LONDON STOCK EXCHANGE
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RNS Final Results

RESULTS FOR FINANCIAL YEAR ENDED 31 OCTOBER 2024

HARMONY ENERGY INCOME TRUST PLC
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Harmony Energy Income Trust plc
(the "Company" or "HEIT")

Results for the Financial Year Ended 31 October 2024

Harmony Energy Income Trust plc, which invests in commercial scale battery energy storage systems ("**BESS**") in Great Britain, announces its results for the financial year ended the 31 October 2024 (the **"Period"**).

Highlights for the Period include:

- **235.8 MWh / 117.9 MW of BESS assets energised**;
- Portfolio **100% operational** (**790.8 MWh / 395.4 MW)** across eight projects (the "**Portfolio**");
- **147% increase** in operational revenue driven by increased operational capacity;
- First bp optimised assets commenced trading; and
- **Estimated 51,945 tonnes of CO_2e emissions avoided**.

During the Period, the Company reached a key milestone as the final projects in the Portfolio became operational, bringing total operational capacity to 790.8 MWh / 395.4 MW. The Company continues to operate the largest exclusively 2-hour duration BESS portfolio in GB. Whilst BESS revenues across GB have remained relatively low, there has been a recovery from the lows seen in winter 2023/24. Encouragingly, multiple instances of strong revenue performance were seen, particularly in spring and summer when high renewable generation coincided with periods of low consumer demand.

Post-Period, the 2024/25 winter has seen strong revenue performance during periods when high consumer demand has coincided with low renewable generation. This demonstrates BESS's ability to perform well across different economic and meteorological conditions. Portfolio revenues have continued to be derived more from Arbitrage than Ancillary Services, a trend expected to continue, validating the Company's focus on 2-hour duration BESS assets.

Throughout the Period, the Company's shares have continued to trade at a significant discount to NAV. In response to this disconnect between the share price and the underlying asset value, the Board resolved to explore the sale of some or all of the Company's assets. An update on this process was announced on 20 February 2025.

Environment, Social, and Governance (ESG) highlights for the Period include:

- Stored 96,073 MWh renewable energy and avoided an estimated 51,945 tCO_2e;

- Improved landscaping plans to target 16% biodiversity net gain and had zero reportable environmenta incidents;
- Supported 36 local causes with £35,000 through five Community Funds;
- Published first Environmental Policy and Human Rights Policy;
- Conducted enhanced due diligence on battery supply chain, where 67% of key suppliers signed its Supplier Code of Conduct;
- Published first SFDR Article 8 aligned Disclosure, first UN PRI Transparency Report and second integrated TCFD and TNFD Report; and
- Recognised by winning the Association of Investment Companies Best ESG Communication Award and shortlisting for ESG Initiative Award at Tamarindo Energy Storage Investment Awards.

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

"This year has seen the Company reach a key milestone, energising 235.8 MWh / 117.9 MW during the Period and in doing so, making the Portfolio 100% operational at an opportune moment to take advantage of an improving revenue environment during the first quarter of the current financial year. It has been encouraging to see the Portfolio show resilience and perform well in a variety of economic and meteorological circumstances over the past 12 months.

"Increasing investment in BESS is an essential course of action in decarbonising the UK energy system and a crucial component of the nation's net zero strategy."

Results presentation

Paul Mason and Max Slade, being the Managing Director and Commercial Director (respectively) of the Investment Adviser, will provide a live investor presentation via the Investor Meet Company platform on 27 February 2025 at 10am GMT.

The presentation is open to all existing and potential Shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 26 March 2025 at 9am GMT, or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and meet Harmony Energy Income Trust Plc via:

https://www.investormeetcompany.com/harmony-energy-income-trust-plc/register-investor

Investors who already follow Harmony Energy Income Trust Plc on the Investor Meet Company platform will automatically be invited.

In accordance with UK Listing Rule 6.4.1 a copy of the 2024 Financial Statements will shortly be available for inspection from the National Storage Mechanism at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

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

The Investment Adviser is a wholly owned subsidiary of Harmony Energy Limited.

The management team of the Investment Adviser have been exclusively focussed on the energy storage sector (across multiple projects) in GB for over eight years, both from the point of view of asset owner/developer and in a third-party advisory capacity. The Investment Adviser is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

Chair's Statement

Welcome, on behalf of the board of directors (the "**Board**"), to the third Annual Report and Accounts of the Company for the financial year ("**FY**") ending 31 October 2024 (the "**Period**").

NORMAN CRIGHTON

CHAIR

PORTFOLIO 100% OPERATIONAL

The Company's remaining construction assets were successfully energised during the Period, taking the Portfolio to 100% operational. The Portfolio consists of eight 2-hour duration BESS projects totalling 790.8 MWh / 395.4 MW, the largest exclusively 2-hour duration operating BESS portfolio in GB. The increase in operational capacity coincided with a recovery in revenue levels over the final quarter of the Period and this recovery has accelerated over the first quarter of FY 2024/25.

DIVIDEND POLICY AND NAV IMPACTED BY CHALLENGING REVENUE ENVIRONMENT

As has been well reported, a challenging environment for GB BESS assets emerged during the first quarter of the Period. Mild temperatures over the winter kept consumer demand low, and this demand was sufficiently met by moderate and consistent levels of wind generation. This lack of volatility, coupled with low wholesale gas prices, reduced wholesale spreads and Ancillary Service prices. With GB BESS market revenues being significantly weaker than short-term independent forecasts, the Board resolved to take a prudent approach to capital allocation and cash management, culminating in the cancellation of the Q1 dividend for the Period and the amendment of the Company's dividend policy to be more aligned with the Company's performance. In addition, Harmony Energy Advisors Limited ("**HEAL**", the "**IA**" or the "**Investment Adviser**") promptly incorporated reduced third-party revenue projections into asset valuations. These reductions in third-party revenue projections are a key driver of net asset value which reduced over the Period from 115.40 pence per Ordinary Share to 88.52 pence per Ordinary Share - a 23% reduction.

SHARE PRICE PERFORMANCE

Despite a successful renegotiation of the Company's debt facilities in February 2024 to reflect the Portfolio's evolution from a construction portfolio into an operating one and to reassure Shareholders of its continued solvency amidst a low revenue environment, these lower revenues coupled with rising government bond yields placed downward pressure on the share price.

The share price recovered by circa 70% between February 2024 and June 2024 before stabilising at around 50 pence per Ordinary Share during the final third of the Period. Post-Period end, the share price has rallied further as investors have reacted to positive updates regarding the Company's asset sale process.

RECOVERY OF PORTFOLIO REVENUES

Portfolio revenues have also improved, with revenues over the second quarter of the Period 48% above those experienced in the first quarter. A key driver for this was a threefold increase in captured Balancing Mechanism ("**BM**") volumes in the spring versus the winter, as software and process enhancements at National Energy System Operator ("**NESO**") began to take effect. The Portfolio continued to capture a high level of BM volumes over the remainder of the Period. The Investment Adviser has engaged with NESO (independently and in collaboration with other industry stakeholders) to drive positive reform aimed at maximising the utilisation of BESS, to create efficiencies and cost savings for consumers. NESO continues to design and launch new revenue products and strategies which are targeting the improvement in BESS utilisation, the latest being Quick Reserve launched in November 2024.

Another key driver of revenue recovery was the high level of renewable penetration during the second half of the Period. The strong correlation between wind generation and BESS revenues during this time is a compelling illustration of the underlying long-term investment case for 2-hour duration BESS in GB: as wind and solar generation increase their proportionate share of the GB electricity "stack", wholesale power spreads are becoming wider and more volatile, increasing Arbitrage opportunities for BESS. Multiple periods of high wind generation and low demand created wide peak and off-peak power spreads, most notably in April and August. Total net revenue generation for the Period was £16.3 million (£58.2k/MW/Yr) based on a weighted average operational capacity of 280.4 MW. The portfolio is now fully operational, increasing the operating capacity by 40% compared to the weighted average over the Period, which is anticipated to result in a proportionate rise in revenue generation in future periods.

POST-PERIOD END REVENUE PERFORMANCE

The revenue recovery during the Period has since been supplemented with strong revenue performance in the first quarter of FY 2024/25 (£97.8k/MW/Yr), a stark contrast to the same quarter in the Period (£46.3k/MW/Yr). The key driver of this difference is a return to the more traditional winter conditions where the system has experienced periods of short-term tight supply margins, where there is a risk of generation being insufficient to meet demand. If a spell of cold weather (i.e. high power demand) coincides with low wind output (low generation), NESO must rely upon gas-fired power stations to meet demand. Given the current relatively high wholesale gas prices, these tight margin events create wide wholesale spreads. Interestingly, in these conditions the correlation between wind output and BESS revenues observed during the warmer months is reversed, with BESS revenues inversely proportionate to wind generation levels. This showcases the adaptability of BESS and its potential to perform in multiple economic and meteorological environments. Further analysis of these trends is explored in the Investment Adviser's report.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG")

During the Period, BESS received both national and international recognition for its vital role in global decarbonisation. The Clean Power 2030 Action Plan commits the UK to increase its energy storage capacity to 23-27 GW by 2030, with the majority to come from grid-scale batteries. In addition, 58 countries signed the COP 29 Global Energy Storage and Grids Pledge, aiming to deploy 1,500 GW of energy storage capacity globally by 2030.

BESS assets play a critical role in mitigating climate change by allowing the integration of more renewable electricity into the grid network, reducing a country's reliance on fossil fuels and lowering the grid's carbon intensity. During the Period, the Company's assets stored 96,073 MWh of renewable energy, preventing approximately 51,945 tonnes of CO_2e emissions from being released into the atmosphere and demonstrating the Portfolio's tangible value to UK decarbonisation efforts.

The Company has always emphasised the importance of developing and operating our assets safely and responsibly. In furtherance of this, the Company continued to embed its ESG strategy across its operations and supply chain. The Company is proud to have published its first Environmental Policy and its first Human Rights Policy during the Period. 67% of key suppliers signed our Supplier Code of Conduct, and the majority of suppliers that have not signed have confirmed they adhere to equivalent standards.

This year the Company met its goal to report its first United Nations Principles for Responsible Investment ("**UN PRI**") Transparency Report. The Company also reported for the first time in line with the UK's newly implemented Sustainability Disclosure Regulation ("**SDR**") and with the Sustainable Finance Disclosure Regulation ("**SFDR**"). The Company believes such disclosures are important for demonstrating continuing commitment to integrating sustainability risks, opportunities and potential impacts across and beyond its operations.

EMERGING RISKS

Whilst the general GB BESS market appears to be turning a corner, challenges remain, and new risks continue to emerge as the market evolves. The merchant (and therefore volatile) nature of the revenues remains a key factor, and the Investment Adviser continues to explore and analyse various revenue "tolling" products - an emerging sub-market in this sector - which could provide an element of fixed pricing in an otherwise volatile revenue class. A higher-than-expected amount of asset downtime caused by Distribution Network Operators' ("**DNOs**", each a "**DNO**") technical works at local substations has suppressed revenue performance during the second half of the Period and the Investment Adviser's continued close engagement with each DNO (with support from Tesla and bp as the revenue optimisers to the Portfolio) remains crucial for future performance. The Company has also recently received unexpected and unwelcome increases in network charges, increasing forecast opex for the current financial year. This is a regulatory issue, and the Company is engaging with Ofgem and the Department of Energy Security and Net Zero ("**DESNZ**") to ensure that BESS are charged fairly and proportionately.

OUTLOOK AND ASSET SALE PROCESS

With 2-hour duration BESS continuing to demonstrate its ability to outperform shorter-duration peers in Arbitrage strategies, the Company and its assets remain well placed to capitalise on the continuing trends of greater utilisation of BESS and greater renewables penetration. Now that the Portfolio is 100% operational, the Company has a more secure foundation and positive outlook. If revenue levels going forward are in line with assumptions used in the Company's valuation models, the Board would expect this to allow a meaningful covered dividend in relation to this financial year. However, the Company (along with the wider renewable infrastructure listed sector) continues to trade at a discount to published NAV, impacting shareholder returns and limiting opportunities for capital raisings and growth. After a prolonged period of trading at a significant discount to NAV, the Board considered all strategic options and proactively moved to maximise Shareholder value by exploring the potential for one or more asset sales, with the objective of proving that the true fair market value of the assets is not fully reflected in the market capitalisation of the Company.

On 19 December 2024, the Company announced that it was progressing to a final stage of negotiations with a preferred bidder on an exclusive basis and in relation to the Company's full Portfolio. The Company announced on 20 February 2025 that the substantial due diligence requirements of the preferred bidder had resulted in an extension of exclusivity until 10 March 2025. Both parties are continuing to progress towards the conclusion of a definitive agreement which will be conditional upon Shareholder approval. Should such agreement be approved by Shareholders, the Company would seek to return net sale proceeds to Shareholders via a members' voluntary liquidation process as soon as practicable.

The Company is required to hold an AGM on or before 30 April 2025 and I look forward to engaging with our Shareholders at that meeting. In light of the Company's asset sale process, further details regarding the date and location of the Company's 2025 AGM will be published at a later date. As set out in our Prospectus, a continuation resolution will be put at that AGM if the sales process does not progress.

Norman Crighton
Chair

Investment Adviser's Report

The Investment Adviser is pleased to deliver its third annual Investment Adviser's Report.

HIGHLIGHTS

235.8 MWh / 117.9 MW energised during the Period, taking the Portfolio to **100% operational**	Current portfolio size: **790.8 MWh / 395.4 MW**
First bp optimised assets commenced trading	**Eight** BESS projects
147% INCREASE in operational revenue driven by increased operational capacity	**51,945 tCO_2e avoided** (estimated)

OVERVIEW

The Period saw the Company hit a significant milestone, with the final projects in the Portfolio becoming operational, taking the full operational capacity to 790.8 MWh / 395.4 MW. The Company continues to operate the largest exclusively 2-hour duration BESS portfolio, and the second largest BESS portfolio (any duration, by MWh) in GB.

