

# ANNUAL REPORT

2023



SAE: We develop, build and operate sustainable energy projects, focussed on finding ways to deliver and unlock opportunities that others can't.



**We are SAE, a developer, owner and operator of sustainable energy projects. Our business is aligned with the UK's binding Net Zero targets to ensure we are working in harmony with the UK government's national objectives.**

We are passionate about what we do and use that passion to drive forward our business, delivering for our shareholders, stakeholders and communities. Our long-term success will be underpinned by the revenue generated from operating our sustainable energy projects, ensuring a profitable and sustainable business.

## Our Vision

To develop, own and operate sustainable energy projects for the benefit of our shareholders and our planet.

## Our Mission

To collaborate and innovate to reduce costs and successfully deliver our projects.

## Our Values

**Today** – We are an innovative and dedicated team.

**Tomorrow** – Through collaboration and teamwork we will achieve our vision.

**Always** – We always value the safety of each other, our communities and the environment.

## Contents

### STRATEGIC REPORT

1	Highlights
3	SAE Strategy
5	Reasons to Invest
7	Chairman Statement
9	CEO Statement
13	CFO Statement

### CORPORATE GOVERNANCE

18	Directors' Report
19	The Board of Directors
21	Board Operation
23	Audit Committee Report
26	Group Governance
27	Directors' Remuneration Report
30	Directors' Responsibility Statement
31	Independent Auditor's Report

### FINANCIAL STATEMENTS

37	Consolidated Statement of Comprehensive Income
38	Statements of Financial Position
39	Statements of Changes in Equity
41	Consolidated Statement of Cash Flows
42	Notes to the Financial Statements
IBC	Company Information



# HIGHLIGHTS

## Financial

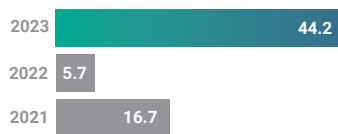
### Profit

**£23.2m\***  
(2022: £-11.1m)



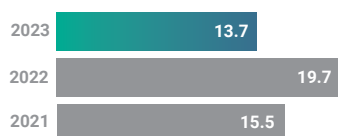
### Net assets

**+678%**  
£44.2m (2022: £5.7m)



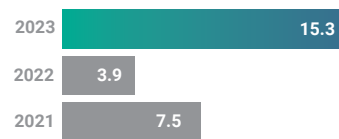
### Group debt (excluding MeyGen debt)

**-30%**  
£13.7m (2022: £19.7m)



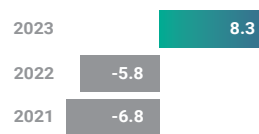
### Revenue

**+292%**  
£15.3m (2022: £3.9m)



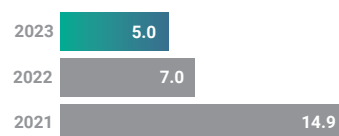
### EBITDA

**£8.3m**  
(2022: £-5.8m)



### Operating costs

**-29%**  
£5.0m (2022: £7m)



## Operational

### Uskmouth Battery Energy System Storage (BESS) projects

- ▶ Final payment received on 230MW/460MWh BESS, now under construction by Uskmouth Energy Storage Ltd.
- ▶ Signed conditional land sales agreement with Electric Land for £9.9 million for the 230MW BESS. Milestone income to be received during 2024.
- ▶ Achieved planning for a new 120MW/240MWh BESS which repurposes the site of the stations cooling towers.
- ▶ Commenced development of an additional 600MW/1,200MWh of BESS at the site.

### Mey BESS project

- ▶ Agreed option to lease land.
- ▶ Modified MeyGen Grid connection to increase capacity to 287MW with full import and export rights.

### MeyGen

- ▶ Secured 22MW in AR5 auction at £198/MWh.
- ▶ During 2023 MeyGen generated 93% of all UK tidal energy.
- ▶ The array has generated 64 GWh of predictable tidal energy.
- ▶ Successful maintenance, repair and reinstallation of Turbine 2 including retrofit of an advanced wet mate connection system.

### GWh generated

**+37%**  
11.9GWh (2022: 8.7GWh)



\*Includes a net upwards revaluation adjustment of £22.6m. See note 11.

**“2023 has seen the business establish a solid foundation for growth ...a more focussed, lower risk business delivering predictable performance.”**

**Graham Reid**  
CEO





# SAE STRATEGY

Building a sustainable future to 2035

SAE has a clear strategy for success that will see it unlock value in the business and deliver returns for our shareholders.

It's a path to deliver a pipeline of projects that will achieve our goal of being a leading sustainable project developer, owner and operator, ensuring long-term value for our shareholders.

Our strategy directly supports UK government policy to improve energy security and achieve Net Zero by 2050.

**SAE has the foundations and strategy to deliver. To achieve its goals SAE's strategy will be focused on:**



## Develop, own and operate a 207MW/414MWh battery storage project at Mey in Caithness.

SAE has gained significant experience of BESS development projects at its Uskmouth site. It also knows the local area of Caithness exceptionally well having been involved there for nearly 20 years. With the large number of new wind projects in North Scotland there is demand for BESS to help manage the grid. SAE's strategy is to use its experience to meet the demand.

## Develop, own and operate 900MW/1,800MWh of 2-hour duration battery storage projects

SAE's strategy is to remain focussed on maximising all the potential at the Uskmouth and Mey sites. In delivering this target SAE will become a leading Independent Power Producer in the UK and will benefit from the long-term sustainable revenue streams these assets will provide.





### Financially close 80MW of tidal capacity at MeyGen

SAE already has the experience, 50MW of revenue support from the CfD scheme and the project partners to deliver, and our strategy is to work closely and collaboratively alongside the Scottish Government to ensure we hit this milestone.

### Deliver 600MW/1,200MWh of sustainable BESS projects at Uskmouth

The Uskmouth site is arguably one of the best locations for large scale BESS in the country. SAE is the owner and operator of the site and plans to use this unique position to maximise the site potential.

To  
2030

### Develop, own and operate the remainder of the MeyGen tidal site up to 398MW

SAE will continue to engage with the UK Government and use its broad support base to continue to make the case for tidal stream at scale. SAE will also continue to ensure that MeyGen is at the forefront of the technology's deployment. SAE will continue to be the world's largest tidal stream IPP and benefit from the long term sustainable and predictable revenue streams this asset will provide.

### Double our BESS projects capacity from 1,800MWh to 3,600MWh

In designing our BESS schemes SAE has sought to secure development and land rights to enable all our BESS projects to be easily augmented from 2-hour to 4-hour duration doubling the energy capacity of our assets from 1,800MWh to 3,600MWh. As intermittent renewable energy penetration increases, and fossil fuel generation reduces we expect an increase in demand for longer duration storage systems. SAE will be well placed to rapidly serve this increased demand through expansion of our BESS assets.

To  
2035





# Reasons to INVEST

01

## Fantastic opportunity to invest in one of the largest, single location BESS portfolios in the UK, the Uskmouth Sustainable Energy Park

The single location advantages are:

- ▶ Wholly owned site de-risks the development as SAE has no reliance on agreements with third party landowners.
- ▶ Access to existing grid infrastructure lowers the cost and time to connect.
- ▶ Owner of a rail connection, meaning lower transport costs and a more sustainable means of importing materials and plant for construction.
- ▶ Brownfield industrial permitted generation site favorable for BESS from a planning perspective.
- ▶ SAE retain land and design the projects for expansion in future from 2-hour duration to 4 hours.
- ▶ O&M team at Uskmouth have extensive historical knowledge of the site and local supply chain.

02

## SAE is already growing its portfolio and applying its experience to another BESS site near to Mey in Caithness.

- ▶ Additional 207MW/414MWh BESS project under planning at our site in Scotland.
- ▶ 287MW grid capacity secured with full import and export rights. Capacity will be shared between the BESS project and our tidal project. This grid connection was secured by SAE in 2009 as part of the early stages of MeyGen's project development and is a fully consented "ready to build" connection with a favourable grid connection date.
- ▶ The SAE operations team in Scotland have extensive local knowledge and are an established developer and O&M operator in the area following our development and operation of the MeyGen project.
- ▶ Mey BESS is strategically located in a region of high renewable generation and can help National Grid to bring these renewables onto the grid sooner.

03

## SAE has diversified revenue streams

- ▶ BESS projects will deliver long term revenue streams through both operation of the assets and land income where SAE own the land at Uskmouth.
- ▶ The new tidal projects will deliver long term predictable revenue streams supported by a predictable resource and Contract for Difference (CfD) revenue support.
- ▶ We aim to become an Independent Power Producer (IPP) for over 900MW/1,800MWh of storage capacity and 398MW of tidal generation capacity, thereby securing long-term predictable revenue streams for the business.
- ▶ The Group will seek to double the capacity of our BESS sites from 1,800MWh to 3,600MWh between 2030 - 2035.



1

ENERGY STORAGE

CAUTION  
DO NOT OPEN  
IF NOT  
AUTHORIZED





**SAE presents an exciting opportunity to invest in one of the leading BESS and renewable energy developers in the UK. SAE has everything needed for rapid delivery of projects and a team with a record of success.**

04

### Experienced and invested team

- ▶ An Executive and management team with a strong record of stabilising the Group and growing this business.
- ▶ Invested and strategic Board focused on ambitious growth.

05

### SAE has developed a strong financial base from which to deliver its strategy and achieve its goals.

- ▶ Strong focus on profitable business performance and solid investment return.
- ▶ Relentless focus on disciplined cash management and positive cashflows.
- ▶ Exceptional origination, development, planning, construction and operations and maintenance expertise.

06

### Strong alignment with macro-economic and regulatory drivers

- ▶ UK BESS requirement in excess of 50GW by 2050 to provide grid services as renewable generation comes on line.
- ▶ Capitalize on energy security concerns and supports large scale expansion of offshore wind in the region.
- ▶ Accelerated route to market for BESS projects with National Grid connection reform.

### Uskmouth Sustainable Energy Park is a prime site for BESS expansion

- ▶ Uskmouth Sustainable Energy Park currently hosts a 230MW/460MWh BESS under construction with expansion potential to 350MW/700MWh, and a new 120MW/240MWh BESS under development which has now received planning permission. When fully built out the site has sufficient land and grid to host a total of 3,600MWh of storage projects.

### SAE is the world's leader in tidal operations and development

- ▶ With the opportunity for significant expansion SAE remains at the forefront of the deployment of this new technology.
- ▶ While the revenue will deliver in the long term, SAE remains perfectly placed to benefit as the industry develops.



# Chairman STATEMENT

**“We have a clear path to deliver a pipeline of projects that will achieve our goal of being a leading sustainable project developer, owner and operator, ensuring long-term value for our shareholders and playing a key role in delivering on net zero by 2050.”**

**Duncan Black**  
Non-executive chairman



## 2023 Highlights:

The Board set very clear objectives for the business last year, and I'm pleased to report each of these were met or exceeded.

1. Restructure SAE's debt and put the business on a sustainable footing for growth.
2. Continue to deliver one of the largest Battery Energy Storage System (BESS) developments in the UK.
3. Secure more funding for SAE's MeyGen project through the Contracts for Difference (CfD) Application Round 5 (AR5) auction.

## Strategy - Building a Sustainable Future to 2035

With the significant deployment of intermittent renewable energy generation, the electricity transmission grid needs a means to store and release the excess energy that is being generated as supply and demand fluctuates. The UK government has identified BESS as an essential energy infrastructure to ensure the delivery of net zero by 2050. There is currently a significant shortage of electricity transmission grid capacity in the UK, which is severely limiting the ability of new renewable energy projects and BESS projects to connect to the grid in a meaningful timescale. While Ofgem and National Grid are working to address these shortages, there is a large demand for BESS projects which can be delivered quickly located around existing transmission connections.

At our Uskmouth facility we have a significant amount of existing electricity grid connection capacity, and we have additional grid connection capacity coming on-line from 2026. This makes Uskmouth an ideal site for the development of BESS projects with a potential capacity of 1,200MWh capable of being deployed by 2030.

We also have the land and rail connection to ensure the most cost-effective and carbon-efficient delivery of materials with minimal local disruption. The benefit of having one major site is that our time and resources can be focused on one area for delivery. The SAE team has a long association with and knows the site, the community, local stakeholders, and planners very well. This knowledge has enabled the team to take our first BESS project at the Uskmouth site from concept to construction ready within a very short space of time.

SAE is developing several BESS projects at Uskmouth and in Scotland, with the goal of maintaining a significant equity ownership in these projects and delivering sustainable revenue for the future.

We continue to successfully operate the MeyGen 1 project and gain valuable long term operating experience and data. The award of 50MWs of CfDs for the MeyGen 2 project through AR4 and AR5 provides a path forward for the development of this exciting project in partnership with the Scottish government. Tidal power remains an important part of the future energy mix in providing a source of reliable, predictable renewable energy.



### Strategy - (continued)

Our projects align with Government policies and help ensure the delivery of Net Zero by 2050. We aspire to deliver over 3,600MWh of BESS projects by 2035. In excess of 1,400MWh is expected to be built at the Uskmouth Sustainable Energy Park with the balance derived from increasing the duration of our BESS schemes at Uskmouth and fully building out the Mey BESS project.

We target to complete the next phase of the MeyGen tidal project with the support of the 50MW of CfDs already secured, and intend to secure further offtake to enable the build out of the remainder of the MeyGen site. These are all long term assets that will provide the business with long-term sustainable revenue streams.

### Outlook

The team has been working tirelessly to produce a roadmap to deliver over 1,400MWh of BESS projects on the Uskmouth site, the successful development of which will make SAE one of the largest developers of BESS projects in the UK. We have demonstrated the value that BESS project development can add to our business, and as we move into a business model of full development and ownership, this value will increase.

Tidal energy remains exciting and very much a technology of the future. SAE has worked to ensure that MeyGen remains at the forefront of the technology's development by securing CfDs in AR4 and AR5.

### Board activity

The Board has focused on ensuring the team has the resources that it needs to realise the value we have created at our existing sites and to put the building blocks in place for expansion. We have a good balance on our Board of knowledge, experience and innovation to support the business.

**"I have worked and helped deliver projects around the world. We have all the building blocks, including the experience and expertise, to deliver an exciting pipeline of sustainable energy projects, which we can develop, build, own and operate."**

**John Woodley**  
Non-executive director



### Conclusion

I am excited about the future for SAE. We have the funding and visibility on future revenues we need to deliver our development projects and service our debt. We have a pipeline of projects that would be the envy of many much larger companies, and we have a Board and Executive team who have a track record of successful delivery. I would sincerely like to thank all the members of our team whose hard work and dedication during the past 12 months has delivered outstanding results for SAE. To the stakeholders in our projects, bondholders, shareholders and governments thank you for your continued support of our business.



# CEO STATEMENT

**“During 2023, the business has met or exceeded all of its objectives. This provides a great platform from which we can embark on our new strategy: Building a Sustainable Future to 2035, advancing our transition towards becoming an Independent Power Producer (IPP).”**

**Graham Reid**  
CEO



## 2023 Highlights:

1. Financial stability – 2023 saw an adjusted EBITDA of £8.3 Million.
2. Established a development pipeline of over 900MW/1,800MWh of BESS projects.
3. Built a high performing team with a track record of delivery.

## Revenue

**+292%**

**£15.3m (2022: £3.9m)**



A major milestone in 2023 was the successful conclusion of the sale of our first Battery Energy Storage System (BESS) project, which will see a 230MW/460MWh project being completed at our Uskmouth site in 2025. We also created significant value for the business from the land on which this project is being built. This unlocked significant revenue, which is key for future project development. We continue to develop a project portfolio of 1,800MWh, a portfolio that presents real opportunity and growth for our company.

The MeyGen project continues to break records in tidal stream generation, demonstrating our capabilities and experience in power production, a key pillar of our future strategy.

## Results:

The business has made significant progress in the last 12 months, and we are in a strong position to deliver an exciting future for our company and our shareholders. Throughout the year we have focussed on three key priorities:

- ▶ Creating a streamlined business, which can identify, respond, and deliver opportunities.
- ▶ Significantly reduce costs and improve efficiency, aligned around 2 business areas: BESS and tidal stream generation.
- ▶ Maximise the return on our assets at Uskmouth and MeyGen.

For the year ended 31st December 2023 we posted a set of results which are a significant improvement on last year. The year resulted in revenues of £15.3 million (2022: revenue £3.9 million). I am also pleased to report that this led to an adjusted EBITDA of £8.3 million (2022: £5.8 million loss).

Group debt (excluding non-recourse debt) fell to £13.7 million (2022: £19.7 million) following the successful execution of the lease agreement for the 230MW BESS project with Uskmouth Energy Storage Limited. Operational efficiency was improved with a reduction in cash burn to £5.0 million (2022: £7.0 million) whilst still increasing our development pipeline which now sits at 900MW/1,800MWh. As at 31 December 2023 the Group had £4.2 million cash at bank.

Our Meygen tidal stream project has been successful in securing an additional 22MW of capacity in Application Round 5 (AR5) which is the UK Government’s annual auction for contracts for difference.



### Strategy – Building a Sustainable future to 2035:


We are transitioning to becoming an IPP in BESS and Tidal stream generation. We have several projects located at our facilities at Uskmouth, Mey and MeyGen all of which are being actively developed. We will be constructing these projects and expect to retain ownership of the completed projects. Our ambition is to deliver 900MW/1,800MWh of BESS capacity and 80MW of tidal capacity over the next 10 years whilst still maintaining a robust pipeline of projects for future delivery.

### Outlook

We remain confident that we will deliver on our ambitious plans for 2024. We expect to make major progress towards financial close on our second BESS project at Uskmouth which will be for the 120MW/240MWh BESS with commercial operation scheduled for 2026 providing a long-term revenue stream for the business. The next project will be our 207MW/414MWh project at Mey, for which planning permission is expected to be received later in 2024. During 2029 our third project at Uskmouth and our MeyGen phase 2 project are scheduled to achieve commercial operation, adding 250MW/500MWh storage and 50MW tidal respectively to our portfolio of assets.



**Highlight:** The revenue provided from closing the Electric Land deal is a fundamental step in developing our project pipeline and supports our strategy of taking majority equity positions in each of these projects.



**“The last few years have seen us build the foundations to become a sustainable energy developer, owner and operator. We have the sites, the team and the projects to deliver a great future.”**



# CEO STATEMENT

## A leading pipeline of projects:

2023 has seen us work with multiple experts in identifying a substantial pipeline that will position SAE as one of the country's leading BESS and tidal developers, owners and operators. This huge piece of work has seen us reimagine and reinvent the Uskmouth power station and MeyGen sites.



## Uskmouth

The Uskmouth Sustainable Energy Park is one of the UK's largest BESS development sites. We have unlocked value to bring in funds to the business with the first 230MW/460MWh BESS project but our strategy moving forward is to retain ownership of the projects. With over 1,400MWh identified to be delivered at the site, this places us as a key deliverer of a technology that has been identified as essential to meet our national climate targets.

## MeyGen

Tidal - with the CfDs awarded, we are working to unlock this complex project. It is not easy, but we have strong support from a range of stakeholders including Government, who understand the importance of this project for the broader tidal sector.

