Gore Street
Energy Storage Fund plc

Half Year Report Gore Street Energy Storage Fund Plc

For the six months ended
30 September 2023

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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.

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 utilises various frameworks to report on its environmental, social, and governance (ESG) performance. During the reporting period, the Company published the ESG & Sustainability Report 2023, which outlines its approach to sustainability and integration of ESG principles into its business operations. The report provides information on the Company's management of climate-related risks, following recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD). The Company is also a signatory of the Principles for Responsible Investment (PRI) and complies with the Sustainable Finance Disclosure Regulation (SFDR).

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Key Metrics

For the period ending 30 September 2023

NAV PER SHARE

112.9p

(March 2023: 115.6p)

OPERATIONAL CAPACITY

291.6 MW**

(March 2023: 291.6 MW)

DIVIDEND YIELD

8.9%

(March 2023: 6.9%)

NAV TOTAL RETURN
for the 6 month period

0.7%

(September 2022: 4.6%)

OPERATIONAL EBITDA
for the 6 month period

£12.2m

(September 2022: £14.8m)

DIVIDENDS PAID DURING THE PERIOD

3.5p

(September 2022: 3.0p)

Table 1: Key Metrics	As at 30 September 2023	As at 31 March 2023
Net Asset Value (NAV)	**£543.3m**	£556.3m
NAV per share	**112.9p**	115.6p
NAV Total Return since IPO *	**48.8%**	48.0%
Share price based on closing price at indicated date	**78.8p**	100.8p
Market capitalisation based on closing price	**£379.3m**	£485.3m
Share price total return since IPO *	**13.3%**	31.8%
(Discount)/Premium to NAV *	**-30.2%**	-12.8%
Portfolio's total capacity	**1.17 GW**	1.17 GW
Portfolio's operational capacity	**291.6 MW****	291.6 MW
Operational dividend cover for the period *	**0.72x**	0.90x
Operational dividend cover for quarter ended 30 September *	**1.15x**	1.30x
Dividend Yield *	**8.9%**	6.9%
Ongoing charges Figure *	**1.39%**	1.37%
Fund level gearing	**0.00%**	0.00%

Key Metrics for the period (1 April – 30 September)	As at 30 September 2023	As at 30 September 2022
NAV Total Return for the six month period *	**0.7%**	4.6%
Share Price Total return for the six month period *	**-18.4%**	0.0%
Operational EBITDA for the six month period *	**£12.2m**	£14.8m
Total Fund EBITDA for the six month period *	**£8.5m**	£10.4m
Dividends per Ordinary Share paid during the period	**3.5p**	3.0p

* 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 37 together with supporting calculations where appropriate.

** The 79.9 MW Stony asset was energised during the reporting period.

Chair's Statement

On behalf of the Board, it is my pleasure to present the Company's Interim report covering the six months ending 30 September 2023.

Overview and Performance

Following advice from the Company's independent valuers and reflecting the financial conditions as at the end of the period, we have adjusted our inflation assumptions and raised discount rates across the board by 0.25%, leading to a new weighted average of 10.3%. The Net Asset Value (NAV) per share, as of 30 September, was 112.9p, representing a reduction of 2.7p per share over the period. These adjustments have been made in light of the macroeconomic conditions experienced over the reporting period, while the operational performance of the Company and its assets remains strong. Overall growth is evidenced by NAV total returns of 48.8% since IPO in May 2018 and an 8.9% dividend yield to shareholders, based on the 30 September share price.

Despite challenging market conditions – especially in Great Britain – over the six months to 30 September, the Company's internationally diversified portfolio has performed well. Revenue for the reporting period was £19.3m, representing an average of £15.10/MW/hr, with the Company's international assets delivering 2.6x more revenue on a MW basis than those in Great Britain.

The strength of this revenue generation during the period was supported by exceptional performance in August, which delivered the highest revenues reached in a single month across the Company's five-year history. This record-breaking achievement was led by the Company's Texas assets following their pre-qualification to deliver a newly launched grid service, ERCOT Contingency Reserve Service (ECRS), illustrating the success of the Company's international diversification, which underpins the potential and sustained profitability of our asset class.

We are, therefore, committed to building out our construction portfolio to ensure greater access to revenue-generating activities across multiple markets in future, some of which have progressed well in the reporting period. The 80 MW Stony asset – our largest operational asset to date – was energised in September, a key milestone in achieving our stated target of an energised portfolio of over 800 MW by the end of 2024.

By remaining focused on the key metrics of cost per MW fully installed and revenue generation per MW, the Company anticipates that deployment across multiple international markets will have a positive impact on the current operational dividend cover of 0.72x while lowering exposure to the GB market as a percentage of its total operational portfolio.

I look forward to updating shareholders as additional revenue-generating capacity is added to the operational portfolio in the coming months.

The Company continuously evaluates how best to optimise the c. 1.2 GW portfolio it holds across five energy grids. This includes the potential sale of assets to enhance shareholder returns when it would prove accretive to reinvest capital in other opportunities. This would also prove to be a valuable exercise in NAV discovery, given the uncertainty over a wide range of asset valuations seen elsewhere within the sector.

Share Price

The extreme volatility seen across the stock market over the last six months, has been reflected in the share prices of the entire asset class, and is not reflective of the Company's sustained performance in operations and revenue generation. As market conditions improve, we expect our industry-leading portfolio to continue delivering sustainable returns to investors.

The Company continues to demonstrate best-in-class operational performance, notwithstanding challenging market dynamics, and offers healthy returns to long-term stockholders who recognise energy storage's fundamental value within the energy transition.

Dividends

We remain committed to the dividend target of 7% of NAV, which has been met consistently. The Company paid a dividend of 2.0 pence for the June end quarter in line with this target, with an additional dividend of 2.0 pence for the September end quarter to be paid on or around 12 January 2024.

Outlook

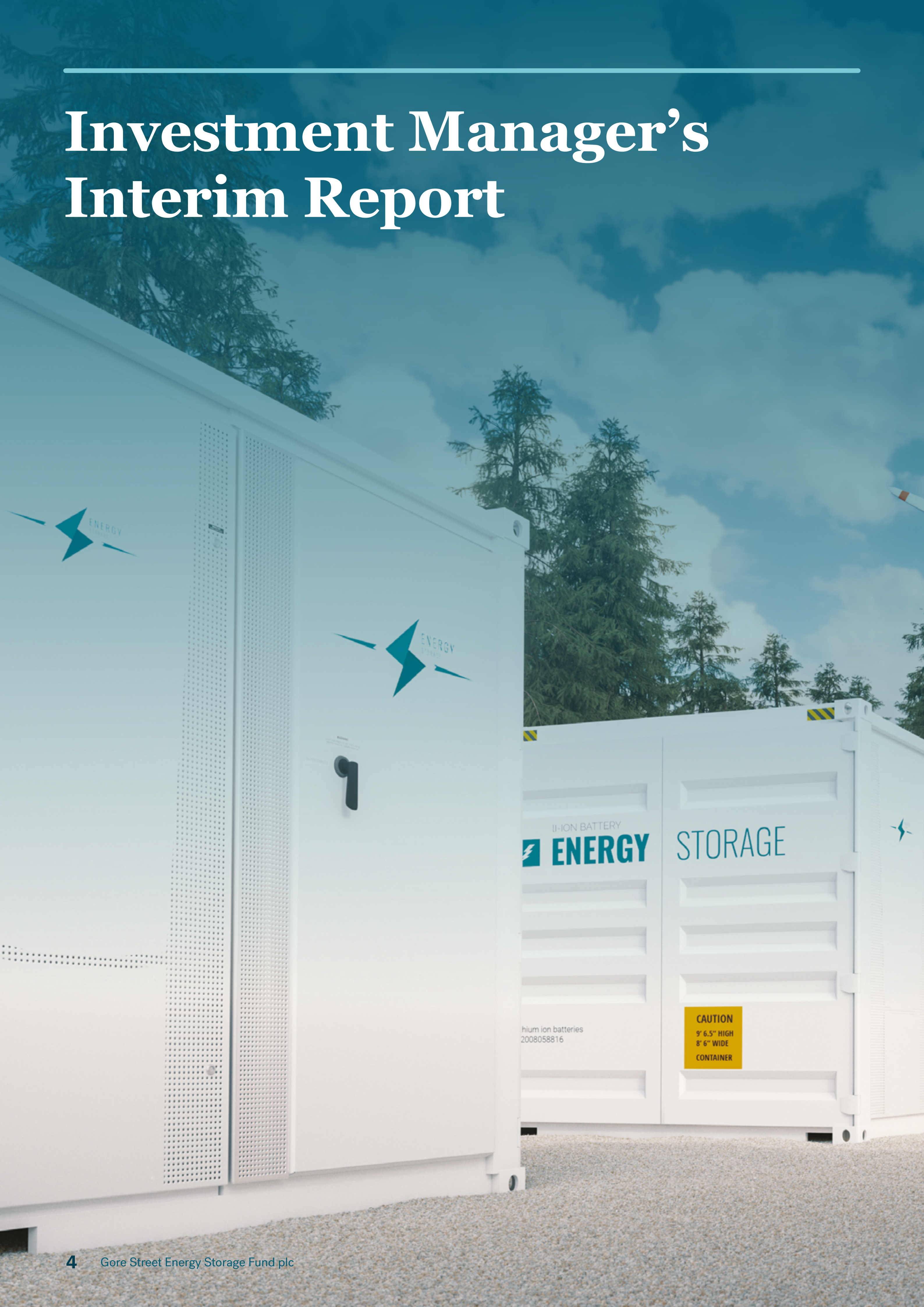
Despite challenges, the Company remains resilient and focused on outperforming revenue benchmarks, increasing EBITDA margin, and building its portfolio. It has energised 80 MW during the period, with 50 MW expected to follow through Ferrymuir in Q4 FY23/24 and 57 MW at Enderby in Q1 FY24/25. In total we are targeting the energisation of 442 MW by the end of 2024, including expanding assets in Ireland and the United States.

This will support the Company's uniquely diversified approach across international markets, which has allowed us to tap into diverse revenue streams and positions it well for continued success in the years to come.

Since the quarter end we have already seen inflation rates come down, a fall in the yield on government bonds and markets have started to expect falls in interest rates rather than further increases. This has led to a strong rally in our share price and, though it remains well short of our NAV, we are hopeful this is the start of a trend that may go significantly further in 2024.

Patrick Cox
Chair
13 December 2023

Investment Manager's Interim Report



Dr Alex O'Cinneide

CEO of Gore Street Capital, the Investment Manager

"I am pleased to report that the Company's strategy, enabled by the active role of the Investment Manager, has ensured the business continued to overachieve during a challenging period. Since inception, the operational portfolio has generated an average 20% per annum cash yield over invested capital, and during the September-end quarter, the Company delivered an operational dividend cover of 1.15x. This positive trajectory is reflected in portfolio performance, which maintained the highest revenue on both a per MW and absolute basis among our listed peers during the period. This was achieved through diversification, with assets in Ireland, Texas and Germany overachieving against base case. The slight decrease in NAV is wholly due to changes in discount rate and inflation assumptions, with high-interest rates expected to continue, and does not reflect the exemplary performance of the Company's commercial operations. With a NAV Total Return of 48.8% since IPO, an excellent balance sheet given our minimum level of debt, and a strong cash position, the Company remains in a compelling and sustainable position."