Whilst BESS revenues across GB have remained at relatively low levels, there has been a recovery from the lows seen in the 2023/24 winter (being the first quarter of the Period), and it has been encouraging to see multiple instances of strong revenue performance during the Period, particularly during spring and summer when high renewable generation coincided with periods of low consumer demand. Post-Period, the 2024/25 winter has also seen strong revenue performance during periods when high consumer demand has coincided with low renewable generation. This demonstrates how BESS can perform well in a variety of economic and meteorological circumstances.

Portfolio revenues have continued to be derived more from Arbitrage than Ancillary Services, a trend which is expected to continue, and which validates the Company's focus on 2-hour duration BESS assets.

Throughout the Period, the Company's shares have continued to trade at a significant discount to NAV, impacting shareholder returns and limiting opportunities for capital raisings and growth. In response to this, the Board resolved to explore the sale of some or all of the Company's assets. The IA was encouraged by the responses received over two phases of bidding via a highly competitive process.

On 19 December 2024, the Company announced that it was progressing to a final stage of negotiations with a preferred bidder on an exclusive basis and in relation to the Company's full Portfolio. The Company announced on 20 February 2025 that the substantial due diligence requirements of the preferred bidder had resulted in an extension of exclusivity until 10 March 2025. Both parties are continuing to progress towards the conclusion of a definitive agreement which will be conditional upon Shareholder approval. Should such agreement be approved by Shareholders, the Company would seek to return net sale proceeds to Shareholders via a members' voluntary liquidation process as soon as practicable.

PORTFOLIO UPDATE

The Portfolio is now fully operational and consists of eight 2-hour duration BESS projects totalling 790.8 MWh / 395.4 MW.

As previously reported, the Company's Wormald Green and Hawthorn Pit projects suffered delays to energisation, caused by the Balance-of-plant contractor running behind schedule. The Company has successfully settled a claim for liquidated damages, totalling £1.5 million across the two projects to compensate for the lost revenue opportunity.

Hawthorn Pit and Wormald Green are the Company's first projects to be optimised by bp and the first to utilise Envision Energy batteries. Whilst some initial challenges relating to the technical interface between bp's system and the Envision Energy batteries were experienced (delaying the ability to perform some Ancillary Services), these challenges have now been overcome and the IA is encouraged by the optimisation performance to date, noting especially the significant volume of activity in the BM.

FINANCING UPDATE

DEBT RESTRUCTURING

The Company drew down the balance of its £130 million of senior debt facilities during the Period in order to fund construction milestone payments.

On 21 February 2024, the Company successfully completed an amendment and restatement of its debt facilities with NatWest plc and Coöperatieve Rabobank U.A. The revised structure was put in place in recognition that the Portfolio would, during the Period, evolve from a construction portfolio into an operating portfolio. The previous term loan and revolving credit facility were consolidated into a single long-term facility with the following key terms:

- facility size of £130 million;
- an extension of the legal maturity date from June 2027 to February 2031;
- a reduction in margin to 275 bps over SONIA for the first two years, rising over time to a maximum of 350 bps in the final year; and
- a re-sizing of market standard debt covenant ratios against conservative revenue forecasts to ensure sufficient headroom in the low revenue environment experienced during the first quarter of the Period.

The structure allows for voluntary prepayments during the term (subject to a fee) and for cash sweeps in favour of the lenders in the event of material revenue outperformance above pre-agreed thresholds, enabling an acceleration of de-gearing in a cost-efficient manner whilst also reserving operational free cash flow for shareholder distributions.

When coupled with the new interest rate swap referred to below, the aggregate cost of debt equates to 6.85% per annum for the first two years.

HEDGING

At the beginning of the Period, the Company benefitted from an interest rate cap at a rate of 5.25%. As part of the debt restructure described above, the Company terminated its interest rate cap in February 2024 (receiving a payment of £0.5 million) and replaced it with an interest rate swap for the SONIA element of the loan. The new interest rate swap fixes the SONIA element of the loan at a rate of 4.101% per annum.

DIVIDEND POLICY

The Company announced a change to its dividend policy on 30 May 2024. The updated policy replaces the previous fixed 8 pence per Ordinary Share annual dividend target with one more aligned with the Company's performance.

The Board further resolved to cancel the (previously postponed) first FY 2023/24 quarterly dividend. As reported elsewhere in this report, the Company has experienced a recent recovery in revenue levels. If revenues going forward are in line with assumptions used in the Company's valuation models, the Board would expect this to allow a covered dividend of circa 4 pence per Ordinary Share in relation to this current financial year. This guidance will be reviewed at the financial year end depending upon revenue performance and availability of cash over the second half of the year.

INTRA-GROUP CAPITAL RESTRUCTURE

The Company has to date injected cash into subsidiaries predominantly through shareholder loans, rather than equity subscriptions. As a result of this structure, the *accounting* income recorded by the Company, which is driven mainly by accrued (but not necessarily paid) interest on shareholder loans, may not match the *actual* cash received from subsidiaries (which is dependent upon Special Purpose Vehicle ("**SPV**" / project income). As an investment trust, the Company is required to distribute the majority of gross income as dividends to shareholders.

In October 2024, the Company and its subsidiaries (together, the "**Group**") completed a restructuring of its capital composition (comprising debt and equity), and reduced interest income recognised by the Company by writing off accrued but unpaid interest with the intention of:

a) optimising the Group's tax position; and

b) more closely aligning the Company's accounting income to the underlying performance of its subsidiaries and therefore ensuring any required dividend payment under investment trust rules better aligns to the cash generated through operations.

MARKET COMMENTARY

OVERVIEW

A range of revenue streams is available to BESS projects in GB. These can be split into three broad categories:

1. Capacity Market ("**CM**") (see more detailed information below): BESS projects receive an availability payment for being ready to respond to a period of potential energy shortfall, over a contract period of 1 - 15 years;
2. Wholesale Electricity Trading: Buying wholesale electricity during cheap periods (e.g. overnight when demand is low and wind generation is high), storing it for a period of time and then selling when the price increases (e.g. in the evening when gas-fired power stations are being used). The spread between the "buy price" and "sell price" determines the net revenue from the trade. Typically, high renewable penetration increases spreads as there are likely to be periods when renewable electricity supply exceeds demand, pushing pricing close to zero (and sometimes even negative), whilst gas-fired power stations will still be required to cover peak demand periods. This in turn leads to greater revenue opportunities for BESS projects;
3. Balancing Mechanism: Wholesale markets close one hour before delivery of power. At this point, NESO analyses the supply and demand position and balances this by buying and selling electricity. Spreads in the BM are typically much wider than those seen in wholesale markets, however BESS has traditionally struggled to capitalise on this due to legacy systems used by NESO. The Company has witnessed significant improvements in BESS utilisation in the BM during the Period as a result of new software developed by NESO. BESS still has a relatively small share of this lucrative, and growing market.
4. Ancillary Services: Short-term contracts with NESO to provide grid stability.
    a. Dynamic Frequency Response ("**DFR**"): Contracts are awarded a day-ahead and are generally awarded in 4-hour blocks. BESS projects receive an availability payment in return for responding rapidly (either charging or discharging) to deviations in frequency of the electricity system.
    b. Balancing Reserve ("**BR**"): Launched in March 2024, this mechanism allows BESS projects to reserve their capacity to be available via the BM. They receive an availability payment for doing so and this commitment gives NESO additional comfort that sufficient BESS capacity will be available to respond to an imbalance in the supply and demand of electricity throughout the day.
    c. Quick Reserve: Launched in November 2024, this new service is similar in nature to BR but requires a much faster response time meaning BESS is the only technology currently able to provide this service.

GB BESS REVENUES

Revenues for 2-hour duration BESS over the Period were on average 14% lower than the previous financial year. January and February 2024 were the lowest revenue months, predominantly as a result of low wholesale power price spreads which in turn led to low Ancillary Service pricing. Revenues recovered from these lows in the spring, with April, June, August and October 2024 being the highest revenue-generating months.

The low revenues at the beginning of the Period were largely driven by low wholesale spreads as a result of low gas and carbon pricing which in turn determined the running cost of gas generators. Since gas was the marginal fuel for electricity generation throughout the 2023/24 winter, these low commodity prices translated to relatively low peak electricity prices, limiting the wholesale spread (the difference between peak and off-peak pricing) and therefore the revenue opportunity for BESS.

Over a typical winter, the wholesale spread is often increased from time to time by extreme price spikes. Price spikes are caused when the forecast margin between electricity supply and demand is very low, and the system relies on less efficient (and therefore more expensive) sources of electricity generation in order to ensure the lights stay on. Analysis by Modo Energy highlighted that there were significantly fewer price spikes in the 2023/24 winter compared to the previous two winters.

MARKET COMMENTARY

The lack of price spikes was a result of lower demand during a mild winter (demand has generally been falling year on year, though is predicted to increase in the future as a result of the electrification of heat and transport as well as rising demand from energy intense data centres), coupled with (generally consistent) generation from wind and interconnectors at levels sufficient to meet such demand without the need to call on expensive sources of electricity generation.

It was hoped that the launch of the Open Balancing Platform ("**OBP**") in December 2023 would unlock significant additional value for BESS in the BM. However, the initial launch in December 2023 was disrupted by some software bugs resulting in a brief pause before a re-launch in January 2024. OBP resulted in a modest increase in BESS volume, however it was not until the launch of BR in March 2024 that BM volume captured by BESS increased to a meaningful extent, with 2-hour duration BESS seeing the largest increase. This increase has been maintained throughout the year with the BM becoming an increasingly meaningful part of the Company's revenue stack.

Whilst high wind output over the winter drove wholesale spreads lower, the opposite occurred during the spring and summer months. Electricity demand is typically lower during warmer months, and we increasingly observe periods during which demand is entirely met by renewable generation. Normal market principles of supply and demand mean that an oversupply of renewable (i.e. cheap) generation drives wholesale prices lower, to discourage further supply. However, since many renewable projects benefit from government subsidies, it can make sense for generation to continue even when wholesale pricing is negative - i.e. the project will pay to generate power provided the subsidy received is greater than the "cost" of such generation. Negative power prices create wide wholesale spreads and ideal trading conditions for the Company as BESS can be paid to import as well as export electricity. Wholesale prices were negative for a record 176 hours in 2024 - a 65% increase compared to 2023.

Post-Period, revenues have increased further during the first quarter of FY 2024/25. Wholesale spreads in January 2025 hit their highest level since December 2022. In contrast to the 2023/24 winter, peak wholesale pricing was driven up due to two key factors: (i) increased commodity (i.e. gas) prices, which pushed up the spreads, as described above; and (ii) low wind generation, which caused increased use of gas peakers (which are relatively small, less efficient gas-fired power stations designed to run when the system is short of supply and prices are high). This created multiple days of price spikes which were absent during the 2023/24 winter. Wind generation levels did increase in December 2024, but this was during the Christmas period which typically sees very low demand, leading to more instances of negative pricing, widening spreads and boosting BESS revenues.

BALANCING MECHANISM, BALANCING RESERVE AND QUICK RESERVE

Reserve products are a different type of Ancillary Service procured by NESO, compared to the DFR suite of products which have formed the bulk of BESS revenues in recent years. NESO procures two types of reserve:

BR launched in March 2024 and Quick Reserve launched in November 2024. Both contracts allow BM participants to receive (i) an "availability" fee to keep some capacity in "reserve", ready for instruction from NESO; and (ii) the normal "pay-as-bid" price for utilisation in the BM (if/when called upon). Participating BESS must store enough energy to export/import in line with their contract requirements, so BESS operators must manage their state of charge carefully, and a 2-hour duration BESS is better placed to do this than a shorter-duration BESS.

Since the launch of BR, the Portfolio has seen BM volume increase by nearly 400%. The month of September 2024 is an exception to this, but this reduction in captured BM volume was deliberate. Various assets in the Portfolio were undergoing firmware upgrades during September and required short periods of "resting" to balance the state of charge of the individual battery cells in advance of routine "state-of health" tests. The launch of Quick Reserve has increased the volume of Ancillary Services being procured by NESO and has provided welcome additional revenue opportunities. However, as the period since the launch of Quick Reserve has coincided with high wholesale spreads, it is too early to assess the full impact.

REGULATORY UPDATE

In October 2024, the National Grid Electricity System Operator was taken into public ownership and replaced with NESO. On 5 November 2024, NESO published the Clean Power 2030 ("**CP30**") report outlining advice to the Government on how to achieve a clean power system by 2030 in which less than 5% of generation comes from unabated gas.

On 13 December 2024, DESNZ published the CP30 Action Plan setting out a pathway to a clean power system by 2030. This ambitious plan requires an unprecedented acceleration of renewable plant build-out. For example, offshore wind deployment would need to accelerate by five times. In addition, significant upgrades to the transmission network would also be needed.

The IA believes that CP30 is broadly positive for BESS, with 23-27 GW required by 2030 (compared to 4.9 GW currently operational). CP30 highlights Northern England and Southern England as priority areas for BESS which aligns well with the Portfolio.

Modo Energy forecast that BESS revenues would be 10% higher than their central forecast if CP30 is achieved.

The IA has engaged regularly with NESO since its launch in 2024 and is encouraged by the attitude and approach to industry collaboration - in particular the focus on improving the use of BESS in the BM.

In addition to NESO, the IA has also been engaging with Ofgem and DESNZ in order to highlight some of the challenges faced by BESS in GB and identify areas for future improvement. This dialogue has been constructive, and we look forward to continuing this discussion in the coming year.

FINANCIAL PERFORMANCE

The NAV as at 31 October 2024 was £201.05 million (88.52 pence per Ordinary Share), a reduction of 23.30% (-26.89 pence per Ordinary Share) from the NAV reported as at 31 October 2023. The NAV total return over the Period was -21.57%. NAV total return since IPO is -2.43%.

