CORPORATE PARTICIPANTS

- **Bernard Fairman** *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*
- **Gary Fraser** *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*
- **Elizabeth Scorer** *Foresight Group Holdings Ltd - Director, Head of Corporate Affairs*

PRESENTATION

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Good morning. I'm Bernard Fairman, Co-Founder and Executive Chairman of Foresight Group. I'm delighted to welcome you to Foresight's half-year results for the period ended September 30, 2024. I'm presenting today alongside Gary Fraser, our CFO.

Before addressing the Group's performance over the last six months, I would like to provide you with a reminder of who we are. We're an alternative asset manager that invests in UK and Ireland through private equity and globally, in real assets and listed equities.

We have strong distribution capabilities, reaching over 40,000 retail clients and 200 institutional investors.

Our range of strategies combine to provide investors with attractive investment opportunities across two key markets.

Firstly, our long-duration real asset strategies, both private and listed, focus on investment opportunities created by the global energy transition and wider decarbonisation agendas, which reach beyond power into natural capital, as well as broader social, transport, and digital infrastructure.

Secondly, our regional strategy is focused on generating excellent returns by providing capital for growth to small and medium sized enterprises throughout the British Isles, where the SMEs' funding market is structurally underserved.

On the next slide, I'll show you how we've been able to capitalise on the opportunities presented by these markets to deliver growth in the first half of our financial year.

Our original private equity business continued to add and realise value against the backdrop of challenging macroeconomic conditions for both SMEs and private equity firms. During the period, successful exits from our Regional Private Equity Funds delivered GBP2.9 million of performance fees, with an additional GBP1.4 million from our VCTs.

Within our tax efficiency products, our established sales team has made a strong start to the year, raising GBP241 million into higher -margin retail vehicles. Our most scalable strategies have also shown positive momentum.

Within energy transition, we secured commitments of EUR300 million for the first close of Foresight Energy Infrastructure Partners II, FEIP II as we call it, from two new cornerstone investors. This first close, less than six months after the end of the investment period for FEIP I, marks a significant milestone for the Group, as we aim to raise multiple vintages of institutional infrastructure funds across a range of low-carbon strategies.

During the period, FEIP I also made its final investment, a 267-megawatt solar portfolio in Greece, through a joint venture with Mirova, a global infrastructure asset manager. The solar plant, due for commissioning in 2026, will be the largest in Greece and is expected to power over 100,000 homes with clean energy. We've also been contracted to provide asset management services for this project, leveraging the substantial in-house expertise we've built in this field, which helps to maximise investment returns and enhance our competitive position.

Within decarbonisation beyond power, we built on experience gained from our first forestry fund to develop a second dedicated Natural Capital strategy, which entered its pre-marketing phase in the period, as we look to leverage the Group's investment capabilities in this area.

And finally, our listed equity products capitalised on a slightly improved macro environment, achieving positive investment performance of GBP56 million in the period, coupled with decelerating net outflows. I'll now move on to talk about how these strategies combine to deliver a strong track record of growth.

Our diversified business model, built on the breadth of our investment strategies I just outlined, has provided another data point in our historic growth profile. Our AUM, with a compound annual growth rate of 27% since 2018, has increased from GBP2.6 billion to GBP12.4 billion today.

Core profitability mirrors this trajectory with a CAGR of 29%, increasing from GBP10.6 million in our first six months post IPO to GBP29 million in the last six months.

We're pleased with our track record of growth and are as excited as ever about the opportunities we see to create further shareholder value by investing in technologies leading the global energy transition, decarbonising economies, delivering nature recovery, and unlocking the potential of ambitious companies, all fueled by our ongoing institutional and retail fundraising efforts.

After Gary has taken you through the financials, I'll share some more color on our fundraising outlook and the key drivers of our future growth.

Gary Fraser *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*

Thanks, Bernard. So turning to key financial metrics, as Bernard mentioned earlier, our AUM growth in the period was delivered through a successful combination of both institutional and retail fundraising. Organic growth drove our revenue increase of GBP5.4 million to GBP73.2 million, which in turn led to a 5% increase in core EBITDA pre-SBP.

This financial performance is in line with our expectations and puts us on track to achieve our growth guidance of doubling core EBITDA pre-SBP in five years, with the benefit of recent institutional fundraising expected to filter through to the financials in the second half of the period and beyond.

The performance in the half translates into the delivery of further shareholder value, with our interim dividend of GBP7.4 per share, representing a 10% increase on the prior year.

