CORRE ENERGY B.V.
FY results 2021
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23 May 2022

Corre Energy B.V.

Preliminary Results for the Period ended 31 December 2021

Corre Energy B.V. (EURONEXT: CORRE) (the "Company"), is a leader in origination, development, construction, operation, and commercialisation of long duration energy storage ("LDES") projects, technologies and products that accelerate the transition to net zero and enhance security and flexibility of energy systems.

The Company announces its preliminary results for the period ended 31 December 2021.

HIGHLIGHTS

Developments in the year

- Successful Initial Public Offering (IPO) on Euronext Growth in September 2021, raising €12m.

- Equity-linked funding drawdown on schedule:
  - €11m of a €20m fund from Italian Energy Efficiency Fund II (IEEF II), an Italian reserved alternative investment fund set-up and managed by Fondo Italiano per L'Efficienza Energetica SGR S.p.A. (FIEE) was drawn down in 2021, with drawdowns pending of €4m upon reaching of key milestones with optionality to €9m.

- Financing of Dutch Project ZW1 (partnership with Infracapital):
  - Collaboration to select senior debt providers for ZW1 through 2022 and beyond.
  - Application submitted / €1.7m grant with strong expectation of receipt from CINEA (European Climate, Infrastructure and Environment Executive Agency).

- 2021 financial results (unaudited) – in line with expectation:
  - EBITDA Loss of €6.6m driven by employee expenses of €2.8m and legal & professional costs of €4.8m offset by €0.9m of grant income.
  - €13.4m cash at bank.
  - €23m in funding received during the period.
  - Cumulative development costs capitalised at ZW1 of €5.2m in total €2.1m in year.
  - €115m Market Capitalisation (17 May 22).

Operational Highlights

- **Projects designation:** ZW1 (Netherlands) and GHH (Denmark) designated as key Energy Transition investment projects by the European Clean Hydrogen Alliance following engagement with European Governments.
- **Strategic collaboration agreements:**
  - Geostock: Signed 10-year collaboration agreement to facilitate and expedite end-to-end design, development, financing, and operation of underground hydrogen-based energy storage projects in Europe and beyond.
  - Siemens Energy: project and technology collaboration MOU signed in 2021 to facilitate technology sharing. The collaboration, which will also feature a strong joint advocacy

approach will demonstrate the value and benefits of LDES in the form of underground compressed air storage to a much wider stakeholder audience.

- **Offtake agreement:** Negotiations for an offtake agreement on ZW1 are at an advanced stage following receipt of proposals for 10–15-year contracts from a range of investment-grade partners.

Performance review and outlook

Keith McGrane, Group CEO, commented:

“I am pleased to report that Corre Energy has today published its first full year results as a listed business following our successful and oversubscribed IPO in September 2021.

“During this largely capacity-building and development phase our EBITDA outturn was comfortably within plan reflecting strong execution, delivery, and deployment in a period that also saw strong progress towards financial close on our flagship project in the Netherlands and important collaborative agreements aimed at expanding and expediting our project development pipeline.

“In light of climate and geopolitical tailwinds in favour of renewables and energy self-sufficiency, energy storage markets remain highly dynamic with strong overall demand and an increasingly supportive environment. That supportive policy and market environment underpins our positive outlook and our ambition to accelerate our project development pipeline as also evidenced by our planned equity-raise announced separately this morning.

“Finally, in a period that saw significant supply and operational constraints as a result of COVID 19 pandemic and of course the ongoing energy crisis I am incredibly proud of how our growing team has responded to ensure our projects are planned and execution remains on track.

“We are seeing a fundamental shift around energy production, supply, security, and affordability and we believe that providing an energy storage solution creates a societal benefit with significant impacts:

- Supply: electricity costs and system savings. Market based socio-economic welfare.
- Ancillary services: security of supply, system flexibility, curtailment avoidance, improved stability.
- Transmission: capacity deferral/minimisation of intrazonal congestion/reduction in grid losses.
- Decarbonisation and sustainability: management of excess renewable electricity, carbon abatement.”

ABOUT CORRE ENERGY

Corre Energy B.V. is a leader in origination, development, construction, operation, and commercialisation of LDES projects, technologies and products that accelerate the transition to net zero and enhance security and flexibility of energy systems.

CAES technology has over 50 years of successful operation. A proven grid-scale energy storage solution which integrates the H2 value chain: a co-location of air and hydrogen storage caverns with electrolysers provides a low-cost storage solution.

The symbiosis of H2 and CAES provides balancing into electricity market. Our products are scalable by adding new caverns and increasing existing cavern capacity across European jurisdictions.

There is a large and growing market for renewable energy storage across Europe and globally. This results in multiple potential revenue streams from combining compressed air storage with green hydrogen.

We have first mover advantage with EU designated pipeline and tier-1 project partners including Infracapital (M&G) as partner for our ZW1 flagship project.

Our customers and partners include, amongst others: Siemens, Nobian, TenneT, Energinet, Gas Storage Denmark, and we have the support of EASE, LDES Council and the European Clean Hydrogen alliance.

Our funding partners include the EU, Infracapital, IEEF II and the equity markets.

We have a highly experienced management team and a pipeline of 11 TYNDP projects across northern Europe.

In June 2021 Corre Energy B.V. entered into an equity linked funding agreement with IEEF II. Under the terms of this agreement the Company has drawn down €3m in June 2021 and €8m in October 2021, with a further €4m or €9m (at the sole discretion of IEEF II) payable at commercial close of the ZW1 project.

On 23 September 2021 the Company completed its IPO, issuing 12,018,846 new shares at €1 per share. Incremental costs directly attributable to the IPO that otherwise would have been avoided have been accounted for as a deduction from equity.

For further information please visit https://corre.energy/ or contact:

Corre Energy B.V.
Stephanie Casey, Head of Investor Relations (stephanie.casey@corre.energy) +44 7587 748402

Davy (Euronext Growth Listing Sponsor)
Barry Dixon, Head of Decarbonization Finance (barry.dixon@davy.ie) +353 87 689 9195

Murray PR (Financial PR and IR)
Pat Walsh, Managing Director (pwalsh@murraygroup.ie) + 353 1 498 0300

CEO STATEMENT

MARKET & OPERATIONS REVIEW

A new context

Storage is a critical part of any industrial supply chain. It provides resilience, economic efficiency, and affordability, enabling flexibility throughout the value chain for customers and suppliers. In short, supply chains cannot function properly without it. The Russia/Ukraine war has exposed deep structural weaknesses in European electricity and gas markets and demonstrates once again that "just in time" economics do not work. Society is having to bear an undue burden of increasing electricity prices as a consequence.

As energy markets move toward an accelerated renewables future, the role of storage and specifically LDES is critical. LDES in the form of hydrogen based CAES can integrate large-scale renewables, enhance security of supply, reduce electricity prices whilst significantly reducing greenhouse gas emissions ("GHGs").

Resulting from the current geopolitical situation, several profound measures are being proposed by the European Commission under the REPowerEU proposal. It is proposed that renewable energy capacities double and treble from 2025 to 2030. Essentially, bringing forward the 2040 to 2050 renewables targets by 15 to 20 years. That implies an achievement of a near 100% renewables target from 2030 to 2035, across member states.

