

APPENDICES TO THE FINANCIAL STATEMENTS

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (“APMs”), which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies’ alternative performance measures.

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

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

Non-underlying items

The Group has chosen to present a measure of profit and earnings per share for the first time which excludes certain items, that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. This is as a result of the financial effect of non-underlying items relating to business combinations (more specifically remuneration for post-combination services), acquisition-related costs, fair value gains on contingent consideration and gain on business combination. In respect of remuneration for post-combination services, these are deferred consideration payments to sellers that are contingent on the recipients remaining employees of the Group which are exceptional due to both their size and their nature. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group’s underlying financial performance.

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

Definitions and reconciliations

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (“ESMA”), we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Financial measures derived from the financial statements			
Statement of Comprehensive Income measures			
Recurring revenue	Revenue	Refer to definition, note 4 to the financial statements and note A1	Recurring revenue is management fees, secretarial fees (including administration) and directors’ fees. The Group believes that recurring revenue may provide prospective investors with a meaningful supplemental measure to evaluate the stability and quality of earnings.
Recurring revenue %	None	Refer to definition and note A2	Recurring revenue % is recurring revenue divided by total revenue.
Core EBITDA	None	Refer to definition and notes A3 and A6	Key metric to measure performance because the Group views this as the closest profitability number comparable to the Group’s recurring revenue model (i.e. a cash profit number after removing/adjusting for any one-offs, both positive and negative).
Core EBITDA pre share-based payments (“SBP”)	None	Refer to definition and notes A3 and A6	Core EBITDA pre-SBP is shown as the Group considers that there is no cash alternative to the share-based payments and due to the variability from its fair value measurement. It is calculated by adding back share-based payments to Core EBITDA. A reconciliation of the above measures is shown in note A3
Core EBITDA pre-SBP margin (%)	None	Refer to definition and note A4	Core EBITDA pre-SBP divided by total revenue.
Non-underlying items	None	See note 8 to the financial statements and note A5	Items which are not considered part of the normal operating costs of the business, are non-recurring and considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group’s underlying financial performance. An explanation of the nature of the items identified as non-underlying is provided in note 8 to the financial statements, and in a full reconciliation to Core EBITDA as per note A6.

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued Definitions and reconciliations continued

APM	Closest equivalent IFRS measure	Reconciling items to IFRS measure	Definition and purpose
Financial measures derived from the financial statements continued			
Statement of Comprehensive Income measures continued			
Before non-underlying items profit and total comprehensive income	Profit and total comprehensive income	Refer to definition, Statement of Comprehensive Income and note A6	Total profit and comprehensive income excluding non-underlying items as shown in the Statement of Comprehensive Income and reconciled to Core EBITDA as per note A6.
Earnings per share before non-underlying items	Earnings per share	Non-underlying items, note 14 to the financial statements and note A7	Profit for the period attributable to Ordinary Shareholders divided by weighted average number of shares in issue during the period.
Dividend payout ratio	None	Refer to definition, before non-underlying items profit and total comprehensive income and note A8	The dividend payout ratio is the ratio of the total amount of dividends paid out to Ordinary Shareholders divided by profit for the period attributable to Ordinary Shareholders before non-underlying items relative to the same period.
Financial measures not derived from the financial statements			
Funds Under Management ("FUM")	None	Refer to definition	The Group's Funds Under Management, being the NAV of the funds managed plus the capital that the Group is entitled to call from investors in the funds pursuant to the terms of their capital commitments to those funds. FUM is calculated on a quarterly basis.
Assets Under Management ("AUM")	None	Refer to definition	The Group's assets under management, being the sum of: (i) FUM; and (ii) debt financing at Infrastructure Fund level and at the Asset level of these Infrastructure Funds at a period end. AUM is calculated on a quarterly basis.
AUM growth %	None	Refer to definition and note A9	AUM at current period end less AUM at prior period end divided by AUM at prior period end as per note A9.
Average FUM	None	Refer to definition	Calculated as the average of the quarterly FUM valuations in each period.
Average AUM	None	Refer to definition	Calculated as the average of the quarterly AUM valuations in each period.