## MEY

BESS – with the GWs of offshore wind projects off the Scottish coast, BESS will be critical for the region in balancing generation with demand. We are working on bringing our experience gained at Uskmouth to deliver this vital technology in the region.

**“Batteries will play an essential role in our energy transition and our ability to successfully achieve net zero by 2050”**

Minister of State for Industry and Economic Security\*





## A strategy to deliver sustainable projects for our shareholders and planet:

by  
2030

Deliver 207MW of BESS at Mey

by  
2030

Deliver 1,200MWh of sustainable projects at Uskmouth

by  
2030

Financial close of 80MW of tidal capacity at MeyGen

by  
2035

Develop, own and operate 3,600MWh of battery storage projects

by  
2035

Build out the remainder of the MeyGen tidal site

by  
2035

Focus on long-term, reliable operation of our assets to secure sustainable revenue





# CFO STATEMENT

**“Revenues from a portfolio of BESS projects will provide a strong financial foundation for further growth of the Group.”**

**Simon Hirst**  
CFO



## 2023 Highlights:

1. Sale of ready to build BESS project with grid connection for £10 million
2. Sale of BESS project land for £9.9 million
3. 22MW of tidal capacity / revenue support awarded
4. A new bond repayment schedule agreed

## Profit

**£23.2m\***

(2022: £-11.1m)



## Introduction

2023 has been a transformational year for the Group. In the battery space the Group has converted promising project development opportunities at its Uskmouth site into tangible financial results with the realisation of a £10.0 million development premium during 2023 from the sale of the ready to build 230MW BESS project with grid connection at the Uskmouth Sustainable Energy Park. In March 2024 the completion milestone in the land sale contract with EL (Uskmouth) Ltd was completed triggering the recognition of £9.9 million of revenue in the 2024 accounts. Our tidal team won 22MW of tidal capacity / revenue support in Allocation Round 5 of the UK Governments Contracts for Difference auction, augmenting the 28MW won a year earlier in Allocation Round 4 and, with the support of our bondholders, we agreed a new repayment schedule which gives the Group the time and space it needs to deliver each of its development opportunities.

The medium-term Group cash forecast shows good liquidity throughout the going concern period, in part due to the agreement reached with bondholders to rephase the repayments on their bonds and the receipt of £11.0 million of cash during the past 12 months. In addition, the cashflow forecast has been stress tested to ensure it has sufficient flexibility to adapt to different eventualities.

All of these developments position SAE strongly for growth, and in particular to add up to 30% to the BESS capacity currently deployed across the UK.

## Near term developments

The value inherent in BESS projects for the UK grid combined with the unique properties of our Uskmouth site are now starting to be reflected in our financial results. £11 million of cash received from BESS project developments, critical to provide working capital and development expenditure to the Group, was received during the past 12 months. £4 million in July 2023, £5 million in March 2024 and £2 million in May 2024. This income will allow the Group the opportunity to build and operate the next 120MW/240MWh BESS at Uskmouth and the 207MW/414MWh BESS in Scotland near MeyGen. Revenues from these projects will in turn provide recurring revenue streams which the Group will be able to recycle into new project opportunities and meet its obligations to bondholders.

**\*Includes a net upwards revaluation adjustment of £22.6m. See note 11.**





## Reporting on the Results

The Group reported revenue of £15.3 million in 2023 compared with £3.9 million in 2022. Revenues available to the Group, which excludes ring-fenced revenue earned by the MeyGen tidal array, rose to £10.7 million from £nil in 2022.

The development premium for the 230MW BESS at Uskmouth power station received in June 2023 for £10.0 million accounts for the majority of 2023 revenues with the balance of £0.7 million being rental income from the Uskmouth site.

Operating costs, excluding asset impairment adjustments, fell to £7.2 million from £11.6 million in 2022. The improvement reflects a 67% reduction to £3.5 million (2022: 5.9 million) in operating costs at the MeyGen array following the successful installation of the third turbine in June 2023, and a 35% reduction in Group costs to £3.7 million (2022: £5.7 million) due to cost savings following the sale of the turbine technology business in October 2022 and cost rationalisation at the Uskmouth site.

The Group closed the year with cash of £4.2 million (2022: £3.7 million).

The Group will remain focussed on keeping its annual operating cash expenditure of £5.0 million (2022: £7.0 million) at similar levels to those experienced during 2023. The Group has annual committed expenditures for employees, operating expenses and interest expense to bondholders. In each category the Group will remain focussed on maintaining costs at similar levels to those of 2023.

- ▶ Employee costs were stable at £2.1 million (2022 £2.5 million): Our strategy of engaging relevant contract expertise to support delivery of specific projects, as and when required will ensure our headcount and associated employee costs remain steady.
- ▶ Operating expenses £1.7 million (2022 £2.2 million) (excluding MeyGen): comprising costs associated with running an AIM listed and Singapore incorporated group, development expenditures for specific projects and expenditure incurred maintaining the Uskmouth site.
- ▶ Annual interest payable to bondholders remains unchanged at £1.3 million (2022: £1.3 million): Annual interest expense will remain largely unchanged until bond repayments commence in December 2025.



**“The Group’s strong liquidity position enables it to proceed with the development and construction of our two near term BESS projects and the flexibility to invest development capital into opportunities that will realise value thereafter.”**



# CFO STATEMENT

## Project valuations

The major increase in the valuation of the Group arises from the reassessment of the value and size of the BESS commercial opportunity. During 2024 the Group appointed a financial advisor specifically experienced in completing both buy and sell transactions for BESS. Their expertise applied to the Group's specific circumstances, not least our unique position as landowner at Uskmouth, has informed our develop, build and operate strategy. We have engaged with the BESS supply chain to get an accurate view of the construction costs for our projects and combined with robust financial modelling and market tested revenue assumptions, have created project valuations from first principles.

The valuation of the tidal business shows an impairment of £5.6 million versus 2022 due to an unexpected turbine outage from June 2023 on the Phase 1 array and an increase in the discount rate to 12%. Three of the four turbines comprising the Phase 1 array are performing well with the fourth turbine due to return to service in Q3-24. The valuation of the remaining 80MW of consented capacity primarily relies on the delivery of the 50MW array for which we already have Contracts for Difference.

The Group reached agreement with its bondholders to rephase the repayments on their bonds out of 2024 and into periods commencing in December 2025 and culminating in a final £7.7 million repayment in December 2029.

We have introduced a new reporting segment, Battery Storage, which captures the performance of our BESS portfolio. It reports the income from each of our BESS projects, the operating costs associated with the Uskmouth site and the valuation of the BESS portfolio. Development expenditures incurred on any projects continue to be reported in the Project Development segment.

Ultimately, revenues from a portfolio of battery storage projects will provide a strong financial foundation for further growth of the Group.

## Conclusion

The Group is well positioned to take advantage of the tremendous opportunities afforded by the UK demand for battery storage, through its 100% ownership of the Uskmouth site and the repurposing of the MeyGen Grid Connection Agreement to provide import and export capacity for the Mey BESS, as well as through the development of future phases of the MeyGen tidal project. The Group's strong liquidity position enables it to proceed with the development and construction of our two near term BESS projects and the flexibility to invest development capital into opportunities that will realise value thereafter.

### Cash

# +14%

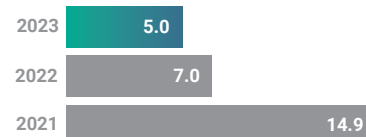
**£4.2m (2022: £3.7m)**



### Operating costs

# -29%

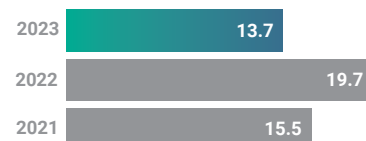
**£5.0m (2022: £7m)**



### Group debt (excluding MeyGen debt)

# -30%

**£13.7m (2022: £19.7m)**





**“The major increase in the valuation of the Group arises from the reassessment of the value and size of the BESS commercial opportunity”**



# CORPORATE GOVERNANCE

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## IN THIS SECTION:

- 18 Directors' Report
- 19 The Board of Directors
- 21 Board Operation
- 23 Audit Committee Report
- 26 Group Governance
- 27 Directors' Remuneration Report
- 30 Directors' Responsibility Statement
- 31 Independent Auditor's Report



# Directors' REPORT

The Directors present their Annual Report together with the audited financial statements for the year ended 31 December 2023.

## Principal Activities

The Group is a developer, builder, owner and operator of sustainable energy projects. The Group holds equity positions in the world's flagship tidal stream project, MeyGen, and in one of the UK's largest single location BESS portfolios, the Uskmouth Sustainable Energy Park.

## Directors

The following Directors of the Company were in office during the whole of the year ended 31 December 2023:

- ▶ **Duncan Black** – Independent Non-Executive Chairman
- ▶ **Graham Reid** – Chief Executive Officer
- ▶ **Simon Hirst** – Chief Financial Officer
- ▶ **John Woodley** – Independent Non-Executive Director

No directors joined or left the company during the year.

## Directors Remuneration

The report on Directors Remuneration is set out on pages 27 to 29.

## Directors Interest in Shares

The interests of Directors in shares of the Company are disclosed in the Remuneration Report on pages 27 to 29.

## Annual General Meeting

The Company's Annual General Meeting will take place on 18 July 2024 at 11.00am. Further details of the AGM can be found within the separate Notice of Annual General Meeting available at ▶ [www.saerenewables.com](http://www.saerenewables.com).

This report was approved by the Board on 24 June 2024 and signed on its behalf by:

### Duncan Black

Chair of the Board

24 June 2024

### Graham Reid

Chief Executive Officer

24 June 2024



# The Board

## DIRECTORS

### Committee membership key

- \* Chair of Committee
- A Audit Committee
- T Technical Committee
- R Remuneration Committee
- N Nominations Committee



**DUNCAN BLACK**  
Chairman

A R N\* T

**Appointment date: 1 September 2021**

#### Skills and experience

Duncan was appointed Chair of the Board on 1 September 2021, following his return to the Board as a Non-Executive Director in October 2020. Duncan previously served as the Chief Financial Officer and an Executive Director of the Company from 2012-2015, and subsequently, in 2020 as a Non-Executive Director. He has been based in Asia for over 20 years working in the power and infrastructure sectors as a project developer, CFO, investment banker and fund manager. Duncan's previous roles have included Co-Head of Infrastructure Investment at Eastspring Investments (part of Prudential plc), Asia Head of Acquisitions at Deutsche Asset Management's infrastructure funds management business, and CFO of CLP Holdings' Australian electricity and gas utility business, now Energy Australia. Duncan is currently engaged in the asset management of renewable energy power projects in Asia for a leading impact fund manager. Duncan has a BEng (Hons) in Civil Engineering and a PhD in Fluid Dynamics, each from Imperial College, London.

#### Key strengths

International project origination, development, finance and construction, in power and infrastructure. Operational & corporate finance; strategy; mergers and acquisitions; international; public markets; listed company governance requirements.



**GRAHAM REID**  
Chief Executive Officer

N

**Appointment date: 18 January 2021**

#### Skills and experience

Graham was appointed Chief Executive Officer on 18 January 2021. Under his leadership the company has undergone a significant transformation, streamlining operations, redefining its strategy, and aligning resources for growth. Graham has been instrumental in positioning the company to become an Independent Power Producer and one of the largest Battery Energy Storage System developers in the UK. Prior to joining SAE, Graham was CEO of RES Americas, CEO of Arcadis Middle East, and earlier in his career was the UK Managing Director and an Executive Board member of Hyder Consulting plc. Graham has a BSc (Hons) in Civil Engineering from the University of Westminster and is a Fellow of the Institution of Civil Engineers

#### Key strengths

International project origination, development, finance and construction, business turnaround, transformational leadership, business performance improvement. Construction management and civil engineering.



### Directors' Election/Re-election

Under the Company's Articles of Association, Directors are required to stand for election at the first Annual General Meeting ("AGM") after their appointment. All Directors thereafter are obliged by the Articles of Association to retire on a rotating basis and are subject to re-election at the AGM, which will be applied at the 2024 AGM.

Accordingly, Simon Hirst and John Woodley will stand for re-election at the forthcoming AGM.

With regard to those Directors who are offering themselves for re-election at the next AGM, the Board believes that they will continue to make effective and important contributions to the Company's success and that Shareholders should support their re-election.

During 2023, the Board comprised four Directors, an independent Non-Executive Chairman, one independent Non-Executive Director and two Executive Directors: the Chief Executive Officer and the Chief Financial Officer.



**SIMON HIRST**  
Chief Financial Officer

**Appointment date: 25 April 2022**

#### Skills and experience

Simon was appointed Chief Financial Officer on 25 April 2022 and has been instrumental in refinancing the company debt, managing cash, maintaining external stakeholder relationships and ensuring strong corporate governance. In the seven years prior to his appointment as Chief Financial Officer, Simon was primarily responsible for all financial and commercial aspects of the MeyGen project including senior creditor compliance. Prior to joining SAE in 2015, Simon gained international blue-chip corporate experience at several organisations including ExxonMobil, Pepsi Cola, Iron Mountain and international power generation company InterGen. Simon is a Chartered Management Accountant and holds a BSc (Hons) from Aston University.

#### Key strengths

Financial management throughout construction and operation, corporate finance, project origination, development, corporate strategy, listed company governance external stakeholder relationships.



**John Woodley**  
Non-Executive Director

A\* R\* N T\*

**Appointment date: 22 September 2008**

#### Skills and experience

John Woodley joined the Board on 22 September 2008. He was at that time co-head of the power and gas related commodity business for Europe and Asia at Morgan Stanley. He founded the very successful US electricity trading operations for Morgan Stanley in New York in 1994, having worked as a power plant operator and then as an industrial marketing engineer for electric utilities. After ten years with Morgan Stanley in New York, John moved to London to help build the electricity and electricity-related energy business outside the US. John is now based in Switzerland and acted as a senior adviser to Morgan Stanley until Q1 2021. John has a BSc Eng (Elec) from Wits University, Johannesburg, an MBA from Valdosta State University and an MS in Finance from Georgia State University.

#### Key strengths

International project development, finance and construction, commodity trading, business turnaround, transformational leadership. Listed company corporate governance. Electrical engineering, Grid stabilisation and Battery Energy Storage Systems



# Board OPERATION

## Meetings

The Board met 13 times in 2023 and the attendance of each Director at the board and each of the committees is set out in the table below.

	Board	Audit Committee	Remuneration Committee	Nominations Committee	Technical Committee
Duncan Black	12	1	3	1	4
Graham Reid	13	1*	3*	1	4*
Simon Hirst	13	1*	3*	1*	4*
John Woodley	10	1	3	1	4

\*by invitation

## The Chairman

The Chairman, Duncan Black, is deemed by his fellow Directors to be independent and to have no conflicting relationships.

The Chairman is responsible for providing leadership for the Board and ensuring its effectiveness in all aspects of its role, ensuring that Directors have sufficient resources available to them to fulfil their statutory duties. The Chairman is responsible for running Board meetings, ensuring there is sufficient challenge from Non-Executive Directors and a particular focus on strategic issues. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular, and by encouraging a constructive relationship between Executive and Non-Executive Directors. Board members are encouraged to openly and constructively challenge proposals made by executive management. Board agendas are reviewed and agreed in advance to ensure each Board meeting utilises the Board's time most efficiently. The Board and its Committees are provided with information on a timely basis in order to ensure proper assessment can be made of the matters requiring a decision or insight.

## The Board

The Board is collectively responsible for the effective oversight and long-term success of the Company. It has responsibility for formulating, reviewing and approving the strategic direction and governance structure to achieve the long-term success of the Company and deliver shareholder value.

In addition to setting the strategy, the Board takes the lead in areas such as financial policy and making sure the Company maintains a sound system of internal control guided by a Delegated Authority Matrix which is reviewed by, and approved by, the Board on an annual basis, or more frequently as may be required. The Delegated Authority Matrix states the approval thresholds that senior management and the subcommittees of the Board can operate to. It is

intended to ensure that the day-to-day operation of the business can operate in accordance with Board approved budgets while ensuring that any deviations are appropriately escalated.

The Board's responsibilities are set out in a formal schedule of matters reserved for the Board. This schedule is reviewed and updated by the Board when considered appropriate.

The Board receives appropriate and timely information prior to each meeting, A formal agenda is produced for each meeting, and Board and Committee members are given a sufficient period of time to review these prior to the meetings taking place. Directors are encouraged to attend all Board meetings and meetings of Committees of which they are members.

The Board delegates authority to its Committees to carry out certain tasks on its behalf, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The composition and role of each Committee is summarised below and is on pages 23 to 25.

The role of the Chairman and the Chief Executive Officer are separate with a distinct division of responsibilities.

Notwithstanding that Duncan Black holds Company's ordinary shares (as detailed on page 27), the Board has considered his independence and has concluded that Duncan has demonstrated the utmost regard for his independence, appropriately challenging the Board during his tenure as Chairman and maintains high standards of corporate governance on the Board. Furthermore, the Board considers that Duncan has not served as a Non-Executive Director for an undue length of time.

In accordance with the QCA code, the Board consists of at least two Independent non-Executive Directors, being Duncan Black and John Woodley.

The Board is aware of the other commitments and interests of its Directors and effective procedures are in place to deal with any conflicts of interest which may arise. Any changes to these commitments and interests are reported to the Board at the earliest opportunity.





## Board Operation

continued

As well as the support of the Company Secretary, there is a procedure in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

A third party advises newly appointed Directors of their regulatory responsibilities in connection with becoming a director of an AIM company. All Directors, including those newly appointed, receive advice, where applicable, from the Company's nominated adviser and external lawyers.

### Board Diversity

Diversity, equality and inclusion are very important to the Board of Directors and the Executive Team. All candidates are selected for roles on the basis of their credentials and suitability for that role. Further information about our approach to diversity, equality and inclusion can be found in the Our People section on page 26 and on our website [www.saerenewables.com](http://www.saerenewables.com).

### Board Evaluation

The Directors are aware that they need to continually monitor and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Board is satisfied that all of the current Directors contribute effectively and have the appropriate balance of skills and experience relevant to the leadership and direction of the Company. The Board is also satisfied that it has suitable levels of experience and independence to allow the Directors to discharge their duties and responsibilities effectively. The Board further concluded that the Chairman remained independent and his performance was satisfactory, with strong leadership capability.

Succession planning is given consideration by the Nomination Committee as and when needed.

### Senior Independent Director

The Company has not identified a Senior Independent Director of the Company in view of the size of the Board, and the Company's stage of development.

# Board COMMITTEES

The Board delegates authority to four Committees, including three Committees recommended by the QCA guidelines: the Nomination Committee, the Remuneration Committee and the Audit Committee, as well as an additional Technology Committee.

These Committees operate within a scope and remit defined by specific terms of reference, as determined by the Board. The Committees' full terms of reference are available on the company's website, ► [www.saerenewables.com](http://www.saerenewables.com). These terms of reference were reviewed and updated during 2023.

Each Committee is responsible for reviewing the effectiveness of its own terms of reference and for making recommendations to the Board for changes when necessary. Other than Graham Reid's membership of the Nomination Committee, Executive Directors are not members of the Board Committees, although they may be invited to attend meetings.