Material factors which influenced the NAV over the Period included:

a) lower revenue assumptions based on the latest revenue forecasts published by independent providers. The IA pre-emptively revised its revenue forecast downwards in January 2024 (prior to the release of updated third-party revenue curves). However, subsequent revisions were also made in April and October 2024. The revision to the forecasts captures a reduction in near-term electricity demand as well as lower commodity pricing between 2024 and 2029 amounting to a reduction of 21.11 pence per Ordinary Share;

b) "Other Project Assumptions" refers to increased operating costs and delays in construction of the Company's remaining projects, which in aggregate led to a reduction of 6.04 pence per Ordinary Share. The changes to operating cost assumptions relate largely to network charges which are set by DNOs and are not within the control of the Company;

c) a reduction in discount rates as projects were revalued when they moved from construction into operations was offset by a 25 bps increase in discount rates applied across all projects, leading to a net reduction of 0.70 pence per Ordinary Share;

d) positive movements from:

    a. free cash flow generated by project operations amounting to 4.06 pence per Ordinary Share; and

    b. the "NAV roll forward" impact (which captures the time value of money as the projects progress) amounting to 6.04 pence per Ordinary Share; and

e) negative movements from:

    a. interim dividend payments amounting to 2 pence per Ordinary Share relating to the fourth quarter of FY 2022/23;

    b. debt service over the Period amounting to 4.65 pence per Ordinary Share;

    c. a reduction in the mark-to-market value of the Company's interest rate swap amounting to 0.56 pence per Ordinary Share; and

    d. fund costs and other impacts totalling 1.93 pence per Ordinary Share.

REVENUE DURING THE PERIOD

The Company's operational Portfolio generated revenue (net of all electricity import charges and state of charge management costs) of £16.3 million over the Period (£58.2k/MW/Yr). This is despite the Portfolio encountering a higher-than-usual number of outage events during the Period as described in more detail below. The Investment Adviser estimates that, had the Portfolio not suffered these outages, revenue would have been around 13.5% higher (£63k/MW/Yr).

Revenue is expected to continue to increase throughout the year, with the Portfolio now fully operational. Being fully operational has increased the operating capacity by 40% compared to the weighted average over the Period, which is anticipated to result in a proportionate rise in revenue generation. Based on the average revenue during the Period, a fully operational portfolio would have generated £23m in revenue.

Wholesale trading and BM accounted for 78% of Portfolio revenue during the Period, compared to 42% for the previous financial year. This increase is in line with the IA's expectation as the Ancillary Services markets remain largely saturated.

Although only representing 4% of total revenue over the Period, BR has helped to unlock some of the potential within the BM since its launch in March 2024, reducing the relative attractiveness of Ancillary Services.

Ancillary Services are now predominantly used to charge the batteries, as this is often cheaper than procuring electricity through wholesale markets. As a result of this strategy, the net Ancillary Services revenue appears as a negative element in the revenue stack.

The Portfolio continues to perform well in the context of the market conditions and the wider GB BESS fleet. According to BESS Analytics, over the 12-month period from January 2024 to January 2025, the Portfolio achieved an annualised weighted average revenue of £70k/MW/year. This represents a 25.5% outperformance compared to the weighted average annualised revenue of £55.9k/MW/year recorded by the GB BESS fleet as a whole, highlighting the value of 2-hour BESS. The Portfolio outperformed comparable 2-hour BESS portfolios by 5.4%.

CAPACITY MARKET

T-4 Contract Status

All of the Company's assets hold T-4 contracts as shown in the table below. T-4 contracts are index-linked for a period of up to 15 years. None of the Company's projects are participating in the T-4 Auction which is due to take place in March 2025.

The IA has decided to reduce the term of T-4 contracts for the Broadditch and the Farnham projects from 15 years to 3 years. These projects were awarded T-4 contracts on the basis of their full 2-hour duration, however testing requirements have subsequently become more onerous and the Company does not believe the ongoing cost required to maintain this duration would represent value for money. In relation to delivery years 2027-28 and onwards, these projects will participate in auctions on an annual basis.

Projects which secured T-4 contracts for delivery from 2025 onwards were awarded contracts on the basis of 1.5-hour duration and therefore are expected to comply with their obligations without incurring additional expenditure. The IA is therefore not intending to reduce the duration of T-4 contracts in relation to any other projects.

T-1 Contract Status

As shown in the table below, the only projects which do not have a CM contract in place for 2025/26 delivery are Bumpers, Wormald Green and Hawthorn Pit. Bumpers has successfully pre-qualified for the T-1 Auction due to take place in March 2025 and it is anticipated that this will result in additional CM revenue for the 2025/26 delivery period. Unfortunately, due to CM qualification rules, the Hawthorn Pit and Wormald Green projects were not able to pre-qualify for this auction and will seek to secure secondary CM contracts to provide additional income in this period.

CHART 9: OVERVIEW OF CM CONTRACT INCOME

Capacity Contract Value (£m)	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	0.8	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	0.1	0.1	0.1														
Farnham	0.2	0.2	0.2														
Rusholme	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	0.3	
Little Raith	0.4	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	0.8		1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Wormald Green	0.3		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
Hawthorn Pit	0.4		0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total	3.3	2.0	4.1	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	2.0

Source: Harmony Energy Advisors Limited

OPERATING FREE CASH FLOW

Average revenue per MW reduced from £65.8k/MW in FY 2023 to £58.2k/MW in the Period, a reduction of 11.6%. Despite this, total revenue in the Period rose to £16.3m, a £9.3m (147%) increase compared to the prior year, driven by the higher operational capacity.

The final projects commenced commercial operations in October 2024, bringing the operational capacity to 395.4 MW, which will lead to further revenue growth in the coming financial year. This represents a 40% increase in operational capacity compared to the weighted average for the Period.

The increase in operational capacity will not increase the Company's operating costs or interest costs, so operational free cash is expected to be positive in future financial years, even under poor market conditions such as those seen at times during the Period.

Post Period revenue per MW has been strong, and the first quarter of FY 2025 has seen average revenue of £97.8k/MW (a 70% increase compared to the average during the Period and 97% higher than the same period during the Period). As a result of higher operating capacity and stronger market conditions, the Company has earned an estimated £9.7m of revenue between 1 November 2024 and 31 January 2025, equal to 63% of the total revenue earned during FY 2024.

TECHNICAL PERFORMANCE

The Portfolio suffered a number of outages due to DNO technical works, predominantly impacting the March to June 2024 period. As previously reported:

- the Company's Little Raith project was curtailed by the DNO during April whilst the DNO addressed reactive power oscillation issues at the local substation; and
- the Bumpers project also experienced low availability in March, May and June as the DNO performed a series of scheduled outages required to connect a nearby new solar farm.

Other projects in the Portfolio experienced short "rest" periods whilst the Company's equipment supplier, Tesla, performed firmware upgrades, standard annual capacity tests and Extended Performance Tests required to comply with CM obligations.

As discussed, availability has been impacted by a number of grid outages which predominantly related to connection of neighbouring projects. This work is now complete and these issues are not expected to repeat going forward. Across the Portfolio, availability averaged 95% during the Period (including grid outages), which is slightly lower than the IA's expectation of 98% under normal operating conditions. Excluding grid outages, the Portfolio's equipment performed well, achieving greater than 99% availability. The Portfolio's round-trip efficiency was in line with expectation at 88%.

"Cycles" are a common measure of battery utilisation, with one cycle being equal to the battery discharging its full energy capacity (for example, one cycle for a 50 MW, 2-hour duration battery is equal to 100 MWh). During the

Period, the Portfolio has averaged 0.95 cycles per day, which is lower than assumed in the Company's business plan. Lower cycling leads to lower degradation, which in turn increases the operational life of a project.

CHART 10: UNAUDITED CONSOLIDATED FINANCIALS

	FY2023	FY2024
Revenue	6,607,254	16,324,033
Liquidated Damages	-	1,500,000
SPV Costs	(2,637,322)	(6,389,061)
HEIT Costs	(2,009,133)	(1,713,494)
Management Fee	(2,163,222)	(1,093,542)
Interest Cost	(3,248,173)	(10,369,280)
Tax	(26,624)	(741,270)
Operational Free Cash Flow	**(3,477,219)**	**(2,482,614)**
Weighted Average Operational MW	100.4	280.4
Annualised Revenue / MW (£k/MW/Yr)	65,823	58,216
Annualised SPV Costs / MW (£k//MW/Yr)	26,274	22,785

Source: Harmony Energy Advisors Limited

MARKET OUTLOOK

The IA expects to see the continued correlation between renewable penetration and BESS revenues as we move through 2025. Following on from 2024's record number of negatively priced hours in the wholesale market, we expect that this record will be broken in 2025, providing continued opportunities for BESS.

The encouraging progress made in relation to BESS activations in the BM is expected to continue with further updates to NESO's OBP system and greater transparency in relation to decisions made by NESO's control room.

The revenues generated in the first quarter of FY 2024/25 demonstrate the inherent value of the Portfolio but also highlight its potential volatility (recovering from record lows in January 2024). To this end the IA continues to explore options to smooth this volatility whilst continuing to benefit from market opportunities as they arise. This includes continuously reviewing the trading and optimisation arrangements across the Portfolio.

The BESS market is well-served by a large number of specialist revenue optimiser service providers. These companies employ large teams to ensure they can deliver in an increasingly complex market with a growing number of products. At the same time, the cost charged by these third parties is reducing and there are increasingly interesting opportunities for BESS to procure increased revenue certainty through the strategic use of tolling or other hedging agreements.

Whilst the IA has direct experience designing trading algorithms for BESS, it does not believe that it is in shareholder interest to bring this function in-house and is therefore focussed on using its expertise to procure, collaborate with and monitor strong optimisation partners.

CHART 11: KEY PERFORMANCE INDICATORS

	As at 31 October 2024	As at 31 October 2023
Key Performance Indicators		
NAV (£)	201,047,350	262,108,092
NAV per Ordinary Share (p/share)	88.52	115.40
Dividends paid (£)	4,542,566	15,727,698
Dividends per Ordinary Share (p/share)	2p	7p
Alternative Performance Measures		
Adjusted NAV (£)	201,039,406	262,108,092
Adjusted NAV Total Return (%)	-21.6%	1.2%
Revenues from Operations (£)	15,963,023	6,698,540
Dividends per Ordinary Share declared and paid in relation to Period (p/share)	0p	8p
Other Performance Measures		
Operational Capacity (Period end) (MWh / MW)	790.8 MWh / 395.4MW	555 MWh / 277.5 MW
Weighted Average Operational Capacity (MW)	280.4	100.5
Weighted Average Revenue per MW Operational (£/MW/Year)	58,217	66,631

Source: Harmony Energy Advisors Limited

POST-PERIOD EVENTS

Despite the positive market outlook, the Company continues to trade at a discount to published NAV, impacting shareholder returns and limiting opportunities for capital raisings, growth, and shareholder returns. In order to explore opportunities to deliver value to Shareholders, the Board engaged Jones Lang LaSalle ("**JLL**") in May 2024 with a mandate to seek offers for some or all of the Portfolio. This exercise attracted strong interest from multiple bidders, reflecting the quality of the assets as well as their scarcity value, with no other portfolio of 2-hour duration operational assets available for sale in the GB market. On 19 December 2024, the Company announced that it was progressing to a final stage of negotiations with a preferred bidder on an exclusive basis and in relation to the Company's full Portfolio. The Company announced on 20 February 2025 that the substantial due diligence requirements of the preferred bidder had resulted in an extension of exclusivity until 10 March 2025. Both parties are continuing to progress towards the conclusion of a definitive agreement which will be conditional upon Shareholder approval. Should such agreement be approved by Shareholders, the Company would seek to return net sale proceeds to Shareholders via a members' voluntary liquidation process as soon as practicable.

Alternative Investment Fund Manager's Report

BACKGROUND

The Alternative Investment Fund Manager's Directive (the "**AIFMD**") came into force on 22 July 2013. The objective of the AIFMD was to ensure a common regulatory regime for funds marketed in or into the EU which are not regulated under the UCITS regime. This was primarily for investors' protection and also to enable European regulators to obtain adequate information in relation to funds being marketed in or into the EU to assist their monitoring and control of systemic risk issues.

JTC Global AIFM Solutions Limited (the "**AIFM**") is a non-EU Alternative Investment Fund Manager (a "**Non-EU AIFM**"), the Company is a non-EU Alternative Investment Fund (a "**Non-EU AIF**") and the Company is currently marketed only into the UK. Although the AIFM is a non-EU AIFM, so the depositary rules in Article 21 of the AIFMD do not apply, the transparency requirements of Articles 22 (Annual report) and 23 (Disclosure to investors) of the AIFMD do apply to the AIFM and therefore to the Company. In compliance with those articles, the following information is provided to the Company's Shareholders by the AIFM.

1. Material Changes in the Disclosures to Investors

During the financial year under review, there were no material changes to the information required to be made available to investors under Article 23 of the AIFMD before they invest in the Company, from the information set out in the Company's prospectus dated 15 October 2021. The only exceptions are those disclosed below and in certain sections of the annual financial report, being the Chair's Statement, Investment Adviser's Report, the sections headed "Environmental, Social, and Governance", "Principal Risks and Uncertainties", "Section 172 Statement" and "Viability and Going Concern", the Directors' Report and Corporate Governance Report and note 2 to the financial statements.

2. Risks and Risk Management Policy

The current principal risks facing the Company and the main features of the risk management systems employed by the AIFM and the Company to manage those risks are set out in the section headed "Principal Risks and Uncertainties", the Directors' Report, the Report of the Audit and Risk Committee (the "**ARC**" or "**Committee**") and in note 15 to the financial statements.

3. Leverage and Borrowing

The Company is entitled to employ leverage in accordance with its investment policy as set out in the Company's prospectus. At the start of the year under review, the Company had via its subsidiaries £130 million of senior debt facilities, consisting of a £20 million unhedged revolving credit facility and a £110 million term loan facility, hedged by way of an interest rate cap of 5.25%. As part of the debt restructure detailed in the Investment Advisor's report, the Company terminated its interest rate cap in February 2024, receiving a payment of £0.5 million, and replaced it with an interest rate swap for the SONIA element of the loan. The new interest rate swap fixed the SONIA element of the loan at a rate of 4.101% per annum. As at the balance sheet date and as at the date of this report, the Company's subsidiary HEIT Holdings Ltd had drawn down £130 million. Other than the non-material amendment described in the paragraph entitled "Borrowing Policy" in the Strategic Report, there were no changes in the Company's borrowing powers and policies.

