

23 August 2024

**Harmony Energy Income Trust plc**  
**(the "Company" or "HEIT")**

**Portfolio Update, Net Asset Value and Asset Sale Process**

Harmony Energy Income Trust plc, which invests in battery energy storage system ("**BESS**") assets in Great Britain ("**GB**"), announces its unaudited Net Asset Value ("**NAV**") update, a portfolio and operational update for the three months ended 31 July 2024 (the "**Period**") and an update to its previously announced asset sale process.

**Key Highlights**

- The unaudited NAV at 31 July 2024 was £215.43 million, or 94.84 pence per Ordinary Share, a decrease of 1.37 pence per Ordinary Share (-1.4%) compared to 30 April 2024. The decrease was mainly driven by a negative mark-to-market valuation of the Company's interest rate swap (-1.15 pence per Ordinary Share), partly offset by the positive revaluation of the Rusholme project following energisation (+0.30 pence per Ordinary Share).
- 70 MWh / 35 MW Rusholme project (located in North Yorkshire) was successfully energised during the Period and has now commenced trading, taking the Company's total operational capacity to 625 MWh / 312.5 MW (79% of the portfolio by MW).
- Target Commercial Operations Dates for the two remaining BESS projects in the Company's portfolio remain on track for end of September 2024.
- Portfolio revenues of £45.3k/MW/Yr for the Period, driven by lower wholesale market spreads across the Period, and low portfolio availability in June. Captured balancing mechanism volumes continue to grow, with May 2024 seeing a new monthly high.
- Total operational revenues for the current Financial Year (9 months up to 31 July) of £11.08 million (£53.2k/MW/Yr).
- Post-Period, increased levels of wind and solar generation in August correlates with portfolio revenue improvement (£67.2k/MW/Yr, estimated month-to-date).
- Asset sale process to seek offers for some or all of the Company's assets is progressing. Interest from potential bidders is strong and indicative non-binding offers are expected before the end of September.

**Portfolio Update**

The Company's portfolio consists of eight 2-hour duration BESS projects totaling 790.8 MWh / 395.4 MW (the "**Portfolio**"), of which 625 MWh / 312.5 MW (79% of the capacity of the Portfolio) is operational. Energisation dates for the Company's Wormald Green and Hawthorn Pit projects have been scheduled for the coming weeks and the latest estimate remains that they will commence commercial operations before the end of September 2024. The Investment Adviser ("**IA**") is collaborating closely with the contractor to expedite completion as soon as possible. The liquidated damages claimed by the Company in relation to the delays to energisation have not yet been recognised in the Company's revenue updates.

Project	MWh / MW	Location	Target Commercial Operations Date <sup>1</sup>	Status
Pillsworth	196 / 98	Yorkshire	Operational	Operational
Broadditch	22 / 11	Kent	Operational	Operational
Farnham	40 / 20	Surrey	Operational	Operational
Bumpers	198 / 99	Bucks.	Operational	Operational
Little Raith	99 / 49.5	Fife	Operational	Operational
Rusholme	70 / 35	Yorkshire	Operational	Operational
Wormald Green	66 / 33	Yorkshire	Q3 2024	Under Construction
Hawthorn Pit	99.8 / 49.9	County Durham	Q3 2024	Under Construction
<b>Total</b>	<b>790.8 / 395.4</b>			

<sup>1</sup> Dates are based on calendar year

**Market Commentary**

Average revenues (across the GB BESS fleet) fluctuated during the Period but were particularly impacted by a sharp decrease in wind generation during July. This, coupled with lower gas and carbon prices, reduced average monthly wholesale price spreads (-28% versus June). The reduced opportunity in the wholesale markets increased competition in ancillary services, leading to lower clearing prices. Wholesale spreads have widened again during August (month-to-date) due to higher daily average wind and solar generation (+17.8% and +5.73% respectively versus July) coupled with rising gas prices.

We welcome the new Labour government's manifesto pledges to double onshore wind capacity, triple solar capacity, and quadruple offshore wind capacity by 2030. The latest Future Energy Scenarios published by National Grid ESO make clear that the build-out of BESS must materially increase and accelerate for the UK to be in line with its Net Zero goals. In line with this, we are pleased to continue to see strong correlation between BESS revenues and levels of renewable generation (i.e. BESS performing well during periods of high wind/solar generation). The delivery of targeted additional renewable capacity combined with an under-supplied GB BESS market should provide strong

support for revenues over the medium to long term.

### Portfolio Performance

The Company's operational Portfolio generated revenue (net of all electricity import charges and state of charge management costs) of £3.14 million over the Period (£45.3k/MW/Yr).

For the current Financial Year (9 months up to 31 July), the Portfolio generated revenue (net of all electricity import charges and state of charge management costs) of £11.08 million (£53.2k/MW/Yr).

The Portfolio continued to experience a high number of outage events during June, due to continued short-term DNO technical works. The IA estimates that, had the Portfolio been fully available during the Period, the revenue would have been c.£52k/MW/Yr (+14.7% versus actual). The Portfolio returned to full availability at the end of June.

Volumes captured in the Balancing Mechanism ("BM") continued to grow, with May 2024 seeing a new monthly high of over 14,000 MWh captured by the Portfolio. The average BM volume captured during the Period was 33% higher than the previous quarter (c.9,000 MWh). As previously reported, spreads in the BM are consistently wider than in the wholesale markets. Therefore an increase in capture rates helps 2-hr duration BESS cushion the impact of falling wholesale spreads. For example, average monthly wholesale spreads fell c.28% in July but Portfolio revenues only dropped 11.5%.

Post-Period, the increased levels of wind and solar generation in August referred to above correlates with a marked improvement in Portfolio revenues (£67.2k/MW/Yr, estimated month-to-date).

### Asset Sale Process

As previously announced, the Board instructed the IA to explore the potential for one or more asset sales. The process has attracted strong interest and marketing materials have now been distributed to selected third parties. The Company expects to receive initial indicative bids before the end of September.

### NAV Update 31 July 2024

As at 31 July 2024, the Company's unaudited NAV was £215.43 million (94.84 pence per Ordinary Share). This represents a decrease of 1.37 pence per Ordinary Share (-1.4%) compared to 30 April 2024. The principal movements are (i) a decrease in value of the Company's interest rate swap, reflecting lower interest rates; and (ii) an increase in valuation of the Rusholme project (reducing the discount rate from 10.50% to 10.25%, in line with the Company's current valuation policy). Movements are shown in the table below.

Item	Impact (pence per Ordinary Share)
Operating Free Cash Flow	+0.72
NAV Roll Forward	-0.04
Change in Discount Rates (Rusholme revaluation)	+0.30
Derivatives Valuation	-1.15
Debt Service	-1.12
Fund Expenses	-0.30
Other	+0.22
<b>Total</b>	<b>-1.37</b>

Long-term opex and revenue assumptions (the latter derived from third party revenue forecasts) used in calculating the NAV have not changed since 30 April 2024.

### Factsheet

The Company's factsheet for 31 July 2024 (including, inter alia, a NAV bridge and detailed long-term revenue; cost and inflation assumptions; and monthly revenue breakdowns) is available on the Company's website at: <https://www.heitp.co.uk/investors/results-reports-and-presentations/>

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

*"The increase in wind and solar generation for August and a continued strong activity in the balancing mechanism shows that the portfolio is well placed to reverse the recent dip and trend back upwards towards target levels. We are pleased with the level of engagement and interest in our asset marketing process and look forward to updating shareholders on further progress in due course."*

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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 seven 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.

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