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Powerhouse Energy Group PLC
27 September 2019

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PowerHouse Energy Group plc
("PowerHouse" or the "Company")

Interim results for the six months ended 30 June 2019

PowerHouse Energy Group plc (AIM: PHE), the UK technology company commercialising hydrogen production from waste plastic, announces its unaudited interim results for the six months ended 30 June 2019.

H1 2019 Highlights

Operational

- Signature of agreement for Peel/W2T to develop a site on Peel's Protos Energy park in Cheshire as a 35 tonnes per day facility generating electricity and hydrogen.
- Initiation of engineering and development design on Protos site for planning and permit submission in readiness for next stage of engineering leading to financial close.
- Engagement in successful community engagement and council briefings for Peel Environmental, Protos' site owners.
- The laboratory scale unit became operational and added to Research Demonstrator capability. Company commenced offering third party feedstock testing, laboratory services and consulting services with a short-term plan for operations to become cash positive.
- Appointment of David Ryan as CEO, providing strong leadership and clear direction for Company to secure sales, provide engineering and delivery and operational services.

Financial

- Expenditure in R&D now significantly reduced and other costs brought under tighter control
- Management focussed on project activities associated with first application and other early commercial delivery priorities.
- Funding engagement for pipeline of projects being led by Peel Environmental and Waste2Tricity (W2T).
- Company started first paid engineering consultancy work. The revenue is expected to be recognised in forthcoming accounting period.

Post- Period Highlights

- Signature of collaboration contract with Peel to develop ten further sites.
- Pipeline of opportunities now being developed to mature second and third project to planning stage.
- Waste regeneration design capacity at Protos upgraded:
  - regenerating 35 tonnes per day of waste plastics
  - producing 3.8MWe on site and exporting 3.4MWe; and
  - up to 2 tonnes of hydrogen per day, with some reduction in exported power
- Planning submission completed by Peel for Protos site.
- Efforts now moving on to identification, planning and permitting for follow on sites
- In negotiation with overseas entities for exclusive regional representation.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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About PowerHouse Energy Group plc
PowerHouse has developed a proprietary process technology - DMG® (Distributed Modular Generation) - which can utilise waste plastic, end-of-life-tyres, and other waste streams to efficiently and economically convert them into syngas from which valuable products such as chemical precursors, hydrogen, electricity and other industrial products may be derived. The PowerHouse technology is one of the world's first proven, modular, hydrogen from waste processes.

The PowerHouse DMG® process can generate in excess of 1 tonne of road-fuel quality hydrogen, and more than 81MWh of exportable electricity per day.

The PowerHouse process produces low levels of safe residues and requires a small operating footprint, making it suitable for deployment at enterprise and community level.

PowerHouse is quoted on the London Stock Exchange's AIM Market under the ticker: PHE and is incorporated in the United Kingdom.

For more information see www.powerhouseenergy.net

Interim Results for the six months to 30 June 2019

Chairman's Statement

Introduction

PowerHouse Energy has made further significant progress to commercial operation with the announcement of the proposed development on the Peel Environmental Protos Energy Park and the submission by Peel of the planning permission application.

Our strategy
PowerHouse Energy (PHE) strategy is the design, delivery and licensing of plastic regeneration processes to generate clean low emission energy. The Company's process, Distributed Modular Generation (DMG®), regenerates non-recyclable waste plastic to produce clean syngas for use as:

- replacement for natural gas
- source of hydrogen for fuel cell powered road transport
- in community based distributed power generation
- feedstock in other applications in the chemicals and plastics industries

PHE will sell the process modules, with associated paid services for engineering, licensing and operational support. In addition to DMG® sales and licensing, revenues will be generated by the delivery of technical services, through consulting, pre-sales and support of operations. Furthermore, the company offers customers testing, analysis of different waste feedstocks and also engineering development of solutions in low-carbon energy using the Research Demonstrator and laboratory analysis equipment located at the University of Chester's Thornton Science Park.

Our customers will include project developers and asset owners, waste management companies, material recovery facilities, and community and council operations worldwide.

The Company's principal assets are the design, chemical engineering models and intellectual property defining the key elements of our DMG® technology, augmented by the Research Demonstrator and laboratory testing equipment currently located at Thornton Science Park.

Contract Sales

During the period, Peel Environmental and W2T announced the development of the first commercial operation at the Peel Environmental Protos Energy Park development. The site is at the heart of the North West Hydrogen Hub and Peel envisions more developments with W2T to roll out the technology in the region.

