Half-Year Report 2021

Good Energy Group PLC

Un-audited Half Year Report for the 6 months ended 30 June 2021

14 September 2021

Good Energy Group PLC

Un-audited Interim Results for the 6 months ended 30 June 2021

Strong financial performance underpinning delivery of key strategic milestones

Good Energy Group PLC, the 100% renewable electricity supplier and innovative energy services provider ("Good Energy" or "the Company"), today announces its interim results for the six months ended 30 June 2021.

Financial highlights – continuing operations

- A strong financial performance underpinning delivery of key strategic milestones.
  - Gross profit increased 19.4% to £17.7m (June 2020: £14.8m) with a gross profit margin of 25.9% (June 2020: 22.0%). Underlying operating margin increased to 8.7% (June 2020: 2.3%).
  - Underlying profit before tax increased to £3.9m (June 2020: Loss of £0.5m). Reported profit before tax increased to £4.8m included non-underlying income of £0.8m associated with generation debt restructuring.
  - Underlying basic earnings per share increased to 16.4p, with reported earnings per share of 20.5p (June 2020: reported loss per share 6.6p).
- Continued reduction in debt, alongside ongoing investment across the business:
  - Gross cash balance of £9.0m (June 2020: £18.2m), which included the repayment of 70% of Good Energy Bond II in June for £11.9m.
  - Net debt decreased to £36.4m (June 2020: £36.5m). Gearing ratio decreased to 51.2% (June 2020: 51.9%).
- The Board recognises the importance of the Company dividend to many shareholders and, as previously stated, intends to recommend a dividend payment for 2021 and reiterates its intention to maintain a progressive dividend policy.
  - An interim dividend of 0.75p will become payable conditional upon the hostile offer by Ecotricity Group Limited lapsing or being withdrawn.

Operational highlights

- Good Energy has delivered a strong performance in the first half of 2021.
  - Continued investment across the business in the development of energy services propositions and a range of innovation projects to drive future profit growth and supporting the journey to a zero-carbon Britain.
  - Smart meter rollout progressing well, despite impact from COVID restrictions. Demand and installation numbers improving as lockdown restrictions ease and in line with expectations. Over 19,000 smart meters installed to date, with 22,000 planned by the end of 2021.

- A market leading business billing platform (Ensek) integrated, to offer a more digital service for business customers, with 100% of customers now migrated successfully.
- New electric vehicle (EV) time of use tariffs launched to enable smarter electricity consumption. Development of Good Energy hub and mobile app underway to build a connected home.

- Good underlying business growth mitigating COVID impact, with increase in total customer numbers.
  - Overall customer numbers increased by 1.2% to 274.6k.
  - Total business customers increased 2.6% to 142.9k. Business feed in tariff (FIT) customers increased 1.2% to 132.0k, as we continue to maintain our position as one of the market leaders in operating the FIT scheme. Total business supply customers increased by 23.1% to 10.8k.
  - Total domestic customers decreased by 0.3% to 131.7k. Domestic FIT customers numbers increased by 0.2% to 47.3k. Domestic supply customers decreased by 0.5% to 84.4k.
- Zap-Map has continued to make strong progress with the development of several new commercial products
  - Zap-Map has over 250,000 registered users, and over 95% of the UK's public charging points on its network. Over 75% of the UK's EV drivers have downloaded Zap-Map.
  - Zap-Pay announced further charge point operators including GeniePoint, char.gy, Motor Fuel Group, Revive and Mer joining existing Zap-Pay networks ESB Energy and Osprey.
  - Subscription service, launched in June 2021, provides enhanced features, including in-car support via Apple Car Play and Android Auto. Good levels of customer conversion experienced to date.
  - Fleet service EV fuel card with Fleetcor UK due to launch in Q4 2021. This will integrate its Zap-Pay solution with the Allstar payment platform delivering a solution to remove the payment complexities for businesses and commercial fleets.

Financial performance for the six months to 30 June 2021

Period ended **£m***	**H1 2021** **Underlying continued operations**	**HY 2021** **Non underlying**	**H1 2021** **Reported**	**H1 2020** **Reported continuing operations**
Revenue	**£68.4m**		£68.4m	**£67.5m**
Gross Profit	**£17.7m**		**£17.7m**	**£14.8m**
Administration costs	**£(11.8)m**		£(11.8)m	**£(13.9)m**
Operating profit	**£5.9m**		**£5.9m**	**£0.9m**

Net finance costs	£(2.0)m	£0.8m	£(1.2)m	£(2.0)m
Profit before tax	**£3.9m**	£0.8m	£4.8m	**£(1.1)m**
Taxation	**£(1.4)m**	£(0.2)m	£(1.6)m	£0.0m
Profit after tax	**£2.5m**	£0.7m	£3.2m	**£(1.1)m**
Cash and cash equivalents	**£9.0m**		£9.0m	**£18.2m**
Net debt	**£36.4m**			**£36.5m**
Basic (loss) / earnings per share (p)	**16.4p**	4.1p	20.5p	**(6.6)p**
Half Year dividend per share (p)	**0.75p**		0.75p	**Nil**

Nigel Pocklington, Chief Executive Officer of Good Energy, said:
"I'm pleased with the strong performance in the first half of 2021. Growth in revenue, profit and customer numbers has underpinned the delivery of key strategic milestones. I believe the Group is delivering good value for shareholders.

"Good Energy Group is a modern, digital energy company. Our core supply and Feed-in-Tariff business continues to grow whilst we now provide tech-driven, digital products and services in the Electric Vehicle and 'Energy-as-a-Service' space.

"I believe that this is an exciting time for the Group to capitalise on the growing awareness of genuine green products and increasing adoption of EVs. We are ideally positioned to benefit from this trend, through our investment in Zap–Map, the UK's leading EV mapping service, and our own EV products and services".

** Due to rounding, figures in the table above may not cast. Figures are correct to the nearest £0.1m*

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Analyst Briefing:

A briefing for Analysts will be held at 9:00am today. Analysts wishing to attend the presentation either in person or virtually should register their interest by emailing investor.relations@goodenergy.co.uk or telephoning 0124 976 7484.

Notes to editors:

About Good Energy www.goodenergy.co.uk

Good Energy is a generator and supplier of 100% renewable power and an innovator in energy services. It currently owns two wind farms, six solar farms and sources electricity from a community of 1,600 independent UK generators.

Since it was founded 20 years ago, the company has been at the forefront of the charge towards a cleaner, distributed energy system. Its mission is to support UK households and businesses generate, store and share clean power.

Good Energy is recognised as a leader in this market, through our green kite accreditation with the London Stock Exchange and as a top-rated Green energy supplier by Which?.

About Zap-Map www.zap-map.com/live/

Launched in June 2014, with a mission to accelerate the shift to electric vehicles (EV) and help the drive towards zero carbon mobility, Zap-Map is the UK's leading EV mapping service. The charging point map, available on desktop and iOS/Android apps, helps EV drivers to search for available charge points, plan longer journeys, share updates and pay for charging on participating networks.

In the UK, Zap-Map attracts more than 120,000 cross-platform users per month from a rapidly growing fleet of around 200,000 pure-EVs (Zap-Map's core user group) and 230,000 plug-in hybrids (SMMT: December 2020).

