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

Gore Street
Energy Storage Fund plc

Annual Report of Gore Street Energy Storage Fund plc

For the year ended 31 March 2023

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Energy Storage Fund plc

About Us

Gore Street Energy Storage Fund plc ("GSF" or "the Company") is London's first listed energy storage fund, launched in 2018. The Company is the only UK-listed energy storage fund with a diversified portfolio across five grid networks.

The Company is one of the principal owners and operators of battery storage facilities in Great Britain and Ireland and owns and operates facilities in Western Mainland Europe and the US. It is listed on the Premium Segment of the London Stock Exchange and included in the FTSE All-Share Index.

Energy storage technologies can enhance power system stability and flexibility and are key tools for balancing out variability in renewable energy generation, facilitating the integration of more renewable energy supply into power grids. In this way, energy storage is critical to the renewable and low-carbon energy transition.

Investment Objective

The Company aims to provide investors with a sustainable and attractive dividend, generated from long-term investment in a diversified portfolio of utility-scale energy storage assets. In addition, the Company seeks to provide investors with capital growth through the re-investment of net cash generated in excess of the target dividend, in accordance with the Company's investment policy. The Company's investment policy is available on its website and on page 38.

Target Yield

The Company targets a dividend payment to shareholders at an annual rate of 7% of Net Asset Value per Ordinary Share, with a minimum target of 7 pence per Ordinary Share.

Sustainability

The Company discloses its ESG principles in compliance with the EU's 'Sustainable Finance Disclosure Regulation' (SFDR). SFDR disclosures are included on page 95. The annual Sustainability Report assesses its alignment with SFDR and the Task Force on Climate-Related Financial Disclosures 'TCFD' requirements. The report outlines how the Company integrates ESG principles in its activities, such as acquisition, construction, and asset operations, and provides investors with visibility on its ESG plans. The Company is also a signatory of the Principles for Responsible Investing 'the PRI'. Further details are included on page 38.

Contents

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. 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

14 July 2023

Investment Manager's Report

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. For readers wishing to jump to specific sections, the contents are listed below:

A glossary of industry terms can be found on page 106

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 I 6.0 MWh	99.9%
2	Cenin	4.0 MW I 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 I 21.3 MWh	51.0%
6	Drumkee	50.0 MW I 21.3 MWh	51.0%
7	Hulley	20.0 MW I 20.0 MWh	100.0%
8	Lascar	20.0 MW I 20.0 MWh	100.0%
9	Larport	19.5 MW I 19.5 MWh	100.0%
10	Ancala	11.2 MW I 11.2 MWh	100.0%
11	Breach	10.0 MW I 10.0 MWh	100.0%
12	Stony	Energisation | Jul 2023	100.0%
13	Ferrymuir	Energisation | Sep 2023	100.0%
14	Enderby	Energisation | Jun 2024	100.0%
15	Middleton	Energisation I Dec 2026	100.0%

Republic of Ireland & Germany (EUR)

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

North America (USD)

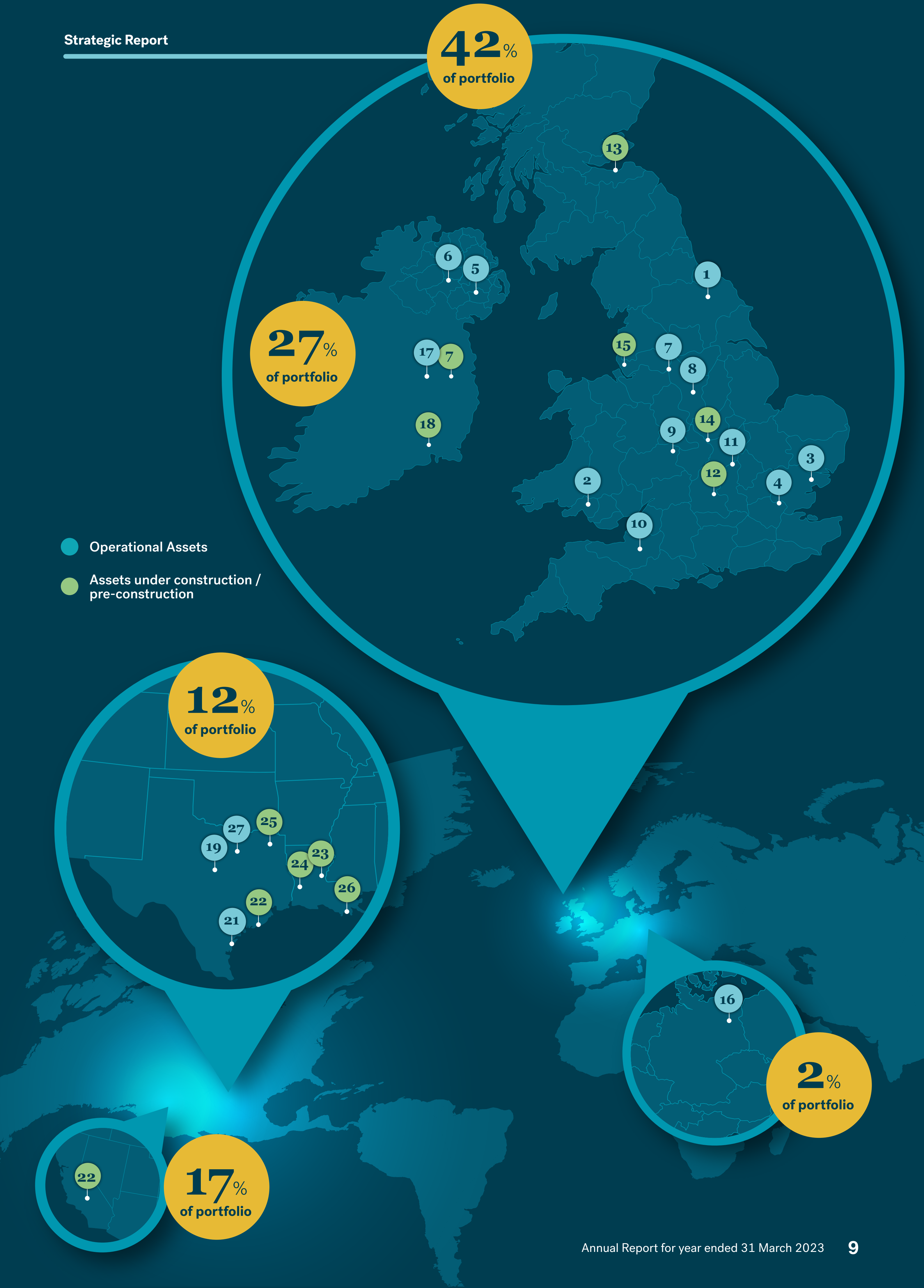
	Asset name	Capacity	Ownership
19	Snyder	9.95 MW | 19.9 MWh	100.0%
20	Westover	9.95 MW | 19.9 MWh	100.0%
21	Sweetwater	9.95 MW | 19.9 MWh	100.0%
22	Big Rock	Energisation | Dec 2024	100.0%
23	Dogfish	Energisation | Dec 2024	100.0%
24	Wichita Falls	Energisation | Jun 2025	100.0%
25	Mesquite	Energisation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

Operational Assets (1–11, 16, 17, 19–21)

Assets under construction / pre-construction (12–15, 17.1, 18, 18.1, 22–27)

* MWh included for operational sites

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


42% of portfolio
27% of portfolio
12% of portfolio
17% of portfolio
2% of portfolio
Operational Assets
Assets under construction / pre-construction
1
2
3
4
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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 utility scale 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

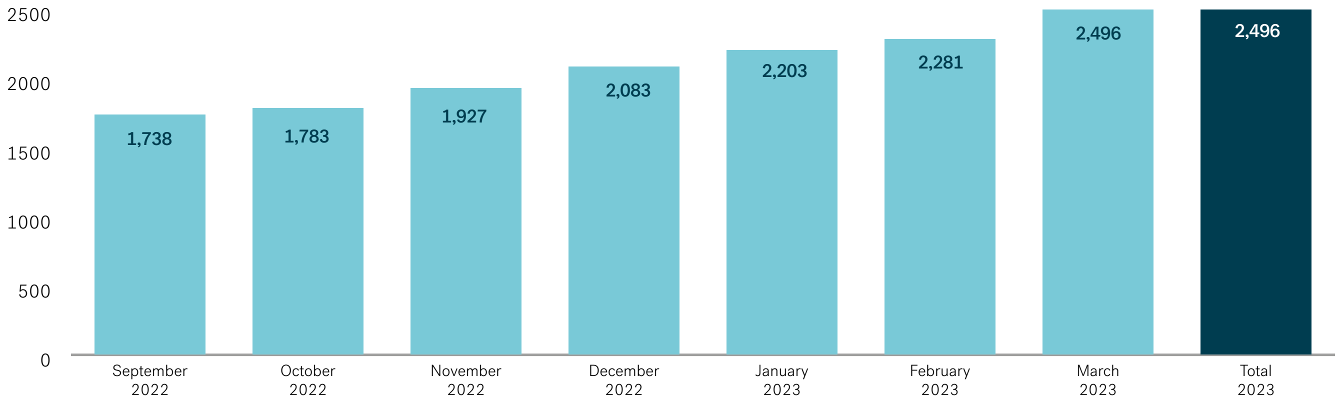
TSO	National Grid
GB Portfolio (operational)	109.7 MW/101 MWh
Share of the market[2]	4.4%
Annual revenue	£15.2m
Revenue per MW	£138,400/MW (£15.80/MW/hr)
Revenue per MWh	£150,400/MWh (£17.17/MWh/hr)
EBITDA GB grid % of Total EBITDA	36%

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 DC (Dynamic Containment) 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.

Figure 1: Installed capacity (MW) in GB continues to grow in Q1 2023



1 Source: Modo Energy – 2,496 MW grid-scale operational capacity installed as of March 2023

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.

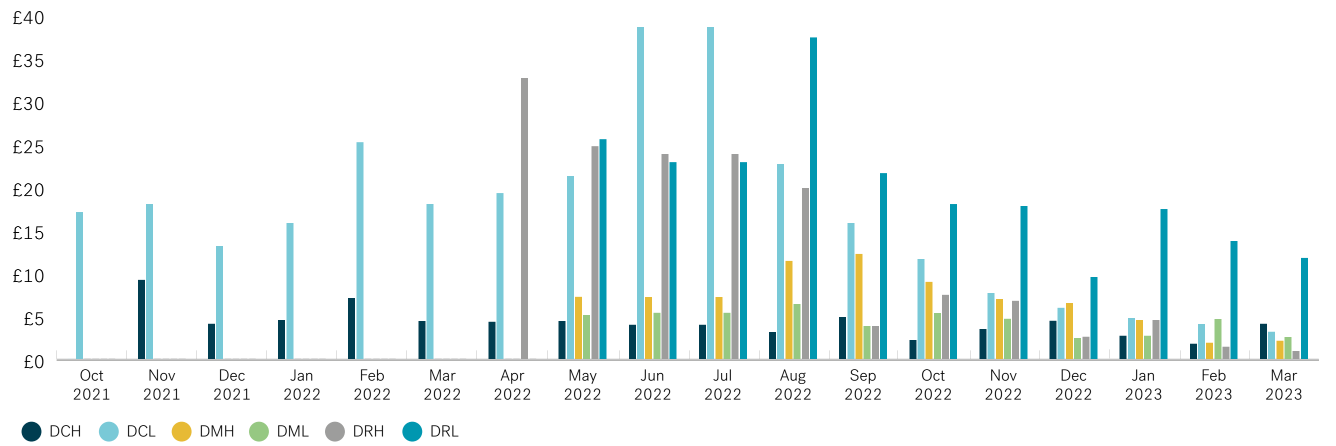
The opportunity cost for FFR bid prices is calculated to encompass the estimated monthly revenue from the alternative revenue stack. As a result, D-suite revenues are more sensitive to the daily market grid and market dynamics such as National Grid ESO buy curves, demand, electricity prices, and renewable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

Figure 2: GB Dynamic services price progression from October 2021 to March 2023



Irish market

Table 3:

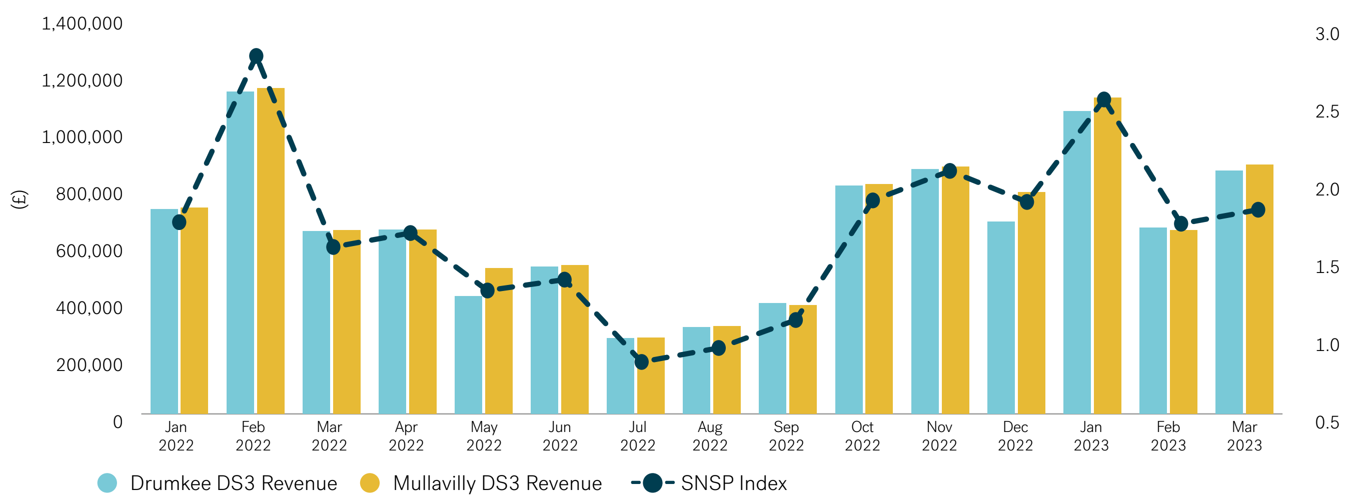
TSO	SONI (Northern Ireland), EirGrid (Republic of Ireland)
Irish portfolio (operational)	130 MW / 72.6 MWh
Share of the market[3]	50% (NI), 6% (RoI)
Annual revenue	£17.0m
Revenue per MW	£130,800/MW (£14.93/MW/hr)
Revenue per MWh	£234,200/MWh (£26.73/MWh/hr)
EBITDA Irish grid % of Total EBITDA	50%

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.

Figure 3: Correlation of Uncapped DS3 Revenue with SNSP Seasonal Variation for the Company's Drumkee and Mullavilly assets



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:

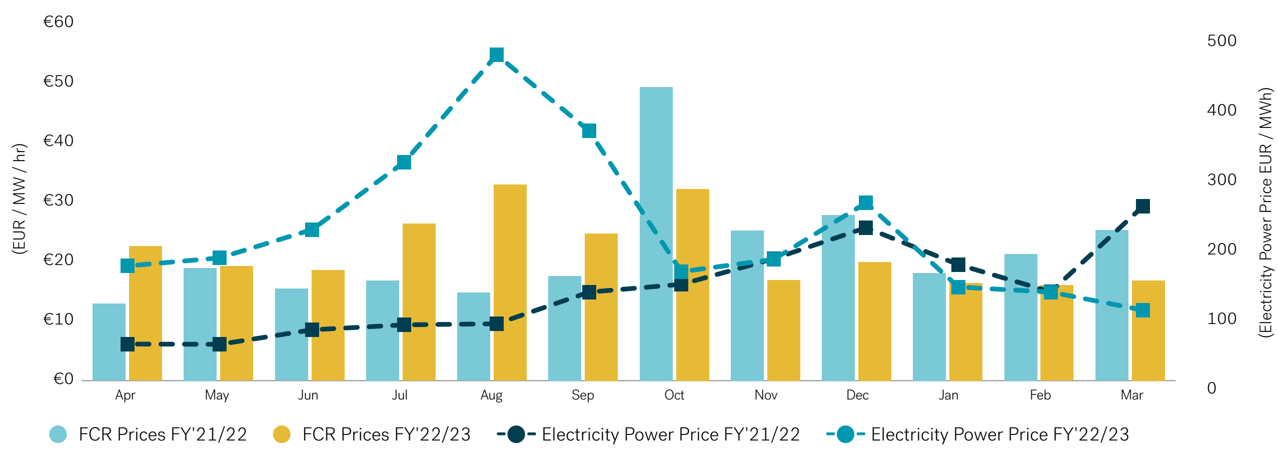
TSO	50Hertz, Amperion, Tennet, Transnet BW
German portfolio (operational)	22 MW / 29 MWh
Share of the market (MaStR)[4] (50 Hertz)[5]	2.16% (Germany), 4.2% (50 Hertz)
Annual revenue	£3.3m
Revenue per MW	£149,800/MW (£17.10/MW/hr)
Revenue per MWh	£113,600/MWh (£12.97/MWh/hr)
EBITDA German grid % of Total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

Figure 4: FCR vs electricity power price trends

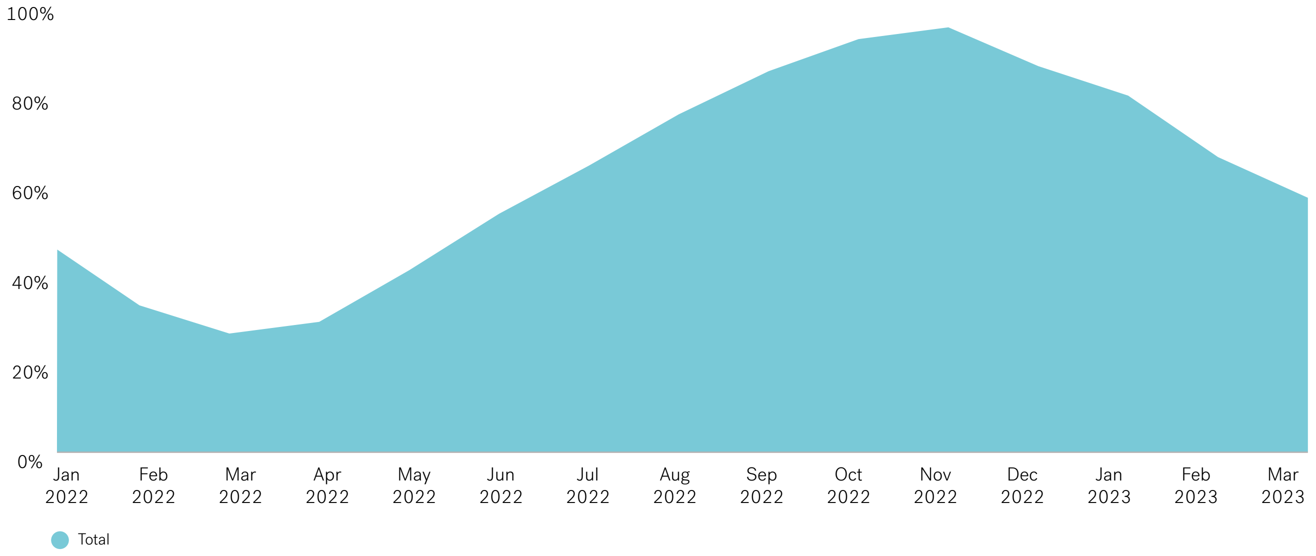


The trend of increasing prices reached a record high of €469/MWh in August 2022 when extreme summer temperatures impacted hydropower generation due to low water levels. It even contributed to low nuclear capacity in France due to low reservoir levels reducing water available for cooling reactors[3].

