Corre Energy / **Annual Report 2021**

storing renewable energy at scale



Strategic report

Governance

Financials

Corre Energy is a leader in the commercialisation, financing, development and operation 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.

Our initial market focus is Europe, with anticipated expansion into other markets globally.

Our team has extensive experience and success in the energy sector – in renewables, energy storage and hydrogen, including market-leading expertise in modelling the capability of LDES to integrate large-scale renewables.

Read about our mission, purpose and values
on page 9

Overview of business

Innovative solutions driving growth

Key statistics & developments

Listing Date: **23 September 2021**

Listing Venue: **Euronext Dublin**

Ticker: **CORRE**

Share Price: **€1.85 on 18 May 2022**

Shares in Issue: **62,018,846**

Market Capitalisation: **€115m**

ISIN: **NL0015000DY3**

Key investment highlights

- Large and growing market for renewable energy storage in Europe and globally
- Multiple potential revenue streams from combining compressed air storage with green hydrogen
- First mover advantage with European Union (EU) designated pipeline and tier-1 project partners including Infracapital (M&G) as partner for debut project
- Highly experienced management team
- Pipeline of 11 projects across Northern Europe including additionality of existing sites

Energy storage

Proven technology: Compressed air energy storage (CAES) technology has over 50 years of successful operation. A proven grid-scale energy storage solution

Integrated H_2 value chain: Co-location of air and hydrogen storage caverns with electrolyser provides a low cost storage solution

Symbiosis of H_2 and CAES: H_2 CAES provides balancing into electricity market and large-scale use-case for on-site hydrogen production

Scalable: Application is scalable by adding new capacity and caverns across Europe

EU demand for LDES could exceed

250 GW by 2040*;

Corre Energy targeting largest markets

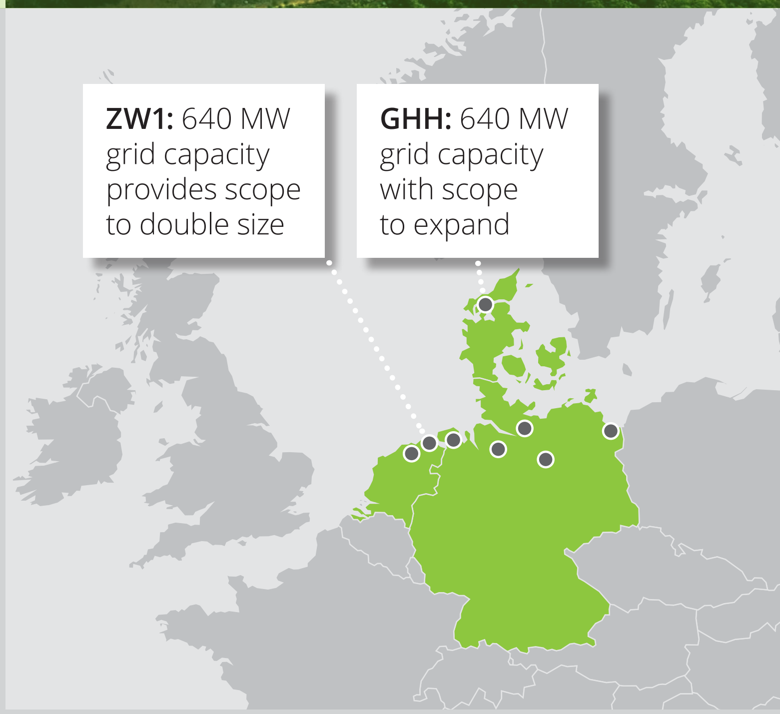
* Source: LDES Council, McKinsey & Company

The market and where we operate

- Corre Energy is a market leader in Europe and one of the few listed LDES developers globally.
- Northern Europe is the largest regional market (~140 GW) where Corre 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.
- Under the European Commission's recently announced REPowerEU plan, demand for LDES is set to increase.
- A major focus of the plan is the acceleration of renewable permitting and hydrogen storage development. Additionally, it also underpins strong offtake demand from investment-grade utility customers and commodity trading houses for Corre Energy projects and products.
- The 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 US and Europe.
- Circa 400 GW of LDES is required by 2030 mostly in the US and Europe.

ZW1: 640 MW grid capacity provides scope to double size

GHH: 640 MW grid capacity with scope to expand



8x

Energy transition designated sites

with significant expansion potential for additional projects/caverns at each site (2-3x)

Overview of business continued

Partnerships

Siemens Energy: Global collaboration agreement signed.

The Long Duration Energy Storage (LDES) Council: Corre Energy is an anchor member of the global council.

The European Association for Storage of Energy (EASE): Corre Energy is an anchor member and board director of the global council.

Geostock: Partnership agreement in place with this leading underground storage engineering specialist Geostock – 10-year collaboration agreement in place.

ECH2A: European Clean Hydrogen Alliance have highlighted ZW1 and GHH as key energy transition investment projects.

Nobian: Salt mining industry leader. Nobian hold the rights to suitable salt mining sites across Northern Europe, with in situ solution mining facilities. Corre Energy has secured exclusive access to salt caverns with Nobian for CAES projects with optionality for hydrogen storage in our ZW1 project and in advance discussions for our GHH project.

Grid Operators: TenneT (NL, Germany); Energinet (DK) TSOs in Netherlands, Denmark and Germany, through which effective grid connections will be delivered; customers for ancillary grid services.

80%

EU's objective is to reach over 80% renewable energy by 2050

Source: European Commission

Finance

Italian Energy Efficiency Fund II (IEEF II) drawdown – €11m drawn by Q4 2021.

Infracapital Greenfield Partners II (Euro) SCSp – working in partnership to select senior debt provider.

Equity Raise – Successful Equity raise €12m from IPO in September 2021.

Project ZW1 – as a European project of common interest a grant reclaim of €1.7m has been submitted to CINEA (European Climate, Infrastructure and Environment Executive Agency).

Customers

As part of Corre Energy's process of delivering an offtake agreement on ZW1, proposals for 10-15 year contracts have been received from a range of investment-grade partners.

Increasing customer demand points to a scalable revenue contractual framework for pipeline project opportunities.

Optimising commercialisation programme and associated milestones to enhance offtake and project economics given customer demand.

Read more about our customers on page 13

REDII

Under the Renewable Energy Directive

EU has a renewable energy target of 40% by 2030 – almost double that achieved in 2021. Offshore wind capacity expected to quadruple over the next eight years. This increased focus on renewable energy requires a storage solution, which Corre Energy provides, as a leader in LDES.

Project ZW1

Location / **The Netherlands**

CAES capacity of up to 84 hours (3.5 days provides storage of 26 GWh) output capacity of 320 MW.

CAES generator / **320 MW**

Grid / **640 MW reserved**

Customer offtake/offers of 10-15 years for 100% of output with revenue sharing

Milestones & timeframes

- Customer contract and primary EPC framework – H2 2022 to optimise pricing and contract terms.
- Key development milestones of design, land and grid reserved are on track for completion H2 2022.
- Strong customer demand is expected to continue into Q4 2022 allowing for optimal offtake arrangements to be achieved with customers.

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**

Milestones & timeframes

- While early stage we see significant emerging customer demand with three 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.

Chairman's statement

Delivering a sustainable future

> 2021 has been a landmark period for Corre Energy but also for society's transition to sustainable energy, where Corre Energy is committed to making a meaningful contribution.

The Company's successful IPO on Euronext Dublin in September 2021 demonstrated that equity markets recognise the essential role of private investment in the energy transition. The urgency of that transition was affirmed by leaders of governments, industry and civil society gathered in Glasgow for COP26, in November 2021. Since then, the importance of security in energy supply and of reducing dependence on oil and gas have become high priority for governments and for energy users. Corre Energy is committed to demonstrating that energy storage, at scale, is technically and economically feasible, while providing returns to investors.

Corre Energy's net asset value (NAV) at 31 December 2021 was €1.2 per share. The NAV total return from listing to 31 December 2021 has been 20%. We believe that this reflects a solid performance for the initial period of a market listing.

The IPO funds have allowed Corre Energy to mobilise for project planning and design. As our projects progress in engineering terms, it is essential to plan for their future integration in energy markets. In this context, we have received proposals for 10 to 15-year offtake agreements, from investment-grade partners, for our flagship project in the Netherlands, ZW1, subsequent to period end.

Two of Corre Energy's projects, in the Netherlands and Denmark, have been designated as EU Projects of Common Interest (PCI), which has resulted in receipt of grants for project design. We are confident that we will secure additional funding under future PCI funding competitions.

In addition to funding, Corre Energy expects to benefit from the EU's REPowerEU plan to create a secure, resilient and sustainable EU energy market. Under this plan, renewable permitting will be fast-tracked and a hydrogen accelerator developed.

Project development

Our ZW1 project in the Netherlands achieved significant progress during 2021. The Groningen site is ideally situated as a storage platform to balance offshore wind and is the only 'Hydrogen Valley' recognised by the European Commission. The project has secured excellent connections to the grid, and an exclusive agreement with Nobian for rights to use salt caverns.

The Green Hydrogen Hub in Denmark is Europe's only energy storage public private partnership (PPP) and will act as the blueprint for other projects in the pipeline. Corre Energy connects with consortium member Eurowind Energy A/S to balance renewables and power electrolysers with 100% green power. Gas Storage Denmark (part of the Danish Transmission System Operator, EnergyNet) has significant storage trading experience, offering valuable experience to the project.

Safety and ESG

Corre Energy responded promptly to Covid-19 and adopted work practices that protected the health and welfare of our own colleagues, and those in our supply chains. We continue to operate Covid-aware practices and we will maintain our focus on health and safety more generally, as our projects move through design and implementation.

The Company's Board and Senior Management Team (SMT) are committed to high environmental, social and governance standards (ESG). We continue to refine the criteria and measurement for ESG objectives, which will be incorporated in our Sustainability Report for publication in 2022. 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. We will report against these and against the recommendations of the Task Force on Climate-related Financial Disclosures in our Sustainability Report.

We continue to build our Board with the expertise and experience to guide strategy and provide oversight of the Company. A process is underway to appoint further non-executive directors in 2022.

I would like to acknowledge the work of the Corre Energy management and wider team for developing the company to a position that it could be successfully floated on Euronext Dublin. I would also like to express my appreciation to Luca Moro and Rune Eng, (Non-Executive Directors) who joined the board in 2021, for their support in developing strong governance.

Outlook

The Board and SMT of Corre Energy look forward to delivering on our strategy of supporting society's transition to sustainable energy. That transition will require a range of Long Duration Energy Storage solutions and Corre Energy is committed to demonstrating the potential for hydrogen based compressed air energy storage to balance networks' commitment to renewable sources. We recognise the challenges of securing planning and funding approval for large-scale engineering projects, that will use known technologies, but we are confident that public agencies and capital markets will support these landmark projects.

Each report of the Intergovernmental Panel on Climate Change reminds us of the urgency of decarbonising our economies and the COP27 meetings in Sharm el-Sheikh, Egypt in November 2022 are likely to call for more ambitious delivery of energy solutions. At Corre Energy, we recognise our responsibility to respond to the climate change challenge and to the need for energy security. We have assembled a hugely committed and experienced team to lead that development, as quickly and as safely as is reasonably possible.

The Board of Corre Energy is grateful to its shareholders for committing to the Company and for their continuing support. We also appreciate the strong support from the EU and national governments since the inception of our projects. It is a pleasure to serve you as Chairman during this significant period of growth and delivery and I am confident that Corre Energy will contribute to a net zero carbon future, while generating attractive returns for shareholders.

Frank Allen
Chairman

Working in partnership with our stakeholders

Partners

Green Hydrogen Hub Project in Denmark is a world first. It is Europe's only energy storage PPP and will act as the blueprint for remaining projects in the pipeline.

Our ZWI project in the Netherlands is the only Hydrogen Valley recognised by the European Commission.

We are committed to work alongside our significant partners to deliver secure and sustainable energy throughout Europe.

Employees

Creating a sustainable difference starts with an empowered team, where we seek opportunities to take ownership and deliver on our commitments. Building a green future is a goal for everyone and is only achievable together. Trusting each other and valuing the strength our differences brings is at the heart of how we partner and connect.

Community

The recent acceleration of EU renewable energy targets necessitates the reassessment of this rapidly developing technological space, providing the opportunity for LDES integration within both European and member states strategic framework for energy, thus helping to ensure Europe's near and long-term energy security.

Investors

We understand the importance of ESG to our investors, the asset managers and their clients, who, after all, are mostly pension funds looking towards our future. Our goal is to work in tandem with the markets to ensure we meet the very highest of standards, and hold ourselves to account on our own ESG policies, procedures and culture within the company.

Read more about our stakeholders on page 34

CEO's statement

Delivering renewable energy storage solutions

> After 25 years of liberalised electricity markets, the industry is being reminded of the importance and value of strategic energy storage.

A new context

Storage is a critical party 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 we now move toward an accelerated renewables future, the role of storage and specifically LDES is clearly critical. LDES in the form of hydrogen based CAES can integrate large-scale renewables, enhance security of supply, reduce electricity prices while significantly reduce Greenhouse gases (GHG's).

