good energy

INTERIM REPORT

to Shareholders for the six months ended 30 June 2017.

2017

Key Highlights
Interim Report for the six months ended 30 June 2017

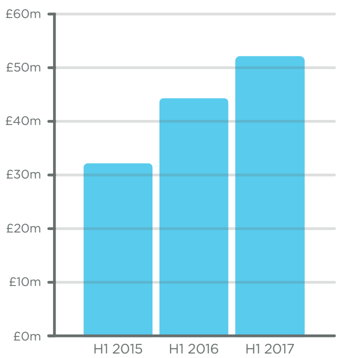
"Our Interim Report contains our results for the six months ended 30 June 2017. 2017 is a year of transition as we continue to invest and evolve the company in order to protect the profitability of our business model for our stakeholders in a fiercely competitive and dynamic market."

John Maltby
Chairman, Good Energy

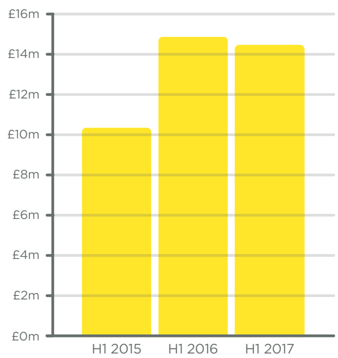
Financial Highlights (continuing operations)

- Revenue is up 16% to £52.0m (H1 2016: £44.8m) driven by business volume consumption growth.
- Gross profit of £14.4m (H1 2016: £14.8m); gross profit margin of 28% (H1 2016: 33%), reflecting lower gas usage, the increasing proportion of lower gross margin business customers in our customer mix, and our decision to freeze price rises until March.
- Profit before tax decreased 37% to £0.7m (H1 2016: £1.2m), including restructuring and investment costs of £0.9m year to date.
- £16.8m gross funds raised from our second corporate bond, reducing our ongoing financing costs.
- Net debt at £60.4m as at 30 June 2017 following success of Good Energy Bonds II (H1 2016: £50.7m).

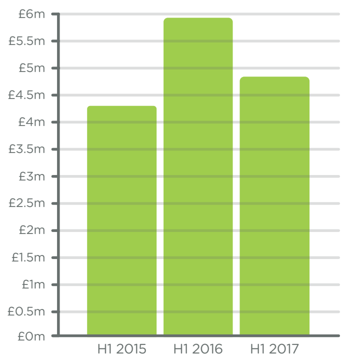
Revenue:
up **16%**
to **£52.0m**



Gross profit:
down **3%**
to **£14.4m**



EBITDA:
down **21%**
to **£4.7m**



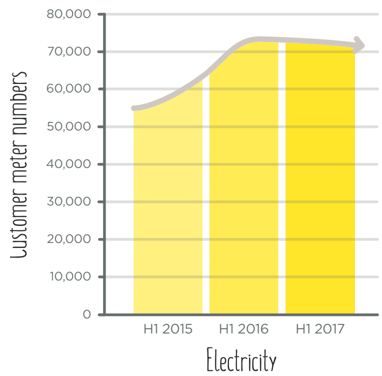
Operational Highlights

Continued strong demand from new business customers with Neal's Yard Remedies, BAFTA and Hay Festival recently signing up. Half-hourly volume supplied increased 103%.

- Total customer meters increased by 5% up to 251,800 (H1 2016: 239,750) driven by a growth in Feed-in-Tariff ("FIT") customer meters.
- Electricity and gas meters both decreased slightly from H1 2016 and are down by a combined 1% due to higher churn from maturing collective customer switch deals.
- The first phase of restructuring Good Energy to make it more efficient and Fit-for-Growth is well underway. Annualised savings of £1m already delivered in 2017, with further cost and efficiency savings expected in 2018.

