19 September 2024

Powerhouse Energy Group plc
("Powerhouse", "PHE", the "Group" or the "Company")

Half Year Report for the six months ended 30 June 2024

Powerhouse Energy Group plc (AIM: PHE), the UK technology company pioneering integrated technology that converts non-recyclable waste into low carbon energy together with a revenue generating engineering consulting division (Engsolve), is pleased to announce its unaudited half year report for the six months ended 30 June 2024.

Highlights

Corporate

- Business strategy refined to focus on licensing fees, royalties and engineering services revenues which include potentially providing third party testing of waste streams at the Brackla Technology Centre once fully commissioned.
- Appointment of David Hitchcock as Non-Executive Chairman.
- Appointment of new Nominated Adviser and separate Broker (post period end).

Commercial Development

- Progressing projects with Australian based, National Hydrogen Limited (National H2).
- The Ballymena, NI project continues to progress. Lease terms have been agreed and associated legal documentation is being drafted to set out terms in a signed contract.
- Pre-permit work at Longford, Ireland, is progressing through our JV with Hydrogen Utopia, at minimal cost to Powerhouse.
- Engsolve integration into the Group is now complete.
- Continuing to work with Altec Energy, in Thailand, with a number of potential opportunities identified.
- Protos is now a low priority project with Powerhouse having an option on a site in the Protos Plastics Park subject to an ongoing annual fee.

Technology and Innovation

- Entered into lease to assume further office space in Bridgend, to accommodate the expansion of both Powerhouse and Engsolve personnel to meet strategic requirements.
- Feedstock Testing Unit (FTU) partially complete with kiln and gas clean-up systems installed.
- Grant of GB Patent Application No GB1910309.2; "Treatment of waste producing recirculated combustible", and resolution of a challenge to one of our issued patents.
- Other patent applications have advanced in Europe and other territories.
- The Chester based Test Unit is being relocated to Bridgend to be containerised as a future project.

Financial Performance

- Revenues for the half year of £385.7k (H1 2023: nil).
- Gross Profit for period £98.2k (H1 2023: nil).
- £2.7m cash at bank at 30 June 2024 (30 June 2023: £4.9m).

The Group's revenues and gross profit for the half year ended 30 June 2024 increased compared to the previous year's figures due to the acquisition (and consolidation) of the remaining stake in Engsolve.

Outlook

- Completion of the FTU is expected in late Q4 2024 enabling the Company to accelerate the development of commercial applications for its technology.
- Further innovation and product offerings are being developed. Including a proposal to provide gasification technology into the Sustainable Aviation Fuel ("SAF") arena.
- In order to increase awareness and drive further revenue, Engsolve has engaged an experienced industrial sales originator to identify new client and project opportunities.

Statement from David Hitchcock, Non-Executive Chairman of Powerhouse Energy Group Plc

"PHE started 2024 with positive momentum, a new business strategy which played to the Company's strengths, and a stable strong knowledgeable executive team and board committed to growing the business.

We have a pipeline of potential opportunities that our CEO Paul Emmitt and CFO Ben Brier are progressing in line with our commercial validation process with a view to advancing them whilst minimising any costs incurred to Powerhouse. Our Engsolve team have also been very active and have contributed greatly to the Group, bringing new revenue streams into the Company whilst continuing to provide support to PHE to deliver its strategy; fully justifying the decision that we took last year to acquire the remaining interest in Engsolve.

The installation of the Feedstock Test Unit at the Powerhouse Technology Centre is a huge milestone for the Company and is progressing to schedule with the kiln and gas clean-up package already in place; and the ancillary sections being connected at time of writing. I look forward to the Centre being fully operational in Q4 and believe it will become a cornerstone in PHE's ability to further advance as well as promote its technology and know-how. The Centre will undoubtedly also help to support the Company's investments in capital projects in Northern Ireland and the Republic of Ireland where progress has been slower than anticipated, but which are now moving forward. We are also very pleased with the considerable interest being expressed in PHE's offering in south-east Asia and Australia. We were also delighted with the progress that has been made on patent applications / resolutions, further validating the engineering work that has been undertaken into getting the Company to this point as we drive towards commerciality.

The second half of the year promises to be an exciting one for PHE as we look forward to advancing the projects from our pipeline of opportunities. In addition to this, having a fully operational technology centre will undoubtedly help provide even greater impetus to our pipeline whilst further innovating the services that we can provide customers.

I would like to take this opportunity to thank all our stakeholders for their continued support and look forward to providing further updates in due course."