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, they are saying that we're going to bring forward the 2040 to 2050 renewables world 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 our markets

And we already see this translating into measures in the countries where we are developing our projects. In March 2022, the Dutch government announced a doubling of its offshore wind targets to 21 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 100+ MW project currently in the Netherlands, with the ability to store renewables electricity for 3.5 days. The increased importance of the project can't be overstated in the context of an accelerated and larger build-out of offshore wind within the next nine years.

We also see increasing pressure in Denmark to accelerate the delivery of the Green Hydrogen Hub and the possibility of increasing the capacity of that particular project. The CAES hydrogen fuelled element of that project involves the co-location of hydrogen storage in a salt cavern with hydrogen production through electrolysis. This element unlocks the full hydrogen supply storage and utilisation use-case. Thereby recycling renewables converted into hydrogen, back onto the grid as 100% green power and green balancing. That particular project is a stand-out project, it is a project of Common European Interest, 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 from the European Commission.

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 flagship CAES project in the Netherlands was estimated to be circa €2.1bn.

Purpose

To facilitate a secure, flexible and affordable green energy system, by storing renewable energy at scale.

Mission

To support the transition to net zero by developing and commercialising Long Duration Energy Storage (LDES) projects, technologies and products that unlock benefits for our investors, partners and the communities within which we operate.

Vision

To lead the development of projects, technologies and products focused on renewable energy storage and green hydrogen production that materially progress the decarbonisation of the energy sector.

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 performance

As the Chairman has outlined, Corre Energy listed in September 2021 with a highly successful IPO. Since then, we have continued to achieve important milestones on our journey to deliver our business plan. We believe our unique LDES solutions will deliver a large long-term revenue stream which can be scaled across multiple markets. And, we are successful in developing strong and long-lasting financing relationships with our partners.

We report a €3.9m loss after tax, which was primarily driven by employee related costs of €2.8m and administration costs of €4.8m. The Groups funding profile remains strong with €23m received in the period. The Group capitalised project costs in the period of €5.2m.

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 of Visionary, Collaborative, Empowering, Challenging, Integrity and are key to delivering our mission to support the transition to net zero and deliver material progress toward a decarbonised energy sector.

Outlook

The current geopolitical backdrop has brought into sharp focus the importance of accelerating renewables in Europe, and the importance of adequately remunerating security of supply.

Corre Energy, as the leading listed LDES company in Europe, has near-term projects with an expanding pipeline, a deeply experienced management team and the confidence in our attractive growth pathway, to demonstrate shareholder value.

We are very well positioned to make a significant contribution to accelerating a renewables future and securing energy supplies in Europe.

Keith McGrane
Chief Executive Officer

Our business model

Storing tomorrows green energy at scale

Our resources

Experience

Corre Energy has extensive experience and success in the energy sector – in renewables, energy storage and hydrogen, and market-leading expertise in modelling the capability of LDES to integrate large-scale renewables. Corre Energy also has a deep knowledge of project origination, project development, and corporate and project finance.

Project pipeline

We are actively developing two LDES projects in the Netherlands and Denmark, and have obtained exclusive rights to a portfolio of energy storage projects across the Netherlands, Denmark and Germany. Each project is designated within the European Union's 10-year network development plan (TYNDP). Corre Energy is uniquely positioned to develop and operate a portfolio of LDES projects in Europe and its ambition is to develop and operate storage projects in other major markets, including the US. Corre Energy aims to start construction work on its first project in 2023.

Finance

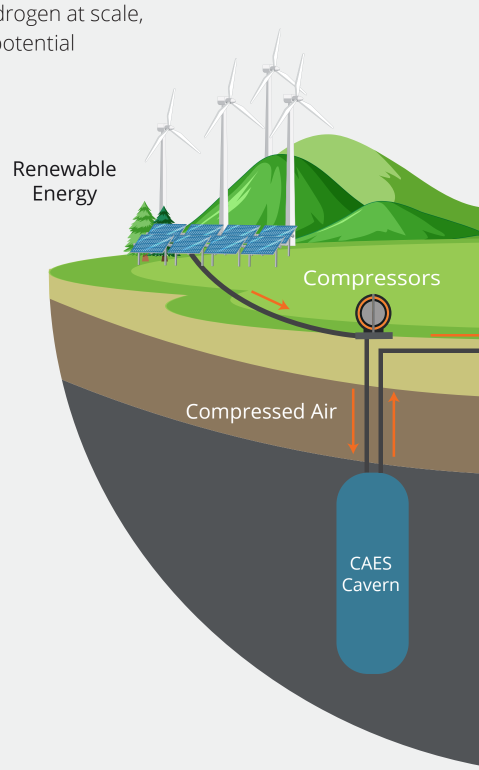
With Infracapital and FIEE SGR as strategic investors, the Company listed on the Dublin Exchange in September 2021. In addition, the Company is co-financed by the Connecting Europe Facility of the European Union through a Project of Common Interest (PCI) grant award, and plans to access additional EU grants to facilitate the development of its initial projects in the Netherlands and Denmark.

Industry partners

Corre Energy is working with significant organisations/partners to bring forward its project pipeline, including Nobian and Siemens Energy in the Netherlands, and Eurowind Energy A/S and Gas Storage Denmark, both in Denmark. The Company is a member of the European Association for Storage of Energy and a member of the Long Duration Energy Storage Council, which is led by McKinsey & Co. Corre Energy has also been invited to take part in the European Commission-led European Clean Hydrogen Alliance.

Our business

Projects will enable the energy transition, unlock hydrogen at scale, and create multiple potential revenue streams.



Our four key components

Compression of air into storage when electricity prices are low

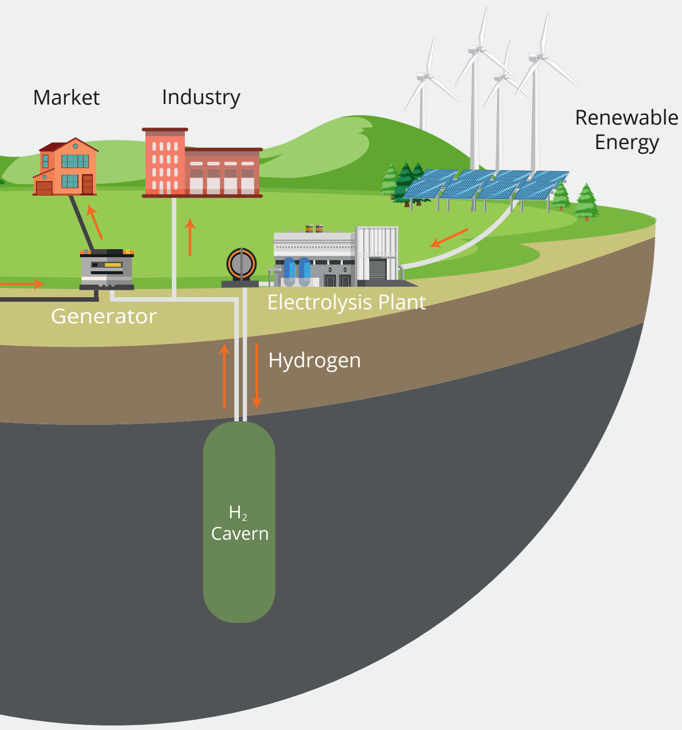
Electricity generation from storage when prices are high

Underpinned by our vision to...

... lead the development of projects, technologies and products focused on renewable energy storage and green hydrogen production that materially progress the decarbonisation of the energy sector.

Visionary

Collaborative



Sale of electricity market balancing services

Sale of surplus green hydrogen production to industry

Value creation

Partners

We are driven by our desire to innovate in order to better the world around us – we plan ahead for the uncertain future with solutions which work alongside our partners.

We are a driving force for the increasing use of renewable power across Europe and beyond.

1.5 to 2.5 TW scale

is the total addressable market reach for LDES by 2040 to achieve the required flexibility in net zero power systems

Source: LDES Council EASE Webinar Report and Panel Discussion 14 December 2021. Net Zero Power "Long Duration Energy storage for a renewable grid".

Investors

We live in a world where Ethical, Impact and ESG investing dominate the headlines. We look beyond these headlines to offer an investment opportunity with a solid investment case. Our investment proposition combines both an opportunity to participate in the journey to net zero, while also satisfying the fiduciary duty which is incumbent on all asset managers, that of generating positive shareholder returns.

45%

Under its latest proposal (REPowerEU), the EU is proposing to increase the EU's 2030 target for renewables from the current 40% to 45%.

Empowering

Challenging

Integrity

Strategy

Storing renewable energy at scale to enable a secure flexible and affordable green energy system

Our strategy

Our strategy supports our vision to lead the development of LDES projects, technologies and products focused on renewable energy storage and green hydrogen production that materially progress the decarbonisation of the energy sector.

Our purpose – to facilitate a secure, flexible, and affordable green energy system, by storing renewable energy at scale – will empower the energy transition and accelerate society's progress towards a cleaner and greener world.

Our strategic pillars

Over the past year, the fundamentals of our industry have changed forever. Imminent danger to security of energy supply has pushed unprecedented customer and investor demand into our sector with green investment rising to new highs. Previously, Covid-19 accelerated the societal shift in how we live our lives and engage with our world.

Our strategic plan responds to these shifts and supports our purpose, vision, mission, and values under four key pillars.

Strengths

Our senior management team focuses our distinct capabilities on addressing the increasing balancing requirements of gigawatt-scale renewable power.

Impact:

We will provide important and cost-effective services to national grids/Transmission System Operators in the form of storage and balancing services (demand and frequency response).

In the new accelerated policy environment, our LDES projects can act as an energy systems integrator and facilitate sectoral integration.

Impact:

Greater flexibility is critical for the decarbonisation of energy systems in Europe and globally.

In addition to quality management, our team of engineers, project managers and market analysts have extensive experience and success in the energy sector – in renewables, energy storage and hydrogen.

Impact:

Corre Energy is uniquely positioned to develop and operate a portfolio of LDES projects and products in Europe with ambition to develop and operate storage projects in other major markets.

Growth

We want to grow. Within this pillar of our strategy, we will.

- Continue to grow our customer base by offering utility scale long-term solutions for future storage needs.
- Invest further to develop in-house market-leading expertise in modelling the capability of LDES to integrate large scale renewables.
- Develop and operate storage projects in other major markets, including the US.
- Seek to be more agile, more effective, engaged and aligned with our strengthening culture inspiring our team to be the best and support positive change.

Risk:

1 4 7 8 9 10 12

Customers

As we expand our LDES business, we see unrivalled commercial opportunity ahead. In this regard we will.

- Target the addressable market, striking the right balance and correctly managing any underlying risks.
- Become a solution provider for utility-scale renewables so they can guarantee supply.
- Diversify our revenues streams by expanding on our storage services and in time our trading capabilities.
- Build portfolio value in a dynamic marketplace.
- Seek to always partner well and create value for customers, shareholder and communities alike.

Risk:

5 13

Scale

As countries build out unprecedented levels of renewables, this pillar of our strategy outlines how Corre Energy can originate, develop and finance more secure inertia-based LDES projects.

- We will expand globally by originating unique resources through exclusivity.
- We will originate with additionality. Having scalable opportunities ensures a resilient pipeline of projects.
- We will scale with purpose in a cost effective and efficient style reassessing our growth at each stage, and keeping our team and operations aligned. We will deliver the additionality from within our portfolio in our current markets and scale economically feasible projects in other areas.

Risk:

2 3 4 10 11 12

Transition to net zero

We do more than simply play a part. Corre Energy is 100% committed to.

- Protecting the environment in all aspects of our work.
- Accelerating the energy transition helping provide society with energy that is clean, secure, reliable and affordable.
- Working in partnership with local communities as we develop and operate our projects.
- Ensuring all our projects provide a social dividend.

Risk:

6 13

Read more on our risks
on pages 22-27

Our markets

Facilitating the green energy transition

The energy market

The European and global energy markets are seeing substantial growth of renewables; increased volatility in wholesale prices, including negative electricity prices becoming more commonplace; and the growing electrification of vehicles and energy efficient heating and cooling systems as governments seek to decarbonise.

The EU's objective is to achieve carbon neutrality by 2050. The European Commission's 2050 long-term strategy describes a number of pathways to reach between 80% and 100% decarbonisation levels, a 650x increase in hydrogen (H_2) production by 2030, and an 8000x increase by 2050. All of these pathways have major implications for the energy sector and, in particular, for electricity. The need for grid-scale storage to offset intermittency in renewable production increases rapidly as renewable generation rises.

The need for Long Duration Energy Storage

LDES technologies offer a sustainable and scalable solution to renewable energy fluctuations, and can facilitate flexible, reliable, and affordable energy systems. The cost savings from LDES can be passed on to customers, helping to alleviate the rising energy prices which we are seeing across the globe. The increasing importance of LDES solutions is echoed in recent government pledges, such as the UK Government's recent financial boost for renewable energy storage technologies.

Green hydrogen storage projects are also seeing a significant amount of investment. Some examples of emerging green hydrogen storage projects include Sweden's rock cavern hydrogen storage project, Carbon280's Hydrilyte™ Refueller project in the UK, and Green Hydrogen Hub Denmark.