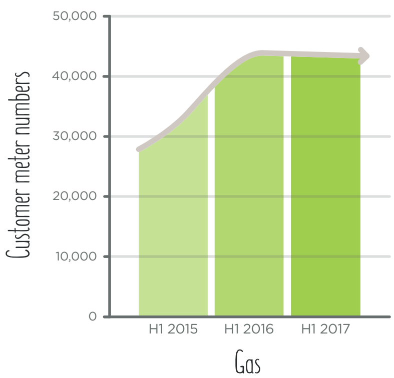
Electricity customers: numbers down

2% to **71,250**



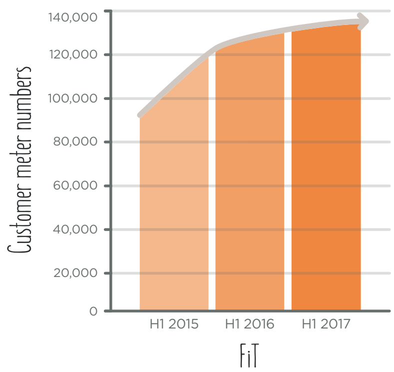
Gas customers: numbers down

1% to **42,750**



Feed-in-Tariff administration: sites grew

11% to **137,900**



Chief Executive Officer's Review

Overview

Good Energy was founded in 1999 to provide homes and businesses with the choice to be part of a sustainable solution to climate change. Since then we have grown profitably and delivered consistently on this ambition, and in so doing have proven that renewable energy can be a commercial success story. As we continue to grow, we recognise that we need to invest and evolve the Company in order to protect the profitability of our business model for our stakeholders in a fiercely competitive and dynamic energy market.

In March 2017, we announced important changes to how we will achieve and measure our long-term growth ambitions. This included a significant restructuring of our business, designed to reduce our long term cost base by simplifying our operating model and upgrading our systems and processes. Rather than focusing on specific customer growth targets and chasing high volumes of customer growth at the expense of margin, Good Energy is targeting sustainable, profitable growth through improved operational efficiency, enhanced digital customer service capabilities, and the development of new revenue streams from propositions that will accelerate the acceptance and widespread adoption of electric vehicles (EV) and emerging clean energy technologies including battery storage.

To deliver sustainable profitable growth we have reviewed the internal efficiency of the business and as a result in the first half of 2017 we have implemented the first phase of our reorganisation. This has meant changes to our organisational structure and investment in our systems and digital capabilities like our Customer Information System ("CIS"), which will continue to be the focus for the second half of the year. This ongoing efficiency initiative is our 'Fit-for-Growth' programme which has already delivered annualised administration cost savings of £1m in the first six months of 2017. We expect this programme to continue into 2018 and to see further benefits from this plan coming through next year.

The implementation of our new CIS is critical to ensuring that we are prepared for implementing SMART metering, enhancing customer experience, and reducing our costs to serve. Our CIS will also provide the platform around which we will add our wider propositions on EV's and battery storage. As expected with a systems change there have been some challenges and some delays to issuing bills which has resulted in lower operational cash flow than normal. We have a dedicated team resolving these billing issues and expect the system to be fully bedded in by the end of the year.

As part of a wider strategy to reduce our ongoing financing costs, our second corporate bond, offered at an interest rate of 4.75%, was a success and raised £16.8m. We are encouraged by the support we continue to receive from our customers and investors. The proceeds will now help fund our next phase of growth initiatives in battery storage, EV and business consultancy.

In March 2017, we also announced that we were stopping all further generation development activities. This was due to the continued lack of support from the Government for UK onshore wind and large scale solar. Following the completion of our two final subsidy eligible solar farms, our focus has shifted to working on existing sites and producing value to our stakeholders where possible. We are already pursuing alternative routes to sourcing renewable power and in March completed an agreement with DONG Energy, to buy power from their offshore wind farm Westermost Rough. This is a great example of where we work in partnership with others to continue to deliver 100% renewable electricity as our customer base grows.

We operate in an increasingly competitive market and one where the demand for green energy tariffs continues to grow as our business volume consumption growth of 103% demonstrates. That said, growth in domestic electricity and gas customers were lower than we have achieved over the last five years. This was due to a slowdown in our marketing initiatives while we resolved initial issues with our new CIS which is expected to be fully operational by the end of 2017. The second factor was higher customer churn which was driven by a combination of collective switching deals completed in previous years maturing and record switching rates experienced across the marketplace. Our Fit-for-Growth programme is key to ensuring that Good Energy adapts to these market conditions, offering competitive propositions, increasing our market penetration, whilst maintaining our margins.

