EXECUTIVE CHAIRMAN'S STATEMENT

Another excellent year of highly profitable growth for Foresight.

Bernard Fairman
Executive Chairman

FY23
Strategic growth targets

+38%
20-25% growth in AUM averaged over a rolling three year period

86.6%
85-90% recurring revenue

42.1%
c.43% Core EBITDA pre-SBP margin over medium term

20.1p
TOTAL DIVIDEND
60% dividend payout ratio

Introduction

I am delighted to report that it has been another excellent year of highly profitable growth for Foresight. We have further extended our track record of delivering against our ambitious strategic growth targets, in particular achieving exceptional increases in Assets Under Management ("AUM") and Funds Under Management ("FUM"). Revenue was well ahead of latest consensus and we delivered a material uplift to Core EBITDA pre share-based payments.

As well as achieving our targets, we were also able to grow and diversify our geographic footprint with a presence now across eight countries. Key drivers of this growth included the strengthening of our Australian offering through the transformational acquisition of Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital") and our expansion into the US sub-advisory market through our partnership with Cromwell Funds.

Our outstanding Group performance, achieved against a challenging economic backdrop, reflects the strength of our diversified and resilient business model. Our profitable growth and delivery of shareholder returns continues, and we remain ideally positioned to capture the long-term structural growth trends across international infrastructure and regional UK&I private equity.

Financial highlights

In FY23 we continued to generate strong growth internationally. We achieved an AUM increase of 38% to £12.2 billion (2022: £8.8 billion), well in excess of our target of 20-25% over a rolling three year period, with FUM also significantly ahead, increasing 35% to £9.0 billion (2022: £6.7 billion).

EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

Financial highlights continued

While this has clearly been a standout year of growth for the Group, we were not completely immune to the impact of volatility in global equity markets. This was reflected in net outflows from our OEIC vehicles totalling £(97) million for the year. Reassuringly, this was more than offset by our diversified business model raising funds of £1,043 million across our range of strategies, including £499 million into retail and private equity vehicles which benefit from high margins and long duration capital.

SANDRIDGE SOLAR FARM
part of Foresight Solar Fund Limited's portfolio, which also houses beehives.

Revenue increased significantly by 38% to £119.2 million (2022: £86.1 million), which is ahead of the latest market consensus after positive updates to expectations throughout the year. Recurring revenues of 86.6% are within our expected range of 85-90% and further demonstrate the reliable nature of our long-term revenue model. It is this recurring and predictable long-term revenue model that provides us with greater visibility over the short and medium term, and enables us to balance our growth opportunities with the differing needs of our divisions.

Core EBITDA pre share-based payments ("SBP") grew 58% to £50.2 million (2022: £31.8 million), representing a record year of profits for the Group. A material uplift to consensus was driven by performance fees generated from profitable portfolio realisations, which provided further evidence of the strength of Foresight's investment strategies, our asset and portfolio management capabilities and the value we can add to investment assets throughout their lifecycle. We remain well on track to deliver our margin target of 43% over the medium term.

Dividend

The Board targets a total dividend payout of 60% of profit after tax before non-underlying items, with the aim being for the absolute dividend payment to grow with our operational profitability. In line with this policy, we have recommended a final dividend of 15.5 pence per share (2022: 9.8 pence per share) for approval by Shareholders at the upcoming AGM. When combined with our interim dividend of 4.6 pence per share (H1 FY22: 4.0 pence per share) this gives a total dividend payment for the year of 20.1 pence per share, representing a 46% increase on prior year (2022: 13.8 pence per share). The final dividend will be paid on 20 October 2023 based on an ex-dividend date of 28 September 2023, with a record date of 29 September 2023.

Sustainability

We have built our Group on the foundation of sustainability. It drives our investment strategy and management, which is focused on areas such as renewable energy, sustainable forestry, agriculture and aquaculture. We also actively encourage our private equity portfolio companies to focus on adopting ESG strategies that will have a positive impact on both their performance and local communities.

This year has also marked the launch of our inaugural standalone Sustainability Report, which reflects our ongoing commitment to transparency with regard to our own direct impact on the world around us. As well as providing more detail on our environmental emissions, the report details our non-financial targets for areas such as employment, staff engagement scores and diversity and inclusion representation. https://foresight.group/sustainability-report-fy23

Governance

The Board recognises that conducting business in an ethical manner is vital for our ongoing success. Corporate responsibility is integral to how we approach all our activities and underlies our engagement with our stakeholders to ensure we recognise and respond to any concerns they may have. As reported in our Half-year Report, we entered a period of elevated engagement with those Shareholders that had voiced their concerns on Resolutions 16 and 17 at our AGM on 10 August 2022. This engagement included one-to-one meetings and direct communication with the Group's Head of Governance.

The Board continues to consider Resolutions 16 and 17 to be in the best interests of Shareholders as a whole. However, based on this period of engagement, the Board has provided improved disclosure within this 2023 Annual Report to better inform our Shareholders and other stakeholders regarding the rationale for our Resolutions.

EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

People

During the year our acquisition activity and organic growth saw us welcome over 100 new people into the Group. This helped us to materially increase our Australian footprint in line with our strategic priority to expand our investment opportunities geographically. We have been delighted with how well everyone has integrated into the business, already adding value by raising and deploying funds. We look forward to growing the business further with them, in both current and new markets.