These emerging projects, along with the countless others in preparation, are imperative for nations around the globe to navigate current energy market conditions and facilitate the green energy transition.

€1 trillion

Energy transition at top of EU's agenda:

climate neutral by 2050[2], with Green Deal mobilising at least €1 trillion over the next decade[3]

Grid-scale energy storage critical to EU renewables targets

108 GW of electricity storage required to meet EU decarbonisation targets by 2030[1]

Energy transition at top of EU's agenda: climate neutral by 2050[2], with Green Deal mobilising at least €1 trillion over the next decade[3]

Renewable power to grow to 70% of all EU energy generation by 2030 from 20% in 2020[4]

650x increase in H_2 production by 2030. 8,000x increase by 2050[5]

55% reduction in GHG emissions by 2030 requires €350bn of additional investment[6]

Source:

1) European Commission: Study on energy storage – Contribution to the security of the electricity supply in Europe, March 2020.
2) European Commission: 2050 long-term strategy.
3) European Parliament: Europe's one trillion climate finance plan, September 2020.
4) Communicated renewables targets in Corre Energy's initial key markets. 2020 renewable figures from Eurostat, 3 February 2021.
5) Goldman Sachs: Green Hydrogen, the next transformational driver of the Utilities industry, September 2020.
6) European Commission: State of the Union: Questions & Answers on the 2030 Climate Target Plan, September 2020.

What is Corre Energy's role?

Corre Energy is a leader in the development, operation, and commercialisation of LDES projects and products. Its goal is to accelerate decarbonisation and enhance the security and flexibility of energy systems.

Our team has extensive experience and success in the energy sector – in renewables, energy storage and hydrogen, including market-leading expertise in modelling the capability of LDES to integrate large-scale renewables.

Corre Energy's flagship project, CAES Zuidwending (ZW1) has been designated by the EU as having a significant impact on energy markets and contributing to the EU's climate and energy goals by integrating renewables.

The location of the project ensures proven salt resources and infrastructure, excellent connections to grid, gas and hydrogen supply, and is ideally situated to serve as a storage platform for offshore wind.

The project is listed on the ENTSO-E Ten Year Network Development Plan, and will deploy advanced CAES technology to develop and implement renewable CAES solutions for the integration of renewable energy. Alongside the ZW1 project, Corre Energy is the consortium lead for the development of the Green Hydrogen Hub Denmark project (GHH).

This project aims to combine large-scale hydrogen production with underground hydrogen storage and compressed air energy storage to accelerate Denmark's green energy transition. GHH brings together Corre Energy, Eurowind Energy A/S, and Gas Storage Denmark. In consortia, we combine unparalleled expertise to balance renewables with 100% green power.

Highlights

- Key selling points of the ZW1 project are the storage duration of up to 84 hours (3.5 days) output capacity of 320 MW to enable integration of gigawatt renewables and green hydrogen use.
- Delivering a large long-term revenue stream which can be scaled across multiple markets.
- Demand for our unique LDES solutions continues to experience heightened interest from a range of market parties and now Corre Energy will directly benefit from the EU's recently announced REPowerEU plan.
- This plan fully underpins strong offtake demand from investment grade utility customers and commodity trading houses for Corre Energy projects.
- There has been significant interest with several investment-grade entities submitting offers for long-term offtake of 10-15 years for 100% of the output of the project. The outcome of this process is expected in H2 2022.

Electricity market simulations validate future revenues

Three independent parties have simulated future electricity markets for CAES revenue optimisation in the Netherlands and arrived at similar results.

ARUP

On behalf of Infracapital, **Arup** carried out extensive independent assessments of the technology, cavern design, project development and business plan. In a separate report Arup reviewed the overall business, the Dutch Power Market and Corre Energy's approach to Power Market Modelling. They reviewed our Market Modelling Assumptions with regard to Ancillary Services and our route-to-Market Approach. These reports formed the basis of reliance that enabled the Infracapital Corre Energy transaction to complete.

kiwa

Kiwa, a global consultancy, among other analyses, did an independent assessment of the technical information to define the Technology Readiness Level (TRL) of the system as a whole. Kiwa reviewed the design assumptions of the major plant equipment to ensure performance and operational characteristics were within expectations and assessed the geological assumptions on the cavern performance across the various cycling regimes in each scenario. This was underpinned by assessing a broad evidence base of previous academic studies of similar cavern operational scenarios and known industry data on rotating equipment and hydrogen production.

ENERGY REFORM
CONSULTING SERVICES

Energy Reform provides independent specialised consultancy services to players in the energy sector worldwide. They specialise in applying advanced power system simulation techniques in complex operating environments. Commissioned by Corre Energy to simulate electricity market revenue optimisation for the CAES plant across all of North Western Europe at various points in the coming decades. Results from the model form the basis of Corre Energy's revenue estimations.

Infracapital M&G

Infracapital is a leading European infrastructure investor, with £6bn raised and managed across six funds. They are the infrastructure division of M&G Investment Management. They are our partner in the Corre Energy ZW1 project in the Netherlands. Completed significant due diligence on the economics of the CAES plant at ZW1, commissioning an independent third-party to review the Energy Reform revenue estimations. Validated the Energy Reform revenue estimations for CAES.

Our experienced team

Energy, expertise, ability & commitment

Building a team with extensive experience is critical in achieving our mission to support the transition to net zero and create a greener tomorrow. We are very honoured and proud to have the opportunity to build a team of experts that contribute to the acceleration of the energy transition. We look forward to our journey to create a carbon net zero future together.

Expertise

Our approach

Our team of engineers, project managers and market analysts have extensive experience and success in the energy sector – in renewables, energy storage and hydrogen, and market-leading expertise in modelling the capability of LDES to integrate large-scale renewables.

Knowledge

Our approach

With the knowledge of our management team and board, Corre Energy has the significant skillset required to deliver LDES solutions.

Combining experience in geophysics and engineering, project finance and development along with an entrepreneurial approach, the Company is successful in identifying, attracting and retaining the best-in-field talent to work alongside Corre Energy in supporting the energy transition.

Teamwork

Our approach

Headquartered in the Netherlands, listed in Dublin, with offices in both London and Bristol, we are a truly international team. We pride ourselves on our ability to connect and work cohesively across our projects and group. While Covid-19 brought many challenges to the world, we were already well placed to work remotely, with the common goal of delivering our vision.

Responsible employers

At Corre Energy we believe that diversity is any element that distinguishes people and empowers a diverse line of thought – for example gender, race, nationality, education, background, age, disability status or sexual orientation. As an international employer, we expect all our leaders to embrace their role as inclusive leaders by being committed to building diverse teams of complementary strengths and valuing diverse perspectives. We are committed to providing a fair, safe and collaborative work environment for our employees to enjoy.

"It's rare that a group of people has an opportunity to converge and work towards delivering their shared vision for a better future."

Astrid Hartwijk
Chief Development Officer

Environmental, social & governance (ESG)

Unlocking the societal value of storing renewable energy

The Corre Energy storage solution can take a natural resource in the form of wind and solar and store it in a natural resource in the form of salt caverns, not reliant on rare earth minerals. We can then redeliver that stored renewable energy back into the grid, demonstrating a true circular economic model for renewable energy and the consequential positive societal impact.

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.

- 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.
- 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
- We will do this to demonstrate our commitment to being transparent and accountable for how we operate

Standards

- VRF/SASB
- TCFD
- CDP

Recommendations and commitments

- UN Sustainable Development Goals
- UN Global Compact Ten Principles
- UN Guiding Principles on Business and Human Rights

UN Sustainable Development Goals

The following Goals are most relevant to our business:

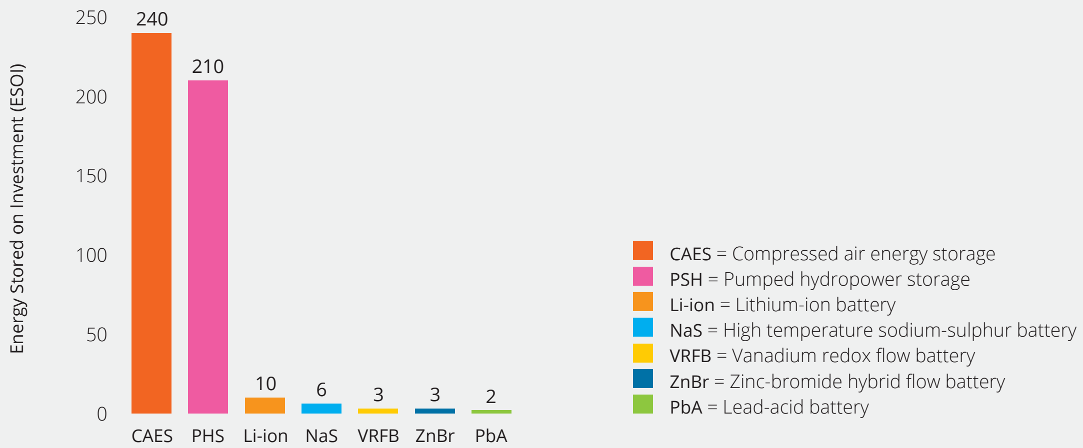
1 NO POVERTY | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

Case study:

Comparative societal value of storage technologies

Environment impact as measured by Energy Stored on Investment (ESOI) for a range of storage technologies. Mechanical energy storage technologies have much higher value than electrochemical energy storage as a result of their lower embedded energy per unit capacity and higher cycle life.

ESOI by type of storage



Source: http://www.imperial.ac.uk/grantham/energy-storage/

Imperial College London has conducted analysis on the lifecycle and environmental costs for different forms of storage to rank them in terms of sustainability value represented as the ESOI, a metric derived from capacity and lifetime of a storage technology in relation to the resources and energy used (embedded energy) to provide the technology. Battery involves extraction, refining, large land use, etc. Mechanical forms of storage such as CAES involving underground caverns have much higher ESOI value on the basis of lower embedded energy per unit capacity and a high life cycle (can operate for 35 years+). CAES is the highest value technology based on this comparison.

Societal benefit

- **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

Financial review

Developing, funding and expanding

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

Group

Following incorporation in March, 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 Zuidwending 1 (ZW1) project and Corre Energy ApS owns the development of the Green Hydrogen Hub (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. It is expected that this project will continue in the development phase until 2026, requiring expected capital expenditure of €340m to develop and build.

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 advanced negotiations regarding additional projects in Germany, the UK and US.

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 faith in our proposition and business model.

In June 2021 we received the first instalment of €3m of convertible loan funding from the 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 SGR). A second instalment of €8m was received in October.

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.

Key metrics

Loss after tax
€3.9m

Funding received in the period
€23m

Cash held
€13.4m

Project costs capitalised in the period
€2.1m

Project costs capitalised (cumulative)
€5.2m

Cavern options held
5

Projects being developed
2

Total projects in pipeline
11

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 of Corre Energy B.V. on Euronext Dublin in September, selling 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 loss before tax for the period was €7.6m, primarily driven by employee expenses of €2.8m and legal & professional costs of €4.8m that are not directly attributable to a capitalisable project. 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 Chief Financial Officer

Risk management

Creating and preserving long-term value

The Board regularly reviews the principal risks facing the Group, together with the mitigating actions and controls, and undertakes a risk assessment. In reviewing the principal risks both emerging and existing risks are considered. In addition, guidelines for risk appetite have been set as part of the risk management process.

Risk management is an integral part of Corre Energy's business, supported by clear governance. Risks are an essential element when opportunities are assessed, and strategies set. Management decisions are made in line with the Group's risk appetite. Risks are identified, mitigated, and monitored on an ongoing basis, as part of business practices.

The Group's risk management approach addresses the risks the Group inevitably faces in achieving its strategy. Managing risks in a conscious manner increases the likelihood of achieving our strategic objectives. A proactive approach ensures risk management is part of our executive conversations and is embedded in our processes. This benefits our decision-making and is essential to create and preserve long-term value.

Risk governance

Oversight

Board	ARC	SMT
Overall responsibility for risk management, including risk appetite and oversight for the risk assessment and mitigation strategy.	Oversight of the risk framework and internal control assurance on behalf of the Board.	Overall accountability for the management of risks. Individual members of the SMT are accountable for specific principal risks.

The Board is responsible for risk management and has set up the Audit and Risk Committee (ARC) and delegated authority to it to oversee risk management. The ARC comprises the independent Non-Executive Directors and meets quarterly to discharge its duties, which include approving risk policies and monitoring key indicators.

Day-to-day management of risk is the responsibility of the Senior Management Team (SMT), who are accountable for managing risks in their areas of responsibility, for example identifying emerging risks and taking actions to mitigate risks as required. The SMT continuously monitors risk management and progress against agreed actions, and formally reviews the risk register on a quarterly basis.

The SMT are supported by the Risk function, which reports into the CFO.

As the Group builds out its risk reporting of its business, is mindful of its early stage of development it has committed to building out its internal control framework in 2022.

Risk appetite

Corre Energy takes risks consciously, assessing their impact on business objectives. The level of risk the Group is willing to take depends on the nature of the risk.