Despite domestic customer growth over the period not matching the average levels achieved over the last five years we are pleased with the progress we are making in the business market, particularly with small and medium enterprises ("SMEs"). Whilst the gross margin of this customer type is lower than domestic customers, the gross profit contribution per customer is higher. This is because of the higher volumes supplied to these customer types and we are confident that with the efficiency and cost-to-serve saving initiatives underway, we are making progress towards improving Good Energy's long-term profitability.

Strategy and business model

The UK energy market continues to evolve rapidly and our business model must evolve with it to take advantage of emerging opportunities consistent with our purpose. Accordingly we are prioritising the following strategic imperatives and evolving our business model in the following ways:

Protect, evolve and grow our core business

The market for green renewable energy in the UK is expanding rapidly. Support for renewable energy has remained around 75%-80% and in the last two years the number of green tariffs has almost tripled. This is driven by an ever-increasing realisation among consumers and organisations that the choice of their energy supplier can have a meaningful impact towards tackling climate change.

Good Energy is continuing to adapt so we remain well placed to benefit from these ongoing trends and achieve a differentiated market position as a trusted and fair customer-focused supplier, whose long-term ambitions are driven by a clear purpose. We focus on our customer lifetime value, competing on delivering value through proposition development and award winning customer service. Through this approach, we can invest in the solutions that will accelerate the zero carbon transition of the UK's energy market.

As seen in almost every market today, customer expectations are changing, with digital now at the forefront of the experience. Through the investment in our new CIS we have not only created a platform that can handle more than 750,000 customers but also laid the foundations for a truly digital customer experience.

By bringing digital to the forefront, we hope to enable a range of new smart services and solutions for our domestic and business customers, while at the same time lowering our cost to serve and driving engagement. These could include more personalisation of our propositions such as demonstrating the contribution each customer has made to a greener grid, a slicker more intuitive user interface centred around self-serve expected to be rolled out in the year ahead, with more to come as the technology behind battery storage and metering evolve. In addition, by mining our digital information we are able to continue improving our understanding of our customers and therefore the products and services that we provide, identifying new sources of business growth and opportunities to deliver greater efficiency.

We believe there is significant scope to grow our small medium enterprise ("SME") customer base as companies increasingly look to demonstrate their commitment to sustainability. We have invested in a new digital online quoting tool, which went live in June, as well as a new sales team. These investments are already delivering results with new customers such as Neal's Yard Remedies, BAFTA and Hay Festival signing up recently.

SME customer growth is expected to accelerate in the last quarter of this year as the new sales team starts to proactively target customers with more competitive pricing as a result of our improved cost model. Local tariffs will also be a focus as we look to support local businesses with local power.

Build momentum in new businesses and provide solutions to accelerate the transition to a zero carbon future

As the transition to a zero carbon future gathers pace, Good Energy believes that it has a broader role to play as a market enabler for domestic customers, businesses and communities. With clean technology developing so rapidly, and a wide range of solutions available, there is a lack of practical and impartial advice and propositions that provide a commercial benefit to consumers and organisations.

Consistent with our core purpose of creating and promoting the conditions for a zero carbon future, we are conducting detailed assessments of the available technologies and options that support our purpose.

As a result, we have decided to explore opportunities to generate new business and revenue from green business consultancy and focus on commercial solutions and propositions, working with technology providers and our customers to accelerate the acceptance and wider adoption of EVs and emerging technologies in battery storage solutions for businesses, infrastructure and transport markets. To do this we will be supporting and advising on electric vehicle systems, flexibility systems including battery storage and on-site renewable energy systems.

From a consumer perspective, this could involve advice around the sourcing, installation and management of a home EV charging and tariff solution.

For a business, it could be how to use "behind the meter" storage solutions to better manage generation from renewable assets, consumption or change the cost structure of sourcing 100% renewable energy from us.

We are currently working through the technical storage solution for one of our long standing supply customers with a view to getting contractual terms signed in October and ground works started in November this year. This will be the first of many storage projects we will undertake for our customers and shows an innovative commercial approach to a growing market.

We will also be rolling out a commercial EV charging solution to the market in the next three months, allowing business and customers to conveniently charge their EV's at work and in public places and |have launched our new EV tariff designed to make charging your EV with 100% renewable electricity more affordable.