In addition, the proposal also makes clear recommendations and recognises the need to adequately pay for security of supply. This will be dealt with in a market redesign, where flexibility and energy security will likely be paid-for services. Market design will need to reform rapidly to enable an accelerated build-out of renewable energy.

Developments in Corre Energy's markets

In March 2022, subsequent to the period end, the Dutch government announced a doubling of its offshore wind targets to 21 gigawatts ("GW") by 2030. This is an extraordinary target, given the original target of approximately 10.5 GW by 2030. A 21 GW target puts the Netherlands out in front in terms of offshore wind. Corre Energy is the developer of the only 300+ megawatt ("MW") CAES project currently in the Netherlands, with the ability to store renewables electricity for 3.5 days. The increased importance of the project cannot be overstated in the context of an accelerated and larger build-out of offshore wind within the next nine years.

Subsequent to period end, there is also increasing pressure in Denmark to accelerate the delivery of the Green Hydrogen Hub and the possibility of increasing project capacity. The hydrogen fuelled CAES is co-located with hydrogen storage in a salt cavern with onsite hydrogen production through electrolysis. This approach unlocks the full hydrogen value chain comprising hydrogen production, storage and use in CAES, redelivering stored renewables back onto the electricity grid as 100% green power. The CAES project is a Project of Common European Interest (PCI), affording it a strategic designation as national infrastructure and also affording the consortium, for which Corre Energy is the lead developer, to apply for grant assistance and EU co-financing from the European Commission and associated institutions such as the European Investment Bank

Consequently, the value of LDES to society is considerable. Imperial College London estimates that the system value of CAES in 2035 in the UK is on average £4500/KW per year (€5300/KW per year) or c £4.5bn (€5.3bn) per annum, in the base case scenario for the first 1 GW, reducing total system costs by 13%. More specifically, the societal value of Corre Energy's ZW1 project in the Netherlands was estimated to be circa €2.1 billion. These estimates exclude additional value attributable to improvements in human health through GHG reduction, enhanced economic resilience, reduced reliance on imported fossil fuels and so on.

Corre Energy's purpose is to unlock this value for society through its pipeline of projects, empowering future generations to benefit from a clean energy system which is renewable, regenerative, and circular. It is our mission to achieve this future and it's a future we believe in.

Our operations and risk

As Corre Energy grows, we recognise the need to develop an operations function that has the scale to oversee a growing project list and work is underway to strengthen the existing team. Our approach involves an appetite for balanced risk management as we build out our risk framework to listed standards, and work with our partners in the EU. We will report on our progress in this area in next year's annual report.

Our people

We have a highly experienced, and growing, team of people with extensive knowledge of the renewable energy industry and specialist experience in compressed air energy storage. I am proud of the resilient way that they adapted to the restrictions of COVID-19 while continuing to deliver for Corre Energy and our partners. They have demonstrated our values: Collaborative, Visionary, Challenging, Empowering and Integrity which are key to delivering our mission to support the transition to net-zero and deliver material progress toward a decarbonised energy sector.

Keith McGrane

CEO

ENVIRONMENTAL, SOCIAL & GOVERNANCE

We are excited by the knowledge of the tremendous impact LDES can make, and by playing an active role our aim is to deliver real change in the communities we serve, adding value to society.

We aim to report our ESG performance in accordance with relevant disclosure standards, including those of the Value Reporting Foundation/Sustainability Accounting Standards Board, the Task force on Climate-related Financial Disclosures and the Carbon Disclosure Project. UN Sustainable Development Goals #1 No Poverty, #7 Affordable & Clean Energy, #9 Industry, Innovation & Infrastructure, #11 Sustainable Cities & Communities and #13 Climate Action are most relevant to our business.

Corre Energy will align its sustainable activities with EU taxonomy classifications so shareholders, stakeholders and customers can assess if Group's activities are environmentally sustainable, in the context of the European Green Deal.

OUR PROJECTS IN DEVELOPMENT

Zuidwending 1 (ZW1), the Netherlands

Keith McGrane says: "ZW1 has achieved significant progress to date"

Project type	**Hydrogen CAES**
Location	The Netherlands
CAES capacity	Design improvements can yield up to 84hrs (3.5 days) output capacity of 320MW in contrast to previous 12hr duration design
CAES generator	320 MW
Grid	640 MW reserved
Customer offtake	Offers of 10-15yrs for 100% of output with revenue sharing

- Customer contract and primary engineering, procurement, and construction ("EPC") framework is due to be completed by H2 2022 to optimise pricing and contract terms.
- Our key development milestones of design, land and grid reserved are on track for completion Q2 2022.
- Strong customer demand is expected to continue into H2 2022 allowing for optimal offtake arrangements to be achieved with customers.

Green Hydrogen Hub (GHH), Denmark

Patrick McClughan says "GHH is a world first and will act as the blueprint for remaining projects in the pipeline".

Project type	**Green Hydrogen Hub**
Location	Denmark
CAES capacity	Design improvements increased output capacity to 84 hours (3.5 days) from 12 hours at 320MW scale
CAES generator	320 MW
H_2 capacity	250 GWh
Electrolyser capacity	350 MW
Targeted construction	2023

- Whilst early stage we see significant emerging customer demand with investment-grade entities currently engaging under a similar contractual model to ZW1.
- Final customer contracts for offtake to be targeted for completion Q4 2022.
- Given emerging drivers for accelerating renewables and green hydrogen in Denmark, increasing customer demand is expected into H2 2022.

BUSINESS ENVIRONMENT

- Corre Energy is a market leader in Europe and the one of the few listed LDES developers globally.
- Northern Europe is the largest regional market (~140 GW) where Corre Energy enjoys cavern exclusivity for long duration CAES with green hydrogen.
- Low base-case estimate of addressable market for CAES in Northern Europe is 5 – 10 GW*.
- These EU Green Deal calls for the acceleration of renewables, green hydrogen, and storage, stating these are needed for decarbonisation and achievement of 2050 targets.
- Primary LDES markets globally forecast to be the U.S. and Europe.
- Circa 400 GW of LDES is required by 2030 mostly in the U.S. and Europe.

FINANCIAL POSITION

Group

Following its incorporation in March 2021, Corre Energy B.V. acquired Corre Energy Storage B.V., Corre Energy ApS and Corre Energy Ltd and incorporated Corre Energy Storage Limited later the same month collectively "the Group". Corre Energy Storage B.V. owns the development of the ZW1 project and Corre Energy ApS owns the development of the GHH project, whilst Corre Energy Ltd and Corre Energy Storage Limited primarily provide shared services to other group companies, with some less developed income streams.

Since these acquisitions, the Group has continued its core objectives of progressing existing projects, identifying growth opportunities, and raising funding for these activities.

Projects

Through the acquisition of Corre Energy Storage B.V., the Group acquired €3.2m of capitalised project costs on the ZW1 project, classified as caverns under construction in the financial statements. During the period a further €2.1m was spent and capitalised on this project. Following the development and construction phases, Corre Energy expects the project to be operational in 2026, requiring in the region of €340m Capital expenditure.

The Group also obtained options to develop four more caverns in the Netherlands and Denmark, which are recognised as intangible assets at €0.6m.

The GHH project is not yet at a capitalisable stage, so no costs have been capitalised for this project. This project will accelerate significantly in 2022 following appointment of a project director with construction targeted for 2023.

