HARMONY ENERGY INCOME TRUST PLC

INTERIM REPORT

FOR THE PERIOD ENDED

30 APRIL 2023

"I am pleased to announce that we are on track to deliver our energy storage system goals, resulting in appealing and sustainable returns for our shareholders whilst playing a key role in the preservation of the planet."

Norman Crighton, Chair

BESS MARKET EXPLAINED – MAIN REVENUE STREAMS

T-4 Years - T-1 Year

Capacity Market

- Designed to ensure security of supply four years into the future through the T-4 Auction
- Additional capacity procured one year into the future through the T-1 Auction
- Contract holders must deliver energy at times of system stress
- New projects able to qualify for contracts of up to 15 years in the T-4 Auction, providing stability in order to underpin investment decisions
- Payments are indexed by CPI
- Very low operational risk since BESS is likely to be generating during stress events since wholesale pricing likely to be high

Day Ahead

Ancillary Services

- Services with National Grid ESO designed to ensure stability across the GB system. Principal examples are Dynamic Containment, Dynamic Regulation and Dynamic Moderation (see page 9)
- Procured through daily, day-ahead auctions
- Participants are paid an availability fee in return for being ready to respond quickly to automated signals from National Grid ESO

Wholesale Market: Day Ahead Auction (Arbitrage)

- Platform to buy and sell electricity in advance of the delivery day
- Deep market which provides BESS an opportunity to lock in spread between "off-peak" and "peak" pricing

Day Ahead to T–1 Hour

Intra-Day Wholesale Trading (Arbitrage)

- Intra-day auction and spot market provides opportunity for BESS to buy or sell electricity in response to pricing signals as the day progresses closer to delivery period

Delivery Period

Balancing Mechanism (Arbitrage)

- Wholesale markets close one-hour before delivery of electricity ("Gate Closure") and registered participants submit pricing to National Grid to indicate ability to generate or consume more electricity (Offers and Bids respectively)
- National Grid ESO buys and sells electricity through the Balancing Mechanism by accepting Offers and Bids. These actions can be instructed from Gate Closure through to the end of the delivery period

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL STATEMENTS

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HIGHLIGHTS

Harmony Energy Income Trust Plc ("HEIT" or the "Company") offers Shareholders the opportunity to participate in the transition to net zero by investing in commercial scale battery energy storage ("BESS") and renewable energy generation projects, with a focus on a diversified portfolio of BESS located in Great Britain.

117.07p
NAV PER ORDINARY SHARE

23.1%
NAV TOTAL RETURN SINCE IPO

4p
DIVIDEND PER ORDINARY SHARE DECLARED IN RELATION TO THE REPORTING PERIOD

3
OPERATIONAL SITES AT THE TIME OF THE PUBLICATION OF THIS INTERIM REPORT

9
BESS PROJECTS IN THE PORTFOLIO

395.4 MW
CAPACITY EXPECTED TO BE OPERATIONAL BY H2 2024

The highlights for the period 1 November 2022 to 30 April 2023 (the "**Reporting Period**") include:

- **NAV per Ordinary Share of 117.07 pence per Ordinary Share (as at 30 April 2023);**
- **23.1 per cent NAV total return since IPO:**
  - NAV per Ordinary Share growth of 7.5 per cent year-on-year despite a reduction in NAV (-4.6 per cent) in the Reporting Period;
  - NAV growth driven by progression of the Company's portfolio through construction and into operations, offset by volatility in near-term independent revenue forecasts, reacting to recent extreme gas price movements but remaining above original medium to long-term assumptions modelled at IPO;
- **4 pence per Ordinary Share distributions declared in relation to the Reporting Period (in line with stated distribution policy):**
  - Of these 4 pence, 2 pence per Ordinary Share declared after the Reporting Period and paid on 16 June 2023;
- **First projects energised:**
  - Pillswood project (98 MW / 196 MWh) commenced operations in November 2022, the largest BESS in Europe (by MWh);
  - Broadditch project (11 MW / 22 MWh) commenced operations in April 2023;
- **Farnham project (20 MW / 40 MWh) commenced operations in June 2023 (after the end of the Reporting Period):**
  - Taking the total operational capacity of the portfolio to 129 MW / 258 MWh (26 per cent of total portfolio);
- **Acquisition of projects under exclusive pipeline agreement with Harmony Energy Limited:**
  - Three "shovel ready" projects acquired in December 2022, taking total Company portfolio to nine BESS projects (494.4 MW / 988.8 MWh) all with 2-hour duration capability;
- **£60m debt facility extended to £110m plus a revolving credit facility of up to £20m;**
- **395.4MW expected to be operational/energised by the end of H1 2024:**
  - Increasing proportion of operating projects within the portfolio expected to drive revenue and project re valuations.

CHAIR'S STATEMENT

NORMAN CRIGHTON
CHAIRMAN

I AM PLEASED TO PRESENT, ON BEHALF OF THE BOARD OF DIRECTORS (THE "**BOARD**") THE SECOND INTERIM REPORT OF HARMONY ENERGY INCOME TRUST PLC IN RELATION TO THE REPORTING PERIOD.

INTRODUCTION

The Board is delighted with the successful launch of the Company's Pillswood project – Europe's biggest BESS (by MWh) – and of the Broadditch project during the Reporting Period. After the end of the Reporting Period, the Farnham project also commenced operations. We would like to thank all the stakeholders who made these projects possible.

The Board is also pleased with the progress of the other projects that will support revenue and capital growth in the coming months, with the aggregate energised/operational portfolio expected to be 395.4 MW / 790.8 MWh within the next 12 months. As a result of this progress, the Company is well-placed to become a significant contributor to the net zero transition.

PORTFOLIO ACTIVITY / MARKET COMMENTARY

During the Reporting Period, Harmony Energy Advisors Limited ("**HEAL**" or the "**Investment Adviser**") has continued to develop the Company's portfolio. The Company energised its first two projects, acquired a further three projects and brought two of these projects into construction.

As announced on 20 February 2023, the Company's debt facilities were successfully increased to a total of £130 million, comprising a £110 million term loan and a £20 million revolving credit facility. The increased debt facilities will be used to finance the completion of construction of the Company's existing projects that are 'under construction'.

2022 was an exceptional year for BESS, with under-supplied Ancillary Service markets (for much of the year) combining with high gas prices as a result of the conflict in Ukraine to drive record revenues for BESS in Great Britain ("**GB**"). Independent third-party revenue forecasts were revised upwards in reaction to this, with gas pricing in particular driving an increase in revenue projections through to 2026/27 (the period assumed for Europe to reduce reliance on Russian gas imports with a more affordable alternative). Higher revenue projections fed through to increased valuations for BESS projects which were corroborated by a number of market transactions.

2023 has seen a reduction in revenues following the unusually high prices seen in 2022. Third-party revenue forecasts now predict a return to more normal market conditions later this year and into 2024. The latest revenue forecasts take into account the rapid fall in gas and power prices which resulted from a mild winter and high levels of gas storage in Europe. These revisions have in most part reversed the revenue forecast increases published in 2022, with the greatest reductions being in 2023/24. Medium to long-term assumptions remain stable. It is key to note that these new medium to long-term forecasts remain higher than those assumed at the time of the Company's IPO and which underpin the Company's target project returns.

Whilst the lower revenue forecasts have led to a reduction in the Company's NAV per share of 4.6 per cent over the Reporting Period, NAV per share has grown by 7.5 per cent year-on-year and NAV total return has been 23.1 per cent since IPO. This success reflects the progression of the Company's portfolio through construction and into operations. In particular, NAV per share has grown as a result of the revaluation of the Pillswood and Broadditch projects to reflect commencement of operations; the roll forward effect as other "under construction" projects become closer to revenue generation; and strong results in the T-1 Capacity Market where contract pricing has exceeded modelled assumptions.

Further revaluations continue to be expected as the balance of the Company's projects progress from construction into operations and the Investment Adviser continues to see strong valuations from third parties for shovel ready BESS projects.

In terms of operating performance, the Pillswood project has been one of GB's best performing BESS projects during 2023 (excluding Capacity Market revenue, which none of the Company's projects will receive until October 2023), and two-hour duration batteries continue to out-perform shorter duration BESS which are less able to switch into Arbitrage revenue strategies as Ancillary Service markets remain saturated. As detailed further in the Investment Adviser's Report, HEAL is taking proactive steps to maximise revenue potential in these market conditions and it is expected that the continued deployment of renewable energy will provide increased volatility allowing the Company to take advantage of our exclusively two-hour duration portfolio, driving revenue performance higher over the short and medium-term.

The Company declared an interim distribution of 2 pence per Ordinary Share on 23 May 2023, in relation to the period 1 February 2023 to 30 April 2023, which was paid on 16 June 2023. This follows the 2 pence per Ordinary Share quarterly distribution paid in March 2023. Please see further details in the Directors' Report. The Company remains committed to delivering on its target to pay a total of 8 pence per Ordinary Share in relation to the 2022/23 financial year.

Energised in May 2023, the 20 MW / 40 MWh Farnham Project is the third to be energised in the Company's portfolio.

As announced on 23 May 2023, the Company successfully bid for both T-1 and T-4 contracts in February 2023, securing a robust stream of revenues in the Capacity Markets starting from October 2023.

During the Reporting Period, the Company purchased three "shovel ready" projects from Harmony Energy Limited, utilising the proceeds of the C Share issue in October 2022 combined with the issue of a further 7 million C Shares as part consideration to HEL. On 31 January 2023, all C Shares were converted into Ordinary Shares. The Company's portfolio now has nine BESS projects, which have a total capacity of 494.4 MW / 988.8 MWh, all located in GB.

The Company continues to have no direct exposure to either Ukraine or Russia. Looking ahead, the key risks remain delays to construction, and volatility in power pricing and revenue generation. The Board and Investment Adviser continue to monitor these risks closely in addition to other risks including regulatory changes and management of third party suppliers. Whilst continued rising interest rates are an emerging risk, given the existing level of debt and the hedging which is in place, this is not currently considered to be a material concern. The Investment Adviser continues to assess appropriate hedging in relation to the debt facility as it increases. Recent market transactions suggest that investor demand for BESS projects remains strong and that discount rates have remained stable despite the rise in interest rates. The Board and the Investment Adviser continue to monitor the impact if increased interest rates on discount rates, share price and project valuations.

The experience of the Investment Adviser, coupled with robust due diligence and supplier contracting, helps the Company manage these risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As an investor in BESS, the Company strives to make a meaningful contribution to the net zero transition, while creating value for its investors. The Board of Directors and the Investment Adviser understand that the Company has a duty to act responsibly and address wider environmental, social and governance ("ESG") issues across all aspects of its business. The continued development and successful implementation of the Company's ESG strategy will help ensure its long-term success.

The Company made strong progress on its ESG and responsible investment objectives during the Reporting Period. Key highlights include:

- The Pillswood and Broadditch projects were successfully energised. With a total capacity of 218 MWh, equivalent to the electricity needed to power around 333,000 UK homes for two hours, these assets are making a real contribution to the UK's 2050 net zero goal;
- The Company is on track to publish disclosures relating to United Nations Principles for Responsible Investment ("**UN PRI**"), Taskforce on Climate-Related Financial Disclosures ("**TCFD**") and Taskforce on Nature-Related Financial Disclosures ("**TNFD**)" in the 2022/23 Annual Report;
- The Company and Investment Adviser are expanding the data collection and disclosure processes for KPIs that form a core part of the ESG strategy;
- The Company added a second community fund at the Broadditch site to the one launched previously at Pillswood;
- Alongside sustainability requirements embedded in the supplier contracts, the Company rolled out its Supplier Code of Conduct to key suppliers; and
- The Investment Adviser appointed a Head of Sustainability with responsibility for further strengthening and implementing the ESG and responsible investment strategy of the Company.
- The full ESG update can be found on page 20.

OUTLOOK

Looking ahead, we have 266.4 MW / 532.8 MWh of projects currently progressing through construction, combining to create an expected aggregate operating/energised portfolio of 395.4 MW / 790.8 MWh within the next 12 months. As a result of this positive trajectory, the Company expects its revenues to increase commensurately, alongside positive project revaluations as further projects come online.

NORMAN CRIGHTON
Chair

27 June 2023

INVESTMENT ADVISER'S REPORT

COMPANY UPDATE

HARMONY ENERGY INVESTMENT ADVISORS LIMITED IS PLEASED TO DELIVER ITS INVESTMENT ADVISER'S REPORT IN RELATION TO THE COMPANY'S H1 2022/23 ACTIVITIES.

FINANCIAL PERFORMANCE

The unaudited NAV as at 30 April 2023 was £265.89 million (117.07 pence per Ordinary Share), a reduction of 4.64 per cent (5.70 pence per Ordinary Share) from the NAV reported as at Financial Year end, 31 October 2022. The NAV total return over the Reporting Period was -2.26 per cent. NAV total return since IPO is 23.11 per cent.

The recent reduction in NAV was primarily driven by lower near-term power price and revenue assumptions based on the latest revenue forecasts published by independent providers. The revision to the forecasts stems from the current environment in which energy prices have fallen significantly since the start of 2023 (having risen significantly during 2022) with the most significant impact being seen in revenue assumptions for 2023 and 2024. Revenue assumptions over the medium and long-term remain broadly unchanged, compared with 2022 forecasts, and remain higher than those assumed at the time of the Company's IPO.

Based on market transactions, the Board's assessment (supported by the Independent Valuer and Investment Adviser) is that discount rates have remained stable despite the rising interest rate environment and the Investment Adviser continues to see strong demand for BESS projects. Further positive project revaluations are expected as the remaining projects move through construction and into operations. Based on current assumptions, this will trigger a 50bps reduction in discount rate. The current discount rates used in modelling are: 10.75 per cent for shovel ready projects; 10.5 per cent for in construction projects; and 10.0 per cent for operational projects. These discount rates are applied to all revenues, with no differentiation for long-term contracted income generated through Capacity Market contracts.

During the Reporting Period, the Company's share price increased by 8.49 per cent and between IPO and 30 April 2023, the Company's share price increased by 17.98 per share.