Our B2B FiT function has been streamlined significantly to deliver an even better solution to our customers, delivering weekly reporting and a registration timeline unrivalled in the industry. We have already seen that these changes have attracted more interest in our service with over 10,000 meters (10% of our existing base) expected to be signed up this quarter.

We believe our approach represents a win, for customers, investors, and the planet and we intend to structure our business model to ensure our interests align with the way the needs of our customers develop over the long-term.

Generate future business opportunities from digitalisation

As we look to a time when all customers are on smart meters with fully digital customer engagement, we believe another layer of solutions will emerge that enable ever greater segmentation and personalisation for consumers and businesses, enabling greater differentiation in an increasingly crowded market place and diversity in our business model.

The infrastructure required to enable this is not yet ready. However the streamlining of our core business and proposition development in the growth areas outlined above will ensure we are well positioned to achieve our growth ambitions and deliver value to our stakeholders in a way that is aligned to our purpose.

Regulatory, political and market environment

After two years of downgrading financial and policy support for renewables, the Conservative government has recently made a number of announcements supporting technologies that will help accelerate the UK energy industry to a modern, decentralised and low carbon structure. Investment in battery storage development and smart energy system innovation, as well as support for EVs by banning all new petrol and diesel cars and vans from 2040, are all welcome steps by the Government in the right direction. We think this evolution is a good way forward and with the opportunities it creates and we believe our new strategy will put us at the heart of this new landscape.

The other key focus for politicians in the energy sector ahead of the general election in June 2017 was the potential introduction of a price cap for standard variable tariffs. We could see a number of consumer and competition issues with a universal price cap and are therefore pleased that Ofgem is focussing the measure on vulnerable consumers. At Good Energy, we would also support a relative price cap putting a limit on price between suppliers' cheapest and most expensive tariffs. We believe this is a simple solution to make the energy market fairer and to avoid one group of customers being subsidised by another. We also believe there are improvements to be made around informing people on customer service, the makeup of green products and the ethics of businesses so they can make a more informed choice.

Juliet Davenport, OBE
Chief Executive Officer (CEO) and founder, Good Energy

"So far in 2017 we've made very good progress on the strategic direction of Good Energy by adapting our business model in a highly competitive and dynamic energy market."

Chief Financial Officer's Review

Financial performance

For the continuing business (excluding discontinued operations for generation development), consolidated revenue increased by 16% to £52.0m (H1 2016: £44.8m) with the majority of the increase attributed to the electricity supply business. Within electricity supply the increase is largely due to the increasing proportion of revenue supplied to business customers. We expect there to be continued growth opportunities in the near term, particularly for SME customers.

The consolidated gross profit decreased 3% to £14.4m (H1 2016: £14.8m) delivering a gross margin of 28% (H1 2016: 33%). This decrease in gross profit and margin was driven by a number of factors. A greater proportion of the revenue received was from business sales which, due to the larger volumes supplied, are able to be delivered at lower gross margins. Margin was also impacted by our price rise being postponed for as long as possible for the benefit of customers during winter and to support customer retention.

The price change came in to effect at the start of March on the back of increased wholesale and industry costs. The drop in Electricity Supply gross profit was greater than expected due to flat domestic customer growth and lower gas usage by our customers compared to the first half of the prior year. FiT margins also softened as expected, as a result of a lower proportion of revenue being contributed by new customers which qualify for a greater administration fee receivable in the first year of sign up.

Overall administration expenses remained flat on the previous half year at £11.4m (H1 2016: £11.4m). Continued investment in the new CIS, digital capabilities and restructuring was at £0.9m in the first half of 2017 which was a similar level to H1 2016. This investment was part of the first phase of our Fit-for-Growth programme (Evolution) to improve the long-term profitability of the Company which we will complete in 2017 and which has already delivered £1m of annualised savings. In 2018 we will move into the second phase of Fit-for-Growth (Revolution) which will focus on reducing our costs to serve and making further efficiencies in our support areas and these additional savings will be seen in 2018 results and beyond. In H1 2017 underlying cost growth of 5% was partially offset by the sale of Oaklands solar farm as the profit on sale is reflected in administration costs.

EBITDA decreased by 21% to £4.7m (H1 2016: £6.0m) and operating profit decreased by 11% to £3.0m (H1 2016: £3.4m) with both impacted by our margin contraction.