The business continues to expand its interests and is in negotiations regarding additional projects in Germany, the UK and U.S.

Funding

During the period the Group raised funding to support the continued development of the business from a variety of sources, demonstrating the market's and our funding partners faith in our proposition and business model.

In June 2021 we received the first instalment of €3m of convertible loan funding from IEEF II, an Italian reserved alternative investment fund set-up and managed by FIEE. A second instalment of €8m was received in October 2021.

IEEF II will lend a further €4m or €9m at its discretion at commercial close of the ZW1 project provided commercial close takes place before 1 June 2024. This convertible loan shall bear no interest provided that the Group does not breach its obligations under the agreement. In the event of a breach under the agreement, an interest rate of 10% applies.

IEEF II may convert the loans to share capital at €1 per share at any point from 12 months after the tranche paid out to 30 June 2028 or, if it chooses not to, the full amount is repayable on 28 June 2028. This convertible loan is recognised at €11.6m in the financial statements.

The Group also raised €12m through the successful IPO and Listing of the Company on Euronext Growth Dublin in September 2021, by issuing new shares representing 19.4% of the share capital. This is recognised net of transaction costs at €10.8m in the financial statements.

Further funding for the ZW1 project has been agreed in principle with Infracapital Greenfield Partners II ("Infracapital"). Under the proposed terms Infracapital will fund the project to reach financial close, at which point Infracapital will have exclusive rights to acquire a majority stake in the project through acquisition of shares in Corre Energy Storage B.V., and the exclusive right and obligation to fund 100%

of the projected construction costs of the project through commitments for ordinary equity and or shareholder loans. Corre Energy B.V. will retain a significant minority shareholding in Corre Energy Storage B.V.

Other key figures

The Group's operating result before tax for the period was €6.6m loss, primarily driven by employee expenses of €2.8m and legal & professional costs of €4.8m that are not directly attributable to a capitalisable project, offset by €0.9m of grant income. These costs relate primarily to strategic growth of the wider business and strengthening of back-office functions to support future growth.

In the period, the Group capitalised development costs of €2.1m (2020: N/A). This was for the development of the caverns in ZW1.

At year end, Corre Energy B V had current assets totalling €15.9m (2020: N/A).

Funds in the bank totalled €13.4m (2020: N/A).

Matthew Savage

Interim CFO

KEY FINANCIALS

Financial key performance indicators

A summary of the financial key performance indicators is set out in the table below:

Full year Results Presentation	FY 2021 €'000
Revenue	5
Other Operating income	903
EBITDA	(6,628)
Operating result	(6,643)
Result before tax	(7,600)
Loss after tax	(3,947)
Cumulative Project Costs Capitalised	5,224
Cash at Bank	13,375
Net Debt	3,675

Comparatives for the financial statements are not available as the group was constituted in March 2021.

Non-financial key performance indicators

As the business is still in its formative stage, it has not yet formalised its key performance indicators related to non-financial information.

Events after the reporting period

In March 2022 the Group submitted a claim for a final payment of €1,7m to the European Climate, Infrastructure and Environment Agency for money under a grant awarded to Corre Energy Storage B.V. See note 2 for further explanation of the grant.

On 28 April 2022 the Company's parent Corre Energy Group Holdings C.V. approved the following contracts with related parties of the Group:

- Contract with Procorre UK Ltd, a company controlled by Darren Green a Director, for £35,000 per month for office space and HR, CRM, business administration, marketing, and social media services. This replaces the Company's contract that terminated on 28 February 2022 and expires in December 2022.
- Contract with Gibson Watts Limited, a company controlled by Darren Green a Director, to provide recruitment services that were previously provided by Procorre UK Ltd. This contract expires in December 2022.

Under transfer pricing agreements between Corre Energy Group Holdings C.V. and the Group, costs incurred under these contracts will be recharged to the Group with no mark-up.

On 23 May 2022 the Directors approved the Company's intention to raise up to €15m through the issue of ordinary shares. The effect of this transaction will be to increase share capital and share premium, but at time of signing these financial statements the precise terms of the issuance including the number of shares to be issued and the issue price are not known.

Consolidated summarised statement of comprehensive income for the period ended 31 December 2021

	Note	2021 €'000
Revenue	1	**5**
Other operating income	2	**903**
Expenses		
Employee expenses	3	(2,755)
Project costs	4	(7)
Other administrative expenses	5	(4,789)
Operating result		**(6,643)**
Finance expense	6	(957)
Result before tax		**(7,600)**
Corporation Tax	7	3,653
Loss after tax		**(3,947)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange differences on translation of foreign operations		(4)
Total comprehensive income		**(3,951)**

All results presented above are derived from continuing operations and are attributable to owners of the Company.

Consolidated summarised balance sheet on 31 December 2021

	Note	2021 €'000
Assets		
Non-current assets		
Intangible fixed assets	9	618
Tangible fixed assets	10	5,261
Lease right of use assets	11	99
Deferred tax assets	7	3,641
Total non-current assets		9,619
Current assets		
Cash	12	13,375
Receivables, prepayments, and accrued income	13	2,582
Total current assets		15,957
Total assets		**25,576**
Equity		
Share capital	16	279
Share premium	16	11,501
Retained earnings		(3,250)
Foreign currency translation		(4)
Total equity		**8,526**
Liabilities		
Non-current liabilities		
Long-term loans	14	11,646
Long-term lease liability	14	79
Long-term payables to participating interests	14	1,845
Total non-current liabilities		13,570
Current liabilities		
Trade creditors	15	823
Payables to participating interests	15	1,123
Other current liabilities	15	1,534
Total current liabilities		3,480
Total liabilities		**17,050**
Total equity and liabilities		**25,576**

Consolidated summarised statement of changes in equity

		Share capital €'000	Share premium €'000	Retained earnings €'000	Foreign currency translation €'000	Total €'000
Incorporation on 1 March 2021		0	-	-	-	0
Capital contribution		-	742	-	-	742
Issue of share capital		225	10	-	-	235
Business combinations	8	-	-	664	-	664
Initial public offering (IPO)		54	11,965	-	-	12,019
IPO transaction costs	17	-	(1,216)	33	-	(1,183)
Loss for the period		-	-	(3,947)	-	(3,947)
Other comprehensive income		-	-	-	(4)	(4)
At 31 December 2021		279	11,501	(3,250)	(4)	8,526

Consolidated summarised cash flow statement

	2021 €'000
Cash flow from operating activities	
Operating result	(6,643)
Depreciation	15
Increase in receivables from participating interests	(2,330)
Increase in trade creditors	234
Increase in other payables	1,096
Tax refunds received	(107)
Total cash flow from operating activities	(7,735)
Cash flow from investment activities	
Investments in tangible fixed assets	(2,107)
Investments in intangible fixed assets	(618)
Investments in right of use assets	(109)
New consolidations	538
Total cash flow from investment activities	(2,296)
Cash flow from financing activities	
Inflows from capital increases	10,837
Proceeds from borrowings	12,597
Interest paid	(24)
Total cash flow from financing activities	23,410
Effect of changes in foreign exchange rates	(4)
Total cash flow	**13,375**
Cash at start of period	-
Cash at end of period	13,375

NOTES

1. General Information

The members of the Board ("Directors") present the unaudited consolidated financial statements of the Company for the ten-month period ended 31 December 2021. The Company was incorporated in the Netherlands on 1 March 2021. The Company is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), with its corporate seat in Groningen, the Netherlands, with its place of business at Helperpark 278 3, 9723 ZA Groningen, the Netherlands, and registered with the Dutch trade register number 82068046.