Outside of statutory membership of the above Committees, the Chairman, in agreement with the Chairs of each Committee, encourages all Board Directors to attend any Committee meeting as observers, as appropriate. Graham Reid and Simon Hirst in their positions as Executive Directors are not formal members of the Audit Committee, Remuneration Committee or Technology Committee, however they attend meetings on a regular basis and as deemed appropriate by the Committee Chairs.

See following pages for  
more information on  
each committee





## Board Committees

continued

### AUDIT COMMITTEE REPORT

**Chairman: John Woodley**

**Committee membership**

- ▶ Duncan Black

#### Introduction

### I am pleased to present the Audit Committee (the “Committee”) report for the year ended 31 December 2023.

The Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported.

It receives and reviews reports from the Chief Financial Officer and auditor relating to interim and annual accounts, and the accounting and internal control systems in use throughout the Group.

The Committee comprises two Non-Executive Directors both of whom have the necessary financial experience in compliance with the UK Corporate Governance Code. The Chief Executive Officer, Chief Finance Officer, Group Financial Controller and external audit partners and managers attend meetings as and when required.

#### Role of the Audit Committee

The principal duties of the Audit Committee, which reports its findings to the Board, are to:

- ▶ monitor the integrity of the Company’s financial reporting and significant financial accounting policies and judgements;
- ▶ review the content of the Annual Report and audited financial statements where requested by the Board, and advise on whether it is fair, balanced, understandable and provides the information necessary for shareholders to assess the Company’s performance, business model and strategy;
- ▶ monitor the effectiveness of the Company’s internal controls and risk management framework;
- ▶ consider whether the Company should initiate an internal audit function and make a recommendation to the Board accordingly;
- ▶ consider and make recommendations to the Board, to be put to shareholders for approval at the Company’s AGM, in relation to the appointment, re-appointment and removal of the Company’s external auditor;
- ▶ advise the Board on the appointment, terms of engagement and remuneration of the external auditor and monitor their independence and effectiveness;
- ▶ review the effectiveness of the Company’s systems for the detection of fraud and the prevention of bribery; and
- ▶ review the adequacy and security of the Company’s arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

The Audit Committee works closely with the Chief Financial Officer and senior management to ensure the Committee is provided with the necessary information it requires to discharge its duties. The Audit Committee’s meeting agendas are based on annual reporting requirements and other ad-hoc issues which arise during the course of the year.



## Board Committees

continued

### Matters Considered During the year

The Audit Committee met three times post year end until the date of this report. At these meetings, the Audit Committee has considered the following:

#### Resignation of external auditor

Moore Stephens LLP announced its desire not to seek reappointment as the Company's external auditor as a result of its own internal resources issues and difficulties with the timelines, however, it agreed to stay in office until such time as a replacement auditor was appointed prior to the Company's next annual general meeting. The Committee initiated a search for a replacement auditor immediately.

#### Appointment of external auditor

The Committee reviewed the Audit Proposal from Nexia Singapore PAC and subsequently recommended their appointment to the Board. Nexia Singapore PAC were appointed as the Company's external auditor following an Extraordinary General Meeting held on 9 November 2023 and subsequent receipt of Singapore regulatory approval.

The Audit Committee regularly monitors the objectivity and independence of the external auditor to ensure its continued effectiveness, value for money and compliance with statutory duties.

#### Financial statements and key assumptions

Going concern and longer-term viability – the Audit Committee reviewed the current liquidity position, Management's financial forecasts including stress testing of potential risks, and Management's conclusions that there is a reasonable expectation that the Company and Group have sufficient resources to continue in operation for the period of going concern assessment.

Carrying value of property, plant and equipment – the review for impairment of property, plant and equipment is based on cash flow projections to calculate a fair value less cost to sell for each of the Group's projects. The achievability of the forecast is a risk, given inherent uncertainty within any financial projection. The Audit Committee evaluated a paper from Management on the results of the impairment assessment. Key assumptions were reviewed and challenged by the Committee, including discount rates, business risk factors and cash flow projections based on the most recent budget and strategic reviews. Actions and factors likely to influence levels of impairment were reviewed with alternative scenarios requested for further analysis. Taking into account the documentation presented, the Audit Committee was satisfied with the approach and judgements made.

### Review of the audit plan and External auditor's report to the Committee

The Committee reviewed and approved both the external auditor's audit plan and its findings in respect of its audit of the Company's financial statements, carefully monitoring these to ensure completeness, accuracy, clarity and integrity.

#### Internal Audit Function

The Audit Committee considered the need for an internal audit function and determined that there is no current need given the limited size of the Group and the Group's internal controls. The need for an internal audit function will be reviewed on a periodic basis.

#### Auditor Objectivity and Independence

With the recent appointment of Nexia Singapore PAC as external auditor, the Audit Committee considers that the objectivity and independence of the external auditor is assured.

The Audit Committee reviewed the audit plan and the audit results report. The Audit Committee has assessed the performance of the external auditor in respect of the 2023 audit. The Audit Committee has satisfied itself that safeguards were in place to protect the objectivity and independence of the external auditor.

Following the consideration of the above matters and its detailed review, the Audit Committee was of the opinion that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

#### Terms of Reference

The Audit Committee keeps its terms of reference under review and makes recommendations for changes to the Board. The full terms of reference are available on the Company's website at [www.saerenewables.com](http://www.saerenewables.com).

#### John Woodley

Chairman of the Audit Committee

24 June 2024



## Board Committees

continued

### REMUNERATION COMMITTEE REPORT

**Chairman: John Woodley**

**Committee membership**

- ▶ Duncan Black

The Remuneration Committee is required to meet as and when required to fulfil its responsibilities. The Remuneration Committee met three times during 2023. The Remuneration Committee is responsible for reviewing the performance of the Executive Directors and setting the remuneration policy for Executive Directors. The objective of the policy is to attract, retain and motivate executive management of suitable calibre without paying more than necessary, having regard to the views of shareholders and stakeholders. The Remuneration Committee monitors and makes recommendations to the Board on matters relating to level and structure of executive management remuneration. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Directors' Remuneration Report from the Remuneration Committee is set out on pages 27 to 29.

### NOMINATION COMMITTEE REPORT

**Chairman: Duncan Black**

**Committee membership**

- ▶ John Woodley
- ▶ Graham Reid

The Nomination Committee is required to meet as and when required to fulfil its responsibilities. During 2023, the committee met once to review the Terms of Reference of the Committee and the composition of the Board and management team. There was no other business to consider in the year so the committee did not meet further.

The role of the Nomination Committee is to assist the Board in determining its composition, and that of the Committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as directors as the need arises. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, experience and diversity of the Board and keeps under review the leadership needs of the Company. It makes appropriate recommendations to the Board on such matters.

No external consultants were engaged during this period. The Nomination Committee is mindful of the need to maintain an appropriate balance of skills, experience and personalities to shape the direction of the Company going forward. Building a diverse Board that is reflective of our Company is one of the factors that will be taken into consideration when appointing new directors.

### TECHNOLOGY COMMITTEE REPORT

**Chairman: John Woodley**

**Committee membership**

- ▶ Duncan Black

The Technology Committee is responsible for monitoring the integrity of the regular internal reporting on the status of technology operations and maintenance within the Company and for sanctioning the external reporting of key technology milestones.

The Technology Committee also keeps under review the adequacy and effectiveness of the Company's internal engineering, internal management controls and risk management systems and ensures that core technology is being operated to plan and within agreed risk parameters. The Technology Committee met four times during the year.



# Group GOVERNANCE

The Directors acknowledge the importance of high standards of corporate governance and as a company listed on AIM, (Alternative Investment Market), and a member of the Quoted Companies Alliance, QCA, SAE has sought to apply the QCA Corporate Governance Code and its principles throughout the year. The QCA Code identifies ten principles to be followed for companies to deliver growth in long-term shareholder value, having regard to the interest of other stakeholders. The Company's application of the QCA Code is set out in this report and in further detail on the Company's website.

## Internal Controls and Management

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. With the active involvement of the executive management team, it approves all aspects of the overall risk management framework, including the strategic direction of the business, annual budgets and business plans, the risk management policy and delegations of authority. There is an agreed risk tolerance which is reflected in the Group's strategy and risk management activities are geared towards achieving business plans whilst safeguarding the Group's assets.

This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, loss and the prevention and detection of fraud and other irregularities.

The Group's system of internal control includes an on-going process of identifying, monitoring and managing risks by executive management, who ensure that adequate systems, processes and controls are in place. Reports are provided by management to the Audit Committee on internal control and risk management policies, and the Board monitors risk exposures, risk management activities and the effectiveness of controls. In particular, Health and Safety ("H&S") has been identified as a key area of risk to the business.

The Group's internal financial control procedures and monitoring systems include:

- ▶ financial policies and approval procedures with proper authorisation level and segregation of duties for financial management;
- ▶ maintenance policies and approval procedures with proper authorisation level and segregation of duties for financial management;
- ▶ an annual budgetary process to set the appropriate target for monitoring the progress of the Group;
- ▶ a detailed monthly financial reporting system that reports on operating results, cash flows, assets and liabilities;
- ▶ reporting on any non-compliance with internal financial controls and procedures; and
- ▶ review of the audit findings report issued by the external auditor.

## Our People

Our people are integral to our success and their fulfillment and development is core to our people proposition.

## Shareholder and Social Responsibilities

The Directors are aware of the importance of considering the Company's impact on its wider stakeholders. Where appropriate, the Company endeavours to take account of feedback received from stakeholders.

The Company has developed and implemented a Business Ethics Policy which provides a framework and guidance on its approach to achieving and maintaining good business behaviour by means of sound ethical conduct.

## Shareholder Engagement

The Company is committed to ensuring that there is effective and regular communication with shareholders on matters such as governance and strategy so that the Board understands the views of large shareholders on these issues and that shareholders receive a balanced and consistent view of the Company's performance. Communication is primarily through the AGM which provides an opportunity for shareholders to meet and ask questions of Directors and management. The CEO presents a detailed presentation to shareholders at the AGM on the Group's business. The Company continues its dialogue with investors by periodical public correspondence between the management and the shareholders, via the use of the Company website and social media.

A range of corporate information is also available to shareholders, investors and the public on the Company's website [www.saerenewables.com](http://www.saerenewables.com). All shareholders will receive a copy of the audited financial statements, either via hardcopy or the website. The Company's Annual Report and Accounts are made available on the Company's website.

The Company's website is regularly updated and announcements or details of presentations and events are posted onto this website.

## Major Shareholder and Shareholder Arrangement

On 21 May 2018, the Company and SIMEC, which at the end of May held 29.7% of the Company's share capital, entered into a relationship agreement. The principal purpose of this agreement was to ensure that the Company would be capable at all times of carrying on its business independently of SIMEC and its connected persons and to ensure all transactions and relationships between them and the Group were conducted at arm's length and on normal commercial terms. The relationship agreement included restrictions on Board voting rights of the two SIMEC representative Directors on SIMEC related matters.

The relationship agreement has formally terminated as a result of SIMEC's shareholding in the Company falling below 30.0%, however, certain provisions, including the right to appoint up to two Directors, continue to apply until SIMEC's shareholding falls below certain further lower thresholds.

At the time of writing, SIMEC has no appointed Directors on the Board or representatives appointed to any Committees.



# Directors' REMUNERATION REPORT

This report includes details of the Directors' remuneration in 2023. Shareholders will be asked to approve the Directors' Remuneration Report at the forthcoming AGM.

## Remuneration Committee

The members of the Remuneration Committee and the Remuneration Committee's role are set out on page 25.

## Remuneration Framework

The overall aim of the Company's remuneration framework is to provide appropriate incentives that reflect the Company's performance, culture and values. The Company also attempts to ensure the remuneration guidelines and culture are sustainable, transparent and appropriate. The Company's framework aims to attract and retain high-performing employees and reward both short-term and long-term contributions to the Company.

The Remuneration Committee is satisfied that this framework successfully aligns the interests of executive Directors, senior managers and other employees with the Shareholders' long-term interests, by ensuring that an appropriate proportion of remuneration is directly linked to overall performance, in both the long and short term.

In determining the practicalities of the approach, the Remuneration Committee considers a range of internal and external factors and appropriate market comparisons against other companies of a similar size and nature.

## Arrangements to Enable Directors to Acquire Shares

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose purpose was to enable the Directors to acquire benefits by acquiring shares in, or debentures of, the Company or any other body corporate, except as disclosed in this report.

## Directors' Interests in Shares

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), none of the Directors of the Company holding office at the end of the financial year had any interests in the shares or debentures of the Company and its related corporations, except as follows:

### SHAREHOLDINGS REGISTERED IN THE NAME OF DIRECTORS

Ordinary shares	At beginning of the year	At end of the year
Duncan Black	1,042,419	4,642,419
Simon Hirst	82,034	82,034

## Executive Directors' Service Contracts and Payments for Loss of Office

The Chief Executive Officer and Chief Financial Officer are employed under a service contract with a fixed period of notice of termination. Their services may be terminated on a maximum of six months' notice by either party.

## Non-Executive Directors' Letters of Appointment

The Company's Non-Executive Directors are not committed by service contracts to the Company and are engaged by letters of appointment. These provide for a maximum of three months' notice of termination by either party at any time, with no pre-determined amounts of compensation.

## Payments to Past Directors

There have been no payments made to past directors during the year.

## Payments for Loss of Office

There have been no payments made to Directors for loss of office during the year.

## Annual Remuneration of Directors

The table below sets out the annual remuneration of the Directors for the years ended 31 December 2023 and 31 December 2022. This includes any pension and employer's National Insurance contributions and excludes share-based payments.

Director	ANNUAL REMUNERATION	
	2023 £'000	2022 £'000
Graham Reid	420	349
Simon Hirst <sup>(1)</sup>	199	137
Duncan Black	72	72
John Woodley <sup>(2)</sup>	42	44
Andrew Charters <sup>(3)</sup>	-	50
Andrew Dagley <sup>(4)</sup>	-	21

(1) Simon Hirst was appointed to the Board on 25 April 2022.

(2) John Woodley was remunerated in Singapore dollars. Figures shown above are Great British Pounds equivalents, converted at the prevailing exchange rate.

(3) Andrew Charters resigned from the Board on 25 April 2022.

(4) Andrew Dagley resigned from the Board on 19 August 2022.



## Directors' Remuneration Report

continued

### Long Term Incentive Plan ("LTIP")

On 11 December 2013, it was agreed, contingent on admission of the Company's shares to trading on AIM, that the Company offered certain senior management and Directors options over shares through an LTIP. In 2015, the rules of the LTIP were amended to allow the Board to determine the date on which awards granted under the LTIP can vest. As at the date of this report, there has been no change to vesting dates. On 2 January 2024 the Board adopted the SIMEC Atlantis Energy Limited 2023 Long-Term Incentive Plan which replaces the Atlantis Resources 2013 Long-Term Incentive Plan.

The options granted to Directors as at the end of the financial year are shown below:

Name	Date of grant	Ordinary shares	Nature of award	Exercise price	Vesting period
Graham Reid	4 January 2021	1,000,000	Option	£0.25	1/3 on each of first, second and third anniversary of grant
Graham Reid	05 February 2021	1,000,000	Option	£0.25	1/3 on each of first, second and third anniversary of grant
Graham Reid	19 March 2021	1,000,000	Option	£0.20	1/3 on each of first, second and third anniversary of grant
Graham Reid	31 December 2021	5,000,000	Option	£0.0221	1/3 on each of first, second and third anniversary of grant
Graham Reid	6 April 2023	3,913,043	Option	£0.0115	1/3 on each of first, second and third anniversary of grant
Simon Hirst	31 December 2021	1,000,000	Option	£0.0221	1/3 on each of first, second and third anniversary of grant
Simon Hirst	6 April 2023	5,260,870	Option	£0.0115	1/3 on each of first, second and third anniversary of grant

Awards issues are exercisable up to the tenth anniversary of the date of the grant.

Until awards vest or options are exercised, participants have no voting or other rights in the shares subject to the award. Ordinary shares issued or transferred pursuant to the LTIP rank pari passu in all respects with the ordinary shares then in issue except that they will not rank for any dividend/distribution of the Company paid or made by reference to a record date falling before the exercise date. The option is not assignable or transferable.

Details of the options granted under the LTIP on unissued ordinary shares of the Company are as follows:

Date of grant / modification	Balance at 1.1.2023	Granted	Exercised	Cancelled / lapsed	Balance at 31.12.2023	Exercise price per share	Exercisable period
01.01.2016	150,000	-	-	-	150,000	£0.50	01.01.2016 to 01.01.2026
30.09.2016	250,000	-	-	-	250,000	£0.50	30.09.2016 to 30.09.2026
15.06.2018	75,480	-	-	(75,480)	-	£0.50	15.06.2018 to 15.06.2028
04.12.2020	300,000	-	-	-	300,000	£0.30	04.12.2020 to 04.12.2030
04.01.2021	1,000,000	-	-	-	1,000,000	£0.25	04.01.2021 to 04.01.2031
05.02.2021	1,500,000	-	-	-	1,500,000	£0.25	05.02.2021 to 05.02.2031
19.03.2021	1,250,000	-	-	-	1,250,000	£0.20	19.03.2021 to 19.03.2031
31.12.2021	12,550,000	-	-	(250,000)	12,300,000	£0.02	31.12.2021 to 31.12.2031
28.04.2022	1,500,000	-	-	(500,000)	1,000,000	£0.02	28.04.2022 to 28.04.2032
31.10.2022	1,000,000	-	-	(1,000,000)	-	£0.01	31.10.2022 to 31.10.2032
06.04.2023	-	10,608,696	-	-	10,608,696	£0.0115	06.04.2023 to 06.04.2033
<b>Total</b>	<b>19,575,480</b>	<b>10,608,696</b>	<b>-</b>	<b>(1,825,480)</b>	<b>28,358,696</b>		



## Directors' Remuneration Report

continued

### Company Share Option Plan ("CSOP")

On 10 November 2016, the Company established a Company Share Option Plan ("CSOP") to offer share options to employees. Under this program, holders of the vested options are entitled to purchase shares at the proposed exercise price. The options are fully vested on the third anniversary of the date of the grant, and exercisable up until the tenth anniversary of the date of the grant. The shares acquired on the exercise of the option shall rank pari passu with all other shares then in issue except that they will not rank for any dividend/distribution of the Company paid or made by reference to a record date falling before the exercise date. The option is not assignable or transferable.

The options granted to Directors at the end of the financial year are shown below:

Name	Date of grant	Ordinary shares	Nature of award	Exercise price	Vesting period
Simon Hirst	6 April 2023	3,913,043	Option	£0.0115	3 years from grant
Graham Reid	6 April 2023	3,913,043	Option	£0.0115	3 years from grant

Details of the options granted under the CSOP on unissued ordinary shares of the Company are as follow:

Date of grant / modification	Balance at 1.1.2023	Granted	Exercised	Cancelled / lapsed	Balance at 31.12.2023	Exercise price per share	Exercisable period
10.11.2016	57,140	-	-	(57,140)	-	£0.70	11.11.2016 to 11.11.2026
19.08.2019	450,000	-	-	(450,000)	-	£0.20	19.08.2019 to 19.08.2029
25.03.2021	1,555,554	-	-	(1,555,554)	-	£0.09	25.03.2021 to 25.03.2031
06.04.2023	-	25,073,983	-	(3,627,983)	21,446,000	£0.0115	06.04.2023 to 06.04.2033
<b>Total</b>	<b>2,062,694</b>	<b>25,073,983</b>	-	<b>(5,690,677)</b>	<b>21,446,000</b>		

Other than the above, no option to take up unissued shares of any corporation in the Group was granted and there were no shares of any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares. At the end of the financial year, there were no unissued shares of any corporation in the Group under option.