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About Powerhouse Energy Group plc

Powerhouse Energy has developed a process technology which can utilise waste plastic, end-of-life-tyres, and other waste streams to convert them efficiently and economically into syngas from which valuable products such as chemical precursors, hydrogen, electricity, heat and other industrial products may be derived. PHE's process produces low levels of safe residues and requires a small operating footprint, making it suitable for deployment at enterprise and community level.

PHE also incorporates Engsolve Ltd, which is a revenue generating business who offer Engineering Services across all sectors with speciality services in the development of new technologies and clean energy.

For more information see www.phegroup.com

Consolidated Statement of Comprehensive Income

	Note	**(Unaudited) Group Six Months Ended 30 June 2024** **£**	(Unaudited) Group Six Months ended 30 June 2023 £	(Audited) Group Year Ended 31 Dec 2023 £
Revenue	**1**	**385,711**	-	180,959
Cost of sales		**(287,550)**	-	(118,294)
Gross Profit		**98,161**	-	62,665
Engineering Project Costs		**(528,261)**	(368,154)	(799,909)
Administrative expenses		**(733,981)**	(979,432)	(1,109,150)
Acquisition costs		**-**	(31,457)	(31,457)
Share of associate		**-**	67,302	76,206
Operating loss (pre-exceptional items)		**(1,164,081)**	(1,311,741)	(1,801,645)
Exceptional Items:				
Fair Value Gain on Equity Investment		**-**	282,150	270,381
Loan Reversal		**-**	453,017	-
Operating (Loss) (post exceptional items)		**(1,164,081)**	(576,574)	(1,531,264)
Net finance income/(cost)		**(5,358)**	-	(6,200)
(Loss) before taxation		**(1,169,439)**	(576,574)	(1,537,464)
Income tax credit/(charge)				109,817
(Loss) after taxation		**(1,169,439)**	(576,574)	(1,427,647)
Total comprehensive (loss)		**(1,169,439)**	(576,574)	(1,427,647)
Total comprehensive (loss) attributable to:				
Owners of the Company		**(1,169,439)**	(576,574)	(1,427,647)
Non-controlling interests		**-**	-	-
(Loss) per share from continuing operations (pence)	**3**	**(0.03)**	(0.01)	(0.04)

The figures as presented are not strictly comparable with the prior year period as the comparative figures are non-consolidated, with the Group only coming into effect in 2023 following the acquisition of the remaining interest in Engsolve.

The notes numbered 1 to 5 are an integral part of the half year financial information.

Statement of Consolidated Financial Position

	Note	**(Unaudited) Group As at 30 June 2024 £**	(Unaudited) Company As at 30 June 2024 £	(Unaudited) Group As at 30 June 2023 £	(Audited) Group As at 31 December 2023 £
ASSETS					
Non-current assets					
Intangible fixed assets		**3,115,983**	2,542,401	3,155,337	3,106,865
Tangible fixed assets		**1,595,074**	1,170,190	456,672	1,159,636
Investments in subsidiary undertakings		**-**	1,109,986	1	-
Investments in associated undertakings		**-**	-	-	-
Total non-current assets		**4,711,057**	4,822,577	3,612,010	4,266,501
Current Assets					
Loans receivable		**-**	-	-	-
Stock		**-**			
Trade and other receivables		**145,320**	234,011	250,620	325,834
VAT Recoverable		**170,565**	-	333,223	-
Corporation tax		**168,527**	168,527	-	168,527
Cash and cash equivalents		**2,729,465**	2,107,936	4,897,457	4,348,887
Total current assets		**3,213,877**	2,510,474	5,481,300	4,843,248
Total assets		**7,924,934**	7,333,051	9,093,310	9,109,749
LIABILITIES					
Current liabilities					
Creditors: amounts falling due within one year		**(457,154)**	(919,086)	(801,221)	(506,258)
Total current liabilities		**(457,154)**	(919,086)	(801,221)	(506,258)
Total assets less current liabilities		**7,467,780**	6,413,965	8,292,089	8,603,491
Creditors: amounts falling due after more than one year		**-**	-	-	(122,475)
Net assets		**7,467,780**	6,413,965	8,292,089	8,481,016
EQUITY					
Shares and stock	**2**	**24,097,059**	24,097,059	22,900,856	23,940,856
Share premium		**60,934,261**	60,934,261	61,291,710	61,220,809
Merger relief reserve		**-**	-	-	-
Accumulated deficit		**(77,563,540)**	(78,617,355)	(75,900,477)	(76,680,649)
Total surplus		**7,467,780**	6,413,965	8,292,089	8,481,016