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 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)
2 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/

Figure 5: Gas storage capacity in the EU



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/hr)
Revenue per MWh	£63,900/MWh (£7.30/MWh/hr)
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.

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; Source: https://www.50hertz.com/en/Transparency/GridData/Installedcapacity

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].

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.

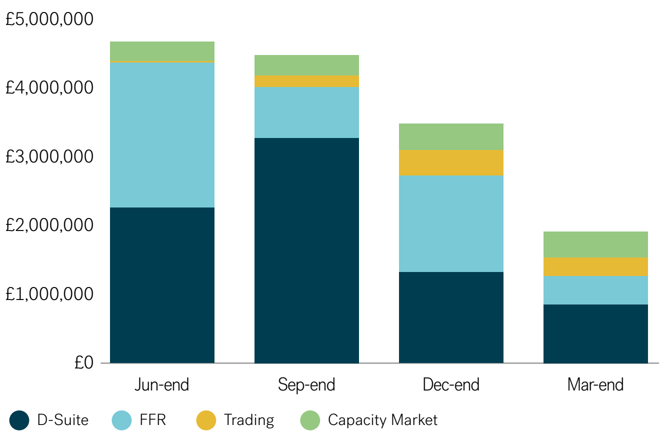
Revenue in Q1 2022 was the highest of all reported quarters since April 2021 and was 40% above the previous year's Q1 revenue. This was largely due to the uplift in DC prices across this period, with DC representing 51% of all revenues achieved (Capacity Market included). The continued uplift in D-suite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

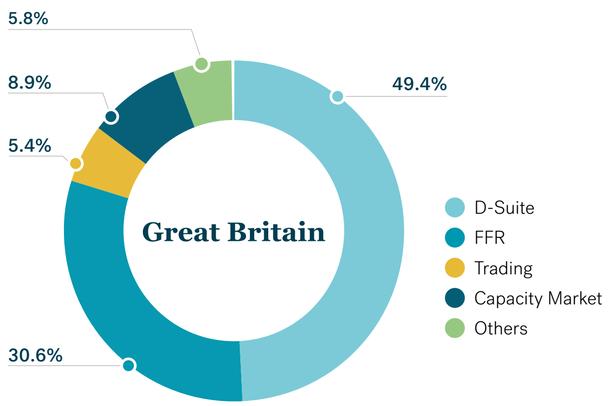
Lower prices were bid into FFR in H2 of the reporting period due to fewer alternative opportunities in the D-suite market caused by market saturation. H2's performance was 35.5% below the previous year, in stark contrast to the excellent market conditions in H1.

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.

Figure 6: FY 22/23 revenue in GB by quarter split





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/hr. 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 £14.93/MW/h, with the bulk of the revenue generated from DS3 uncapped revenue.

Figure 7: FY 22/23 revenue in Ireland by quarter split

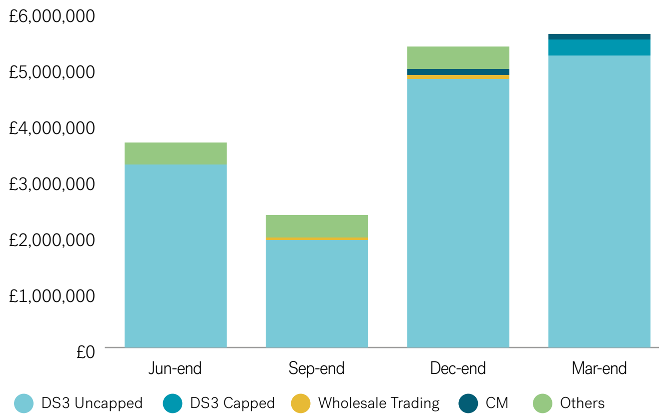
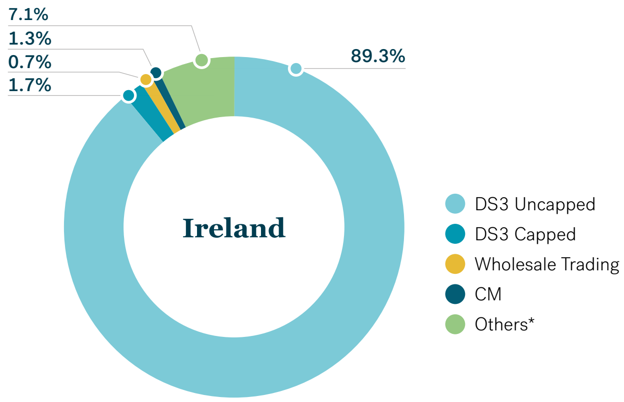


Figure 8: Irish Portfolio Revenue Breakdown



*Others represent the revenue generated from liquidated damages on PBSL.

German market

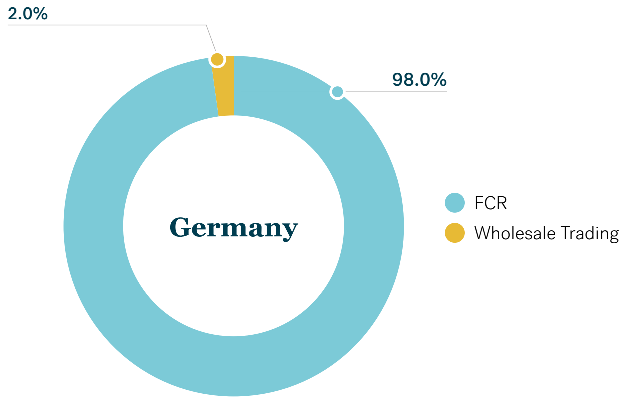
The Company acquired the Cremzow project at the end of the previous fiscal year with a view to targeting ancillary services in a new market that presented similar conditions to GB. The asset enabled the Company to capitalise on uncharacteristic price rises in gas, power and ancillary markets during the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

Figure 9: FY 22/23 revenue in Germany



5 The Company holds a 90% ownership interest in Cremzow (22 MW), while Enertrag maintains a minority stake in the asset.

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.

Figure 10: RRS – Monthly peak prices

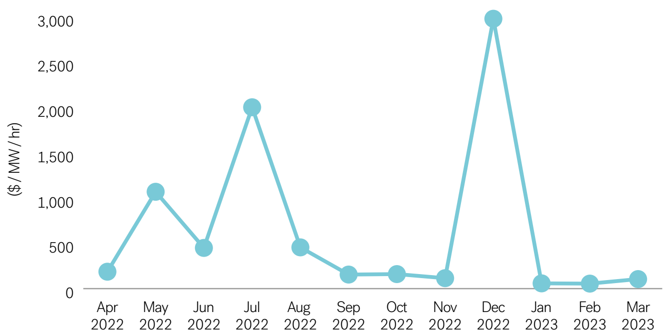


Figure 11: FY 2022/2023 revenues in the ERCOT market by quarter, split into major revenue streams

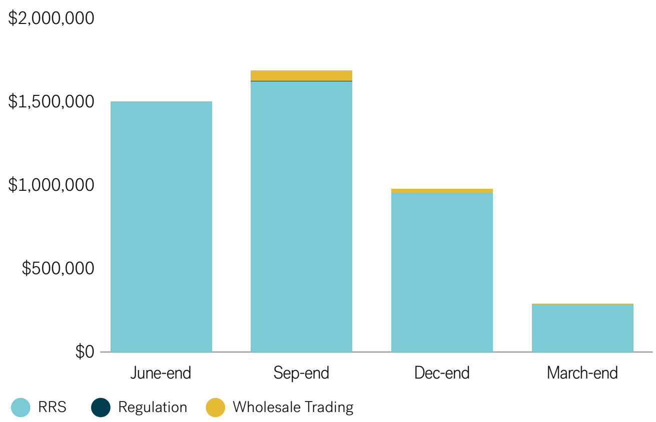
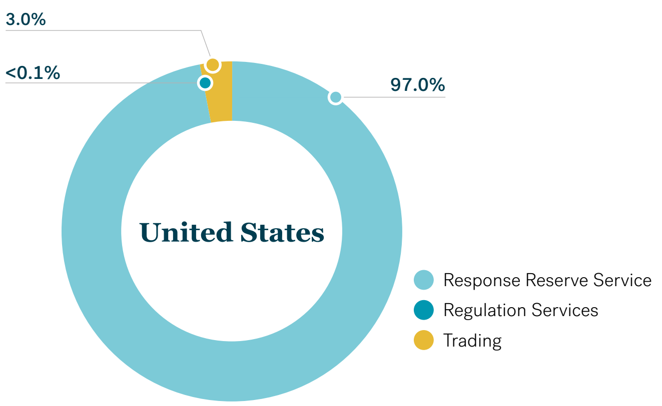


Figure 12: GSF United States Portfolio Revenue Breakdown



The Company's operational portfolio of 262.3 MWh is equivalent to 87 million AA batteries

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.

Figure 13: Total Revenue (in £000s/MW) by Grid & Installed Capacity since IPO

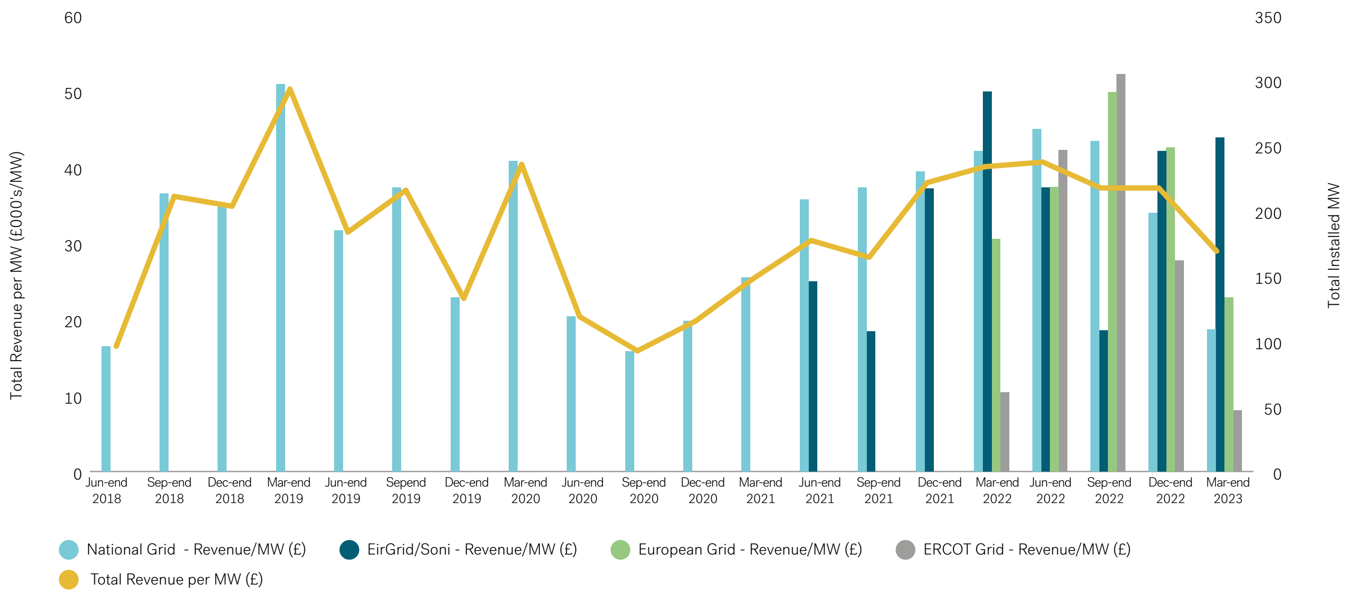
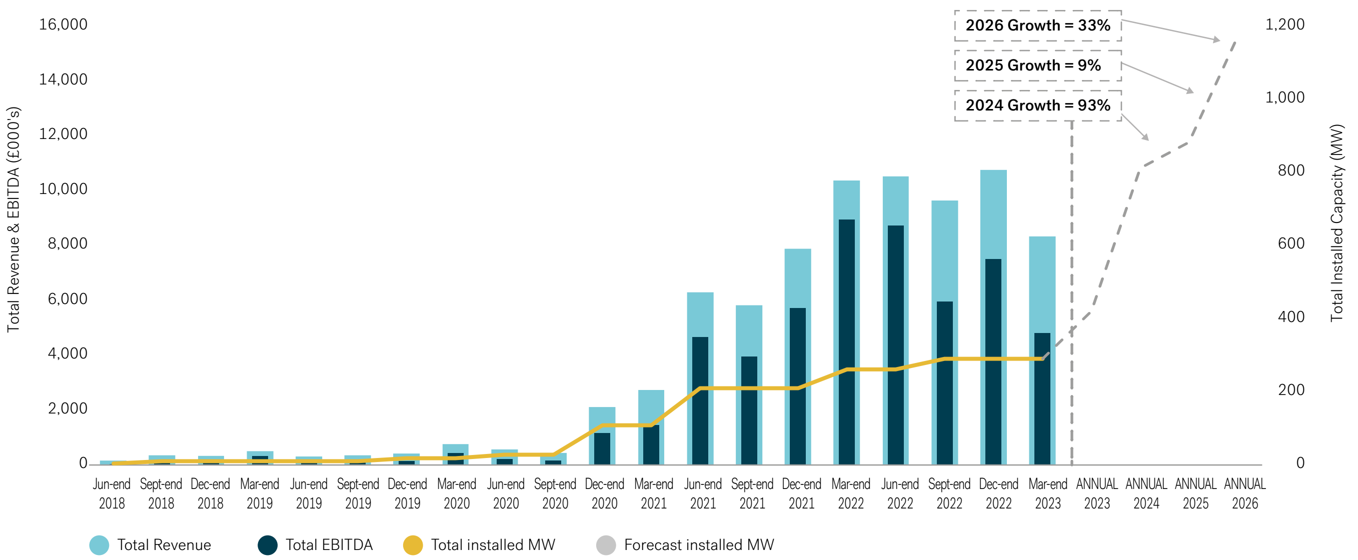


Figure 14: Financial Performance with installed capacity progression



A cycle of the Company's operational assets would discharge 262,250 kWh equivalent to ~650,000 miles, or driving around the Earth 26 times*

*Assuming a 250-mile range of a Tesla P100 (100 kWh range)

The charts below 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.

Figure 15: RRS (ERCOT)

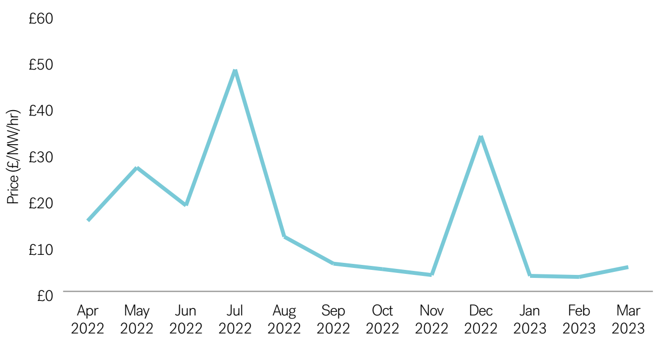


Figure 16: FCR (Germany)

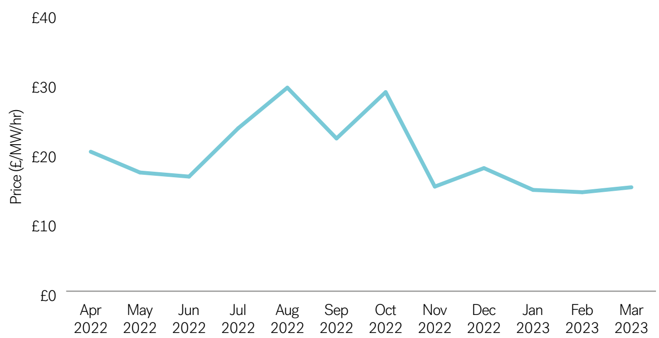


Figure 17: DS3 (NI)

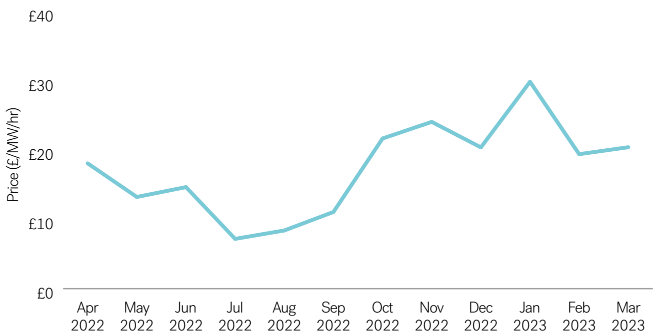
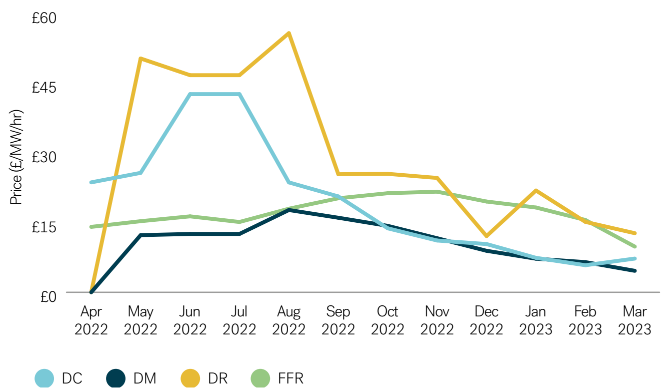


Figure 18: GB ancillary services average monthly price trends



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 while 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 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	Jul - 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
Dogfish	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. £230, as set out within the Company's investment policy on page 38). 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 an 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.

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 12 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.

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

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.

