

Harmony Energy Income Trust plc

Quarterly update for the period ended 31 January 2025



Introduction

Harmony Energy Income Trust plc (the “Company”) invests in utility-scale battery energy storage system (“BESS”) assets in Great Britain (“GB”).

Key Features

- Focussing on **longer duration 2-hour BESS** in GB to take advantage of increases in wholesale market revenue opportunities as increased renewable energy generation leads to higher levels of energy intermittency and power price volatility.
- **Fully Operational** Portfolio of eight **2-hour duration BESS** projects totalling **790.8 MWh / 395.4 MW** (the “Portfolio”).
- **Right of first refusal to acquire a further 369.4 MW** pipeline of BESS projects with ongoing right of first offer on subsequent pipeline developed by Harmony Energy Limited.

Key Highlights

- The unaudited NAV at 31 January 2025 was £209.83 million, or 92.38 pence per Ordinary Share, an increase of 3.86 pence per Ordinary Share (+4.36%) compared to 31 October 2024. The increase was driven by higher than modelled revenues over the quarter and the roll forward effect. Gains were partially offset by debt service costs and a small decrease in the mark-to-market valuation of the Company’s interest rate swap.
- Portfolio revenues of £9.7 million (£97.8k/MW/Yr) for the quarter, with revenue per MW being 57% higher than the previous quarter (£62.4k/MW/Yr). Performance was driven by higher wholesale market and balancing mechanism spreads, coupled with high balance mechanism dispatch rates.
- Post-quarter end, the Company has successfully settled a claim for liquidated damages, totaling £1.5 million in aggregate and relating to the delayed energization of the Wormald Green and Hawthorn Pit projects in 2024.
- The Portfolio sale continues to progress, with the preferred bidder’s due diligence process causing some delay to the original transaction timetable. The exclusivity period in favour of the bidder has been extended until 10 March 2025.
- This quarterly update utilises the IA’s established discounted cash flow methodology and independent inputs as for Q4 FY2024. Discount rates, third party revenue curves and interest rate assumptions remain constant. The figures do not take into account, and are not influenced by, the Portfolio sale process currently underway. Should a definitive agreement be reached with the preferred bidder, Shareholders approval will be sought in a general meeting.

Portfolio Update

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

Project	MWh / MW	Location	Status
Pillswood	196 / 98	Yorkshire	Operational
Broadditch	22 / 11	Kent	Operational
Farnham	40 / 20	Surrey	Operational
Bumpers	198 / 99	Bucks.	Operational
Little Raith	99 / 49.5	Fife	Operational
Rusholme	70 / 35	Yorkshire	Operational
Wormald Green	66 / 33	Yorkshire	Operational
Hawthorn Pit	99.8 / 49.9	County Durham	Operational
Total	790.8 / 395.4		

Asset Sale Process

As announced on 20 February 2025 the Company continues with negotiations in relation to its asset sale process and the completion of the preferred bidder’s due diligence process. Both parties are progressing towards conclusion of a definitive agreement as soon as possible and the Company’s exclusivity agreement with the preferred bidder has been extended to 10 March 2025. There is no certainty as to whether the sale will proceed, nor the terms of any sale. The completion of any sale of the Portfolio will be conditional upon Shareholder approval.

The Company’s prospectus at the time of IPO commits the Board to put forward a continuation vote at the subsequent annual general meeting of the Company (“AGM”) if the NAV is below £250 million at the end of 2024. The NAV of the Company was below £250 million at the end of 2024, and therefore if the Portfolio sale does not progress (either through failure to reach definitive agreement or Shareholder approval is not obtained), a continuation vote will be put forward at the AGM which is to be held on or prior to 30 April 2025.

