17 July 2023

Gore Street Energy Storage Fund plc

(the "Company" or "GSF")

Full Year Results

Internationally diversified portfolio supports strong growth in NAV, EBITDA and best-in-class revenue generation

Gore Street Energy Storage Fund plc, the internationally diversified energy storage fund, is pleased to announce its Audited Full Year results for the year ended 31 March 2023.

Performance highlights for the year ended 31 March 2023:

- NAV increased 47.8% to £556.3m (FY 2022: £376.5m).
- NAV per share increased 5.9% to 115.6 pence (FY 2022: 109.1 pence).
- Total NAV return of 12.3% and 48% since 31 March 2022 and IPO, respectively (FY22: 13.1% and 34.2%).
- £39.3m in revenue was generated during the reporting period (FY 2022 £29.3m), averaging £135,000 per MW/yr. Over the 2022 calendar year, the Company achieved a consistently high average revenue of £157,000 per MW/yr.
- EBITDA of the operational portfolio increased 19% to £27.8 million (FY 2022: £23.3 million), with 63.5% secured outside Great Britain.
- Dividends paid during the 12-month period of 7 pence per share, with an operational dividend cover of 0.90x. This was achieved with c.25% of the Company's portfolio operational at the period end.
- Dividends declared for the period of 7.5 pence per share.
- Weighted average discount rate increased to 10.1% (FY 2022: 8.3%).
- Portfolio revenue curves increased during the period, largely driven by the Company's geographically diverse portfolio.

Deployment and fundraising

- The Company raised £150m in an oversubscribed issuance in April 2022.
- As of 31 March 2023, the Company had drawn down £nil from its Debt Facility.
- The Company remains fully funded to meet all contractual obligations and EPC payments over the next 18 months, utilising equity and its existing debt facility.
- Operational assets producing income increased to a total capacity of 291.6MW (FY 22: 231.7MW).
- Portfolio expansion continued with sizeable new projects acquired in attractive new markets, offering unique diversification and differentiation:
    - 144.65 MW across 8 assets in Texas, US
    - 200 MW construction asset in GB
    - 200 MW construction-ready asset in California, US
- The Company's geographical split is now: 42% in GB, 27% in Ireland, 12% in Texas, 17% in California and 2% in Germany.

Post Period-end Highlights:

- The energisation of the Stony asset, with a capacity of 79.9 MW, has been scheduled with National Grid ESO for July-end 2023.
- Post reporting period, the Company increased its existing Debt facility from £15m to £50m, with an accordion option of up to 30% of Gross Asset Value ("GAV").

CEO of Gore Street Capital, the investment manager to the Company, Alex O'Cinneide, commented:

"I am pleased to announce that the Company has maintained its upward trajectory, achieving significant milestones by adding landmark assets to our portfolio. Additionally, we have generated industry-leading revenues from four uncorrelated markets, further bolstering our success.

As we have consistently communicated, the discussion around system duration in GB has now shifted towards recognising international diversification as the key determinant of sustained profitability. The Company's ability to thrive amidst challenging market dynamics in GB showcases the strength of the Company's unique approach.

Looking ahead to 2023 and 2024, we look forward to bringing over half a GW of operational capacity online across five diverse markets. We are confident this strategic expansion will have a positive impact on dividend cover, leading to increased shareholder value whilst supporting continued incremental growth in NAV. We look forward to updating the market regularly on the progress of this expanding international operational capacity.

We remain committed to driving efficiency and have witnessed a consistent growth in revenue and EBITDA year on year. This trend is expected to be further supported as we bring online increased operational capacity in rapidly evolving markets that offer significantly higher revenue potential and promising forward-looking revenue forecasts.

In line with our focus on driving efficiencies, we have made strategic decisions to prioritise larger assets for energisation. This approach leverages economies of scale and ongoing efforts to increase the capacity of some of the smaller sites within our construction portfolio. More details on this can be found within the Annual Report.

We are optimistic about the next year as we strategically expand our capacity in multiple jurisdictions. This approach ensures sustainable returns across a well-diversified portfolio, mitigating risks associated with a single market. We look forward to updating our valued shareholders on our progress throughout the upcoming reporting period."

Results presentation today

There will be a presentation for sell-side analysts at 9.00 a.m. today, 17 July 2023. Please contact Buchanan for details on gorestreet@buchanancomms.co.uk

Annual Report:

The Company's annual report and accounts for the year ended 31 March 2023 are also being published in hard copy format and an electronic copy will shortly be available to download from the Company's webpages https://www.gsenergystoragefund.com/. Please click on the following link to view the document:

http://www.rns-pdf.londonstockexchange.com/rns/1317G_1-2023-7-14.pdf

The Company will be submitting its Annual Report and Accounts to the National Storage Mechanism, which will shortly be available for inspection at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

For further information:

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Notes to Editors

About Gore Street Energy Storage Fund plc

Gore Street is London's first listed and internationally diversified energy storage fund dedicated to the low carbon transition. It seeks to provide Shareholders with sustainable returns from their investment in a diversified portfolio of utility-scale energy storage projects. In addition to growth through increasing operational capacity and a considerable pipeline, the Company aims to deliver consistent and robust dividend yield as income distributions to its Shareholders.

https://www.gsenergystoragefund.com

Gore Street Energy Storage Fund plc Annual report for the year ended 31 March 2023

Key Metrics

For the year ending 31 March 2023

NAV PER SHARE

115.6p

(2022: 109.1p)

OPERATIONAL EBITDA

£27.8m

(2022: £23.3m)

DIVIDEND YIELD

6.9%

(2022: 6.2%)

NAV TOTAL RETURN

for the year ended 31 March 2023

12.3%

(2022: 13.1%)

OPERATIONAL CAPACITY

291.6MW

(2022: 231.7MW)

TOTAL CAPACITY

1.17GW

(2022: 628.5MW)

Key Metrics

	As at 31 March 2023	As at 31 March 2022	% Change
Net Asset Value (NAV)	**£556.3m**	£376.5m	47.8%
Number of issued Ordinary shares	**481.4m**	345.0m	39.5%
NAV per share	**115.6p**	109.1p	5.9%
NAV Total Return for the year*	**12.3%**	13.1%	
NAV Total Return since IPO*	**48.0%**	34.2%	
NAV Total Return for the year including dividend reinvestment*	**12.6%**	13.4%	
NAV Total Return since IPO including dividend reinvestment*	**52.4%**	36.8%	
Share price based on closing price at indicated date	**100.8p**	113.0p	-10.8%
Market capitalisation based on closing price at indicated date	**£485.3m**	£389.9m	24.5%
Share Price Total return for the year*	**-4.6%**	11.1%	
Share price total return since IPO*	**31.8%**	37.0%	
(Discount)/Premium to NAV*	**-12.8%**	3.6%	
Portfolio's total capacity	**1.17 GW**	628.5 MW	86.2%
Portfolio's operational capacity	**291.6 MW**	231.7 MW	25.9%
Total Comprehensive Income for the Company	**£63.4m**	£42.5m	49.1%
Operational EBITDA	**£27.8m**	£23.3m	19.0%
Total Fund EBITDA	**£16.8m**	£15.2m	10.8%
Dividends per Ordinary Share paid during the year	**7p**	7p**	
Operational Dividend cover*	**0.90x**	1.29x**	
Dividend Yield*	**6.9%**	6.2%	
Ongoing Charges Figure*	**1.37%**	1.45%	

* Some of the financial measures above are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 103 together with supporting calculations where appropriate.

** Dividends of 5p per Ordinary Share were paid in the year ended March 2022, as a result of two dividends payments being made in the quarter ended March 2021, with the December 2020 quarter dividend paid at the end of March 2021. Due to this timing of payments, only 5p was paid for the prior year. To ensure comparability and to reflect a more meaningful and accurate dividend cover for the comparable period, dividends paid of 7p is reflected, being the 5p paid between 1 April 2021 and March 2022 plus the December 2020 quarter dividend paid at the end of March 2021, which due to timing of payment was not reflected as paid in the year ended 31 March 2022.

Chair's Statement

I am pleased to present the Company's Annual Results for the year ending 31 March 2023

Overview and Performance

This has been a successful period of growth and diversification, with the Company entering two new grids and holding a uniquely diversified portfolio of 1.17 GW across five uncorrelated markets. These assets achieved strong growth and an attractive dividend yield for our investors, with a NAV total return of 12.3% and 7.5p in dividends declared for the period. The dividend for the year, based on the 31 March closing share price of 100.8p, was equivalent to a 6.9% yield. Over the five years since our IPO, the Company has delivered a NAV total return of 48%, including 29p of dividends paid to Shareholders. With 291.6 MW of operational capacity in the portfolio thus far, the last financial year laid the foundations for a sustained period of growth and opportunity for our portfolio. Over 500 MW of capacity is scheduled to come online by the end of 2024 across the Company's portfolio, including in California, where the 200 MW Big Rock asset will establish us in a new market, the CAISO grid. During the reporting period, the Company generated an average revenue of £135,000 per MW/ yr, resulting in total revenue of £39.3 million. Post-reporting period, the Company successfully expanded the existing GBP 15 million revolving debt facility with Santander to GBP 50 million together with an accordion option.

In 2018, we identified the vulnerability of relying on a single market and the volatility it introduced to our revenues and overall profitability. We made our first international acquisition in 2019 on the all-Irish Grid, where we now have a fleet of assets totalling 310 MW, of which 130 MW is operational.

During the reporting period, the contributions from our Irish assets have been significant, generating the largest proportion of revenue for the Company. Our Irish assets boast a duration of sub-30 minutes (and therefore the lowest capital expenditure within our portfolio and significantly below the market average), which is optimally sized to capitalise on the available contracts on this grid. Moreover, these assets have consistently over delivered and now surpass the level of revenue we see in the GB market.

Expanding our operations into new geographies required extensive efforts to navigate the regulatory landscapes, establish networks, and understand the contracts available with each grid operator. While pursuing a GB-only strategy could have expedited deployment and led to a larger operational asset base today, 2023 has shown us that this would not have been the correct approach. By pursuing an internationally diversified strategy, the Company hasn't been wholly exposed to a grid with currently declining revenues, as opposed to the diversified fleet of assets we currently possess, which continues to deliver industry-leading returns for our investors.

The Company remains well-capitalised to meet all contractual obligations over the next 12 months without further debt. The Company maintains a gearing level of less than 5% of NAV. This aspect is significant, differentiating the Company and insulating it from increased debt servicing costs.

Over the next period, we aim to introduce a conservative level of debt. Accounting for the construction funding requirements for the 522 MW of capacity targeting energisation by end of December 2024 and milestone payments for assets targeting energisation after this period, net debt is expected to stay below £150m or 21% of GAV over the 18 months from the date of publication. Considering the prevailing cost of debt and the recent interest rate hikes, I believe this is the appropriate approach.

During the period, the Company continued to execute on its growth strategy, both in terms of capacity and geographical diversification. This first led to the successful acquisition of three operational assets and four pre-construction assets in the ERCOT market of Texas in April 2022, with a combined capacity of 69.65 MW, which was later followed in January 2023 with the acquisition of the 75 MW Dog Fish asset in the State. The Company continued this momentum in February 2023 by entering a fifth grid market with the completion of the acquisition of Big Rock, a 200 MW/400 MWh asset located in California.

The Company made one of its largest investments to date with the 200 MW Middleton project, which will be built in the north of England. Together these project additions have taken the Company's portfolio to a capacity of 1.17 GW spread across five distinct energy systems, with access to more uncorrelated revenue streams than ever before.

Macroeconomic Environment

There have been considerable macroeconomic shifts in the reporting period – ranging from rising short-term inflation and interest rates to increasing construction costs – due, in part, to the unprecedented financial market conditions that have developed over the financial year. Our Investment Manager has demonstrated sound risk management and resilience within this context, adopting effective measures to mitigate their impact on the portfolio.

Through its dedicated construction team, we have secured competitively priced engineering, procurement, and construction (EPC) contracts, leveraging pre-established relationships and economies of scale, given the size of the Company's construction portfolio. The Company has also benefitted from minimal debt exposure, insulating it from increased debt servicing costs, while our unique diversification has proven valuable in creating natural hedges against FX volatility and pricing movements experienced in the GB market.

Despite these conditions, the fundamental growth drivers for energy storage remain strong, driven by the worldwide transition to low-carbon energy generation and further reinforced by the global concern over energy security. We remain confident in the Company's ability to deliver sustainable dividends and attractive capital growth for our investors over the long term.

Dividends

The Board has approved a fourth interim dividend of 1.5 pence per share, bringing the total dividend announced for the period ending 31 March 2023, to 7.5 pence per share, in line with the Company's progressive Dividend Policy. The dividend paid for the year based on the 31 March 2023 closing share price of 100.8p was equivalent to a 6.9% yield.

NAV Performance

NAV has continued to progress in line with the Company's target returns increasing from 109.1p per share in March 2022 to 115.6p per share as of 31 March 2023, reflecting a NAV Total Return of 12.3% for the reporting period. With a significant portion of the portfolio under construction (c. 75% on a MW basis), we maintain a positive outlook on our ability to continue to deliver long-term value to our shareholders as we deploy operational capacity over the next period and beyond.

As we progress with the build-out of our construction portfolio, we expect further positive impacts on revenue generation, dividend coverage, and enhanced shareholder value as projects are de-risked and revalued from stages of construction to becoming operational.

Discount Management

In the interest of discount management, at the Board's discretion, the Company is able to repurchase its shares at a price lower than Net Asset Value (NAV). However, as the Company's funds are fully committed to the build-out of the portfolio assets, and the healthy returns available, we do not believe this to be the optimal course of action. The Board will diligently monitor the performance of the share price and retains the ability to employ appropriate discount control mechanisms if deemed necessary.

Strategy and Operational Performance

Our strategy in FY 2022/23 continued to be led by participation in various ancillary services, which remain the most profitable source of income available to energy storage assets. The portfolio engaged in some wholesale trading opportunities when appropriate but achieved 93% of total revenue from ancillary services, emphasising the significance of these services in the revenue stack and highlighting the effectiveness of our system duration in the GB market.

The GB portfolio performed well in the first half of the reporting period, driven by our success in FFR services and the introduction of Dynamic Services. High revenues from DS3 ancillary services in Ireland, resulting from increased renewable generation in winter months, helped offset the impact of declining prices witnessed in GB during the second half of the financial year. This seasonal volatility underscores the value of our portfolio operating across multiple grids and geographies, reducing our exposure to revenue fluctuations in any single market.

Similar patterns of seasonal performance were seen in Germany, where our newly acquired asset was called on to help tackle the sustained volatility experienced over the summer months as gas prices peaked. August provided the highest monthly revenue from the ancillary services market, with prices remaining stable throughout winter.

The summer also proved beneficial for the Company's operational assets in Texas, where several extreme weather events, including a heat wave in July 2022, caused ancillary services prices to spike above $2,000 (£1,590)/MW/hr as demand increased. A similar impact was seen in December 2022, resulting from a winter storm, which drove prices even higher.

This volatility in summer and winter, separated by subdued pricing in the transitional seasons of spring and autumn, can be seen broadly across the portfolio and illustrates the value of having assets located across multiple grids to capitalise on extreme swings in supply and demand.

Sustainability

Over the past 12 months, we have continued to build on our commitments around how we record and report the Company's impact. The Company's first ESG & Sustainability report, published in August 2022 for the previous reporting period, delivered voluntary disclosures for our GB and Ireland assets covering emissions, social metrics and efforts to understand the human rights exposure of our supply chain. We have ramped up these efforts during the reporting period and expanded our reporting to cover Germany, Texas and California, where we added assets in early 2022.

An SFDR Article 8 periodic report covering Principle Adverse Impacts (PAIs) is disclosed in this report. This will be followed in August 2023 by the Company's second ESG & Sustainability Report, which will include reporting under the Sustainable Finance Disclosure Regulation (SFDR) and the Task Force for Climate-related Financial Disclosures (TCFD) disclosures.

Debt

Post-reporting period, the Company successfully expanded the existing £15 million GBP revolving debt facility with Santander to £50 million. The facility includes an accordion option to increase beyond £50m to up to 30% of Gross Asset Value. Pricing for the £50m facility remains unchanged at 300 basis points over SONIA. Throughout the calendar year, we will remain focused on optimising the Company's capital structure and are actively exploring debt options in both GBP and USD.

The recent acquisition of the Big Rock project in California presents an opportunity for project level financing by leveraging its unique revenue profile under the Resource Adequacy mechanism. This programme has similarities to GB's Capacity Market in that it aims to ensure safe and reliable operation of the grid through security of supply but can offer up to 40% of revenue under a long-term contract. This level of secured revenue allows us to consider asset-level debt financing in a new way, further supporting the Company's decision to diversify its portfolio.

Board Composition and Succession Planning

In the 2022 half-year report, I updated shareholders on our progress with the recruitment of a new Director. We are delighted to welcome Lisa Scenna to the Board, effective 1 May 2023. Lisa's skills and experience are detailed on page 49 and she will be standing for election at the AGM with the rest of the Board.

The remuneration and nomination committee also recommended that the Board seek to appoint a new Director in 2024/25 and every two or three years thereafter, such that Directors' retirement dates are staggered as part of orderly succession planning.

AGM and Continuation Vote

This year marks an important milestone for the Company, as it passed its five-year anniversary. When the Company's shares started trading on 25 May 2018, it was the first listed company offering access to energy storage.

Five years later, the Company has built an internationally diversified portfolio of 1.17 GW and delivered a NAV total return of 48% including 29p of dividends paid to Shareholders.

The Company's continued progress with geographic, grid and revenue diversification is detailed in this report, as are the Company's plans for future growth as its pre-construction assets become operational, accessing and stacking additional revenue sources, driving returns and adding to dividend cover.

In accordance with the Company's articles of association, the Board is required to put forward a proposal for the continuation of the Company to shareholders at five-yearly intervals. The Board believes the Company is delivering what it set out to do at IPO, that its long-term investment objectives remain appropriate and that the Investment Manager is well placed to continue to deliver those objectives. The Board encourages shareholders to vote in favour of the continuation resolution at the AGM.

The AGM will be held at the offices of Stephenson Harwood, 1 Finsbury Circus, London EC2M 7SH on Thursday 21 September 2023 at 9.30 am. Further details are included in the Notice of AGM on page 90 of the annual report. I look forward to welcoming shareholders attending in person. If you are not able to attend in person, or prefer to vote by proxy, but have questions for the Board, please contact the Company Secretary at cosec@gorestreetcap.com.

Outlook

We begin the next reporting period cautiously optimistic, recognising the opportunities that our diversified strategy presents. The current pricing landscape in GB necessitates an international approach granting access to a wide range of revenue streams across uncorrelated markets, 2023 and beyond will illustrate this as we bring more international capacity online.

The appropriate assumptions employed by the Company, coupled with the continued growth of our fund and diligent work by the Investment Manager, provide reassurance amidst the recent pricing volatility experienced within the energy storage industry and prepares us for future market developments.