Operational Highlights:

- The portfolio generated £19.3m of revenue during the period, amounting to £12.2m in operational EBITDA;
  - Total portfolio revenue per MW per hour was £15.10, with non-GB assets achieving 2.6x more revenue than the GB portfolio, showcasing the benefits of the diversification strategy;
    - GB revenue: £7.54/MW/hr
    - Non-GB revenue: £19.66/MW/hr
  - During the September-end quarter, the Company generated operational EBITDA of £8.3m, resulting in an operational dividend cover of 1.15x.
  - The Company achieved an operational dividend cover of 0.72x for the reporting period and a fund-level dividend cover of 0.50x.
- The 79.9 MW Stony asset was energised during the reporting period.
- Energisation and commencement of commissioning for 49.9 MW Ferrymuir asset are awaiting completion of grid connection works.
- The Company's cash balance as of 30 September was £75.0m with a further £13.9m across its subsidiaries, sufficient to meet all outstanding contractual commitments.
- As at 30 September, Fund level gearing remained at 0%.
- Additional project level debt funding of $60.0m secured post-period through a First Citizens loan to support the build out of the Company's 200.0MW/400.0MWh Big Rock asset in California. Between the Santander and First Citizens facilities, the Company has available debt financing of c.£99.0m. If fully drawn, total debt would represent c.15% of GAV.

Net Asset Value (NAV):

- NAV as of 30 September 2023 was £543.3m or 112.9 pence per share, bringing NAV total return since IPO to 48.8%.
- NAV per ordinary share decreased by 2.3% to 112.9p (115.6p as at 31 March 2023).
- Portfolio valuation increased by 8%.

While the Company continued to demonstrate strong operational performance, adjustments to short-term inflation and discount rates (+ 25bps) were needed in response to the macroeconomic landscape and were the primary drivers of the decrease in Net Asset Value (NAV).

Table 2

Movement in NAV since March 2023	Changes in NAV per share in pence
NAV March 2023	115.6
Fund + Subsidiary Holding Companies Operating Expense	(0.8)
Dividends	(3.5)
Cash Generation	2.9
Discount Rate Increases	(2.8)
Inflation	(1.2)
Opex Savings	1.6
De-risking of Assets	1.2
Revenue Curves	(0.9)
Other DCF Changes and Rollover	0.8
NAV 30 September 2023	112.9

Revenue Generation and Portfolio Performance

As energy grids around the world continue to move toward a cleaner, more secure energy mix, the requirement for flexible technologies able to provide stability to this transition is increasing. This system need is stemming from not just from the deployment of renewable generators, like wind turbines and solar panels, but also from the increased volatility caused by climate change and global conflicts.

Extreme weather events in recent years have become more frequent and exposed the vulnerabilities of traditional energy infrastructure, while shortages in fossil fuels have caused energy prices to spike as demand outstripped supply.

The Company is one of the only energy storage providers to be delivering crucial grid services across multiple jurisdictions, bringing the benefits of the asset class to five different energy systems (Great Britain, Ireland, Germany, Texas and California). The international spread of the Company's portfolio allows it to access a wide range of revenue streams, requiring active management to ensure optimal performance.

The Company's commercial performance across the period improved through adjustments in strategy, driven by transfers to new route-to-market (RTM) providers in various markets, enabling access to additional value from ancillary services and wholesale trading markets.

The Company switched RTMs for its German (March '23) and Texan (June '23) assets for the first time. The processes associated with the selection of these new service partners differed significantly from equivalent actions taken by the Company previously in GB and involved engagement with new contractors, as well as enrolling into new services the Company had not yet delivered.

The successful transition to new partners resulted in almost immediate upsides as the Company's assets were able to capture revenue previously unavailable to them. The US fleet provided additional ancillary services beyond Response Reserve Service (RRS), with ERCOT's Contingency Reserve Service (ECRS) being a particular highlight across periods of higher load experienced during, hotter temperatures in summer. Early prequalification of the Company's Texan assets in late July through a new RTM partner contributed to a +53% increase in revenue for the remainder of the period, when benchmarked against a passive strategy focused on pre-existing ancillary services.

The US, German and Irish assets also saw additional value in the wholesale market as trading opportunities became more frequent, with new and existing RTMs incorporating new opportunities into the assets' revenue stacks. Whilst the Company maintains the view that, over the short-term, ancillary services will continue to drive revenues across all grids with currently operational assets, exposure to a variety of trading strategies is integral to sustaining revenue. The Company's German asset has demonstrated this with the successful transition to a new data driven RTM provider, which yielded a +38% increase through increased wholesale trading activity against a passive strategy focused on the market's Frequency Containment Reserve (FCR) service. The Company also utilised its exposure to this kind of strategy in the Irish market at times when opportunities from DS3 (Delivering a Secure, Sustainable Electricity System) ancillary services, which provide the bulk of revenue, were low, due to variations in renewable energy.

Wind generation volumes will continue to drive these variations as the single Irish electricity market progresses towards net-zero targets. During the period, information was released on the Future Arrangements market reform, starting in 2025, which will ultimately transform the current DS3 market for providers of flexibility whilst ensuring sustainability and security for consumers. The Company is prepared to embrace these changes in network operations as it has done in GB, which continues to present an ever-changing volume of capacity procurement.

The Company's extensive experience with battery energy storage system operations positions it well to maintain optionality between RTMs whilst reducing the risk of unforeseen delays or issues when switching contractors. This will facilitate the Company's ongoing ability to capture new revenue opportunities and begin operations in new markets.

Great Britain (GB) market

Table 3

TSO	National Grid
GB Portfolio (operational)	109.7 MW / 101.0 MWh
Share of the market	3.5%[1]
Revenue during the period (£)	3.6m
Revenue per MW (£)	33,100 (£7.54/MW/hr)
Revenue per MWh (£)	36,000 (£8.19/MWh/hr)
EBITDA GB grid % of Total EBITDA	8.8%

While ancillary services continue to dominate the GB market, the current level of saturation has resulted in a downward pressure on prices. During the summer months, these reached their lowest levels to date in stark contrast to the record highs observed during the same period in 2022, particularly in Dynamic Containment (DC) markets.

1 Modo Energy Q3 battery build out report

Despite a notable increase in the procurement volume of all dynamic services, battery supply outpaced demand and, towards the period-end, market participants sought additional value outside ancillary markets. June saw a brief respite as National Grid ESO reacted to increasing volatility in network frequency by increasing levels of DC procurement. This event underscores energy storage's ability to quickly and efficiently alleviate grid issues, which are readily caused by increasing renewables penetration on the grid. As this continues to rise the grid operator will require more flexibility to manage system operators, creating higher demand for energy storage.

Summer months in GB markets have historically seen lower marginal prices in wholesale markets due to lower demand and increased gas availability (with 2022 being an exception). High renewables penetration occasionally drove prices negative during the reporting period, creating arbitrage opportunities, though these were short-lived. Consequently, asset owners/operators primarily reverted to single-sided trading stacked alongside ancillary services. Over the period, the Company participated in pure arbitrage less than 1% of the time due to the limited available margins.

The Company actively engaged in consultations related to the Balancing Mechanism (BM), the near real-time market permitting National Grid ESO to take final energy and system actions to balance supply and demand and manage constraints. Despite dispatching an average of 3 GW of power continuously, energy storage systems faced under-utilisation due to the ESO's selection of out-of-merit assets, despite not offering the best available pricing.

It remains unclear why energy storage assets are skipped in favour of larger, higher carbon assets, however, it is widely considered to be linked to human error and technological limitations in the National Grid ESO control room on the volume of dispatch decisions. Energy storage market participants continue to face these barriers and are, therefore, unable to properly factor opportunities within the BM into their commercial strategy. Anticipated reforms to the BM, including the introduction of a Bulk Dispatch Operator in December 2023, aim to materially improve the utilisation of energy storage systems active in the BM.

The Company acknowledges the complexity of the ESO's decision-making process when assessing value for the consumer, which is rightly a priority. Given the uncertainty around the upside in value from forthcoming reforms, the Company maintains a prudent approach, refraining from becoming reliant on potential improvements to the BM for revenue growth.

Irish market

Table 4

TSO	SONI (Northern Ireland), EirGrid (Republic of Ireland)
Irish portfolio (operational)	130.0 MW / 72.6 MWh
Share of the market	50% in NI, 6% in RoI[2]
Revenue during the period (£)	9.7m
Revenue per MW (£)	74,800 (£17.04/MW/hr)
Revenue per MWh (£)	134,000 (£30.51/MWh/hr)
EBITDA Irish grid % of Total EBITDA	59.5%

While DS3 has continued to represent the dominant revenue stream available to assets connected to the Irish grid, this value has historically exhibited seasonal variations caused by changes in wind volumes. These variations result in lower revenue under DS3 uncapped contracts during summer months, as the contractual tariffs are directly proportional to the volume of renewable generation (mostly wind) on the grid at any given time.

The reporting period defied these expectations due to regular episodes of high wind penetration from May to August. This significantly improved revenue, surpassing projections and generating 57% of the FY2023 revenue within the six-month reporting period, a notable increase compared to 36% in the same period the previous FY. Towards the end of the reporting period, the Company's Northern Irish fleet actively engaged in wholesale trading to enhance baseline revenue from uncapped DS3 payments, which vary throughout the day. The Company utilised advanced forecasting to estimate when these variations would occur and diverted capacity towards more lucrative opportunities in the wholesale market compared to a passive DS3 strategy. The combination of increased trading activity and uncapped DS3 revenues, which exceeded forecasts for both the Mullavilly and Drumkee assets during the period, presents a promising opportunity for long-term increased revenue.

Mullavilly began trading at 5 MW to test the frequency of dispatches and opportunities for higher revenues. September experienced almost a full month under this strategy before an increase to 10 MW on 29 September. The initial findings represent a potential 46% increase in revenue on a MW basis when compared to the availability adjusted DS3 only strategy utilising 5 MW in isolation, equivalent to £1,100/MW upside in revenue from exploiting low DS3 events and aligning them with wholesale value. Post-period, the Company has scaled up its volumes accessing wholesale markets as well as deploying the strategy to other assets across the Irish portfolio.

Wind volumes will continue to play a key role as the single Irish electricity market progresses towards net-zero targets. During the period, information was released on the future arrangements market reform starting in 2025, which will ultimately transform the current DS3 market whilst ensuring sustainability and security for consumers. The Company remains well positioned to deal with changes in procurement mechanisms due to its experience in GB, which has offered varying levels of procurement since the Company's inception.

2 Energy Storage Ireland

German market

Table 5

TSO	50 Hertz, Amperion, Tennet, Transnet BW
German portfolio (operational)	22.0 MW / 29.0 MWh
Share of the market (MaStR) (50 Hertz)	<1% (Germany), <5% (50 Hertz[3])
Revenue during the period (£)	0.8m
Revenue per MW (£)	38,600 (£8.79/MW/hr)
Revenue per MWh (£)	29,300 (£6.67/MWh/hr)
EBITDA German grid % of Total EBITDA	3.5%

Following spikes in FCR prices experienced over the previous FY caused by shortages in gas supplies, the Company prepared for normalisation of the gas market and a subsequent fall in FCR prices by opening its German strategy to increased trading activity.

Over the period, the Cremzow asset was, therefore, optimised using a blend of FCR and wholesale trading. This was particularly effective across June to August, when FCR accounted for a lower percentage of the revenue stack (c.25%), meaning wholesale markets offered more flexibility and higher revenues.

Working with the newly-selected RTM provider in Germany has exposed the Company to new methods of algorithmic wholesale trading, allowing for higher frequency trading with the optionality for positions to be deployed physically. This is demonstrated in just under 50 GWh of energy capacity being traded during the period, with only a fraction of that being charged/discharged from the grid.

The asset was also prequalified for the "secondary reserve service" aFRR towards the end of the period. This product has two elements focused on energy (akin to FCR) and power, procured in 15-minute blocks. The additional revenue stream will be secured in conjunction with wholesale trading and FCR upon delivery, which will begin this fiscal year.

ERCOT market (Texas, US)

Table 6

TSO	ERCOT
ERCOT portfolio (operational)	29.85 MW / 59.7 MWh
Share of the market (ERCOT)	<1%[4]
Revenue during the period (£)	5.1m
Revenue per MW (£)	171,600 (£39.08/MW/hr)
Revenue per MWh (£)	85,800 (£19.54/MWh/hr)
EBITDA ERCOT grid % of Total EBITDA	28.2%

The Texas assets also transitioned to a new RTM provider towards the end of June 2023, a month that experienced the first heatwave of the summer period. This resulted in RRS prices spiking to just under $2,500/MW across the peak hours of multiple days in a row, contributing to $800k generated in revenue over the full month of June.

