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Gresham House Energy Storage Fund
24 September 2025

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24 September 2025

Gresham House Energy Storage Fund plc
("**GRID**" or the "**Company**")

Half-year results to June 2025 and capital allocation policy

Gresham House Energy Storage Fund plc (LSE: GRID), the UK's largest fund investing in utility-scale battery energy storage systems (BESS), is pleased to announce its half year results to 30 June 2025 and updated capital allocation policy.

Highlights

- Underlying portfolio revenues increased 76.9% year over year to £31.7mn (H1 2024: £17.9mn) with underlying portfolio EBITDA up 97.6% to £20.5mn (H1 2024: £10.5mn), reflecting an improving revenue rate as well as increased operational capacity.
- First and only Gigawatt-scale operational portfolio in GB with operational capacity of 1,072MW / 1,701MWh.
- 330MWh of initial augmentations completed to date, taking the portfolio's average duration to 1.6 hours and a further 350MWh programme of augmentations underway.
- Transaction reflecting the portfolio's carrying value concluded through an equity fundraising into the Glassenbury project, which is now being augmented to a 2-hour duration with the capital raised.
- Sharp increase in long-term contracted revenues with 939MW, or 88%, of the operational portfolio signing long-term revenue floor contracts in addition to the two-year revenue tolls with Octopus Energy.
- NAV marginally declined 1.5% to 107.71p per share in the period (December 2024: 109.35p) reflecting further reductions in third-party revenue forecasts largely offset by (i) increased valuations for projects that have been under construction now being valued as operational assets and (ii) cash generation retained in the portfolio.
- Debt drawn as of 30 June 2025 of £160.0mn (31 December 2024: £150.0mn) and cash on hand of £48.2mn (31 December 2024: £43.7mn) in the Company and the portfolio resulting in net debt of £111.8mn. Net debt to NAV was therefore 18% at the period end.
- After the period end, a crucial refinancing was completed, unlocking capital for growth.

NAV attribution

The primary underlying driver of the NAV per share in the period from 31 December 2024 to 30 June 2025 was a further reduction in independent third-party revenue forecasts, which was mostly offset by a combination of positives, including increases in value from projects progressing through construction to operational status, operational life increases on certain assets and cash flow generation in the portfolio. A full breakdown of NAV per share movements in the period is provided below:

- -11.54p impact of changes to independent third-party revenue forecasts;
- +3.73p from extension of asset lives through lease options;
- +1.93p from net working capital gains after debt costs;
- +1.73p from revaluing new projects such as through the equity raise in Glassenbury and projects moving closer to operation, thereby reducing the discount rate premiums used;
- +1.52p on the model roll-forward;
- +1.30p from updates to construction timings and changes to total build costs in the period;
- -0.43p for the movement in market value of interest rate swaps; and
- +0.12p from a reduction in O&M contractual costs.

Revenues and Industry update

While the mid-year 2025 NAV per share reflects a further decline in third-party revenue forecasts, GRID's portfolio generated strong actual revenue growth and outperformance against revenue forecasts so far in 2025.

The Manager is also seeing ongoing incremental evidence of progress by NESO in terms of control room systems, and by Ofgem in terms of anticipated regulatory changes, which are expected to drive a further recovery in revenues as projected by third-party forecasts. The Ofgem-led regulatory rule change (codenamed GC0166) will require BESS operators to communicate the exact amount of electrical energy in a battery to allow the control room to confidently reserve that energy in lieu of gas-fired generation - something that has so far not been possible and perpetuated the prioritisation of gas for the provision of flexibility.

While the above does not guarantee a reduction in skip rates, it is encouraging to see that NESO process improvements are continuing to take place.

Capital Allocation Policy

Background

To support the Board's deliberations, the Company has engaged extensively with, and received feedback from, its shareholders.

The Company has focused on taking full advantage of strong BESS industry growth as reflected in the Three-year Plan (3YP) announced at the Company's Capital Markets Day in November 2024. During this growth phase, which is expected to be significantly progressed by the end of 2027 and completed in 2028, the Board believes there is the potential for substantial value to be captured by the Company.

Seeking to capture the potential value offered by this growth phase requires a significant portion of the Company's anticipated free cash flow to be reinvested into operational project augmentations and new pipeline construction detailed in the 3YP. As such, free cash flow otherwise available for distributions to shareholders will be directed primarily towards growth in 2025 and 2026.

Once the 3YP construction milestones are achieved, total installed battery MWh capacity is expected to have doubled from 1.7GWh to 3.5GWh as a function of new project capacity growing 65% from 1.1GW to 1.8GW. In this scenario, the whole target portfolio's average duration would have increased from 1.6 hours to c2.0 hours.

Assuming this increase in capacity has been achieved in 2027-2028, underlying cash flow would be expected to grow markedly concurrently with the conclusion of construction programme expenditure. Once construction spend has concluded and the portfolio has reached 1.8GW, at the current merchant revenue level of £75k/MW/Yr[1] on 2-hour assets, the portfolio could generate excess cash flows of c.10p per share. For context, third-party forecasters are anticipating 2028 merchant revenue levels for 2-hour assets of c.£90k/MW/Yr.