The regulatory landscape continues to shift in GB as we head towards the uncertainty of a General Election, which is already delaying decisions by regulators and obscuring the broader future direction of the market. New revenue opportunities in Germany and the US, such as through the Resource Adequacy programme in California or the yet-to-be-implemented ECRS service in Texas, help to provide a focus for activity in the coming months while maintaining our high levels of availability across the fleet.

We find ourselves at a pivotal juncture for the Company's growing presence across five geographically diverse grids, which I am delighted to say is contributing to the Company's continued growth in the face of declining revenue in the GB market.

Patrick Cox
Chair

Investment Manager's Report

Dr Alex O'Cinneide

CEO of Gore Street Capital, the Investment Manager

"I'm delighted to report that the Company continued to deliver for shareholders through a dedicated focus on building a robust and diversified portfolio during a historic year for the energy sector. The Company's asset value continues its trajectory of strong and sustained growth, exceeding target returns and continues to meet the dividend target laid out to shareholders. The Company has achieved a NAV Total Return of 48% since IPO."

The Company's NAV increased by 47.8% from the end of the last fiscal year (31 March 2022). The key drivers of the

increase from £376.5m (1st April 2022) to £556.3m (31 March 2023) were: (i) a fundraise of £147.3m in net proceeds in April 2022, (ii) acquisitions of operational and construction projects in Great Britain (GB), Texas and California, totalling 544.7 MW. The acquisitions included the 200 MW Big Rock acquisition in California, the 200 MW Middleton acquisition in GB, the 75 MW Dogfish asset, and a 69.65 MW portfolio of assets in Texas, and (iii) changes in key forecasts across the portfolio.

Table 1

Movement in NAV since March 2022	**Changes in NAV per share in pence**
NAV March 2022	109.1
Offering Proceeds	0.3
Offering + Fund + Subsidiary Holding Companies Operating Expense	-3.6
Dividends	-6.4
Cash Generation	6.5
Revenue Curves	4.7
Inflation	2.7
Discount Rates	-2.2
CM Contracts Awarded	2.9
Asset Depreciation and Other DCF Changes	-4.7
New Investments to FV	6.3
NAV March 2023	115.6

The Investment Manager's Report provides readers with an explanation of the backdrop in each of the markets the Company operates in. It details the revenues generated, how the assets performed, and the specific drivers of the portfolio's NAV. It also includes a Q&A with the Investment Manager's CIO and CFO, Sumi Arima, where he talks about the Company's strategy and his thoughts on the markets in which the Company operates. The Investment Manager's CEO, Dr Alex O' Cinneide, then gives his views on the Company's performance, and outlook of the future.

A glossary of industry terms can be found on page 106 of the annual report.

Portfolio

1.17 GW

Total portfolio (GW)

1.54 GWh

Total portfolio (GWh)+

291.6 MW

Operational

881.6 MW

Pre-construction and construction phase projects

Portfolio in GB & Northern Ireland (GBP)

Asset name		**Capacity**	**Ownership**
1	**Boulby**	6.0 MW	6.0 MWh	99.9%
2	**Cenin**	4.0 MW	4.8 MWh	49.0%
3	**POTL**	9.0 MW	4.5 MWh	100.0%
4	**Lower Road**	10.0 MW	5.0 MWh	100.0%
5	**Mullavilly**	50.0 MW	21.3 MWh	51.0%
6	**Drumkee**	50.0 MW	21.3 MWh	51.0%
7	**Hulley**	20.0 MW	20.0 MWh	100.0%
8	**Lascar**	20.0 MW	20.0 MWh	100.0%
9	**Larport**	19.5 MW	19.5 MWh	100.0%
10	**Ancala**	11.2 MW	11.2 MWh	100.0%
11	**Breach**	10.0 MW	10.0 MWh	100.0%
12	**Stony**	Energisation	July 2023	100.0%
13	**Ferrymuir**	Energisation	Sep 2023	100.0%

14	**Enderby**	Energisation | June 2024	100.0%
15	**Middleton**	Energisation | Dec 2026	100.0%

Republic of Ireland & Germany (EUR)

Asset name		Capacity	Ownership
16	**Cremzow**	22.0 MW | 29.0 MWh	90.0%
17	**Porterstown**	30.0 MW | 30.0 MWh	51.0%
17.1	**Porterstown Expansion**	Energisation | June 2024	51.0%
18	**Kilmannock**	Energisation | H2 2025	51.0%
18.1	**Kilmannock Expansion**	Energisation | H2 2026	51.0%

North America (USD)

Asset name		Capacity	Ownership
19	**Snyder**	9.95 MW | 19.9 MWh	100.0%
20	**Westover**	9.95 MW | 19.9 MWh	100.0%
21	**Sweetwater**	9.95 MW | 19.9 MWh	100.0%
22	**Big Rock**	Energisation | Dec 2024	100.0%
23	**Dogfish**	Energisation | Dec 2024	100.0%
24	**Wichita Falls**	Energisation | June 2025	100.0%
25	**Mesquite**	Energisation | June 2025	100.0%
26	**Mineral Wells**	Energisation | June 2025	100.0%
27	**Cedar Hill**	Energisation | June 2025	100.0%

- Operational Assets
- Assets under construction / pre-construction

* MWh included for operational sites

\+ Based on expected system duration and may be subject to change

Market Overview

Summary

The world is experiencing unparalleled transition to a cleaner, more secure energy system through the widespread adoption of renewable energy sources. Generation from wind turbines, solar panels and other distributed renewable energy resources is rapidly decarbonising global power grids with inherently intermittent output, leading to higher volatility on energy grids. The ability to effectively capture, store and discharge energy when it is most needed has become a critical tool in successfully integrating clean power generation, improving the efficiency of energy systems and reducing the world's reliance on polluting fossil fuels.

New urgency has emerged within the low carbon energy transition following Russia's ongoing invasion of Ukraine, which has exposed several markets' overreliance on fossil fuels. Shortages of oil and gas, combined with increased episodes of extreme weather, have caused energy prices to spike as demand outstripped supply.

Energy storage owners are well placed to provide grid operators with the flexibility they need to reduce these imbalances between energy demand and supply by supporting them to reduce system volatility. This improves energy security to maintain the electricity grid system at the correct frequency and keep the lights on while ensuring the global move towards decarbonisation can continue at pace. The faster these flexible renewable energy solutions can be deployed, the faster society can move to a more sustainable world.

As a global owner of large-scale energy storage assets working in five grids (Great Britain, Ireland, Germany, ERCOT in Texas and CAISO in California), the Company is delivering these benefits in multiple jurisdictions. This internationally diversified approach means the Company's operational assets – online in four uncorrelated markets to date – can utilise the dynamic and flexible capabilities of energy storage technology to stack revenue streams across contracted and merchant opportunities.

The majority (72%) of the Company's 291.6 MW operational portfolio benefit from Capacity Market (CM) contracts, which allow merchant revenues to be stacked around secure income. The remaining capacity (28%) operates on a purely merchant basis, adding further diversity to our revenues. This allows the entirety of the portfolio to counteract any quarterly downturns or volatility experienced in specific markets throughout the year and maintain healthy returns for the Company and its shareholders.

Further details are below in high-level summaries of each market the Company is active in:

Great Britain (GB) market

Table 2

TSO	National Grid
GB Portfolio (operational)	109.7 MW/101 MWh
Share of the market[2]	4.4%
Annual revenue	£15.2m
Revenue per MW	£138,400/MW (£15.80/MW/hr)
Revenue per MWh	£150,400/MWh (£17.17/MW/hr)
EBITDA GB grid % of Total EBITDA	36%

Ancillary services continued to represent the majority of revenues for all energy storage assets in fiscal year (FY) 2022/23, which saw National Grid ESO unveil a full suite of new frequency response services. Dynamic Regulation (DR) was launched in April 2022, after a testing phase in Q4 2021, followed by Dynamic Moderation (DM) in May 2022. They were introduced with the aim of retiring services such as Firm Frequency Response (FFR), in which energy storage had widely participated in previous years. FFR was intended to be phased out within FY 2022/23 but has continued largely due to uncertainty and the extension of the trial period for new services (DM and DR). With a view to duration across the period, the majority of uncontracted revenue came from FFR or Dynamic Containment (DC) which both can be provided by sub one- and one-hour systems. Whilst DR was the most profitable in the period, it was capped at 100 MW, creating a small opportunity for systems over 1.5 hours.

National Grid ESO began to procure higher volumes of the previously introduced DC over the summer in 2022 and increased the price cap for the DC product alongside the gradual introduction of DR. Removal of the initial £17/MW/h price cap, combined with DR and procurement volumes required by National Grid ESO exceeding the supply-side capacity of energy storage in GB, allowed participants to push DC clearing prices upwards to the benefit of the entire market.

H2 of the reporting period was marked by a fall in D-suite (DC, DM, DR) prices caused by market saturation, particularly towards the end of the period when additional capacity in the GB market came online.

As FFR and D-suite services are mutually exclusive for a given period, this downward price trend – which continued into March 2023 – made FFR one of the most lucrative services for energy storage in the Autumn and Winter of 2022/23 as market participants priced in the opportunity cost of D-suite and wholesale trading into their FFR bids, which National Grid accepted.

The opportunity cost for FFR bid prices is calculated to encompass the estimated monthly revenue from the alternative revenue stack. As a result, D-suite revenues are more sensitive to the daily market grid and market dynamics such as National Grid ESO buy curves, demand, electricity prices, and renewable penetration. D-suite clearing prices remain uncertain and, therefore, more volatile.

Procurement volumes of FFR were reduced towards the end of FY 2022/23 as part of the electricity transmission system operator's phase-out of FFR, driving increased competition as the market sought guaranteed monthly revenue rather than risk exposure to daily volatility in D-suite procurement auctions. The low perceived opportunity in DC and decreasing procurement volumes dragged FFR prices down.

DR volume caps, meanwhile, were raised from 100 MW to 200 MW as of March 2023 to accommodate more consistent use of this service by National Grid. DR has a lower frequency deviation trigger, requiring more battery cycling than DC and assets below two-hours duration to de-rate their capacity to participate in the market. The additional strain led to fewer participants entering DR in the initial period, creating lucrative opportunities for participants qualified to enter this market. While DR has not been immune to the downturn in revenues seen with DC, as more energy storage has qualified for delivery, it continues to clear on average higher than DC, reflecting the additional opportunity cost.

DM volumes have remained capped at 100 MW, as National Grid ESO does not systematically acquire DM volumes.

Irish market

Table 3

TSO	SONI (Northern Ireland), EirGrid (Republic of Ireland)
Irish portfolio (operational)	130 MW / 72.6 MWh
Share of the market[3]	50% (NI), 6% (RoI)
Annual revenue	£17.0m
Revenue per MW	£130,800/MW (£14.93/MW/hr)
Revenue per MWh	£234,200/MWh (£26.73/MWh/hr)
EBITDA Irish grid % of Total EBITDA	50%

Non-synchronous generation in the Irish market, led by wind power, has been a key resource in efforts to achieve a 100% renewable energy system and has created a market for ancillary services through the DS3 (Delivering a Secure Sustainable Electricity System) programme. Energy storage investment has been encouraged via procurement through uncapped (annually procured) and capped (up to six-year contracts auctioned in 2019) schemes.

Uncapped contracts unit price is based on System Non- Synchronous Penetration (SNSP), which refers to the real-time measure of intermittent renewable generation on the system and net interconnector flows within the single electricity market. Revenue is calculated based on annual fixed tariffs multiplied by various scalars including availability and SNSP, the principal factor driving volatility in DS3 revenues. This is predominantly set by wind penetration levels, which represent the largest deployed renewable generation resource in both Irish grids. There is a direct correlation between SNSP levels and DS3 uncapped revenue, which fluctuates with seasonal variation to provide higher financial returns during the peak winter months. In contrast, summer revenues have not reached the same levels as these months typically experience fewer windy days and are not pushed higher by the amount of solar generation in the market.

In contrast, capped contracts are fixed at the contracted price. SNSP scalars, which provide a multiplier for the uncapped tariff (common across the Irish DS3 uncapped market), experience seasonal variations.

Energy storage assets can also participate in the Capacity Market (CM), which functions similarly to the GB equivalent. Eirgrid and SONI have begun testing trading capabilities and the process of dispatching assets in the Balancing Mechanism (BM).

1 https://www.cleanenergywire.org/factsheets/what-german-households-pay-electricity#:~:text=The%20increase%20was%20mostly%20caused,160%20percent%20compared%20with%202021.

2 https://energeia-binary-external-prod.imgix.net/4hCe-bWGRjCXayeF55Yi6NFpKM8.pdf?dl=Annual+Market+Update+2021.pdf

3 Source: Energy Storage Ireland: As of March 2023 there was 470 MW in Republic of Ireland, 200 MW in Northern Ireland.

German market

Table 4

TSO	50Hertz, Amperion, Tennet, Transnet BW
German portfolio (operational)	22 MW / 29 MWh
Share of the market (MaStR)[4] (50 Hertz)[5]	2.16% (Germany), 4.2% (50 Hertz)
Annual revenue	£3.3m
Revenue per MW	£149,800/MW (£17.10/MW/h)
Revenue per MWh	£113,600/MWh (£12.97/MWh/h)
EBITDA German grid % of Total EBITDA	9%

Germany comprises four transmission system operators (TSO) in a single grid, each controlling an area of the country. The Company currently interacts with the TSO 50Hertz by providing Frequency (Primary) Control Reserve (FCR). This cross-border service operates across eleven transmission system operators in eight European countries, with 50Hertz and other German TSO able to pass on excess flexibility to the wider European grid. FCR in Germany has typically been delivered through gas as the biggest provider of generation, meaning power prices generally mirror seasonal variation in the wholesale gas market. This usually results in lower prices during summer and higher in winter when demand for gas and electricity is higher.

As illustrated in figure 4 of the annual report, power prices increased sharply towards the end of 2021 to accommodate rising demand across the EU as countries recovered from the economic impact of the Covid-19 pandemic.

Electricity prices continued to increase in line with gas in April 2022 following the Russian invasion of Ukraine, which impacted energy supplies and gas storage in continental Europe, as shown in figures 4 and 5 of the annual report. The resulting shortage in supply across Europe during the reporting period drove gas prices and the marginal cost of power production from gas-fired power plants up in the summer. Over 2022 Germany paid more than double for its natural gas imports compared to the previous year, according to the Federal Office for Economic Affairs and Export Control, BAFA1, which, in turn, caused FCR prices to surge.

The trend of increasing prices reached a record high of €469/MWh in August 2022 when extreme summer temperatures impacted hydropower generation due to low water levels. It even contributed to low nuclear capacity in France due to low reservoir levels reducing water available for cooling reactors[3].

As the EU entered the Autumn period, wholesale prices started to decrease due to milder weather, which led to lower demand, and higher gas storage availability after the EU implemented a regulation requiring all storage facilities on the continent to be filled to 80%, on average, before the winter of 2022/2023. This was achieved in late August using LNG imports from the US[4] and caused FCR prices to fall faster than seen in previous years.

1 https://www.reuters.com/business/energy/germanys-gas-bill-surged-109-last-year-despite-slashed-buying-2023-03-01/

3 https://gmk.center/en/news/electricity-prices-in-the-eu-fell-significantly-in-october-2022/

4 https://www.consilium.europa.eu/en/infographics/gas-storage-capacity/

4 Source: Mastr database, as of March 2023 there is around 1,019 MW of total capacity in Germany. 50 Hertz 521MW (https://www.marktstammdatenregister.de/ MaStR/Einheit/Einheiten/OeffentlicheEinheitenuebersicht)

The factors of: Covid-19 recovery, worldwide gas volatility caused by war in Europe, and extreme temperatures experienced across the mainland created an abnormal seasonal variation during the period, where FCR was higher in the summer and lower in the winter. Prices stayed higher than the previous year, however, with the average natural gas import price in December – equivalent to €9.38/kWh – remaining 74% above a year earlier, following a period of divestment from Russian supplies.

Additional revenue for short-duration flexibility is now available through automatic Frequency Restoration Reserve (aFRR), also known as Secondary Control Reserve, following a reduction in delivery duration from four hours to 15 minutes. This service is designed to support FCR should it fail to deliver the flexibility needed to maintain the grid by maintaining a reserve in the power grid that helps to keep the grid frequency stable. This provides revenue for availability in case of activation and for actively balancing energy when called on.

This reporting period also provided opportunities in wholesale trading across the FCR market, with liquidity available from the demand for balancing from renewable generators seeking to settle their supply imbalances before facing high system charges.

ERCOT market (Texas, US)

Table 5

TSO	ERCOT
ERCOT portfolio (operational)	29.85 MW / 59.7 MWh
Share of the market (ERCOT)[5]	1.4%
Annual revenue	£3.8m
Revenue per MW	£127,800/MW (£14.59/MW/h)
Revenue per MWh	£63,900/MWh (£7.30/MWh/h)
EBITDA ERCOT grid % of Total EBITDA	5%

US President Joe Biden signed the Inflation Reduction Act into law on 16 August 2022. The legislation provides $369bn over ten years to tackle climate change and invest in the renewable energy sector to reduce carbon emissions by 40% by 2030, compared with 2005 levels.

Two-thirds of this funding will be used to extend or introduce support for emission-free electricity generation and storage technologies.

Standalone utility-energy storage projects with a minimum name plate capacity of 5 kWh can now access investment tax credits (ITCs) worth at least 30% of capital expenditure for the first time provided construction is underway by the end of 2024. Projects beginning construction in 2025 through to 2032 will be able to receive ITC support however specific facilities will be done on a technology neutral basis. Per the 2022 unemployment data published by the Bureau of Labour and Statistics (BLS), the Company's assets: Dogfish, Wichita Falls, and Mineral Wells (combined 95MW) all qualify for 40% ITC, provided that unemployment rates in these regions remain equal to or higher than the national average.

This is expected to help grow the US battery storage market from around 10 GW in 2022 to over 85 GW by 2035, with 29 GW (ERCOT) and 25 GW (CAISO) more in construction or planned[5].

5 Source: S&P Global: Market Intelligence, as of March 2023 there is 2.2 GW of operational capacity; https://www.spglobal.com/marketintelligence/en/news-insights/research/battery-stampede-spurs-sunny-storage-economics-in-ercot; https://www.50hertz.com/en/Transparency/GridData/Installedcapacity

Ancillary services are the main revenue driver in ERCOT, except when extreme weather events create opportunities in wholesale markets as real-time prices spike due to swings in supply and demand. These weather events also impact ancillary services and can produce price spikes and supply scarcity, driving demand for Responsive Reserve Service (RRS).

The Company expanded the number of services offered after the reporting period to include existing (e.g. Regulation Up/Down) and new (e.g. ECRS – Contingency Reserve Service) revenue streams. The wholesale market opportunity was and continues to be bearish, mainly due to falling natural gas prices. This trend is expected to reverse throughout 2023 and into 2024 in line with commodity prices and demand increases.