4. ESG

Because the AIFM is a non-EU AIFM and the Company is not marketed into the European Economic Area ("**EEA**"), the AIFM is not required to comply with Regulation (EU) 2019/2099 on Sustainability-Related Disclosures in the Financial Services Sector (the "**SFDR**"). However, the Company has voluntarily chosen to report in line with Article 8 of the SFDR and details of the Company's and its advisers' ESG objectives and actions taken are reported on in the section of this annual financial report entitled "Environmental, Social, and Governance."

As a member of the JTC group of Companies, the AIFM's ultimate beneficial owner and controlling party is JTC Plc, a Jersey-incorporated company whose shares have been admitted to the Official List of the UK's Financial Conduct Authority ("**FCA**") and to trading on the London Stock Exchange's Main Market for Listed Securities (mnemonic JTC LN, LEI 213800DVUG4KLF2ASK33). In the conduct of its own affairs, the AIFM is committed to best practice in relation to ESG matters and has therefore adopted JTC Plc's ESG framework (the "**ESG Framework**") and a copy of the ESG Framework can be viewed online at https://www.jtcgroup.com/esg/.
As at the date of this report, JTC Plc is a signatory of the UN PRI. The JTC group is also carbon neutral, works to support the achievement of various U.N. Sustainable Development Goals and reports under the Task Force on Climate-related Financial Disclosures ("**TCFD**") and the SASB framework.

The AIFM is also cognisant of the announcement published by H.M. Treasury in the UK of its intention to make mandatory by 2025 disclosures aligned with the recommendations of the Task Force on Climate-Related Disclosures, with a significant proportion of disclosures mandatory by 2023. The AIFM also notes the roadmap and interim report of the UK's Joint Government-Regulator TCFD Taskforce published by H.M. Treasury on 9 November 2020. The AIFM continues to monitor developments and intends to comply with the UK's regime to the extent either mandatory or desirable as a matter of best practice.

The AIFM and Harmony Energy Advisors Limited ("**HEAL**") as the Company's alternative investment fund manager and investment adviser respectively do consider ESG matters in their respective capacities, as explained in the Company's prospectus dated 15 October 2021, a copy of which can be found on the AIFM's website at https://www.jtcgroup.com/services/funds/aifmd/harmony-energy-income-trust-plc/.

Since the publication of those documents, the AIFM, HEAL and the Company have continued to enhance their collective approach to ESG matters and detailed reporting on (a) enhancements made to each party's policies, procedures and operational practices and (b) our collective future intentions and aspirations is included in the TCFD report, the Task Force on Nature-related Financial Disclosures ("**TNFD**") report, the ESG section and the Section 172 Statement.

The AIFM also has a comprehensive risk matrix (the "**Matrix**"), which is used to identify, monitor and manage material risks to which the Company is exposed, including ESG and sustainability risks, the latter being an ESG event or condition that, if it occurred, could cause an actual or a potential material negative impact on the value of an investment. We also consider sustainability factors, those being environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

5. Remuneration of the AIFM's Directors and Employees

During the FY, no separate remuneration was paid by the AIFM to two of its executive directors, Graham Taylor and Kobus Cronje, because they were both employees of the JTC group of companies, of which the AIFM forms part. The third executive director, Matthew Tostevin, is paid a fixed fee of £10,000 for acting as a director. Mr Tostevin is paid additional remuneration on a time spent basis for services rendered to the AIFM and its clients. Other than the directors, the AIFM has no employees. The Company has no agreement to pay any carried interest to the AIFM. During the year under review, the AIFM paid £10,000 in fixed fees and £40,050.79 in variable remuneration to Mr Tostevin.

6. Remuneration of the AIFM Payable by the Company

The AIFM was during the Period paid a fee of 0.03% *per annum* of the equity capital raised by the Company, subject to a minimum of £30,000 *per annum*, such fee being payable quarterly in arrears. Subsequent secondary issues of shares of the Company in the primary market are supported on a time spent basis, subject to a cap of £10,000 per each such issue. Other significant non-routine work may be agreed between the AIFM and the Company from time to time and charged for on a time spent basis. The total fees paid to the AIFM during the year under review were £67,434.

JTC Global AIFM Solutions Limited
Alternative Investment Fund Manager
25 February 2025

Strategic Report

INVESTMENT OBJECTIVE

The Company's investment objective is to provide an attractive and sustainable level of income returns, with the potential for capital growth, by investing in commercial scale storage and renewable energy generation projects, with an initial focus on a diversified portfolio of BESS located in Great Britain ("**Projects**").

INVESTMENT POLICY

The Company seeks to achieve its investment objective through investment in energy storage and complementary renewable energy generation assets, with an initial focus on commercial scale BESS located in diverse locations across Great Britain.

For the purposes of this policy, unless the context otherwise requires, words and expressions defined in the Company's Prospectus shall have the same meanings where used in this policy.

The Company may invest in "operational", "under construction" or "shovel ready" projects, and may also provide development finance to pipeline projects.

PROJECTS WHICH ARE "SHOVEL READY" WILL HAVE IN PLACE:

- completed lease, lease option or agreement for lease in relation to the land upon which that project is situated;
- planning permission enabling the construction of a suitable project on that land (subject to any amendments to reflect final technical specifications);
- an industry standard grid connection offer from a DNO or Transmission System Operator (**"TSO"**); and
- a BESS supply & installation contract with material terms agreed with a reputable counterparty.

PROJECTS WHICH ARE "UNDER CONSTRUCTION" WILL IN ADDITION, HAVE IN PLACE:

- an agreed lease on satisfactory terms;
- an accepted industry standard grid connection offer from a DNO or TSO, and having made at least one milestone payment; and
- a fully executed BESS supply & installation contract with a reputable counterparty.

PROJECTS WHICH ARE "OPERATIONAL" WILL, IN ADDITION, HAVE IN PLACE:

- completed lease on satisfactory terms in relation to the land upon which that project is situated;
- an executed grid connection agreement with a DNO; and
- satisfactory completion of relevant commissioning tests.

TARGET REVENUE SOURCES

It is intended that, once operational, the main revenue streams from the Company's portfolio of Projects will be from the following sources:

- Ancillary Services - Projects may generate revenues from short-term contracts procured via regular competitive auctions through which the Company and/or its subsidiaries will provide, on a firm basis, dynamic or non-dynamic response services to NESO as part of its efforts to cater for changes in network system frequency, balancing the grid and avoiding power outages;

- Asset optimisation - Projects may generate revenues from importing and exporting power in the wholesale market and the NESO-administered BM; and
- Capacity Markets - Projects may generate revenues by access to the benefit of contracts, or through entering into new contracts, to provide back-up capacity power to NESO as the Electricity Market Reform delivery body via Capacity Market contracts of varying terms between 1 year and 15 years in duration.

The contractual arrangements which the Company will put in place in respect of its portfolio of Projects are expected to benefit from diversification across a number of different income streams with various contract lengths, counterparties and return profiles.

These revenue sources will inevitably evolve as the UK energy and energy storage markets and NESO policy and practice develop, and as such the Company intends to adapt its contractual arrangements to procure what it considers to be the most advantageous revenue streams as the market develops. If suitably attractive terms were available, this could include the Company engaging with third-party service providers to increase levels of contracted income across the Portfolio.

BESS TECHNOLOGY

The Company intends to invest primarily in BESS projects using 2-hour lithium-ion battery technology, as such technology is believed by the Investment Adviser to offer the most efficient operation and return profile and has a number of advantages over shorter duration batteries. However, the Company remains agnostic as to which energy storage and generation technology is used by the projects in which it invests and will monitor projects and may invest in projects with alternative technologies (including different duration batteries and combinations and co-location of such technologies), where they meet the Company's investment objective and policy.

Each BESS project will contain a battery system with a number of battery modules in each stack, each of which is independent and can be replaced separately. This reduces the impact of failure of one or more battery modules and therefore offers protection against the potential risk of the operation of a project being interrupted.

INVESTMENT IN AND OWNERSHIP OF PROJECTS

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 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 Company may also consider investing in the re-powering of projects by replacing degraded cells in order to extend project cash flows or increasing the capacity of projects where the grid connection is under-utilised.

The Company will typically achieve legal and operational control of projects through direct or indirect stakes of 100% in the relevant Project Companies and may use a range of investment instruments in the pursuit of its investment objective, including but not limited to debt and equity instruments.

In certain circumstances, the Company may participate in joint ventures or co-investments, including (without limitation) with other investors or entities with whom members of the Harmony Group have developed assets, where this approach enables the Company, within its investment policy, to gain exposure to assets which the Company would not otherwise be able to acquire on a wholly-owned basis. In such circumstances the Company will seek to secure its shareholder rights through contractual and other arrangements to, inter alia, ensure that the projects are operated and managed in a manner that is consistent with the Company's investment policy.

DEVELOPMENT FINANCE

The Company may provide loan finance to Pipeline Projects prior to an anticipated acquisition ("**Pre-Acquisition Development Loans**"). Such finance may be for the commissioning of design works, pre-construction studies (including but not limited to geotechnical studies), acquisition of equipment or other development costs for the furtherance of the relevant project, provided that no more than 10% of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to such loans.

The Company may also provide funding via loans or equity contributions to Project Companies which are owned by the Company ("**Post-Acquisition Development Finance**") for the purposes of:

a) evaluating and/or executing asset management initiatives which the Investment Adviser reasonably believes to be value accretive and supportive of the Company's overall target return, such as extension or amendment of leases and/or renegotiation of consents or grid connection agreements to increase import/ export capacity; or

b) developing complementary renewable generation infrastructure to be owned and operated by the relevant Project Company. This funding may be used for any reasonable development expenses such as preliminary design work, planning applications and/ or commercial studies, provided in all cases that no more than 10% of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations) may be exposed in aggregate to such finance.

The total aggregate exposure of the Company to Pre-Acquisition Development Loans and Post-Acquisition Development Finance will not exceed 15% of Gross Asset Value (calculated at the time that finance is provided based on the latest available valuations).

COMPLEMENTARY RENEWABLE GENERATION ASSETS

Whilst the Company's primary focus under its investment policy is to invest in BESS and other energy storage projects, the Company may also invest in renewable generation assets where it would be attractive to do so.

This may include projects with co-located BESS and solar PV generation sharing the same grid connection or stand-alone solar PV projects, where these would be complementary to the Company's other investments and support the Company's overall target return, subject to the investment restrictions below.

INVESTMENT RESTRICTIONS

The Company aims to achieve diversification principally through investing in a range of projects benefitting from different income streams with different counterparties and located in different regions of Great Britain. The Company will observe the following investment restrictions when making investments:

- following the acquisition of the Seed Projects by the Company, the acquisition price of any single project shall not exceed 20% of the Company's Gross Asset Value measured at the time of investment;
- following the acquisition of the Seed Projects, the Company will seek to ensure that it has holding interests in not less than five separate projects at any one time;
- no more than 35% of Gross Asset Value, calculated immediately following each investment, will be invested in Projects which are not BESS projects;
- no more than 25% of Gross Asset Value, calculated immediately following each investment, will be invested in assets in relation to which the Company does not hold a direct or indirect stake of 100%;
- no more than 10%, in aggregate, of the value of the total assets of the Company at Initial Admission will be invested in UK listed closed-ended investment funds;
- the Company will not conduct any trading activity which is significant in the context of the Group as a whole; and
- no investments will be made in fossil fuel assets, including fossil fuel-powered generators.

Compliance with the above restrictions will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment restrictions.

Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. It is intended that each Project Company will hold one project but a Project Company may own more than one project.

The investment restrictions will be applied on a look-through basis.

BORROWING POLICY

The Company may raise debt and may consider having leverage (at the Company level and/or the Project Company level) provided that it has sufficient assets and to the extent funding is available on acceptable terms. In addition, it may from time-to-time use borrowing for short-term liquidity purposes which could be achieved through a loan facility or other types of collateralised borrowing instruments. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. The Directors will restrict borrowing (excluding letters of credit issued on behalf of the Company in favour of either Elexon or EPEX) to an amount not exceeding 49% of the Company's net asset value at the time of drawdown. On 28 January 2025 the Board approved a non-material amendment to the Company's borrowing policy so that, in the unlikely event of a call under any letter of credit issued from time to time by the Company's lenders in favour of Elexon and/or EPEX (in relation to imbalance settlement processing and/or trading collateral, respectively) such event would not count towards the Company's borrowing limit.

In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Project Companies in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

CURRENCY, HEDGING POLICY AND DERIVATIVES

Efficient portfolio management techniques may be employed by the Company, and this may include (as relevant) currency hedging, interest rate hedging and power price hedging. Derivatives may be used for currency, interest rate and power price hedging purposes as set out below and for efficient portfolio management. However, the Directors do not anticipate that extensive use of derivatives will be necessary.

CASH MANAGEMENT

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("**Cash and Cash Equivalents**").

There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. For the avoidance of doubt, the restrictions set out above in relation to investing in UK listed closed-ended investment companies do not apply to money market type funds.

CHANGES TO AND COMPLIANCE WITH THE INVESTMENT POLICY

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

For the purposes of the investment policy, "**Gross Asset Value**" means the aggregate of (i) the fair value of the Company's underlying investments (whether or not subsidiaries), valued on an unlevered basis, (ii) the Company's proportionate share of the cash balances and cash equivalents of assets and non-subsidiary companies in which the Company holds an interest and (iii) other relevant assets and liabilities of the Company (including cash) valued at fair value (other than third-party borrowings) to the extent not included in (i) or (ii) above.

BUSINESS MODEL

The Company expects to invest predominantly in projects at the "shovel ready" stage since these are likely to provide the most attractive returns. The Company may also invest in projects at the "operational" and "under construction" stage where such projects are available for acquisition in line with the Company's investment policy.

The Company seeks to enhance further the efficacy of its Portfolio by targeting 2-hour duration storage technologies.