CEO REPORT

OVERVIEW

Since joining the business in May 2021, I have been pleased to see a well-run core business and our strong financial performance in 2021 demonstrates that we are well equipped to meet any market conditions. We have shown great strength in response to recent challenges, including COVID-19. We are a cash generative business, increasing our investment across the business in key projects, whilst continuing to pay down overall debt. In June we repaid 70% of our outstanding customer bond, whilst maintaining a good level of gross cash. This provides us with a good core business and strong foundations from which to accelerate our transition into the provision of energy services.

We exist to give our customers the ability to generate their own power, not just buy ours. To do this, we have a clear strategy for a growing market in decentralised, digitised clean energy and transport services based on 100% 'real' renewable power. I'm pleased to say that we are well set up to execute against this strategy and continue to make good progress in all areas.

MARKET ENVIRONMENT

A huge market opportunity

Today, we operate in a rapidly growing clean energy market. This market is undergoing significant change in the areas of decentralised clean energy and electrified transport, which we expect to grow exponentially in the coming years.

This represents a great market opportunity for Good Energy:

- The Government's 10 Point Plan will mobilise £12bn of public investment, and potentially three times as much from the private sector, to create and support up to 250,000 green jobs.
- There is a doubling of electricity demand anticipated across heating and transport over the next 20 years.
- Based on advanced modelling by Energy Systems Catapult, we estimate 13.5m new domestic solar installations and between 1.5m and 4m Tesla Powerwall-sized home batteries will be installed between now and 2050.
- As set out in Ofgem's 2019 'State of the Energy Market Report', households and businesses together spend around £55bn on energy each year made up of:
  - a domestic electricity and gas supply market size of £30bn; and
  - a business electricity and gas supply market size of £25bn.

New energy supply opportunities are expected to increase the size of this energy market fourfold to over £250bn by 2030, with 60% of this increase related to distributed energy, EV charging and energy efficiency. This will treble the size of the market we operate in to over £170bn.

We are already one of the leading players in the decentralised energy market with over 175,000 small-scale FIT generation customers. This puts us in a prime position to capitalise on this and EV opportunities.

Leading the green revolution

Public opinion and policy is turning towards climate change and energy, and Good Energy is taking a leading role.

The sixth and most recent Intergovernmental Panel on Climate Change report states a ‘code red for humanity’, and is the most urgent yet. In November of this year the UN’s 26th Conference of Parties (COP26), the most important climate conference in the world, is coming to the UK.

Climate concern is at an all-time high among consumers, now only second to the pandemic according to a recent IPSOS Mori poll. This is only likely to increase as media attention grows further in the run up to COP26 and beyond.

Choosing a green tariff is one of the first actions consumers take and the majority would now consider one, with 75% expecting suppliers to be transparent about how they source their energy.

Good Energy has been very vocal in the media about the issue of ‘greenwashing’ in the energy retail market, which has driven towards a strong position in the market:

- Real 100% renewable electricity supply, the only supplier in the market to back all tariffs, both business and domestic, with electricity sourced via long term power purchasing contracts with renewable generators.
- The launch of the independently audited Uswitch Green Tariff Accreditation, with Good Energy the only supplier accredited Gold Standard for all of its tariffs by the UK’s biggest energy comparison site.
- A new Department for Business, Energy and Industrial Strategy investigation, announcing plans to “tighten rules to stop ‘greenwashing’ of electricity tariffs”, in which Good Energy is cited in both announcement and initial call for evidence.

The Competition and Markets Authority has also announced a wider review of rules around greenwashing across industries, including energy.

As consumers increasingly look for environmentally friendly products and awareness and understanding of green claims becomes more widespread and better regulated, Good Energy is well positioned.

HIGHLIGHTS & STRATEGIC DIRECTION

Good Energy is a next-generation energy company, founded on a deep green domestic offering, with over 20 years’ experience. We have a vertically integrated business model, with a strong and competitive core business, with a mature wind and solar generation portfolio, and an increasing focus on small businesses and electric mobility which helps to separate us in an increasingly crowded marketplace.

We exist to give our customers the ability to generate their own power, not just buy ours. To do this, we have a clear strategy for a growing market in decentralised, digitised clean energy and transport services based on 100% ‘real’ renewable power.

In our core supply business, we have implemented new billing and customer systems which are in place and working well, with all key operational measures trending in the right direction.

Building on our deep green credentials and supply business, our focus is to deliver products and services to help customers thrive as part of the ongoing energy transition. These will be focused on mobility and generation as a service, built on our existing capabilities and credentials.

In mobility as a service, we have launched new EV time of use tariffs for drivers, which allow for improved consumption patterns. Our investment in Zap-Map, the UK’s leading EV mapping app continues to go from strength to strength, as they have hit a number of key commercial milestones in the first half of 2021, with the launch of their subscriptions service, as well as increasing the number of charge point operators available through they payment solution, Zap-Pay.

In generation as a service, this is all focused on helping consumers generate, use and eventually store power more effectively. Our Smart meter rollout is progressing well, which is the key enabler to future smart products and services. We have invested in new systems and capabilities for our FIT customers, and we will be launching our Good Energy Hub in the second half of 2021, with a view to helping customers truly understand and change their energy consumption.

Building blocks in place – 2021 progress

We spent 2020 ensuring that the fundamental building blocks of the business are in place, and that the core business is able to operate at a high level, despite the impact of COVID-19.

We are successfully delivering on the implementation of new customer service and billing platforms for both domestic and business customers, the continued roll out of smart meters and the initial steps to develop a pipeline of innovative propositions.

This has put the business in a strong position to scale as the economy begins to recover, the green revolution continues to gather momentum and EV adoption increases.

These established building blocks are crucial to unlocking future growth opportunities.

Real renewable electricity

Good Energy has supplied 100% renewable electricity for over 20 years, sourcing power directly from renewable generators and not using regulatory loopholes to 'greenwash' with certificates.

Today we are:

- Differentiated as a UK supplier backing all electricity supply, both business and domestic, with long-term contracts with renewable generators.
- The only UK supplier with the Uswitch Green Tariff Gold Standard accreditation for all its tariffs.

Excellent customer service

We have successfully embedded new digital customer service platforms for home and business customers. These investments have delivered consistently high customer satisfaction ratings and helped to bring our prices down:

- The Kraken customer service platform, from Octopus Energy Group, is scalable and more efficient. It enables us to easily launch new "smart" and "agile" tariffs.
    - 100% of domestic supply customers have been migrated to the Kraken platform.
    - We have an 'excellent' 4.4 rating from customers on TrustPilot.
- We partnered with one of the leading software suppliers to UK energy, Ensek, to install a slicker, digital billing system for our business customers. We have successfully migrated 100% of our business customers to the Ensek platform, enabling improved services and efficiencies through self-service.

Digital services

Our new customer service platforms form one of the building blocks towards digitising our business. Others include:

- The appointment of our new Chief Executive Officer, Nigel Pocklington, who joins from Moneysupermarket Group with a wealth of experience in digital led, customer-centric businesses.
- Our controlling stake in the UK's leading app in electric transport, Zap-Map, which has over 250,000 registered users, and over 95% of the UK's public charging points on its network. Over 75% of the UK's EV drivers have downloaded Zap-Map.
- Our existing +175,000 energy services customers for whom we operate as FIT administrator.
- Our smart meter rollout is on track with over 19,000 installed to date.