The selection of a new RTM allowed assets to provide a wider suite of services and trading activity in the wholesale market. This included the newly introduced ECRS, which requires two hours of delivery and constituted a pivotal factor in the overall performance of this period. Without transitioning to the new RTM, it is unlikely the Company would have been exposed to this service and would, therefore, have captured lower revenue.

As June heatwaves cooled into July, prices across ancillary services returned to baseline levels as requirements were easily satisfied. In August, however, temperatures increased to over 40°C (105°F) for sustained periods, with peak demand of over 85 GW reached due to increased use of air-conditioning, in particular. With thermal generation (gas and coal) typically used to meet high demand on annual maintenance or unable to come online due to temperatures, the TSO went to the market for reserves (RRS, ECRS) in the absence of interconnections with surrounding regions. As the situation progressed throughout the month, ECRS clearing prices moved from over $2,500/MW, given the low volume of providers pre-qualified for the service, to reach a maximum of over $4,000/MW.

The RTM adjusted the strategy to a blend of ECRS, RRS and wholesale trading as calls for the new two-hour service grew, ensuring the maximum value for delivering energy was achieved for a given day. This allowed the Company's Texas assets to generate $3.5m in August from just ECRS.

3 MaStR database
4 ERCOT September GIS report

One final temperature spike early in September saw prices achieve $2,000/MW before dropping away towards the end of the period. The assets were able to deliver £5.1m in the first six months of FY23/24 compared to £3.8m across the entire previous the full financial year, equating to an 85% increase in revenue compared to the same period in 2022.

The Company expects these market conditions to continue until 2025 on the basis that the availability of flexible capacity (15 GW) will remain consistent with the levels seen during the period (~14 GW in 2023)[5]. The Company has evaluated the expected load profile over the coming two years and concluded that should the necessary generation not come online to meet the increased demand on the system from consumers, as the latest forecasts suggest, ERCOT will experience frequent scarcity events. As seen during the period, these scarcity events enable high battery revenues through reserve services and wholesale volatility.

Table 7

	1 April – 30 September 2023 £(000s)	% within grid	% of portfolio
GB – 109.7 MW / 101.0 MWh			
Ancillary Services	2,590	71%	
Capacity Market	618	17%	
Wholesale Trading	426	12%	
GB Total[6]	3,634		19%
Ireland – 130.0 MW / 72.6 MWh			
DS3 Capped/Uncapped	9,480	97%	
Capacity Market	216	2.2%	
Wholesale Trading	32	0.3%	
Ireland Total	9,728		50%
Germany – 22.0 MW / 29.0 MWh			
Ancillary Services	303	36%	
Wholesale Trading	547	64%	
Germany Total[7]	849		4%
ERCOT – 29.9 MW / 59.7 MWh			
Ancillary Services	4,633	90%	
Wholesale Trading	490	10%	
ERCOT Total	5,123		27%
Portfolio Total – 291.6 MW / 262.3 MWh	**19,334**		

Market	Revenue £(000s)	£/MW/hr	£/MWh/hr
GB	3,634	7.54	8.19
Irish	9,728	17.04	30.51
German	849	8.79	6.67
ERCOT	5,123	39.08	19.54
Weight averages		**15.10**	**16.78**

Total Revenue £(000s)	June – end quarter	September – end quarter
GB	1,859	1,775
NI	3,552	5,413
RoI	378	384
Germany	340	509
ERCOT	798	4,325
TOTAL	**6,929**	**12,406**

5 Calculated based on Aurora Energy Research October 2023 ERCOT Flexible Energy Market Forecast Data
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 1: Total Revenue (in £000s/MW) by Grid since IPO

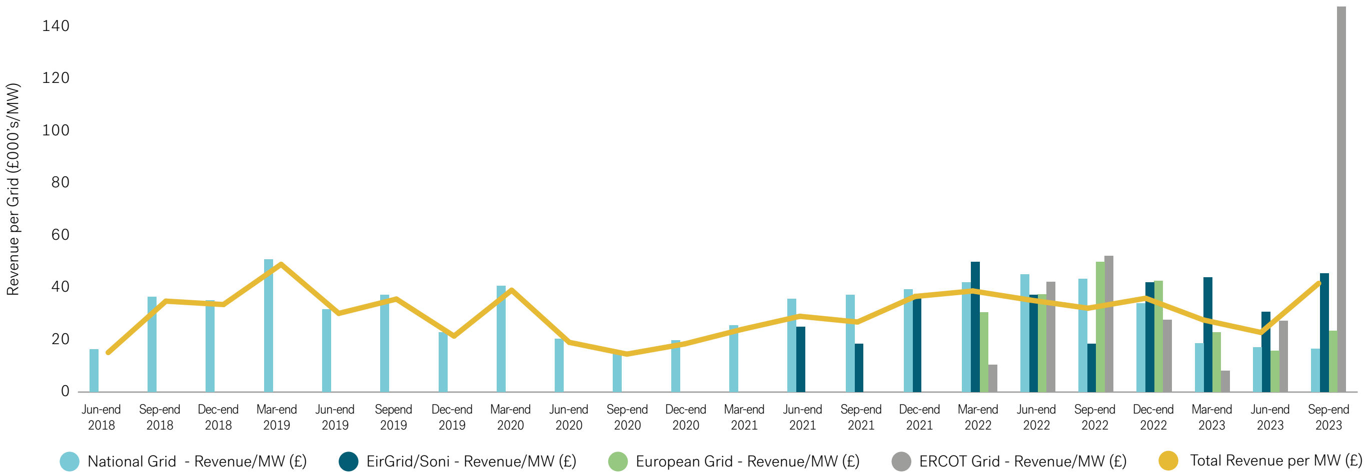
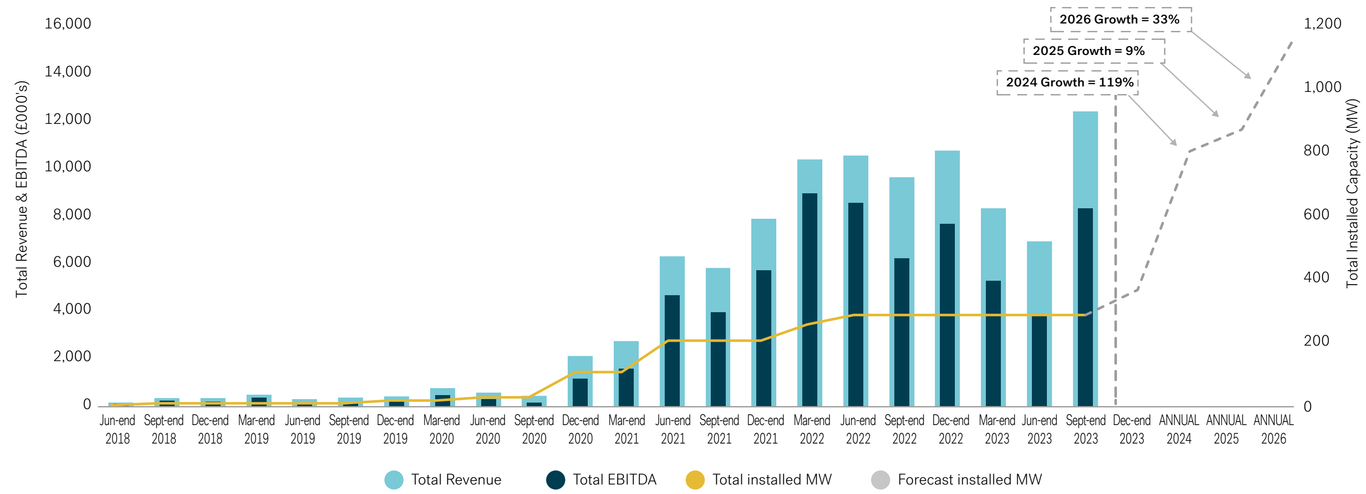


Figure 2: Financial Performance with Installed Capacity Progression



Asset Performance

The portfolio performed well with average availability incorporating all commercial operations downtime, including planned preventive maintenance, exceeding 95% across the reporting period.

Great Britain:

Cenin, Lower Road, and Port of Tilbury achieved availability above 99%, with Breach, Hulley, Larport and Lascar following closely with over 97% availability on average. Ancala faced challenges, with efforts underway to resolve issues at Heywood Grange and Brook Hall. Boulby achieved lower availability during the period, with ongoing initiatives for improvement.

Ireland (Northern Ireland and the Republic of Ireland):

In Ireland, all three operational assets–Mullavilly, Drumkee, and Porterstown–consistently demonstrated high availability and reliable performance during the reporting period. Mullavilly and Drumkee in Northern Ireland achieved over 99% availability, with no major risks identified. Porterstown maintained near-faultless performance, achieving 100% availability.

Germany:

The Cremzow project, developed in two phases, encountered availability issues primarily due to extended lead times for spare parts related to the 2.0 MW pilot project. As necessary spares are being procured and issues addressed, an increase in availability is anticipated in the next reporting period.

Texas:

The projects in Texas—Snyder, Sweetwater, and Westover—exhibited impressive resilience, achieving 94% availability despite high temperatures. Inverter failures in September affected Snyder, however, ongoing resolutions with suppliers are expected to rectify the issue. Sweetwater maintained strong performance, achieving over 95% availability during the period, while a failed network switch affected Westover's availability for a short time before additional spares were procured to minimise future impacts.

Project progress overview

Great Britain (GB):

Stony was energised in September 2023.

Energisation and commencement of commissioning for Ferrymuir are awaiting completion of the last remaining non-contestable work packages carried out by Scottish Power Energy Networks, including telecommunication and SCADA works. All other material non-contestable works, including the Point of Connection circuit breaker modification, have been completed. The slight delay to the grid connection works program has been driven by resourcing problems at the distribution network operator and the insolvency of the main sub-contractor undertaking contestable works on behalf of the Project.

Procurement, manufacturing, and delivery of key battery components for Enderby are complete, with works progressing well on site. The project is on track to meet its energisation target of May 2024.

California:

The Big Rock asset in California is progressing well and, as of the date of publication, is in construction. Contractors have been mobilised, with the construction of civil engineering works underway, and batteries have been delivered, with the first enclosures shipped. Key high-voltage equipment for the substation has been procured, manufactured and stored in project controlled warehouses. The Investment Manager remains confident of the asset's energisation date.

Texas:

Initial contracts have been signed, and design, as well as procurement, has been kicked off for the advanced engineering and delivery of a high-voltage grid connection customer substation for Dogfish. Contracting for the battery system is nearing completion. The project is progressing in accordance with the planned timeline, aligning with the energisation target.

Ireland:

Transformer and civil engineering works for Porterstown Phase II are complete, with detailed engineering and procurement for the battery system underway. Despite a minor delay, energisation is targeted for October 2024.

Kilmannock, designed to accommodate Phase I and II, has finalised layout and earthworks designs. Consent updates are in progress, and both phases remain on schedule.

Pre-Construction development (Middleton and Dallas & Surrounds portfolio)

Pre-construction efforts at Middleton and the broader Dallas & Surrounds portfolio (Mineral Wells, Mesquite, Wichita Falls, and Cedar Hill) are progressing in accordance with grid availability. The projects are on track to meet their respective energisation targets.

There is an active exploration of site expansion across the Company's existing portfolio, with an initial focus on capacity (MW) expansions as this represents greater additional value in most markets. The Investment Manager is also exploring and progressing with opportunities for augmentation of assets with additional duration (MWh) in specific locations where market signals support the investment case.

Table 8

Project	Target Energisation	Capacity
Stony	Energised	79.9 MW
Ferrymuir	Jan – end 2024	49.9 MW
Enderby	May – end 2024	57.0 MW
Porterstown Ph II	Oct – 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	H2 2025	30.0 MW
Kilmannock Ph II	H2 2026	90.0 MW
Middleton	H2 2026	200.0 MW

Q&A with Sumi Arima

Sumi Arima

CIO and CFO of Gore Street Capital, the Investment Manager

Q: What new revenue streams has the Company pursued during the reporting period?