Corre Energy identifies thirteen risk categories:

	Risk categories	Identifiers
Risk	Strategic risks	1 Disruptive competitors enter the market 2 Technological and viability 3 Project deployment
	Project risks	4 Policy and regulation 5 Key partnerships 6 Environmental 7 Stakeholder and community opposition
	Financial risks	8 Funding and liquidity 9 Pricing
	Operational risks	10 Information technology 11 Human resources and talent Management 12 Health and safety
	Compliance & regulatory risks	13 ESG, regulatory & compliance

Our risk appetite is summarised below.

Corre Energy is pursuing multiple innovative projects across various jurisdictions, meaning that despite regular oversight by Board and SMT and the appropriate levels of staffing and investment, we must accept a moderate to elevated risk that a given project will not be completed in line with agreed budget and timeline. We also accept that there is moderate risk inherent in Corre Energy's strategy because it requires successful scaling and commercial implementation of technology. This risk is actively managed by the Board and SMT. As the business is investing in enterprise wide and functional risk management tools appropriate for its next stage of growth, it plans to reduce the risk with active mitigations given its early-stage development.

Project development requires substantial amounts of funding to be raised and spent to reach milestones that unlock further funding. We have a low-risk appetite for funding risk, therefore Financing and liquidity forecasts and associated risks are closely monitored, and the Group uses a wide range of funding sources.

Corre Energy has low appetite for operational risk including health and safety risk exposure, pursuing a policy of strict compliance with regulations, and ensuring safety drives all major decisions in the organisation. We define processes and controls to reduce other operational risk to an acceptable level.

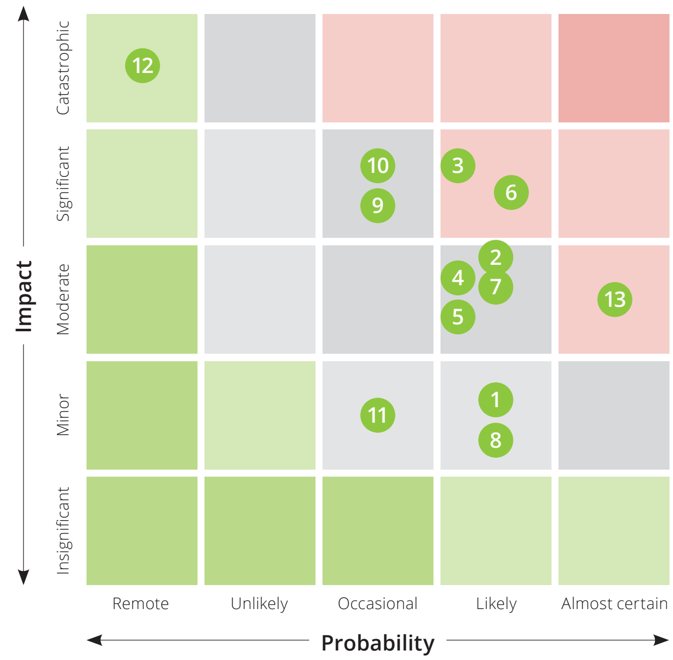
Corre Energy has a strong reputation and low appetite for reputational or ESG risk – we want to be widely acknowledged as best in class and respected across the industry in every regard, including our ESG performance.

For further information on management of financial risks see note 20 to the financial statements.

Risk management continued

Principal risks and uncertainties

The following provides an overview of the principal risks and uncertainties faced by the business, as identified by the Board based on input from the SMT and Risk function. This is not a full overview of all risks and uncertainties that may affect the Group. As new risks emerge and existing immaterial risks evolve, timely discovery and accurate evaluation of risks are at the core of Corre Energy's risk management system.



Strategic risks

1. Disruptive competitors enter the market
2. Technological and viability
3. Project deployment

Project risks

4. Policy and regulation
5. Key partnerships
6. Environmental
7. Stakeholder and community opposition

Financial risks

8. Funding and liquidity
9. Pricing

Operational risks

10. Information technology
11. Human resources and talent Management
12. Health and safety

Compliance & regulatory risk

13. ESG, regulatory & compliance

Risk	Risk impact	Our mitigations
Strategic risks		
1. Disruptive competitors enter the market	Large industry players enter the market and develop projects reducing opportunities for Corre Energy.	We continue to monitor market developments on strategic sites, we have first mover advantage and have contracts for options on strategic sites. Where possible key contracts include exclusivity clauses to prevent others entering our markets. The SMT closely monitors industry developments to ensure we retain this advantage. The potential market is exceptionally large and as the world transitions from fossil fuels to renewable energy, there is expected to be a reduction in the risk of other disruptive projects making ours unattractive.
2. Technological and viability	Changes in market prices and conditions during the development period, which lasts multiple years for each project, mean that technologies we are seeking to use are not economically viable at commercial operational date.	Through projections and sensitivity analysis we understand the key value levers and their impact on project economics. We have considered alternative technologies where appropriate and in some cases, we have shared or expect to share this risk with partners through consortium arrangements. We manage our portfolio projects on a project-by-project basis reducing concentration risk across geographies and technologies. We are working with insurers and policy makers to help determine taxonomy and limit standards across this evolving technology.
3. Project deployment	As the Group is still in its infancy and heavily focused on origination, our ability to deploy sites in an agile and fast-paced manner means our resourcing capacity can be stretched.	We have clear agreed priorities and regularly reforecast resource requirements required to achieve these. The key resource is staff, and we work closely with known specialist recruitment agencies to ensure that we can source required skilled staff and contractors rapidly.

Risk	Risk impact	Our mitigations
Project risks		
4. Policy and regulation	Politicians, policy makers and stakeholders in the countries in which we are developing projects do not see a role for CAES in the future energy system, resulting in lack of support, inability to obtain permits, and build strong partnerships.	We engage with policy makers , local planning authorities and leading industry bodies and employ local experts to understand the markets and political landscape we are operating in before committing to a project. We continue to engage with these groups throughout the project lifecycle. Our pipeline of projects remains strong, and we constantly monitor and review due diligence against a growing list of EU projects. We take a proactive view on defining the taxonomy and regulatory framework of the LDES sector through the LDES council and are an anchor member. https://www.ldescouncil.com
5. Key partnerships	Inability to find cost-effective and capable suppliers or partners for an essential project activity, or partners failing to deliver, result in inability to complete the project within budget and timelines.	Identification of key suppliers and partners prior to commitment to a project though a robust procurement policy, due diligence process and monitoring plan. We maintain regular contact with our partners including regular dialogue with them.
6. Environmental	Although we expect our projects to have a significant positive environmental impact, they will consume resources both in the construction phase and when operational, which may cause environmental impact or disruption. This could lead to unforeseen costs, delays, and reputational damage. Failure to plan and complete on the handling around hazardous waste related to the salt caverns and associated facilities.	We seek to minimise the environmental impact through employing the most advanced technologies and through active supply chain management. Where a negative environmental impact is unavoidable, we investigate options to work with stakeholders and interested parties to mitigate the environmental impacts and allow for offset . Our operational and project directors are responsible for reporting on incident and non-compliance around the handling of waste and related activities. Detailed planning goes into each project and progress is monitored daily and reported weekly together with close involvement of local authorities.
7. Stakeholder and community opposition	Lack of understanding of the Group's activities results in opposition to a project from the local community, local or national media, politicians, policy makers or other stakeholders. This causes project delays, additional costs, or in extreme circumstances, inability to obtain required permits to proceed with the project.	We actively engage with local communities, media, politicians, policy makers and other stakeholders. We monitor traditional media and social media and respond to concerns on a timely basis. Our proactive community outreach and engagement helps to mitigate opposition to our projects through education and community involvement.

Risk management continued

Risk	Risk impact	Our mitigations
Financial risks		
8. Funding and liquidity	Failure to achieve the necessary project and other milestones to secure funding, and failure to attract new investors, resulting in insufficient funds to complete projects and continue in business.	Our business plan is developed to forecast cash needs, and cash use is continuously monitored against forecast by the Finance team, SMT and Board. Our Investor Relations and Advisory team consists of both global investment banking specialists and energy sector specialists. We engage with institutional investors in a considered and focused way, and we are confident that we are appropriately positioned in the market to pursue a range of funding opportunities.
9. Pricing	Higher supply costs in deregulated markets result in higher prices for our projects and could reduce our ability to achieve on time project execution. Price fluctuations could negatively impact the value of our projects, resulting in development cost overruns.	We have adapted the management of critical operational and finance activities, increasing the frequency at which the Group monitors its supply commitments, to cope with a high volatility and high sensitivity environment. We have built appropriate contingency into our financial planning and supply chain and procurement decisions. We have sufficient monitoring in place at a budgetary and procurement level, both to address our cost base and ensure future revenues are appropriately documented and managed.
Operational risks		
10. Information technology	Cyber-criminal attack or staff non-compliance with information security policies results in loss of data or intellectual property, impairment of operations and reputation or brand damage. These in turn lead to additional costs and time associated with recovery and possible regulatory fines. Failure of GDPR policies results in a fine and censure. Business continuity planning results in loss of sites or downtime.	Various controls are in place to prevent such events including security policies, staff training, antivirus software installed on laptops and emails, multi-factor authentication, role-based access to all systems. Further controls are in place to mitigate the possible impacts, including off-site backup of core data. The business is implementing a robust data protection exercise to complement its security policy frameworks and works with known providers of business continuity.
11. Human resources and talent Management	Corre Energy relies on staff with specific skills to deliver its strategic ambitions. Loss of staff to other companies or due to stress or other illness, resulting in loss of specialist knowledge.	We focus on supporting and rewarding staff in their roles to ensure they want to stay with the Group. Following growth in staff numbers we are focused on ensuring knowledge is spread across teams to reduce 'key-man' dependency. Where appropriate we ensure that non-disclosure agreements are in place and intellectual property is safeguarded to ensure former employees cannot compete with us.
12. Health and safety	Failure to meet safety standards leading to death or injury, and/or breaches of laws and regulations, resulting in financial penalties and reputational damage.	Safety is paramount to the Group and our people, and we always seek to meet or exceed our regulatory and other obligations.

Risk	Risk impact	Our mitigations
Compliance and regulatory risk		
13. ESG, regulatory & compliance There are several regulatory requirements applicable to the Group its listing on the Euro-Next Stock Exchanges and an evolving EU regulatory environment. The risk of non-compliance with ESG compliance.	Violations of anti-bribery, anti-corruption laws, and other regulatory requirements may result in significant criminal or civil sanctions, which could disrupt our business, damage its reputation and result in a material adverse effect on the business, results of operations and financial condition. The risk of not engaging appropriately or timely with our community, investors, and market forces on the now formalised taxonomy on ESG and having robust internal reporting to measure and monitor and attract the appropriate level of future investments.	We provide compliance training programmes to employees at all levels. Our Code of Conduct and 'know your customer' procedures, along with various other policies and safeguards, have been designed to prevent the occurrence of fraud, bribery, theft, and corruption within the Group. We have invested into further resource in the interim period to build out enhanced governance. Our ESG team is in its formative stage, nonetheless we are building the taxonomy and internal data points to begin measurement. We expect the roadmap to accelerate in 2022.

Emerging risks

Emerging risks and opportunities are factors and events that could have a future impact on the Group's strategic objectives but lack the required clarity to assess their impact. Horizon scanning of emerging risks and opportunities is part of the review process performed by the SMT and supported by the Risk function. Emerging risks are also reviewed by the Audit and Risk Committee and Board as part of their regular assessment of the Group's risk profile.

When there is sufficient clarity and certainty over the emerging risk or opportunity it is assessed applying the Group's methodology and appropriate mitigating actions are established. Notable emerging risks and opportunities are detailed below:

Risk / opportunity	Description	Risk category impact	Time horizon
Climate change	Corre Energy's purpose is to facilitate a secure, flexible, and affordable green energy system, by storing renewable energy at scale. As public awareness of the impacts of climate change continues to increase, we expect political will to follow, increasing our opportunities.	Strategic risk, reputational risk	Medium-term
War in Ukraine	In early 2022 the Russian invasion of Ukraine has resulted in a humanitarian crisis and led to severe disruption of Ukrainian businesses and economic sanctions against Russia. We have assessed the direct short-term impact on Corre Energy, considering supply chain with links to Ukraine and Russia, and consider these impacts, while substantial, to be manageable. The Russia/Ukraine war also affects raw material prices for our projects and has been a factor in driving high inflation in the markets in which we operate. In the medium-term, the technologies we use facilitate a move away from fossil fuels and towards energy security at a time when there is great appetite for this in the EU. There is therefore an opportunity to accelerate our growth.	Strategic risk, project risk	Short-term / medium-term
Storage technologies and competition	As Corre Energy proves the investability of its technologies we expect competition to emerge, whilst at the same time other energy storage technologies that are either in development or initial stages of commercialisation becomes investable. As first movers we have an advantage of several years over direct competitors and have taken direct steps to mitigate this risk such as purchasing exclusive options in the markets in which we operate. Further, the future requirement for energy storage technologies is so great that even as competition emerges the market will be large enough for us to achieve our planned growth trajectory.	Strategic risk	Medium-term

Chairman's introduction

Dear Shareholder

I am pleased to present the first Corporate Governance Report of Corre Energy which covers the financial period to 31 December 2021. This section of the Annual Report sets out the corporate governance principles adopted, how these have been applied and highlights the key governance events during the period.