A plan to clean up energy, heat, and transport

Good Energy is building on these strong foundations to deliver its vision for decentralised clean energy, heat, and transport with:

- Innovative 'time of use' EV tariffs, Zap-Flash and Green Driver – recently launched to support EV charging at off-peak times when energy is cheaper, and the grid is greener.
- New partnerships in EV and fleet charging, including partnerships with Horizon Energy Infrastructure, Mina and Select Car Leasing.
- 'Smart Export Guarantee' and solar propositions to be launched this year.
- The UK's first heat pump tariff, Green Heat, launched for heat pump owners.

MOBILITY & EV

The electric transport boom

The decarbonisation of transport is expected to be driven primarily by electrification.

- An accelerated ban on new petrol and diesel vehicles from 2040 to 2030.
- There are now over 280,000 pure EVs on UK roads.
- As of June 2021, EVs represented 14.8% of all new vehicle registrations so far this year – higher than any complete previous year.
- EVs are expected to grow by an annual rate of c.47% until 2026, and 91% of UK new car sales are expected to be EVs by 2030.
- Electricity demand from EVs is set to grow dramatically, reaching nearly 14 terawatt hours by 2026.

We are ideally positioned to benefit from this trend, through our investment in Zap–Map, the UK's leading EV mapping service, and our own EV products and services.

EV market outlook

EVs are expected to be the prevailing zero emissions powertrain for passenger cars, with 91% of UK new car sales expected to be EV by 2030. Drivers for adoption include favourable regulation/policy, growing auto industry investment, increasing EV model availability and continued UK infrastructure development. Declining battery manufacturing costs suggest that EV total cost of ownership will be favourable vs. internal combustion engines by 2021-23 (varying by vehicle and use case), providing the tipping point for mass adoption by consumers and fleets.

EVs in use are expected to grow at ~47% CAGR through to 2026, as UK EV sales ramp-up prior to an anticipated 2030 ICE ban. EVs in company keepership are expected to form a significant share of the early fleet as companies are disproportionately responsible for purchasing new vehicles (~60% of new car registrations today) and can take advantage of specific UK EV incentives (e.g., 0% benefit in kind and 100% first year capital deductions).

Overall power demand from EVs is set to grow dramatically at a rate of 52% CAGR 2020-26, linked to EV parc growth, reaching nearly 14TWh of annual demand by 2026. B2B customer segments represent the largest share of power usage, reflecting the relatively high proportion of company vehicles, as well as comparatively higher mileages for company vehicles. This balance will shift more towards retail customers over time as more used EVs filter into private hands.

Zap-Map: the UK's leading EV mapping app

Zap – Map is recognised as the UK's leading EV mapping platform with the ambition of making charging simple, by providing solutions to search, plan, drive, pay and share all in one app. They have over 95% of public charging points on their platform and over 70% showing live dynamic data. To date they have over 250,000 registered users representing over 75% of the EV market, with over 240,000 cross platform users each month who engage across both the website and app.

Engagement in the core products is high with over 18,000 routes planned each month and over 40,000 user comments per month, which provide users with rich, up to date information on the UK charging network.

EV charging made simple

Zap-Map remains the voice of the EV driver, developed through deep relationships with customers, as the trusted voice of the EV user and go to brand for all things EV. A capital light, technology agnostic platform business, which focuses on three core areas in the EV industry: mapping, payment and data insights.

- **Mapping** - mapping functionality core to the platform and EV driver experience. Making EV charging simple for all

- **Payment** - technology leadership interoperable payment solution, providing payment solutions for all EV drivers and accelerating adoption

- **Data & insights** - over 10 years of unique data sets to help understand EV adoption and driver behaviours. Provide insights across the EV ecosystem on utilisation, adoption and behaviour to help future proof solutions.

Zap – Map commercial milestones

Zap-Map have been making excellent progress in 2021, achieving a number of key commercial milestones.

<u>Zap subscriptions</u>

The need for a sophisticated mapping service to support new and existing EV drivers is more important than ever. Zap-Map's new subscription service is targeted at drivers who regularly use the public charging network and will allow people to save time while out and about. There are now two advanced options: Zap-Map Plus (£2.49 per month) and Zap-Map Premium (£3.99 per month).

Zap-Map Plus

Zap-Map's Plus offering helps drivers plan their journeys quicker. Drivers will be able to use enhanced options to filter by new charge points, multiple locations, user ratings and more detailed location types. Zap-Map Plus also enables EV drivers to view new chargers installed in the last 30 days, save more user filters and route plans, and to add multiple vehicles. By popular demand, Zap-Map Plus subscribers will also be able to view what3words locations for charge points and experience the app ad-free.

Zap-Map Premium

In addition to receiving all the Plus features, Zap-Map Premium subscribers can use the app within the in-car dashboard, via Apple CarPlay (with Android Auto available soon). This means users can locate suitable charge points, view live charge point status, and access route plans whilst on the move. Zap-Map Premium also allows drivers to save unlimited filters, route plans and EV models.

Core mapping and payment services available for all EV drivers

While the new subscription services offer new features to Zap-Map users, all the core search, plan and pay features in Zap-Map remain free. The company has also upgraded the existing app to include additional features: an improved EV model selection, updated connector filters, and an all-new router planner mode, called 'Autoroute'. The latest app is unique in allowing drivers to search, plan, share, pay and now drive using just one app; Zap-Map.

Zap – Pay

Launched last year with a mission to sign up all the key charge point networks across the UK, Zap-Pay is the simple way to pay for EV charging across networks from within the Zap-Map app. The Zap-Pay service also includes a 24/7 multi-lingual helpdesk for all payment-related issues, which is provided by EVA Global - an international, leading managed services provider, specialised in the electric mobility industry.

In 2021, five more charge point operators have joined the company's payment system, Zap-Pay. GeniePoint, char.gy, Motor Fuel Group, Revive and Mer have all recently signed up to Zap-Pay. They join existing Zap-Pay networks ESB Energy and also Osprey, which was the exclusive Zap-Pay launch partner in September 2020. This means that Zap-Map's users will benefit from being able to search, plan and pay from within a single app at an increasing number of charge points across the UK, with more networks to be added soon.

On-street charging provider char.gy is the latest network to go live with Zap-Pay, meaning that Zap-Map users can search, plan and now pay for their EV charging at char.gy locations in Greater London. Nationwide charging network GeniePoint, with its broad range of destination and rapid chargers at locations such as Morrisons and Premier Inn, will be live with Zap-Pay imminently.

More recent sign-ups include Motor Fuels Group, the largest independent forecourt operator in the UK, which joined earlier in the summer; Revive, the network for the West of England; and Mer, owned by Norwegian giant Statkraft. Once all seven networks are live – expected to be by October this year – over 2,000 charging devices across the UK and over 4,000 connectors will be Zap-Pay enabled. It also means that the Zap-Pay partner network is not only nationwide, but now includes all types of EV charging, from the very latest ultra-rapid chargers through to on-street and lamp-post charging closer to home.