We sought out new RTM partners during the period to secure additional opportunities and ultimately increase revenue generation from the global portfolio.

Following the selection of a new RTM in Texas, the Company was able to secure prequalification for ECRS, a daily procured ancillary service introduced in June 2023. The first of the Company's assets began providing ECRS on 29 July, and in the months since, the Texas sites have been delivering portfolio-leading revenue, including an average of £156/MW/hr in August alone – totaling £3.5m for the month.

We have also entered day-ahead and real-time energy trading markets in Texas as part of a more diverse strategy. The Company has always had some capability in the real-time market, but this has now been more fully enabled to create a more effective trading strategy.

We were also able to select a data-driven RTM provider in Germany and achieved prequalification to start delivering aFRR post-period, in addition to continuing to provide FCR. Germany also has the deepest wholesale market opportunity from the grids we are active in by a significant margin and, therefore, is providing the Company with unique insight into high-frequency trading. We have been able to apply this knowledge to the strategies we are enacting across the portfolio, which has been optimised across four energy grids to maximise profitability while delivering a valuable contribution to grid stability.

In Ireland, for example, there are periods where ancillary services revenue is lower. We are, therefore, ensuring the Company's assets are able to take advantage of wholesale trading as a higher-value alternative revenue stream when appropriate.

Should the depth and additional liquidity come to the GB market, as is expected in the coming years as more renewables are deployed, we will be well placed to deploy this kind of strategy.

Q: How are the Company's operational assets in Texas delivering value from the volatile market?

We've seen in recent years how volatility caused by weather events in Texas has created massive demand for energy storage. The Company's near 30 MW/60 MWh operational portfolio plays a significant role in responding to these periods, which often experience spikes in pricing up to $4,000 in ancillary services and over $5,000 in real-time markets. Scarcity has the potential to last for longer periods, as we saw this summer when the fleet generated $1.7m across 24-27 August due to high temperatures creating the same conditions on each day. Maintaining fleet availability during these spikes has been a crucial means of success for the Company's Texas assets, allowing material revenues to be captured in a short period. From the beginning of June through to the end of August, the Manager's in-house asset performance team kept the three Texas assets at an average availability rate of 94%, ensuring they could respond to the increased volatility experienced on the ERCOT grid during heatwaves experienced over this summer period.

These assets began delivering the ECRS service, which responds to both losses of load on the ERCOT grid and ramping of load or demand, often caused by changes in renewable generation. In summer months, the change from daytime solar generation to evening capacity is stark (often referred to as a duck curve due to the shape of the evening net demand curve), and our assets are adding resilience to the Texas grid by helping manage this transition.

While this ramping is not as prominent in winter due to reduced daylight hours, we expect to see some revenue generation from the changes in output from the state's fleet of wind turbines. These months, however, have different requirements from the ERCOT energy system, as cold snaps can result in failures across traditional infrastructure. This increases volatility as the assets available on the grid can attract higher prices for their deliverability, creating opportunities for energy storage.

Q: How are the varying system durations across the portfolio suited to the markets in which they operate?

GSF is unique in being the only listed vehicle with four different durations within its portfolio: sub-30 minutes in Northern Ireland, both 30 minutes and one hour in both the Republic of Ireland and Great Britain, 90 minutes in Germany and two hours in Texas, with a two-hour system to follow in California. For those assets built on behalf of the Company, minimising capex has always been a focus, and we have, therefore, sized their technical capabilities to suit the revenues available in each market.

The Northern Ireland portfolio has illustrated the success of this approach during the reporting period, earning industry-leading revenues from the uncapped DS3 suite of ancillary services from less than half an hour of energy delivery achieving 5.8x of the GB revenue in the period on a MWh basis.

The capabilities of the Company's two-hour operational Texas assets have also proved advantageous following the introduction of ECRS in June. This service requires providers to have two hours of capacity reserved for delivery at all times, and while this could be served by a one-hour system delivering half its capacity across the period in which it is triggered, we have been able to utilise the full pre-qualified capacity of 9 MW of the operational Texas assets since they first entered the service on 29 July to secure high revenues as an early pre-qualified asset.

The 200 MW/400 MWh size of the Big Rock asset in California is strategically designed to enable the asset to qualify for the Resource Adequacy (RA) mechanism, which requires four hours of delivery. The asset has 100 MW of RA deliverability and will also operate within ancillary services and wholesale trading markets within California with 200 MW capacity.

To date, the Company has deployed optimal duration for the markets in which it operates to avoid overspending on energy storage systems with underutilised excess duration. In certain markets, like GB, it is still not evident when the commercial opportunity to utilise larger MWh capacity will materialise. Today the opportunities aren't there to allow a trading strategy that would justify the added expense of building longer duration systems. The only other market to reward such systems in GB – Dynamic Regulation – is significantly oversubscribed, reducing the value than can be accrued to justify higher capex for larger capacity. The Manager has ensured the Company is prepared for any changes to these realities and maintains the flexibility to upgrade assets if and when the market signals provide an incentive to do so.

Q: You've spoken about diversification, but does it work?

For a largely merchant asset-class like energy storage, diversification is a fundamental necessity to reduce revenue volatility. Within Great Britain, opportunities to diversify are limited due to uniform revenue streams and consistent wholesale electricity prices across all regions. This uniformity results in significant fluctuations in revenue year on year. Seasonal variation also creates large fluctuations in quarterly revenue, with Spring and Summer historically yielding higher revenues compared to the Fall and Winter seasons.

The Company has always factored these revenue variations into its decision making, which is why international diversification has been a key strategic objective. Today, it is unique in holding assets across five distinct and uncorrelated energy systems. This enables the Company to navigate the challenges posed by individual market fluctuations by accruing more stable and reliable revenue generation throughout the year from multiple markets. This can be seen in the Company's revenue over this reporting period, when revenue from its GB fleet was £7.54 per MW/hr, compared with £15.10 per MW/hr on a consolidated portfolio basis, representing c.2x vs a GB-only portfolio.

The first graph below shows the standard deviation in revenue generated per quarter since IPO by GSF's GB fleet, which amounts to c.£ 4.95 per MW/h. When analysing the consolidated fleet, however, which also includes assets in Ireland, Germany and Texas, this quarterly figure drops to £2.68 per MW/h. The reduction of approximately 50% (post-FX) showcases the tangible impact of diversification on revenue stability and, thus, the Company's ability to sustainably pay dividends to its investors. As the Company continues to build out new capacity outside of GB, volatility in revenues is expected to reduce further.

Figure 3: Quarterly Revenue GB Only

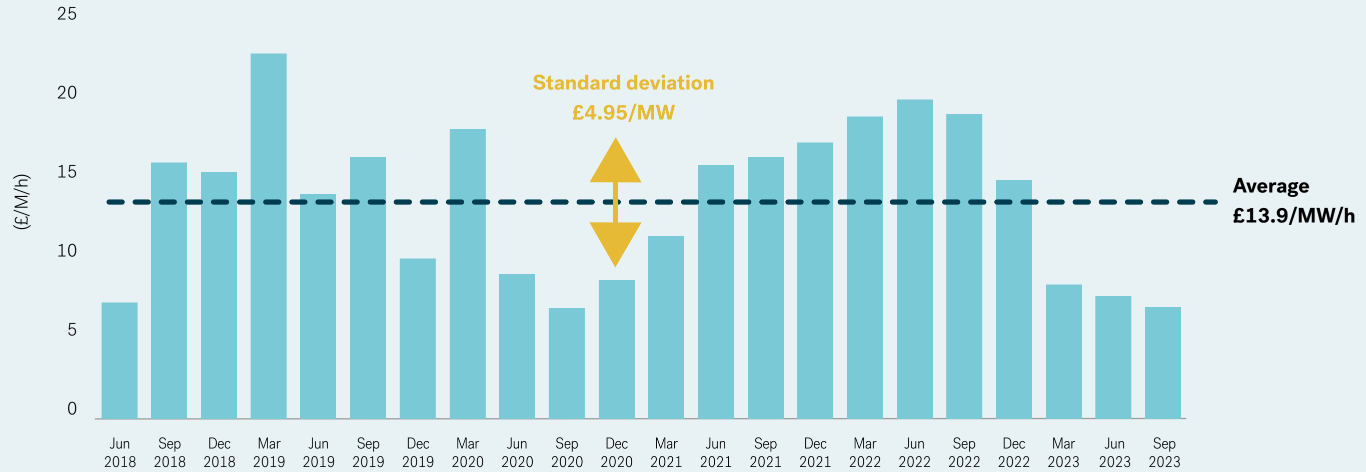
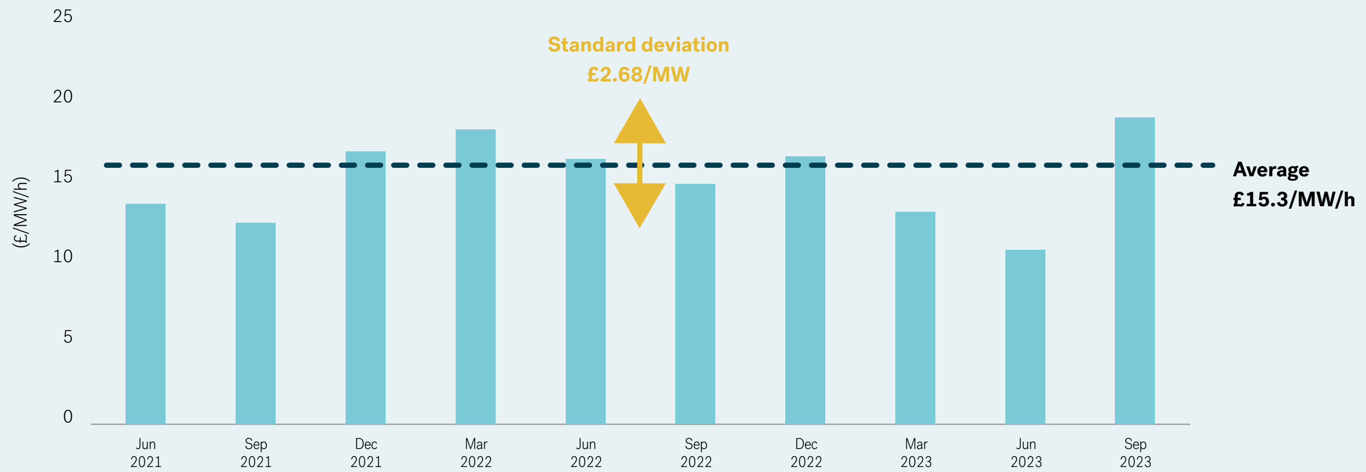


Figure 4: Revenue after diversification



Q: How is the Company's acquisition strategy delivering better value for shareholders than alternatives?

The Company made a choice early on to acquire ready-to- build projects – those with land rights, planning permission and a grid connection all secured – where possible in order to manage the buildout process leveraging the Investment Manager's in-house technical teams. This ultimately leads to higher returns compared to an operational asset purchase strategy due to the successful management of the higher risk profile of construction projects, which can be built at cost without a markup included in the purchase price. In addition, the Company's strategy ensures the best quality operational assets due to the tight controls in place from start to finish while continually bolstering the knowledge and expertise kept in the Investment Manager to be applied to future projects.

As the Company's presence continues to grow in scale, it is able to leverage its experience as an international owner to select favourable markets and projects whilst also evaluating any potentially advantageous capital recycling programs. The composition of the international portfolio is, therefore, continuously evaluated to ensure all capacity remains wedded to the Company's goals.

Q: To what extent is the market saturation experienced in GB emerging in other markets?

As a first mover, the Company factors in declining revenue streams in all the markets it operates in as we understand new entrants will follow and place downward pressure on prices. This has been seen in GB every two to three years since 2017, generally driven by new project lead times, and leaves the market's 3 GW operational fleet competing over reducing revenues. The reductions seen in ancillary services prices over the reporting period are a strong indication this saturation is tightening.