CAISO market (California, US)

Table 6

TSO	CAISO
CAISO portfolio (construction)	200 MW / 400 MWh
Current Status	Advanced pre-construction phase (pre-NTP): Batteries procured and in warehouse
Target energisation	Dec-end 2024

The outlook for ancillary services in California's CAISO market is well supported by three main fundamentals: grid flexibility, high penetration of non-dispatchable renewable generation and decommissioning of existing conventional generation. Deployment of battery storage is integral to increasing penetration of renewable energy as existing conventional energy resources are unable to meet sub-second response requirements. This need for flexible capacity has seen a rapid deployment of battery energy storage systems motivated by the retirement of fossil fuel generation. CAISO experiences a similar frequency of extreme weather events as ERCOT despite its location on the opposite coastline – these events create short-term spikes in wholesale and ancillary markets.

In addition to ERCOT, the Inflation Reduction Act applies in CAISO and will give access to an ITC worth at least 30% of capital expenditure, which can be extended to some Tax Credit Adders for projects in low-moderate income communities, tribal lands, or repurposed fossil fuel power plants to between 2% and 20% extra per individual possible adder.

Revenue opportunities under the Resource Adequacy (RA) mechanism, which acts as a tool for CAISO and the Local Regulatory Authorities to ensure enough generation capacity is secured ahead of time to deliver security of supply, are also drivers. RA can be compared to the Capacity Market in GB in that it offers secure revenue on which the prevailing ancillary/wholesale merchant strategy can be stacked. They differ, however, in that RA contracts are expected to represent up to 40% of the revenue of a battery energy storage system, a materially higher proportion than GBs CM contracts account for.

Revenue Generation and Portfolio Performance

The Company exercised a diverse strategy throughout the reporting period, participating in a mixture of ancillary and trading opportunities across the markets in which it is active. Revenue was generated from a growing suite of services launched in 2022 (e.g. the expanded D-suite in GB), while the Company also implemented steps to prepare for additional streams in 2023 (e.g. wholesale trading in Germany) and post-period (e.g. ECRS in ERCOT).

Great Britain (GB) market

Ancillary services played a key role in GB revenue generation, accounting for 85.7% of annual revenue, or £13m.
The strategy for bidding into varying ancillary services was evaluated in advance as FFR is bid into one month before delivery to secure calendar-month-long agreements. D-suite services, meanwhile, are bid into on a day-ahead basis and provided an alternative strategy.

While all the assets were entered into FFR for all EFA blocks at various points throughout the financial year, a higher bid strategy was adopted for those more suited to delivering for the DC market. This meant they were available to pick up FFR contracts if prices reach a higher bid level but, in most months, meant they could ensure an even split between FFR committed capacity and DC committed capacity was achieved. This diversified services strategy acted as a hedge against the volatile conditions experienced earlier in the year.

Revenue in Q1 2022 was the highest of all reported quarters since April 2021 and was 40% above the previous year's Q1 revenue. This was largely due to the uplift in DC prices across this period, with DC representing 51% of all revenues achieved (Capacity Market included). The continued uplift in D-suite revenues also led to Q2 2022 being 18% ahead of the previous year, with D-suite representing 73% of all revenues.

Lower prices were bid into FFR in H2 of the reporting period due to fewer alternative opportunities in the D-suite market caused by market saturation. H2's performance was 35.5% below the previous year, in stark contrast to the excellent market conditions in H1.

Whilst FFR prices cleared higher than DC and DM, on average, decreased procurement volumes ahead of retiring the service (contributing to increased competition) led to fewer batteries in the portfolio receiving contracts. FFR represented only 31% of revenue in H2, although the portfolio saw an increase in trading, which accounted for 11% of revenues during the same period.

FY 2022/23 included the second half of the 2021/22 Capacity Market delivery year and the first half of the 2022/23 delivery year. Capacity Market revenue in H2 was 31% above H1, driven in large part by the £75/kW clearing price of the 2022/23 T-1 Auction; the Port of Tilbury (POTL) asset secured a contract at 7.061 MW de-rated capacity. Capacity Market

revenues represented 8.9% of the GB portfolio revenues during the financial year.

Irish market

Northern Ireland

Ancillary services, monetised through DS3 uncapped contracts, generated 98% of revenues for the Northern Irish fleet, totalling £15.5m across the financial year – an uplift of 27% of total revenue compared with the previous financial year. DS3 uncapped tariffs for each of the five contracted ancillary services are subject to yearly variations by the Regulatory Authority in Ireland and could inevitably lead to lower revenues being secured. Despite a 10% reduction in DS3 tariffs in January 2022, the NI portfolio still generated 24% more revenue from DS3 this financial year, driven mainly by increased SNSP levels in the December-end quarter.

Monthly DS3 uncapped revenues peaked in FY 2022/23 at £29.24/MW/h, just short of the all-time high of c. £33.87/MW/h in February 2022.

The remaining 2% of the revenue stack comprised two revenue streams: Capacity Market and wholesale trading. The contracted Capacity Market revenue generated around £36,000 per month in total from both assets, starting from October 2022 and continuing post-period until the contracts end in September 2023. The NI portfolio also secured yearly Capacity Market contracts until September 2027.

Trading remains in its infancy in the grid with limited accessibility to the wholesale market. To date, bids from the NI assets have been accepted to dispatch volume generating c. £118,000.

Republic of Ireland

Porterstown Phase I operates under a six-year DS3 capped contract (starting September 2021) with a fixed tariff rate of €6.79/MW/h The asset was declared available to provide services on 24 January 2023 and has since generated €326,000 throughout the remainder of the March-end quarter. Prior to the DS3 capped contract, the asset generated additional revenue from liquidated damages caused by delays experienced by the engineering, procurement, and construction (EPC) contractor in delivering the project.

The NI & ROI portfolio generated an overall average weighted price of £14.90/MW/h, with the bulk of the revenue generated from DS3 uncapped revenue.

German market

The Company acquired the Cremzow project at the end of the previous fiscal year with a view to targeting ancillary services in a new market that presented similar conditions to GB. The asset enabled the Company to capitalise on uncharacteristic price rises in gas, power and ancillary markets during the summer of 2022.

Delivery of ancillary services resulted in revenues totalling €3.7m through provision of FCR for 98.0% of the year, with monthly revenue accrued directly from FCR peaking at €32.22/MW/h in August to achieve a total of €488,000 – the highest monthly revenue in FY 2022/23, marginally ahead of October 2022.

FCR prices remained stable during the winter months, once again moving against expected seasonal variation where previously prices would increase towards the end of the calendar year. The stability at lower levels pushed the Company towards expansion into new revenue streams, mainly the wholesale market.

The Company expanded its capabilities in Germany to include wholesale trading through work with a new optimiser and, in March 2023, generated revenue of €73,400 solely from wholesale trading following delays transitioning to a new FCR provider and pending approval from 50 Hertz. Post-period, the Company's revenues will be a blend of both streams with the expected addition of aFRR following submittal of tests for post-period evaluation to join the service.

Texas (ERCOT market)

Due to the significant renewable energy development in this region and unique characteristics surrounding interconnections, there is exposure to wholesale price volatility due to the inherent intermittency of renewable generation. This isolation of the ERCOT grid means there is an increasing need for flexibility. The Company's activity this period, however, was focused on performing RRS, which is also affected by swings in renewable supplies.

Several extreme weather events during FY 2022/23, such as a heat wave in July 2022, caused RRS prices to spike above $2,000/ MW/h for a short period. This occurrence was not isolated, with a similar scenario in December 2022 resulting from a winter storm and cold snap driving prices up to $3,000/MW/h. These short-term events resulted in monthly revenue of $57.26/MW/h in July and $36.12/MW/h in December.

Such events related to weather conditions are more likely to occur during winter and summer, leaving spring and autumn as transition seasons, typically referred to as shoulder months. In ERCOT, steady wind and thermal generation led to

lower prices in RRS during the March-end quarter; consequently, the Company's revenue dipped to $4.51/MW/h. The seasonal price volatility captured by the ERCOT assets during extreme weather events versus shoulder months are an expected market condition of operating in ERCOT and offset the fall in revenue experienced during transition periods of the year.

Overall portfolio performance

Overall, the portfolio generated £39.3m in revenues (2022 Fiscal Year £29.3m), with weighted annualised revenue of c. £135,000/ MW (£15.40/MW/hr). This was achieved through geographical diversification and the Company's unique ability to generate revenues even when some markets were hindered by seasonal variation or saturation.

Table 7

	£(000s) FY 2022/23	% within grid	% of portfolio
GB - 109.7 MW / 101 MWh			
Ancillary services	£13,012	85.7%	
Capacity Market	£1,354	8.9%	
Wholesale Trading	£822	5.4%	
GB total[6]	£15,188	100.0%	38.6%
Ireland - 130 MW / 72.6 MWh			
DS3 Capped/Uncapped	£16,666	98.0%	
Capacity Market	£216	1.3%	
Wholesale Trading	£118	0.7%	
Ireland total	£17,000	100.0%	43.3%
Germany - 22 MW / 29 MWh			
Ancillary services	£3,231	98.0%	
Wholesale Trading	£65	2.0%	
Germany total[7]	£3,296	100.0%	8.4%
ERCOT - 29.9 MW / 59.7 MWh			
Ancillary services	£3,711	97.3%	
Wholesale Trading	£104	2.7%	
ERCOT total	£3,815	100.0%	9.7%
Portfolio total – 291.6 MW / 262.3 MWh	**£39,299**	**100.0%**	**100.0%**

Market	Revenue £(000s)	£(000s)/MW/yr	£/MW/hr	£(000s)/MWh/yr	£/MWh/hr
GB	£15,188	£138	£15.80	£150	£17.17
Irish	£17,000	£131	£14.93	£234	£26.73
Germany	£3,296	£150	£17.10	£114	£12.97
ERCOT	£3,815	£128	£14.59	£64	£7.30
Weighted averages		**£135**	**£15.39**	**£150**	**£17.10**

Total Revenue (£000s)	Jun-end	Sep-end	Dec-end	Mar-end
GB	£4,844	£4,675	£3,657	£2,012
NI	£3,264	£1,963	£4,969	£5,313
ROI	£395	£403	£406	£287
Germany	£807	£1,076	£918	£494
ERCOT	£1,238	£1,529	£813	£235
TOTAL	**£10,548**	**£9,646**	**£10,763**	**£8,341**

6 The Company holds a 49 % ownership interest in Cenin (4.0 MW) and retains 49% of the generated revenue.

7 The Company holds a 90% ownership interest in Cremzow (22 MW) and retains 90% of the generated revenue, while Enertrag maintains a minority stake in the asset.

The charts on page 20 of the annual report highlight the seasonal variation in each market and how the Company's diverse portfolio results in exposure to lucrative opportunities when one market is experiencing a downturn. As detailed above, saturation in the GB ancillary market drove clearing prices down at the same time as a pickup in the Irish market. While the overall result was lower year-on-year fleet revenue in the March-end quarter, the impact would have been more significant if the portfolio had been solely exposed to the price decline in GB.

Operational

The operational assets (weighted by asset capacity in MW) achieved over 95% availability during the year. This excellent performance was supported by the increased availability of the GB portfolio and a successful operational takeover of the

Porterstown asset in Ireland.

Great Britain: The overall availability for the GB fleet was positive, highlighting successful interventions by the Commercial Manager and management of O&M contracts over the year. The latter half of the year showed a c. 5% increase in weighted average availability to 94% (from 89% in H1 2022), driven predominantly by improvements at Boulby, Port of Tilbury and Larport. The only asset with material reductions in availability in the latter half of the year was Ancala due to various project issues requiring repairs that are now resolved and where downtime is subject to liquidated damages under availability guarantees.

Ireland: Portfolio performance in Ireland (and Northern Ireland) remains a highlight, with weighted availability (by MW capacity) of 99% over the reporting period between the three Irish projects. The Company saw its first asset in the Republic of Ireland, Porterstown, enter operations in January 2023. To date, there have been no availability reductions with the asset. The Northern Irish assets—Drumkee and Mullavilly—continue to meet performance expectations and achieved 97% and 99% availability over the year, respectively. Availability was impacted by quickly resolved inverter failures. The O&M provider is providing additional training with the supplier to further improve repair times in future.

DS3 services provide most of the revenue for all three operational Irish projects. In the reporting period, all DS3 events—instances where grid frequency drops below 49.8Hz and asset response is assessed by the system operator— recorded on the Irish network were successfully delivered and each project was monetised successfully. The Commercial Manager's improvements to the technical response of the assets addressed issues seen during the previous financial year, highlighting the benefit of the Commercial Manager's experienced technical team managing the assets.

Germany: The Cremzow project is generally performing well. In July 2022, an inverter issue with the 2 MW proportion of the project impacted availability but was resolved in a timely manner. Availability impacts were infrequent and isolated over the year, limiting the impact through timely successful maintenance activities and active engagement by the Commercial Manager. The asset recorded 96% availability over the reporting period and there are no ongoing concerns, with availability expected to remain high.

US - Texas: The three operational assets—Snyder, Sweetwater and Westover—performed well during the period. Technical performance was good across the 9.95 MW projects, and their total availability averaged over 95%. The most notable availability impact was a commercial restriction at Westover due to miscommunication between the optimiser and the Texas system operator ERCOT, resulting in lower availability in October 2022 (no ongoing concern). System inverter issues were observed with limited availability impacts on each occurrence, and the Investment Manager opted to make preventative improvements to all inverters, which drove availability reductions in H2 2022 but are expected to improve availability over the longer term.

Table 8

Region	H1 22/23 Availability
GB	88.8%
IRE	97.7%
GER	94.7%
ERCOT	96.7%
Weighted average:	93.6%

Region	H2 22/23 Availability
GB	94.2%
IRE	99.0%
GER	96.7%
ERCOT	93.8%
Weighted average:	96.5%

Region	FY-22/23 Availability (% YTD)
GB	91.5%
IRE	98.6%
GER	95.7%
ERCOT	95.2%
Weighted average:	95.4%

Asset management developments

It was an exciting year for energy storage, particularly for operations of the Company's portfolio. The Investment Manager successfully onboarded assets on two new transmission networks: in Germany and Texas. The over 95% availability on

each of these grids demonstrated the team's ability to quickly build and manage relationships with new contractors despite the expansion into new territories.

The Investment Manager's in-house technical team grew substantially over the period and drove important initiatives for the Company's operational assets and pipeline. The first retrofit of an electrolyte vapour detection system—used to prevent the operation of batteries in scenarios which may lead to thermal runaway—was completed for the Cremzow project in Germany. Security enhancements have been made to reduce the risk of thefts, enhance safety performance (through monitoring and visibility) and gave the team better engagement with on-site activities. Trials have begun with industry-leading analytics partners to further improve performance through state of charge and state of health prediction improvements whilst materially improving safety through 'risk reduction by prevention' measures. The continuation of this workstream is set to be a key focus in 2023.

The Company continues to build key relationships whilst developing contractual partnerships suited to the portfolio's increasing capacity. The Investment Manager's increasing technical capability is delivering important initiatives (such as those referenced above) whilst improving the delivery of the team's most core requirements. This is evidenced by the materially improved availability figures reported over the entire reporting period relative to the H1 2022 period reported in the Company's most recent Interim Report.

Portfolio

Construction/pre-construction

514.8 MW of construction or pre-construction phase assets were acquired during the reporting period, bringing the total pre-operational capacity to 881.6 MW.

Given the macro environment and future capital expenditure projections, the Investment Manager has made a decision to optimise asset build out based on targeted energisation date and capacity. The Investment Manager strategically decided to prioritise the following assets: Stony, Ferrymuir, and Enderby in GB; Big Rock in California; Porterstown II expansion in Ireland; and Dogfish in Texas (a total of 521.8 MW). In the near term, the Investment Manager will prioritise larger assets over the 9.95 MW sites in Texas. The Investment Manager is exploring opportunities to increase their capacity, similar to the expansion projects announced for the Company's Irish assets.

In Great Britain, commissioning of Stony (79.9 MW) has commenced and the energisation process will begin at the end of July, while Ferrymuir (49.9 MW) is at the final stages of mechanical completion, with the majority of contestable works completed. The asset is waiting for energisation of the grid connection by the distribution network operator, expected in summer 2023. Works at Enderby (57 MW) are underway but have been impacted by National Grid ESO's outage availability resulting in a consequent delay to energisation. National Grid ESO has advised that April 2024 is the next available outage window during which their works can be completed, and subsequently, the asset can be energised.

In Ireland, Porterstown Phase II (60MW) consents have been acquired, with design and procurement underway. Modifications to the connection agreement have been negotiated with EirGrid to enable the connection of the extension, and energisation and commissioning are expected in June-end 2024.

In California, the Big Rock (200 MW) project acquired in February 2023 is progressing well, with batteries and grid transformers delivered and in storage. The procurement of the key balance of plant contracts is near completion, with mobilisation planned for August 2023. Permitting and grid consenting are underway. Enclosures arrive in Spring 2024, and energisation is scheduled for December-end 2024.

In Texas, Dogfish (75 MW) procurement is underway, with orders of long lead HV plant in advanced stage of negotiations. The grid connection agreement with the transmission operator (Texas New Mexico Power) has been signed, with grid design works underway.

At Kilmannock, the property purchase option has been exercised. Preliminary engineering and demonstrating planning condition compliance is underway for Phase I (30MW), while Kilmannock Phase II (90MW) has received and accepted its connection offer. Optimisation of the design and configuration of the grid connection plant for phase I and II is underway, however, the delivery of the project has been deprioritised to optimise capital deployment.

Table 9: Sites in construction/pre-construction

Project	Expected Energisation	Capacity
Stony	July - end 2023	79.9 MW
Ferrymuir	Sep - end 2023	49.9 MW
Enderby	Jun - end 2024	57.0 MW
Porterstown Ph II	Jun - end 2024	60.0 MW
Big Rock	Dec - end 2024	200.0 MW
Dog Fish	Dec - end 2024	75.0 MW

Mineral Wells	Jun - end 2025	9.95 MW
Mesquite	Jun - end 2025	9.95 MW
Cedar Hill	Jun - end 2025	9.95 MW
Wichita Falls	Jun - end 2025	9.95 MW
Kilmannock Ph I	Dec - end 2025	30.0 MW
Kilmannock Ph II	Dec - end 2026	90.0 MW
Middleton	Dec - end 2026	200.0 MW

Q&A with Sumi Arima

Sumi Arima

CIO and CFO of Gore Street Capital, the Investment Manager

Q: Why did the Company invest in Germany, Texas and California during FY2022/23?

Most available revenue contracts for energy storage projects are short-term in nature, meaning quarterly revenue figures tend to be volatile. Project diversification within a grid does not necessarily offer revenue diversification, as available contracts tend to be identical regardless of the location of an asset within a single grid. This can leave an energy storage asset owner exposed to downward revenue trends if they are not internationally diversified.

The Company has a mandate to invest at least 40% in GB and Ireland, and up to 60% in other selected countries. This allocation is intended to offer a diversified portfolio for the Company's shareholders, as evidenced by the performance of the 40% of the Company's portfolio in GB and Ireland. With three operational Irish projects, the Investment Manager was able to partly mitigate the reduced revenue available to GB projects in the second half of the year.

