

**Stock Data**

Share Price: 3.33p  
Market Cap.: £123.7m\*  
Shares in issue: 3,715m\*

\*Post-Placing and Subscription numbers

**Company Profile**

Sector: Alternative Energy  
Ticker: PHE  
Exchange: AIM

**Activities**

PowerHouse Energy Group plc ('the Company', 'PowerHouse' or 'PHE') has developed a proprietary process technology - DMG® - 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. Its technology is one of the world's first proven, modular, hydrogen from waste (HfW) processes.

**1 year share price performance**



Source: [LSE](#)

**Past performance is not an indication of future performance.**

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# PowerHouse Energy Group plc

Powerhouse has confirmed its raising of £5.0m (gross) by way of an oversubscribed placing ('the Placing') and subscription of new ordinary shares at 2.5p each in a transaction arranged by Turner Pope Investments. Significantly, [Peel Holdings \(IOM\) limited](#) ('Peel'), took up 40m subscription shares. The Company's largest investor, the White family, also participated in the Placing sufficient to ensure their 26% holding in the Company was retained, with the balance being taken up by one institutional investor and a small number of private shareholders. Powerhouse's Board consider the funds now raised, in addition to the £0.5m exclusivity payment expected shortly from [Peel L&P Environmental](#), will provide the necessary cashflow for the Company to reach profitability and to implement its wider strategy for international growth. The Company in addition has granted a warrant to Peel, providing a conditional right to subscribe up to c.£10.2 million for up to 10% of the Company at a 10% premium to the Placing Price, upon the exercising of which it is expected to become a cornerstone investor in the Company. Powerhouse's Board considers that the investment by Peel and the institutional investor that took part, provide further endorsement of its pioneering hydrogen production from waste plastic [DMG® technology](#), and enhances Powerhouse's credibility for advancing its development strategy both in and outside of the UK.

## Peel - A strategically important, cornerstone investor

Peel Holding (IOM) Limited and Peel L&P Environmental Limited are part of [The Peel Group](#). Peel L&P Environmental Limited is a major private UK development company that delivers new infrastructure in the waste, mineral and environmental technology sectors, that has worked closely with Powerhouse for more than three years. It has an exclusive license (which can be extended conditional upon payment of a further exclusivity fee of £0.5m) and a partnership arrangement with Powerhouse for the development of DMG® plant at its [54-acre Protos site near Ellesmere Port](#) in Cheshire ('Protos') and has agreed that developed projects will pay an annual licence fee to Powerhouse of £0.5m subsequent to each successful commissioning. Peel has an initial agreement for 11 sites and has identified at least 66 further suitable locations across the UK.

A critical element of this agreement, is that it also allows Powerhouse access to and use of the full design and engineering details of the entire plant being built at Protos, above and beyond that relating to the DMG® technology, as well as unrestricted access to the site during and after construction. This will be of significant value and benefit to Powerhouse in relation to developing its international partnering and licensing agreements. The Company will apply the net funds from today's raise to refine technical aspects and assist Peel to deliver the first commercial-scale DMG® installation at Protos, the first of a number of potential developments alongside Peel, as well as investment in personnel, office and other resources designed as a springboard to capitalise on further UK and international sales and partnership opportunities.

Importantly, Peel's commitment to facilitate Powerhouse getting deeper into the execution should also permit the Company to net a greater portion of its projects as revenue and, quite possibly also enable Powerhouse to optimise margins by taking control of their supply chain.

## Grant of warrant to Peel

Under the terms of the subscription agreement, Powerhouse also agreed to grant to Peel a warrant to subscribe for a further 10% of its issued share capital immediately following Admission of the Placing Shares. This will be exercisable (in whole or in part) within 6 months of financial close of Protos, subject to a long-stop date of 2 years from the date of the grant. The exercise price of the Peel Warrant is 2.75p per share. Peel will be prohibited from trading shares issued upon exercise of the Peel Warrant for a period of 12 months from the date of Admission (subject to customary carve-outs).

As one of the leading infrastructure, transport and real estate investors in the UK, with collective investments owned and under management of more than £5 billion, the Peel Group's willingness to firstly cooperate at an operational/project level and then make a significant investment in the technological process, is an unusual but highly reassuring move for Powerhouse. Given that Peel is one of the country's leading proponents of new innovation in support of a cleaner environment, and that its actions follow significant diligence carried out on DMG® technology and its long-term potential, Powerhouse appears to have identified an ideal partner.

## Hydrogen – The clean energy of choice

Hydrogen is set to play an important role in UK and international clean growth strategies. PowerHouse's proprietary process technology, DMG®, not only offers a more sustainable way to treat plastic waste, but also creates a local source of low carbon transport fuel which will help tackle national air quality issues. Having now formally cemented its relationship with Peel, the Company now expects to see the commercialisation of its pioneering plastic-to-hydrogen technology at the Protos development before it is rolled-out at other sites across the UK and, ultimately, internationally.

## Potential for positive returns within two years

Adoption of its low cost, licence-fee based business model leads TPI to believe that PHE could potentially achieve cashflow breakeven or better, based simply on the commissioning of just two Protos-sized projects (each targeting production of, say, 3.8MWe on site and exporting 3.4MWe electricity when in power-only operation and up to 2 tonnes of hydrogen/day when in combined operation). Considering the lengthy existing project pipeline already negotiated by Peel, together with fees from expected feedstock testing and site-specific engineering design work, TPI considers the recent completion of the W2T acquisition could enable the capital-light Company to start generating returns for shareholders within the next two years, based on its expectation of having two fully operational sites plus a further four under construction by then. During which time Powerhouse will also commence an international licensing roll-out to selected, well-financed partners based on similarly negotiated exclusivity terms it already has in place for the UK.

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