



Harmony Energy Income Trust plc | HEIT.L
28 June 2023 | Interim Results FY2022/23



HARMONY ENERGY
INCOME TRUST PLC

Investment Adviser and HEIT Board

Investment Adviser



Paul Mason
Managing Director



Max Slade
Commercial Director

Presenting



James Ritchie-Bland
Investment Director



Peter Kavanagh
Investment Director

HEIT Independent Board



Norman Crighton
Chair of the Board and Independent Non-Executive Director



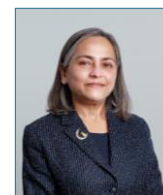
Janine Freeman
Chair of the Audit and Risk Committee and Independent Non-Executive Director



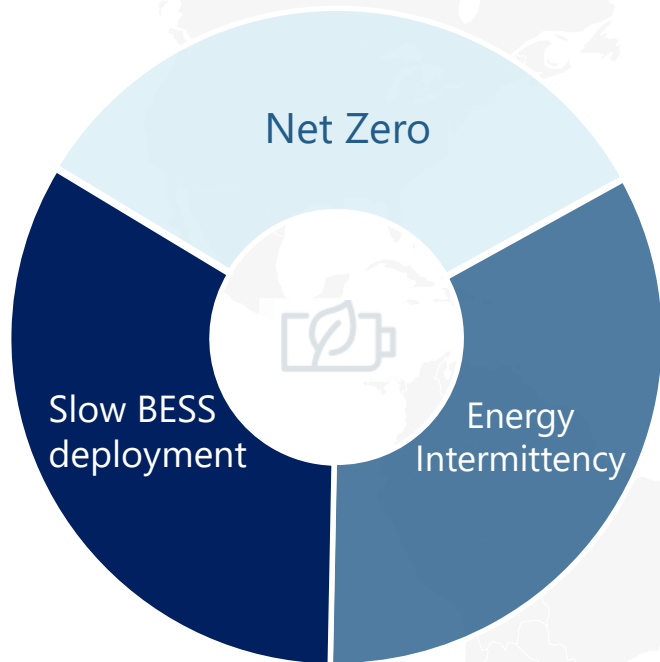
Dr Hugh McNeal
Chair of the Management Engagement Committee and Independent Non-Executive Director



William Rickett, CB
Chair of the Remuneration and Nomination Committee and Independent Non-Executive Director



Dr Shefaly Yogendra
Chair of the ESG Committee and Independent Non-Executive Director

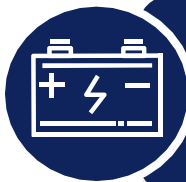


UK Net Zero target – 2050



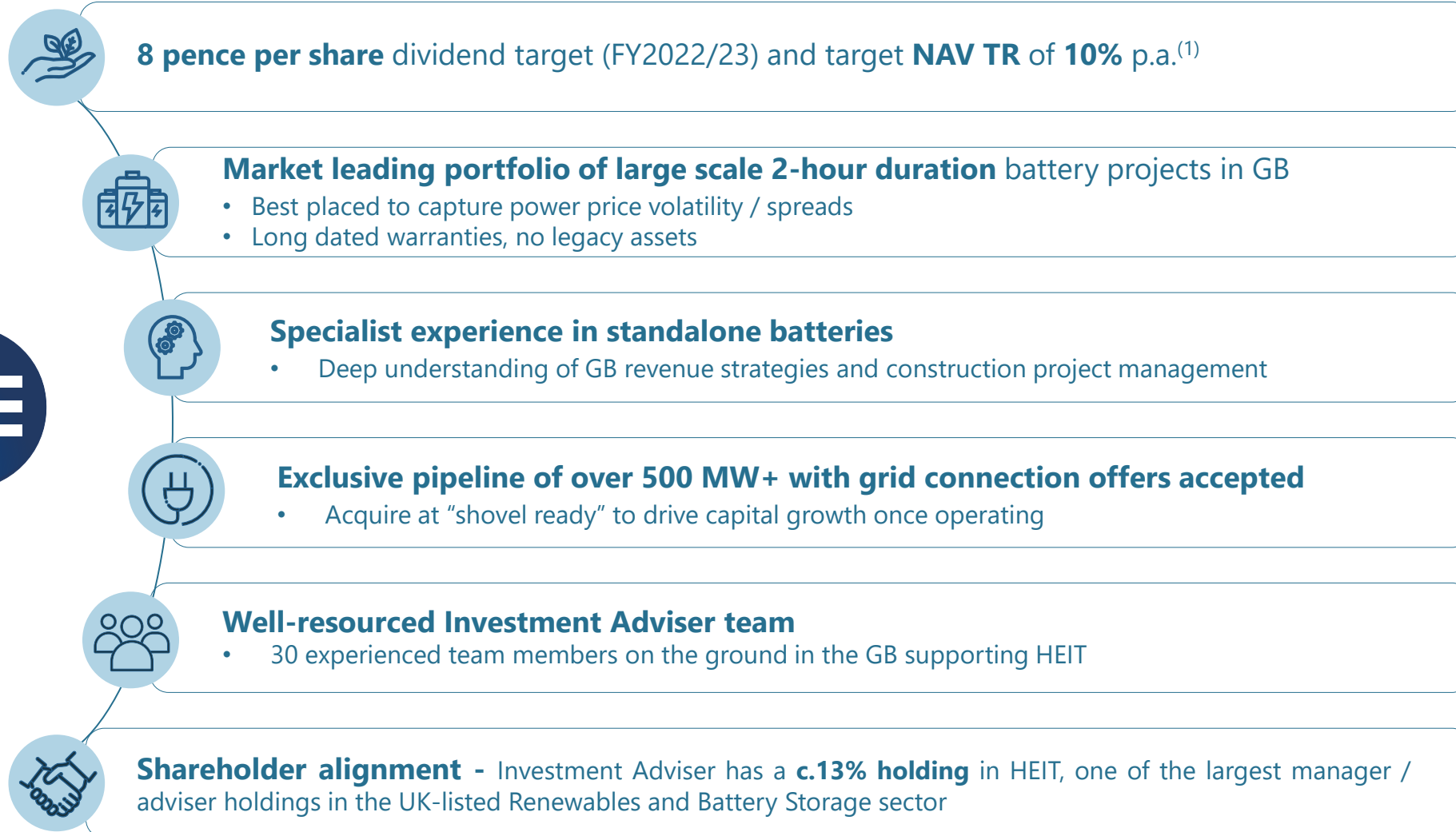
Increased renewable energy generation leads to higher levels of energy intermittency – BESS critical infrastructure

