Good Energy Group PLC

Un-audited Interim Results for the 6 months ended 30 June 2018

Strong performance despite challenging market

The continuing business delivered a profit before tax of £2.4m

Good Energy Group PLC ("Good Energy" or "the Company"), an established renewable energy company supplying 100% renewable electricity and green gas to homes and businesses, and providing FIT services for renewable generators, today announces its interim results for the six months ended 30 June 2018.

Period ended 30 June **£m**	**H1 2018** **Continued operations**	**H1 2018** **Discontinued operations**	**H1 2018** **Reported**	**H1 2017** **Continued operations**	**% Change** **Continued operations**
Revenue	**£61.8m**	-	£61.8m	£52.0m	**+18.8%**
Gross Profit	**£18.4m**	£(0.1)m	£18.3m	£14.4m	**+27.8%**
Administration costs	**£(13.8)m**	£(0.6)m	£(14.4)m	£(11.4)m	**+21.2%**
Operating profit	**£4.6m**	£(0.7)m	£3.9m	£3.0m	**+52.3%**
Profit before tax	**£2.4m**	£(0.7)m	£1.7m	£0.7m	**+223.1%**
Net Debt	**£51.4m**	-	£51.4m	£60.4m	**-15.0%**
Cash balance	**£6.1m**	-	£6.1m	£8.1m	**-25.5%**
Basic earnings per share (p)	**10.8p**	-	6.5p	4.7p	**+128.5%**
Interim dividend per share (p)	**1.0p**	-	1.0p	1.0p	**0.0%**

Juliet Davenport, Founder and Chief Executive Officer, said:

"This is a good set of results. I believe this reflects the investment in the senior leadership team and the continued shift in our new business strategy as we move to align to our decentralised energy model of the future.

We continue to roll out digital improvements and upgrades which is beginning to receive positive feedback from our customers on their experience of Good Energy. Our customer service is getting back on track and we continue to listen to our customers to help us improve our future service. The brand and marketing campaign for all of our customers is now taking shape, and will be seen in market from this autumn.

It's an exciting time for Good Energy, with a large addressable market of business customers and the "eco worrier" householders who want to do their bit to stop climate change. We have some great strategic partnerships beginning to take shape and innovative technology solutions being delivered, all of which provide us with strong growth opportunities for both the short term and the longer term."

Financial highlights

Continuing operations

Revenue of £61.8m up 18.8% driven by supply volumes and extreme weather conditions in February and March

- Gross profit of £18.4m increased 27.8% with a gross profit margin of 29.8% (H1 2017: 27.7%) driven by business and domestic gas volumes and the implementation of the domestic price rise earlier in the year
- Profit before tax of £2.4m increased £1.6m despite a one off increase in bad debt provision
- Strong operating cash generation as billing improvements continue throughout 2018
- Partial redemption of Good Energy Bond I following the sale of solar sites in 2017
- Basic Earnings Per Share (EPS) increased significantly to 10.8p (H1 2017: 4.7p)
- Interim dividend of 1.0p in line with prior years (dividend timetable and details of scrip dividend alternative to be announced separately in due course)

Discontinued operations

- The discontinued generation business reported a loss of £0.7m, which includes the £0.5m write down of our investment in Swansea Bay Tidal Lagoon Plc. This increased from £0.3m in H1 2017.
- The Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to nil, following recent news announcements on the future of the project. The investment had a carrying value as at 31 December 2017 of £0.5m.

Business highlights

2018 has been a year of transition and progress where we have continued to perform strongly across our business segments and have seen progress implementing our strategic priorities.

- Performance
  - Customer numbers remain broadly flat in a challenging market while retention rates continue to improve
  - Marketing spend reprioritised in the first half ahead of planned brand relaunch in the second half
  - Increased investment in business sales team delivering a strong customer pipeline

    - Focused marketing, updated tariffs and digital investment starting to drive customer growth in business

- Strategic
    - Well positioned to deliver future growth through implementing our key strategic goals
    - Customer - focused on putting the customers at the heart of everything that we do and striving to make clean energy the natural choice.
        - Brand relaunch planned for the second half
    - Technology – the enabler for customer engagement and growth
        - New app and enhanced digital proposition in 2019 and rollout of SMART technology to customers planned
    - People – the right people, in the right roles to deliver our strategy
        - Executive and Senior leadership team now in place to drive the strategy
    - Partnerships – to invest, innovate and accelerate our growth potential
        - Delivering new customer propositions, including energy storage, SMART metering and electric vehicles

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Notes to editors:

· Good Energy is a pioneering clean energy company, powering the choice of a cleaner, greener future together with its people, customers and shareholders. Having led the way in renewable energy development since 1999 in areas including small and larger scale wind turbines, solar panels, biogen and hydro, and now in technologies like battery storage and electric vehicles, Good Energy is making it easier for people and businesses to make renewable energy part of their lives.