The Company's board (Board) is committed to high standards of corporate governance and has chosen to apply the statement of principles from the Quoted Companies Alliance Corporate Governance Code, issued in April 2018 (the QCA Code). The QCA Code is a proportionate approach to corporate governance for small companies in an early stage of development, such as Corre Energy.

It sets out the governance principles that we are committed to and allows us to adapt our policies and practices as we grow, enter new markets, and access different sources of funding.

The Company will review its compliance annually in accordance with the requirements of Euronext Growth Rules: Rulebook II, 5.26. The Corporate Governance statement was last reviewed on 8 December 2021 and is published on the Company's website.

corre.energy/investor/reports-and-documents/

Vision

Corre Energy's ambition is to store renewable energy at scale, so as to facilitate secure, flexible and affordable energy systems. Successful delivery of renewable energy storage will contribute significantly to the energy transition and accelerate society's progress towards a cleaner and more sustainable world.

Our vision is to lead the development of projects, technologies and products focused on renewable energy storage and green hydrogen production that materially progress the decarbonisation of the energy sector.

Board effectiveness

My responsibilities as Chairman include maintaining high standards of corporate governance and ensuring that the Board has the resources necessary to support delivery of the strategic objectives. Our governance framework ensures that Corre Energy has the right systems and controls to ensure the Board and any committees have the requisite oversight of the business, providing constructive challenge where necessary.

The period under review has been a busy one for development of Core Energy's business, transition to a listed entity on Euronext Dublin, and recruitment of senior executives. During this period, the Board committed significant time and resources to implementing robust governance. We have been guided in this by our Euronext Growth Advisor, Davy, and by legal advisors in Dublin and Amsterdam.

Board activities

The Board met five times during 2021 and the attendance by each Director is shown on page 33. In 2021 we:

- Approved the listing and trading of the Company's shares on Euronext Dublin
- Adopted the following policies:
  - Dividend policy
  - Related party transaction policy
  - Remuneration policy
  - Anti-bribery policy
  - Whistleblowing policy
  - Diversity policy
  - Disclosure policy
  - Share dealing code
  - Conflicts of interest policy
  - Risk management policy
- Distributed the Company's first Operational Report
- Commenced recruitment of additional independent Non-Executive Directors to widen the skills and diversity of Board membership
- Established the Audit and Risk Committee (ARC)

The Board reviews a detailed programme of matters which will be at least on an annual basis, with deep dives into the strategic business operations to understand the challenges our businesses face.

The Board has a rolling programme of reviewing policies annually and will adopt new policies as regulations and circumstances demand. Procurement policies and procedures are in place to ensure Corre Energy achieves value for money in purchasing goods and services and a gateway approval process is being developed to ensure that projects receive appropriate scrutiny as they move through the planning, design and implementation phases. In addition to approving project gateways, the Board approves a budget for the Company's (and its subsidiaries) activities, with appropriate levels of delegation for expenditure within that approved budget.

It has been challenging to build a management team internationally, list a company, and engage with project stakeholders during Covid-19 restrictions. However, the Company adopted a hybrid model of face-to-face and virtual leadership team meetings. The Senior Management Team (SMT) met virtually, on a weekly basis, with colleagues to ensure that project momentum was maintained and the strategy and values of the Company communicated clearly. As Covid-19 restrictions are relaxed, SMT intends to retain aspects of the hybrid management model, which suit a company developing a portfolio of innovative projects in multiple locations.

The Board established an ARC to give greater scrutiny to financial controls and risk management. Responsibility for remuneration and nomination matters have been retained by the Board, due to the size of the Company and early stage of development. Responsibility for the Company's day-to-day management is delegated to the Executive Directors.

Audit and Risk Committee

The ARC met once since its formal establishment in November 2021; the attendance by each Director is shown on page 33.

The ARC helps the Board to carry out governance responsibilities with respect to external audit, internal audit, risk and internal control and to oversee the integrity of the Company's financial statements and associated reports. For details of the ARC's activities in 2021, see pages 35 and 37.

Senior Management Team

An SMT of 11 individuals manage Corre Energy's business. It includes the CFO, functional heads, senior project managers and executives in the countries where the business operates. Health and safety, and environmental matters feature prominently in management meetings. The Company's Risk Management Framework assigns responsibility to the Board and SMT, with the support of Group Financial Controller, to review different categories of risk according to an agreed schedule.

Board members benefited from a detailed induction process prior to IPO. This will be repeated for new Directors and refreshed for the full Board, to ensure that the Board remains briefed on all relevant governance standards.

ESG

Corre Energy was established to address one of the most critical issues in the energy transition, and therefore a high priority for society as a whole. Our commitment to contribute to the environmental and economic sustainability of society's dependence on renewable energy extends to how the Company manages its affairs internally and in its engagement with third parties. The Board recognises that leadership in ESG must come from the Board and the SMT and extend throughout the Company. We are committed to transparency and respect in our engagement with colleagues, contractors, with government agencies and with our neighbours for all our projects.

I have every confidence that the Board will continue to build on the high standards of governance that have been implemented at the establishment and listing of the Company. The Board and I look forward to engaging similarly with shareholders, including at our forthcoming AGM.

Best regards

Frank Allen

Chairman

Board of Directors

Committed to delivering more for our stakeholders

Frank Allen

Independent Non-Executive Director, Chairman of the Board, Member of Audit and Risk Committee

Frank Allen is an experienced infrastructure board member and advisor. Mr. Allen is an independent financial consultant, advising on infrastructure investment and operations, mostly in developing and transition economies. Mr. Allen is an independent advisor to the World Bank on various infrastructure projects. He is also the former Head of Infrastructure Finance at KBC Bank. Mr. Allen chairs the board of Iarnród Éireann (Irish Rail) and is a board member of CIÉ (Ireland's national public transport company). He is Treasurer Depaul Housing, which provides long-term accommodation for people who have experienced homelessness. Mr. Allen holds a Bachelor of Commerce and Masters of Business Studies from University College Cork. Mr. Allen also holds a Master of Business Administration degree from Massachusetts Institute of Technology.

Keith McGrane

Executive Director, Chief Executive Officer

Keith McGrane is a pioneer and thought-leader in energy storage with over 20 years of experience in geophysics, renewables, project development, technology commercialisation and financing. A scientist by background, Mr. McGrane has held many senior management roles throughout his career particularly in natural resource financing (at KBC Bank and Barclays Bank PLC) and renewables development (at Airtricity and Gaelectric). Mr. McGrane is a director on the board of directors of the Company's substantial shareholder and parent company of the Group, Corre Energy Group Holdings C.V. Mr. McGrane holds a Bachelor of Science in Geophysics and Masters of Science in Geophysics from University College Dublin.

Darren Patrick Green

Executive Director, President

Darren Patrick Green is an entrepreneurial business owner with a career spanning over three decades, initially in the property development space, followed by professional consulting services focused on the energy and financial sectors. Mr. Green is the founder of Procorre, a consulting company which has operated across 100 countries throughout Africa, Asia, Europe, North America and South America. It is Mr. Green's vision, leadership and hands on business management that has enabled his businesses to succeed and deliver a meaningful professional legacy, providing a solid foundation for the future organic and strategic growth. Mr. Green is qualified as a Quantity Surveyor.

Rune Eng

Independent Non-Executive Director, Chairman of the Audit and Risk Committee

Rune Eng has significant experience from his many years in the energy sector. He is currently the Executive Vice President International of the TGS Group where he has been employed for almost two years. He was previously CEO and President of Spectrum Geo Limited (subsequently sold to the TGS Group) where he worked for almost nine years. Mr. Eng has also held various roles at PGS ASA over a period in excess of 13 years as well as roles in Fugro, Digital Equipment Corporation A/S and GeoTeam Group. Mr. Eng holds a Bachelor of Science in Geophysics from the University of Oslo and a Master of Science in Geophysics from the University of Gothenburg.

Luca Moro

Non-Executive Director

Luca Moro is a Senior Investment Manager for the Italian Energy Efficiency Fund II, a Private Equity institution focused on Energy Transition. He earned a master's degree in management engineering and a bachelor's degree in industrial engineering at Politecnico di Torino. Mr. Moro started his career in JPMorgan, Investment Banking division in London, before joining the buy-side at several hedge funds, dealing with distressed, turnarounds and special situations. Specifically, he was previously Senior Investment Analyst at Bardin Hill, Co-Founder and Head of Research at Eyck Capital and Portfolio Manager at both Numen Capital and Ironshield Capital. Mr. Moro has been a member of many restructuring committees in the role of creditors representative, implementing corporate turnarounds for mid-cap companies in various European countries and he invested across the capital structure in European and US companies for over 15 years.

Corporate Governance report

Corre Energy

The Directors of the Company have endeavoured to apply high standards of corporate governance and have done so by seeking to comply with the Quoted Companies Alliance (QCA) Corporate Governance Code; an enabling, principles-based, corporate governance code for companies focused on growth.

While 2021 has posed challenges for many businesses navigating a Covid-19 world, Corre Energy's Board of Directors have continued to meet frequently to discuss strategy and governance through virtual forums.

Deliver growth

QCA Principle 1:

Establish a strategy and business model which promote long-term value for shareholders.

Page 12 sets out the Company's strategy; becoming a leader in the development, construction and operation of grid-scale underground energy storage solutions, all of which play a key role in the decarbonisation and deployment of renewable energy sources.

Key stages towards achieving this process include the commercialisation of energy storage technology and solutions, and execution of pipeline projects which have the opportunity to create and/or sustain a long-term environmental impact.

During the period, the Company has actively engaged with customers on the commercialisation of its flagship project in Zuidwending, with interest from nine parties in the Netherlands, and also secured interest from three companies in Denmark for the Company's Green Hydrogen Hub Project.

The Company continues to improve and deepen stakeholder's understanding of CAES in the market.

QCA Principle 2:

Seek to understand and meet shareholder needs and expectations

The Board is committed to regular shareholder dialogue with its institutional and individual shareholders. The principle means of communication with the shareholders and publishing new updates/reports and presentations is via the Company's website and the Regulatory News Service (RNS); the opportunity for the Board to meet shareholders is at the Company's AGM, and shareholders are encouraged to attend and actively participate.

The Company also has a dedicated email address which investors can use to contact the Company (info@corre.energy). The Head of Investor Relations is responsible for reviewing all communications received from shareholders and determining the most appropriate response.

QCA Principle 3:

Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Directors believe that, in addition to its shareholders, the key stakeholders of the Company are its employees, contractors, prospective customers, partners, suppliers, the local communities in which it operates, and its regulators. This includes working with a variety of private and public investors, municipal and regional governments, EU associations, collaborative partners and key influencers, via a range of media channels.

Corre Energy dedicates significant time to understanding and acting on the needs and requirements of each of these groups by way of meetings (virtual and face-to-face), between the Executive Directors and the other Directors, acting openly and proactively. The Company is also a member of certain organisations, including the European Association for Storage of Energy (EASE), and an anchor member of the Long Duration Energy Storage (LDES) Council, which encourages and facilitates active dialogue with some of the Company's key stakeholders. Linked to this, the Company has engaged staff and suppliers to build on the current initiatives to support the communities in which we operate.

The Company has adopted an ESG framework incorporating objectives to minimise the Group's environmental impact as a global leader in commercial LDES projects. This will support the decarbonisation, enhanced security and flexibility of Europe's energy systems and help deliver the transition to renewable energy.

We are working at pace, initially focusing on materiality-mapping leading to an understanding of our landscape, risks and stakeholders in order to develop our broader ESG strategy.

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.

Environmental: on pages 18 – 19

Social: on pages 18 – 19

Governance: on pages 18 – 19

QCA Principle 4:

Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Risk management section on page 22 set out the risks to the Company's business and outlook, and how such risks are minimised. The Board has retained overall responsibility for risk management but delegated oversight to the ARC, and the day-to-day task of risk identification, assessment, monitoring and management of risks to the business to the CEO (with the assistance of the SMT and further supported by the Group Financial Controller).

Our risk taxonomy has identified 13 categories of risk. Each risk is ranked on impact and likelihood and mitigating strategies are identified. Our risk appetite statement shows a moderate appetite for project and strategic risk and low risk for other categories.

Key risk management steps taken include:

- Adopting the risk management policy, which defines risk governance:
- While the Board has retained ultimate responsibility for risk management, it has delegated oversight to the Audit and Risk Committee (ARC).
- Ensuring the day-to-day responsibility for risk management rests with the CEO, delegated to the SMT, and supported by the Group Financial Controller.
- Developing a risk and opportunities register involving staff at all levels to identify, assess, respond to, and monitor risks and opportunities.
- Review of the risk register in Board and ARC meetings, including attendance by a representative from the SMT.
- Directors receive progress reports from the SMT to enable them to assess the effectiveness of the process and discuss any emerging risks.
- These risks and processes are also tested by the Company's external auditors annually.
- The risk management process/cycle and the key review frequencies are:

Frequency	Actions
Monthly	• SMT considers overdue actions, red risks and new risks.
Quarterly	• Risk identification exercise with SMT and Risk function. • SMT considers amber risks.
Six-monthly	• SMT considers yellow risks. • ARC formally considers the risk register and risk identification.
Annually	• SMT considers green risks. • Board formally considers the risk register and risk identification.