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

A1. Recurring revenue

Amounts shown below are derived from note 4 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
Management fees	97,373	70,906
Secretarial fees	2,719	1,413
Directors' fees	3,116	2,506
	103,208	74,825

A2. Recurring revenue %

Amounts shown below are derived from note 4 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
Recurring revenue	103,208	74,825
	—	—
Divided by total revenue	119,155	86,071
Recurring revenue %	86.6%	86.9%

A3. Core EBITDA and Core EBITDA pre share-based payments ("SBP")

The specific items excluded from Core EBITDA and Core EBITDA pre-SBP are the amounts included in non-underlying items and other non-recurring items. Non-recurring items are non-trading or one-off items disclosed separately below, where the quantum, nature or volatility of such items are considered by the Directors to otherwise distort the underlying performance of the Group. The Group has assessed that the following items as either non-underlying items or non-recurring items for the purposes of calculating Core EBITDA and Core EBITDA pre-SBP:

- Gain on business combination which is non-recurring
- Acquisition-related costs: these are costs related to acquisitions in the period (see note 7)
- Staff costs – acquisitions, being the expense of consideration from the acquisition of Infrastructure Capital which has the requirement of continued employment plus non-recurring staff bonuses related to the acquisitions (see note 33)
- All depreciation and amortisation costs are added back, including amortisation arising on intangible assets (customer contracts)
- Non-operational staff costs: staff advances expensed have been added back as these are not deemed to reflect the core underlying performance of the business
- Profits or losses on disposal of fixed assets are added back as these are classified as non-recurring
- Other operating income as per note 11 which is not expected to recur. This relates to the historic Shirebrook development
- Fair value gains/(losses) on contingent consideration (incl. finance expense). This gain or loss is also related to contingent consideration arising from acquisitions
- All financing and taxation costs are added back
- Foreign exchange gains or losses on balances arising from acquisitions, including a foreign exchange gain on the share issuance, a foreign exchange loss on the transfer of the Infrastructure Capital cash consideration and a foreign exchange loss on the intangible asset and associated deferred tax liability recognised on the acquisition of Infrastructure Capital

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

A3. Core EBITDA and Core EBITDA pre share-based payments ("SBP") continued

A reconciliation of net profit after other comprehensive income to Core EBITDA and Core EBITDA pre-SBP is set out below:

	31 March 2023 £000	31 March 2022 £000
Net profit after other comprehensive income	20,905	24,938
Gain on business combination	—	(1,012)
Acquisition-related costs	3,721	—
Staff costs - acquisitions (excluding share-based payments)	3,153	—
Amortisation in relation to intangible assets (customer contracts)	2,414	292
Non-operational staff costs	760	728
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	2,800	3,193
(Profit)/loss on disposal of tangible fixed assets	(10)	33
Other operating income	—	(250)
Finance income and expense (excluding fair value gain on derivatives)	733	651
Fair value (gains)/losses on contingent consideration (incl. finance expense)	(327)	—
Foreign exchange - administrative expenses	(782)	—
Foreign exchange - translation differences on foreign subsidiaries	2,436	—
Tax on profit on ordinary activities	3,696	2,793
Core EBITDA	39,499	31,366
Share-based payments	10,659	459
Core EBITDA pre-SBP	50,158	31,825

A4. Core EBITDA pre-SBP margin

	31 March 2023 £000	31 March 2022 £000
Core EBITDA pre-SBP (see note A3)	50,158	31,825
Divided by total revenue (see note A2)	119,155	86,071
Core EBITDA pre-SBP margin %	42.1%	37.0%

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

A5. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of non-underlying items are included in note 2c and in the Strategic Report on page 66.

	31 March 2023 £000	31 March 2022 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	12,667	–
Other administration costs – foreign exchange	(782)	–
	11,885	–
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital (see note 33)	3,121	–
Legal and professional costs in respect of acquisition of the technology ventures division of Downing LLP (see note 33)	452	–
Other legal and professional costs	148	–
	3,721	–
Fair value gains on contingent consideration (incl. finance expense)	(327)	–
Gain on business combination	–	(1,012)
Total non-underlying items	15,279	(1,012)

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

A6. Summary Statement of Comprehensive Income and Core EBITDA and before non-underlying items reconciliation