· Good Energy powers homes and businesses with 100% renewable electricity from a community of over 1,400 UK generators and owns and operate two wind farms, including the UK's first commercial wind farm, and six solar farms. In addition, Good Energy offers a green gas product which contains 6% biomethane - gas produced here in the UK from food waste. To make it completely carbon neutral, emissions from the rest of the gas its customers use is balanced through supporting verified carbon-reduction schemes in Malawi, Vietnam and Nepal.

- Established to tackle climate change and help deliver energy security for the UK.
- Founded in 1999 by Juliet Davenport OBE.
- A British company based in Chippenham, Wiltshire.
- Good Energy's electricity comes from local, natural sources like sunshine, wind and rain.
- In 2017 Good Energy's generation output was 87.6GWh (2016: 80.7GWh).
- As at 30 December 2017, Good Energy had over 250,000 domestic and business customers.

Twitter: twitter.com/goodenergy

Facebook: facebook.com/goodenergy.co.uk

Instagram: Instagram.com/GoodEnergy

Website: https://group.goodenergy.co.uk/

Business review

Business update

Good Energy has had a strong start to 2018 despite ongoing challenging conditions within the UK supply market, which continues to witness a number of new entrants looking to compete predominantly on price, as well as experiencing a period of sustained rising commodity prices.

The beginning of the year was dominated by extreme winter weather conditions, as the 'Beast from the East' delivered a sustained cold snap for the UK, meaning the demand for gas soared throughout this period.

We made the proactive decision to implement a price rise earlier in 2018 than in prior years. This allowed us to protect our margins in the short term, in order to be able to reinvest in growth initiatives for the future.

Ahead of our planned brand relaunch in Q3 2018, investment in marketing was lowered in the first half as we looked to reallocate resources to provide greater impact later this year.

Billing has now improved to over 99%, which alongside investment in customer services is continuing to improve the overall customer experience. Customer debt and accrued income are now returning to more normalised levels. We have increased the bad debt provision by a one-off £1.4m to reflect a deterioration in the collection rates of certain customer segments a result of the issues surrounding the billing system implementation and billing delays in 2017.

Overall, we have delivered a strong performance in the first half of 2018 whilst broadly maintaining overall customer numbers, as we ensured that our customers have been at the heart of every decision we have made and we remain on track to deliver a year of financial progress for the Group and meet full year expectations.

Supply

<u>Retail Supply</u>

The UK supply market has continued to be a challenging market place in 2018 as a number of new entrants have entered the market, whilst wholesale commodity prices have continued to rise, increasing by 30% in the period.

However, despite the challenging backdrop in the retail supply market, we have been pleased with the overall performance of the business. Customer numbers have remained broadly flat following good growth in 2017, whilst we are pleased to see improvements in the overall customer retention rate, reflecting the actions we have taken to rectify operational issues from 2017. Billing has now improved to over 99%, which alongside investment in customer services is continuing to improve the overall customer experience.

<u>Business supply</u>

The business supply market performed well, as we increased investment in our team, resources and overall capabilities. Alongside this, we are implementing a new Customer Relationship management (CRM) system from market leader Salesforce, which has enabled the team to make a more targeted approach to growing our customer base. Retention rates continue to be high as the business focuses on profitable and sustainable growth. As a result, we have seen steady improvements in customer numbers, with a strong pipeline ready to go live and drive growth in the second half of the year.

Ahead of our planned brand relaunch, overall marketing spend was reduced in the period as we began to prioritise investment in the second half of the year to deliver an enhanced customer proposition.

Looking ahead, growth in the supply business will be focused on acquiring customers in a targeted manner and enhancing our overall customer experience through an improved digital proposition.

Our aim is to sustainably grow our customer base, whilst improving retention rates and maintaining margin. We will achieve this by having a clear and effective marketing plan and brand promise aimed at driving customer engagement and brand awareness. Our digital proposition will be enhanced through the launch of our new app and improvements to our online portal and customer switching tool.

Generation

Our generation portfolio now consists of 7 solar and 2 wind sites, following the successful sale of Newton Downs at the end of 2017. The focus has shifted to delivering value from our existing sites, where generation levels performed well in the period.

Looking to the future we are committed to working on our existing sites and delivering value to stakeholders. The planned sale of the Brynwhilach solar site is expected to complete in the second half of 2018, which should see the site end up in community ownership longer term.

