set out in the annual financial statements for the year ended 31 March 2021 plus the new lease entered into by Foresight Group Luxembourg S.A. in the six months ended 30 September 2021.

The leases are typically of ten years' duration.

	<b>Unaudited 30 September 2021 £000</b>	Unaudited September 2020 £000	Audited 31 March 2021 £000
<b>Right-of-use asset</b>			
At beginning of period	<b>9,120</b>	10,346	10,346
Additions	<b>578</b>	-	486
Depreciation	<b>(907)</b>	(856)	(1,712)
At end of period	<b>8,791</b>	9,490	9,120
<b>Lease liability</b>			
At beginning of period	<b>12,019</b>	13,498	13,498
Short term	<b>2,157</b>	1,945	1,945
Long term	<b>9,862</b>	11,553	11,553
Additions	<b>577</b>	-	486
Lease payment	<b>(1,363)</b>	(1,285)	(2,570)
Interest	<b>314</b>	311	621
Foreign exchange	<b>-</b>	-	(16)
At end of period	<b>11,547</b>	12,524	12,019
Short term	<b>2,239</b>	2,033	2,157
Long term	<b>9,308</b>	10,491	9,862
	<b>11,547</b>	12,524	12,019

## 20. Deferred taxation

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

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

	<b>Unaudited 30 September 2021 £000</b>	Unaudited September 2020 £000	Audited 31 March 2021 £000
At beginning of period	<b>(604)</b>	20	20
<b>Recognised in profit and loss</b>			
Tax expense	<b>948</b>	(7)	(236)
	<b>344</b>	13	(216)
<b>Arising on business combination</b>			
Intangible asset	<b>-</b>	(547)	(547)
Available losses	<b>-</b>	159	159
<b>At end of period</b>	<b>344</b>	(375)	(604)

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. Subsequent movement in line with amortisation of the intangible asset has been recognised in the income statement and at 30 September 2021 the deferred tax liability was £516,000 (31 March 2021: £530,000, 30 September 2020: £544,000). 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:

**(Charged)/ (Charged)/  
credited to credited/  
profit or profit or**

	Asset	Liability	Net	loss to equity Unaudited six months ended September 30	Unaudited six months ended September 30
	Unaudited 30 September	Unaudited 30 September	Unaudited 30 September	Unaudited 2021 £000	Unaudited 2021 £000
Available losses	860	-	860	2	-
Other temporary and deductible differences	-	-	-	1,051	-
Business combinations - intangible asset	-	(516)	(516)	14	-
Business combinations - available losses	-	-	-	(119)	-
	<b>860</b>	<b>(516)</b>	<b>344</b>	<b>948</b>	<b>-</b>

	Unaudited 30 September 2020 £000	Unaudited 30 September 2020 £000	Unaudited 30 September 2020 £000	Unaudited six months ended September 2020 £000	Unaudited six months ended September 2020 £000
Available losses	20	-	20	-	-
Business combinations - intangible asset	-	(544)	(544)	3	-
Business combinations - available losses	149	-	149	(10)	-
	<b>169</b>	<b>(544)</b>	<b>(375)</b>	<b>(7)</b>	<b>-</b>

	Audited 31 March 2021 £000	Audited 31 March 2021 £000	Audited 31 March 2021 £000	Audited year ended 31 March 2021 £000	Audited year ended 31 March 2021 £000
Available losses	858	-	858	838	-
Other temporary and deductible differences	-	(1,051)	(1,051)	(1,051)	-
Business combinations - intangible asset	-	(530)	(530)	17	-
Business combinations - available losses	119	-	119	(40)	-
	<b>977</b>	<b>(1,581)</b>	<b>(604)</b>	<b>(236)</b>	<b>-</b>

At 31 March 2021, a deferred tax liability of £1.1 million was recognised in relation to income that was booked for accounting purposes but expected to be taxed in a later period. This income has been taxed in full in the six months to 30 September 2021. Consequently, the liability at 30 September 2021 is £nil. This has given rise to a deferred tax credit in the income statement which is offset by a corresponding current tax charge of the exact same amount.

## 21. 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 23.

	<b>Unaudited 30 September 2021 £000</b>	Unaudited September 2020 £000	Audited 31 March 2021 £000
<b>Current liabilities</b>			
Loans	<b>619</b>	606	688
<b>Non-current liabilities</b>			
Loans	<b>3,030</b>	3,673	3,636
	<b>3,649</b>	4,279	4,324

**Terms and debt repayment schedule**

	<b>Unaudited 30 September 2021 Carrying amount<sup>1</sup> £000</b>	Nominal interest rate	Year of maturity	Currency
Unsecured loan	<b>3,649</b>	2%	2027	GBP

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:

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
At beginning of period	<b>4,324</b>	-	-
At acquisition	-	4,242	4,242
Interest	<b>43</b>	37	82
Repayment	<b>(718)</b>	-	-
<b>At end of period</b>	<b>3,649</b>	4,279	4,324

**22. Share capital and other reserves**  
**Ordinary Shares and Preference Shares**

	<b>Unaudited 30 September 2021 £</b>	Unaudited 30 September 2020 £	Audited 31 March 2021 £
<b>Share capital</b>			
Ordinary Shares	-	-	-
Preference Shares at beginning of period	-	849	849
Preference Shares redeemed	-	(1)	(849)
Preference Shares at end of period	-	848	-

**Ordinary Shares**

The Company had issued and allotted share capital of 108,333,333 Ordinary Shares of nil par value at 30 September 2021 and at 31 March 2021. A reconciliation of Ordinary Shares prior to the IPO is set out in the annual financial statements for the year ended 31 March 2021.

**Preference Shares**

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 Guernsey law.

These arrangements were all terminated before the date of the IPO and all Preference Shares were fully redeemed and cancelled.

#### **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:

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
At beginning of period	<b>32,040</b>	-	-
Cash on primary raise	-	-	35,000
Transaction costs of primary raise	-	(231)	(2,960)
<b>At end of period</b>	<b>32,040</b>	(231)	32,040

The total transaction costs relating to the IPO amounted to £5.3 million, of which £3.0 million was taken to the share premium account and £2.3 million was expensed through administrative expenses in the Statement of Comprehensive Income in the year ended 31 March 2021.

#### **Own share reserve**

The Group operates a Share Incentive Plan as per note 8. The Group operates a trust which holds shares that have not yet vested unconditionally to employees of the Group. These shares are recorded at cost and are classified as own shares.

At 30 September 2021, the total number of shares held in trust was 209,639 including 140,038 of matching shares. Of the 140,038 matching shares, 45,000 had been transferred from Foresight Guernsey Limited (see IPO Prospectus) and 95,038 shares had been purchased at a cost of £402,000.

#### **Share-based payment reserve**

The share-based payment reserve represents the cumulative cost of the Group's share-based remuneration schemes, see note 8.

#### **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.

### **23. 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:

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
Trade and other receivables	<b>18,498</b>	16,370	17,923
Cash and cash equivalents	<b>42,760</b>	11,971	39,431
Investments at FVTPL	<b>2,196</b>	1,577	2,075
	<b>63,454</b>	29,918	59,429

#### **Financial liabilities**

Financial liabilities measured at amortised cost comprise trade payables, other creditors and accruals, loans and borrowings and lease liabilities as follows:

	<b>Unaudited 30 September 2021 £000</b>	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
Trade payables	<b>1,096</b>	647	1,175
Other payables and accruals	<b>18,925</b>	10,981	18,785
Loans and borrowings	<b>3,649</b>	4,279	4,324
Lease liabilities	<b>11,547</b>	12,524	12,019
	<b>35,217</b>	28,431	36,303

#### **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 30 September 2021, was £2.2 million (30 September 2020: £1.6 million, 31 March 2021: £2.1 million).

###### (ii) Interest rate risk

The Group has only £3.6 million of external debt, related to the PiP acquisition, with a fixed interest rate. As the interest rates on 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 30 September 2021. As at 30 September 2021, if the interest rate increased or decreased by ten basis points the interest earned would increase or decrease by £200.

###### (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 six months to 30 September 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 represent 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)

<b>As at 30 September 2021 unaudited</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
Unquoted investments	-	-	2,196	2,196
<b>Net financial instruments</b>	<b>-</b>	<b>-</b>	<b>2,196</b>	<b>2,196</b>

<b>As at 30 September 2020 unaudited</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
Unquoted investments	-	-	1,577	1,577
<b>Net financial instruments</b>	<b>-</b>	<b>-</b>	<b>1,577</b>	<b>1,577</b>

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

### **Transfers**

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

The unobservable inputs may be summarised as follows:

<b>Asset class and valuation</b>	<b>Unaudited 30 September 2021</b>	<b>Significant unobservable inputs</b>	<b>Range estimates</b>	<b>Sensitivity factor</b>	<b>Change in fair value</b>
	<b>£000</b>				
<b>Net financial instruments</b>	<b>2,196</b>	NAV	1x	+/-5%	+/- 109.8

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 £109,800.

#### 24. 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>Unaudited six months ended 31 September 2021 £000</b>	Unaudited six months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Emoluments	600	508	1,050
Partnership profit share	-	-	3,217
Equity dividends	-	275	9,319
Capital redemptions	-	2,750	4,763
Other	10	10	25
IPO proceeds	-	-	148,070
<b>Total</b>	<b>610</b>	<b>3,543</b>	<b>166,444</b>

##### *Other related party transactions*

At 30 September 2021, the Group owed Beau Port Investments Limited, a privately owned company of Bernard Fairman, £265,000 (30 September 2020: £nil, 31 March 2021: £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.

