

SIMEC Atlantis Energy Limited

Registration Number: 200517551R

Consolidated Interim Financial Statements

(unaudited)

For the six months ended 30 June 2024

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Chairman's Statement

At the Annual General Meeting in July this year, SIMEC Atlantis Energy Limited (“SAE” or the Company”) launched its new strategy – Building a Sustainable Future to 2035. This strategy set out the Company’s plans for becoming a leading independent power producer (“IPP”), leveraging on our development, construction and operational teams’ experience as an IPP in tidal stream at MeyGen and operations and maintenance at Uskmouth Power Station, to develop, build, own and operate Battery Energy Storage System (“BESS”) projects and continue with the build out of the MeyGen project.

I'm very pleased to report that we have continued to make good progress in all these areas. During the past three years, we have been working with several organisations to help position SAE as one of the country’s leading BESS and tidal stream developers, owners and operators. This huge piece of work has seen us reimagine and reinvent the Uskmouth power station and MeyGen sites with a vision to deliver world leading integrated renewable energy generation and storage facilities.

I am also pleased to report a strong financial start to 2024. We continue to receive revenues from our first BESS project at Uskmouth and the MeyGen Phase 1 tidal array continues to break records with its predictable power generation. MeyGen has now generated 68GWh, 65% of global tidal stream generation and more than 80% of UK tidal stream generation, reinforcing MeyGen’s positions as the world leader in this technology. We are on schedule to redeploy the fourth MeyGen turbine in Q4-24 bringing the array up to its full 6MW capacity.

Projects Updates

Battery Energy Storage

As a significant landowner at Uskmouth, SAE continues to benefit from the competitive advantages that its strategic location provides. The site benefits from the existing grid and logistical infrastructure located on the site, the continuing support that the local planning authorities are providing for the redevelopment of a brownfield site well established for energy facilities, and the expertise of the local operations and maintenance team we retained from the power station.

The first project, which we developed and divested, continues to deliver as the construction of a 230MW BESS project continues apace, with the receipt of £7.0 million in the first half of this year from the land sale contract with EL (Uskmouth) Ltd. As the construction of this project reaches its conclusion, SAE will be due the final £2.9 million of payments between now and the end of Q1-25. This project has an option to expand its capacity by a further 120MW which, if this option is exercised, would trigger a further development premium under the agreements with Uskmouth Energy Storage Limited, (the now owner of the project), and further land overage payments to SAE under agreements with EL (Uskmouth) Ltd.

Excellent progress is being made towards achieving financial close of the next BESS project at Uskmouth, a 120MW/240MWh BESS project known as Afon Wysg 1 (“AW1”) located on the site of the Uskmouth cooling towers. In January 2024, we announced a major milestone as AW1 was granted planning consent after which we immediately commissioned the demolition of cooling towers, clearing the site in preparation for construction. In August 2024, we announced taking full ownership of the project from the legacy developer alongside completion of the demolition works programme and provided an update on our procurement and financing programme. We are progressing well towards sourcing the project finance for construction of the

project, estimated at £65.0 million, alongside finalising the equipment supply and construction agreements. The AW1 project's target grid connection date is October 2026 and once fully operational is expected to generate annual revenues of £12.0 million.

The development of several additional BESS projects at Uskmouth and in Scotland is being progressed at pace this year. We believe that we are very well placed to take advantage of improved grid connection dates next year once National Grid completes the implementation of its connections reform process. This process changes the historic outdated queue system to a system which is in essence "first ready first connect". Noting that SAE already has land rights for all of our projects, we have a significant competitive advantage in this new connections methodology which is accelerating projects with land rights and where planning applications have been submitted. Hence our focus is to progress all our projects to "Ready to Build" status, and I am very pleased to provide the following progress updates across the portfolio of our BESS development projects:

- In June 2024, SAE submitted its application for Section 36 consent for the 300MW/1.2GWh "Mey BESS" project in the North of Scotland. This year the project secured the necessary land rights and received an increased offer for grid capacity to 287MW alongside amending its grid connection to be suitable for BESS.
- SAE continues to progress a further 250MW project on the Uskmouth site and recently submitted a screening opinion request to Newport City Council. This project is known as "AW2".
- In December 2023, we announced that SAE had secured an additional 349MW of grid capacity at our Uskmouth site. This project will be known as "AW3". This project may receive an earlier grid connection date as the grid connections reform process reaches its conclusions.
- Several additional BESS opportunities have been identified by the management team. Whilst discussions are still at an early stage, they provide the opportunity for us to grow our portfolio further and we look forward to providing further details on these projects as they are progressed.