The Company is engaged in the development and construction of energy storage facilities with projects currently being developed in the Netherlands and Denmark, with others in the pipeline.

These consolidated financial statements were authorised for issue.

2. Presentation of financial information

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The principal accounting policies are summarised below and have been applied consistently throughout the year, unless stated otherwise.

Comparative information for 2020 is not available, as the Group was incorporated in March 2021.

All figures in this report are unaudited. The consolidated financial statements were discussed and approved by the Board. These financial statements have been authorised for issue in accordance with a resolution of the Board dated 22 May 2022. The consolidated financial statements have not yet been audited nor published by law, and still have to be adopted by the annual general meeting of shareholders.

3. New and revised IFRS standards adopted by the EU

3.1 New and revised IFRS standards adopted by the EU in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new standards and amendments to existing standards that have been issued and adopted by the EU but are not yet effective in the EU:

- IFRS 17 (including the June 2020 amendments to IFRS 17)
- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements to IFRS 2018-2020 cycle

The Directors do not expect that the adoption of the amendments to the existing standards listed above will have a material impact on the consolidated financial statements of the Group in future periods. Each new standard or amendment is summarised below.

3.2 New and revised IFRS standards issued by the IASB but not yet adopted by the EU

The following amendments to the existing standards have not been endorsed for use in the EU yet and could not therefore be adopted by the Group. The effective dates stated below are for IFRS as issued by IASB. The EU is expected to approve the amendments with the same effective dates.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures
- Amendments IFRS 17 Insurance contracts

- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the amendments to the existing standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

4. Going Concern

The business is at an early stage of development, and as such requires future funding to continue its activities. The Group has been successful to date in raising the required funding and has a clear plan to achieve milestones to unlock liquidity to allow the business to continue to trade until it becomes cash generative in itself. The Directors have assessed the Group's ability to continue as a going concern and are satisfied that the Group has sufficient resources to continue into the foreseeable future. Therefore, these financial statements have been prepared on the going concern basis.

5. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability

6. Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

Consolidation of an entity begins when the Company obtains control over the entity and ceases when the Company loses control of the entity. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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.

List of participating interests

Corre Energy B.V. is the holding company of the group of legal entities. The overview of the data as required in accordance with sections 2:379 and 2:414 of the Dutch Civil Code is included below:

Name	**Country of registration**	**Share in issued capital**	**Included in consolidation**
Corre Energy Storage B.V.	The Netherlands	100%	Yes
Corre Energy ApS	Denmark	100%	Yes
Corre Energy Ltd	United Kingdom	100%	Yes
Corre Energy Storage Limited	Ireland	100%	Yes

7. Foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in Euros, which is the functional and presentation currency of Corre Energy. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

Transactions in foreign currencies are stated in the financial statements at the exchange rate ruling on the transaction date.

Assets, liabilities, income, and expenses of consolidated subsidiaries with a functional currency other than the presentation currency are translated at the closing rate of exchange prevailing at the balance sheet date. Foreign currency differences are recognised in Other comprehensive income and accumulated in the foreign currency translation reserve within equity.

The following exchange rates for the most significant countries in which the Group operates were used in the preparation of these financial statements:

In €	**Year end 2021**	**Average 2021**
UK Pounds Sterling	1.1768	1.1734
Danish Krone	0.1345	0.1345

8. Significant judgements and estimates

The preparation of these consolidated financial statements requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, and the reported profit or loss for the period. The Group uses estimates, assumptions and judgements which can have a significant impact on the amounts recognised in the financial statements in applying these accounting policies. These estimates and assumptions are based on the most recent information available, and the actual amounts may differ in the future.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

The judgements that the Directors consider to be the most important to these financial statements are described below.

8.1 Business combinations

During the period 100% of the share capital of Corre Energy Storage B.V., Corre Energy ApS and Corre Energy Ltd were transferred from Corre Energy Partnership SCSp to the Company. At the time Corre Energy Partnership SCSp was the Company's direct parent, so this was a common control transaction, outside the scope of IFRS 3. A judgement was made in determining the appropriate values at which to recognise the assets and liabilities transferred.

Management's judgement is that it is most appropriate to recognise all assets and liabilities at inherited book values, including the accounting history since initial recognition. The difference of €664,000 between the consideration paid and the net book value of assets and liabilities was recognised directly in retained earnings.

8.2 Capitalisation of project costs

IAS 16 requires costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management to be capitalised. The Group is developing and building two energy storage facilities: ZW1 and GHH, so costs that are incremental to the development of these projects must be capitalised.

There is some judgement required to determine the point at which capitalisation should begin. Management's judgement is that project costs should be capitalised from the date that management committed to proceed with the project in this specific location. ZW1 costs have therefore been capitalised from December 2019 onwards, and no GHH costs have yet been capitalised.

The Directors currently expect ZW1 to be operational from 2026, and when operational cash flows are expected to exceed the carrying values capitalised. There are no indicators of impairment, so project costs incurred are recognised in full at historical cost.

8.3 Deferred tax

Due to the early stage of the business, some group companies are loss-making as they incur costs to develop projects and to grow the business more generally. This gives rise to deferred tax assets because losses can be offset against future profits of the companies involved.

Management's judgement is that in all cases there will be sufficient future profits against which to offset these losses, so deferred tax assets are recognised in full for Corre Energy B.V., Corre Energy Storage B.V., Corre Energy ApS and Corre Energy Ltd.

8.4 Option valuation

As described in more detail in note 14 to the financial statements, as part of a financing agreement IEEF II has been granted the option to convert debt instruments to shares in the Company. The valuation of these options requires the use of complex models operated by an external valuer, and management judgement to be applied when selecting inputs. The key estimates are projections of the Company's dividend yield, share price volatility and probability of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue

	2021
	€'000
Revenue from related parties	5
Total revenue	5

During the period the Group earned revenue from related parties for IT and administrative services.

2. Other operating income

	2021
	€'000
Grant income	903
Total other operating income	903

In December 2019 Corre Energy Storage B.V. was awarded a grant by the European Innovation and Networks Executive Agency (now the European Climate, Infrastructure and Environment Agency, CINEA) for the development of its ZW1 project. Under this agreement a prefinancing amount of €1,8m was received in March 2020, and in March 2022 a claim for a final payment of €1,7m was submitted to CINEA.

The portion of the grant that relates to expenses incurred has been recognised in the statement of comprehensive income resulting in accrued income in the balance sheet. The remainder of the grant relates to cavern construction costs, which have been capitalised on the balance sheet. This has not been accrued, and when received the amount will be deferred on the balance sheet and will be recognised over the life of the asset when construction is completed.

3. Employee expenses

	2021
	€'000
Salaries	(1,907)
Pension costs	(48)
Social security costs	(220)
Other benefits	(8)
Capitalise staff costs	247
Staff costs	(1,936)
Management fees	(720)
Other employee expenses	(99)
	(2,755)

Capitalised staff costs represent the value of staff costs capitalised to caverns under construction as part of the ZW1 project.

The average number of full-time equivalent employees during the period is broken down below.

