Generating a Low Carbon future

Our Mission

"Growing Infinis into a more diversified renewable and low carbon energy portfolio, focused around our core expertise and strong platform, to create long-term value and a sustainable future"

Half year review

Infinis Energy Group Holdings Limited ("Infinis" or the "Group") publishes its half-year update for the six-month period from 1 April 2024 to 30 September 2024 (the "period").

The principal activity of the Group is the generation and sale of renewable low carbon electricity. The Group operates through the following divisions:

- Captured Methane: Supporting the UK's decarbonisation strategy, Captured Methane (comprising captured landfill methane (CLM) and captured mineral methane (CMM) prevents environmental emissions from landfill sites and disused mines being released to the atmosphere and utilises the methane as a fuel source to generate renewable electricity. Methane is 25 times more damaging to our environment than carbon dioxide.
- Flexible Generation (FG): Complementary technologies of Power Response ('PR') and Battery ('BESS') provide responsive power in periods of low generation and/or high grid demand. Flexible Generation supports the UK energy transition, in particular the growing intermittency of renewable power generation from wind and solar, while also providing back-up generation capacity under contracts to National Grid.
- Solar: Solar energy parks use interconnected photovoltaic (PV) panels to capture sunlight, creating renewable electricity. Solar is a new, and growing division.

The strategy of Infinis is focused and committed to growth and diversification through continued investment in renewable, and low carbon, sources of electricity. The Group continues to develop its pipeline of over 1GW of new solar and battery projects, with the following significant milestones being achieved in the period:

- 3 solar energy parks, Aveley (20MW); Dogsthorpe (14MW) and Brogborough (40MW), totalling 74MW secured planning consent. Over 100MWs of organically developed, co-located landfill solar projects have now secured planning consent across seven sites.
- 2 consented solar SPV projects totalling 91MW were acquired. TPS Ford Oaks Limited ('Ford Oaks') contains the consented development rights to a 38MW solar energy park located near Marsh Green, Devon. Sirius Dev (Oaklands) Limited ('Oaklands') located near Bonvilston, The Vale of Glamorgan, South Wales contains the consented development rights to a 53 MW solar energy park with 50MW co-located BESS.
- 10MW organically developed BESS project was consented at the existing Cardiff PR site and represents the first co-located PR and BESS site. One further consented BESS project, Peel Road (20MW), was acquired under one of the Joint Development Agreements.

Construction is well advanced on the Boston and Offham solar sites with first power on both now expected in Q4 FY25. Ford Oaks pre-construction has commenced with a planned start on site in January 2025. Oaklands is planned to commence construction in March 2025. Pre-construction will commence on Brogborough in Q4 FY25 for a planned start on site of Q1 FY26.

The Group's first BESS project at Taylor Road, Manchester energised in the period and has commenced generation shortly after the period end. Projects Shoreside (7MW) and Union Road (5MW) will commence construction in Q3 and Q4 FY25 respectively.

The Group now has a consented pipeline of solar projects which will see it exceed 0.3GW of operational MWs over the next two years.

Group performance

Year to date

The Group has performed ahead of budget for the first six months of the year delivering revenue of £75.4m and EBITDA of £39.3m. Strong performance of Captured Methane, with exported power 5.7% favourable to budget, and Solar performance largely in line, has more than offset adverse budget performance from Flexible Generation. The well-supplied energy market, consistent with FY24, continues to limit both the demand for, and the market pricing of, Flexible Generation.

The diversification of the business is driving increasing earnings, with Solar contributing gross profit of £7.8m, an increase of £5.4m on the same period for the prior year with 103MW of operational solar over the important summer period.

Outlook

Infinis directly, and through respective trade associations, continues to encourage the government to take a pro-active approach to both the extension of subsidy support for CLM when the current ROC arrangements transition off over FY28-FY31, the effective management of landfill gas into the 2030s and beyond is essential to ensure that the UK energy transition continues to progress.

The Group expects to deliver its full year budget of £75m EBITDA with a continuation of strong CLM performance offsetting lower Flexible Generation margins. Net debt is expected to be consistent with budget around £240m at March .

Financial performance

The Group delivered revenue of £75.4m in the period (six months to September 2023: £71.4m), an increase of £4.0m compared to the six months to September 2023. EBITDA increased to £39.3m in the period (six months to September 2023: £34.5m) with growth in Captured Methane (+£1.1m) and Solar (+£5.3m) being offset by lower Flexible Generation EBITDA (-£1.5m).

Cash generated from operating activities was £31.9m, an increase of £5.8m versus the six months to September 2023 mainly driven by the increase in EBITDA.