We continue to take a prudent approach to the value of the generation business, reflecting the underlying economics of each asset. We constantly monitor both the performance and outlook of all of the sites to ensure that our valuation is reflective of current market conditions.

Strategy – 2018 and beyond

As we have continued to grow the business we have continued to focus on our customers and delivering returns for our shareholders, people and future holders; but in order to deliver ongoing sustainable benefits we have to look at how we evolve as a business and adapt to ever changing markets and environments. The world of energy is changing, as we have seen a shift from generation, to supply and even more as we begin to move towards empowering decentralised energy in the future.

As a business, we strive to be at the forefront of this shift from the old world. The old energy model of production is evolving to a new generation of energy services, with customers and technology driving this change. We believe this is an opportunity to invest further in our proven capability and skill sets, to become a leader in this new world.

Energy, or rather the consumption and control of it, is shifting. It is not simply about the proliferation of new energy suppliers and tariffs; it is about the way we use and generate energy in our own homes and businesses. This means that the energy market is changing. More suppliers and more choice, but with a fundamental shift at its core, decentralisation.

Decentralised energy flips the axis of power, as households and businesses begin to generate, store, manage and sell energy rather than simply consume it. People are increasingly energy aware. Solar panels are more affordable. SMART (Self-Monitoring Analysis and Reporting Technology) innovations are allowing homes and businesses to track and manage consumption. Newsworthy price hikes, and a proliferation of price comparison sites and switching services, mean more than ever they're paying more attention to their bills too.

There is an environmental and ethical awakening happening across society, with greater awareness of personal and corporate environmental footprints.

We are committed to providing 100% renewable energy, with the customer and their needs at our core. As we look to take the next steps on our journey, we believe that we are in a good position to deliver this through three key channels;

Technology – as the enabler for customer engagement and growth
People – the right people, in the right roles to deliver our strategy
Partnerships – to invest, innovate and accelerate our growth potential

<u>Customer</u>
We are focused on putting the customers at the heart of everything that we do and striving to make clean energy the natural choice.

Our target market is broadening. Caring about ethics and the environment is not just for “Eco Warriors”. There is a growing number of “Eco Worriers” who want to be part of a movement to “do the right thing”, but in a way that is straightforward and efficient; the customer experience is crucial and we believe that by providing them with a broader proposition through an improved digital offering, with straightforward and trusted customer service is the answer.

Our traditional customers, Eco Warriors, had a passion for sustainability, renewable energy and even Good Energy as a brand. They recognised themselves as trend setters and early adopters and needed help to spread the word and to make these choices normal. But it was hard to be good and harder still to choose Good Energy.

We believe that there is a significant opportunity to not only make it easier for people to be good, but to provide them with the opportunity to make the largest and sustainable impact on their world. From undertaking our own market research, we have been able to quantify this expansion and impact on our own addressable market, with we believe provides us with a significant growth opportunity.

In the domestic market, by expanding to those customer who are looking to do the right thing and not just Eco Warriors, we believe that our potential customer base increases from 2.1m households to 5m households, representing around 20% of the overall market. Similarly in the business market, we believe that by partnering with the right companies who share our values and are looking to make a difference, the addressable market is around 11.5m household equivalents, or 20% of the overall business market.

By providing both businesses and customers with the right product and right service we will be able to reach a wider range of customers and ultimately deliver significant long term growth.

Brand promise – delivering for our customers

In order to deliver this tangibly to our customers, we need to provide an engaging and informative brand that lives and breathes these ideals. We live in a world that’s changing beyond all recognition where making a difference seems impossible, but change doesn’t need endless debates or drastic action and it needn’t feel impossible. We know it is possible and that consumers are already changing their habits; Meat-free Mondays, switching off switches, recycling more rubbish, keeping reusable coffee cups, swerving plastic straws and refusing to carry carrier bags.

We're committed to delivering on our promise too. 100% renewable energy, thermostats that think, batteries that help battle price-surges, and committed staff ready to help our customers do the right thing.

Our brand promise is designed to drive awareness and ensure that clean energy and Good Energy are the natural choice.

We have already begun to focus on this promise through appointing a new digital agency, to deliver a new digital media plan to reach our retail and business segments and our new brand and creative agency will bring the brand promise to life and drive up overall awareness.

Our brand relaunch is planned for Q3 2018 and we look forward to bringing our brand to life, providing an engaging experience for our customers and helping to make clean energy the natural choice.

Technology

The rapid advancement and accessibility of technology has become central to consumers experiences with brands and has become the enabler for overall customer engagement and growth.

In order to continue developing our proposition and engagement with both our existing and potential customers, we will be launching a new app in Q3 2018 alongside an improved online and digital proposition. Not only does this drive engagement with customers, but it helps to build loyalty, enable them to better understand and relate to our brand and ultimately lower customer churn and drive customer lifetime value.