For the remaining 60% of the portfolio, the Manager has been working to further diversify outside of GB and Ireland. The GB and Ireland grids are, relatively speaking, smaller than other markets, such as those in the US and continental European markets, and are prone to saturation. This has driven our recent investment activities in larger geographic regions.

Continental Europe offers attractive revenue opportunities through frequency control reserve (FCR) and wholesale trading. Many large European grids are interconnected and offer similar revenue streams with less concern over market saturation. The Manager decided to enter the mainland European market via an operational German project to quickly accumulate experience by operating an asset without the lead time of construction.

In the US, ERCOT in Texas and CAISO in California had the most compelling business cases driven by significant pricing volatility, increased penetration of renewables and pre-existing market conditions to remunerate storage. Acquisitions of operational assets in ERCOT earlier this fiscal year helped us accumulate knowledge of the market and evaluate and design new project opportunities in ERCOT.

The passage of the US Inflation Reduction Act in August 2022 introduced investment tax credits for standalone storage, further strengthening the business case for the asset class. The Company capitalised on these new and material tailwinds through its acquisition of Big Rock in California and its construction portfolio in Texas.

Our operational portfolio is now benefiting from 19 revenue streams across four markets with limited correlations, while further revenue opportunities are expected to follow in California once Big Rock becomes operational. We are also poised to take advantage of the introduction of new services, such as the long-expected ECRS in Texas, which will allow our energy storage assets to deliver additional value during the ramp down of solar in the evening.

Q: How does the Company decide the optimal duration for its assets across five energy markets?

We have no preference towards a particular system duration. We view optimal duration decisions purely as a financial one; a function of capex costs and revenues available for the different duration profiles. We apply the same logic across multiple jurisdictions by choosing system durations appropriate to the volatility of the markets we operate, from 25 minutes up to two hours.

In GB, we identified c. one-hour systems as the optimal duration due to ancillary services remaining the dominant revenue streams to date. Since our first operational asset, we correctly minimised capex by deploying up to an hour system and still managed to capture the same revenues available to all energy storage operators. Without the additional capex required for the additional duration, we improved the financial return of portfolio companies by focusing on maximising profitability (not just revenues).

This reality is also true of Ireland – where our sub-30-minute assets are more than sufficient to deliver under the DS3 ancillary services market, which values response time and doesn't provide additional payments for longer durations. System duration in Ireland has been particularly successful, as evidenced during the reported period when the Company's

Irish assets accounted for the largest portion of the revenue of any geography the Company is active in, with assets that required the lowest build-out cost within the portfolio. Our c.90-minute system in Germany sufficiently captures current volatility in the FCR and wholesale markets. Unlike in GB, wholesale market volatility in Germany is driven by the lack of an imbalance mechanism, which exposes participants to high imbalance prices if they do not settle their positions within the relevant period.

We are building a two-hour system in California to access the spread in peak prices found in the California grid. The asset has also been designed specifically to be operated at 100 MW deliverability to access a de-rated Resource Adequacy (RA) contract requiring four-hour discharge, adding a secure revenue to the stack that can be obtained by the asset. This will join the two-hour operational batteries we have in Texas' ERCOT market, which capture the volatility often caused by extreme weather events.

We will continue to evaluate new revenue streams arising in Texas and every other market that might shift the duration of the batteries needed and will deploy capex accordingly for the projects we have yet to build.

Q: How do the opportunities for energy storage differ in each of the grids the Company is now engaged with?

The electricity grids the Company operates in all have different market design and requirements and, therefore, offer different opportunities. Ancillary services still dominate GB and Ireland, but they differ in that our Irish assets are tied directly to the successful integration of wind power, with higher generation contributing to higher revenue levels for the Company's assets. In Germany, the Cremzow asset provides a critical suite of balancing and frequency services to up to 11 transmission system operators across eight European countries through an interconnected grid system. It also participates in wholesale and intra-day arbitrage, presenting additional revenue stacking opportunities.

The starkest difference can be seen in Texas, where our operational assets support a grid prone to extreme volatility. As a result, in July and December 2022, our assets generated the equivalent of five months of revenue in just four days. Our newest asset in California will carry out a similar role, once constructed, in a more regulated market, benefiting from long-term capacity contracts worth up to 40% of project revenue. This is considerably higher than an equivalent GB Capacity Market contract and allows us to consider raising project-level debt financing.

The ERCOT electricity market includes locational energy prices, as opposed to GB, Ireland and some mainland European markets, where single wholesale electricity prices apply across an entire grid. Locational energy prices offer diversification opportunities within a grid and interesting trading opportunities. The UK government included plans for GB locational energy prices in its July 2022 review of electricity market arrangements (REMA) consultation but, given the regulatory and physical barriers that will need to be overcome, an implementation timeline has yet to be established. Our experience of various monetisation strategies gathered in the US market is expected to help formulate a more advanced trading strategy in GB.

Q: How did the Investment Manager overcome challenges when entering new grids?

The ability to deploy in multiple grids is challenging and requires resources dedicated to managing regulatory and transactional challenges involved with cross-jurisdictional interfaces. The Investment Manager has built specialised relationships to help navigate the specific regional conditions in each of the five grids the Company is currently invested in and has engaged with appropriate legal, technical and financial advisers to maximise value for shareholders through diversification across multiple jurisdictions. In addition, the incumbent developer / DNO maintains a minority stake in the Cremzow asset, and Avantus, the developer of Big Rock, is working alongside the Investment Manager to assist with the deliverables of the project. The Investment Manager also has US-based employees overseeing the construction of the Company's US projects.

The Investment Manager prioritises acquisitions of operational assets when entering a new market, if such projects are available. That is evidenced by the acquisition of Cremzow in Germany and the Snyder/Westover/Sweetwater assets in ERCOT. That helps us to learn the objective business case quickly and helps evaluate greenfield project pipelines and procure suitable energy storage systems more strategically.

Q: What is the Investment Manager's view on utilising leverage for energy storage?

The utility-scale energy storage market has evolved rapidly in the last five to six years around a merchant revenue stack, which meant there was limited appetite for lenders to provide leverage to investments on attractive terms. As the market has matured and lenders have become more familiar with the energy storage business model, they have become more comfortable lending against certain conservative revenue assumptions, underpinned by fundamental grid demands.

Despite this progress, however, we don't intend to take on excess leverage to build-out our portfolio (with a limit of 30% of GAV, or c. £230m, as set out within the Company's investment policy on page 38 of the annual report). Minimal debt is currently held across the portfolio given the high interest rate environment, which means that the Company is not servicing highly priced debt. Resilience of the Company's balance sheet is important, especially when we are seeing revenue drop in some of the grids the Company operates in. The Company expects to be able to build out its portfolio with

a maximum debt below the 30% thresholds and is continually working with lenders to ensure appropriately sized facilities are in place to be utilised when prevailing funding conditions are attractive to make use of such leverage. We successfully increased our revolving credit facility post period end from £15 million to £50 million, with a four-year term, to support the construction of our next phase of projects to be brought online in the coming months.

Q: What is your near-term focus?

Following a successful period of acquisitions (544.7 MW during the reported period), our focus now is on the build-out of our construction assets across multiple grids and optimising the Company's capital structure to finance this capex through a combination of cash on balance sheet and external debt.

Over 520 MW of Capacity is scheduled to come online by the end of 2024 across GB, Ireland, Texas, and California, which will successfully establish our presence across five grid systems. The Investment Manager's growing in-house technical teams will allow us to deliver and optimally manage these projects at competitive capex costs. We believe 2023 will serve as a prime example of the benefits of diversification for investors.

Whilst progressing construction, based on the prevailing interest rate environment, we continue to carefully evaluate the business case of each pre-operational assets within the portfolio. The reviews are based on the most recent revenue trends, funding costs, and updated capital expenditures towards commercial operations and timing of binding capital commitments.

Q: How do you see dividend cover evolving over the next two years?

The Company generated cash flow[7] of 6p per share which translates into 4.8% cash yield per NAV or 5.5% cash yield per share price as at 31 March 2023. The Company's dividend yield was 6.9% based on the 31 March 2023 closing share price.

The Company is following a strategy of acquiring assets at the project rights stage and constructing them utilising in-house technical expertise. This enables energy storage system procurement at competitive costs and flexible battery system design to accommodate future market uncertainty. In addition, rather than taking a simple approach of replicating similar assets in the same grid over and over, the Company entered new geographies to deliver a diversified portfolio with less exposure to single revenue drivers. While this approach requires longer lead times, the superiority of the strategy is evidenced by the cashflow of the operational portfolio, which only accounts for 30% of total NAV and provided 90%[8] operational dividend cover, based on dividends paid in the period. On a consolidated fund level, these operational assets provided 0.54x dividend cover for the fund. Given the over 20-year life of energy storage projects, management believes a careful approach to investment and construction is prudent for energy storage.

7 Operational portfolio EBITDA minus holding company operating expenses plus external net interest income

8 This figure is based on portfolio EBITDA only and does not include HoldCo or PLC expenses

The Company raised £150 million in April 2022. While this reduced dividend coverage by 26.3%, raising equity capital upfront enabled the Company to gain further financial security without excessive reliance on external debt. It also supported large strategic acquisitions at an attractive price (over 500MW acquired during the reported period).

The Company's ability to cover its dividends through the generation of revenues from its operational asset portfolio undergoes significant change over the Company's lifecycle. Since inception of the fund, we have delivered on our promise to pay a 7% dividend to investors each year, despite our early-stage investments into pre-construction assets which generate cashflows only when operational. Whilst our project-rights acquisition strategy has allowed for industry-leading levels of capex per MW, exceptional capital discipline and a robust foundation for high-performing operational assets, it is a longer-term approach that prioritises growth over dividend cover in the short term. Our strong belief in diversification as a key strategy for success in the storage market meant we focused on entering new geographies. This may have prolonged the timeline for the buildout of our operational portfolio, but we believe the revenues generated across five grids or more will be the necessary basis to manage the merchant volatility and ensure a stable dividend cover.

If revenues were to remain at the current level across each grid, further operational capacity will need to be online to fully cover dividends at both a portfolio and PLC (consolidated) level. Currently, we are at a crucial juncture as a substantial number of assets are poised to become operational in the near future across multiple grids, with 130 MW scheduled to come online in GB over the next six months, and the landmark 200 MW Big Rock project coming online in California 18 months after that. This strategic diversification and the upcoming increase in operational capacity will leave us well placed to cover dividends and drive sustainable growth.

Q: What is the Company's exposure to each market in which its assets operate?

The Company's operational portfolio is split across four grids, with 38% in GB, 34% in NI, 10% in ROI, 10% in Texas, and 8% in Germany.

The benefits of the Company's diversification strategy were seen this year in Ireland and Germany, where more lucrative

pricing in the first quarter of 2023 offset the subdued pricing seen in GB, keeping the Company's overall revenue stack relatively constant. This is in line with the Company's strategy to be exposed to multiple uncorrelated revenue streams, which is particularly important for a largely merchant asset class.

Q: Were available revenues as you expected during the year?

As expected, seasonal variations played a significant role in revenue generation for the financial year. GB and NI provided the bulk of revenues in Q1, followed by a fall in NI in Q2 caused by low SNSP at the same time as an uptick in Germany and the US.

Portfolio revenues began to dip in Q3 but were supported by a resurgent NI portfolio thanks to higher SNSP caused by more wind. The final quarter weighed heavily on the overall portfolio, with GB revenues 55% lower than the average of the previous three quarters; however, during this time, revenue was highest in NI.

These results highlight the importance of our geographically diversified strategy, further endorsed by market saturation in GB towards the end of 2022 and into 2023.

Q: Why delay the construction of assets in Texas, and how do you expect this delay to impact returns?

As the Investment Manager is responsible for the sustainable delivery of assets for the Company, we continually evaluate the macroeconomic conditions that could impact future capital expenditure. Following the macroeconomic events of the reporting period that resulted in a high interest rate and inflationary environment, the strategic decision was made to optimise the construction schedule of our wider portfolio based on targeted energisation dates and capacity. Prioritising larger assets in GB (Stony, Ferrymuir, and Enderby in GB) and Ireland (Porterstown II expansion), as well as Big Rock in California and Dogfish in Texas, will allow us to bring (a total of 521.8 MW) online while exploring opportunities to increase the capacity of the 9.95 MW sites in the Perfect Power portfolio, as we have done for the Company's Irish assets. We believe this updated construction schedule will reduce overall capital expenditure – the largest cost associated with energy storage assets – and have a positive impact on returns, ultimately increasing value for shareholders.

NAV Overview and Drivers

Cash generation during the reporting period resulted in an uplift of £31m in NAV. An additional £22m uplift was primarily driven by updated forecasted revenue assumptions for the Company's international assets during the reported period. In GB, although the revenue curves saw an uplift in the September-end quarter, this was largely offset by a decrease seen in March-end forecasts. Revenue curves were revised in line with merchant revenue forecasts received from third-party providers. New Capacity Market contracts secured across the portfolio, in addition to merchant revenues, resulted in an uplift of £14m in the reported period.

The Manager has adjusted inflation rates in response to the current inflationary and high-interest-rate environment across the portfolio regions. Changes in inflation rates impacted forecasted revenues and operational expenses, creating a £13m uplift in NAV. The Manager has updated assets' discount rates across the portfolio according to their respective grid and operational status. Changes in discount rates have resulted in a net reduction of £11m in NAV for the reported period.

Other DCF changes and asset depreciation across the portfolio have resulted in a reduction in NAV of £23m. These include changes in opex and capex pricing, such as battery cell costs for repowering, grid capex, business rates, and EPC pricing.

Acquisitions in the period that sufficiently progressed in their lifecycles were brought to their respective fair values, which resulted in a £30m uplift in NAV. Cumulatively, Net DCF changes across the portfolio have resulted in a £47m uplift in NAV.

FV Breakdown by Grid (in £m)	Construction	Operation
Great Britain	133.8	47.0
Ireland	9.4	74.3
Germany	–	16.7
ERCOT	6.6	23.0
CAISO	119.8	–

Revenue forecasts

The Company sources revenue forecasts for uncontracted revenue from independent energy research houses and, where feasible, adopts an average of multiple independent forecasts to present a more comprehensive view. The Company also considers the advice of independent consultants and route-to-market providers. This approach has given shareholders visibility on value which has been proven to be closest to actuals among listed peers.

Great Britain

GB assets' valuations are derived from ancillary services, trading, Capacity Market contracts and other revenue sources (such as TNUoS benefit). All forecasts have been updated using data provided by third-party providers. The price forecasts for ancillary services and trading are illustrated in the blended curve shown in Figure 20 of the annual report.

During the reported period, the Manager also secured one year T-4 Capacity Market contracts for Hulley, Lascar, Larport, and the Ancala assets, one 15-year T-4 contract for the Middleton asset and one year T-1 Capacity Market contracts for Port of Tilbury, Stony and Ferrymuir.

Ireland

Northern Ireland asset valuations use third-party curve averages for all revenue streams and third-party data for DS3 tariffs. Revenues are derived from the DS3 uncapped regime until 2025 and, from 2026 onwards, use a combination of ancillary services, trading, and Capacity Market revenue forecasts. The Investment Manager has secured Capacity Market contracts from 2023 to 2027; therefore, those contracted prices are used to calculate the revenue for those periods.

Republic of Ireland asset valuations use third-party curve averages for ancillary services, trading, and Capacity Market revenue forecasts. Secured Capacity Market contracts are integrated into the model for the years applicable. DS3 Capped contracts are used as inputs in the models for relevant assets.

Germany

German asset valuations are derived from FCR revenue assumptions based on the central case of third-party forecasts.

ERCOT

ERCOT asset valuations are derived from the central case of a third-party research house and include revenues from trading and ancillary services.

CAISO

CAISO asset valuations are derived from the central case of a third-party research house and include revenues from trading and ancillary services.

Resource Adequacy revenues are based on expected future contracts expected to be secured by the Investment Manager based on bilateral discussions with load serving entities.

Figure 20 of the annual report showcases revenues across various grids alongside the weighted average revenue for the Company's ancillary services and trading. The forecast revenues shown are weighted averages of various duration assets. The weighted average revenue is calculated using the operational capacity of the portfolio over the years across various grids. It gives a comprehensive picture of the forecasted revenue of the operational portfolio and the benefits of the diversified revenue streams.

Table 10: MW Capacity by Grid in Respective Years

	Dec-23	Dec-24	Dec-25	Dec-26
Great Britain	239.5	296.5	296.5	496.5
United States	29.9	304.9	344.7	344.7
Germany	22.0	22.0	22.0	22.0
Northern Ireland	100.0	100.0	100.0	100.0
Republic of Ireland	30.0	90.0	120.0	210.0

Inflation

In response to the current inflationary environment, the Investment Manager has revised the CPI assumptions across the portfolio, which now reflect short-term and long-term rates for each grid. These updated assumptions impact both the applicable revenue contracts in place, anticipated inflationary hikes in merchant revenue prices, and increases in operational expenses.

Table 11

CPI Assumptions	2023	2024	2025+
GB	5.4%	3.0%	2.5%
EUR	4.8%	3.0%	2.5%
US	3.9%	3.0%	2.5%

Discount rates

The weighted average discount rate across the portfolio increased to 10.1% from 8.3% in 2022. The increase reflects the rising interest rates and supply chain concerns.

Pre-construction and construction phase discount rates are applied depending on construction progress prior to start of commercial operations and operational phase discount rates are applied once commercial operations have started. The discount rate matrix used by the Investment Manager is set out below:

Table 12

Discount Rate Matrix	Pre-Construction Phase	Construction Phase	Operational Phase
Contracted Income	10.35-10.75%	9.0-10.0%	7.0-9.0%
Uncontracted Income	10.35-10.75%	9.0-10.0%	8.5-9.0%
MW	694.8	186.8	291.6

Operating expenditures

Notable increases in operating expenses include:

- **Business rates:** Local councils in GB and NI had set fixed rateable values for properties until revaluations that came into effect in April 2023, post the reporting period. The increase in business rates resulting from this revaluation was reflected in the GB and NI portfolio valuations.
- New prices associated with O&M and asset management contracts have been reflected.

Capital Expenditure

Capital-intensive items, such as grid and EPC contracts secured at the project level, were reflected in valuations in line with their contract prices. Forecasted capital expenditures relating to inverter replacements and battery augmentation (determined by the degradation profile of the asset) are underwritten using third-party forecasts. Although these reflect higher cell and equipment costs in the short term, valuations have not been materially affected by these due to the timeframe of these capital works, typically scheduled to occur between 7-15 years of operation.

The Investment Manager has been assessing EPC contract options for the pre-construction and construction portfolio, specifically regarding EPC providers and the optimal duration of its projects.

The NAV of the Company’s construction and pre-construction portfolio, which has been reflected at fair market value, is £376k/MW, driven by progress in construction work and acquisitions during the period. The construction portfolio refers to Stony (energisation process scheduled to begin at the end of July 2023), Ferrymuir, Enderby, Porterstown Expansion, Mineral Wells, Mesquite, Cedar Hills, Wichita Falls, Kilmannock Phase 1, Middleton and Big Rock. The Company is expecting to build out the portfolio of 1.17 GW at a competitive cost of £617k/MW and £510k/MWh.