- Developing a cost management policy, to formalise the process for compiling budgets, tracking against these and approving deviations from budget.
- Installing information systems to facilitate approval processes and tracking of spend.
- Ensuring responsibility for managing budgets rests upon a number of budget holders across the business, overseen by the SMT.

Key future developments will be:

- Additional resource for risk management at project and head office level.
- Implementing a risk management information system.

Maintain a dynamic management framework

QCA Principle 5:

Maintain the Board as a well-functioning, balanced team led by the Chairman.

All strategic decisions are decided by the Board acting collectively. The Board has adopted a unitary board governance structure in compliance with Dutch corporate law.

The Board consists of three Non-Executive Directors, two of whom are considered as independent with no significant business relationships with the group or material shareholdings in the Company (being Frank Allen and Rune Eng) and two Executive Directors. The Executive Directors are full time Directors of the Company. Non-Executive Directors are expected to commit approximately three days a month to the Company in addition to their attendance at Board meetings.

The Board aims to meet approximately six times a year and in its first period it has met five times. The attendance record of each Director is set out below. This table shows details of scheduled meetings in 2021 only.

Directors	Board meetings	Audit and Risk Committee
Frank (Timothy) Allen	5	1
Keith McGrane	5	–
Darren Patrick Green	5	–
Rune Eng	5	1
Luca Moro	1*	–

* **Note:** Mr. Luca Moro joined the Board of Directors in December 2021. Mr. Moro attended the November Board meeting as an observer.

The Board agenda and related reports together with minutes of previous meetings, are circulated to Directors a week prior to the relevant Board meeting.

The Board has established an ARC which meets regularly in accordance with their terms of reference. The details of this committee, including terms of reference and composition, are set out on the Company's website and on pages 35 to 37.

QCA Principle 6:

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

The Company has five Directors being Frank Allen, Keith McGrane, Darren Patrick Green, Rune Eng and Luca Moro.

Details of these Directors and their relevant qualifications, skills and personal qualities, to oversee and execute the Group's strategy, have been assessed and reviewed by Chairman of the Board; their profiles can be read on pages 30 and 31, and viewed on the Company's website (corre.energy).

The Board is actively engaged in identifying two additional, independent, non-Executive Directors; it is committed to ensuring a broad spectrum of demographic attributes and characteristics and to include female representation on the Board.

Corporate Governance report continued

The Directors have access to certain in-house seminars and external training courses to assist the Directors in keeping their skills are kept up to date. The Company periodically holds briefings for the Directors covering regulations that are relevant to their role as directors of a Euronext Growth company.

The Board is supported by Naomi Bailey as Company Secretary. Naomi is a member of The Chartered Governance Institute UK and Ireland (Qualifying Programme 2021-2023). The Board also engages external professional advisers to advise independently on any significant matters arising.

QCA Principle 7:

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

Evaluation of the performance and effectiveness of the Board and its ARC has been implemented in an informal manner, with the exception of the Executive Directors who will be assessed annually on performance by the Chairman. At this stage a formalised process has not been adopted. It is intended that the process will be formalised in due course, and details of the process and its results and recommendations will be published at a future date.

The Company does not have a nomination committee as yet, due to its stage in the growth cycle. This is an integral part of succession planning by the Board where there are vacancies or where it is felt that additional Directors should be appointed. For new appointments the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

QCA Principle 8:

Promote a corporate culture that is based on ethical values and behaviours.

The Company has committed a significant amount of time on the cocreation and characterisation of its core values, further shaping its culture and business strategy. The Company continues to further define its identity and will enhance the education of its stakeholders with a series of marketing campaigns.

The Board seeks to ensure that all employees are aware of the Company's responsible principles covering ethical and honest behaviour, which embodies and instils its core values. These are covered in the training and engagement initiatives and induction process for new Directors and employees who are also assessed on their adherence to these values and coherent cultural environment in their annual appraisal which influences promotion and reward.

In alignment with the continual evolution of the Company's values, culture, and behaviours, the Board intends to link the mission, values and principles, with standards of professional conduct and the establishment of a code of conduct.

QCA Principle 9:

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

The Chairman is responsible for oversight and maintenance of the Company's governance structures to ensure they are fit for purpose as the Group develops in line with best practice.

The Board has an established ARC which meets regularly in accordance with its terms of reference. The details of this committee, including its terms of reference and composition, are set out in the Company's website. Remuneration and nomination matters are identified and managed by the whole Board until the Board decide it is appropriate to establish such a committee.

The CEO communicates openly and regularly with all Board members; matters reserved for the Board are set out in the Board terms of reference (Board Rules), summarised as follows:

- Corporate strategic objectives, risk appetite, major plans of action.
- The strategies for the shaping of the portfolio and direction of the Group and priorities in corporate resource allocation.
- Adopting the Group's business plan and budget or making any amendments thereto including approval and oversight of major contractual commitments or capital expenditure.
- Any major merger, acquisitions, joint venture or disposals or change to any material part of the business.
- Any material extensions of the Group's activities into new business or geographic areas including any means of direct investment into or exit from any country.
- Major changes to the Group's corporate and capital structure, including to the Company's listing.
- Approval of the annual and interim reports, and any preliminary announcement of the final results.
- Monitoring the effectiveness of the Company's governance arrangements and practices, adjusting the alignment of the Company's governance framework with best practice.

At this stage the Board believes that the governance framework (including its systems and controls) is appropriate for a Company of its size, but it continues to keep this under review.

Build trust

QCA Principle 10:

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company is committed to open dialogue with all its stakeholders. The CEO and members of the SMT liaise with the Company's principal shareholders, regulators and, where appropriate, others including prospective customers and relay their views to the wider Board.

On the Company's website shareholders can find all historical regulatory announcements, via RNS, including the Operational Report.

Annual Reports and AGM circulars are/will be posted directly to all registered shareholders or nominees and results of AGM votes are also published on the Company's website. As described earlier, the Company also maintains email and phone contacts which shareholders can use to make enquiries or requests.

Audit and Risk Committee report

Committee composition

Director	Meeting attendance	Committee tenure
Rune Eng (Chairman)	4/4	Since established in November 2021
Frank Allen	4/4	

- This table shows details of scheduled meetings only.

The ARC operates within clearly defined terms of reference, which are available from the Company's website (corre.energy). The terms of reference give due consideration to all applicable laws and regulations, in particular the provisions of Dutch law, the QCA Corporate Governance Code and the requirements of the Euronext Rules Stock Exchange's and any other applicable rules, as appropriate.

Its members are all determined by the Board to be independent non-executive directors, in accordance with the principles of the QCA Code. The Board has determined that the membership as a whole has sufficient sector experience to discharge its responsibilities and that Rune Eng and Frank Allen have recent and relevant experience working with financial and accounting matters, however the Board is committed to appointing additional, independent, Non-Executive Directors, one of which will be highly skilled in this area of expertise and will take on the role of chair of the ARC.

The ARC meets at least four times a year at appropriate points in the reporting and audit cycle, and at other times as the ARC chair deems necessary. It meets privately with the external auditor at least once a year. The CFO is generally invited to attend committee meetings and the Company Secretary also attends and supplies administrative support as required by the chair. The ARC decides who, other than the ARC members, is invited to attend and address ARC meetings.

Outside the formal meeting programme, the ARC chair maintains a dialogue with key individuals involved in the Company's governance, including the Board Chairman, the CEO, the CFO and the external audit lead partner.

Responsibilities

The role of the ARC is to advise the Board on matters relating to financial control, risk management and compliance. The ARC will consider and advise the Board on the following:

- Accounting policies and preparation of financial statements and other financial information provided to shareholders.
- The Company's system of internal controls, including prevention of fraud and cyber security.
- External audit processes and relationship with auditors.
- Compliance with laws, regulations and ethical codes of practice.
- Risk management framework, including review of risk appetite statements, and review of the risk and opportunity register.

The ARC is aware that certain sections of the Annual Report are not subject to formal statutory audit and any financial information in these sections is reviewed by the ARC.

The ARC is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor was invited to attend the ARC meetings at which the Annual Report and Interim Financial Report were considered. They have the opportunity to meet with the ARC without other representatives of the Company being present at least once per year.

Financial reporting

The primary role of the ARC in relation to financial reporting is to review with the external auditor and report to the Board on the appropriateness of the annual report and financial statements and interim results, as well as any other formal statements relating to financial performance. Among other matters it considers:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or where there has been discussion with the external auditor including going concern and viability statement;
- compliance with financial reporting standards and governance reporting requirements that the Company has committed to, including Dutch law, Euronext Rules and QCA Corporate Governance Code;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

To aid its review, the ARC considers reports from the CFO as well as reports from the external auditor on the outcomes of its half-year review and annual audit.

Audit and Risk Committee report continued

Risk management systems and internal control

The Board is accountable for carrying out a robust assessment of the principal and emerging risks facing Corre Energy, including those threatening its business model, future performance, solvency and liquidity. On behalf of the Board, the ARC reviews the effectiveness of the Group's risk management processes. The Group's risk assessment process and the way in which significant business risks are managed is a key area of focus for the ARC. The work of the ARC was driven primarily by the assessment of principal risks and uncertainties as set out in the strategic report. The ARC receives reports from CFO on the Group's risk evaluation process and reviews changes to significant risks identified.

Among other matters the ARC advises the Board on:

- the risk management framework;
- internal controls, reviewing the effectiveness of internal financial controls and control systems at least once a year; and
- disclosure of key risks in the annual report to ensure consistency with internal reporting.

Meetings

During the period ended 24 May 2022, the ARC met four times formally and there was ongoing liaison and discussion between the external auditor and the ARC chair with regards to the audit approach and the identified risks.

The matters discussed at those meetings included:

- review of the terms of reference of the ARC for approval by the Board - this will take place annually going forward with the next review in December 2022;
- review of the accounting policies and format of the financial statements, including a review of the disclosure and reporting of related party transactions;
- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- assessment of the independence of the external auditor;
- assessment of the effectiveness of the external audit process as described on page 37;
- review of Corre Energy's anti-bribery and anti-corruption policies and training programme – once training is completed, Corre Energy proposes to reflect this in the list of principal risks;
- review of the risk management policy and risk appetite statements; and
- review of the risk register, key risks and internal controls.

The ARC met on 30 May 2022 to review the results of the audit and to consider and approve the Annual Report for the period ended 31 December 2021.

Internal audit

The ARC will consider at least once a year whether or not there is a need for an internal audit function. It will also consider whether ad hoc internal audit reports may be required on specific issues and decides how these reviews should be carried out.

External audit

Blue Line Accountants en Belastingadviseurs B.V. (Blue Line) has been the Company's external auditor since the Company's incorporation in 2021. This is the first year of audit.

The external auditor is required to rotate the audit partner every five years. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. Under Dutch law, the reappointment of the external auditor is subject to shareholder approval at the AGM or EGM. The ARC will monitor the performance of the external auditor on an annual basis and consider its independence and objectivity, taking account of appropriate guidelines. In addition, the ARC Chairman will maintain regular contact with the lead audit partner outside the formal ARC meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters.

The ARC reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of any non-audit fees. Notwithstanding such services, the ARC considers Blue Line independent of the Company and that the provision of such non-audit services does not affect the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the ARC are aware of the Ethical Standard 2019 that imposes a cap on fees to be charged by a company's external auditor for non-audit services at 70% of the average statutory audit fees for the previous three years. This precludes Blue Line from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Blue Line should only be engaged for non-audit services where they are best placed to provide those services, for example the interim review and reporting accountant services. Note 5 details services provided by Blue Line during the period.

To fulfil its responsibility regarding the assessment of the independence of the external auditor, the committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

Fees paid to Blue Line during the period are detailed in note 5 to the financial statements.

The committee was satisfied with Blue Line's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated. However, the appointment of a new auditor is under consideration as the Company moves to its next phase of growth.

A resolution proposing the appointment of a new Dutch auditor as the Company's external auditor will be put to shareholders at an EGM during the second half of 2022.

Fair, balanced and understandable statement

The committee considered this Annual Report 2021, taken as a whole, and concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report 2021 is fair, balanced and understandable while providing the necessary information to assess the Company's position and performance, business model and strategy.

On behalf of the Audit and Risk Committee

Rune Eng

Audit and Risk Committee Chairman

24 May 2022

Directors' remuneration

Executive Directors' remuneration

Each individual Executive Director's total remuneration paid of the period is summarised below:

Executive Director	Salary or fee €'000	Taxable benefits €'000	Bonus €'000	Pension contributions €'000	Total year ended 2021 €'000
Keith McGrane	204	5	–	25	**234**
Darren Patrick Green	210	26	–	31	**267**

Non-Executive Directors' remuneration

Each individual Non-Executive Director's total remuneration paid of the period is summarised below:

Non-Executive Director	Salary or fee €'000	Taxable benefits €'000	Bonus €'000	Pension contributions €'000	Total year ended 2021 €'000
Frank Allen	35	–	–	–	**35**
Rune Eng	23	–	–	–	**23**
Luca Moro	–	–	–	–	**–**

Directors' interests in shares

The beneficial interest of Directors, and persons connect with them, as at 31 December 2021 in the shares of the Company were as follows:

Directors	Held at 31 December 2021
Keith McGrane	**17,268,750**
Darren Patrick Green	**26,268,750**
Frank Allen	**50,000**

Since 31 December 2021, and as at 30 May 2022, the Directors, and persons connected with them, have not sold shares.

