

Business review *continued*

Private Equity

We aim to be the capital provider of choice for smaller companies in the UK, Ireland and beyond. We provide Growth Private Equity, Venture Capital and Private Credit across a broad range of sectors and development stages, partnering with promising companies to help them achieve their ambitions and create long-term sustainable growth.

Business review continued

Private Equity continued

£1.6bn

Assets Under
Management

3,000+

business plans
reviewed every year

250+

portfolio companies

23

different investment
vehicles

12

UK and Ireland offices

50+

investment professionals

Market opportunity

Foresight's Private Equity division operates strategies across Growth Private Equity, Venture Capital and Private Credit. We invest in SMEs in the UK and Ireland ("UK&I") and are increasingly addressing international markets. As is the case with many countries, the UK and Irish SME funding markets are structurally underserved. This equity gap, combined with our diverse sources of funding from both retail and institutional investors, creates fundraising opportunities for new fund mandates and additional closes of existing funds.

We invest in sectors with favourable long-term trends and structural growth drivers, partnering with promising SMEs to achieve long-term sustainable growth. Our investments cover a range of maturity profiles, from early stage to more mature companies. Annual revenues at portfolio companies are typically between £2 million and £20 million, although venture and seed investments can be into high tech, pre-revenue companies, including university spinouts. Our Private Credit strategy deploys larger investments through attractive secured structures into innovative lenders commonly targeting the SME and property markets.

We believe smaller companies prefer to source capital in their local markets rather than seeking this from London. As a result, we have established a regional office network with 12 offices across the UK and Ireland, which is key to the deployment of capital raised.

- Our regional focus aligns with the long-term cross-party political agenda to invest in and grow regional economies outside London and the South-East. This, combined with our strong track record, continues to lead to multiple fundraising opportunities.
- We continue to see a high volume of attractive investment opportunities across all our strategies and complete a high volume of new and follow-on transactions each year.
- We continue to complete attractive exits, with a number of companies on the market currently.
- We seek to develop the ESG credentials of our investee companies, being synergistic with value creation.
- Our impact on the market is increasingly recognised, winning multiple awards during the period.

Operational overview

We offer a variety of fund structures to facilitate investment by both institutional and retail investors. By undertaking multiple fundraising initiatives each year, we avoid risks associated with binary fundraising, allowing us to deliver incremental and consistent inflows into our retail funds and capitalise on the fundraising opportunities available to us across our institutional funds.

Deployment across Growth Private Equity, Venture Capital and Private Credit investments is driven by the team's experience and differentiated and growing local network. The team includes over 50 dedicated investment professionals across a total of 12 UK&I offices, following the opening of new offices in Cardiff and Newcastle during the period. This is alongside representatives based in the US, UAE and Israel. In addition, we provide Private Credit to alternative secured lending companies, which principally service the UK SME market.

The division currently manages investments in over 250 small companies across UK&I. Investments cover a wide range of sectors, including telecommunications, media and technology ("TMT"), healthcare and business services, supporting Foresight's diversified business model and providing the division's portfolio with greater resilience through economic cycles. The team also continues to seek out new asset classes and avenues for growth for Foresight more broadly.

Our expertise in growing businesses has long been recognised, but central to this is our ability to grow responsible, self-sufficient, resilient businesses. We do this by creating and sharing the tools and understanding necessary to develop the ESG credentials of our investment companies. We believe this not only improves business performance, but helps companies stand out from their peers and create competitive advantage, enabling us to drive real value at the time of exit.

Business review continued

Private Equity continued

Funds raised

£145m¹

Growth Private Equity
(FY23: £172m)

£66m

Venture Capital
(FY23: £64m)

£72m

Private Credit²
(FY23: £51m)

Fundraising

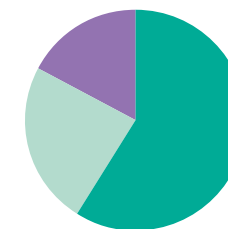
The Private Equity division delivered a strong performance in both institutional and retail fundraising during the year, resulting in a 12% increase to AUM, which totalled £1.6 billion as at 31 March 2024 (FY23: £1.4 billion).

We further strengthened our regional offering through multiple closes of existing and new institutional funds during the period:

- Foresight North East Fund increased from £59 million to £99 million³ following its third and fourth closes, including a £30 million commitment from Tyne and Wear Pension Fund. This fund was initially cornerstoned by Durham County Council's Pension Fund, with additional support from the Teesside Pension Fund in June 2022. This fund helps small growth companies across the North East and Yorkshire and, to further support investment in the region, we have opened an office locally in Newcastle.
- IFW Foresight Equity Finance Fund was launched after Foresight was chosen to manage a £50 million equity finance fund for the Investment Fund for Wales. The fund will provide equity investments that will help drive sustainable economic growth across Wales.