One of our key investments is in the new SMART metering technology, which is allowing households and businesses to track and manage energy consumption. Moreover, the Government has called on all energy suppliers to install SMART meters in 53m British homes by 2020.

Our SMART Programme will use the SMETS2 metering, the most advanced technologies being rolled out, with a setup that will give our home and business customers greater insight and control over their energy use. This second generation of SMART meters start to become a central hub within the home, helping appliances talk to one another, customers to better understand their consumption and for us as a business to better understand our customers. We have entered into an agreement with Smart Metering Systems PLC (SMS) to provide these units, which we will be trialling over the coming months before rolling out to all of our customers in 2019.

Whilst SMART meters are the foundation of this new energy market, it is the data they produce, distilled at the right time, securely, with the required permissions, that provides real customer value. The data will provide with greater insight into our customer's behaviours, preferences and habits. It is this added focus on data across the organisation which is allowing us to develop better business intelligence and integration capability. A better understanding of when our customers consume their power allows us to refine our tariffs and purchase more effectively, allows us to forecast and bill more accurately and provide greater insight to improve customer service and working capital improvements.

Data will empower consumers of all types to understand the potential value of investment in new technologies like energy usage control, storage, electric vehicles and renewable energy.

Ultimately technology allows us to deliver on our brand and customer promises, become more engaged with our customers and help to deliver a truly tailored product to address customer needs.

People

People are key to delivering this change for Good Energy. Reshaping our senior team to provide the right leadership and expertise to help Good Energy to match the change and the challenges in the energy market, to drive both our technology capability and customer experience.

We have assembled a talented team to achieve these goals; our new Executive team, in-house digital expertise, modernised customer care and marketing leadership will accelerate our ability to deliver on our growth plans.

This investment, alongside new executive members in each of these areas, is allowing us to focus on our strategic priorities, drive growth and ultimately provide a better quality service both now and in the future for our customers.

Following our new Executive hires in May and June, we continue to boost our senior leadership team with a number of new hires joining our team in IT & Digital, Marketing and Customer Services departments. The Executive team will now be able to drive our new strategy, delivering key initiatives for 2018/19 including enhanced customer services, a new digital app launch and a new brand and advertising campaign and to drive forward the new strategy.

Alongside enhancing our capabilities, we have also continued to introduce and implement both new and existing systems in order to help our people do a better job for our customers and stakeholders. Upgraded IT systems, new workplace meeting environments and Salesforce CRM capabilities are all providing our people with the tools, platform and environment to produce excellent output and provide an improved experience for our customers on a daily basis.

Partnerships

We have developed a platform to accelerate innovation and bring new products and services to market faster for the benefit of our customers – through a range of partnerships in academia and business. We believe that partnering with the right companies and institutions is the most effective and efficient way to deliver innovative future technologies to our customers and the market.

These high-profile strategic partnerships, with leading lights in industry, technology and research, are beginning to deliver new customer propositions, which include energy storage, SMART metering and Electric vehicles. These continue to progress well and we are already collaborating with Honda, the Eden Project, Salford University and the London School of Economics and several more in discussion. In the medium term, we are continuing to invest in future products and services for empowering home and business users through improved generation, service and analytics, to be a key part of a future decentralised energy market

Alongside these partnerships, we are creating in-house intellectual property generation to build new systems and methodologies, which brings value to the market whilst ensuring that our customers share in the upside of these technologies. We are excited as a team in the progress of our journey towards building the technology required to deliver the new generation of energy and empowering customers through technology and innovation.

Summary

Overall the first half of 2018 was a period of strong performance, as we invested in our senior leadership team and technological capabilities to build the platform to ensure that we are well positioned for future growth and the decentralised market

The business has continued to demonstrate resilience to challenging conditions in the supply market, through diversified activities and we are well placed for developing opportunities in tomorrow's distributed, technology enabled, but uncertain world.

We continue to expect 2018 to be a year of financial progress for the group, as we continue to reshape the business to reflect our view of the future market, as we continue to lead the change from old energy to the new generation.

Financial performance

Profit and loss

Revenue increased by 18.8% in the period to £61.8m (H1 2017: £52.0m) driven by supply volumes following extreme weather conditions at the start of the year, while gross profit increased 27.8% to £18.4m (H1 2017: £14.4m) driven by business and domestic gas volumes and the implementation of the domestic price rise earlier in the year.

Cost of sales increased by 15.4% to £43.4m (H1 2017: £37.6m). This was predominantly driven by a market wide increase in the wholesale commodity prices.