	2021
Corre Energy Storage B.V.	1
Corre Energy Ltd	13
Corre Energy Storage Limited	5
Total	19

The Group operates defined contribution pension schemes, and as such the commitment to the participating employees consists of paying any outstanding contribution. Participation in the pension scheme is optional: employees are automatically enrolled but can choose to opt out.

4. Project costs

	2021
	€'000
Commercial development	7
Total	7

Project costs represent amounts spent on the GHH project in Denmark that are not capitalisable due to its stage of development.

5. Other administrative expenses

	2021
	€'000
Legal & professional costs	(4,144)
Travel costs	(259)
IT costs	(87)
Office costs	(52)
Marketing & Communications costs	(92)
Other operating expenses	(81)
Foreign exchange losses	(74)
	(4,789)

Included in legal and professional costs are costs relating to advisory and consultancy, support from participating interests and other legal costs that are related to the IPO but not incremental and directly attributable to the IPO, therefore not accounted for as a deduction from equity.

Furthermore, included in legal and professional costs are the following amounts payable to the auditor, Blue Line Accountants en Belastingadviseurs B.V.:

	2021
	€'000
Financial statements audit	47
Other audit services	32
	79

Fees for financial statements audit comprise the audit of the financial statements of the Company and its subsidiary Corre Energy Storage B.V. Fees for other audit services comprise review of special purpose financial statements.

6. Finance expense

	2021
	€'000
Interest and similar expenses	(24)
Option revaluation	(933)
	(957)

The option revaluation charge relates to the equity linked funding agreement with IEEF II. See note 14 for further information on the agreement.

7. Corporation tax

7.1 Income tax recognised in statement of comprehensive income

	2021 €'000
Corporation tax to pay	(4)
Deferred tax income	3,657
	3,653

There is no income tax relating to foreign exchange differences on translation of foreign operations, which are recognised in other comprehensive income.

7.2 Current tax receivable and payable

	2021 €'000
Other taxes receivable	222
Corporate tax payable	4
Other taxes payable	84
	88

In the balance sheet other taxes receivable are included in receivables, prepayments and accrued income, and other taxes payable are included in other current liabilities.

7.3 Reconciliation of effective tax rate

	2021 €'000
Loss before tax	7,600
Statutory tax rate	25.2%
Tax at statutory tax rate	1,915
Deferred tax assets recognised in respect of prior years	442
Deferred tax assets recognised in respect of capital expenditure	990
Expenses not recognised in accounting records	314
Non-taxable income	233
Expenses not deductible	(241)
Effective tax amount	3,653

The statutory tax rate of 25.2% has been calculated taking into account the statutory tax rates in the Netherlands, Denmark, the UK, and the Republic of Ireland.

The reconciling items are explained as follows:

- Prior year losses are now recognised on the balance sheet in respect of the brought forward losses of Corre Energy Storage B.V. following a change in legislation such that losses can now be carried forward indefinitely.
- A deferred tax asset has been recognised in respect of differences in the accounting value and tax basis value of caverns under construction, specifically the Zuidwending 1 (ZW1) project.
- The expenses not recognised in the accounting records are the incremental costs directly attributable to the IPO that have been accounted for as a deduction from equity.

- Non-taxable income is grant income, which for the purpose of the tax computation is offset against caverns under construction.
- Expenses not deductible are the cost of revaluation of the options contained in the equity linked funding agreement with IEEF II.

7.4 Deferred tax assets

Deferred tax assets have arisen due to temporary differences attributable to tax losses. The Group is in a start-up phase, resulting in high initial expenditure on development and limited revenues in early years. Management has performed tax planning and expects that based on the profit forecasts; profits will be generated in upcoming years sufficient to offset the accumulated tax losses.

A deferred tax asset has also arisen due to differences in the accounting value and tax basis value of caverns under construction, specifically the ZW1 project.

The deferred tax asset may be analysed as follows:

	Tax losses carried forward €'000	ZW1 cavern costs €'000	Total €'000
At 1 March 2021	-	-	-
Acquired through business combinations	-	-	-
Credited to the income statement	2,667	990	3,657
At 31 December 2021	2,667	990	3,657
Of which current:	16	-	16
Of which non-current:	2,651	990	3,641

No deferred tax asset was recognised at acquisition of any subsidiary. Deferred tax assets of Corre Energy Storage B.V. are now recognised in full following a change in legislation such that losses can now be carried forward indefinitely. The Directors consider it probable that future taxable profit will be available against which unused tax losses can be utilised.

8. Business combinations

During the period the Company acquired 100% of the share capital of the following companies:

- The Company acquired 100% of the share capital of Corre Energy Ltd on 12 March 2021 for £100, at the time equivalent to €111. The shares were acquired from Corre Energy Partnership SCSp, which at that time was the Company's parent company. Corre Energy Ltd provides administrative support to other group companies.
- The Company acquired 100% of the share capital of Corre Energy ApS on 12 March 2021 for DKK 40,000, at the time equivalent to €5,377. The shares were acquired from Corre Energy Partnership SCSp, which at that time was the Company's parent company. Corre Energy ApS is engaged in the development of the Green Hydrogen Hub in Denmark.
- The Company incorporated a new 100% owned subsidiary Corre Energy Storage Limited on 23 March 2021. Corre Energy Storage Limited provides administrative support to other group companies.
- The Company acquired 100% of the share capital of Corre Energy Storage B.V. on 29 March 2021 as a contribution with an attributed value of €742,110. Corre Energy Storage B.V. is engaged in the development of the ZW1 project in the Netherlands.

The transfers from Corre Energy Partnership SCSp were actioned as part of a Group reorganisation to enable the subsequent initial public offering of Corre Energy B.V. At the time of the transfer Corre Energy Partnership SCSp owned 100% of the Company's share capital so these were common control transactions, outside the scope of IFRS 3.

The assets and liabilities transferred in each of the three transfers from Corre Energy Partnership SCSp are summarised in the below table:

	Corre Energy Ltd €'000	Corre Energy ApS €'000	Corre Energy Storage B.V. €'000	Total €'000
Fixed assets				
Tangible fixed assets	-	-	3,159	3,159
Current assets				
Cash	2	-	536	538
Receivables, prepayments, and accrued income	1	5	41	47
Non-current liabilities				
Long-term loans	-	-	(270)	(270)
Current liabilities				
Trade creditors	(1)	-	(588)	(589)
Other current liabilities	-	(8)	(1,465)	(1,473)
Net assets/(liabilities)	2	(3)	1,413	1,412
Consideration paid	0	5	743	748
Transferred to Retained earnings	(2)	8	(670)	(664)

The difference between the net book value of the assets transferred and the consideration paid is recognised directly in equity in retained earnings.

9. Intangible fixed assets

The movement in intangible fixed assets is as follows:

	Cavern options €'000
Cost and net book value	
At 1 March 2021	-
Additions	618
At 31 December 2021	**618**

Cavern options represent the cost of entering into a contract with Nouryon Salt B.V., which forms part of the Nobian group ("Nobian"), to develop caverns for the purpose of the energy storage business in the Netherlands and Denmark. These contracts are exclusive, preventing the Group or Nobian from entering into discussions concerning CAES projects in the Netherlands or Denmark with any other party.