Tidal Stream

MeyGen Phase 1

The MeyGen Phase 1 array continues to operate successfully, with three turbines in stable operations whilst the fourth is currently completing preventative maintenance and upgrade works and is expected to return to operation in Q4-24. The MeyGen operations team is doing an excellent job operating and maintaining the MeyGen Phase 1 turbines and has developed invaluable expertise and experience that is both enabling the ongoing successful operation of MeyGen Phase 1 and which is being applied to the development of MeyGen Phase 2.

MeyGen Phase 2

I was delighted by the result of the recent AR6 auction in which SAE was successful in securing an additional 9MW of UK Government Contract for Difference ("CFD") at £172/MWh, bringing the total CFD's won by the MeyGen Phase 2 project in AR4, 5 and 6 to 59MW. Along with generation from the existing array, MeyGen is best positioned to deliver this technology at scale to the UK.

We continue to develop the MeyGen Phase 2 project with our partners and are pleased to continue to receive support from all Scottish government departments. I would particularly like to thank the MeyGen funders, Scottish Enterprise and Crown Estate Scotland, for their continued unwavering support, as well as the junior lenders, Engie and Morgan Stanley

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Summary of Results

The Group reported revenues of £12.1 million for the six months ended 30 June 2024 compared to revenues of £12.4m for the same period in 2023. Revenues available to the Group, which excludes ring-fenced revenue earned by the MeyGen tidal array, were £10.1 million compared to revenues of £10.3m for the comparative period in 2023.

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 reporting period. The Group received £7.0 million of this total amount during the reporting period.

At the same time, the income statement reported a £9.9 million cost relating to the transfer of land inventory being the profit that was recognised on the land sale contract with EL (Uskmouth) Ltd in the 2023 Annual Report.

In the comparative period last year, the Group recognised revenues of £10.0 million from the sale of development rights to the 230MW Battery Energy Storage System to Uskmouth Energy Storage Ltd.

Revenues generated from the sale of electricity from the MeyGen Phase 1 tidal array remained steady at £1.9 million (H1 2023, £2.1 million).

Operating costs reduced to £4.5 million (H1 2023: £4.6 million). Costs associated with running the MeyGen array halved to £1.5 million (H1 2023: £3.0 million) in the latest six-month period following the completion of major turbine repair and maintenance in the first half of 2023 which have not been repeated to the same extent for the current period. Offsetting this reduction were higher employee costs of £1.9m (H1 2023: £1.0 million) reflecting the investment in all of SAE's employees and reward for their delivering the strong financial performance of the Group during 2023 and to 30 June 2024. Higher operating expenses of £1.0 million (H1 2023: £0.5 million) due to increased development expenditure on specific BESS projects also contributed to the increase in operating costs.

Financing costs increased to £0.9 million (H1 2023: £0.6 million) primarily due to a higher discount rate applied to the Uskmouth decommissioning provision creating a non-cash adjustment of £0.3 million. Interest payable to bondholders during the six-month period remained unchanged at £0.6 million.

The loss before tax of £6.0 million for the six-month period to 30 June 2024 (H1 2023: profit £4.5 million) is largely a result of the profit on the land sale contract with EL (Uskmouth) Ltd having been recognised in 2023 despite the revenues from the sale being realised during 2024. The Group has improved its liquidity position as £7.0 million of revenue from the land sale contract with EL (Uskmouth) Ltd was received during the reporting period, in line with forecast.