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Consolidated Statement of Cash Flows

	Note	**(Unaudited) Group Six months Ended 30 June 2024 £**	(Unaudited) Group Six months Ended 30 June 2023 £	(Audited) Company Year ended 31 December 2023 £
Cash flows from operating activities				
Operating (loss)		**(1,164,081)**	(576,574)	(1,531,265)
Adjustments for:				
- Share based payments		**-**	-	40,000
- Amortisation		**9,340**	4,810	16,997
- Depreciation		**20,265**	2,633	41,885
- Goodwill impairment		**-**	-	(712,751)
- Loan Impairment		**-**	(453,017)	-
- Share of associate		**-**	(67,302)	(76,206)
- Fair Value Gain on Equity Investment		**-**	(282,150)	(270,381)
- Loan Interest Charge		**-**	-	-
- Tax Paid		**(39,785)**	-	(58,710)
- Other none cash movements		**-**	(13,635)	-
Changes in working capital:				
- Decrease/(Increase) in trade and other receivables		**9,950**	(14,278)	646,745
- Increase/(decrease) in trade and other payables		**(102,711)**	521,915	62,514
- Tax credits received		**-**	-	166,318
Net cash used in operations		**(1,267,022)**	(877,598)	(1,674,854)
Cash flows from investing activities				
Dividends received from associate		**-**	-	-
Cash for investment in Engsolve		**-**	(572,896)	(575,761)
Cash acquired on acquisition		**-**	466,771	472,580
Loans advanced		**-**	-	-
Purchase of intangible fixed assets		**(18,458)**	-	(48,207)
Purchase of tangible fixed assets		**(455,702)**	(1,512)	(671,415)
Net cash used in investing activities		**(474,160)**	(107,637)	(822,803)
Cash flows from financing activities				
Proceeds from issue of shares		**156,203**	-	1,000,000
Payments of principal under leases		**(29,083)**	-	(30,153)
Net finance costs		**(5,360)**	(205)	(6,200)
Net cash flows used in financing activities		**121,760**	(205)	(963,647)
Net (decrease) in cash and cash equivalents		**(1,619,422)**	(985,440)	(1,534,010)
Cash and cash equivalents at beginning of period		**4,348,887**	5,882,897	5,882,897
Cash and cash equivalents at end of period		**2,729,465**	4,897,457	4,348,887

The figures as presented are not strictly comparable with the prior year period as the comparative figures are non-consolidated, with the Group only coming to effect in 2023 following the acquisition of the remaining interest in Engsolve.

The notes numbered 1 to 5 are an integral part of the half year financial information.

Statement of Changes in Equity

	Ordinary Share capital £	Deferred shares £	Share premium account £	Merger relief reserve £	Accumulated deficit £	Total £
Balance at 1 Jan 2023 (audited)	19,787,071	3,113,785	61,291,710	-	(75,323,903)	8,868,663
Transactions with equity participants:						
- Shares issued on exercise options	-	-	-	-	-	-
- Shares issued on exercise warrants	-	-	-	-	-	-
- Share issues in year	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(576,574)	(576,574)
Balance at 30 June 2023 (unaudited)	19,787,071	3,113,785	61,291,710	-	(75,900,477)	8,292,089
Transactions with equity participants:						
- Shares issued in year	1,040,000	-	-	-	-	1,040,000
Share based payments	-	-	(70,901)	-	70,901	-
Reserve transfer - goodwill impairment				-	-	-
Total comprehensive loss	-	-	-	-	(851,073)	(851,073)
Balance at 31 Dec 2023 (audited)	20,827,071	3,113,785	61,220,809	-	(76,680,649)	8,481,016
Share based payment	-	-	(286,548)	-	286,548	-
Shares issued on exercise warrants	156,203					156,203
Total comprehensive (loss)	-	-	-	-	(1,169,439)	(1,169,439)
Balance at 30 June 2024 (unaudited)	**20,983,274**	**3,113,785**	**60,934,261**	**-**	**(77,563,540)**	**7,467,780**

The following describes the nature and purpose of each reserve within equity:

Deferred shares: Represents the combined total of all deferred shares (0.5p, 4p and 4.5p).

Share premium: Amount subscribed for share capital in excess of nominal value.

Merger relief reserve: Amount subscribed for share capital in excess of nominal value where merger relief applies.

Accumulated deficit: Accumulated deficit represents the cumulative losses of the Company and all other net gains and losses and transactions with shareholders not recognised elsewhere.

The notes numbered 1 to 5 are an integral part of the half year financial information.