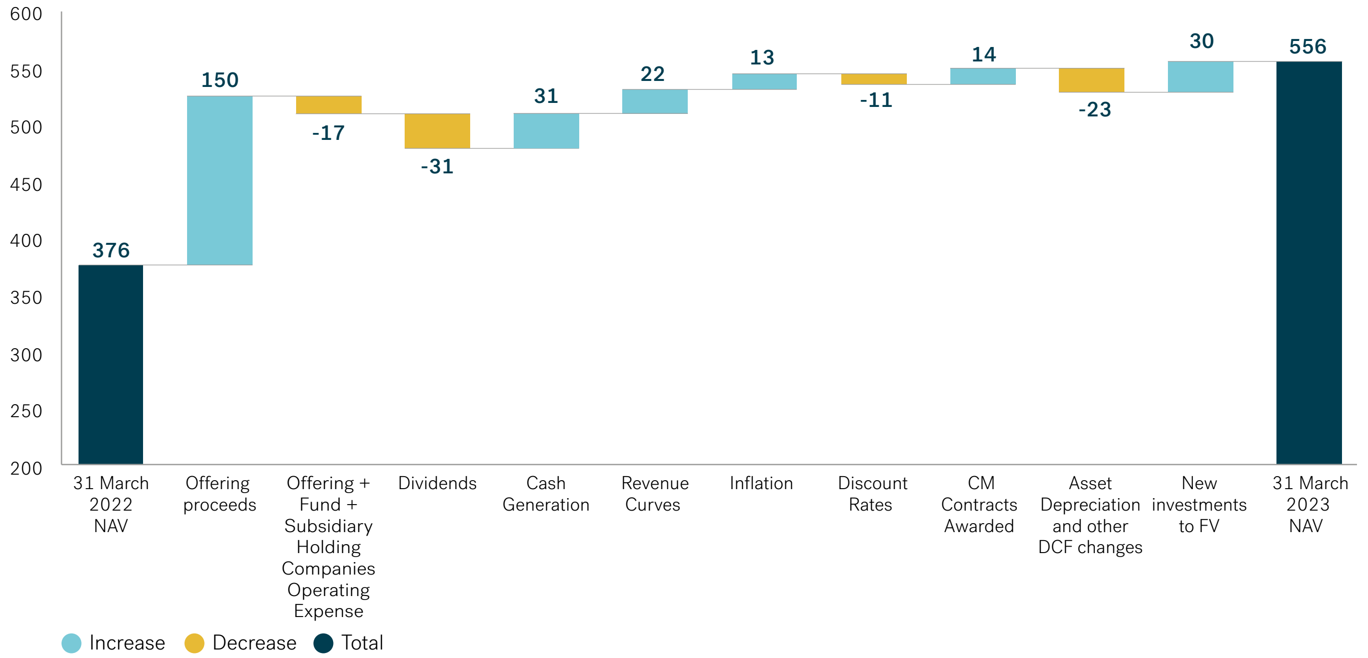
These results highlight the importance of our geographically diversified strategy, further endorsed by market saturation in GB towards the end of 2022 and into 2023.

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

Figure 19: PLC NAV bridge April 2022 to March 2023 (£ millions)



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 and discount rates in response to the current inflationary and high-interest-rate environment across the portfolio. 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 of £23m in NAV. 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[1] across the portfolio have resulted in a £47m uplift in NAV.

FV Breakdown by Grid[2] (in £m)	Construction and pre-construction	Operation
Great Britain	133.8[2]	47.0
Ireland	9.4	74.3
Germany	–	16.7
ERCOT	6.6	23.0
CAISO	119.8	–

1 Net DCF changes refers to update in key valuation assumptions.

2 Excludes construction and pre-construction assets at book value.

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 actual revenue generation 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.

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.

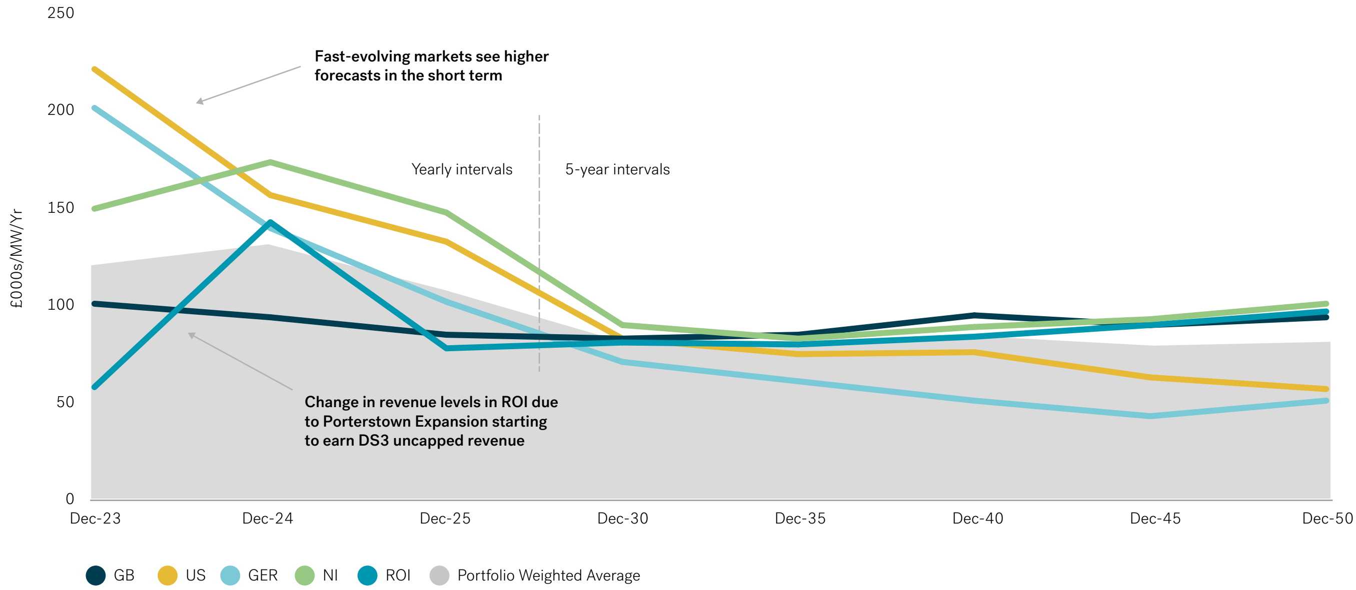
CAISO

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 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:

Figure 20: Blended Curve of Ancillary Services and Trading, by Grid and Portfolio Weighted Average



The revenues displayed within the graph are real as of 2022.

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+
Great Britain	5.4%	3.0%	2.5%
Europe	4.8%	3.0%	2.5%
United States	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. This increase reflects 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 graph below is illustrative and is based on expected capex costs. Where costs are uncontracted capital expenditures values included in the graph may be subject to change.

Figure 21: Capital deployment schedule

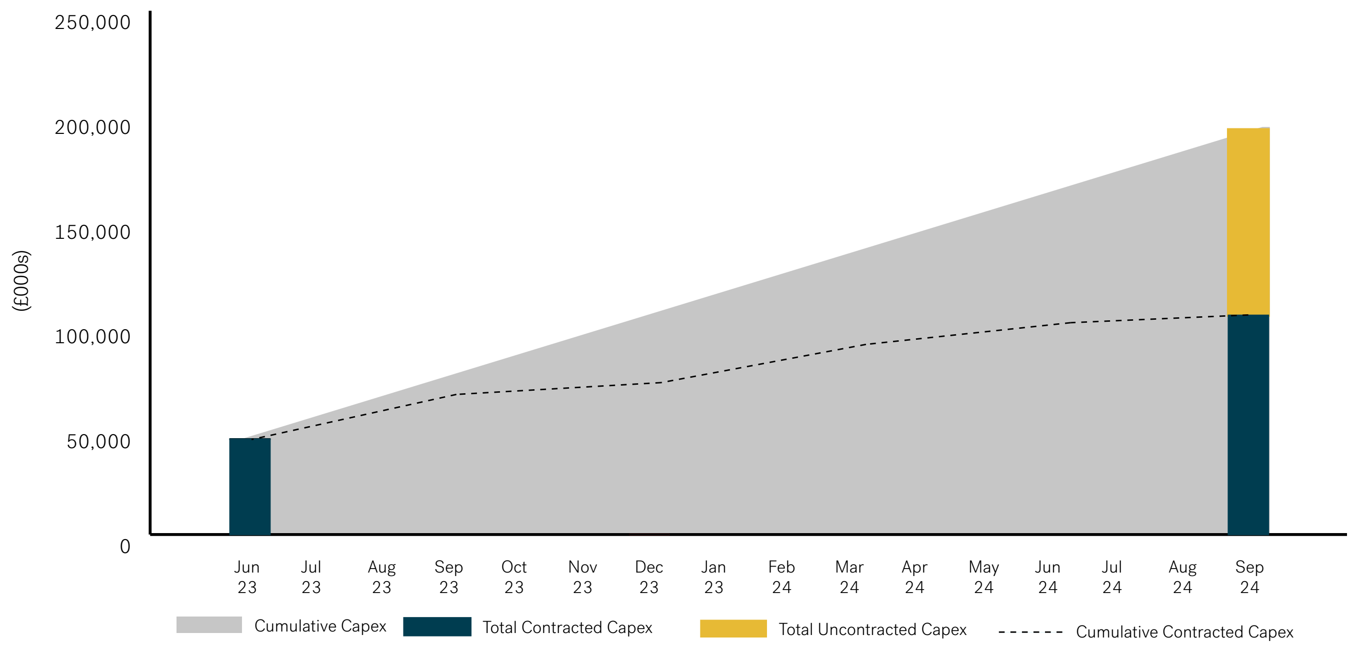


Figure 21 presents the capex to be invested, based on the funding requirements for constructing the 522 MW of capacity targeting energisation by December 2024, and includes milestone payments for portfolio assets with energisation targets beyond this period. The Company's cash balance as of 31 March 2023 was £123.7m, which is sufficient to meet all existing contractual obligations.

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 prioritised assets[3] at a competitive weighted average 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.

Key sensitivities

The NAV sensitivities shown in the table cover the critical macroeconomic 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 Table

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

[3] Total portfolio of prioritised assets is expected to be 813.4 MW and 984.1 MWh

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.

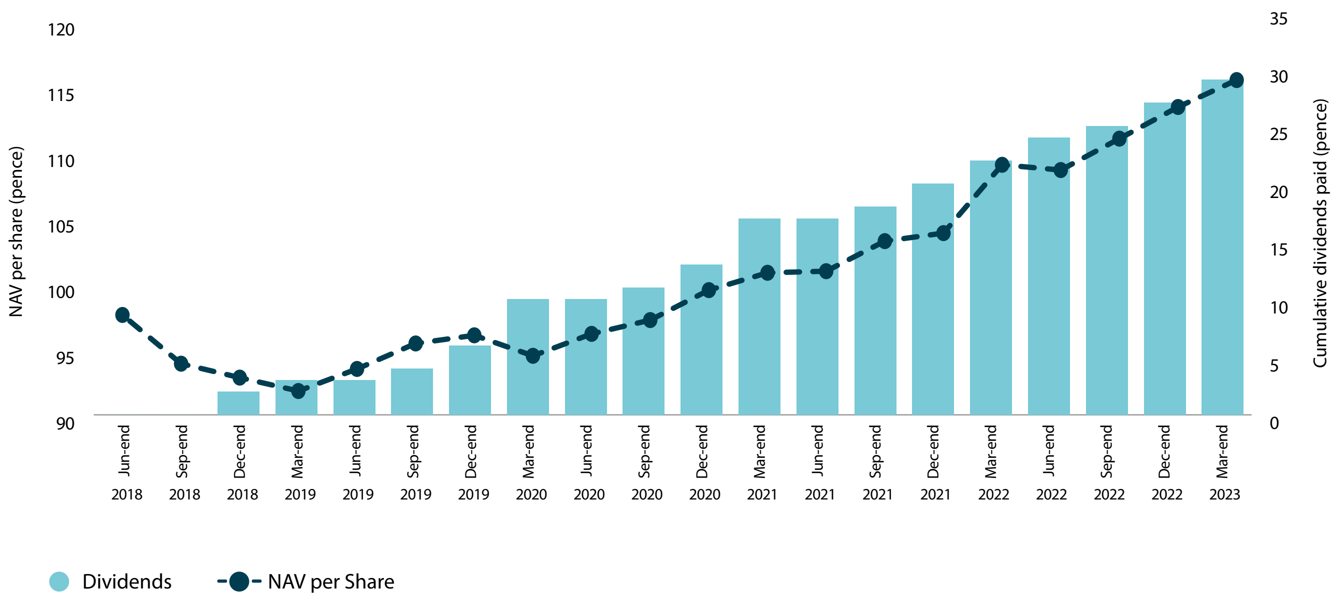
a. Revenue Scenarios: NAV based on third-party high & low cases;

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

c. Valuation of construction portfolio using operational discount rates

NAV Scenarios Table					
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

Figure 22: NAV with dividend progression



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

The Strategic Report sets out the Company's strategy for delivering the investment objective (on the inside front cover), the business model, the risks involved and how the Board manages and mitigates those risks.

It also details the Company's purpose, values and culture, and how it interacts with stakeholders. It incorporates the Key Metrics, the Chair's Statement and the Investment Manager's Report, which all together provide a balanced and comprehensive analysis of the Company's business during the year.

Business model

The Company's business model is focussed on delivering the Company's investment objective, in line with the investment policy. The Board is responsible for:

(a) appointing the Investment Manager and other service providers;

(b) reviewing strategy;

(c) oversight of the Investment Manager and service providers;

(d) risk management; and

(e) ensuring the Company remains attractive for shareholders.

Details of its oversight is included below.

The Board has appointed the Investment Manager, Gore Street Capital Limited, to implement the investment policy. The Investment Manager works with the Commercial Manager, Gore Street Operational Management Limited, to invest and manage the Company's assets in line with the investment restrictions and deliver investor value as per the investment objective while spreading investment risk. Further information on the Investment Manager and other service providers is included in the Directors' Report.

Key Performance Indicators ("KPIs")

The Board monitors the performance of the Investment Manager using the following KPIs. The figures for the year are included in the Key Metrics on page 1.

Valuation. The value of the Company's portfolio is measured using NAV and NAV total return.

Operational and Total Capacity. The capacity of the operational portfolio is used to measure how the Company's funds are being invested, and how quickly assets become operational and capable of generating cash. Total capacity is a measure of the portfolio's potential.

Portfolio financial performance. The revenue and EBITDA generated by portfolio companies are used to track financial performance.

Dividend yield. This KPI is directly linked to the investment objective's target yield of 7%.

The Board also keeps the following topics under regular review.

Portfolio diversification. One of the benefits of the Company is the ability for investors to invest in ESS across multiple grids. This also helps spread risk.

Revenue diversification. To reduce risk, the Company's operational assets generate revenue from a variety of sources including fixed, contractual income and fluctuating income.

Debt. Using debt to enhance shareholder returns is a key benefit of investment trusts. It can also be used to fund acquisitions when equity markets are unavailable.

Ongoing Charges Ratio. This is a way to measure the cost of running the Company.

Investment Model

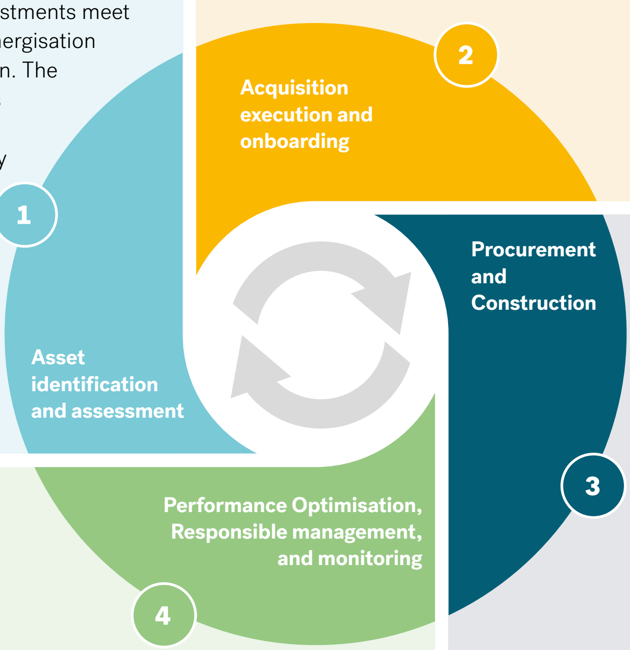
The model used by the Investment Manager and Commercial Manager (together the "Manager" except where stated otherwise) to deliver investor value in line with the investment policy is set out below.

Asset identification and assessment

The Manager has assessed hundreds of projects since the Company's IPO to select opportunities that meet the Company's investment policy. As part of its assessment of investment opportunities, the Manager routinely runs market analyses on each grid network within its geographical mandate. The Manager's team also works with local advisors to evaluate the regulatory environment applicable to each grid operator. The Company has established a strong network of project developers with a deep understanding of early-stage project development to ensure that projects identified for investments meet or will meet land, planning and grid energisation requirements by the time of acquisition. The Manager has designed the Company's portfolio to be geographically diverse with flexibility in mind so the Company can acclimate to regulatory and technological changes.

Acquisition execution and onboarding of new assets/projects

The Manager's team is comprised of professionals with experience in finance, legal, asset construction, engineering, and operations. The Manager manages the acquisition process from bid to close. It relies on third parties to assist with due diligence and remove biases in assessing opportunities. It aims to design transactions in a manner that allocates project risks in accordance with the Company's investment policy. The Manager is also responsible for monitoring and integrating the Company's health, safety, environmental, social and investment objectives into the Company's acquisition model.



Procurement and Construction

The Manager has an in-house procurement team, with the legal and technical expertise to negotiate all key contracts, for project engineering and construction and obtaining warranties for continued battery performance. The construction and development team are responsible for monitoring project construction and holding relevant stakeholders accountable for cost and quality control, and timeline management. The team is also responsible for monitoring and integrating the Company's health, safety, environmental, social and investment objectives into the Company's construction model.

Performance Optimisation, Responsible management, and monitoring

The Manager dictates the parameters for revenue stacking and optimisation for the portfolio. It forms its bidding strategies by taking into consideration energy market dynamics, regulatory limitations, and existing contract commitments and then works with optimisation and trading professionals to maximise revenue streams. The Manager also monitors asset performance to ensure asset availability for revenue contracts. The Manager is responsible for managing relationships with stakeholders, monitoring technical performance and maximising asset availability. The team is also responsible for monitoring and integrating the Company's health, safety, environmental, social and investment objectives into the Company's operations model.

The Investment Process

The Manager is responsible for deal origination, execution, and asset management of the portfolio in accordance with the Company's investment objectives and policy. The Board has delegated authority to the AIFM to acquire or dispose of assets without seeking further approval from the Board provided that the Board is given the opportunity to consider each acquisition or disposal before it is concluded.

Once a potential project which falls within the Company's investment policy has been identified, and the Manager wishes to proceed, its Investment Committee (detailed below) reviews the project. Investment Committee approval is required to confirm that financial, legal, and technical diligence suggests that the proposed transaction is consistent with the Company's investment policy.

Investment manager's capability

MARKET LEADERSHIP

The Manager was one of the first movers to deploy privately owned grid-scale battery projects in GB. It was also one of the first to successfully enter and deliver services in the energy storage market in Ireland, where the Company continues to hold a substantial market share. The Company has also entered energy markets in Germany, Texas and California.

The Manager is comprised of industry experts and financial professionals. They use their collective expertise and work collaboratively alongside industry leaders on system design, procurement, and asset construction. The investment management and commercial management teams have a collective 131 years of experience working in the sector.