- By 2050, c.80% of total UK electricity estimated to come through renewables⁽¹⁾



UK energy storage needs to increase >9x to meet 2050 target⁽²⁾

HEIT Investment Case



Financial Overview

£266.9m

Market cap
as at 30 April 23

£265.5m /
117.07p

NAV (£m) / NAV
per share as at
30 April 23

+23.1%

NAV total
return⁽¹⁾

8p

FY2022/23 target
dividend⁽²⁾

494MW /
989MWh

Portfolio of
9 assets

3
Operating
Projects

(258 MWh)
as at June 23

Portfolio Composition

Portfolio of **494 MW** as of June 2023
(once fully operational)

129 MW of operational assets, **267 MW** of in-construction and **99 MW** of "shovel-ready" projects

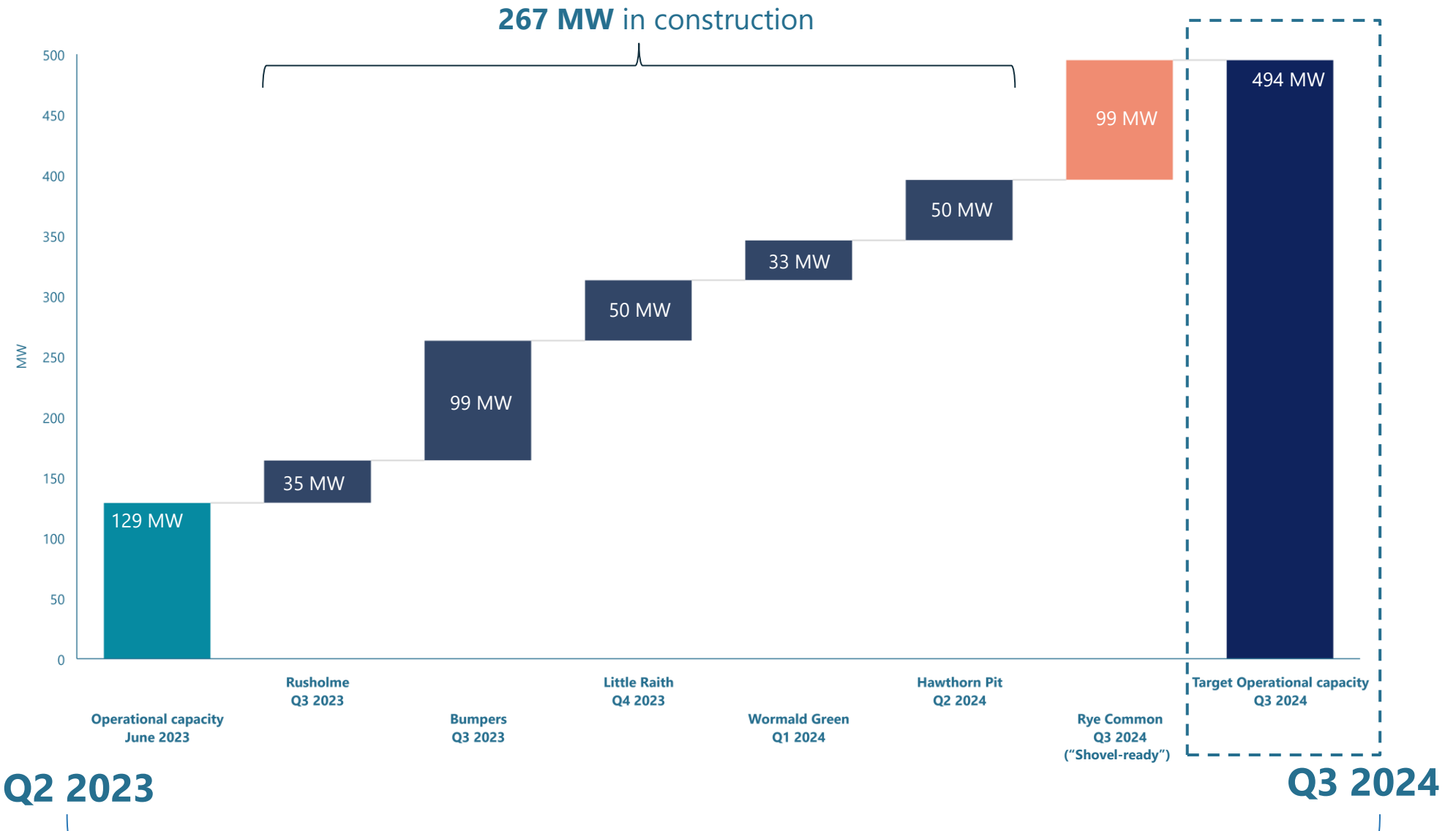
1 Pillswood project is Europe's largest operating battery storage project (by MWh)