	31 March 2023			31 March 2022		
	Before non-underlying items £000	Non-underlying items ¹ £000	Total £000	Before non-underlying items £000	Non-underlying items ¹ £000	Total £000
Revenue	119,155	—	119,155	86,071	—	86,071
Cost of sales	(6,303)	—	(6,303)	(5,106)	—	(5,106)
Gross profit	112,852	—	112,852	80,965	—	80,965
Administrative expenses	(70,630)	(11,885)	(82,515)	(54,398)	—	(54,398)
Acquisition-related costs	—	(3,721)	(3,721)	—	—	—
Other operating income	—	—	—	250	—	250
Operating profit	42,222	(15,606)	26,616	26,817	—	26,817
Gain on business combination	—	—	—	—	1,012	1,012
Other non-operating gains and losses	378	327	705	40	—	40
Profit on ordinary activities before taxation	42,600	(15,279)	27,321	26,857	1,012	27,869
Tax on profit on ordinary activities	(3,696)	—	(3,696)	(2,793)	—	(2,793)
Profit	38,904	(15,279)	23,625	24,064	1,012	25,076
Other comprehensive income						
Translation differences on foreign subsidiaries	(2,720)	—	(2,720)	(138)	—	(138)
Total comprehensive income	36,184	(15,279)	20,905	23,926	1,012	24,938
Adjustments:						
Gain on business combination	—	—	—	—	(1,012)	(1,012)
Acquisition-related costs	—	3,721	3,721	—	—	—
Staff costs - acquisitions (excluding share-based payments)	—	3,153	3,153	—	—	—
Amortisation in relation to intangible assets (customer contracts)	2,414	—	2,414	292	—	292
Non-operational staff costs	760	—	760	728	—	728
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	2,800	—	2,800	3,193	—	3,193
(Profit)/loss on disposal of tangible fixed assets	(10)	—	(10)	33	—	33
Other operating income	—	—	—	(250)	—	(250)
Finance income and expense (excluding fair value gain on derivatives)	733	—	733	651	—	651
Fair value (gains)/losses on contingent consideration (incl. finance expense)	—	(327)	(327)	—	—	—
Foreign exchange on acquisitions	2,436	(782)	1,654	—	—	—
Tax on profit on ordinary activities	3,696	—	3,696	2,793	—	2,793
Core EBITDA	49,013	(9,514)	39,499	31,366	—	31,366
Share-based payments	1,145	9,514	10,659	459	—	459
Core EBITDA pre SBP	50,158	—	50,158	31,825	—	31,825

1. See note A5.

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Alternative performance measures continued

A7. Earnings per share before non-underlying items

	31 March 2023 £000	31 March 2022 £000
Earnings		
Profit before non-underlying items for the period for the purpose of basic and diluted earnings per share before non-underlying items (see note A6)	38,904	24,064

Weighted average number of Ordinary Shares and earnings per share are derived from note 14 to the financial statements.

	31 March 2023 £000	31 March 2022 £000
Number of shares		
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	112,577	108,200
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	114,304	108,808

	31 March 2023 pence	31 March 2022 pence
Earnings per share before non-underlying items		
Basic	34.6	22.2
Diluted	34.0	22.1

A8. Dividend payout ratio

All dividends are derived from note 30 except for the proposed final dividend for the year ended 31 March 2023, which has not yet been paid.

	31 March 2023 £000	31 March 2022 £000
Interim dividend paid	5,348	4,303
Proposed final dividend	18,022	10,617
	23,370	14,920
Divide by measure used for dividend payout ratio ¹		
Profit for the period attributable to Ordinary Shareholders before non-underlying items (see note A6)	38,904	n/a
Total comprehensive income (see note A6)	n/a	24,938
Dividend payout ratio	60%	60%

1. Due to the introduction of non-underlying items as an APM, the Directors have now chosen Profit for the period attributable to Ordinary Shareholders before non-underlying items as the basis of the calculation of the dividend.

A9. AUM growth %

	31 March 2023 £000	31 March 2022 £000
AUM at current period end	12.2	8.8
Less AUM at prior period end	(8.8)	(7.2)
	3.4	1.6
Divide by AUM at prior period end	8.8	7.2
AUM growth %	38%	23%

Note the % has been subject to a rounding adjustment.