The Company has the unfettered ability to purchase qualifying assets from any seller. The Investment Adviser is experienced in sourcing and advising on BESS transactions and continues to evaluate potential opportunities on the open market. However, at least over the near-term, it is anticipated that the Company will continue to take advantage of its exclusive arrangements described below.

The Company benefits from exclusive access to a well-developed pipeline of BESS projects at various stages of development in Great Britain. Each project within this pipeline is controlled by Harmony Energy Limited either solely or in conjunction with its joint venture partner, Ritchie-Bland Energy (number 2) Ltd ("**RBE**") (the "**Sellers**"). This exclusivity is in the form of:

a) ROFR to acquire up to 1 GW of BESS projects from the Sellers; and

b) a right of first offer (**"ROFO"**) in relation to (i) BESS projects once the 1 GW ROFR threshold has been reached; (ii) BESS projects co-located with solar photovoltaics (**"PV"**); or (iii) stand- alone solar **PV** projects.

The processes under which these rights are exercised are set out in a pipeline agreement dated 14 October 2021 and entered into between the Company and the Sellers (the "**Pipeline Agreement**"). The Sellers have an obligation to keep the Company informed as to the development progress of potential projects. This provides the Company with an element of transparency which, in turn, allows the Company a reasonable level of certainty around funding timetable and portfolio growth planning.

The terms of the Pipeline Agreement provide that the Sellers shall be prohibited from selling any qualifying projects to any other party during the term of the agreement without first offering them to the Company. Upon any projects becoming "shovel ready", the Sellers shall give notice of such status to the Company. The Company will then be entitled to either (i) if the ROFR applies, acquire the relevant project pursuant to the terms of the pro forma share purchase agreement (and subject to a valuation calculated using a minimum discount rate); or (ii) if the ROFO applies, make an offer to the Sellers pursuant to the Pro Forma Share Purchase Agreement.

The Company has, as at the date of publication of this report, either acquired or waived its right to acquire 630.6 MW of "shovel ready" BESS projects, leaving 369.4 MW still capable of acquisition under the ROFR.

All acquisitions are subject to satisfactory external due diligence, independent valuation and board approval.

The Company will continue to target BESS projects with 2-hour duration capability. As demonstrated in the "Market Commentary" section, the Investment Adviser believes that 2-hour duration BESS offers potential for revenue outperformance relative to a shorter-duration BESS across a range of market conditions.

DIVIDEND POLICY

As previously reported, the Company announced a change to its dividend policy on 30 May 2024. The new policy replaced the previous fixed 8 pence per Ordinary Share annual dividend target with a dynamic policy which is more able to reflect the market at any given time. The new dividend policy provides for an ongoing commitment to distribute, by way of interim dividends and subject to maintenance of a suitable working capital buffer, a minimum of 85% of operational free cash flow, such amounts to be determined by the Board, declared and paid on a semi-annual basis.

Principal Risks and Uncertainties

The Board recognises the importance of effective risk management in enabling the Company to deliver its strategic objectives. The investment policy, as set out in the Prospectus and as amended from time to time, details the risk boundaries within which the Board wishes to operate.

WHAT WE MONITOR

The Company's risk register was prepared based on the risks stated in the Prospectus and is regularly reviewed by the Investment Adviser, the AIFM and the Board and updated to reflect any emerging risks or changes to the identified risks. Day-to-day ownership of risk sits with named individuals at the Investment Adviser, who monitor and assess both current and emerging risks. Risks are categorised and assessed to determine likelihood and impact. Ratings are applied to the risks before any mitigating action and again following consideration of the adequacy of mitigating actions. Mitigating actions are summarised in the risk register and are subject to review and monitoring.

HOW WE MONITOR RISK

The Board retains ultimate responsibility for the Company's activities and board meetings are held at least four times a year, at which the risk register of the Company is reviewed and updates are reported by the AIFM on any changes to the risks or their ratings.

The ARC meets at least three times each year. The Committee reviews the adequacy and effectiveness of the Company's internal controls and risk management systems and every six months it carries out a reassessment of the principal risks facing the Company.

The AIFM provides risk management services to the Company, including implementation of risk management policies to identify, measure, manage and monitor the risks that the Company is or might be exposed to and ensuring that the Company's risk management policy and implementation comply with applicable regulations.

Representatives of the AIFM meet with representatives of the Investment Adviser at least quarterly to review the risk register and discuss any changes proposed. The proposed updates to the Company's risk register are further reviewed and approved by the AIFM's internal Risk Committee in advance of circulation to the Board.

The identified risk owners within the Investment Adviser are responsible for formal quarterly reporting of current and emerging risks and issues to the Investment Adviser's leadership. A formal quarterly review of the risk register is carried out by the Investment Adviser and any recommendations for updates are made to the AIFM. Any major emerging risks and issues are escalated outside of the quarterly review framework.

TABLE OF PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers the following to be the principal risks and uncertainties facing the Company as at the date of approval of the accounts. The risks are presented in order of significance based on net residual risk, following mitigations.

Due to the nature of the Company's activities, climate and the natural environment are central to its key strategic, investment, and operational decisions. During the Period, the Company conducted a screening assessment with specialist third-party consultants to identify material climate- and nature-related financial risks, opportunities, dependencies and impacts. HEAL has worked closely with the AIFM to integrate the risks identified as part of the recent screening into the risk register. Following careful consideration of these risks by the Board, none of the risks identified was considered to be sufficiently material to qualify as a principal risk.

EXISTING RISKS

RISK DESCRIPTION	POSSIBLE CONSEQUENCES	MITIGATING ACTIONS
MERCHANT NATURE OF BESS REVENUES		
Lower-than-expected market price of Ancillary Services, revenues generated from wholesale trading and/or the BM. NESO is responsible for the structure and the operation of both the BM and the Ancillary Service markets, and wholesale trading prices are influenced by factors outside of the Company's control. In addition, revenue optimisers may not perform as effectively as expected.	• Reduced revenue. • Reduced NAV. • Inability to declare future dividends. • Inability to pay debts as they become due.	• Subscriptions to Aurora for long-term revenue forecasts, regular market intelligence and understanding of macro-drivers. • Engagement with industry stakeholders and policymakers, including NESO. • Scrutiny of revenue optimiser performance to maintain high standards. The Company uses various revenue optimisers, reducing the impact of any one optimiser not performing as effectively as expected. • Close monitoring of cash flow levels and scenario modelling to ensure mitigating actions can be implemented in a timely manner to improve cash position if necessary.
CONTINUATION VOTE		
By the end of 2024, HEIT's NAV was lower than £250m, which triggered a continuation vote to be proposed at the 2025 AGM.	• Commencement of HEIT managed wind down.	• The Board, the IA and the Joint Brokers continue to engage with Shareholders to keep them abreast of the market conditions and the Portfolio performance.
RELIANCE ON GRID NETWORK		
Grid network power lines may fail. Impedance to battery charge/discharge.	• Reduced revenue. • Inability to declare future dividends. • Inability to pay debts as they become due. • Reduced energy storage/ supply to the off-taker.	• The Investment Adviser works closely with DNOs to manage and schedule planned outages to times when they would least affect revenues. • Business interruption claims with its insurance underwriter can be brought by HEIT after 30 days of inactivity. • HEIT has several 50 MW or less sites that are spread geographically rather than focusing on a few 100 MW+ sites.
RELIANCE ON THE HARMONY ENERGY GROUP		
The Portfolio requires significant management time and resources	• In the case of loss of key personnel, the quality of the	• The management of the IA and HEL have made significant

provided by, among others, the IA and HEL in order for HEIT to meet its Investment Objective.	services provided by the IA to HEIT may be adversely affected. • In the case of loss of key personnel, the quality of the Portfolio assets may decline.	personal investment into the Company and have therefore aligned their interests with those of Shareholders. • The IA has committed to always have sufficient resources in place to manage the Portfolio and failure to do so may result in the Company appointing another investment adviser. • The Management Engagement Committee is to ensure that the management fees paid to Harmony are sufficient for them to maintain appropriate staff.
GENERAL RISKS AFFECTING THE SHARES		
The value of the shares in the secondary market may fluctuate due to factors outside the control of the Company. It may be difficult for Shareholders to realise their shares at close to NAV and there may not be a liquid market. The market price of the shares may not reflect their underlying NAV. Share buy backs may not adequately influence the discount in the secondary market.	• Inability to raise additional equity capital. • Inability to purchase additional projects. • Reduced returns to investors.	• The Joint Brokers and Investment Adviser monitor the share price daily in the secondary market and report to the Board regularly and where necessary. • The Board actively considers a range of options to address the discount. These include, inter-alia: share buy backs, asset sales, gearing reduction and increased marketing. • The Board will discuss share buy backs at every quarterly Board meeting whilst shares are trading at a significant discount to NAV. • Stifel and Panmure Liberum have been appointed as Joint Brokers and there is an increased focus on marketing HEIT to new investors. The Board, the Joint Brokers and the Investment Adviser monitor the market on a regular basis with a view to taking actions if and when it is necessary.
VALUATION RISK		
HEIT invests in unquoted assets and valuations will involve the Investment Adviser, AIFM and Board. The Company is relying on the judgement of the Investment Adviser. Errors in valuations could lead to shareholder complaints or suits for losses and regulatory censure.	• The possible sale of assets for less than market value. • Errors in NAV calculations and announcements.	• The Investment Adviser has subscribed to services from Aurora to provide support for quarterly NAV valuations. • Semi-annual valuations are provided by an Independent Valuer. The Independent Valuer regularly updates its valuation of each project based upon, among other things, recent market comparables and the relative liquidity of the assets.
EMERGING RISKS		
INCREASE IN NETWORK CHARGES		
Unpredictable increased network charges may result in increased capital expenditure or lower net revenue.	• Reduced revenue. • Inability to declare future dividends. • Reduced cash availability.	• This risk cannot be mitigated, as it is outside of the Company's control.

RELATED-PARTY TRANSACTIONS

Information on related-party transactions can be found in this report.

Viability and Going Concern Statement

GOING CONCERN

As at 31 October 2024, the Company and its subsidiaries had net current assets of £10.9 million which was sufficient to meet commitments made under construction contracts signed by subsidiaries.

The Company is a guarantor to its wholly owned subsidiary HEIT Holdings Ltd in respect of the debt facilities and also provides parent company guarantees to subsidiaries in relation to certain construction and/or battery supply contracts. As at the date of publication the aggregate outstanding value of such guarantees is £5.9 million.

As previously announced, the Company remains in advanced negotiations in relation to the sale of the entire Portfolio. Should negotiations conclude successfully, the transaction would require an amendment to the Company's investment policy and the agreement of Shareholders and would therefore be subject to a Shareholder vote. The Directors have taken into account the probability of negotiations concluding successfully and the probability of a subsequent Shareholder vote passing, which may result in a subsequent members' voluntary liquidation, in making their assessment.

The Company's prospectus at the time of IPO commits the Directors to put forward a continuation vote at the subsequent annual general meeting of the Company if the NAV of the Company was below £250 million at the end of 2024. The NAV of the Company was below £250 million at the end of 2024, and whilst it is possible that the Shareholder vote in relation to the proposed asset sale would remove the requirement for a continuation vote, the possibility and the probability of a continuation vote passing have also been taken into account by the Directors in making their assessment.

The Directors are aware and understand that the Company's revenues can be volatile and therefore have reviewed the results of financial models analysing the expected position of the Company under a prudent scenario as well as a reasonably possible worst case scenario. Both scenarios take into account the availability of cash reserves and receivables during the Going Concern Period.

The prudent scenario assumes revenue performance of the Company's operating projects are in line with third-party forecasts of revenue. In previous assessments, the IA had based the prudent scenario on a reduction to third-party revenue forecasts, however as noted in the description of NAV movements, these forecasts have been reduced significantly over the past year and are now deemed a prudent forecast for the coming year.

In addition, the Directors have considered a reasonably possible worst case scenario which assumes non-contracted revenue earned by underlying investee companies is c.38% lower than in the prudent scenario.

Under both scenarios the financial model shows that sufficient cash is expected to be available to meet the Company's obligations and commitments (including but not limited to construction contracts, working capital requirements and debt service).

Having considered the results of the modelled scenarios, the Directors have a reasonable expectation that the Company is able to manage cash flow and meet its working capital and debt service commitments via a combination of operating revenues, and/or contracted revenue products over the Going Concern Period, and are working with the Investment Adviser to assess the optimal combination of such options so as to ensure that the Company can maximise returns to Shareholders. The Company also has the option of selling an asset(s) if it wishes to do so. The Directors are confident that key risks have been considered in this assessment.

The Directors have concluded that the Company's available funding and expected income are sufficient for the Company to continue its operations for at least 12 months from the date of signing these financial statements (the "**Going Concern Period**") and therefore believe it remains appropriate to prepare the financial statements on a going concern basis. However, when taking into account probability of a Shareholder vote passing in favour of a possible asset sale and subsequent members' voluntary liquidation, the Directors note that this represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern during the Going Concern Period. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

VIABILITY STATEMENT

The Directors have considered the period to October 2026 for the purposes of assessing the Company's viability (the "**Viability Period**"). As noted above, the Company's revenues and revenue projections can be volatile and the chosen period allows current market trends to be taken into account when defining appropriate modelling scenarios. The same prudent and reasonably possible worst case scenario described above have been reviewed over the Viability Period.

The Directors note that a key mitigant against a sustained period of low revenues is the sale of an individual asset, with sales proceeds being used predominantly to reduce leverage and therefore reduce debt service. Whilst the Directors have not relied upon an asset sale in order to reach their conclusion, this mitigant provides additional comfort regarding the Company's viability

Having considered the Company's principal risks and the results of the financial models, also taking into account projected debt covenants which could impact the Company's viability if triggered, the Directors have a reasonable expectation that the Company will continue to be able to operate and to meet its liabilities as they fall due over the Viability Period or until the date of a potential members' voluntary liquidation (if earlier) following either the possible asset sale transaction or a continuation vote.