During the year, the Manager considered a large pipeline of investment opportunities, and made 22 formal offers, four of which were closed, as detailed in the Investment Manager's Report.

The Investment Committee

Dr Alex O'Cinneide
(Chair)

Alex O'Cinneide is CEO and Chair of the Investment Committee of Gore Street Capital, which he founded in 2015 as a platform to facilitate the deployment of renewable energy solutions. Alex's career has included senior roles at KPMG, Quorum European Partners, Kleinwort Benson, Paladin Capital Group and sovereign wealth fund Masdar Capital, where he served as Head of Investments and General Manager for six years. Alex also holds academic qualifications from Trinity College Dublin, the London Business School and the London School of Economics and Political Science, culminating in a PhD that analysed the effectiveness of renewable energy policy in the Republic of Ireland and the UK. This expertise has allowed Alex to fulfil key advisory roles for UNICEF, and on the boards of several organisations across the global clean energy sector. He is also a trustee of the London Irish Centre, a charity delivering welfare support and cultural events for the capital's Irish community.

Sumi Arima

Sumi Arima, Chief Investment Officer at the Investment Manager, is a former Managing Director of RHJ International in Japan and London, and of Kleinwort Benson in London. RHJ International was a parent company of Kleinwort Benson and was a publicly listed private equity business spun off from Ripplewood Holdings. Since Sumi joined Ripplewood in 2002, he has gained over 20 years' experience in private equity, including various large investments and divestments. He was also a board member of various public and private companies. Prior to joining Gore Street Capital, Sumi had been engaged in various investment activities in solar and wind (onshore and offshore) in Europe. He has a MFin from Princeton University and a BA in Economics from the University of Tokyo.

Frank Wouters

Frank Wouters is a Director of the Investment Manager. He is Senior Vice President New Energy at Reliance Industries and heads the EU Clean Energy Technology Network from Abu Dhabi. Frank was recently the Deputy Director General of the International Renewable Energy Agency ("IRENA"), an intergovernmental organisation supporting governments in their transition to a sustainable energy future. Prior to IRENA, Frank was the Director of the Clean Energy Unit at Masdar – a subsidiary of Mubadala, one of Abu Dhabi's sovereign wealth funds – where he led the development and construction of renewable energy projects worth more than $3bn. These included a solar plant in Abu Dhabi, three in Spain, and the London Array, the largest offshore wind park in the world when it was commissioned in 2013. He received his MSc in Mechanical Engineering from Delft University of Technology.

Dan Mudd

Dan is a private equity and venture capitalist. Previously, he was the CEO of Fortress Investment Group, a global asset management firm with over US$50 billion invested in private equity, credit, and hedge funds. Under his leadership, Fortress expanded its base to Asia and the Middle East, acquired new business, eliminated corporate debt while restoring shareholder dividends. Prior to Fortress, Dan was the President and Chief Executive Officer of Fannie Mae, the USA's largest mortgage investor.

Integration of ESG into the investment process

Energy storage is a critical piece of the infrastructure used to solve the challenge of intermittency of supply from weather-dependent, variable renewable energy sources, against predictable demand patterns. As a pure-play energy storage fund, the Company takes pride in its contribution to supporting clean energy ambitions for increased integration of renewable energy into global power systems.

As a company focused on supporting the shift to low carbon energy generation, the Company also seeks to include environmental, social and governance ("ESG") considerations in the investment process, as well as on an ongoing basis when managing the assets. This is highlighted in the investment model above.

The Company reports on this in more detail in its annual Sustainability Report. The report for the year ended 31 March 2022 is published here: https://www.gsenergystoragefund.com/docs/librariesprovider22/archive/reports/2022_Gore-Street-Energy-Storage-Fund-ESG-and-Sustainability-Report.pdf. The report for the year ended 31 March 2023 is due to be published in August 2023.

Its SFDR Annex IV report is included on page 95.

On an ongoing basis, the Company seeks to engage with its stakeholders, as described in the s.172 statement below.

Investment policy

The Company will invest in a diversified portfolio of utility scale energy storage projects. Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. Typically, each special purpose vehicle will hold one project but there may be opportunities where a special purpose vehicle owns more than one project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such special purpose vehicles, but may participate in joint ventures or acquire minority interests where this approach enables the Company to gain exposure to assets within the Company's investment policy which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through the usual protective provisions in shareholders' agreements and other transactional documents.

The Company currently intends to invest primarily in energy storage projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is ultimately agnostic as to which energy storage technology is used by its projects and will monitor projects with alternative battery technologies such as compressed air technologies, and will consider such investments (including combinations thereof) where they meet the investment policy and objectives of the Company.

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.

The Company intends to enter into hedging arrangements as appropriate to seek to manage its exposure to foreign currency risks associated with capital expenditure, interest rate risk and risks relating to power prices as well as repayment of intra-Group debts. The Company will not enter into derivative transactions for speculative purposes.

The Company intends to invest with a view to holding assets until the end of their useful life. However, assets may be disposed of or otherwise realised where the Investment Manager determines in its discretion, that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

Investment restrictions and spread of risk

The Investment Manager must manage the Company in line with the investment policy and the following restrictions.

The Company does not have any borrowing restrictions in its Articles but the Directors intend that the Company will maintain a conservative level of borrowings with a maximum level of Aggregate Group Debt of 50 per cent. of Gross Asset Value at the time of drawdown of the relevant borrowings.

The Directors wish to clarify that, notwithstanding the above flexibility, the Board's gearing policy will firmly limit borrowings to no more than 30 per cent. of gross assets at any time. If in the future the Directors views on this policy were to change, they will revert to shareholders for further approval.

For these purposes, the "Gross Asset Value" shall mean the Company's Net Asset Value increased by the amount of the Aggregate Group Debt.

The Net Asset Value is the value of all the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time.

The "Aggregate Group Debt" is the Group's proportionate share of the outstanding third-party interest bearing borrowings of any Group companies and any non-subsidiary companies in which the Group holds an interest.

It is intended that debt will be secured at asset level or SPV level, with parental company guarantees or other collateral security, if any, provided at Company level. Debt arrangements will ultimately depend on the structure adopted by the Company, having consideration to key metrics including lender diversity, debt type and maturity profiles.

It is the Company's intention that no single project will have an acquisition price greater than 20 per cent. of Gross Asset Value (calculated at the time of acquisition). However, to retain flexibility, the Company will be permitted to invest in any single project (or interest in any project) that has an acquisition price of up to a maximum of 25 per cent. of Gross Asset Value (calculated at the time of acquisition).

The Company will target a diversified exposure with the aim of holding interests in no fewer than 10 separate projects at any one time once fully invested.

The Company may invest in projects in GB, Ireland, North America, Western Europe, Australia, Japan and South Korea, although it does not intend that the aggregate value of investments outside GB and Ireland will be more than 60 per cent. of Gross Asset Value (calculated at the time of investment).

Additionally, given the flexibility of batteries as an energy storage technology, revenue diversification can be achieved through the potential to "stack" a number of different income streams with different counterparties, contract lengths and return profiles through one project, such as frequency regulation services to grid operators, as well as wholesale arbitrage to profit from intra-day wholesale electricity prices.

The Company will further aim to achieve diversification within the Company's portfolio through the use of a range of third-party providers, insofar as appropriate, in respect of each energy storage project such as developers, EPC contractors, O&M contractors, battery manufacturers, asset managers, landlords and sources of revenue. In addition, each MW of a typical energy storage project will contain a battery system which has a number of battery modules in each stack, each of which is independent and can be replaced separately, thereby reducing the impact on the project as a whole of the failure of one or more battery modules.

The Company will not invest in any projects under development so that, save in respect of final delivery and installation of the battery systems, all other key components of the projects are in place before investment or simultaneously agreed at the time of investment (such as land consents, grid access rights, planning, and visibility of EPC and revenue contracts).

The Company will not invest in other listed closed-ended investment funds.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

These investment restrictions were not breached during the year.

Spread of risk is achieved using geographic, asset and revenue diversification

Assets are diversified across different stages (operation, under construction and pre-construction), and through the ability to participate in different services, with most of the sites expected to generate revenue from more than one contract. Furthermore, the portfolio is spread across five different geographical grids. Revenue diversification is also achieved through the potential to "stack" several different income streams in one battery, allowing the Company to spread risks across different counterparties, contract lengths and maintain varying return profiles. The Company aims to maintain similar diversification across third-party service providers and works with a variety of developers, EPC contractors, O&M contractors, battery manufacturers, asset managers and route-to-market providers.

The Company may invest in projects in GB, Ireland, North America, Western Europe, Australia, Japan, and South Korea, although it does not intend that the aggregate value of investments outside GB and Ireland, will be more than 60 per cent. of Gross Asset Value (calculated at the time of investment).

The Company holds and operates a diversified portfolio of lithium-ion energy storage assets in five markets, including 291.6 MW of operational assets and 881.6 MW projects at the pre-construction or construction phase. Lithium-ion batteries deliver multiple grid balancing and power quality services to power grids and present power trading opportunities. Consequently, batteries generate multiple revenue streams. It is the Company's intention that no single project or interest in any project will have an acquisition value of greater than 20 per cent. of Gross Asset Value of the Group as a whole (calculated at the time of acquisition). Geographical and revenue contracting risks will be diversified between GB, Ireland, Texas, California, Germany, and potentially other target markets.

As at the end of the year the Company held 27 projects, with assets in four countries across five grids, and received revenue from 16 revenue sources.

Currency Exposure Management

The Company enters into hedging arrangements as appropriate to manage its exposure to foreign currency, ensure repayment of capital expenditure, protect against interest rate hikes, and efficiently manage operating cash flow to ensure repayment of intra-Group debts.

Gearing

The Board and the Investment Manager periodically review the Company's gearing policy to ensure that it is accretive to shareholders and in line with the financing needs of the Group's expanding portfolio.

During the fiscal year, the Company determined in light of the energy storage market's maturity, to increase its ability to use debt where appropriate (subject to the prior approval of the Board) to expand the size and scale of operations, support the development of an expanding portfolio, and to seek to enhance profitability. Notwithstanding the investment restrictions, the Company continues to apply a firm borrowing limit of no more than 30 per cent. of gross assets at any time and the Directors commit to inform shareholders prior to any amendment of its views and guidelines on gearing.

The Company is a guarantor under a £50 million facility held by the Company's subsidiary, GSES 1 Limited. The facility may be used to for the construction of assets, and for general working capital requirements.

Promoting the Company

The Company's shares are traded on the Main Market of the London Stock Exchange and are available for purchase from a range of stockbrokers. The Company promotes its shares through the Manager and the Joint Brokers, who meet with existing and potential shareholders on a regular basis at one-to-one meetings, roadshows and conferences.

The Investment Manager is available at all reasonable times to meet with principal shareholders and key sector analysts. Shareholders are encouraged to send questions to the Board by contacting cosec@gorestreetcap.com, and meetings with the Chair or other Board members are offered to professional investors where appropriate.

Purpose, Values and Culture

PURPOSE

In line with its investment objective, the Company's purpose is to deliver income and long-term capital growth to its investors by the development of a geographically diverse portfolio of utility-scale battery storage systems that are a critical component in accelerating the transition to a lower carbon economy.

In addition to delivering financial returns to investors, the Company's underlying operations are designed to support the environmental sustainability of global grid systems. The Board and the Manager understand that the Company has a broader responsibility to go beyond its environmental contributions and to evaluate how best to integrate and improve the environmental, social and governance frameworks of its investments and operations.

VALUES

The Company's values are aligned to its purpose and to the standards expected of a Company listed on the Premium Segment of the Main Market of the London Stock Exchange.

The Company's core values are:

- To focus on the long-term sustainability of the business.
- To act openly and transparently with all stakeholders, fostering long-term relationships with transparency.
- To combine entrepreneurial agility with the strength of a listed company to reliably execute the Company's purpose and deliver its investment objective.

CULTURE

As the Company does not have employees, the Board's focus is on ensuring the Company's key service providers are well governed and have the right resources to deliver the services they provide for the Company. In addition, the Board reviews key service providers' strategies and policies relating to Environmental Sustainability, Social Impact and Governance to ensure they are in line with the Company's purpose and values.

The Board reviewed statements or policies from key service providers on anti-bribery and corruption; Modern Slavery Act 2015 statements; equity, inclusion and diversity; and carbon footprint, including greenhouse gas and energy usage reporting.

Energy storage is a relatively new area of investment. The Board's aim is to help ensure that the Manager is not only meeting the industry standards but also aims to be a market leader and demonstrate best practices when it comes to engagement and responsibilities towards its stakeholders.

Corporate and Social Responsibility

DIVERSITY

As at 31 March 2023, the Board comprised three men and one woman. No members of the Board were from an ethnic minority background.

The Company has adopted a diversity and inclusion policy. It applies to Board and committee appointments. Diversity includes and makes good use of differences in knowledge, and understanding of relevant diverse geographies, peoples, and their backgrounds including race or ethnic origin, sexual orientation, gender, age, disability, religion or socio-economic, educational or professional background. Appointments to the Board will be made on merit and objective criteria, in the context of complimenting and expanding the skills, knowledge and experience of the Board as a whole.

As the Company is an investment trust with no employees or senior management, and a small number of Directors, it will aim to meet the board diversity targets set out in Listing Rule 9.8.6R(9) where possible.

As at 31 March 2023, the Company had not met the targets relating to Board diversity relating to the percentage of women on the Board or the number of individuals from a minority ethnic background. As of 1 May 2023, Lisa Scenna joined the Board (her details are on page 49), increasing the percentage of women on the Board to 40%, in line with the target.

Listing Rule 9.8.6R(10) requires the Company to specify Board diversity as broken down by gender identity or sex, and ethnic background. The Directors provide this information to the Company. The tables below detail this. As an investment trust, with no executive management, the Company does not include columns relating to executive management in the tables below.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
Men	3	75%	1
Women	1	25%	1
Not specified/ prefer not to say	0	0%	0

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
White British or other White (including minority-white groups)	4	100%	4
Mixed/ Multiple Ethnic Groups	0	0%	0
Asian/ Asian British	0	0%	0
Black/ African/ Caribbean/ Black British	0	0%	0
Other ethnic group, including Arab	0	0%	0
Not specified/ prefer not to say	0	0%	0

RELATIONS WITH SHAREHOLDERS

The Company places great importance on communication with its shareholders and welcomes the views of shareholders. In addition to the meetings and engagement with shareholders described above, the Directors all attend the AGM and are available to respond to questions from shareholders.

The Board receives comprehensive Shareholder reports from the Company's Registrar and regularly monitors the views of Shareholders and the Shareholder profile of the Company.

The Board is also kept fully informed of all relevant market commentary on the Company by the Manager. Shareholders may also find Company information or contact the Company through its website: www.gsenergystoragefund.com

GREENHOUSE GAS EMISSIONS REPORTING

The Board has considered the requirement to disclose the Company's measured carbon emissions sources under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Company is a closed-ended investment company which has no employees and so its own direct environmental impact is minimal. It identifies as a low energy user. However, the Company will be publishing a Sustainability Report for the year ended 31 March 2023 which will include emissions and energy usage data for the Company's underlying investments. Last year's Sustainability Report is available here: https://www.gsenergystoragefund.com/docs/librariesprovider22/archive/reports/2022_Gore-Street-Energy-Storage-Fund-ESG-and-Sustainability-Report.pdf.

The Company's SFDR Annex IV report is included on page 95.

Section 172 Statement

The Directors have had regard for the matters set out in section 172(1)(a) and (c) to (f) of the Companies Act 2006 when performing their duty under section 172. Subsection (b) is not applicable to the Company as it has no employees. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by its business, especially with regard to principal decisions.

In doing the above, the Directors have taken into account the following:

(a) the likely consequences of any decision in the long-term;

(b) the need to foster the Company's business relationships with suppliers, customers and others;

(c) the impact of the Company's operations on the community and the environment;

(d) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(e) the need to act fairly as between members of the Company.

KEY STAKEHOLDERS

Stakeholder	Why they are important and how the Company engages with them
Shareholders	Shareholders own the Company and the Board is focused on delivering shareholder returns in line with the investment policy. Shareholders and prospective investors are also key to implementing the Company's strategy. Engagement activities include obtaining shareholder and prospective investor buy-in for delivery of strategic objectives. The Company will continue to engage with shareholders in future either directly or via the Company's brokers and Manager.
The Manager (Investment Manager and Commercial Manager)	The Investment Manager is responsible for the development and implementation of the investment strategy, including the acquisition, origination, and execution of projects. The Commercial Manager is responsible for management of the assets. Together they work to help the Company meet the expectations of its investors and the targets in the Investment and Dividend Policies. The Board and the Manager maintain an ongoing open dialogue on key issues facing the Company. This open dialogue takes the form of regular and ad hoc board meetings and more informal contact, as appropriate.
Service providers and contractors	The Company engages service providers who provide management, administration and other services. The intention is to maintain long-term and high-quality business partnerships to ensure stability while the Company pursues its growth strategy. The Company and its investments are reliant on the Manager selecting reputable suppliers and experienced O&M service providers. The failure of any of the Group's suppliers (including EPC contractors and O&M service providers) may result in closure, seizure, enforced dismantling or other legal action in respect of the Group's projects.

Subcontractors and the project supply chain	The Company's service providers and contractors are dependent on other service providers and suppliers. The Company is mindful that its subcontractors and project supply chain can affect the Company. The Company selects contractors adhering to the highest standards in their respective fields and requests reporting on the application of those standards on a regular basis.
Regulators, governments and grid operators	The Company is subject to regulations in each of the geographies it operates in. The Board regularly considers how it meets regulatory and statutory obligations and follows voluntary and best practice guidance, including how any governance decisions it makes impact its stakeholders both in the short and long term. The Manager engages with regulators and grid operators on the Company's behalf.
Local communities and the environment	The Board recognises the importance of the communities in which the Company operates. As the Company develops assets closer to communities, it will ensure that its environmental and social footprint takes account of the local communities and is sympathetic to the locality, taking account of local views which will be obtained via the planning process.

