



# INTERIM RESULTS

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Harmony Energy Income Trust PLC  
07 July 2022

The following amendment has been made to the Interim Results announcement released on 4 July 2022 at 0700 under RNS No 1192R.

1. The Sensitivity Table in Note 16 has been corrected.

All other details remain unchanged.

The full amended text is shown below.

4 July 2022

## Harmony Energy Income Trust plc (the "Company")

### Interim Results

Harmony Energy Income Trust plc, an externally managed company that invests in energy storage assets ("BESS") in Great Britain, is pleased to announce its interim results for the period since its incorporation on 1 October 2021 to 30 April 2022 (the "Period").

***Maiden results show a strong period since Initial Public Offering ("IPO") with significant progress made on the Seed Portfolio delivery and a strong pipeline.***

#### Financial highlights

- On 09 November 2021, the Company successfully listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange with an initial market capitalisation of £210 million
- NAV increased by 8.85% to £228.7 million, or 108.90 pence per Ordinary Share
- NAV increase is primarily driven by 17% increase in revenue projections, which has been agreed with the independent valuer, and asset revaluations as projects have progressed from "shovel ready" to "under construction"
- Maiden dividend declared of 1 pence per Ordinary Share
- Post the Period-end, on 22 June 2022, a debt finance facility of up to £60 million from NatWest plc was contracted to facilitate the acquisition and construction of the Company's first pipeline project

#### Operational highlights

- Strong progress on the delivery of the Seed Portfolio with all five projects now "under construction" in accordance with the table below
  - During the Period, three of the four "shovel ready" projects progressed to "under construction" with EPC contracts signed for Broadditch in January 2022 and Farnham and Rusholme in April 2022
  - Target commercial operations date of the Pillswood project accelerated across both phases, especially phase II, which was brought forward from March 2023 to November 2022
  - The EPC contract for the final Seed Portfolio project, Little Raith, was signed on 30 June 2022, with a target commercial operations date of October 2023

Project	MW / MWh	Location	Target Operations Date	Commercial Status

<b>Pillswood</b>	98 / 196	Yorkshire	November 2022	Under Construction
<b>Broadditch</b>	11 / 22	Kent	December 2022	Under Construction
<b>Farnham</b>	20 / 40	Surrey	March 2023	Under Construction
<b>Rusholme</b>	35 / 70	Yorkshire	April 2023	Under Construction
<b>Little Raith</b>	49.5 / 99	Fife	October 2023	Under Construction
<b>Total</b>	<b>213.5 / 427</b>			

#### Outlook

- By the end of 2022, the Company expects to have 109 MW of operating projects and 203.5 MW of projects "under construction"
- The recently contracted debt finance will facilitate the acquisition and construction of the first pipeline project from Harmony Energy Limited ("Harmony Energy") (anticipated to be a 99 MW / 198 MWh project known as "Bumpers") under the exclusive right of first refusal agreed at IPO (the "ROFR"). Once acquired, the Company's portfolio will increase to six projects with total capacity of 312.5 MW / 625 MWh, all located in Great Britain
- Development of pipeline projects by Harmony Energy is progressing in line with expectations. The Company estimates that Harmony Energy will have a pipeline of c.500 MW "shovel ready" BESS projects ready for acquisition before the end of 2022. These pipeline projects benefit (or will benefit) from near-term grid energisation dates ranging from Q3 2023 to Q4 2024
- On 1 July 2022, the Company agreed a 12-month secured pre-acquisition finance facility of up to £5 million to Harmony Energy, to make payments, primarily in relation to grid, to maintain energisation dates on a number of projects subject to the ROFR within the Company's near-term pipeline
- The Company remains on track to meet its target returns of paying a 2 pence per Ordinary Share dividend in 2022 increasing to 8 pence per Ordinary Share in 2023

#### Norman Crighton, Chair of Harmony Energy Income Trust plc, said:

"We have made a strong start to life as a listed Company, delivering excellent progress across our portfolio with our entire Seed Portfolio now under construction and the first project targeting commercial operations in November 2022. Alongside this, revenue projections have increased 17% helping to deliver a 8.85% increase in NAV across the period.

"The Company is pleased to declare its first dividend of 1 pence per Ordinary Share in line with the target dividend set out on IPO. The Company can affirm its intention to declare a second interim dividend of 1 pence per Ordinary Share to be paid in December 2022. The increased medium-term revenue forecasts gives further confidence that dividends will become increasingly well-covered, including the 8 pence per Ordinary Share target for 2023 onwards.

"Looking forward, we remain focused on the key risks of global supply chain disruptions, volatile commodity prices, increasing costs of debt and other challenges associated with a general inflationary environment. The Company has no direct exposure to either Ukraine or Russia but globally, logistics, commodity prices and inflation have all been influenced by the invasion. Both the Investment Adviser and Board continue to monitor its effects carefully. Amidst this backdrop, BESS projects in Great Britain are currently enjoying record levels of revenues across multiple markets. We now have 213.5 MW / 427 MWh of projects fully contracted and under construction and our portfolio is diversified across five projects. The Company is laying a foundation for portfolio expansion into 2023 and beyond, taking advantage of the continuing growth opportunity in the battery market and delivering attractive returns to Shareholders whilst supporting the country's transition to net zero."

#### Results presentation

A results presentation will take place at 9.30 a.m. today by conference call. Those wishing to attend should email [harmony@camarco.co.uk](mailto:harmony@camarco.co.uk). The interim results and a copy of the presentation slides, for those unable to attend, will be available on the company website.

**END**

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### **About Harmony Energy Advisors Limited (the "Investment Adviser")**

The Investment Adviser is a wholly owned subsidiary of Harmony Energy Limited. The Investment Adviser is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

The management team of the Investment Adviser have been exclusively focussed on the energy storage sector (across multiple projects) in Great Britain for over six years, both from the point of view of asset owner/developer and in a third-party advisory capacity.

### **Important legal information**

This announcement contains (or may contain) certain forward looking statements with respect to certain of the Company's plans and/or the plans of one or more of its investee companies and their respective current goals and expectations relating to their respective future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements.

# **1. CHAIR'S STATEMENT**

## **1. INTRODUCTION**

I am delighted to report on behalf of the Board of Directors (the "Board") in the first Interim Report of Harmony Energy Income Trust plc for the period since incorporation on 1 October 2021 to 30 April 2022.

The Board was very pleased with the success of the IPO, which raised gross proceeds of £186.5m, demonstrating significant appetite for utility scale BESS projects and the Company's investment strategy. We thank Shareholders for the support shown through the process.

## **2. PORTFOLIO ACTIVITY / MARKET COMMENTARY**

During the period since IPO the dedicated, passionate and experienced team at Harmony Energy Advisors Limited ("HEAL" or the "Investment Adviser") has been very busy managing the development portfolio, contracting with, and supervising, our suppliers and obtaining debt finance of up to £60m on competitive market terms. This progress is supported by continued positive trends in the underlying economics of the GB battery storage sector. Although the portfolio has incurred unforeseen increases in capex - due in part to higher than expected lithium and other commodity costs - these have been offset by higher forecast revenues and other contractual improvements agreed with our supplier, Tesla, and we remain confident of achieving our investment return targets.

The Company has made good progress in the revaluation of the portfolio projects, climbing to a NAV on 30 April 2022 of 108.90p per share, compared to the initial NAV at IPO of 98.34p per share. The Company is pleased to declare its first dividend of 1p per share to be paid in July 2022 in line with the target dividend set out on IPO and affirm the intention to declare a second interim dividend of 1p per share for the second half of 2022, to be paid in December 2022. The increased medium-term revenue forecasts on energy prices gives further confidence that dividends will become increasingly well-covered, including the 8p target for 2023 onwards.

The debt finance referred to above will facilitate the acquisition and construction by the Company of the next pipeline project from Harmony Energy Limited (anticipated to be a 99 MW / 198 MWh project known as "Bumpers") under the exclusive right of first refusal agreed at IPO. This will increase the portfolio to six projects with total capacity of 312.5 MW / 625 MWh, all located in Great Britain.

In tandem, we are pleased to report that we have swiftly and successfully progressed the portfolio projects through the contracting process with Tesla to bring them into construction. This culminated in the successful contracting of the Little Raith project in June so that, at the time of writing, the entire Seed Portfolio (as defined in the prospectus)

is now under construction and on track to be 100% operational by end 2023. The first project, Pillswood (98 MW / 196 MWh - more than 30% of the portfolio by capacity), is targeted to commence commercial operations in November 2022.

The Company's approach to risk governance and its risk review process are set out in the prospectus and involve multiple review, measurement and management standards. The Company has no direct exposure to either Ukraine or Russia but notes the deplorable invasion in February of this year. Looking forwards, we remain focussed on the key risks of global supply chain disruptions, volatile commodity prices, increasing costs of debt and other challenges associated with a general inflationary environment which may yet contribute to unforeseen cost increases and/or project construction delays.