Directors' Responsibility Statement

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

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

The Annual Report and Financial Statements have been prepared in accordance with UK-adopted international accounting standards. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Period. In preparing these Financial Statements, the Directors should:

- select suitable accounting policies in accordance with IAS 8 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation;
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Act.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and 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 Act. 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 responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable, and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on the Company's website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO DISCLOSURE GUIDANCE AND TRANSPARENCY RULE 4

The Directors confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with UK-adopted international accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed by order of the Board,

Norman Crighton
Chair

25 February 2025

Financial Statements

Statement of Comprehensive Income

For the year ended 31 October 2024

				For the year ended 31 October 2024			For the e 31 Oct
		Revenue	Capital	Total	Revenue	Capital	
	Notes	£	£	£	£	£	
Income							
Net loss on investments at fair value through profit and loss	10	-	(63,833,218)	(63,833,218)	-	(7,161,610)	(7,161,6
Service fee income	6	1,468,830	-	1,468,830	1,837,458	-	1,837,
Investment Income	6	12,880,688	-	12,880,688	11,936,674	-	11,936,
Investment income write off	6 & 10	(4,335,532)	-	(4,335,532)			
Other income	6	389	-	389			
		10,014,375	**(63,833,218)**	**(53,818,843)**	**13,774,132**	**(7,161,610)**	**6,612,**
Expenses							

Administrative and other expenses	7	(2,699,333)	-	(2,699,333)	(3,475,884)	-	(3,475,8
Profit/(loss) before taxation		**7,315,042**	**(63,833,218)**	**(56,518,176)**	**10,298,248**	**(7,161,610)**	**3,136,**
Taxation	8	-	-	-	-	-	
Profit/(loss) after tax and Total Comprehensive Income for the year		**7,315,042**	**(63,833,218)**	**(56,518,176)**	**10,298,248**	**(7,161,610)**	**3,136,**
Earnings per share (basic and diluted): Ordinary Shares	9			(0.25)			(

All Revenue and Capital items in the above statement are derived from continuing operations.

The Total column of this statement represents the Company's Statement of Comprehensive Income prepared in accordance with UK adopted international accounting standards ("**IAS**"). 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 ("**AIC**").

The notes form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 October 2024

	Notes	31 October 2024 £	31 October
Non-current assets			
Investments held at fair value	10	194,764,869	240,025,
		194,764,869	**240,025,**
Current assets			
Cash and cash equivalents	12	4,211,249	18,093,
Trade and other receivables	11	2,444,923	4,452,
		6,656,172	**22,545,**
Total assets		**201,421,041**	**262,571,**
Current liabilities			
Trade and other payables	13	373,691	463,
Net current assets		**6,282,481**	**22,082**
Total net assets		**201,047,350**	**262,108,**
Shareholders' equity			
Share capital	17	2,271,283	2,271,
Share premium	17	21,370,889	21,370,
Capital reduction reserve	18	191,822,914	194,094,
Revenue reserve	18	8,150,155	3,106,
Capital reserve	18	(22,567,891)	41,265,
Total Shareholders' equity		**201,047,350**	**262,108,**
Net asset value per Ordinary share (pence)	19	**88.52**	**11**

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 25 February 2025 by:

Norman Crighton
Chair
25 February 2025

The notes form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 October 2024

	Notes	Share capital £	Share premium £	Capital reduction reserve £	Revenue reserve £	Capital reserve £	Sharehol e
Balance at 31 October 2022		2,100,000	-	202,693,046	(63,003)	48,426,937	253,156,
Transactions with owners:							
Conversion of C Shares to Ordinary Shares	17	171,283	21,370,889	-	-	-	21,542,
Dividends paid	20	-	-	(8,598,849)	(7,128,849)	-	(15,727,6
Total comprehensive income for the year:							
Profit/(loss) for the year			-	-	10,298,248	(7,161,610)	3,136,
Balance at 31 October 2023		**2,271,283**	**21,370,889**	**194,094,197**	**3,106,396**	**41,265,327**	**262,108,**
Transactions with owners:							

Dividends paid	20	-	-	(2,271,283)	(2,271,283)	-	(4,542,
Total comprehensive income for the year:							
Profit/(loss) for the year			-	-	7,315,042	(63,833,218)	(56,518,
Balance at 31 October 2024		**2,271,283**	**21,370,889**	**191,822,914**	**8,150,155**	**(22,567,891)**	**201,047,**

The notes form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 October 2024

	Notes	For the year ended 31 October 2024 £	For the year e 31 October
Cash flows from operating activities			
(Loss)/profit for the year		(56,518,176)	3,136,
Adjustments for non-cash items:			
Net loss on investments at fair value through profit and loss	10	63,833,218	7,161,
Investment Income	6	(12,880,688)	(11,582,
Investment income write off	6	4,335,532	
Service fee income	6	(1,468,830)	(1,837,
Operating cash flows before movements in working capital		**(2,698,944)**	**(3,122,**
Increase in trade and other receivables	11	(287,760)	(1,233,
Decrease in trade and other payables	13	(89,650)	(267,
Net cash outflow from operating activities		**(3,076,353)**	**(4,622,**
Cash flows used in investing activities			
Loan to shareholder discharged		-	1,443,
Loan advanced to subsidiary	10	(6,263,212)	
Purchase of Investments	10	-	(101,223,
Proceeds from sale of investment	10	-	13,651,
Net cash outflow from investing activities		**(6,263,212)**	**(86,128,**
Cash flows used in financing activities			
Dividends paid	20	(4,542,566)	(15,727,
Net cash outflow from financing activities		**(4,542,566)**	**(15,727,**
Net decrease in cash and cash equivalents for the year		**(13,882,130)**	**(106,478,**
Cash and cash equivalents at the beginning of the year		18,093,379	124,571,
Cash and cash equivalents at the end of the year	12	**4,211,249**	**18,093,**

The notes form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year from 1 November 2023 to 31 October 2024

1. GENERAL INFORMATION

Harmony Energy Income Trust Plc, (the "Company") 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 audited Annual Report and Financial Statements have been prepared in accordance with UK-adopted international accounting standards and in conformity with the requirements of the Companies Act 2006 and also considers the Statement of Recommended Practice ("**SORP**") "Financial Statements of Investment Trust Companies and Venture Capital Trusts", updated by the AIC in July 2022. The principal accounting policies are set out in Note 4.

In terms of the AIC SORP, the Company presents a Statement of Comprehensive Income, which shows amounts split between balances 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 as well as any gains or losses occurred on the sale of investments. Revenue transactions are all transactions, other than those which have been identified as capital in nature.

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

The Directors considered the impact of climate change on the investments included in the Company's Financial Statements and have assessed that it does not materially impact the estimates and assumptions used in determining the fair value of the investments.

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

A fundamental principle of the preparation of financial statements in accordance with UK-adopted international accounting standards is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the Annual Report, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

In reaching its conclusion, the Board has considered the risks that could impact the Company's liquidity over the period for at least 12 months from the approval of the Annual Report (the "**Going Concern Period**").

As at 31 October 2024, the Company and its subsidiaries had net current assets of £10.9 million which was sufficient to meet commitments made under construction contracts signed by subsidiaries.

The Company is a guarantor to its wholly owned subsidiary HEIT Holdings Ltd in respect of the debt facilities and also provides parent company guarantees to subsidiaries in relation to certain construction and/or battery supply contracts. As at the date of publication the aggregate outstanding value of such guarantees is £5.9 million.

As previously announced, the Company remains in advanced negotiations in relation to the sale of the entire Portfolio. Should negotiations conclude successfully, the transaction would require an amendment to the Company's investment policy and the agreement of Shareholders and would therefore be subject to a Shareholder vote. The Directors have taken into account the probability of negotiations concluding successfully and the probability of a subsequent Shareholder vote passing, which may result in a subsequent members' voluntary liquidation, in making their assessment.

The Company's prospectus at the time of IPO commits the Directors to put forward a continuation vote at the subsequent annual general meeting of the Company if NAV of the Company is below £250 million at the end of 2024. The NAV of the Company was below £250 million at the end of 2024, and whilst it is possible that the Shareholder vote in relation to the proposed asset sale transaction would remove the requirement for a continuation vote, the possibility, and the probability of a continuation vote passing have also been taken into account by the Directors in making their assessment.

The Directors are aware and understand that the Company's revenues can be volatile and therefore have reviewed the results of financial models analysing the expected position of the Company under a prudent scenario as well as a reasonably possible worst case scenario. Both scenarios take into account the availability of cash reserves and receivables during the Going Concern Period.

The prudent scenario assumes that the revenue performance of the Company's operating projects is in line with third-party forecasts of revenue. In previous assessments, the IA had based the prudent scenario on a reduction to third-party revenue forecasts, however as noted in the description of NAV movements, these forecasts have been reduced significantly over the past year and are now deemed a prudent forecast for the coming year.

In addition, the Directors have considered a reasonably possible worst scenario which assumes non-contracted revenue earned by underlying investee companies is c.38% lower than in the prudent scenario.

Under both scenarios the financial model shows that sufficient cash is expected to be available to meet the Company's obligations and commitments (including but not limited to construction contracts, working capital requirements and debt service).

Having considered the results of the modelled scenarios, the Directors have a reasonable expectation that the Company is able to manage cash flow and meet its working capital and debt service commitments via a combination of operating revenues, and/or contracted revenue products over the Going Concern Period, and are working with the Investment Adviser to assess the optimal combination of such options so as to ensure that the Company can maximise returns to Shareholders. The Company also has the option of selling an asset(s) if it wishes to do so. The Directors are confident that key risks have been considered in this assessment.

The Directors have concluded that the Company's available funding and expected income are sufficient for the Company to continue its operations for at least 12 months from the date of signing these financial statements and therefore believe it remains appropriate to prepare the financial statements on a going concern basis. However, when taking into account the probability of a Shareholder vote passing in favour of the proposed asset sale and subsequent members' voluntary liquidation, the Directors note that this represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern during the Going Concern Period. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

NEW AND REVISED STANDARDS AND INTERPRETATIONS

The below amendments came into force during the year. None of these had a material impact on these financial statements.

- IAS 1 (amended) - Amendment to IAS 1 - Non-Current liabilities with covenants - effective from 1 January 2024

NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

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

- IFRS 18 - Presentation and Disclosures in Financial Statements - effective from 1 January 2027
- IAS 8 (amended) - Amendment to IAS 7 and IFRS 7 - Supplier finance - effective from 1 January 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless detailed below, the accounting policies used in the preparation of the Financial Statements have been consistently applied during the year ended 31 October 2024.

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

SEGMENTAL INFORMATION

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

INCOME

Income comprises Investment income and Service fee income. Investment income arising from fair value gains pertaining to interest on the portfolio assets loan investments is recognised in the Revenue account of the Statement of Comprehensive Income. The remaining fair value gains and losses are disclosed in net gain on investments at fair value through profit and loss and recorded in the Capital account. Service fee income is recognised on an accruals basis from fees charged to each portfolio company regarding the Company's resources used for project related matters. The Service fee income is recognised in the Revenue account of the Statement of Comprehensive Income.

EXPENSES

Operating expenses are the Company's costs incurred in connection with the ongoing management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis and charged to the Statement of Comprehensive Income. Expenses are charged through the Revenue account except those which are capital in nature, these include those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account. In terms of the AIC SORP the Company applies the general accounting basis and charges the full Investment Adviser fees to revenue ("**the non-allocation approach**"). Costs directly relating to the issue of Ordinary Shares are charged to share premium.

TAXATION

The Company is approved as an Investment Trust Company ("**ITC**") under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999 for accounting periods commencing on or after 25 May 2018. The approval is subject to the Company continuing to meet the eligibility conditions of the Corporations Tax Act 2010 and the Statutory Instrument 2011/29 99. The Company intends to ensure that it complies with the ITC regulations on an ongoing basis and regularly monitors the conditions required to maintain ITC status.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank.

TRADE AND OTHER RECEIVABLES

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

TRADE AND OTHER PAYABLES

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

EQUITY

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

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

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

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The Company classifies all financial liabilities as financial liabilities at amortised cost.

RECOGNITION AND DERECOGNITION

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

IMPAIRMENT OF FINANCIAL ASSETS

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

DIVIDENDS PAYABLE

Dividends are recognised when they become legally payable, as a reduction in equity in the Financial Statements. Interim equity dividends are recognised when paid. Dividends on the shares are paid in the form of interim dividends.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

During the year the Directors considered the following significant judgements, estimates and assumptions:

SIGNIFICANT JUDGEMENT

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 BESS projects 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.

In respect of the second criterion, Projects may also be disposed of, or otherwise realised, where the AIFM recommends (acting upon advice given by the Investment Adviser) 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 are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance. The Board will also make the decision to acquire or dispose of Projects, based on recommendations made by the AIFM acting upon advice given by the Investment Adviser.

A further indicator of whether a Company is an investment entity is the expectation they hold more than one asset. The Company holds one investment directly but several indirectly, as there is a portfolio of assets within HEIT Holdings Ltd.

The Directors have evaluated whether the Company is an investment entity and concluded that it meets the definition set out in IFRS 10. Therefore, its subsidiaries are measured at fair value through profit or loss, in accordance with IFRS 9 'Financial Instruments'.

ASSESSMENT OF HEIT HOLDINGS LTD AS AN INVESTMENT ENTITY

HEIT Holdings Ltd is not consolidated as the company is also considered to be an investment entity (see Note 10). The board of directors of HEIT Holdings Ltd has considered the requirements of IFRS 10 as shown above and confirmed that HEIT Holdings Ltd meets these criteria.

SIGNIFICANT ESTIMATION UNCERTAINTY

Valuation of Investments

Significant estimates in the Company's Financial Statements include the amounts recorded for the fair value of the investments in the subsidiary of the Company, HEIT Holdings Ltd. These estimates and assumptions are subject to measurement uncertainty by their nature. The impact on the Company's Financial Statements of changes in the next financial year may be significant. These estimates and sensitivities are further discussed in note 16.