The Company has been deploying capacity in other markets to increase access to a wider range of revenue streams. The early moves into these markets allowed the Company to establish itself ahead of others, who are likely to face high barriers of entry and lack the experience operating in such markets that the Manager has built up over the past two years.

In the single integrated Irish grid, for example, which remains a nascent market, connection delays and limitations on grid needs for new capacity means for those already operating assets, saturation is not an immediate concern. The potential for more frequent procurement of ancillary services following the retirement of the DS3 program bodes well for the Company, which will be able to leverage its experience in other markets with competitive auctions and shorter-term contracts.

Concerns over the potential for market saturation in the ERCOT market in Texas, given the rapid deployment of energy storage in recent years, fail to consider the scale of renewables capacity planned for the coming years, alongside the retirement of traditional thermal generation.

Wind and solar generation, which is already being curtailed in the state, could more than double from 50 GW at the end of 2022 to 104 GW[8] by 2035, ensuring an ongoing need for energy storage through services like ECRS. It is not a correct comparison to judge energy storage growth in ERCOT against today's ancillary service needs, which will only grow as the system continues to decarbonise.

The continued cycle of extreme weather events witnessed in Texas in recent years adds to this need. Price spikes continue to increase as each heatwave causes increasing demand for supply resources to serve both the ancillary services and energy markets.

As with ECRS, more opportunities will always emerge for energy storage, including in GB, where the full suite of ancillary services has yet to be deployed. Procurement levels for the 2024 introduction of quick and slow reserve have yet to be revealed, but these new services could help reduce the current market saturation. Additional reforms planned for the Balancing Mechanism and a subsequent shift in merchant trading opportunities may also help alleviate the revenue issues seen in GB. These upcoming market drivers could reduce downward pressure on prices as more opportunities for market participants emerge, increasing demand for energy storage.

We would expect to see this cycle of tightening market saturation restricting new entrants, followed by more opportunities for existing market players, in every market.

Q: How is the Company managing its cash flow and future deployments?

The scale of the Company's international portfolio and assessment of potential pipeline opportunities requires a prudent approach to capital deployment. Despite the diversified assets generating cashflows, the Company must strategically prioritise asset buildouts, taking into account capital requirements, contract structures and expected returns to contribute to dividend cover once operational.

As at period-end, the Company and its subsidiaries had £89m of cash and cash equivalents and a £50m Revolving Credit Facility ("RCF") with Santander, which are sufficient to cover its contractual obligations of c. £64m. The RCF also features an accordion option to increase beyond £50m to up to 30% of Gross Asset Value ("GAV").

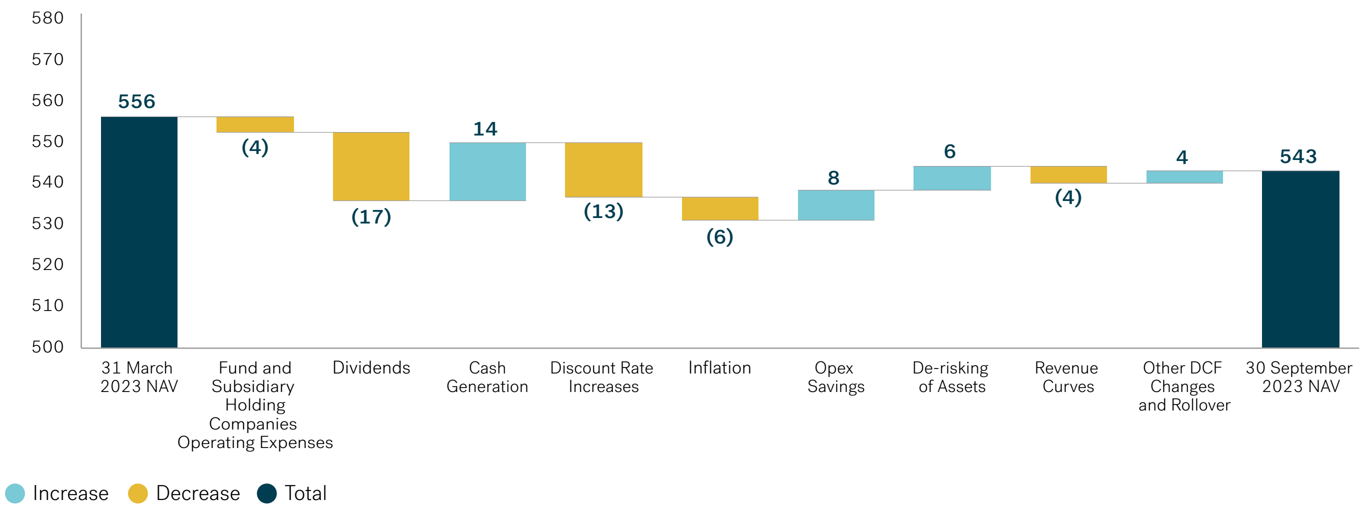
8 Aurora EOS: https://eos.auroraer.com/dragonfly/insights/region/erc/home/content/2102

Post-period, the Company secured a $60m loan facility from First Citizens Bank. The Investment Manager intends to draw down from this loan to optimise returns through the construction of the 200 MW Big Rock asset in CAISO, which is expected to be backed by up to 40% of contracted revenues.

The Company is continuously monitoring the use of debt given its prevailing costs and intends to make drawdowns only when it is advantageous to do so. As at 30 September, gearing stood at 0% of GAV. The Investment Manager has been incrementally making use of the competitively priced First Citizens loan since the period end.

NAV Overview & Drivers

Figure 5: PLC NAV Bridge (in £ millions)



Cash generation during the reporting period was £14m.

Net Asset Value (NAV) movements during the period reflected the macroeconomic context in which the Company is operating. Adjustments in inflation assumptions and an increase to discount rates (+25bps across the portfolio), required to ensure the Company's valuation assumptions remained aligned with the prevailing macroeconomic environment, resulted in a £19m reduction in NAV. Revenue forecasts were updated to reflect the current pricing trends in GB, resulting in an additional £4m reduction in NAV.

Positive drivers of NAV during the period included the Company achieving key milestones for portfolio assets under construction. As the assets are de-risked through stages of construction, discount rates are naturally unwound to reflect the updated risk profile. During the period this resulted in an NAV uplift of £6m. Operational expenditure savings achieved during the period also provided a material £8m uplift to NAV.

A further increase of £4m was due to other Discounted Cash Flow (DCF) changes, including updated repowering assumptions and, due to the proportion of construction assets, the rollover across the portfolio added to the net positive effect on NAV.

Table 9

FV Breakdown by Grid (in £m)	Construction and pre-construction	Operation
GB	151.9	43.6
Ireland	13.9	74.6
Germany	n/a	14.0
ERCOT	12.5	20.7
CAISO	140.6	n/a

Revenue Forecasts

GB:

GB's updated third-party revenue forecasts have been reflected with a central blend of forecasts and have seen a decrease in forecasted prices driven by the current drop in market prices. The prior application of prudent valuation assumptions has largely mitigated the effect of lower third-party curves.

IRE:

Updated third-party revenue forecasts reflecting a central blend of forecasts were used. The net effect of the updated curves on the Irish portfolio was an uplift compared to the previous financial year-end.

The Porterstown asset in the Republic of Ireland has secured a Capacity Market contract for the period from September 2023 to October 2024, which was reflected in the valuations.

GER:

Updated central case scenario third-party revenue forecasts were used in the model, creating an uplift in the German asset's valuation. The application of a hybrid business model curve (ancillary services & trading) supported this uplift. The adoption of this hybrid curve followed the German asset's material participation in the trading market during the reporting period.

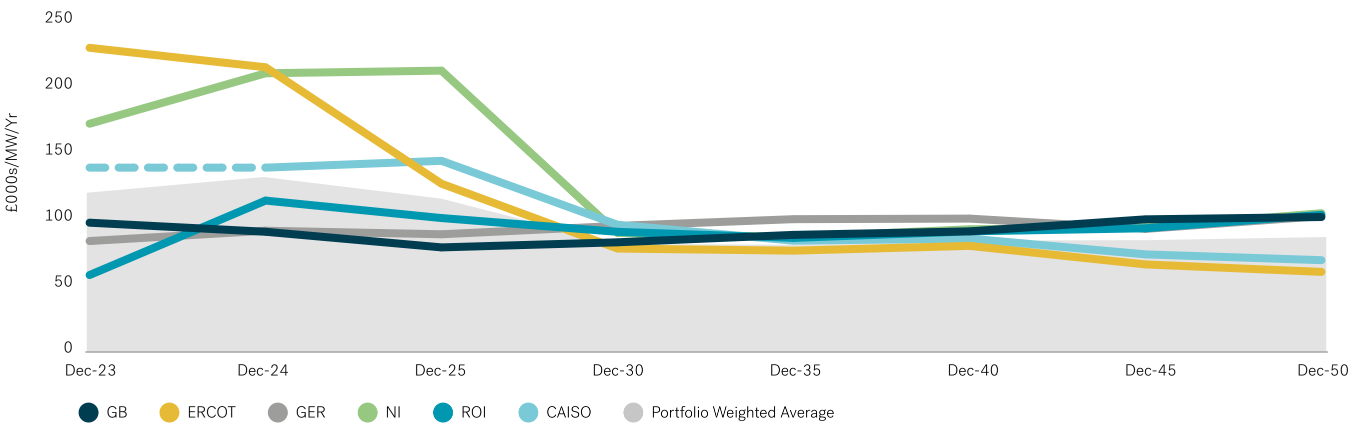
ERCOT:

Updated third-party central case scenario forecasts have been applied to the models and did not cause material changes in price levels.

CAISO:

Third-party base case scenario merchant revenue forecasts have been updated and, similar to ERCOT, did not have material changes in price levels.

Figure 6: Blended Curve of Ancillary Services and Trading, by Grid and Portfolio Weighted Average



The revenues displayed within the graph are real as of 2022. The forecasts for CAISO do not include Resource Adequacy revenues, which are expected to constitute up to 40% of the revenue stack.

Table 10: MW Capacity by Grid in Respective Years

	2023	2024	2025	2026
GB	190	297	297	497
ERCOT	30	105	145	145
CAISO	0	200	200	200
GER	22	22	22	22
NI	100	100	100	100
RoI	30	90	120	210

Inflation

The inflation assumptions have been updated to reflect a decrease in inflation throughout 2023 and 2024 compared to the assumptions at the previous financial year end. The long-term inflation assumption remains consistent with those disclosed previously.

Table 11

CPI Assumptions	2023	2024	2025+
GB	4.63%	2.75%	2.50%
EUR	3.11%	2.75%	2.50%
US	3.31%	2.75%	2.50%

Discount rates

The weighted average discount rate across the portfolio was 10.3% (10.1% in FY23 end) as at 30 September. A 25 bps increase was applied to discount rates across the portfolio, reflecting the increased risk-free rate. For relevant assets, construction premia have been reduced in line with major construction milestones completed.

Table 12

Discount Rate Matrix	Pre-construction phase	Construction phase	Energised phase
Contracted Income	10.40–11.00%	9.25–10.25%	7.25–9.25%
Uncontracted Income	10.40–11.00%	9.25–10.25%	8.75–9.25%
MW	694.8	106.9	371.5

Opex

The Investment Manager's experienced in-house asset management team enables the portfolio assets to benefit from lower costs and increased technical supervision.

Material operating expenditure savings were achieved during the period by taking several third-party services in-house, including asset management and certain O&M workstreams for operational Irish assets; asset management for Cenin, Stony, Enderby, and Ferrymuir in GB; and RTM fee reductions for the Texas operational portfolio.

Newly executed contracts with opex impacts have been reflected in the US assets' models, such as insurance and substation facilities expenses.

Capex

Repowering curve assumptions have been updated, reflecting a slight increase in the long-term forecast of battery prices. However, the Company's assets have a significant portion of their useful life left before they are scheduled to be repowered.