Remuneration policy

The remuneration policy was adopted by the Board on 17 September 2021, in advance of the IPO.

The Board is authorised (subject to adoption by the general meeting) to adopt, revoke and amend the remuneration policy.

The remuneration policy:

- Aims to provide a clear understanding of the remuneration of the Executive Directors and the Non-Executive Directors.
- Aims to reward talented and skilled Directors.
- Ensures the remuneration of Executive Directors takes account of company size, complexity, role responsibilities, competency and skillset.
- Ensures the Non-Executive Directors review performance against set targets aligned to the interest of the stakeholders.
- Appoints Executive Directors on three-year terms.
- Ensures Non-Executive Directors have overall responsibility for the determination of the overall Executive Directors' package.
- Ensures the Non-Executive Directors receive fixed compensation, determined by General Meeting.

Directors' report

The Directors present their report, together with the audited accounts for the year ending 31 December 2021.

Dividends

No dividends were declared for the year ending 31 December 2021.

Dividend policy

The Company intends to retain any profits to expand the growth and development of the group's business and, therefore, does not anticipate paying dividends to its shareholders in the foreseeable future.

The Company may only make distributions to its shareholders if its equity exceeds the amount of the reserves as required to be maintained by the articles of association (if any) or by Dutch law and as long as the distribution would not leave the Company incapable of servicing its payable and foreseeable debts. The Board will determine the portion of the profits that will be added to the reserves, taking into account the Company's general financial condition, revenues, earnings, cash need, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Board may deem relevant in making such a determination. The remaining part of the profits after the addition to reserves will be at the disposal of the general meeting. The Board shall make a proposal for that purpose.

Share capital and control of the Company and significant agreements

Details of the Company's share capital, including changes during the year in the issued share capital and details of the rights attaching to the Company's shares are set out in note 16 on page 71.

No shareholder holds securities carrying special rights with regards to control of the Company. There are no restrictions on voting rights or the transfer of securities in the Company. The Company is not aware of any agreements between holders of securities that result in such restrictions.

The Company is not party to any significant agreements that would take effect, alter or terminate following a change of control of the Company. The Company does not have agreements with any Director or officer that would provide compensation for loss of office or employment resulting from a takeover.

Major shareholders

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules (DTR) are published via an RNS and are available on the Company's website. As at 10 May 2022, the Company had received notification of the following interests in voting rights pursuant to Chapter 5 of the DTR:

	% of voting rights
Corre Energy Group Holdings C.V.	80.62%
Numen Capital	4.03%

Percentages are shown as a percentage of the Company's total voting rights as at 13 May 2022.

Articles of association

The Company's articles of association may only be amended by a resolution adopted with a simple majority of the votes cast at a general meeting of the shareholders.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company's articles of association and Book 2 of the Dutch Civil Code and other related legislation.

Directors and their interests

The biographical details of the current serving Directors are set out on pages 30 and 31.

The interests of Directors, who served during the year, in the shares of Corre Energy are contained in the Directors' remuneration report set out on page 38.

A qualifying third-party indemnity provision is in force to the extent permitted by law for the benefit of each of the Directors in respect of liabilities incurred as a result of their office. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year.

Directors' report continued

Employment policies

Our equal opportunities, diversity and inclusion policies support managers and colleagues in creating a diverse and inclusive culture where everyone is welcome. Our policies demonstrate our commitment to providing equal opportunities to all colleagues, irrespective of age, disability (including colleagues who may have become disabled during service), gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation.

Our aim is to attract and retain a diverse range of applicants from all different backgrounds. All of our applicants and colleagues are treated fairly and we have a zero-tolerance approach, not only to any unacceptable behaviour or conduct including harassment, discrimination or bullying of any kind.

Political donations

The Company did not make any political donations or incur any political expenditure during the year.

Directors' statement of disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that: so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Anti-bribery matters

We have a zero-tolerance approach to bribery. Our anti-bribery programme operates across the Group. The programme is built around a clear understanding of how and where bribery risks affect our business and comprises key controls such as: policies (anti-bribery, gifts and entertainment, conflicts of interest, charitable donations); procedures such as conducting due diligence on suppliers; staff training; and ongoing assurance programmes to test that the controls are functioning effectively.

Cautionary statement regarding forward-looking information

Where this Annual Report contains forward-looking statements, these are based on current expectations and assumptions, and speak only as of the date they are made. These statements should be treated with caution due to the inherent risks, uncertainties and assumptions underlying any such forward-looking information. The Company cautions investors that a number of factors, including matters referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, but are not limited to, those discussed under principal risks and uncertainties on pages 22 to 27.

Forward-looking statements can be identified by the use of relevant terminology including the words: 'may', 'will', 'seek', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe' or other words of similar meaning and include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of our officers, Directors and employees concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business.

Neither the Group, Directors or employees, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Annual Report will actually occur. Undue reliance should not be placed on these forward-looking statements. Other than in accordance with our legal and regulatory obligations, the Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Additional disclosures

Other information that is relevant to the Directors' report, and which is incorporated by reference into this report, can be located as follows:

	Pages
Events after the reporting period	78
Financial instruments and financial risk management	75 and 76
Corporate governance report	32 to 34

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Dutch law requires the Directors to prepare financial statements for each financial year. The Group Financial Statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board. Under Dutch law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Title 9 of Book 2 of the Dutch Civil Code. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Each of the serving Directors, whose names and functions are set out on pages 30 to 31, confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Naomi Bailey

Group Company Secretary

24 May 2022

Independent auditor's report

To: The shareholders and supervisory board of Corre Energy B.V.

Blue Line ACCOUNTANTS

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Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Corre Energy B.V. based in Groningen. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Corre Energy B.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Corre Energy B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2021;
2. the following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2021;
2. the company profit and loss account for 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Corre Energy B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 330,000. The materiality is based on 4% of equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. Based on our professional judgement due to the absence of revenue we consider equity the most appropriate benchmark for calculation the materiality.

Audit approach going concern

The Board of Management made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with the Board of Management, exercising professional judgement and maintaining professional scepticism.

We considered whether the Board of Management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Based on our procedures, we did not identity significant doubts on the Company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Early stage of development

Risk	The Company was incorporated in 2021 and all activities of the Company are in a preliminary stage of development. Whether the Company will succeed entirely depends on the success of development and the necessary funding.
Our audit approach	Due to the early stage of development of technology, verification / evaluation of assumptions is dependent on various external factors in the distant future, so adequate disclosure of these risks is key. We assessed the adequacy of management's disclosures of the risks of the business case in the other information and director's report.
Key observations	We believe that the disclosures of the expectations and related risks in the other information and director's report are adequate.

Related party transactions

Risk	The Company acquired a significant part of its services from related parties. Related parties transactions have the inherent risk of not being at arm's length and being incompletely disclosed.
Our audit approach	Based on a data-driven audit approach and our knowledge of the group structure we have identified the related party transactions. Content characteristics on contract have been reported to the Supervisory Board in a detailed manner for internal evaluation.
Key observations	Independent board members have not identified transactions that needed restatement. Future internal controls over renegotiation of related party transactions have been agreed upon. We believe that in all material aspect the related party transactions are fully disclosed in the financial statements in note 19.

Independent auditor's report continued

Preparation of the financial statements

Risk	The Company was incorporated in 2021 and therefore these financial statements are the first full financial statements under IFRS prepared by the Company.
Our audit approach	As part of our audit procedures we have reviewed the draft financial statements prepared by the Company. The Company hired external consultation for the calculation and disclosure of the financial instruments and we consulted with an IFRS specialist for a full review.
Key observations	We believe that the Board of Management's financial statements are presented in accordance with IFRS in all material aspects.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Almere,

30 May 2022

Blue Line Accountants en Belastingadviseurs B.V.

Signed by Drs. Jesca ter Stroot – van Meurs RA

Consolidated 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)**

Consolidated balance sheet

at 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 statement of changes in equity

for the period ended 31 December 2021

	Note	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 statement of cash flows

for the period ended 31 December 2021

	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

Accounting policies

1 Corporate information

The Directors present the consolidated financial statements of Corre Energy B.V. (the Company) for the ten-month period ended 31 December 2021. The Company was incorporated in the Netherlands on 1 March 2021, and is registered as a private company with limited liability under the Chamber of Commerce number 82068046, with its legal address and principal place of business in Groningen, the Netherlands.

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 in accordance with a resolution of the Directors on 30 May 2022.

2 Statement of compliance

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.

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:

New standard / amendment	Title / significant changes	Effective from
IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance contracts	1 January 2023
Amendments to IFRS 3 Business Combinations	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before intended use	1 January 2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS 2018-2020 cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	1 January 2022

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.

3.1.1 IFRS 17 Insurance Contracts and Amendments to IFRS 17

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2021, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

3.1.2 Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

3.1.3 Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Accounting policies continued

3.1.4 Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets— Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3.1.5 Annual Improvements to IFRS Standards 2018–2021 – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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.

New standard / amendment	Title / significant changes	Effective from
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been removed temporarily by the IASB
Amendments IFRS 17 Insurance contracts	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

3.2.1 Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted by the IASB.

3.2.2 Amendments to IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

The amendments to IFRS 17 clarify the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. There are no changes to the transition requirements in IFRS 9.

An entity that elects to apply the amendment applies it when it first applies IFRS 17.

Accounting policies continued

3.2.3 Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the balance sheet and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted by the IASB.

3.2.4 Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted by the IASB and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

3.2.5 Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted by the IASB.

3.2.6 Amendments to IAS 12 Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted by the IASB.

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 made an assessment of 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

Accounting policies continued

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.

6.1 List of participating interests

Corre Energy B.V. is the holding company of a group of legal entities. The overview of the data as required in accordance with Articles 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 B.V. All amounts have been rounded to the nearest thousand, 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 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.

Note 8 to the financial statements gives further information about the values transferred.

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; Zuidwending 1 and the Green Hydrogen Hub, 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. Zuidwending 1 costs have therefore been capitalised from December 2019 onwards, and no Green Hydrogen Hub costs have yet been capitalised.

The Directors currently expect Zuidwending 1 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 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 SGR), 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.

9 Business combinations

Acquisitions of businesses under common control are recognised at inherited book values. The difference between the net book value of the assets transferred and the consideration paid is recognised directly in equity in Retained earnings.

10 Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and impairment losses. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Cavern options are not amortised but are transferred to Tangible fixed assets as Cavern development costs when cavern development commences.

Accounting policies continued

11 Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis so as to write off the depreciable amount of each tangible fixed asset over its estimated useful life, from the date it comes into use. The depreciable amount is the cost of an asset less its residual value.

The estimated useful lives of the Group's Tangible fixed assets are:

- Leasehold property: 40 years (or lease term if shorter)
- Leased vehicles: 5 years (or lease term if shorter)
- Furniture and fittings: 5 years
- IT equipment: 3 years

The residual value and useful life of property, plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

Cavern development costs are valued at the lower of cost and the expected realised value upon completion. They are not depreciated as they are not available for use.

12 Leases

12.1 As a lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate of the lessee company.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- Lease payments to be made under reasonably certain extension options.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The impacts on the statement of comprehensive income are the depreciation charges on the right of use assets and the interest charges on the lease liabilities.

12.2 As a lessor

The Group does not act as a lessor.

13 Financial fixed assets

Financial fixed assets are participations in subsidiaries. The net asset value is calculated in accordance with the accounting principles of Corre Energy B.V..

14 Impairment of fixed assets

On each balance sheet date the Group assesses whether there are any indications that a fixed asset may be impaired. If there are such indications it estimates the recoverable amount of the asset and the impairment loss if any. If an asset does not generate cash flows that are independent from those of other assets or groups of assets the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash-generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been taken into account in estimating future cash flows. If the recoverable amount of an asset is less than its carrying value, an impairment loss is recognised immediately in the statement of comprehensive income and the carrying value of the asset reduced by the amount of the loss.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset had been reported.

15 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

15.1 Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income or expense is recognised on an effective interest basis.

Accounting policies continued

15.2 Financial assets

After initial recognition financial assets must be designated as at fair value through profit or loss, measured at amortised cost, designated as at fair value through other comprehensive income or measured at fair value through profit or loss.

A financial asset may be measured at amortised cost if:

- The asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

All financial assets meet these criteria and therefore are subsequently measured at amortised cost less impairment allowance where applicable.

15.3 Financial liabilities

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

After initial recognition financial assets must be designated as at fair value through profit or loss or measured at amortised cost. The Group holds all financial liabilities at amortised cost using the effective interest rate method.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

15.4 Derivatives

The Group has issued options on the equity of Corre Energy B.V. to an advisor and a finance provider in exchange for services provided.