Now I'll provide a bit more color on the movement of these key financial metrics. Turning first to AUM, which increased from GBP12.1 billion to GBP12.4 billion during the six-month period to September 30, 2024. A key driver of this growth was the EUR300 million accelerated first close of the second vintage of our European-focused FEIP strategy.

Higher-margin retail products, distributed by our in-house sales team, also delivered a strong half of GBP241 million in gross inflows. Against the backdrop of recent UK regulatory tailwinds, we remain on course for a record year of fundraising into these products, with H2 historically higher than H1 due to the timing of retail tax allocations and the opening of our current-year VCT strategies.

In combination, these inflows more than offset negative valuation and FX movements, as well as GBP111 million of net outflows in our lower-margin OEIC products. Despite remaining in net outflows, these did notably decelerate in the half. We would hope to see this deceleration continue following recent interest rate reductions and positive investment performance in the period, providing an improved outlook for this division.

Moving on to revenue, the year-on-year increase of 8% was predominantly organic growth and was driven by fundraising into our higher-margin and longer-tenure vehicles, with strong performance in H2 FY24 continuing into H1 FY25. Our revenues remained of a high quality, with 87% of total revenues recurring annually, which is right in the middle of our guided range.

We also continued to steadily diversify our revenues geographically. 21% was non-GBP denominated in the period, an increase in the prior year and a trend that we expect to continue as we expand our international reach.

Turning to costs, we recorded a GBP4 million year-on-year increase in underlying administrative expenses. The main drivers for this increase were the incorporation of a full six months of prior-year wage inflation, as well as headcount growth to support the delivery of the Group's fundraising ambitions. Current-year wage increases return to historical averages following the above-average increases in FY24 in what was a high-inflationary environment.

During the period, we have also made an acquisition-related net accounting adjustment of GBP2.9 million. This incorporates impairment, earn-out, and deferred tax adjustments in relation to our 2022 acquisition of Infrastructure Capital Group in Australia. Looking ahead, however, we expect cost growth to moderate.

Finally, profitability. 5% year-on-year core EBITDA pre-SBP growth was driven by successful prior-year and year-to-date fundraising into higher-margin and longer-tenure vehicles. The slight decrease in year-on-year margin was as a result of a higher-cost environment, as well as investment in fundraising capabilities. We expect operating margin to expand as we convert our strong fundraising pipeline across our highly profitable and highly scalable strategies.

I'll now pass you back to Bernard.

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Thanks, Gary. Looking ahead, we're confident that the fundraising pipeline remains strong and that this will fuel our ability to deliver on our guidance of doubling core EBITDA in five years to the end of FY29.

In regional private equity post period-end, we completed a GBP50 million first close of our 14th active regional fund, Foresight South West Fund.

Our tax efficiency products remain on track for a record year, with strong inflows following clarity provided at the UK's autumn budget. And we're already seeing evidence of a move from AIM to unlisted investments among leading independent financial advisors.

In energy transition, FEIP II continues to have strong investor engagement as the fund works towards a second close.

In decarbonisation beyond power, our first Natural Capital strategy has had a number of encouraging discussions with existing institutional investors to increase the fund's size. And we're progressing well on our second fund in this sector.

And finally, we anticipate that recent interest rate reductions will drive further performance across our listed equity products and lead to a subsequent return to net inflows over time. Separately, accretive M&A will remain a key strategic lever that we explore to accelerate profitable growth, alongside our existing retail and institutional fundraising pipeline.

Now providing a bit more detail on a few of these fundraising channels, our retail tax efficiency products provide consistent and near-daily inflows, with total fundraising across these products over the last three years equating to a 42% compound annual growth rate.

Looking ahead, the strength of our investment performance and the depth of our distribution team, with 50 in-house personnel, gives us confidence that we can continue to deliver meaningful fundraising for these products.

Additionally, the UK's autumn budget helped to provide clarity to investors in Foresight's tax efficiency products. As a result, we expect demand for these products to remain strong. We're on track to deliver another record year for retail fundraising.

Post period-end, we successfully completed a GBP50 million first close of our 14th active regional private equity fund, Foresight South West Fund, with a second close expected in the current financial year. This marks the fourth new regional fund we've launched in the past two years, with over GBP250 million raised across our regional funds during this period.

The fund is structured as an evergreen fund, providing a permanent pool of capital to support long-term regional investment opportunities. To further strengthen our presence and engagement in the South West, we'll be opening new offices in Bristol and Exeter in the coming months to help connect with SMEs on a local level.

