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EnergyPathways PLC
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EnergyPathways plc

("EnergyPathways" or the "Company")

MESH positioned to accelerate the UK's energy transition

EnergyPathways (AIM: EPP), an energy transition company, is pleased to announce the progress on its MESH energy storage project.

The mission of the UK government is to deliver on its "Clean Power by 2030" target. Its roadmap to providing security of power supply for the UK centres aroundinstalling new clean sources of power at pace and developing a flexible systemthat can accommodate and store Britain'srenewable resources, while reducing the use ofunabated gas power generation.The Government is pushing ahead with reforming energy policy, regulations and markets across all sectors of the energy industry to accelerate the UK energy transition.

The MESH project is being developed as an integrated energy system. It can play a big part in contributing to Government's 2030 ambitions. It provides the UK Government with large-scale flexible capacity and long duration storage needed to compliment the expansion of wind power capacity. It can be operational as soon as late 2027. As an energy transition project backed by private capital and using the UK's "best in class" offshore supply chain and work force to support a "just transition", the benefits of MESH are being recognised by Government bodies including the Department for Energy Security and Net Zero ("DESNZ"), the North Sea Transition Authority ("NSTA"), and The Crown Estate.

The Company is pleased to report the following developments on MESH:

- EnergyPathways has signed a non-binding memorandum of understanding ("MOU") with a clean energy fund for a cornerstone equity financing, that is priced at multiples to current share price, effectively minimising shareholder dilution. The funding complements the existing Global Green Asset Financing ("GGAF") loan facility and, along with other debt financing provides capital for MESH's growth plans in gas storage, hydrogen and decarbonised gas power generation. This provides further demonstration to the Government of MESH's ability to attract private capital to the UK energy transition.

- following the Company making representations and consultations with the NSTA, an opportunity emerged to request a new straight to development petroleum licence for the MESH project that aligns with the project and supports an accelerated energy transition. The previous P2490 licence has lapsed. The P2490 licence was an old traditional exploration licence that was not ideally structured to allow delivery of the MESH project and was financially less beneficial for the Company.

- the Company has commenced discussions with a tier 1 FTSE 100 company regarding an agreement for MESH long term gas storage capacity and gas sales off-take as well as providing project debt financing for the MESH natural gas storage development.

- the Company submitted a final concept engineering report for MESH-H2 to DESNZ, MESH-H2 is a large-scale 640MW salt cavern hydrogen storage facility with total storage capacity of 2.8TWh. It will be integrated with the wider MESH project and linked to offshore regional wind to supply decarbonised energy.

- the critical decision on the Company's gas storage licence application to the NSTA is expected soon. The development of the MESH gas storage project will advance under this licence through to a development plan approval, construction, installation and into operations involving The Crown Estate and the NSTA.

Ben Clube, CEO of EnergyPathways plc said:

EnergyPathways looks forward to advancing the MESH project with an award of the gas storage licence. MESH can make a major contribution to accelerating the UK energy transition and meeting the Government's 2030 clean energy targets.

We are very pleased to have entered into a non-binding MOU for an equity placing to further demonstrate the Company's ability to attract private capital to the UK's energy transition. In conjunction with the GGAF loan, it has increased the Company's financial flexibility and options and ability to create value for its shareholders.

Our progress with a Tier 1 FTSE 100 company on a long term gas storage capacity and gas offtake agreement along with project debt financing is very encouraging.

With the UK government burdened by mountains of debt and limited scope to push up tax rates further, the UK's heavy reliance on public financing to subsidise energy projects to meet its 2030 clean power target look unsustainable. The opportunities for private capital backed energy transition projects are increasing and it is clear the Government is giving priority to projects that can accelerate the UK's energy transition.

The challenges of the UK energy transition are significant for all stakeholders involved. A very understandable challenge for UK regulators is the need to adapt regulations or their application to meet the Government's energy transition ambitions. Our experience has been that the UK regulators are effective operators in a moving landscape.

Following consultation with the NSTA, EnergyPathways is very pleased to have the opportunity to restructure the petroleum licensing arrangements for its MESH project that complement the gas storage licence. The new petroleum licence puts the MESH project in a far firmer position. It enables EnergyPathways to develop MESH as an integrated energy system and better contribute to accelerating the UK's energy transition.

We look forward to working with the Government and regulators to help accelerate the UK's energy transition.