For relevant construction assets, the upfront capex schedules have been revised based on developing discussions with contractors.

Sensitivities

NAV sensitivities were applied to analyse the impact of changes in macroeconomic factors and key valuation assumptions on the NAV of the portfolio. The following sensitivities were applied:

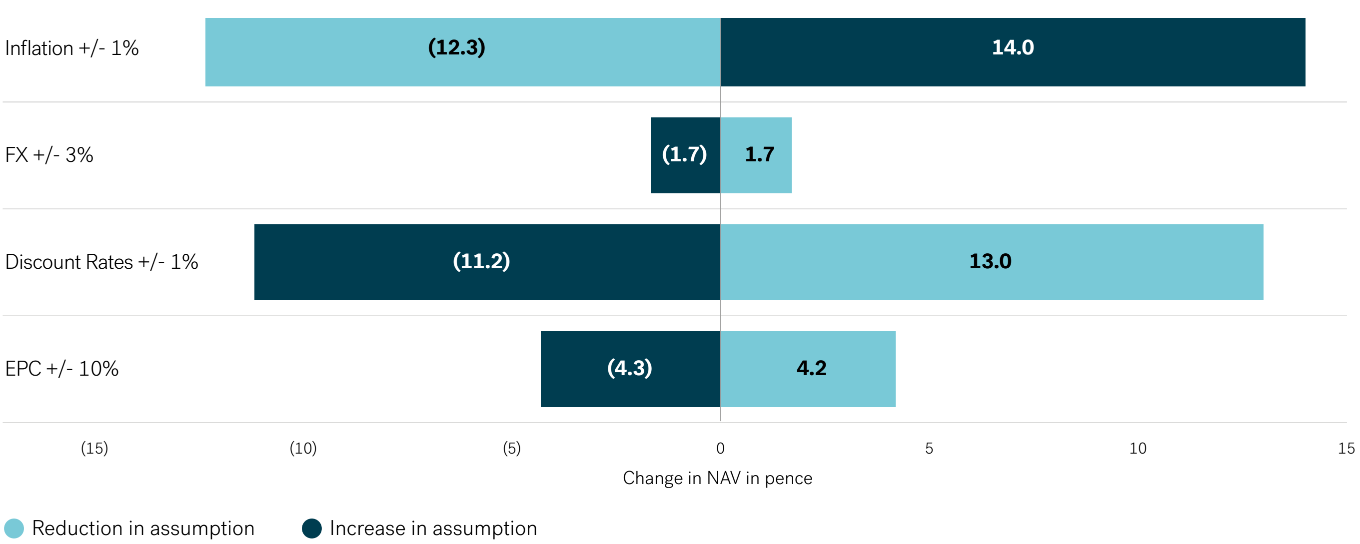
a. Inflation rate: +/- 1.0%

b. FX volatility: +/- 3.0%

c. Discount rate: +/- 1.0%

d. EPC costs +/- 10.0%

Figure 7: NAV SENSITIVITY GRAPH



Outlook Message from Alex O' Cinneide

Dr Alex O'Cinneide

CEO of Gore Street Capital, the Investment Manager

CEO Statement

I am pleased to report that the Company's strategy, enabled by the active role of the Investment Manager, despite difficult stock market conditions, has allowed the business to continue to overachieve during a challenging period. Since inception, it has generated a 20% per annum cash yield over invested capital, and during the September end quarter, the Company delivered an operational dividend cover of 1.15x. This positive trajectory is reflected in portfolio performance, which maintained the highest revenue on both a per MW and absolute basis among our listed peers during the period. This was achieved through diversification, with assets in Ireland, Texas and Germany overachieving against base case. The slight decrease in NAV is wholly due to changes in the discount rate and inflation assumptions, with high-interest rates expected to continue, and does not reflect the exemplary performance of the Company's commercial operations. With a NAV Total Return of 48.8% since IPO, an excellent balance sheet given our minimal level of debt, and a strong cash position, the Company remains in a compelling and sustainable position.

While we expect energy storage to continue to play a crucial role in the decarbonisation of GB, the growth of the market in just a short number of years has resulted in new entrants exceeding demand for their services. The expected market saturation we are currently experiencing caused reduced prices during the reporting period, particularly in the summer months.

Due to the international spread of the Company's operational assets, these market dynamics did little to impact the industry-leading revenues that were achieved during the period, in part, by tackling volatility caused by the climate crisis.

Heatwaves have become a predictable feature of summer months in Texas, as seen by the record-breaking temperatures experienced across the latest reporting period. As power demand achieved new heights across the state, the Company's operational portfolio in the ERCOT market was able to capture value from price spikes as high as $4,000/MW/hr while supporting the constrained grid system to deliver capacity when needed most. Early prequalification for the new ECRS service allowed the Company to reach average monthly revenues of £156/MW/h in Texas in August, with its three operational assets generating £3.46m in August alone.

This first mover mentality continues to pay off in the single integrated Irish electricity market, where the Company was among the first to establish itself with the DS3 program.

While DS3 services have proven effective in responding to the needs of an increasingly decarbonised grid, the structure of future delivery of ancillary services is uncertain after the Irish transmission system operators and regulator set out proposals to reform the suite of ancillary services in the reporting period. The Investment Manager is already engaging in the development of this process to safeguard future revenue streams for the Company's assets.

In addition to these ancillary service activities across the portfolio, the assets have also derived additional value from the wholesale market as trading opportunities became more frequent. While the Company has always taken a realistic view of the emergence of trading as a dominant revenue stream for energy storage, the reporting period has shown we are ready to act on any opportunity as it arises. With the support of new and existing partners, we have been able to optimise trading across the US, Germany and the Irish grid.

The expertise we are continuing to build will pay dividends in future reporting periods when more of the Company's assets enter commercial activity. The 80 MW Stony project was energised in September while the 50 MW Ferrymuir project is ready and awaiting final works by the network operator. The Company's biggest project to date – the 200 MW/400 MWh Big Rock asset in California – has also been advancing at speed through the efforts of the Investment Manager. A $60m loan agreement with First Citizens Bank was secured post-period to introduce project-level debt into the portfolio for the first time. It will be used to fund the remaining capital costs of the Big Rock project, which, to date, has been funded with GSF equity.

While we have remained mindful of the changing macroeconomic challenges, updating the Company's NAV accordingly, the exciting advancements made by the Company during the reporting period along with continued industry-leading revenues ensure we are well-positioned for sustainable growth.

Delivery against strategy

The Company has continued to deliver industry-leading revenue during the reporting period thanks to the new RTM partnerships and refined strategies introduced across its uniquely diversified revenue streams. Improvements in revenues were delivered through new RTM partnerships and refined strategies, including participation in trading markets in Germany, Texas and Ireland. Optimisation of asset management functions has further complimented the profitability of the Company during the period, resulting in material and ongoing cost savings.

During the period, the Company's operational fleet grew further with the energisation of the Stony asset. Significant progress has been made in the buildout of Big Rock and Enderby in line with project schedules.

As indicated to investors, the Company has continued to put a suitably mature capital structure in place. This began with the upsizing of the existing debt facility from £15m to £50m through a revolving credit facility, with an accordion facility option to increase beyond £50m to up to 30% of Gross Asset Value ("GAV"), secured at the fund level from Santander and was followed by project-level debt secured for its California asset, the 200 MW/400 MWh Big Rock project. Post-period, the Company successfully secured a $60m First Citizens loan for a period of three years at a competitive cost compared to GBP debt. The progress made on Resource Adequacy contracting for the Big Rock asset further supports the improved capital structure.

The increased debt availability adds to the funding sources providing sufficient headroom for the Company to continue meeting its working capital, capex, dividend and other financial commitments without the need for additional equity raise in the short-term. These include: £75m in Company cash reserve and a further £13.9m across its subsidiaries as at 30 September 2023. The Company maintains its prudent approach to leverage with drawdowns made only when it is advantageous compared to the resulting costs, while the facilities are kept available to support growth during improving market conditions.

In response to increasing costs in the debt markets, the Investment Manager continuously assesses various strategies to optimise the use of available funds. One such strategy is the prioritisation of construction-ready projects based on buildout schedules and sizes. As part of this strategy, the Investment Manager has decided to prioritise the construction of Dogfish and progressed with its procurement.

The Company continues to maintain a strong balance sheet with a total available liquidity of £135m as at 30 September 2023.

With the additional CIT loan facility secured post-period and future cash generation capability, the Company is well-positioned to manage liquidity in the coming years.

Outlook

Equity markets, particularly for renewables infrastructure, are navigating challenging terrain amidst the ongoing pressure from central banks' persistent "higher for longer" rate signals. Despite its leading global dividend yields, the UK is trading at a historic discount compared to other regions. While the market is likely to be close to or already at the peak of interest rates, the Bank of England is expected to reduce the base rate gradually, given the persistent nature of inflation in the UK, with some forecasts not predicting a decline in the base rate until mid-2024.

The Company has demonstrated resilience during these challenging market conditions and continues to execute against the strategy outlined to investors in the investment policy. As highlighted in the previous Annual Report, the Company is focused on the following areas: outperforming revenue benchmarks, increased EBITDA margin, and the buildout of the Company's portfolio.

Buildout of the Portfolio

Following the successful energisation of 79.9 MW, the Company is now focused on the construction of Ferrymuir and Enderby in GB, scheduled for energisation in January and May 2024, as well as of the other prioritised assets. The Company has targeted the energisation of an additional 442 MW before the end of 2024, including the expansion of the Porterstown asset in Ireland and the Big Rock and Dogfish assets in California and Texas.

As a real asset investor, the increased operational capacity directly impacts cash generation and dividend cover. These assets not only provide yields but also offer capital appreciation as they progress from the construction to the operational stage.

RA and ITC Processes

The Investment Manager is in advanced stages of contracting under the Resource Adequacy (RA) mechanism, a service available to energy storage operators in the CAISO market (California). The RA market is currently observing favourable prices for batteries with commercial operation dates (CODs) before the end of 2025, driven by a high demand for RA providers in the near term. Big Rock benefits from this market trend through its Dec-24 target COD with the ability to secure 10-15-year bilateral contracts, which it intends to confirm in early 2024 at the currently attractive pricing levels.

The Company is also looking to monetise the Investment Tax Credit (ITC) available under the US Inflation Reduction Act for its US assets, which qualify for at least 30% of ITC. The market will be updated in due course once negotiations for the correct long-term partner for both streams have been suitably progressed.

Positive Policy Developments

The US Inflation Reduction Act has significantly benefited the deployment of energy storage assets and, provides the Company with substantial capital expenditure reimbursements post-energisation. The strong incentives also accelerate renewable penetration acting as the fundamental driver for increased need for energy storage and subsequent revenues.

The $368bn policy package has also prompted action from the European Commission, which released a series of recommendations for accelerating the integration of renewable and low-carbon technologies, including energy storage, that are now being discussed at the European Council level. This marks a significant and direct intention to support energy storage in European policy, aligning with the industry's long-held beliefs regarding the technology's pivotal role in achieving a decarbonised and secure EU energy system.

Additionally, the Net Zero Industry Act, which aims to ensure that at least 40% of the EU's annual deployment needs for strategic net-zero technologies are met by 2030, now includes electricity storage technologies. Coupled with recent changes to state aid rules, this inclusion is expected to accelerate investments in the manufacturing and deployment of energy storage, facilitating Europe's journey to supply chain independence.

As an asset owner with operational capacity in the EU and an active pipeline across the continent, the Company is well-positioned to capitalise on the upcoming changes to the policy landscape.

Policymakers in GB are proving slow to share their response, and given recent policy announcements delaying the country's climate targets and proximity to a general election, the Investment Manager does not expect an improved policy agenda until after the general election.

Next Steps

We approach 2024 with tempered optimism, recognising the inherent opportunities of the Company's diversified approach. Given the current pricing landscape in GB, continuing to build on the Company's international presence will ensure it continues to tap into a diverse mix of revenue streams across multiple uncorrelated markets. This international emphasis will become increasingly evident in 2024 and beyond as the Company brings more international capacity online.