### Shareholder Vote at the Annual General Meeting

The 2023 Directors' Remuneration Report will be put to a shareholder vote at the 2024 AGM.

The 2022 Directors' Remuneration Report was approved by shareholders at the Company's AGM held on 11<sup>th</sup> August 2023.

Approved and signed on behalf of the Board.

### John Woodley

Chairman of the Remuneration Committee

24 June 2024





# Directors' Responsibility **STATEMENT**

We are pleased to submit this Annual Report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

- ▶ the financial statements set out on pages 37 to 80 are drawn up so as to give a true and fair view of the financial position and changes in equity of the Group and of the Company as at 31 December 2023 and the financial performance and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and
- ▶ at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

**Duncan Black**

Chairman of the Board

24 June 2024

**Graham Reid**

Chief Executive Officer

24 June 2024





# Independent Auditor's Report TO THE MEMBERS OF SIMEC ATLANTIS ENERGY LIMITED

(INCORPORATED IN SINGAPORE)



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Simec Atlantis Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and International Financial Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditor's Report

continued

### Key Audit Matters

#### Valuation of property, plant and equipment ("PPE") and investment property

We refer to Note 3(f) under "Summary of Material Accounting Policies" and Note 4(a) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty" and Notes 12 and 13 to the consolidated financial statements.

Certain classes of PPE are measured at revaluation method. There was a revaluation gain on PPE of £23,127,000 with respect to MeyGen's Battery Energy Storage System ("BESS") project and an impairment loss of £5,630,000 relating to the tidal projects.

During the financial year, the management has reclassified Uskmouth's power plant from PPE to investment property due to the change in the usage of the power plant. Investment properties are measured at fair value. There was a fair value gain of £28,200,000 recognised with respect to the Uskmouth's power plant.

Both revaluation and fair value are determined using the income approach. This requires management to make significant estimates and assumptions relating to future revenue, development and operating costs, development risk, and discount rates.

We focus on these areas because the assessments made by management involved the use of significant judgement and estimates in the determination of the fair value of PPE and investment property.

### How our audit addressed the key audit matters

#### Our response

In obtaining sufficient audit evidence, the following procedures were carried out:

- ▶ Discussed with management their plans and intention for the change of use of the Uskmouth's power plant.
- ▶ Obtained and evaluated the fair value calculation prepared by the management with respect to both the MeyGen's BESS project and Uskmouth's power plant.
- ▶ Checked the mathematical accuracy of the underlying calculation.
- ▶ Challenged the appropriateness of the key assumptions used by management in the cash flow projection, including the Group's forecasts of revenue, development costs, forecasts operating and maintenance expenses, and discount rate used.
- ▶ Assessed and tested the key assumptions and inputs to which the outcome of the measurement or value is most sensitive to.

We found the underlying key assumptions and inputs used by management in measuring the fair value within a reasonable range.



## Independent Auditor's Report

continued

### Key Audit Matters

#### Assessment of the going concern basis in the preparation of the financial statement

We refer to Note 3(a) to the consolidated financial statements.

During the financial year ended 31 December 2023, the Group generated profits for the year amounting to £22,624,000 and net cash inflows of £543,000. The profit for the year comprised mainly a one-off sale of the development right of £10,088,000 and a fair value gain on investment property of £28,200,000. Furthermore, as at 31 December 2023, the Group is in a net current liability position of £3,422,000.

Management is of the view that the Group will be able to meet their obligations over the next 12 months from the date of the financial statements after taking into consideration the following key measures and assumptions:

- ▶ The sales of freehold land subject to lease between SIMEC Uskmouth Power Ltd and EL (Uskmouth) Limited was signed on 5 December 2023 for a 230MW BESS. The consideration for the sale of the land was £9,925,000 payable in four instalments linked to the milestones achieved in the BESS construction project.
- ▶ Deferment of the Group's Abundance Bonds repayment of £13,677,000 with the principal repayment date as follows:
  - ▶ 31 December 2025: £1,000,000
  - ▶ 31 December 2025: £2,000,000
  - ▶ 31 December 2027: £3,000,000
  - ▶ 30 June 2029: £7,677,000
- ▶ Repayment of the grant funding from the grantor of £3,760,000. Management believes that they have sufficient grounds to dispute any clawback of this grant. Further, there are no parent company guarantees attached to the grant and the companies that received the grants are inactive and insolvent.

We have identified the appropriateness of the use of going concern assumption in preparing the financial statements as a key audit matter due to the significant degree of management's judgement and assumptions involved in determining the same.

### How our audit addressed the key audit matters

#### Our response

In obtaining sufficient audit evidence, the following procedures were carried out:

- ▶ Obtained and evaluated management's assessment of the Group's ability to continue as a going concern by obtaining an understanding of the Group's business plans and financing requirements
- ▶ Obtained and evaluated the cash flows forecasts prepared by management for the following 12 months from the date of the financial statements and assessed the reasonableness of the key assumptions used with reference to the Group's business plans and historical performance;
- ▶ Challenged the appropriateness of the key assumptions used by management in the cash flow projection, including the timing of cash required for operations, the Group's forecasts of revenue, development costs, forecasts operating and maintenance expenses, and discount rate used;
- ▶ Performed stress test of the cash flows projections and analysed mitigating factors;
- ▶ Evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

We found the underlying key assumptions and judgements used by management to determine the appropriateness of using the going concern assumption in preparing the financial statements to be reasonable.



## Independent Auditor's Report

continued

### Key Audit Matters

#### Impairment assessment of investment in subsidiaries

We refer to Note 3(i) under "Summary of Material Accounting Policies" and Note 4(a) under "Critical Accounting Judgements and Key Sources of Estimation Uncertainty" and Note 16 to the consolidated financial statements.

As of 31 December 2023, the Company has investments in subsidiaries amounting to £25,154,000, representing 90% of its total assets.

Management reviews for any indicators of impairment and where such an indicator exists, the carrying amount of the Company's investment in subsidiaries is compared against their recoverable amount. Management assesses the recoverable amount of the investment in subsidiaries. Where an impairment loss had previously been made, and the recoverable amount exceeds the current carrying amount, a reversal is recognized up to the extent of the impairment loss previously recognised.

Based on the value in use ("VIU") calculation prepared by management, a reversal of impairment loss of £13,800,000 was recognised with respect to the Company's investment in subsidiaries.

We focused on this area as management's assessments involved significant estimates and judgment over the VIU calculation and subsequently the determination of the recoverable amounts of investment in subsidiaries.

#### Other Matter

The financial statements of the SIMEC Atlantis Energy Limited for the year ended 31 December 2022 were audited by another firm of chartered accountants whose report dated 25 July 2023 expressed an unmodified opinion on those financial statements.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### How our audit addressed the key audit matters

#### Our response

In obtaining sufficient audit evidence, the following procedures were carried out:

- ▶ Assessed the indicators of impairment of the investment in subsidiaries
- ▶ Obtained and evaluated the discounted cash flow prepared by management
- ▶ Checked the mathematical accuracy of the underlying calculation of the recoverable amount.
- ▶ Challenged the appropriateness of the key assumptions used by management in the cash flow projection, including the Group's forecasts of revenue, development costs, forecasts operating and maintenance expenses, and discount rate used.
- ▶ Assessed and tested the key assumptions and inputs to which the outcome of the VIU calculation is most sensitive to.

We found the underlying key assumptions and inputs used by management in the VIU calculation within a reasonable range.

#### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I), and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



## Independent Auditor's Report

continued

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Chua Soo Rui.

### NEXIA SINGAPORE PAC

Public Accountants and Chartered Accountants  
Singapore

24 June 2024



# FINANCIAL STATEMENTS

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## IN THIS SECTION:

- 37 Consolidated Statement of Comprehensive Income
  - 38 Statements of Financial Position
  - 39 Statements of Changes in Equity
  - 41 Consolidated Statement of Cash Flows
  - 42 Notes to the Financial Statements
- IBC Company Information





# Consolidated Statement of **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Revenue	5	15,281	3,902
Fair value adjustment to investment property	6	28,200	-
Other income	7	261	4,560
		43,742	8,462
Employee benefits expense	8	(2,095)	(2,484)
Subcontractor costs		(1,921)	(5,442)
Depreciation and amortisation	12, 15	(3,420)	(3,275)
(Impairment loss)/reversal of impairment loss on property, plant and equipment	12	(5,630)	2,000
Other operating expenses		(3,218)	(3,682)
Share of loss of equity-accounted investees		-	(28)
Total operating expenses before non-recurring items		(16,284)	(12,911)
Loss on impairment of investment in joint venture		-	(377)
(Loss)/Gain on disposal of subsidiaries		-	(2,232)
Results from operating activities		27,458	(7,058)
Finance costs	9	(4,665)	(4,021)
<b>Profit/(Loss) before income tax</b>		22,793	(11,079)
Income tax credit	10	385	19
<b>Profit/(Loss) for the year</b>	11	23,178	(11,060)
<b>Other comprehensive income/(loss)</b>			
Items that are or may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		31	(63)
Items that will not be reclassified to profit or loss:			
- Gain on revaluation of property, plant and equipment	26	23,127	-
Income tax relating to revaluation	26	(5,788)	-
<b>Total comprehensive income/(loss) for the year</b>		40,548	(11,123)
<b>Profit/(Loss) for the year attributable to:</b>			
Owners of the Company		25,394	(9,649)
Non-controlling interests		(2,216)	(1,411)
<b>Total comprehensive profit/(loss) for the year attributable to:</b>			
Owners of the Company		38,736	(9,712)
Non-controlling interests		1,812	(1,411)
<b>Profit/(Loss) per share:</b>			
Basic and diluted profit/(loss) per share	27	0.04	(0.01)

The accompanying notes form an integral part of the financial statements





# Statements of FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	GROUP		COMPANY	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	12	59,320	74,455	-	-
Investment property	13	49,532	-	-	-
Intangible assets	14	1,465	1,465	-	-
Right-of-use assets	15	1,839	1,331	-	-
Investments in subsidiaries	16	-	-	25,154	11,220
Investments in joint ventures and other investments	17	133	133	-	-
Loans receivable	18	258	258	258	258
		<b>112,547</b>	<b>77,642</b>	<b>25,412</b>	<b>11,478</b>
<b>Current Assets</b>					
Trade and other receivables	19	2,962	3,326	281	365
Inventories	20	9,239	-	-	-
Cash and cash equivalents	21	4,187	3,701	2,202	172
		<b>16,388</b>	<b>7,027</b>	<b>2,483</b>	<b>537</b>
<b>Total Assets</b>		<b>128,935</b>	<b>84,669</b>	<b>27,895</b>	<b>12,015</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	22	201,496	201,496	201,496	201,496
Capital reserve	23	12,665	12,665	-	-
Translation reserve	24	7,089	7,058	(227)	(227)
Share option reserve	25	488	420	488	420
Revaluation reserve	26	13,311	-	-	-
Accumulated losses		(190,825)	(216,285)	(180,113)	(196,845)
Total equity attributable to owners of the Company		44,224	5,354	21,644	4,844
Non-controlling interests	16	2,140	328	-	-
		<b>46,364</b>	<b>5,682</b>	<b>21,644</b>	<b>4,844</b>
<b>LIABILITIES</b>					
<b>Non-current Liabilities</b>					
Lease liabilities	15	1,556	1,000	-	-
Provisions	28	12,323	12,581	-	-
Loans and borrowings	29	43,281	41,890	53	438
Deferred tax liabilities	30	6,155	752	-	-
		<b>63,315</b>	<b>56,223</b>	<b>53</b>	<b>438</b>
<b>Current Liabilities</b>					
Lease liabilities	15	218	296	-	-
Loans and borrowings	29	11,471	15,895	469	82
Trade and other payables	31	7,567	6,573	5,729	6,651
		<b>19,256</b>	<b>22,764</b>	<b>6,198</b>	<b>6,733</b>
<b>Total Liabilities</b>		<b>82,571</b>	<b>78,987</b>	<b>6,251</b>	<b>7,171</b>
<b>Total Equity and Liabilities</b>		<b>128,935</b>	<b>84,669</b>	<b>27,895</b>	<b>12,015</b>

The accompanying notes form an integral part of the financial statements



# Statements of CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital £'000	Capital reserve £'000	Transla- tion reserve £'000	Share option reserve £'000	Reval- uation reserve £'000	Accumu- lated losses £'000	Total £'000	Non- controlling interests £'000	Total £'000
<b>Group</b>										
<b>At 1 January 2023</b>		201,496	12,665	7,058	420	-	(216,285)	<b>5,354</b>	328	<b>5,682</b>
Profit for the financial year		-	-	-	-	-	25,394	<b>25,394</b>	(2,216)	<b>23,178</b>
Other comprehensive profit		-	-	31	-	13,311	-	<b>13,342</b>	4,028	<b>17,370</b>
Total comprehensive profit for the financial year		-	-	31	-	13,311	25,394	<b>38,736</b>	1,812	<b>40,548</b>
Transactions with owners, recognised directly in equity										
Recognition of share-based payments	25	-	-	-	134	-	-	<b>134</b>	-	<b>134</b>
Cancellation of share options	25	-	-	-	(66)	-	66	-	-	-
Total transactions with owners		-	-	-	68	-	66	<b>134</b>	-	<b>134</b>
<b>At 31 December 2023</b>		201,496	12,665	7,089	488	13,311	(190,825)	<b>44,224</b>	2,140	<b>46,364</b>
<b>At 1 January 2022</b>		201,496	12,665	7,121	576	-	(206,910)	<b>14,948</b>	1,739	<b>16,687</b>
Loss for the financial year		-	-	-	-	-	(9,649)	<b>(9,649)</b>	(1,411)	<b>(11,060)</b>
Other comprehensive loss		-	-	(63)	-	-	-	<b>(63)</b>	-	<b>(63)</b>
Total comprehensive loss for the financial year		-	-	(63)	-	-	(9,649)	<b>(9,712)</b>	(1,411)	<b>(11,123)</b>
Transactions with owners, recognised directly in equity										
Recognition of share-based payments	25	-	-	-	118	-	-	<b>118</b>	-	<b>118</b>
Transfer between reserves	25	-	-	-	(274)	-	274	-	-	-
Total transactions with owners		-	-	-	(156)	-	274	<b>118</b>	-	<b>118</b>
<b>At 31 December 2022</b>		201,496	12,665	7,058	420	-	(216,285)	<b>5,354</b>	328	<b>5,682</b>

The accompanying notes form an integral part of the financial statements



# Statements of CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital £'000	Translation reserve £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000
<b>Company</b>						
<b>At 1 January 2023</b>		201,496	(227)	420	(196,845)	<b>4,844</b>
Profit for the financial year		-	-	-	16,666	<b>16,666</b>
Total comprehensive profit for the financial year		-	-	-	16,666	<b>16,666</b>
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	25	-	-	134	-	<b>134</b>
Transfer between reserves	25	-	-	(66)	66	-
Total transactions with owners		-	-	68	66	<b>134</b>
<b>At 31 December 2023</b>		201,496	(227)	488	(180,113)	<b>21,644</b>
<b>At 1 January 2022</b>		201,496	(227)	576	(188,712)	<b>13,133</b>
Loss for the financial year		-	-	-	(8,407)	<b>(8,407)</b>
Total comprehensive loss for the financial year		-	-	-	(8,407)	<b>(8,407)</b>
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	25	-	-	118	-	<b>118</b>
Transfer between reserves	25	-	-	(274)	274	-
Total transactions with owners		-	-	(156)	274	<b>118</b>
<b>At 31 December 2022</b>		201,496	(227)	420	(196,845)	<b>4,844</b>

The accompanying notes form an integral part of the financial statements



# Consolidated Statement of CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before income tax		22,793	(11,079)
Adjustments for:			
Grants income	7	-	(56)
Depreciation of property, plant and equipment	12,15	3,420	3,237
Amortisation of intangible assets	14	-	38
Interest income	7	(94)	(58)
Finance costs	9	4,665	4,021
Share-based payments	8	134	118
Impairment loss/(Reversal of) loss on property, plant & equipment	12	5,630	(2,000)
Other impairment charges		8	-
Impairment loss on investment in joint venture	17	-	377
Movement in provisions		(297)	(13)
Fair value adjustment to investment property	13	(28,200)	-
Loss on sale of subsidiaries	16	-	2,232
Share of loss of joint venture	17	-	28
Net foreign exchange		28	122
Operating cash flow before working capital changes		8,087	(3,033)
Changes in working capital:			
Movements in trade and other receivables		364	(1,978)
Movements in trade and other payables		872	(541)
Interest received		87	24
Interest paid		(69)	-
<b>Net cash generated from/(used in) operating activities</b>		<b>9,341</b>	<b>(5,528)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	12	(1,318)	-
Receipt from/(loan to) joint venture	18	1	(194)
Net cash from disposal of subsidiaries	16	-	570
<b>Net cash generated from investing activities</b>		<b>(1,317)</b>	<b>376</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from grants received		-	56
Proceeds from borrowings	29	-	8,500
Repayment of borrowings	29	(6,000)	(2,027)
Interest paid	29	(1,221)	(1,203)
Payment of lease liabilities	15	(318)	(308)
Deposits released/(pledged)	21	58	(5)
<b>Net cash (used in)/generated from financing activities</b>		<b>(7,481)</b>	<b>5,013</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>543</b>	<b>(139)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>2,929</b>	<b>3,004</b>
Effect of foreign exchange rates on the balance of cash held in foreign currencies		1	64
<b>Cash and cash equivalents at the end of the financial year</b>	21	<b>3,473</b>	<b>2,929</b>

The accompanying notes form an integral part of the financial statements



# Notes to the FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**These notes form an integral part of and should be read in conjunction with the accompanying financial statements:**

## 1. GENERAL

SIMEC Atlantis Energy Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is Level 4, 21 Merchant Road, #04-01 Royal Merukh S.E.A, Singapore 058267. The principal place of business is 26 Dublin Street, Edinburgh, EH3 6NN, United Kingdom.

The principal activities of the Group are being a developer, builder, owner and operator of sustainable energy projects. The principal activities of the Company are those of a holding company.

The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements.

The financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

## 2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### (a) Application of New and Revised IFRSs

On 1 January 2023, the Group adopted the new or amended IFRSs that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

The adoption of these new or amended IFRS did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial year.

### (b) IFRSs issued but not yet effective

At the date of authorisation of these financial statements, the following standards have been issued and are relevant to the Group and Company but not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 18: <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IAS 1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IFRS 16: <i>Lease Liability in a Sale and Leaseback</i>	
Amendments to IAS 7 and IFRS 7: <i>Supplier Finance Arrangements</i>	
IFRS S1: <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	
IFRS S2: <i>Climate-related Disclosures</i>	
Amendments to IAS 21: <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 10 and IAS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Group has not adopted standards applicable to the Group that have been issued but not yet effective. The Group is currently assessing the impact to the consolidated financial statements. Based on preliminary assessment, the directors of the Company expect that the adoption of the standards will have no material impact on the financial statements in the period of initial application. The Group will apply early adoption of the IAS 1 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-Current*. As a result of this early adoption, the debentures are classified as non-current.