Gross profit margin increased to 29.8% (H1 2017: 27.7%) and operating margin grew strongly to 7.5% (H1: 2017 5.8%).

Administration costs increased 21.2% to £13.8m (H1 2017: £11.4m) primarily because of a one-off bad debt provision increase of £1.4m and continued investment in overall capabilities and resourcing. Finance costs decreased by 1.7% to £2.3m, as we saw the impact of lower borrowing rates and a reduction in overall net debt.

Profit before tax increased by 223.1% to £2.4m (H1 2017: £0.7m).

Cash Flow and Cash Generation

We continue to have a cash generative business model with £4.5m cash generated from operations in a period of billing improvement, an increase from a £5.9m outflow caused by the operational issues in the corresponding period in 2017. Working capital movements are in line with seasonal trends where demand is higher in the first half of the year.

There was a net outflow of £8.5m from financing activities as a result of the partial redemption of Good Energy Bond I following the sale of Newton Downs solar site in 2017, and the repayment of the bank facility supporting the discontinued development business.

Following the strong operational cash performance and repayment of our first bond, overall cash and cash equivalents decreased £7.7m in the period to £6.1m whilst reducing our overall levels of net debt.

Funding and Debt

Good Energy continues to have good access to a range of funding on good terms to support our growth.

Good Energy Bond I was partially redeemed in 2018, with £3.6m continuing in Good Energy Bond I at a lower rate of 4.25% and £4.3m was repaid in March 2018. Following the repayment of Bond I, the reduced interest cost on Bond II will be around £0.3m lower on a comparable annualised basis and is a positive step towards lowering the Company's ongoing financing costs and reducing the gearing ratio over the medium term.

Net debt decreased 15.0% to £51.4m (H1 2017: £60.4m) following the bond repayment with gearing ratio decreasing to 72.8% down from 73.6%.

The Group continues to maintain a robust financial position. We look to ensure we optimise our use of capital by continually reviewing the returns on our assets, balancing operating requirements, investment for growth, and payment of dividends back to shareholders.

Billing & Customer Debt

Following the implementation issues of 2017, the billing system is now fully operational with overall billing at 99% and cash collections are improving.

Overall customer receivables increased by £3.5m to £31.0m from December 2017 driven by higher consumption levels following extreme weather conditions and implementation of the domestic price rise early in the year. We are now beginning to see debt and accrued income returning to more normalised levels.

A systematic review of all outstanding customer balances has been undertaken in the first half of 2018, following the billing delays in 2017.

In order to address these outstanding balances, we have utilised both internal and specialist collections agency resources, as well as improving internal customer services procedures to accelerate our collections. This review highlighted the impact the billing delays had in the deterioration in the collection rates of certain customer accounts where debt was outstanding at the end of 2017.

As a result of this activity, we have increased the bad debt provision by a one off £1.4m in the period, in respect of these specific segments, reflecting the level of risk outstanding above our normal bad debt provision.

Earnings and dividend

Basic Earnings per share increased to 10.8p from 4.7p as a result of the strong performance and increased profitability. In line with prior years and the Group’s policy, an interim dividend of 1.0p has been declared.

Investment valuations

As part of our overall financial review, we continue to monitor the fair value of all of our investments thorough both an understanding of the wider environment in addition to the underlying economics of all assets across the business.

As a result of this process, the Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to Nil, following recent news announcements on government position on offering a contract for difference to the project. The Board have decided that due to the uncertainty regarding ongoing investment in the project and the likelihood of realising a return on the initial investment, it is prudent to reflect this in a lower valuation. Under IFRS 13, this impairment would not be permanent and could be uplifted again should the circumstances change.

The investment had a carrying value as at 31 December 2017 of £0.5m and will be reported under Discontinued Operations.

Financial outlook

In 2018, profits are expected to be weighted towards the first half of the year, in line with cyclical trends and exacerbated by the warmer weather throughout the summer, leading to lower overall consumption. Increased investment is planned for the second half, including the brand relaunch and digital and online capabilities in order to drive future growth.

Overall, we continue to expect 2018 to be a year of financial progress for the Group.

Notes:
To present the performance of the company in a clear and consistent format, unless otherwise stated, all references to revenue, profit, costs, tax and EPS refer to the continuing operations.