Other key risks which may crystallise during the project construction period include contractor and key supplier reliance and risks associated with fulfilment of pre-commencement planning conditions (including environmental conditions). The experience of the Investment Adviser coupled with robust due diligence and supplier contracting means that the Company is well equipped to manage these risks. In addition and amidst this backdrop, BESS projects in Great Britain are currently enjoying record levels of revenues across multiple markets.

## 3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As set out in our IPO prospectus, the Company and its Board wish to lead in relation to ESG reporting and activity. The Company obtained the Green Economy Mark from the London Stock Exchange at IPO, and in the short time since has become a signatory to the United Nations Principles for Responsible Investing (UNPRI). The Company has already made financial commitments towards biodiversity and ecological enhancements at one of its sites, with more to follow. We continue to engage key stakeholders across our value chain to further develop our ESG strategy and build up an ambitious set of KPIs to be reported against in annual reports going forwards. Please see our dedicated ESG section for more details.

Your Board seeks to deliver success of your Company through good decision making underpinned by robust debate. The varied professional, educational, socio-economic and cultural backgrounds of the members of your Board ensure there is rich diversity of knowledge, perspectives, and challenge in such debate. Whilst reporting can often focus on gender and ethnic diversity - which your Board achieves through the inclusion of three men and two women including one from a minoritised community - the real value of diversity comes from ensuring inclusion of different views arising from lived experiences and skills. As your Chair I endeavour to create the right culture of openness that enables such inclusion and extracts the best value from your Board's diversity.

## 4. OUTLOOK

Looking ahead to the rest of 2022, we have 213.5 MW/427 MWh of projects fully contracted and under construction, our portfolio is diversified across five projects and we have a strong pipeline of projects. As such, the Company is laying a foundation for portfolio expansion into 2023 and beyond, taking advantage of the continuing growth opportunity in the battery market and delivering attractive returns to Shareholders whilst supporting the country's transition to net zero.

Norman Crighton

*Chair*

1 July 2022

# 2. INVESTMENT ADVISER'S REPORT

## 1. PORTFOLIO UPDATE

### ACQUISITION AND CONTRACTING SINCE IPO

The initial five BESS projects, namely Pillswood, Broadditch, Farnham, Rusholme and Little Raith, were acquired upon IPO, with a total capacity of 213.5 MW / 427 MWh. At the time of acquisition, Pillswood was categorised as "under construction" and the other four were "shovel ready" (as defined in the prospectus).

During the reporting period, three of the four "shovel ready" projects progressed to "under construction".

The fifth, Little Raith, completed its contracting process on 30 June 2022. The debt facility referred to below is expected to be used to acquire the Bumpers project from Harmony Energy Limited, taking the total portfolio to 312.5 MW / 625 MWh. Key project information is depicted in the graphic on page 5.

All projects referenced above are contracted with Tesla to supply and install 2 hr batteries ("EPC"). These projects also benefit from maintenance ("O&M") and revenue optimisation contracts with Tesla, using Tesla's Autobidder

software platform.

## DEBT FINANCE SECURED

We are pleased to report that, on 21 June 2022, the Company completed the contracting of a debt finance facility of up to £60m from NatWest plc. It is a five-year facility with an initial margin of 300bps over SONIA, rising over time to a maximum of 375bps by year 5. The facility is "interest-only" for the first three years. The facility also provides for an uncommitted accordion which could increase the total amount borrowed up to £130m over time.

## CONSTRUCTION PROGRESS

As stated above, at the time of publication all projects held by the Company are "under construction". The portfolio has experienced some changes to the original construction timetables of the Pillswood and Little Raith projects. For Pillswood, the movement is positive, with Tesla accelerating their timetable and now scheduled to complete installation during November 2022 (one month ahead of the original schedule for Phase I and four months ahead of the original schedule for Phase II of the Pillswood project). The timing for Little Raith to become energised under the EPC contract is marginally later, by three weeks.

Other than as reported above, all projects are tracking within anticipated project timetables, and by the end of 2022 the Company expects to have 109 MW / 218 MWh of operating projects. Specific updates include:

- Pillswood: The access track has been completed and the main site cleared and levelled. The substation works have progressed to civil works stage with structural steel laid. Relevant long lead-time equipment has been ordered
- Broadditch: Tesla has mobilised to site and is liaising with the relevant DNO. Grid connection works are expected to be completed in September 2022. Relevant long lead-time equipment has been ordered.
- Farnham: Tesla is finalising its sub-contractor procurement and is liaising with the relevant DNO. Relevant long lead-time equipment has been ordered. Vegetation clearance has been completed under ecologist supervision, with ecological risk at site deemed low. Contractor mobilisation is expected in August.
- Rusholme: Tesla has completed the engagement of subcontractor(s). A kick-off meeting with the relevant DNO has taken place, with contractor mobilisation expected in August.
- Little Raith: Bellmouth works have been completed by a civil engineering contractor, Thomas Menzies Limited. Passing places in the adjacent public road are being constructed in partnership with nearby project developer Eelpower, and in accordance with relevant planning conditions. The Company has executed a civil enabling works contract with RJ McLeod (Contractors) Ltd in preparation for Tesla to commence their works on site in January 2023

## CAPACITY MARKET

The Capacity Market ("CM") provides an element of contracted income for electricity generation projects. Holders of CM contracts are obliged to stand ready to generate electricity during periods when National Grid ESO identifies a risk that there will be insufficient supply to meet demand. Auctions take place each year with the main auction ("T-4") being held 4 years ahead of first service delivery. There is a smaller annual auction for delivery in the upcoming year ("T-1") which aims to fine tune the contracted capacity when there is greater certainty over expected demand.

"New-Build" projects are able to benefit from index-linked contracts of up to 15 years in length, whereas existing generation assets are only awarded one year contracts. This can provide an attractive stable income, however this only makes up 5-10% of the expected revenues for a typical battery project.

The CM rules require that generation capacity is available for up to 4 hours delivery, and at present no 4 hr BESS projects exist in GB so BESS projects are subject to de-rating, with shorter duration batteries suffering the greatest de-rating. The capacity awarded in a CM contract is therefore lower than the "nameplate" capacity of a given BESS project.

On 22 February 2022 the T-4 auction cleared at a record clearing price of £30.59 /kW/yr, to the benefit of our Pillswood, Rusholme and Little Raith projects which each secured 15 year RPI-linked contracts (commencing in October 2025). The Farnham and Broadditch projects secured similar contracts pre-acquisition (commencing in October 2024) at a clearing price of £18 /kW/yr.

Subject to acquisition, we intend to apply the sixth project for pre-qualification for the next T-4 auction (for commencement in October 2026).

Further, we anticipate that all projects will apply (to the extent applicable) for T-1 contracts at auction(s) relating to periods between commencement of operations and the commencement of their respective T-4 contract obligations.

## PIPELINE

As detailed in the IPO prospectus, the Company benefits from an exclusive right of first refusal from Harmony Energy Limited for up to an aggregate of 1 GW of BESS projects (inclusive of the Company's current portfolio) in Great Britain. The Company also benefits from an exclusive priority right to make an offer to acquire additional projects from Harmony Energy Limited (including BESS projects co-located with Solar PV) beyond the 1 GW threshold.

Since IPO, Harmony Energy Limited has continued developing the pipeline through various early stage milestones such as planning applications, grid connection agreements and land option negotiations. The Company estimates that Harmony Energy Limited will have a pipeline of c.500 MW "shovel ready" BESS projects ready for acquisition before the end of 2022. These pipeline projects benefit (or will benefit) from near-term grid energisation dates ranging from Q3 2023 to Q4 2024. The Company is currently assessing the optimum acquisition timetable (subject to due diligence and funding). All pipeline projects are expected to be at least 2 hr duration battery systems.

## 2. MARKET COMMENTARY

### MARKET OVERVIEW

Since IPO, BESS projects in Great Britain have continued to enjoy strong revenues from a mixture of Ancillary Services and wholesale markets, and National Grid ESO has introduced a number of new services providing additional opportunities to projects.

The most successful BESS projects are those which demonstrate revenue agility - i.e. the ability to participate in and switch between multiple revenue streams, identifying the most valuable at any point in time. HEAL expects the Company's projects to operate across a range of services once operational and believes the 2 hr duration of the portfolio will provide important downside protection as Ancillary Service prices fall, whilst also providing greater upside potential in periods of volatile wholesale market prices.

Chart 2 shows average revenues achieved by 1 hr and 2 hr duration batteries over the past 12 months. Revenues have been particularly strong since September 2021, driven by high gas pricing, as well as high demand for Ancillary Services. 2 hr duration batteries have on average achieved revenues c.40% higher than 1 hr duration batteries.