These are held as intangible assets until such time as a project reaches a capitalisable stage of development, at which point these are transferred to tangible assets as caverns under construction. Cavern options are not in use; therefore, they are not amortised.

During the period the Group acquired the rights to four sites that have not yet reached capitalisation from its related party Corre Energy Limited, a company registered in Malta.

10. Tangible fixed assets

The movement in tangible fixed assets is as follows:

	Caverns under construction €'000	Furniture €'000	IT equipment €'000	Total €'000
Cost				
At 1 March 2021	-	-	-	-
Acquired through business combination	3,159	-	-	3,159
Additions	2,065	3	39	2,107
At 31 December 2021	5,224	3	39	5,266
Accumulated depreciation				
At 1 March 2021	-	-	-	-
Charge for the period	-	(1)	(4)	(5)
At 31 December 2021	-	(1)	(4)	(5)
Net book value at 31 December 2021	5,224	2	35	5,261

Caverns under construction comprises costs that are directly attributable to development or construction of caverns for use in the energy storage business. These are not depreciated but are reviewed for indicators of impairment at each reporting date.

11. Leases

Leases with a contractual term of less than one year and/or a value less than €5,000 are considered short-term and/or leases of low value items. The Group has elected not to recognise right of use assets and lease liabilities for these leases. Apart from these the Group leases two cars in the Netherlands.

Information about leases is presented below.

11.1 Lease right of use assets

	Vehicles €'000
Cost	
At 1 March 2021	-
Additions	109
At 31 December 2021	109
Accumulated depreciation	
At 1 March 2021	-
Charge for the period	(10)
At 31 December 2021	(10)
Net book value at 31 December 2021	99

11.2 Lease liabilities

	2021
	€'000
Current	22
Non-current	78
	100

11.3 Amounts recognised in the statement of comprehensive income

	2021
	€'000
Interest on lease liabilities	3
Depreciation of right of use assets	10
Short-term lease expenses	187
	200

11.4 Amounts recognised in the cash flow statement

The total cash outflow for leases in the period was €211,000.

12. Cash

	2021
	€'000
Cash	13,375
	13,375

All cash is held in on demand facilities and is at free disposal. The Group has no current account credit facilities with its banks.

13. Receivables, prepayments, and accrued income

Amounts falling due within one year:

	2021
	€'000
Accrued grant income	164
Receivables from participating interests	1,466
Receivables from other related parties	16
Prepayments	698
Taxes receivable	238
	2,582

See note 7 for information on items included in taxes receivable and note 19 for information on items included in receivables from participating interests and receivables from other related parties.

Prepayments includes €383,000 of legal and advisory costs incremental to obtaining a loan facility with Infracapital, this facility is described in note 22.4. When the loan is drawn these costs will be recognised over the life of the loan using the effective interest rate method.

The Directors consider that the carrying amount of receivables, prepayments and accrued income approximates their fair value.

14. Non-current liabilities

	2021
	€'000
IEEF II loan	11,553
N.V. NOM loan	93
Long-term loans	11,646
Long-term lease liability	79
Long-term payables to participating interests	1,845

14.1 IEEF II equity linked funding agreement

In June 2021 Corre Energy B.V. entered into an equity linked funding agreement with IEEF II. Under the terms of this agreement the Company has drawn down €3m in June 2021 and €8m in October 2021, with a further €4m or €9m (at the sole discretion of IEEF II) payable at commercial close of the ZW1 project.

No interest shall accrue and be paid on the principal amount of the funding outstanding, unless Corre Energy B.V. is in breach of certain obligations under the equity linked funding agreement, in which case interest is payable at 10%. The principal amount and any accrued interest shall be repaid no later than the funding end date of 30 June 2028.

IEEF II has the option to convert the instruments to shares in Corre Energy B.V. at €1 per share at any point from 12 months after a tranche has paid out to 30 June 2028.

If the Company pays a dividend IEEF II is entitled to receive the same amount per "share" as if the amount paid by IEEF II under the equity linked funding agreement had been converted to shares at that point in time.

14.2 N.V. NOM loan

In August 2021 Corre Energy Storage B.V. drew down €360,000 on a loan facility from N.V. NOM, Investerings- en Ontwikkelingsmaatschappij voor Noord-Nederland ("N.V. NOM"). The loan is repayable in eight quarterly instalments beginning on 30 September 2021, with interest payable at 3% per annum.

14.3 Long-term payables to participating interests

Loans from participating interests represents amounts payable to Corre Energy Partnership SCSp. See note 19 for further information.

14.4 Fair value

The Directors consider that the fair value of the N.V. NOM loan and the non-current lease liability are not materially different to their carrying amounts, since the interest payable is close to the current market rates and the values are relatively low.

In accordance with our accounting policies, the embedded derivative in the IEEF II loan is held at fair value, and the host loan is held at amortised cost.

The below table compares the fair value of the whole instrument with it carrying value. It is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

	2021
	€'000
Carrying amount	11,553
Fair value	15,839

15. Current liabilities

Amounts falling due within one year:

	2021
	€'000
Third party creditors	765
Payables to related parties	58
Trade creditors	823
Corre Energy Group Holdings C.V.	1,123
Payables to participating interests	1,123
Long-term debt due within 12 months	186
Taxes payable	88
Accruals and other liabilities to third parties	642
Accruals and other liabilities to related parties	618
Other current liabilities	1,534

Long-term debt due within 12 months represents the portion of the N.V. NOM loan that is repayable within one year. See note 14 for further information on the N.V. NOM loan.

For further information on payables to related parties, payables to participating interests and accruals and other liabilities to related parties see note 19.

The Directors consider that the carrying amount of current liabilities approximates their fair value.

16. Called up share capital

The below table shows the movements in allotted, called up and fully paid shares of Corre Energy B.V.:

	Number	Nominal value	Share capital	Share premium
		€	€	€
At 1 March 2021	100	€0.1000	10	-
Capital contribution				742,110
Capital conversion	2,300	€0.0045	10	742,110
Issued share capital	49,997,700	€0.0045	224,990	10,004
Initial public offering (IPO)	12,018,846	€0.0045	54,085	11,964,761
IPO transaction costs				(1,215,548)
At 31 December 2021	62,018,846	€0.0045	279,085	11,501,327

On 1 March 2021 the Company was incorporated with an initial issued share capital of 100 shares of €0.10, which were issued to Corre Energy Partnership SCSp.

On 29 March 2021 the Company acquired 100% of the share capital of Corre Energy Storage B.V. as a contribution with an attributed value of €742,110.

On 7 May 2021:

- Corre Energy Partnership SCSp transferred the 100 shares to Corre Energy Group Holdings C.V. by means of a deed of transfer of shares.
- The Company executed a deed of amendment to its Articles of Association to divide the issued share capital of 100 shares of €0.10 each into 2,300 shares of €0.0045 each: and
- The Company issued a further 49,997,700 shares with a nominal value of €0.0045 each to Corre Energy Group Holdings C.V., which settled these by payment of €234,994, the additional €10,004 above the nominal value being accounted for as share premium.

On 23 September 2021 the Company completed its initial public offering (IPO), issuing 12,018,846 new shares at €1 per share. Incremental costs directly attributable to the IPO that otherwise would have been avoided have been accounted for as a deduction from equity.