With a strong track record, deep regional relationships, and government's desire to encourage investment in the regions, we're confident in being able to raise additional new funds, as well as follow-on vintages in this strategy. This includes an expected third vintage of our Foresight Regional Investment Fund that invests in growth companies across the North West, South Yorkshire, West Yorkshire, and North Wales in 2025.

With this area of our business firing on all cylinders, we believe that we can deliver further near-term growth in what we believe is a structurally underserved market.

As I've said before, we see the global energy transition as the greatest investment opportunity over generations. To address it, we have created a diversified and differentiated strategy focused on portfolio construction, value generation, and sustainability impact to deliver long-term returns for its investors, namely our flagship energy transition strategy, Foresight Energy Infrastructure Partners Funds I and II.

FEIP I, the first vintage, secured EUR1 billion in total commitments from 29 investors, with 97% of the fund now allocated to 14 different investments across the UK and Europe just three years after final close. FEIP II, the second vintage, has already raised a EUR300 million first close in June. And the fund is progressing well towards a further close in the spring of 2025, targeting a total fund size of EUR1.25 billion and 12% to 15% gross IRR.

In conclusion, this period has seen us extend our track record of profitable growth since IPO. Long-term structural growth in our key markets of the UK, Australia, and mainland Europe is complemented by our highly scalable platform that's able to capitalise effectively on these trends.

Our revenues remain predictable, providing us with good visibility on a very high percentage of our future earnings. This is supplemented by a valuable contribution from performance fees generated from successfully investing in unlisted growth companies, leveraging over 40 years of experience in this area to create value and deliver strong exits.

Our company is built on robust foundations. We've created a diversified and resilient business model that can deliver growth through the economic cycle by investing in the energy transition, building scalable infrastructure, and backing growth companies.

Thank you, and we'll now take your questions.

QUESTIONS AND ANSWERS

Tom Mills *Jefferies - Analyst*

Good morning, guys. Thanks very much for the presentation. Just a couple of questions, please. You touched on how budget clarity supported a notable pickup in demand for your tax-efficient products, which sounds very helpful.

Just interested to get your take on broader budget and Mansion House speech implications. Many of the headline announcements sound pretty positive to your business, but I'm interested in what you have to say.

Second, can you give us a sense of where you think the second vintage of your Natural Capital strategy could get to in fund size terms? And then, finally, I'd also seen that you printed a strong performance fee number in the first half, which looks like it's going to be by private equity exits.

But can we talk a little bit about that? And do you have much view on the pipeline of exits there as well? Thank you very much.

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Tom, thanks for the question. I think Mansion House speech and the budget, together, endorsed the fact that if we're to achieve growth in this country, it will come from small companies in the main. And that's one of our target markets.

If you look at the idea of combining local authority pension funds, we deal with virtually all of them and have money for most of them. And in some cases, we've gone back to them two or three or even four times for pools of cash, so long-established relationships, profitable on both sides.

But we've seen under George Osborne, the first kind of genesis, if you will, of this idea of merging local authority pension funds, that has happened over the last 10 years. So I think it's just more of the same. When it happens, it tends to slow down the responses of those affected.

But it doesn't happen to everybody all at the same time. So net effect, probably, pretty close to zero from our point of view. And we expect to continue attracting money from local authority pension funds. And indeed, you'll see more of that before the end of this calendar year, I hope.

Gary Fraser *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*

And just taking the second point, in terms of the Foresight Natural Capital fund, I think our target fundraise there up to final close would be between 300 million and 500 million. So it's going to be material strategy going forward.

We're receiving a lot of inbound interest into that strategy. And as you know, we've been involved in the forestry area, in the UK principally, for over five years now. So it is an area we've got a lot of experience in, and we're looking to develop that further and more so on the institutional side. We see that as being a key strategy on the wider infrastructure piece going forward.

Gary Fraser *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*

So performance fees have been strong, as you say, principally from the private equity part of the business. I think, sometimes, these things don't come in linear fashion. I'd expect to see more performance fees, again, principally from the private equity part of the business in the second half of the year.

I also think we had a slight asymmetric deployment, first half, second half. So I think we'll see a higher degree of arrangement fees from deployment in the second half as well. So you might see more of a balance of deployment and performance fees in the second half.

But overall, I think we're making progress on both fronts. And so looking ahead, just to reiterate the point I made previously, I see us falling within consensus for the year.

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Tom, just in conclusion, as you know, we've got three parts of our business. It's rare that all are firing on all cylinders at the same time. Indeed, we know, of course, that capital management, like everybody else in the OEIC market, has had outflows in recent years.