The conflict in Ukraine has led to a significant increase in near-term gas pricing and independent forecasts project that this will not stabilise until 2026. This is likely to support continued high average wholesale electricity prices as well as price volatility: two factors which create revenue opportunities for battery projects. Wholesale electricity price volatility was already projected to increase as a result of the "net-zero" driven shift to intermittent renewables as a primary source of electricity generation. In the Investment Adviser's opinion, this shift to renewables could now accelerate as energy security becomes a greater Government priority, and policies are developed to reduce reliance on Russian gas imports.

### ANCILLARY SERVICES

Ancillary Services is the overarching term for contracts procured by National Grid ESO to balance supply and demand and otherwise maintain the stability of the GB transmission network. These contracts have historically been the key revenue stream for BESS projects and, over the past 12 months, have maintained relatively high pricing. See Chart 3 below.

There are three main services: Dynamic Containment ("DC"), Dynamic Regulation ("DR") and Dynamic Moderation ("DM"). These services have been introduced to replace the current service: Firm Frequency Response ("FFR"), which is now being phased out. Dynamic Containment has been the main Ancillary Service over the past 12 months, representing the largest volume procured by National Grid.

FFR is procured on a monthly basis, whereas the new suite of services are procured day-ahead. The phasing out of FFR removes the ability of batteries to "lock-in" revenues for a month but provides participants with greater flexibility to move between different revenue strategies from day-to-day and even within a given day.

Pricing in DC has become more volatile since November 2021 when National Grid ESO introduced a "high" frequency service to complement the existing "low" frequency service, providing more choice to auction participants. Low frequency contracts require batteries to generate power in response to a sudden drop in frequency across the electricity system - caused by a loss of generation capacity / increase in demand. High frequency contracts are the reverse of this, requiring rapid import of electricity in response to a sudden increase in generation / loss of demand.

From since the introduction of the high service up to the end of May 2022, the average combined pricing (of DC high and low) has been £21.37 /MW/hr, compared to £17 /MW/hr when only the low service was being procured. This is despite the auctions regularly being over-supplied and is contrary to many commentator predictions who expected pricing to fall in the near-term.

The Dynamic Regulation service launched in April 2022. Pricing for both the high and low service has cleared at more than £20 /MWh on average between launch and 31 May 2022. The technical requirements of participation favours 2 hr duration batteries over those of shorter duration. DR requires a response duration of 1 hr, meaning a 1 hr duration battery will struggle, in practice, to offer a high proportion of their capacity into this service. 2 hr duration batteries are better placed to provide DR and have bid close to their full capacity for either the low or high service.

There are currently two Revenue Optimisers managing 2 hr batteries in GB: Tesla and EDF. During the short time since the launch of DR, the Investment Adviser has observed notably different strategies by each such Revenue Optimiser, as they seek to find the optimum levels of capacity to offer for each of the high and low services. The Investment Adviser will continue to monitor these trends in the coming months.

## WHOLESALE MARKETS

Pricing in the day-ahead wholesale markets continues to be high with the spread between the lowest and highest daily prices widening over the past two years. The average daily-ahead spread (for a 2 hr duration battery) in 2022 (YTD) is £130 /MWh as opposed to £69 /MWh in the same period in 2021. This is a positive trend for BESS projects since the revenue which can be achieved from wholesale trading is derived from the available spread and the volume which can be sold. Price spikes have become more frequent, providing a significant number of opportunities for BESS projects to earn more revenue by buying and selling power on the power exchanges than could be achieved through Ancillary Service contracts.

To take advantage of the opportunities presented by these price spikes, active and agile management of the revenue strategy is required, and the optimal strategy requires the battery's Revenue Optimiser to switch between wholesale markets and Ancillary Services from day to day and even within the same day. The Investment Adviser will use its experience and ongoing analysis of relevant markets and trends to collaborate efficiently and effectively with the Revenue Optimiser with the view to achieving optimum cost/revenue balance.

When compared to 1 hr duration batteries, 2 hr duration batteries have the potential to earn greater revenues from spreads in wholesale markets because they have twice as much energy to trade. When preparing wholesale revenue comparative analysis, the Investment Adviser calculates average spreads for a 2 hr duration battery over any one day by taking the average price from the highest four settlement periods in that day, minus the average price for the lowest four settlement periods in the same day. For a 1 hr duration battery, only the highest and lowest two settlement periods are used.

As a result, HEAL's analysis shows a 2 hr battery trading only in the wholesale market would have a slightly lower minimum spread requirement, meaning more volume can be traded and possible revenues would be around 80% higher than would be achieved by a 1 hr duration battery, both performing one cycle per day.

Chart 5 shows the average revenue potential from 1 and 2 hr duration for the past 12 months, assuming the battery only traded power in the wholesale markets (dashed lines). The solid lines (actual revenues achieved by market participants across multiple revenues) show how both 1 and 2 hr duration batteries have enhanced their overall performance by actively switching in and out of Ancillary Services, selecting the higher revenue opportunity for any given day. 2 hr batteries have typically out-performed 1 hr duration batteries, even when Ancillary Services have been the dominant source of revenue. Larger out-performance by 2 hr duration batteries has been observed during periods of high volatility in the wholesale markets (late 2021, for example) and more recently, as a result of high revenues from Dynamic Regulation.

## 3. NAV PROGRESSION SINCE IPO

The Company's NAV immediately post-IPO was £206.52m (98.34p per share), taking into account listing costs. As at 30 April 2022, the audited NAV is calculated to have increased to £228.69 million (108.90p per share, representing NAV growth of 10.74% since IPO). This return was largely driven by:

- a) revaluation of the Pillswood, Broadditch, Farnham and Rusholme projects, which were revalued during the period by virtue of their re-classification as "under construction", and revaluation of the Little Raith project to reflect the acquisition value which was deemed to be a discount to fair market value. Revaluation was in line with the opinion of the Company's independent valuer as provided both on IPO and also as at 30 April 2022; and
- b) increased revenue projections which are 17% higher than previous projections (on an NPV basis) than modelled at IPO, supported by increased independent forecasts and corroborated by the Company's independent valuer.

Updated contractual arrangements with Tesla have increased costs which are materially offset by, inter alia: (i) an acceleration of the delivery timetable of the Pillswood project; (ii) improved warranty terms; and (iii) a reduction in fees payable by the Company to Tesla in relation to revenue optimisation across the portfolio. The Investment Adviser expects that the completion of contracts with Tesla in relation to Little Raith and the proposed acquisition of the Bumpers project should have a further positive impact on the Company's NAV, to be reflected in the Company's next quarterly NAV update (due mid-September 2022).

The Company currently values "shovel-ready" projects using a discount rate of 10.75%, "under construction" projects with a discount rate of 10.50% and expects further reduction(s) in discount rate when projects become operational.

## 4. HEALTH AND SAFETY

Following IPO the Company engaged a 3rd party specialist to conduct a Health & Safety review and fully implemented recommendations from that review. We have robust Health & Safety policies and processes in place, both at the Company level and also at individual project-level. Questionnaires regarding Health & Safety capabilities, policies, performance and management are issued to all contractors and sub-contractors during pre-contract enquiries and project managers.

Conscious of the importance of local community engagement at each project site, the Investment Adviser will engage with local fire services in conjunction with Tesla (and other major suppliers) to ensure that our policies are site-specific and appropriate for specific technology installed.

In relation to the construction process, the Company receives weekly and monthly reports from our contractors at each site. We are pleased to report zero major Health and Safety incidents at the Company's sites during the reporting period. One minor environmental incident occurred at the Pillswood site during the reporting period, with prompt action taken to investigate and rectify the issue.

### 3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental sustainability and the transition to net-zero form the core of the Company's investment policy. BESS projects have the inherent ability to store and redistribute surplus energy generated from wind, solar and other environmentally friendly generation facilities. Utility scale BESS projects are critical to unlocking the full potential of intermittent renewable energy. The more renewable energy that is connected, the more important it is to develop energy storage solutions to manage the intermittent nature of renewables. The contribution made by the Company's investments in storing clean energy will facilitate the creation of a sustainable energy system, helping to decarbonise our energy networks and the UK economy.

With investment in long-term energy storage assets comes a requirement for long-term and sustainable business practices. Consideration of sustainability risks and opportunities sits at the heart of the Company's and Harmony Energy Limited's decision making- at the initial investment stage as well as in the development and execution of asset management strategies.

Looking beyond its primary focus of investment in assets which are fundamental to the operation of the renewable energy sector and so supporting the transition to net zero, the Company seeks to generate impact through ESG initiatives at both project-level and corporate-level. The Company is in the process of formulating the details of these initiatives and associated target metrics.

