

Final results
31 December 2023

Foresight Enterprise VCT plc, managed by Foresight Group LLP, today announces the final results for the year ended 31 December 2023.

These results were approved by the Board of Directors on 26 April 2024.

The Annual Report will shortly be available in full at www.foresightenterprisevct.com. All other statutory information can also be found there.

Financial Highlights

- After adding back the payments of a 3.3p dividend made on 30 June 2023, NAV Total Return per share as at 31 December 2023 was 68.9p, representing a positive total return of 6.2% in the year.
- Nine new investments costing £11.7 million and eight follow-on investments costing £7.0 million were made during the year.
- The Company fully exited its investments in Datapath Group Limited, Innovation Consulting Group Limited, Protean Software Limited and Luminet Networks Limited, realising gains of £5.4 million in the year and returning proceeds of £20.6 million to the Company.
- In the year, the value of the investment portfolio rose by £9.5 million (2022: £8.7 million).
- An interim dividend of 3.3p per share was paid on 30 June 2023, returning £7.7 million to Shareholders.
- The offer for subscription launched in October 2023 was closed to applications on 30 January 2024 and raised a total of £28.8 million after expenses.

CHAIR'S STATEMENT

I am pleased to present the audited Annual Report and Accounts for the year ended 31 December 2023 and to report a Net Asset Value Total Return of 6.2% for the year including a dividend yield of 5.7%.

Overview of 2023

The business environment remains challenging after the substantial impact of the COVID-19 pandemic receded, with geopolitical tensions, supply chain issues, rapidly rising inflation and energy prices, and the threat of recession the new economic reality. I believe that the careful planning, help and advice the Manager provided the portfolio companies during the pandemic will continue to be relevant to the current and future economic situations. While there will be bumps in the road, the Board believes that the portfolio is in good shape to withstand what we currently see ahead.

The Company's portfolio in aggregate has remained resilient amid economic and political turmoil which continues. Many of the portfolio companies have successfully adapted to the new economic landscape, with some performing extremely well and demonstrating the strength of their management teams. A minority struggled as a result of a fall in consumer demand, inflationary pressures and a surge in the cost of energy prices.

In the year ended 31 December 2023, 24 companies in the portfolio recorded a combined increase in valuation of £19.4 million, offset by 19 companies recording an aggregate fall in valuation of £9.9 million.

Strategy

The Board believes that it is in the best interests of Shareholders to continue to pursue a strategy of:

- Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets
- Payment of annual dividends of at least 5% of the NAV per share per annum based on the opening NAV of that financial year
- Implementation of a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status
- Maintaining a programme of regular share buybacks at a discount of 5%, subject to market conditions

Central to the Company being able to achieve these objectives is the ability of the Manager to source and complete attractive new qualifying investment opportunities.

Whilst this task has not been made easier by the changes to VCT legislation since 2015, which (amongst other requirements) place greater emphasis on growth or development capital investment into younger companies, the Company is fortunate in that it has pursued a policy of seeking growth capital investments for several years prior to the rule changes and the Manager has an established track record in this area.

Performance and portfolio activity

During the year Net Asset Value per share increased by 1.1% from 64.9p at 31 December 2022 to 65.6p at 31 December 2023. After adding back the payments of a 3.3p dividend paid on 30 June 2023, NAV Total Return per share at 31 December 2023 was 68.9p, representing a positive total return of 6.2%. This positive movement is a result of the strategy and business changes throughout the portfolio alluded to above.

During the year the Manager completed nine new investments and eight follow-on investments costing £11.7 million and £7.0 million respectively. The Manager also fully disposed of four investments, generating proceeds of £20.5 million, a £0.1 million loan repayment, and a further £1.8 million of deferred consideration included within debtors at the year end, representing a combined return multiple of 5.8x.

After the year end, the Company made three new and two follow-on investments totalling £8.3 million. Furthermore, in March 2024, the Company

realised its holding in Specac International Limited. The exit generated proceeds of £11.2 million at completion. When added to £1.5 million of cash returned to date, this implies a total cash-on-cash return of 10.6 times the initial investment, equivalent to an Internal Rate of Return ("IRR") of 34%. Further details of these investments and realisations can be found in the Manager's Review.

The Board and the Manager are confident that a number of new and follow on investments can be achieved this year, particularly with the increased investment activity noted above. Details of each of these new, existing and former portfolio companies can be found in the Manager's Review.

The Manager continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisers and the SME community. It is also focused on supporting the existing portfolio through the current economic climate. Following the successful fundraise launched in October 2023, the Company is in a position to fully support the portfolio, where appropriate, and exploit potential attractive investment opportunities.

The offer was closed to applications on 30 January 2024 having raised gross proceeds of £30.0 million, £28.8 million after expenses, as detailed in the post-balance sheet events in note 20. The Board would like to thank those existing Shareholders who have already supported this offer and welcome all new Shareholders to the Company.

Responsible investing

The analysis of environmental, social and governance ("ESG") issues is embedded in the Manager's investment process and these factors are considered key in determining the quality of a business and its long-term success. Central to the Manager's responsible investment approach are five ESG principles that are applied to evaluate investee companies, acquired since May 2018, throughout the lifecycle of their investment, from their initial review and acquisition to their final sale. Every year, these portfolio companies are assessed and progress measured against these principles. More detailed information about the process can be found on pages 43 to 46 of the Manager's Review of the Annual Report.