We know that the infrastructure business is starting to raise cash again, but it's had a year or two when it hasn't. On the other hand, the private equity business and the tax-efficient business is, and they're booming in terms of inflows and returns.

And you should expect to see more performance fees between now and the end of our financial year. It underlines the point that we're a business, with lots of elements.

Tom Mills *Jefferies - Analyst*

Thank you, guys.

David McCann *Deutsche Numis - Analyst*

Just one quick follow-up on the hydrogen thing. I'm just keen to hear your thoughts from your side. Obviously, you're no longer going ahead with the funds.

Obviously, you did see the write-down in that hydrogen asset you had in a couple of your existing funds. So to what extent was the decision not to go ahead with the hydrogen funds to do with that write-down? And how much of it was to do with the wider implications that's going on in the hydrogen market itself? Thank you.

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

David, I think the answer to that is it was all to do with the latter. I think we will launch the hydrogen fund but just not yet. As everybody knows, timing is probably the most important thing in life and the time is not yet right, as it turns out.

So I would expect to see that relaunched in a year or so. because if anybody can tell me how to decarbonise forms of energy use other than through hydrogen, I've yet to learn it. So I'm sure hydrogen will be a really important part of the energy transition.

But you've got to get the timing right. We took the decision because it is a market that is not ready yet, which is why we do pre-marketing.

Gary Fraser *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*

I think you made the point, yourself, David. So by implication, BP, Shell, Repsol, Fortescue in Australia, and yesterday, Norsk Hydro, they all pulled back from immediately pushing ahead with green hydrogen projects. So I think it is a wider market point as demonstrated by some of those big names as well.

David McCann *Deutsche Numis - Analyst*

So just to follow up, what is it that is causing these issues in the market that's leading to pullback of projects elsewhere, as you mentioned?

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

I think it's probably that there are huge opportunities in decarbonisation, bigger than the amount of money available to finance them. Hydrogen projects, typically, are pretty expensive. You need government incentive in most parts of the world for them to work.

If you recall, back in the early days of solar, we needed feed-in tariffs, which were enormously attractive and indeed, right at the beginning were 90% of the return, 90% from feed-in tariffs. That gradually went down, governments around the world achieved what they were planning to.

And by the way, it was a great success and certainly brought solar on much faster than they otherwise would have done.

The same is required here and I think governments recognise that. But governments, generally speaking, are quite strapped for cash, and there are other reasons as well. For example, in Germany, the government subsidies that were expected haven't happened because there is effectively no government in Germany. So until they have their election and they establish what their policy is, that's on hold. That's the principal reason. Slowness of subsidies coming forward, without which it will take much longer.

David McCann *Deutsche Numis - Analyst*

Okay. Thank you. And I have one broader but related question to that. With the Trump government we have in the US and what feels like possibly some rowing back on some of the moves towards renewable and sustainable energy, who knows exactly what will happen, but that seems to be the early rhetoric.

I appreciate you don't have that much, if anything, in the US. But how do you see that potentially changing the demand and landscape for renewables and the energy transition that you've talked about more broadly?

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Personally, it'll make not the slightest difference because we've never invested in things that weren't profitable. Hydrogen's an outlier because it's an early technology, but there is no subsidy across a whole range of renewables that we invest in.

Solar is profitable in most parts of the world. There certainly hasn't been a subsidy in the UK in solar for a long time. So I think you're not going to burn coal if it costs three times as much to produce energy, as solar does. Texas is full of wind. California is full of solar. That won't stop.

But there are more handouts that we've seen over the last year or so under the terms of the (Inflation Reduction Act) that will go away. And it'll be hard economics that will drive investment, and I think that's a good thing.

David McCann *Deutsche Numis - Analyst*

Great. Thank you very much.

Elizabeth Scorer *Foresight Group Holdings Ltd - Director, Head of Corporate Affairs*

Thank you. So the first question we have online is from James Allen at Panmure Liberum. Here's a number of questions, the first being around the level of indicated redemptions on the Australian funds. Can you give any more color on the background as to what the situation is there? With a follow-up question around if, there's any further indications on redemptions for EIT and ARIF, and what the implications of that may be.

Gary Fraser ***Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer,***

In terms of the redemptions, clearly, when we made these acquisitions, we'd assumed a level of redemptions. So the level we've actually seen on DIT is higher than we'd anticipated. These are private funds, so we don't disclose the exact amount.

It's disappointing that the amount of redemptions is higher than we thought. But generally speaking, the strength within Foresight is the diversification of the business, the resilience of the business model.