#### **Image/Box - UN Sustainable Development Goal ("SDG") Contributions**

##### ***Strategic Priorities***

**Climate and Emissions - SDG 7, 13 and 9**

**Biodiversity - SDG 15**

**Communities - SDG 4 and 11**

##### ***Secondary Priorities***

**Waste - SDG 12 and 6**

**Health, Safety and Wellbeing - SDG 3**

**Labour and Human Rights - SDG 1 and 16**

**Diversity and inclusion - SDG 5 and 10**

**Wealth Creation and Employment - SDG 8**

#### **ACTIONS SINCE ADMISSION**

On admission to the London Stock Exchange, the Company was awarded the LSE's Green Economy Mark, recognising it as a significant contributor to the transition to a zero-carbon economy. Since IPO, the Company has become a signatory to the UN PRI and will work to integrate these principles into its investment decision-making and ownership practices. The Company intends to participate in its first voluntary reporting period in 2023 and publish the first transparency report in the 2024 reporting cycle.

We have completed a materiality assessment, engaging with our suppliers, investors and other stakeholders and conducting an in-depth market analysis to identify, refine and assess ESG-related issues that are relevant to the Company. This analysis considered the relative importance of sustainability issues to different key stakeholders and the potential impact of the Company on the environment and wider communities; both positive and adverse.



Priority areas were identified, with climate and GHG emissions, biodiversity and community and social vitality as primary strategic priorities. Land use, waste, health, safety and wellbeing, labour and human rights, diversity and inclusion and wealth creation and employment were identified as secondary priority areas. As part of this analysis, we reviewed our SDG contributions, building on those set out in the prospectus to reflect the priority areas we identified. We will use this information to further develop the Company's ESG strategy, building on the commitments outlined in the prospectus. We will prepare a roadmap of prioritised actions to be taken by the Company, identifying appropriate targets and key metrics to be reported against in the annual report.

### **ESG Prospectus Commitments**

#### Environment

- Analysis and monitoring of projects to ensure optimisation of environmental benefits and minimisation of any environmental risks.
- Monitoring of supplier ESG performance.
- Recycling of batteries at end of life.

#### Social

- Supporting supply chains through responsible procurement, traceability of supply, creation of employment and promoting and enabling sustainable communities.
- Analysis of key social metrics to ensure positive social benefits of projects.

#### Governance

- Implementation of high standards of corporate governance in accordance with AIC code.
- Commitment to diversity and following recommendations of FTSE Women Leaders review and Parker review.
- Investment Adviser commitments to sustainability and applying best practice industry standards.
- Robust health and safety standards and transparent reporting.

#### Reporting

- Transparent reporting on ESG.
- Identification of and reporting on KPIs to monitor, assess and benchmark performance.

#### Board ESG initiative

- ESG Fund to be established to support environmental and social initiatives within the investment trust and battery storage industries.
- Budget of up to £250,000 per annum, funded from difference between Board fees and 0.1% of the Company's NAV once assets exceed £250m.

## **UPCOMING ACTIVITIES**

Following the materiality assessment, the Company is developing an integrated sustainability strategy for its key areas of focus (Climate, Biodiversity, and Communities), which aims to maximise the benefits of its projects whilst reducing the adverse impact of its direct and indirect activities. The Company will report transparently on progress, using KPIs that allow a clear articulation of its strategy and direction.

As an example of our ESG commitment to Communities and to transparency in ESG reporting, we will ensure that any health and safety incidents that occur outside of our project sites but nevertheless impact on local communities, will be reported, investigated and the findings acted upon. A recent event highlights this approach: an incident occurred on 25 May 2022 on the public highway outside the Company's Little Raith site, which was reported by the Company's contractor under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). There were no injuries and the contractor took immediate action to investigate the incident and implement mitigants. Although the incident did not occur on the Company's site, representatives of the Investment Adviser interviewed the contractor and consulted an independent health and safety adviser, working with the contractor to ensure all appropriate actions were taken and improvements made.

Supplier commitments to ESG and the positive impact that the Company's activities and investments can have on the environment and society are of great importance. The Company will adopt a supplier code of conduct, with the first supplier audits expected in 2023, as the Company and the Investment Adviser look to ensure that the components used in the Company's products are responsibly manufactured and sourced and suppliers work in an environmentally and socially responsible manner.

The Company will adopt a measurement and reporting policy and collect data to enable measurement against KPIs, which will reflect the priority areas identified in the materiality assessment. It is proposed the Company will first report on ESG metrics (to the extent possible) in the annual report for the year ending 31 October 2022 and will identify the most appropriate reporting standards following confirmation of the metrics to be used. EU

Sustainable Finance Disclosure Regulation (SFDR) compliance is not mandatory for UK domiciled investment companies, but the Company will monitor progress of the FCA's consultation on Sustainability Disclosure Requirements (SDR). The Company supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD). Disclosures made by the Alternative Investment Fund Manager (AIFM) under TCFD will include information provided by the Company and the Company intends to work towards voluntary disclosure of information in line with the recommendations of the TCFD and TNFD. As a signatory of the UN PRI, the Company will also disclose progress against these principles.

The Company will calculate and publish its full carbon footprint, including scopes 1, 2 and (and in due course) 3, in line with the World Resources Institute's (WRI) Greenhouse Gas Protocol guidance. This work will begin in late 2022, and progress is expected to be reported in the Company's first annual report.

Another core focus of the Company this year will be the initial work to procure biodiversity net gains for project sites. Additional measures such as extensive tree and hedgerow planting, wildflower planting, bird and bat boxes, ponds and landscaping enhancements will help deliver a positive net impact on the local environment. Ecological mitigation efforts and biodiversity enhancement activities are expected to progress more rapidly in Q4 2022 and H1 2023 when construction works are nearing finalisation and landscaping/biodiversity enhancement works are commenced across projects. Detailed landscaping plans are put in place for each site, to ensure creation of a positive biodiversity benefit following completion of the construction phase.

**Case studies (in boxes):**

- Ecological works at Little Raith - Ecological works were conducted during site clearance, including a breeding bird/nest search and fingertip dismantling of a drystone wall, with common toads and smooth newts found during the works safely relocated with ecologists' guidance
- Ecological work at Farnham - Environmental mitigation measures were employed at the Company's Farnham site. Newt, rodent and bird surveys were undertaken across the site, with no protected species identified. Vegetation clearance and movement of a number of areas of rubble (potential habitat) were conducted under ecologist supervision.

## 4. DIRECTORS' REPORT

The Directors present their report together with the unaudited Interim Report for the period from 1 October 2021 (incorporation date) to 30 April 2022 in accordance with section 839 (4) of the Companies Act 2006. This is also the first set of financial information prepared by Harmony Energy Income Trust Plc and therefore no comparatives are provided.

### PRINCIPAL ACTIVITY AND STATUS

Harmony Energy Income Trust Plc was incorporated in England and Wales on 1 October 2021 with registered number 13656587. It is an investment company within the meaning of Section 833(1) of the Companies Act 2006.

The registered office of the Company is The Scalpel 18<sup>th</sup> Floor, 52 Lime Street, London, England EC3M 7AF. Its share capital is denominated in British Sterling Pounds (£) and currently consists of ordinary shares. The Company's principal activity is investing in commercial scale battery energy storage ("BESS") and renewable energy generation projects, with an initial focus on a diversified portfolio of battery energy storage systems located in Great Britain.

### DIRECTORS

All Directors are non-executive Directors.

The Company maintains £20 million of Directors' and Officers' Liability Insurance cover for the benefit of the Directors, which was in place throughout the period and which continues in effect at the date of this report.

Details of the fees paid to Directors in the period are set out below:

Director	Annual fee (£)	Received in period ended 30 April 2022 (£)
Norman Crighton	50,000	29,915
Janine Freeman	45,000	26,865
Hugh McNeal	40,000	23,817
William Rickett	40,000	23,817

Shefaly Yogendra	40,000	23,817
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In accordance with FCA Listing Rule 9.8.6(R)(1), Directors' interests in the shares of the Company (in respect of which transactions are notifiable to the Company under FCA Disclosure and Transparency Rule 3.1.2(R)) as at 30 April 2022 are shown below:

Director	Number of ordinary shares	Percentage of issued share capital (%)
Norman Crighton	5,000	0.002
Janine Freeman	5,000	0.002
Hugh McNeal	5,000	0.002
William Rickett	5,000	0.002
Shefaly Yogendra	5,000	0.002

The Directors decided to invest identical amounts at IPO as the Board is seeking to promote true inclusion and expand the talent pool for investment trust directors from diverse backgrounds, who may not be able to commit to a large capital investment at IPO. Not all potential non-executive directors who can bring a wide range of skill sets have access to significant funds for this purpose. The Board does intend to purchase on an annual basis additional shares equal in value to 10 percent of their annual net directors' fees and intends to participate in future capital raises, providing further alignment with Shareholders.