The Protos site has near term potential for taking plastic from local users and supplying them with electricity and this factor has driven W2T and Peel to give precedence in developing this site.

Subsequent to the period end PHE, W2T and Peel have agreed to collaborate to build a further ten projects to follow on the first site.

The initial contract for PHE was to commence design, planning and permitting activities and, subject to financial close, the design, supply and licence of the first operational DMG® process.

Business Development and Sales Pipeline

The Company is in discussions with customers in the UK and internationally to sell its DMG® process with capacities between 25 and 40 tonnes per day of non-recyclable plastic and tyre waste and to generate energy in the form of hydrogen, syngas for industrial consumption and community power.

The pipeline of UK sales opportunities has been augmented by the signature of the 10 site collaboration contract with Peel. The pipeline of other opportunities includes waste management companies, local councils and now industrial users who want to replace the natural gas currently used in their processes with syngas generated from their waste.

With completion of the initial stage work for the Protos site, the application engineering will now focus on moving other customers through to a commitment to engineering development.

International interest in the DMG® technology continues to grow, aided by media engagement, such as recent documentary features on BBC and CNN. The Company is currently negotiating with several overseas parties to act as regional technical licensing partners for DMG® technology.

Technology Development

During the period, the Company has worked on the technology development programme agreed with DNV-GL, the technology certification company, and this has helped design engineering and modelling. As a result of this design, and consulting assignments in Spain producing new empirical data, the Company upgraded production design capacity at the Protos site to 35 tonnes per day waste to produce up to 3.8MWe on site and produce up to 2 tonnes of hydrogen gas for fuel cell vehicles. This 40% increase in production was achieved with only a marginal cost increase to customers' installation costs.

The Intellectual Property protection programme continued through the half year and an initial development of the family of patents is now complete, with statements of invention and claims submitted to the Patent Office and under scrutiny. The Company will incorporate more specific IP arising from the detailed design into further depth in the family of patents.

Financial

The Engineering Design Services contract for Protos, signed in the period, has initiated the first revenue generation for the Company, with income recognition and contract payments to follow later in the year. The Company intends to raise further revenues from feedstock testing for other customers.

The Company is carefully managing expenditures and is budgeting to match expenditures against expected revenues. There is no material effect on the advancement of development projects as these are being funded by customers and the bulk of technology definition has been accomplished with the design completion work in 2018. Subsequent to the reporting period, the Company received research and development tax reimbursements for 2017 and will expect similar refunds for 2018.

We note that the Company's share price has not changed markedly in the period. However, the Board is confident that the Company's recent engagement in paid engineering and external research and testing for customers is leading to a position where a significant proportion of the operational costs and Company overhead will be covered. The financial situation is eased by consultants and service providers having agreed to payments in equity. The funding of the first DMG process, and initiation of development work on customer sites in the coming months, together with agreements with international partners for DMG® technology will have a positive effect on the value in PowerHouse. The Board is confident in the future of the Company and its members have all made financial commitments in waiving fees to achieve this vision.

The Board appreciates the continued support of PHE's shareholders and is making every effort to repay your confidence in the Company and its future.

Dr. Cameron Davies
Non-Executive Chairman

Statement of Comprehensive Income

	Note	**(Unaudited) Six months ended 30 June 2019 £**	(Unaudited) Six months ended 30 June 2018 £	(Audited) Year ended 31 December 2018 £
Administrative expenses		**(865,189)**	(1,164,126)	(2,495,256)
Operating loss		**(865,189)**	(1,164,126)	(2,495,256)
Finance costs		**(219)**	(545)	(178)
Loss before taxation		**(865,408)**	(1,164,671)	(2,495,434)
Income tax credit		**-**	-	144,796
Loss after taxation		**(865,408)**	(1,164,671)	(2,350,638)
Total comprehensive loss		**(865,408)**	(1,164,671)	(2,350,638)
Total comprehensive loss attributable to:				
Owners of the Company		**(865,408)**	(1,164,671)	(2,350,638)
Non-controlling interests		**-**	-	-
Loss per share from continuing operations (pence)	**3**	(0.05)	(0.08)	(0.15)

The notes numbered 1 to 4 are an integral part of the interim financial information.