Key Statistics as at 31 January 2025

Share price (pence)	61.00
NAV per share (pence)	92.38
Net Assets	£209.83 million
Market Cap.	£138.55 million
Target annual dividend	>85% of Operating Free Cash Flow
Shares in issue	227,128,295
Share price premium/(discount) to NAV	(34.0)%
Ongoing charges	1.3% per annum

Key information

Ticker	HEIT
Listing	LSE (Specialist Fund Segment)
Year-end	31 October
Currency	GBp
ISIN	GB00BLNNFY18
Investment Adviser Fee	0.90% per annum - 0.80% over £250m ¹
Address	The Scalpel 18th Floor 52 Lime St London EC3M 7AF

Board (Independent Non-Executive)

Norman Crighton	Chair
Janine Freeman	Director
Dr Hugh McNeal	Director
William Rickett, CB	Director
Dr Shefaly Yogendra	Director

Harmony Energy Group

Harmony Energy Advisors Limited (the “IA”) ²	Investment Adviser
Harmony Energy Limited	Experienced developer of renewable and battery storage projects

Strong focus on ESG



Signatory of:



www.heitp.co.uk

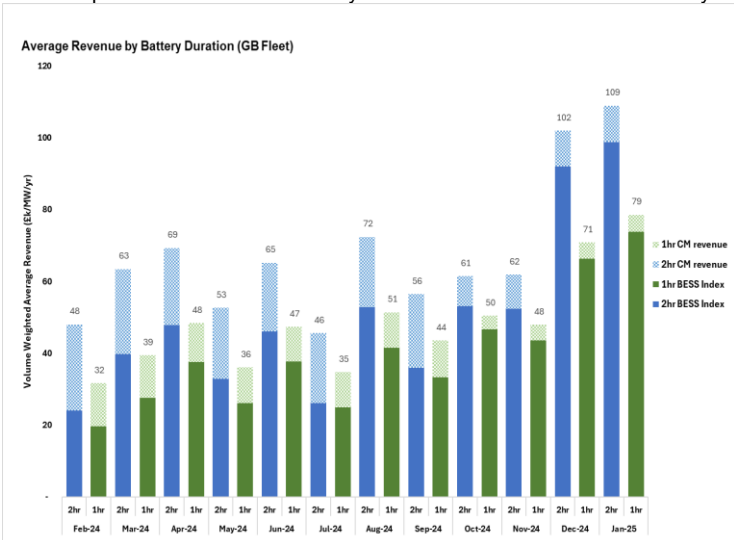
1. Per annum on the lesser of the Company’s NAV or Market Capitalisation. 0.8% applied to the proportion of NAV/Market Capitalisation in excess of £250m.
2. The IA is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

Market Commentary

Strong revenue performance began in November 2024, with wholesale gas prices trending upwards, volatile temperatures and stormy weather conditions. December 2024 saw average GB BESS revenues increase by 65% from November to reach approximately £84k/MW/Yr, the largest monthly increase observed in the past four years. This positive trajectory continued into January 2025, with GB BESS revenues increasing again to £88k/MW/Yr, a 5% uplift from December 2024. The key drivers behind this surge were a combination of rising wholesale price spreads and record levels of dispatch in the balancing mechanism, trends which favour longer-duration storage. Day-ahead wholesale price spreads rose by 42% in January 2025 (relative to December 2024), averaging £136/MWh and peaking at £885/MWh on 22 January 2025. BESS revenues remain closely correlated with wholesale price volatility and renewable generation patterns. Over this winter, wholesale price spreads were driven by periods of low wind generation, cold weather and higher national demand. These conditions created multiple instances of price spikes, leading to lucrative trading opportunities for storage assets. In the upcoming warmer months, we can expect periods of high wind generation coupled with low demand to create the spread opportunities. A record 176 negatively priced hours were recorded in the wholesale market across 2024, and the number of such hours of negative pricing is expected to continue growing over the second half of the decade. These trends showcase the ability of BESS to perform well across a variety of economic and meteorological conditions. The introduction of the Quick Reserve service product by NESO at the start of December 2024 also bolstered income from reserve services, with total reserve revenues across the market reaching a new high.