## SIGNIFICANT SHAREHOLDINGS

As at 1 July 2022, the latest practicable date for inclusion in this report, the Company had been advised, in accordance with Rule 5 of the FCA's DTRs, of the following holdings of voting rights in the ordinary share capital of the Company:

Shareholder	Number of ordinary shares	Percentage of issued share capital (%)
Schroders Plc	29,044,593	13.83
Harmony Energy Limited	23,483,695	11.18
Handelsbanken Wealth & Asset Management	16,040,402	7.64
EQ Investors	12,414,053	5.91
Close Asset Management Limited	11,312,853	5.39
Walker Crips Stockbrokers	10,450,105	4.98
Newton Investment Management Limited	9,606,181	4.57

## GOING CONCERN

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Statements and related notes. The Company has sufficient financial resources and expectation of growth in the medium-term to meet its financial obligations. As such the Directors believe that the Company will continue into the foreseeable future and have adopted the going concern basis of preparation in preparing these Financial Statements.

## POLITICAL CONTRIBUTIONS

The Company made no political contributions during the period.

Signed by order of the Board,

Norman Crighton  
Chairman  
Date: 1 July 2022

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Interim Report and Financial Statements in accordance with applicable law and regulations.

As a company traded on the London Stock Exchange, Harmony Energy Income Trust Plc is subject to the FCA's Listing Rules and Disclosure and Transparency Rules, as well as to all applicable laws and regulations in England and Wales where it is registered.

The Interim Report and Financial Statements have been prepared in accordance with the UK-adopted International Financial Reporting Standards (IFRS). Under company law, the Directors must not approve the Financial Statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss for the period. In preparing these Financial Statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and are to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Interim Report and Financial Statements and the Directors confirm that they consider that, taken as a whole, the Interim Report and Financial Statements is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy. In accordance with the FCA's Disclosure and Transparency Rules, the Directors confirm to the best of their knowledge that:

- a) the Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole;
- b) The Interim Report and accounts include a fair view of important events that have occurred during the first period of the financial period, and their impact on the set of Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- c) The Interim Report and accounts include the related parties' transactions that have taken place in the first period of the financial period and that have materially affected the financial position or the performance of the enterprise during that period.

The Directors have acknowledged their responsibilities in relation to the Financial Statements for the period to 30 April 2022.

Signed by order of the Board,  
Norman Crighton  
Chairman  
Date: 1 July 2022

## 6. STATEMENT OF COMPREHENSIVE INCOME

				1 October 2021 to 30 April 2022
	Notes	£	£	£

		Revenue	Capital	Total
Net gain on investments at fair value through profit and loss		-	22,808,488	22,808,488
Service fee income	6	854,067	-	854,067
Investment income	6	203,882	-	203,882
		<b>1,057,949</b>	<b>22,808,488</b>	<b>23,866,437</b>
<b>Expenditure</b>				
Administrative and other expenses	7	(2,073,929)	-	(2,073,929)
<b>Profit/(loss) before taxation</b>		<b>(1,015,980)</b>	<b>22,808,488</b>	<b>21,792,508</b>
Taxation	8	-	-	-
<b>Profit/(loss) after tax and Total Comprehensive Income for the period</b>		<b>(1,015,980)</b>	<b>22,808,488</b>	<b>21,792,508</b>
Earnings per share (basic and diluted)	9	(0.01)	0.11	0.10

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 return on ordinary activities after taxation 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.

## 7. STATEMENT OF FINANCIAL POSITION

	Notes	30 April 2022
		£
<b>Non-current assets</b>		
Investment held at fair value	10	63,971,891
		<b>63,971,891</b>
<b>Current assets</b>		
Trade and other receivables	11	1,093,350
Cash and cash equivalents	12	164,099,966
		<b>165,193,316</b>
<b>Total assets</b>		<b>229,165,207</b>
<b>Current liabilities</b>		

Trade and other payables	13	479,653
<b>Net current assets</b>		<b>164,713,663</b>
<b>Total net assets</b>		<b>228,685,554</b>
<b>Shareholders equity</b>		
Share capital	17	2,100,000
Capital reduction reserve	17	204,793,046
Revenue reserve		(1,015,980)
Capital reserve		22,808,488
<b>Total Shareholders' equity</b>		<b>228,685,554</b>
Net asset value per share (pence)	19	108.90

The Financial Statements of Harmony Energy Income Trust Plc (registered number 13656587) were approved by the Board of Directors and authorised for issue on 1 July 2022. They were signed on its behalf by:

Norman Crighton

Chairman

1 July 2022

## 8. STATEMENT OF CHANGES IN EQUITY

	<a href="#">Notes</a>	Share capital	Share premium	Capital reduction reserve	Revenue reserve	Capital reserve	Total Shareholders' equity
		£	£	£	£		£
<b>Balance at 1 October 2021</b>		-	-	-	-	-	-
<i>Transactions with owners:</i>							
Issue of share capital		2,100,000	207,900,000	-	-	-	210,000,000
Equity issue costs		-	(3,106,954)	-	-	-	(3,106,954)
Transfer to capital reduction reserve		-	(204,793,046)	204,793,046	-	-	-
<i>Total comprehensive income for the period:</i>							
Profit/(loss) for the period		-	-	-	(1,015,980)	22,808,488	21,792,508
<b>Balance at 30 April 2022</b>		<b>2,100,000</b>	<b>-</b>	<b>204,793,046</b>	<b>(1,015,980)</b>	<b>22,808,488</b>	<b>228,685,554</b>

## 9. STATEMENT OF CASH FLOWS

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	1 October 2021 to 30 April 2022
	£
<b>Cash flows from operating activities</b>	
Profit for the period	21,792,508
Adjustments for non-cash items:	
Net gain on investments at fair value through profit and loss loss	(22,808,488)
Investment Income	(203,882)
Service fee income	(854,067)
<b>Operating cash flows before movements in working capital</b>	<b>(2,073,929)</b>
Increase in trade and other receivables	(1,093,350)
Increase in trade and other payables	479,653
<b>Net cash outflow from operating activities</b>	<b>(2,687,626)</b>
<b>Cash flows used in investing activities</b>	
Purchases of Investments	(16,621,759)
<b>Net cash outflow from investing activities</b>	<b>(16,621,759)</b>
<b>Cash flows used in financing activities</b>	
Proceeds from issue of ordinary shares	186,516,305
Share issue costs	(3,106,954)
<b>Net cash inflow from financing activities</b>	<b>183,409,351</b>
<b>Net increase in cash and cash equivalents for the period</b>	<b>164,099,966</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>164,099,966</b>

The notes form an integral part of these Financial Statements

## 10. NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 October 2021 (incorporation date) to 30 April 2022

### 1. GENERAL INFORMATION

Harmony Energy Income Trust Plc was incorporated as a Public Company, limited by shares, in England and Wales on 1 October 2021 with registered number 13656587. The registered office of the Company is The Scalpel 18<sup>th</sup> Floor, 52 Lime Street, London, England EC3M 7AF. Its share capital is denominated in British Pounds Sterling

(£) and currently consists of ordinary shares. The Company's principal activity is to invest in commercial scale battery energy storage and renewable energy generation projects, with an initial focus on a portfolio of utility scale battery energy storage systems (**BESS**), located in diverse locations across Great Britain.

## 2. BASIS OF PREPARATION

The unaudited Interim Report has been prepared in accordance with UK-adopted International Accounting Standards (**IAS**) and in conformity with the requirements of the Companies Act 2006 as well as IAS 34 'Interim Financial Reporting' and also considers Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies, (the AIC SORP) in April 2021. The Financial Statements are prepared on a historical cost basis, except where balances are recognised at fair value. The principal accounting policies are set out in Note 5.

In terms of the AIC SORP, the Company presents an Income Statement which shows amounts split between those which are revenue and capital in nature. The determination of the revenue or capital nature of a transaction is determined by giving consideration to the underlying elements of the transaction. Capital transactions are considered to be those arising as a result of the appreciation or depreciation in the value of assets due to the fair value movements on investments held at fair value through profit and loss. Revenue transactions are all transactions, other than those which have been identified as capital in nature.

The Financial Statements are also prepared on the assumption that approval as an investment trust will continue to be granted.

## FUNCTIONAL AND PRESENTATION CURRENCY

The currency of the primary economic environment in which the Company operates (the functional currency) is British Pounds Sterling (£) which is also the presentation currency.

## GOING CONCERN

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. The financial position of the Company, its cash flows, and liquidity position are described in the Financial Statements and related notes. In addition, note 15 to the Financial Statements includes the policies and processes for managing its capital, its financial risk management, details of its financial instruments and its exposure to credit risk and liquidity risk. The Directors consider the Company to have adequate resources to continue in operational existence for at least 12 months from the date of signing.

As such, they have adopted the going concern basis in preparing the Interim Report and Financial Statements.

## 3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

### NEW AND REVISED IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The following standards have been issued but are not effective for this accounting period and have not been adopted early:

- IAS 1 (amended) - Amendments regarding classifications of liabilities, and disclosure of accounting policies - effective from 1 January 2023.
- IAS 8 (amended) - Amendments regarding the definition of accounting estimates - effective from 1 January 2023.