As a leading global player in the energy storage market, the Manager prioritises fire and general safety measures. During the period, the Manager performed site security upgrades across four sites within its GB and all the Irish operational assets.

Energisation and commissioning timelines

Given the macro environment and future capital expenditure projections, the Manager has made a decision to optimise asset build out based on targeted energisation date and capacity. The Investment Manager strategically decided to prioritise the following assets: Stony, Ferrymuir, and Enderby in GB; Big Rock in California; Porterstown II expansion; and Dogfish in Texas (a total of 521.8 MW). In the near term, the Investment Manager will prioritise larger assets over the 9.95 MW sites in the Perfect Power portfolio. The Investment Manager is exploring opportunities to increase the capacity of the Perfect Power portfolio, similar to the expansion projects announced for the Company’s Irish assets.

The Manager has worked to mitigate construction delays across the portfolio stemming from supply chain issues and grid operator bottlenecks, however, some of the construction portfolio is facing delayed energisation. As of the date of publication, the energisation process for Stony is due to commence on 31 July 2023 and Ferrymuir is now expected to be online in September-end 2023. Enderby will follow in June 2024 and Kilmannock in December-end 2025 due to delayed grid connections. Middleton remains to be on track for energisation in December-end 2026.

1. Key Sensitivities

The NAV sensitivities shown in the table cover the critical macro-economic factors and valuation assumptions that affect the NAV of the portfolio. The value of the portfolio broadly rises with an increase in inflation, lowering of discount rate, weakening of the pound and a decrease in EPC pricing secured for assets yet to be built out.

a. Inflation rate: +/- 1.0%

b. FX volatility: +/- 3.0%

c. Discount rate: +/- 1.0%

d. EPC costs: +/-10.0%

NAV Sensitivities Chart

Region	NAV in Base Case (With DCF)	Inflation +1.0%	Inflation -1.0%	FX +3.0% (£ stronger)	FX -3.0% (£ weaker)	Discount Rate +1.0%	Discount Rate -1.0%	EPC +10%	EPC -10%
Northern Ireland	£55.0m	£59.4m	£51.3m	£54.2m	£56.0m	£51.8m	£58.8m	£54.7m	£55.4m
Republic of Ireland	£28.6m	£33.2m	£24.7m	£28.5m	£28.8m	£22.7m	£35.6m	£26.9m	£30.4m
Great Britain	£180.7m	£211.6m	£153.1m	n/a	n/a	£155.6m	£210.4m	£170.6m	£190.8m
Germany	£16.7m	£17.5m	£16.0m	£16.4m	£17.1m	£16.1m	£17.4m	n/a	n/a
Texas	£29.6m	£32.7m	£26.9m	£28.8m	£30.5m	£27.3m	£32.2m	£28.5m	£30.7m
California	£119.8m	£131.3m	£109.8m	£116.3m	£123.5m	£108.3m	£133.0m	£113.3m	£126.2m

2. NAV Scenarios

The NAV scenarios demonstrate the change in the value of the portfolio when considering alternate scenarios, such as utilising high case and low case revenue forecasts, valuing the portfolio using peer proxy funds' assumptions and applying operational discount rates for projects in construction.

Forecasts from independent research houses have been used to derive the valuation for both the high and low cases reported.

The peer revenue assumptions scenario is based on publicly disclosed information from comparable funds. The scenario represents the value of the Company's GB portfolio using future revenue data points of peer funds within the GB market as at 31 March 2023.

The last scenario illustrates the portfolio value of assets as they transition from construction stage to operational stage, reflecting the reduction in risk in line with the valuation matrix.

a. Revenue Scenarios: NAV based on third-party high & low cases;

b. Valuation of GB portfolio using peers' revenue assumptions:

c. Valuation of construction portfolio using operational discount rates.

NAV Scenarios Chart

Region	NAV in Base Case	Revenue (High Case)	Revenue (Low case)	GB NAV Using Peer Revenue Assumptions	Construction NAV Using Operational Discount Rates
Northern Ireland	£55.0m	£60.3m	£46.3m	n/a	n/a
Republic of Ireland	£28.6m	£34.8m	£14.5m	n/a	£36.6m
Great Britain	£180.7m	£234.7m	£112.8m	£255.3m	£231.7m
Germany	£16.7m	£20.7m	£10.9m	n/a	n/a
Texas	£29.6m	£37.5m	£23.2m	n/a	£31.8m
California	£119.8m	£123.1m	£116.6m	n/a	£140.4m

Message from Alex O' Cinneide

Dr Alex O'Cinneide

CEO of Gore Street Capital, the Investment Manager

I'm delighted to report that the Company has continued to deliver for shareholders through a focus on building a robust and diversified portfolio during a historic year for the energy market.

As the Company continued to pursue its strategy of delivering a well-diversified market leading stream of income, built on the lowest cost per MW/h installed and leading optimisation of revenue opportunities, market developments around the

world demonstrated why our mandate to seek out investments across different geographies is the correct approach.

The passing of the game-changing Inflation Reduction Act – the most ambitious and important piece of climate legislation the world has ever seen – validates the Company's acquisitions in the US over the reporting period. The under-construction projects will benefit from investment tax credits (ITCs) covering at least 30% of capital expenditure under the policy package targeting $369bn towards energy security and climate change initiatives.

The positivity around this legislation was offset by the outbreak of war, with Russia's invasion of Ukraine upending the European market as gas prices increased. As countries previously reliant on Russian gas race to lower their exposure to fossil fuels, the need for energy storage will continue to grow as higher levels of renewable generation are brought onto European grid systems.

We've already seen this reflected in a series of policy recommendations made by the European Commission in March 2023, which all centred on deploying energy storage to support the wider adoption of renewables.

This recognition of energy storage as the crucial technology to underpin decarbonised and secure energy systems worldwide shows that policymakers have caught up to what we've seen in the technology all along. Our internationally diverse portfolio is already well positioned to act on the increased opportunities we expect to emerge while protecting the Company from seasonal variations in revenue experienced in individual markets.

The Company's GB portfolio, for example, performed well in the first half of the reporting period thanks to our success across ancillary services, which continued to play a dominant role in the revenues available to energy storage systems. Strong revenues from DS3 services in Ireland, meanwhile – mainly driven by increased generation from renewables in winter months – meant the Company's Irish assets produced the highest revenue over the year across the portfolio, mitigating a sharp decline in revenue seen in GB in 2023 and insulating the Company on a portfolio level.

This meant falling GB revenue, broadly in line with forecasts, had a less severe impact on our portfolio due to the effectiveness of our diversification strategy. I am pleased to report the Company once again produced industry-leading returns, generating an average of £157,000/MW/yr during the 2022 calendar year.

We are, therefore, confident that our growing international presence will continue to deliver strong returns for our investors. We have made significant progress in expanding our portfolio, with 514.8 MW of construction and pre-construction phase assets acquired during the period, bringing the total pre-operational capacity to 881.6 MW. The Company has reached a turning point at which the 25% operational capacity is expected to become 70% by the end of 2024, with assets scheduled to come online across the GB, ERCOT and CAISO grids.

The expanding portfolio further maximises our exposure to a range of revenue streams, allowing us to explore debt options across the portfolio, both in USD and GBP, including portfolio-and asset-level debt. Project-level debt for the Big Rock project is particularly interesting, given its unique revenue profile. Assets in California's CAISO market can generate up to 40% of revenue from the Resource Adequacy mechanism, which delivers long-term, inflation-linked revenues lasting up to 20 years.

Following a period of acquisitions, we are now focused on building out the Company's construction portfolio. As previously announced in February, the Company is well-funded for this, utilising a combination of cash on balance sheet and the judicious use of debt in line with the Company's gearing policy. Overall our balance sheet is best in class with very strong ratios across the board.

Capital discipline remains a top priority, with capital expenditure representing the most significant expense for renewable energy solutions like energy storage. Due to the Company's construction portfolio size, we have strategically adjusted construction schedules to capitalise on the expected decrease in capital expenditure costs for the Company's construction assets in Texas and Kilmannock in Ireland. This was an economic decision and aims to impact returns positively.

The Company's ongoing expansion will continue to be supported by the technical excellence cultivated within the Investment Manager, as ensuring our systems under management are available as much as possible will continue to be a key decider of success. We are proud of our record over FY 2022/23 maintaining fleet availability above 95%, including the operational assets acquired in new grids, further demonstrating our ability to operate assets successfully across multiple jurisdictions.

We continue to invest in our in-house resources at the Investment Manager, which now has dedicated construction, asset management, and commercialisation teams, as well as providing the Company Secretary function, ESG, legal and finance expertise. Internalising these functions has resulted in higher efficiency and optimal delivery against our mandate and will continue to support the Company during this next phase of growth.

The Company's NAV continues to show strong and incremental growth, increasing from 109.1p/share (31 March 2022) to 115.6p/ share (31 March, 2023), reflecting a 12.3% NAV Total Return for the reporting period. The valuation approach has delivered a true picture to our shareholders of the portfolio's worth whilst minimising the large volatility experienced by

peers and maintaining the management fee at the correct level. In line with the Company's progressive dividend target, declared dividends for the period amount to 7.5p. With 75% of the portfolio under construction, we remain positive about delivering long-term value to shareholders as further operational capacity is brought online.

Delivery against strategy

The reported period marked a milestone year for the Company. Following a significantly oversubscribed fundraise, the Investment Manager completed four new international projects totalling 544.7 MW, bringing the total portfolio capacity to over 1.17 GW – cementing the Company as a globally diversified energy storage player. The Company has delivered against its growth and diversification strategy with entry into two new grids in the US—ERCOT (Texas) and CAISO (California)—resulting in a portfolio spanning five grids.

This US expansion began with its 69.7 MW acquisition in ERCOT—a portfolio of three 9.95 MW operational sites and four 9.95 MW construction sites followed by the acquisition of the Dogfish (75.0 MW) project, also in Texas, in January 2023. The scale of the Company's US pre-construction portfolio warrants lower expected construction capital expenditure on a per MW basis due to the economies of scale that can be achieved. ERCOT is a high-growth market that remains an area of interest for the Company.

In the GB market, the Company completed the 200.0 MW Middleton acquisition, representing one of the largest standalone storage acquisitions of its kind. The scale of this GB acquisition further established the Company's commitment to invest in proven markets where its existing operational portfolio has demonstrated success. It is also reflective of the type of asset that our portfolio is geared to, relevant to the energy system. Its size will help the Company achieve best-in class cost, while being connected to the transmission network will allow it to avail of cost savings and new revenue streams. We shall make a decision over the next 12 months on what duration this asset should be depending on factors such as capex and revenue streams. To date our minimising of capex and duration in the GB market has been proved correct again and again.

The final acquisition completed during the reported period was the landmark 200.0 MW / 400.0 MWh acquisition of Big Rock in CAISO - the Company's first acquisition in this market, furthering the geographical diversification of the portfolio. CAISO is an attractive market featuring contracted revenues through Resource Adequacy and merchant revenue opportunities through trading and ancillary services. The project is on track to meet its target energisation of December-end 2024.

Alongside the portfolio growth, the Manager has maintained a focus on allocating capital for the buildout of the construction and pre-construction portfolio. The successful commissioning of Porterstown (30.0 MW/30.0 MWh) in January 2023 added the Republic of Ireland to its EBITDA-generating jurisdiction. The asset will benefit from contracted income for the first six years of its operations under the DS3 Capped programme, further diversifying the Company's revenue stack and risk profile.

The Company has made further progress on the construction of its near-term 186.8 MW GB portfolio, including the Stony (79.9 MW/79.9 MWh), Ferrymuir (49.9 MW/49.9 MWh) and Enderby (57.0 MW/57.0 MWh) projects.

The Company secured lucrative Capacity Market contracts for its GB and Irish assets in the February 2023 auction. In addition to the one-year T-4 contracts secured for £63/kW for five of its operational GB assets, the Company also secured a 15-year T-4 contract for the Middleton asset and now has 15-year contracts for the entire GB construction portfolio. The two 50.0 MW assets in NI secured contracts from 2022 until 2027, and Porterstown in ROI secured a CM contract for 2026-2027.

Outlook

Over the next twelve months, we are focused on our portfolio along the following areas:

1) bringing projects to operation at the lowest cost per MW/ MWh fully installed.

2) generating the highest revenue per MW/MWh in each of the markets in which we are competing in.

3) utilising our economics of scale to materially increase EBITDA margin.

4) creating increased capacity in our existing projects over the original project size.

The Investment Manager's focus has therefore transitioned primarily to building out the Company's 881.6 MW of construction assets located across four grids and optimising the capital structure of the Company. With 521.8 MW scheduled to be commissioned by the end of 2024, the Company seeks to optimise cash generation and, in turn, dividend cover.

The Manager is assessing project finance and Company leverage structures to fund the buildout of the construction portfolio. Lenders have become more comfortable with the prospect of merchant revenues in the energy storage market

after observing a solid track record of operational and revenue performance and an accelerated growth rate of key industry players. Debt will enable more flexibility in capital deployment and improved returns for shareholders. As of the date of publication, the Company has increased its existing facility with Santander from £15m to £50m. The Investment Manager is also actively engaging other project-level debt providers to optimise the capital structure of suitable assets.

The conviction on the long-term success of energy storage continues to be based on the fundamental market drivers of climate action and energy security, supported by policies and legislation of several governments around the world. The Manager will continue engaging with grid operators to explore and capitalise on new revenue opportunities, such as National Grid ESO's "black-start" and ERCOT's "ECRS" programmes in GB and Texas, respectively. As discussions regarding the future of the revenue stack remain ongoing, the Manager will continue to assess the target duration of construction assets in the procurement process. It is confident in its ability to retrofit the three GB assets targeting energisation during the next 12 months with additional duration should capex prices and revenue opportunities align to create an advantageous environment to do so. The large portfolio of construction assets to be brought online in the near future will bolster the industry-leading revenue generation already achieved by the existing international fleet. The increased operational capacity and resulting cash generation will support the progressive dividend target and contribute to the Company's continued profitability and support growth in Net Asset Value.

The reporting period has showcased the portfolio's value and ability to deliver consistently across multiple uncorrelated energy systems. The forthcoming increase in operational capacity will add to this established success and, combined with the appropriate valuation applied to the Company's revenue forecasts, create significant value. These factors enable the Company to allocate capital efficiently to meet the target IRR outlined within its mandate while justifying appropriate asset valuations.

The creation of this shareholder value allows the Company to continue to deliver energy storage as the critical asset class needed to integrate renewable generation contribute towards global decarbonisation and, ultimately, drive forward the fight against climate change.

Strategic report

Risk Management and Internal Control

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the audit committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives. Both the principal risks and the monitoring system are also subject to robust review at least annually. The last review took place in July 2023.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below.

*The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows show the risks as increased or decreased.

EMERGING RISKS AND UNCERTAINTIES

During the year, the Board also discussed and monitored risks that could potentially impact the Company's ability to meet its strategic objectives. These were political risk, and climate change risk. Political risk includes regulatory and legal changes impacting strategy, and potential changes to national and cross-border energy policy. Climate change risk was reviewed during the year and following its assessment, the audit and risk committee recommended and the Board agreed that climate change risk should be included in the principal risks.

The Board has determined they are not currently sufficiently material for the Company to be categorised as independent principal risks. The Board receives updates from the Manager, Company Secretary and other service providers on other potential risks that could affect the Company. The Board also considered the uncertainties caused by the conflict in Ukraine, the threat of a global recession and increasing energy prices although they are not factors which explicitly impacted the Company's performance.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Description	Mitigation and Management	Change*
Changes to Market Design	The Company's assets generate revenue by delivering balancing services to power grid operators in the United Kingdom, Ireland, Germany, Texas and California. There is a risk in any of those markets that unanticipated changes to the design of power system services or any change in the specifications and requirements for service delivery (including network charges or changes to market rules) could negatively impact cash flow or constrain revenue projections for assets within the region in which a change occurs and thereby reduce the net asset value of the affected assets.	The Company has assets in five grids to mitigate the impact of one grid's changes. In addition, the Manager aims to stack revenue contracts to vary the types of income streams received from each system operator and within each market.	⇔
Inflation	The Company's profit projections are based in part on its budget for capital and operating expenditure incurred in the construction, operation, and maintenance of its portfolio of battery storage assets. These include, amongst other things, the cost of battery cells, inverters, the cost of power required to charge the batteries and the labour costs for operations. There is a risk that unanticipated inflation will increase capital expenditure and operating costs materially beyond budget, without a commensurate impact on revenues, with the consequence of reducing profitability below the investment forecast and/or rendering projects less economic or uneconomic. There is also a risk that continued or severe inflation could positively and/or negatively change the grid power market design (see Changes to Market Design above). The Company has little exposure to debt financing but has access to debt facilities. There is a risk that increases in the inflationary index rates could render the interest rates applicable to these debt facilities less economic or uneconomic.	The Company ensures that it generates revenues in the markets in which it incurs operating costs from a diverse mix of short, medium and long-term contracts that are subject to fixed or floating contract prices. As revenues are pegged to operating expenditure, the Company shall aim to neutralise inflationary increases (e.g., cost of power to charge the batteries) by rebalancing its revenue services (e.g., changing the timing or bases for charging batteries to either reduce costs or increase revenues) as appropriate to maintain its investment forecast. The long-term Capacity Market contracts of up to 15 years are index linked.	⇔
Exposure to Lithium-Ion Batteries, Battery Manufacturers and technology changes	The portfolio currently consists only of lithium-ion batteries. The Group's battery energy storage systems are designed by a variety of EPC providers, but the underlying lithium-ion batteries are manufactured primarily by BYD, CATL and LG Chem. While the Company considers lithium-ion battery technology to be the most efficient and most competitive form of storage in today's market, there is a risk that other technologies may enter the market with the ability to provide similar or more efficient services to power markets at comparable or lower costs, reducing the portfolio's market share of revenues in the medium or long term. There is also a risk that batteries might be unavailable due to delays caused by supply chain issues.	The Company remains technology agnostic and continues to evaluate other economically viable energy storage opportunities to reduce its exposure to lithiumion and further diversify its portfolio mix. The Company is not under an exclusivity agreement with any individual battery manufacturer and will manage its supply framework agreements in a manner that allows it to take advantage of any improvements or amendments to new storage technologies as they become commercially viable, as well as mitigating any potential supply chain issues.	⇔
Service Provider	The Company has no employees and has delegated certain functions to several service	Service providers are appointed subject to due diligence processes and with clearly	⇔

	providers, principally the Manager, Administrator, depositary and registrar. Failure of controls, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of their services is monitored. The Directors also receive presentations from the Manager, depositary and custodian, and the registrar on an annual basis. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls, and follow up of remedial actions as required.	
Valuation of Unquoted Assets	The Company invests predominantly in unquoted assets whose fair value involves the exercise of judgement by the Investment Manager. There is a risk that the Investment Manager's valuation of the portfolio may be deemed by other third parties to have been overstated or understated.	The Investment Manager routinely works with market experts to assess the reasonableness of key data used in the asset valuation process (such as energy price forecasts) and to reassess its valuations on a quarterly basis. In addition, to ensure the objective reasonableness of the Company's NAV materiality threshold and the discount rates applied, a majority of the components of the portfolio valuation, (based on a NAV materiality threshold) are reviewed by an independent third party, prior to publication of the halfyear and year-end reports.	
Delays in Grid Energisation or Commissioning	The Company relies on EPC contractors for energy storage system construction, and on the relevant transmission systems and distribution systems' owners (TSO) for timely energisation and connection of that battery storage asset to the transmission and distribution networks appropriately. There is a risk that either the EPC contractor or relevant TSO could delay the target commercialisation date of an asset under construction and negatively impact projected revenues.	The Company works closely with EPC contractors to ensure timely performance of services and imposes liquidated damage payments under the EPC contracts for certain delays in delivery. The Company seeks commitments from TSOs to a target energisation date as a condition to project acquisition and provides maximum visibility on project development to TSOs to encourage collaboration towards that target energisation date. The Manager factors in delays by adjusting the valuation on an ongoing basis.	