Fleet products – commercial partnership with Fleetcor UK

As part of making charging simple for all EV drivers, Zap-Map have entered into a heads of terms agreement with Fleetcor UK, part of Fleetcor, which is a worldwide leader in business payments, to integrate its Zap-Pay solution with the Allstar payment platform. This will cover commercial fleets of vehicles, aimed at delivering a solution to remove the payment complexities for businesses and commercial fleets. The product is expected to go live in Q4 2021 for fleet drivers and Allstar's existing customers.

As part of an on the road solution, the Allstar One Electric fuel card enables fleet operators to manage all fuel types, whether traditional (petrol or diesel) or an alternative such as electric, hydrogen or hybrid, on one payment card. Allstar has already partnered with nine leading EV charging providers, including Chargepoint services, ESB Energy, Engenie, and Source London, to create the one of the largest multi-branded EV fuel networks in the UK. It now provides fleet operators and drivers with access to more than 4,277 charging points across 1,700 locations throughout the UK. Allstar is continually working to grow its electric charging network, easing access to charging points and lowering range anxiety.

EV time of use tariffs - innovative solutions influencing user behaviours

As part of an increased focus on Mobility as a Service and EV service products, Good Energy has launched a new time of use tariff for domestic customers that own an EV. The launch includes the installation of a free second-generation smart meter, known as a 'SMETS-2 meter'.

The new 'Green Driver' tariff is cheaper than previous offerings and will provide customers with options of two 'off-peak' overnight charging windows of five or seven hours, both starting at midnight. The two tariffs are designed to give customers a choice of off-peak charging period to suit their needs and help those that have an EV to save money on their energy bills. These tariffs have been designed based on customer feedback, highlighting a requirement for a slightly longer charging period.

Offering a lower off peak unit rate after midnight will help customers optimise charging their EV overnight and will encourage customers to shift their consumption, which not only provides cost savings to the customer, but also supports a greener electricity grid.

As part of a continued focus on digitalisation and data, the smart meter rollout is accelerating our digital offering and is a building block for energy services. This platform has provided us with the ability to design multiple new, smart enabled tariffs, which promote further innovation and improves the speed of our product launches. Customers will need to have a SMETS-2 meter installed and sign up for direct debit payments to be eligible for the new Green Driver tariff.

Since launch, we have seen significant impact on how customers are consuming power. We have witnessed customers load shift 43% of consumption to off peak times, with up to 80% of consumption now happening in off peak windows. This both removes pressure on the grid in peak charging hours but allows consumers to benefit from lower unit prices.

To date, we have seen a higher consumption in the first four hours to midnight, which outlines the potential of further automation and how it could help to spread this load further across off peak and overnight periods.

We have been pleased with the findings from these new tariffs for EV customers and are working on further smart services designed to help users understand and consumer power more effectively.

EV solutions

Alongside our new time of use tariffs, we have signed a partnership with EV installer Crystal EV charging for 7.4kw or 22kw charge points. The partnership provides Good Energy customers with the opportunity to charge their electric car from the comfort of their own homes. The flexibility of home-charging ensures that charging is faster, safer, and easier while adapting around peoples' busy lifestyles.

The smart charger is WIFI enabled and offers complete control to plug in, or schedule charging remotely. This is particularly beneficial for drivers who are able to time their charging with off-peak electricity rates offered by time of use tariffs, such as our Green Driver tariff.

GENERATION AS A SERVICE & DECENTRALISED ENERGY

Our generation as a service capabilities are focused on our core skills within the decentralised energy market. We remain one of the leading players in the FIT market, with over 175,000 customers and we want to use our brand to help customers generate, consumer and mange 100% renewable power.

Our aim is to be differentiated across parts of the energy value chain that matter to each customer to increase our likelihood of growing market share from the energy transition. This means focusing on the products and services that bring value to our customers. This is through providing additional services to existing customers and building on our core capabilities to develop new offerings to increase our market share.

Good Energy has supplied 100% renewable electricity for over 20 years, sourcing power directly from renewable generators, through signing of direct power purchase agreements. Coupled with our in-house trading capabilities, this allows us to trade and manage power to supply 100% renewable electricity effectively. Over time this means developing products and services across the entire value chain of supply, demand and flexibility of energy.

Key deliverables - 2021

We have continued to make good progress on key strategic objectives in this are through the first half of 2021.

FIT

We continue to secure and grow our FIT business with the launch of new export services and investing in a new system for our FIT customers. This system is being developed internally, with the addition of delivering export functionality for our customers. This system will increase the robustness of reporting, security systems and provide increased functionality for export to serve customers with SMART meters. This is a key step in improving our core business systems to deliver better service for customers, whilst opening up the ability for additional services.

Our FIT customer base has continued to grow in recent years. Since June 2017, Business FIT customers have grown by 21.1% and domestic FIT customers have grown by 63.7%, whilst gross margins have remained steady. Total FIT customers have grown by 30% to 179.3k.

Unlike the domestic supply business which experiences higher churn rates, our FIT business has a churn rate across the whole portfolio of less than 0.1% and has reduced year on year.

Alongside improving overall security and robustness of the payments system, this new system will unlock export revenue by allowing us to be paying actual export payments and not deemed on smart meter sites. Without these system improvements we are unable to generate revenue from FIT customers through export. This is expected to be completed in Q1 2022, with export functionality having an early focus.

Smart products

We are successfully delivering on the continued roll out of smart meters and the initial steps to develop a pipeline of innovative propositions. This has put the business in a strong position to scale as the economy begins to recover, the green revolution continues to gather momentum and EV adoption increases. Smart meters act as one of our core building blocks and are crucial to unlocking future growth opportunities.

Our smart meter rollout is on track with 19,000 installed to date and 22,000 planned by the end of 2021. The launch of our new EV time of use tariff, was a first step in delivering an innovative SMART tariff for our customers and helping them consume power more effectively.

Consumer access device & Good Energy Hub

Linked to our smart meter rollout, we are launching the Good Energy Hub for domestic customers, based on the insights from a consumer access device (CAD). This is now live on the app store for customers. This device will help support the digitisation of our FIT customer base, by providing energy insights, reduce bills and reducing consumption. We plan to roll out 5,000 CAD products in Q4 2021 to our FIT customers.

This evolution to a more digital service, providing customers with greater control over their energy will reduce churn and drive higher customer satisfaction.

Generation as a service partnerships

We recently announced Caplor Energy as our preferred partner for home solar installations. The partnership will provide Good Energy's domestic customers with the opportunity to generate their own renewable electricity at home and save money by integrating green technology with a trusted installer.

Caplor Energy, a family-run company that has been in business for almost 100 years, is recommended based on their high customer service rating, trust and reliability. With an 'Excellent' rating on Trustpilot and registration with the Microgeneration Certification Scheme, Caplor Energy offers the latest green technology to combat the climate crisis.

As more people look to decarbonise their homes and save money, coupled with the drop in prices for solar panels in the last six years, now is an excellent time for more customers to choose solar. Through this partnership customers have two trusted green technology companies with a long legacy of expertise in this area to help them start saving on carbon and on costs.

OPERATING REVIEW

Wholesale energy market conditions

Demand

Our revenues are sensitive to changes in the demand for electricity and gas. In H1 2020 at the outset of the pandemic, market trends showed a 15% increase in domestic electricity demand and a reduction close to 35% in overall business demand. In H1 2021, as markets and businesses have adapted to cope with COVID we have seen business demand recover materially with large business supply volumes up 32% in Q2 2021 vs the same period in 2020.