Adoption of the new and revised standards and relevant interpretations in future periods is not expected to have a material impact on the Financial Statements of the Company.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the Financial Statements have been consistently applied during the period ended 30 April 2022.

The principal accounting policies applied in the preparation of the Financial Statements are set out below:

### SEGMENTAL INFORMATION:

The Board is of the opinion that the Group is engaged in a single segment business, being the investment in in energy storage and complementary renewable energy generation assets, with an initial focus in a diversified portfolio of utility scale battery energy storage systems (**BESS**), located in diverse locations across Great Britain.

### INCOME

Income comprises Investment income and Service fee income. Investment income arising from interest on the portfolio assets loan investments is recognised on accrual basis in the Revenue account of the Statement of



Comprehensive Income. Service fee income is recognised from fees charged to each seed portfolio regarding the Company's resources used for project related matters. The Service fee income is recognised in the Revenue account of the Statement of Comprehensive Income.

## EXPENSES

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis and charged to the Statement of Comprehensive Income. Expenses are charged through the Revenue account except those which are capital in nature, these include those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account.

Directly attributable acquisition costs of assets are capitalised on purchase of assets. Costs directly relating to the issue of ordinary shares are charged to share premium.

## TAXATION

The Company is approved as an Investment Trust Company (ITC) under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 Statutory Instrument 2011/2999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/2999. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period. The current tax rate is 19% but this will increase to 25% with effect from 1 April 2023 as announced by the UK Government. This is not expected to have a material impact on the Company.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank.

## TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost less loss allowance which is determined using the simplified approach to measuring expected credit losses, the effect of which is considered immaterial.

## TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

## EQUITY

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive Income.

## FINANCIAL INSTRUMENTS

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

## FINANCIAL ASSETS

The Company's financial assets, other than cash and cash equivalents and trade and other receivables, are measured at fair value through profit or loss as they are held in business model whose performance is evaluated and assessed on a fair value basis.

## FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

This category includes all financial liabilities, including short-term payables.

## RECOGNITION AND DERECOGNITION

Financial assets are recognised on trade date, the date on which the Company commits to purchase or sell an asset. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

## IMPAIRMENT OF FINANCIAL ASSETS

The Company holds trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such has chosen to apply the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a lifetime expected loss allowance for all trade receivables.

## DIVIDENDS PAYABLE

Dividends are recognised when they become legally payable, as a reduction in equity in the Financial Statements. Interim equity dividends are recognised when paid. Dividends on the shares will be payable quarterly from 2023 onwards, all in the form of interim dividends (the Company does not intend to pay any final dividends).

## 5. 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 current period, no critical judgements were made in the application of the accounting policies as per note 5.

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 their main purpose and activities are providing services related to the Company's investment activities. 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.

As at 30 April 2022, the Company had the following subsidiaries;

- Harmony (PW) Limited,
- Harmony (PW) 2 Limited,
- Harmony BD Limited,
- Harmony FM Limited,
- Harmony RH Ltd,
- Daisy No.2 Limited
- HEIT Holdings Ltd

The Directors are of the opinion that the Company meets the essential criteria of an Investment Entity. Therefore, its subsidiaries are measured at fair value through profit or loss, in accordance with IFRS 9 'Financial Instruments'.

## VALUATION OF INVESTMENTS

Significant estimates in the Company's Financial Statements include the amounts recorded for the fair value of the investments. These estimates and assumptions are subject to measurement uncertainty by their nature. The impact on the Company's Financial Statements of changes in future periods may be significant. These estimates are further discussed in note 16.

## 6. INCOME

	30 April 2022
	£
Service fee income	854,067
Investment Income	203,882
	<b>1,057,949</b>

Refer to note 10 for further detail on interest on shareholder loans recognised in Investment income.

## 7. ADMINISTRATIVE AND OTHER EXPENSES

	30 April 2022
	£
Administrative fees	24,000
AIFM Fees	31,500
Director & officer insurance	24,858
Directors fees	128,231
Fees payable to the auditor for the audit of the Company's Financial Statements	170,000
Legal and Professional fees	486,794
Listing fees	377,035
Investment Adviser fees	782,083
Sundry expenses	49,428
	<b>2,073,929</b>

The Company has no employees and therefore no employee related costs have been incurred.

Investment Adviser fees are payable monthly in arrears. Details on how the fees are charged are disclosed in note 21.

## 8. TAXATION

The Company is recognised as an Investment Trust Company for accounting periods beginning on or after 1 October 2021 and is taxed at the main rate of 19%. An ITC may claim a tax deduction for the distribution of income that arises from interest receipts on the loan notes. Therefore, no corporation tax charge has been recognised for the Company for the period to 30 April 2022.

	30 April 2022
	£
a) Tax charge in profit or loss	-
UK corporation tax	-
b) Reconciliation of the tax charge for the period	
Profit before tax	21,792,508
Tax at UK main rate of 19%	4,140,577
Tax effect of:	
Fair value gains on investments not taxable	(4,457,395)
Expenses not deductible	43,915
Unrecognised tax losses	272,903
Tax charge for the period	-

### (c) Factors that affect future tax charges

Investment Trust Companies which have been approved by HM Revenue & Customs are exempt from UK corporation tax on their capital gains. Due to the Company's status as an approved Investment Trust Company, and the intention to continue meeting the conditions required to maintain that approval for the foreseeable future, the Company has not provided for deferred tax in respect of any gains or losses arising on the revaluation of its investments. Taxes are based on the UK Corporate tax rates which existed as of the balance sheet date which was 19%. In the Spring Budget 2021, the UK Government announced their intention to increase the main rate of corporation tax from 19% to 25% from 1 April 2023 for companies with profits over £250,000. The Company will

assess the potential effects of these measures in due course and before the effective date. The Company has unrecognised tax losses of £1,436,331. A deferred tax, measured at the prospective corporate rate of 25% of £359,083 has not been recognised in respect of these expenses since they are recoverable only to the extent that the Company has sufficient future taxable revenue.

## 9. EARNINGS PER SHARE

Earnings per share 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.

	<b>30 April 2022</b>
	<b>£</b>
Net profit attributable to ordinary Shareholders	21,792,508
Weighted average number of ordinary shares for the period	210,000,000
<b>Earnings per share - Basic and diluted</b>	<b>0.10</b>

## 10. INVESTMENTS AT FAIR VALUE

<b>Subsidiaries</b>	<b>Place of business</b>	<b>Percentage ownership</b>
Harmony (PW) Limited	Cottingham, East Yorkshire	100%
Harmony (PW) 2 Limited	Cottingham, East Yorkshire	100%
Harmony BD Limited	Broadditch, Kent	100%
Harmony FM Limited	Farnham, Surrey	100%
Harmony RH Ltd	Drax, North Yorkshire	100%
Daisy No.2 Limited	Lochgelly, Fife	100%
HEIT Holdings Ltd	Knaresborough, North Yorkshire	100%

<b>Subsidiaries</b>	<b>Equity acquisitions during the period</b>	<b>Loans: principal advanced</b>	<b>Loans: Interest charged</b>	<b>Cost at 30 April 2022</b>	<b>Net Fair value movement</b>	<b>Closing balance: equity and loans</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Harmony (PW) Limited	8,224,633	1,781,435	45,942	10,052,010	11,585,831	<b>21,637,841</b>
Harmony (PW) 2 Limited	8,931,692	631,787	17,137	9,580,616	9,600,393	<b>19,181,009</b>
Harmony BD Limited	539,009	2,111,624	55,493	2,706,126	2,014,099	<b>4,720,225</b>
Harmony FM Limited	2,724,084	1,066,252	29,483	3,819,819	1,670,541	<b>5,490,360</b>
Harmony RH Ltd	5,039,989	535,577	14,513	5,590,079	(141,337)	<b>5,448,742</b>
Daisy No.2 Limited	7,912,631	1,460,807	41,314	9,414,752	(1,921,039)	<b>7,493,713</b>
HEIT Holdings Ltd	1	-	-	1	-	<b>1</b>
<b>TOTAL</b>	<b>33,372,039</b>	<b>7,587,482</b>	<b>203,882</b>	<b>41,163,403</b>	<b>22,808,488</b>	<b>63,971,891</b>

On 9 November 2021 the Company acquired issued share capital of each of the Seed Portfolio Companies above from Harmony Energy Limited. The investment was purchased at an aggregate purchase price of £38,455,614 plus acquisition costs of £427,255 less the aggregate amount of the Harmony Energy Limited shareholder loans of £1,820,240 and deferred consideration of £3,690,591. As part of the purchase price, shares to the value of £23,483,695 were issued by the Company to Harmony Energy Limited, and are credited as fully paid.

On 9 November 2021, the Company entered into an Intercompany Services Agreement (**ISA**) with its subsidiaries. The Company earned service fee income of £854,067 during the period which has been settled using the loan to the subsidiaries.