Consolidated Statement of Comprehensive Income (Un-audited)

For the 6 months ended 30 June 2018

		Notes	Un-audited 6 months to 30/06/2018 £000's	Un-audited 6 months to 30/06/2017 £000's	Audited 12 months to 31/12/2017 £000's
REVENUE			61,820	52,038	104,509
Cost of Sales			(43,414)	(37,633)	(75,178)
GROSS PROFIT			18,406	14,405	29,331
Administrative Expenses			(13,780)	(11,368)	(23,739)
OPERATING PROFIT			4,626	3,037	5,592
Finance Income			5	19	2
Finance Costs			(2,272)	(2,326)	(4,860)
PROFIT BEFORE TAX			2,359	730	734
Taxation			(619)	28	566
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS			1,740	758	1,300
DISCONTINUED OPERATIONS					
Loss from discontinued operations, after tax		6	(698)	(262)	(4,033)
PROFIT/(LOSS) FOR THE PERIOD			1,042	496	(2,733)
Other comprehensive income for the period, net of tax			-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			1,042	496	(2,733)
Earnings per share	- Basic	8	6.5p	3.1p	(17.1p)
	- Diluted	8	6.4p	2.9p	(17.1p)
Earnings per share from continuing operations	- Basic	8	10.8p	4.7p	8.1p
	- Diluted	8	10.7p	4.5p	7.7p

Consolidated Statement of Financial Position (Un-audited)

As at 30 June 2018

	Notes	Un-audited 30/06/2018 £000's	Un-audited 30/06/2017 £000's	Audited 31/12/2017 £000's
ASSETS				
Non-current assets				
Property, plant and equipment		51,829	62,393	52,973
Intangible assets		3,499	3,694	3,544
Restricted deposit assets		4,168	3,085	3,220
Available-for-sale financial assets	5	-	500	500
Total non-current assets		59,496	69,672	60,237
Current assets				
Inventories		10,284	6,676	9,881
Trade and other receivables		35,211	25,581	32,698
Cash and cash equivalents		6,059	8,132	13,720
Current assets held for sale	6	5,453	5,952	5,553
Total current assets		57,007	46,341	61,852
TOTAL ASSETS		116,503	116,013	122,089
EQUITY AND LIABILITIES				
Capital and reserves				
Called up share capital		826	825	826
Share premium account		12,652	12,546	12,652
EBT shares		(804)	(1,015)	(946)
Retained earnings		6,526	9,288	5,553
Total equity attributable to members of the parent company		19,200	21,644	18,085
Non-current liabilities				
Deferred taxation		352	600	145
Borrowings		59,132	57,413	56,044
Provision for liabilities		1,250	-	1,250
Total non-current liabilities		60,734	58,013	57,439
Current liabilities				
Borrowings		2,445	14,226	13,894
Trade and other payables		34,124	22,130	32,671
Total current liabilities		36,569	36,356	46,565
Total liabilities		97,303	94,369	104,004
TOTAL EQUITY AND LIABILITIES		116,503	116,013	122,089

Consolidated Statement of Changes in Equity (Un-audited)

For the 6 months ended 30 June 2018

	Share Capital £000's	Share Premium £000's	Other Reserves £000's	Retained Earnings £000's	Total £000's
At 1 January 2017	825	12,546	(1,015)	8,689	21,045
Profit for the period	-	-	-	496	496
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	496	496
Share based payments	-	-	-	148	148
Tax charge relating to share option scheme	-	-	-	(45)	(45)
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	103	103
At 30 June 2017	825	12,546	(1,015)	9,288	21,644
At 1 July 2017	825	12,546	(1,015)	9,288	21,644
Loss for the period	-	-	-	(3,229)	(3,229)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(3,229)	(3,229)
Share based payments	-	-	-	115	115
Tax credit relating to share option scheme	-	-	-	(61)	(61)
Issue of ordinary shares	1	106	-	-	107
Exercise of options	-	-	69	(31)	38
Dividend paid	-	-	-	(529)	(529)
Total contributions by and distributions to owners of the parent, recognised directly in equity	1	106	69	(506)	(330)
At 31 December 2017	826	12,652	(946)	5,553	18,085
At 1 January 2018	826	12,652	(946)	5,553	18,085
Profit for the period	-	-	-	1,042	1,042
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,042	1,042
Share based payments	-	-	-	127	127
Tax charge relating to share option scheme	-	-	-	(69)	(69)
Sale of shares by EBT	-	-	142	(127)	15
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	142	(69)	73
At 30 June 2018	826	12,652	(804)	6,526	19,200

Consolidated Statement of Cash Flows (Un-audited)
For the 6 months ended 30 June 2018

