

27 September 2023

SIMEC ATLANTIS ENERGY LIMITED
("SAE", the "Company" and, together with its subsidiaries, the "Group")

Interim results

SAE announces its unaudited interim results for the six months ended 30 June 2023. A complete version of the interim results can be found on the Company website (www.sacerenewables.com/investor-relations/company-documents).

Chairman's Statement

I am pleased to report a strong first half of 2023 for SIMEC Atlantis Energy Limited ("SAE"), with SAE completing the sale of its first battery energy storage system ("BESS") development project at Uskmouth and delivering much improved financial performance with a profit of £4.5million, a result both of the development premium realised from the sale of this first BESS development project as well as the significant restructuring of the business undertaken in 2022.

SAE has built and continues to develop a strong pipeline of projects on which it is actively executing with a clear focus on delivering on our strategy to develop alternative energy solutions.

Marine Energy

MeyGen Phase 1

The MeyGen Phase 1 array continues to operate successfully, with three turbines in stable operations whilst the fourth is currently undergoing preventative maintenance and upgrade works and will return to operation next year.

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 brought to the development of MeyGen Phase 2.

Whilst MeyGen Phase 1 has had its challenges, the operating track record and learnings that have been accumulated since the commissioning of the MeyGen Phase 1 project have proven the economic viability of tidal stream generation. I would particularly like to thank the MeyGen funders, Scottish Enterprise and Crown Estate Scotland, for their continued unwavering support and patience, as well as the junior lenders, Engie and Morgan Stanley.

MeyGen Phase 2

On 8 September 2023, we were delighted to announce that we had secured a total of 22 MW over four Contracts for Difference ("CfDs") from the UK government in the AR5 allocation round for the MeyGen site. This is in addition to the 28 MW CfD that we secured in the AR4 allocation round for MeyGen in July 2022, providing an aggregate of 50 MW of CfDs for the next phase of the MeyGen project. The higher strike price of the CfDs awarded under AR5 compared with AR4, coupled with the economies of scale afforded by the increase in the size of the project to 50 MW, provide a significant boost to the project economics.

Work continues apace on the development of the MeyGen Phase 2 project, with financial close targeted for Q2 2025 and operation of the 50 MW array commencing in 2027. Whilst MeyGen Phase 2 remains a hugely challenging project, securing the revenue for 50 MW of capacity is a huge step forwards and we will now turn our attention to securing tidal turbine supply for 3MW turbines, consenting variations to enable the larger turbines and financing for the project.

Battery Energy Storage Systems

A key highlight for the first half of 2023 was the successful execution of the lease agreement for the 230 MW BESS project with Uskmouth Energy Storage Limited, a portfolio company of Quinbrook Infrastructure Partners, in June 2023, following which in July 2023 we received the final £4.0 million instalment of the £10.0 million upfront premium. We are currently exploring options for monetising the lease income from this project which could deliver further cashflows to SAE in the short to medium term.

Since closing the sale of this project, we have turned our focus to developing a pipeline of further BESS projects at Uskmouth and are actively working on three new BESS projects at Uskmouth that have the potential to deliver further significant value to shareholders. We continue to work on the development of a comprehensive plan for the redevelopment of the Uskmouth site into a Sustainable Energy Park, in which these BESS projects will form a key part.

We also continue work on a more than 200 MW BESS project at MeyGen that could be connected as early as 2027.

The development of BESS projects is critical in support of the growing dependence of electricity grids on weather dependent renewable energy sources. With its existing grid connections, real estate portfolio and experienced engineering and project development teams, SAE is ideally placed to capitalise on this opportunity.

Summary of Results

The profit before tax of £4.5 million for the six months ended 30 June 2023 compares to a loss of £8.6 million reported for the same period in 2022. The profit reported in this period arises from the recognition of the £10 million development premium received from Uskmouth Energy Storage Ltd as revenue, following the signing of the Uskmouth land lease agreement on 20 June 2023. The Group continues to see the benefits of the restructure it completed in 2022 with lower employee and depreciation costs compared to the same period last year. Whilst the results were adversely affected by tidal turbine repair and maintenance costs at MeyGen, these were also lower than the same period last year.

The £4.0 million balance of the development premium described above was received in July 2023. The initial £6.0 million was received in 2022 as a loan and was recognised as income on the signing of the Uskmouth land lease in June 2023.

Finance costs in the period are materially in line with the same period last year.