## Notes to the Financial Statements

continued

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Going concern

In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties.

The Board of Directors is required to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties as to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. The period of management's going concern assessment is the period to 30 June 2025.

The Board of Directors has undertaken the assessment of the going concern assumptions using financial forecasts for the period to 30 June 2025. Management's forecasts through to 30 June 2025 anticipate revenues from trading will meet all of the working capital requirements of the Group.

Details of the Group's loans and borrowings at year end can be found in Note 29 of the financial statements. As at 31 December 2023, there were no undrawn loan facilities.

On 27 December 2023 the maturity dates for the debentures issued in 2017 through Atlantis Ocean Energy, in 2018 through Atlantis Future Energy and in 2019 through Atlantis Future Energy were extended to 30 June 2029. Early capital repayments allocated across all three debentures of £1,000,000 on 31 December 2025, £2,000,000 on 31 December 2026 and £3,000,000 on 31 December 2027 are also included in the Amendment Agreement. The changes allow the Group to unlock significant revenue opportunities through the delivery of multiple utility scale Battery Energy Storage System ("BESS") projects, along with further development of its tidal business. The Group is confident that the income from these projects will be sufficient to repay the debenture capital, while still delivering on its business objectives.

#### Going concern assessment

The Group has made excellent progress in the past 12 months turning its vision of a sustainable energy park into reality. The commercial agreements that have been reached with third parties, the unique benefits the Uskmouth site offers to the Group as both a developer and landowner at the site such as low grid connection costs, proven success securing planning permissions (being an existing brownfield, easily accessible site), and the increasing demand for battery energy storage in the United Kingdom along with the high rental income that land developed for BESS attracts, gives the Board of Directors a great deal of confidence for further planned development of the sustainable energy park.

Management has prepared a forecast through to 30 June 2025 based on contractually committed revenues and costs, and an estimate of additional costs required and the income and costs arising from development projects that

are expected to be delivered within the forecast period. The forecast has been subject to stress testing.

The Board has identified significant factors that are of a material amount, and the Board has identified sufficient evidence of success including achievable new sources of revenue, that support the Group's ability to continue as a going concern. The evidence is summarised as follows:

- ▶ 230MW BESS project with Uskmouth Energy Storage Limited
  - ▶ The "Contract for Sale of Freehold Land Subject to Lease" between SIMEC Uskmouth Power Ltd and EL (Uskmouth) Limited was signed on 5 December 2023. The consideration for the sale of the land is £9.925 million payable in four instalments linked to the BESS construction program.
  - ▶ The first "Completion" milestone, being the delivery of 30kT of aggregate to the site to build the foundations, was achieved on 1 March 2024. The £5.0 million completion payment was received on 27 March 2024.
  - ▶ The second milestone payment of £2,000,000 was received on 8 May 2024 following the successful completion of the earthworks.
  - ▶ The two remaining milestones, worth £1.5 million and £1.425 million are linked to progress building the BESS. Construction of the project remains on time, evidenced by achieving the first and second milestones, and the project is on schedule to complete early 2025.
- ▶ 120MW BESS
  - ▶ The project is progressing very well with the following key deliverables either already completed or well advanced.
    - ▶ The project received planning permission and SuDS Approval Body ("SAB") approval in January 2024.
    - ▶ The Grid Connection date is 31 October 2026.
    - ▶ Works to prepare the site by demolishing cooling towers completed in May 2024.
    - ▶ A competitive tender process is underway to choose the construction partners for the project.
  - ▶ The construction program is forecast to commence in Q2-25 and as the trigger for lease entry the first milestone income of 50% of the contract price may be received during that same period.
  - ▶ The remaining milestone income is forecast to be received during 2025 and 2026.
- ▶ The Board has engaged Elgar Middleton, an independent financial advisory boutique with extensive experience in renewable energy, to advise on the commercial opportunities for our circa 1GW battery portfolio. Financial modelling of the BESS portfolio concludes that the group would retain a significant



## Notes to the Financial Statements

continued

equity stake in the projects after having raised equity and debt funding to build the projects. SAE could sell down a portion of its equity in the projects should new working capital be required. This option will next be available to the Group for the 120MW BESS when it reaches financial close in Q1 2025.

The Directors' assessment of the appropriate use of the going concern basis recognised that there is a risk that the repayment of historical grant funding of £3.8 million may be pursued by the grantor. The Board are of the view that there are grounds for disputing any clawback of this grant and the Company has evidence to support this position, as reported in the previous year. Further, the Board notes that there are no parent company guarantees attached to the grant and the companies that received the grants are balance sheet insolvent.

### Mitigating actions

If cashflows are limited due to a requirement to repay historical grant funding coupled with then a failure to agree an appropriate repayment plan with the creditor, controllable mitigating actions would be available such as:

- ▶ utilising surplus working capital,
- ▶ accelerating the sale of an equity interest in the 120MW BESS, described above,
- ▶ accelerating the sale of the land or lease for the 120MW BESS taking a similar approach to that already used in the first 230MW BESS described above, and for which an offer has already been received, and
- ▶ reducing the Group's cost base.

### Going concern conclusion

Accordingly, the Board of Directors concluded that it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements. The Board of Directors have a reasonable expectation that the Company and the Group will each continue to operate as a going concern for at least 12 months from the date of approval of the financial statements.

## (b) Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and IFRS. SFRS(I)s are issued by Accounting Standards Council Singapore, which comprise standards and interpretations that are equivalent to IFRS issued by International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as IFRS in these financial statements unless otherwise specified.

The financial statements have been prepared on the historical cost basis, except as otherwise disclosed in the accounting policies below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## (c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) at the reporting date. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity (capital reserve) and attributed to the owners of the Company.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

## (d) Business Combination

The acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.



## Notes to the Financial Statements

continued

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS are recognised at their fair value at the acquisition date, except that:

- ▶ deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- ▶ liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment;
- ▶ assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale; and Discontinued Operations are measured in accordance with that Standard.

### Goodwill

The Group measures goodwill at the acquisition date as:

- ▶ the consideration transferred; plus
- ▶ the recognised amount of any non-controlling interests in the acquiree; plus
- ▶ if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Investment in joint venture (equity-accounted investee)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has a right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interest that forms part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee. If the equity-accounted investee subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

## (e) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Financial Assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value. Financial assets comprise loans and receivables.

### Loans and receivables

Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any allowance for expected credit losses. Interest is recognised by applying the effective interest method, except for short-term receivables where the recognition of interest would be immaterial. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for





## Notes to the Financial Statements continued

managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short-term bank deposits with an original maturity of 3 months or less and cash on hand.

For the purposes of the consolidated statement of cashflows, pledged deposits are excluded.

### Impairment of financial assets

IFRS 9 requires the Group to recognise an allowance for expected credit loss ("ECLs") for financial assets measured at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Additional information about how the Company measures the allowance for impairment is described in Note 35.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the

risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### Financial Liabilities and Equity Instruments Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

Loans and borrowings (except for financial guarantee contract liabilities) are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for finance costs (see Note 3 (o)).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as fair value through profit and loss, subsequently at the higher of the amount of the loss allowance determined in accordance with section 5.5 of IFRS 9, and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## (f) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of self-constructed assets includes:

- ▶ the cost of materials and direct labour;
- ▶ any other costs directly attributable to bringing the assets to a working condition for their intended use;
- ▶ when the Group has an obligation to remove the asset or restore the site, an estimate of the discounted costs of



## Notes to the Financial Statements

continued

dismantling and removing the items and restoring the site on which they are located; and

- ▶ capitalised borrowing costs.

The tidal and battery energy storage assets recorded within property, plant and equipment are stated at their revalued amounts, being the fair value determined from a value-in-use calculation as at the reporting date, less any subsequent accumulated depreciation and accumulated impairment losses.

A decrease in the carrying amount arising on the revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Any revaluation increase is recognised in other comprehensive income and accumulated in equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously recognised.

A revaluation increase has been recognised in the year of £23.1 million (2022: £Nil million) for the 207MW Battery Energy Storage System project planned at Mey in Caithness, Scotland. The credit of £23.1 million to equity has been reduced to £13.3 million to account for deferred tax liabilities of £4.0 million (2022: £Nil million) and non-controlling interests' share of £5.8 million (2022: £Nil million).

Depreciation of the assets commences when the assets are ready for their intended use. Depreciation is charged to the statement of profit or loss using the straight-line method over the estimated useful life of the asset on the following basis:

Plant, property and equipment	-	4% - 7%
Furniture, fixtures and equipment	-	25% - 33%
Computer equipment and software	-	25% - 33%
Power Plant	-	2% - 6%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Freehold land is stated at cost, less any subsequent accumulated impairment losses.

### (g) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost and subsequently measured using the fair value model, with changes in fair value under the fair value model being recognised in profit or loss.

Following the decision in 2022 to terminate the development of the Uskmouth power station conversion from coal to waste-derived fuel pellets, there has been a change in use to redevelop the site as a sustainable energy park. During the reporting period, the strategy is to maximise financial returns from the site by developing, constructing, owning and operating battery energy storage systems, each one on a designated parcel of land within

the Uskmouth Power Station site. Land previously classified as power plant within property, plant and equipment was transferred to investment properties, with the recognition of the new asset type reflecting management's strategy on the site.

### (h) Intangible Assets

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Capitalisation of an internally generated asset is only permitted during the development phase. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The cost of capitalised development activities should include all directly attributable costs necessary to create, produce and prepare an asset for a business purpose in the manner intended by management.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

#### Amortisation

Subsequent to initial recognition, each class of intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the expected estimated useful life of that class of asset. Amortisation will begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### (i) Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, testing for impairment is undertaken.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



## Notes to the Financial Statements

continued

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, a previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually.

### (j) Inventories

Land inventories are held at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes the incurred value of land assets transferred from investment property or property, plant and equipment and additional expenditure incurred bringing them to their present location and condition.

Following the decision in 2022 to terminate the development of the Uskmouth Power Station conversion from coal to waste-derived fuel pellets, there has been a change in use to redevelop the site as a sustainable energy park. During the reporting period, the strategy is to maximise financial returns from the site by developing, constructing, and owning and operating battery energy storage systems, each one on a designated parcel of land within the Uskmouth Power Station site. Land inventories relate to land that is being developed or constructed with a view to sale rather than to retain ownership of and earn future rental income from.

On 5th December 2023, an agreement to sell freehold land used by Quinbrook Infrastructure Partners for their 230MW battery energy storage system was announced for a milestone-linked total gross consideration of £9.9 million to be completed in Q1 2025. As a result, the freehold land asset is identified within land inventories and its net realisable value measured at £9.2 million as at the reporting date.

### (k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation

at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, discounting is applied.

Provision for decommissioning is recognised when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value using a risk-free rate, and is re-assessed each year.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

### (l) Share-Based Payments

The Group issues equity-settled share-based payments to certain employees and Directors.

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

### (m) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of sales related taxes. Revenue from power generation sales and the associated Renewables Obligation Certificates (ROCs) are recognised based on the quantity of electricity exported and the contracted rate on the date of generation. Battery storage income includes one off developer premium fees received from battery energy storage system developers, operators and owners. Lease income is earned from the rental of land at the Uskmouth Site.

ROCs are awarded to the Group from Ofgem based on generation of power. These ROCs are sold on receipt of certificates from Ofgem allowing transfer of title. The amount of revenue recognised on sale is in accordance



## Notes to the Financial Statements

continued

with a contractual agreement where the pricing is based on Ofgem's minimum ROC value (the buy-out).

Battery storage income comprises the sale of ready-to-build and constructed assets, including land, for the purpose of battery energy storage systems at the Uskmouth site. Revenue is recognised when performance obligations are fulfilled per the contract.

Lease income arises from operating leases recognised by the lessor on a straight-line basis from the commencement date over the lease term. Refer to note 3 (p).

### (n) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the

asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

### (o) Finance Costs and Income

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

### (p) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group As A Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct



## Notes to the Financial Statements

continued

costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period during which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implied in the lease agreements, or if that rate cannot be readily determined, the Group's incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**  
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., individually below £10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Group As A Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## (q) Segment Reporting

The Group is focused on developing, building, owning and operating sustainable energy projects. It considers its business as three operating segments: power generation; battery storage; and project development.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Critical Judgements in applying the Group's Accounting Policies and Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies, which are described in Note 3, the critical accounting judgements that will have a material effect on the amounts recognised in the financial statements and the key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### Recognition and Fair Value of Investment Property

The Group determines the fair value of investment properties based on value-in-use assessments. Following a change in use of the assets at the Uskmouth site from power generation to that of developing a sustainable energy park the asset value previously held in property, plant and equipment related to SIMEC Uskmouth Power Limited, "SUP", has been reclassified as Investment Property after applying IAS 40 paragraph 57 (c). SUP expects to earn operating lease income from the site, evidenced by operating lease income already earned from Uskmouth Energy Storage Limited in the year. Land that is not forecast to benefit from operating lease income in the term will initially benefit from capital appreciation.

The Group will regularly, and at least annually, review the recognition of land as Investment Property.

New Battery Energy Storage Projects, (BESS), with a capacity in excess of 900MW are being developed on the



## Notes to the Financial Statements

continued

site following the sale of the land on which the first 230MW BESS is being built. These new projects form the basis of the value in use calculations at Uskmouth.

The key assumptions used to determine the value-in-use at Uskmouth are the up-front development costs, expected capital costs to build each BESS, the financing structure and cost, forecast operating and maintenance costs, revenue per MWh and the discount rate to calculate present values. The model is based on cash flows using a weighted average cost of capital of 10%. Capital costs are based upon third party quotes of the capital cost of developing the project. Operating and maintenance costs are based upon market tested assumptions.

The valuations are adjusted for the Group's future expected equity ownership of each project. Different development risk factors are applied to the net present value of those projects, delivery of which is less certain than that of projects for which any of planning permission, a land lease option or a near term grid connection date are already secured.

### Recoverability of property, plant and equipment and investment in subsidiaries

The Group tests its property, plant and equipment annually for impairment, or more frequently if there are indicators that it might be impaired. In the year, the entire property, plant and equipment related to Uskmouth was transferred to investment property. The Company also tests its investment in subsidiaries for impairment where indicators of impairment exist. The recoverable amounts for the Group's property, plant and equipment and the Company's investment in subsidiaries are supported by the estimated value-in-use of these assets. The value-in-use is calculated using a net present value cash flow model which compares the costs of completing each of the respective projects, including financing costs, with expected revenues, net of operating and maintenance expenditure, over its operating life.

The key assumptions used to determine the MeyGen tidal project's value-in-use are the expected capital costs to further develop the project, the financing structure and cost, forecast operating and maintenance costs, revenue per MWh and the discount rate to calculate present values. The model is based on cash flows using a weighted average cost of capital of 12% (2022: 12%). Capital costs for the subsequent phases of the MeyGen project are based upon third party quotes where available and estimates of the capital cost of developing the 50MW Phase 2 array. Operating and maintenance costs are based upon experience gained since 2018 from the operation of the MeyGen Phase 1 tidal array.

The key assumptions used to determine the 207MW Battery Energy Storage System, "207MW BESS", project's value-in-use are the up-front development costs, expected capital costs to further develop the project, the financing structure and cost, forecast operating and maintenance costs, revenue per MWh and the discount rate to calculate present values. The model is based on cash flows using a weighted average cost of capital of 10%. Operating and maintenance costs are based upon market tested assumptions.

The recoverable amounts for the MeyGen tidal project were determined to be lower than the carrying value of its property, plant and equipment and as a result a decrease of £5.6 million to the value in use was recognised in 2023 (Note 12).

In testing the investment in subsidiaries for impairment, using the methodology outlined above, the value of the investments was determined to exceed their carrying value and as a result a net increase of £13.8 million to the investment value has been recognised in the year (Note 16).

### Provision for decommissioning costs

Provision for decommissioning costs is recognised as an amount equal to the Directors' best estimate of the expenditure required to settle the Group's obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the liability as set out in the summary of significant accounting policies 3(k). The unwinding of the discount is recognised as a finance cost.

The Uskmouth Power Station decommissioning provision is the present value of the best estimate of direct costs that may be incurred to restore the site of the Uskmouth Power Station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2043. The original provision was recognised on acquisition of the Uskmouth Power Station in 2018 and conversion of the financial statements to IFRS and updated as of 31 December 2023 based on latest estimates.



## Notes to the Financial Statements

continued

### 5. REVENUE

	GROUP	
	2023 £'000	2022 £'000
Power sales	4,513	3,902
Battery storage income	10,088	-
Lease income	680	-
	<b>15,281</b>	<b>3,902</b>

Power sales is the income received from electricity generation at the MeyGen Phase 1 array and includes the associated revenue from renewable obligation certificates ("ROCs"). Battery storage income arises from the sale of the development rights to the 230MW BESS at the Uskmouth Sustainable Energy Park to Uskmouth Energy Storage Limited. Lease income comprises rental income and other fees from development of battery storage opportunities at the Uskmouth site.

### 6. FAIR VALUE ADJUSTMENT TO INVESTMENT PROPERTY

	GROUP	
	2023 £'000	2022 £'000
Fair value adjustment to investment property	<b>28,200</b>	-

The fair value adjustment recognised in the year reflects the net gain from fair value adjusting the land sites at Uskmouth held for future battery energy storage. The adjustment has been determined from applying a value-in-use calculation as disclosed in Note 13.

### 7. OTHER INCOME

	GROUP	
	2023 £'000	2022 £'000
Interest income	94	58
Grant income	-	56
Income generated from sale of consumable goods and scrap items	-	2,142
Insurance proceeds	39	1,007
Other income	128	1,297
	<b>261</b>	<b>4,560</b>

Other income relates to the temporary provision of shared corporate services to a third party.

**Notes to the Financial Statements**

continued

**8. EMPLOYEE BENEFITS EXPENSE**

The average number of employees (including Executive Directors) was:

	GROUP	
	2023 £'000	2022 £'000
Average number of employees (including Executive Directors)	14	22

Their aggregate remuneration comprised:

	GROUP	
	2023 £'000	2022 £'000
Wages, salaries and other short-term benefits	1,570	1,938
Social security costs	170	228
Share-based payments (Note 25)	134	118
Contributions to defined contribution plan	211	198
Other related costs	10	2
	<b>2,095</b>	<b>2,484</b>

**9. FINANCE COSTS**

	GROUP	
	2023 £'000	2022 £'000
Interest expense arising from:		
- long term loans	1,136	845
- secured long term loans	1,768	1,630
- long term debentures	1,221	1,101
- lease liabilities	73	80
Unwinding of discount on decommissioning provision	213	161
Other finance costs	254	204
	<b>4,665</b>	<b>4,021</b>

**10. TAX CREDIT**

	GROUP	
	2023 £'000	2022 £'000
Current tax credit	-	-
Deferred Income tax		
Decrease in deferred tax liabilities (Note 30)	385	19
	<b>385</b>	<b>19</b>

As a result of the Company's management and control moving from Singapore to the United Kingdom on 1 January 2016, the Company became tax resident in the United Kingdom and all filing requirements are met in both jurisdictions.