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

- | | |
|---|--|
| <p>1 PILLSWOOD
98 MW / 196 MWH
STATUS: OPERATIONAL</p> <p>2 BROADDITCH
11 MW / 22 MWH
STATUS: OPERATIONAL</p> <p>3 FARNHAM
20 MW / 40 MWH
STATUS: OPERATIONAL</p> <p>4 RUSHOLME
35 MW / 70 MWH
TARGET COD: Q3 2023
STATUS: UNDER CONSTRUCTION</p> <p>5 BUMPERS
99 MW / 198 MWH
TARGET COD: Q3 2023
STATUS: UNDER CONSTRUCTION</p> <p>6 LITTLE RAITH
49.5 MW / 99 MWH
TARGET COD: Q4 2023
STATUS: UNDER CONSTRUCTION</p> | <p>7 WORMALD GREEN
33 MW / 66 MWH
TARGET COD: Q1 2024
STATUS: UNDER CONSTRUCTION</p> <p>8 HAWTHORN PIT
49.9 MW / 99.8 MWH
TARGET COD: Q2 2024
STATUS: UNDER CONSTRUCTION</p> <p>9 RYE COMMON
99 MW / 198 MWH
TARGET COD: Q3 2024
STATUS: SHOVEL READY</p> |
|---|--|



Pathway to a substantial operational portfolio of 2-hour duration BESS



Quarterly NAV Bridge

NAV per Ordinary Share: 31 January 2023 to 30 April 2023

A

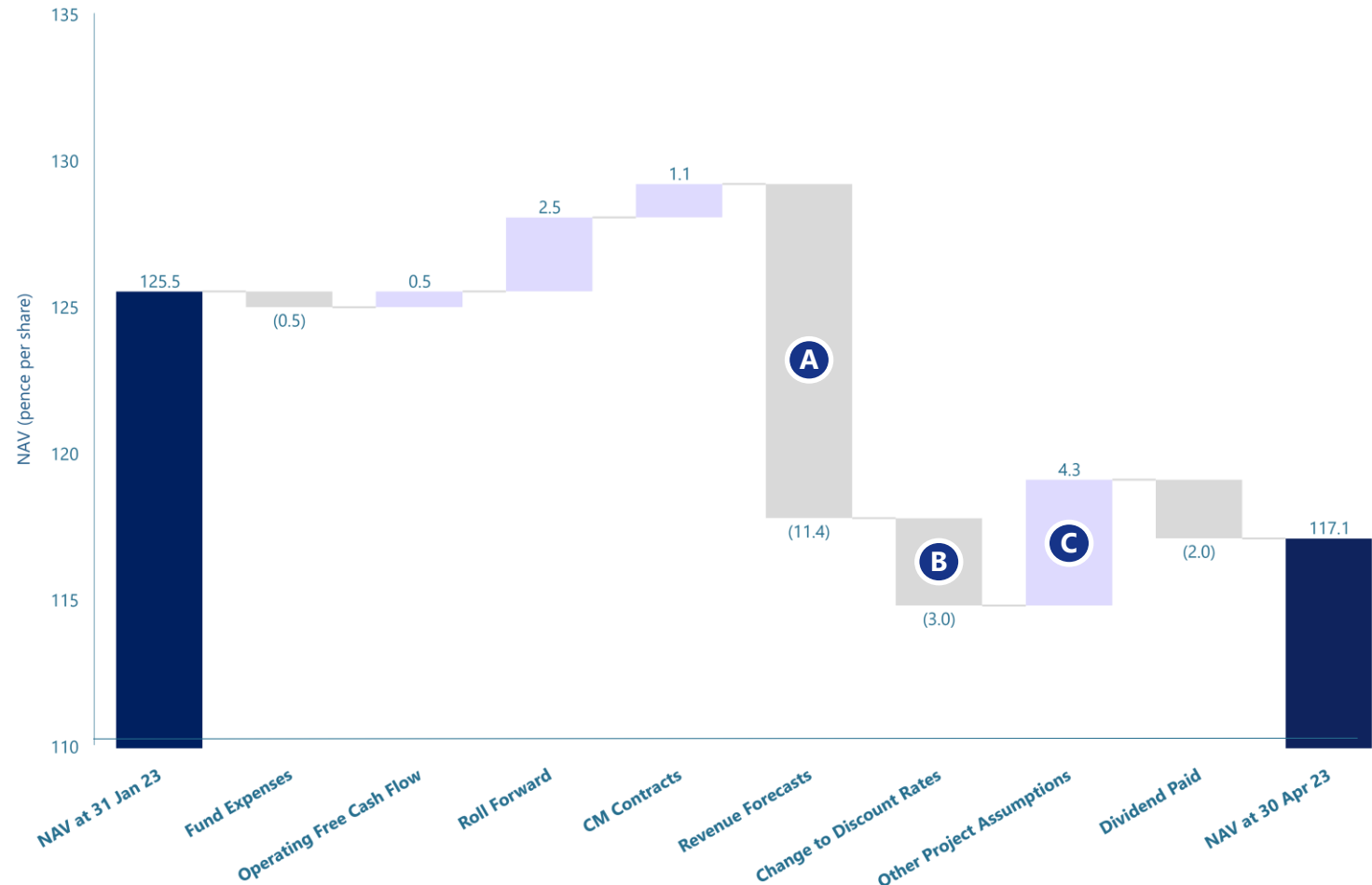
Power price and revenue forecasts: downward revision driven by lower energy prices since the start of 2023 (from record highs in 2022)