We also witnessed a colder H1 than in 2020 with average temperatures 1.7 degrees lower. This has led to an upward impact on gas demand in the first half of the year, with a less material impact on electricity volumes.

Power prices & supply volume

The development of power prices in the last 18 months has been dramatic. Following global trends in the fossil fuel markets, during the initial lockdown period electricity prices fell dramatically. However, the second half of 2020 saw a more bullish market, with power prices rising back towards pre–COVID levels. Since we have entered 2021 prices have continued to escalate significantly breaking the £100/MWh barrier in July 2021.

Overall supply volumes were 10% up partly driven by a colder winter and partly by COVID recovery. Total gas supply volumes increased 15.5% to 315 GWh (H1 2020: 272GWh), driven by the colder average temperature seen in H1 2021. Electricity volumes increased 4.0%, driven by growth in business supply volumes, following a recovery from COVID impacted supply volumes in March to June 2020.

A STRONG AND GROWING CORE BUSINESS

Total customer numbers in the period increased 1.2% to 274.6k, driven by continued business and FIT growth, which was pleasing to see.

Business

Total business customers increased 2.6% to 142.9k. Business FIT customers increased 1.2% to 132.0k, as we continue to maintain our position as one of the market leaders in operating the feed in tariff scheme. Total business supply customers increased by 23.1% to 10.8k.

Growth in business customers has underpinned our strategy in recent years, and this planned tilting towards business provides us with greater stability through longer term contracts and higher retention levels compared to domestic supply. Whilst gross margins fall because of this shift, operating margins have the potential to increase over time due to the lower cost per acquisition and cost to serve these customers. We continue to partner with a growing number of like-minded businesses, ranging from small, owner managed businesses to large corporates, providing confidence for the future.

Domestic

Total domestic customers fell slightly (0.3% fall) to 131.7k. Domestic FIT customers numbers increased by 0.2% to 47.3k, whilst domestic supply customers decreased by 0.5% to 84.4k.

In the domestic supply market, we continue to avoid the price war that a growing number of companies remain engaged in. We do not see the race to bottom in price a viable long-term business model. However, we remain committed to ensuring that we have a highly competitive price point for our unique proposition. Whilst we know that a sizeable number of customers remain highly price sensitive, there are an expanding number who want a truly green energy provider. The recognition from OFGEM, Uswitch and Which? of Good Energy as a genuinely 100% green supplier, is evidence of our credentials in this space.

FIT

As described above, we witnessed further growth across our FIT business in the first half of 2020 and we continue to have one of the largest market shares in this industry. FIT remains an important aspect of our business, as it provides the foundation of our ‘energy as a service’ business model.

Despite the FIT scheme closing to new entrants in March 2019, we continue to administer the scheme for both our domestic and business customers. We saw domestic customer numbers increase 0.2% to 47.3k and business customers increase 1.2% to 132.0k in the period. We look to make further incremental market share gains in future periods.

Generation performance

Our 47.5MW generation portfolio consists of 6 solar (30.1MW) and 2 wind sites (17.4 MW).

We have seen weather trends impact our generation portfolio in H1 2021. Both wind sites have suffered from reduced load factors, whilst our solar sites have seen lower levels of sunshine hours compared to the same period in 2020. In addition, the Delabole wind site has had some reliability issues that have impacted its output further.

Restructure and refinance of generation portfolio

In April 2021 we announced the restructuring of the financing on our renewable generation asset portfolio to consolidate and simplify funding facilities. The restructuring consolidates the generation assets into one portfolio that will be solely financed by funds managed by Gravis.

Whilst headline gearing did not change on completion, the restructuring and refinancing provide a number of real benefits to Good Energy, both short term and long term.

Initially it has provided £7.8m of unrestricted cash on completion, of which:

- £4.7m relates to the release of various reserve accounts and other restricted cash balances which form part of the existing facilities,
- £3.1m of additional debt raised against the Delabole windfarm, associated with mirroring the terms of Delabole in line with the rest of the portfolio.

Longer term, the transaction also provides on-going improved visibility of cash flows, with a rebalancing of the performance covenants over the entire generation portfolio. This frees up future cash generated by the generation portfolio to be utilised by the Company.

The upfront cash provided, combined with existing strong levels of cash on the balance sheet gives the Company the ability to wholly repay Good Energy Bonds II of which 70% was repaid in June 2021. It is anticipated that the remaining 30% will be completed during FY2022.

FINANCIAL OUTLOOK

The Group has had a positive financial performance from the core business in the year despite the ongoing impact of COVID-19, maintaining a strong cash balance, stable customer numbers and reduced operating costs. The implementation of our Kraken and Ensek technology platforms is complete, and the smart meter roll-out remains on track. Cash collection remains in line with seasonal expectations while managing the expected short-term impact of business system migration. The overall working capital position, allowing for timing differences from year to year, remains healthy.

2021 has seen first power price volatility, most notably in Q1, followed by a more sustained price increases in the wider basket of commodities. Our hedging strategy has cushioned the business from these rises in the short term, although periods of low renewable output in this high-priced market has a negative impact on the business. Overall, Managements' expectations of the performance of the business for the full year remain unchanged.

FINANCIAL UPDATE

Profit bridge for the period 30 June 2020 to 30 June 2021

Below, are the key profit before tax movements between 30 June 2020 and 30 June 2021

To period ended 30 June 2021 £m*	Continued operations £m
H1 2020 Underlying Loss	**£ (0.5) m**

COVID recovery	£2.8m
Business Growth	£0.2m
Commodity & Hedging	£0.7m
Solar site Impairment 2020	£0.6m
H1 2021 Underlying Profit	**£3.9m**
Refinancing benefits	£0.8m
H1 2021 Reported Profit	**£4.8m**

** Due to rounding, figures in the table above may not cast. Figures are correct to the nearest £0.1m*

Overview

Underlying profit before tax has grown by £4.4m year on year.

Performance in the year can be broadly split into three key areas. Recovery from the peak impacts of COVID experienced from March onwards in 2020; a hedging strategy that has mitigated rising markets and the impacts of structural changes.

COVID - Recovery from worst financial impacts

In H1 2020 the business incurred material gross margin impacts (reduction in large business sales resulting in sale back of power to market at reduced prices & increased network charges), alongside a £1.9m expected credit loss provision being taken. These impacts have not been repeated in H1 2021.

Business Growth

In line with plans business customer numbers have grown by 23.1% in H1 2021 bringing additional margin that will benefit the business through the next 12 months.

Commodity Costs

The business has seen benefits from its long-term hedging strategy which has meant commodities secured in 2020 for 2021 delivery have helped deliver margin improvement in H1 2021. However, since Q4 2020 we have seen Winter 21 commodity costs continue to rise and this will impact on H2 performance.

FINANCIAL PERFORMANCE

Profit and loss

Revenue increased by 1.4% in the period to £68.4m (June 2020: £67.5m). Cost of sales decreased by 3.7% to £50.6m (June 2020: £52.6m).