Net finance costs rose by 3% to £2.3m (H1 2015: £2.3m) as borrowings on Group facilities marginally increased as operational cash flow was impacted by some delays in billing.

Profit before tax decreased 37% to £0.7m (H1 2016: £1.2m) and included our investments and decreased gross margin as explained above. H1 2016 included the profit on sale of Wrotham Heath of £0.5m.

The Board is pleased to announce an interim dividend of 1p per ordinary share for the period 30 June 2017 (H1 2016: 1p). As in previous periods, the Board is offering shareholders the opportunity to elect to receive dividends in the form of new shares in the Company as an alternative to a cash dividend payment. The dividend timetable will be announced separately.

Total Assets increased 16% to £116.0m (H1 2016: £99.6m) due to increased trade receivables which reflects a temporary increase in debtors as billing has been delayed following the implementation of the new CIS.

Total borrowings increased by 18% to £71.6m (H1 2016: £60.5m) as we completed our second successful corporate bond raise for £16.8m of which £6.5m was rolled over from investors in our first corporate bond.

The share premium account remained at £12.5m (H1 2016: £12.6m) with no share offers completed during the period.

Operational cash outflow was £8.4m (H1 2016: an inflow of £0.4m). This outflow is higher than we would normally expect in the first half of the year due to the implementation of the new CIS which resulted in customer billing delays. We estimate that these delays had a negative impact of around £10m on our cash flow, the steps taken to stabilise the CIS will improve our operational cash flow in the second half of the year.

The existing working capital overdraft facility with Lloyds Bank was renewed and extended in April 2017 with a £5m increase in the facility to £12.5m. This facility was undrawn as at 30 June 2017.

Generation and development

Good Energy currently owns and operates eight solar sites and two wind farms with a total of 57.5MW (H1 2016:52MW) of installed capacity.

In the first half of 2017 we successfully completed two new 5MW solar sites, "Newton Downs" in Devon and "Brynwhilach" near Swansea. The completion of these projects was an important step towards maximising the value of our development activities over the past five years for our stakeholders. We take a prudent approach to the valuation of our operational generation assets and record them at cost of development less accumulated depreciation, rather than at the current market value.

In January, 2017, we completed the sale of our 5MW Oaklands solar site to Eneco UK Limited for £5.8m. This was the first sale of a site fully constructed and developed by Good Energy and clearly showcased the achievements of our development team. Importantly Good Energy retains an option to purchase up to 50% of the site's power and continue to provide management services.

We are currently exploring further opportunities to realise value from our operational assets and reduce our ongoing financing costs. Our development portfolio also contains some opportunities and risks depending on further changes in market conditions and government policy.

Good Energy Group Plc is discontinuing its generation development activities but is exploring a number of potential options to realise value from the portfolio, through partnerships or sales to external parties who will continue to develop the sites.

The total output from our generation portfolio increased 5% to 45.3GWh (H1 2016: 43.2GWh). Solar output increased 9% to 20.7GWh (H1 2016: 19.0GWh) with output increase from the two new sites being offset by the sale of Oaklands. Wind output was similar to H1 2016 with 1% increase at 24.5GWh (H1 2016: 24.2GWh).

One outcome of government policy changes over the last 18 months is that we are stepping away from energy generation development, previously a core part of our business. While we have been successful in creating, utilising and monetising energy generation assets, the market has moved in favour of large scale developers with preferential pricing and access to low-cost finance. Going forward we will seek to realise value from existing infrastructure, support onsite development of renewable energy with our customers, and secure additional supply from partners, such as our recent offshore wind deal with DONG Energy. The deal with DONG secures 12% of the output of the 210MW Westermost Rough Wind Farm operated by the Danish energy group in the North Sea, enough renewable electricity to power more than 26,000 average homes. This agreement will help us meet ever-increasing demand for 100% renewable electricity as our customer base grows.

Good Energy Bonds II

Good Energy has a long history of inviting its customers to invest in the business. In May 2017 we launched our second corporate bond, offering, our customers, existing bondholders, shareholders and new investors the opportunity to support the Company in its next phase of growth. The support and vote of confidence in the business, its new strategy and purpose, was overwhelming with £16.8m raised. Proceeds will be used to invest in our core business of supplying 100% renewable energy to more UK customers and the roll-out of new sustainable energy solutions in areas such as battery storage, electric vehicles and business consultancy to meet consumer and business needs in the evolving UK energy market.