Currency Exposure	The Company is the principal lender of funds to Group assets (via intercompany loan arrangements) for their investments in projects, including projects outside of the UK. This means that the Company may indirectly invest in projects generating revenue and expenditure denominated in a currency other than Sterling, including in US Dollars and Euros. There is a risk that the value of such projects and the revenues projected to be received from them will be diminished as a result of fluctuations in currency exchange rates. The diminishing in value could impact a subsidiary's ability to pay back the Company under the intercompany loan arrangements.	The Company acts as guarantor under currency hedge arrangements entered into by impacted subsidiaries to mitigate its exposure to Euros and US Dollars. The Company will also guarantee future hedging arrangements as appropriate to seek to manage its exposure to foreign currency risks.	⇔
Cyber-Attack and Loss of Data	The Company is exposed (through the server, software, and communications systems of its primary service providers and suppliers) to the risk of cyber-attacks that may result in the loss of data, violation of privacy and resulting reputational damage.	Among other measures, the Company ensures its contractors and service providers incorporate firewalls and virtual private networks for any equipment capable of remote access or control. Cybersecurity measures are incorporated for both external and internal ('local') access to equipment, preventing exposure to ransomware attacks or unsolicited access for any purpose. The Company engages experts to assess the adequacy of its cybersecurity measures and has implemented a requirement for annual testing to confirm and certify such adequacy for representative samples for the entire fleet.	↑
Physical and transitional climate-related risks	The Company's assets are located in several different countries, some of which experience extreme weather, which could have a physical impact on the assets and as a result affect shareholder returns. Climate change may also affect the development of technologies, markets and regulations.	The Manager's due diligence and site design processes factor in climate change-related risks when selecting sites and assets and designing systems to operate within a range of temperatures. The Manager reports to the Board on developments in these areas regularly, including recommendations for the Company to acclimate to technological, market or regulatory change, including any driven by climate change.	New

RISK ASSESSMENT AND INTERNAL CONTROLS REVIEW BY THE BOARD

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the audit and risk committee, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

No significant control failings or weaknesses were identified from the audit and risk committee's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company.

A full analysis of the financial risks facing the Company is set out in note 18 to the Financial Statements on pages 82 to 84 of the annual report.

GOING CONCERN AND VIABILITY

The Company's business activities, together with the factors likely to affect its future development performance and position, are set out in the Investment Manager's Report. The Company faces a number of principal risks and uncertainties, as set out above, and financial risks such as counterparty risk, credit risk and concentration risk as discussed in the financial statements.

The Company also continues to monitor and assess emerging risks which may potentially impact operations, including the impact of climate change. Whilst the Company's articles of association require that a proposal for the continuation of the Company be put forward at the Company's AGM, the Directors have no reason to believe that such a resolution will not be passed by shareholders.

GOING CONCERN

As at 31 March 2023, the Company had net current assets of £121.5 million and had cash balances of £123.7 million (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends, costs relating to the acquisition of new assets and further investments in existing portfolio Companies, all of which are discretionary. The Company is a guarantor to GSES 1 Limited's revolving credit facility with Santander. Subsequent to year end this facility was increased from £15m to £50m, with an extended term of four years to 2027. The Company had no outstanding debt as at 31 March 2023.

The completed going concern analysis considers liquidity at the start of the period and cash flow forecasts at both the Company level and project level. These forecasts take into consideration expected operating expenditure of the Company, expected cash generation by the project companies available for distribution to the Company, additional funding from the Company to project companies, under construction, and continued discretionary dividend payments to Shareholders at the target annual rate of 7% of NAV, subject to a minimum target of 7 pence per Ordinary Share in each financial year. Financial assumptions also include expected inflows and outflows in relation to external debt held of the Company or its subsidiaries.

The Directors have reviewed Company forecasts and projections which cover a period of 18 months from 31 March 2023, and as part of the going concern assessment have modelled downside scenarios considering foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources.

The Directors consider the following scenarios:

- A base case scenario considering expected Company operating expenditure and dividends, and cash inflows and outflows relating to subsidiary companies under the current planned strategy to focus on build-out of existing construction projects. This factors in expectations of available external debt.
- Although a simultaneous reduction in project companies' revenue across the five grids they operate is not considered likely, a plausible average reduction in base case revenue has been considered as a downside scenario. This would result in a reduction in cash flow available for distribution from subsidiaries to the Company.

This analysis shows that, under both the base case and downside scenarios, the Company is expected to have sufficient financial resources available to meet current obligations and commitments as they fall due for at least 12 months until 30 September 2024.

The Directors acknowledge their responsibilities in relation to the financial statements for the year ended 31 March 2023 and the preparation of the financial statement on a going concern basis remains appropriate and the Company expects to meet its obligations as and when they fall due for at least 12 months until 30 September 2024.

LONG TERM VIABILITY

In reviewing the Company's viability, the Directors have assessed the prospects of the Company over a period of five years to 31 March 2028. After assessing the risks, which include emerging risks like climate change and reviewing the Company's liquidity position, together with the forecasts of performance under various scenarios, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities over the period of five years.

In making this statement, the Directors have reviewed cash forecasts over this period, taking into consideration base case expectations and potential downside scenarios. The Directors have also considered the current unlevered nature of the Company and its subsidiaries and its capacity and ability to raise further debt up to 30% of Gross Asset Value per internal policy.

The diversified nature of the portfolio, across 5 different grids, has been taken into account when assessing concentration of any prolonged downturns to the portfolio. In addition, mitigating actions under severe downside scenarios have been considered, such as the discretionary nature of dividends and ability to delay uncontracted capital expenditure on build out of construction phase projects in the portfolio. This assessment has not considered the potential for further fundraising through equity markets.

Statement of Directors' Responsibilities in respect of the preparation of the Annual Financial Report

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the Company financial statements, in accordance with UK adopted international accounting standards.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Report of the Directors, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website (www.gsenergystoragefund.com) is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

The Directors confirm that to the best of their knowledge:

- the Annual Report, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the Company's financial statements have been prepared in accordance with UK adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and net return of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal and emerging risks and uncertainties that it faces.

Statement of Comprehensive Income

For the Year Ended 31 March 2023

		Year Ended 31 March 2023			**Year Ended 31 March 2022**		
	Notes	**Revenue (£)**	**Capital (£)**	**Total (£)**	**Revenue (£)**	**Capital (£)**	**Total (£)**
Net gain on investments at fair value through profit and loss	7	**–**	**60,826,822**	**60,826,822**	–	43,531,405	43,531,405
Investment income	8	**12,466,909**	**–**	**12,466,909**	5,489,529	–	5,489,529
Administrative and other expenses	9	**(9,881,436)**	**–**	**(9,881,436)**	(6,493,364)	–	(6,493,364)
Profit/(loss) before tax		**2,585,473**	**60,826,822**	**63,412,295**	(1,003,835)	43,531,405	42,527,570
Taxation	10	**–**	**–**	**–**	–	–	–
Profit/(loss) after tax and profit for the year		**2,585,473**	**60,826,822**	**63,412,295**	(1,003,835)	43,531,405	42,527,570
Total comprehensive income/(loss) for the year		**2,585,473**	**60,826,822**	**63,412,295**	(1,003,835)	43,531,405	42,527,570

Profit per share (basic and diluted) – pence per share	11	**0.55**	**12.76**	**13.31**	(0.33)	14.48	14.15

All Revenue and Capital items in the above statement are derived from continuing operations.

The Total column of this statement represents the Company's Income Statement prepared in accordance with UK adopted IAS. The profit/(loss) after tax and profit/(loss) for the year is the total comprehensive income and therefore no additional statement of other comprehensive income is presented.

The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issue by the Association of Investment Companies.

Statement of Financial Position

As at 31 March 2023

Company Number 11160422

	Notes	31 March 2023 (£)	31 March 2022 (£)
Non – Current Assets			
Investments at fair value through profit or loss	12	**434,762,146**	180,762,419
		434,762,146	180,762,419
Current assets			
Cash and cash equivalents	13	**123,705,727**	198,047,440
Trade and other receivables	14	**843,825**	46,476
		124,549,552	198,093,916
Total assets		**559,311,698**	378,856,335
Current liabilities			
Trade and other payables	15	**3,046,853**	2,375,241
		3,046,853	2,375,241
Total net assets		**556,264,845**	376,481,094
Shareholders equity			
Share capital	20	**4,813,995**	3,450,358
Share premium	20	**315,686,634**	269,708,123
Special reserve	20	**349,856**	186,656
Capital reduction reserve	20	**111,125,000**	42,258,892
Capital reserve	20	**125,584,414**	64,757,592
Revenue reserve	20	**(1,295,054)**	(3,880,527)
Total shareholders equity		**556,264,845**	376,481,094
Net asset value per share	19	**1.16**	1.09

Statement of Changes in Equity

For the Year Ended 31 March 2023

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2022	3,450,358	269,708,123	186,656	42,258,892	64,757,592	(3,880,527)	376,481,094
Profit for the year	–	–	–	–	60,826,822	2,585,473	63,412,295
Total comprehensive profit for the year	–	–	–	–	60,826,822	2,585,473	63,412,295
Transactions with owners							
Ordinary Shares issued at a premium during the year	1,363,637	148,636,363	–	–	–	–	150,000,000
Share issue costs	–	(2,657,852)	–	–	–	–	(2,657,852)
Transfer to capital reduction reserve	–	(100,000,000)	–	100,000,000	–	–	–
Movement in special reserve	–	–	163,200	(163,200)	–	–	–
Dividends paid	–	–	–	(30,970,692)	–	–	(30,970,692)
As at 31 March 2023	**4,813,995**	**315,686,634**	**349,856**	**111,125,000**	**125,584,414**	**(1,295,054)**	**556,264,845**

Capital reduction reserve and revenue reserves are available to the Company for distributions to Shareholders as

determined by the Directors.

For the Year Ended 31 March 2022

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2021	1,438,717	107,713,725	186,656	17,446,348	21,226,187	(2,876,692)	145,134,941
Profit for the year	–	–	–	–	43,531,405	(1,003,835)	42,527,570
Total comprehensive profit for the year	–	–	–	–	43,531,405	(1,003,835)	42,527,570
Transactions with owners							
Ordinary Shares issued at a premium during the year	2,011,641	206,616,364	–	–	–	–	208,628,005
Share issue costs	–	(4,621,966)	–	–	–	–	(4,621,966)
Transfer to capital reduction reserve	–	(40,000,000)	–	40,000,000	–	–	–
Dividends paid	–	–	–	(15,187,456)	–	–	(15,187,455)
As at 31 March 2022	3,450,358	269,708,123	186,656	42,258,892	64,757,592	(3,880,527)	376,481,094

Capital reduction reserve and revenue reserves are available to the Company for distributions to Shareholders as determined by the Directors.

Statement of Cash Flows

For the Year Ended 31 March 2023

Notes	Year Ended 31 March 2023 (£)	Year Ended 31 March 2022 (£)
Cash flows generated from operating activities		
Profit for the year	**63,412,295**	42,527,570
Net profit on investments at fair value through profit and loss	**(60,826,822)**	(43,531,405)
(Increase) / decrease in trade and other receivables	**(797,348)**	5,317,691
Increase in trade and other payables	**671,610**	1,299,422
Net cash generated from operating activities	**2,459,735**	5,613,279
Cash flows used in investing activities		
Purchase of investments	**(225,765,788)**	(56,536,739)
Repayment from investments	**32,592,883**	–
Net cash used in investing activities	**(193,172,905)**	(56,536,739)
Cash flows used in financing activities		
Proceeds from issue of Ordinary Shares at a premium	**150,000,000**	208,628,005
Share issue costs	**(2,657,852)**	(4,621,966)
Dividends paid	**(30,970,691)**	(15,187,456)
Net cash inflow from financing activities	**116,371,457**	188,818,583
Net (decrease)/increase in cash and cash equivalents for the year	**(74,341,713)**	137,895,123
Cash and cash equivalents at the beginning of the year	**198,047,440**	60,152,317
Cash and cash equivalents at the end of the year	**123,705,727**	198,047,440

During the year, interest received by the Company totalled £12,466,909 (2022: £5,489,530).

Notes to the Financial Statements

For the Year Ended 31 March 2023

1. General information

Gore Street Energy Storage Fund plc (the "Company"), a public limited company limited by shares was incorporated and registered in England and Wales on 19 January 2018 with registered number 11160422. The registered office of the Company is 16-17 Little Portland Street, First Floor, London, W1W 8BP.

Its share capital is denominated in Pound Sterling (GBP) and currently consists of Ordinary Shares. The Company's principal activity is to invest in a diversified portfolio of utility scale energy storage projects currently located in the UK, the

Republic of Ireland, North America and Germany.

2. Basis of preparation

STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with UK adopted international accounting standards. The Company has also adopted the Statement of Recommended Practice issued by the Association of Investment Companies which provides guidance on the presentation of supplementary information.

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities at fair value through the profit or loss.

The Company is an investment entity in accordance with IFRS 10 which holds all its subsidiaries at fair value and therefore prepares separate accounts only.

FUNCTIONAL AND PRESENTATION CURRENCY

The currency of the primary economic environment in which the Company operates (the functional currency) is Pound Sterling ("GBP or £") which is also the presentation currency.

GOING CONCERN

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider the Company to have adequate resources to continue in operational existence over the period to 30 September 2024, being at least 12 months from the date of approval of the financial statements. As such, they have adopted the going concern basis in preparing the annual report and financial statements.

The going-concern analysis takes into account expected increases to Investment Adviser's fee in line with the Company's NAV and expected increases in operating costs, as well as continued discretionary dividend payments to shareholders at the annual target rate of 7% of NAV, subject to a minimum target of 7 pence per Ordinary Share in each financial year. Consideration has been given to the current macro-economic environment and volatility in the markets. Based on the analysis performed, the Company will continue to be operational and will have excess cash after payment of its liabilities for at least the next 12 months to 30 September 2024.

As at 31 March 2023, the Company had net current assets of £121.5 million and had cash balances of £123.7 million (excluding cash balances within investee companies), which are sufficient to meet current obligations as they fall due. The major cash outflows of the Company are the payment of dividends, costs relating to the acquisition of new assets and further investments in existing portfolio Companies, all of which, are discretionary. The Company is a guarantor to GSES1 Limited's revolving credit facility with Santander. Subsequent to year end this facility was upsized from £15m to £50m, with an extended term of four years to 2027. The Company had no outstanding debt as at 31 March 2023.

Shareholders will have the opportunity to vote on an ordinary resolution on the continuation of the Company at the AGM of the Company to be held in 2023. The Directors have considered this when evaluating the Going concern assessment for the Company and have no reason to believe that such resolution will not be passed by shareholders.

The Directors acknowledge their responsibilities in relation to the financial statements for the year ended 31 March 2023 and have prepared the financial statement on a going concern basis. The Company expects to meet its obligations as and when they fall due for at least the next twelve months to 30 September 2024.

The Board has considered the impact of climate change on the investments included in Company's financial statements and has assessed that it does not materially impact the estimates and assumptions used in determining the fair value of the investments.

OPERATING SEGMENTS

Under IFRS 8, particular classes of entities are required to disclose information about any of their individual operating segments. Having considered that the Company's entire portfolio is held through the Company's direct subsidiary, GSES 1 Limited, the Directors are of the opinion that there is only one segment and therefore no operating segment information is given.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

During the period the Directors considered the following significant judgements, estimates and assumptions:

ASSESSMENT AS AN INVESTMENT ENTITY

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them unless they provided investment-related services to the Company. As such, the Directors are required to make a judgement as to whether the Company continues to meet the definition of an investment entity.

To determine this, the Company is required to satisfy the following three criteria:

a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services;

b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows:

- the stated strategy of the Company is to deliver stable returns to shareholders through a mix of energy storage investments;
- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually; and
- the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

Having assessed the criteria above and in their judgement, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition in the standard. This conclusion will be reassessed on an annual basis.

VALUATION OF INVESTMENTS

Significant estimates in the Company's financial statements include the amounts recorded for the fair value of the investments. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the Company's financial statements of changes in estimates in future periods could be significant. These estimates are discussed in more detail in note 17.

4. New and revised standards and interpretations

NEW AND REVISED STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of the financial statements have been consistently applied during the year ended 31 March 2023.

In February 2021, the International Accounting Standards Board issued further amendments to IAS8: Accounting Policies, Changes in Accounting Estimates and Errors. Those amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They further clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments are effective for periods beginning on or after 1 January 2023 and having reviewed the amendments, the Board is of the opinion that these amendments will not have a material impact on the Company's financial statements.

In May 2021, the IASB issued amendments to IAS 12: Income Taxes regarding deferred tax relating to Assets and Liabilities arising from a Single Transaction. The amendments introduce an exception to the 'initial recognition exemption' for an entity, whereby deferred tax previously did not need to be recognised when, in a transaction that is not a business combination, an entity purchased an asset that would not be deductible for tax purposes (even though there is a difference between the asset's carrying amount and its tax base). These amendments are effective for periods beginning on or after 1 January 2023 and having reviewed the amendments, the Board is of the opinion that these amendments will not have a material impact on the Company's financial statements.

There have been no new standards, amendments to current standards, or new interpretations which the Directors feel have a material impact on these financial statements.

NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

In January 2020, the International Accounting Standards Board issued amendments to IAS 1: Presentation of Financial Statements to clarify how an entity classifies debt and other financial liabilities as current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and having reviewed the amendments, the Board is of the opinion that these amendments will not have a material impact on the Company's financial statements.

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

INVESTMENT INCOME

Interest income is recognised on an accrual basis in the Revenue account of the Statement of Comprehensive Income.

Investment income arising from the portfolio assets is recognised on an accruals basis in totality, with amounts received in cash recognised in investment income and the unrealised portion disclosed in net gain on investments at fair value through profit and loss.

EXPENSES

Expenses are accounted for on an accrual basis and charged to the Statement of Comprehensive Income. Share issue costs are allocated to equity. Expenses are charged through the Revenue account except those which are capital in nature, these include those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account.