	Notes	Un-audited 30/06/2018 £000's	Un-audited 30/06/2017 £000's	Audited 31/12/2017 £000's
Cash flows from operating activities				
Cash inflow from continuing operations		4,460	(5,533)	4,040
Cash outflow from discontinued operations	6	-	(403)	(4,013)
Finance income		5	19	2
Finance cost		(2,111)	(2,696)	(5,125)
Income tax repaid		-	167	167
Net cash flows from operating activities	9	2,354	(8,446)	(4,929)
Cash flows from investing activities				
Purchase of property, plant and equipment		(135)	(5,568)	(4,828)
Purchase of intangible fixed assets		(429)	(435)	(752)
Deposit into restricted accounts		(948)	(254)	(389)
Disposal of subsidiaries		-	5,795	9,769
Net cash flows used in investing activities		(1,512)	(462)	3,800
Cash flows from financing activities				
Payments of dividends		-	-	(459)
Proceeds from borrowings		1,147	11,408	19,646
Repayment of borrowings		(9,620)	(595)	(10,518)
Capital repayment of finance leases		(45)	(62)	(147)
Sale of own shares		15	-	38
Net cash flows from financing activities		(8,503)	10,751	8,560
Net increase/(decrease) in cash and cash equivalents		(7,661)	1,843	7,431
Cash and cash equivalents at beginning of period		13,720	6,289	6,289
Cash and cash equivalents at end of period		6,059	8,132	13,720

Notes to the Interim Accounts

For the 6 months ended 30 June 2018

1. General information and basis of preparation

Good Energy Group PLC is an AIM listed company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company's registered office and its principal place of business is Monkton Reach, Monkton Hill, Chippenham, Wiltshire, SN15 1EE.

The Interim Financial Statements were prepared by the Directors and approved for issue on 11th September 2018. These Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors on 11 April 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain statements under 498 (2) or (3) of the Companies Act 2006 and did not contain any emphasis of matter.

As permitted these Interim Financial Statements have been prepared in accordance with UK AIM rules and the IAS 34, 'Interim financial reporting' as adopted by the European Union. They should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017 which have been prepared in accordance with IFRS as adopted by the European Union. The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 December 2017, as described in those Annual Financial Statements. The significant new accounting standards or amendments to existing standards which have become effective during the year are:-

IFRS 9 – Financial instruments
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The loss allowance policy applied in the Annual Financial Statements for the year ended 31 December 2017 is consistent with the new IFRS 9 standard, therefore there is no change in valuation to note to either the current or comparative periods as a result of the application of the new accounting policy.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to

fulfilling a contract. In addition, the standard requires extensive disclosures and these will be included in the Annual Financial Statements for the full year.

Management have carried out a detailed review of the nature and effect of the changes to IFRS 15 on the existing contracts with customers and concluded that there is no material impact on the financial statements of the Group compared to the previous accounting policy.

Certain statements within this report are forward looking. The expectations reflected in these statements are considered reasonable. However, no assurance can be given that they are correct. As these statements involve risks and uncertainties the actual results may differ materially from those expressed or implied by these statements.

The Interim Financial Statements have not been audited.

2. Going-concern basis

The Group meets its day to day capital requirements through positive cash balances held on deposit or through its bank facilities. The current economic conditions continue to create opportunities and uncertainties which can impact the level of demand for the Group's products and the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of the possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3. Estimates

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this set of condensed Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements for the year ended 31 December 2017.

4. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, currency risk, credit risk and liquidity risk. The condensed Interim Financial Statements do not include all financial risk management information and disclosures required in the Annual Financial Statements. They should be read in conjunction with the Annual Financial Statements as at 31 December 2017.

5. Equity investment

Available-for-sale financial assets £nil (for the six months to 30 June 2017: £500,000 and for the full year 2017: £500,000) relate to an investment in the unlisted securities of Swansea Bay Tidal Lagoon plc.

As a result of periodic monitoring of the fair value of the Group's assets, the Board has decided to write down the value of our investment in Swansea Bay Tidal Lagoon plc to Nil, following recent news announcements on the government position on offering a Contract for Difference (CFD) to the project. The impairment of the value of the investment is disclosed in discontinued operations.

6. Discontinued operations

As announced in the previous financial year, the Group is discontinuing its Generation Development activities and continues to explore a number of potential options to realise value from the portfolio of development sites. The results of this segment are shown in the segmental analysis of the Group statement of comprehensive income in note 7.

The major class of assets of the Generation Development segment relate solely to Generation development site inventories. These assets are included in current assets held for sale on the consolidated statement of financial position and at 30 June 2018 are valued at £1.3m (for the six months to 30 June 2017: £6.0m and for the full year 2017: £1.3m).

