

## **FORESIGHT TECHNOLOGY VCT PLC**

FWT Shares Total Net Assets as at 31 March 2024: £32.1m 2023: £22.8m

FWT Shares Net Asset Value per share as at 31 March 2024: 98.8p 2023: 102.8p

### **FWT Shares Fund**

- During the year, under the Offers for subscription for the Foresight WAE Technology Shares fund (the “FWT Shares fund”), dated 10 January 2023, and 6 September 2023, £10.1m of new funds were raised.
- During the year, the fund invested in one new portfolio company and executed nine follow-on investments into existing companies.
- Since the end of the reporting period, a further £3.1m has been raised, bringing the total funds raised to £35.5m.
- Since the end of the reporting period, a further six investments have been made, bringing total deployment to £22.6m.

### **Chairman’s Statement**

On behalf of the Board, I am pleased to present the Audited Annual Report and Accounts for Foresight Technology VCT Plc for the year ended 31 March 2024 and to provide you with an update on the developments affecting the Company.

### **Company**

The Foresight WAE Technology VCT share class (the “FWT Fund”) was launched in December 2019, and represents an exciting investment opportunity made possible by the collaboration between Foresight Group and Fortescue Zero, formerly WAE Technologies Limited (defined as “WAE”), a technology and engineering services business, originally spun out of the Williams Formula 1 business. Please refer to pages 8 and 9 of the Annual Report and Accounts for further information on Fortescue Zero.

The FWT Fund provides investors with the opportunity to invest in a portfolio of early-stage companies with high growth-potential, developing innovative and occasionally transformational technologies across a range of different sectors. It builds on the successful relationship that Foresight and WAE have enjoyed from their launch of the Foresight WAE Technology EIS Fund (the ‘EIS fund’) in November 2016, which has raised over £60 million to date and has made thirty seven investments across a range of different sectors so far.

### **Fundraising and share issues**

The FWT Fund offers for subscription, dated 10 January 2023 and relaunched on 6 September 2023, are each up to £15 million (with an overallotment facility for up to an additional £10 million) through the issue of FWT Fund shares. During the year ended 31 March 2024, across both offers, 9.7 million FWT Fund shares were allotted, raising a further £10.1 million, bringing the total funds raised to over £32m.

Post period end, a further 3 million FWT shares were allotted, increasing the total funds raised to £35.5m.

### **Portfolio and deal activity**

A detailed analysis of the investment portfolio performance over the period is given in the Investment Manager’s Review on page 10 of the Annual Report and Accounts.

During the period under review the Investment Manager completed one new and nine follow-on investments in exciting companies costing a total of £3.2m. The new investment that completed in the year was into Zayndu Limited. The follow-on investments that were completed in the year were into Machine Discovery Limited, Previsico Limited, Additive Manufacturing Technologies Limited, Kognitiv Spark Inc, Oxford Space Systems Limited, VividQ Limited, Open Bionics Limited, Vector Photonics Limited and Insphere Limited.

Details of each of the top 10 companies by value as at 31 March 2024 can be found in the Investment Manager’s review on page 15 of the Annual Report and Accounts.

As at 31 March 2024, the FWT Fund had made investments totalling £20.1m in 28 exciting portfolio companies. An additional two investments were acquired as part of the merger with the Ordinary share class, bringing the total number of investments for the FWT Fund to 30. Post period end, the FWT Fund made two new and four follow-on investments totalling £2.5m.

The Investment 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; however, it is also focused on supporting the existing portfolio through the current economic environment. Following the fundraising over the last couple of years, the Company is in a position to fully support the portfolio, where appropriate, and exploit potential attractive investment opportunities.

### **Management fees**

The annual management fee of the FWT Fund is calculated as 2.0% of Net Assets and equated to £539,000 during the year. The Board believe that the annual management fee represents good value for investors.

### **Responsible investing**

The analysis of environmental, social and governance (“ESG”) issues is embedded in the Investment 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.