- Foresight Northern Ireland Fund was launched with a £15 million commitment from British Business Investments. The fund targets small debt and equity investments in established smaller companies with growth potential in Northern Ireland, with an office planned to be opened in Belfast.
- AIB Foresight SME Impact Fund increased from €30 million to €68 million³ following its second and third closes, including a commitment of €25 million from the Ireland Strategic Investment Fund. Through this fund, we are helping create high quality local jobs, whilst helping Ireland's transition to a green economy. This investment also allows us to further expand our Dublin office and broaden the scope of our activities in Ireland.
- Foresight Regional Investment Fund III ("FRIF III") received a £15 million commitment from South Yorkshire Pension Fund. FRIF III invests in growth companies across North-West England, South Yorkshire, West Yorkshire and North Wales.

Divisional AUM split



- Growth Private Equity | (£939m)
- Venture Capital | (£384m)
- Private Credit | (£280m)

From a retail fundraising perspective, we continued to see strong demand for our Foresight VCT plc and Foresight Enterprise VCT plc funds. Both were over-subscribed in the period and together raised £61 million. Whilst funds raised is comparable with prior years, we reached capacity far earlier in the year. This reflects positively on the Group's specialist in-house retail sales team and the strong recent performance of both funds when compared with peers on a one year share price total return basis.

In addition, our Foresight Inheritance Tax Fund allocated £72 million of total FY24 fundraising to our Private Credit strategy which is managed by the Private Equity division.

1. Excluding funds already under Foresight management.
2. Funds allocated to our Private Credit strategy by Foresight Inheritance Tax Fund.
3. Including funds already under Foresight management.

Business review continued

Private Equity continued

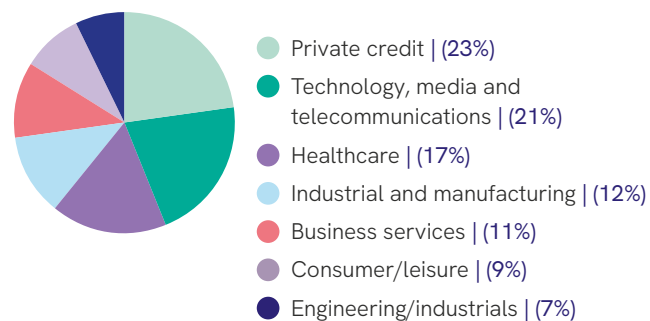
Division investment vehicles

<p>14</p> <p>Growth Private Equity funds (FY23: 13 funds)</p>	<p>7</p> <p>Venture Capital funds (FY23: 6 funds)</p>	<p>2</p> <p>Private Credit funds (FY23: 2 funds)</p>
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Capital deployed

<p>£102m</p> <p>Growth Private Equity (FY23: £78m)</p>	<p>£24m</p> <p>Venture Capital (FY23: £27m)</p>	<p>£118m</p> <p>Private Credit (FY23: £69m)</p>
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Portfolio split by carrying value



Performance

Against a challenging macroeconomic backdrop and following a strong period of fundraising in FY23 and FY24, the division’s focus on utilising its capabilities in sourcing and completing investments continued to deliver strong deployment in the period.

Capital deployed during FY24 totalled £102 million (FY23: £78 million) across 39 Growth Private Equity transactions (FY23: 31) and £118 million across Private Credit investments (FY23: £69 million). Within Venture Capital, the division deployed £24 million (FY23: £27 million) over 44 deals. The year-on-year increase in divisional deployment in FY24 was driven by funds deployed from 23 vehicles, of which 18 continued to make new investments, covering a wide variety of sectors and investment types.

Throughout the year we have also continued to deliver a number of successful exits, further bolstering our exit track record. 12 exits were completed during the period across growth private equity and venture capital at a 2.5x average cash-on-cash return. You can learn more about one of these exits in our case study on page 29.