PRINCIPAL DECISIONS

Decision	Stakeholder considerations
Payment of dividends and reduction of the share premium account Dividend payments are approved by the Board on a quarterly basis based on recommendations from the Manager and supported with analysis from the Administrator. The support includes considering the level of distributable reserves and cash flow projections. At the AGM in September 2023, the Board requested that shareholders approve the reduction of the share premium account by £100 million, to create distributable reserves. This was approved and the administrative steps were completed during the year.	Meeting the Company's target yield by distributing at least 7p per share to shareholders is an area of focus for the Board. The Board is also mindful of the need to balance short-term returns and payment of dividends and longer-term growth delivered by continuing to invest in the portfolio. The Board also considers the need to meet the ongoing requirements of the investment trust regime and ensures that dividends distributed also meet the minimum required by the law.
AIFM agreement and Manager growth During the year, the Board approved an amendment to the termination provisions of the AIFM contract, and increased the notice period of the Commercial Management Agreement. The Board relied on the Company's independent lawyers and brokers to ensure the changes were in line with laws, best practice and in shareholders' best interests. During the year, the Manager developed its capabilities with new hires in the following teams: Investment, Commercial, Construction, Asset Management, Investor Relations, Finance, Legal and Company Secretarial.	The Board relies on the Manager to effect the investment policy and strategic objectives. The contractual changes approved during the year provide greater stability for the Company and for the Manager. The Manager's growth and development of a broader and deeper pool of expertise facilitates its provision of advice and services to the Company and the Board, which should benefit shareholders.
Expansion in the US (Texas and California) The Board has supported the Investment Manager's application of the investment policy by diversifying the portfolio with further acquisitions in Texas. In addition, the Board directly approved the acquisition of the 200MW site in Big Rock, California, to avoid any potential conflicts of interest between the Manager and the developer.	By investing in the attractive pipeline of opportunities in the US, the Company provides its shareholders with greater geographic diversification, as well as access to a greater mix of sources of revenue. The continued development allows the Company to strengthen its relationships with service providers, contractors and suppliers. Investments always require the Company and its advisers to engage with regulators and governments and the grid operator, and consider the local environment and communities.
Fundraising and capital management At the start of the financial year, the Board approved the issue of £150 million of new shares, from the shareholder authority provided in the prospectus issued on 29 March 2022. The Board agreed that the Manager should also seek to use debt to continue to finance the Company's growth plans, as well as explore other ways to raise funds.	Whenever the Board considers fundraising, the shareholders are the key stakeholders. The Company must be able to deliver the investment objective, and any growth must be managed in a way that is accretive to existing investors. By raising new funds that are used to further diversify the Company's sources of revenue, across new grids, the Board believes that shareholders will benefit. It also benefits the Company's service providers, contractors and suppliers, who can invest further in the sector, as well as grid operators, who drive the demand for BESS. Ultimately, further investment in energy storage benefits end consumers as by reducing energy price volatility, and the environment, as BESS helps renewable energy sources provide power in a more reliable way, so reducing the need for carbon-intensive energy generation.

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.	↔

Risk	Description	Mitigation and Management	Change*
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 lithium-ion 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 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.	Service providers are appointed subject to due diligence processes and with clearly 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 half-year 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.	⟷

Risk	Description	Mitigation and Management	Change*
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.

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.

By order of the Board

Gore Street Operational Management Limited

Company Secretary

14 July 2023

Governance

The Board of Directors

Pat Cox

Status: Independent Non-Executive Chair

Length of service: five years – appointed in February 2018

Experience:
Mr Cox has significant board experience and is currently a member of the Appointment Advisory Committee for the European Investment Bank, Chair of Ecocem Ltd., and holds non-executive directorships of Supernode Ltd and Gresham House Ireland Asset Management Ltd. He also sits on the Boards of various think tanks and not-for-profit organisations, including the Institute for International and European Affairs, Ireland and the Third Age Foundation Ireland.

Mr Cox served as a Member of the European Parliament for Munster, Ireland, from 1989 to 2004, becoming the leader of its Liberal Democrat Group from 1998 to 2002 before holding the presidency of the European Parliament between 2002 and 2004. He has been bestowed National Honours by the Presidents of nine European countries, and is a Commander of the Legion of Honour, France. His ongoing work includes serving as European Coordinator for the Scandinavian-Mediterranean TEN-T Core Network Corridor and leading a parliamentary reform programme with Ukraine.

Mr Cox is a graduate of Trinity College, Dublin and holds Honorary Doctorates from Trinity College Dublin, the National University of Ireland, the University of Limerick, the Open University, and the American College Dublin.

Committee membership:
audit, management engagement (chair), and remuneration and nomination committees

Annual remuneration:
£77,000 (with effect from 1 April 2023)

Number of shares held: 246,496

Caroline Banszky

Status: Senior Independent Non-Executive Director

Length of service: five years – appointed in February 2018

Experience:
Ms Banszky is currently a non-executive director of IntegraFin Holdings plc, where she chairs the Audit and Risk Committee. She is also a director of the Benefact Trust Ltd and sits on their Finance & Investment Committee; and a member of the Investment Sub-Committee of The Open University. She was previously a non-executive director of 3i Group plc and a director of the UK Stem Cell Foundation.

Formerly the Chief Executive of The Law Debenture Corporation plc. from 2002 to 2016, Ms Banszky was also Chief Operating Officer of SVB Holdings plc (now Novae Group plc) – then a Lloyd's listed integrated vehicle – from 1997 to 2002 and Finance Director of N.M. Rothschild & Sons Ltd from 1995 to 1997, having joined the bank in 1981. She originally trained at what is now KPMG.

Committee membership:
audit (chair), management engagement, and remuneration and nomination committees

Annual remuneration:
£57,000 (with effect from 1 April 2023)

Number of shares held: 50,000

Max King

Status: Independent Non-Executive Director

Length of service: five years – appointed on 22 February 2018

Experience:
Mr King's varied career in financial services includes over 30 years in investment management. He was responsible for the investments of seven investment trusts during his decade-long tenure as investment manager at Finsbury Asset Management before moving to J O Hambro Capital Management, where he was director and investment manager of two investment trusts and a number of other portfolios. From 2004 until 2016, Mr King worked at Investec Asset Management where he was the co-manager of various multi-asset funds invested in internal and external funds, including closed-ended funds.

A Chartered Accountant trained at Peat, Marwick & Mitchell (now KPMG), he is currently a non-executive director of Ecofin Global Utilities & Infrastructure Trust plc and previously served as a non-executive director of Henderson Opportunities Trust.

Mr King, an economics graduate of Trinity College, Cambridge, also writes regularly for MoneyWeek and engages in several unpaid commitments.

Committee membership:
audit, management engagement, and remuneration and nomination committees

Annual remuneration:
£47,000 (with effect from 1 April 2023)

Number of shares held: 50,000

Tom Murley

Status: Independent Non-Executive Director

Length of service: five years – appointed on 22 February 2018

Experience:
Mr Murley was a director at London-based private equity firm HgCapital from 2004 to 2016, where he established a renewable energy investment fund business that went on to raise and invest over $1bn in equity across more than 70 EU wind, solar, biomass and hydroelectric projects. From 2016 to 2018 Mr Murley continued to act as Chairman and Senior Advisor to the HgCapital Renewable Energy team, which spun out to become Asper Investment Management in December 2017.

In 2012 Mr Murley was appointed non-executive director to the inaugural board of the UK Green Investment Bank, where he also served on the investment committee, and remained on the Board until privatisation in August 2017. In October 2016 he was appointed as an independent non-executive director of Ameresco Inc., a renewable energy and energy efficiency company listed on the New York Stock Exchange. Mr Murley also serves as an independent investment committee member for two private renewable energy investment funds based in New York and Amman, Jordan.

Mr Murley was a lawyer between 1993 and 2003 and later became Managing Director of EIF Group in Boston Massachusetts, one of the first energy infrastructure funds. He has a History degree from Northwestern University in Evanston, Illinois, and a Law Degree, with honours, from Fordham University in New York.

Committee membership:
audit, management engagement, and remuneration and nomination (chair) committees

Annual remuneration:
£45,000 (with effect from 1 April 2023)

Number of shares held: none (Mr Murley is US resident and is restricted from buying shares in the Company)

Lisa Scenna

Status: Independent Non-Executive Director

Length of service: appointed 1 May 2023

Experience:
Lisa Scenna is an experienced executive and non-executive director in listed and private sector organisations across real estate, infrastructure, construction and funds management in the UK, Europe, Australia, Canada and Middle East. She has held sector specific executive roles in the property, infrastructure and fund management sectors with Stockland and Westfield in Australia, and Laing O'Rourke and Morgan Sindall Group in the UK. She is currently a non-executive director with Cromwell Property Group, Genuit Group plc and Harworth Group plc, as well as an Advisory Board Member of Stories Partners.

Lisa has previously been non-executive director for the charity Hub Community Foundation and Deputy Chair for The Private Infrastructure Development Group, a platform investing in infrastructure on behalf of various government agencies, including UK and Australia. Lisa is a Fellow of Chartered Accountants Australia and New Zealand and a Member of the Australian Institute of Company Directors.

Committee membership:
audit, management engagement, and remuneration and nomination committees

Annual remuneration:
£45,000 (from appointment date on 1 May 2023)

Number of shares held: none

Directors' Report

The Directors submit their report and the audited financial statements of the Company for the year ended 31 March 2023.

Directors and officers

CHAIR

The Chair is an independent non-executive Director, responsible for leadership of the Board and ensuring its effectiveness. The Chair's other significant commitments are detailed on page 48. He has no conflicting relationships.

SENIOR INDEPENDENT DIRECTOR ("SID")

Caroline Banszky is the Board's SID and has held the position since July 2022. She acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair.

COMPANY SECRETARY

Gore Street Operational Management Limited provides company secretarial support and governance advice to the Board and Chair. The Company Secretary is responsible for regulatory compliance and supporting the Board's continuing obligations with respect to corporate governance.

The Company Secretary also manages the Company's relationship with the Company's service providers, except for the Investment Manager and the Commercial Manager.

Shareholders are invited to contact the Company Secretary with any questions for the Board at cosec@gorestreetcap.com. Any questions relating to individual shareholdings should be directed to the Company's Registrar at 0370 703 6253.

Role and operation of the Board

The Board (of five Directors, listed on pages 48 and 49) is the Company's governing body. The Board is responsible for managing the business affairs of the Company in accordance with the Articles, the Companies Act, any direction given by the shareholders by special resolution and the investment policy. It has overall responsibility for the Company's activities including its strategy and investment activities. The Board is collectively responsible to shareholders for the Company's long-term success.

The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters it sets in respect of any gearing. The Strategic Report on pages 2 to 47 sets out how the Board reviews the Company's strategy, risk management and internal controls and also includes other information required for the Directors' Report, and is incorporated by reference.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Chair ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls.

At the quarterly Board meetings Directors review investment and asset management performance, financial reporting and services provided by third parties. Additional meetings are arranged when needed.

The Directors' conflicts of interest policy requires Directors to disclose all actual and potential conflicts of interest as they arise for consideration and approval by the Board. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. No Directors have any connections with the Manager, shared directorships with other Directors or material interests in any contract which is significant to the Company's business.

BOARD COMMITTEES

The Board has delegated certain functions to committees. The roles and responsibilities of these committees, together with details of work undertaken during the year under review, are outlined in their reports. The reports of the audit committee, management engagement committee, and remuneration and nomination committee are incorporated into and form part of the Directors' Report.

The Investment Manager

Gore Street Capital Limited, the Investment Manager, acts as the Company's authorised investment fund manager ("AIFM") and investment manager. It is authorised and regulated by the Financial Conduct Authority. It provides the Company with investment management and risk management services as set out in the AIFM Agreement, which is governed under the laws of England and Wales.

The Investment Manager is headquartered in the UK and comprises a strong team of investment professionals with significant experience in sourcing, structuring, and managing large renewable energy projects globally. The Investment Manager was the first to deploy privately-owned large-scale battery projects in Great Britain.

For the year ended 31 March 2023, the Investment Manager was entitled to receive an investment management fee, an AIFM fee, and if certain conditions were met, a performance fee.

Under the terms of the Management Agreement, the Investment Manager is entitled to receive from the Company an advisory fee payable quarterly in arrears calculated at the rate of a quarter of one per cent of Adjusted NAV. Adjusted NAV is NAV minus "Uncommitted Cash", where Uncommitted Cash means all cash on the Company balance sheet that has not been allocated for repayment of a liability on the balance sheet or any earmarked capital costs of the Company or any of its subsidiaries. In addition, the Investment Manger receives a fee of £75,000 per annum for acting as AIFM, and receives £667 for each Annex IV report filed on behalf of the Company.

The Investment Manager is also entitled to a performance fee of 10% of any outperformance of the NAV over an annual hurdle of 7%, provided that the closing NAV per share exceeds the high water mark NAV at the date the last performance fee was paid. The performance fee is capped at 50% of the annual management fee.

The AIFM Agreement can be terminated by either party on 12 months' notice by either party, as well as in certain other circumstances such as breaches or insolvency.

During the year, and with effect from 16 December 2022 the termination provisions in the AIFM Agreement were varied such that in the specific event of a takeover offer for the Company becoming wholly unconditional the AIFM Agreement will terminate automatically with no requirement for notice to be served and the Investment Manager will be entitled to a performance fee equal to 20 per cent. of the amount (if any) by which the offer price multiplied by the number of ordinary shares in issue exceeds the prescribed benchmark for payment of a performance fee, such fee to be capped at 3.49% of NAV in the financial year to 31 March 2023 and 3.99% of NAV thereafter (the 'Exit Performance Fee') plus a fee equal to 1 per cent. of Adjusted NAV; or where no Exit Performance Fee is payable, the Investment Manager will instead be entitled to a fee equal to 2 per cent. of Adjusted NAV (the 'Minimum Takeover Fee'). If the aggregate amount of any Exit Performance Fee payable plus 1 per cent. of Adjusted NAV is less than the Minimum Takeover Fee, then the Investment Manager shall instead receive the Minimum Takeover Fee.

The management engagement committee reviewed the performance of the Investment Manager during the year under review and agreed that the Investment Manager continues to have the appropriate depth and quality of resource to deliver superior returns over the longer term. The Board received, and approved, the recommendation that Investment Manager's appointment under the terms of the AIFM agreement is in the best interests of shareholders as a whole.

For details of the fees paid to the Investment Manager, please refer to note 6 on page 75.

THE COMMERCIAL MANAGER

Gore Street Operational Management Limited (the Commercial Manager) has been appointed to provide various commercial services to the Company, including asset management and construction oversight, as well as administrative, accounting and company secretarial support.

THE DEPOSITARY

Indos Financial Limited is the Depositary to the Company. It is authorised and regulated by the Financial Conduct Authority. As Depositary it is responsible for oversight of the Company and Investment Manager, cash-flow monitoring, and record keeping and verification of assets.

THE ADMINISTRATOR

Apex Group Fiduciary Services (UK) Limited (previously Sanne Group Fiduciary Services (UK) Limited) ("Apex") is Administrator to the Company.

During the year ended 31 March 2023, as Administrator, Apex on behalf of the Directors, was responsible for the maintenance of accounting records, preparation of the annual financial statements, cash management services comprising processing and making payments for the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company.

Corporate Governance Code disclosures

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Financial Conduct Authority requires all UK listed companies to disclose how they have complied with the provisions of the UK Code. This statement, together with the Statement of Directors' Responsibilities, viability statement and going concern statement set out on pages 59 and 46 respectively, indicates how the Company has complied with the principles of good governance of the AIC Code and its requirements on internal control. The Strategic Report and Directors' Report provide further details on the Company's internal controls (including risk management), governance and diversity policy.

The Board confirms that the Company has complied with the AIC Code during the year under review.

Revenue and Dividends

The financial statements of the Company for the period appear from page 66. Total Comprehensive income for the year 31 March 2023 was £63,412,295 (31 March 2022 £42,527,570). The Directors have approved a fourth interim dividend of 1.5 pence per share be paid, bringing the total dividend in respect of the period ended 31 March 2023 to 7.5 pence per share (7 pence per share 31 March 2022), in line with the Dividend Policy.

Dividend Policy

Subject to market conditions and performance, financial position, and financial outlook, it is the Directors' intention to pay an attractive level of dividend income to shareholders on a quarterly basis.

The Company will target dividends in respect of the Ordinary Shares in each financial year based on a 7 per cent. yield on the average Net Asset Value per Ordinary Share during that financial year, subject to a minimum target of 7 pence per Ordinary Share in each financial year. The annual target dividend will increase by 0.5 pence increments per Ordinary Share based on a certain progression of the average Net Asset Value per Ordinary Share in any financial year above 100 pence (subject to rounding).

Dividends are paid quarterly, and the Company will target a dividend of 2.0 pence per Ordinary Share for the first three interim dividends in each financial year and the amount of the final dividend will depend on the overall annual dividend target for that financial year. Investors should note that the payment of dividends is at the discretion of the Board and the Directors may resolve to pay dividends otherwise than in accordance with the targets noted above in order to reflect the Company's expected returns and future plans for the growth of the Company.

Shareholders are invited to approve the dividend policy at each AGM.

Other required Directors' Report disclosures under laws, regulations, and the AIC Code

STATUS

The Company was incorporated on 19 January 2018 and carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange on 25 May 2018. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status. The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006. The Company is not a "close" company for taxation purposes.

It is not intended that the Company should have a limited life but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the articles of association contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders every five years. The next continuation vote is due to be proposed at the forthcoming AGM. Details are included in the Chair's Statement on page 2 and the AGM Recommendations on page 88.

SHARE CAPITAL AND SUBSTANTIAL SHARE INTERESTS

As at 31 March 2023, 481,399,478 Ordinary Shares were in issue (31 March 2022: 345,035,842) and no other classes of shares were in issue at the respective 2022 and 2023 year end. No shares are held in treasury. The total number of voting rights in the Company as at 13 July is 481,399,478.

Subject to company law and the Articles, the Directors are authorised to issue shares of such number of tranches and on such terms as they determine, provided that such terms are consistent with the provision of the Articles.

No person holds securities in the Company carrying special rights with regards to control of the Company.

Details of changes to the Company's share capital during the year under review are given in note 20 to the accounts on page 85. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up. There are no restrictions on voting rights.

As at 31 March 2023, the Company had received notifications in accordance with the FCA's Disclosure Guidance and Transparency Rule 5.1.2R of the below interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Shareholder	Ordinary shares	Issued Share Capital (%)
Rathbone Investment Management Limited	65,919,864	13.69
Hargreaves Lansdown Nominees Limited	22,048,703	6.39
EFG Harris Allday	18,975,028	5.50
Interactive Investor Services Nominee Limited	16,528,086	4.79
Charles Stanley	12,682,956	3.68
Momentum Global Investment Management	12,389,177	3.59
AJ Bell	11,677,367	3.38
First Avenue Capital	11,658,249	3.38
Redmayne Bentley	10,972,508	3.18

Following the year end, and at the date of this report there have been no changes to the interests disclosed above.

MEETINGS AND ATTENDANCE

The Board meets formally on a quarterly basis. The table below details the meetings held during the financial year and Directors' attendance.

In addition, there were eight ad hoc board meetings held during the year, attended by those Directors available at the time. All Directors attended the AGM.

Director	Board	Audit Committee	Remuneration and Nomination	Management Engagement
Pat Cox	3/3*	3/3	2/2	0/0*
Caroline Banszky	3/3*	3/3	2/2	0/0*
Max King	3/3*	3/3	2/2	0/0*
Tom Murley	3/3*	3/3	2/2	0/0*

*due to a rescheduled meeting, the fourth quarterly board and management engagement committee meetings were held after the end of the financial year. All Directors attended those meetings.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors confirm that, as at the date of this report, they have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditor for the purposes of the audit, and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITIES

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's articles of association provide, subject to the provisions of legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the court. This is a qualifying third party indemnity policy and was in place throughout the year under review for each Director and to the date of this report.

