



Gresham House
Specialist investment

Gresham House Energy Storage Fund plc (GRID)

2023 Annual results presentation

29 April 2024

Capital at risk





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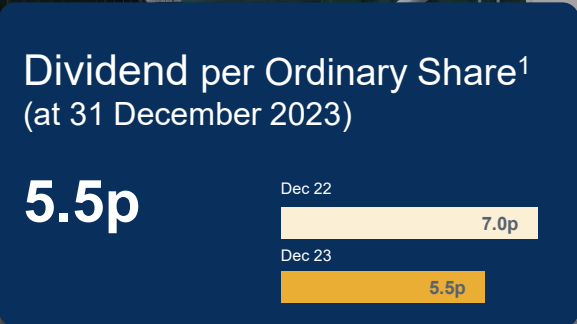
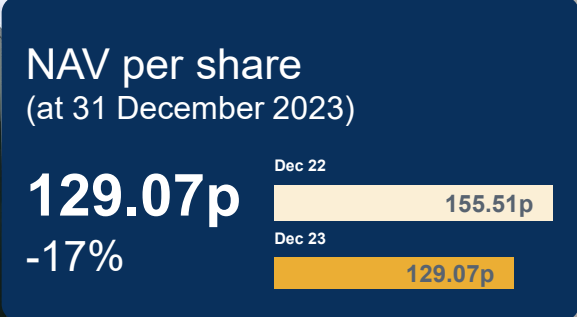
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Capital at risk:

The value of investments may fall as well as rise and investors may not get back the original amount invested.

Performance highlights in 2023

- Declining revenue environment during 2023
- NAV per share decrease reflects GRID applying discounts to weaker third-party 2024-26 revenue forecasts
- Portfolio upgrades
 - Duration of portfolio increased from average of 1.09 hours (21 December 2022) to 1.14 hours (31 Dec 2023)