DIVIDEND AND FUTURE OUTLOOK

On 23 May 2023, the Company announced the second 2 pence per Ordinary Share quarterly distribution in respect of the 2023 financial year. This was paid on 16 June 2023. Please see further details in the Directors' Report. The Company expects to pay two further distributions of 2 pence per Ordinary Share each in respect of this financial year in line with its stated dividend policy.

Change in Net Asset Value per Share from 31 October 2022 to 30 April 2023

DEBT FINANCE SECURED

On 17 February 2023, the Company successfully completed an amendment and restatement of its debt finance facility to increase the amount of the term loan facility available to £110m; and to add a revolving credit facility for up to £20m. The facility will allow the Company, inter alia, to fund the construction of the Bumpers, Wormald Green and Hawthorn Pit projects. The original facility (£60m) is fully hedged, and appropriate hedging instruments are being put in place to manage the interest rate risk associated with the extended facilities.

Debt facilities are drawn into a wholly owned subsidiary of the Company (HEIT Holdings Limited) and therefore do not appear directly in the Company's accounts. As at the end of the Reporting Period, total borrowing was £10.0m (drawn under the revolving credit facility), representing 3.7 per cent of NAV. A further £55.6m was drawn from the term loan facility after the end of the Reporting Period, with total debt representing an aggregate 24.7 per cent of NAV as at the date of publication of this report. Once fully drawn, the debt facilities are not expected to exceed the Company's gearing limit, and over time, the Investment Adviser expects that the Company's gearing will be reduced by using excess operational cash flow once projects are operational.

INTERNAL ACTIVITY

The Investment Adviser has continued to grow the wider team with key appointments, such as that of the Finance Director, and other appointments in asset management, sustainability, and corporate governance. These additions reflect the transition of the portfolio from being largely in construction, to increasingly operational.

The Investment Adviser's in-house asset management platform, Harmonise, provides real-time data on the commercial and physical performance of the Company's projects allowing accurate and timely monitoring of performance and active management of suppliers.

There are currently 30 members of staff supporting the Investment Adviser's management of the Company's assets in GB.

ESG

Whilst the Company strives to make a positive contribution to the net zero transition through its investments in BESS, it also recognises its responsibility to address wider ESG matters. The Company and the Investment Adviser have been working hard to embed ESG across the business. During the Reporting Period, the Company and the Investment Adviser began expanding the data collection and disclosure processes for KPIs that form a core part of the ESG strategy. The Company is committed to transparent ESG reporting and is on track to publish disclosures relating to UN PRI, TCFD and TNFD in the 2022/23 Annual Report. A fuller ESG update can be found on page 20.

The Company's 11 MW / 22 MWh Broadditch project was successfully energised in March 2023. Broadditch, located in Kent, was the Company's second project to be energised.

PORTFOLIO UPDATE

PORTFOLIO OVERVIEW

In the six months to 30 April 2023, two of the Company's BESS projects became operational. The Company's Pillswood project (98 MW / 196 MWh) was energised in two phases with commercial operations commencing in November and December respectively. At the date of publication, Pillswood is Europe's largest BESS project (by MWh). The Broadditch project (11 MW / 22 MWh) commenced operations in early April 2023. After the Reporting Period end, the Farnham Project (20 MW / 40 MW) was energised and commenced operations in June 2023.

On 14 December 2022, the Company completed the acquisition of three shovel ready projects (totalling 181.9 MW) from Harmony Energy Limited. The Company moved quickly to execute BESS supply and installation contracts in relation to two of these projects: Wormald Green and Hawthorn Pit, which were categorised as under construction in February 2023. The third acquired project (Rye Common), remains shovel ready whilst the Investment Adviser continues to explore options in relation to this project.

As at the date of publication of this report, the Company's portfolio consists of 494.4 MW / 988.8 MWh, broken down as:

- 129 MW / 258 MWh (3 projects) operational;
- 266.4 MW / 532.8 MWh (5 projects) under construction; and
- 99 MW / 198 MWh (1 project) "shovel ready".

As at the date of publication, two of the five projects under construction have batteries on-site and are progressing through their respective grid connection and commissioning programmes.

The Little Raith (49.5 MW / 99 MWh), Bumpers (99 MW / 198 MWh) and Rusholme (35 MW / 70 MWh) projects are due to energise in 2023. By the end of 2023, the Company's operational portfolio is expected to be 312.5 MW / 625 MWh.

The first six projects (312.5 MW / 625 MWh) contracted by the Company utilise Tesla's megapack technology. In line with the procurement strategy outlined at IPO, the Company successfully diversified its supplier base by contracting with Envision Energy International UK Limited ("**Envision**") to supply batteries to the Hawthorn Pit and Wormald Green projects. Envision is also contracted under long-term maintenance and services agreements in relation to these two projects.

In relation to the Wormald Green and Hawthorn Pit projects:

- the Investment Adviser is currently finalising contracts for revenue optimisation services and expects to announce a new partner in due course; and
- contractors have mobilised and commenced early stage works on site.

Going forward, the Investment Adviser (on behalf of the Company) will continue dialogue with existing and potential suppliers to ensure enduring quality of service and cost competitiveness.

Key project information is depicted in the map graphic on page 8.

The Company continues to benefit from an exclusive right of first refusal over a further 505 MW of BESS pipeline projects developed by Harmony Energy Limited and is also continuing to monitor for BESS project acquisition opportunities from third parties.

CAPACITY MARKET

In early February 2023, the Company successfully bid for T-1 Capacity Market contracts in respect of the Pillswood, Broadditch, Farnham and Rusholme projects. Service delivery under these contracts will commence in October 2023. The T-1 Auction cleared at £60 per kW/year, the second highest clearing price ever achieved and significantly higher than the T-1 revenue assumptions in the Investment Adviser's revenue projections at the time of the award. Once this revenue stream commences in October 2023 it will further enhance the revenue profiles of the relevant projects.

In addition to the Company's success in the T-1 Auction, the Company's Bumpers, Wormald Green and Hawthorn Pit projects successfully obtained 15-year duration, index linked T-4 Capacity Market contracts at the auction held on 21 February 2023. The auction cleared at a record high of £63 per kW/year, more than double the previous record high price. This revenue stream will commence from October 2026, with these projects capable of benefiting from T-1 contracts in the intervening years (subject to being awarded or otherwise obtaining relevant T-1 contract(s)).

The above results mean that all projects in the Company's portfolio (bar Rye Common) now benefit from 15-year index linked T-4 contracts commencing from October 2024, October 2025 or October 2026 (depending on the project). The table below shows the currently contracted income to be received from the Capacity Market. Income in 2024 and 2025 will be increased by additional revenue from T-1 contracts awarded to relevant projects which do not hold T-4 contracts for these delivery years.

A shot of the control room of the Pillswood project, tracking one of GB's best performing BESS of 2023.

Capacity Contract Value (£m)	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41
Pillswood	2.2	–	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	–
Broadditch	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		–
Farnham	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		–
Rusholme	0.8		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	–
Little Raith	–		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	–
Bumpers	–			0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Wormald Green	–			0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Hawthorn Pit	–	–	–	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	**3.6**	**0.2**	**1.9**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.0**	**1.4**

- T-1 contracts commencing October 2023
- T-4 contracts commencing October 2024
- T-4 contracts commencing October 2025
- T-4 contracts commencing October 2026

PORTFOLIO COMPOSITION
AS AT THE DATE OF THIS REPORT

1 PILLSWOOD
98 MW / 196 MWH
STATUS: OPERATIONAL

2 BROADDITCH
11 MW / 22 MWH
STATUS: OPERATIONAL

3 FARNHAM
20 MW / 40 MWH
STATUS: OPERATIONAL

4 RUSHOLME
35 MW / 70 MWH
TARGET COD: Q3 2023
STATUS: UNDER CONSTRUCTION

5 BUMPERS
99 MW / 198 MWH
TARGET COD: Q3 2023
STATUS: UNDER CONSTRUCTION

6 LITTLE RAITH
49.5 MW / 99 MWH
TARGET COD: Q4 2023
STATUS: UNDER CONSTRUCTION

7 WORMALD GREEN
33 MW / 66 MWH
TARGET COD: Q1 2024
STATUS: UNDER CONSTRUCTION

8 HAWTHORN PIT
49.9 MW / 99.8 MWH
TARGET COD: Q2 2024
STATUS: UNDER CONSTRUCTION

9 RYE COMMON
99 MW / 198 MWH
TARGET COD: Q3 2024
STATUS: SHOVEL READY

OPERATIONAL ASSETS (129 MW / 258 MWH)
UNDER CONSTRUCTION ASSETS (266.4 MW / 532.8 MWH)
SHOVEL READY ASSETS (99 MW / 198 MWH)
"COD" COMMERCIAL OPERATIONS DATE

PORTFOLIO PERFORMANCE

The portfolio generated £2.7m in operating revenues in the Reporting Period. This was predominantly driven by the Pillswood project with the Broadditch project contributing a small amount in April 2023. Portfolio revenue is expected to increase significantly in the coming months as more projects become operational.

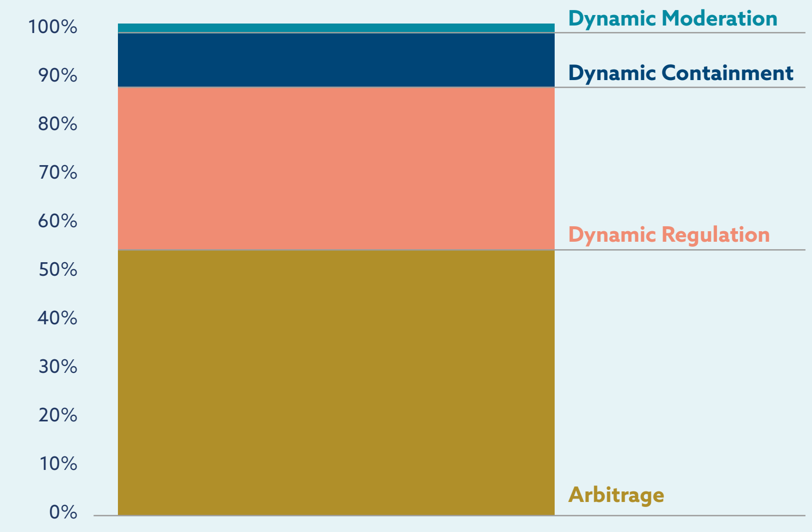
Revenues were generated from Arbitrage (buying and selling of power in the wholesale markets and Balancing Mechanism) as well as Ancillary Services (short-term contracts with National Grid to provide grid stability services). A brief description of applicable Ancillary Service revenue streams is set out in the table below.

Note that the table below does not include National Grid ESO's Firm Frequency Response service which is being phased out over the coming months and replaced by increasing procured volumes across the suite of "dynamic" services below.

	Dynamic Containment ("DC")	Dynamic Moderation ("DM")	Dynamic Regulation ("DR")
Frequency of Auctions/ Opportunities to trade	Daily Day Ahead Auction. Bid for 4-hour blocks one day in advance.		
Required Response Time	0.5 seconds	0.5 seconds	2 seconds
Time that BESS must be capable of sustained delivery	15 minutes	30 minutes	60 minutes
2-hour duration competitive advantage?	Equally competitive with shorter duration BESS	Equally competitive with shorter duration BESS	2-hour BESS more competitive due to 60-minute delivery requirement

During the Reporting Period, 54 per cent of revenue was generated from Arbitrage, predominantly in wholesale markets. The next largest component was Dynamic Regulation ("**DR**") which contributed 33 per cent. This is in line with the Investment Adviser's assumption that Arbitrage will be the dominant source of income as Ancillary Services are increasingly saturated. See chart 1.

Chart 1: HEIT Revenue Mix 1st November 2022 – 30 April 2023



PORTFOLIO PERFORMANCE

2-hr duration BESS can utilise a greater proportion of capacity in DR services than shorter-duration BESS, due to state-of-charge management constraints. The Company's portfolio of 2-hour duration BESS is well placed to benefit from this revenue strategy. However, DR is a relatively small market with around 150-200 MW procured by National Grid ESO on any given day. This has led to increased competition between assets and the Company's projects have often had to accept no payment for providing the "high frequency" DR service in order to win volume in the daily auctions. Despite this, DR "high" remains an attractive strategy because the BESS does not pay for power imported when providing Ancillary Services and is effectively charged up for free. This power can then be sold later in the day via the wholesale markets, increasing the Arbitrage spread.

In addition to lower Ancillary Services pricing, wholesale spreads (the difference between the price paid and price received for power) have been lower than seen throughout 2022 as natural gas and power forward prices normalised faster than expected in response to the mild winter and high levels of gas storage levels across Europe. See chart 5.

Going forward and given the current market conditions in both Ancillary Services and wholesale markets, the Investment Adviser sees the Balancing Mechanism as a key growth opportunity for BESS (particularly 2-hour duration BESS). The Investment Adviser is actively working with its Revenue Optimiser to encourage National Grid ESO to continue increasing the volume and durations of capacity provided by BESS in the Balancing Mechanism, which consistently sees spreads exceed those available in the wholesale markets.

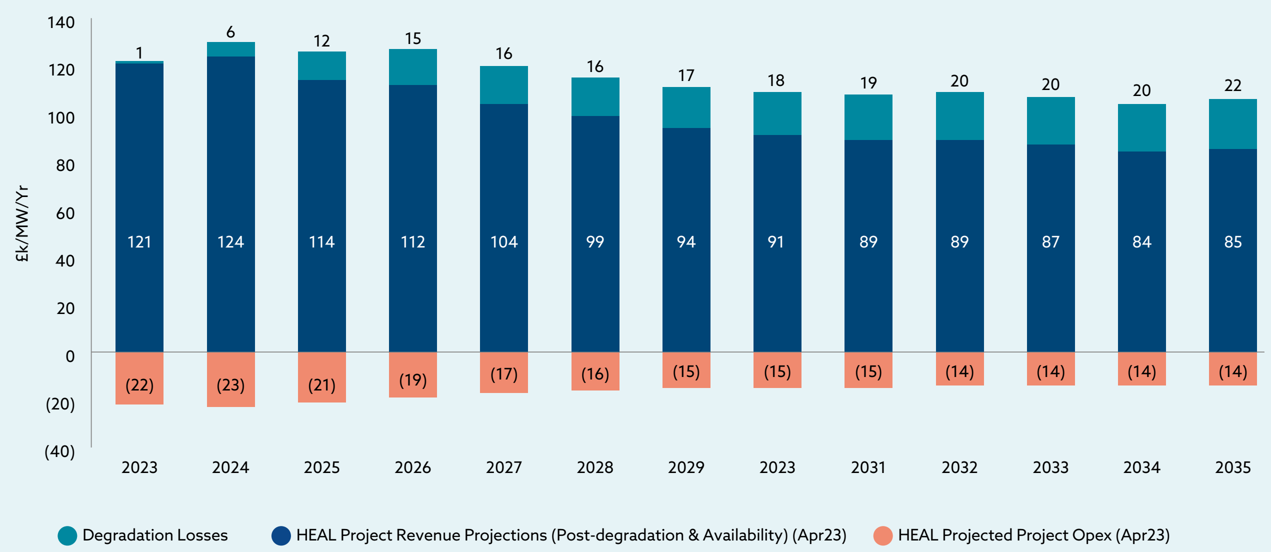
National Grid ESO has a number of planned software and process updates due in 2023 which are designed to encourage the use of batteries in the Balancing Mechanism. In addition, the Investment Adviser is actively engaged in positive discussion with National Grid ESO in relation to the use of the Company's projects in the Balancing Mechanism prior to these updates going live.