The bond was issued on 30 June 2017; it has a coupon rate of 4.75% (effective 5.00% Good Energy customers) and a four year term. It is a positive step towards lowering the Company's ongoing financing costs.

Denise Cockrem
CFO, Good Energy

Outlook & Summary

Outlook

2017 has been a year of transition for Good Energy. The market is evolving with a significant number of new entrants chasing low margin, less sticky customers and a shift towards a more devolved model of energy distribution. The business continues to prioritise investment in sustainable long-term profitability and has made the decision to invest £1.5m into our FiT 4 Growth, Smart and Digital programmes which will deliver further cost savings and support opportunities for profitable growth in 2018 and beyond. This investment will impact the full year performance for 2017 and we now expect the full year performance to be break-even to a modest profit. This full year expected outturn assumes that domestic sales growth remains broadly flat for the remainder of the year, solar site sales currently planned complete within the financial year and there are no work-in-progress write offs due to changes in market conditions and government policy. Historically site sales have been part of the on-going business model and the proceeds have been invested to build further generation sites and, more latterly, to support investment in the business. Going forward, with the shift in strategy away from the development of renewable assets this contribution from site sales is not expected to continue.

In 2018 we expect to see continued strong growth in business volumes together with more moderate growth in domestic sales. We believe there will be continued competitive pressure on margins and a continuing shift in our customer and product mix, which will reduce the overall gross margin percentage.

We will start to see the impact of our efficiency initiatives on our costs to serve with further streamlining of our Group support functions planned to bring down administration costs.

In addition, we will continue to make investments in our core business, particularly in digital and SMART, and also towards our strategic growth initiatives in storage, EV and business consultancy and will provide a further update on this towards the end of the year.

Summary

We are working hard on evolving Good Energy to capture the emerging opportunities available to us, our customers and our investors, as the UK energy industry transitions to a modern, decentralised and low carbon structure.

So far this year we have implemented our CIS, reorganised our operational structure, and started streamlining the business to focus on the areas of most value to all our stakeholders. This will allow us to invest in propositions built around emerging technologies including storage, demand side response and electric vehicles.

We remain confident about the outlook for Good Energy to deliver sustained profitability in the renewable energy sector.

Consolidated Statement of Comprehensive Income (Un-audited)

For the 6 months ended 30 June 2017

		Notes	**Un-audited 6 months to 30/06/2017 £000's**	Un-audited 6 months to 30/06/2016 £000's	Audited 12 months to 31/12/2016 £000's
REVENUE			**52,038**	44,781	89,651
Cost of Sales			**(37,633)**	(29,947)	(62,538)
GROSS PROFIT			**14,405**	14,834	27,113
Administrative Expenses			**(11,368)**	(11,430)	(20,914)
OPERATING PROFIT			**3,037**	3,404	6,199
Finance Income			**19**	11	18
Finance costs			**(2,326)**	(2,255)	(4,195)
PROFIT BEFORE TAX			**730**	1,160	2,022
Taxation			**28**	(211)	(51)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS			**758**	949	1,971
DISCONTINUED OPERATIONS					
Profit/(Loss) from discontinued operations, after tax		5	**(262)**	202	(588)
PROFIT FOR THE PERIOD			**496**	1,151	1,383
Other comprehensive income for the period, net of tax			**-**	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**496**	1,151	1,383
Earnings per share	- Basic	7	**3.1p**	7.9p	9.1p
	- Diluted	7	**2.9p**	7.6p	8.8p
Earnings per share (continuing operations)	- Basic	7	**4.7p**	6.5p	12.9p
	- Diluted	7	**4.5p**	6.3p	12.5p

Consolidated Statement of Financial Position (Un-audited)