Directors' Interim Report

Principal Risks and Uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: Changes to Market Design; Inflation; Exposure to Lithium-Ion Batteries, Battery Manufacturers, and technology changes; Service Provider; Valuation of Unquoted Assets; Delays in Grid Energisation or Commissioning; Currency Exposure; Cyber-Attack and Loss of Data; and Physical and transitional climate-related risks. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 43 to 45 of the Company's published annual report for the year ended 31 March 2023.

These risks and uncertainties have not materially changed during the six months ended 30 September 2023. However, the Board has noted that geopolitical factors continued to create uncertainties, including relating to energy policy, supply chains and interest rates.

Going Concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 46 of the published annual report for the year ended 31 March 2023, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related Party Transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 30 September 2023.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in July 2022, and that this half year report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Patrick Cox
Chair

Independent Auditor's Review Report

to Gore Street Energy Storage Fund Plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the Interim Condensed Statement of Comprehensive Income, the Interim Condensed Statement of Financial Position, the Interim Condensed Statement of Changes in Equity, the Interim Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London

13 December 2023

Interim Condensed Financial Statements

Interim Condensed Statement of Comprehensive Income

For the Period ended 30 September 2023

	Notes	1 April 2023 to 30 September 2023			1 April 2022 to 30 September 2022		
		Revenue (£)	Capital (£)	Total (£)	Revenue (£)	Capital (£)	Total (£)
Net (loss)/gain on investments at fair value through profit and loss		–	(4,742,507)	(4,742,507)	–	23,905,375	23,905,375
Investment income		12,442,482	–	12,442,482	2,575,055	–	2,575,055
Administrative and other expenses		(3,834,334)	–	(3,834,334)	(3,795,540)	–	(3,795,540)
Profit before tax		8,608,148	(4,742,507)	3,865,641	(1,220,485)	23,905,375	22,684,890
Taxation	4	–	–	–	–	–	–
Profit after tax and profit for the period		8,608,148	(4,742,507)	3,865,641	(1,220,485)	23,905,375	22,684,890
Total comprehensive income for the period		8,608,148	(4,742,507)	3,865,641	(1,220,485)	23,905,375	22,684,890
Profit per share (basic and diluted) – pence per share	5			0.80			4.81

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

The Total column of this statement represents Company's Income Statement prepared in accordance with UK adopted International Accounting Standards. The total profit after tax for the period 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 29 to 36 form an integral part of these financial statements.

Interim Condensed Statement of Financial Position

As at 30 September 2023

Company Number 11160422

	Notes	30 September 2023 (£)	31 March 2023 (£)
Non – Current Assets			
Investments at fair value through profit or loss	6	**469,342,485**	434,762,146
		469,342,485	434,762,146
Current assets			
Cash and cash equivalents	8	**74,989,816**	123,705,727
Trade and other receivables		**789,383**	843,825
		75,779,199	124,549,552
Total assets		**545,121,684**	559,311,698
Current liabilities			
Trade and other payables		**1,840,180**	3,046,853
		1,840,180	3,046,853
Total net assets		**543,281,504**	556,264,845
Shareholders equity			
Share capital	10	**4,813,995**	4,813,995
Share premium	10	**315,686,634**	315,686,634
Special reserve	10	**31,680**	349,856
Capital reduction reserve	10	**94,594,194**	111,125,000
Capital reserve	10	**120,841,907**	125,584,414
Revenue reserve	10	**7,313,094**	(1,295,054)
Total shareholders equity		**543,281,504**	556,264,845
Net asset value per share	9	**1.13**	1.16

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

Patrick Cox
Chair

Date: 13 December 2023

The notes on pages 29 to 36 form an integral part of these financial statements.

Interim Condensed Statement of Changes in Equity

For the Period Ended 30 September 2023

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total shareholders equity (£)
As at 1 April 2023	4,813,995	315,686,634	349,856	111,125,000	125,584,414	(1,295,054)	556,264,845
Profit/(loss) for the period	–	–	–	–	(4,742,507)	8,608,148	3,865,641
Total comprehensive income for the period	–	–	–	–	(4,742,507)	8,608,148	3,865,641
Transactions with owners							
Movement in special reserve	–	–	(318,176)	318,176	–	–	–
Dividends paid	–	–	–	(16,848,982)	–	–	(16,848,982)
As at 30 September 2023	4,813,995	315,686,634	31,680	94,594,194	120,841,907	7,313,094	543,281,504

For the Period Ended 30 September 2022

	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/(loss) for the period	–	–	–	–	23,905,375	(1,220,485)	22,684,890
Total comprehensive income/(loss) for the period	–	–	–	–	23,905,375	(1,220,485)	22,684,890
Transactions with owners							
Ordinary shares issued at a premium during the period	1,363,637	148,636,363	–	–	–	–	150,000,000
Share issue costs	–	(2,657,854)	–	–	–	–	(2,657,854)
Dividends paid	–	–	–	(11,714,711)	–	–	(11,714,711)
As at 30 September 2022	4,813,995	415,686,632	186,656	30,544,181	88,662,967	(5,101,012)	534,793,419

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

The notes on pages 29 to 36 form an integral part of these financial statements.

Interim Condensed Statement of Cash Flows

For the Period Ended 30 September 2023

	Notes	1 April 2023 to 30 September 2023 (£)	1 April 2022 to 30 September 2022 (£)
Cash flows used in operating activities provided by			
Profit for the period		3,865,641	22,684,890
Net loss/(gain) on investments at fair value through profit and loss		4,742,507	(23,905,375)
Decrease/(increase) in trade and other receivables		54,442	(1,091,983)
Decrease in trade and other payables		(1,206,673)	(1,520,858)
Net cash generated from /(used in) operating activities provided by		7,455,917	(3,833,326)
Cash flows used in investing activities			
Purchase of investments		(39,322,846)	(26,900,159)
Purchase of short term investments		–	(140,000,000)
Net cash used in investing activities		(39,322,846)	(166,900,159)
Cash flows used in financing activities provided by			
Proceeds from issue of ordinary shares at a premium		–	150,000,000
Share issue costs		–	(2,657,854)
Dividends paid		(16,848,982)	(11,714,711)
Net cash (outflow)/inflow from financing activities		(16,848,982)	135,627,435
Net decrease in cash and cash equivalents for the period		(48,715,911)	(35,106,050)
Cash and cash equivalents at the beginning of the period		123,705,727	198,047,440
Cash and cash equivalents at the end of the period		74,989,816	162,941,390

During the period, interest received by the Company totalled £12,442,482 (2022: £2,575,055).

The notes on pages 29 to 36 form an integral part of these financial statements.

Notes to the Interim Condensed Financial Statements

For the Period Ended 30 September 2023

1. General information

Gore Street Energy Storage Fund plc (the "Company") was incorporated in England and Wales on 19 January 2018 with registered number 11160422. The registered office of the Company is First Floor, 16-17 Little Portland Street, 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 primarily located in UK, the Republic of Ireland, North America and Germany.

2. Basis of preparation

STATEMENT OF COMPLIANCE

The half yearly condensed financial statements for the period 1 April 2023 to 30 September 2023 have been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The half yearly financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 March 2023.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Company's annual financial statements for the year ended 31 March 2023. These accounting policies will be applied in the Company's financial statements for the year ended 31 March 2024.

The financial statements have been prepared on a historical cost basis except for the investments which are accounted for at fair value through 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 and does not prepare consolidated financial statements for the Company.

The financial information for the year ended 31 March 2023 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The Independent Auditor's Report on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

The financial information contained in this Half Year Report does not constitute statutory accounts as defined in Sections 434-436 of the Companies Act 2006. The financial information for the six months ended 30 September 2023 and 30 September 2022 has not been audited by the Company's external auditor.

The financial statements do not contain any operating segment information on the basis that there is only one reportable segment.

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

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 period. 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 31 December 2024.

As at 30 September 2023, the Company had net current assets of £73.94 million, including cash balances of £74.99 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 had no outstanding debt as of 30 September 2023. The Company is a guarantor to GSES 1 Limited's £50m revolving credit facility with Santander, of which £nil was drawn at 30 September 2023.

The Directors acknowledge their responsibilities in relation to the financial statements for the half year ended 30 September 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 31 December 2024.

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. To determine that the Company continues to meet the definition of an investment entity, 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 7.

4. 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 25%.

	30 September 2023 (£)	30 September 2022 (£)
(a) Tax charge in profit and loss account		
UK Corporation tax	–	–
(b) Reconciliation of the tax charge for the period		
Profit before tax	3,865,641	22,684,890
Tax at UK standard rate of 25% (2022: 19%)	966,410	4,310,129
Effects of:		
Unrealised loss/(gain) on fair value investments not taxable	1,185,627	(4,542,021)
Expenses not deductible for tax purposes	621	6,026
Utilisation of brought forward tax losses not previously recognised as deferred tax	957,964	225,866
Interest distribution	(3,110,621)	–
Tax charge for the period	–	–
Estimated losses not recognised due to insufficient evidence of future profits	11,166,219	3,338,021
Estimated deferred tax thereon 25% (2022: 25%)	2,791,555	834,505

There is no corporate tax charge for the period (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 £2,791,555 (2022: £834,505) has not been recognised in respect of the carried forward losses.

5. 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.

	30 September 2023	30 September 2022
Net gain attributable to ordinary shareholders	**£3,865,641**	£22,684,890
Weighted average number of ordinary shares for the period	**481,399,478**	471,712,444
Profit per share – Basic and diluted (pence)	**0.80**	4.81

6. Investments

	Place of business	Percentage ownership	30 September 2023	31 March 2023
GSES1 Limited ("GSES1")	England & Wales	100%	**469,342,485**	434,762,146

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 revolving credit facility entered into by 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 is funded through equity. The amount drawn on the facility at 30 September 2023 was £352,104,170 (31 March 2023: £309,182,178). The loan is interest bearing and attracts interest at 8.5% per annum effective from 1 April 2023. Up until that date, the interest charge was 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.

The increase in interest rate is viewed as a substantial modification to the terms of the loan facility and as a result is derecognised and re-recognised from the effective date. As the loan principal and accrued interest form part of the Company's investments at fair value through profit or loss, the effect of this change of interest rate is captured within the revaluation and remeasurement of the total investment at period end. As a result there is no accounting impact of the modification on the Statement of Financial Position or Statement of Comprehensive Income.

Realisation of increases in fair value in the indirect subsidiaries will be passed up the structure as repayments of loan interest and principal. The Company holds a direct investment in GSES 1, which in turn holds investments in various holding companies and operating assets as detailed in Note 6 below.

	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
Ferrymuir Energy Storage Limited	GSF Albion	England & Wales	100%	Ferrymuir
GSF England Limited ("GSF England")	GSES1	England & Wales	100%	
OSSPV001 Limited	GSF England	England & Wales	100%	Lower Road and Port of Tilbury
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	GSF England	England & Wales	100%	Middleton

6. Investments (continued)

	Immediate Parent	Place of business	Percentage Ownership	Investment
GSF IRE Limited ("GSF IRE")	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
GSF Atlantic Limited ("GSF Atlantic")	GSES1	England & Wales	100%	
GSF Americas Inc. ("GSF Americas")	GSF Atlantic	North America	100%	
GSF Green Power Cremzow Gmbh & Co KG	GSF Atlantic	Germany	90%	Cremzow
GSF Green Power Cremzow Verwaltungs GmbH	GSF Atlantic	Germany	90%	Cremzow
Snyder ESS Assets, LLC	GSF Americas	North America	100%	Snyder
Sweetwater ESS Assets, LLC	GSF Americas	North America	100%	Sweetwater
Westover ESS Assets, LLC	GSF Americas	North America	100%	Westover
Mineral Wells ESS Assets, LLC	GSF Americas	North America	100%	Mineral Wells
Cedar Hill ESS Assets, LLC	GSF Americas	North America	100%	Cedar Hill
Wichita Falls ESS Assets, LLC	GSF Americas	North America	100%	Wichita Falls
Mesquite ESS Assets, LLC	GSF Americas	North America	100%	Mesquite
Dogfish ESS Assets, LLC	GSF Americas	North America	100%	Dogfish
Big Rock ESS Assets, LLC	GSF Americas	North America	100%	Big Rock

GSES 1 is registered at First Floor, 16-17 Little Portland, London, England, W1W 8BP.