FORWARD LOOKING REVENUE ASSUMPTIONS

Chart 2 shows the revenue and opex assumptions used for valuation purposes up to 2035. The Investment Adviser generates revenue assumptions based on input from three independent market advisers and this is benchmarked by the independent valuer against completed transactions observed in the sector.

Revenue assumptions remain above the medium to long-term average of £96k/MW/Yr assumed at the Company's IPO and on which projected returns distributions are based.

Chart 2: Revenue & Cost Assumptions, 2 Hour Battery (£k/MW/Yr, real Jan 2022)



(Source: Harmony Energy Advisors Limited. As at 30 April 2023, years are calendar years)

MARKET UPDATE

OVERVIEW

The UK has a legally binding target to achieve "net zero" by 2050 and has enshrined in law a target to reduce emissions by 78 per cent by 2035 compared to 1990 levels. The UK's greenhouse gas ("**GHG**") emissions fell by 49 per cent between 1990 and 2022, with the shift from fossil fuel-based energy to renewables playing an important role in delivering emissions reductions. UK renewable generation, primarily wind and solar, has more than quadrupled over the past 10 years, with wind farms contributing a record 26.8 per cent of the country's electricity in 2022. This growth has been supported by government subsidies and support schemes, such as the Feed-In Tariff, the Contracts for Difference ("**CfD**") scheme and the Renewable Obligation but has also been driven by rapid reductions in cost that have allowed some renewable energy projects to start competing in a subsidy-free environment. National Grid ESO predicts that by 2050 the GB network will include a minimum of 150 GW of renewables (Falling Short Scenario) and a possible maximum of 249 GW (Consumer Transformation Scenario).

Renewables are known as "intermittent" generation assets as their output relies on prevailing weather conditions and can therefore be difficult to forecast accurately ahead of delivery. Supply and demand of electricity must be balanced and matched in real-time in order to maintain the stability of the electricity system. Responsibility for this balancing lies with National Grid ESO as the system operator. This role has become more challenging and costly as the proportion of intermittent generation on the electricity system has increased.

In response to the growing costs and complexity of balancing the system, National Grid ESO has developed (and is continuing to develop) new processes, systems, and service products to encourage new storage technologies, and in particular BESS, to develop and participate. BESS provide important services that support the electricity system's safety and stability, while supporting the integration of more renewables on to the system and lowering the carbon intensity of the grid. BESS investments do not rely on government support and subsidies in the same manner as renewables. National Grid ESO predicts that, in order to keep pace with the growth of renewables, between 22 GW (Falling Short Scenario) and 50 GW+ (Leading the Way Scenario) of energy storage is required by 2050. As at the date of this report, there is currently c.5.4 GW of storage in GB, of which c.2.6 GW (48 per cent) constitutes utility-scale BESS.

Aerial view of the Company's Pillswood site, Europe's largest BESS by energy capacity (98 MW / 196 MWh).

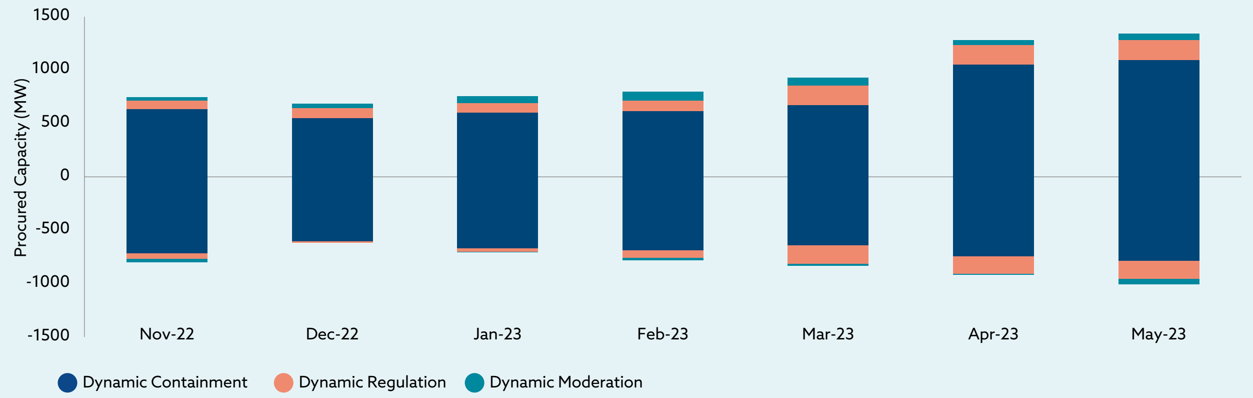
MARKET UPDATE

ANCILLARY SERVICES SATURATED

As noted above, Ancillary Services pricing has reduced as markets have become saturated. This aligns with the Investment Adviser's expectations at IPO and reinforces the case for longer duration batteries which are better placed to benefit from trading. Average daily volume across all Ancillary Services (see chart 3) ranged from 0.7 GW to 1.3 GW compared to 2.6 GW of installed battery capacity (an increase from 1.7 GW at the start of the Reporting Period).

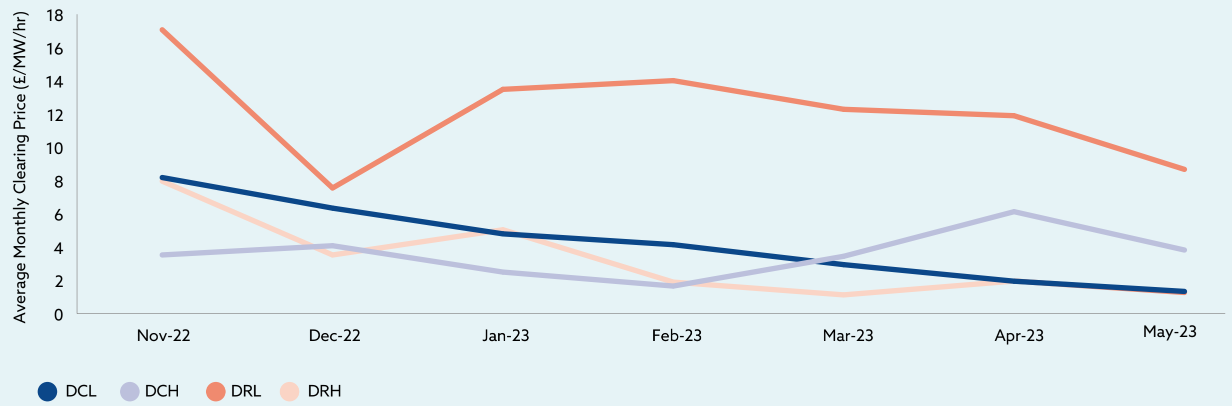
Chart 4 shows the average clearing price for the services in which the Company's projects have been most active: Dynamic Containment and Dynamic Regulation. Bidders can decide how much capacity to commit to high and low frequency elements of DC and DR. If providing the high frequency service, the battery will be asked to generate power, and if providing the low frequency service, the battery will be asked to consume power. The Company's projects do not pay for power imported and do not get paid for power exported whilst providing these services. For this reason, the high frequency DR service ("**DRH**" in chart 4) tends to clear at a very low price because the BESS effectively receives free power which can be sold via the wholesale markets. Conversely, the low frequency DR service ("**DRL**" chart 4) sees the opposite effect with higher clearing prices to compensate the BESS for power generated whilst providing the service. This impact is less prevalent in DC because the delivery period is much lower and therefore the volume of imported or exported electricity is much lower than experienced when providing DR. Whilst potential increased procurement of Balancing Service volume from National Grid ESO over the summer months could lead to some price increases, the Investment Adviser generally expects Ancillary Services pricing to remain low as it will be set by the opportunity cost of shorter duration BESS operating in wholesale markets and the Balancing Mechanism.

Chart 3: Ancillary Services Procured Volume



(Source: Harmony Energy Advisors Ltd, using data from Aurora Energy Research)

Chart 4: Ancillary Services Pricing



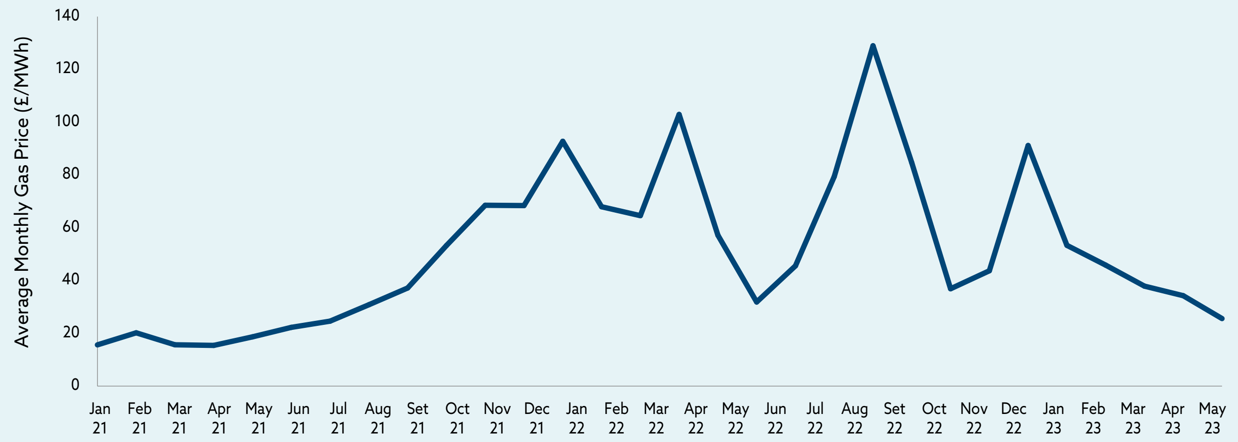
(Source: Harmony Energy Advisors Ltd, using data from Aurora Energy Research)

ARBITRAGE SPREADS

As chart 6 shows, wholesale market spreads have reduced since the start of 2023. This reduction largely mirrors the fall in natural gas pricing shown in chart 5. Wholesale price spreads are typically wider over the winter months when both gas price and electricity demand are highest. It is therefore expected that spreads will increase again as we enter the autumn of 2023.

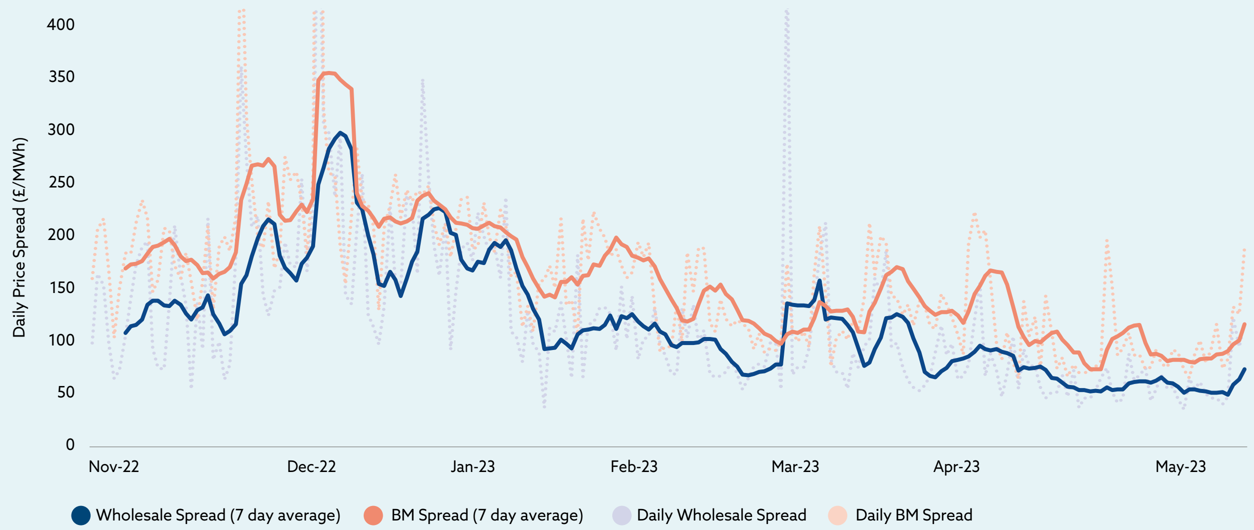
Spreads in the Balancing Mechanism are consistently wider than those seen in wholesale markets, and the Investment Adviser sees the potential additional widening of Balancing Mechanism spreads as renewable penetration increases over the near-term.