### **Annual General Meeting**

The Company's Annual General Meeting will take place on 17 September 2024 and we look forward to meeting as many of you as possible in person. Please refer to the formal notice on pages 74 to 77 of the Annual Report and Accounts 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 12.30pm on 13 September 2024 and to forward any questions by email to [InvestorRelations@foresightgroup.eu](mailto:InvestorRelations@foresightgroup.eu) in advance of the meeting.

### **Share Class Merger**

As explained in last year's Annual Report, on 5 July 2023, shareholders of the Company approved the resolution to bring an end to the existence of the Ordinary Shares fund by the redesignation of the residual £0.6m of Ordinary shares to FWT shares, following an initial dividend of 132.0p per Ordinary share which was paid on 16 March 2023 and subsequently a further dividend of 5.5p per Ordinary share to Ordinary Shareholders which was paid on 25 July 2023.

The Ordinary shares were suspended from the London Stock Exchange on 28 June 2023 and subsequently, on 4 September 2023, the Company's name was changed to Foresight Technology VCT Plc (previously named 'Foresight Solar & Technology VCT Plc').

On the 20 September 2023 the Board announced a variation to the buyback policy for the former Ordinary Shareholders which would allow the Shareholders to benefit from a buyback at a nil discount to NAV in respect of FWT Shares which they hold pursuant to the above-mentioned redesignation. This Buyback offer will remain open until 20 September 2024.

### **Sunset clause**

VCT income tax relief is currently only available in respect of shares issued before 6 April 2025, a deadline often referred to as 'the sunset clause'. The Chancellor, Jeremy Hunt, announced an extension of the 'sunset clause' in his November 2023 Autumn Statement and in what is now the Finance Act 2024, provision has been made for this date to be extended to 6 April 2035, though this provision only comes into force on such day as the Treasury appoints.

VCT income tax relief represents a 'subsidy' for the purposes of EU state aid rules. Whilst the so called 'Windsor Framework' purports to constrain the limited circumstances in which the UK-EU Trade and Cooperation Agreement governs subsidy control to where there is a proven real, genuine and material link to Northern Ireland's trade with the EU for any proposed aid to be in scope, EU approval for the extension of the sunset clause has not yet been announced by the Treasury, though we understand that approval has been sought.

### **Outlook**

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 Investment Manager.

On the other hand, these younger companies may prove more agile and creative in their approach and better able to adapt their operations swiftly and identify new products and services in response to changing circumstances.

The portfolio is showing signs of resilience and the Investment 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 Investment Manager's approach through the pandemic will continue to be valuable to tackle the challenge ahead.

The Investment Manager is continuing to see a promising pipeline of potential investments, both new and follow-on. In addition to the funds raised earlier in the year, we will announce plans to launch a new offer to raise further funds over the coming months. These combined funds will provide the necessary resources to make selective acquisitions from the increasing number of investment opportunities that are now emerging out of the recent disruption. Although in the short term there may be considerable economic headwinds, we believe the Company's diversified portfolio is well positioned to generate long-term value for Shareholders.

Ernie Richardson  
Chairman

30 July 2024

## **Investment Manager's Review – Foresight Williams Technology Shares**

### **Summary**

Between its launch on 20 December 2019 and the end of the reporting period, the FWT Shares fund has raised £32.4 million. The Offer provides investors with the opportunity to invest in a portfolio of early-stage companies with high growth-potential, developing innovative and occasionally transformational technologies across a range of different sectors. As at 31 March 2024, the FWT fund had made investments into 30 companies totalling £20.2 million.

Investments into one new and nine existing companies were made during the year. These investments are summarised below:

- Additive Manufacturing Technologies (AMT): a manufacturer of systems that automate the postprocessing of 3D printed

parts e.g. unpacking, surface smoothing, sealing and colouring.

- Inspire: a provider of in-process measurement systems that speed up the calibration and enhance the accuracy of

automated production lines.

- Kognitiv Spark: a software company that provides 3D data to support field service workers in remote locations.
- Machine Discovery: a University of Oxford spin-out developing machine learning technology that simplifies, automates

and accelerates highly complex computer simulations.