By order of the Board

Gore Street Operational Management Limited
Company Secretary

14 July 2023

Audit Committee Report

Scope

The committee is responsible for monitoring the integrity of financial reporting, quality and effectiveness of external audit, risk management and the system of internal control. The committee reports and makes recommendations to the Board after each meeting. Its terms of reference are available on the Company's website.

All Directors are members of the committee and Caroline Banszky is its chair. The Board has satisfied itself that at least one of the committee's members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the company operates.

During the year, the committee agreed that it would be meeting at least four times per year, to consider the annual and interim reports and the unaudited quarterly NAVs. During the year it met three times. Its effectiveness was assessed as part of the Board evaluation and its terms of reference were reviewed and updated.

Approach

FINANCIAL REPORTS AND VALUATION

Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them.

Reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas and going concern and the viability statements.

Reviewing the valuation of the Company's investments prepared by the Investment Manager and their underlying assumptions, and review of the work of the independent valuer BDO LLP biannually prior to making a recommendation to the Board on the valuation of the Company's investments.

AUDIT

Meeting regularly with the Auditor to review their proposed audit plan and the subsequent audit report , including review of any significant issues in relation to the financial statements, Assessment of the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work.

Making recommendations to the Board in relation to the appointment, re-appointment, or removal of the Auditor, and approving their remuneration and the terms of their engagement. Monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification, and non-audit work.

RISK AND INTERNAL CONTROLS

Reviewing the effectiveness of the accounting and internal control systems of the Company and considering annually whether there is a need for the Company to have its own internal audit function.

Undertaking a robust assessment of the Company's principal and emerging risks and uncertainties, and reviewing how they are being managed and mitigated, as well as reviewing the procedures are in place to identify, assess and monitor risk.

The committee's work during the year

FINANCIAL REPORTS AND VALUATION

Calculation of the investment management fee and performance fee

Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.

Overall accuracy of the annual report and accounts

Consideration of the draft annual report and accounts and the letters from the Investment Manager and Administrator in support of the letter of representation to the auditor.

Assessment of the Carrying Value of Investments and quarterly NAVs

The Company's accounting policy is to designate investments at fair value. As a consequence, the Committee reviewed valuation policies processes and application. The most influential area of judgement in the financial statements relates to the valuation of these investments. The key estimates and assumptions include the useful life of the assets, revenue estimates, the discount factors utilised, the rate of inflation, and the price at which the power and associated benefits can be sold. In particular, the committee challenged the appropriateness of the discount rate used and carefully considered the impact of the macro-economic and industry related factors on income recognition and associated assumptions in relation to the valuation of the assets that have been included in the 31 March 2023 valuation. At the year end, the Company engaged BDO as independent valuation advisors to help the committee form a view as to the reasonableness of the valuations.

The uncertainty involved in determining the fair value of investment valuations represents a significant risk in the Company's financial statements. An inherent risk of management override is present as the Investment Manager's fee is calculated based on NAV (as disclosed in the financial statements). The Investment Manager is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

On a quarterly basis, the Investment Manager provides a detailed analysis of the NAV. This analysis highlights any movements and assumption alterations to the NAV of the previous quarter. NAV movements and the principles behind changes in assumptions are considered and challenged by committee and subsequently approved by the Board.

The committee is satisfied that the key estimates and assumptions used within the valuation model are appropriate and that the investments have been fairly valued.

Fair, balanced and understandable

Reviewed the annual report and accounts to ensure that it was fair, balanced and understandable.

Going concern and viability

Reviewing the impact of risks on going concern and longer-term viability.

Recommendations to the Board

As a result of the work performed, the committee has concluded that the annual report for the year ended 31 March 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 59.

AUDIT

Effectiveness of the independent audit process and auditor performance

Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Investment Manager and Administrator on the audit process. The committee noted the auditor had demonstrated its professional scepticism during the audit. The committee was satisfied with the auditor's replies.

Auditor independence

Ernst & Young LLP has provided audit services to the Company since it was appointed on 19 September 2019. The auditors are required to rotate the senior statutory auditor every five years. There are no contractual obligations restricting the choice of external auditors. This is the fifth year that the senior statutory auditor, Caroline Mercer has conducted the audit of the Company's financial statements.

Audit results

Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.

Meetings with the auditor

Met the auditor without representatives of the Investment Manager or Administrator present. Representatives of the auditor attended the committee meeting at which the draft annual report and accounts were considered.

Provision of non-audit services by the auditor

The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other non-audit services which will be judged on a case-by-case basis. During the year, the only non- audit service provided by EY was their review of the half year accounts/financial statements. The committee was satisfied that the provision of these non-audit services did not threaten the auditors' independence.

Consent to continue as auditor

Ernst & Young LLP indicated to the committee their willingness to continue to act as auditor.

Recommendations to the Board

Having reviewed the performance of the auditors as described above, the committee considered it appropriate to recommend the firm's re-appointment. Resolutions to re-appoint Ernst & Young LLP as auditor to the Company, and to authorise the Directors to determine their remuneration will be proposed at the AGM.

RISK AND INTERNAL CONTROLS

Service provider controls

Reviewing the operational controls maintained by the Investment Manager, Administrator, Depositary and Registrar.

Internal controls and risk management

Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports.

Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010

Consideration of the Administrator's report confirming compliance.

Principal risks

Reviewing the principal risks faced by the Company and the risk matrix describing how they are managed or mitigated, as described in the Strategic Report.

Emerging risks

Reviewing the emerging risks for the Company.

Recommendations to the Board

The committee's assessment of internal controls and risks and recommendation to the Board is set out on page 45 in the Strategic Report.

Caroline Banszky
Chair of the Audit Committee

14 July 2023

Management Engagement Committee Report

Scope

The management engagement committee is responsible for (1) the monitoring and oversight of the Investment Manager's performance and fees, and confirming the Investment Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All Directors are members of the committee and Pat Cox is its chair. Its terms of reference are available on the Company's website.

Approach

OVERSIGHT OF THE INVESTMENT MANAGER

The committee

- reviews the Investment Manager's performance, over the short and long term, against the peer group and the market.
- considers the reporting it has received from the Investment Manager throughout the year, and the reporting from the Investment Manager to the shareholders.
- assesses management fees on an absolute and relative basis, receiving input from the Company's brokers, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Investment Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Investment Manager.

OVERSIGHT OF OTHER SERVICE PROVIDERS

The committee reviews the performance and competitiveness of the Company's service providers on at least an annual basis, including the Commercial Manager, Depositary, Brokers, Registrar, Company Secretary and Administrator.

The committee also receives a report from the Company Secretary on ancillary service providers and considers any recommendations.

The committee notes the audit committee's review of the auditor.

The committee's work during the year

The committee undertook a detailed review of the Investment Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term.

The committee reviewed the management fees and agreed they were appropriate. The committee noted the Board had negotiated a change in the Investment Manager's and Commercial Manager's terms of appointment during the year, as disclosed in the Interim Report for the period ended 30 September 2022 and described on page 50 of this report.

The committee reviewed the other services provided by the Investment Manager and agreed they were satisfactory.

The annual review of each of the service providers was satisfactory.

The committee noted that the audit committee had undertaken a detailed evaluation of the Manager's, registrar's and depositary's internal controls.

Based on its assessment, the committee recommended, and the Board agreed that the ongoing appointment of the Investment Manager on the terms of the AIFM agreement was in the best interests of shareholders as a whole.

The recommendations that the Company's service providers' performance remained satisfactory and that the fees paid to the Investment Manager and other service providers remained appropriate and in line with the market were both also approved by the Board.

Pat Cox
Chair of the Management Engagement Committee

14 July 2023

Remuneration and Nomination Committee Report

Scope

The committee is responsible for the recruitment, selection and induction of Directors, their assessment during their tenure, and the Board's succession. It is also responsible for reviewing Directors' fees. Based on its review it makes recommendations to the Board. All Directors are members of the committee and Tom Murley is its chair. Its terms of reference are available on the Company's website.

Approach

RECRUITMENT

The committee prepares a job specification for each role, and an independent recruitment firm is appointed. For the Chair and the chairs of committees, the committee considers current Board members too.

A job specification outlines the knowledge, professional skills, personal qualities and experience requirements.

Potential candidates are assessed against the Company's diversity policy.

The committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.

The committee reviews the induction of new Directors.

EVALUATION

The committee assesses each Director annually, and may use an external Board evaluator every three years.

The evaluation focuses on whether each Director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs.

Following the evaluation, the committee provides a recommendation to shareholders with respect to the annual re-election of Directors at the AGM.

All Directors retire at the AGM and their re-election is subject to shareholder approval.

SUCCESSION

The Board's succession policy is that Directors' tenure will be for no longer than nine years, except in exceptional circumstances and that each Director will be subject to annual re-election at the AGM.

The committee reviews the Board's current and future needs at least annually. Should any need be identified the committee will initiate the selection process.

The committee oversees the handover process for retiring Directors.

REMUNERATION

The committee reviews Directors' fees, taking into account comparative data and reports to shareholders. No Directors are involved in making recommendations with respect to their own remuneration.

Any proposed changes to the remuneration policy for Directors is discussed and reported to shareholders.

The committee's work during the year

RECRUITMENT

The committee engaged an independent recruitment agency Heidrick & Struggles, to lead the process for recruiting a new Director. Apart from its linked engagement to conduct the external board evaluation, Heidrick & Struggles had no other connections to the Company or the Board.

The committee reviewed the long and short lists and invited candidates for interview.

After interviewing the candidates and undertaking the appropriate due diligence, Lisa Scenna was recommended by the committee to the Board for appointment as a new independent non-executive Director. The recommendation was based on her skills, experience and qualifications and Ms Scenna's biography is set out on page 49.

EVALUATION

As noted in last year's annual report, Heidrick & Struggles had also been engaged to perform an independent external evaluation, and that the process was still ongoing. During the year, the committee reviewed the final conclusions of the evaluation and took steps to implement the recommendations which included appointing a new Director, reviewing succession planning and reviewing board reporting processes. These were addressed with the appointment of Ms Scenna, the committee's succession planning discussions during the year and the change of Company Secretary.

The committee also reviewed each Director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each Director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All Directors were considered to be independent in character and judgement. The committee considered each Director's contributions, and noted that in addition to extensive experience as professionals and non-executive Directors, each Director had valuable skills and experience, as detailed in their biographies on pages 48 and 49.

Based on its assessment, the committee recommended, the Board approved, the recommendations for each Director's re-election, and for Ms Scenna's election, following her appointment on 1 May 2023.

SUCCESSION

The committee agreed that the succession policy remained appropriate.

Noting that the four Directors appointed at IPO would need to retire on the same date, the committee agreed that it would be appropriate for one of those Directors to step down from the Board earlier than a full nine-year term, and that one Director may stay on the Board for up to ten years, so as to stagger retirement dates and avoid disruption.

The committee also agreed that the Company should aim to appoint another Director in 2024/25, and every two or three years thereafter.

REMUNERATION

The committee reviewed Directors' fees, using external benchmarking, and recommended an increase in Directors' fees, as detailed in the remuneration report.

Tom Murley
Chair of the Remuneration and Nomination Committee

14 July 2023

Directors' remuneration report

Introduction

The following remuneration policy is currently in force and is subject to a binding vote every three years. The next vote will take place in 2025 and the current policy provisions will apply until that date. An ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at the forthcoming AGM (no changes are proposed). The below Directors' annual report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this report will be put to shareholders at the forthcoming AGM.

At the AGM held on 20 September 2022, 99.86% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the remuneration policy were in favour, while 0.14% were against and 255,185 votes were withheld.

At the AGM held on 20 September 2022, 97.97% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the report on remuneration for the year ended 31 March 2022 were in favour, while 2.03% were against and 255,185 votes were withheld.

Directors' remuneration policy

The Company's policy is to determine the level of Directors' fees with due regard to the experience of the Board as a whole, the time commitment required, and to be fair and comparable to non-executive Directors of similar companies. The Company may also periodically choose to benchmark Directors' fees with an independent review to ensure they remain fair and reasonable.

Directors' fees will be adjusted from time to time and will be subject to shareholder approval in the subsequent AGM. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for, or to purchase, Ordinary Shares. The Directors are entitled only to their annual fee and their reasonable expenses. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

The Directors hold their office in accordance with the Articles of Association and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles of Association and without compensation. Under the Company's Articles of Association, all Directors are entitled to remuneration determined from time to time by the Board and approved by shareholders.

Application of the Directors' remuneration policy

The Board did not seek the views of shareholders in setting this remuneration policy. Any comments on the policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this remuneration policy and no employees were consulted in its construction. The Directors did not receive any shareholder feedback on the policy.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of Directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this remuneration policy.

Directors' annual report on remuneration

This report explains how the Directors' remuneration policy was implemented during the year ended 31 March 2023.

Directors' remuneration was last reviewed by the remuneration and nomination committee and the Board in April 2023. The members of the committee at the time that remuneration levels were considered were all the Directors, except Lisa Scenna, who joined the Board on 1 May 2023. Although no external advice was sought in considering the levels of Directors' fees, information on fees paid to Directors of peer group companies provided by the Secretary and Corporate Broker was taken into consideration, as was independent third-party research.

Following this review, the committee recommended, and the Board agreed, that Directors' fees should be increased by £2,000, with effect from 1 April 2023, to align with the new financial year. As a result, all non-executive Directors will be paid £47,000 per annum. The Chair receives an additional £30,000 and the audit chair an additional £10,000. Fees were last increased with effect from 1 July 2022.

Fees paid to Directors

The following amounts were paid by the Company to Directors for their services in respect of the year ended 31 March 2023 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 1, under the heading "Key Metrics".

	Directors' Fees		Change in annual fee over years ended 31 March		
Director	2023 £	2022 £	2023 %	2022 %	2021 %
Patrick Cox (Chair)	**70,625**	57,500	**22.83**	32.53	31.48
Caroline Banszky	**52,500**	45,000	**16.67**	44.92	47.86
Malcolm King	**43,750**	40,000	**9.38**	49.62	48.52
Thomas Murley	**43,750**	40,000	**9.38**	49.62	48.52
Lisa Scenna[1]	**–**	–	**–**	–	–
Total	**210,625**	182,500	**–**	–	–

1 Appointed as a Director on 1 May 2023

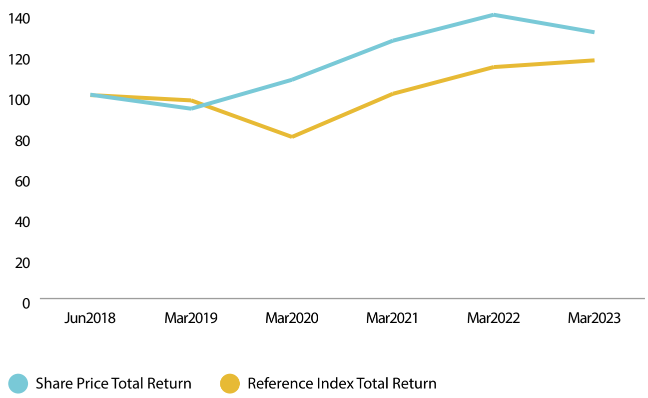
The information in the table above has been audited.

EXPENDITURE BY THE COMPANY ON REMUNERATION AND DISTRIBUTIONS TO SHAREHOLDERS

The difference in actual spend between 31 March 2023 and 31 March 2022 on Directors' remuneration in comparison to distributions (dividends and share buybacks) and other significant spending are set out in the table below:

	Payments made during the year ended 31 March 2023	Payments made during the year ended 31 March 2022
Directors' total remuneration	**£210,625**	£182,500
Dividends paid	**£30,970,693**	£15,187,456
Buy back of Ordinary Shares	**–**	–

SHARE PRICE AND REFERENCE INDEX PERFORMANCE SINCE IPO



Reference Index is FTSE All-Share. Source: London Stock Exchange. Rebased to 100 as at 29 June 2018.

Definitions of terms and Alternative Performance Measures are provided on page 103.

DIRECTORS' SHARE INTERESTS

The Company's articles of association do not require Directors to own shares in the Company. The interests of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out below.

	Ordinary Shares of 1p each held	
Director	31 March 2023	1 April 2022
Patrick Cox (Chair)	**246,496**	49,996
Caroline Banzsky	**50,000**	50,000
Malcolm King	**50,000**	50,000
Thomas Murley[1]	**0**	0
Lisa Scenna[2]	**–**	–

1 Mr Murley is US resident and is restricted from buying shares in the Company.
2 Appointed as a Director on 1 May 2023.

The information in the table above has been audited.

Gore Street Capital Limited Directors and employees hold approximately 3.3 million shares in the Company.

By order of the Board
Gore Street Operational Management Limited
Company Secretary

14 July 2023

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.

On behalf of the Board

Pat Cox
Chair

14 July 2023

Financial Statements

Independent Auditor's Report

Independent Auditor's report to the members of Gore Street Energy Storage Fund Plc

Opinion

We have audited the financial statements of Gore Street Energy Storage Fund Plc (the "Company") for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the Company Secretary to determine if all key factors were considered in their assessment.
- We inspected the Directors' assessment of going concern, including the cash flow forecast, for the period to 30 September 2024 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the cash flow forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- We reviewed the factors and assumptions, including the impact of current economic environment and other significant events that could give rise to market volatility, as applied to the cash flow forecast. We considered the appropriateness of the methods used to calculate the cash flow forecast and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company. We also reviewed the Company's assessment of the investment portfolio under stressed market conditions and determined the impact of sensitivities in net asset value.
- Assessed the impact of the continuation vote at the September 2023 AGM on the going concern basis of preparation, by considering the current and historical performance of the Company, reviewing minutes from the Broker's discussion with certain shareholders about their current intentions in relation to the continuation vote and assessing the Directors' analysis of the responses the Broker received.
- We confirmed through discussion with the Investment Manager and the Directors that there was no utilisation of debt facilities. We corroborated these statements during our audit procedures by reviewing bank statements for unrecorded liabilities and review of contracts and agreements and noted that there were no material commitments for the Company as at 31 March 2023.
- We reviewed the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period assessed by the Directors, being the period to 30 September 2024, which is at least 12 months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of inaccurate valuation of investments
Materiality	• Overall materiality of £5.56m which represents 1% of net assets.