Statement of Changes in Equity

	Share capital £	Share premium £	Accumulated losses £	Total £
Balance at 1 January 2018 (audited)	8,798,142	48,681,792	(58,281,622)	(801,688)
Transactions with equity participants:				
- Shares issued in lieu of services	89,476	20,526	-	110,002
- Shares issued	1,978,432	-	-	1,978,432
Share based payment	-	-	26,953	26,953
Total comprehensive loss	-	-	(1,164,671)	(1,164,671)
Balance at 30 June 2018 (unaudited)	10,866,050	48,702,318	(59,419,340)	149,028
Transactions with equity participants:				
- Shares issued in lieu of services	122,525	1,475	-	124,000
- Shares issued exercise of options	83,333	69,717	-	153,050
- Share issue	1,324,035	-	-	1,324,035
Share based payment	-	-	239,956	239,956
Total comprehensive loss	-	-	(1,185,967)	(1,185,967)
Balance at 31 December 2018 (audited) (GBP)	12,395,943	48,773,510	(60,365,351)	804,102
Transactions with equity participants:				
- - Shares issued in lieu of services	145,695	1,874	-	147,569
Share based payment	-	-	98,116	98,116
Total comprehensive loss	-	-	(865,408)	(865,408)
Balance at 30 June 2019 (unaudited)	12,541,638	48,775,384	(61,132,643)	184,379

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

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

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 4 are an integral part of the interim financial information.

Statement of Financial Position

	Note	(Unaudited) As at 30 June 2019 £	(Unaudited) As at 30 June 2018 £	(Audited) As at 31 December 2018 £
ASSETS				
Non-current assets				
Property, plant and equipment		**954**	2,290	1,679
Investments		**1**	1	1
Total non-current assets		**955**	2,291	1,680
Current Assets				
Trade and other receivables		**123,997**	238,994	63,996
Contract costs		**71,575**	-	-
Corporation tax recoverable		**144,796**	-	144,796
Cash and cash equivalents		**139,868**	252,628	840,692
Total current assets		**480,236**	491,622	1,049,484
Total assets		**481,191**	493,913	1,051,164
LIABILITIES				
Current liabilities				
Trade and other payables		**(296,812)**	(344,885)	(247,062)
Total current liabilities		**(296,812)**	(344,885)	(247,062)
Net assets		**184,379**	149,028	804,102
EQUITY				
Shares and stock	**2**	**12,541,638**	10,866,050	12,395,943
Share premium		**48,775,384**	48,702,318	48,773,510
Accumulated losses		**(61,132,643)**	(59,419,340)	(60,365,351)
Total surplus		**184,379**	149,028	804,102

The notes numbered 1 to 4 are an integral part of the interim financial information.

Statement of Cash Flows

	Note	(Unaudited) Six months ended 30 June 2019 £	(Unaudited) Six months ended 30 June 2018 £	(Audited) Year ended 31 December 2018 £
Cash flows from operating activities				
Operating loss		**(865,189)**	(1,164,126)	(2,495,256)
Adjustments for:				
- Share based payment		**245,685**	136,955	553,959
- Depreciation		**725**	568	1,179
Changes in working capital:				
- (Increase) / decrease in trade and other receivables		**(60,001)**	(150,499)	24,499
- (Increase) / decrease in contract costs		**(71,575)**	-	-

- Increase / (decrease) in trade and other payables	**49,750**	104,029	6,206
Net cash used in operations	**(700,605)**	(1,073,073)	(1,909,413)
Cash flows from investing activities			
Purchase of fixed assets	-	(257)	(257)
Cash flows from financing activities			
Share issues	**-**	1,978,432	3,402,469
Finance costs	**(219)**	(545)	(178)
Loans repaid	**-**	(1,402,155)	(1,402,155)
Net cash flows from financing activities	**(219)**	575,732	2,000,136
Net (decrease) / increase in cash and cash equivalents	**(700,824)**	(497,598)	90,466
Cash and cash equivalents at beginning of period	**840,692**	750,226	750,226
Cash and cash equivalents at end of period	**139,868**	252,628	840,692

The notes numbered 1 to 4 are an integral part of the interim financial information.

Notes (forming part of the interim 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 interim financial information is for the six months ended 30 June 2019 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") adopted for use by the European Union. The accounting policies and methods of computation used in the interim financial information are consistent with those of the previous financial year and corresponding interim reporting period and with those expected to be applied for the year ending 31 December 2019.

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

The unaudited results for period ended 30 June 2019 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 2018 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 interim 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 the future events when considering going concern. The Directors have reviewed cash flow forecasts for 12 months following the date of these Financial Statements.