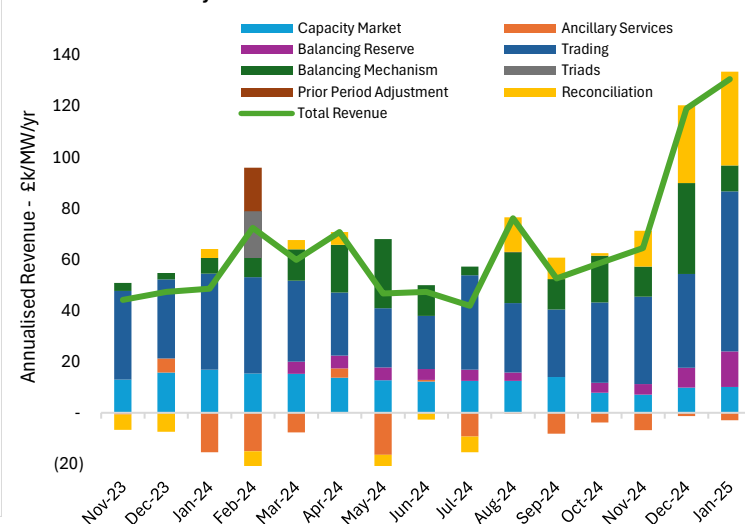
Portfolio Performance & Outlook

The Company's operational Portfolio generated estimated revenue (net of all electricity import charges and state of charge management costs) of £9.7 million over the quarter. This is equal to 63% of the total revenue earned over the 12 months to 31 October 2024. Portfolio revenue per MW of £97.8k/MW/Yr for the quarter represents an increase of 57% versus the previous quarter (£62.4k/MW/Yr), and 97% higher than the quarter ended 31 January 2024, when GB BESS revenues were at historic lows. The final projects in the Portfolio commenced commercial operations in October 2024, bringing the operational capacity to 790.8 MWh / 395.4 MW. This represents a 40% increase in operational capacity compared to the weighted average for the FY 2023/24. The increase in operational capacity does not increase the Company's operating costs or interest costs, so has a positive impact on operational free cash for the Portfolio, creating a more robust and secure foundation to better guard against elongated periods of poor market conditions such as those experienced 12 months ago. If revenues levels going forward are in line with assumptions used in the Company's valuation models, the Board expect this to allow a meaningful covered dividend of c.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.



Source: Harmony Energy Advisors Ltd, using data from Modo Energy and National Grid. Note: 2hr BESS index includes assets with a duration 1.5 hrs+, 1hr BESS index includes assets with a duration of less than 1.5 hrs.

HEIT Portfolio- Monthly Revenue Stack

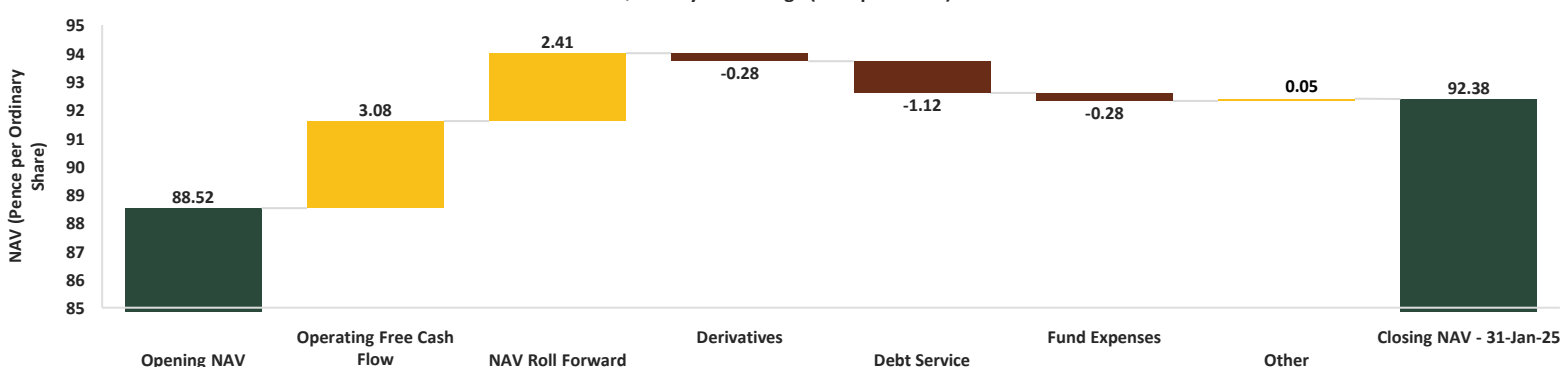


Source: Harmony Energy Advisors Ltd.