Notes (forming part of the half year Group financial information)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information.

1.1. Basis of preparation

This half year consolidated financial information is for the six months ended 30 June 2024 and has been prepared in accordance with International Accounting Standard 34 "Interim Financial Statements". The accounting policies applied are consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (except as otherwise stated). The accounting policies and methods of computation used in the half year financial information are consistent with those of the previous financial year and corresponding half year reporting period (save that, as mentioned above, prior year comparative figures are non-consolidated, with the Group only coming to effect in 2023 following the acquisition of the remaining interest in Engsolve) and with those expected to be applied for the year ending 31 December 2023.

The Group does not consider any new and amended standards that became applicable for the current reporting period to have any impact on the Groups results.

The unaudited results for period ended 30 June 2024 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the period ended 31 December 2023 for the Company are extracted from the audited financial statements which contained an unqualified audit report and did not contain statements under Sections 498 to 502 of the Companies Act 2006.

This half year financial statement will be, in accordance with the AIM Rules for Companies, available shortly on the Company's website.

1.2. Going concern

The Directors have considered all available information about future events when considering going concern. The Directors have prepared and reviewed cash flow forecasts for 12 months following the date of these Financial Statements. The projections show that the Group will have sufficient funding to be able to continue as a going concern on the basis of its cash balances as at 30 June 2024.

The half year financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

1.3. Functional and presentational currency

This half year financial information is presented in £ sterling which is the Group's functional currency.

1.4. Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit and loss account.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the Company holds a long-term interest and where the company has significant influence. The Company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the Company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5. Revenue

The Group provides engineering services for the application of the DMG technology, the intellectual property that the Group owns. Revenue from providing services is recognised in the accounting period in which services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided to the extent to which the customer receives the benefits. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Where a contract includes multiple performance obligations as specified by the work scope, the transaction price will be allocated to each performance obligation based on the estimated expected cost-plus margin.

Estimates of revenues, costs, or extent of progress toward completion of services are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contact liability is recognised.

If a contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice.

2. SHARE CAPITAL

	0.5 p Ordinary shares	**0.5p Deferred shares**	**4.5 p Deferred shares**	**4.0 p Deferred shares**
Balance at 1 January 2024	**4,165,414,135**	**388,496,747**	**17,373,523**	**9,737,353**
Shares issued	**31,240,606**	**-**	**-**	**-**
Balance at 30 June 2024	**4,196,654,741**	**388,496,747**	**17,373,523**	**9,737,353**

The deferred shares have no voting rights and do not carry any entitlement to attend general meetings of the Company. They carry only a right to participate in any return of capital once an amount of £100 has been paid in respect of each ordinary share. The Company is authorised at any time to effect a transfer of the deferred shares without reference to the holders thereof and for no consideration.

3. LOSS PER SHARE

	(Unaudited) As at 30 June 2023 £	(Unaudited) As at 30 June 2023 £	(Audited) As at 31 December 2023 £
Total comprehensive (loss)	**(1,169,439)**	(576,574)	(1,427,648)
Weighted average number of shares	**4,168,693,536**	3,957,414,135	4,025,227,834
Basic loss per share in pence	**(0.03)**	(0.01)	(0.04)
Diluted loss per share in pence	**(0.03)**	(0.01)	(0.04)

4. SHARE BASED PAYMENTS

The expense recognised for share-based payments during the year is shown in the following table:

	(Unaudited) As at 30 June 2024 £	(Unaudited) As at 30 June 2023 £	(Audited) As at 31 December 2023 £
Share based payment charge/(credit) recognised in Income Statement			
Expense arising from equity-settled share-based payment transactions:			
- Share options for Directors and employees	**-**	-	-
- Shares issued for third party services	**-**	-	40,000
Total share-based payment in Income Statement	**-**	-	40,000
Share based payment charge recognised in Share Premium			
- Warrants for third party services	**155,091**	-	78,735
- Warrants lapsed in Jan 24	**(419,138)**	-	(7,834)

Total share-based payment in Share Premium Account	**(264,047)**	-	70,901
Total share-based payment charges/(credits) recognised	**-**	-	110,901
Other share-based payment movements			
Exercise of options by Directors and employees	**-**	-	-
Exercise of warrants for third party services	**-**	-	-
Share Options Lapsed in April 24	**(22,500)**		
Total share-based payment	**(22,500)**	-	-

The were no liabilities recognised in relation to share based payment transactions.

5. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2024 the Company announced it had appointed SP Angel Corporate Finance LLP to act as sole Broker to the Company.