Business Segment Reporting

The Group expanded its Business Segment Reporting in the 2023 Annual Report to include the Battery Storage segment. During the reporting period, the Battery Storage segment reported EBITDA of £9.2 million arising primarily from the completion of the land sale contract with EL (Uskmouth) Ltd.

The Tidal Stream segment, previously named Power Generation, reported EBITDA of £0.4 million following a significant reduction in turbine maintenance costs. The Tidal Stream segment's financial results are materially impacted by the interest expense on the MeyGen project debt, which is predominantly non-recourse to the Company.

The Project Development segment represents development expenditures incurred on specific BESS projects.

The Corporate segment represents the costs associated with running an AIM listed and Singapore incorporated group and employee costs not allocable to another business segment and were in line with forecast.

Business Segment Analysis	June 2024				
	Battery Storage	Tidal Stream	Project Dev't	Corporate	Total
	£' 000	£' 000	£' 000	£' 000	£' 000
Revenues	10,167	1,882	0	43	12,092
Operating costs	(963)	(1,445)	(682)	(1,357)	(4,447)
EBITDA	9,204	437	(682)	(1,314)	7,645
Depreciation and amortisation	0	(956)	0	(78)	(1,034)
Results from operating activities	9,204	(519)	(682)	(1,392)	6,611
Decommissioning Discount unwind	(218)	(34)	0	0	(252)
Interest expense	0	(1,632)	0	(795)	(2,427)
Exceptionals*	(9,900)				(9,900)
Reportable segment profit/(loss) before tax	(914)	(2,185)	(682)	(2,187)	(5,968)

*Transfer of land inventory on recognition of sale

The unaudited consolidated cash position of the Group as at 30 June 2024 was £7.7 million (as at 30 June 2023: £2.3 million). Included in cash and cash equivalents in the statement of financial position are encumbered deposits of £0.7 million (as at 30 June 2023: £0.8 million).

Duncan Black

Chairman

**Condensed consolidated statement of profit and loss and
other comprehensive income
For the six months ended 30 June 2024**

	Group	
	30 June 2024 £'000	30 June 2023 £'000
Revenue	12,013	12,440
Other gains and losses	79	507
Transfer of land inventory on recognition of sale	(9,900)	-
Employee benefits expense	(1,933)	(938)
Subcontractor costs	(715)	(2,422)
Depreciation and amortisation	(1,034)	(1,623)
Other operating expenses	(1,799)	(1,230)
Total expenses	(15,381)	(6,213)
Results from operating activities	(3,289)	6,734
Finance costs	(2,679)	(2,258)
Profit/(loss) before tax	(5,968)	4,476
Tax (charge)/ credit	-	-
Profit/(loss) for the period	(5,968)	4,476
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	9	43
Total comprehensive income/(loss) for the period	(5,959)	4,519
Profit/(loss) attributable to:		
Owners of the Group	(5,415)	5,228
Non-controlling interests	(544)	(752)
Total comprehensive income/(loss) attributable to:		
Owners of the Group	(5,415)	5,271
Non-controlling interests	(544)	(752)
Profit/(loss) per share (basic and diluted) (pence)	5	0.01

Condensed consolidated statement of financial position

As at 30 June 2024

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Assets		
Property, plant and equipment	58,375	59,320
Investment Property	49,532	49,532
Intangible assets	1,465	1,465
Right-of-use assets	1,751	1,839
Investment in subsidiaries	-	-
Investment in joint ventures and other investments	133	133
Loans receivable	258	258
Non-current assets	111,514	112,547
Trade and other receivables	5,259	2,962
Inventories	-	9,239
Cash and cash equivalents	7,735	4,127
Current assets	12,994	16,388
Total assets	124,508	128,935
Liabilities		
Lease liabilities	(213)	(218)
Loans and borrowings	(13,005)	(11,471)
Trade and other payables	(7,156)	(7,567)
Current liabilities	(20,374)	(19,256)
Lease liabilities	(1,509)	(1,556)
Provisions	(12,575)	(12,323)
Loans and borrowings	(43,373)	(43,281)
Deferred tax liabilities	(6,155)	(6,155)
Non-current liabilities	(63,612)	(63,315)
Total liabilities	(83,986)	(82,571)
Net assets	40,522	46,364
Equity		
Share capital	201,496	201,496
Capital reserve	12,665	12,665
Translation reserve	7,098	7,089
Share option reserve	286	488
Revaluation reserve	13,311	13,311
Accumulated losses	(195,930)	(190,825)
Total equity attributable to owners of the Company	38,926	44,224
Non-controlling interests	1,596	2,140
Total equity	40,522	46,364