B

Discount rate: The discount rate applied to under construction projects was increased by 20 bps to 10.50%

C

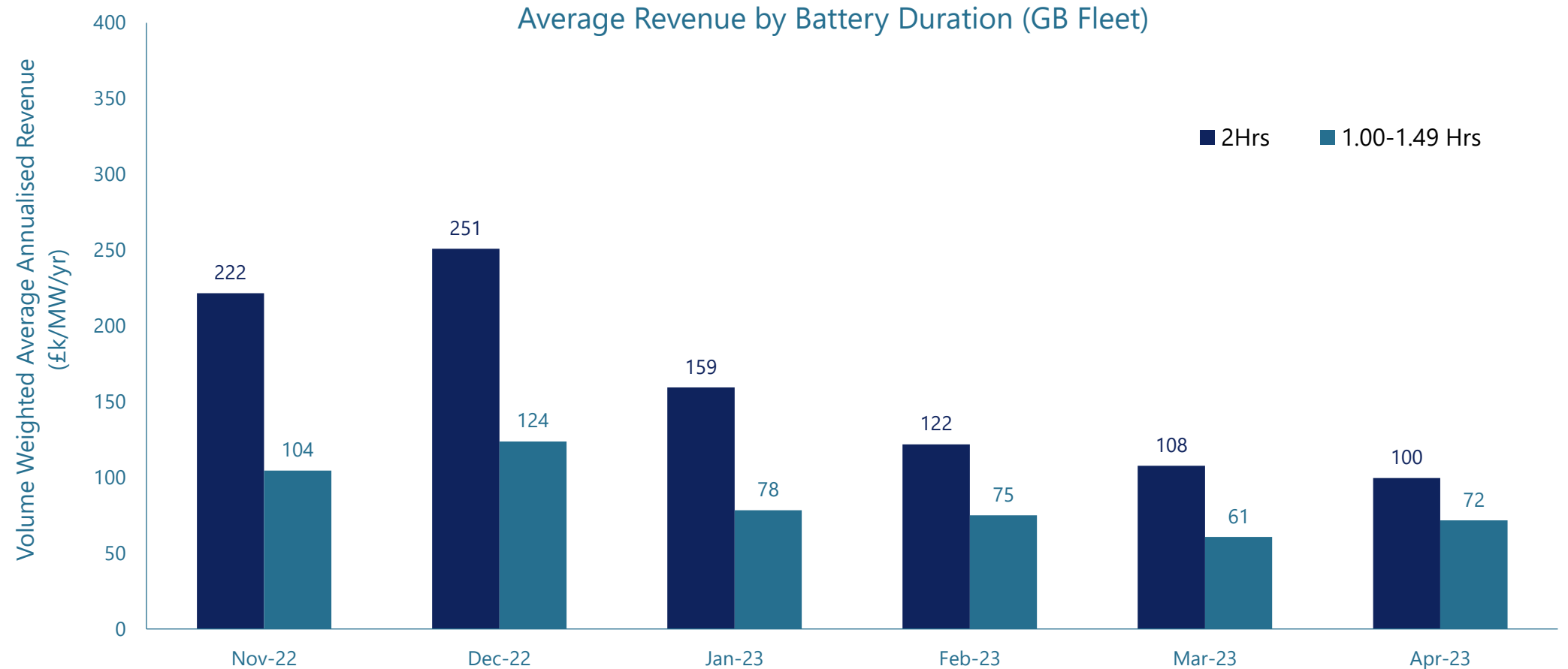
Other project assumptions: uplift from capex qualifying for capital allowances and reduced capex based on battery supply offers received for Rye Common