Details of other transactions with key management personnel for the year ended 31 March 2021, inclusive of the six months ended 30 September 2020, are included in the annual financial statements for the year ended 31 March 2021.

#### 25. Subsequent events

There are no material subsequent events to report from 30 September 2021 to the date of issue of these accounts.

#### 26. Restatement of corresponding amounts

	<b>As restated 31 March 2021 £000</b>	As reported 31 March 2021 £000	Change 31 March 2021 £000
<b>Non-current assets</b>			
Contract costs - incremental placement agency fees	712	-	712
Trade and other receivables - trade receivables	1,471	-	1,471
Trade and other receivables - staff advances	1,940	-	1,940
<b>Current assets</b>			
Contract costs - incremental placement agency fees	125	-	125
Trade and other receivables - trade receivables	9,517	10,988	(1,471)

Trade and other receivables - prepayments

Trade and other receivables - staff advances	<b>1,958</b>	2,795	(837)
	<b>2,740</b>	2,680	(1,940)

	<b>As restated</b>	As reported	Change
	<b>31 March</b>	31 March	31 March
	<b>2020</b>	2020	2020
	<b>£000</b>	£000	£000
<b>Non-current assets</b>			
Contract costs - incremental placement agency fees	<b>765</b>	-	765
Trade and other receivables - trade receivables	<b>573</b>	-	573
Trade and other receivables - staff advances	<b>1,280</b>	-	1,280
<b>Current assets</b>			
Contract costs - incremental placement agency fees	<b>91</b>	-	91
Trade and other receivables - trade receivables	<b>6,269</b>	6,842	(573)
Trade and other receivables - prepayments	<b>2,042</b>	2,898	(856)
Trade and other receivables - staff advances	<b>320</b>	1,600	(1,280)

Corresponding amounts in the financial statements to 31 March 2021 have been restated due to reclassification of amounts presented in current assets to non-current assets and amounts presented in trade and other receivables to contract costs. These reclassifications are as follows:

- The adjustment to contract costs arises from the reclassification of capitalised incremental placement agency fees from trade and other receivables - prepayments. In the annual financial statements for the year ended 31 March 2021, capitalised incremental placement agency fees were included in trade and other receivables - prepayments as they were not material for disclosure as contract costs
- The adjustment to trade and other receivables - trade receivables from current to non-current arises as amounts were not expected to be recovered within twelve months of the reporting date in respect of Foresight Williams Technology EIS Fund management fees
- The adjustment to trade and other receivables - staff advances from current to non-current arises as the amounts were not expected to be released to profit and loss within twelve months of the reporting date

## **GLOSSARY**

### **AITs**

Foresight's Accelerated Inheritance Tax Solution

### **AUM**

Assets Under Management (FUM + DUM)

### **BPIL**

Beau Port Investments Limited

### **CFO**

Chief Financial Officer of Foresight Group

### **Company**

Foresight Group Holdings Limited

### **Core EBITDA**

Core earnings before interest, taxes, depreciation and amortisation. See explanation in note 9 of the financial statements

**DUM**

Debt Under Management

**EIS**

Enterprise Investment Scheme

**ESG**

Environmental, Social and Governance

**FCM**

Foresight Capital Management

**FEIP**

Foresight Energy Infrastructure Partners

**FGCI**

Foresight Group CI Limited

**FGLLP/LLP**

Foresight Group LLP

**Foresight/Foresight Group/Group**

Foresight Group Holdings Limited together with its direct and indirect subsidiary undertakings

**FSFL**

Foresight Solar Fund Limited

**FTE**

Full-Time Equivalent

**FUM**

Funds Under Management

**FVTPL**

Fair value through profit and loss

**FY20/21/22**

Twelve months ending 31 March 2020/21/22

**H1 FY20/21/22**

Six months ending 30 September 2020/21/22

**IFRS**

International Financial Reporting Standard(s)

**IPO**

Initial Public Offering

**ISAE 3402**

International Standard on Assurance Engagements - 3402, Assurance Reports on Controls at a Service Organisation

**ITS**

Foresight's Inheritance Tax Solution

**JLEN**

JLEN Environmental Assets Group

**LTIP**

Long-term incentive plan

**NAV**

Net Asset Value

**OEIC**

Open Ended Investment Company

**O&M**

Operations and Maintenance

**PiP**

Pensions Infrastructure Platform

**PSP**

Performance Share Plan

**Recurring revenue**

Management, secretarial and Directors' fees

**SBP**

Share-based payment

**Shareholder**

Holder of the Company's Ordinary Shares

**SIP**

Share Incentive Plan

**TCFD**

Task Force on Climate-related Financial Disclosures

**VCT**

Venture Capital Trust

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