6. INCOME

	31 October 2024 £	31 October 2023 £
Service fee income	1,468,830	1,837,458
Investment Income	12,880,688	11,582,996
Bank interest income	389	340,939
Investment income write off	(4,335,532)	-
Interest income on loan to shareholder	-	12,739
	10,014,375	**13,774,132**

Refer to note 10 for further detail on interest on loan to subsidiary recognised in Investment income and the Investment income write off.

7. ADMINISTRATIVE AND OTHER EXPENSES

	31 October 2024 £	31 October 2023 £
Administrative fees	107,204	57,300
AIFM fees	67,434	67,424
Director and officer insurance	30,196	40,725
Directors' fees	237,038	225,750
Fees payable to the auditor for the audit of the Company's Financial Statements	222,550	184,000
Legal and professional fees	609,715	519,464
Investment adviser fees	1,093,542	2,163,222
Secretarial fees	56,250	82,097
Sundry expenses	275,404	135,902
	2,699,333	**3,475,884**

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

The audit fees for the Company's Financial Statements for the 2024 financial year totalled to £190,550 (2023: £184,000) as shown in note in 13. During the year, £32,000 relates to the 2023 financial year audit fees. No non-audit fees were paid to the auditors.

During the year the year the audit fees relating to the statutory audits of HEIT Holdings Ltd and its subsidiaries totalled £74,907 (2023: £64,675).

ADMINISTRATIVE AND SECRETARIAL FEES

JTC (UK) Limited has been appointed to act as administrator and secretary for the Company through the Administration and Company Secretarial Agreement with effect from 14 October 2021. JTC (UK) Limited is entitled to a minimum fee of £48,000 per annum for accounting and administration services to the Company as well as a minimum fee of £45,000 per annum for the provision of Governance and Company Secretarial services.

During the year, fees incurred with JTC (UK) Limited amounted to £163,454 (2023: £139,397) and £5,007 (2023: £28,000) remained payable as at 31 October 2024.

AIFM

JTC Global AIFM Solutions Limited has been appointed to act as the AIFM for the Company through the AIFM Agreement with effect from 14 October 2021. The AIFM is entitled to charge an annual rate of 0.03% of the Company's equity raised subject to a minimum annual fee of £30,000.

During the year, fees incurred with the AIFM amounted to £67,434 (2023: £67,434) and £5,620 (2023: £5,620) remained payable as at 31 October 2024.

INVESTMENT ADVISER

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

8. TAXATION

The Company is recognised as an Investment Trust Company ("**ITC**") for accounting years beginning on or after 1 October 2021 and is taxed at the main rate of 19% until 31 March 2023 and then at 25% until 31 October 2024. An ITC may claim a tax deduction for the distribution of income that arises from interest receipts on the loan notes. Therefore, no corporation tax charge has been recognised for the Company for the year ended 31 October 2024.

	Revenue £	Capital £	31 October 2024 £	Revenue £	Capital £	31 October 2023 £
a) Tax charge in profit or loss UK corporation tax	-	-	-	-	-	-
b) Reconciliation of the tax charge for the year						
Profit before tax	7,315,042	(63,833,218)	(56,518,176)	10,298,248	(7,161,610)	3,136,638
Tax at UK main rate of 25% (2023: 22.52%)	1,828,761	(15,958,305)	(14,129,544)	(2,318,940)	(1,612,638)	706,302
Tax effect of:						
Non-taxable investment gains on investments	-	15,958,305	15,958,305	-	1,612,638	1,612,638
Non-deductible expenses	1,084,656	-	1,084,656	56,343	-	56,343
Tax deductible interest distributions paid	(1,290,639)	-	(1,290,639)	(2,476,959)	-	(2,476,959)
Group relief claimed	(1,590,893)	-	(1,590,893)	-	-	-
Movement in deferred tax not recognised	(31,884)	-	(31,884)	101,676		101,676
Tax charge for the year	**-**	**-**	**-**	**-**	**-**	**-**

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 25%.

As at 31 October 2024, 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 unrelieved losses of £Nil.

9. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share ("**EPS**") amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year. 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 £	EPS 31 October 2024 £
Ordinary Shares	227,128,295	(56,518,176)	(0.25)

	Weighted average number of Ordinary Shares	Net profit attributable to Shareholders £	EPS 31 October 2023 £
Ordinary Shares	223,045,660	3,136,638	0.01

10. INVESTMENTS HELD AT FAIR VALUE

The Company held the following investments in subsidiary at 31 October 2024:

Subsidiary	Place of business	Percentage ownership	Equity £	Loan £	Closing bala equity and
HEIT Holdings Ltd	Grimbald Crag Court, Knaresborough	100%	122,638,125	72,126,744	194,764,

The Company held the following investments in subsidiary at 31 October 2023:

Subsidiary	Place of business	Percentage ownership	Equity £	Loan £	Closing bala equity and
HEIT Holdings Ltd	Grimbald Crag Court, Knaresborough	100%	84,185,808	155,839,973	240,025,

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.

On 18 October 2024, the Company subscribed for 102,285,533 ordinary shares in HEIT Holdings Ltd for an amount of £102,285,533, the consideration for which was settled by reducing the value of its loan to HEIT Holdings Ltd by the same amount. Interest from the investment in subsidiary loan incurred amounted to £12,880,683, and £4,335,532 was written off. During the year the Company settled £3,763,939 of outstanding management fees due from HEIT Holdings Ltd to the loan account and made cash loan advances of £6,263,211.

On 31 March 2023, the Company sold its investments in HEIT PW Limited, HEIT PW 2 Limited, HEIT BD Limited, HEIT FM Limited, HEIT RH Limited, HEIT LR Limited, HEIT BF Limited to its subsidiary HEIT Holdings Ltd for a total consideration of £91,105,212, which was the fair value of the projects at the date of transfer. HEIT Holdings Ltd satisfied this transfer by issuing and allotting 91,105,212 ordinary shares of £1 each to the Company.

On 4 May 2023, the Company sold two further investments in HEIT HP Limited and HEIT WG Limited to its subsidiary HEIT Holdings Ltd for a total consideration of £8,893,079, which was the fair value of the projects at the date of transfer. HEIT Holdings Ltd satisfied this transfer by issuing and allotting 8,893,079 ordinary shares of £1 each to the Company.

On 4 September 2023, the Company announced the sale of its investment Rye Common project, Harmony RC Limited, to Pulse Clean Energy Limited at a premium to its carrying value.

The table below summarises the movement of investments held at fair value for the year ended 31 October 2024:

	31 October 2024 £	31 October
Opening balance	240,025,781	141,032,
Investments purchased during the year	-	21,936,
Investment in equity of HEIT Holdings Ltd	102,285,533	99,998,
Loans advanced during the year	10,027,150	86,286,
Loan converted to equity	(102,285,533)	
Interest on loans	12,880,688	11,582,
Loan interest written off	(4,335,532)	
Sale of equity of subsidiaries to HEIT Holdings Ltd	-	(99,998,:
Sale of Harmony RC Limited	-	(13,651,:
Net loss on investments held at fair value through profit or loss	(63,833,218)	(7,161,(
Closing balance	**194,764,869**	**240,025,**

INVESTMENT HELD IN HEIT HOLDINGS LTD

The Company owns 100% of the ordinary share capital of HEIT Holdings Ltd which holds investments in the following underlying subsidiaries. The Company has several indirectly held subsidiaries held by HEIT Holdings Ltd. The investment totalling £194,764,868 (31 October 2023: £240,025,781) in HEIT Holdings Ltd comprises of the underlying investments in the following subsidiaries. The fair value measurements and sensitivities used to measure these investments are disclosed in note 16.

Underlying Subsidiaries	Project	Place of business	Percentage ownership	Fair value 31 October 2024 £	Fair v 31 Oct

HEIT PW Limited	Pillswood 1	Grimbald Crag Court, Knaresborough	100%	38,708,062	48,918,
HEIT PW2 Limited	Pillswood 2	Grimbald Crag Court, Knaresborough	100%	38,025,163	49,012,
HEIT BD Limited	Broadditch	Grimbald Crag Court, Knaresborough	100%	10,334,834	11,516,
HEIT FM Limited	Farnham	Grimbald Crag Court, Knaresborough	100%	19,108,999	20,578,
HEIT RH Limited	Rusholme	Grimbald Crag Court, Knaresborough	100%	27,770,369	27,130,
HEIT LR Limited	Little Raith	Grimbald Crag Court, Knaresborough	100%	41,860,051	42,789,
HEIT BF Limited	Bumpers	Grimbald Crag Court, Knaresborough	100%	90,935,939	87,028,
HEIT HP Limited	Hawthorn	Grimbald Crag Court, Knaresborough	100%	33,748,519	27,508,
HEIT WG Limited	Wormald Green	Grimbald Crag Court, Knaresborough	100%	20,300,944	17,402,
Total fair value of projects				**320,792,880**	**331,886,**
Working capital				3,971,988	3,196,
Senior loan facility				(130,000,000)	(95,056,8
Total investment				**194,764,868**	**240,025,**

As at 31 October 2024 ("**Valuation Date**"), the Company's subsidiary HEIT Holdings Ltd had live investments in the following nine BESS projects in the UK - Pillswood 1, Pillswood 2, Broadditch, Farnham, Rusholme, Little Raith, Bumpers, Wormald Green and Hawthorn Pit. These projects, taken together, have a combined rated power capacity of 395.4 MW and an energy storage capacity of c.790.8 MWh.

Wormald Green (66 MWh / 33 MW) and Hawthorn Pit (99.8 MWh / 49.9 MW) were successfully energised during the Period and have commenced trading, taking the Company's total operational capacity to 790.8 MWh / 395.4 MW (100% of the portfolio). Revenue for these projects is recognised from November 2024 onwards.

Two of these providers focus on long-term fundamental-based forecasts whereas one is focused on shorter-term battery specific performance.

The projects attract four different streams of revenues: trading revenue (wholesale, Balancing Mechanism and churn), Ancillary Services (Frequency Response Revenue, Dynamic Containment and Dynamic Regulation), CM revenue and embedded benefits (via the Embedded Export Tariff).

11. TRADE AND OTHER RECEIVABLES

	31 October 2024	31 October 2023
	£	£
Prepayments	72,210	48,486
VAT receivable	1,493,988	1,367,690
Intercompany loans receivable	820,131	748,668
Amounts due from related parties	56,520	2,247,402
Other receivables	2,074	40,027
	2,444,923	**4,452,273**

12. CASH AND CASH EQUIVALENTS

	31 October 2024	31 October 2023
	£	£
Cash at bank	4,211,249	18,093,379
	4,211,249	**18,093,379**

13. TRADE AND OTHER PAYABLES

	31 October 2024	31 October 2023
	£	£
Trade creditors and operating accruals	85,504	101,599
Administrator fees	5,007	28,000
AIFM fees	5,620	5,621
Audit fees	190,550	184,000
Investment adviser fee accrual	87,010	144,121
	373,691	**463,341**

14. CATEGORIES OF FINANCIAL INSTRUMENTS

	31 October 2024	31 October 2023
	£	£
Financial assets		
Financial assets at fair value through profit and loss:		
Investments	194,764,868	240,025,781
Financial assets at amortised cost:		
Trade and other receivables	2,444,923	4,452,273
Cash and cash Equivalents	4,211,249	18,093,379
Total financial assets	**201,421,040**	**262,571,433**

Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	373,691	463,341
Total financial liabilities	**373,691**	**463,341**

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

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

CREDIT RISK

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

Counterparty credit risk exposure limits are determined based on the credit rating of the counterparty. Counterparties are assessed and monitored on the basis of their ratings from Standard & Poor's and/or Moody's. No financial transactions are permitted with counterparties with a credit rating of less than BBB- from Standard & Poor's or Baa3 from Moody's unless specifically approved by the Board. Cash and bank deposits are held with major international financial institutions who each hold a Moody's credit rating of A2 or higher.

Cash and other assets that are required to be held in custody will be held at a bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

In addition, credit risk relating to receivables at subsidiary level is managed by diversifying exposures among a portfolio of counterparties and through the setting and monitoring of credit limits.

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.

CURRENCY RISK

The Company is not exposed to currency risk as all its assets, liabilities and transactions during the current year were denominated in British Pound Sterling.

LIQUIDITY RISK

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

The Company intends to hold sufficient cash across the Company and subsidiaries' operating accounts to meet the working capital needs.

As at 31 October 2024, the Company held cash at bank of £4,211,249 (2023: £18,093,379) and had trade and other payables totalling £373,691 (2023: £463,341). The following table reflects the maturity analysis of financial assets and liabilities.

Although the Company has no direct external debt, it has indirect external debt through its subsidiary as described in note 2 under Going Concern and in the interest rate risk note. The Board and Investment Adviser review the projected cash flow for the group on a regular basis to ensure that there is sufficient cash flow to cover the debt and interest repayments of the external debt as they fall due.

As at 31 October 2024	<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 subsidiary	-	-	-	72,126,744	72,126,744
Financial assets at amortised cost:					
Trade and other receivables	2,444,923	-	-	-	2,444,923
Cash at bank	4,211,249	-	-	-	4,211,249
Total financial assets	**6,656,172**	**-**	**-**	**72,126,744**	**78,782,916**

As at 31 October 2024	<1 year £	1 to 2 years £	2 to 5 years £	>5 years £	Total £
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	373,691	-	-	-	373,691
Total financial liabilities	**373,691**	**-**	**-**	**-**	**373,691**

As at 31 October 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 subsidiary	-	-	-	155,839,973	155,839,973
Financial assets at amortised cost:					
Cash at bank	18,093,379	-	-	-	18,093,379
Total financial assets	**18,093,379**	**-**	**-**	**155,839,973**	**173,933,352**

As at 31 October 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	463,341	-	-	-	463,341
Total financial liabilities	**463,341**	**-**	**-**	**-**	**463,341**

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

MARKET RISK

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

(i) PRICE RISK

The Company's investments are susceptible to market price risk arising from uncertainties about future values of its portfolio assets. The Company's Investment Adviser provides the Company with investment recommendations. The Company relies on market knowledge of the Investment Adviser, the valuation expertise of the third-party valuer and the use of third-party market forecast information to provide comfort with regard to fair market values of investments reflected in the Financial Statements.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 31 October 2024, if the valuation of investments had been 10% higher with all other variables held constant, the increase in net assets attributable to Shareholders for the year would have been £19,475,427 (2023: £24,002,578) higher, arising due to the increase in the fair value of financial instruments. A 10% decrease would have the equal and opposite effect.