- Open Bionics: a designer and manufacturer of the world's first clinically approved 3D-printed bionic limbs.
- Oxford Space Systems: a satellite component company developing stowable and deployable booms and antennas.
- Previsico: a University of Loughborough spin-out providing a market-leading flood forecasting and warning software

platform.

- Vector Photonics: a University of Glasgow spin-out commercialising the next generation of semiconductor laser devices.
- VividQ: a technology company enabling the next generation of holographic displays.
- Zayndur\*: a company utilising cold plasma to improve the seed treatment and seed priming process.

\*New Investment in the year.

### **Post year end acquisitions**

Subsequent to the year end, the FWT fund has made two new investments in Cavero Quantum Limited and Lifelight Limited and four follow on investments into Nebuflow Limited, dRisk Inc, Vector Photonics Limited and Forefront RF Limited. This brings total deployment to £22.6m.

### **Climate Change Statement**

The Manager has a long-term investing vision and its strategy aligns with certain of the UN's Sustainable Development Goals. As such, taking actions to mitigate the risks posed by climate change, whilst also investing to generate commercial returns for our investors, must be done hand-in-hand. The Manager has been a signatory to the United Nations-backed PRI since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision-making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector. In 2023, the Manager was once again awarded 5 stars by PRI across Foresight Group and the Private Equity, Infrastructure and Capital Markets divisions.

The Board supports the Manager's views on climate change and ESG and its process in the evaluation of an asset's environmental and social impact during due diligence and thereafter. For each material risk identified during due diligence, a mitigation plan is proposed in the investment submission and these actions form part of each portfolio company's "100-day plan" post-investment.

From an environmental perspective, analysis relating to the implementation of good industry practice in limiting and mitigating the potentially adverse environmental impact of a company's operations has four principal components:

- Environmental policy and track record
- Energy and resource usage and environmental impact
- Environmental impact of products and services
- Environmental performance improvements

Regular monitoring post-investment ensures that standards are maintained in respect of ESG issues where there is a change in either the regulatory or operating environment or the composition of the management team.

We believe in delivering sustainable growth and incorporate ESG into our management process.

For the Manager's annual Task Force on Climate-related Financial Disclosure ("TCFD"), please refer to the Manager's FY24 Sustainability

## Fundraising

The Offer, made possible through an innovative collaboration between Foresight Group and Williams Advanced Engineering Ltd, continues to build positive momentum in the market. Since the end of the year to 31 March 2024, a further £3.1 million has been raised, bringing the total raised to £10.3 million in the current fund raising round and £35.5 million overall.

## Pipeline

The Investment Manager has a strong pipeline covering new deals and follow-ons. At the time of writing, two deals had passed the Investment Manager's final Investment Committee stage and were nearing completion. On two further deals, terms and exclusivity had been agreed and, subject to Investment Committee approval, were progressing to due diligence.

Foresight Group LLP  
Investment Manager  
30 July 2024

## Audited Financial Statements

### Income Statement for the year ended 31 March 2024

	Year ended 31 March 2024			Year ended 31 March 2023		
	Revenue £'000	Revenue £'000	Revenue £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding (losses)/gains	—	(1,086)	(1,086)	—	(12,096)	(12,096)
Realised gains/(losses) on investments	—	—	—	—	27,917	27,917
Income	941	—	941	656	—	656
Investment management fees	(135)	(404)	(539)	(263)	(3,557)	(3,820)
Other expenses	(459)	—	(459)	(559)	—	(559)
<b>(Loss)/profit before taxation</b>	<b>347</b>	<b>(1,490)</b>	<b>(1,143)</b>	<b>(166)</b>	<b>12,264</b>	<b>12,098</b>
Taxation	—	—	—	—	—	—
<b>(Loss)/profit after taxation</b>	<b>347</b>	<b>(1,490)</b>	<b>(1,143)</b>	<b>(166)</b>	<b>12,264</b>	<b>12,098</b>
<b>(Loss)/profit per share:</b>						
Ordinary Share	2.3p	(2.4)p	(0.1)p	0.2p	31.7p	31.9p
FWT Share	(1.8)p	(2.5)p	(4.3)p	(1.2)p	6.7p	5.5p

The total column of this statement is 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 comprehensive income has been presented.