Gross profit increased by 19.4% to £17.7m (June 2020: £14.8m). Gross profit margin increased to 25.9% (June 2020: 22.0%). This is largely due to the non-repeat of prior year negative impacts on gross margin from selling back power at low prices during the start of the Covid-19 related lockdowns.

Administration costs excluding non-underlying administration costs decreased 11.5% to £11.7m (June 2020: £13.3m). This was primarily driven by a significantly lower increase in the expected credit loss provision in H1 2021 compared to H1 2020, when judgements around the impact of COVID-19 were being made.

As a result, underlying operating margin increased to 8.7% (June 2020: 2.25%).

Underlying net finance costs decreased by 1.5% to £2.0m.

Net of non-underlying income of £0.8m associated with the debt restructuring, a total profit before tax from continuing operations of £4.8m was delivered. Overall £3.4m of profit is attributable to the Group, after removing the losses attributable to non-controlling interest (the minority shareholders of Zap Map).

Cash Flow and Cash Generation

Our business model remains cash generative with £8.7m generated before movements in working capital (June 2020: £4.7m). £1.7m of cash was used in operations (June 2020: £5.3m generated) in total due to timing differences.

There was a net decrease in cash of £9.2m, which includes the repayment of 70% of Good Energy Bonds II totalling £11.9m. The resulting cash balance of £9.0m (June 2020: £18.2m) enables continued funding of investment across the business, and continued paydown of debt.

Funding and Debt

Net debt decreased 0.3% to £36.4m (June 2020: £36.5m). Gearing reduced to 51.2% in the period (June 2020: 51.9%) primarily as a result of strong profit generation.

In April 2021, Good Energy announced the successful restructuring of the financing of its renewable generation asset portfolio to consolidate and simplify funding facilities. The transaction also provides on-going improved visibility of cash flows, with a rebalancing of the performance covenants over the entire generation portfolio. This frees up future cash generated by the generation portfolio. Alongside the strong net cash position from improved operational performance, this has provided the Company with increased capital flexibility.

This position allowed the repayment of 70% (£11.9m) of Good Energy Bonds II in June 2021, while also enabling the Company to retain a cash buffer through to the end of winter 2021/22.

The restructure simplifies the capital structure, improves flexibility and reduces financing costs. Good Energy intends to continue in this direction, balancing the return on our assets, operating requirements, investment for growth and the resumption of dividend payments.

Earnings

Basic underlying profit per share increased to 16.4p. Reported basic profit per share increased to 20.5p (June 2020: reported loss per share 6.6p).

Dividend

The Board recognises the importance of the Company dividend to many shareholders and as previously stated, intends to recommend a dividend payment for 2021 and reiterates its intention to maintain a progressive dividend policy.

The Board proposes an interim dividend of 0.75p in cash. As it is intended that the dividend will comprise a scrip alternative, as has historically been the case, it is proposed that the dividend will become payable conditional upon the hostile offer by Ecotricity Group Limited lapsing or being withdrawn. Further details, including the scrip timetable, will be announced in due course.

Non underlying items

A net amount of £0.8m has been recognised as non-underlying income within the period. These relate to the one-off impact of the debt restructuring and comprise the gain on the debt restructuring offset by an early settlement fee on repayment of the existing facility.

Expected credit loss

The provision reflects our own internal debt collection performance as well as how economic and operational scenarios may impact on customer behaviours.

Strategic investment

The Group committed to an additional investment £1m in Zap – Map during the year in the form of a convertible loan. At the period end, £0.6m of this loan had been drawn down.

Subsequent events

There has been one event subsequent to the year-end which may be of note to users of the financial statements.

On 22nd July Ecotricity Group Limited announced the terms of its cash offer for the entire issued and to be issued ordinary share capital of Good Energy Group PLC not already owned by Ecotricity at a price of 340 pence in cash per Good Energy Share.

The Board believes that the offer significantly undervalues the Group and its future prospects and states its unanimous and unequivocal rejection of the offer. The Board strongly advises that shareholders should take no action at this time.

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 underlying continuing operations.*

Consolidated Statement of profit or loss (Un-audited)

For the 6 months ended 30 June 2021

		Notes	Unaudited 6 months underlying to 30/06/2021 £000's	Unaudited 6 months non underlying to 30/06/2021 £000's	Unaudited 6 months to 30/06/2021 £000's	Unaudited 6 months to 30/06/2020 £000's	Audited 12 months to 31/12/2020 £000's
REVENUE			68,374	-	68,374	67,461	130,649
Cost of Sales			(50,646)	-	(50,646)	(52,615)	(101,082)
GROSS PROFIT			17,728	-	17,728	14,846	29,567
Administrative Expenses			(11,789)	-	(11,789)	(13,940)	(25,506)
OPERATING PROFIT			5,939	-	5,939	906	4,061
Finance Income		6	-	1,447	1,447	81	109
Finance Costs		6	(2,007)	(620)	(2,627)	(2,118)	(4,239)
Share of loss of associate			-	-	-	(12)	(13)
PROFIT BEFORE TAX			3,932	827	4,759	(1,143)	(82)
Taxation			(1,452)	(157)	(1,609)	11	19
PROFIT FOR THE PERIOD			2,480	670	3,150	(1,132)	(63)
Attributable to:							
Equity holders of the parent			2,692	670	3,362	(1,071)	62
Non-controlling interest			(212)	-	(212)	(61)	(125)
Earnings per share	- Basic	9	16.4p	4.1p	20.5p	(6.6p)	0.4p
	- Diluted	9	16.0p	4.0p	20.0p	(6.3p)	0.4p

Consolidated Statement of profit or loss (Un-audited)

For the 6 months ended 30 June 2021

	Notes	Unaudited 6 months underlying to 30/06/2021 £000's	Unaudited 6 months non underlying to 30/06/2021 £000's	Unaudited 6 months to 30/06/2021 £000's	Unaudited 6 months to 30/06/2020 £000's	Audited 12 months to 31/12/2020 £000's
Profit/(loss) for the period		2,480	670	3,150	(1,132)	(63)
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):						
Revaluation of generation assets		-	-	-	15,755	13,313
Deferred tax charge on rate change		(924)	-	(924)		
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		(924)	-	(924)	15,755	13,313
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		1,556	670	2,226	14,623	13,250
Attributable to:						
Equity holders of the parent		1,768	670	2,438	14,684	13,375
Non-controlling interest		(212)	-	(212)	(61)	(125)