 - Further augmentations in 2024 to increase average duration to 1.58 hours
- Dividends totalling 5.51p per share were paid in relation to 2023
- 10.9% weighted average discount rate higher than listed peers



Past performance is not necessarily a guide to future performance. Capital at risk.

1. Alternative performance measures are defined on p.114 of GRID Annual Report and Financial Statements for the year ended 31 December 2023

Strategic focus and capital allocation



1. Focus on near term pipeline and cash generation

3. Debt reduction

5. Invest in share buybacks in due course

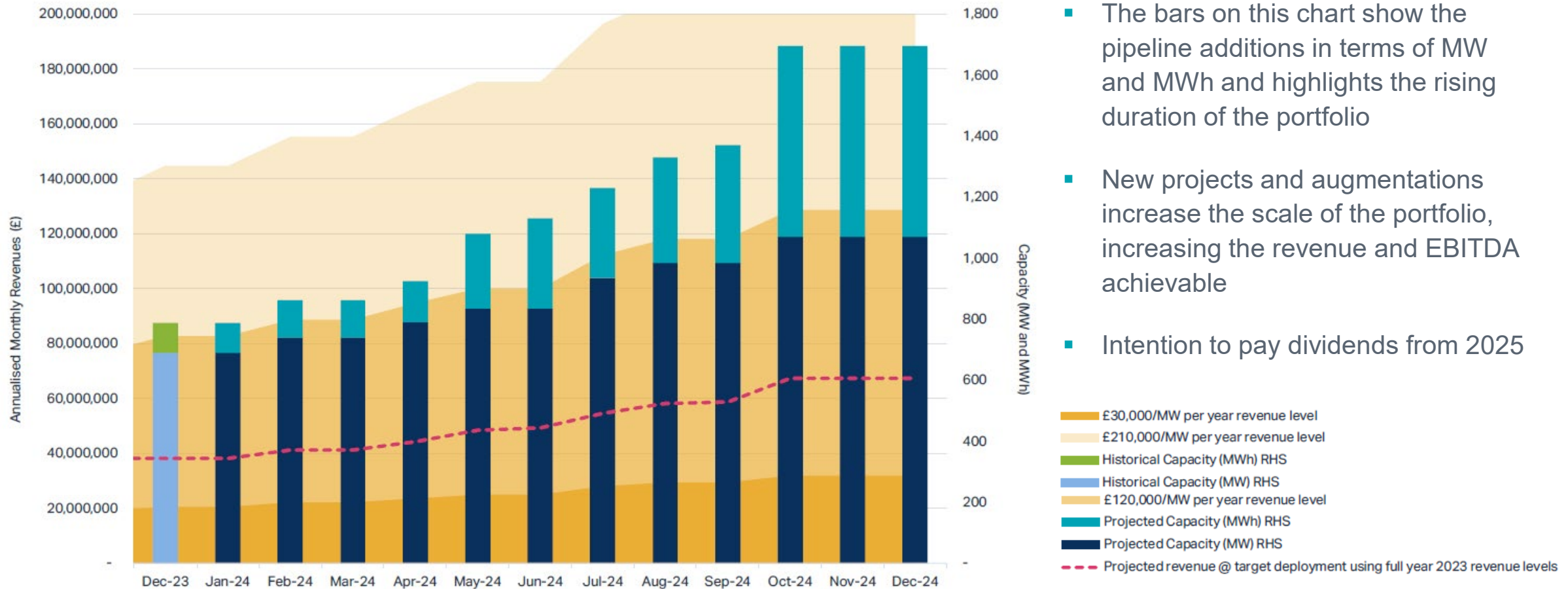
2. Suspend dividends to keep leverage levels low

