

26 February 2025

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

**Net Asset Value and Trading Update**

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 and a trading update for the three months ended 31 January 2025 (the "Period"). Further, the Company reiterates relevant parts of the update on its asset sale process, as announced on 20 February 2025, to provide context to the methodology employed in this NAV update exercise.

**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 Period 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 Period, 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-Period end, the Company has successfully settled a claim for liquidated damages, totalling £1.5 million in aggregate and relating to the delayed energisation of the Wormald Green and Hawthorn Pit projects in 2024.
- This quarterly update utilises the Investment Adviser's established discounted cash flow methodology and independent inputs as for Q4 of 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
<b>Total</b>	<b>790.8 / 395.4</b>		

**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.

**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

leading to revenue making opportunities for storage assets in the upcoming market 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 and 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 Period. 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 Period 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.4pence 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.

### 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 and other costs (-1.05 pence per Ordinary Share); (iv) fund expenses (-0.30 pence per Ordinary Share); and (v) a decrease in the mark-to-market valuation of the Company's interest rate swap (-0.28 pence per Ordinary Share)

Item	Impact (pence per Ordinary Share)
Operating Free Cash Flow	+3.08
NAV Roll Forward	+2.41
Debt Service and Other Costs	-1.05
Fund Expenses	-0.30
Derivatives Valuation	-0.28
<b>Total</b>	<b>+3.86</b>

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

### Factsheet

The Company's factsheet for 31 January 2025 (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/>

**END**

For further information, please contact:

#### Harmony Energy Advisors Limited (the "Investment Adviser", or "IA")

Paul Mason  
Max Slade  
Peter Kavanagh  
James Ritchie  
[info@hamonyenergy.co.uk](mailto:info@hamonyenergy.co.uk)

#### Panmure Liberum Ltd

Chris Clarke  
Darren Vickers  
Will King

+44 (0)20 3100 2222

#### Stifel Nicolaus Europe Limited

+44 (0)20 7710 7600

Mark Young  
Edward Gibson-Watt  
Rajpal Padam  
Madison Kominski

**Camarco**  
Eddie Livingstone-Learmonth  
Andrew Turner

+44 (0)20 3757 4980

**JTC (UK) Limited**  
Uloma Adighibe  
[Harmony.CoSec@jtcgroup.com](mailto:Harmony.CoSec@jtcgroup.com)

+44 (0)20 3832 3877

LEI: 25490003X3CJNTR453

**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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