The Directors have prepared working capital projections which show that, along with cash balances in hand at 30 June 2019, the agreements for all Directors to waive any future remuneration or fees for themselves for the time being, and indicated support from one of its shareholders (who is also a Director of the Company), the Company will have sufficient funding to be able to continue as a going concern.

In relation to the support of one of its shareholders, the Directors have been provided with a letter of support, where the said shareholder has indicated to the Directors that he intends, for at least 12 months from the date of the approval of the December 2018 financial statements, to make available a maximum sum of £300,000. In addition, the Directors are also of the opinion that they can raise further funds as and when required.

The Directors consider that these should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. If the support of shareholders ceased or the Company was unable to raise further funds it would need to seek alternative finance in order to be able to remain as a going concern.

The Company is historically and currently loss making as it continues its development stage and seeks the commercialisation of its technology. Until such time as the Company becomes self- sustaining with positive operational cashflows management will look to maintain maximum flexibility in the management of its working capital. This will include potentially issuing shares in lieu of cash payments to suppliers and for director's fees.

The interim financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern.

1.3. Functional and presentational currency

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

1.4. Contract costs

The Company recognises costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable. Contract costs are amortised on a basis consistent with the transfer of goods and services to which the asset relates.

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 2019	**1,856,431,621**	**388,496,747**	**17,373,523**	**9,737,353**
Shares issued	**29,138,885**	**-**	**-**	**-**
Balance at 30 June 2019	**1,885,570,506**	**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 affect a transfer of the deferred shares without reference to the holders thereof and for no consideration.

On 1st April 2019 the Company issued 24,146,802 ordinary shares of 0.5p each in the Company to various service providers for the settlement of fees. Of these new Ordinary Shares, 19,840,000 were issued at 0.5p and 4,306,802 were issued at 0.5015p in accordance with the terms of the relevant service agreements. In addition, the Company issued 1,808,333 Ordinary Shares in lieu of fees to its Chief Executive Officer, David Ryan, at a price of 0.6p per share and 3,183,750 Ordinary Shares to Christopher Vanezis, Chief Financial Officer, at 0.5p per share. Following this issue of Ordinary Shares, David Ryan held 7,808,333 Ordinary Shares and Christopher Vanezis held 3,183,750 Ordinary Shares in the Company, which represented 0.41% and 0.17% respectively of the Company's enlarged issued ordinary share capital and voting rights.

On 28th June 2019 the company issued 33,040,000 ordinary shares of 0.5p each at a price of 0.5p in settlement of services provided. In addition, the Company issued 3,266,667 Ordinary Shares in lieu of fees to its Chief Executive Officer, David Ryan, at a price of 0.6p per share and 2,175,000 Ordinary Shares to Christopher Vanezis, Chief Financial Officer, at 0.5p per share. Following this issue of Ordinary Shares, David Ryan held 11,075,000 Ordinary Shares and Christopher Vanezis held 5,358,750 Ordinary Shares in the Company, which represents 0.58% and 0.28% respectively of the Company's enlarged issued ordinary share capital and voting rights.

3. LOSS PER SHARE

	(Unaudited) As at 30 June 2019 £	(Unaudited) As at 30 June 2018 £	(Audited) As at 31 December 2018 £
Total comprehensive loss (GBP £)	**(865,408)**	(1,164,671)	(2,350,638)
Weighted average number of shares	**1,871,001,064**	1,388,586,432	1,541,719,887
Basic Loss per share in pence	**(0.05)**	(0.08)	(0.15)

Share options and warrants in issue are not considered to have any dilutive effect in accordance with IAS 33.

4. SHARE BASED PAYMENT

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

	(Unaudited) As at 30 June 2019 £	(Unaudited) As at 30 June 2018 £	(Audited) As at 31 December 2018 £
Share based payment charge recognised in Profit or Loss			
Expense arising from equity-settled share-based payment transactions:			
- Share options for Directors and employees	**20,116**	21,875	168,399
- Warrants for third party services	**-**	5,078	33,885
- Shares issue for third party services	**225,569**	110,002	351,675
Total share based payment charge in Income Statement	**245,685**	136,955	553,959
Other share based payment movement			
Exercise of share options for Directors and employees	**-**	-	(53,050)
Shares issued for third party services	**(147,569)**	(110,002)	(234,000)
Total share based payment	**98,116**	26,953	266,909

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

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