Main Revenue Streams by time to delivery



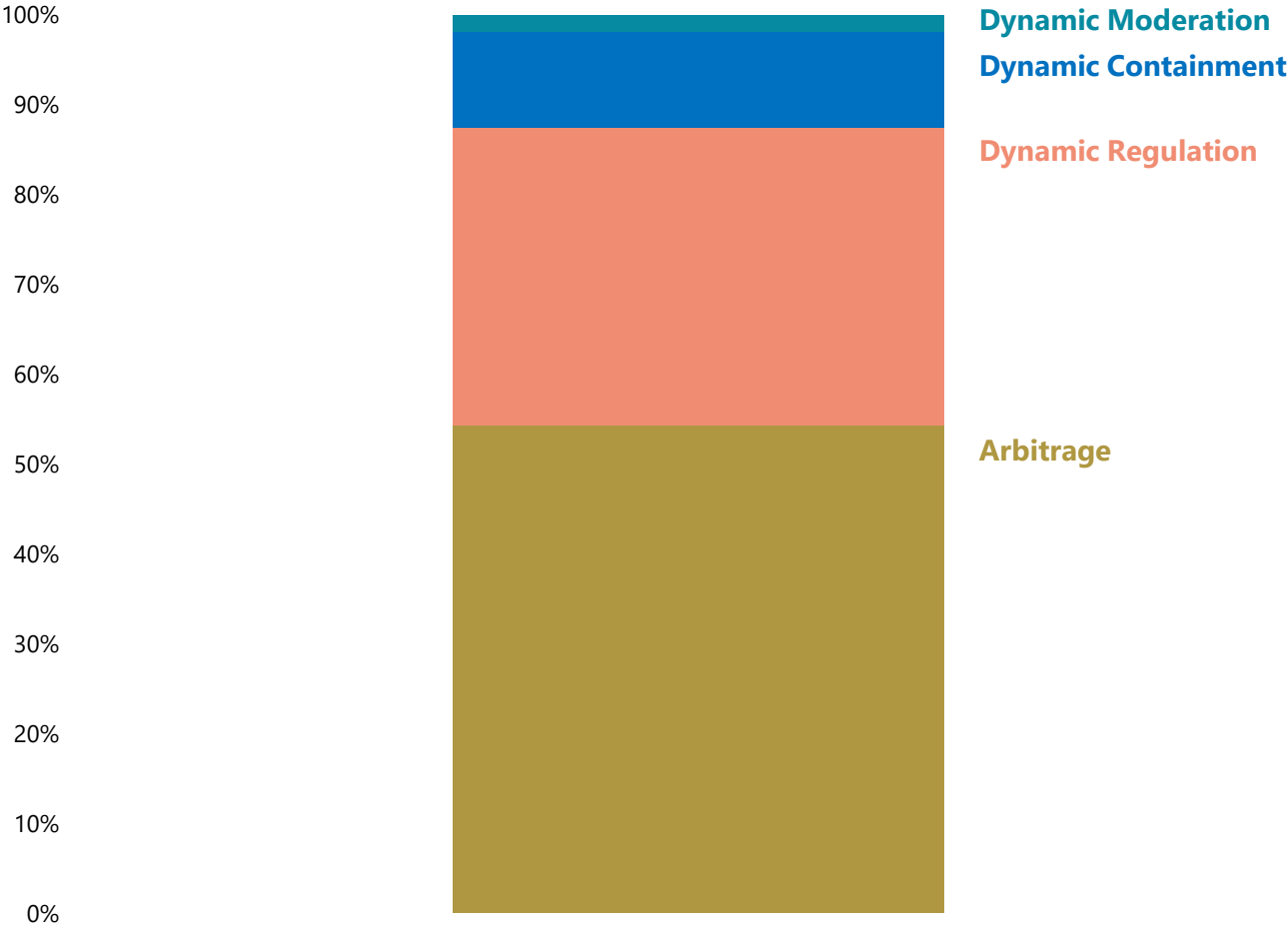
2-hour duration BESS have consistently out-performed shorter durations



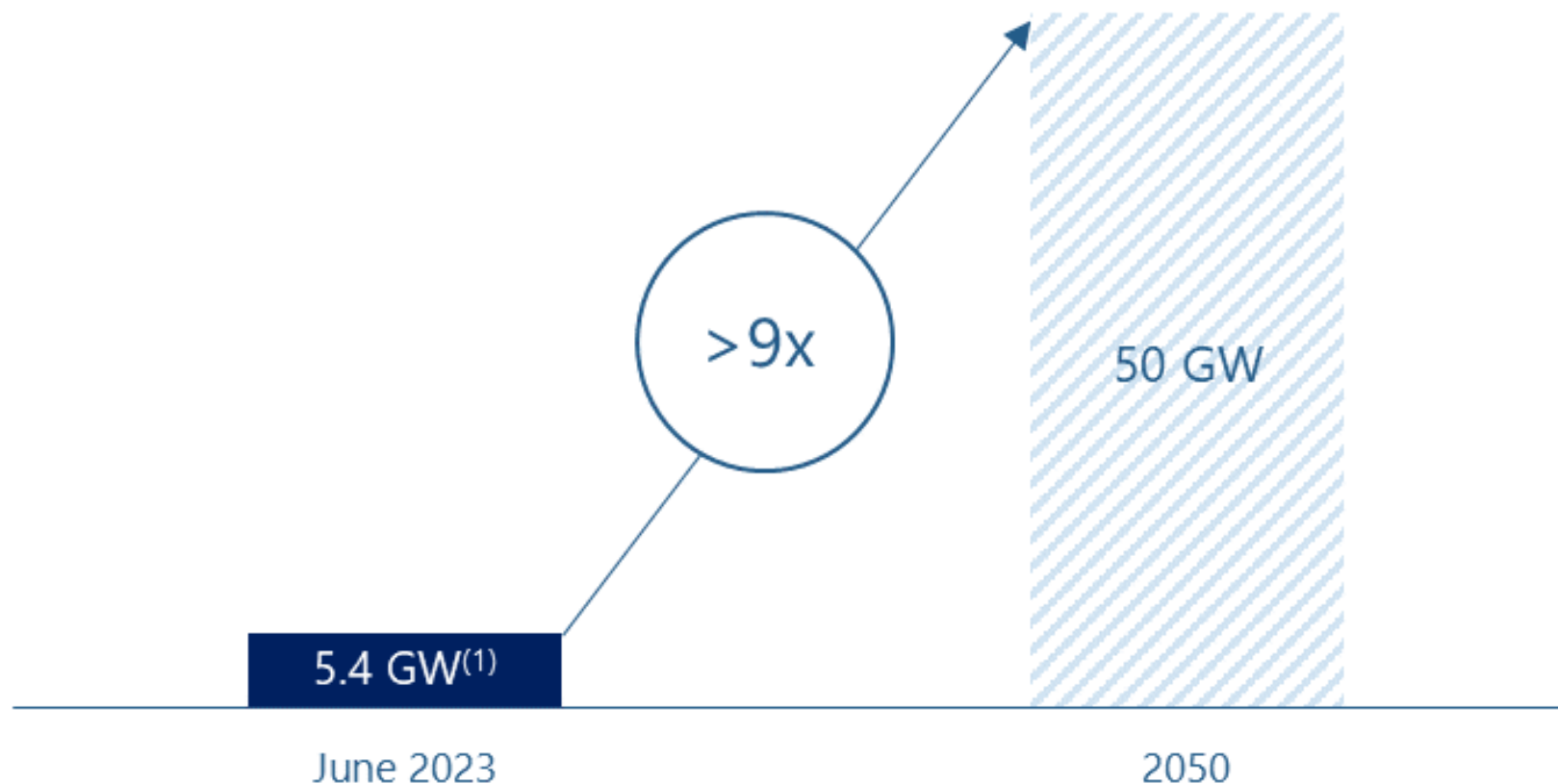
Source: Harmony Energy Advisors Ltd, using data from Modo Energy. Note, revenue includes Capacity Market revenue