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

(ii) INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company is exposed to interest rate risk on its cash balances held with counterparties, and through loans to related parties. As at 31 October 2024 the Company held no fixed bank deposits. The loan to its subsidiary is carried at a fixed rate of interest. Therefore, the Company is not exposed to changes in variable market rates of interest and has therefore not considered any sensitivity to interest rates.

As described in the Going Concern note, the Company is guarantor to its wholly owned subsidiary, HEIT Holdings Ltd in respect of the long-term facility of £130m.

HEIT Holdings Ltd uses interest rate swaps to mitigate the interest rate risk on its external borrowings. At the beginning of the Reporting Period, HEIT Holdings Ltd benefitted from an interest rate cap at a rate of 5.25%. HEIT Holdings Ltd terminated its interest rate cap in February 2024 (receiving a payment of £0.5 million) and replaced it with an interest rate swap for the SONIA element of the loan. The new interest rate swap (the "**Swap**") fixes the SONIA element of the loan at a rate of 4.101% per annum.

As at 31 October 2024, the swap in place in HEIT Holdings Ltd was fair valued as a liability of £413,349.

The interest rate cap previously held of 5.25% was put in place in relation to the variable SONIA element of the increased facility, at a cost of £2.8 million.

The Company does not have any borrowings as at 31 October 2024 however the Company has access to a long-term facility through its subsidiary HEIT Holdings Ltd. As at 31 October 2024 HEIT Holdings Ltd had successfully negotiated an amendment and restatement of its debt facilities with NatWest and Rabobank. The term loan and revolving credit facility have been consolidated into a single long-term facility with a facility size of £130,000,000, an extension of the legal maturity date from June 2027 to February 2031 and a reduction in margin to 275bps over SONIA for the first two years, rising over time to a maximum of 350bps in the final year. HEIT Holdings Ltd had drawdowns of £34,943,178 on its long-term facility during the year.

As at 31 October 2023, HEIT Holdings Ltd had drawn £10,629,073 on its RCF and £84,427,749 on its long-term facility. It was a five-year facility with an initial margin of 300bps over SONIA, rising over time to a maximum of 375bps by year 5.

At 31 October 2024, the Company is indirectly exposed to interest rate risk through its investment in the subsidiary. The Company may be exposed to changes in variable market rates of interest and this could impact the discount rate and therefore the valuation of the projects that underpin the value of its investment in subsidiary. The sensitivity of the valuation of the investment projects due to discount rates is disclosed in note 16.

CAPITAL RISK MANAGEMENT

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company of £201,047,350 (2023: £262,108,092), comprising issued capital and reserves. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

16. FAIR VALUE MEASUREMENT

FAIR VALUE MEASUREMENT AND HIERARCHY

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. 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 31 October 2024:

	Level 1	Level 2	Level 3
	£	£	£
Investment in subsidiary	-	-	194,764,868

The following table analyses within the fair value hierarchy the Company's assets measured at fair value at 31 October 2023:

	Level 1	Level 2	Level 3
	£	£	£
Investment in subsidiary	-	-	240,025,781

The Company only invests in assets at fair value through profit or loss that are Level 3 in the fair value hierarchy and the reconciliation in the movement of this Level 3 investment is presented in note 10. No transfer between levels took place during the year.

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 fair value of the investment in HEIT Holdings Ltd represents its net assets as determined by the Company's administrator (reviewed by the Investment Adviser) and further presented by the Investment Adviser and reviewed by the Company's Board of Directors.

The Investment Adviser's assessment of fair value of investments in the underlying projects in HEIT Holdings Ltd is determined in accordance with the International Private Equity and Venture Capital 2022 ("**IPEV**") Valuation Guidelines, using levered and unlevered discounted cash flow principles.

The valuation of all the Company's subsidiary's investments is based primarily on a DCF methodology, "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.

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 Forvis 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 DCF methodology.

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.

The AIFM acts as an oversight function in order to ascertain whether the valuation risk is being appropriately managed.

As at 31 October 2024, the fair values of all the investments held within the portfolio of the Company's subsidiary HEIT Holdings Ltd, have been determined by Mazars LLP (reviewed by the Investment Adviser) and further presented by the Investment Adviser and reviewed by the Company's Board of Directors.

SENSITIVITY ANALYSIS

The following tables reflect the range of sensitivities in respect of the fair value movements of the underlying projects held by HEIT Holdings Ltd. The individual project valuations are disclosed in note 10.

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

Investment	Project	Investment fair value £	Valuation technique	Significant input description	Sensitivity	31 October 2024 Estimated	31 October 2023 Estimated

						effect on fair value £	effect on fair value £
HEIT PW Limited	Pillswood 1	38,708,062	DCF	Discount rate	+0.5%	(1,659,098)	(1,962,728)
					-0.5%	1,783,978	2,116,324
				Revenue	+10%	4,320,222	5,061,300
					-10%	(4,500,514)	(5,090,193)
HEIT PW2 Limited	Pillswood 2	38,025,163	DCF	Discount rate	+0.5%	(1,620,450)	(1,918,210)
					-0.5%	1,741,488	2,067,967
				Revenue	+10%	4,250,728	5,052,974
					-10%	(4,393,470)	(5,096,376)
HEIT BD Limited	Broadditch	10,334,834	DCF	Discount rate	+0.5%	(433,936)	(454,100)
					-0.5%	466,655	488,989
				Revenue	+10%	1,088,471	1,135,280
					-10%	(1,107,223)	(1,138,960)
HEIT FM Limited	Farnham	19,108,999	DCF	Discount rate	+0.5%	(818,743)	(880,030)
					-0.5%	881,149	947,875
				Revenue	+10%	2,094,519	2,136,741
					-10%	(2,061,817)	(2,157,962)
HEIT RH Limited	Rusholme	27,770,369	DCF	Discount rate	+0.5%	(1,250,954)	(1,356,277)
					-0.5%	1,349,139	1,461,224
				Revenue	+10%	3,331,897	3,450,997
					-10%	(3,435,915)	(3,503,648)
HEIT LR Limited	Little Raith	41,860,051	DCF	Discount rate	+0.5%	(1,745,884)	(1,819,262)
					-0.5%	1,877,039	1,957,919
				Revenue	+10%	4,745,004	4,941,061
					-10%	(4,825,519)	(5,053,689)
HEIT BF Limited	Bumpers	90,935,939	DCF	Discount rate	+0.5%	(3,889,947)	(4,010,981)
					-0.5%	4,183,997	4,318,710
				Revenue	+10%	9,881,199	9,685,739
					-10%	(10,022,580)	(9,930,227)
HEIT HP Limited	Hawthorne Pit	33,748,519	DCF	Discount rate	+0.5%	(1,630,106)	(1,733,055)
					-0.5%	11,756,926	1,870,705
				Revenue	+10%	4,606,023	4,708,722
					-10%	(4,720,732)	(4,804,294)
HEIT WG Limited	Wormald Green	20,300,944	DCF	Discount rate	+0.5%	(1,010,267)	(1,154,003)
					-0.5%	1,090,394	1,246,378
				Revenue	+10%	3,168,375	3,170,805
					-10%	(3,168,516)	(3,354,679)

PORTFOLIO SENSITIVITY

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

Investment	Sensitivity	31 October 2024 Estimated effect on fair value £	31 October 2023 Estimated effect on fair value £
Inflation	+0.5%	15,677,071	18,522,081
	-0.5%	(14,976,606)	(18,269,983)
Construction Costs	+15%	-	(9,880,088)
	-15%	-	11,205,647
Operating costs	+15%	(10,563,465)	(9,251,227)
	-15%	10,110,183	9,031,841
Cell replacement costs	+15%	(2,695,698)	(2,769,237)
	-15%	2,530,323	2,786,110

The capex sensitivity has been applied to projects which have not yet achieved substantial completion. The proportionate change has been applied to the full capex budget even though most works have now been completed and the scope for increase is therefore limited. In the context of capex increase, this is viewed as a highly conservative methodology, however it is consistent with previously reported sensitivity results.

17. SHARE CAPITAL, SHARE PREMIUM AND CAPITAL REDUCTION RESERVE

	Number of ordinary shares	Share capital £	Share premium £	Capital reduction reserve £	Total £
As at 1 November 2023	227,128,295	2,271,283	21,370,889	194,094,197	217,736,369
Dividends paid	-	-	-	(2,271,283)	(2,271,283)
As at 31 October 2024	**227,128,295**	**2,271,283**	**21,370,889**	**191,822,914**	**215,465,086**

	Number of ordinary shares	Share capital £	Share premium £	Capital reduction reserve £	Total £
As at 1 November 2022	210,000,000	2,100,000	-	202,693,046	204,793,046

Conversion of C Shares to Ordinary Shares	17,128,295	171,283	21,370,889	-	21,542,172
Dividends paid	-	-	-	(8,598,849)	(8,598,849)
As at 31 October 2023	**227,128,295**	**2,271,283**	**21,370,889**	**194,094,197**	**217,736,369**

SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND CAPITAL REDUCTION 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.

There were no changes to the share capital during the year ended 31 October 2024.

18. RESERVES

The nature and purpose of each of the reserves included within equity at 31 October 2024 are as follows:

- Share premium: 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 reserve: 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 year are disclosed in the statement of changes in equity. The distributable reserves as at 31 October 2024 were £199,967,619 (2023:£197,200,593).

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 year. As there are no dilutive instruments outstanding, basic and diluted NAV per share are identical.

	Shares in issue	Assets £	Liabilities £	NAV £	Pence per Share
Ordinary Shares at 31 October 2024	**227,128,295**	**201,421,041**	**373,691**	**201,047,350**	**88.52**
Ordinary Shares at 31 October 2023	227,128,295	262,571,433	463,341	262,108,092	115.40

20. DIVIDENDS

Dividend per Share is a measure to show the distributions made or declared to shareholders during the year.

	Dividend per share	31 October 2024 Total £
For the 3-month period ended 31 October 2023 (paid 22 December 2023)	2 pence	4,542,566
Total		**4,542,566**

	Dividend per share	31 October 2023 Total £
For the 6-month period ended 31 October 2022 (paid December 2022)	1 pence	2,100,000
For the 3-month period ended 31 January 2023 (paid March 2023)	2 pence	4,542,566
For the 3-month period ended 30 April 2023 (paid June 2023)	2 pence	4,542,566
For the 3-month period ended 31 July 2023 (paid September 2023)	2 pence	4,542,566
Total		**15,727,698**

The distributions paid during the year were paid out of the capital reduction reserve and revenue reserve.

On 30 November 2023, the Company declared a distribution of 2 pence per Ordinary Share £4,542,566 in relation to the period 1 August 2023 to 31 October 2023 which was paid on or around 22 December 2023 to Shareholders on the register as at the close of business on 7 December 2023. There were no further dividends declared or paid for the financial year.

The table below sets out the final interim dividend, together with the interim dividends paid, in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	31 October 2024 £	31 October 2023 £
Interim dividends paid 2024 (2023: 6 pence)	-	13,627,698
Final interim dividend for 2024 (2023: 2 pence)	-	4,542,566
	-	**18,170,264**

21. TRANSACTIONS WITH RELATED PARTIES

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 year are set out in the Directors' Report.

Total Directors' fees of £237,038 (2023: £225,750) were incurred in respect of the year with none being outstanding and payable at the end of the year. The cost for director and officer insurance for the year was £30,186 (2023: £40,725).

SUBSIDIARIES

Included in note 11 are amounts receivable from HEIT Holdings Ltd and its subsidiaries. These amounts are interest free and repayable on demand.

On 18 October 2024, the Company subscribed for 102,285,533 ordinary shares at a nominal value of £1 per share, £102,285,533 from HEIT Holdings Ltd, which was settled via the loan and waived £4,335,532 of interest receivable.

HEIT Holdings Ltd subscribed for 83,434,981 ordinary shares from its wholly owned subsidiaries at the subscription price by the release of the subsidiaries' liability and waived £32,895,965 interest receivable.

As described in the going concern note in note 2, the Company was a guarantor to its wholly owned subsidiary, HEIT Holdings Ltd in respect of the £130 million debt facility. The Company also provides parent company guarantees to subsidiaries in relation to certain construction and/or battery supply contracts.

As at 31 October 2024, total committed funding to subsidiaries was £18 million.

INVESTMENT ADVISER

The Investment Adviser is entitled to advisory fees under the terms of an investment advisory agreement dated 14 October 2021. The Company shall pay to the Investment Adviser an annual fee (exclusive of value added tax, which shall be added where applicable) payable monthly in arrears calculated at the rate of:

a. one twelfth of 0.9% per calendar month of the lesser of the (i) NAV or (ii) Average Market Capitalisation of the Company up to the threshold of £250,000,000; and

b. one twelfth of 0.8% per calendar month of the lesser of the (i) NAV or (ii) Average Market Capitalisation of the Company in excess of £250,000,000

An advisory fee of £1,093,542 (2023: £2,163,222) was incurred during the year and £87,010 (2023: £144,121) remained payable as at 31 October 2024.

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. See transactions with subsidiaries for further details.

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 of the Company.

22. CAPITAL COMMITMENTS

As described in the going concern note in note 2, the Company is a guarantor to its wholly owned subsidiary, HEIT Holdings Ltd in respect of the £130 million debt facility.

The Company also provides parent company guarantees to subsidiaries in relation to certain construction and/or battery supply contracts. As at 31 October 2024, total committed funding to subsidiaries was £18.0 million.

Other than as reported above, the Company had no contingent liabilities and no significant capital commitments at the reporting date.

23. POST BALANCE SHEET EVENTS

There were no events after the reporting date that require disclosure.

END