4. Capital recycling: project disposals etc

6. Diversification of revenues

Driving revenue growth through deployment

Projected MW / MWh growth over 2024



- The bars on this chart show the pipeline additions in terms of MW and MWh and highlights the rising duration of the portfolio
- New projects and augmentations increase the scale of the portfolio, increasing the revenue and EBITDA achievable
- Intention to pay dividends from 2025

Past performance is not necessarily a guide to future performance. Revenue growth is not guaranteed. Capital at risk.

Source: Gresham House New Energy

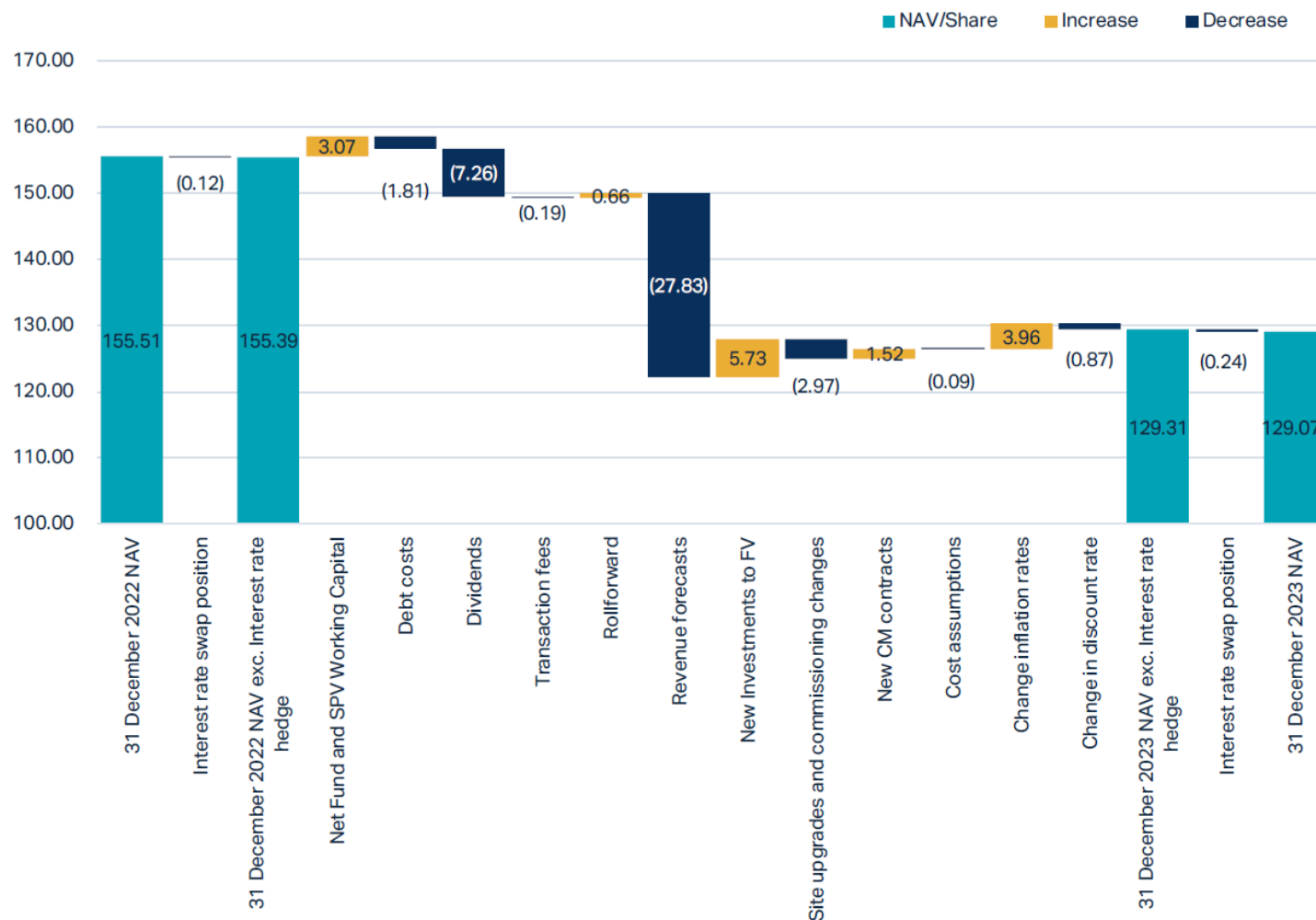
1. This is not a forecast.