Condensed consolidated statement of changes in equity For the six months ended 30 June 2024

Group	Attributable to owners of the Company						Total £'000	Non- controlling interest £'000	Total £'000
	Share capital £'000	Capital reserve £'000	Translation reserve £'000	Share option reserve £'000	Revaluation Reserve £'000	Accumulated losses £'000			
At 1 January 2023	201,496	12,665	7,058	420	-	(216,285)	5,354	328	5,682
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	5,228	5,228	(752)	4,476
Other comprehensive income	-	-	43	-	-	-	43	-	43
Total comprehensive income for the period	-	-	43	-	-	5,228	5,271	(752)	4,519
Transactions with owners									
Contributions and distributions									
Recognition of share-based payments	-	-	-	47	-	-	47	-	47
Transfer between reserves	-	-	-	(48)	-	48	-	-	-
Total transactions with owners	-	-	-	(1)	-	48	47	-	47
At 30 June 2023	201,496	12,665	7,101	419	-	(211,009)	10,672	(424)	10,248
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	20,166	20,166	(1,464)	18,702
Other comprehensive profit/(loss)	-	-	(12)	-	13,311	-	13,299	4,028	17,327
Total comprehensive income for the period	-	-	(12)	-	13,311	20,166	33,465	2,564	36,029
Transactions with owners									
Contributions and distributions									
Recognition of share-based payments	-	-	-	87	-	-	87	-	87
Cancellation of share options	-	-	-	(18)	-	18	-	-	-
Total transactions with owners	-	-	-	69	-	18	87	-	87
At 31 December 2023	201,496	12,665	7,089	488	13,311	(190,825)	44,224	2,140	46,364
Total comprehensive income for the period									
Profit/(Loss) for the period	-	-	-	-	-	(5,424)	(5,424)	(544)	(5,968)
Other comprehensive income	-	-	9	-	-	-	9	-	9
Total comprehensive income for the period	-	-	9	-	-	(5,424)	(5,415)	(544)	(5,959)
Transactions with owners									
Contributions and distributions									
Recognition of share-based payments	-	-	-	117	-	-	117	-	117
Cancellation of share options	-	-	-	(319)	-	319	-	-	-
Total transactions with owners	-	-	-	(202)	-	319	117	-	117
At 30 June 2024	201,496	12,665	7,098	286	13,311	(195,930)	38,926	1,596	40,522

Condensed consolidated statement of cash flows For the six months ended 30 June 2024

	Group	
	Six months ended	
	30 June 2024 £'000	30 June 2023 £'000
Cash flows from operating activities		
Profit/(loss) before tax for the period	(5,968)	4,476
Adjustments for:		
Depreciation of property, plant and equipment	1,034	1,623
Amortisation of intangible asset		-
Interest income	(63)	(31)
Finance costs	2,679	2,258
Share-based payments	117	47
Provision movement		-
Net foreign exchange	10	(83)
Operating cash flows before movements in working capital	(2,191)	8,290
Movement in trade and other receivables	(2,297)	(3,344)
Decrease in inventories	9,239	-
Movement in trade and other payables	(411)	195
Interest received	63	31
Net cash used in operating activities	4,403	5,172
Cash flows from financing activities		
Repayment of borrowings	-	(6,000)
Deposits (pledged) / released	(18)	(13)
Payment of lease liabilities	(119)	(44)
Interest paid	(737)	(571)
Net cash from financing activities	(874)	(6,628)
Net (decrease)/increase in cash and cash balances	3,529	(1,456)
Cash and cash equivalents at beginning of period	3,473	2,929
Effect of foreign exchange on cash held in currency	1	24
Cash and cash equivalents at end of period	7,003	1,497

Included in cash and cash equivalents in the statements of financial position is £0.8 million (2023: £0.8 million) of encumbered deposits.