The Company's comprehensive loss for the year is £1,143,000 (2023: Income of £12,098,000).

### Reconciliation of Movements in Shareholders' Funds

Year ended 31 March 2024	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve* £'000	Capital reserve* £'000	Revaluation reserve £'000	Total £'000
As at 1 April 2023	568	19,079	208	1,828	603	3,009	25,295
Share issues in the year	97	9,960	—	—	—	—	10,057
Expenses in relation to share issues	—	(236)	—	—	—	—	(236)
Expenses in relation to prior year share issues	—	(12)	—	—	—	—	(12)
Share class merger	(341)	341	—	—	—	—	—
Investment holding losses	—	—	—	—	—	(1,086)	(1,086)
Dividends paid	—	—	—	(1,903)	—	—	(1,903)

Management fees charged to capital	—	—	—	—	(404)	—	(404)
Revenue profit for the year	—	—	—	347	—	—	347
As at 31 March 2024	324	29,132	208	272	199	1,923	32,058

Year ended 31 March 2023	Called-up share capital	Share premium account	Capital redemption reserve	Distributable reserve*	Capital reserve*	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2022	517	13,998	208	38,112	(14,207)	15,105	53,733
Share issues in the year	51	5,217	—	—	—	—	5,268
Expenses in relation to share issues	—	(131)	—	—	—	—	(131)
Expenses in relation to prior year share issues	—	(5)	—	(4)	—	—	(9)
Realised gains on disposal of investments	—	—	—	—	27,917	—	27,917
Investment holding losses	—	—	—	—	—	(12,096)	(12,096)
Dividends paid	—	—	—	(36,114)	(9,550)	—	(45,664)
Management fees charged to capital	—	—	—	—	(3,557)	—	(3,557)
Revenue loss for the year	—	—	—	(166)	—	—	(166)
As at 31 March 2023	568	19,079	208	1,828	603	3,009	25,295

\* Total distributable reserves at 31 March 2024 were £471,000 (2023: £2,431,000).

#### Balance Sheet at 31 March 2024

Registered Number: 07289280

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
--	------------------------------	------------------------------

#### Fixed assets

Investments held at fair value through profit or loss	22,111	19,951
-------------------------------------------------------	--------	--------

#### Current assets

Debtors	983	170
Cash and cash equivalents	9,276	5,437
	10,259	5,607

#### Creditors

Amounts falling due within one year	(312)	(263)
Net current assets	9,947	5,344
Net assets	32,058	25,295

#### Capital and reserves

Called-up share capital	324	568
Share premium	29,132	19,079
Capital redemption reserve	208	208
Distributable reserve	272	1,828
Capital reserve	199	603
Revaluation reserve	1,923	3,009
Equity shareholders' funds	32,058	25,295

#### Net asset value per share:

Ordinary Share	n/a	7.2p
FWT Share	98.8p	102.8p

#### Cash Flow Statement for the year ended 31 March 2024

	Year ended 31 March 2024 £'000	Year ended 31 March 2024 £'000
<b>Cash flow from operating activities</b>		
Deposit and similar interest received	119	30
Investment management fees paid	(689)	(1,030)
Performance incentive paid	—	(2,767)
Secretarial fees paid	(103)	(173)
Other cash payments	(371)	(299)
<b>Net cash outflow from operating activities</b>	<b>(1,044)</b>	<b>(4,239)</b>
<b>Cash flow from investing activities</b>		
Purchase of investments	(3,146)	(10,146)
Investments pending completion	(729)	(100)
Net proceeds on sale of investments	—	52,247
Investment income received	822	984
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(3,053)</b>	<b>42,985</b>
<b>Cash flow from financing activities</b>		
Proceeds of fund raising	9,996	5,239
Expenses of fund raising	(157)	(98)
Equity dividends paid	(1,903)	(45,664)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>7,936</b>	<b>(40,523)</b>
<b>Net inflow/(outflow) of cash in the year</b>	<b>3,839</b>	<b>(1,777)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase/(Decrease) in cash for the year	3,839	(1,777)
Net cash at start of year	5,437	7,214
<b>Net cash at end of year</b>	<b>9,276</b>	<b>5,437</b>

#### Analysis of changes in net debt

	At 1 April 2023 £'000	Cash Flows £'000	At 31 March 2024 £'000
Cash and cash equivalents	5,437	3,839	9,276

#### Notes to the Accounts

1. 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 March 2024. All investments held by the Company are classified as 'fair value through the profit and loss'. Unquoted investments have been valued in accordance with IPEVC guidelines, as updated in December 2022.