2. Using the FY2023 revenue rate. Revenue rate assumes that revenues for a 2-hour battery would be 30% higher than a 1-hour battery per 3rd party revenue forecasts

NAV per share bridge: 17% overall decline in 2023

- 27.83p decline in NAV per share primarily from negative NPV effect of lower revenue forecasts in 2024-2026 in particular
- Uncovered dividend contributed more modestly to decline in NAV per share
- Other value-creating factors supporting NAV per share:
 - New CM contracts
 - New Investments to Fair Value
 - Site upgrades and COD changes
 - Changing inflation rates

NAV (p/share) bridge from 31 December 2022 to 31 December 2023



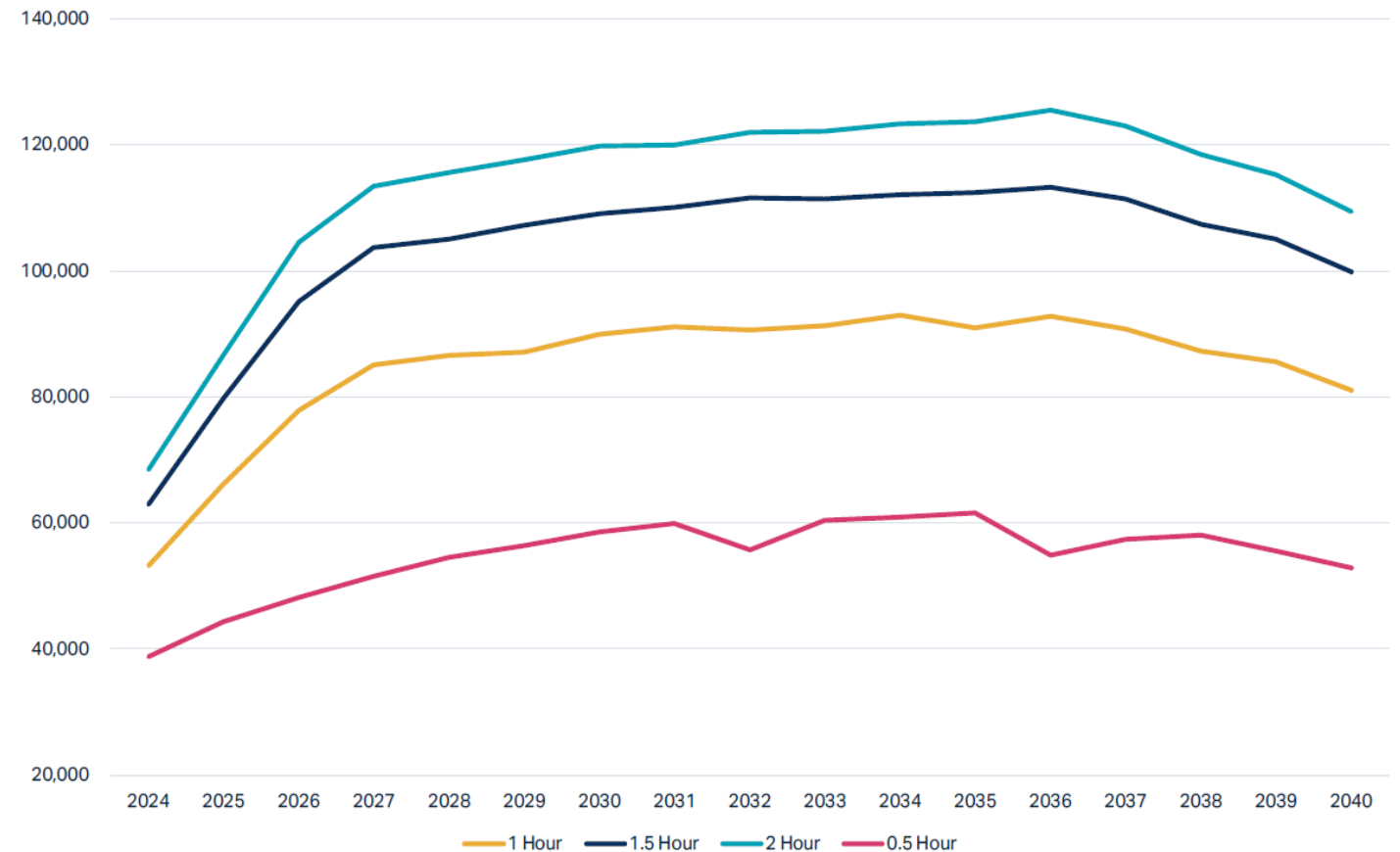
Past performance is not necessarily a guide to future performance. Revenue growth is not guaranteed. Capital at risk.

Source: Gresham House New Energy

Revised revenue forecasts

- GRID has applied a reduction of 45% to third-party revenue forecasts in relation to 2024-2026
- From 2027, a return to third-party central case forecasts is assumed. By then:
 - ESO’s Balancing Programme is expected to have concluded and is expected to result in significantly revamped, automated control room systems
 - The Manager estimates that renewables penetration will have reached 70% during 2027 (from c.45% in 2023) significantly increasing the need for ‘flexible generation’ which BESS provides very competitively