Analysis of divisional performance:

Captured Methane

- Revenue increased by £0.6m in the period to £63.7m driven by an increase in ASP of £4.70/MWh which more than offset the exported power decline of 18 GWh (-3.9%).
- Gross profit (excluding depreciation) increased by £1.1m to £37.7m with the increase in revenue largely converting to gross profit.

Flexible Generation

- Exported power was 53GWh in the period (six months to September 2023: 70GWh) largely generated from PR operation during the four hour weekday peak power demand period in late afternoon/early evening. Gas pricing remains high and with lower power pricing over the period, there have been limited periods of positive market margin outside of this peak period. Assets continue to operate largely as a result of the GDUoS embedded benefit which adds £10-£60/MWh to market margin based on each specific site location.
- Revenue in the period decreased to £3.5m with fixed revenue (from Capacity Market and STOR) equating to 83% of total revenue (2023: 50%).

Solar

- Exported power increased by 58GWh (387%) due to the impact of a full six months of export from 103MW of operational solar – the sites at Litchardon (60.3MWp) and Bishampton (31.7MWp) only commenced generation towards the end of H1FY24.
- Revenue increased by £5.8m to £8.3m driven by the increase of 58GWh of exported power. Strong pricing of £113.70/MWh was secured from Offtaker PPAs on the four operating sites.

Liquidity and capital structure

The Group's financing arrangements are consistent with that set out in the annual report and accounts for the year ended 31 March 2024 of Infinis Energy Group Holdings Limited.

At 30 September 2024, the Group had £10.7m of cash resources (March 2024: £6.6m). The Group continues to service its £206.0m secured senior and institutional loans. Available cash (inclusive of undrawn RCF excluding any RCF facility carve outs) is £96.7m (March 2024: £103.9m) with leverage of 2.9x (March 2024: 3.1x).

The Bank of England base rate decreased to 5% in the period (March 2024: 5.25%). Through a combination of interest rate hedging arrangements over £105.8m (75%) of senior debt locking in an all-in cost of 4.7% through to December 2027, and fixed rate on £65.0m on institutional debt through to 2032, earnings and cashflows continue to be well protected from higher interest costs. As the Group draws its revolving credit and solar CAPEX facility to fund planned growth, it will continue to review the exposure to interest costs and may implement additional base rate hedging on a proportion of this.

Taxation

The October 2024 budget delivered a series of planned tax increases albeit the projected impact on the business is not significant, with the most notable change being the 1.2% increase to employer's national insurance contributions, and the lowering of the per-employee threshold at which employers start to pay national insurance from £9,100 per year to £5,000 per year. These tax increases are projected to increase associated costs by £0.4m per annum.

We were encouraged by the headline corporation tax rate remaining unchanged at 25%, and in particular the continuation of the enhanced capital allowance regime which has now been in place since 2001 and provides either accelerated relief on long life assets such as Solar or allows full relief in the year of spend for the majority of other assets. This relief continues to shelter the profits of the Group from a tax liability, and tax losses carried forward equate to £11.8m September 2024. Ensuring that companies are incentivised to invest in the renewable energy sector is essential to support the energy transition.

Stakeholders

Under Section 172 of the Companies Act 2006, the Directors of the Company have a duty to promote the success of the Company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term, the need to act fairly between members of the Company, and the Company's wider relationships.

The Directors consider the effect of s172 in all of their decisions and the impact on any of the specified groups. The Directors consider the interests of all stakeholders, including the impact of the Company's activities on the community and environment, when making decisions. The Directors, acting fairly between members, and acting in good faith, consider what is most likely to promote the success of the Company for its stakeholders in the long-term.

The Group's approach to stakeholder engagement is materially unchanged from the detailed assessment set out in the annual report and accounts for the year ended 31 March 2024 of Infinis Energy Group Holdings Limited.

Principal risks and uncertainties

The Company adheres to the risk management policy of the Infinis Group which is headed by Infinis Energy Group Holdings Limited, details of which are set out in the consolidated accounts of that company.

The Infinis Group's approach to risk management is continuous, collaborative and designed to eliminate or manage the risk of failure to achieve the Infinis Group's objectives. The Group Board exercises oversight of the risk management process at Board and Audit Committee meetings.

The Infinis Group has a well-established risk management process that is embedded in management processes, responsibilities and culture. It is proactive and designed to instil the principles of the risk management policy at functional level through a process of self-assessment and certification.

The Infinis Group's risk management process, and the principal risks and uncertainties as at the date of this report are largely consistent with those set out in the Annual report and accounts for the year ended 31 March 2024.

This report was approved by the Governing Board on 27 November 2024. By order of the Board.