On 12 November 2021, the Company granted Sterling term loan facilities to its subsidiaries totalling £113 million. The intra-group loans are payable on the Longstop date being 12 November 2036. The loans bear interest at a rate of 8% compounded monthly, payable monthly in arrears after the date of substantial completion. The interest on the intra group loans is recognised as Investment income.

On 4 February 2022, HEIT Holdings Ltd was incorporated as a wholly owned subsidiary of the Company. After considering individual facts and circumstances, the purchase price of the investment in HEIT Holdings Ltd approximates its fair value.

The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries 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 subsidiary and there are no restrictions in place in passing monies up the structure.

The Fair value measurements and sensitivities used to measure these investments are disclosed in note 16.

## 11. TRADE AND OTHER RECEIVABLES

	30 April 2022
	£
Prepayments	64,848
Other receivables	56,728
Sundry debtors-Recharge costs	505,076
VAT receivable	466,698
	<b>1,093,350</b>

Recharge costs relate to a deposit paid by the Company to Harmony Energy Limited on behalf of subsidiaries Harmony BD Limited, Harmony FM Limited, Harmony RH Ltd, and Daisy No.2 Limited, pursuant to the framework agreement between Harmony Energy Limited and Tesla.

## 12. CASH AND CASH EQUIVALENTS

	30 April 2022
	£
Cash at bank	164,099,966
	<b>164,099,966</b>

## 13. TRADE AND OTHER PAYABLES

	30 April 2022
	£
Creditors and Operating Accruals	65,052
Administrator fees	24,000
AIFM Fees	31,500
Audit fees	170,000

Investment Adviser Fee Accrual	189,101
	<b>479,653</b>

## 14. CATEGORIES OF FINANCIAL INSTRUMENTS

	30 April 2022
	£
Financial assets	
<i>Financial assets at fair value through profit and loss:</i>	
Investments	63,971,891
<i>Financial assets at amortised cost:</i>	
Trade and other receivables	1,093,350
Cash at bank	164,099,966
<b>Total financial assets</b>	<b>229,165,207</b>
Financial liabilities	
<i>Financial liabilities at amortised cost:</i>	
Trade and other payables	479,653
<b>Total financial liabilities</b>	<b>479,653</b>

At the balance sheet date, all financial assets and liabilities were measured at amortised cost except for the investment in subsidiary which is measured at fair value as further explained in note 16.

## 15. FINANCIAL RISK MANAGEMENT

The Company is exposed to certain risks through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

### CREDIT RISK

The Company is exposed to third-party credit risk in several instances and the possibility that counterparties with which the Company and its subsidiaries, together the Group, contracts may fail to perform their obligations in the manner anticipated by the Group.

Counterparty credit risk exposure limits are determined based on the credit rating of the counterparty. Counterparties are assessed and monitored on the basis of their ratings from Standard & Poor's and/or Moody's. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's unless specifically approved by the Board.

Cash and other assets that are required to be held in custody will be held at bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the banks own assets in the event of the insolvency of a custodian. Cash held with the bank will not be treated as client money subject to the rules of the FCA and may be used by the bank in the ordinary course of its own business. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

Credit risk is mainly at subsidiary level where the capital commitments are being made and is managed by diversifying exposures among a portfolio of counterparties and through applying credit limits to those counterparties with lower credit standing.

Cash and bank deposits are held with major international financial institutions who each hold a Moody's credit rating of A2 or higher.

### LIQUIDITY RISK

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. The Company's only financial liabilities are trade and

other payables. The Company intends to hold sufficient cash across the Company and Subsidiary's operating accounts to meet the working capital needs.

As at 30 April 2022, the Company held cash at bank of £164,099,966 and had trade and other payables totaling £479,653.

The following table reflects the maturity analysis of financial assets and liabilities.

	<b>&lt;1 year</b>	<b>1 to 2</b>	<b>2 to 5</b>	<b>&gt;5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>As at 30 April 2022</b>					
<b>Financial assets</b>					
<i>Financial assets at fair value through profit and loss:</i>					
Loan investment to subsidiaries*	-	-	-	7,791,365	7,791,365
<i>Financial assets at amortised cost:</i>					
Cash at bank	164,099,966	-	-	-	164,099,966
<b>Total financial assets</b>	<b>164,099,966</b>	<b>-</b>	<b>-</b>	<b>7,791,365</b>	<b>171,891,331</b>
<b>Financial liabilities</b>					
<i>Financial liabilities at amortised cost:</i>					
Trade and other payables	479,653	-	-	-	479,653
<b>Total financial liabilities</b>	<b>479,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>479,653</b>

\*Excludes the equity portion of the investment.

## MARKET RISK

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects: (i) other price risks, and (ii) interest rate risk. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business in order to manage market risks. Further commentary on financial and market risks is provided in the Principal Risks and Uncertainties section, including inflation.

### (i) PRICE RISK

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Company's Investment Adviser provides the Company with investment recommendations. The Company's Investment Adviser's recommendations are reviewed and approved by the Board before the investment decisions are implemented. To manage the market price risk, the Company's Investment Adviser reviews the performance of the investments on a regular basis and is in regular contact with the management of the non-current investments for business and operational matters.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 30 April 2022, if the market prices of the securities had been 10% higher with all other variables held constant, the increase in net assets attributable to Shareholders for the period would have been £6,397,189 higher, arising due to the increase in the fair value of financial instruments. A 10% decrease would have the equal and opposite effect.

The impact of changes in unobservable inputs to the underlying investments is considered in note 16.

### (ii) INTEREST RATE RISK

Interest rate Risk is the risk of changes in the interest expense for debt, or interest received on deposits, as measured in the currency of that debt, due to movements in market interest rates.

The Company does not have any borrowings as at 30 April 2022. The Company may manage the cost of borrowing by borrowing using fixed rate instruments, and/or by overlaying interest rate derivatives against the Company's debt portfolio.

In considering whether to execute hedging transactions, the costs and benefits of hedging will be balanced against the effects of movements in interest rates on the debt portfolio.

At 30 April 2022, the Company is indirectly exposed to interest rate risk through its investment in the subsidiary. However, the effect of Interest rate risk on the Company is considered immaterial.

The Company may be exposed to changes in variable market rates of interest as this could impact the discount rate and therefore the valuation of the projects as well as the fair value of the loan to subsidiary.

## CAPITAL RISK MANAGEMENT

The capital structure of the Company at period end consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated loss. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

## 16. FAIR VALUE MEASUREMENT

### FAIR VALUE MEASUREMENT AND HIERARCHY

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market. It is based on the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. A fair value measurement of a non-financial asset takes into account the best and highest value use for that asset.

The fair value hierarchy to be applied under IFRS 13 is as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are carried at fair value and which will be recorded in the financial information on a recurring basis, the Company will determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 30 April 2022:

	Level 1	Level 2	Level 3
	£	£	£
Investment in subsidiary	-	-	63,971,891

The investment at fair value through profit or loss is a 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.

	30 April 2022
	£
Opening balance	-
Add: purchases during the period	41,163,403
Total fair value movement through the profit or loss	22,808,488
<b>Closing balance</b>	<b>63,971,891</b>



The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

## VALUATION 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 valuation of the Company's investments is based primarily on a discounted cash flow methodology (DCF), "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. Free cash flow to total invested capital is typically the appropriate measure of economic income. The method discounts free cash flows using an estimated discount rate Weighted Average Cost of Capital (WACC). The selected discount rate is supported by the benchmarking of discount rates for assets in the same, or analogous sectors as the Portfolio.

The valuation at 30 April 2022, reflecting the status of the investments to date, was determined using the discounted cash flow method whereby the value of a project is based on the projected cash flows adjusted for time value of money and inherent risk of the cash flows using an appropriate discount rate.

There has been no change in the valuation methodology during the period.

## VALUATION PROCESS

In the period, HEIT acquired battery storage projects from Harmony Energy Limited ("Harmony Energy") which is a leading developer of utility scale battery storage projects, alongside developing, owning, and operating wind and solar projects. As at 30 April 2022 ("Valuation Date"), the Company had live investments in the following six battery energy storage systems projects: Pillswood 1, Pillswood 2, Broadditch, Farnham, Rusholme, and Little Raith. These are all based in the UK and were described as the "Seed Portfolio" in the prospectus supporting the Company's IPO. These projects, taken together, have a combined rated power capacity of c.213.5 MW and an energy storage capacity of c.427 MWhs.

Out of the six projects in the Portfolio, five are now under construction and one is moving towards the start of construction. The construction period for all sites constructed within the Company is expected to be in the range of 9-15 months. The Projects are expected to have an operational life of 30 years with repowering or cell replacement after 15 years. All the Projects have all secured grid connections, planning consents and land leases.

The Projects attract four different streams of revenues: trading revenue (Wholesale, Balancing Mechanism ("BM") and churn), ancillary service (Frequency Response Revenue ("FFR") and Dynamic Containment ("DC")), Capacity Market ("CM") revenue and embedded benefits (Embedded Export Tariff ("EET"))

The Board, supported by the Audit and Risk Committee, reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Company's underlying portfolio and approves them based on the recommendation of the Investment Adviser.