Dividends

An interim dividend of 3.3p per share was declared on 8 June 2023 based on an ex-dividend date of 15 June 2023 and a record date of 16 June 2023. The dividend was paid on 30 June 2023, returning £7.7 million to Shareholders.

As noted in the prior Annual Report and Accounts, and in light of the change in portfolio towards earlier-stage, higher-risk companies as required by the VCT rules, the Board felt it prudent to adjust the dividend policy towards a targeted annual dividend yield of 5% of NAV per annum. The Board and the Manager continue to hope that this may be enhanced by additional 'special' dividends as and when particularly successful portfolio exits are made.

Buybacks

The Board is pleased to have achieved an average discount across all buybacks of 5.8% to the Net Asset Value per share in the year as it moved from a target of 7.5% to 5%, and continues to have an objective of maintaining buybacks at a discount of 5%, subject to market conditions.

Management charges and performance incentive

The annual management fee is an amount equal to 2.0% of net assets. This has resulted in ongoing charges for the period ended 31 December 2023 of 2.2% after adding back the performance incentive expense to total expenses for the year, which is at the lower end of the range when compared to competitor VCTs.

As explained in note 13, the Directors have prepared a calculation incorporating estimated future dividends over a three year period and expect a performance incentive fee to become payable during that period. Therefore, a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

Shareholder communication

We were delighted to meet with some Shareholders in person at the AGM last year. We hope many of you will be available to attend this year's AGM on 11 June 2024, as detailed on the following page.

Board composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge all its responsibilities.

We have added two new Board members during the year, Kavita Patel and Ian Harris, in view of the retirement of Simon Jamieson at the AGM held on 8 June 2023 and the intended retirement of Raymond Abbott.

May I thank Simon for his dedication to the Company and the Board over the last nine years, having overseen great change through previously difficult times. I wish him all the best for the future.

On 1 January 2024 Raymond Abbott stepped down as chair after seven years and I was appointed as Chair by the board. Raymond will retire following the AGM being held on 11 June 2024. Myself and the Board thank Raymond for his sterling contribution to the genuine progress that the Company has made in recent years. We will miss his extensive experience and wise counsel.

Annual General Meeting

The Company's Annual General Meeting will take place on 11 June 2024 and we look forward to meeting as many of you as possible in person. Please refer to the formal notice on pages 104 to 107 of the Annual Report for further details in relation to the format of this year's meeting. We would encourage you to submit your votes by proxy ahead of the deadline of 1:00pm on 7 June 2024 and to forward any questions by email to

InvestorRelations@foresightgroup.eu in advance of the meeting.

Sunset clause

The "Sunset clause" for EIS and VCT reliefs has now been extended by the government to 6 April 2035. The clause provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2035, unless the legislation is amended to make the scheme permanent, or the "Sunset clause" is extended. The government has the power to extend or remove the sunset clause through secondary legislation, which would allow the VCT and EIS schemes to operate in their current form beyond the current expiry date of the scheme. During the Autumn Statement delivered by the government in November 2023, Chancellor Jeremy Hunt announced the extension of the VCT and EIS clause to April 2035. The UK should be able to extend the scheme without European Commission approval, clarified by the Northern Ireland Protocol, the Windsor Framework.

Outlook

As mentioned in my introduction, while the impact of the pandemic has lessened, wider geopolitical uncertainty is having an impact on economic volatility, including, but not limited to, the significant rise in energy prices, rapid inflation, the cost of living crisis and the potential for a global recession. Supply chains remain under pressure post Brexit and the pandemic, and exacerbated by the well publicised transport issues in the Red Sea. Such issues are unlikely to be resolved soon. While the Company's portfolio has not been materially exposed, we continue to monitor these macroeconomic and geopolitical developments. It is very likely that the economic impacts we are currently experiencing will raise issues and concerns for the individual investee company management teams and the Manager.

However, the portfolio is showing strong signs of resilience and the Manager has been working with management teams to assess business plans, consider funding requirements and help navigate through these difficult times. The portfolio is well diversified in terms of sector, size and number and the Manager's approach through the pandemic will continue to be valuable to tackle the challenges ahead.

The Company is well positioned to continue to support the portfolio and the fundraising will also provide options to seek new investments and take advantage of the opportunities that are regularly sought by the Manager.

Michael Gray

Chair

26 April 2024

MANAGER'S REVIEW

As at 31 December 2023 the Company's portfolio comprised 46 investments with a total cost of £72.7 million and a valuation of £119.6 million.

Portfolio summary

The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 28 to 32 of the Annual Report.

In the year, the valuation of the investment portfolio increased by £7.6 million, as a result of an increase of £9.5 million in the valuation of investments, plus £18.7 million of new and follow-on investments offset by sales of investments totalling £20.6 million. Overall, the portfolio has performed well despite uncertainty in the market with significant geopolitical issues and continued domestic price inflation, coupled with high interest rates.

In line with the Board's strategic objectives, the Manager remains focused on growing the Company through further development of Net Asset Value Total Return. In the year, net assets increased by 21.7% to £168.5 million after the payment of dividends, meaning that the Company successfully met these this objective in the period under review.

