

**Stock Data**

Share Price: 2.93p  
Market Cap.: £108.8m  
Shares in issue: 3,715m

**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 today released its unaudited interim results for the six months ended 30 June 2020. Statements from both the Chairman and CEO summarise the pioneering hydrogen production company's operational, sales, financial and corporate progress that has been recorded to date in 2020, during which time its equity valuation has also undergone a dramatic re-rating. Having recently completed its acquisition of [Waste2Tricity Limited](#) ('W2T'), deepened its strategic partnership with [The Peel Group](#) and significantly strengthened its balance sheet, momentum is expected to remain high for the remainder of this year and into 2021, as Powerhouse moves towards completion of the first, full-scale application of its [DMG® waste plastic to hydrogen technology](#) at the [54-acre Protos site near Ellesmere Port in Cheshire](#) ('Protos'), which is expected to serve as a model for a subsequent roll out both in the UK and worldwide.

## New funding sufficient to carry Powerhouse to profitability

The Company's Directors have stated that they are confident that the £5.0m (gross) fund raise completed on [9 September 2020](#) will secure it financially through the development of the first application at Protos. It will also enable Powerhouse to implement its staffing plan along with the development of management systems detailed in its strategic planning which, taken together the Board considers will permit it to ultimately reach profitability.

## Feasibility studies with international parties underway

International interest in the Company's DMG® technology continued to strengthen as developments at the UK Protos site progressed. While Peel and Powerhouse engineering teams have to date focused largely on the existing project pipeline while identifying prospective 'second tranche' UK site locations, the level of active enquiries from non-domestic parties also potentially interested in adoption of DMG® technology has continued to grow. Powerhouse Directors consider that existing projects in Australia may enter feasibility studies shortly, while one with a Spanish counterpart is already underway. While anticipating that international agreements will likely only be signed following successful completion of Protos, Powerhouse intends to negotiate exclusivity on a territory-by-territory basis with the intention for several overseas parties to act as regional technical licensing partners for DMG® technology in a similar fashion to Peel, with similar associated payments.

## Potential for positive returns within two years

The adoption of a low cost, licence-fee based business model, leads TPI to believe that Powerhouse 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 this time, Powerhouse will also further progress its planned international licensing roll-out to selected, well-financed partners based on exclusivity terms similarly to those it has already negotiated and put in place for the UK.

## Financial Results for the six months six months ended 30 June 2020

Engineering contracts for Protos for the pre-FEED period generated the first working revenues for the Company. These amounted to £100,000 (1H 2019: Nil) in the first half accounts. During the second half, the main engineering services contracts are expected to be enacted, including feedstock testing regimes that were put in place during the year for Peel's industrial partners.

Administrative expenses for the period fell to £643,503 (1H 2019: £865,189) to which acquisition costs of £249,664 (1H 2019: Nil) were added, taking the operating loss for the period to £893,035 (1H 2019 loss: £865,189). Loss per share from continuing operations amounted to 0.04p (1H 2019 loss: 0.05p). Cash flows from operating activities included a substantial increase in trade payables to £411,920 (1H 2019: £49,750) along with financing from share issuance (coming in the form of the exercise of warrants) of £291,719 (1H 2019: Nil). Cash and cash equivalents at 30 June 2020 amounted to £241,162 (30 June 2019: £139,868). Post period on 9 September 2020, Powerhouse raised £5m (gross) through an equity placing and subscription, which the Company will apply the net funds to refine technical aspects and assist Peel in its delivery of the first commercial-scale DMG® installation at Protos.

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