As documented more fully in note 14, the Company has entered into an equity linked funding arrangement with IEEF II. Under the terms of this agreement IEEF II may provide up to €20m of funding and has the option to convert the funding to shares in Corre Energy B.V. at €1 per share. If the Company pays a dividend IEEF II is entitled to receive the same amount per "share" as if the amount paid by IEEF II under the equity linked funding agreement had been converted to shares at that point in time.

17. Cameron Barney share options

Included in IPO transaction costs in the statement of changes in equity are €33,000 of cost for share options issued to Cameron Barney LLP ("Cameron Barney"), a financial advisor. As part of their remuneration for work performed on the IPO Cameron Barney were granted share options in the Company, which will be filled using shares held by the Company's parent, Corre Energy Group Holdings C.V. This has been recognised as a deduction to share premium and an increase in retained earnings in accordance with the requirements of IFRS 2 and IAS 32.

18. Earnings per share

	2021
	€ cents
Basic	(9.2)
Diluted	(6.4)

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	**2021**
	€'000
Earnings for the purpose of basic earnings per share	
- Net loss attributable to owners of the Company	(3,947)
Effect of dilutive potential shares:	
- Finance costs of equity linked funding agreement	944
Earnings for the purpose of diluted earnings per share	(3,003)

Number of shares	
	Number
Weighted average number of shares for basic earnings per share	42,918,098

Effect of dilutive potential shares:	
- Equity linked funding agreement	3,770,492
Weighted average number of shares for diluted earnings per share	46,688,590

The equity linked funding agreement with IEEF II, which is described in more detail in note 14, gives rise to potential shares. These have been included in the determination of diluted earnings per share but not basic earnings per share.

19. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

19.1 Remuneration of key management personnel

The Group's key management personnel are considered to be the executive directors, the non-executive directors. The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures, with additional disclosures in the Directors' remuneration report. Note that some key management personnel were remunerated via management companies, and this is included here to improve disclosure.

	2021
	€'000
Short-term employee benefits	630
Post-employment benefits	10
Remuneration via group companies	328
Remuneration via management companies	390
	1,358

19.2 Other transactions with related parties

The following other transactions occurred with related parties:

	2021
	€'000
Sales	
Sales to entities controlled by key management personnel	5
Purchases	
Reimbursement of expenses	31
Purchases of services from participating interests	3,113
Purchases of services from other entities controlled by key management personnel	1,191
Capital purchase from other entity controlled by key management personnel	618

The Group sold IT and other support services to a related party.

Purchases of services from participating interests represent the following services acquired from the Company's parent, Corre Energy Group Holdings C.V.:

- Consultancy and management services
- Recruitment services
- IT services
- Use of office space

Corre Energy Group Holdings C.V. is the head office of the wider group and as such incurs the majority of corporate costs, either on its own account or through its general partner Corre Energy General Partner B.V. Invoiced costs relating to activities of the Group are recharged to Group companies at cost with no mark-up. Staff costs relating to activities of the Group are recharged with a small mark-up, appropriate to compensate Corre Energy Group Holdings C.V. for its work performed.

The Group acquired the following services from Procore UK Ltd, which is controlled by Darren Green, a Director:

- Consultancy and management services
- Administrative and other support
- Marketing and social media services
- Use of office space

The capital purchase from other entities controlled by key management personnel is the purchase of cavern options from Corre Energy Limited, a related party company registered in Malta and controlled by Darren Green, a Director.

19.3 Balances with related parties

At the end of the period the following balances were outstanding with related parties:

	2021 €'000
Current receivables:	
- Participating interests	1,466
- Companies controlled by key management personnel	16
Current payables	
- Payables to key management personnel	30
- Payables to companies controlled by key management personnel	28
- Payables to participating interests	1,123
- Accruals and other liabilities to companies controlled by key management personnel	618
Loans from related parties	
- Participating interests	1,845

Receivables from participating interests comprises €1,216,000 due from Corre Energy General Partner B.V. and €250,000 due from Corre Energy Partnership SCSp, a partner in Corre Energy Group Holdings C.V., which is the Company's immediate parent. The €250,000 was repaid to the Company on 4 January 2022.

Payables to participating interests represents amounts payable to Corre Energy Group Holdings C.V., the Company's immediate parent, resulting from purchases of services described in note 19.2. No interest is payable on this amount and there is no repayment schedule.

Accruals and other liabilities to Companies controlled by key management personnel represents €618,000 payable to Corre Energy Limited, a related party company registered in Malta, for the purchase of cavern options.

Loans from participating interests represents amounts payable to Corre Energy Partnership SCSp under the following facilities:

- On 28 March 2021, Corre Energy Partnership SCSp provided Corre Energy Storage B.V. with an interest free shareholder loan in the amount of €1,8m. At the balance sheet date €1,6m was outstanding. The loan has a term of five years and is repayable in full at the end of the term or as the parties may otherwise agree.
- On 19 April 2021 Corre Energy Partnership SCSp provided the Company with an interest free shareholder loan in the amount of €500,000. At the balance sheet date €245,000 was outstanding. The latest date for full repayment of this loan is 30 April 2026 unless otherwise agreed by the parties.

20. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's financial risk management is controlled by Group Finance under policies approved by the Board. Group Finance identifies, evaluates, and manages financial risks in close cooperation with other teams across the Group as required, reporting risk exposures and actions to the Board. The key financial risks facing the Group are market risk (including foreign exchange risk and interest rate risk) and liquidity risk.

20.1 Market risk

20.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily from UK Pounds Sterling (GBP). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group's balance sheet exposure to foreign exchange risk at the end of the period, expressed in Euro, was as follows:

		2021	
	GBP	**DKK**	**USD**
	€'000	**€'000**	**€'000**
Cash	14	7	2
Receivables, prepayments, and accrued income	11	6	-
Trade creditors	(49)	(61)	-
Other current liabilities	(103)	-	-

The aggregate foreign exchange loss recognised in the statement of comprehensive income was €74,000.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from GBP denominated salaries and supplier costs. The impact on pre-tax loss of an increase or decrease of 10% in the Euro/GBP exchange rate would have been €314,000 increase or decrease respectively.

20.1.2 Interest rate risk

The Group has no borrowings or deposits that are directly exposed to changes in interest rates; therefore, profit or loss is not directly affected by higher or lower interest cost as a result of changes in interest rates.

20.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due.

Developing projects requires large amounts of funding to be raised and spent to reach milestones that unlock further liquidity. In some cases, these milestones are formally agreed with funding providers, and in other cases these are the milestones that management judge to be most important. Funding comes from a variety of sources including institutional investors, high net worth individuals, the general public following the IPO and grants.

The Board is ultimately responsible for liquidity management, with day-to-day management performed by Group Finance. The key controls to manage liquidity risk are robust budgeting and purchase approval processes, and the Directors monitor key liquidity risk metrics including comparison of cash flow with budget and review of downside forecasts.

The following table sets out the earliest possible contractual maturities of the Group's financial liabilities and financial assets. Deferred tax assets are shown in the period that the Directors expect them to reverse.