Chart 5: Average Gas Price Jan 2021 to May 2023



(Source: Harmony Energy Advisors Ltd, using data from Aurora Energy Research)

Chart 6: Wholesale vs Balancing Mechanism Spread



(Source: Harmony Energy Advisors Ltd, using data from Aurora Energy Research)

STRATEGIC REPORT

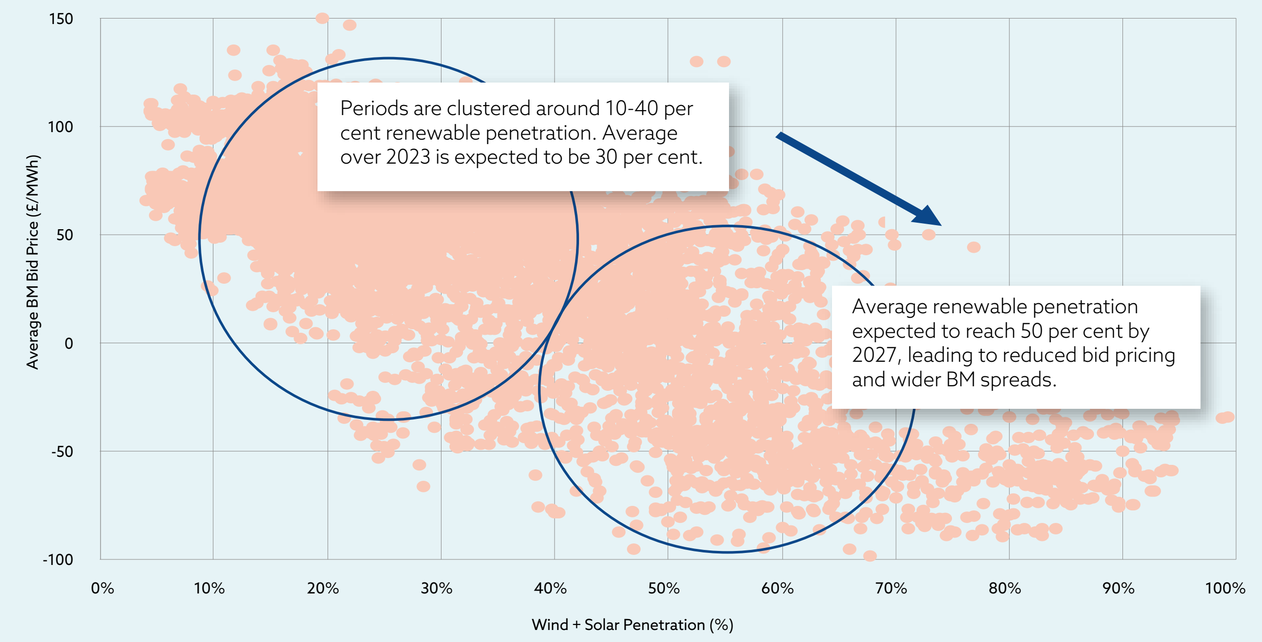
MARKET UPDATE

Balancing Mechanism actions are divided into "offers" (actions where National Grid ESO instructs the BESS to generate electricity) and "bids" (actions where National Grid ESO instructs the BESS to import electricity). Since gas is usually the marginal source of electricity supply in GB, the difference between the bid price and offer price is often set by reference to the highest or lowest (respectively) efficiency of participating gas power stations. However, in periods of high renewable penetration, the bid price can become de-coupled from gas and reduce significantly (i.e. renewables set the price). In 2023, around 30 per cent of electricity generation is expected to come from wind and solar. This is expected to increase to 50 per cent by 2027 which will lead to more periods in which the bid price is not set by reference to gas pricing. Conversely, the offer price will remain linked to gas even in a scenario of increased renewable penetration. Therefore, the spread in the BM should increase as renewable penetration increases. Chart 7 shows the relationship between renewable penetration and bid pricing in 2023 to date.

Chart 7 highlights that there is a correlation between higher renewable penetration and lower bid prices in the Balancing Mechanism. Renewable penetration is forecast to increase year-on-year, which should lead to declining bid price over the medium-term and higher potential earnings for BESS participating in the Balancing Mechanism.

The volume of BESS actions in the BM has traditionally been limited by National Grid ESO's technical ability to efficiently call on a large number of smaller assets. There is growing industry consensus that greater BESS participation in the Balancing Mechanism can deliver a significant revenue opportunity whilst also providing a more cost-efficient solution for National Grid ESO and, by extension, consumers. This is a key focus area for National Grid ESO, with a significant software development due to go live in December 2023 and a number of additional process changes which are already being rolled out to encourage BESS participation in the BM. The Investment Adviser is actively engaged in positive dialogue with National Grid ESO and is well positioned to benefit from these improvements.

Chart 7: Wholesale vs Balancing Mechanism Spread



(Source: Harmony Energy Advisors Ltd, using data from Aurora Energy Research)

2-HOUR DURATION

Chart 8 shows relative performance of 2-hour duration BESS relative to shorter duration BESS during the Reporting Period. 2-hour duration batteries continued to outperform 1-1.5-hour duration BESS although, from January 2023 onwards, the gap narrowed from the highs seen in 2022. This is predominantly a result of lower spreads in the wholesale market combined with reduced clearing prices in Dynamic Regulation. Even at its lowest point in April 2023, this gap represents a 40 per cent higher revenue than shorter duration BESS.

The Investment Adviser expects the difference in performance to increase as Ancillary Services remain saturated and 2-hour duration batteries increasingly pivot into wholesale markets and the Balancing Mechanism activity.

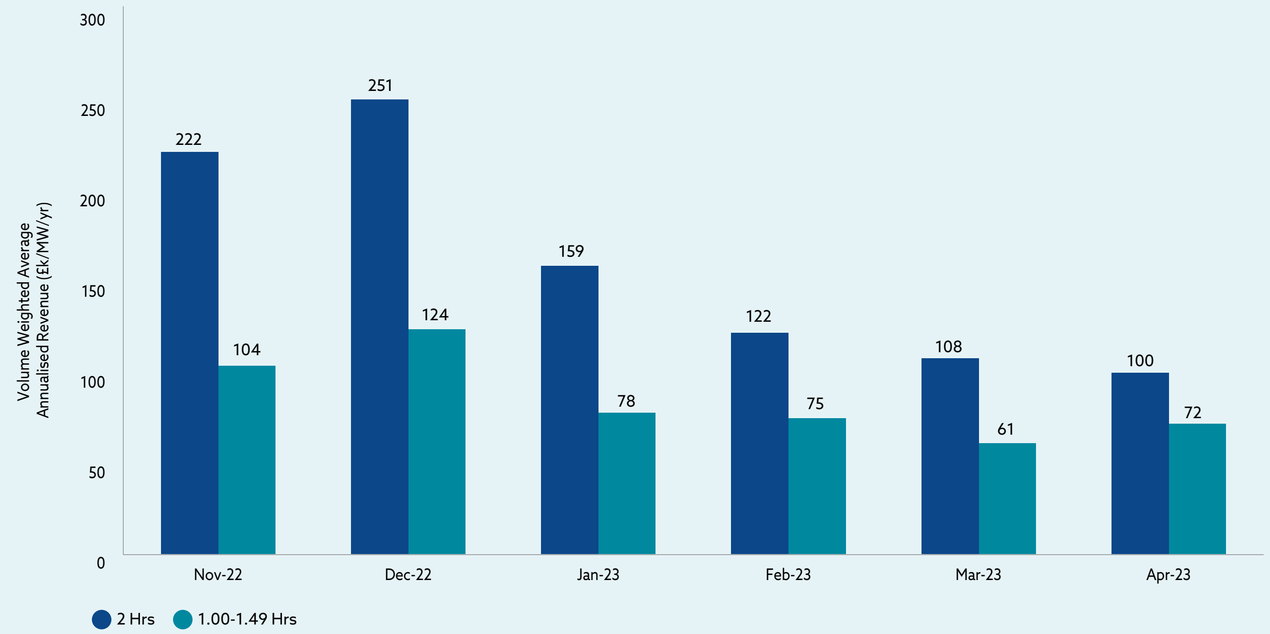
FUTURE MARKET OUTLOOK

Flexibility and agility in revenue optimisation strategies will continue to be key. Whilst Ancillary Services pricing is likely to remain low, constantly assessing and comparing opportunities across markets and actively stacking them will drive long-term value. Having strong forecasting capabilities and choosing when to operate in the wholesale or Ancillary Services markets will allow Revenue Optimisers to differentiate themselves.

BESS revenue is expected to be become increasingly reliant on the wholesale markets (a much larger/deeper market compared to Ancillary Services) and we should start to see more BESS activity on the Balancing Mechanism as National Grid ESO utilisation of this platform for BESS increases.

The Company goes into the second half of 2023 with the largest portfolio of 2-hour duration batteries in the UK listed market (by MWh). The GB weighted average duration remains at 1.2-hours and this is a key differentiator for the Company, which will have the widest possible sources of revenues.

Chart 8: Average Revenue by Battery Duration (GB Fleet)



(Source: Harmony Energy Advisors Ltd, using data from Modo Energy. Note: Revenue includes Capacity Market)

PRINCIPAL RISKS & UNCERTAINTIES

The Board monitors the key risks on an ongoing basis and takes action to mitigate them as needed. Key risks, which were in particular focus during the Reporting Period, included delays to construction and volatility in power pricing and revenue generation. The Investment Adviser has taken steps to mitigate supplier concentration risk and supply chain issues by diversifying our key suppliers as well as proactively managing procurement of long lead-time equipment. In addition, the Investment Adviser has observed a material reduction in key commodity prices (specifically, lithium carbonate), although we continue to monitor this closely. Looking ahead, regulatory changes and management of third party suppliers have the potential to impact the Company's NAV, share price, revenue and cost base and are therefore being monitored closely.

Whilst the continuation of rising interest rates is an emerging risk, given the existing level of debt and hedging which is in place this is not currently considered material and the Investment Adviser continues to assess appropriate hedging in relation to the increased debt facility as well as benchmarking discount rates and project valuations against market transactions.

The Board considers the following to be, respectively, the principal and emerging risks and uncertainties facing the Company as at the date of approval of the Interim Report.

EXISTING RISKS

Risk Description	Possible Consequences	Mitigating Actions
Project supplier delivery delays		
Delays in delivery under existing supply contracts; adverse changes to estimated costs and delivery timetable from key suppliers; battery installation delays.	• Increased costs. • Delay to income generation. • Reduced NAV.	• Contingencies are built into the modelled project timelines. • Tender processes for future contracts are conducted with suppliers with a strong track record. • EPC (or BESS supply) contracts contain robust obligations regarding price and delivery timetables. • Contingency is included in project budgets. • The Company makes efforts to ensure, so far as practical, capital expenditures are fully contracted prior to the Company making investment decisions.
Secondary market share price		
Risk of shares continuing to trade at a discount to NAV on the secondary market.	• Inability to raise further equity capital. • Shareholder dissatisfaction.	• Successful build out of portfolio to provide greater visibility of and confidence in relation to returns. • Consideration of share buybacks in line with stated policy. • Widening of shareholder base.
Cyber risk		
Risk of data loss; risk of cyber attack.	• Increased costs. • Reputational damage. • Non-compliance with relevant laws and regulations.	• The Company reviews all third-party service providers' and suppliers' IT security policies. • Reports will be required from suppliers on ISO compliance, penetration testing and attempted attacks. • Operational level equipment complies with Energy Networks Association Cyber Security Connection. Guidance and the Investment Adviser has multi-factor authentication for its internal data platform.

Risk Description	Possible Consequences	Mitigating Actions
Regulatory risk		
Reduced returns from changes to applicable law; unfavourable energy or power network policies; noncompliance with legal and regulatory requirements for investment trusts. A specific example is the ongoing Review of Electricity Market Arrangements, which was highlighted as an emerging risk in the 2021/22 Annual Report.	• Non-compliance with relevant laws and regulations. • Reduced returns. • Reputational damage.	• The Company is well positioned to monitor and react to the energy policy and political landscape, and inputs to relevant energy industry consultations. • Attendance at energy policy and regulatory seminars and engagement with industry stakeholders and policymakers ensure up to date insights. • The Company Secretary monitors compliance with all applicable legal and financial legislation and regulatory requirements. • An experienced AIFM has been appointed. • A tax adviser is appointed to monitor tax law changes.
Reliance on third parties		
Risk that key personnel in the Investment Adviser and other third-party service providers are not properly incentivised or managed to deliver the Company goals.	• Delayed deployment of capital. • Reduced returns. • Non-compliance with relevant laws and regulations.	• Performance of service providers is regularly monitored by the Investment Adviser and the Management Engagement Committee. • Termination periods for key service providers are negotiated to ensure sufficient time for tendering and onboarding. • Independent power price forecasts and other industry intelligence subscriptions are used to support NAV calculations. • Valuations are carried out by an independent provider. • Engagement of a Revenue Optimiser ensures revenue is maximised. The Revenue Optimiser is engaged on a rolling short-term contract to enable replacement in the event of poor performance, and the fee is structured to incentivise performance.
Project development and construction risk		
Risk of failure to deliver Pipeline Projects and incurrence of costs, including planning variation delays, grid connection delays, land disputes.	• Increased costs. • Reduced returns. • Delays to deployment of capital and/or income generation. • Non-compliance with investment policy.	• Harmony Energy Limited has an extensive track record in development and delivery of renewable energy projects and its project managers oversee the delivery of each site. • The Company's investment policy prohibits the Company from acquiring projects which are not "shovel ready". These qualifications are corroborated by independent due diligence during the investment process. • Portfolio diversification and budget contingency provide mitigation. • The investment process allows the pipeline to be controlled and acquired with full visibility of the capital deployment timetable.
Market risk		
Reduced growth of renewables sector; fluctuations in pricing of natural gas and carbon taxes.	• Reduced revenue. • Reduced NAV.	• Subscriptions to market intelligence services ensure the Investment Adviser is aware of industry outlook and developments at the earliest stage. • The Investment Adviser and Board regularly engage with industry stakeholders and policymakers. • Any changes to the market outlook are factored into revenue forecasts and investment proposals. • Additional contingency has been added to the financial model to account for slow ramp-up of new projects to full operational capability.