An overview of the scope of our audit

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team which includes our valuation specialists.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact companies. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained in the principal risk and uncertainties section on page 43. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 2 and conclusion that climate risk does not materially impact the estimates and assumptions used in determining the fair value of the investments. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inaccurate valuation of investments *Refer to the Audit Committee Report (page 53); Accounting policies (page 72); and notes 12 and 17 of the Financial Statements on pages 78 (for note 12) and 81 (for note 17).* The valuation of the investment portfolio as at 31 March 2023 was £434.76 million (2022: £180.76) consisting of the Company's investments in battery storage assets through its wholly owned subsidiary, GSES1 Limited and its subsidiaries. The Company meets the definition of an 'investment entity' in accordance with IFRS 10, thus it values its investment in its subsidiary at fair value through profit or loss. The accurate valuation of investments is fundamental to the Company's financial performance. The return generated by the investment portfolio is a key driver of the Company's returns. Due to the nature of the investment portfolio, being unlisted investments with no directly comparable listed investments, the underlying assumptions that drive the value of the asset are subjective. As a result, the valuation of the portfolio is susceptible to misstatement. The investment valuation approach requires sufficient rigour to eliminate the susceptibility of the investment valuations to bias. The valuation principles used are based on International Valuation Standards Council ("IVSC") valuation guidelines, using a discounted cash flow ("DCF") methodology.	We performed the following procedures: Gained an understanding of the Investment Manager and Directors' processes and controls surrounding investment valuations, by performing a walkthrough to evaluate the design and implementation of controls. Obtained and reviewed the valuation models of each asset held via the Company's investment in GSES1 Limited and its subsidiaries to validate that the valuation methodology adopted is consistent with the requirements of IFRS and IVSC guidelines. Corroborated key revenue streams and other valuation model inputs to supporting contracts and external pricing forecasts, as applicable. Held discussions with the Investment Manager to understand the key drivers to the cash flow projections included in the valuation models and assessed their appropriateness based on the nature of the asset and our understanding of the relevant markets. For a selected sample of investments, engaged EY valuation specialists to assist in challenging the appropriateness of the discount rate used and to assess the impact of macro-economic and industry related factors used in calculating the net present value of the future cash flows. For the remainder of the investments, we ensured that consistent valuation methodology was applied and challenged the key estimates used in determining the fair value of the investments. Performed back testing by comparing prior year revenue and expense projections to current year actuals, to assess reasonableness of projections. Checked the clerical accuracy of the valuation models.	Our audit procedures did not identify any material misstatements regarding the risk of incorrect valuation of investments.

There have been no changes to the areas of audit focus raised in the above risk table from the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £5.56 million (2022: £3.60 million), which is 1% (2022: 1%) of net assets. We believe that net assets are the most important financial metric on which shareholders would judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £4.17m (2022: £2.70m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.28m (2021: £0.18m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 46;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 46;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 46;
- Directors' statement on fair, balanced and understandable set out on page 59;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 43;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and;
- The section describing the work of the audit committee set out on page 53.

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement set out on page 59, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006, UK Corporate Governance Code, AIC Code of Corporate Governance and The Companies (Miscellaneous Reporting) Regulations 2018) and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks by making enquiries of the Investment Manager, Company Secretary, and also the Directors including the Chair of the Audit Committee. We corroborated our understanding through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statement. We identified fraud risks in relation to estimation uncertainty relating to the valuation of investments. Our audit procedures stated above in the 'Key audit matters section' of this Auditor's report were performed to address the fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the company secretary's reporting to the Directors with respect to the application of the documented policies and procedures, and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the Company on 19 September 2018 to audit the financial statements for the period ending 31 March 2019 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 March 2019 to 31 March 2023.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

14 July 2023

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.

The notes on pages 71 to 87 form an integral part of these financial statements.

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

The annual financial statements were approved and authorised for issue by the Board of Directors and are signed on its behalf by:

Patrick Cox
Chair

14 July 2023

The notes on pages 71 to 87 form an integral part of these financial statements.

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.

The notes on pages 71 to 87 form an integral part of these financial statements.

Statement of Changes in Equity

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.

The notes on pages 71 to 87 form an integral part of these financial statements.

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).

The notes on pages 71 to 87 form an integral part of these financial statements.

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.

2. Basis of preparation (continued)

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.

4. New and revised standards and interpretations (continued)

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.

5. Summary of significant accounting policies (continued)

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.

5. Summary of significant accounting policies (continued)

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.

6. Fees and expenses (continued)

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

9. Administrative and other expenses (continued)

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.

12. Investments (continued)

	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.

		Significant Inputs		Fair Value	
Investment Portfolio	**Valuation technique**	**Description**	**(Range)**	**31 March 2023 (£)**	**31 March 2022 (£)**
Great Britain	DCF	Discount Rate	7% – 10.75%	**180,714,570**	**89,350,935**
(excluding Northern Ireland)		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.

17. Fair Value measurement (continued)

- **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.

18. Financial risk management (continued)

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

18. Financial risk management (continued)

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.

22. Transactions with related parties (continued)

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 GSES 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.

Annual General Meeting – Recommendations

The Annual General Meeting ("AGM") of the Company will be held on Thursday, 21 September 2023 at 9.30 am. The formal Notice of Meeting is set out on page 90. The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000.

Ordinary business

Resolutions 1 to 13 are all ordinary resolutions. Resolution 1 is a required resolution. Resolution 2 invites shareholders to approve the Company's dividend policy. Resolution 3 concerns the Directors' Remuneration Report, on pages 57 to 58. Resolutions 4 to 8 invite shareholders to elect and re-elect each of the Directors for another year, following the recommendations of the Remuneration and Nomination Committee, set out on pages 56 and 57 (their biographies are set out on pages 48 and 49). Resolutions 9 and 10 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit Committee Report on pages 53 and 54.

Special business

Resolution 11: Continuation (ordinary resolution) In accordance with the Company's articles of association, the Directors are required to put forward a proposal for the continuation of the Company to shareholders at five-yearly intervals. The Board considers that the long-term investment objectives of the Company remain appropriate and that the current Investment Manager remains well placed to continue to deliver them over the long-term. An ordinary resolution will therefore be proposed at the AGM to agree that the Company should continue as an investment trust.

Resolutions 12 and 13: Directors' authority to allot shares (ordinary resolutions)

These resolutions deal with the Directors' authority to allot ordinary Shares of one penny each in the capital of the Company ("Shares") in accordance with section 551 of the Companies Act 2006 (the "Act").

If passed, resolution 12 will authorise the Directors to allot Shares up to a maximum nominal amount of £481,399, which represents approximately 10% of the Company's issued Shares (excluding Shares held in treasury) as at the date of this report).

If passed, resolution 13 will authorise the Directors to allot further Shares, in addition to those which may be allotted under resolution 12, up to a maximum nominal amount of £481,399, which represents approximately 10% of the Company's issued Shares (excluding Shares held in treasury) as at the date of this report).

If both resolution 12 and resolution 13 are passed, authority will be granted to the Directors to allot Shares up to a maximum nominal amount of £962,798, which is a total of up to 20% of the existing issued ordinary share capital of the Company (excluding Shares held in treasury) as at the date of this report). The Board recognises that this authority is beyond the standard 10% authority typically sought by investment companies, but believes that the passing of both resolution 12 and resolution 13 is in shareholders' interests given that:

- the authorities would provide greater flexibility to allow the Company to take advantage of potential investment opportunities sourced by the Company's Investment Manager; and
- any Shares issued under these authorities will not be issued at prices less than the last published net asset value ("NAV") per Share (adjusted for dividends) at the time of issue plus a premium to cover the costs of such issuance.

If resolution 12 is passed but resolution 13 is not passed, the Directors will only be authorised to allot up to 10% of the existing issued ordinary share capital of the Company. Resolution 13 is conditional on resolution 12, so if resolution 12 is not passed resolution 13 will not be passed either.

Each of the authorities granted pursuant to resolution 12 and 13 will expire at the conclusion of next year's annual general meeting (unless previously renewed, varied or revoked by the Company at a general meeting).

The Directors have no present intention to exercise the authorities conferred by resolution 12 and resolution 13.

Resolutions 14 and 15: power to disapply pre-emption rights (special resolutions)

Under the Act, when new Shares are allotted or treasury Shares are sold for cash, they must first be offered to existing shareholders pro rata to their holdings. Each of resolutions 14 and 15 will, if passed, give the Directors power, pursuant to the authorities to allot granted by resolutions 12 and 13 respectively, to allot Shares or sell Shares from treasury for cash without first offering them to existing shareholders in proportion to their existing holdings, up to a maximum nominal amount of £481,399 which represents approximately 10% of the issued ordinary share capital (excluding Shares held in treasury) as at the date of this report), which in aggregate amounts to £962,798, which represents approximately no more than 20% of the Company's issued ordinary share capital (excluding Shares held in treasury) as at the date of this report). The powers granted by these resolutions will expire at the conclusion of the annual general meeting to be held in 2024 (unless previously renewed, varied or revoked by the Company at a general meeting).

The Directors have no present intention to exercise the authorities conferred by resolution 14 and resolution 15. Any Shares will only be allotted or sold out of treasury without pre-emption rights applying, at a price that is not less than the latest published NAV (adjusted for dividends) together with an amount to cover the costs of any such issuance.

Resolution 16: Authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 20 September 2022, the Company was granted authority to make market purchases of up to 72,161,781 Shares for cancellation or holding in treasury. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 72,161,781 Shares. This authority will expire at the forthcoming AGM.

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 72,161,781 of its ordinary shares, representing 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of this Notice of AGM. The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire at the conclusion of the Company's next annual general meeting. The Directors do not currently have any intention of exercising the authority granted by this resolution. The Directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and when they are trading at a discount to the underlying net asset value per Share. The Company may either cancel any Shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The Company does not have any options or outstanding share warrants.

Resolution 17: Notice period for general meetings

Resolution 17 is to be proposed as a special resolution to allow the Company to hold general meetings (other than annual general meetings) on at least 14 clear days' notice. If approved, the resolution will be effective until the end of the Company's next annual general meeting. The Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive.

Recommendations

The Board considers that the resolutions relating to the above items of business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of all of the resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Gore Street Energy Storage Fund plc will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH on Thursday, 21 September 2023 at 9.30 am to consider the following resolutions of which resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions:

1. To receive the Company's annual financial statements for the financial period ended 31 March 2023 with the Directors' report and auditor's report on those financial statements.
2. To approve the Company's dividend policy to pay four interim dividends per year.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2023.
4. To re-elect Patrick Cox as a Director of the Company.
5. To re-elect Caroline Banszky as a Director of the Company.
6. To re-elect Malcolm King as a Director of the Company.
7. To re-elect Thomas Murley as a Director of the Company.
8. To elect Lisa Scenna as a Director of the Company.
9. To appoint EY LLP as the Company's auditor to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
10. To authorise the Directors to determine the auditor's remuneration.
11. That the Company should continue as an investment trust.
12. That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares in the Company up to an aggregate nominal amount of £481,399 (being 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted and the Directors may allot ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
13. That, subject to the passing of resolution 12, and in addition to the authority granted pursuant to resolution 12 above, the Directors be generally and unconditionally authorised pursuant to section 551 of the Act to exercise all the powers of the Company to allot ordinary shares up to an aggregate nominal amount of £481,399 (which represents approximately 10% of the issued ordinary share capital at the date of this Notice) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares to be allotted and the Directors may allot ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.
14. That, subject to the passing of resolution 12 above, the Directors be and are hereby empowered, pursuant to sections 570 to 573 of the Act, to allot equity securities (as defined in section 560(1) of the Act) and/or sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £481,399 (which represents approximately 10% of the issued ordinary share capital at the date of this Notice); and provided that this power shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold after the expiry of such power, and the Directors may allot or sell equity securities in pursuance of such an offer or agreement as if such power had not expired.
15. That, subject to the passing of resolution 13 set out above, and in addition to the authority granted pursuant to resolution 14 above, the Directors be and are hereby empowered, pursuant to sections 570 to 573 of the Act, to allot equity securities (as defined in section 560(1) of the Act) and/or sell ordinary shares held by the Company as treasury shares for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £481,399 (which represents approximately 10% of the issued ordinary share capital at the date of this Notice); and provided that this power shall expire at the conclusion of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might

require ordinary shares to be allotted and the Directors may allot ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

16. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.01 each in the capital of the Company, to be cancelled or held in treasury for potential reissue, provided that:

    (a) the maximum aggregate number of ordinary shares that may be purchased is 72,161,781;

    (b) the minimum price (excluding expenses) which may be paid for each ordinary share is £0.01;

    (c) the maximum price (excluding expenses) which may be paid for each ordinary share is an amount equal to the higher of: (i) 105 per cent. of the average of the mid-market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and (ii) the higher of: a. the price of the last independent trade of an ordinary share; and b. the highest current independent bid for an ordinary share; and

    (d) the authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

17. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the Company's next annual general meeting.

By order of the Board

Registered Office: First Floor, 16-17 Little Portland Street, London W1W 8BP

Registered Number: 11160422

14 July 2023

Explanatory Notes to the Notice of Meeting

1. Only those shareholders registered in the Company's register of members at: 5.00 p.m. on 19 September 2023; or, if this meeting is adjourned, 5.00 p.m. on the day two days before the adjourned meeting, shall be entitled to attend, speak and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.
2. Information regarding the meeting, including the information required by section 311A of the Companies Act, can be found at www.gsenergystoragefund.com
3. If you wish to attend the meeting in person, please bring your attendance card with you to the AGM. We recommend that you arrive by 9.15 am to enable us to carry out all the registration formalities to ensure a prompt start at 9.30 am. If you have any special needs or require wheelchair access to the venue, please contact the Company Secretary at cosec@gorestreeetcap.com in advance of the meeting. Mobile phones may not be used in the meeting and cameras and recording equipment are not allowed in the meeting.

   A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his/her place at the AGM. A proxy need not be a member of the Company. To be valid the forms of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the office of the Company's Registrar or delivered by hand (during office hours) to the same address as soon as possible and in any event so as to arrive by not later than 9.30 am on 19 September 2023.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in note 3. Please note 11 below. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, you may photocopy the form of proxy enclosed with this Notice of Annual General Meeting or alternatively, please contact the Company's Registrar Computershare Investor Services PLC on 0370 707 1741 with a view to obtaining a duplicate form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. Failure to specify the number of shares to which each proxy appointment relates or specifying a number in excess of those held by the shareholder will result in the proxy appointment being invalid. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them. All forms must be signed and should be returned together in the same envelope. shareholders can: Appoint a proxy or proxies and give proxy instructions by returning the enclosed proxy form by post or, alternatively, register their proxy appointment electronically.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. If you have not received a proxy form and believe that you should have one, or if you require additional proxy forms, please contact Computershare Investor Services PLC on 0370 707 1741.
6. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by visiting www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the shareholder Reference Number (SRN) and PIN and agree to certain terms and conditions. These details can be found on the form of proxy. For an electronic proxy appointment to be valid, your appointment must be received by Computershare Investor Services PLC no later than 9.30 am on 19 September 2023. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID Number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC on 0370 707 1741. If you submit more than one valid proxy

appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

10. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.

11. If you are a person who has been nominated under section 146 of the Companies Act to enjoy information rights: You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (the "Relevant shareholder") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant shareholder to give instructions to the Relevant shareholder as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you. The rights relating to proxies set out above do not apply directly to nominated persons.

12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

13. As at 5 pm on 13 July 2023, which is the latest practicable date before publication of this notice, the Company's issued share capital comprised 481,399,478 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights on that date is 481,399,478. No shares are held in treasury. The Company's website will include information on the number of shares and voting rights.

14. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless: answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information. The answer has already been given on a website in the form of an answer to a question. It is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15. Under section 527 of the Companies Act, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with the request. Where the Company is required to place a statement on a website under section 527 of the Companies Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website.

16. Under section 338 of the Companies Act 2006, Shareholders meeting the threshold requirements set out in that section, may, subject to conditions, require the Company to give to shareholders notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: The resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise). The resolution must not be defamatory of any person, frivolous or vexatious. The request: may be in hard copy form or in electronic form; must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another shareholder, clearly identifying the resolution which is being supported; must be authenticated by the person or persons making it; and must be received by the Company not later than 10 August 2023, which is at least six weeks before the meeting.

17. Under section 338A of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: The matter of business must not be defamatory of any person, frivolous or vexatious. The request: – may be in hard copy form or in electronic form; – must identify the matter to be included in the business by either setting it out in full or, if supporting a statement sent by another shareholder, clearly identifying the matter which is being supported; – must be accompanied by a statement setting out the grounds for the request; – must be authenticated by the person or persons making it; and – must be received by the Company not later than 10 August 2023, which is at least six weeks before the meeting.

18. Copies of the letters of appointment of the non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

19. Voting on all resolutions will be conducted by way of a poll. As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's website.

20. Except as provided above, shareholders who have general queries about the meeting should telephone Computershare Investor Services PLC on 0370 703 6253. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. No other methods of communication will be accepted. You may not use any electronic address provided in this notice of Annual General Meeting, or in any related documents for communicating with the Company for the purposes other than those expressly stated.

SFDR ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Gore Street Energy Storage Fund PLC

Legal entity identifier: 213800GPUNVGG81G4O21

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ **It made sustainable investments with an environmental objective:___%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ **It promoted Environmental/Social (E/S) characteristics and** **while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments** ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made **sustainable investments with a social objective: ___%**	☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Gore Street Energy Storage Fund plc invests in utility-scale energy storage systems. These assets support the transition to a low-carbon, sustainable economy through:

- enabling the integration of renewable energy sources into the power grid
- avoiding carbon emissions from the power sector.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

- Total renewable electricity stored: 9,055 MWh
- Net CO2 emissions avoided:3,590 tCO2e

...and compared to previous periods?

N/A. There has been no previous reporting.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

N/A. The fund does not qualify as a sustainable investment.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A. The fund does not qualify as a sustainable investment.

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

During the reporting period, the fund assessed and monitored the principal adverse impacts on sustainability factors as follows:

Greenhouse gas emissions

The fund excludes any investments in fossil fuels.

Biodiversity

The Investment Manager assesses the fund's assets' impact on biodiversity during the investment and construction process and takes appropriate action to avoid or remediate impacts to ensure compliance with local planning regulations.

Pollution and waste

The Investment Manager works closely with its partners during the construction process and over the lifecycle of the fund's assets to avoid pollution and waste where possible.

Human rights, social and employee matters

The fund supports the UN Global Compact Principles and OECD Guidelines for Multinational Corporations and does not tolerate any form of forced labour, child labour or severe human rights abuses in its supply chains. As part of the due diligence process, suppliers are required to provide details of their supply chain management approach and to confirm, on an annual basis, compliance with the principles outlined in the Investment Manager's supplier code of conduct. The Investment Manager also has processes in place to ensure health & safety standards are met on-site.

Monitoring of PAIs

Although the fund anticipates fully monitoring and reporting on all relevant principal adverse impacts, data may not be fully, or in part, available on one or more of the fund's investments.

In instances where data is not fully available, the Investment Manager may make reasonable estimates as to the impact or rely on third party providers' data to do so. In situations where data is not appropriate to rely available either in full or in part and where the Investment Manager deems it on estimates, the Investment Manager will explain in the fund's reporting the rationale for such estimation.

The table below summarises the fund's performance as reported against the principal adverse impacts considered. The assessment included all assets in operation and under construction held by investee companies of the fund during the period of 1 April 2022 to 31 March 2023.