GSF Albion, GSF England, GSF IRE and GSF Atlantic were registered at 8th Floor, 100 Bishopsgate, London, EC2N 4AG up until 20 October 2023 when they all moved to First Floor, 16-17 Little Portland Street, London, United Kingdom, W1W 8BP.

All other subsidiaries that have a place of business in England & Wales and Northern Ireland are registered at 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

All subsidiaries that have a place of business in Republic of Ireland were registered at 4th Floor, 76 Lower Baggot Street, Dublin 2 up until 6 June 2023 when they moved to Block 5, Irish Life Centre, Abbey Street Lower, Dublin 1.

GSF Cremzow GmbH & Co KG and GSF Cremzow Verwaltungs GmbH are registered at Schenkenberg, Gut Dauerthal 3, 17291.

All subsidiaries with a place of business in North America are registered at 1209 Orange Street, Wilmington, Delaware 19801.

7. 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 DCF approach and the method discounts free cash flows using an estimated discount rate (WACC).

VALUATION PROCESS

The Company's portfolio of lithium-ion energy storage investments has a total capacity of 1.17 GW (September 2022: 698.2 MW). As at 30 September 2023, 291.6 MW of the Company's total portfolio was operational and 878.4 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 purpose of 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 30 September 2023, the fair value of all other investments has been determined by the Investment Advisor and reviewed by BDO UK LLP.

7. Fair Value measurement (continued)

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

		Significant Inputs		Fair Value	
Investment Portfolio	Valuation technique	Description	(Range)	30 September 2023 (£)	31 March 2023 (£)
Great Britain (excluding Northern Ireland)	DCF	Discount Rate Revenue/MW/hour	7.25% – 11.00% £7 – £15	195,446,658	180,714,570
Northern Ireland	DCF	Discount Rate Revenue/MW/hour	8.00% – 9.25% €9 – €29	53,436,187	55,049,170
Republic of Ireland	DCF	Discount Rate Revenue/MW/hour	8.00% – 10.75% €8 – €19	35,009,444	28,515,507
Other OECD	DCF	Discount Rate Revenue/MW/hour	9.25% – 10.75% €9 – €11	187,890,064	171,008,958
Holding Companies	NAV		$7 – $33	(2,439,868)	(526,059)
Total Investments				469,342,485	434,762,146

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

SENSITIVITY ANALYSIS

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

		Significant Inputs		Estimated effect on Fair Value	
Investment Portfolio	Valuation technique	Description	Sensitivity	30 September 2023 (£)	31 March 2023 (£)
Great Britain (excluding Northern Ireland)	DCF	Revenue	+ 10%	36,972,390	39,163,849
			- 10%	(37,624,009)	(39,402,771)
		Discount rate	+1%	(27,269,825)	(25,103,594)
			-1%	32,175,943	29,658,404
Northern Ireland	DCF	Revenue	+ 10%	5,429,474	5,360,179
			- 10%	(5,426,971)	(5,357,401)
		Discount rate	+1%	(3,056,981)	(3,239,801)
			-1%	3,517,592	3,741,944
		Exchange rate	+3%	(1,397,842)	(896,254)
			-3%	1,483,991	952,017
Republic of Ireland	DCF	Revenue	+ 10%	5,270,918	5,631,626
			- 10%	(6,581,253)	(6,434,752)
		Discount rate	+1%	(5,917,836)	(5,936,555)
			-1%	6,865,968	6,914,698
		Exchange rate	+3%	(1,037,385)	(101,466)
			-3%	1,101,553	107,516
Other OECD	DCF	Revenue	+ 10%	30,167,956	24,849,092
			- 10%	(30,614,718)	(25,153,598)
		Discount rate	+1%	(17,441,537)	(14,401,398)
			-1%	19,951,768	16,472,024
		Exchange rate	+3%	(5,592,745)	(4,689,659)
			-3%	5,616,080	4,981,974

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

7. Fair Value measurement (continued)

VALUATION OF FINANCIAL INSTRUMENTS

The investments at fair value through profit or loss are Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented below. No transfers between levels took place during the period.

Reconciliation	30 September 2023 (£)	31 March 2023 (£)
Opening balance	434,762,146	180,762,419
Loan drawdowns during the period/year	39,322,846	225,765,788
Loan repayments during the period/year	–	(32,592,883)
Loan interest received	(10,655,622)	(8,835,389)
Loan interest receivable from GSES 1 Limited	14,254,272	8,714,157
Total fair value movement on equity investment	(8,341,157)	60,948,054
	469,342,485	434,762,146

8. Cash and cash equivalents

	30 September 2023 (£)	31 March 2023 (£)
Cash at bank	60,144,670	99,199,093
Restricted cash	14,845,146	24,506,634
	74,989,816	123,705,727

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. The remaining £14,845,146 is expected to be released in H1 2024.

9. 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.

	30 September 2023	31 March 2023
Net assets per Statement of Financial Position	£ 543,281,504	£ 556,264,845
Ordinary shares in issue as at 30 September/31 March	481,399,478	481,399,478
NAV per share – Basic and diluted (pence)	112.85	115.55

10. Share capital and reserves

	Share capital (£)	Share premium reserve (£)	Special reserve (£)	Capital reduction reserve (£)	Capital reserve (£)	Revenue reserve (£)	Total (£)
At 1 April 2023	4,813,995	315,686,634	349,856	111,125,000	125,584,414	(1,295,054)	556,264,845
Dividends paid	–	–	–	16,848,982	–	–	16,848,982
Movement in special reserve	–	–	(318,176)	318,176	–	–	–
Profit/(loss) for the period	–	–	–	–	(4,742,507)	8,608,148	3,865,641
At 30 September 2023	4,813,995	315,686,634	31,680	94,594,194	120,841,907	7,313,094	543,281,504

10. Share capital and reserves (continued)

	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
Transfer to capital reduction reserve	–	(100,000,000)	–	100,000,000	–	–	–
Share issue costs	–	(2,657,852)	–	–	–	–	(2,657,852)
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**

In the prior year, 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.

11. Dividends

	Dividend per share	30 September 2023 (£)	30 September 2022 (£)
Dividends paid during the period			
For the 3 month period ended 31 December 2021	2 pence	–	6,900,716
For the 3 month period ended 31 March 2022	1 pence	–	4,813,995
For the 3 month period ended 31 December 2022	2 pence	9,627,990	–
For the 3 month period ended 31 March 2023	1.5 pence	7,220,992	–
		16,848,982	11,714,711

An interim dividend of 2 pence for the period 1 October 2022 to 31 December 2022 was proposed by the Directors, and subsequently paid on the 11 April 2023.

An interim dividend of 1.5 pence for the period 1 January 2023 to 31 March 2023 was proposed by the Directors and subsequently paid on 17 July 2023.

12. Transactions with related parties

Since the listing of the ordinary shares in 2018, 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

On 1 May 2023, Lisa Scenna was appointed as a director. Patrick Cox, Chair of the Board of Directors of the Company, is paid a director's remuneration of £77,000 per annum, (2022: £75,000), Caroline Banszky is paid a director's remuneration of £57,000 per annum, (2022: £55,000) with the remaining directors being paid directors' remuneration of £47,000 per annum, (2022: £45,000).

Total director's remuneration and associated employment costs of £146,248 were incurred in respect of the period with £nil being outstanding and payable at the period 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.

12. Transactions with related parties (continued)

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

a. for the four quarters from First Admission, Adjusted Net Asset Value shall be equal to Net Asset Value;

b. 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;

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

During the prior 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 £1,411,253.62 (30 September 2022: £2,160,498) were paid during the period, there were £1,412,656 (30 September 2022: £nil) outstanding fees as at 30 September 2023 (31 March 2023: £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 £nil were accrued for the period ended 30 September 2023, (31 March 2023: £2,457,164).

During the period the Investment Advisor provided operations management services to SPV companies resulting in charges to the amount of £271,647 (31 March 2023: £855,692) being payable by the SPV companies to the Investment Advisor.

13. 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 chargor and guarantor to the amounts borrowed under the Agreements by GSES1 Limited. As at 30 September 2023, no amounts had been drawn on this facility.

The Company had no contingencies and significant capital commitments as at the 30 September 2023.

14. Post balance sheet events

The Directors have evaluated the need for disclosures and/or adjustments resulting from post balance sheet events through to 13 December 2023, the date the financial statements were available to be issued.

On 5 September 2023, the Board approved a dividend of 2 pence per share for the period from 1 April 2023 to 30 June 2023. This dividend totalling £9,627,990 was paid to investors on the 20 October 2023.

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 30 September 2023.

Alternative Performance Measures

For the Period Ended 30 September 2023

1. 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 reinvestment of dividends.

	30 September 2023	31 March 2023
NAV per Ordinary Share at year end	112.85p	115.55p
Dividends per ordinary share paid since IPO	32.50p	29.00p
NAV per Ordinary Share at IPO	97.67p	97.67p
NAV Total return	47.68p	46.88p
NAV Total Return since IPO	48.8%	48.0%

2. Share price total return since IPO

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 does not factor in return on assumed reinvestment of dividends.

	30 September 2023	31 March 2023
Share price at period end	78.80p	100.80p
Dividends per share since IPO	34.50p	31.00p
Share price at IPO	100.00p	100.00p
Share price return since IPO	13.30p	31.80p
% Share price return since IPO	13.3%	31.8%

3. Share premium/discount

	30 September 2023	31 March 2023
Share price at year end	78.80p	100.80p
NAV per Ordinary Share at year end	112.85p	115.55p
Discount to NAV	-34.05p	-14.75p
Discount to NAV %	-30.2%	-12.8%

4. Operational dividend cover

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

	30 September 2023	31 March 2023
Operational EBITDA	£12.20m	£27.77m
Dividend paid during the year (£)	£16.85m	£30.97m
Operational dividend cover	0.72x	0.90x

5. Operational dividend cover for quarter ended 30 September

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

	September quarter 2023	September quarter 2022
Operational EBITDA	£8.34m	£6.24m
Dividend paid during the quarter (£)	£7.22m	£4.81m
Operational dividend cover	1.15x	1.30x

6. Dividend yield

	30 September 2023	31 March 2023
Dividends per Ordinary Share paid during the year - Annualised	7.00p	7.00p
Share price at year end	78.80p	100.80p
Dividend yield	8.9%	6.9%

7. 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.

	30 September 2023	31 March 2023
Total administrative and other expenses	3,834,334	9,881,402
Performance fee and non-recurring expenses	–	2,501,163
Total ongoing expenses	3,834,334	7,380,240
Total ongoing expenses - Annualised	7,668,670	7,380,240
Average NAV for the year	550,785,491	540,090,679
Ongoing charges figure	1.39%	1.37%

8. NAV Total return for the 6 month period

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

	30 September 2023	30 September 2022
NAV per Ordinary Share at period end	112.85p	111.09p
Dividends per ordinary share paid during the period	3.50p	3.00p
NAV per Ordinary Share at the beginning of the period	115.55p	109.11p
NAV Total return	0.80p	4.98p
NAV Total Return for the period	0.7%	4.6%

9. Share price total return for the 6 month period

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 does not factor in return on assumed reinvestment of dividends.

	30 September 2023	30 September 2022
Share price at period end	78.80p	110.00p
Dividends per share during the period	3.50p	3.00p
Share price at the beginning of the period	100.80p	113.00p
Share price return for the period	-18.50p	0.00p
% Share price return for the period	-18.4%	0.0%

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Caroline Banszky
Max King
Tom Murley
Lisa Scenna

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