New investments

2023 was characterised by higher interest rates and cost inflation, although this began to stabilise during the latter part of the year leading into 2024. Many investee management teams have successfully steered their businesses through the uncertainty of the year, whilst developing clearer medium and longer-term growth plans.

The Manager has continued to invest in its deal origination capabilities and identified a large number of potentially attractive investment opportunities during the year.

Over the course of 2023, nine new investments were completed; a total investment of £11.7 million. New investments were across recruitment, software, industrials, financial planning, health services, communications and technology. Behind these, there continues to be a strong pipeline of opportunities that the Manager expects to convert during the next 12 months. Follow-on investments totalling £7.0 million were also made into eight existing investee companies.

Sprintroom Limited

In January 2023, the Company invested £1.0 million of growth capital in Sprintroom, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to further develop and commercialise novel alternating current variable speed drive technology.

Red Flag Alert Technology Group Limited

In March 2023, the Company invested £1.8 million in Reg Flag Alert Technology Group, a Manchester based proprietary SaaS intelligence

platform with modular capabilities spanning compliance, prospecting, risk management and financial health assessments. The growth capital will be used to support further product development and expand its commercial capabilities.

Firefish Software Ltd.

In March 2023, the Company invested £1.5 million in Firefish Software, a Glasgow based customer relationship management and marketing software platform targeting the recruitment sector. The funding will be used to support the company in its growth plans.

Five Wealth Limited

In March 2023, the Company invested £0.7 million in Five Wealth, an established boutique financial planning business operating across the North West of England. Five Wealth's service offering is focused on the provision of independent private client financial advice and wealth planning. This growth capital investment will be used to accelerate Five Wealth's ambition to help more people reach their financial planning goals.

The KSL Clinic Limited

In April 2023, the Company invested £1.0 million in The KSL Clinic, a leading provider of hair replacement treatments, with clinics in Manchester and Kent. The investment will enable the company to grow its medical team and expand its geographic presence.

Loopr Ltd

In September 2023, the Company invested £1.8 million in Loopr Ltd, trading as Looper Insights, a fast-growing, London-based technology business providing data analytics to digital content distributors and streaming services. The investment will enable Looper to increase the solution's automation and customer integration and accelerate rollout of its products internationally.

Navitas Digital Safety Limited

In December 2023, the Company invested £1.5 million in Navitas Digital Safety Limited, a digital food safety management business. The company uses a combination of hardware and software to provide a complete food safety management solution to hospitality sector customers. The investment will support the company's effort to expand its commercial capabilities and further develop the platform.

Kognitiv Spark Inc

In December 2023, the Company invested £1.0 million in Kognitiv Spark, a developer of augmented reality software that enables the remote sharing of critical data to on-site employees. Developed specifically for industrial communications, the company's core product offers superior performance in terms of data compression and visualisation. The funding will be used to expand the management team and explore new commercial opportunities.

Live Group Holdings Limited

In December 2023, the Company invested £1.4 million in Live Group, a global events and communications agency selling digital and live communications and events services. The company has developed a proprietary delegate management platform to collect attendee data, share content and enhance engagement with delegates. The investment will be used to enhance and further develop the platform whilst supporting growth plans, including international growth.

Follow-on investments

Given the expansion of the portfolio, there has been an increase in follow-on investments during the year. These follow-on investments are to support further growth initiatives within the portfolio. The Manager is pleased to report that despite continuing macroeconomic uncertainty and stubbornly high interest rates and inflation, the portfolio remains resilient overall.

The Manager made follow-on investments into eight companies during 2023, totalling £7.0 million. Further details of each of these are provided below.

The additional equity injections in the year were used to support further growth plans, such as launching new products or opening new sites and providing cash headroom for further growth. In view of the economic outlook, which remains challenging, the Manager continues to be vigilant about the health of the rest of the portfolio and the need for follow-on funding over the coming months.

Mizaic Ltd (formerly IMMJ Systems Limited)

In February 2023, £0.7 million was invested in Mizaic, a clinical electronic document management solution for the NHS. The investment was used to back the new leadership team and enhance the product roadmap, bolstering the business' ability to support digitising patient records. Mizaic's principal product, MediViewer, saves time and costs for the NHS and improves the outcomes for the clinician-patient experience.

NorthWest EHealth Limited ("NWEH")

In March 2023 and October 2023, the Company invested a further £2.5 million in aggregate in NWEH, which provides software and services to the clinical trials market, allowing pharmaceutical companies and contract research organisations to conduct feasibility studies, recruit patients and run trials. The investment provided support to the delivery of a number of new real-world trials, while also enabling the company to complete its ConneXon platform.

Ten Health & Fitness Limited

In March 2023, Ten Health & Fitness, a multi-site operator in the boutique health, wellbeing and fitness market, received an additional investment of £0.4 million. The funding enabled the company to complete its new flagship Kings Cross site and support the company's growth strategy.

Additive Manufacturing Technologies Ltd ("AMT")

In April 2023, the Company invested £0.1 million in AMT, which manufactures systems that automate the post-processing of 3D printed parts. See the Key valuation changes in the period section below for further details.

viO HealthTech Limited

In September 2023, the Company invested £14k in viO HealthTech Limited, a developer of innovative medical devices that allow women to predict and detect ovulation with a high degree of accuracy. The funding will support the business in the next stage of its market testing.