As at 30 April 2022, the fair value of all the investments held within the portfolio have been determined (presented by the Investment Adviser and reviewed) by Mazars LLP and further presented to and reviewed by the Company's Board of Directors.

## SENSITIVITY ANALYSIS

The below tables reflect the range of sensitivities in respect of the fair value movements. The individual project valuations are disclosed in note 10.

The Directors consider the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

Investment	Project	Valuation technique	Significant input description	Sensitivity	Estimated effect on fair value	£
Harmony (PW) Limited	Pillswood 1	DCF	Discount rate	+1%	(2,849,093)	
				-1%	3,294,776	
			Revenue	+10%	4,681,971	
				-10%	(4,702,922)	
Harmony (PW) 2 Limited	Pillswood 2	DCF	Discount rate	+1%	(2,849,332)	
				-1%	3,295,036	
			Revenue	+10%	4,682,139	
				-10%	(4,703,011)	

Harmony BD Limited	Broadditch	DCF	Discount rate	+1%	(649,593)
				-1%	751,302
			Revenue	+10%	1,033,110
				-10%	(1,035,430)
Harmony FM Limited	Farnham	DCF	Discount rate	+1%	(1,270,260)
				-1%	1,471,774
			Revenue	+10%	1,862,004
				-10%	(1,865,207)
Harmony RH Ltd	Rusholme	DCF	Discount rate	+1%	(2,012,758)
				-1%	2,336,001
			Revenue	+10%	3,122,402
				-10%	(3,136,223)
Daisy No.2 Limited	Little Raith	DCF	Discount rate	+1%	(2,594,818)
				-1%	3,025,705
			Revenue	+10%	4,848,299
				-10%	(3,436,777)

## Portfolio Sensitivity

Investment	Sensitivity	Estimated effect on fair value £
Inflation	+0.5%	9,595,784
	-0.5%	(12,794,378)
Construction Costs	+15%	(23,669,600)
	-15%	23,669,600
Operating costs	+15%	(10,235,503)
	-15%	10,235,503
Cell replacement costs	+15%	(2,558,876)
	-15%	2,558,876

## 17. SHARE CAPITAL

	Ordinary shares Number	Share capital £	Share premium £	Capital reduction reserve £	Total Shareholders' equity £
As at 1 October 2021	-	-	-	-	-
Issue of fully paid ordinary shares at £1	210,000,000	2,100,000	207,900,000	-	210,000,000
Equity issue costs	--	-	(3,106,954)	-	(3,106,954)
Transfer to capital reduction reserve	-	-	(204,793,046)	204,793,046	-
<b>As at 30 April 2022</b>	<b>210,000,000</b>	<b>2,100,000</b>	<b>-</b>	<b>204,793,046</b>	<b>206,893,046</b>

### Share capital and share premium account and capital reduction reserve

On 12 October 2021, the Board approved (subject to book building and Admission) the proposed placing and offer for subscription (together the Placing) of ordinary shares of £1 each in the capital of the Company at a price of £1 per ordinary share. The Board also approved (subject to Admission) the acquisition of the Seed Portfolio,

consideration for which included the issue of 23,483,695 ordinary shares at a price of £1 per ordinary share to Harmony Energy Limited. The Placing raised gross proceeds of £186.5m, and therefore the number of ordinary shares of £1 each issued by the Company and admitted to trading was 210m in aggregate.

Following a successful application to the High Court and lodgement of the Company's statement of capital with the Registrar of Companies, the Company was permitted to cancel its share premium account. This was effected on 15 December 2021 by a transfer of the balance of £204.79 million from the share premium account to the capital reduction reserve. The capital reduction reserve is classed as a distributable reserve and dividends to be paid by the Company are to be offset against this reserve.

## 18. RESERVES

The nature and purpose of each of the reserves included within equity at 30 April 2022 are as follows:

- Share premium reserve: represents the surplus of the gross proceeds of share issues over the nominal value of the shares, net of the direct costs of equity issues and net of conversion amount.
- Capital reduction reserve: represents a distributable reserve created following a Court approved reduction in capital. This reserve is distributable and maybe used, where the Board considers it appropriate, by the Company for the purpose of paying dividends to Shareholders
- Revenue reserve: represents a distributable reserve of cumulative net gains and losses recognised in the Revenue account of the Statement of Comprehensive Income.
- Capital Reserves: represents a non-distributable reserve of cumulative net capital gains and losses recognised in the Statement of Comprehensive Income

The only movements in these reserves during the period are disclosed in the statement of changes in equity.

## 19. NET ASSET VALUE PER SHARE

Basic NAV per share is calculated by dividing the Company's net assets as shown in the statement of financial position that are attributable to the ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

	30 April 2022
	£
Net assets per Statement of Financial Position	228,685,554
Ordinary shares in issue as at 30 April 2022	210,000,000
<b>NAV per share - Basic and diluted (Pence)</b>	<b>108.90</b>

## 20. DEFERRED CONSIDERATION

On 14 October 2021 the Company acquired issued share capital of each of the Seed Portfolio Companies from Harmony Energy Limited. The investment was purchased at an aggregate purchase price of £38,455,614 with acquisition costs of £427,255 less the aggregate amount of the Harmony Energy Limited shareholder loans of £1,820,240 and deferred consideration of £3,690,591.

If, on any deferred payment date, the actual contract cost in respect of the applicable project exceeds the anticipated contract cost, the deferred payment due on such deferred payment date shall be reduced by the difference between the actual contract cost and the anticipated contract cost on a pound-for-pound.

The projects were acquired at a fixed price per MW (including construction costs) basis, with part of the consideration deferred. As at 30 April 2022 the deferred consideration is not expected to be payable to Harmony Energy Limited due to increases in the contract costs and has not been recognised in the Financial Statements.

## 21. TRANSACTIONS WITH RELATED PARTIES

Following admission of the ordinary shares (refer to note 17), 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:

### NON-EXECUTIVE DIRECTORS

Details of the fees paid to Directors in the period are set out in the Directors' Report.

Total Directors' fees of £128,231 were incurred in respect of the period with none being outstanding and payable at the end of the period.

## SUBSIDIARIES

On 9 November 2021 the Company acquired issued share capital of each of the subsidiaries at an aggregate purchase price of £38,455,614.

On 12 November 2021, the Company granted Sterling long term loan facilities to its subsidiaries totalling £113 million. Refer to note 10 for further detail.

## INVESTMENT ADVISER

The Investment Adviser is entitled to advisory fees under the terms of the Investment Management Agreement. The Company shall pay to the Investment Adviser an annual fee (exclusive of value added tax, which shall be added where applicable) payable monthly in arrears calculated at the rate of:

- One twelfth of 0.9% per calendar month of the lesser of the (i) NAV or (ii) Average Market Capitalisation of the Company up to the threshold of £250,000,000; and
- One twelfth of 0.8% per calendar month of the lesser of the (i) NAV or (ii) Average Market Capitalisation of the Company in excess of £250,000,000

An advisory fee of £782,083 was incurred during the period and £189,101 remained payable as at 30 April 2022.

Harmony Energy Limited is an entity with significant control over the Investment Adviser. Refer to note 10 for transactions between Harmony Energy Limited and the Company.

## 22. CAPITAL COMMITMENTS

The Company had no contingencies and no other significant capital commitments at the reporting date.

## 23. POST BALANCE SHEET EVENTS

On 22 June 2022 the Company announced that it has successfully agreed a five year debt facility of £60 million with NatWest plc through its subsidiary HEIT Holdings Limited. Additionally, on 1 July 2022 the Company agreed a 12 month pre-acquisition revolving credit facility to Harmony Energy Limited of up to £5m, which will allow Harmony Energy Limited to fund next stage grid connection payments to maintain energisation dates in relation to near-term pipeline projects over which the Company has an exclusive right of first refusal.

On 30 June 2022 the Company procured the execution of an engineering, procurement and construction contract (and ancillary contracts) with Tesla Motors Ltd for the supply, construction, maintenance and optimisation of the Little Raith project (49.5 MW), meaning the entire Seed Portfolio is now "under construction".

On 1 July 2022, the Board approved the first interim dividend of one pence per share for the period ending 30 April 2022, bringing the total dividend approved for the period to £2.1m.

There were no further events after the reporting date which require disclosure.

# 11. DIRECTORS AND ADVISERS

### DIRECTORS

Appointed: 12 October 2021

Norman Crighton  
Janine Freeman  
Hugh McNeal  
William Rickett  
Shefaly Yogendra

### ADMINISTRATOR AND SECRETARY

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### REGISTERED OFFICE

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### INVESTMENT ADVISER

### ALTERNATIVE INVESTMENT FUND MANAGER

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*Harmony Energy Advisors Limited is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.*

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