The unaudited consolidated cash position of the Group as at 30 June 2023 was £1.5 million (30 June 2022: £3.4 million). Included in cash and cash equivalents in the statement of financial position are encumbered deposits of £0.8 million (30 June 2022: £0.8 million).

Duncan Black

Chairman

Condensed consolidated statement of profit and loss and other comprehensive income For the six months ended 30 June 2023

	Note	Group Six months ended	
		30 June 2023 £'000	30 June 2022 £'000
Revenue		12,440	1,266

Other gains and losses	507	2,167
Employee benefits expense	(938)	(1,323)
Subcontractor costs	(2,422)	(3,067)
Depreciation and amortisation	(1,623)	(4,037)
Other operating expenses	(1,230)	(1,675)
Total expenses	(6,213)	(10,102)
Results from operating activities	6,734	(6,669)
Finance costs	(2,258)	(1,933)
Profit/(loss) before tax	4,476	(8,602)
Tax (charge)/ credit	-	(1)
Profit/(loss) for the period	4,476	(8,603)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	43	16
Total comprehensive income for the period	4,519	(8,587)
Profit/(loss) attributable to:		
Owners of the Group	5,228	(7,859)
Non-controlling interests	(752)	(744)
Total comprehensive income/(loss) attributable to:		
Owners of the Group	5,271	(7,843)
Non-controlling interests	(752)	(744)
Profit/(loss) per share (basic and diluted) (pence)	5	0.68 (1.09)

Condensed consolidated statement of financial position As at 30 June 2023

	Group	
	30 June 2022	31 December 2022
	£'000	£'000
Assets		
Property, plant and equipment	72,842	74,455
Intangible assets	1,465	1,465
Right-of-use assets	1,489	1,331
Investment in joint venture	133	133
Non-current assets	75,929	77,384
Trade and other receivables	6,928	3,584
Cash and cash equivalents	2,282	3,701
Current assets	9,210	7,285
Total assets	85,139	84,669
Liabilities		
Trade and other payables	(6,768)	(6,573)
Lease liabilities	(296)	(296)
Loans and borrowings	(12,876)	(15,895)
Current liabilities	(19,940)	(22,764)
Lease liabilities	(1,166)	(1,000)
Provisions	(12,488)	(12,500)

provisions	(12,088)	(12,581)
Loans and borrowings	(40,345)	(41,890)
Deferred tax liabilities	(752)	(752)
Non-current liabilities	(54,951)	(56,223)
Total liabilities	(74,891)	(78,987)
Net assets	10,248	5,682
Equity		
Share capital	201,496	201,496
Capital reserve	12,665	12,665
Translation reserve	7,101	7,058
Share option reserve	419	420
Accumulated losses	(211,009)	(216,285)
Total equity attributable to owners of the Company	10,672	5,354
Non-controlling interests	(424)	328
Total equity	10,248	5,682

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

Group	Attributable to owners of the Company					Non-controlling interest		Total
	Share capital £'000	Capital reserve £'000	Translation reserve £'000	Share option reserve £'000	Accumulated losses £'000	Total £'000	£'000	£'000
At 1 January 2022	201,496	12,665	7,121	576	(206,910)	14,948	1,739	16,687
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(7,859)	(7,859)	(744)	(8,603)
Other comprehensive income	-	-	16	-	-	16	-	16
Total comprehensive income for the period	-	-	16	-	(7,859)	(7,843)	(744)	(8,587)
Transactions with owners								
Contributions and distributions								
Issue of share capital	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	53	-	53	-	53
Transfer between reserves	-	-	-	(250)	250	-	-	-
Total transactions with owners	-	-	-	(198)	250	53	-	53
At 30 June 2022	201,496	12,665	7,137	379	(214,519)	7,158	995	8,153
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(1,790)	(1,790)	(667)	(2,457)
Other comprehensive loss	-	-	(79)	-	-	(79)	-	(79)
Total comprehensive income for the period	-	-	(79)	-	(1,790)	(1,869)	(667)	(2,536)
Transactions with owners								
Contributions and distributions								
Issue of share capital net of issue costs	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	65	-	65	-	65
Transfer between reserves	-	-	-	(24)	24	-	-	-
Total transactions with owners	-	-	-	41	24	65	-	65
At 31 December 2022	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								
Issue of share capital net of issue costs	-	-	-	-	-	-	-	-
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

Condensed consolidated statement of cash flows
For the six months ended 30 June 2023