Weduc Holdings Limited

In October 2023, the Company invested £0.3 million in Weduc Limited, a communication platform enabling smoother communication between parents, teachers and students, alleviating the administrative burden for teachers and improving parent and student engagement. The investment will be used to support the continued growth of the platform.

Clubspark Group Limited

In October 2023, the Company invested £0.6 million in Clubspark Group Limited, a sports club management and reporting platform for local organisations and national governing bodies. The funding will provide further cash headroom to support Clubspark's continued growth.

Callen-Lenz Associates Limited

In December 2023, the Company invested £2.5 million in Callen-Lenz Associates Limited. Callen-Lenz develops, designs and manufactures air vehicles, vehicle components and navigation and communication software for high performance unmanned aerial vehicles ("UAVs") globally. The investment will fund the pursuit of commercial opportunities.

Realisations

The M&A climate has proved more challenging than in recent years in light of the macroeconomic conditions of high interest rates and geopolitical uncertainty. Despite this, the Manager was pleased to report some particularly strong realisations, as well as the disposal of one challenged business within the portfolio. The Manager continues to engage with a range of potential acquirers of several portfolio companies and to carefully consider the timing of exit for each. Demand remains for high quality, high-growth businesses from both private equity and trade buyers.

Innovation Consulting Group Limited ("GovGrant")

In March 2023, the Company announced the impressive exit of GovGrant to Source Advisors, a US corporate buyer backed by BV Investment Partners. GovGrant is one of the UK's leading providers of R&D tax relief, patent box relief and other innovation services. The transaction generated proceeds of £6.8 million at completion. When added to £0.7 million of cash returned to date, this implies a total cash-on-cash return of 4.5x the capital of £1.65 million invested in October 2015, equivalent to an IRR of 25%. The Company's accounting cost of £1.94 million included the £0.3 million valuation at which Foresight 3 VCT's ("F3") holding was transferred to the Company as part of the merger in June 2017.

Since the original investment in 2015, the Manager had helped GovGrant through a period of material growth during which it supported the R&D activities of a growing number of customers. GovGrant's high levels of service and innovative products, such as the growing patent box offering, have contributed to driving innovation in the UK economy. The Manager had taken a proactive approach to supporting the exceptional senior management team, all of whom were introduced to the business during the investment period.

Datapath Group Limited

In March 2023, the Company exited Datapath, a global leader in the provision of hardware and software solutions for multi-screen displays. The transaction generated proceeds of £10.2 million at completion and a further £0.6 million was received in November 2023. An additional £1.8 million is payable over 24 months following exit.

The investment in Datapath was initially held by F3 and was transferred to the Company on the merger in June 2017. F3 initially invested £2.0 million into the business in 2007. The accounting cost of £11.1 million refers to the value at which F3's holding was transferred to the Company.

When added to £10.8 million of cash returned pre-exit, this implies a total cash-on-cash return of 11.6x the original investment of £2.0 million, equivalent to an IRR of 37% since the initial investment in 2007.

Since the original investment, the Manager supported Datapath through a period of material growth with revenues growing from approximately £7 million to £25 million. Datapath has developed a market leading hardware and software product suite for the delivery of multi-screen displays and video walls, which are sold globally to a diverse customer base across a range of sectors.

Protean Software Limited

In July 2023, the Company achieved a successful exit of its holding in Protean Software to Joblogic, a UK based direct provider of Field Service Management software to SMEs and Protean's direct competitor. The Company invested in Protean in July 2015 as one of the last buyouts prior to the changes in VCT legislation.

Over the holding period the Manager helped Protean transition its highly featured legacy product into modern software sold on a SaaS basis. The transaction generated proceeds of £3.5 million on completion. When added to the £0.1 million cash returned pre-exit, this implies a total cash-on-cash return of 2.4x on the original investment, equivalent to an IRR of 12% since the initial investment. The Company's accounting cost of £1.8 million included the £0.3 million valuation at which F3's holding was transferred to the Company as part of the merger in June 2017.

Luminet Networks Limited

In October 2023, the Company announced the exit of Luminet, London's largest fixed wireless network operator and leading business to business internet provider. The transaction generated proceeds of £1.2 million at completion including an exit fee of £71,000. This implies a total cash-on-cash return of 1.2x the original investment, equivalent to an IRR of 4%.

The Company's investment helped the company to scale up by adding additional base stations to the existing infrastructure, as well as navigate through the challenging period of COVID-19-related uncertainty.