7. Segmental analysis

H1 2018	Electricity Supply £000s	FIT Administration *£000s*	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Holding Company/ Consolidated Adjustments £000s	**Total – Continuing Operations £'000's**	Generation Development (Discontinued) £000s	**Total £000s**
Revenue	40,096	2,418	16,932	59,446	4,412	(2,038)	**61,820**	8	**61,828**
Cost of sales	(30,715)	(1,824)	(10,677)	(43,216)	(2,236)	2,038	**(43,414)**	(123)	**(43,537)**
Gross profit	9,381	594	6,255	16,230	2,176	-	**18,406**	(115)	**18,291**
Gross margin	23%	25%	37%	27%	49%	0%	**30%**	n/a	**30%**
Admin costs				(11,750)	(163)	(1,867)	**(13,780)**	(583)	**(14,363)**
Operating profit/(loss)				4,480	2,013	(1,867)	**4,626**	(698)	**3,928**
Net finance costs				2	(1,847)	(422)	**(2,267)**	-	**(2,267)**
Profit/(loss) before tax				4,482	166	(2,289)	**2,359**	(698)	**1,661**
Taxation				(596)	(39)	16	**(619)**	-	**(619)**
Net profit/(loss) for the period				3,886	127	(2,273)	**1,740**	(698)	**1,042**
Depreciation & amortisation				(583)	(1,277)	(69)	**(1,929)**	-	**(1,929)**

EBITDA	5,063	3,290	(1,798)	**6,555**	(698)	**5,857**

EBITDA is calculated using operating profit before exceptional costs and any depreciation or amortisation charges in the year.

H1 2017	Electricity Supply £000s	FIT Administration £000s	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Holding Company/ Consolidated Adjustments £000s	**Total – Continuing Operations £'000's**	Generation Development (Discontinued) £000s	**Total £000s**
Revenue	32,407	2,619	14,340	49,366	4,377	(1,705)	**52,038**	8	**52,046**
Cost of sales	(25,949)	(1,576)	(9,386)	(36,911)	(2,427)	1,705	**(37,633)**	70	**(37,563)**
Gross profit/(loss)	6,458	1,043	4,954	12,455	1,950	-	**14,405**	78	**14,483**
Gross margin	20%	40%	35%	25%	45%	0%	**28%**	n/a	**28%**
Admin costs				(10,478)	579	(1,469)	**(11,368)**	(340)	**(11,708)**
Operating profit/(loss)				1,977	2,529	(1,469)	**3,037**	(262)	**2,775**
Net finance costs				(28)	(2,265)	(14)	**(2,307)**	-	**(2,307)**
Profit/(loss) before tax				1,949	264	(1,483)	**730**	(262)	**468**
Taxation				(6)	103	(69)	**28**	-	**28**
Net profit/(loss) for the period				1,943	367	(1,552)	**758**	(262)	**496**
Depreciation & amortisation				(654)	(1,310)	286	**(1,678)**	(1)	**(1,679)**
EBITDA				2,631	3,839	(1,755)	**4,715**	(261)	**4,454**

8. Earnings per share

The calculation of basic earnings per share at 30 June 2018 was based on a weighted average number of ordinary shares outstanding for the six months to 30 June 2018 of 16,063,243 (for the six months to 30 June 2017: 15,988,964 and for the full year 2017: 16,006,272) after excluding the shares held by Clarke Willmott Trust Corporation Limited in trust for the Good Energy Group Employee Benefit Trust.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. When the vesting of these awards is contingent on satisfying a service or performance condition, the number of the potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive ordinary shares are actually dilutive only when the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards). The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares over the six month period to 30 June 2018 was 140p (for the six months to 30 June 2017: 250p and for the full year 2017: 230p). The dilutive effect of share-based incentives was 199,221 shares (for the six months to 30 June 2017: 866,206 shares and for the full year 2017: nil).

9. Net cash flows from operating activities

The operating cashflow for the six months to 30 June 2018 is an inflow of £2.0m (for the six months to 30 June 2017: £8.4m outflow and for the full year 2017: £4.9m outflow). The difference in the cashflow between the half year 2018 and it's comparative for the same period is mainly due to trade receivables and accrued income which were temporarily elevated as a result of the new billing system implementation.

10. Related party transactions

During the period, the Group entered into an arm's length agreement with Martin Edwards for the provision of consultancy services related to the evaluation of emerging renewable energy technologies and related products and services. The agreement commenced on 1 June 2018 and can be terminated by either party on 1 months notice. The contracted annual value of the consultancy services is £18,000. Martin Edwards is a non-executive director of Good Energy Ltd and a former director of Good Energy Group plc.

As at 30th June 2018, Tidal Lagoon Power Ltd owed the Group £22,987 in respect of electricity supplied to its head office. The electricity was supplied by the Group in the ordinary course of its business and on arm's length rates and terms. The CEO of Tidal Lagoon Power Ltd is Mark Shorrock, the husband of Juliet Davenport.