NET GAIN OR LOSS ON INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Gains or losses arising from changes in the fair value of investments are recognised in the Capital account of the Statement of Comprehensive Income in the period in which they arise. The value of the investments may be increased or reduced by the assessed fair value movement.

TAXATION

The Company is approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/29999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/29999. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

From 1 April 2015 there is a single corporation tax rate of 19%, which is the rate applicable at year end. From 1 April 2023 the main UK corporation tax rate increased to 25%. Current Tax and movements in deferred tax asset and liability are recognised in the Statement of Comprehensive Income except to the extent that they relate to the items recognised as direct movements in equity, in which case they are similarly recognised as a direct movement in equity. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period. Any closing deferred tax balances have been calculated at 25% as this is the rate expected to apply in future periods.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods, at the tax rate expected to be applicable at realisation.

INVESTMENT IN SUBSIDIARIES

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power over the subsidiary entity. In accordance with the exception under IFRS 10 Consolidated financial statements, the Company is an investment entity and therefore only consolidates subsidiaries if they provide investment management services and are not themselves investment entities. All subsidiaries are investment entities and held at fair value in accordance with IFRS 9 and therefore not consolidated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and call deposits held with the bank with original maturities of three months or less.

RESTRICTED CASH

Restricted cash comprises cash held as collateral for future contractual payment obligations and deferred payments payable from indirect subsidiaries to third parties of the Company in relation to the Big Rock project. Restricted cash is recognised at fair value and subsequently stated at amortised cost less loss allowance, which is calculated using the provision matrix of the expected credit loss model (refer to note 13 for further information).

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost less loss allowance which is calculated using the provision matrix of the expected credit loss model.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

DIVIDENDS

Dividends are recognised, as a reduction in equity in the financial statements. Interim equity dividends are recognised when legally payable. Final equity dividends will be recognised when approved by the Shareholders.

EQUITY

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive Income.

FINANCIAL INSTRUMENTS

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

FINANCIAL ASSETS

The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash and cash equivalents, restricted cash, and trade and other receivables.

Financial asset measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

c) it is classified as held for trading (derivative contracts in an asset position).

d) It is classified as an equity instrument.

The Company includes in this category equity instruments and loans to investments.

FINANCIAL LIABILITIES

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading of which the Company had none.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, including short-term payables.

RECOGNITION AND DERECOGNITION

Financial assets and liabilities are recognised on trade date, when the Company becomes party to the contractual provisions of the instrument. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

IMPAIRMENT OF FINANCIAL ASSETS

The Company holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature.
The provision matrix based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

FAIR VALUE MEASUREMENT AND HIERARCHY

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest.

The fair value hierarchy to be applied under IFRS 13 is as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value, and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

6. Fees and expenses

ACCOUNTING, SECRETARIAL AND DIRECTORS

JTC (UK) Limited had been appointed to act as secretary for the Company through the Administration and Company Secretarial Agreement up until 14 September 2022. JTC (UK) Limited was entitled to a £70,000 annual fee for the provision of Company Secretarial services.

During the year, expenses incurred with JTC (UK) Limited for secretarial services amounted to £47,271 with £31,680 being outstanding and payable at the year end.

On 14 September 2022, Gore Street Operational Management Limited replaced JTC (UK) Limited as secretary for the Company.

During the year, expenses incurred with Gore Street Operational Management Limited for secretarial services amounted to £nil with £nil being outstanding and payable at the year end.

Apex Group Fiduciary Services (UK) Limited ("Apex") had been appointed as administrator. Through an Administration agreement, Apex is entitled to an annual fee of £50,000 for the provision of accounting and administration services based on a Company Net Asset Value of up to £30 million. An ad valorem fee based on total assets of the Company which exceed £30 million will be applied as follows:

- 0.05% on a net asset value of £30 million to £75 million
- 0.025% on a net asset value of £75 million to £150 million
- 0.02% on a net asset value thereafter.

During the year, expenses incurred with Apex for accounting and administrative services amounted to £144,233, with £41,829 being outstanding and payable at the year end.

AIFM

The AIFM, Gore Street Capital Limited (the "AIFM"), was entitled to receive from the Company, in respect of its services provided under the AIFM agreement, a fee of £75,000 per annum for the term of the AIFM agreement.

During the year, AIFM fees amounted to £74,793, there were no outstanding fees payable at the year end.

At the year end, an amount of £18,854 paid in the year to Gore Street Capital Limited in respect of these fees, is being disclosed in prepayments as it relates to the period 1 April 2023 to 30 June 2023.

INVESTMENT ADVISORY

The fees relating to the Investment Advisor are disclosed within note 22 Transactions with related parties.

7. Net gain on investments at fair value through profit and loss

	31 March 2023 (£)	31 March 2022 (£)
Net gain on investments at fair value through profit and loss	**60,826,822**	43,531,405
	60,826,822	43,531,405

8. Investment Income

	31 March 2023 (£)	31 March 2022 (£)
Bank interest income	**3,631,520**	58,977
Loan interest income received from subsidiaries	**8,835,389**	5,430,552
	12,466,909	5,489,529

9. Administrative and other expenses

	31 March 2023 (£)	31 March 2022 (£)
Accounting and Company Secretarial fees	**191,504**	161,812
Auditors' Remuneration (see below)	**303,500**	226,000
Bank interest and charges	**7,813**	8,464
Directors' remuneration and expenses	**242,313**	204,009
Directors & Officers insurance	**39,336**	18,617
Foreign exchange loss	**34**	13,604
Investment advisory fees	**4,914,324**	3,090,737
Legal and professional fees	**1,218,993**	772,617
AIFM fees	**74,793**	75,207
Marketing fees	**94,630**	69,652
Performance fees	**2,457,164**	1,545,369
Sundry expenses	**337,032**	223,342
Write back of NEC interest receivable	**–**	83,934
	9,881,436	6,493,364

During the year, the Company received the following services from its auditor, Ernst & Young LLP.

		31 March 2023 (£)	31 March 2022 (£)
Audit services			
Statutory audit	Annual accounts – current year	**285,900**	210,000
Non-audit services			
Other assurance services – Interim accounts		**17,600**	16,000
Total audit and non-audit services		**303,500**	226,000

The statutory auditor is remunerated £171,350 (2022: £145,900), in relation to audits of the subsidiaries. This amount is not included in the above.

10. Taxation

The Company is recognised as an Investment Trust Company ("ITC") for accounting periods beginning on or after 25 May 2018 and is taxed at the main rate of 19%. From 1 April 2023 the main UK corporation tax rate increased to 25%.

	31 March 2023 (£)	31 March 2022 (£)
(a) Tax charge in profit and loss account		
UK Corporation tax	**–**	–
(b) Reconciliation of the tax charge for the year		
Profit before tax	**63,412,295**	42,527,570
Tax at UK standard rate of 19%	**12,048,336**	8,080,238
Effects of:		
Unrealised gain on fair value investments	**(11,557,096)**	(8,270,966)
Expenses not deductible for tax purposes	**12,064**	995
Utilisation of brought forward tax losses not previously recognised as deferred tax	**(503,304)**	189,733
Tax charge for the year	**–**	–
Estimated losses not to be recognised due to insufficient evidence of future taxable profits	**7,334,364**	3,147,853
Estimated deferred tax thereon 25% (2022: 25%)	**1,833,591**	786,963

There is no corporate tax charge for the year (2022: £nil). The Company may utilise available tax losses from within the UK tax group to relieve future taxable profits in the Company and may also claim deductions on future distributions or parts thereof designated as interest distributions. Therefore, a deferred tax asset, measured at the prospective corporate rate of 25% (2022: 25%) of £1,833,591 (2022: £786,963) has not been recognised in respect of carried forward tax losses. These carried forward tax losses include a £7,220,992 tax deduction resulting from the dividend for the quarter ending 31 March 2023 being designated in full as an interest distribution.

11. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are no dilutive instruments outstanding, basic, and diluted earnings per share are identical.

	31 March 2023	**31 March 2022**
Net gain attributable to ordinary shareholders	**£ 63,412,295**	£ 42,527,570
Weighted average number of Ordinary Shares for the year	**476,542,691**	300,542,518
Profit per share – Basic and diluted (pence)	**13.31**	14.15

12. Investments

	Place of business	**Percentage ownership**	**31 March 2023**	**31 March 2022**
GSES1 Limited (“GSES1”)	England & Wales	100%	**434,762,146**	180,762,419

Reconciliation	**31 March 2023 (£)**	**31 March 2022 (£)**
Opening balance	**180,762,419**	80,694,272
Loan drawdowns during the year	**225,765,788**	56,536,742
Loan repayments during the year	**(32,592,883)**	–
Loan interest received	**(8,835,389)**	(5,430,553)
Loan interest receivable from GSES 1 Limited	**8,714,157**	4,180,723
Total fair value movement on equity investment	**60,948,054**	44,781,235
	434,762,146	180,762,419

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries or equity method account for associates but, rather, recognises them as investments at fair value through profit or loss.
The Company is not contractually obligated to provide financial support to the subsidiaries and associate, except as guarantor to the debt facility entered into by its direct subsidiary GSES 1 Limited, and there are no restrictions in place in passing monies up the structure.

The investment in GSES1 is financed through equity and a loan facility available to GSES1. The facility may be drawn upon, to any amount agreed by the Company as lender, and is available for a period of 20 years from 28 June 2018. The rest of the investment in GSES1 is funded through equity. The amount drawn on the facility at 31 March 2023 was £309,182,178 (2022: £116,009,272). The loan is interest bearing and attracts interest at 5% per annum. Investments in the indirect subsidiaries are also structured through loan and equity investments and the ultimate investments are in energy storage facilities.

Realisation of increases in fair value in the indirect subsidiaries will be passed up the structure as repayments of loan interest and principal. GSES1 controls GSF Albion, GSF England, GSF IRE and GSF Atlantic as listed below which in turn hold an interest in project companies. GSF Atlantic also controls GSF Americas, which itself invests in its own project companies.

	Immediate Parent	**Place of business**	**Percentage Ownership**	**Investment**
GSF Albion Limited (“GSF Albion”)	GSES1	England & Wales	100%	
NK Boulby Energy Storage Limited	GSF Albion	England & Wales	99.998%	Boulby
Kiwi Power ES B	GSF Albion	England & Wales	49%	Cenin
GSF England Limited (“GSF England”)	GSES1	England & Wales	100%	
OSSPV001 Limited	GSC LRPOT	England & Wales	100%	Lower Road Port of Tilbury
GSF IRE Limited	GSES1	England & Wales	100%	
Mullavilly Energy Limited	GSF IRE	Northern Ireland	51%	Mullavilly
Drumkee Energy Limited	GSF IRE	Northern Ireland	51%	Drumkee
Porterstown Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Porterstown
Kilmannock Battery Storage Limited	GSF IRE	Republic of Ireland	51%	Kilmannock
Ferrymuir Energy Storage Limited	GSF Albion	England & Wales	100%	Ferrymuir
Ancala Energy Storage Limited	GSF England	England & Wales	100%	Beeches, Blue House Farm, Brookhall, Fell View, Grimsargh, Hermitage, Heywood Grange, High Meadow, Hungerford, Low Burntoft

Breach Farm Energy Storage Limited	GSF England	England & Wales	100%	Breach Farm
Hulley Road Energy Storage Limited	GSF England	England & Wales	100%	Hulley Road
Larport Energy Storage Limited	GSF England	England & Wales	100%	Larport
Lascar Battery Storage Limited	GSF England	England & Wales	100%	Lascar
Stony Energy Storage Limited	GSF England	England & Wales	100%	Stony
Enderby Battery Storage Limited	GSF England	England & Wales	100%	Enderby
Middleton Energy Storage Limited[3]	GSF England	England & Wales	100%	Middleton
GSF Atlantic Limited	GSES1	England & Wales	100%	
GSF Americas Inc.[1]	GSF Atlantic	Delaware	100%	
GSF Cremzow GmbH & Co KG	GSF Atlantic	Germany	90%	Cremzow LP
GSF Cremzow Verwaltungs GmbH	GSF Atlantic	Germany	90%	Cremzow GP
Snyder ESS Assets, LLC[1]	GSF Americas	Delaware	100%	Snyder
Sweetwater ESS Assets, LLC[1]	GSF Americas	Delaware	100%	Sweetwater
Westover ESS Assets, LLC[1]	GSF Americas	Delaware	100%	Westover
Cedar Hill ESS Assets, LLC[2]	GSF Americas	Delaware	100%	Cedar Hill
Mineral Wells ESS Assets, LLC[1]	GSF Americas	Delaware	100%	Mineral Wells
Wichita Falls ESS Assets, LLC[2]	GSF Americas	Delaware	100%	Wichita Falls
Mesquite ESS Assets, LLC[2]	GSF Americas	Delaware	100%	Mesquite
Dogfish ESS Assets, LLC[4]	GSF Americas	Delaware	100%	Dogfish
Big Rock ESS Assets, LLC[5]	GSF Americas	Delaware	100%	Big Rock

(1) The acquisition of Snyder ESS Assets, LLC, Sweetwater ESS Assets, LLC, Westover ESS Assets, LLC and Mineral Wells ESS Assets, LLC was completed on 22 April 2022.

(2) The acquisition of Cedar Hill ESS Assets, LLC, Wichita Falls ESS Assets, LLC and Mesquite ESS Assets, LLC was completed on 26 August 2022.

(3) The acquisition of Middleton Energy Storage Limited was completed on 28 October 2022.

(4) The acquisition of Dogfish BEES, LLC was completed on 24 January 2023. Post year end, on 17 April 2023, Dogfish BEES, LLC changed its name to Dogfish ESS Assets, LLC.

(5) The acquisition of 92JT 8ME, LLC was completed on 16 February 2023. Post year end, on 17 April 2023, 92JT 8ME, LLC changed its name to Big Rock ESS Assets, LLC.

13. Cash and cash equivalents

	31 March 2023 (£)	31 March 2022 (£)
Cash at bank	**99,199,093**	198,047,442
Restricted cash	**24,506,634**	–
	123,705,727	198,047,442

Restricted cash comprises cash held as collateral for future contractual payment obligations and deferred payments payable from indirect subsidiaries to third parties of the Company in relation to the Big Rock project. Collateral will be released to the Company upon settlement of the contractual and deferred payments, to be made in accordance with the applicable contracts. At the date of publication £9,817,089 has been released, with the remaining £14,689,545 to be released in H1 2024.

14. Trade and other receivables

	31 March 2023 (£)	31 March 2022 (£)
VAT recoverable	**213,360**	–
Prepaid Director's and Officer's insurance	**4,085**	4,920
Other Prepayments	**36,746**	39,027
Other Debtors	**280,560**	2,529
Bank interest receivable	**309,074**	–
	843,825	46,476

15. Trade and other payables

	31 March 2023 (£)	31 March 2022 (£)
Administration fees	**73,509**	50,765
Audit fees	**283,100**	226,000
Directors remuneration	**8,222**	6,668
Professional fees	**2,554,634**	1,897,707
Other creditors	**127,388**	5,002
VAT payable	**–**	189,099
	3,046,853	2,375,241

16. Categories of financial instruments

	31 March 2023 (£)	31 March 2022 (£)
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**123,705,727**	198,047,440
Trade and other receivables	**843,825**	46,476
Fair value through profit and loss		
Investment	**434,762,146**	180,762,419
Total financial assets	**559,311,698**	378,856,335
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**3,046,853**	2,375,241
Total financial liabilities	**3,046,853**	2,375,241

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in equity and loans to subsidiaries which are measured at fair value.

17. Fair Value measurement

VALUATION APPROACH AND METHODOLOGY

There are three traditional valuation approaches that are generally accepted and typically used to establish the value of a business; the income approach, the market approach, and the net assets (or cost based) approach. Within these three approaches, several methods are generally accepted and typically used to estimate the value of a business.

The Company has chosen to utilise the income approach, which indicates value based on the sum of the economic income that an asset, or group of assets, is anticipated to produce in the future. Therefore, the income approach is typically applied to an asset that is expected to generate future economic income, such as a business that is considered a going concern. Free cash flow to total invested capital is typically the appropriate measure of economic income.
The income approach is the Discounted Cash Flow ("DCF") approach and the method discounts free cash flows using an estimated discount rate (Weighted Average Cost of Capital ("WACC")).

VALUATION PROCESS

In the year, the Company, via its subsidiaries, acquired eight projects totalling 144.65 MW connected to The Electric Reliability Council of Texas, Inc. ("ERCOT") and a 200MW project in the scope of the California Independent System Operator ("CAISO"). It also acquired a 200MW project Middleton in England. These acquisitions bring the Company's portfolio of lithium-ion energy storage investments to a total capacity of 1.17GW (2022: 628.5 MW). As at 31 March 2023, 291.6 MW of the Company's total portfolio was operational and 881.6 MW pre-operational (the "Investments").

The Investments comprise thirty-six projects, based in the UK, the Republic of Ireland, mainland Europe or North America. The Directors review and approve these valuations following appropriate challenge and examination. The current portfolio consists of non-market traded investments and valuations are analysed using forecasted cash flows of the assets and used the discounted cash flow approach as the primary approach for the valuation. The Company engages external, independent and qualified valuers to determine the fair value of the Company's investments or valuations are produced by the Investment Advisor.

As at 31 March 2023, the fair value of the portfolio of investments has been determined by the Investment Manager and reviewed by BDO UK LLP.

The below table summarises the significant unobservable inputs to the valuation of investments.

Investment Portfolio	Valuation technique	Significant Inputs: Description	Significant Inputs: (Range)	Fair Value: 31 March 2023 (£)	Fair Value: 31 March 2022 (£)
Great Britain (excluding Northern Ireland)	DCF	Discount Rate	7% – 10.75%	**180,714,570**	**89,350,935**
		Revenue / MW / hr	£8 – £14		
Northern Ireland	DCF	Discount Rate	9% – 9%	**55,049,170**	**57,076,847**
		Revenue / MW / hr	€11 – €24		
Republic of Ireland	DCF	Discount Rate	8% – 10.5%	**28,515,507**	**17,595,232**
		Revenue / MW / hr	€7 – €25		
Other OECD	DCF	Discount Rate	9% – 10.5%	**171,008,958**	**12,583,705**
		Revenue / MW / hr	€5 – €26 / $8 – $34		
Holding Companies	NAV			**(526,059)**	**4,155,700**
Total Investments				**434,762,146**	**180,762,419**

The fair value of the holding companies represents the net assets together with any cash held within those companies in order to settle any operational costs.

- **Sensitivity Analysis**

The below table reflects the range of sensitivities in respect of the fair value movements of the Company's investments, via GSES 1.