Realisations in the year ended 31 December 2023

Company	Detail	Accounting cost	Proceeds ⁴	Realised	Valuation at
		at		gain/(loss)	31 December
		date of disposal			2022
		(£)	(£)	(£)	(£)
Datapath Group Limited ¹	Full disposal	11,081,243	10,099,424	(981,819)	10,491,390
Innovation Consulting Group Limited ²	Full disposal	1,938,046	6,330,446	4,392,400	5,426,677
Protean Software Limited ³	Full disposal	1,795,229	3,173,829	1,378,600	2,629,229
Luminet Networks Limited	Full disposal	960,000	868,159	(91,841)	621,800
Positive Response Corporation Ltd	Loan repayment	100,000	100,000	—	100,000
Total disposals		15,874,518	20,571,858	4,697,340	19,269,096

1. Excludes £583,000 of deferred consideration which was received in November 2023. A further £1,750,000 of deferred consideration has been recognised within debtors. The accounting cost of £11.1 million includes the valuation of the F3 investment at the point it was transferred to the Company.
2. The accounting cost includes the valuation of the F3 investment at the point it was transferred to the Company.
3. The accounting cost includes the valuation of the F3 investment at the point it was transferred to the Company.
4. Proceeds on exit excluding interest, dividends and exit fees where applicable.

Pipeline

As at 31 December 2023, the Company had cash reserves of £47.8 million, which will be used to fund new and follow on investments, buybacks, dividends and corporate expenditure. The Manager is seeing a strong pipeline of potential investments grow and has a number of new opportunities under exclusivity or, with several opportunities in due diligence or in exclusivity, with further deal completions expected to be announced in the coming months.

Stubbornly high interest rates and inflation have created challenging trading conditions for many companies, with inflation of wages and input prices of particular concern. Interest on bank debt remains at a significantly higher level than 18 months ago, however the Manager notes that the cautious approach to leveraging portfolio companies provides some protection here. Continuing geopolitical concern surrounding conflicts in Ukraine and the Middle East have also caused supply chain disruption. These challenges create opportunities to source attractive investments however, with many companies seeking to strengthen their balance sheets.

The Manager continues to see an attractive pipeline of opportunities and does not see this changing in the medium term. The Company is able to access these opportunities through its wide and proprietary network across the country, supported to a greater extent by its network of regional offices. The Manager considers the Company's strategy to be well-suited to market volatility, due to its balanced mix of companies across sectors and stages, experienced investment team and network of high quality non-executives.

Post-year end activity

Family Adventures Group Limited

In January 2024, the Company invested £2.5 million of growth capital in Family Adventures Group Limited, a provider of daycare nurseries and children's leisure sites that combines soft play areas with role play facilities. All inspected sites have been rated "Good" by Ofsted and have an average score of 9.9/10 on daynurseries.co.uk; whilst the leisure sites have market leading Net Promoter Scores ("NPS") and high repeat visits. The investment will be used to aid the business with a continued rollout of nursery and leisure sites across the South West and Midlands.

Evolve Dynamics Limited

In March 2024, the Company completed a £2.0 million investment in Evolve Dynamics Limited. Founded in 2016, the company designs and manufactures smaller Unmanned Aerial Systems ("UAS") with capabilities for Intelligence, Surveillance, Target Acquisition and Reconnaissance ("ISTAR"). The investment will help to scale the business and aid in new product launches.

Lepide Group Holding Company Ltd

In March 2024, the Company invested £2.0 million in Lepide, a cyber security software solution that helps organisations to protect their unstructured data. Lepide actively monitors event logs within Windows Active Directory in order to detect suspicious activity and help organisations to manage over exposure of data. The investment will help scale the business and accelerate growth initiatives.

Homelink Healthcare Limited

In March 2024, the Company completed a £1.0 million follow-on investment in Homelink Healthcare Limited. Foresight first invested in HomeLink in March 2022. Contracting with the NHS, the business provides patients with wound care, physiotherapy and intravenous therapies in their own home. HomeLink is also a leader in remote monitoring practice and offers a virtual ward solution. The investment will support the organic expansion of the company.

Sprintroom Limited

In March 2024, the Company completed a £0.8 million follow-on investment in Sprintroom Limited, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to drive continued revenue growth.

Specac International Limited

In March 2024, the Manager announced the sale of Specac International, a leading manufacturer of high specification sample analysis and preparation equipment used in testing and research laboratories worldwide, primarily supporting infrared spectroscopy. The transaction generated proceeds of £11.2 million at completion. When added to £1.5 million of cash returned pre-exit, this implies a total cash-on-cash return of 10.6x, equivalent to an IRR of 34%. Since investment, the business has grown to sell globally through both original equipment manufacturers and distributors. The Manager also engaged with the team to support management changes, improvements in governance, increases in headcount and numerous product launches. The exit will facilitate the continued growth of the business.

Key portfolio developments

Material changes in valuation, defined as increasing or decreasing by £1.0 million or more since 31 December 2022, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 28 to 32 of the Annual Report.

Key valuation changes in the year

Company	Valuation methodology	Net movement (£)
Callen-Lenz Associates Limited	Discounted offer received	9,648,664
Copptech UK Limited	Discounted revenue multiple	(1,023,465)
Crosstown Dough Ltd	Discounted revenue multiple	(1,159,058)
So-Sure Limited	Nil value	(1,600,000)
Aerospace Tooling Corporation Limited	Discounted earnings multiple	(1,786,770)
Additive Manufacturing Technologies Ltd	Price of last funding round	(1,796,806)

Copptech UK Limited

Copptech has developed a series of antimicrobial technologies using copper, zinc and organic active ingredients. The active ingredient is added to polymers, plastics or dispersions such as varnish and kills bacteria, fungi and viruses on contact.