These options are initially recognised at fair value in the company that received the services. Fair value is determined based on the value of the services provided, or if that is not available the fair value of the options themselves, calculated using a Black-Scholes model or a more complex equity convertible model as appropriate.

Options that will be settled by Group companies are revalued at each reporting date, with the change in fair value recognised in the statement of comprehensive income.

16 Cash

Cash is valued at fair value, which is its nominal value.

17 Other receivables

Other receivables are initially recognised at fair value and then valued at amortised cost, which equals the nominal value after deduction of any provision for expected credit losses. These provisions are determined based on individual assessment of the receivables.

18 Current liabilities

Current liabilities are initially recognised at fair value. After initial recognition current liabilities are recognised at amortised cost price, being the amount received taking plus or minus any premiums, discounts and transaction costs. This is usually the equal to the nominal value.

19 Revenue

Revenue is recognised at the fair value of the consideration received or receivable as the right to consideration accrues through the performance of service obligations to the customer, in line with the requirements of IFRS 15. The arrangements are always contractual and the cost of providing the service is incurred as each service is performed. The price is always fixed and determinable.

20 Other operating income

Other operating income is income that is not linked to the supply of goods or services as part of normal, non-incidental operations.

The other operating income comprises grant income, which is recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that it will be received.

The Company follows the income approach in accounting for grants, and therefore recognises grants in income on a systematic basis over the periods in which the related costs for which the grant is intended to compensate are recognised. Specifically:

- Grants that are received for expenses already incurred or for the purpose of giving financial support with no future related costs are recognised in the statement of comprehensive income when they become receivable. They are recognised as Other income.
- Grants received for expenses to be incurred are recognised proportionally to the expenses incurred.
- Grants related to assets are accounted for as deferred income and recognised over the same period as the depreciation of the related asset.

21 Financial income and expenses

21.1 Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis using the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

21.2 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the statement of comprehensive income in the period that they are realised.

22 Tax

Income tax expense or income, comprising current tax and deferred tax, is recorded in the statement of comprehensive income except income tax on items recognised outside profit or loss, which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the asset will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to offset, and where they relate to income taxes levied by the same taxation authority.

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 development of its Zuidwending 1 project. Under this agreement a prefinancing amount of €1,774,000 was received in March 2020, and in March 2022 a claim for a final payment of €1,726,000 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 Zuidwending 1 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 Green Hydrogen Hub 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, and therefore not accounted for as a deduction from equity.

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.

Notes to the consolidated financial statements continued

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 Italian Energy Efficiency Fund II (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
Prior year losses now recognised on the balance sheet	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.

Notes to the consolidated financial statements continued

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	Caverns under construction €'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 Zuidwending 1 site 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 (hereafter referred to as 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.

Notes to the consolidated financial statements continued

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.

Notes to the consolidated financial statements continued

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 loan

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 Zuidwending 1 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. 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 its 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 ordinary 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 ordinary 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.

Notes to the consolidated financial statements continued

16 Called up share capital (continued)

On 7 May 2021:

- Corre Energy Partnership SCSp transferred the 100 ordinary 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 ordinary shares of €0.10 each into 2,300 ordinary shares of €0.0045 each; and
- The Company issued a further 49,997,700 ordinary 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 is €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 ordinary shares:	
– Finance costs of equity linked funding agreement	944
Earnings for the purpose of diluted earnings per share	(3,003)

Number of shares

	2021 Number
Weighted average number of ordinary shares for basic earnings per share	**42,918,098**
Effect of dilutive potential ordinary shares:	
– Equity linked funding agreement	**3,770,492**
Weighted average number of ordinary 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 ordinary 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, Chief Financial Officer, Chief Development Officer, Chief Strategy Officer, Group Operations Director and 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.

Notes to the consolidated financial statements continued

19.2 Other transactions with related parties (continued)

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; and
- 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 Procorre UK Ltd, which is controlled by Darren Green, a Director:

- Consultancy and management services;
- Administrative and other support;
- Marketing and social media services; and
- 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 €1,800,000. At the balance sheet date €1,600,000 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 of Directors. 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 €'000	DKK €'000	USD €'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.

Notes to the consolidated financial statements continued

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 Directors are 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 macroeconomic 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 at 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 Zuidwending 1 project.

Under the cavern development agreement the Group is liable for the costs of abandonment of the Zuidwending 1 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 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 Greenfield Partners II (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 heads of terms in March 2021 with Infracapital documenting the terms on which the parties propose to jointly develop the Zuidwending 1 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.

Notes to the consolidated financial statements continued

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. See also note 23 for renewal of this contract after the reporting period.
- 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.. 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 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 24 May 2022 the Company announced a successful placing, conditional on the approval of the general meeting of the Company. The placing, if approved, will result in the Company issuing a further 5,880,498 shares at €1.85 per share. As a result the Company's share capital will increase by €26,462 and the share premium by €10,852,459 less incremental costs directly attributable to the transaction, which at time of signing these financial statements are not yet final.

Parent company balance sheet
at 31 December 2021

	Note	2021 €'000
Assets		
Non-current assets		
Intangible fixed assets	24	618
Participations	25	219
Deferred tax assets	38	682
Total non-current assets		1,519
Receivables from participations	26	4,870
Receivables from participating interests	27	2,504
Prepayments	28	286
Taxes receivable	28	106
Cash	29	13,318
Total current assets		21,084
Total assets		22,603
Equity		
Share capital	30	279
Share premium	30	11,501
Retained earnings	30	(3,250)
Foreign currency translation	25	(4)
Total equity		8,526
Provisions	25	1,016
Non-current liabilities		
Long-term loans	31	11,553
Payables to participating interests	32	245
Total non-current liabilities		11,798
Current liabilities		
Trade creditors	33	371
Accruals and other liabilities	33	892
Total current liabilities		1,263
Total equity and liabilities		22,603

Parent company statement of comprehensive income

for the period ended 31 December 2021

	Note	2021 €'000
Revenue	34	**175**
Expenses		
Management costs	35	**(500)**
Other administrative expenses	36	**(1,085)**
Operating result		**(1,410)**
Finance expense	37	**(951)**
Result before tax		**(2,361)**
Corporation tax	38	**682**
Results of participations	25	**(2,268)**
Loss for the period		**(3,947)**

Parent company statement of changes in equity

for the period ended 31 December 2021

	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
Acquisition of subsidiaries	–	–	664	–	664
Initial public offering (IPO)	54	11,965	–	–	12,019
IPO transaction costs	–	(1,216)	33	–	(1,183)
Total comprehensive income	–	–	(3,947)	–	(3,947)
Foreign currency translation on subsidiary results	–	–	–	(4)	(4)
At 31 December 2021	**279**	**11,501**	**(3,250)**	**(4)**	**8,526**

Accounting policies

1 General

The Company financial statements are included in the consolidated financial statements.

The description of the Company's activities and the group structure as included in the Notes to the consolidated financial statements also apply to the Company-only statutory Dutch GAAP financial statements, unless otherwise stated.

2 Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU as explained in the notes to the consolidated financial statements.

3 Financial fixed assets

Participating interests in Group companies are measured using the net equity value method, but not lower than zero. The net capital value is calculated based on the accounting policies of Corre Energy B.V.

Participating interests with a negative net capital value are valued at zero. If the Company guarantees (wholly or partially) debts of the participating interest concerned, a provision is created for the value of claims against this participating interest.

On acquisition, the difference between net asset value and acquisition price is recognised as a value increase or decrease in the investment, directly in retained earnings.

4 Change in accounting principles: capitalisation of project costs

During the period the Company's subsidiary Corre Energy Storage B.V. has changed its accounting policy for expenditure on its project Zuidwending 1, such that it has capitalised expenditure that is incremental to the project from the date that management committed to proceed with the project in this specific location. This affects the net asset value of Corre Energy Storage B.V. at the point it was acquired by Corre Energy B.V.

See note 25 for full disclosure of the impact of this change.

Notes to the parent company financial statements

24 Intangible fixed assets

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

Information on cavern options can be seen in note 9 to the consolidated financial statements.

25 Participations

The movement in participations in the period is as follows:

	Corre Energy Storage B.V. €'000	Corre Energy ApS €'000	Corre Energy Ltd €'000	Corre Energy Storage Limited €'000	Total €'000
At 1 March 2021	–	–	–	–	–
Investments	743	5	0	0	748
Value increase/(decrease)	670	(8)	2	–	664
Share in result	(1,222)	(1,026)	(48)	28	(2,268)
Foreign currency translation	–	(0)	(4)	–	(4)
	191	(1,029)	(50)	28	(860)
Offset against intercompany receivables	–	13	50	–	63
Provision	–	1,016	–	–	1,016
At 31 December 2021	**191**	**0**	**0**	**28**	**219**

For disclosure of significant participating interests see accounting policy 6.1 to the consolidated financial statements.

Notes to the parent company financial statements continued

25 Participations (continued)

During the period value increases were recognised on acquisitions of Corre Energy Storage B.V., Corre Energy ApS and Corre Energy Ltd because the net assets acquired differed from the purchase price. The following table shows the net assets acquired and consideration paid.

	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
Value (increase)/decrease	**(2)**	**8**	**(670)**	**(664)**

During the period Corre Energy Storage B.V. has changed its accounting policy for expenditure on its project Zuidwending 1, such that it has capitalised expenditure that is incremental to the project from the date that management committed to proceed with the project in this specific location. This change is reflected in the acquired net assets of Corre Energy Storage B.V. in the table above. Without this change there would be no value increase on the purchase of Corre Energy Storage B.V.

26 Receivables from participations

	Corre Energy Storage B.V. €'000	Corre Energy ApS €'000	Corre Energy Ltd €'000	Corre Energy Storage Limited €'000	Total €'000
At 1 March 2021	–	–	–	–	–
Additions	2,710	13	1,538	672	4,933
	2,710	13	1,538	672	4,933
Offset against losses of subsidiary	–	(13)	(50)	–	(63)
At 31 December 2021	**2,710**	**–**	**1,488**	**672**	**4,870**

No interest has been calculated. There is no repayment schedule and there are no guarantees agreed.

27 Receivables from participating interests

	2021 €'000
Corre Energy Group Holdings C.V.	1,287
Corre Energy General Partner B.V.	967
Corre Energy Partnership SCSp	250
	2,504

No interest has been calculated. There is no repayment schedule and there are no guarantees agreed.

28 Receivables and prepayments

Amounts falling due within one year:

	2021 €'000
Prepayments	286
Taxes receivable	106
	392

29 Cash

	2021 €'000
Cash	13,318
	13,318

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

Notes to the parent company financial statements continued

30 Equity

30.1 Movement

The below table shows the movements in allotted, called up and fully paid ordinary 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 ordinary 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 ordinary 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 ordinary shares of €0.10 each into 2,300 ordinary shares of €0.0045 each; and
- The Company issued a further 49,997,700 ordinary shares with a nominal value of €0.0045 each to Corre Energy Group Holdings C.V., which settled these by payment of €234,990, 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 to the consolidated financial statements, the Company has entered into an equity linked funding arrangement with 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 SGR). 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.

30.2 Provisions of the Articles of Association relating to profit appropriation

As per the Articles of Association the result is at disposal of the General Meeting of Shareholders.

30.3 Recognition of the loss for the period

The Directors propose to deduct the result for the period of €3,947,000 from other reserves.

The General Meeting of Shareholders will be asked to approve the appropriation of the 2021 result, this proposition is already recognised in the financial statements.

31 Long-term loans

	2021 €'000
IEEF II loan	11,553
	11,553

The details of this loan can be seen in note 14 to the consolidated financial statements.

32 Payables to participating interests

	2021 €'000
Corre Energy Partnership SCSp	245
	245

No interest has been calculated. There is no repayment schedule and there are no guarantees agreed.

33 Current liabilities

Amounts falling due within one year:

	2021 €'000
Trade creditors	371
Accruals and other liabilities	892
	1,263

34 Revenue

	2021 €'000
Management charge	175
	175

Revenue is derived from management charges to subsidiaries for director and marketing services.

35 Management costs

	2021 €'000
Management fees	(487)
Other management costs	(13)
	(500)

Management fees represent the cost of key management personnel that are invoiced to the Company.

The Company had no employees during the period.

Notes to the parent company financial statements continued

36 Other administrative expenses

	2021 €'000
Legal & professional costs	(869)
Travel costs	(8)
IT costs	(8)
Office costs	(2)
Marketing & communications costs	(50)
Other operating expenses	(45)
Foreign exchange / write-offs	(103)
	(1,085)

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	35
Other audit services	20
	55

Fees for financial statements audit comprise the audit of the financial statements. Fees for other audit services comprise review of special purpose financial statements.

37 Finance expense

	2021 €'000
Interest and similar expenses	(18)
Option revaluation	(933)
	(951)

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

38 Corporation tax

The Company and its subsidiary Corre Energy Storage B.V. have formed a fiscal unity for corporate income tax in the Netherlands as of 29 March 2021, as a result the Company is liable for future corporate income tax liabilities of Corre Energy Storage B.V. However, at the balance sheet date Corre Energy Storage B.V. does not have a corporate income tax liability.

Tax in the statement of comprehensive income relates to creation of deferred tax assets due to losses carried forward.

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