In the United Kingdom, the applicable rate of tax is computed at 23.5% (2022: 19%).





## Notes to the Financial Statements

continued

Singapore domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	GROUP	
	2023 £'000	2022 £'000
<b>Reconciliation of effective tax rate</b>		
Profit/(Loss) before tax	22,239	(11,079)
Tax at the domestic rates applicable to losses in the country concerned	5,231	(2,105)
Non-allowable items at rates concerned	2,756	1,119
Non-taxable income at rates concerned	(6,597)	(52)
Accelerated capital allowances	(346)	-
Previously unrecognised tax losses utilised	(1,176)	-
Tax effect of deferred tax asset not recognised	2	1,038
Tax effect of unwinding deferred tax	19	19
Tax effect of asset impairment on deferred tax	366	-
	<b>385</b>	<b>19</b>

At the end of the reporting period, the Group has unutilised tax losses of £60.1 million (2022: £172.3 million) available for offset against future profits. The amount of the Company's unutilised tax losses available for offset against future profits is £33.6 million (2022: £31.3 million). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Included in the Group and Company losses are £27.4 million (2022: £27.3 million) of losses relating to Singapore corporation tax, which will only be utilised against taxable income realised in Singapore.

## 11. PROFIT / (LOSS) FOR THE YEAR

The following items have been included in arriving at the profit (2022: loss) for the year:

		GROUP	
		2023 £'000	2022 £'000
Fair value adjustment to investment property	6	28,200	-
Depreciation of property, plant and equipment	12	(3,205)	(3,217)
(Impairment loss)/reversal of impairment loss on property, plant and equipment	12	(5,630)	2,000
<b>Auditor's remuneration:</b>			
- Audit and audit related fees (a)		(245)	(190)
Share-based payments	26	(134)	(118)
Loss on sales of subsidiaries	11	-	(2,232)

(a) Includes audit and audit related fees receivable by the auditor of parent company's consolidated financial statements in the year of £0.07 million (2022: £0.04 million).



## Notes to the Financial Statements

continued

### 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land £'000	Property, plant and equipment £'000	Furniture, fixture and equipment £'000	Computer equipment and software £'000	Power plant £'000	Total £'000
<b>Group</b>						
<b>Cost</b>						
At 1 January 2022	20	68,823	17	87	85,058	154,005
Additions	-	137	-	-	(1,261)	(1,124)
At 31 December 2022	<b>20</b>	<b>68,960</b>	<b>17</b>	<b>87</b>	<b>83,797</b>	<b>152,881</b>
Additions	-	1,315	-	3	(174)	1,144
Revaluation surplus	-	23,127	-	-	-	23,127
Transfer to revaluation reserve	-	(34,106)	-	-	-	(34,106)
Transfer to Investment Property	-	-	-	-	(74,384)	(74,384)
Assets transfer to inventories	-	-	-	-	(9,239)	(9,239)
At 31 December 2023	<b>20</b>	<b>59,296</b>	<b>17</b>	<b>90</b>	<b>-</b>	<b>59,423</b>
<b>Accumulated depreciation</b>						
At 1 January 2022	-	24,222	17	72	52,898	77,209
Depreciation for the year	-	2,125	-	12	1,080	3,217
Reversal of impairment loss	-	-	-	-	(2,000)	(2,000)
At 31 December 2022	-	<b>26,347</b>	<b>17</b>	<b>84</b>	<b>51,978</b>	<b>78,426</b>
Depreciation for the year	-	2,129	-	2	1,074	3,205
Impairment loss	-	5,630	-	-	-	5,630
Transfer to revaluation reserve	-	(34,106)	-	-	-	(34,106)
Transfer to Investment Property	-	-	-	-	(53,052)	(53,052)
At 31 December 2023	-	-	<b>17</b>	<b>86</b>	-	<b>123</b>
<b>Net book value</b>						
At 31 December 2022	<b>20</b>	<b>42,613</b>	-	<b>3</b>	<b>31,819</b>	<b>74,455</b>
At 31 December 2023	<b>20</b>	<b>59,296</b>	-	<b>4</b>	-	<b>59,320</b>



## Notes to the Financial Statements

continued

### (a) Plant, property and equipment

In 2020, MeyGen was awarded £1.5 million from the Scottish Government's Saltire Tidal Energy Challenge Fund and £0.1 million from Highlands and Islands Enterprise to develop and install a subsea tidal turbine connection hub. Prior to the 2020 award, aggregate grants of £13.3 million, comprising a £10 million grant from the United Kingdom's Department of Energy and Climate Change, and two grants from Scotland's Highlands and Islands Enterprise totalling £3.3 million, were awarded to MeyGen in August 2014. Grants received where the conditions attached to them have been complied with were recorded as a deduction from the carrying amount of the project-under-construction in accordance with the accounting policy in Note 3. As disclosed in Note 4, a value-in-use calculation is undertaken each year to determine the need for impairment of the asset. A revaluation surplus of £23.1 million was credited to equity in the year (2022: £nil) reflecting the addition of the 207MW Mey battery energy storage system project to the valuation. The 5.6 million impairment loss relates to the tidal asset.

### (b) Power Plant

On the 5 December 2023, an agreement to sell freehold land at Uskmouth was announced as disclosed in Note 3. The land as at the reporting date was not in the condition for immediate sale, with the agreement requiring 30,000 tonnes of aggregate to be imported for laying of foundations to trigger the completion milestone. As a result, the land is recognised within inventories at the reporting date.

As disclosed in Note 4, the remaining property, plant and equipment balance at the Uskmouth site was transferred into Investment Property reflecting the change of use at the site.

### (c) Security

At 31 December 2023, assets of subsidiaries with carrying amounts of £60.7 million (2022: £75.7 million) were pledged as security on long term loans (Note 29). In June 2023 a security held over the Power plant assets with a carrying value of £31.3 million was released.

## 13. INVESTMENT PROPERTY

	Investment Property £'000	Total £'000
<b>Group</b>		
At 1 January 2023	-	-
Transfer from owner occupied property	21,332	21,332
Net gain from fair value adjustment	28,200	28,200
At 31 December 2023	<b>49,532</b>	<b>49,532</b>

In the year, land and buildings at Uskmouth was transferred from Power Plant under Property, Plant and Equipment to Investment Property at their net book value. Subsequently, the land and buildings have been reassessed as separate identifiable plots of land for future BESS projects and as disclosed in Note 4, applying a value-in-use calculation to determine their fair value, resulting in an increase of £28.2 million.



## Notes to the Financial Statements

continued

### 14. INTANGIBLE ASSETS

	Global technology licence £'000	Intellectual Property £'000	Development costs £'000	Tidal data £'000	Total £'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2022	8,223	3,133	15,996	1,465	28,817
Disposal <sup>1</sup>	(8,223)	(3,133)	(15,996)	-	(27,352)
At 31 December 2022	-	-	-	1,465	1,465
At 31 December 2023	-	-	-	<b>1,465</b>	<b>1,465</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	8,223	420	15,996	-	24,639
Amortisation for the year	-	38	-	-	38
Disposal <sup>1</sup>	(8,223)	(458)	(15,996)	-	(24,677)
At 31 December 2022	-	-	-	-	-
At 31 December 2023	-	-	-	-	-
<b>Net book value</b>					
At 31 December 2022	-	-	-	1,465	1,465
At 31 December 2023	-	-	-	<b>1,465</b>	<b>1,465</b>

	Development costs £'000	Intellectual Property £'000	Total £'000
<b>Company</b>			
<b>Cost</b>			
At 1 January 2022	3,347	573	3,920
Disposal <sup>1</sup>	(3,347)	(573)	(573)
At 31 December 2022	-	-	-
At 31 December 2023	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2022	3,347	420	3,767
Amortisation for the year	-	38	38
Disposal <sup>1</sup>	(3,347)	(458)	(3,805)
At 31 December 2022	-	-	-
At 31 December 2023	-	-	-
<b>Net book value</b>			
At 31 December 2022	-	-	-
At 31 December 2023	-	-	-

Tidal data relates to key information on tidal flows that is crucial to the development of the MeyGen project and little or no obsolescence is expected. The tidal data will be amortised over the life of the project upon final commissioning of the project.

<sup>1</sup> The Development Cost and Global Technology License data formed part of the business that was sold to Proteus in 2022 therefore 2022 figures are restated to reflect this.



## Notes to the Financial Statements

continued

### 15. LEASES

#### As a Lessee

The Group has lease contracts for land, buildings and the seabed at the MeyGen site. Those leases have lease terms of between 5 and 99 years. Land and buildings have a remaining useful life between 5-91 years.

Set out below are the carrying amount of land and buildings right-of-use assets recognised and the movements during the period:

	<b>Land and buildings £'000</b>
<b>Group</b>	
At 1 January 2022	779
Depreciation expense	(20)
Additions	194
Disposals	378
At 31 December 2022	1,331
Depreciation expense	(215)
Additions	770
Adjustments	(47)
At 31 December 2023	<b>1,839</b>

Set out below are the carrying amount of lease liabilities and movements during the period:

	<b>GROUP</b>	
	<b>2023 £'000</b>	<b>2022 £'000</b>
At 1 January	1,296	759
Additions	770	194
Accretion of interest	73	80
Payments	(318)	(308)
Adjustments	(47)	571
Disposals	-	-
At 31 December	<b>1,774</b>	<b>1,296</b>
Current	218	296
Non-current	1,556	1,000
	<b>1,774</b>	<b>1,296</b>

The maturity analysis of lease liabilities is disclosed in Note 35(b).



## Notes to the Financial Statements

continued

The following are the amounts recognised in the profit or loss:

	GROUP	
	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	215	20
Interest expense on lease liabilities	73	80
Expense relating to	4	4
- Lease of low value assets (included in other operating expenses)		
- Variable lease payments (included in other operating expenses)	2	2
<b>At 31 December</b>	<b>294</b>	<b>106</b>

The Group had total cash outflows for leases of £0.3 million (2022: £0.3 million). The Group had non-cash additions to right-of-use assets and lease liabilities of £0.8 million (2022: £0.2 million).

The Group has leases which contain variable lease payment terms that are linked to power generation. Variable lease payments had the following effect:

	GROUP	
	2023 £'000	2022 £'000
Fixed rent	12	12
Variable payment	52	50
	<b>64</b>	<b>62</b>

Overall, the variable payments constitute 16% (2022: 16%) of the Group's entire lease payments. The variable lease payments depend on generation, and whilst the Group expects the ratio to remain constant in future years, a 5% increase in variable payments would result in a £2,600 increase to lease payments.

### As a Lessor

At the end of the reporting period, the Group had amounts due to it under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2023 £'000	2022 £'000
Within one year	-	-
Between two and five years	-	-
More than five years	99	95
	<b>99</b>	<b>95</b>

One of the subsidiaries of the Group, SIMEC Uskmouth Power Limited ("SUP"), leases land available at the Uskmouth Power Station site to a related party, SIMEC Power 4 Limited. The lease is agreed on a 999-year basis and includes a lease premium of £1.5 million, which is recognised in advanced receipts (Note 31).



## Notes to the Financial Statements

continued

### 16. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2023 £'000	2022 £'000
Unquoted equity shares, at cost	63,589	63,455
Less: Impairment loss	(38,435)	(52,235)
	<b>25,154</b>	<b>11,220</b>

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal activities	Country of incorporation/ registration and operation	Effective equity interest held by the Company	
			2023 %	2022 %
<b>Held by the Company</b>				
Atlantis Turbines Pte. Limited <sup>(3)</sup>	Investment holding	Singapore	100	100
Atlantis Projects Pte. Ltd <sup>(3)</sup>	Investment holding	Singapore	100	100
Atlantis Resources (Gujarat Tidal) Pte Limited <sup>(1)(6)</sup>	Dormant	Singapore	50	50
ARC Operations Pty Limited <sup>(4)</sup>	Provision of operational services to the Group	Australia	100	100
Atlantis Resources (Scotland) Limited <sup>(5)</sup>	Provision of project management and consulting services	United Kingdom	100	100
Atlantis Ocean Energy PLC <sup>(5)</sup>	Financial services	United Kingdom	100	100
Atlantis Future Energy PLC <sup>(5)</sup>	Financial services	United Kingdom	100	100
SIMEC Uskmouth Power Limited <sup>(5)</sup>	Development of sustainable energy projects	United Kingdom	100	100
SA Energy Storage Holdings Limited <sup>(1)</sup>	Investment holding	United Kingdom	100	-
SIMEC Atlantis Energy SPV1 Limited <sup>(1)</sup>	Developer of battery storage projects	United Kingdom	100	-
<b>Held by Atlantis Projects Pte. Ltd,</b>				
Tidal Power Scotland Limited <sup>(5)</sup>	Investment holding	United Kingdom	92	92
Stroma Tidal Power Limited <sup>(5)</sup>	Development of tidal power generation project	United Kingdom	100	100
Mey Energy Storage Holdings Limited <sup>(1)</sup>	Investment holding	United Kingdom	100	-
<b>Held by Tidal Power Scotland Limited</b>				
MeyGen Holdings Limited <sup>(5)</sup>	Investment holding	United Kingdom	83	83
Islay Holding Limited <sup>(5)</sup>	Investment holding	United Kingdom	100	100
Duncansby Tidal Power Limited <sup>(1)</sup>	Dormant	United Kingdom	100	100
<b>Held by MeyGen Holdings Limited</b>				



## Notes to the Financial Statements

continued

Name of Subsidiaries	Principal activities	Country of incorporation/ registration and operation	Effective equity interest held by the Company	
			2023 %	2022 %
MeyGen PLC <sup>(2)(5)</sup>	Development of tidal power generation project	United Kingdom	100	100
<b>Held by Mey Energy Storage Limited</b>				
Meygrid Limited <sup>(1)</sup>	Grid Connection Sharing Company	United Kingdom	50	-
<b>Held by Meygen Plc</b>				
Meygrid Limited <sup>(1)</sup>	Grid Connection Sharing Company	United Kingdom	50	-
<b>Held by Mey Energy Storage Holdings Limited</b>				
Mey Energy Storage Limited <sup>(1)</sup>	Battery Energy Storage Special Purpose Vehicle	United Kingdom	100	-
<b>Held by SA Energy Storage Holdings Limited</b>				
AW2 Storage Holdings Limited <sup>(1)</sup>	Investment holding	United Kingdom	100	-
<b>Held by Atlantis Turbines Pte Limited</b>				
Atlantis Operations (UK) Limited <sup>(5)</sup>	Non-operational	United Kingdom	100	100
Marine Current Turbines Limited <sup>(5)</sup>	Non-operational	United Kingdom	100	100
<b>Held by AW2 Energy Storage Holding Limited</b>				
AW2 Energy Storage Limited <sup>(1)</sup>	Battery Energy Storage Special Purpose Vehicle	United Kingdom	100	-
<b>Held by Islay Holding Limited</b>				
Islay Tidal Power Limited <sup>(1)</sup>	Development of tidal power generation project	United Kingdom	100	100
<b>Held by Marine Current Turbines Limited</b>				
Sea Generation Limited <sup>(1)</sup>	Development of tidal power generation project	United Kingdom	100	100

(1) Not required to be audited as the subsidiaries are dormant.

(2) As at 31 December 2023 and 31 December 2022, shares in MeyGen PLC were pledged as security on long term loans (see Note 29).

(3) Audited by Nexia Singapore PAC, Singapore.

(4) Not required to be audited by law in its country of incorporation.

(5) Audited by Kreston Reeves LLP, United Kingdom.

(6) The Company has control over the entity through shareholder voting rights.

### (a) Impairment in investment in subsidiaries

The Directors reviewed the value of the investments in subsidiaries held by the Company at year end and concluded that the investment in Atlantis Operations (UK) Limited, Atlantis Resources (Scotland) Limited, Atlantis Ocean Energy PLC and Atlantis Future Energy PLC should be impaired in full. The Directors identified a reversal in impairment for the Company's investment in SIMEC Uskmouth Power Limited of £14.2 million (2022: impairment loss of £7.3 million), increasing the carrying value to £25.0 million.

### (b) Share-Based Payments

During the financial year, share-based payments granted by the Company to the employing subsidiaries, Atlantis Resources (Scotland) Limited ("ARSL") and SIMEC Uskmouth Power Limited ("SUP") resulted in an increase to the deemed investments by the Company in those subsidiaries totalling £0.13m (2022: £0.12m).





## Notes to the Financial Statements

continued

### (c) Non-Controlling Interest in Subsidiaries

#### Tidal Power Scotland Limited ("TPSL")

As at 31 December 2023, Scottish Power Renewables ("SPR") has an equity investment of 6% of the shareholding in TPSL.

The Group retains a 92% (2022: 92%) shareholding of TPSL.

#### MeyGen Holdings Limited ("MGHL")

The following table summarises the information relating to the material non-controlling interest ("NCI") in MeyGen PLC, based on its financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	GROUP	
	2023 £'000	2022 £'000
NCI percentage	23.23%	23.23%
Non-current assets	61,850	44,280
Current assets	3,263	3,535
Non-current liabilities	(54,548)	(45,422)
Current liabilities	(1,351)	(978)
Net assets	<b>9,214</b>	<b>1,415</b>
Net assets attributable to NCI	2,140	328
Cash flows from operating activities	827	1,866
Cash flows used in investing activities	(1,289)	(345)
Cash flows used in financing activities	(210)	(995)
Net increase/(decrease) in cash and cash equivalents	<b>(672)</b>	<b>526</b>
Loss for the year	(9,541)	(6,075)
Other comprehensive gain	17,339	-
Total comprehensive gain/(loss)	<b>7,798</b>	<b>(6,075)</b>
Attributable to NCI:		
Loss for the year	(2,216)	(1,411)
Other comprehensive gain	4,028	-
Total comprehensive income	<b>1,812</b>	<b>(1,411)</b>

On 19 October 2022 the Group disposed of its tidal turbine development business including the entire shareholding in Wide Range Developments Limited ("WRDL") and Atlantis Operations Japan Good Kaisha ("AOJ"), an investment holding company and a company that provided operational services, for a cash consideration of £0.6 million. The Group recognised a loss on disposal of £2.2 million as a non-recurring item in the consolidated income statement. Following the disposal, WRDL and AOJ ceased to be subsidiaries of the Group.

**Notes to the Financial Statements**

continued

The following table summarises the carrying amount of the major classes of identifiable assets and liabilities disposed:

	<b>£'000</b>
Cash and cash equivalents	1
Intangible assets	2,675
Current assets	166
Other payables and liabilities	(776)
Net assets disposed	2,066
Net fair value adjustments disposed	870
Loss on disposal of a subsidiary	(2,232)
Total consideration from disposal of a subsidiary	704
Less: Cash and cash equivalents from disposed subsidiary	(1)
Less: Receipt of shares in other investment	(133)

**17 INVESTMENT IN JOINT VENTURES AND OTHER INVESTMENTS**

	<b>GROUP</b>	
	<b>2023</b> £'000	<b>2022</b> £'000
Investment in joint ventures, at cost	-	405
Investment in other investment, at fair value through profit and loss	133	133
Share of post-acquisition results	-	(28)
Loss on impairment of investment in joint venture	-	(377)
	<b>133</b>	<b>133</b>

The detail of the Company's equity interests in joint ventures and associates is as follows:

Name of entity	Principal activities	Nature of relationship	Country of incorporation/ registration and operation	Effective equity interest held by the Company	
				2023 %	2022 %
NPA Fuels Ltd <sup>(1)</sup>	Marketing, production and delivery of waste derived fuel pellets	Joint Venture	United Kingdom	50	50
Proteus Marine Renewables Limited	Development of Tidal turbine technology	Other investment	United Kingdom	11	21

(1) Audited by Kreston Reeves LLP, United Kingdom.