Topic	#	Indicators	Performance April 2022 – March 2023	Methodology
Due diligence on Principal Adverse Impacts (PAI)				
Climate and other environment-related indicators				
Greenhouse gas emissions	1	Total greenhouse gas (GHG) emissions (Scope 1, 2 and 3)	25,621 tCO_2e	Framework by the Greenhouse Gas Protocol
	2	Carbon footprint	106.58 tCO_2e / M£	Formula prescribed by SFDR
	3	GHG intensity of investee companies	185.26 tCO_2e / M£	Formula prescribed by SFDR
	4	Exposure to companies active in the fossil fuel sector	No exposure	Review of relevant documentation
	5	Share of non-renewable energy consumption and production	72.1 %	Based on asset activity data, grid mix data
	6	Energy consumption intensity per high impact climate sector	0.31 GWh / M£	Based on energy consumption, financial data
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	None identified	Review of relevant documentation
Emissions to water	8	Emissions to water	0.00 mg / L	Review of site activities
Waste	9	Hazardous waste ratio	0.00 %	Review of site activities
Social and employee matters				
UNGC principles or OECD Guidelines for Multinational Enterprises	10	Violations of principles/guidelines	None identified	Review of relevant documentation
	11	Lack of processes and mechanisms to monitor compliance	No formal processes or mechanisms identified	Review of relevant documentation
Gender equality	12	Unadjusted gender pay gap	N/A	N/A
Gender diversity	13	Board gender diversity	0.22 (weighted average of females and males at investee company level)	Based on board composition, financial data
Controversial weapons	14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	No exposure	Review of relevant documentation
Additional sustainability disclosures				
Air emissions	15	Emissions of air pollutants	0.00 tonnes	Review of site activities
Additional water and waste, and material emissions	16	Water usage and recycling	0.00 m3	Review of site activities
	17	Non-recycled waste ratio	0.00 %	Review of site activities
Human rights	18	Operations and suppliers at significant risk of incidents of child labour	No exposure from activities directly under GSF's control	Review of relevant documentation
	19	Operations and suppliers at significant risk of incidents of forced or compulsory labour	No exposure from activities directly under GSF's control	Review of relevant documentation
	20	Number of identified cases of severe human rights issues and incidents	None identified	Review of relevant documentation
Sustainability indicators	21	Net CO_2 emissions avoided	3,590 tCO_2e	Based on battery charging data, grid carbon emissions factors
	22	Total renewable electricity stored.	9,055 MWh	Based on import energy data, grid mix data

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: April 2022 – March 2023.

Largest investments*	Sector	% Assets	Country
Cash	***Energy***	***22***	***N/A***
Infrastructure 1	***Energy***	***22***	***US***
Infrastructure 2	***Energy***	***10***	***NI***

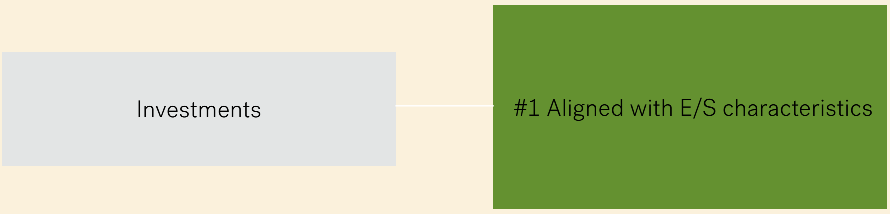
*Further information is available upon request.

What was the proportion of sustainability-related investments?

100% of the investments were sustainability-related.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy,** the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- Investments: 100% of the investments were allocated to battery energy storage systems used to meet the environmental characteristics promoted by the fund.
- Cash: Where the fund has raised capital, upon receipt of such capital and prior to its deployment into investment projects in accordance with the fund's investment strategy, such new capital will comprise cash and cash equivalents. The fund's cash balance as of 31 March 2023 was £123.7m, representing 22% of the fund.

In which economic sectors were the investments made?

All investments were made in the energy sector, specifically the battery energy storage sub-sector.

No investments were made in sectors or sub-sectors of the economy that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy[1]?

N/A. The fund does not qualify as a sustainable investment.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

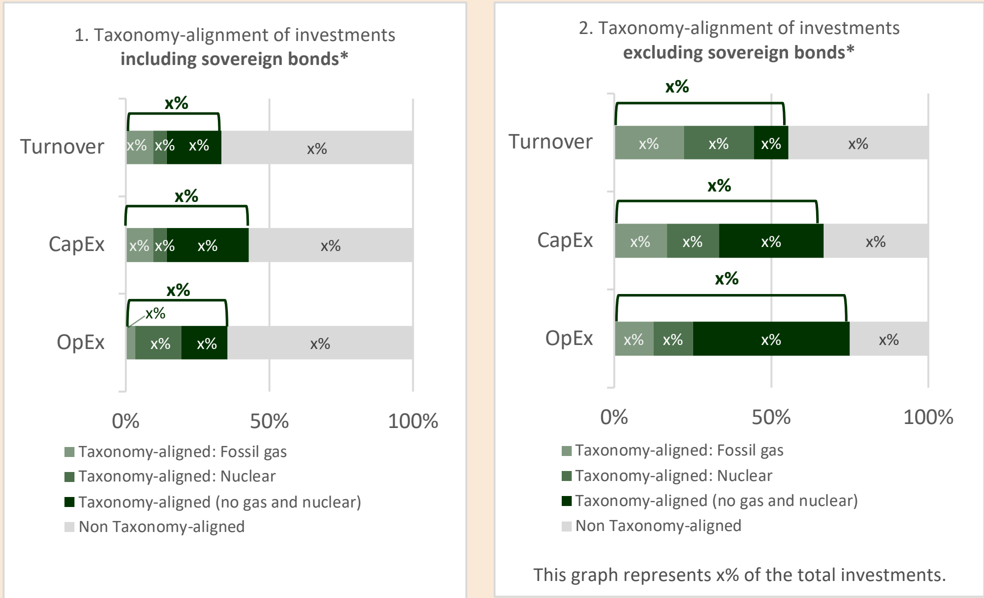
☐ Yes

☐ In fossil gas ☐ In nuclear energy

☐ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of investments made in transitional and enabling activities?

N/A

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

N/A

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

N/A

What was the share of socially sustainable investments?

N/A

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

N/A. All investments were allocated to battery energy storage systems.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reporting period, the fund expanded its operational capacity by 25.8%, from 231.7 MW to 291.6 MW, by successfully completing the construction of the Porterstown asset in the Republic of Ireland and through the acquisition of three operational assets (Snyder, Westover and Sweetwater) in Texas, USA.

The fund also closed acquisitions totalling 514.7 MW of additional capacity and entered two new grids (ERCOT and CAISO, both in the USA), thereby supporting the energy transition across different jurisdictions.

Additionally, the Investment Manager managed the operational assets on behalf of the fund to ensure they remain functional and continue to provide a range of services to the grid, achieving over 95% availability over the reporting period. These services enable a higher penetration of renewable energy sources and help to balance demand and supply, thereby avoiding carbon emissions from fossil fuel-fired peaker plants.

How did this financial product perform compared to the reference benchmark?

N/A. Due to the bespoke nature of the Gore Street Energy Storage Fund's activities, the fund believes that there is no relevant sustainable designated reference benchmark to utilise.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  N/A

- ***How did this financial product perform compared with the reference benchmark?***

  N/A

- ***How did this financial product perform compared with the broad market index?`***

  N/A

Alternative Performance Measures

In reporting financial information, the Company presents alternative performance measures, ("APMs"), which are not defined under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

1. NAV TOTAL RETURN FOR THE YEAR

A measure of NAV performance for the financial year, considering both capital returns and dividends paid to shareholders. This does not factor in return on assumed reinvestment of dividends.

	31 March 2023	31 March 2022
NAV per Ordinary Share at year end	**115.55p**	109.11p
Dividends per ordinary share paid during the period	**7.00p**	5.00p
NAV per Ordinary Share at the beginning of the year	**109.11p**	100.88p
NAV Total return	**13.44p**	13.23p
NAV Total Return for the year	**12.3%**	13.1%

2. NAV TOTAL RETURN FOR THE YEAR INCLUDING DIVIDEND REINVESTMENT

A measure of NAV performance for the financial year, considering both capital returns and dividends paid to shareholders. This factors in return on reinvestment of dividends.

	31 March 2023	31 March 2022
NAV Per Ordinary Share at end of year	**115.55p**	109.11p
Dividends Paid during the year*	**7.00p**	5.00p
Dividend Reinvestment impact	**0.30p**	0.29p
NAV Per Ordinary Share at end of year including dividend reinvestment	**122.85p**	114.40p
NAV Per Ordinary Share at beginning of year	**109.11p**	100.88p
NAV Total Return for the year	**13.74p**	13.52p
NAV Per Ordinary Share Total return for the year	**12.6%**	13.4%

3. NAV TOTAL RETURN SINCE IPO

A measure of NAV performance since IPO, considering both capital returns and dividends paid to shareholders. This does not factor in return on assumed reinvestment of dividends.

	31 March 2023	31 March 2022
NAV per Ordinary Share at year end	**115.55p**	109.11p
Dividends per ordinary share paid since IPO	**29.00p**	22.00p
NAV per Ordinary Share at IPO	**97.67p**	97.67p
NAV Total return	**46.88p**	33.44p
NAV Total Return since IPO	**48.0%**	34.2%

4. NAV TOTAL RETURN SINCE IPO INCLUDING DIVIDEND REINVESTMENT

A measure of NAV performance since IPO, considering both capital returns and dividends paid to shareholders during the period. This factors in return on reinvestment of dividends.

	31 March 2023	31 March 2022
NAV Per Ordinary Share at end of year	**115.55p**	109.11p
Dividends Paid since inception	**29.00p**	22.00p
Dividend Reinvestment impact	**4.29p**	2.54p
NAV Per Ordinary Share at end of year including dividend reinvestment	**148.84p**	133.65p
NAV Per Ordinary Share at IPO	**97.67p**	97.67p
NAV Total Return since IPO	**51.17p**	35.98p
NAV Per Ordinary Share Total Return since IPO	**52.4%**	36.8%

5. SHARE PRICE TOTAL RETURN FOR THE YEAR

A measure of return to a shareholder holding a share for the financial year. This does not factor in return on assumed reinvestment of dividends.

	31 March 2023	31 March 2022
Share price at year end	**100.80p**	113.00p
Dividends per share paid during the year	**7.00p**	7.00p
Share price at the beginning of the year	**113.00p**	108.00p
Share price return for the year	**-5.20p**	12.00p
% Share price return for the year	**-4.6%**	11.1%

6. SHARE PRICE TOTAL RETURN FOR THE YEAR INCLUDING DIVIDEND REINVESTMENT

A measure of return to a shareholder holding a share for the financial year. Dividends per share reflect dividends declared during the period with Ex.Dividend date prior to year end. This factors in return on assumed reinvestment of dividends at Ex.Dividend date based on the spot share price at Ex.Dividend date.

	31 March 2023	31 March 2022
Share Price Per Ordinary Share at end of year	**100.80p**	113.00p
Dividends per share during the year	**7.00p**	7.00p
Dividend Reinvestment impact	**-0.56p**	-0.11p
Share Price Per Ordinary Share at end of year including dividend reinvestment	**107.24p**	119.89p
Share Price Per Ordinary Share at beginning of year	**113.00p**	108.00p
Share Price Total Return for the year	**-5.76p**	11.89p
Share Price Per Ordinary Share Total Return for the year	**-5.1%**	11.0%

7. SHARE PRICE TOTAL RETURN SINCE IPO

A measure of return to a shareholder holding a share since IPO. This does not factor in return on assumed reinvestment of dividends.

	31 March 2023	31 March 2022
Share price at year end	**100.80p**	113.00p
Dividends per share paid since IPO	**31.00p**	24.00p
Share price at IPO	**100.00p**	100.00p
Share price return since IPO	**31.80p**	37.00p
% Share price return since IPO	**31.8%**	37.0%

8. SHARE PRICE TOTAL RETURN SINCE IPO INCLUDING DIVIDEND REINVESTMENT

A measure of return to a shareholder holding a share since IPO. Dividends per share reflect dividends declared during the period with Ex.dividend date prior to year end. This factors in return on assumed reinvestment of dividends.

	31 March 2023	31 March 2022
Share Price Per Ordinary Share at end of year	**100.80p**	113.00p
Dividends per share since inception*	**31.00p**	24.00p
Dividend Reinvestment impact	**-0.94p**	2.47p
Share Price Per Ordinary Share at end of year including dividend reinvestment	**130.86p**	139.47p
Share Price Per Ordinary Share at IPO	**100.00p**	100.00p
Share Price Total Return since IPO	**30.86p**	39.47p
Share Price Per Ordinary Share Total Return since IPO	**30.9%**	39.5%

9. SHARE PREMIUM/DISCOUNT

	31 March 2023	31 March 2022
Share price at year end	**100.80p**	113.00p
NAV per Ordinary Share at year end	**115.55p**	109.11p
Discount to NAV	**-14.75p**	3.89p
Discount to NAV %	**-12.8%**	3.6%

10. OPERATIONAL DIVIDEND COVER

A measure to demonstrate the Company's ability to pay dividends to shareholders from the earnings generated by underlying operational investments.

	31 March 2023	31 March 2022
Operational EBITDA	**£27.77m**	£23.34m
Dividend paid during the year (£)	**£30.97m**	£18.06m *
Operational dividend cover	**0.90x**	1.29x

* 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.

11. DIVIDEND YIELD

	31 March 2023	31 March 2022
Dividends per Ordinary Share paid during the year	**7.0p**	7.0p*
Share price at year end	**100.8p**	113.0p
Dividend yield	**6.9%**	6.2%

* 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.

12. ONGOING CHARGES FIGURE

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running the Company. This has been calculated and disclosed in accordance with the AIC methodology.

	31 March 2023	31 March 2022
Total administrative and other expenses	**9,881,402**	6,395,827
Performance fee and non-recurring expenses	**2,501,163**	1,690,553
Total ongoing expenses	**7,380,240**	4,705,274
Average NAV for the year	**540,090,679**	324,625,268
Ongoing charges figure	**1.37%**	1.45%

Glossary

- 50Hertz: One of the four transmission system operators in Germany responsible for operating and managing the electricity grid.
- Automatic Frequency Restoration Reserve (aFFR): 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.
- Ancillary services: Support services necessary for maintaining the stability, reliability, and quality of electricity supply. These services encompass activities such as frequency regulation, voltage control, reactive power support, and black start capability.
- Balancing Mechanism: A market mechanism enabling grid operators to balance electricity supply and demand in real-time, ensuring system stability and reliability.
- CAISO: California Independent System Operator. It functions as the ISO for the majority of California's electric grid, overseeing the transmission and distribution of electricity within the state.
- Capacity Market: A market mechanism designed to ensure sufficient electricity generation capacity is available to meet the demand. Generators are compensated for their capacity to be available rather than solely for the electricity they generate.
- Commercial Manager: Gore Street Operational Management Limited.
- Commercial Operations Date (COD): The official date when an energy storage system begins its commercial operations and starts consuming and supplying electricity to the grid.
- Contingency Reserve Service (ECRS): An ancillary service to ensure the availability of reserves in case of contingencies or emergencies, thereby assisting in maintaining grid stability.
- Discounted Cash Flow (DCF): A financial valuation method.
- DS3: Delivering a Secure, Sustainable Electricity System. The program implemented by both Transmission System Operator (TSO) for the single Irish grid with the aim of increasing the renewable penetration level in a safe and secure manner.
- D-suite: A term collectively referring to Dynamic Regulation (DR), Dynamic Containment (DC), and Dynamic Moderation (DM) services.
- Dynamic Containment (DC): A service offered by electricity grid operators to address sudden imbalances in supply and demand, usually in response to significant disturbances or faults.
- Dynamic Moderation (DM): A service provided by electricity grid operators to manage smaller imbalances in supply and demand, often in response to minor fluctuations or disturbances.
- Dynamic Regulation (DR): A real-time service to actively manage and regulate grid frequency, ensuring a stable and balanced power system.
- EirGrid: The TSO in Republic of Ireland. Responsible for the operation and management of the electricity transmission system in the Republic of Ireland as part of the All-Ireland power system
- Energisation: The process of supplying electricity to an energy storage system after construction.
- Electricity Forward Agreement (EFA): Refers to load profiles when trading on an electricity market.
- EPC: Engineering, Procurement, and Construction. Refers to a project delivery approach in which a single entity (EPC contractor) is responsible for the design, procurement, and construction of a project, providing a comprehensive and integrated solution.
- ERCOT: Electric Reliability Council of Texas. It serves as the independent system operator (ISO) for the electric grid in Texas, responsible for ensuring the flow of electricity and maintaining grid reliability.

- Fast/Firm Frequency Response (FFR): A rapid and automated response to changes in grid frequency, aiding in the stabilisation of the grid within milliseconds or seconds.
- Frequency Control Reserve (FCR): A mechanism to regulate and control grid frequency within an acceptable range.
- Investment Manager: Gore Street Capital Limited.
- ISO: ISO stands for Independent System Operator an entity responsible for the operation of a power grid or electrical transmission system.
- Manager: Refers to both the Investment Manager and the Commercial Manager.
- Mega Watt (MW): Refers to a unit of power equal to one million watts. It is used to describe the output of electricity.
- Mega Watt Hour (MWh): Refers to a unit of energy. It represents the amount of energy generated or consumed over one hour at a rate of one megawatt.
- National Grid ESO: National Grid Electricity System Operator. It is responsible for the operation and management of the electricity transmission system in Great Britain.
- System Non- Synchronous Penetration (SNSP): Is an expression of the level of non-synchronous generation (e.g. solar/wind) and interconnector imports compared to the system demand and interconnector exports.
- O&M: Operations and Maintenance. Refers to the activities and tasks involved in operating and maintaining an operational energy storage system.
- Regulation Up: A grid balancing mechanism used during periods when frequency drops, a battery can either discharge or reduce its charging schedule in order to provide this service.
- Regulation Down: A grid balancing mechanism used during periods when frequency rises, a battery can either charge or increase its charging schedule in order to provide this service.
- Soni: Is the TSO for Northern Ireland. Responsible for the operation and management of the electricity transmission system in Northern Ireland as part of the All-Ireland power system.
- TNUoS: Transmission Network Use of System charges. These charges are imposed on users of the electricity transmission system for accessing and utilising the transmission infrastructure.

Shareholder Information

Webpage

The Company's website has copies of all Company documents, as well as links to the Company's Regulated Information Service announcements.

Association of Investment Companies

The Company is a member of the Association of Investment Companies: www.theaic.co.uk.

Alternative Investment Fund Managers Directors ("AIFMD") disclosures

The Company is required to make certain disclosures to comply with the FCA Handbook and other regulations. These are included in this report or are made available on the Company's website.

Leverage

The Company's leverage exposures as at 31 March 2023 were:

Gross method:	78.31%
Commitment method:	78.01%

Dividends

Dividends are paid quarterly, usually in January, April, July and October.

Share liquidity

Average weekly share volumes for the twelve months ended 31March 2023 was 5,349,209.

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Caroline Banszky
Max King
Tom Murley
Lisa Scenna

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