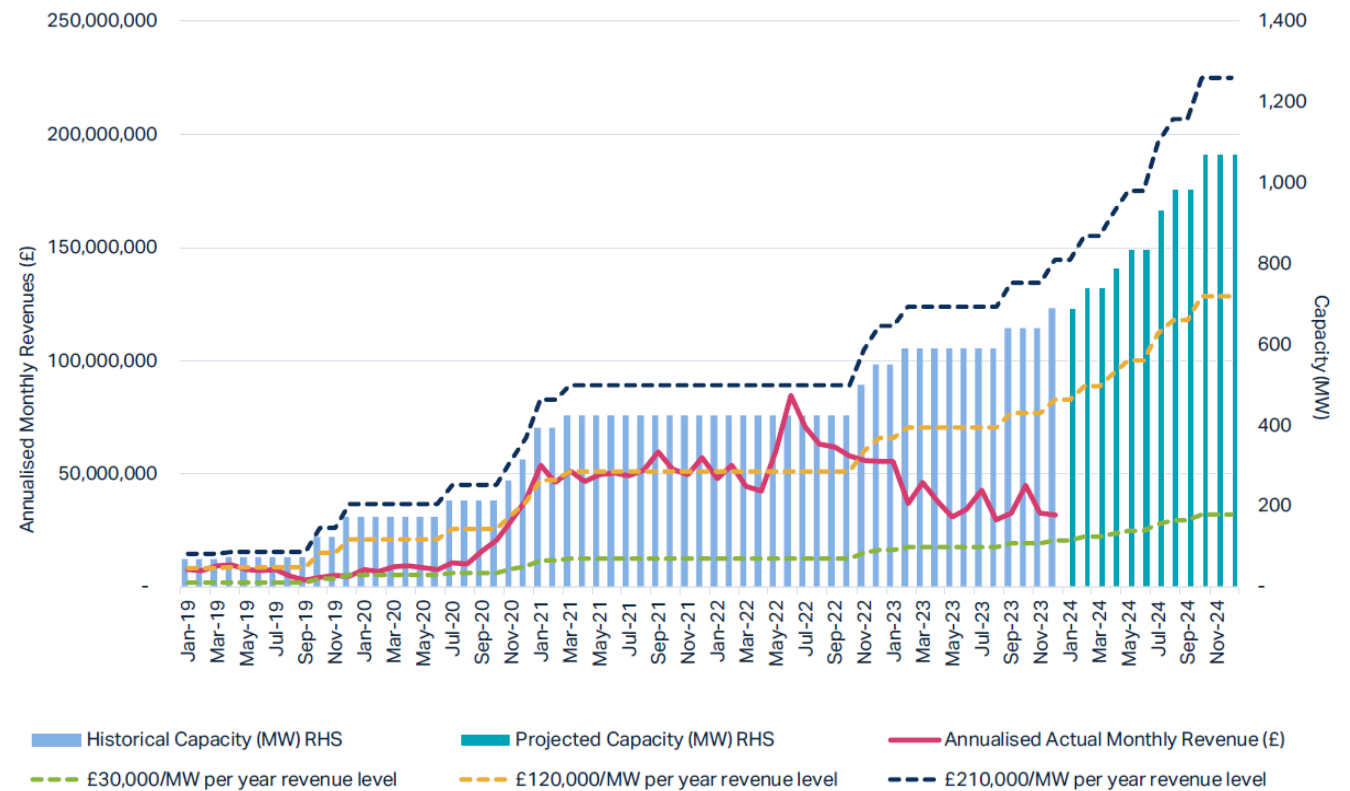
Modelled revenue inputs £/MW/yr



Actual revenues & revenue range vs capacity

- Monthly revenues from BESS - mostly merchant - have proven volatile
- Lowest revenue periods since IPO driven by:
 - H2 2019: Technical factors during project upgrades to longer durations
 - Q2-Q3 2020: FFR became saturated, and lockdowns caused demand to collapse. Revenues recovered as Dynamic Frequency response services launched
 - 2023: frequency response saturated and trading market weak due to low gas prices and ESO's inefficient overutilisation of gas thermal plants within the BM

Revenues (actual) with revenue ranges vs Capacity (MW)