Investment Portfolio	Valuation technique	Significant Inputs: Description	Significant Inputs: Sensitivity	Estimated effect on Fair Value: 31 March 2023 (£)	Estimated effect on Fair Value: 31 March 2022 (£)
Great Britain (excluding Northern Ireland)	DCF	Revenue	+10%	**39,163,849**	**46,600,000**
			-10%	**(39,402,771)**	**(28,312,000)**
		Discount rate	+1%	**(25,103,594)**	**(12,378,000)**
			-1%	**29,658,404**	**14,357,000**
Northern Ireland	DCF	Revenue	+10%	**5,360,179**	**9,984,000**
			-10%	**(5,357,401)**	**(10,034,000)**
		Discount rate	+1%	**(3,239,801)**	**(3,226,000)**
			-1%	**3,741,944**	**3,675,000**
		Exchange rate	+3%	**(896,254)**	**(839,000)**
			-3%	**952,017**	**897,000**
Republic of Ireland	DCF	Revenue	+10%	**5,631,626**	**4,404,000**
			-10%	**(6,434,752)**	**(4,937,000)**
		Discount rate	+1%	**(5,936,555)**	**(3,242,000)**
			-1%	**6,914,698**	**3,772,222**
		Exchange rate	+3%	**(101,466)**	**(362,000)**
			-3%	**107,516**	**382,000**
Other OECD	DCF	Revenue	+10%	**24,849,092**	**3,698,000**
			-10%	**(25,153,598)**	**(4,465,000)**
		Discount rate	+1%	**(14,401,398)**	**(704,000)**
			-1%	**16,472,024**	**804,000**
		Exchange rate	+3%	**(4,689,659)**	**(285,000)**
			-3%	**4,981,974**	**303,000**

High case (+10%) and low case (-10%) revenue information used to determine sensitivities are provided by third party pricing sources.

- **Valuation of financial instruments**

The investments at fair value through profit or loss are Level 3 in the fair value hierarchy. No transfers between levels took place during the year.

18. Financial risk management

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk is considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

- **Capital risk management**

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated gains. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

- **Counterparty risk**

The Company is exposed to third party credit risk in several instances, including the possibility that counterparties with which the Company and its subsidiaries, together the Group, contract with, may default or fail to perform their obligations in the manner anticipated by the Group. Such counterparties may include (but are not limited to) manufacturers who have provided warranties in relation to the supply of any equipment or plant, EPC contractors who have constructed the Company's projects, who may then be engaged to operate assets held by the Company, property owners or tenants who are leasing ground space and/or grid connection to the Company for the location of the assets, contractual counterparties who acquire services from the Company underpinning revenue generated by each project or the energy suppliers, or demand aggregators, insurance companies who may provide coverage against various risks applicable to the Company's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Company. In the event that such credit risk crystallises, in one or more instances, and the Company is, for example, unable to recover sums owed to it, make claims in relation to any contractual agreements or performance of obligations (e.g. warranty claims) or require the Company to seek alternative counterparties, this may materially adversely impact the investment returns.

Further the projects in which the Company may invest will not always benefit from a turnkey contract with a single contractor and so will be reliant on the performance of several suppliers. Therefore, the key risks during battery installation in connection with such projects are the counterparty risk of the suppliers and successful project integration. The Company accounts for its exposure to counterparty risk through the fair value of its investments by using appropriate discount rates which adequately reflects its risk exposure.

The Company regularly assesses the creditworthiness of its counterparties and enters into counterparty arrangements which are financially sound and ensures, where necessary, the sourcing of alternative arrangements in the event of changes in the creditworthiness of its present counterparties.

- **Concentration risk**

The Company's investment policy is limited to investment in energy storage infrastructure in the UK, Republic of Ireland, North America, Western Europe, Australia, Japan, and South Korea. The value of investments outside of the UK is not intended to exceed 60% of Gross Asset Value of the Company. Significant concentration of investments in any one sector and location may result in greater volatility in the value of the Group's investments and consequently the Net Asset Value and may materially and adversely affect the performance of the Group and returns to Shareholders. The Company currently has investments located across 5 different grids in the UK, Republic of Ireland, North America (ERCOT and CAISO), and Germany. This diversification reduces exposure to any single grid. The investment policy also limits the exposure to any single asset within the portfolio to 25% of the Gross Asset Value of the Company.

- **Credit risk**

The Company regularly assesses its credit exposure and considers the creditworthiness of its customers and counterparties. Cash and bank deposits are held with Barclays plc, Santander UK plc and JPMorgan Chase and Co., all reputable financial institutions with Moody's credit ratings of Baa2, A1 and Aa2 respectively.

- **Liquidity risk**

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. The Company may, where the Board deems it appropriate, use short-term leverage to acquire assets but with the intention that such leverage be repaid with funds raised through a new issue of equity or cash flow from the Company's portfolio. Such leverage will not exceed 30 per cent. at the time of borrowing of Gross Asset Value without Shareholder approval. The Company intends to prudently introduce a conservative amount of debt throughout the portfolio. The Company's only financial liabilities as at 31 Mach 2023 are trade and other payables. The Company has sufficient cash reserves to cover these in the short-medium term. The Company's cash flow forecasts

are monitored regularly to ensure the Company is able to meet its obligations when they fall due. The Company's investments are level 3 and thus illiquid and this is taken into assessment of liquidity analysis.

The following table reflects the maturity analysis of financial assets and liabilities.

31 March 2023	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Financial assets					
Cash at bank	**99,199,093**	**–**	**–**	**–**	**99,199,093**
Restricted cash	**19,610,119**	**4,896,515**	**–**	**–**	**24,506,634**
Trade and other receivables	**843,825**	**–**	**–**	**–**	**843,825**
Fair value through profit and loss					
Investments	**–**	**–**	**–**	**434,762,146**	**434,762,146**
Total financial assets	**119,653,037**	**4,896,515**	**–**	**434,762,146**	**559,311,698**
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	**3,046,853**	**–**	**–**	**–**	**3,046,853**
Total financial liabilities	**3,046,853**	**–**	**–**	**–**	**3,046,853**

31 March 2022	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Financial assets					
Cash and cash equivalents	198,047,440	–	–	–	198,047,440
Trade and other receivables	46,476	–	–	–	46,476
Fair value through profit and loss					
Investments	–	–	–	180,762,419	180,762,419
Total financial assets	198,093,916	–	–	180,762,419	378,856,335
Financial liabilities					
Financial liabilities at amortised cost					
Trade and other payables	9,275,958	–	–	–	9,275,958
Total financial liabilities	9,275,958	–	–	–	9,275,958

Investments include both equity and debt instruments. As the equity instruments have no contractual maturity date, they have been included with the >5-year category. Additionally, the debt instruments have an original maturity of 20 years.

- **Market risk**

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects currency risk, interest rate risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

i) Currency risk

The majority of investments, together with the majority of all transactions during the current period were denominated in Pounds Sterling.

The Company, via GSES 1 and its direct subsidiaries, holds two investments (Kilmannock and Porterstown) in the Republic of Ireland, an investment in Germany (Cremzow), and several investments in North America, creating an exposure to currency risk. These investments have been translated into Pounds Sterling at year end and represent 36% (2022: 16.69%) of the Company's fair valued investment portfolio. The Company regularly monitors its exposure to foreign currency and executes appropriate hedging arrangements in the form of forward contracts with reputable financial institutions to reduce this risk. These derivatives are held by the Company's subsidiaries.

ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparties, bank deposits, advances to counterparties and through loans to related parties. Loans to related parties carry a fixed rate of interest for an initial period of 20 years. The Company may be exposed to changes in variable market rates of interest and this could impact the discount rate used in the investment valuations and therefore the valuation of the projects as well as the fair value of the loan receivables. Refer to Note 17 for the sensitivity of valuations to changes in the discount rate. The Company currently has no external debt. The Company continuously monitors its exposure to interest rate risk and where necessary will assess and execute hedging arrangements to mitigate interest rate risk.

iii) Price risk

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. If the market prices of the investments were to increase by 10%, there will be a resulting increase in net assets attributable to ordinary shareholders for the period of £43,476,217 (2022: £18,025,549). Similarly, a decrease in the value of the investment would result in an equal but opposite movement in the net assets attributable to ordinary shareholders. The Company relies on the market knowledge of the experienced Investment Advisor, the valuation expertise of the third-party valuer BDO and the use of third- party market forecast information to provide comfort with regard to fair market values of investments reflected in the financial statements.

19. Net asset value per share

Basic NAV per share is calculated by dividing the Company's net assets as shown in the Statement of Financial Position that are attributable to the ordinary equity holders of the Company by the number of Ordinary Shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic, and diluted NAV per share are identical.

	31 March 2023	**31 March 2022**
Net assets per Statement of Financial Position	**£ 556,264,845**	£ 376,481,094
Ordinary Shares in issue as at 31 March	**481,399,478**	345,035,842
NAV per share – Basic and diluted (pence)	**115.55**	109.11

20. Share capital and reserves

	Share capital (£)	**Share premium reserve (£)**	**Special reserve (£)**	**Capital reduction reserve (£)**	**Capital reserve (£)**	**Revenue reserve (£)**	**Total (£)**
At 1 April 2022	3,450,358	269,708,123	186,656	42,258,892	64,757,592	(3,880,527)	376,481,094
Issue of ordinary £0.01 shares:							
14 April 2022	1,363,637	148,636,363	–	–	–	–	150,000,000
Share issue costs	–	(2,657,852)	–	–	–	–	(2,657,852)
Transfer to capital reduction reserve	–	(100,000,000)	–	100,000,000	–	–	–
Movement in special reserve	–	–	163,200	(163,200)	–	–	–
Dividends paid	–	–	–	(30,970,692)	–	–	(30,970,692)
Profit for the year	–	–	–	–	60,826,822	2,585,473	63,412,295
At 31 March 2023	**4,813,995**	**315,686,634**	**349,856**	**111,125,000**	**125,584,414**	**(1,295,054)**	**556,264,845**

	Share capital (£)	**Share premium reserve (£)**	**Special reserve (£)**	**Capital reduction reserve (£)**	**Capital reserve (£)**	**Revenue reserve (£)**	**Total (£)**
At 1 April 2021	1,438,717	107,713,725	186,656	17,446,348	21,226,187	(2,876,692)	145,134,941
Issue of ordinary £0.01 shares:							
27 April 2021	1,323,529	133,676,471	–	–	–	–	135,000,000
Issue of ordinary £0.01 shares:							
4 October 2021	688,112	72,939,893	–	–	–	–	73,628,005
Transfer to capital reduction reserve	–	(40,000,000)	–	40,000,000	–	–	–
Share issue costs	–	(4,621,966)	–	–	–	–	(4,621,966)
Dividends paid	–	–	–	(15,187,456)	–	–	(15,187,455)
Profit for the year	–	–	–	–	43,531,405	(1,003,835)	42,527,570
At 31 March 2022	**3,450,358**	**269,708,123**	**186,656**	**42,258,892**	**64,757,592**	**(3,880,527)**	**376,481,094**

SHARE ISSUES

On 14 April 2022, the Company issued 136,363,636 ordinary shares at a price of 110 pence per share, raising net proceeds from the Placing of £150,000,000.

Following the approval at the Company's AGM on the 20 September 2022, the Company made an application to the High Court, together with a lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to reduce the capital of the Company by an amount of £100,000,000. This was affected on the 29 November 2022 by a transfer of that amount from the share premium account to distributable reserves.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors.

Ordinary shareholders have the right to vote at meetings of the Company. All ordinary Shares carry equal voting rights.

The nature and purpose of each of the reserves included within equity at 31 March 2023 are as follows:

- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues and net of conversion amount.
- Special reserve: represents a non-distributable reserve totalling the amount of outstanding creditors at the date of the Company's approved reduction in capital.
- Capital reduction reserve: represents a distributable reserve created following a Court approved reduction in capital.
- Capital reserve: represents a non-distributable reserve of unrealised gains and losses from changes in the fair values of investments as recognised in the Capital account of the Statement of Comprehensive Income.
- Revenue reserve: represents a distributable reserve of cumulative gains and losses recognised in the Revenue account of the Statement of Comprehensive Income.

The only movements in these reserves during the period are disclosed in the Statement of Changes in Equity.

21. Dividends

	Dividend per share	31 March 2023 (£)	31 March 2022 (£)
Dividends paid during the year			
For the 3 month period ended 31 March 2021	1 pence	**–**	2,762,246
For the 3 month period ended 30 June 2021	2 pence	**–**	5,524,491
For the 3 month period ended 30 September 2021	2 pence	**–**	6,900,718
For the 3 month period ended 31 December 2021	2 pence	**6,900,718**	–
For the 3 month period ended 31 March 2022	1 pence	**4,813,995**	–
For the 3 month period ended 30 June 2022	2 pence	**9,627,990**	–
For the 3 month period ended 30 September 2022	2 pence	**9,627,990**	–
		30,970,693	15,187,456

The table below sets out the proposed final dividend, together with the interim dividends declared, in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	Dividend per share	31 March 2023 (£)	31 March 2022 (£)
Dividends declared for the year			
For the 3 month period ended 30 June 2021	2 pence	**–**	5,524,491
For the 3 month period ended 30 September 2021	2 pence	**–**	6,900,718
For the 3 month period ended 31 December 2021	2 pence	**–**	6,900,718
For the 3 month period ended 31 March 2022	1 pence	**–**	4,813,995
For the 3 month period ended 30 June 2022	2 pence	**9,627,990**	–
For the 3 month period ended 30 September 2022	2 pence	**9,627,990**	–
For the 3 month period ended 31 December 2022	2 pence	**9,627,990**	–
For the 3 month period ended 31 March 2023 (declared in June 2023)	1.5 pence	**7,220,992**	–
		36,104,962	24,139,922

22. Transactions with related parties

Following admission of the Ordinary Shares (refer to note 20), the Company and the Directors are not aware of any person who, directly or indirectly, jointly, or severally, exercises or could exercise control over the Company. The Company does not have an ultimate controlling party.

Details of related parties are set out below:

DIRECTORS

During the year, it was agreed to increase each of the Directors' remuneration and as at 31 March 2023, Patrick Cox, Chair of the Board of Directors of the Company, is paid a Director's remuneration of £70,625 per annum, (2022: £57,500), Caroline Banszky is paid a Director's remuneration of £52,500 per annum, (2022: £45,000), with the remaining Directors' remuneration of £43,750 each per annum, (2022: £40,000).

Total Directors' remuneration, associated employment costs and expenses of £242,313 were incurred in respect of the year with £8,222 being outstanding and payable at the year end.

INVESTMENT ADVISOR

The Investment Advisor, Gore Street Capital Limited (the "Investment Advisor"), is entitled to advisory fees under the terms of the Investment Advisory Agreement amounting to 1% of Adjusted Net Asset Value. The advisory fee will be calculated as at each NAV calculation date and payable quarterly in arrears.

For the avoidance of doubt, where there are C Shares in issue, the advisory fee will be charged on the Net Asset Value attributable to the Ordinary Shares and C Shares respectively.

For the purposes of the quarterly advisory fee, Adjusted Net Asset Value means:

(i) for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value;

(ii) for the next two quarters, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position, plus any committed Cash on the Company's Statement of Financial Position;

(iii) thereafter, Adjusted Net Asset Value shall be equal to Net Asset Value minus Cash on the Company's Statement of Financial Position.

During the year, the management agreement was amended to change the term of adjusted NAV to mean net asset value minus uncommitted cash. Uncommitted cash means all cash on the Company's balance sheet other than committed cash. Committed cash means cash that has been allocated for repayment of a liability on the balance sheet of any member of the group. Investment advisory fees of £4,914,324 (2022: £3,090,737) were paid during the year, there were no outstanding fees as at 31 March 2023, (2022: £nil outstanding).

In addition to the advisory fee, the Advisor is entitled to a performance fee by reference to the movement in the Net Asset Value of Company (before subtracting any accrued performance fee) over the Benchmark from the date of admission on the London Stock Exchange.

The Benchmark is equal to (a) the gross proceeds of the Issue at the date of admission increased by 7 per cent. per annum (annually compounding), adjusted for: (i) any increases or decreases in the Net Asset Value arising from issues or repurchases of Ordinary Shares during the relevant calculation period; (ii) the amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Company in respect of the Ordinary Shares at any time from date of admission; and (b) where a performance fee is subsequently paid, the Net Asset Value (after subtracting performance fees arising from the calculation period) at the end of the calculation period from which the latest performance fee becomes payable increased by 7 per cent. per annum (annually compounded).

The calculation period will be the 12 month period starting 1 April and ending 31 March in each calendar year with the first year commencing on the date of admission on the London Stock Exchange.

The performance fee payable to the Investment Advisor by the Company will be a sum equal to 10 per cent. of such amount (if positive) by which Net Asset Value (before subtracting any accrued performance fee) at the end of a calculation period exceeds the Benchmark provided always that in respect of any financial period of the Company (being 1 April to 31 March each year) the performance fee payable to the Investment Advisor shall never exceed an amount equal to 50 per cent of the Advisory Fee paid to the Investment Advisor in respect of that period. Performance fees are payable within 30 days from the end of the relevant calculation period. Performance fees of £2,457,164, were accrued as at 31 March 2023, (2022: £1,545,369).

During the year, Gore Street Operational Management, a direct subsidiary to the Investment Adviser, provided commercial management services to the Company resulting in charges in the amount of £855,692 being paid by the Company and the SPV companies (2022: £781,600).

INVESTMENT

The Company holds 100% interest in GESE 1 through equity and a loan facility. Transactions and balances held with GSES 1 for the year are all detailed within note 12.

23. Guarantees and Capital commitments

The Company together with its direct subsidiary, GSES1 Limited entered into Facility and Security Agreements with Santander UK PLC in May 2021 for £15 million. The Facility was increased to £50 million in June 2023. Under these agreements, the Company acts as charger and guarantor to the amounts borrowed under the Agreements by GSES1 Limited. As at 31 March 2023, no amounts had been drawn on this facility.

The Company had no contingencies and significant capital commitments as at the 31 March 2023.

24. Post balance sheet events

The Directors have evaluated the need for disclosures and / or adjustments resulting from post balance sheet events through to 14 July 2023, the date the financial statements were available to be issued.

The Board approved on the 17 March 2023, the issuance of an interim dividend of 2 pence per share. This dividend totalling £9,627,990 was paid to investors on 11 April 2023.

The Board approved on the 14 June 2023, the issuance of a final dividend of 1.5 pence per share. This dividend totalling £7,220,992 will be paid to investors on 17 July 2023.

The size of the revolving credit facility, within which the Company acts as chargor and guarantor to amounts borrowed by its subsidiary GSES 1 Limited, has been increase in June 2023 from £15 million to £50 million. The term of the facility has been extended for four years to 2027.

There were no adjusting post balance sheet events and as such no adjustments have been made to the valuation of assets and liabilities as at 31 March 2023.

2022 Financial Information

The figures and financial information for 2022 are extracted from the published Annual Report and Accounts for the year ended 31 March 2022 and do not constitute the statutory accounts for that year. The 2022 Annual Report and Accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

2023 Financial Information

The figures and financial information for 2023 are extracted from the Annual Report and Accounts for the year ended 31 March 2023 and do not constitute the statutory accounts for the year. The 2023 Annual Report and Accounts include the Report of the Independent Auditors which is unqualified and does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The 2023 Annual Report and Accounts will be delivered to the Registrar of Companies in due course.

Neither the contents of the Company's webpages nor the contents of any website accessible from hyperlinks on the Company's webpages (or any other website) is incorporated into, or forms part of, this announcement.