UK Energy Policy and Regulatory Reform

Ed Milliband, Secretary of State for Energy Security and Net Zero, stated in the Clean Power 2030 Action Plan (December 2024): *"In an increasingly unstable world, our dependence on fossil fuels leaves us deeply vulnerable as a country - and that is true no matter where they come from.But there is a solution: by sprinting to clean, homegrown energy, we can take back control from the dictators and the petrostates. That is why the Prime Minister has put delivering clean power by 2030 at the heart of one of his five missions and Plan for Change."*

Ed Milliband stated at the Department of Energy Security and Net Zero Committee (15 January 2025); "*...North Sea oil and gas will continue to play an important role in the decades ahead. There is important common ground in that we must build the*

future for the North Sea, and the future is going to be in carbon capture and storage, offshore wind, hydrogen-the industries of the future....The Department for Energy Security and Net Zero (DESNZ) will soon consult with the industry, trade unions on licensing".

The NSTA's Chief Executive, Stuart Payne, in the NSTA 2025 Overview stated:*"Now we are at the start of an exciting new chapter devoted to the vital energy transition which integrates the North Sea's carbon capture, hydrogen, wind and oil and gas resources. The climate crisis demands that the transition happens at pace and, if we get it right, this chapter can truly be the best and cleanest yet.....In this new chapter, the sector will play a pivotal role. Oil and gas will continue to be part of the energy mix for decades as we transition, and domestic production can and must keep getting cleaner. The world-class supply chain, with its track record of tackling some of the most complex engineering challenges on earth, will be crucial in delivering decarbonised production and the CCS, hydrogen and floating wind projects the country needs. The North Sea has played a major role in the world's energy mix for decades. Its global leadership of the energy transition has only just begun."*

DESNZ Clean Power Action Plan DESNZ: *"We have high ambition. That means 43-50 GW of offshore wind, 27-29 GW of onshore wind, and 45-47 GW of solar power, significantly reducing our fossil-fuel dependency. These will be complemented by flexible capacity, including 23-27 GW of battery capacity, 4-6 GW of long-duration energy storage, and development of flexibility technologies including gas carbon capture utilisation & storage, hydrogen, and substantial opportunity for consumer-led flexibility. Over the period to 2030, security of supply will be protected with the maintenance of an expected 35 GW of unabated gas reserve capacity. Growing our clean energy system in this way will see once-in-a-generation levels of energy investment - an estimated £40 billionon average per year between 2025-2030,*

MESH can make a meaningful contribution to delivering the UK Government's "Clean Power by 2030" target. The key elements identified by Government to back up wind capacity are CCS, energy storage, hydrogen and decarbonised gas power generation. Much of the national portfolio of such projects depend on government subsidies and regulatory pricing that will be passed onto consumers. MESH provides a commercially competitive solution which can be delivered within the short timeframe available as well as support a just transition.

With the first phase of MESH being developed as an integrated gas storage project, the two relevant licensing regimes to be considered are: the Energy Act 2008, for the evaluation, development and operation of offshore gas storage and the Petroleum Act 1998, for any recovery of indigenous gas from the storage operations and project.

About MESH

MESH is a new large scale energy storage facility that is expected to provide a secure and dependable supply of natural gas and green hydrogen for the UK market for over 20 years. MESH is an integrated energy system solution. It is electrifying and integrating existing infrastructure, connecting gas storage, hydrogen storage, offshore wind and decarbonised power generation to establish a new major decarbonised energy hub for the UK.

MESH is expected to be the UK's largest long duration energy storage facility combining natural gas and hydrogen storage It will be able to store in excess of 20 TWh of energy. MESH remains on track to achieve Final Investment Decision (FID) by the end of 2025, with operations expected to commence at the end of 2027. This timeline delivers on the Government's 2030 Clean Power ambitions and will ensure a reliable and secure supply of energy for the UK. MESH has been designed as a fully decarbonised and electrified zero emission facility that is to be powered by the renewable wind farms of the UK Irish Sea region. EnergyPathways aims to play its role in supporting the Government in accelerating UK's energy transition.

Investor Engagement with EnergyPathways

Engage with us by asking questions, watching video summaries and seeing what other shareholders have to say. Navigate to our Interactive Investor website here:https://energypathways.uk/link/WPG7wP

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For further information on EnergyPathways visit www.energypathways.uk and @energy_pathways on X (formerly Twitter).

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