Arbitrage and Dynamic Regulation are currently most attractive strategies for 2-hour BESS

HEIT Revenue Mix 1st November 2022 - 30 April 2023



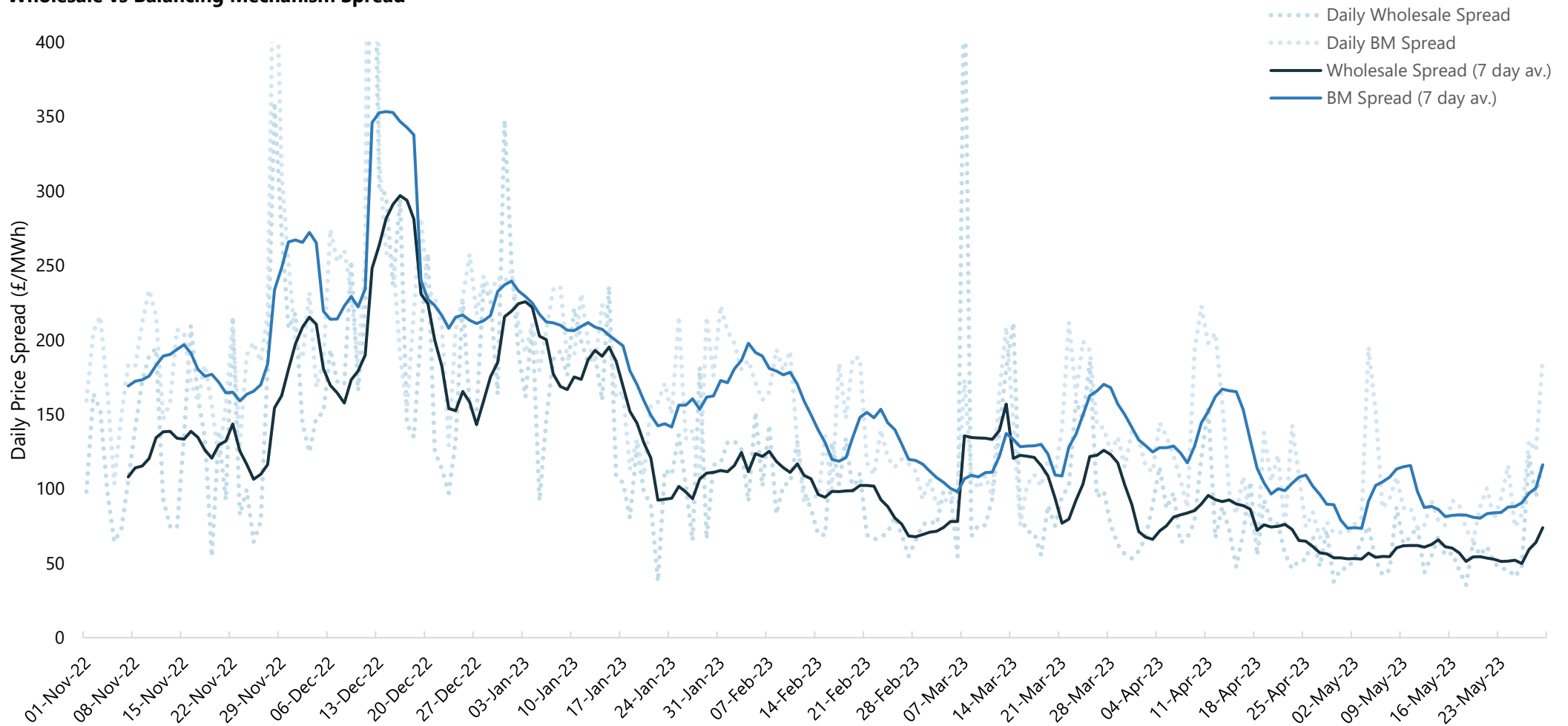
Energy Storage Deployment



Energy storage capacity needs to increase by up to
~**9x** to meet 2050 target⁽²⁾

Balancing Mechanism spreads are wider than wholesale markets

Wholesale vs Balancing Mechanism Spread



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

Increased renewable penetration drives wider Balancing Mechanism Spreads

- “offer” and “bid” prices expected to de-couple
- “offer” prices to continue to correlate with wholesale gas prices
- “bid” prices correlate with % of renewable penetration
- Increased renewable penetration should lead to lower average bid prices = widening spreads

Balancing Mechanism Bid Prices Vs Renewable Penetration (1 Jan 2023 – 17 Jun 2023)