We are proud to retain an excellent level of engagement with our staff, with our engagement score remaining in the top quartile. Whilst we are pleased with these scores, we also recognise that engagement is an ongoing focus for all successful organisations and something that can require additional support during times of acquisition. Our Board remains focused on and committed to helping all our employees, old and new, to understand the importance of their role in our success and building a sense of pride in the positive impact we have on the world around us.

On behalf of the Board, I would like to thank all our employees for their ongoing and valuable contributions to the success of the Group. This has been an excellent year for us in no small part because of the dedication and commitment the whole team continues to bring every day.

Strategic market opportunities

We remain one of Europe's and Australia's most established real asset investors, specialising in sustainability-led international infrastructure and regional UK&I private equity, whilst also providing access to real assets and sustainable investment opportunities in listed markets. We continue to utilise our experience and expertise in these areas to drive the Group forward, generating attractive returns for our investors and making a tangible difference to the world around us.

A key area of growth for us remains within the renewable energy market, as the demand for cleaner, greener energy sources at affordable prices continues to grow. This demand is being driven by a high and growing commitment to energy transition strategies and a recognition of the importance of renewable energy to future energy security. In the UK, for the first time in history, wind turbines generated more electricity than gas in the first three months of the 2023 calendar year. While this is a milestone event, there is still a long way to go to achieve the UK Government's aim of all electricity generation having net zero emissions by 2035.

As a result, there is an ever-increasing sustainability focus from corporations and governments around the world, with Hitachi Energy estimating that by 2050 the world will need four times as much electricity generation and three times as much transmission capacity as we have today. Recent examples of the growing focus of governments include the Inflation Reduction Act in the US, the EU's Net Zero Industry Act and the European Critical Raw Materials Act.

This material government support will further contribute to the current downward trend in costs associated with producing renewable energy and act as a catalyst for sustainable investment, providing opportunities that dwarf what we have seen to date. The scale of these investment opportunities is what is driving our focus on Europe and the US, where we know that the available government support will help us to generate attractive returns by making a positive contribution to the next step in the global sustainability journey.

> **"Generating attractive returns for our investors and making a tangible difference to the world around us."**

EXECUTIVE CHAIRMAN'S STATEMENT CONTINUED

Outlook

We have had an impressive year, especially considering the challenging economic conditions. It is our diversified and resilient business model that allows us to continue to deliver profitable growth for our stakeholders against this backdrop, both organically and through acquisitions.

Our expansion into adjacent markets and geographies has been key to our performance in the year and will continue to facilitate a strong performance across the Group going forward. By ensuring diversification, for example in our markets and in underlying currency, we have been able to balance challenges in one environment with opportunities in another.

Our growth in the year was primarily driven by acquisition activity. Looking ahead, our focus for FY24 is organic growth through targeted fundraising as we strive to further consolidate our position as leaders within our key markets. The capabilities that we have developed over our many years, which reflect the Group's entrepreneurial culture, are highly transferable and will enable us to expand into and build our position in adjacent, exciting markets. In the year this has been embodied in our Foresight Sustainable Forestry Company, which was also the first listed fund to become a member of the London Stock Exchange's Voluntary Carbon Market.

Within infrastructure, to meet the already high and increasing demand for investment in renewable energy, we have plans to raise further significant institutional funds. This includes established strategies such as FEIP and ARIF returning to the market, supported by new opportunities including core European renewables and our planned expansion into adjacent asset classes, such as hydrogen.

While recognising the need to support established renewable energy technologies, we believe that hydrogen power will play a vital future role in our transition to a more sustainable and secure energy provision.

On the private equity front, we remain one of the most active SME investors, with 21 investment vehicles operating across the UK and Ireland. Utilising our experience through economic cycles, we are well positioned to support our diverse portfolio through prevailing market conditions, with its very low leverage and thus limited exposure to increasing interest rates across the SME portfolio. Foresight is well placed to capitalise on the SME funding gap and cyclical nature of bank appetite, which will help drive growth in the amount of capital the division can deploy.

Our FCM division delivered a resilient performance against a backdrop of significant volatility in the global equity markets, meeting the investment objectives of our funds. This division is well placed to return to growth as and when markets improve. The division's expansion into the US market also provides a growth opportunity that could exceed that of the current UK business and we are actively pursuing further distribution opportunities, with Europe being a key focus in the near term.

Accelerated by the creation of the Inflation Reduction Act, we believe that the US will become the largest market in the world for sustainable energy. We will seek to respond to this opportunity by materially increasing our presence in this market, potentially through partnering opportunities.

With a strong pipeline of organic fundraising scheduled for FY24 and beyond, we reiterate all of our stated strategic growth targets, including 20-25% growth in AUM per annum on a rolling three year average basis.

We find ourselves addressing a range of markets internationally that are growing rapidly and that will continue to do so as the world looks to advance its sustainability ambitions, including global carbon reduction targets. Foresight remains ideally placed to benefit and contribute to these advances over the medium term as we continue to identify multiple investment opportunities, utilising our many years of unique experience within these markets. I am confident that the future for Foresight is brighter than ever as we strive to enable a more positive future for the world around us.

Bernard Fairman

Executive Chairman

3 July 2023