Notes to the Consolidated Interim Financial Statements

The condensed consolidated statement of financial position of SIMEC Atlantis Energy Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the Group for the six-month period then ended and certain explanatory notes (the “Consolidated Interim Financial Statements”), were approved by the Board of Directors for issue on the 25th September 2024.

These notes form an integral part of the Consolidated Interim Financial Statements.

The Consolidated Interim Financial Statements do not comprise statutory accounts of the Group within the meaning in the provisions of the Singapore Companies Act, Chapter 50. The Group’s statutory accounts for the year ended 31 December 2023 were prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I)s are issued by the Accounting Standards Council Singapore, which comprise standards and interpretations that are equivalent to IFRS issued by the 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 Group’s statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 24 June 2024.

1 Domicile and activities

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.

2 Material Accounting Policies

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.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023.

The Consolidated Interim Financial Statements, which do not include the full disclosures of the type normally included in a complete set of financial statements, are to be read in conjunction with the last issued consolidated financial statements of the Group as at and for the year ended 31 December 2023.

Accounting policies

The accounting policies and method of computation used in the Consolidated Interim Financial Statements are consistent with those applied in the last issued consolidated financial statements of the Group for the year ended 31 December 2023.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In preparing this set of Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4 Going concern basis

In adopting the going concern basis for preparing the Consolidated Interim 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 has undertaken the assessment of the going concern assumptions using financial forecasts for the period to 31 December 2025. Management's forecasts through to 31 December 2025 anticipate revenues from trading will meet all of the working capital requirements of the Group.

Management has prepared a forecast through to 31 December 2025 based on contractually committed revenues and costs, an estimate of additional costs required and the income arising from development projects that are expected to be delivered within the forecast period.

The Directors' assessment of the appropriate use of the going concern basis included the following risk factor:

- Timing of the potential repayment of historical grant funding of an amount of £3.8 million as reported in the consolidated financial statements for the year ended 31 December 2023.

The Board has identified sufficient evidence of success that includes achievable new sources of revenue that mitigate against the risk of having to repay the grant funding. These included:

- Sale of a ready-to-build site for a 120MW battery energy storage system at Uskmouth.

Accordingly, the Board of Directors concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Interim Financial Statements.

5 Other notes

In respect of the six months to 30 June 2024, the diluted earnings per share is calculated on a loss attributable to owners of the Company of £5.4 million on the weighted average of 722,812,335 ordinary shares (H1 2023: profit of £5.3 million and basic weighted average shares of 722,812,335). Share options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. No dividend has been declared (2023: nil).

6 Events after the reporting date

On 6 August 2024, SAE completed a Share Purchase Agreement (“SPA”) with Enso Green Holdings Limited (“EGHL”), a joint venture between Cero Generation Limited and Enso Energy Limited, to purchase all the shares in a 120MW/240MWh BESS project at its Uskmouth Sustainable Energy Park. SAE paid EGHL an initial consideration of £0.3 million under the SPA, to acquire 100% ownership of the development vehicle, Enso Green Holdings E Limited, the vehicle which EGHL used to develop the BESS project and hold the grid connection, land option and planning application. Under the SPA, when the project reaches financial close, SAE will pay EGHL an additional amount of £3.9 million as deferred consideration, in recognition of EGHL’s contribution to the project development to date.

On 2 September 2024, MeyGen plc secured a Contract for Difference (CfD) in the sixth allocation round for the MeyGen site. The CfD contract guarantees a price of £172/MWh, for 15 years for 9MW of tidal generation.

COMPANY INFORMATION

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Duncan Stuart Black
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Simon Matthew Hirst

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