NAV Update 31 January 2025

As at 31 January 2025, the Company's unaudited NAV was £209.83 million (92.38 pence per Ordinary Share). This represents an increase of 3.86 pence per Ordinary Share (+4.36%) compared to 31 October 2024. The principal movements are (i) operating free cash flow generated during the Period (+3.08 pence per Ordinary Share); (ii) the roll forward effect (+2.41 pence per Ordinary Share); (iii) debt service (-1.12 pence per Ordinary Share); (iv) fund expenses (-0.28 pence per Ordinary Share); (v) a decrease in the mark-to-market valuation of the Company's interest rate swap (-0.28 pence per Ordinary Share) and (vi) other items (+0.05 pence per Ordinary Share).

Quarterly NAV Bridge (NAV per Share)



Revenue Assumptions and Discount Rates

In keeping with the established valuation process employed by the Company, this quarterly update does not incorporate guidance from the Company's independent valuer. Such advice will be sought in relation to the quarterly update as at 30 April, being the next 6-monthly valuation event. This update utilises the IA's established discounted cash flow methodology and independent third-party inputs used as at 31 October 2024. Third party revenue curves and interest rate assumptions remain unchanged.

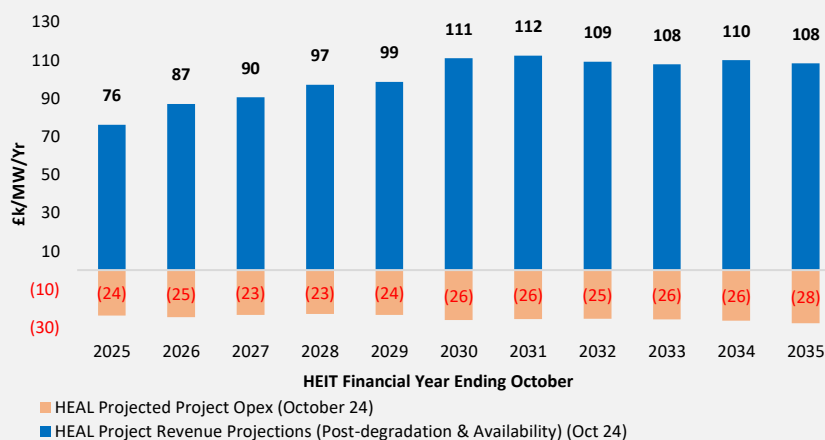
The figures do not take into account, and are not influenced by, the Portfolio sale process currently underway, as this remains subject to finalisation of definitive agreements and Shareholder approval.

The applicable discount rates for Rusholme, Hawthorn Pit & Wormald Green remain at 10.50%, with 10.25% applied to the balance of the Portfolio.

Applicable discount rates:

- 10.25%: operating with >3 months track record
- 10.50%: operating with <3 months track record

Revenue & Cost Assumptions (for valuation purposes) 2-hr BESS, £k/MW/Yr, real Jan 2024



Inflation assumptions: 3% (2024); 2.5% (2025); 2% (2026+)



- 1 **PILLSWOOD**
196 MWh / 98 MW
STATUS: OPERATIONAL
- 2 **BROADDITCH**
22 MWh / 11 MW
STATUS: OPERATIONAL
- 3 **FARNHAM**
40 MWh / 20 MW
STATUS: OPERATIONAL
- 4 **RUSHOLME**
70 MWh / 35 MW
STATUS: OPERATIONAL
- 5 **BUMPERS**
198 MWh / 99 MW
STATUS: OPERATIONAL
- 6 **LITTLE RAITH**
99 MWh / 49.5 MW
STATUS: OPERATIONAL
- 7 **WORMALD GREEN**
66 MWh / 33 MW
STATUS: OPERATIONAL
- 8 **HAWTHORN PIT**
99.8 MWh / 49.9 MW
STATUS: OPERATIONAL

● OPERATIONAL ASSETS (790.8 MWh / 395.4 MW)



Adviser Information

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AIFM

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Administrator/CoSec

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