31 December 2023 update

Sales in the 12 months to 31 December 2023 were in line with the prior year. The company's EBITDA loss was driven by investment in overhead and a drop in gross margin as finished goods sales were prioritised to build strategic relationships. The management team continue to review costs and level of R&D.

So-Sure Limited

So-Sure is an insurance technology company acting as "Managing General Agent" for insurers, offering a more trusted proposition, greater pricing transparency and improved customer experience through its customer-centric digital platform.

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So-Sure has not performed in line with the management plan presented to the Manager's Investment Committee at the time of the initial investment and was fully written off in the quarter.

Crosstown Dough Ltd

Crosstown began trading in 2014 and has a portfolio of 31 sites, including a mix of bricks and mortar, food trucks and market stalls. Crosstown's core products are fresh sourdough doughnuts made at its central production unit in Battersea. Crosstown has also developed an online presence, via its website and other delivery providers, as well as a wholesale offering.

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Crosstown participated in The Mother of the Nation Festival in Abu Dhabi in December, helping to build the brand internationally and presenting future growth opportunities. Management continues to focus on improvements to the existing retail network to return to like-for-like growth, as well as selective new site opportunities. Crosstown continues to invest in its digital business, following the recruitment of a new Head of Ecommerce.

Aerospace Tooling Corporation Limited

ATL provides specialist inspection, maintenance, repair and overhaul ("MRO") services for components in high-specification aerospace and turbine engines.

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Sales were in line with prior year. ATL has implemented improvements in its processes and internal systems which have led to improvements in gross margin but there remains a focus on the delivery of a growing order book, which is expected to result in an uplift in sales for 2024. Some challenges remain over equipment reliability issues and the board has implemented a plan to resolve these.

Additive Manufacturing Technologies Limited

AMT is developing machines for post-production of 3D printed parts: removal of excess polymer ("depowdering"), surface smoothing/polishing, colouring and inspection. AMT's goal is to provide a fully automated end-to-end post-production system, the "DMS", with robots linking each stage.

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A significant cost reduction exercise has been implemented, with the full impact continuing to be realised in the business. The Manager continues to

support the business with the restructuring plan and its progress towards a break even position.

Outlook

Global economies demonstrated some recovery in 2023 with signs of stability returning, however the UK is proving slower to recover. The FTSE 100 grew by just 4%, whilst the MCSI World Index grew by c.20% during the year and many global indexes surpassed this, including the S&P 500 and NASDAQ – the latter seeing 45% growth.

Consumer confidence has remained relatively weak in the face of inflation, which fell steadily throughout 2023 to 4.2% but remained high by recent standards. To combat this, interest rates increased from 3% to 5.25% throughout the year, eroding consumer spending power and putting leveraged businesses under financial pressure. At a global level, the ongoing conflict in Ukraine and emerging conflict in the Middle East have led to continuing supply chain uncertainty and volatility in oil and gas prices. Overall, the UK economy experienced stagnation during 2023 and entered a technical recession in the latter half of the year, although many commentators expected this to be shallow by historic standards. As a result of these factors, M&A volumes dropped noticeably in 2023.

Despite this challenging backdrop, the Company has performed well in the year, achieving a 6.2% NAV Total Return for Shareholders. Strong exits were achieved, to both trade and PE buyers and across various sectors, demonstrating that demand remains for high-quality assets that are well prepared for sale. The exits of Datapath Group Limited and Innovation Consulting Group Limited from across a range of sectors, significantly contributed to the Company's dividend of 3.3p per share for the year, delivering an attractive dividend yield of 5.8% and exceeding the Company's target.

The Company retains a portfolio that is well balanced across sectors and stages, with some companies delivering strong profitability whilst other earlier-stage investments continue to display strong growth. The Manager's cautious approach to taking on leverage has protected many portfolio companies from concerns surrounding rising interest rates.

Looking forward to 2024, considerable uncertainty remains in the UK economy. The UK's economic activity was subdued during 2023. This had an effect on lenders' confidence which had also been challenged by high interest rates and inflation. Interest rates are also set to remain well above recent norms for the foreseeable future, impacting consumer spending power. The forthcoming general election, which will be announced at some point this year, will only add to the sense of uncertainty, although it seems likely the government will seek to reduce the tax burden to the degree possible in the run up to an election.

More broadly there is cause for optimism, however. The UK continues to be a global leader in key sectors such as technology, life sciences and financial services. There is a strong and established network of support for growing young companies and world-class universities continue to nurture exciting spin-outs. Multinationals continue to see the UK as an attractive place to invest and grow their businesses. The strength of the US technology and finance sectors in recent years has made UK valuations seem relatively cheap by comparison, offering attractive opportunities for sale to international buyers.

The Manager is pleased with the performance in the year, especially against the backdrop of a challenging macroeconomic picture. Looking forward, the economy returning to growth and interest rates and inflation having passed their peak has potential for continued good performance over the medium term. The Company's strong performance has improved its position in the VCT market, which is an increasingly attractive and visible source of capital for the UK's ambitious entrepreneurs. The portfolio remains diversified and resilient to macroeconomic headwinds, supported by a collaborative, hands-on approach from the Manager.