PRINCIPAL RISKS & UNCERTAINTIES

Risk Description	Possible Consequences	Mitigating Actions
Environmental risk		
Risk of unexpected environment-related costs and liabilities.	• Unsafe working conditions. • Reputational damage. • Increased costs. • Non-compliance with relevant laws and regulations.	• Full due diligence is undertaken on proposed investments, including environmental due diligence. • This includes consideration of climate change related risks including extreme weather events such as flooding. • Due diligence recommendations to mitigate environmental risks are factored into investment proposal costs and implemented on the projects. • Projects are insured to cover delays to commencement of operations and other environmental risks, including damage to assets from severe weather.
Conflicts of interest		
Risk of acquiring projects other than at fair market price; risk of over valuing assets to increase share price; conflicts of interest in acquisition of projects from a related party, Harmony Energy Limited.	• Increased costs. • Reduced returns. • Reputational damage.	• Mitigants of potential conflicts of interest are built into the contractual structure, including a significant portion of consideration for projects being paid to Harmony Energy Limited in Company shares rather than cash. • In addition, the Company has built mitigants into its governance processes and commercial arrangements, including the requirement to procure an independent valuation and external due diligence prior to acquisition. All acquisitions are subject to approval of the Board, who are independent.
Changing macro-economic conditions		
Changing economic conditions may lead to increased costs or lower returns and could contribute to shares trading at a discount to NAV.	• Increased investor return requirement leading to reduced NAV. • Reduced returns. • Increased costs. • Reduced NAV.	• Successful build out of portfolio to provide greater visibility of and confidence in relation to returns. • Changes to the economic outlook are factored into revenue forecasts, valuations and investment proposals for future investments. • As a relatively new asset class, BESS asset valuations are less directly linked to interest rate movements than other renewable assets. Discount rates have been coming down despite increasing interest rates as investors become more comfortable with the track record demonstrated by the sector. • Supply of certain items of key equipment is priced in USD, EUR or RMB. In these cases, the FX risk has been passed to suppliers through the relevant supply and installation contracts.

Risk Description	Possible Consequences	Mitigating Actions
Safety risk		
Risks to health and safety during construction or operation.	• Unsafe working conditions. • Workplace injuries. • Reputational damage. • For project SPVs, noncompliance with relevant laws and regulations.	• The Investment Adviser has appointed health and safety advisers to undertake audits of all sites and provide support to the Investment Adviser's project management team. • The Investment Adviser and Board monitor health and safety compliance and performance on a regular basis. • For projects under construction, the EPC/BOP contracts contain obligations in respect of health and safety on sites. • Tesla has the role and responsibilities of Client under the Construction (Design & Management) Regulations, in relation to all projects, except Wormald Green and Hawthorn Pit, for which the relevant Company project SPV appoints the BOP contractors directly. • Procurement due diligence includes an assessment of contractor health and safety track record and compliance framework. • Insurance policies are in place to provide cover against certain losses.

EMERGING RISKS

Risk Description	Possible Consequences	Mitigating Actions
Rising Interest Rates		
Risk of interest rates continuing to rise.	• Increased borrowing costs. • Reduced returns.	• Successful build out of portfolio to provide greater visibility of and confidence in relation to returns. • The Company has hedging arrangements in place in relation to certain amounts drawn under its debt facilities. An expansion / restructure of such hedging arrangements will be considered when required. • The Board, Independent Valuer and Investment Adviser continue to monitor discount rates and benchmark against market transactions to ensure valuations reflect fair market.

RELATED-PARTY TRANSACTIONS

During the Reporting Period, the Company acquired three projects from Harmony Energy Limited at fair value, in accordance with the Company's Related Party policy. The independent valuer provided a fair market opinion on all purchases at the time of acquisition and consideration paid was considered by the independent valuer to be within a fair market range.

Detailed information on related-party transactions can be found on pages 45 and 46 of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

AS AN INVESTOR IN BATTERY ENERGY STORAGE SYSTEMS (BESS), THE COMPANY STRIVES TO MAKE A MEANINGFUL CONTRIBUTION TO THE NET ZERO TRANSITION, WHILE CREATING VALUE FOR ITS INVESTORS.

UN SUSTAINABLE DEVELOPMENT GOAL ("SDG") CONTRIBUTIONS

Strategic Priorities	
Climate and Emissions	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 13 Climate action
Biodiversity	15 Life on land
Communities	4 Quality education; 11 Sustainable cities and communities
Secondary Priorities	
Waste	6 Clean water and sanitation; 12 Responsible consumption and production
Health, Safety and Wellbeing	3 Good health and well-being
Labour and Human Rights Communities	1 No poverty; 16 Peace, justice and strong institutions
Diversity and inclusion	5 Gender equality; 10 Reduced inequalities
Wealth Creation and Employment	8 Decent work and economic growth

INTRODUCTION

The world urgently needs to transition to renewable energy to lower global greenhouse gas emissions and stop climate change. However, the increase in renewable energy sources presents a challenge for electricity systems: the need to match varying demand with intermittent supply.

BESS can be used to solve the problem of intermittency by storing renewable electricity when demand is low and releasing it back to the grid when it is needed most. BESS therefore provides additional Flexibility to the ESO, supporting the integration of renewable electricity onto the system and decarbonising the grid. As such, BESS are key to enabling a low carbon energy system that runs with an increasing proportion of renewable power. By providing important services that support the electricity system's safety and stability, while lowering grid carbon intensity, BESS can also "make low carbon electricity systems more cost-effective"*, helping to reduce energy prices for end-users.

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 net zero economy.

Whilst the BESS assets the Company invests in are designed to enable the transition to a cleaner, more affordable and secure energy system, the Board of Directors and the Investment Adviser understand that the Company has a duty to act responsibly and address wider environmental, social and governance ("**ESG**") issues across all aspects of its business. By effectively managing ESG, The Company can help to build a more sustainable and resilient future – for the business, as well as for the environment and communities in which it operates.

OUR STRATEGY

The Company launched its ESG strategy in the 2021/22 Annual Report, laying the foundation for its approach to ESG. The strategy is focused on our priority issues of climate, nature, communities, waste and resources, and human rights and labour. The United Nations Sustainable Development Goals (SDGs) are the blueprint for addressing global challenges, including climate change. Therefore, the strategy is aligned to the SDGs most material to the business. The Company has identified areas of potential influence, and ways to maximise positive benefits and minimise adverse impacts of its business across our investments and operations.

The Company is committed to actively identifying and managing ESG related risks and opportunities throughout the investment process. The continued development and successful implementation of the Company's ESG strategy will help ensure its long-term success. The year end Annual Report will contain a full update on the development and implementation of the ESG strategy.

* IPCC AR6 Working Group III Full Report, p. 652: https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf

ESG PROGRESS HIGLIGHTS

THE COMPANY MADE STRONG PROGRESS ON ITS ESG AND RESPONSIBLE INVESTMENT OBJECTIVES DURING THE REPORTING PERIOD. KEY HIGHLIGHTS INCLUDE:

ENVIRONMENTAL

- The Pillswood project – Europe's biggest battery energy storage system (by MWh) – and the Broadditch project, were successfully energised. With a total capacity of 218 MWh, equivalent to the electricity needed to power around 333,000 UK homes for two hours, these assets are making a real contribution to the UK's 2050 net zero goal.

The Investment Adviser:

- is undertaking climate and nature related risk and opportunity assessments to better understand the impact of its assets. The Company is on track to publish disclosures relating to TCFD and TNFD in the 2022/23 Annual Report. These disclosures will provide stakeholders with greater transparency over HEIT's climate and nature related financial risks and opportunities.
- engaged with key suppliers regarding the measurement and management of environmental issues to drive sustainable change in the supply chain. For example:
  - engaging with battery suppliers on key topics such as GHG emissions reductions, biodiversity and battery end of life recyclability; and
  - working with contractors to further integrate sustainability into the BESS site construction process;
- is developing its approach to measuring the GHG impact of its investments. This includes developing a methodology to measure GHG emissions avoided by the BESS the Company invests in and working with suppliers to assess upstream Scope 3 emissions.

SOCIAL

- The Company continues to work closely with suppliers to integrate ESG into the supply chain. Alongside sustainability requirements embedded in the contracts with key suppliers, the Company rolled out its Supplier Code of Conduct to key existing and new suppliers. This will help ensure suppliers adhere to the Company's ESG standards. The Company and the Investment Adviser engaged with key suppliers on social sustainability impacts in the battery supply chain such as human rights and working conditions. In addition, the Company is implementing its supplier ESG audit programme, starting with an ESG audit of a key supplier's BESS production facility.
- In line with plans at IPO, the Company added a second community fund at the Broadditch site to the one launched previously at Pillswood. The community funds will be used to support local initiatives that matter to the communities in which we operate and will help ensure the Company's activities are benefitting the local population.
- The Investment Adviser continued to strengthen health and safety management, governance, and reporting. Zero health and safety incidents were reported during the Reporting Period.

GOVERNANCE

- The Investment Adviser strengthened its ESG capabilities by appointing a Head of Sustainability with responsibility for shaping and implementing the ESG and responsible investment strategy.

The Company:

- has a dedicated Board ESG Committee with oversight of ESG management. The ESG Committee met during the Reporting Period and agreed the ESG priorities and roadmap for the year.
- along with the Investment Adviser continued to integrate ESG risk management into the wider risk management process. ESG risks, including climate and nature related risks, were assessed both at the Audit and Risk Committee meeting in February as well as the Quarterly Board Meeting in March, along with the other risks.
- is preparing its first UN PRI submission. This will be a crucial step in increasing accountability and providing investors with greater transparency.
- is working with the Investment Adviser to expand the data collection and disclosure processes for key performance indicators that form a core part of the ESG strategy. This will enable transparent measurement and reporting of progress against the strategy.

FURTHER INFORMATION

THE COMPANY WILL PUBLISH A FULL ESG UPDATE IN THE 2022/23 INTEGRATED ANNUAL REPORT.

FURTHER DETAILS OF THE COMPANY'S ESG APPROACH CAN BE FOUND IN THE 2021/22 INTEGRATED ANNUAL REPORT, AVAILABLE ON THE COMPANY'S WEBSITE.

Currently under construction, the 35 MW / 70 MWh Rusholme project sits in front of Rusholme wind farm.

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT TOGETHER WITH THE UNAUDITED INTERIM REPORT FOR THE PERIOD FROM 1 NOVEMBER 2022 TO 30 APRIL 2023 (THE "**REPORTING PERIOD**").

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 18th 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 systems ("**BESS**") and renewable energy generation projects, with an initial focus on a diversified portfolio of BESS located in Great Britain.

COMPANY PERFORMANCE

Details on the performance of the Company and its assets can be found in the Chair's Statement and the Investment Advisor's Report on pages 2 and 4 respectively.

SHARE CAPITAL

On 31 January 2023, all C Shares in issue were converted into new Ordinary Shares on a conversion ratio of 0.786735 new Ordinary Share for every 1 C Share held. At 30 April 2023, the Company's share capital comprised 227,128,295 Ordinary Shares of 1pence each carrying one vote.

DISTRIBUTIONS – DIVIDEND AND INTEREST

All Ordinary Shares are entitled to receive dividends, interim dividends and interest distributions and during the Reporting Period the Company has declared and paid dividends, as shown in the table below.

The Company's dividend policy authorises the directors to declare and pay all dividends as interim dividends, and for the last dividend referable to a financial year not to be categorized as a final dividend that is subject to shareholder approval. The Company's dividend policy will be tabled for approval at each annual general meeting. Dividends are not recognised in the financial statements of the Company until paid. The results of the Company are disclosed in the Unaudited Statement of Comprehensive Income on page 27 of this Report.

Period in relation to which dividend was paid	Announcement date	Ex-dividend date	Payment date	Amount per Ordinary Share	Dividend	Interest Distribution	Total amount
31 October 2022	23 November 2022	1 December 2022	16 December 2022	1p	1p	N/A	1p
31 January 2023	23 February 2023	2 March 2023	17 March 2023	2p	1p	1p	2p
30 April 2023	23 May 2023	1 June 2023	16 June 2023	2p	1p	1p	2p

DIRECTORS

During the Reporting Period there were no changes in Directors. All Directors are non-executive Directors. The Directors during the Reporting Period and the fees paid to them during the Reporting Period are set out below.

Director	Annual fee (£)	Received in Reporting Period (£)
Norman Crighton	52,500	25,625
Janine Freeman	47,250	23,062
Hugh McNeal	42,000	20,499
William Rickett	42,000	20,499
Shefaly Yogendra	42,000	20,499

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 2023 are shown below:

Director	Number of Ordinary Shares held	Percentage of issued share capital (per cent)
Norman Crighton	13,933	0.0061
Janine Freeman	14,292	0.0061
Hugh McNeal	13,933	0.0061
William Rickett	13,933	0.0061
Shefaly Yogendra	8,933	0.0039

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

SIGNIFICANT SHAREHOLDINGS

As at 30 April 2023 and 23 June 2023, the latest practicable date for inclusion in this report, the Company is aware, or 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 (per cent)
Schroders Plc	33,982,289	14.96
Harmony Energy Limited	27,338,696	12.50
Close Asset Management Limited	20,715,986	9.12
Handelsbanken Wealth & Asset Management	14,018,988	6.17
EQ Investors	11,786,950	5.19
Walker Crips Stockbrokers	9,887,156	4.35
Premier Miton Group	8,963,857	3.95
Bank of New York Mellon	8,431,564	3.71
Canaccord Genuity Group Inc	8,277,846	3.64
Waverton Investment Management Limited	6,904,893	3.04

ANNUAL GENERAL MEETING

The Company held its Annual General Meeting on 22 March 2023. All resolutions proposed were voted on a poll and duly passed with the requisite majority.

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 has adequate resources to continue its operations for at least 12 months from the date of signing these financial statements. As such, the Directors have adopted the going concern basis of preparation in preparing these Interim Financial Statements.

POLITICAL CONTRIBUTIONS

The Company made no political contributions during the Reporting Period.

Aerial view of Rusholme site, Yorkshire.

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 Reporting 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 DTR 4.2.7 and DTR 4.2.8, 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 Reporting 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 party transactions that have taken place in the Reporting 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 Reporting Period.