Member of Foresight’s Private Equity team

Business review continued

Private Equity continued

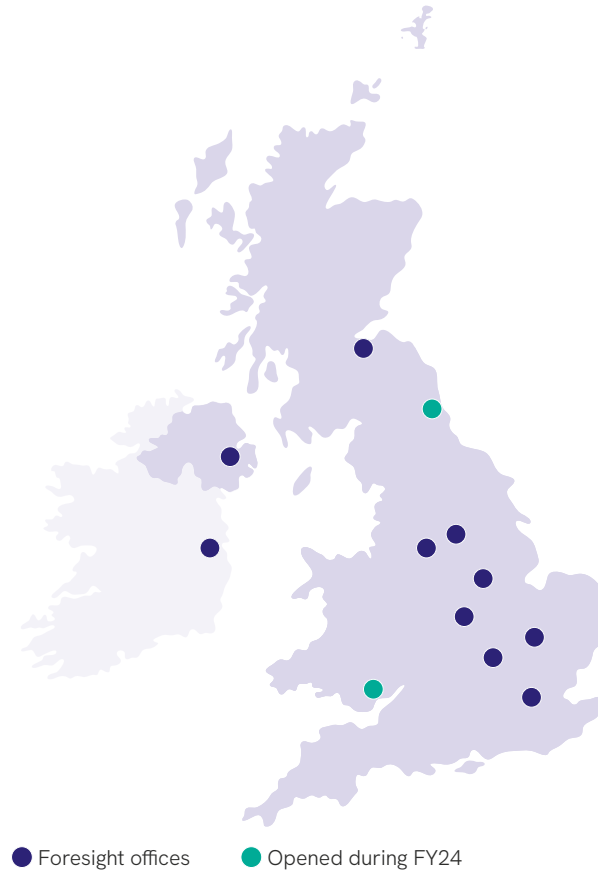
Market outlook

We have a strong regional network of offices in the UK and Ireland. During FY24, we have scaled up our regional teams to embed local investors and expertise within the division, launching new regional funds and offices that will further strengthen our strategic position as we enter FY25.

As one of the most active investors in small and medium-sized businesses in the UK and Ireland, we continue to demonstrate our commitment to investing in local economies to help them thrive. As a result of the strong fundraising delivered in FY23 and FY24 across the division, we are well placed to invest in the strong pipeline of opportunities that our regional network can originate.

We also continue to successfully navigate the volatility that has been felt across many of our markets during the year, through the diversity and low leverage profile of our portfolio, alongside the experience of our over 50 investment professionals in investing through various economic cycles. Against this challenging market backdrop we have continued to deliver good exits and will target further profitable exits in FY25.

Through the division's multiple fundraising avenues, hard-to-replicate regional network and investment experience through economic cycles, we remain confident in our ability to address the SME equity gap that exists in the UK and Ireland. Looking ahead, the division is well placed to continue to deliver value to our investors and investee companies, alongside profitable growth for the Foresight Group.



Members of the Foresight team

Business review continued

Private Equity continued

Refeyn

Refeyn spun out of Oxford University in 2018 with a focus on commercialising a new technology application in molecular mass measurement using light. Aiming to develop the next generation of scientific instrumentation, the company works to transform the rapidly evolving biopharma sector and improve the development and production of new pharmaceutical drugs. This is much needed in response to global rising healthcare needs, which are driven by a growing and ageing population, alongside the prevalence of chronic diseases.

Foresight WAE Technology ("FWT") EIS fund, a unique collaboration between Foresight and Fortescue Zero, (formerly Williams Advanced Engineering ("WAE")), first invested in Refeyn in 2019. The combination of companies enables Refeyn to benefit from our well-established investment management and growth expertise alongside WAE's engineering and technology experience.

Soon after the initial investment, we supported Refeyn on how best to launch a new product. Working closely with WAE to overcome some design and manufacturing challenges, Refeyn was able to get a new model of its instrument to market sooner and with very positive customer feedback. By helping develop much-needed technology that is easier to use and faster than more expensive technology with similar accuracy, Refeyn is enabling more protein research projects, helping accelerate important drug development, whilst keeping costs down.

FWT initially invested six months after the company spun out of Oxford University when it had sold just a few of its first instruments. It now has over 100 staff in the UK, US and Europe with approximately half being in STEM roles. The company also now has an installed base of over 200 instruments with customers all over the world.

Since the initial FWT investment, there have been two further rounds of funding, attracting significant capital from a US Venture Capital firm Northpond Ventures, with both rounds oversubscribed and at significant uplifts to the previous round's valuation. This highlights the benefit of our approach to investing at an earlier stage, helping provide investors with access to venture capital return profiles with the potential for high returns.

Refeyn, part of FWT's portfolio, has grown revenues by over 65x since our initial investment in 2019

Business review continued

Private Equity continued

Onfab

Onfab is a Cheshire-based company that specialises in the design, manufacture and installation of flexible containment equipment used in the pharmaceutical manufacturing process globally.

The prevalence of chronic diseases, such as cancer and cardiovascular and respiratory diseases, continues to rise globally. This is driving the demand for new and advanced pharmaceuticals to aid disease management, prevention and treatment.

Onfab works with world-leading pharmaceutical and biopharmaceutical companies, as well as contract manufacturing organisations around the world, to help develop next-generation drugs safely and consistently.

We initially invested in Onfab in 2017 and have invested a total of £9 million. We worked closely to provide structure in their management team, introducing a Chairperson, Managing Director and Finance Director. Reflecting our focus on ESG principles across our investments, we drove improved governance and sustainability practices, while helping to create a significant number of high-quality jobs.

Using our international expertise, we enabled Onfab to rapidly expand sales globally, helping to facilitate the faster development and production of life-changing drugs.

In November 2023 we sold our interest in Onfab to leading US life science business Savillex. The overall investment is expected to generate a 3.2x return for investors in our first fund focused on North-West England, the Foresight Regional Investment Fund, once the residual business is realised over the coming months.