Dividend and Buyback Policy

Having carefully considered the growth opportunities outlined above and the views of our shareholders, the Board is prioritising reinvestment over near-term cash returns to shareholders.

The Board notes the importance of any future dividend being fully covered. For the next two financial years dividends are expected to be set at a very low level in order to prioritise growth opportunities as outlined above, with any meaningful increases likely only taking place from 2027 onwards following completion of the augmentations and the first of the new projects.

More specifically, the Company expects to pay a small dividend of 0.11p/share in November 2025, in relation to FY2024 earnings, to comply with its Investment Trust Company regulatory obligations. Then the Company intends to pay a single dividend of at least 0.25p/share in 2026 in relation to FY2025.

From 2027, dividends will be declared as interim dividends paid at half-yearly intervals and are expected to continue to be fully covered by free cash flow. The dividend declared after the end of the financial year may be larger than the first half as the seasonality of the Company's business means earnings are generally expected to be lower during summer months.

The Board will review this dividend policy at the end of 2026 when the delivery of construction in the 3YP is more advanced and continue to consider how stabilisation of the portfolio might positively impact its ability to grow dividends.

In addition, the Company will retain the flexibility to repurchase shares from excess free cash flow as long as the Company's shares trade at a material discount to NAV per share.

Outlook

- New augmentations are now underway and are expected to add 350MWh across eight projects. Further augmentations are expected to be announced in due course.
- Work is ongoing to complete the financing of our pipeline projects, ahead of starting construction by the year end, notwithstanding possible delays caused by NESO's queue reform process.
- Our construction and augmentation milestones will approximately double installed battery capacity over the next two years with a corresponding increase in cash flow as commercial operations begin.
- Work continues with NESO and Ofgem to drive greater utilisation of BESS and enhance the revenue opportunity for our assets. In the meantime, the Manager also continues to work on alternate revenue strategies to drive further earnings growth for the portfolio.

Gresham House will host a webinar for investors at 11:00am BST on 24 September 2025. To access the live webinar, please register in advance here.

The Company's Interim Report and Financial Statements for the period ending 30 June 2025 are available on the Company's website at: https://greshamhouse.com/grid and will shortly be available on the FCA's National Storage Mechanism: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

John Leggate CBE, Chair of Gresham House Energy Storage Fund plc, commented:

"This half-year period has been a critical step in delivering against the three-year strategic plan we set out in November 2024. GRID has now made significant progress in strengthening its foundations to support future value

November 2024. GRID has now made significant progress in strengthening its foundations to support future value creation.

"The Board believes that the growth opportunities we see represent the best future total return for investors and we are pleased to see good support for this approach among our shareholders. The growth that GRID aims to deliver over the next two years should significantly increase the revenue-generating base for the Company, which will in turn drive greater long-term returns for shareholders."

Ben Guest, Fund Manager of Gresham House Energy Storage Fund plc & Managing Director of Gresham House Energy Transition, said:

"We are very pleased with the progress made so far in 2025 and delivering on the initial steps of our Three-year Plan, with long-term floor agreements and refinancing our debt facilities. Our progress also includes advancing our subsequent deliverables, with our near-term focus on construction of the new pipeline.

"As part of this progress we're also delighted to be the first BESS investor to have passed the symbolic 1GW milestone for operational projects.

"With falling battery prices, we see significant opportunities to invest in expanding the duration of the portfolio as well as building new projects. We look forward to delivering on the growth plans we have set out in more detail in the half-year report, as we embark on driving operational capacity to over 2GWh.

"We have seen a significant improvement in revenues year-over-year, even though absolute levels remain challenged, as improvements in the Balancing Mechanism have begun to take effect. We look forward to seeing further upcoming NESO and OFGEM-led improvements driving better revenues - there is much still to be done. Beyond this, we continue to pursue all avenues to ensure BESS assets are fairly rewarded for the value they bring to the system and can operate on a level playing field. In this regard, we welcome the Government's recent investments into new BESS projects via the National Wealth Fund; we expect this to enhance focus on the importance and need for growth of our sector."

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About the Company and the Manager
Gresham House Energy Storage Fund plc aims to invest in a diversified portfolio of utility-scale battery energy storage systems (known as BESS) located in Great Britain and internationally. The Company seeks to provide investors with the prospect of capital growth through the re-investment of net cash generated in excess of its target dividend in accordance with the Company's investment policy.

Gresham House Asset Management Ltd is the FCA authorised operating business of Gresham House Ltd, a specialist alternative asset manager. Gresham House is committed to operating responsibly and sustainably, taking the long view in delivering sustainable investment solutions.

www.greshamhouse.com

Definition of utility-scale battery energy storage systems (BESS)
Utility-scale battery energy storage systems (BESS) are the enabling infrastructure that will support the continued growth of renewable energy sources such as wind and solar, essential to the UK's stated target to reduce carbon emissions. They store excess energy generated by renewable energy sources and then release that stored energy back into the grid during peak hours when there is increased demand.

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[1] Representing approximate revenue levels achievable today on a 2-hour asset. Merchant revenue rates may vary significantly upwards or downwards from the figure mentioned; the information given here does not and should not be treated as indicating any likely level of profits for the current financial period or any subsequent financial period or as otherwise constituting a profit forecast

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