As at 30 June 2017

	Notes	Un-audited 30/06/2017 £000's	Un-audited 30/06/2016 £000's	Audited 31/12/2016 £000's
ASSETS				
Non-current assets				
Property, plant and equipment		**62,393**	60,668	58,247
Intangible assets		**3,694**	2,727	3,801
Restricted deposit assets		**3,085**	2,833	2,831
Available-for-sale financial assets		**500**	500	500
Total non-current assets		**69,672**	66,728	65,379
Current assets				
Inventories		**6,676**	6,249	2,858
Trade and other receivables		**25,581**	14,614	16,204
Current tax receivable		**-**	-	167
Cash and cash equivalents		**8,132**	6,832	6,289
Current assets held for sale		**-**	-	5,095
		40,389	27,695	30,613
Assets held for distribution	5	**5,952**	5,199	6,941
Total current assets		**46,341**	32,894	37,554
TOTAL ASSETS		**116,013**	99,622	102,933
EQUITY AND LIABILITIES				
Capital and reserves				
Called up share capital		**825**	823	825
Share premium account		**12,546**	12,558	12,546
EBT shares		**(1,015)**	(1,064)	(1,015)
Retained earnings		**9,288**	8,306	8,689
Total equity attributable to members of the parent company		**21,644**	20,623	21,045
Non-current liabilities				
Deferred taxation		**600**	502	684
Borrowings		**57,413**	55,770	40,277
Total non-current liabilities		**58,013**	56,272	40,961
Current liabilities				
Borrowings		**14,226**	4,770	20,981
Trade and other payables		**22,130**	17,795	19,936
Current tax payable		**-**	162	10
Total current liabilities		**36,356**	22,727	40,927
Total liabilities		**94,369**	78,999	81,888
TOTAL EQUITY AND LIABILITIES		**116,013**	99,622	102,933

Consolidated Statement of Changes in Equity (Un-audited)

For the 6 months ended 30 June 2017

	Share Capital £000's	Share Premium £000's	Other Reserves £000's	Retained Earnings £000's	**Total £000's**
At 1 January 2016	**748**	**9,786**	**(1,074)**	**7,483**	**16,943**
Profit for the period	-	-	-	1,151	1,151
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	**1,151**	**1,151**
Share based payments	-	-	-	25	25
Issue of new shares	75	2,772	-	-	2,847
Tax charge relating to share option scheme	-	-	-	(20)	(20)
Sale of shares by EBT	-	-	10	-	10
Dividend paid	-	-	-	(333)	(333)
Total contributions by and distributions to owners of the parent, recognised directly in equity	75	2,772	10	(328)	2,529
At 30 June 2016	**823**	**12,558**	**(1,064)**	**8,306**	**20,623**
At 1 July 2016	**823**	**12,558**	**(1,064)**	**8,306**	**20,623**
Profit for the period	-	-	-	232	232
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	**232**	**232**
Share based payments	-	-	-	205	205
Tax credit relating to share option scheme	-	-	-	118	118
Issue of ordinary shares	2	(12)	-	-	(10)
Sale of shares by EBT	-	-	49	(14)	35
Dividend paid	-	-	-	(158)	(158)
Total contributions by and distributions to owners of the parent, recognised directly in equity	2	(12)	49	151	190
At 31 December 2016	**825**	**12,546**	**(1,015)**	**8,689**	**21,045**
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)
Dividend paid	-	-	-	-	-
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**

Consolidated Statement of Cash Flows (Un-audited)

For the 6 months ended 30 June 2017

	Notes	**Un-audited 30/06/2017 £000's**	Un-audited 30/06/2016 £000's	Audited 31/12/2016 £000's
Cash flows from operating activities				
Cash inflow from continuing operations		**(5,533)**	4,143	11,570
Cash outflow from discontinued operations	5	**(403)**	(897)	(914)
Finance income		**19**	-	18
Finance cost		**(2,696)**	(2,811)	(4,208)
Income tax repaid		**167**	-	133
Net cash flows from operating activities	8	**(8,446)**	435	6,599
Cash flows from investing activities				
Purchase of property, plant and equipment		**(5,568)**	(605)	(4,958)
Purchase of intangible fixed assets		**(435)**	(123)	(1,851)
Deposit into restricted accounts		**(254)**	(30)	(29)
Disposal of subsidiary		**5,795**	-	-
Net cash flows used in investing activities		**(462)**	(758)	(6,838)
Cash flows from financing activities				
Payments of dividends		**-**	-	(491)
Proceeds from borrowings		**11,408**	-	387
Repayment of borrowings		**(595)**	(430)	(951)
Capital repayment of finance leases		**(62)**	-	(50)
Proceeds from issue of shares		**-**	2,824	2,837
Sale of own shares		**-**	10	45
Net cash flows from financing activities		**10,751**	2,404	1,777
Net increase/(decrease) in cash and cash equivalents		**1,843**	2,081	1,538
Cash and cash equivalents at beginning of period		**6,289**	4,751	4,751
Cash and cash equivalents at end of period		**8,132**	**6,832**	**6,289**