James Livingston

on behalf of Foresight Group LLP
Co-Head of Private Equity

26 April 2024

INCOME STATEMENT

For the year ended 31 December 2023

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Realised gains on investments	—	5,366	5,366	—	17,493	17,493
Investment holding gains/(losses)	—	6,405	6,405	—	(8,465)	(8,465)
Income	2,683	—	2,683	871	—	871
Investment management fees	(759)	(3,845)	(4,604)	(681)	(2,323)	(3,004)
Other expenses	(790)	—	(790)	(673)	—	(673)
Return/(loss) on ordinary activities before taxation	1,134	7,926	9,060	(483)	6,705	6,222
Taxation	(225)	225	—	—	—	—
Return/(loss) on ordinary activities after taxation	909	8,151	9,060	(483)	6,705	6,222
Return/(loss) per share	0.4p	3.5p	3.9p	(0.2)p	3.3p	3.1p

The total columns of this statement are the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total comprehensive income has been presented.

The Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted earnings per share figures are relevant. The basic and diluted earnings per share are, therefore, identical.

The notes on pages 86 to 103 of the Annual Report form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 December 2023	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve ¹ £'000	Capital reserve ¹ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2023	2,133	68,203	573	57,309	(32,793)	43,025	138,450
Share issues in the year ²	540	36,127	—	—	—	—	36,667
Expenses in relation to share issues ³	—	(1,529)	—	—	—	—	(1,529)
Repurchase of shares	(106)	—	106	(6,480)	—	—	(6,480)
Realised gains on disposal of investments	—	—	—	—	5,366	—	5,366
Investment holding losses	—	—	—	—	—	6,405	6,405
Dividends paid	—	—	—	(7,692)	—	—	(7,692)
Management fees charged to capital	—	—	—	—	(3,845)	—	(3,845)
Revenue return for the year before taxation	—	—	—	1,134	—	—	1,134
Taxation for the year	—	—	—	(225)	225	—	—
As at 31 December 2023	2,567	102,801	679	44,046	(31,047)	49,430	168,476

1. Reserve is available for distribution; total distributable reserves at 31 December 2023 total £12,999,000 (2022: £24,516,000).

2. Includes the dividend reinvestment scheme.

3. Expenses in relation to share issues includes trail commission for prior years' fundraising.

The notes on pages 86 to 103 of the Annual Report form part of these financial statements.

Year ended 31 December 2022	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve ¹ £'000	Capital reserve ¹ £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2022	1,928	52,996	549	74,246	(47,963)	51,490	133,246
Share issues in the year ²	229	15,681	—	—	—	—	15,910
Expenses in relation to share issues ³	—	(474)	—	—	—	—	(474)
Repurchase of shares	(24)	—	24	(1,471)	—	—	(1,471)
Realised gains on disposal of investments	—	—	—	—	17,493	—	17,493
Investment holding losses	—	—	—	—	—	(8,465)	(8,465)
Dividends paid	—	—	—	(14,983)	—	—	(14,983)
Management fees charged to capital	—	—	—	—	(2,323)	—	(2,323)
Revenue loss for the year	—	—	—	(483)	—	—	(483)
As at 31 December 2022	2,133	68,203	573	57,309	(32,793)	43,025	138,450

1. Reserve is available for distribution; total distributable reserves at 31 December 2023 total £12,999,000 (2022: £24,516,000).
2. Includes the dividend reinvestment scheme.
3. Expenses in relation to share issues includes trail commission for prior years' fundraising.

The notes on pages 86 to 103 of the Annual Report form part of these financial statements.

BALANCE SHEET

At 31 December 2023

Registered number: 03506579

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Fixed assets		
Investments held at fair value through profit or loss	119,587	111,966
Current assets		
Debtors	2,726	2,152
Cash and cash equivalents	47,843	24,814
	50,569	26,966
Creditors		
Amounts falling due within one year	(1,680)	(482)
Net current assets	48,889	26,484
Net assets	168,476	138,450
Capital and reserves		
Called-up share capital	2,567	2,133
Share premium account	102,801	68,203
Capital redemption reserve	679	573
Distributable reserve	44,046	57,309
Capital reserve	(31,047)	(32,793)
Revaluation reserve	49,430	43,025
Equity Shareholders' funds	168,476	138,450
Net Asset Value per share	65.6p	64.9p

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

Michael Gray
Chair

The notes on pages 86 to 103 of the Annual Report form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2023

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flow from operating activities		
Loan interest received from investments	1,238	653
Dividends received from investments	175	38
Other income received from investments	71	—
Deposit and similar interest received	1,190	202
Investment management fees paid	(3,029)	(2,766)
Performance incentive fee paid	(734)	—
Secretarial fees paid	(197)	(178)
Other cash payments	(549)	(433)
Net cash outflow from operating activities	(1,835)	(2,484)

Cash flow from investing activities		
Purchase of investments	(17,652)	(9,987)
Proceeds on sale of investments	20,572	20,951
Proceeds on deferred consideration	669	234
Net cash inflow from investing activities	3,589	11,198
Cash flow from financing activities		
Proceeds of fundraising	34,910	13,987
Expenses of fundraising	(474)	(361)
Repurchase of own shares	(6,504)	(1,467)
Equity dividends paid	(6,657)	(13,172)
Net cash inflow/(outflow) from financing activities	21,275	(1,013)
Net inflow of cash for the year	23,029	7,701
Reconciliation of net cash flow to movement in net funds		
Increase in cash and cash equivalents for the year	23,029	7,701
Net cash and cash equivalents at start of year	24,814	17,113
Net cash and cash equivalents at end of year	47,843	24,814

Analysis of changes in net debt

	At 1 January 2023 £'000	Cash flow £'000	At 31 December 2023 £'000
Cash and cash equivalents	24,814	23,029	47,843

The notes on pages 86 to 103 of the Annual Report form part of these financial statements.