	2021					
	Carrying amount €'000	Contractual cash flows €'000	< 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	> 5 years €'000
Deferred tax assets	3,657	3,657	16	2,362	314	965
Other receivables, prepayments, and accrued income	2,566	2,566	2,566	-	-	-
Cash	13,375	13,375	13,375	-	-	-
Total inflows	19,598	19,598	15,957	2,362	314	965
Long-term loans	11,832	11,279	186	93	-	11,000
Lease liability	100	146	35	35	76	-
Trade creditors	823	823	823	-	-	-
Payables to participating interests	2,968	2,968	1,123	-	1,845	-
Other current liabilities	1,534	1,534	1,534	-	-	-
Total outflows	17,257	16,750	3,701	128	1,921	11,000

20.3 Credit risk

The Group's exposure to credit risk arises from holdings of cash, and if a counterparty fails to meet its contractual obligations.

The Group's primary objective when managing credit risk from its holdings of cash is to minimise the risk of a loss of capital and eliminate loss of liquidity having a detrimental effect on the business. Of the Group's year-end cash holding of €13,375,000, €13,340,000 was held with UBS Switzerland AG, which has a credit rating of AA- (Fitch). All funds are instant access.

Receivables at the period end relate to group companies and related parties. The Directors therefore have good insight into the creditworthiness of these counterparties, and do not consider that they add significantly to the Group's credit risk exposure. All trade receivables are due within the agreed credit terms for the current period and preceding year and are consequently stated at cost.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. To measure expected credit losses, receivables are analysed based on their credit risk characteristics including days past due to determine a suitable historical loss rate. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors that the Group considers could affect the ability of its customers to settle the receivables. Following this approach, the Group has not recognised a loss allowance for receivables.

21. Capital management

The Company's capital comprises ordinary shares which carry one vote each. The shares are entitled to dividends when declared.

Under the terms of the equity linked funding agreement entered into with IEEF II described more fully in note 14, if the Company pays a dividend IEEF II is entitled to receive the same amount per "share" as if the amount paid by IEEF II under the terms of the equity linked funding agreement had been converted to shares at that point in time.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business, ultimately providing returns for shareholders and benefits for other stakeholders.

The Group is not subject to any externally imposed capital requirements.

22. Commitments

22.1 Capital commitments

Capital expenditure that has been contracted but not provided for in the financial statements amounts to €428,000 as of 31 December 2021, in respect of caverns under construction.

22.2 Cavern development agreement

The Group has entered into a series of agreements with Nouryon Salt B.V., which forms part of the Nobian group and is hereafter referred to as Nobian. These give the Group exclusive access to salt caverns in Denmark and the Netherlands for CAES and/or hydrogen storage projects and set out the terms of development of the ZW1 project.

Under the cavern development agreement with Nobian, the Group is liable for the costs of abandonment of the ZW1 cavern from the point that the cavern is handed over by the supplier, with the exception of any liabilities attributable to historical activities of the supplier. At the balance sheet date, the cost of abandonment is nil, so no allowance has been made.

The cavern development agreement with Nobian also includes extensive provisions which apply in the event of termination, including in situations where Corre Energy fails to deliver according to the contract or is unable to continue as party to the contract. These include relinquishment of the mining and/or storage licence to Nobian free of charge if co-held by Corre Energy at the time of termination and payment of liquidated damages to Nobian equal to €10m minus all fees paid and increased with costs incurred in abandoning the first CAES cavern.

22.3 Pledge of shares in Corre Energy Storage B.V.

Corre Energy Storage B.V. has agreed a loan facility of £2m with Lucht SLP LP ("Lucht"), an affiliate of Infracapital. No funds are currently drawn on this facility.

As part of this agreement the Company has created a right of pledge to and in favour of Lucht over all shares, distributions, and rights in Corre Energy Storage B.V. as security for the loan. Lucht is entitled to collect dividends and other distributions and hold these as security for payment of the loan. Neither the Company nor Corre Energy Storage B.V. is permitted to sell, factor transfer, discount or otherwise dispose of shares in Corre Energy Storage B.V.

Corre Energy Storage B.V. has also granted a right of pledge over its present and future moveable assets as security for the loan. This includes machinery, equipment, stock and inventory, computer hardware and vehicles.

These rights are revoked at the point that the loan facility is repaid in full.

22.4 Infracapital agreement

In addition to the loan facility described above the Company entered into a non-binding head of terms with Infracapital in March 2021 documenting the terms on which the parties propose to jointly develop the ZW1 project, subject to the satisfaction of certain milestones by the Company.

Under the proposed terms Infracapital will fund the project to reach financial close. At financial close Infracapital will have exclusive rights to acquire a majority stake in the project through acquisition of shares in Corre Energy Storage B.V., and the exclusive right and obligation to fund 100% of the projected construction costs of the project through commitments for ordinary equity and/or shareholder loans (of up to €276.2m) at a proposed rate of 10% per annum. The Company will retain a significant minority shareholding in Corre Energy Storage B.V.

22.5 Lease commitments

Note 20 shows the undiscounted commitment for lease payments for vehicles recognised as a lease liability on the balance sheet, totalling €146,000.

In addition to this the Group has contractual commitments of €136,000 for short-term leases of office space, all payable in 2022.

22.6 Other commitments

The Group has the following commitments in addition to those already mentioned:

- Commitment to pay its related party Procorre UK Ltd £40,000 per month for office space and HR, CRM, business administration, marketing, and social media services. On 28 February 2022 this contract terminates automatically without notice. Any renewal of this agreement is subject to mutual agreement between the parties.
- Commitment to pay Air Core Limited €25,000 per month for various services including infrastructure project and management services. The duration of the agreement is one year commencing on 1 April 2021 and shall be extended annually until such time as mutually agreed by the parties.

23. Events after the reporting period

In March 2022 the Group submitted a claim for a final payment of €1,726,000 to the European Climate, Infrastructure and Environment Agency for money under a grant awarded to Corre Energy Storage B.V.

On 28 April 2022 the Company's parent Corre Energy Group Holdings C.V. approved the following contracts with related parties of the Group:

- Contract with Procorre UK Ltd for £35,000 per month for office space and HR, CRM, business administration, marketing, and social media services. This replaces the Company's contract that terminated on 28 February 2022 and expires in December 2022.
- Contract with Gibson Watts Limited, a company controlled by Darren Green, a Director to provide recruitment services that were previously provided by Procorre UK Ltd. This contract expires in December 2022.

Under intercompany agreements between Corre Energy Group Holdings C.V. and the Group, costs incurred under these contracts will be recharged to the Group with no mark-up.

On 23rd May 2022 the Directors approved the company’s intention to raise up to €15m through the issue of ordinary shares. The effect of this transaction will be to increase share capital and share premium, but at time of signing these financial statements the precise terms of the issuance including the number of shares to be issued and the issue price are not known.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including but not limited to statements expressing or implying Corre Energy's beliefs, expectations, intentions, forecasts, estimates, targets, projections, or predictions (and the assumptions underlying them). Without limitation, any statements including words such as “intend", “expect", “anticipate", "target", “may", “believe", “plan", “estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are forward-looking statements.

Forward-looking statements necessarily involve known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual future results and situations may therefore differ materially from those expressed or implied in any forward-looking statements. Such differences may be caused by various factors.

Any forward-looking statements contained in this announcement are based on information currently available to Corre Energy's management. Corre Energy assumes no obligation to in each case make a public announcement if there are changes in that information or if there are otherwise changes or developments in respect of the forward-looking statements in this announcement. Neither Corre Energy nor any of its affiliates assumes any obligations to update any forward-looking statements.

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