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



Enabling the transition to a sustainable energy system

- Energised Pillswood and Broadditch BESS projects. With a combined total capacity of 218 MWh, these sites can power around 333,000 UK homes for two hours
- On track to publish Taskforce on Climate-Related Financial Disclosures (TCFD) and Taskforce on Nature-Related Financial Disclosures (TNFD) reports at year end
- Developing BESS greenhouse gas (GHG) avoidance calculation methodology



Supporting our people, supply chain and local communities

- Rolled out Supplier Code of Conduct to key suppliers and embedded sustainability requirements in supplier contracts
- Added a 2nd community fund: Broadditch site to the one launched previously at Pillswood
- Reported Zero health and safety incidents



Robust governance

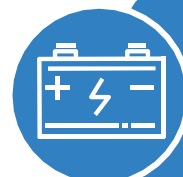
- Appointed a Head of Sustainability with responsibility for shaping and implementing ESG strategy
- Preparing first United Nations Principles for Responsible Investment (UN PRI) submission
- Expanding ESG measurement and reporting processes
- Strong management alignment (competitive fee structure and material shareholding in HEIT)





Revenue market expectations

- BESS revenues will become increasingly dominated trading in wholesale markets and balancing mechanism



Portfolio

- Continued focus on operational portfolio delivery



ESG

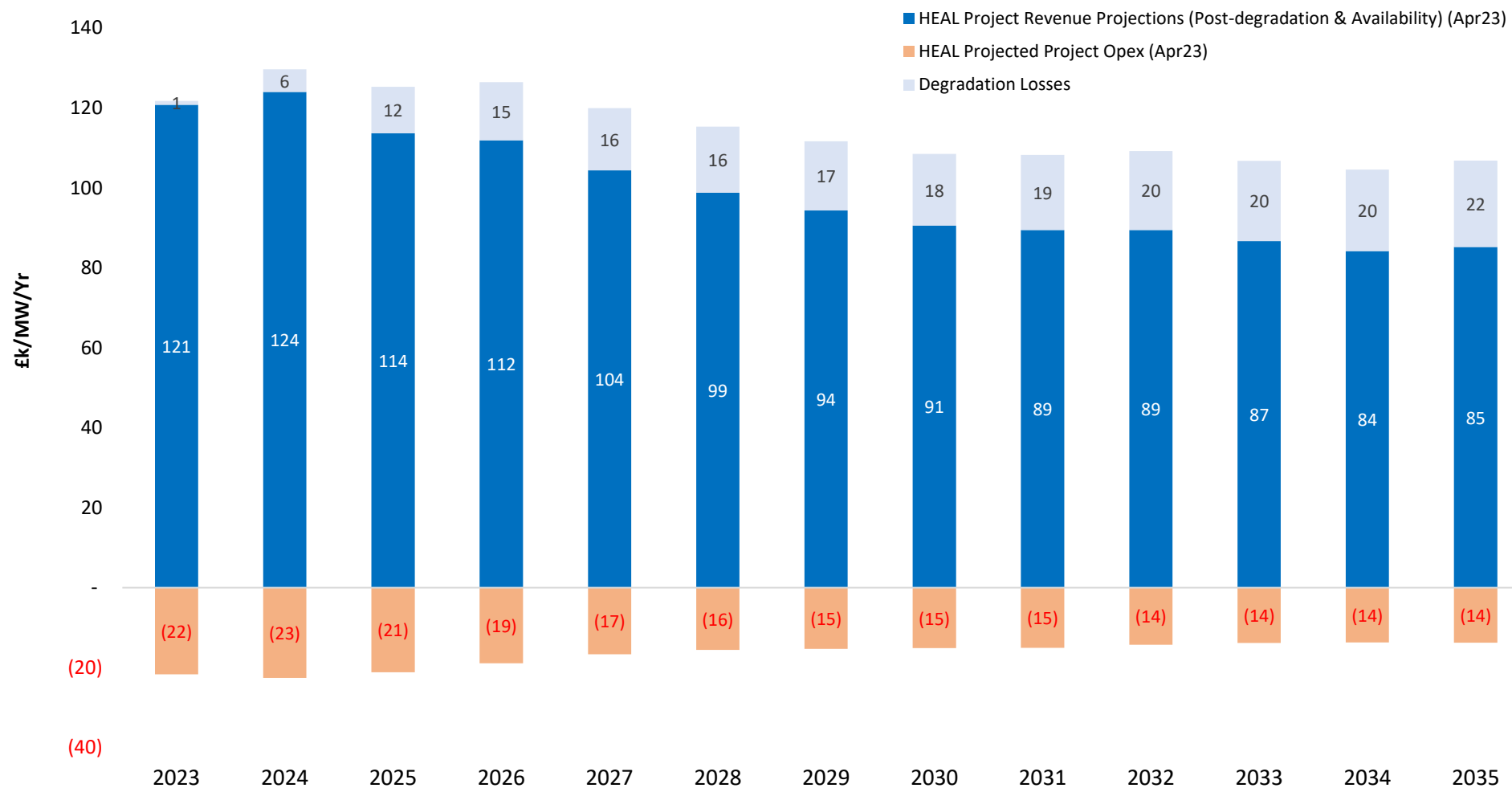
- Further development of ESG reporting and initiatives