Signed by order of the Board,

Norman Crighton
Chairman
Date: 27 June 2023

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Notes	£ Revenue	£ Capital	1 November 2022 to 30 April 2023 Unaudited £ Total
Net (loss) on investments at fair value through profit and loss	8	–	(10,957,006)	(10,957,006)
Income	4	6,160,795	–	6,160,795
		6,160,795	**(10,957,006)**	**(4,796,211)**
Expenditure				
Administrative and other expenses	5	(2,021,389)	–	(2,021,389)
Profit/(loss) before taxation		**4,139,406**	**(10,957,006)**	**(6,817,600)**
Taxation	6	–	–	–
Profit/(loss) after tax and Total Comprehensive Income for the Reporting Period		**4,139,406**	**(10,957,006)**	**(6,817,600)**
Earnings per share (basic and diluted):	7	0.02	(0.05)	(0.03)

	Notes	£ Revenue	£ Capital	1 October 2021 to 30 April 2022 Audited £ Total
Net gain on investments at fair value through profit and loss	8	–	22,808,488	22,808,488
Income	4	1,057,949	–	1,057,949
		1,057,949	**22,808,488**	**23,866,437**
Expenditure				
Administrative and other expenses	5	(2,073,929)	–	(2,073,929)
Profit/(loss) before taxation		**(1,015,980)**	**22,808,488**	**21,792,508**
Taxation	6	–	–	–
Profit/(loss) after tax and Total Comprehensive Income for the period		**(1,015,980)**	**22,808,488**	**21,792,508**
Earnings per share (basic and diluted):	7	(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 the 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.

The notes on pages 31 to 46 form an integral part of these Financial Statements.

UNAUDITED STATEMENT OF FINANCIAL POSITION

	Notes	30 April 2023 Unaudited £	31 October 2022 Audited £
Non-current assets			
Investments held at fair value	8	257,598,836	145,685,845
		257,598,836	**145,685,845**
Current assets			
Trade and other receivables	9	2,908,778	1,381,693
Loan to Shareholder	10	–	1,443,506
Cash and cash equivalents	11	6,211,154	124,571,626
		9,119,932	**127,396,825**
Total assets		**266,718,768**	**273,082,670**
Current liabilities			
Trade and other payables	12	826,628	730,364
Financial Liability at fair value	13	–	14,542,172
Net current assets		**8,293,304**	**112,124,289**
Total net assets		**265,892,140**	**257,810,134**
Shareholders equity			
Ordinary Share capital	17	4,277,136	2,100,000
Ordinary Share premium	17	19,365,036	–
Capital reduction reserve	17	198,479,263	202,693,046
Revenue reserve	18	1,647,620	(63,003)
Capital reserve	18	42,123,085	53,080,091
Total Shareholders' equity		**265,892,140**	**257,810,134**
Net asset value per Ordinary share (pence)	19	117.07	122.77

The Financial Statements of Harmony Energy Income Trust Plc (registered number 13656587) were approved by the Board of Directors and signed on its behalf on 27 June 2023 by:

Norman Crighton
Chairman

27 June 2023

The notes on pages 31 to 46 form an integral part of these Financial Statements.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 April 2023 Unaudited	Notes	Ordinary Share capital £	Share premium: Ordinary Shares £	Capital reduction reserve £	Revenue reserve £	Capital reserve £	Total Shareholders' equity £
Balance at 1 November 2022		2,100,000	–	202,693,046	(63,003)	53,080,091	257,810,134
Transactions with owners:							
Issue of share capital		–	–	–	–	–	–
C Share conversion into Ordinary Shares	17	2,177,136	19,365,036	–	–	–	21,542,172
Dividends paid	17	–	–	(4,213,783)	(2,428,783)	–	(6,642,566)
Total comprehensive income for the Reporting Period:							
Profit/(loss) for the Reporting Period		–	–	–	4,139,406	(10,957,006)	(6,817,600)
Balance at 30 April 2023		**4,277,136**	**19,365,036**	**198,479,263**	**1,647,620**	**42,123,085**	**265,892,140**

Seven months ended 30 April 2022 Audited	Notes	Ordinary Share capital £	Share premium: Ordinary Shares £	Capital reduction reserve £	Revenue reserve £	Capital reserve £	Total Shareholders' equity £
Balance at 1 October 2021		–	–	–	–	–	–
Transactions with owners:							
Issue of share capital	17	2,100,000	207,900,000	–	–	–	210,000,000
Equity issue costs	17	–	(3,106,954)	–	–	–	(3,106,954)
Transfer to capital reduction reserve	17	–	(204,793,046)	204,793,046	–	–	–
Total comprehensive income for the period:							
Profit/(loss) for the period		–	–	–	(1,015,980)	22,808,488	21,792,508
Balance at 30 April 2022		**2,100,000**	**–**	**204,793,046**	**(1,015,980)**	**22,808,488**	**228,685,554**

The notes on pages 31 to 46 form an integral part of these Financial Statements.

UNAUDITED STATEMENT OF CASH FLOWS

	Notes	1 November 2022 to 30 April 2023 Unaudited £	1 October 2021 to 30 April 2022 Audited £
Cash flows from operating activities			
(Loss)/Profit for the period		(6,817,600)	21,792,508
Adjustments for non-cash items:			
Net loss/(gain) on investments at fair value through profit and loss	8	10,957,006	(22,808,488)
Investment Income	4	(5,299,492)	(203,882)
Service fee income	4	(520,411)	(854,067)
Operating cash flows before movements in working capital		**(1,680,497)**	**(2,073,929)**
Increase in trade and other receivables	9	(83,581)	(1,093,350)
Increase in trade and other payables	12	96,265	479,653
Net cash outflow from operating activities		**(1,667,813)**	**(2,687,626)**
Cash flows used in investing activities			
Purchases of Investments		(110,050,093)	(16,621,759)
Net cash outflow from investing activities		**(110,050,093)**	**(16,621,759)**
Cash flows used in financing activities			
Proceeds from issue of Ordinary Shares		–	186,516,305
Share issue costs		–	(3,106,954)
Dividend paid		(6,642,566)	–
Net cash (outflow)/inflow from financing activities		**(6,642,566)**	**183,409,351**
Net (decrease)/increase in cash and cash equivalents for the period		**(118,360,472)**	**164,099,966**
Cash and cash equivalents at the beginning of the period		124,571,626	–
Cash and cash equivalents at the end of the period	11	**6,211,154**	**164,099,966**

The notes on pages 31 to 46 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 NOVEMBER 2022 TO 30 APRIL 2023 (THE "REPORTING PERIOD")

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 18th 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 and Accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The Condensed Financial Statements have been prepared on a historical cost basis except for financial assets and liabilities which are held at fair value through profit or loss. The accounts have been prepared on a basis that is consistent with accounting policies applied in the preparation of the Company's Annual Financial Statements for 31 October 2022 and in conformity with the requirements of the Companies Act 2006 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.

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. All other transactions are considered to be revenue transactions.

The Company is an investment entity in accordance with IFRS 10 which holds all its subsidiaries at fair value and therefore prepares separate accounts only. The Financial Statements are also prepared on the assumption that approval as an investment trust will continue to be granted.

These Condensed Financial Statements do not include all information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Company's audited financial statements for the year ended 31 October 2022 which were prepared in accordance with UK adopted international accounting standards.

There are no new standards, amendments or interpretations at the reporting date which have been issued but are not yet effective, which could impact the Interim Report and Condensed Financial Statements of the Company, and which are deemed to be material for the Company.

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.

As at 30 April 2023, the Company had current assets of £9,119,932 including cash balances of £6,211,154 (excluding cash balances within investee companies), which are sufficient to meet the current liabilities at the balance sheet date as they fall due.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary. The Company had no outstanding debt as at 30 April 2023. The financial position of the Company, its cash flows, and liquidity position are described in the Financial Statements which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes (the "**Financial Statements**"). All committed acquisitions at the end of the Reporting Period are sufficiently covered through current cash reserves and debt facilities. The Company had no outstanding debt owing as at 30 April 2023.

As at 30 April 2023, the Company was a guarantor to its wholly owned subsidiary, HEIT Holdings Ltd in respect of an undrawn £110 million debt facility and a partially drawn revolving credit facility ("**RCF**"). The Company also provides parent company guarantees to its indirect subsidiaries in relation to certain construction and/or battery supply contracts. The Company has determined that the likelihood of these guarantees being enforced to be remote.

The Directors acknowledge their responsibilities in relation to the financial statements for the Reporting Period to determine whether the preparation of the financial statements on a going concern basis remains appropriate.

Based on the analysis described above, the Company expects to be able to meet its obligations as and when they fall due for at least the next twelve months after the date of approval of the financial statements.

As such, the Directors have adopted the going concern basis in preparing the unaudited Financial Statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

During the Reporting 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.

The Company meets the criteria as follows:

- The Company's investment objective is to provide investors with an attractive and sustainable level of income returns, with the potential for capital growth, by investing in commercial scale energy storage and renewable energy generation projects, with an initial focus on a diversified portfolio of battery energy storage systems located in Great Britain ("**Projects**");
- the Company provides investment management services and has several investors who pool their funds to gain access to infrastructure related investment opportunities that they might not have had access to individually; and
- the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to Directors, who use fair value as the primary measurement attribute to evaluate performance.

As at 30 April 2023, the Company had the following subsidiaries;

- HEIT Holdings Ltd,
- Harmony HP (JV) Limited
- Harmony WG (JV) Limited
- Harmony RC Limited

Through its subsidiary HEIT Holdings Ltd, the Company holds the following investments in subsidiaries indirectly:

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

In respect of the second criterion, the Company intends to invest with a view to holding assets until the end of their useful life. However, Projects may also be disposed of, or otherwise realised, where Harmony Energy Advisors Limited (the "**Investment Adviser**") recommends that such realisation is in the interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

The Directors have evaluated whether the Company is an investment entity and concluded that it meets the definition set out in IFRS 10. The Directors are also of the opinion that the Company meets the essential criteria of an Investment Entity Therefore, its direct and indirect 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.

4. INCOME

	30 April 2023 £	30 April 2022 £
Service fee income	520,411	854,067
Investment Income	5,299,492	203,882
Bank interest income	340,892	–
	6,160,795	**1,057,949**

Refer to note 8 for further detail on interest on loans to subsidiaries recognised in Investment income.

5. ADMINISTRATIVE AND OTHER EXPENSES

	30 April 2023 £	30 April 2022 £
Administrative fees	23,300	24,000
AIFM Fees	38,505	31,500
Director & officer insurance	12,507	24,858
Directors' fees	125,580	128,231
Fees payable to the auditor for the audit of the Company's Financial Statements	70,000	70,000
Fees payable to the auditor for the audit of the Company's Initial accounts	–	100,000
Legal and Professional fees	453,611	464,294
Listing fees expensed	–	377,035
Investment Adviser fees	1,201,609	782,083
Secretarial Fees	53,275	22,500
Sundry expenses	43,002	49,428
	2,021,389	**2,073,929**

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

6. 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 per cent. An ITC may claim a tax deduction for the distribution of income that arises from interest receipts on the loan notes. Based on the distributions currently made there is a tax charge of £401,456 for the Reporting Period. The company has made an interest distribution subsequent to period end to reduce taxable profits for period ended 30 April 2023, therefore, no corporation tax charge has been recognised.

	30 April 2023 £	30 April 2022 £
a) Tax charge in profit or loss		
UK corporation tax	–	–
b) Reconciliation of the tax charge for the Reporting Period		
Profit before tax	(9,123,346)	21,792,508
Tax at UK main rate of 19 per cent	(1,824,898)	4,140,577
Tax effect of:		
Non-taxable investment gains on investments	2,652,550	(4,457,395)
Non-deductible expenses	28,131	43,915
Unrecognised tax losses	–	272,903
Tax deductible interest distributions paid	(454,133)	–
Future tax deductible interest distributions	(401,650)	–
Tax charge for the Reporting Period	–	–

c) Factors that affect future tax charges

ITCs 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 ITC, 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 per cent. The UK Government confirmed their intention to increase the main rate of corporation tax from 19 per cent to 25 per cent from 1 April 2023 for companies with profits over £250,000.

As at 30 April 2023 the Company had not provided deferred tax assets or liabilities. At that date, based on current estimates and including the accumulation of net allowable losses, the Company had no unrelieved losses.

7. EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the profit or loss for the Reporting 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.

	Weighted average number of ordinary shares	Net loss attributable to Shareholders	30 April 2023 £	Weighted average number of ordinary shares	Net profit attributable to Shareholders	30 April 2022 £
Ordinary Shares	227,128,295	6,817,600	0.03	210,000,000	21,792,508	0.10

8. INVESTMENTS AT 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.

As at period end, the company held the following investments in subsidiaries:

Subsidiaries	Place of business	Percentage ownership
HEIT Holdings Ltd	North Yorkshire	100 per cent
Harmony HP (JV) Limited	County Durham	100 per cent
Harmony WG (JV) Limited	Yorkshire	100 per cent
Harmony RC Limited	Surrey	100 per cent

The Company owns 100 per cent of the share capital of HEIT Holdings Limited which holds investments in the following underlying subsidiaries:

Underlying Subsidiaries	Place of business	Percentage ownership
Harmony (PW) Limited	Cottingham, East Yorkshire	100 per cent
Harmony (PW) 2 Limited	Cottingham, East Yorkshire	100 per cent
Harmony BD Limited	Broadditch, Kent	100 per cent
Harmony FM Limited	Farnham, Surrey	100 per cent
Harmony RH Ltd	Drax, North Yorkshire	100 per cent
Daisy No.2 Limited	Lochgelly, Fife	100 per cent
Harmony BF Limited	Ilmer, Buckinghamshire	100 per cent

6-month period ending 30 April 2023	Harmony (PW) Limited £	Harmony (PW) 2 Limited £	Harmony BD Limited £	Harmony FM Limited £	Harmony RH Ltd £	Daisy No.2 Limited £	Harmony BF Limited £	HEIT Holdings Ltd £	Harmony HP (JV) Limited £	Harmony WG (JV) Limited £	Harmony RC Limited £	Total £
Opening balance: equity and loans	24,532,949	22,338,183	6,158,235	12,381,065	13,114,108	18,515,385	44,833,974	3,811,946	–	–	–	145,685,845
Equity acquisitions during the period	–	–	–	–	–	–	–	91,105,212	5,804,622	2,424,772	13,043,740	112,378,346
Loans: principal advanced	31,665,923	30,910,090	4,359,933	8,156,640	14,996,848	(43,128)	–	145,940,421	8,415,460	7,007,055	3,773,276	255,182,518
Loan repayments	(286,799)	–	(555,724)	(838,922)	(1,471,097)	(686,605)	(2,519,178)	(7,853,748)	–	–	–	(14,212,073)
Loans: Interest charged	861,410	438,274	181,356	339,520	498,297	308,057	674,590	1,647,742	109,930	113,810	113,809	5,286,795
Net Fair value movement	1,199,251	2,696,747	(11,703)	(1,178,904)	2,819,684	1,253,664	123,466	(15,850,803)	(379,942)	(555,641)	(1,072,825)	(10,957,006)
Disposal at Fair Value	(57,972,734)	(56,383,294)	(10,132,097)	(18,859,399)	(29,957,840)	(19,347,373)	(43,112,852)	–	–	–	–	(235,765,589)
Closing balance: equity and loans	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**218,800,770**	**13,950,070**	**8,989,996**	**15,858,000**	**257,598,836**