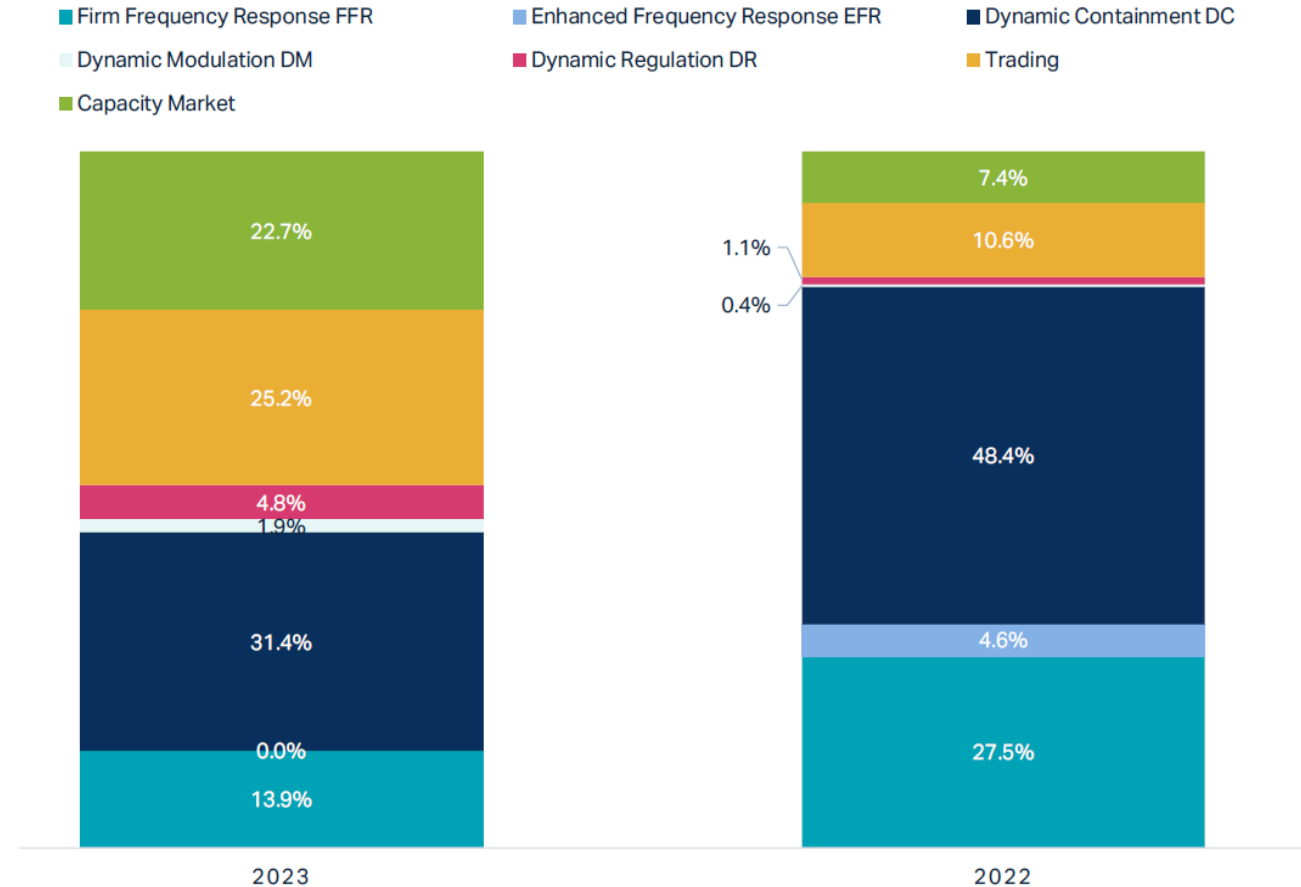
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Source: Gresham House New Energy

Financial performance

- **Firm Frequency Response (FFR):**
 - Lower revenues as National Grid phased out this service in November 2023
- **Dynamic Containment:**
 - Lower revenues as the market has become saturated
- **Dynamic Moderation & Dynamic Regulation:**
 - Services introduced in March 2022
 - Revenues increased as the services established themselves and procurement expanded
- **Trading**
 - Significant increase in revenues as portfolio strategy has moved away from ancillary services
 - Revenues below expectations due to market inefficiency
- **Capacity Market**
 - Significant increase in revenues due to a large number of 12-month T-1 contracts beginning on 1 October 2022

Revenue mix FY 2023 vs FY 2022



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Source: Gresham House New Energy

2024 revenue outlook

- GRID has seen an improvement in revenues since March 2024
- Trading has improved as a function of efforts by the GB Electricity System Operator (ESO) to utilise BESS and an improving wholesale market as renewable penetration increases
- Merchant revenues are inherently volatile and the portfolio will experience periods of higher and lower revenues
- And, while recent trading has been promising, overall revenues remain below long-term third-party forecasts. The Company anticipates further recovery as NG ESO progresses through its Balancing Programme in 2024 and 2025.