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Related undertakings

The Company has investments in the following undertakings:

Entity	Domicile	Type	Country of registration	Interest
Subsidiary undertakings				
FGB S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Holdings (UK) Limited	UK	Company	England & Wales	100%
Foresight Asset Management Limited	UK	Company	England & Wales	100%
Foresight Fund Managers Limited	UK	Company	England & Wales	100%
Foresight Group (SK) Limited	UK	Company	England & Wales	100%
Pinecroft Corporate Services Limited	UK	Company	England & Wales	100%
Foresight Environmental GP Co. Limited	UK	Company	Scotland	100%
Foresight NF GP Limited	UK	Company	England & Wales	100%
Foresight Environmental FP GP Co. Limited	UK	Company	Scotland	100%
Foresight NF FP GP Limited	UK	Company	England & Wales	100%
Foresight Company 1 Limited	UK	Company	England & Wales	100%
Foresight Company 2 Limited	UK	Company	England & Wales	100%
Foresight Regional Investment General Partner LLP	UK	LLP	Scotland	100%
Foresight Impact Midlands Engine GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment II General Partner LLP	UK	LLP	Scotland	100%
Foresight Group Equity Finance (SGS) GP LLP	UK	LLP	Scotland	100%
NI Opportunities GP LLP	UK	LLP	Scotland	100%
Foresight Legolas Founder Partner GP LLP	UK	LLP	Scotland	100%
Foresight Regional Investment III General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact General Partner LLP	UK	LLP	Scotland	100%
Foresight West Yorkshire Business Accelerator General Partner LLP	UK	LLP	Scotland	100%
AIB Foresight SME Impact Fund GP Limited	Ireland	Company	Ireland	100%
Foresight Regional Investment IV General Partner LLP	UK	LLP	Scotland	100%
Foresight Regional Investment V General Partner LLP	UK	LLP	Scotland	100%
Foresight Infra Hold Co Limited	UK	Company	England & Wales	100%
PIP Manager Limited	UK	Company	England & Wales	100%

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Related undertakings continued

Entity	Domicile	Type	Country of registration	Interest
Subsidiary undertakings continued				
PiP Multi-Strategy Infrastructure Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure (Scotland) Limited	UK	Company	England & Wales	100%
PiP Multi-Strategy Infrastructure GP LLP	UK	LLP	England & Wales	100%
Foresight Group Holdings UK Finco Limited	UK	Company	England & Wales	100%
Foresight Group Australia Holdco Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Bidco Pty Ltd	Australia	Company	Australia	100%
Foresight Capital Holdings Pty Limited (renamed from Infrastructure Capital Holdings Pty Limited on 31 October 2022)	Australia	Company	Australia	100%
Foresight Australia Funds Management Limited (renamed from Infrastructure Capital Group Limited on 2 November 2022)	Australia	Company	Australia	100%
Infrastructure Capital Services Pty Ltd	Australia	Company	Australia	100%
Infrastructure Specialist Asset Management Limited	Australia	Company	Australia	100%
Infra Asset Management Pty Limited	Australia	Company	Australia	100%
Foresight Group CI Limited	Guernsey	Company	Guernsey	100%
Foresight European Solar Fund GP Ltd	Jersey	Company	Jersey	100%
Foresight Holdco 2 Limited	UK	Company	England & Wales	100%
VCF II LLP	UK	LLP	England & Wales	100%
Foresight Group LLP	UK	LLP	England & Wales	100%
Foresight Group Promoter LLP	UK	LLP	England & Wales	100%
Foresight Investor LLP	UK	LLP	England & Wales	100%
Foresight Group S.R.L.	Italy	Company	Italy	100%
Foresight Group Australia Pty Limited	Australia	Company	Australia	100%
FGA Ventures Pty Ltd	Australia	Company	Australia	100%
Above It Pty Ltd	Australia	Company	Australia	100%
Foresight Group Australia Services Pty Limited	Australia	Company	Australia	100%
Foresight Group Iberia SL	Spain	Company	Spain	100%

APPENDICES TO THE FINANCIAL STATEMENTS CONTINUED

Related undertakings continued

Entity	Domicile	Type	Country of registration	Interest
Subsidiary undertakings continued				
Foresight Energy Infrastructure Partners GP S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group S.à r.l.	Luxembourg	Company	Luxembourg	100%
Foresight Group Luxembourg S.A.	Luxembourg	Company	Luxembourg	100%
Foresight European Solar Fund CIP GP Limited	UK	Company	Scotland	100%
Foresight 1 VCT Limited	UK	Company	England & Wales	100%
Foresight Energy VCT Limited	UK	Company	England & Wales	100%
Foresight Venture Limited	UK	Company	England & Wales	100%
Foresight Venture Capital Limited	UK	Company	England & Wales	100%
Foresight Ventures VCT Limited	UK	Company	England & Wales	100%
Foresight Ventures VCT 2 Limited	UK	Company	England & Wales	100%
In liquidation				
Foresight Metering Limited	UK	Company	England & Wales	100%