## Notes to the Financial Statements

continued

The summarised financial information for these entities that are material to the Group are set out below and are not adjusted for the percentage of ownership held by the Company.

	NPA FUELS LTD	
	2023 £'000	2022 £'000
<b>Assets and liabilities:</b>		
Current assets	-	8
Total assets	-	<b>8</b>
Non-current liabilities	-	(207)
Current liabilities	(233)	(8)
Total liabilities	<b>(233)</b>	<b>(215)</b>
Net liabilities	<b>(233)</b>	<b>(207)</b>
Group's share of joint venture's net liabilities	<b>(116)</b>	<b>(104)</b>
<b>Results</b>		
Revenue	-	-
Loss for the year	(26)	(55)
Group's share of joint ventures' profit for the year	-	<b>(28)</b>
Carrying amount of the investment as at 31 December	-	-

### NPA Fuels Ltd

On 22 December 2020, Atlantis Projects Pte. Ltd., a subsidiary of the Group, entered into a Joint Venture agreement with N&P Holdings 2, a subsidiary of N+P Group, to create NPA Fuels Ltd ("NPA") a company domiciled in the UK. Each partner has a 50% interest in the joint venture. The purpose of the joint venture is to principally be involved in the marketing, production and delivery of waste derived fuel pellets to convert coal fired power stations throughout the UK. The initial cost of investment is £463,981.

The Group's interest in NPA is accounted for using the equity method in the consolidated financial statements due to the terms of the joint venture agreement. In 2022, the Group's share of NPA's loss for the year totalling £Nil has been recognised (2022: £27,569) This investment was fully impaired in 2022. In addition, as at 31 December 2023, the Group has a loan receivable from NPA of £110,377 (2022: £103,213) which has been provided against in full. As of 31 December 2023, the directors have commenced the process to dissolve the joint venture. The financial statements of NPA are prepared under IFRS in £.

### Proteus Marine Renewables Limited

On 19 October 2022, Atlantis Projects Pte. Limited, a subsidiary of the company, acquired a 21% interest in Proteus Marine Renewables Limited as part of the divestment of the tidal turbine development business. In accordance with paragraph 6 of IAS 28 Investments in Associates and Joint Ventures, the Group's interest in Proteus Marine Renewables Limited has been recognised as an "Other investment", due to the Group not exercising significant influence as demonstrated by:

- ▶ No board representation;
- ▶ Does not participate in policy-making processes, including in participating in decisions about dividends or other distributions

Any subsequent fair value movement will be recognised through the profit and loss. In the reporting period the Group disposed of 10% equity interest in Proteus Marine Renewables Limited.

Management has determined that the carrying value of the investment is at the approximate fair value as at 31 December 2023, due to the current start-up phase of the investment.

**Notes to the Financial Statements**

continued

**18 LOANS RECEIVABLE**

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans to subsidiaries				
- Interest bearing (a)	-	-	1,481	1,349
- Non-interest bearing (b)	-	-	11,075	11,075
Less: provision for impairment	-	-	(12,556)	(12,424)
Loans to joint ventures (c)	111	104	111	104
Less: Impairment loss	(111)	(104)	(111)	(104)
Third party loan (d)	258	258	258	258
<b>Loans receivable</b>	<b>258</b>	<b>258</b>	<b>258</b>	<b>258</b>

## (d) Interest bearing

The Company has provided a loan to MeyGen PLC which is interest-bearing with an interest rate of 12-month LIBOR plus 5% per annum, unsecured and repayable in February 2030. The Company has provided in full against the potential non-repayment of this loan.

## (e) Non-interest bearing

In 2014, the Company extended a loan to APPL, which is interest-free and unsecured. The loan is repayable on demand. Management has no current intention to recall this loan in the foreseeable future and has provided in full against the potential non-repayment of this loan.

## (f) Loans to joint ventures

As disclosed in Note 17, the Company has extended a loan of £103,890 to NPA. The loan is interest bearing at a fixed rate of 10% per annum, is unsecured and the repayment is subject to the distribution arrangements in the joint venture agreement. The loan has been impaired in full.

The loan extended by the company to Normandie Hydroliennes, which was fully provided for at 31 December 2021, was settled as part of its sale in October 2022.

## (g) Third party loan

In 2021, the Company extended a loan to a former employee of its subsidiary Green Highland Renewables. The loan is unsecured, interest free and repayable in December 2026.

**19 TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	683	109	-	-
Deposits	2	3	2	3
Accrued revenue	1,095	1,149	-	-
Other receivables	636	1,404	214	262
Non-trade receivables due from subsidiaries	-	-	67,456	70,874
Less:				
Impairment loss	-	-	(67,456)	(70,874)



## Notes to the Financial Statements

continued

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets at amortised cost under IFRS 9	2,416	2,665	216	265
Prepayments	735	749	48	84
Value added tax (payable)/recoverable	(189)	(88)	17	16
	<b>2,962</b>	<b>3,326</b>	<b>281</b>	<b>365</b>
Non-current	-	-	-	-
Current	2,962	3,326	281	365
	<b>2,962</b>	<b>3,326</b>	<b>281</b>	<b>365</b>

The trade receivables balance comprises power generation and battery rent due to the Group. Other receivables relate to a grant debtor and amounts due following the disposal of a subsidiary.

The non-trade receivables due from subsidiaries are unsecured, interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. The balances are stated at cost less impairment losses. At the end of the reporting period, the Company had a provision for impairment loss of £67.5 million (2022: £70.9 million) in relation to balances receivable from subsidiaries as recovery of the amounts due is not considered probable.

The Group's and the Company's exposure to credit and currency risks are as set out in Note 35.

## 20 INVENTORIES

	GROUP
	2023 £'000
Land	9,239

Land inventory is land at Uskmouth that is intended for sale to EL (Uskmouth) Limited held at the gross consideration of £9.9 million less costs to sell, due for completion in Q1 2025 as described in Note 3 (j).

## 21 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank	3,473	2,929	2,202	172
Fixed deposits	714	772	-	-
Cash and cash equivalents in the statements of financial position	4,187	3,701	2,202	172
Less: Encumbered deposits	(714)	(772)	-	-
Cash and cash equivalents in the statement of cash flows	<b>3,473</b>	<b>2,929</b>	<b>2,202</b>	<b>172</b>

The encumbered deposits serve as collateral on behalf of MeyGen PLC. MeyGen's deposit supports the provision of bank guarantees and standby letters of credit as required under the terms of MeyGen's seabed lease and to secure the MeyGen project's electricity transmission capacity. The Group's exposure to interest rate risks is described in Note 35.



## Notes to the Financial Statements

continued

### 22 SHARE CAPITAL

	GROUP AND COMPANY			
	2023		2022	
	No. of shares with no par value '000	£'000	No. of shares with no par value '000	£'000
Issued and fully paid:				
At the beginning of the financial year	722,812	201,496	722,812	201,496
At the end of the financial year	<b>722,812</b>	<b>201,496</b>	<b>722,812</b>	<b>201,496</b>

### 23 CAPITAL RESERVE

The capital reserve consists of the difference between the carrying value of net assets transferred to and the consideration received from the non-controlling interest.

### 24 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### 25 SHARE OPTIONS

The share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on the grant date. The expense for services received will be recognised over the vesting period.

#### Long Term Incentive Plan ("LTIP")

In 2013, the Company approved an LTIP. During the year, 10.6 million (2022: 2.5 million) share options were granted under the LTIP.

The options outstanding at 31 December 2023 have a weighted average contractual life of 7.4 years (2022: 8.2 years).

Details of the share options outstanding are as follows:

	GROUP AND COMPANY			
	2023		2022	
	No. of share options '000	Weighted average exercise price £	No. of share options '000	Weighted average exercise price £
Outstanding at end of the year	28,359	0.056	19,575	0.078
Exercisable at end of the year	12,317	0.098	8,442	0.124

The share options on issue as at the reporting date expire between 2026 and 2033.

In 2023, the Group and the Company recognised total expenses of £0.08 million (2022: £0.12 million), related to equity-settled share-based payment transactions during the year and this is included as part of employee benefits expense (Note 8). A total of £0.01 million (2022: £0.07 million) was transferred from the share option reserve to accumulated losses upon cancellation/ expiry of the share options.



## Notes to the Financial Statements

continued

### Company Share Option Plan (“CSOP”)

On 10 November 2016, the Company established a CSOP to offer share options to employees. During the year, 25.1 million share options were granted under the CSOP (2022: Nil).

The options outstanding at 31 December 2023 have a weighted average contractual life of 9.3 years (2022: 7.8 years).

No options were exercised in 2023 and 2022.

	GROUP AND COMPANY			
	2023		2022	
	No. of share options '000	Weighted average exercise price £	No. of share options '000	Weighted average exercise price £
Outstanding at end of the year	21,446	0.01	2,063	0.13
Exercisable at end of the year	-	-	2,063	0.13

The fair values for the above share options were calculated using the Black-Scholes pricing model. The inputs into the model for share options granted are as follows:

	2023	2022
Fair value of options on date of grant	£0.01	£0.01 - £0.02
Share price	£0.01	£0.02 - £0.03
Exercise price	£0.01	£0.01 - £0.02
Expected volatility	111.65%	81.12% - 90.91%
Expected life	3 years	3 years
Risk free rate	3.43%	3.52%
Expected dividend yield	0%	0%

Expected volatility was determined by calculating the historical volatility of the Company's stock. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised £0.05 million expenses (2022: £Nil million), related to equity-settled share-based payment transactions during the year and this is included as part of employee benefits expense (Note 8). A total of £0.06 million (2022: £0.20 million) was transferred from the share option reserve to accumulated losses upon cancellation/expiry of the share options.

### 26 REVALUATION RESERVE

The revaluation reserve arises on the revaluation of property, plant and equipment and is non-distributable. At the reporting date, a credit of £13.3 million (2022: £Nil million) to the reserve was recognised for the fair value adjustment of battery energy storage assets held by the Group (Note 12). The amount was net of adjustments for allocation of gain to non-controlling interests of £4.0 million (2022: £Nil million) and tax of £5.8 million (2022: £Nil million).



## Notes to the Financial Statements

continued

### 27 PROFIT/(LOSS) PER SHARE

The calculation of profit/(loss) per share is based on the loss after tax attributable to ordinary equity holders of the Company and on the weighted average number of ordinary shares in issue during each year.

	TOTAL PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY		WEIGHTED AVERAGE NUMBER OF SHARES		PROFIT/(LOSS) PER SHARE	
	2023 £'000	2022 £'000	2023 '000	2022 '000	2023 £	2022 £
Basic and diluted	25,394	(9,649)	722,812	722,812	0.04	(0.01)

	COMPANY	
	2023 '000	2022 '000
<b>Weighted average number of ordinary shares</b>		
Issued ordinary share at beginning of the year	722,812	722,812
Effect of public offerings issued for cash	-	-
Effect of shares issued other than cash (Note 22)	-	-
Weighted average number of shares at the end of the year	<b>722,812</b>	<b>722,812</b>

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

### 28 PROVISIONS

	GROUP			COMPANY
	Provision for decommissioning costs £'000	Other provision £'000	Total £'000	Other provision £'000
<b>2023</b>				
At 1 January	12,581	-	12,581	-
Provision utilised during the year				
Remeasurement of provision	(471)	-	(471)	-
Unwinding of discount on decommissioning costs	213	-	213	-
At 31 December	<b>12,323</b>	-	<b>12,323</b>	-
Non-current	12,323	-	12,323	-
Current	-	-	-	-
	<b>12,323</b>	-	<b>12,323</b>	-





## Notes to the Financial Statements

continued

	GROUP		COMPANY	
	Provision for decommissioning costs £'000	Other provision £'000	Total £'000	Other provision £'000
<b>2022</b>				
At 1 January	13,546	172	13,718	30
Provision made during the year				
Provision utilised during the year	-	(172)	(172)	(30)
Remeasurement of provision	(1,124)	-	(1,124)	-
Unwinding of discount on decommissioning costs	159	-	159	-
At 31 December	<b>12,581</b>	<b>-</b>	<b>12,581</b>	<b>-</b>
Non-current	12,581	-	12,581	-
Current	-	-	-	-
	<b>12,581</b>	<b>-</b>	<b>12,581</b>	<b>-</b>

### Provision for decommissioning costs

The provision for decommissioning costs includes the present value of the best estimate of direct costs that may be incurred to remove turbine foundations from the seabed, and the decommissioning of the Uskmouth Power Station. The remeasurement credit in the income statement of £0.471m has resulted from using a 4% discount rate for present value calculation. The turbine seabed foundations relate to the MeyGen project located in the Inner Sound of the Pentland Firth, which are anticipated to be decommissioned in 2043.

The Uskmouth Power Station provision is the present value of the best estimate of direct costs that may be incurred to restore the site of the Uskmouth Power Station to a condition that complies with applicable legislation, which is anticipated to take place in approximately 2043. The provision is based upon an estimate of the timing and current cost of this exercise, adjusted for the effects of inflation and discounted to present value using an appropriate discount rate as set out in the summary of significant accounting policies 3 (k). A 5% increase in the estimate of current cost would increase the recorded provision by approximately £0.62 million in each financial year, a 0.1% increase in estimated inflation would increase the recorded provision by approximately £0.2 million in each financial year and a 0.1% increase in discount rate would decrease the recorded provision by approximately £0.2 million in each financial year.

### Other Provisions

The other short-term provisions for payroll liabilities and lease dilapidations were settled during 2022.



## Notes to the Financial Statements

continued

### 29 LOANS AND BORROWINGS

The Group's and the Company's total loans and borrowings are as follows:

	Note	GROUP		COMPANY	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Current loans and borrowings</b>					
Short term debentures	(d)	-	9,895	-	-
Short term loan	(e)	-	6,000	-	-
Secured short term loans	(c)	11,471	-	-	-
Loan from a subsidiary	(a)	-	-	454	-
Financial guarantees		-	-	15	82
		<b>11,471</b>	<b>15,895</b>	<b>469</b>	<b>82</b>
<b>Non-current loans and borrowings</b>					
Financial guarantees		-	-	53	-
Loan from a subsidiary	(a)	-	-	-	438
Long term loans	(b)	13,492	12,356	-	-
Secured long term loans	(c)	16,112	25,815	-	-
Long term debentures	(d)	13,677	3,719	-	-
		<b>43,281</b>	<b>41,890</b>	<b>53</b>	<b>438</b>
Total loans and borrowings		<b>54,752</b>	<b>57,785</b>	<b>522</b>	<b>520</b>

#### (a) Loan from a subsidiary

The loan from a subsidiary is denominated in Great British Pounds, is interest-bearing with an interest rate of 5.0% per annum and unsecured. The loan was due for repayment in 2021 and both parties have agreed to continue the loan under existing terms and was settled in full in May 2024. The fair value of the loan at the end of the reporting period was approximately £0.45 million (2022: £0.44 million).

#### (b) Long-Term Loans

The loan is denominated in Great British Pounds, with an interest rate of 5.0% plus LIBOR, to transfer post year end to SONIA, resulting in aggregate floating rates of interest over the year in the range 6.5% to 9.7% per annum, is unsecured and is repayable in February 2028. At the end of the reporting period, the carrying value of the loan approximates its fair value.

#### (c) Secured Short-Term and Long-Term Loans

##### MeyGen PLC ("MeyGen")

In August 2014, as part of the MeyGen Phase 1A project financing, Scottish Enterprise (as administrator of the Renewable Energy Investment Fund) extended a loan of £7.5 million to MeyGen to finance the construction of the project. The Crown Estate Commissioners committed an investment of £9.8 million to MeyGen, also to finance the construction of the MeyGen Phase 1A project, which will be serviced through the payment of "enhanced rent", with an exit payment at or before the date 10 years from commissioning of Phase 1A of the project. During 2023 enhanced rent payments to The Crown Estate of £Nil million (2022: £0.09 million) were paid.

The Scottish Enterprise loan and the Crown Estates Scotland investment to MeyGen are denominated in Great British Pounds and are repayable in the period from 2018 to 2027. The effective interest rates on these loans are in the range of 7% to 7.8% per annum. During 2023 £Nil million (2022: £Nil million) was repaid. On 1 November 2022 two new remedial plans were agreed which suspend any further senior debt repayments until 1 November 2024. The Company has provided a parent company guarantee for £2 million of the Scottish Enterprise loan.

On 30 March 2022, MeyGen PLC agreed an additional loan facility of £2.5m with Scottish Enterprise with interest compounded semi-annually at a rate of 15% per annum. On 31 May 2024 the repayment date of this loan was extended to 1 November 2024.



## Notes to the Financial Statements

continued

The Group's secured long-term loans are secured by way of fixed and floating charges over the assets of subsidiaries as well as MeyGen shares.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee described above.

The Group's and the Company's exposures to interest rate, foreign currency and liquidity risks are described in Note 35.

### (d) Short-Term and Long-Term Debentures

On 25 July 2017, the Group, via its subsidiary company Atlantis Ocean Energy PLC, raised £4.95 million through a five-year bond with a coupon of 8% per annum, payable semi-annually, and maturing in June 2022. The bond was offered through Abundance Investment Limited, the provider of a regulated green peer-to-peer investment platform.

In the period from April to June 2018, the Group, via its subsidiary company Atlantis Future Energy PLC, raised £4.97 million through a five-year bond with a coupon of 8% per annum, payable semi-annually, and maturing in 2023. This bond was offered through Abundance Investment Limited.

In the period from August 2019 to February 2020, the Group, via its subsidiary company Atlantis Future Energy PLC, raised £3.79 million through a five-year bond with a coupon of 8%, payable semi-annually, and maturing in 2024. This bond was offered through Abundance Investment Limited.

On 28 March 2023 the Atlantis Future Energy PLC debenture holders voted to accept a special resolution to defer the principal repayment of £4.97 million from 31 March 2023 until 31 March 2024. The coupon increased from 8% to 10% per annum for the period 1 April 2023 to 31 March 2024.

On 20 June 2023, the Atlantis Ocean Energy debenture holders voted to accept a special resolution to defer the principal repayment of £4.95 million from 30 June 2023 until 30 June 2024. The coupon increased from 8% to 10% per annum for the period 1 July 2023 to 30 June 2024.

On 27 December 2023, the Atlantis Ocean Energy debenture holders voted to accept a special resolution to defer the principal repayment of £4.97 million from 30 June 2024 to 31 December 2029. The coupon increases from 10% to 11% per annum from 1 January 2027 to and including 31 December 2027, then to 12% from 1 January 2028 to and including 31 December 2028 and then to 13% per annum from 1 January 2029 to and including 31 December 2029. Scheduled redemption dates of the principal balance arise on 31 December 2025 in the amount of £410,000, on 31 December 2026 in the amount of £820,000 and on 31 December 2027 in the amount of £1,230,000.