Consolidated Statement of Financial Position (Un-audited)
As at 30 June 2021

	Notes	Un-audited 30/06/2021 £000's	Un-audited 30/06/2020 £000's	Audited 31/12/2020 £000's
ASSETS				
Non-current assets				
Property, plant and equipment		56,848	63,310	58,602
Right-of-use assets		6,279	6,209	5,924
Intangible assets		4,392	5,088	4,833
Restricted deposit assets		866	4,555	4,552
Total non-current assets		68,385	79,162	73,911
Current assets				
Inventories		19,914	17,327	14,625
Trade and other receivables	7	30,413	30,482	26,715
Current Tax receivable		-	3	-
Restricted deposit assets		476	504	698
Cash and cash equivalents		9,035	18,234	18,282
Total current assets		59,838	66,550	60,320
TOTAL ASSETS		128,223	145,712	134,231
EQUITY AND LIABILITIES				
Capital and reserves				
Called up share capital		833	832	833
Share premium account		12,790	12,790	12,790
EBT shares		(502)	(549)	(502)
Revaluation surplus		11,003	15,254	12,472
Retained earnings		10,541	5,205	6,634
Total equity attributable to members of the parent company		34,665	33,532	32,227
Non-controlling Interest		(27)	225	185
Total equity		34,638	33,757	32,412
Non-current liabilities				
Deferred taxation		6,077	4,428	4,135
Borrowings	8	39,855	39,434	54,464
Provision for liabilities		1,316	1,294	1,316
Long term financial liabilities		13	39	13
Total non-current liabilities		47,261	45,195	59,928
Current liabilities				
Borrowings	8	6,874	20,332	3,633
Trade and other payables		39,450	46,211	38,258
Short term financial liabilities		-	12	-
Total current liabilities		46,324	66,555	41,891
Total liabilities		93,585	111,955	101,819
TOTAL EQUITY AND LIABILITIES		128,223	123,038	134,231

Consolidated Statement of Changes in Equity (Un-audited)

For the 6 months ended 30 June 2021

	Share Capital £000's	Share Premium £000's	Other Reserves £000's	Retained Earnings £000's	Revaluation surplus £000's	Non-controlling interest £000's	Total £000's
At 1 January 2020	832	12,790	(549)	5,707	-	-	18,780
Loss for the year	-	-	-	(1,071)	-	(61)	(1,132)
Other comprehensive income for the year	-	-	-	-	15,755	-	15,755
Total comprehensive income for the year	-	-	-	(1,071)	15,755	(61)	14,623
Share based payments	-	-	-	68	-	-	68
Acquisition of Subsidiary	-	-	-	-	-	286	286
Transfer of revaluation to retained earnings	-	-	-	501	(501)	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	569	(501)	286	354
At 1 July 2020	**832**	**12,790**	**(549)**	**5,205**	**15,254**	**225**	**33,757**
Profit / (Loss) for the period	-	-	-	1,133	-	(64)	1,069
Other comprehensive income for the period	-	-	-	-	(2,442)	-	(2,442)
Total comprehensive income for the period	-	-	-	1,133	(2,442)	(64)	(1,373)
Share based payments	-	-	-	(29)	-	-	(29)
Exercise of options	1	-	47	(15)	-	-	33
Acquisition of Subsidiary	-	-	-	-	-	24	24
Transfer of revaluation to retained earnings	-	-	-	340	(340)	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	1	-	47	296	(340)	24	28
At 31 December 2020	**833**	**12,790**	**(502)**	**6,634**	**12,472**	**185**	**32,412**
At 1 January 2021	**833**	**12,790**	**(502)**	**6,634**	**12,472**	**185**	**32,412**
Loss for the period	-	-	-	3,362	-	(212)	3,150
Other comprehensive income for the period	-	-	-	-	(924)	-	(924)
Total comprehensive income for the period				3,362	(924)	(212)	2,226
Share based payments	-	-	-	-	-	-	-
Transfer of revaluation to retained earnings	-	-	-	545	(545)	-	-
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	545	(545)	-	-
At 30 June 2021	**833**	**12,790**	**(502)**	**10,541**	**11,003**	**(27)**	**34,638**

Consolidated Statement of Cash Flows (Un-audited)
For the 6 months ended 30 June 2021

	Notes	Un-audited 30/06/2021 £000's	Un-audited 30/06/2020 £000's	Audited 31/12/2020 £000's
Cash flows from operating activities				
Cash inflow from continuing operations		351	7,021	11,425
Finance income		9	18	19
Finance cost		(2,139)	(1,707)	(3,735)
Income tax repaid		-	-	66
Net cash flows from operating activities	10	(1,779)	5,332	7,775
Cash flows from investing activities				
Purchase of property, plant and equipment		(11)	(6)	(4)
Purchase of intangible fixed assets		(198)	(287)	(473)
Disposal of assets		-	-	-
Deposit into restricted accounts		3,908	(37)	(228)
Equity investment in associate		-	-	-
Other investment in associate		-	(200)	(200)
Cash acquired from subsidiary		-	306	307
Net cash flows used in investing activities		3,699	(224)	(598)
Cash flows from financing activities				
Payments of dividends		-	-	-
Proceeds from borrowings		7,026	-	-
Repayment of borrowings		(17,917)	(166)	(2,184)
Capital repayment of leases		(276)	(375)	(411)
Proceeds from issue of shares		-	-	-
Proceeds from sale of share options		-	-	33
Net cash flows from financing activities		(11,167)	(541)	(2,562)
Net increase/(decrease) in cash and cash equivalents		(9,247)	4,567	4,615
Cash and cash equivalents at beginning of period		18,282	13,667	13,667
Cash and cash equivalents at end of period		9,035	18,234	18,282

Notes to the Interim Accounts

For the 6 months ended 30 June 2021

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 Park Offices, Monkton Park, Chippenham, Wiltshire, United Kingdom, SN15 1GH.

The Interim Financial Statements were prepared by the Directors and approved for issue on 14th September 2021. 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 2020 were approved by the Board of Directors on 30 April 2020 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 United Kingdom. They should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020 which have been prepared in accordance with IFRS as adopted by the European Union.

In accordance with IAS 34, the tax charge is estimated on the weighted average annual income tax rate expected for the full financial year. The accounting policies applied are consistent with those of the Annual Financial Statements for the year ended 31 December 2020, as described in those Annual Financial Statements.

The Interim Financial Statements have not been audited.

2. Going concern basis

The Group continues to respond well to the challenges associated with the COVID-19 pandemic. All core business functions continue to perform as expected during remote working, and the operation of generation sites has not been affected by lockdown periods. The implementation of our new customer technology platform is progressing as planned which provides us with flexibility to operate and deliver all services to customers. The going concern review up until December 2022 that was performed for the 2020 annual report has been reviewed and updated, and no significant deterioration in this review has been identified that would cast doubt on the ability of the group to continue as a going concern.

The Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet commitments as they fall due over the going concern period. 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 2020.

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 2020.

5.Segmental analysis

H1 2021	Electricity Supply £000s	FIT Administration £000s	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Energy as a service £000s	Holding Company/ Consolidated Adjustments £000s	**Total** **£000s**
Revenue	50,412	2,582	13,780	66,774	3,864	268	(2,532)	68,374
Cost of sales	(41,619)	(306)	(8,432)	(50,357)	(2,739)	(54)	2,504	(50,646)
Gross profit/(loss)	8,793	2,276	5,348	16,417	1,125	214	(28)	17,728
Gross margin	17%	88%	39%	25%	29%	80%	1%	26%
Admin costs				(9,665)	(188)	(700)	(1,236)	(11,789)
Operating profit/(loss)				6,752	937	(486)	(1,264)	5,939
Net finance costs				(34)	(752)	(2)	(392)	(1,180)
Share of loss of associate				-	-	-	-	-
Profit/(loss) before tax				6,718	185	(488)	(1,656)	4,759