Notes

1. These are not statutory accounts in accordance with S436 of the Companies Act 2006. The full audited accounts for the year ended 31 December 2023, which were unqualified and did not contain statements under S498(2) of the Companies Act 2006 or S498(3) of the Companies Act 2006, will be lodged with the Registrar of Companies. Statutory accounts for the year ended 31 December 2023 including an unqualified audit report and containing no statements under the Companies Act 2006 will be delivered to the Registrar of Companies in due course.

2. The audited Annual Financial Report has been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2023. All investments held by the Company are classified as 'fair value through the profit and loss'. Unquoted investments have been valued in accordance with IPEV guidelines. Quoted investments are stated at bid prices in accordance with the IPEV guidelines and Generally Accepted Accounting Practice.

3. Copies of the Annual Report will be sent to shareholders and can be accessed on the following website: www.foresightenterprise.vct.com

4. Net Asset Value per share

The Net Asset Value per share is based on net assets at the end of the year and on the number of shares in issue at that date.

	31 December 2023	31 December 2022
Net assets	£168,476,000	£138,450,000
No. of shares at year end	256,728,468	213,316,422
Net Asset Value per share	65.6p	64.9p

5. Return per share

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Total return after taxation	9,060	6,222
Total return per share (note a)	3.9p	3.1p
Revenue return/(loss) from ordinary activities after taxation	909	(483)
Revenue return/(loss) per share (note b)	0.4p	(0.2)p
Capital return from ordinary activities after taxation	8,151	6,705

Capital return per share (note c)	3.5p	3.3p
Weighted average number of shares in issue in the year (note d)	230,692,970	198,639,819

Notes:

- Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.
- Revenue return/(loss) per share is revenue return/(loss) after taxation divided by the weighted average number of shares in issue during the year.
- Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the year.
- The weighted average number of shares is calculated by taking the number of shares issued and bought back during the year, multiplying each by the percentage of the year for which that share number applies and then totalling with the number of shares in issue at the beginning of the year.

6. Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, SE1 9SG on 11 June 2024 at 1.00pm. Details will be published on both the Company's and the Manager's website at www.foresightenterprise.com

7. Income

	Year ended ended 31 December 2023 £'000	Year ended ended 31 December 2022 £'000
Loan stock interest	1,247	631
Deposit and similar interest received	1,190	202
Dividends receivable	175	38
Other income	71	—
	2,683	871

8. Investments held at fair value through profit or loss

	31 December 2023 £'000	31 December 2022 £'000
Unquoted investments	119,587	111,966

	£'000
Book cost at 1 January 2023	69,921
Investment holding gains	42,045
Valuation at 1 January 2023	111,966
Movements in the year:	
Purchases at cost	18,652
Disposal proceeds ¹	(20,572)
Realised gains ²	4,697
Investment holding gains ³	4,844
Valuation at 31 December 2023	119,587
Book cost at 31 December 2023	72,698
Investment holding gains	46,889
Valuation at 31 December 2023	119,587

- The Company received £20,572,000 (2022: £20,951,000) from the disposal of investments during the year. The book cost of these investments when they were purchased was £15,875,000 (2022: £3,692,000). These investments have been revalued over time and until they were sold, any unrealised gains or losses were included in the fair value of the investments.
- Realised gains in the Income Statement include deferred consideration receipts from Accrosoft Limited (£6,000), Datapath Group Limited (£583,000), and completion proceeds received from Datapath Group Limited (£78,000) and Protean Software Limited (£2,000).
- Investment holding gains in the Income Statement include the deferred consideration debtor increase of £1,561,000. The debtor movement reflects the recognition of amounts receivable from Datapath Group Limited (£1,750,000), offset by a receipt from Accrosoft Limited (£6,000). The Codeplay Software Limited debtor increased due to its foreign exchange movement (£46,000), and provisions have been

made against balances potentially due from Mologic Ltd (£105,000), Ixaris Systems Limited (£89,000) and FFX Group Limited (£36,000).

9. Related party transactions

No Director has an interest in any material contract to which the Company is a party other than their appointment and remuneration as Directors. Please refer to page 69 of the Annual Report for the Directors' remuneration tables.

10. Transactions with the Manager

Foresight Group LLP earned fees of £3,035,000 in the year ended 31 December 2023 (2022: £2,724,000). Additionally, a performance fee of £734,000 was paid in the year (2022: £nil), and a liability of £1,115,000 has been recognised as at 31 December 2023 (2022: £280,000).

Foresight Group LLP is the Company Secretary and received accounting and company secretarial services fees of £197,000 during the year (2022: £178,000).

As at 31 December 2023, the amount due to Foresight Group LLP was £8,000 (2022: £nil).

No amounts have been written off in the year in respect of debts due to or from the Manager.

END

For further information please contact:

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