	Group	
	Six months ended	
	30 June	30 June
	2023	2022
	£'000	£'000
Cash flows from operating activities		
Profit/(loss) before tax for the period	4,476	(8,602)
Adjustments for:		
Grant income	-	(31)
Depreciation of property, plant and equipment	1,623	4,018
Amortisation of intangible asset	-	19
Interest income	(31)	(10)
Finance costs	2,258	1,933
Share-based payments	47	53
Provision movement	-	(84)
Net foreign exchange	(83)	103
Operating cash flows before movements in working capital	8,290	(2,601)
Movement in trade and other receivables	(3,344)	(301)
Movement in trade and other payables	195	(354)
Interest received	31	-
Net cash used in operating activities	5,172	(3,256)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Loan to joint venture	-	(24)
Proceeds from disposal of scrap	-	1,155
Net cash used in investing activities	-	1,131
Cash flows from financing activities		
Proceeds from grants received	-	31
Proceeds from borrowings	-	2,500
Repayment of borrowings	(6,000)	-
Deposits (pledged) / released	(13)	(1)
Payment of lease liabilities	(44)	(31)
Interest paid	(571)	-
Net cash from financing activities	(6,628)	2,499
Net (decrease)/increase in cash and cash balances	(1,456)	375
Cash and cash equivalents at beginning of period	2,929	3,004
Effect of foreign exchange on cash held in currency	24	(4)
Cash and cash equivalents at end of period	1,497	3,375

Included in cash and cash equivalents in the statements of financial position is £0.8 million (2022: £0.8 million) of encumbered deposits.

Notes to the Consolidated Interim Financial Statements

The unaudited condensed consolidated statement of financial position of SIMEC Atlantis Energy Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2023, 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 26th September 2023.

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 2022 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 2022 were approved by the Board of Directors on 25 July 2022.

1 Domicile and activities

The Company is a company incorporated in Singapore. The Company's registered office address is c/o Level 4, 21 Merchant Road, #04-01, Singapore 058267. The principal place of business is 26 Dublin Street, Edinburgh, EH3 6NN, United Kingdom.

The principal activity of the Group is to develop and operate as a global sustainable energy provider. The Group holds equity positions in the world's flagship tidal stream project, MeyGen, and the Uskmouth power station site, that is being repurposed into a Sustainable Energy Park initially housing battery energy storage projects.

2 Significant accounting policies

Basis of preparation

The Consolidated Interim Financial Statements have been prepared in accordance with the AIM Rules for Companies and are therefore not required to comply with International Accounting Standard 34 *Interim Financial Reporting* to maintain compliance with IFRS. In all other respects, the financial statements are drawn up in accordance with International Financial Reporting Standards as issued by the 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 2022.

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 2022.

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 2022.

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 2022.

4 Going concern basis

In adopting the going concern basis for preparing the 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 2024.

Management has prepared a forecast through to 31 December 2024 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 factors:

- Repayment of the Abundance bond principals falling due in March 2024, June 2024 and September 2024. The Company may either seek to repay the bonds, extend the repayment date of the bonds or refinance the bonds with new debt.
- Timing of the potential repayment of historical grant funding of an amount of £3.4 million as reported in the consolidated financial statements for the year ended 31 December 2022. 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.

The Board has identified significant factors that are of a material amount as outlined above, and the Board has identified sufficient evidence of success that includes achievable new sources of revenue that mitigate against the existence of material uncertainties about the Group's ability to continue as a going concern. The evidence is summarised as follows:

- Monetising the rental income from the first battery energy storage system lease at Uskmouth
- Sale of a ready to build site for a 120MW battery energy storage system at Uskmouth, with a targeted completion date in 2024.

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 2023, the diluted earnings per share is calculated on a profit attributable to owners of the Company of £5.3 million on the weighted average of 722,812,335 ordinary shares (30 June 2022: loss of £7.9 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 (2022: nil).

6 Events after the reporting date

As announced on 8 September 2023, the Group secured a Contract for Difference (CfD) allocation from the UK Government guaranteeing £198/MWh for 15 years for 22MW of clean, predictable power from the MeyGen site.

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Notes to Editors

SAE is a global developer, owner and operator of sustainable energy projects. SAE owns the world's flagship tidal stream project, MeyGen. SAE is also the owner of the Uskmouth Power Station site that is being repurposed into a sustainable energy park, initially housing one of the UK's largest battery energy storage projects.

<https://www.saerenewables.com/>



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