12-month period ending 31 October 2022	Harmony (PW) Limited £	Harmony (PW) 2 Limited £	Harmony BD Limited £	Harmony FM Limited £	Harmony RH Ltd £	Daisy No.2 Limited £	HEIT Holdings Ltd	Harmony BF Limited	Total
Equity acquisitions during the period	8,224,633	8,931,692	592,489	2,821,324	5,039,989	7,912,631	1	–	33,522,759
Loans: principal advanced	4,075,047	1,631,222	2,451,079	5,777,562	8,144,129	10,565,352	1,379,402	23,445,142	57,468,935
Loans: Interest charged	175,023	51,287	157,786	250,916	313,329	301,390	32,703	331,626	1,614,060
Cost at 31 October 2022	12,474,703	10,614,201	3,201,354	8,849,802	13,497,447	18,779,373	1,412,106	23,776,768	92,605,754
Net Fair value movement	12,058,246	11,723,982	2,956,881	3,531,263	(383,339)	(263,988)	2,399,840	21,057,206	53,080,091
Closing balance: equity and loans	**24,532,949**	**22,338,183**	**6,158,235**	**12,381,065**	**13,114,108**	**18,515,385**	**3,811,946**	**44,833,974**	**145,685,845**

On 15 December 2022 the Company announced the acquisition of three "shovel ready" pipeline projects totalling 181.9 MW / 363.8 MWh, increasing the Company's portfolio to nine battery energy storage system ("**BESS**") projects with a total capacity of c.500 MW / 1 GWh.

The Company has acquired the projects pursuant to a Pipeline Agreement entered into on IPO which granted the Company a right of first refusal of up to 1GW of BESS projects, from Harmony Energy Limited ("**HEL**") and Ritchie Bland Energy No. 2 Ltd (together the "**Developers**"). The total consideration for the three projects is c. £21.5 million (supported by the independent valuation performed by Mazars) being satisfied through the payment of c.14.5 million in cash (being the net proceeds of the C Share issue by the Company as announced on 12 October 2022) in conjunction with the issue of 7 million new C Shares to the Developers.

The three projects, known as Wormald Green, Hawthorn Pit and Rye Common (Phases I and II), are expected to be energised in Q2 2024, Q3 2024 and Q4 2024 financial year respectively, with grid offers secured.

The Company provided parent company guarantees in relation to the BESS supply agreements.

On 9 March 2023, the Company sold its investments in Harmony (PW) Limited, Harmony (PW) 2 Limited, Harmony BD Limited, Harmony FM Limited, Harmony RH Ltd, Daisy No.2 Limited, -and Harmony BF Limited to its subsidiary HEIT Holdings Ltd for a total consideration of £91,105,212, which HEIT Holdings Limited satisfied by issuing and allotting 91,105,212 ordinary shares of £1 each to the Company.

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

9. TRADE AND OTHER RECEIVABLES

	30 April 2023 £	31 October 2022 £
Prepayments	48,659	35,172
VAT receivable	1,144,792	482,555
Intercompany loans receivable	523,775	482,925
Amounts due from related parties	1,191,552	381,041
	2,908,778	**1,381,693**

10. LOAN TO SHAREHOLDER

	30 April 2023 £	31 October 2022 £
Loan to Shareholder	–	1,443,506
	–	**1,443,506**

On 14 December 2022 the loan to shareholder was repaid in full.

11. CASH AND CASH EQUIVALENTS

	30 April 2023 £	31 October 2022 £
Cash at bank	6,211,154	105,471,626
Fixed Deposit account	–	19,100,000
	6,211,154	**124,571,626**

12. TRADE AND OTHER PAYABLES

	30 April 2023 £	31 October 2022 £
Creditors and Operating Accruals	270,882	301,013
Administrator fees	28,000	48,000
AIFM Fees	22,478	21,000
Audit fees	70,000	140,000
Investment Adviser Fee Accrual	435,268	220,351
	826,628	**730,364**

13. FINANCIAL LIABILITY AT FAIR VALUE

	30 April 2023 £	31 October 2022 £
Convertible C Shares	–	14,771,364
Less equity costs	–	(229,192)
	–	**14,542,172**

On 26 January 2023, the Company announced the conversion of all of its C Shares to Ordinary Shares at a ratio of 1;0.786735. The total number of new Ordinary Shares created was 17,128,295.

14. CATEGORIES OF FINANCIAL INSTRUMENTS

	30 April 2023 £	31 October 2022 £
Financial assets		
Financial assets at fair value through profit and loss:		
Investments	257,598,836	145,685,845
Financial assets at amortised cost:		
Trade and other receivables	2,908,778	1,381,693
Loan to Shareholder	–	1,443,506
Cash and Cash Equivalents	6,211,154	124,571,626
Total financial assets	**266,718,768**	**273,082,670**
Financial liabilities		
Financial liabilities at fair value through profit and loss:		
Other financial liabilities	–	14,542,172
Financial liabilities at amortised cost:		
Trade and other payables	826,628	730,364
Total financial liabilities	**826,628**	**15,272,536**

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. The carrying amount for the financial assets and liabilities measured at amortised costs approximates fair value.

15. FINANCIAL RISK MANAGEMENT

As at 30 April 2023 there have been no changes to the financial instruments risk identified in the Annual Financial Statements of 31 October 2022.

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 in the Annual Financial Statements of 31 October 2022.

The Company's only financial liabilities are trade and other payables. The Company intends to hold sufficient cash across the Company and subsidiaries' operating accounts to meet the working capital needs.

The Company was also guarantor to its subsidiaries in the Reporting Period in respect of a debt facility and in relation to certain construction and/or battery supply contracts. Per the going concern note, the Company has determined that the likelihood of these guarantees being enforced to be remote.

As at 30 April 2023, the Company held cash at bank of £6,211,154 and had trade and other payables totalling £826,628.

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

As at 30 April 2023	<1 year £	1 to 2 years £	2 to 5 years £	>5 years £	Total £
Financial assets					
Financial assets at fair value through profit and loss:					
Loan investment to subsidiaries*	–	–	–	160,679,860	160,679,860
Financial assets at amortised cost:					
Trade and other receivables	2,908,778	–	–	–	2,908,778
Cash at bank	6,211,154	–	–	–	6,211,154
Total financial assets	**9,119,932**	**–**	**–**	**160,679,860**	**169,799,792**

As at 30 April 2023	<1 year £	1 to 2 years £	2 to 5 years £	>5 years £	Total £
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	826,628	–	–	–	1,228,084
Total financial liabilities	**826,628**	**–**	**–**	**–**	**1,228,084**

*Includes the interest on loans advanced and excludes the equity portion of the investment.

As at 31 October 2022	<1 year £	1 to 2 years £	2 to 5 years £	>5 years £	Total £
Financial assets					
Financial assets at fair value through profit and loss:					
Loan investment to subsidiaries*	–	–	–	59,082,995	59,082,995
Financial assets at amortised cost:					
Trade and other receivables	1,381,693	–	–	–	1,381,693
Cash at bank	124,571,626	–	–	–	124,571,626
Total financial assets	**125,953,319**	**–**	**–**	**59,082,995**	**185,036,314**

As at 31 October 2022	<1 year £	1 to 2 years £	2 to 5 years £	>5 years £	Total £
Financial liabilities					
Financial liabilities at fair value through profit and loss:					
Other Financial liabilities	14,542,172	–	–	–	14,542,172
Financial liabilities at amortised cost:					
Trade and other payables	730,364	–	–	–	730,364
Total financial liabilities	**15,272,536**	**–**	**–**	**–**	**15,272,536**

*Includes the interest on loans advanced and excludes the equity portion of the investment.

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. 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 2023:

	Level 1 £	Level 2 £	Level 3 £
Investment in subsidiary	–	–	257,598,836

The valuation of investments in subsidiary at fair value through profit or loss is a Level 3 measurement in the fair value hierarchy and the reconciliation in the movement of these is presented below. No transfers between levels took place during the Reporting Period.

	30 April 2023 £	31 October 2022 £
Opening balance	145,685,845	–
Add: purchases during the period	358,635,586	92,605,754
Less: disposals during the period	(235,765,589)	–
Total fair value movement through the profit or loss	(10,957,006)	53,080,091
Closing balance	**257,598,836**	**145,685,845**

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

The same valuation methodology and process is followed in these Condensed Financial Statements as was applied in the preparation of the Company's Annual Financial Statements for the year ended 31 October 2022.

The valuation of all the Company's investments excluding the investment in HEIT Holdings Ltd, 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 2023, 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.

Included in the fair value of the investments is £12,718,679 in cash at project level.

The fair value of the investment in HEIT Holdings Ltd represents its net assets at the balance sheet date.

There has been no change in the valuation methodology during the Reporting Period.

VALUATION PROCESS

Valuations are the responsibility of the Board of Directors. The Investment Adviser is responsible for submitting fair market valuations of the Company's assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly, with Mazars acting as independent valuer providing a valuation report semi-annually. The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology.

The Investment Adviser's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital 2018 ("**IPEVC**") Valuation Guidelines, using levered and unlevered discounted cash flow principles.

In the Reporting Period, the Company acquired battery storage projects from Harmony Energy Limited which is a leading developer of utility scale battery storage projects, alongside developing, owning, and operating wind and solar projects.

As at 30 April 2023 ("**Valuation Date**"), the Company had investments directly and indirectly in the following seven battery energy storage systems projects in the UK – Pillswood 1, Pillswood 2, Broadditch, Farnham, Rusholme, Little Raith, Bumpers, Wormald Green, Hawthorn Pit, and Rye Common. These projects, taken together, have a combined total capacity of 494.9 MW/ 988.8 MWh of which 109 MW/ 218 MWh (two projects) are operational.

As at the balance sheet date, two projects in the Portfolio were operational, one was shovel ready and the rest under construction. The Projects are expected to have an operational life of 30 years with a repowering or cell replacement assumed after 15 years.

The Projects attract four different streams of revenues: Arbitrage (wholesale trading and Balancing Mechanism ("**BM**")), Ancillary Services (Dynamic Containment ("**DC**"), Dynamic Moderation ("**DM**") and Dynamic Regulation ("**DR**")), Capacity Market ("**CM**") revenue and embedded benefits (Embedded Export Tariff ("**EET**")). Revenue projections are supported by three independent forecasts.

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 2023, the fair value of all the investments held within the portfolio, with the exception of the investment in HEIT Holdings Ltd, has been independently reviewed and validated by Mazars LLP.

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 8.

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	Investment fair value £	Valuation technique	Significant input description	Sensitivity	Estimated effect on fair value £
Harmony (PW) Limited	Pillswood 1	49,049,204	DCF	Discount rate	+1 per cent	(3,159,233)
					-1 per cent	3,639,949
				Revenue	+10 per cent	4,779,280
					-10 per cent	(4,831,991)
Harmony (PW) 2 Limited	Pillswood 2	48,548,399	DCF	Discount rate	+1 per cent	(3,159,510)
					-1 per cent	3,640,388
				Revenue	+10 per cent	4,782,143
					-10 per cent	(4,833,766)
Harmony BD Limited	Broadditch	13,053,111	DCF	Discount rate	+1 per cent	(777,572)
					-1 per cent	896,852
				Revenue	+10 per cent	1,125,656
					-10 per cent	(1,126,863)
Harmony FM Limited	Farnham	18,744,998	DCF	Discount rate	+1 per cent	(1,417,400)
					-1 per cent	1,630,643
				Revenue	+10 per cent	1,999,697
					-10 per cent	(2,015,901)
Harmony RH Ltd	Rusholme	28,259,722	DCF	Discount rate	+1 per cent	(2,234,830)
					-1 per cent	2,574,722
				Revenue	+10 per cent	3,346,970
					-10 per cent	(3,404,489)
Daisy No.2 Limited	Little Raith	18,834,743	DCF	Discount rate	+1 per cent	(2,908,575)
					-1 per cent	3,349,307
				Revenue	+10 per cent	4,489,913
					-10 per cent	(4,499,864)
Harmony BF Limited	Bumpers	41,981,880	DCF	Discount rate	+1 per cent	(6,586,769)
					-1 per cent	7,590,435
				Revenue	+10 per cent	8,882,609
					-10 per cent	(9,021,512)
Harmony WG (JV) Limited	Wormald Green	8,989,996	DCF	Discount rate	+1 per cent	(1,861,913)
					-1 per cent	2,166,431
				Revenue	+10 per cent	2,956,300
					-10 per cent	(3,136,316)
Harmony HP (JV) Limited	Hawthorne Pit	13,950,070	DCF	Discount rate	+1 per cent	(2,796,387)
					-1 per cent	3,248,371
				Revenue	+10 per cent	4,277,862
					-10 per cent	(4,481,161)
Harmony RC Limited	Rye Common 1&2	15,858,000	DCF	Discount rate	+1 per cent	(5,144,483)
					-1 per cent	5,999,217
				Revenue	+10 per cent	7,676,898
					-10 per cent	(8,123,347)

PORTFOLIO SENSITIVITY

The below table reflects a range of sensitivities which the Directors consider having a significant impact on the portfolio of investments held by the Company:

Investment	Sensitivity	Estimated effect on fair value £
Inflation	+0.5 per cent	20,577,323
	-0.5 per cent	(17,398,003)
Construction Costs	+15 per cent	(18,715,162)
	-15 per cent	16,678,740
Operating costs	+15 per cent	(10,686,370)
	-15 per cent	10,609,918
Cell replacement costs	+15 per cent	(3,093,221)
	-15 per cent	3,212,486

17. SHARE CAPITAL

	Number of shares	Share capital £	Share premium £	Capital reduction reserve £	Total Shareholders' equity £
As at 1 November 2022	210,000,000	2,100,000	–	202,693,046	204,793,046
Issue of fully paid Ordinary shares at £1	–	–	–	–	–
C Share conversion into Ordinary shares	17,128,295	2,177,136	19,365,036	–	21,542,172
Dividends paid	–	–	–	(4,213,783)	(4,213,783)
As at 30 April 2023	**227,128,295**	**4,277,136**	**19,365,036**	**198,479,263**	**222,121,435**

	Number of shares	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
Ordinary Shares Equity issue costs	–	–	(3,106,954)	–	(3,106,954)
Transfer to capital reduction reserve	–	–	(204,793,046)	204,793,046	–
Dividends paid	–	–	–	(2,100,000)	(2,100,000)
As at 31 October 2022	**210,000,000**	**2,100,000**	**–**	**202,693,046**	**204,793,046**

SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND CAPITAL REDUCTION RESERVE

On incorporation, the Board approved (subject to book building and Admission) the proposed placing and offer for subscription (together the Placing) of Ordinary Shares 1p nominal value each in the capital of the Company at a price of £1.00 per Ordinary Share. The Board also approved (subject to admission) the acquisition of the Seed Portfolio (refer note 10), consideration for which included the issue of 23,483,695 Ordinary Shares at a price of £1.00 per ordinary share to Harmony Energy Limited. The placing raised gross proceeds of £186,516,305, and therefore the number of Ordinary Shares of £0.01 each issued by the Company and admitted to trading was 210,000,000 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 £204,793,046 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.