Month	BESS portfolio revenue* (unaudited and rounded to nearest £100/MW/yr)	Fully operational BESS portfolio revenue** (unaudited and rounded to nearest £100/MW/yr)
January 2024	£40,000/MW/yr	£43,800/MW/yr
February 2024	£37,100/MW/yr	£39,500/MW/yr
March 2024	£47,400/MW/yr	£52,600/MW/yr
1-15 April 2024	£71,100/MW/yr	£77,900/MW/yr

* BESS portfolio revenue includes all assets which were operational in the period. This includes assets which were in construction, extended commissioning and offline for augmentation works.

** Fully operational BESS portfolio category excludes assets in construction, going through extended commissioning or offline for duration increase works during the period in review. The assets excluded are West Didsbury, Arbroath, Enderby and Nevendon.

Operational Portfolio (today): 740MW / 864MWh

Target Portfolio in 2024: 1,072MW / 1,696MWh (BEFORE ANY DISPOSALS)

Operational portfolio:

Project	Capacity (MW)*	Battery size (MWh)*	Status	Ownership
1. Staunch	20	3	Operational	100%
2. Rufford	7	10	Operational	100%
3. Lockleaze	15	22	Operational	100%
4. Littlebrook	8	6	Operational	100%
5. Roundponds	20	26	Operational	100%
6. Wolves	5	8	Operational	100%
7. Glassenbury	40	28	Operational	100%
8. Cleator	10	7	Operational	100%
9. Red Scar	49	74	Operational	100%
10. Bloxwich	41	47	Operational	100%
11. Thurcroft	50	75	Operational	100%
12. Wickham	50	74	Operational	100%
13. Tynemouth	25	17	Operational	100%
14. Glassenbury Ext.	10	10	Operational	100%
15. Nevendon	10 / 15	7 / 33	Operational	100%
16. Port of Tyne	35	28	Operational	100%
17. Byers Brae	30	31	Operational	100%
18. Arbroath	35	35 / 48	Operational	100%
19. Enderby	50	50 / 100	Operational	100%
20. Stairfoot	40	40	Operational	100%
21. Coupar Angus	40	40 / 80	Operational	100%
22. Grendon	50	100	Operational	100%
23. West Didsbury	50	50 / 100	Operational	100%
Operational 31 Dec	690 / 695	788 / 966		

Pipeline portfolio:

Project	Capacity (MW)*	Battery size (MWh)*	Target Energisation	Ownership
24. York	50	76	Commissioned January 2024	100%
Operational today	740 / 745	864 / 1,042		
25. Penwortham	50	50 / 100	April 2024	100%
26. Melksham	100	100 / 200	Q2 2024	100%
27. Bradford West	87	174	H2 2024	100%
28. Elland 1	50	100	H2 2024	100%
29. Shilton Lane	40	80	April 2024	100%
2024 capacity including assets in construction	1,067 / 1,072	1,368 / 1,696		
30. Grendon 2	50	100	TBC	Exclusive pipeline
31. Walpole	100	200	2026	100%
32. Thurcroft 2	85	170	2026	Exclusive pipeline
34. Monet's Garden	50	100	2025	Exclusive pipeline
35. Lister Drive	50	100	2025	Exclusive pipeline
Total incl. pipeline (pre potential disposals)	1,402 / 1,407	2,038 / 2,366		

Significant progress already on duration extensions with works started at Nevendon, Enderby and West Didsbury, with each expected to be completed in May 2024. Arbroath has already completed its extension on 2 April 2024. Remaining duration increases at Penwortham and Melksham are due to start once the initial sites are connected and expected to complete alongside the remaining construction projects by the end of October 2024.

Source: Jefferies and Gresham House

* Capacity (MW) and Battery size (MWh) provided pre and where applicable post planned upgrades through 2024



Q&A