H1 2020	Electricity Supply £000s	FIT Administration £000s	Gas Supply £000s	Total Supply Companies £000s	Electricity Generation £000s	Energy as a service £000s	Holding Company/ Consolidated Adjustments £000s	**Total £000s**
Revenue	49,058	2,652	14,108	65,818	4,704	71	(3,132)	**67,461**
Cost of sales	(42,800)	(321)	(9,619)	(52,740)	(2,992)	(15)	3,132	**(52,615)**
Gross profit/(loss)	6,258	2,331	4,489	13,078	1,712	56	-	**14,846**
Gross margin	13%	88%	32%	20%	36%	79%	0%	**22%**
Admin costs				(11,991)	(661)	(178)	(1,110)	**(13,940)**
Operating profit/(loss)				1,087	1,051	(122)	(1,110)	**906**
Net finance costs				-	(1,644)	-	(393)	**(2,037)**
Share of loss of associate				-	-	-	(12)	**(12)**
Profit/(loss) before tax				1,087	(593)	(122)	(1,515)	**(1,143)**

6. Finance income and expense

Finance income	**Unaudited As at 30/06/2021 £000s**	**Unaudited As at 30/06/2020 £000s**
Bank and other interest receivable	-	16
FV gains & losses[1]	1,447	65
Total	**1,447**	**81**

Finance expense	**Unaudited As at 30/06/2021 £000s**	**Unaudited As at 30/06/2020 £000s**
On bank loans and overdrafts	1,298	1,399
On corporate bond	363	413
Other interest payable	1	31
Fees on repayment of borrowings[1]	620	-
Interest on lease liabilities	194	179
Amortisation of debt issue costs	151	96
Total	**2,627**	**2,118**

[1] Included within Finance income and Finance expenses in the current year are amounts classified as non-underlying income and expenses relating to the debt restructuring taken place during the year. As a result of the debt restructuring a fair value gain of £1,447,000 has been recognised. However, a £620,000 fee was incurred for the early settlement of the Delabole loan arrangement.

7. Trade Receivables

	Unaudited As at 30/06/2021 £000s	Audited As at 31/12/2020 £000s
Gross trade receivables	37,958	34,278
Provision for impairment/non-payment of trade receivables	(9,576)	(8,882)
Net trade receivables	**28,382**	**25,396**
Prepayments and other debtors	1,208	1,157
Other taxation	823	162
Total	**30,413**	**26,715**

The movements on the provision for impairment and non-payment of trade receivables is shown below:

Movement on the provision for impairment and non-payment of trade receivables	**Unaudited As at 30/06/2021**	**Audited As at 31/12/2020**
	£000's	£000's
Balance at 1 January	8,882	7,345
Increase in allowance for impairment/non-payment	836	3,719
Impairment/non-payment losses recognised	(142)	(2,182)
Balance at 31 December	9,576	8,882

			Days past due				
Unaudited As at 30/06/2021	**Contract assets**	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expected credit loss rate	-	6.5%	8.8%	18.0%	24.8%	77.0%	
Estimated total gross carrying amount at default	-	19,409	5,425	2,406	1,631	9,087	37,958
Expected credit loss	-	1,265	475	432	404	7,000	9,576

			Days past due				
Audited As at 31/12/2020	**Contract assets**	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expected credit loss rate	-	8.0%	8.1%	13.9%	23.3%	80.8%	
Estimated total gross carrying amount at default	-	17,891	4,984	2,193	1,211	7,999	34,278
Expected credit loss	-	1,426	403	304	282	6,467	8,882

8. Borrowings

Current:	Unaudited As at 30/06/2021 £000s	Audited As at 31/12/2020 £000s
Bank and other borrowings	1,263	1,955
Bond	5,183	1,063
Lease liabilities	428	615
Total	6,874	3,633

Non-current:	Unaudited As at 30/06/2021 £000s	Audited As at 31/12/2020 £000s
Bank and other borrowings	34,500	33,405
Bond	-	16,331
Lease liabilities	5,355	4,728
Total	39,855	54,464

On 1 April 2021 the Group announced the restructuring of the financing on its renewable generation asset portfolio to consolidate and simplify funding facilities. At 31 December 2020 the Group had two secured bank loans against its 50MW of wind and solar assets, comprising: £4.5m secured against Good Energy's Delabole wind farm financed by the Cooperative Bank ("Co-Op") and £32.6m secured against the rest of the solar and wind asset portfolio, financed by funds managed by Gravis Capital Management Limited ("Gravis").

This refinancing and restructuring consolidated the generation assets into one portfolio, with a transfer of direct ownership of Delabole to Good Energy Generation Assets No.1 Limited, from Good Energy Group PLC. This portfolio is solely financed by a revised facility of £39.8m managed by Gravis and will amortise through to June 2035.

At 30 June 2021, £39,076,000 (2020: £30,728,000) of the bank loans relate to the Parent Company's subsidiary, Good Energy Generation Assets No. 1 Limited. The loan is secured by debentures incorporating fixed and floating charges over all of the assets of that company and its subsidiaries entered into between 17 December 2014 and 1 April 2021 together with fixed charges over the shares in those companies. The facility will be repaid from future cash flows arising from the subsidiaries of that company with repayments of capital and interest scheduled quarterly. Interest is payable at 6.48% and the outstanding principal balance is partially exposed if annual RPI inflation exceeds 3%. Total costs incurred in raising finance were £3,481,000 (2020: £2,754,000) and are being amortised over the life of the loan.

On the 30 June 2021, the Group partially repaid £11,450,000 of the Good Energy Bonds II. This represented 70% of the un-redeemed amount at the date of payment. On the same day the group also repaid £400,000 in redemption requests. The outstanding capital after these combined payments is £4,900,000.

The fair values of borrowings have been calculated taking into account the interest rate risk inherent in the loans and the bond. The fair value estimates and carrying values of borrowings (excluding issue costs) in place are:

	Unaudited As at 30/06/2021 Fair value £000s	Unaudited As at 30/06/2021 Carrying value £000s	Audited As at 31/12/2020 Fair value £000s	Audited As at 31/12/2020 Carrying value £000s
Good Energy Delabole Windfarm Ltd	-	-	4,672	4,657
Good Energy Generation Assets No.1 Ltd	39,422	39,076	32,962	32,645
Corporate bond	5,185	5,183	16,586	17,422

9. Earnings per share

The calculation of basic earnings per share at 30 June 2021 was based on a weighted average number of ordinary shares outstanding for the six months to 30 June 2021 of 16,375,000 (for the six months to 30 June 2020: 16,236,150 and for the full year 2020: 16,350,000 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 2021 was 189p (for the six months to 30 June 2020: 189p and for the full year 2020: 184p). The dilutive effect of share-based incentives was 440,432 shares (for the six months to 30 June 2020: 714,832 shares and for the full year 2020: 395,697).

10. Net cash flows from operating activities

The operating cashflow for the six months to 30 June 2021 is an outflow of £1.8m (for the six months to 30 June 2020: £5.3m inflow and for the full year 2020: £7.8m inflow). The difference in the cashflow between the half year 2021 and its comparative for the same period is primarily due to timing of working capital related items offset by higher PBT in the current year.

11. Related party transactions

As at 30th June 2021, Tidal Lagoon Power Ltd owed the Group £17,000 in respect of electricity supplied to its head office. Tidal Lagoon Power Ltd entered into a company voluntary agreement (CVA) in 2018 and this process is ongoing. 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. £16,000 of this debt has been provided through the Group's expected credit loss provision.