On 27 December 2023, the Atlantis Future Energy debenture holders voted to accept a special resolution to defer the principal repayment of £4.95 million from 30 June 2024 to 31 December 2029. The coupon increases from 10% to 11% per annum from 1 January 2027 to and including 31 December 2027, then to 12% from 1 January 2028 to and including 31 December 2028 and then to 13% per annum from 1 January 2029 to and including 31 December 2029. Scheduled redemption dates of the principal balance arise on 31 December 2025 in the amount of £360,000, on 31 December 2026 in the amount of £720,000 and on 31 December 2027 in the amount of £1,080,000.

On 27 December 2023, the Atlantis Future Energy debenture holders voted to accept a special resolution to defer the principal repayment of £3.79 million from 30 June 2024 to 31 December 2029. The coupon increases from 8% to 10% per annum from 1 October 2024 to and including 31 December 2026, then to 11% per annum from 1 January 2027 to and including 31 December 2027, then to 12% from 1 January 2028 to and including 31 December 2028 and then to 13% per annum from 1 January 2029 to and including 31 December 2029. Scheduled redemption dates of the principal balance arise on 31 December 2025 in the amount of £230,000, on 31 December 2026 in the amount of £460,000 and on 31 December 2027 in the amount of £690,000.

**Notes to the Financial Statements**

continued

**(e) Short-term loan**

On 23 May 2022, the Group, via its subsidiary SIMEC Uskmouth Power Limited, entered into a loan agreement with Uskmouth Energy Storage Limited for an interest-free loan of £6 million. The loan provided funding for working capital for the Group. On 20 June 2023 the loan was repaid via a set-off with the lender for the sale of development rights to the 230MW BESS to the lender.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	LOANS AND OTHER BORROWINGS	
	2023 £'000	2022 £'000
At 1 January	57,785	48,820
Proceeds from borrowings	-	8,500
Repayment of borrowings	(6,000)	(2,027)
Interest expense*	4,125	3,576
Interest paid	(1,221)	(1,203)
Amortisation of loan costs*	63	119
<b>At 31 December</b>	<b>54,752</b>	<b>57,785</b>

\* non-cash movements

**30 DEFERRED TAX LIABILITIES**

Movements in deferred tax liabilities of the Group are as follows:

	GROUP	
	2023 £'000	2022 £'000
At 1 January	752	771
Unwind historic fair value adjustment	(19)	(19)
Tax effect on impairment of assets	(366)	-
Revaluation of property, plant and equipment	5,788	-
<b>At 31 December</b>	<b>6,155</b>	<b>752</b>

The deferred tax liabilities dating from 2022 were recognised due to the fair valuation of assets upon acquisition of MeyGen in 2013 and are unwinding over the MeyGen Phase 1 operating period, which was fully impaired in the year. New deferred tax liabilities recognised in 2023 arise from the fair value recognition of the Mey battery energy storage system asset (Note 12).



## Notes to the Financial Statements

continued

### 31 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	1,392	685	125	29
Other payables	3,822	3,814	-	4
Accruals	743	605	131	227
Non-trade payables due to subsidiaries	-	-	5,473	6,391
Other financial liabilities	5,957	5,104	5,729	6,651
Advance receipts	1,610	1,469	-	-
Corporate tax payable	-	-	-	-
	<b>7,567</b>	<b>6,573</b>	<b>5,729</b>	<b>6,651</b>

Other payables include £3.8 million relating to historical grant income previously received by Atlantis Resources (Scotland) Limited (£1.09 million) and Marine Current Turbines Limited (£2.67 million), for which the Group has been notified may be subject to clawback. As disclosed in Note 3 under the Going Concern commentary, the Group is of the view that there are grounds for disputing any clawback of this grant.

The non-trade balances due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Advanced receipts include the lease premium of £1.5 million (2022: £1.5 million) received as part of the acquisition of SUP in 2018.

The Group's and the Company's exposure to currency and liquidity risks related to trade and other payables are described in Note 35.

### 32 RELATED COMPANY AND PARTIES TRANSACTIONS

During the year, Group entities were engaged in the following significant transactions with related parties/companies:

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest income from a subsidiary				
- MeyGen PLC	-	-	132	65
Service fee income from a subsidiary				
- Atlantis Resources (Scotland) Limited	-	-	146	91
Interest expense arising from a subsidiary				
- Atlantis Resources (Scotland) Limited	-	-	15	15



## Notes to the Financial Statements

continued

### Compensation of Directors and Key Management Personnel

The remuneration of Directors and other members of key management during the year was as follows.

	GROUP	
	2023 £'000	2022 £'000
Short-term benefits	693	580
Defined contribution benefits	40	65
Share-based payments	67	71
	<b>800</b>	<b>716</b>

### 33. COMMITMENTS

As at 31 December 2023, the Group held £Nil million commitments (2022: £Nil million)

### 34. CONTINGENT LIABILITIES

The Group, through its subsidiary MeyGen PLC, has guaranteed credit facilities of £1.4 million (2022: £1.4 million) granted to subsidiaries. The Company has provided a parent company guarantee in relation to the £1.4 million.

The Company has provided a parent company guarantee in respect of the debentures issued by its subsidiaries Atlantis Ocean Energy PLC and Atlantis Future Energy PLC.

The Company has provided a parent company guarantee for £2 million in respect of the Tranche B loan issued by Scottish Enterprise to MeyGen PLC.

The Company has provided a parent company guarantee in respect of the performance of its subsidiary Atlantis Operations (UK) Limited under a turbine supply agreement to MeyGen PLC. The maximum liability under this agreement to the end of the latent defect period on 28 March 2024 is £3.3 million (2022: £3.3 million).

### 35. FINANCIAL INSTRUMENTS

The Group is exposed to various financial risks arising in the normal course of business. It has adopted financial risk management policies and utilised a variety of techniques to manage its exposure to these risks.

#### a. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

There are no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset as at the end of the reporting period.

#### Loans and receivables

Loans and receivables are detailed in section (d) below.

The Group's balances are considered to be recoverable and are not past due. The total provision for impairment loss relating to loans and receivables for the Group is insignificant but the impairment loss for the Company is £80.1 million (2022: £83.4 million). See Notes 18 and 19 for further detail of loans and receivables balances.

#### Cash and cash equivalents

The Group held cash of £4.2 million (2022: £3.7 million) at 31 December 2023. Cash at bank is held with banks and financial institution counterparties that are licensed banks in the countries in which the Group operates and that are rated A+ based on Standard & Poor's ratings.

#### Guarantees

At 31 December 2023 and 2022, the Company issued guarantees to a lender in respect of credit facilities granted to a subsidiary (Note 34).



## Notes to the Financial Statements

continued

### b. Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding through maintaining sufficient cash and cash equivalents to finance its activities.

Current financial liabilities in 2023 and 2022 are repayable on demand or due within one year from the end of the reporting period. Other than certain loans, the remaining financial liabilities are non-interest bearing.

Analysis of financial instruments by remaining contractual maturities. The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

	Note	CONTRACTUAL CASH FLOWS				
		Carrying amount £'000	Total £'000	One year or less £'000	Two to five years £'000	Over five years £'000
<b>Group</b>						
<b>2023</b>						
<b>Financial liabilities</b>						
Trade and other payables	31	5,957	5,957	5,957	-	-
Long-term loan	29	13,492	18,179	-	18,179	-
Debentures	29	13,677	20,267	1,222	10,842	8,203
Secured short-term and long-term loans	29	27,583	32,231	12,149	20,082	-
Lease liabilities	15	1,774	4,947	224	307	4,416
		<b>62,483</b>	<b>81,581</b>	<b>19,552</b>	<b>49,410</b>	<b>12,619</b>
<b>2022</b>						
<b>Financial liabilities</b>						
Trade and other payables	31	5,104	5,104	5,104	-	-
Short-term loan	29	6,000	6,000	6,000	-	-
Long-term loan	29	12,356	16,854	-	-	16,854
Debentures	29	13,614	15,525	1,221	14,304	-
Secured short-term and long-term loans	29	25,815	34,026	-	34,026	-
Lease liabilities	15	1,296	5,150	303	338	4,509
		<b>64,185</b>	<b>82,659</b>	<b>12,628</b>	<b>48,668</b>	<b>21,363</b>
<b>Company</b>						
<b>2023</b>						
<b>Financial liabilities</b>						
Trade and other payables	31	5,729	5,729	5,729	-	-
Financial guarantees	29	68	68	15	53	-
Loan from a subsidiary	29	454	454	454	-	-
		<b>6,251</b>	<b>6,521</b>	<b>5,744</b>	<b>507</b>	-
<b>2022</b>						
<b>Financial liabilities</b>						
Trade and other payables	31	6,651	6,651	6,651	-	-
Financial guarantees	29	82	82	82	-	-
Loan from a subsidiary	29	438	438	-	438	-
		<b>7,171</b>	<b>7,171</b>	<b>6,733</b>	<b>438</b>	-



## Notes to the Financial Statements

continued

### c. Market Risk

#### Currency risk

The Group transacts the majority of its business in £ and is not exposed to foreign exchange risk. At the end of the reporting period the Group held an insignificant cash balance denominated in foreign currencies.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Australian dollars	1	1	2	2	1	1	-	-
Euros	2	-	-	199	-	-	-	-
United States dollars	-	-	-	-	-	-	-	-
Singapore dollars	-	-	34	20	-	-	32	18
Japanese yen	-	-	-	610	-	-	-	-

#### Foreign Currency Sensitivity

The sensitivity rate used when reporting foreign currency risk is 10%, which is the sensitivity rate that represents management's assessment of the likely potential change in foreign exchange rates.

If the relevant foreign currencies were to strengthen by 10% against the functional currency of each Group entity, profit and loss (before tax) and equity will increase (decrease) by:

	GROUP				COMPANY			
	Equity		Profit and loss before tax		Equity		Profit and loss before tax	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Australian dollars	-	-	-	-	-	-	-	-
Euros	-	-	-	(20)	-	-	-	-
United States dollars	-	-	-	-	-	-	-	-
Singapore dollars	-	-	(3)	(2)	-	-	(3)	(2)
Japanese yen	-	-	-	(61)	-	-	-	-

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effects on profit and loss and equity will be vice versa.

#### Interest rate risk

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the Group in the current reporting year or in future years.

The Group's exposure to interest rate risk is limited to the effects of fluctuation in bank interest rate on cash and cash equivalents as well as LIBOR rates on certain loans and borrowings.

For variable rate financial instruments, a change of 100 basis points (bps) in interest rate with all other variables held constant would increase/decrease profit/loss before tax by £0.1 million (2022: £0.1 million).

A fundamental financial industry reform of interest rate benchmarks is being undertaken globally, including the cessation and replacement of interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group's interest rate risk that is directly affected by the interest rate benchmark reform





## Notes to the Financial Statements

continued

predominantly comprises its variable rate borrowings. As at 31 December 2023, the Group has variable rate borrowings of £13.5 million and the Company has variable rate receivables of £1.5 million that were indexed to LIBOR rates which has now transitioned to SONIA rates.

### Equity price risk

The Group and the Company are not exposed to equity price risks as they do not hold any quoted equity investments.

### Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The capital structure of the Group and the Company consists of equity attributable to owners of the parent and loans and borrowings amounting to £98.4 million (2022: £63.1 million) and £22.2 million (2022: £5.4 million), respectively.

There are no changes in the Group's approach to capital management during the financial year. The Company is not subject to externally imposed capital requirements. Except for one subsidiary that is subject to loan restrictions and dividend distributions, such restrictions are complied with and capital relating to that subsidiary is ring fenced as required by these capital requirements. None of the other subsidiaries are subject to externally imposed capital requirements.

## d. Accounting Classifications and Fair Values

Except as detailed in the following table, the Directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The fair values of the financial instruments have been determined based on discounted future cash flows using Level 3 hierarchy, which are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Note	2023		2022	
		Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
<b>Group</b>					
<b>Financial assets</b>					
Trade and other receivables	19	2,416		2,665	
Cash and cash equivalents	21	4,187		3,701	
Financial assets at amortised cost under IFRS 9		<b>6,603</b>		<b>6,366</b>	
<b>Other investments</b>	17	133		133	
Financial assets at FVPL		<b>133</b>		<b>133</b>	
<b>Financial liabilities</b>					
Trade and other payables	31	5,957		5,104	
Secured long term loans	29	16,112	16,165	25,815	25,820
Other loans and borrowings	29	38,640	41,128	31,970	31,970
Liabilities at amortised cost		<b>60,709</b>		<b>62,889</b>	
<b>Company</b>					
<b>Financial assets</b>					
Loans receivables	18	258		258	
Trade and other receivables	19	216		265	
Cash and cash equivalents	21	2,202		172	
Financial assets at amortised cost under IFRS 9		<b>2,676</b>		<b>695</b>	
<b>Financial liabilities</b>					
Trade and other payables	31	5,729		6,651	
Loan from a subsidiary	29	454	454	438	418
Other loans and borrowings	29	68		82	
Liabilities at amortised cost		<b>6,251</b>		<b>7,171</b>	



## Notes to the Financial Statements

continued

### a. Fair Value Hierarchy

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements held by the Group.

	Note	Fair value at:		Un-observable Inputs
		31 Dec 2023 £ '000	31 Dec 2022 £ '000	
<b>Non-financial asset</b>				
Property, plant and equipment measured under revaluation basisFVPL	12	59,296	42,613	Discount factor WACC, Cost of capital, Development Risk Premium, Capital cost estimates, Operational cost estimates, Revenue forecasts
Other investments	17	133	133	Risk Premium
Investment property	13	49,532	-	Discount factor WACC, Cost of capital, Development Risk Premium, Capital cost estimates, Operational cost estimates, Revenue forecasts
		<b>108,961</b>	<b>42,746</b>	

The Group currently does not have any assets recognised under Level 1 or Level 2.

The investment in other investments is a start-up nature in a newly formed industry. Considered high risk. Current equity holding is 10.64%.

Further information regarding the Battery Energy Storage System key assumptions for valuation can be found in Note 4.

The following table represents the changes in level 3 items for the period ended 31 December 2023:

	<b>GROUP</b> £'000
Opening balance as at 31 December 2022	42,746
Gains recognised in other comprehensive income	23,127
Impairment loss	(5,630)
Additions	1,315
Investment Property – Net gain from fair value adjustment	28,200
Investment Property – Transfer from owner occupied property	21,332
Depreciation	(2,129)
Closing balance as at 31 December 2023	<b>108,961</b>

## 36. SEGMENT INFORMATION

### a. Operating Segments

The Group is a developer, owner and operator of sustainable energy projects. The Power Generation segment focuses on the operation and further development of the world's flagship tidal stream project, MeyGen. Revenues from power generation are derived from MeyGen's contract to sell generation and renewable obligation certificates. The Battery Storage segment reports the income from each of our BESS projects, the operating costs associated with the Uskmouth site and the valuation of the battery storage project portfolio. The Project Development segment reports the project development costs incurred on all of our projects. The Group divested its Turbine and Engineering Services business in October 2022.

The unallocated segment comprises costs associated with running an AIM listed and Singapore incorporated group and unallocated expenditure, assets and liabilities including amounts of a corporate nature as well as corporate and inter-segment elimination which are not specifically attributable to another segment.



## Notes to the Financial Statements

continued

Information regarding the results of each reportable segment is included below.

	Power generation £'000	Battery storage £'000	Project development £'000	Unallocated £'000	Turbine and Engineering Services £'000	Total £'000
<b>2023</b>						
External revenues	4,513	10,767	-	-	-	<b>15,281</b>
Interest revenue	-	-	-	94	-	<b>94</b>
Interest expense	(3,131)	-	-	(1,534)	-	<b>(4,665)</b>
Operating costs	(21,503)	(2,277)	(853)	17,679	(280)	<b>(7,234)</b>
Depreciation and amortisation	(2,148)	(1,074)	-	(198)	-	<b>(3,420)</b>
Fair value adjustments to investment property	-	28,200	-	-	-	<b>28,200</b>
Impairment loss reversal recognised on non-trade receivables	(5,630)	-	-	-	-	<b>(5,630)</b>
Reportable segment profit/(loss) before tax	(27,745)	35,469	(852)	16,304	(383)	<b>22,793</b>
Reportable segment assets	43,813	80,454	67	4,558	43	<b>128,935</b>
Capital expenditure	1,315	-	-	3	-	<b>1,318</b>
Reportable segment liabilities	(45,020)	(19,286)	(469)	(15,080)	(2,716)	<b>(82,571)</b>
<b>2022</b>						
External revenues	3,902	-	-	-	-	<b>3,902</b>
Inter-segment revenue	-	-	-	-	-	-
Interest revenue	-	-	-	58	-	<b>58</b>
Interest expense	(2,541)	-	-	(1,404)	(76)	<b>(4,021)</b>
Depreciation and amortisation	(2,004)	-	(1,081)	(183)	(7)	<b>(3,275)</b>
Reversal of impairment loss	-	-	2,000	-	-	<b>2,000</b>
(Loss)/Gain on disposal of subsidiaries	-	-	-	-	(2,232)	<b>(2,232)</b>
Reportable segment loss before tax	(5,798)	-	2,308	(4,566)	(3,023)	<b>(11,079)</b>
Reportable segment assets	48,668	-	32,521	1,813	1,667	<b>84,669</b>
Capital expenditure	-	-	-	-	-	-
Reportable segment liabilities	<b>(41,924)</b>	-	<b>(18,352)</b>	<b>(15,995)</b>	<b>(2,716)</b>	<b>(78,987)</b>

### a. Geographical Segments

Total segment revenue for the Group is £15.3 million (2022: £3.9 million). The Group power generation and project development operations are entirely based in the United Kingdom. All of the Group's assets are located in the United Kingdom.

## 37. EVENTS AFTER THE REPORTING PERIOD

On 11 January 2024, the 120MW Battery Energy Storage System ("BESS") project at the Uskmouth site was granted planning consent with conditions by Newport City Council.

On 28 March 2024 the Group received the first £5.0 million completion payment under its agreement with EL (Uskmouth) Limited ("EL"), a subsidiary of FPC Electric Land.

On 28 March 2024 the parent company guarantee provided by the Company in respect of the performance of its subsidiary Atlantis Operations (UK) Limited under a turbine supply agreement with MeyGen PLC expired.

On 28 May 2024 the Group received the next £2.0 million milestone payment under its agreement with EL (Uskmouth) Limited ("EL"), a subsidiary of FPC Electric Land.

On 31 May 2024 MeyGen plc extended the repayment date of the Tranche C loan facility of £2.5m with Scottish Enterprise from 1 May 2024 to 1 November 2024.

On 11 June 2024 SAE applied for the planning permission relating to the "Mey BESS" project to build a Battery Energy Storage System ("BESS") of up to 300MW/1.2GWh located near SAE's MeyGen tidal project.

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# COMPANY INFORMATION

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John Anthony Clifford Woodley

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Graham Matthew Reid  
Simon Matthew Hirst

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## Company Secretary

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