Q&A

Appendix

Valuation assumptions

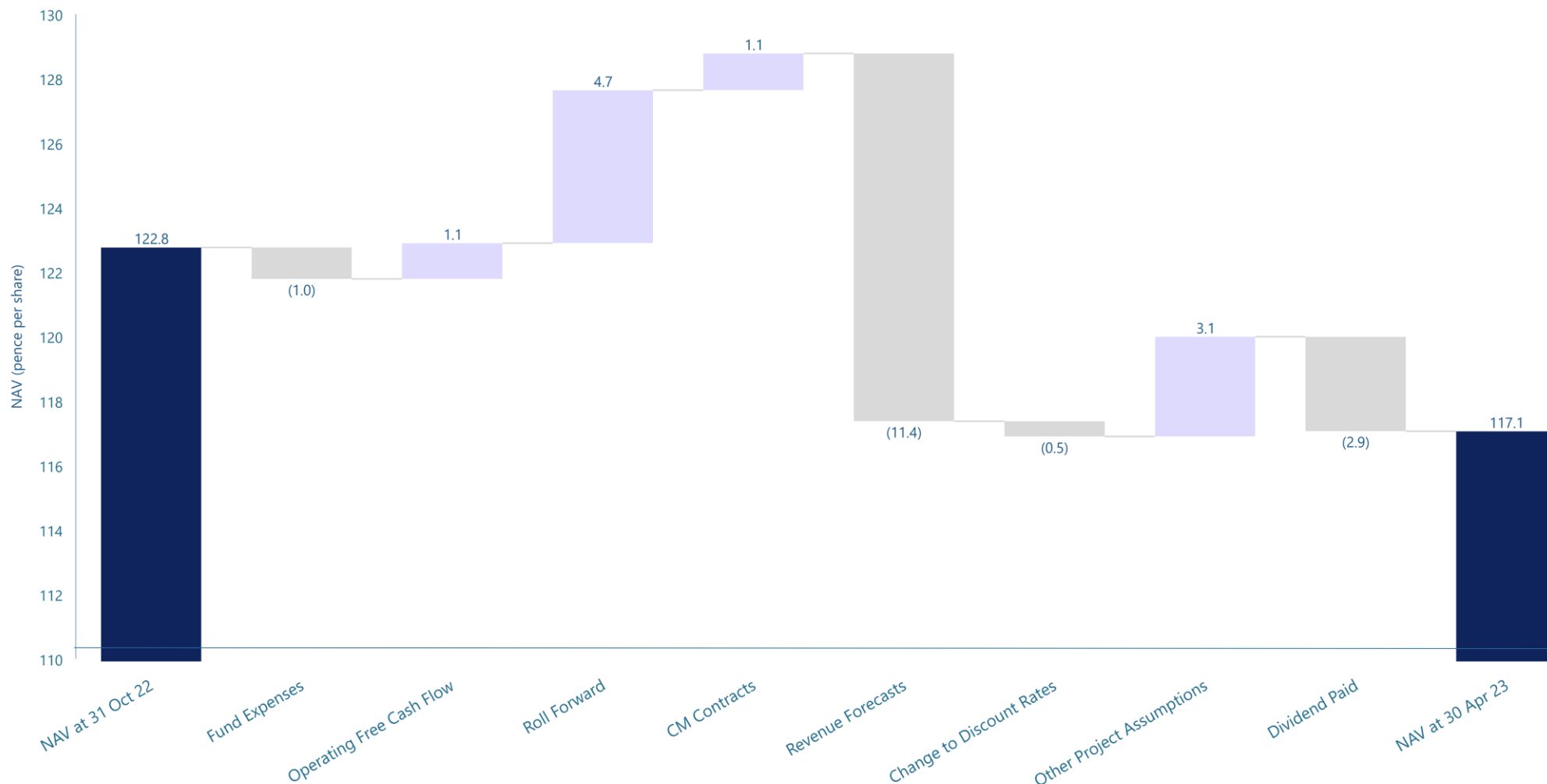
HEAL Revenue & Cost Assumptions, 2 Hour Battery (£k/MW/Yr, real Jan 2022)



Long term inflation assumption at 2%

NAV Bridge for the six month to 30 April 2023

Change in NAV per share from 31 October 2022 to 30 April 2023



Key Terms

Name	Harmony Energy Income Trust plc (HEIT.L)
Investment Objective	To invest in renewable assets, primarily battery storage systems within GB
Target return*	Unlevered NAV total return of 10% with a target dividend of 8 pence per share for each financial year
Current Portfolio	494.5 MW (989 MWh) across 9 BESS projects
Leverage	Up to 49% of NAV allowable Debt facility: £110m term loan plus RCF of £20m (at subsidiary holdco-level) Drawn: £55.5m term loan and £10m RCF drawn (at subsidiary holdco-level)
Investment Adviser	Harmony Energy Advisors Limited**
Adviser Fees	0.9% per annum of the lesser of the Company's Net Asset Value or Market Capitalisation, reducing to 0.8% on excess of £250m. No other asset management fees and performance fees
Discount Control	14.99% share buyback authority. Board will formally consider share buybacks if shares trade at discount of 8%+ to NAV for longer than 6 months
Structure	Investment Trust domiciled in the UK
Listing	Specialist Fund Segment of the London Stock Exchange's Main Market
Shareholder Alignment	Harmony Energy Ltd (parent of Investment Adviser) currently holds c.13% of issued share capital
Joint Brokers	Berenberg and Stifel

Contact details



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Presentation End



“Our mission is to enable the transition to an environmentally, financially and socially sustainable energy system; deliver attractive and sustainable returns to shareholders; and ultimately play a role in saving our planet.”

Peter Kavanagh, Harmony Energy