2. These are not statutory accounts in accordance with S436 of the Companies Act 2006. The full audited accounts for the year ended 31 March 2024, which were unqualified and did not contain any statements under S498(2) or S498(3) of Companies Act 2006, will be lodged with the Registrar of Companies. Statutory accounts for the year ended 31 March 2024 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.

3. Copies of the Annual Report will be sent to shareholders and will be available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London, SE1 9SG and can be accessed on the following website: [www.foresightgroup.eu](http://www.foresightgroup.eu)

#### 4. Net asset value per share

Net asset value per FWT Share is based on net assets at the year end of £32,058,000 (2023: £22,818,000) and on 32,445,165 FWT Shares (2023: 22,200,316), being the number of FWT Shares in issue at that date.

#### 5. Return per share

	Year ended 31 March 2024		Year ended 31 March 2023	
	Ordinary Shares £'000	FWT Shares £'000	Ordinary Shares £'000	FWT Shares £'000
Total (loss)/profit after taxation	(17)	(1,126)	11,034	1,064
Total (loss)/profit per share (note a)	(0.1)p	(4.3)p	31.9p	5.5p
Revenue profit/(loss) from ordinary activities after taxation	806	(459)	72	(238)
Revenue profit/(loss) per share (note b)	2.3p	(1.8)p	0.2p	(1.2)p
Capital gain/(loss) from ordinary activities after taxation	(823)	(667)	10,962	1,302
Capital gain/(loss) per share (note c)	(2.4)p	(2.5)p	31.7p	6.7p
Weighted average number of shares in issue during the year	34,593,623	26,203,986	34,593,623	19,466,327

Notes:

- a) Total profit/(loss) per share is total profit/(loss) after taxation divided by the weighted average number of shares in issue during the year.  
b) Revenue profit/(loss) per share is revenue profit/(loss) after taxation divided by the weighted average number of shares in issue during the year.  
c) Capital gain/(loss) per share is capital gain/(loss) after taxation divided by the weighted average number of shares in issue during the year.

6. The Annual General Meeting will be held at 12.30pm on 17 September 2024 at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG. Please refer to the formal notice on page 76 of the Annual Report and Accounts for further details in relation to this year's meeting.

## 7. Income

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Dividends received	822	264
Loan stock interest	-	362
Bank interest	119	30
	941	656

## 8. Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Unquoted Investments	22,111	19,951

	2024 £'000	2023 £'000
Book cost at 1 April	16,942	31,126
Investment holding gains	3,009	15,105
Valuation at 1 April	19,951	46,231
Movements in the year:		
Purchases at cost	3,246	10,146
Disposal proceeds	—	(52,247)
Realised gains	—	27,917
Investment holding losses	(1,086)	(12,096)
Valuation at 31 March	22,111	19,951
Book cost at 31 March	20,188	16,942
Investment holding gains	1,923	3,009
Valuation at 31 March	22,111	19,951

## **9. Transactions with the Investment Manager**

Foresight Group LLP was appointed as Investment Manager in January 2020 and earned fees of £539,000 in the year ended 31 March 2024 (2023: £1,053,000). No performance fee was paid during the year (2023: £2,767,000).

Foresight Group LLP is the Company Secretary (appointed in November 2017) and received accounting and company secretarial services fees of £81,000 (2023: £173,000), during the year.

At the balance sheet date there was £46,000 due to (2023: £35,000 due from) Foresight Group LLP. No amounts have been written off in the year in respect of debts due to or from the Investment Manager.

**END**