On 26 January 2023, the Company announced the conversion of its C Shares. The total number of C Shares that was converted into new Ordinary Shares with voting rights was 17,128,295. Immediately following admission, the total number of the Ordinary Shares in issue was 227,128,295.

18. RESERVES

The nature and purpose of each of the reserves included within equity at 30 April 2023 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 may be 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 movements in these reserves during the Reporting Period are disclosed in the statement of changes in equity.

19. NET ASSET VALUE PER SHARE

Basic Net Asset Value ("**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 Reporting Period. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

	Shares in issue	Assets	Liabilities	Profit/(Loss)	Pence per Share	Net Asset Value £
Ordinary Shares at 30 April 2023	227,128,295	266,718,768	826,628	(6,817,600)	117.07	265,892,140
Ordinary Shares at 31 October 2022	210,000,000	273,082,670	15,272,536	53,017,088	122.77	257,810,134

20. DIVIDENDS PER SHARE

Dividend per Share is a measure to show the distributions made to shareholders during the period.

Distributions paid during the period ended 30 April 2023	Dividend per Ordinary Share	Total £
For the 6-month period ended 31 October 2022	1 pence	2,100,000
For the 3-month period ended 31 January 2023	2 pence	4,542,566

The distributions paid during the Reporting Period were paid out of the capital reduction reserve and revenue reserve. In relation to distributions paid for the financial year ended 31 October 2022 (amounting to 2 pence per Ordinary Share), 1.85 pence per Ordinary Share was declared as a dividend distribution and 0.15 pence per Ordinary Share was declared as an interest distribution. In relation to distributions paid for the period 1 November 2022 to 31 January 2023 (amounting to 2 pence per Ordinary Share), 1 pence per Ordinary Share was declared as a dividend distribution and 1 pence per Ordinary Share was declared as an interest distribution.

As disclosed in note 23, on 23 May 2023, the Company declared a distribution of 2 pence per Ordinary Share (£4,542,566) in relation to the period 1 February 2023 to 30 April 2023 which was paid on or around 16 June 2023 to Shareholders on the register as at the close of business on 2 June 2023.

No distributions were paid in the six-month period ended on 30 April 2022.

21. TRANSACTIONS WITH RELATED PARTIES

Following admission of the Ordinary Shares, 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 Reporting Period are set out in the Directors' Report.

Total Directors' fees of £125,580 (2022: £128,231) were incurred in respect of the Reporting Period with none being outstanding and payable at the end of the Reporting Period.

SUBSIDIARIES

On 15 December 2022, the Company announced the acquisition of the Wormald Green, Hawthorn Pit and Rye Common projects from Harmony Energy Limited at fair value, in accordance with the Company's Related Party policy. The total consideration paid was c. £21.5 million (£21.2 million as consideration for the projects and £0.3 million to repay initial project costs incurred by the Developers on behalf of the Company). This was satisfied partly in cash and partly through the issue of 7 million new C Shares to the Developers. See note 8 for relevant details. The independent valuer provided a fair market opinion on all purchases at the time of acquisition and consideration paid was considered by the independent valuer to be within a fair market range.

On 9 March 2023, the Company sold its investments in Harmony (PW) Limited, Harmony (PW) 2 Limited, Harmony BD Limited, Harmony FM Limited, Harmony RH Ltd, Daisy No.2 Limited, Harmony BF Limited to its subsidiary HEIT Holdings Ltd for a total consideration in shares of £91,105,212, which HEIT Holdings Limited satisfied by issuing and allotting 91,105,212 ordinary shares of £1 each to the Company.

Loans to subsidiaries represent amounts due to the Company and are disclosed in Note 8.

As described in the going concern note on pages 31 and 32, the Company was a guarantor to its wholly owned subsidiary, HEIT Holdings Ltd in respect of the £110 million debt facility and the £20 million RCF. The Company also provides parent company guarantees to subsidiaries in relation to certain construction and/or battery supply contracts.

INVESTMENT ADVISER

An advisory fee of £1,201,609 (2022: £782,083) was incurred during the Reporting Period and £435,268 (2022: £189,101) remained payable as at 30 April 2023.

Harmony Energy Limited is the parent of the Investment Adviser and therefore an entity with significant control over the Investment Adviser. Harmony Energy Limited is also a significant shareholder of the Company.

LOAN TO SHAREHOLDER

On 1 July 2022, and in accordance with the Company's Related Party policy, the Company granted a £5,000,000 revolving credit facility to Harmony Energy Limited, for the purpose of funding next stage grid connection payments in relation to near-term pipeline projects. Upon acquisition of the three projects referred to above, the outstanding loan principal and all interest accrued thereon, was repaid in full. The availability period for this facility expired on 31 December 2022. See note 10.

OTHER RELATED PARTIES

James Ritchie-Bland is a director of Harmony Energy Limited as well as an indirect shareholder of Harmony Energy Limited through Ritchie-Bland Energy (Number 1) Limited. He is also a director of the Investment Adviser and a shareholder in the Company.

Ritchie-Bland Energy (Number 2) Limited, of which James Ritchie-Bland is also a director and an indirect shareholder (through Renewable Environmental Investments Limited) is party to a joint venture agreement with Harmony Energy Limited in regard to the three projects purchased by the Company during the Reporting Period described above.

22. CAPITAL COMMITMENTS

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

23. POST BALANCE SHEET EVENTS

On 4 May 2023, the Company sold its investments in Harmony HP (JV) Limited and Harmony WG (JV) Limited to its subsidiary HEIT Holdings Limited at a purchase price of £6,150,960 and £2,742,118 respectively, which HEIT Holdings Limited satisfied by issuing and allotting 8,893,078 ordinary shares of £1 each to the Company.

On 23 May 2023, the Company declared a distribution of 2 pence per Ordinary Share in relation to the period 1 February 2023 to 30 April 2023 which was paid on or around 16 June 2023 to Shareholders on the register as at the close of business on 2 June 2023.

On 1 June 2023, the Company announced that its 20 MW / 40 MWh Farnham project (located in Surrey) has been successfully energised. Indeed, the project was fully operational by mid- June 2023. The Farnham project is the Company's third project to be energised and takes the total operational capacity within the Company's portfolio to 129 MW / 258 MWh.

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

COMPANY INFORMATION

DIRECTORS

Appointed: 12 October 2021
Norman Crighton
Janine Freeman
Hugh McNeal
William Rickett CB
Shefaly Yogendra

REGISTERED OFFICE

The Scalpel 18th Floor
52 Lime Street
London
EC3M 7AF

INVESTMENT ADVISER

Harmony Energy Advisors Limited
Conyngham Hall, Bond End
Knaresborough
North Yorkshire
HG5 9AY
Harmony Energy Advisors Limited is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

INDEPENDENT AUDITOR

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

REGISTRAR

Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol
BS99 6ZY

TAX ADVISERS

Grant Thornton
30 Finsbury Square,
London,
EC2A 1AG

ADMINISTRATOR AND SECRETARY

JTC (UK) Limited
The Scalpel 18th Floor
52 Lime Street
London
EC3M 7AF

JOINT CORPORATE BROKERS

Joh. Berenberg, Gossler & Co. KG, London Branch
60 Threadneedle Street,
London
EC2R 8HP

Stifel Nicolaus Europe Limited
150 Cheapside,
London
EC2V 6ET

ALTERNATIVE INVESTMENT FUND MANAGER

JTC Global AIFM Solutions Limited
Ground Floor, Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

INDEPENDENT VALUER

Mazars LLP
5th Floor 3 Wellington Place,
Leeds
LS1 4AP

LEGAL ADVISERS

Fasken Martineau LLP
6th Floor
100 Liverpool Street
London
EC2M 2AT

Gowling WLG (UK) LLP
4 More London
Riverside
London
SE1 2AU

GLOSSARY

Set out below is an explanation of some of the industry-specific terms used in this Interim Report:

2-hour duration	"duration" in this context refers to the maximum length of time it is possible to fully discharge (or charge) a battery at nameplate power capacity. The average duration of current operating BESS projects in GB is c.1.2 hours. The Investment Adviser expects a 2-hour BESS project to outperform a 1-hour BESS project in wholesale markets / arbitrage activity, whilst also providing downside protection against the risk of Ancillary Service market saturation over the longer term;
Arbitrage	wholesale trading and/or Balancing Mechanism;
Ancillary Services	contracts and tools that National Grid ESO procures and uses to manage Frequency Deviation, balance supply and demand (and otherwise maintain the stability of) the GB transmission network – sometimes referred to as "balancing services";
Balance-of-plant or **BOP**	refers to those supporting or auxiliary technical, electronic and other components needed to complete the project, other than the BESS itself. This would include transformers, inverters and switchgear. The term is also used to encompass civil engineering works such as foundations and work required to create trenches and lay cables;
Balancing Mechanism or **BM**	the ESO's primary tool to balance supply and demand on Great Britain's network. The Balancing Mechanism is used to procure the right amount of electricity required to balance the system;
Capacity Market or **CM**	a market introduced by the government's Electricity Market Reform package, designed to ensure security of electricity supply by providing capacity providers with a steady, predictable revenue stream on which they can base their future investments. In return for such revenue, providers must deliver energy at times of system stress or face penalties;
C Shares	the C shares of £0.10 each in the capital of the Company (converted to Ordinary Shares in January 2023);
Distribution Network Operator or **DNO**	Distribution Network Operators are the owners of low voltage networks in Great Britain, providing the local wires which take the electricity from the grid and move it through their own network of power lines and underground cables, taking it to homes and businesses;
Dynamic Containment or **DC**	one of National Grid ESO's Ancillary Services, designed to operate post-fault, i.e., for deployment after a significant network Frequency Deviation in order to slow the rate of change of frequency of the network;
Dynamic Moderation or **DM**	one of National Grid ESO's Ancillary Services which operates similar to DC but for which the minimum response times are longer, meaning less demanding technical requirements for participants;
Dynamic Regulation or **DR**	one of National Grid ESO's Ancillary Services, designed to operate pre-fault to correct continuous but small deviations in network frequency;
Flexibility	The capability of a power system to adjust supply and demand to achieve balance;
Frequency Deviation	the electricity network in Great Britain operates at a frequency of 50Hz and one of National Grid ESO's roles is to manage and maintain the frequency of the network within one per cent. (0.5Hz) of the 50Hz level. The system frequency is linked to the supply/demand balance of the network. When energy demand rises/supply decreases, National Grid ESO can instruct its contracted Ancillary Service providers to ramp up their energy production to prevent the frequency dropping. For a BESS project, this would involve an instruction to export its stored energy. When demand is low/supply is high, National Grid ESO may instruct providers to reduce generation in order to prevent frequency from spiking too high. For a BESS project, this would be an instruction to import energy from the network;

National Grid ESO	the Electricity System Operator for Great Britain;
Ordinary Shares	the ordinary shares of £0.01 each in the capital of the Company;
Revenue Optimiser	a third-party company which provides revenue optimisation services to BESS projects (or other technologies), including: (i) market access; (ii) optimisation of market selection; (iii) submission of bid and offer pricing into a range of markets; and (iv) the physical dispatch of the projects;
Shovel Ready	a BESS project which has in place: (I) a completed lease, lease option or agreement for lease in relation to the land upon which that project is situated; (II) planning permission enabling the construction of a suitable project on that land (subject to any amendments to reflect final technical specifications; (III) an industry standard grid connection offer from a DNO (or TSO); and (IV) a BESS supply and installation contract with material terms in agreed form with a reputable counterparty;
T-1 Auction	a Capacity Market auction held in the year immediately prior to each delivery year to top up capacity for the delivery year. Usually procures a much lower amount of capacity that a T-4 Auction. It is not possible for a project to hold both a T-1 contract and a T-4 contract in relation to the same delivery year. However, it is possible for projects to bid for, and deliver under, T-1 contracts during the years prior to commencement of delivery for their T-4 contract;
T-4 Auction	this is the main Capacity Market auction at which National Grid ESO buys most of the capacity needed for delivery in four years' time. This auction provides long-term returns and is designed to promote new investments;
TCFD	Task Force on Climate-related Financial Disclosures;
TNFD	Task Force on Nature-related Financial Disclosures;
TSO	Transmission System Operator, being National Grid ESO;
under construction	a BESS project which has in place: (I) an agreed lease on satisfactory terms in relation to the land upon which that project is situated; (II) an accepted industry standard grid connection offer from a DNO/TSO, and having made at least one milestone payment; and (III) a fully executed BESS supply and installation contract with a reputable counterparty

HARMONY ENERGY INCOME TRUST PLC

The Scalpel 18th Floor
52 Lime Street
London
EC3M 7AF

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perivan

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