And without question, we're still on an upward trajectory in terms of the momentum behind the business. As Bernard alluded to earlier, we're driving forward in private equity and retail sales, as well as institutional fundraising and other areas. So I think, overall, we're still in a really positive upward trend.

In terms of EIT, the redemption windows next year, and in ARIF, there's no indication of redemptions whatsoever. So I think, overall, we've got plenty of time. The redemption window is three-plus years. So we've got plenty of time to look at replacing those redemptions with new investment.

We're facilitating additional sales resource in Australia, so we'd expect to start raising primary capital over there over the next couple of years. This will, hopefully, supply any of the redemptions that we see going out the door.

Bernard Fairman ***Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder***

Also, the redemptions are not new in these funds. Long before we came along, there were redemptions, and they simply get closed in the secondary market. That's what we expect will happen here. And clearly, it will take away from primary capital, while you're chewing through the secondary sales. But that, I think, is normal in all business.

Elizabeth Scorer ***Foresight Group Holdings Ltd - Director, Head of Corporate Affairs***

And a final question from James on the hydrogen fund. So we've already touched on some of this in your previous answers, but is there any more color you can give in terms of hydrogen having moved right ?

Is the Natural Capital fund that's being launched expected to offset that as well as Australia? Or how do we think about fundraising and the different levers that are put in place there?

Gary Fraser ***Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director***

Yes, I think we've covered some of it. But just to be clear, the Natural Capital fund will be 300 million to 500 million at final close. We'd originally anticipated the Hydrogen fund being as much as EUR750 million at final close, so Natural Capital will cover some of it. It's also likely to be at a slightly higher fee rate than the Hydrogen fund.

I see the additional money coming from the FEIP II subsequent closes. But we're also raising both retail and private equity money more quickly than we'd anticipated. So I think overall, as I mentioned just previously, the resilience of the business model means that we're still confident in terms of achieving our targets which, just to re-emphasise the point, is to double core EBITDA pre-SBP over the next five years.

That's not going to be linear by any means. But once we raise those funds and we see the deployment taking shape, that will really increase the amount of money that's been driven through to the bottom line. So I'm very confident, indeed, in that regard.

Bernard Fairman ***Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder***

It's worth saying that we're raising money in the VCT market faster than anybody else. The first offer, Foresight Enterprise, is likely to close within the next week, having only opened a few weeks ago.

The next offer, Foresight VCT, will open next week, and it's likely to close by the end of the calendar year or shortly afterwards in January. As a straw in the wind, yesterday, we raised c.GBP7 million retail money on the day. So we're not a siloed business, where it's all down to one fund happening exactly when you expect it to. We're a business with multiple parts.

And as I said earlier, we've got lots of parts in the business. At any given time, one or two or three of them are firing on all cylinders. That remains the case.

Elizabeth Scorer *Foresight Group Holdings Ltd - Director, Head of Corporate Investor Relations*

Thank you, Bernard. We have one final question over the webcast, which is from Joshua McCathie at Downing. And his question relates to FCM and whether the recent changes in cost disclosures on the look-through fees have started to have any impact on the fundraising outlook for that business. So perhaps a bit of a short update generally on FCM.

Gary Fraser *Foresight Group Holdings Ltd - Chief Financial Officer, Chief Operating Officer, Executive Director*

I mean, the reality is, I think it's too early to say on that specific question. I think the update on FCM was during the six months, with an outlook for reduced interest rates, we started to see both performance improve and the rates of redemptions reduce.

I think now that people see interest rates being higher for longer potentially, then that could impact the level of redemptions. We didn't forecast the level of redemptions continuing to decelerate in the second half, as I might have done two or three months ago.

We might see those levels of redemptions maintain at the current rate on average for the next six months, which would be disappointing given where we were a few months back. But that said, it's factored into our thinking.

But we're not sitting on our hands here. We've beefed up that retail sales team with specific focus on the FCM part of the business. And we're also looking at other inorganic opportunities as well in that space. So I think there's a lot to go and we're really trying to push ahead with that part of the business. So watch the space.

Elizabeth Scorer *Foresight Group Holdings Ltd - Director, Head of Corporate Investor Relations*

Thank you, Gary. No more questions online.

Bernard, do you have any closing remarks? We have no more questions.

Bernard Fairman *Foresight Group Holdings Ltd - Executive Chairman of the Board, Co-Founder*

Yes. Well, thank you very much, everybody, for attending. I hope you've seen evidence in our numbers and our likely performance going forward of the breadth of the business and the strength of the model.

We thank you for your support and look forward to speaking to you again next time. Thank you very much.

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