Notes to the Interim Accounts
For the 6 months ended 30 June 2017

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 12 September 2017. 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 2016 were approved by the Board of Directors on 27 March 2017 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 2016 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 2016, as described in those Annual Financial Statements. Where new standards or amendments to existing standards have become effective during the year, there has been no material impact on the net assets or results of the Group.

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 performances, 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 2016.

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 2016.

Notes to the Interim Accounts

For the 6 months ended 30 June 2017

5. Discontinued operations

The Group is discontinuing its Generation Development activities but is exploring a number of potential options to realise value from the portfolio, through partnerships or sales to external parties who will continue to develop the sites. The results of this segment are shown in the segmental analysis of the Group statement of comprehensive income in section 6.

The major class of assets of the Generation Development segment classified as assets held for distribution relate solely to Generation development site inventories.

6. Segmental analysis

H1 2017	Electricity Supply £000s	FiT Adminis-tration £000s	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Holding Company/ Consolidated Adjustments £000s	**Total - Continuing Operations £000s**	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	6,458	1,043	4,954	12,455	1,950	-	**14,405**	78	**14,483**
Gross margin	20%	40%	35%	25%	45%	0%	**28%**	948%	**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				-	107	(79)	**28**	-	**28**
Net profit/(loss) for the period				1,949	371	(1,562)	**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**

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

H1 2016	Electricity Supply £000s	FiT Adminis-tration £000s	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Holding Company/ Consolidated Adjustments £000s	**Total – Continuing Operations £000s**	Generation Development (Discontinued) £000s	**Total £000s**
Revenue	25,874	2,766	13,694	42,334	4,247	(1,800)	**44,781**	786	**45,567**
Cost of sales	(19,500)	(1,545)	(8,606)	(29,651)	(2,096)	1,800	**(29,947)**	(339)	**(30,286)**
Gross profit/loss	6,374	1,221	5,088	12,683	2,151	-	**14,834**	447	**15,281**
Gross margin	25%	44%	37%	30%	51%	0%	**28%**	57%	**34%**
Admin costs				(9,608)	(196)	(1,626)	**(11,430)**	(245)	**(11,675)**
Operating profit/(loss)				3,075	1,955	(1,626)	**3,404**	202	**3,606**
Net finance costs				1	(2,243)	(2)	**(2,244)**	-	**(2,244)**
Profit/(loss) before tax				3,076	(288)	1,628)	**1,160**	202	**1,362**
Taxation				(247)	36	-	**(211)**	-	**(211)**
Net profit/(loss) for the period				2,829	(252)	(1,628)	**949**	202	**1,151**
Depreciation & amortisation				(1,260)	(1,294)	-	**(2,554)**	(1)	**(2,555)**
EBITDA				4,335	3,249	(1,627)	**5,957**	203	**6,160**

7. Earnings per share

The calculation of basic earnings per share at 30 June 2017 was based on a weighted average number of ordinary shares outstanding for the six months to 30 June 2017 of 15,988,964 (for the six months to 30 June 2016: 14,552,351 and for the full year 2016: 15,238,849) 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 2016 was 250p (for the six months to 30 June 2016: 206p and for the full year 2016: 223p). The dilutive effect of share-based incentives was 866,206 shares (for the six months to 30 June 2016: 589,018 shares and for the full year 2016: 563,595).

8. Net cash flows from operating activities

The operating cashflow for the six months to 30 June 2017 is an outflow of £8.4m (for the six months to 30 June 2016: £0.4m inflow and for the full year 2016: £6.6m inflow). This includes £0.2m (for the six months to 30 June 2016: £1.1m, for the full year 2016: £0.6m) of spend on inventory relating to discontinued operations. The outflow for the period is mainly due to trade receivables and accrued income which are temporarily elevated as a result of the new billing system implementation.

INTERIM REPORT 2017

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