26 May 2023

Corre Energy B.V.
(the "Company")

Full Year Results and publication of Annual Report and Accounts

Corre Energy is a leader in the development, operation and commercialisation of Long Duration Energy Storage (LDES) projects that will enable the construction and integration of large-scale renewables, accelerating decarbonisation and enhancing the security and flexibility of energy systems.

Corre Energy today announces the publication of its financial results for the year ended 31 December 2022.

2022 Highlights

- Industry-first offtake agreement, with 15-year contract with Eneco at ZW1 project in the Netherlands
- ZW1 Commercial Close target affirmed for H1 2023
- GHH project in Denmark accelerated and supported H2 2023 Commercial Close target
- Investment phase sees €10.6m loss recorded after tax, in line with expectations (after elimination of non-cash share option revaluation)
- European policy environment significantly enhanced with launch of REPowerEU
- North American subsidiary launched with local projects and funding discussions underway
- Investment market buoyed by Inflation Reduction Act in US and supportive policies in Canada
- Energy sector ramping up plans to integrate long duration storage into future schemes
- Progress in 2022 triggered successful capital raises in May 2022 and February 2023

Keith McGrane, CEO of Corre Energy, commented:

"2022 was about putting in place the building blocks for our growth whilst maintaining prudent capital deployment. Our standout priority was to progress our key sites to meet customer demand for long-term storage solutions from a rapidly growing renewables sector seeking to secure and balance future electricity supplies. Our projects in the Netherlands and Denmark both made strong progress in 2022, underpinning our focus on the successful Commercial Close targets for both sites during 2023.

"Off the back of our strong commercial performance we successfully raised €10.9m in May 2022 and a €8.9m in February 2023. This has allowed the Company to advance its near-term projects whilst positioning the business for further planned pipeline growth. Corre Energy continues to make significant commercial progress on existing and prospective projects in 2023, and we look forward to providing a further market update in the near term."

The 31 December 2022 financial results – comprising a CEO Statement summary, Financial Review and Financial Statements – is provided below. For a comprehensive review of the year, please refer to the published Annual Report and Accounts.

Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2022 is now available to view on the Company's website at: https://corre.energy/.

Corre Energy B.V.
ir@corre.energy or +31 (0) 50 799 5060

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

Murray Group (Financial PR and IR)
Pat Walsh, Managing Director
pwalsh@murraygroup.ie or + 353 87 226 9345

CEO STATEMENT

Policy in the right direction

I welcome the response by the EU Commission to addressing the energy security and energy affordability crisis. Published in May 2022, REPowerEU set out a number of critical policy responses such as accelerated permitting of renewable energy, major increases in renewable energy targets and recognition of the importance of energy storage where it is referenced as "acting in the overriding public interest". In December 2022, the EU Commission announced that REPowerEU rules for accelerated permitting be applied to all energy storage. The decision of the European Parliament to include all energy storage (standalone as well as co-located with renewables) under the new, accelerated permitting rules for renewable projects in identified "go-to areas" is a step-forward to realise strategic energy storage for Europe.

Setting clear timelines and developing better provisions on permitting for energy storage will render it even more attractive to investors and accelerate its deployment.

On 14 March 2023, the 'Commission Recommendation Energy Storage – Underpinning a decarbonised and secure EU energy system' was adopted by the EU. It addresses EU countries on the most important issues contributing to the broader deployment of energy storage. Member states are to consider the double role of "consumer-producer" of storage by applying the EU electricity regulatory framework and by removing barriers, including avoiding double taxation and facilitating permitting procedures. It also provides recommendations to identify flexibility needs across different timescales and to ensure that system operators assess these needs when planning network developments.

On the financing side, the EU document suggests increasing the long-term visibility and predictability of revenues to facilitate access to finance. The energy storage industry has proposed a number of remuneration mechanisms to the EU such as flexibility contracts for difference and long-term contracts for peak shaving including market rules which would allow for stacking of multiple ancillary services. All these measures are very welcome, and I look forward to further details and the final recommendations which are to be made in the coming months.

An Industry First Offtake Contract and Partnership for ZW1

Having made considerable commercial progress during 2022 at our ZW1 project in the Netherlands, we ended the year with a major announcement that project has secured a 15-year offtake agreement and partnership with Eneco. This accounts for 100% of the storage capacity of the project involving an 84 hour or 3.5 day electricity storage duration. At the time of writing, it is understood that the contract is an industry first for LDES whereby a multiday storage solution in the form of hydrogen fuelled CAES has secured a long-term offtake with an investment grade utility.

The ZW1 agreement was a watershed moment not just for the project but for our business more generally. The offtake signing has underpinned the business model of Corre Energy and the economics of ZW1. It recognises the value of CAES based LDES in the wholesale market and confirms a significant hedging value in a renewables' portfolio given the storage duration of 84 hours. In addition, it confirms a viable and scalable use case for green hydrogen as a renewable fuel for power generation through our CAES projects.

The announcement of the offtake agreement has attracted much interest from the industry regarding potential offtake from the emerging pipeline of projects and I expect this to continue into 2023. This achievement reflects the maturing of the ZW1 project with final stage Front End Engineering Design (FEED) nearing completion and validation of the revenue performance through the Eneco contract. Permitting progress can benefit significantly from the emergence of accelerated permitting policies and the company is engaging heavily with stakeholders to achieve this for ZW1.

Accelerating the GHH

The Green Hydrogen Hub (GHH) across 2022 has seen much progress with a fresh impetus coming from policy sentiment to put the project onto an accelerated development timeline. Corre Energy's project team and our partners in Eurowind and Gas Storage Denmark have responded well to a heightened objective to the call for accelerating the project. Critical workstreams such as FEED and permitting are progressing well, whilst considerable progress has been made with Gas Storage Denmark towards an agreement to access an existing salt cavern for the CAES facility. The project already enjoys interest from a range of potential offtakers and market access parties and I look forward to the GHH achieving a similar “offtake” commercial milestone in 2023 to that achieved by ZW1 in December 2022.

Further Pipeline and North America

The company continued to progress negotiations regarding the origination of new sites in Germany and across 2022 made considerable progress towards agreeing penultimate terms to secure rights to several caverns. Into 2023, these efforts continue in line with increasing interest from a range of potential JV partners, storage offtakers and salt owners for further expansion of pipeline opportunities across Denmark, Netherlands and Germany.

The Inflation Reduction Act which was passed by Congress and signed into law by President Biden in August 2022 was the US equivalent to REPowerEU. An investment Tax Credit (ITC) which can unlock funding support of 30-40% for capital costs of stand-alone energy storage projects and a green hydrogen Production Tax Credit (PTC) of $3/kg provided a clear market signal for Corre Energy to enter the US market and position ourselves for project opportunities. Since the announcement in the US, the Canadian Government has announced an equivalent ITC for storage. We progressed two CAES project opportunities in North America to advanced stages of negotiation and will seek to close out at least one of these projects in 2023.

Funding and Finance

Firstly, I want to thank all of our investors for the continuing support to Corre Energy across 2022 whereby a capital increase of €10.9m was achieved in May 2022. This allowed the company to further its near-term projects whilst positioning the company for further pipeline growth. The operational progress of the near-term projects underpinned a strong share price performance across the year and the company continued to experience inbound interest from a range of industry operators and financial institutions regarding its activities, which has continued into 2023. A further capital raise of €8.9m was secured in February 2023, underpinning the continuing support from existing and new investors towards the achievement of key commercial milestones for the near term projects this year.

In line with expectations, we report a €30.2m loss after tax, or €10.6m excluding the effect of non-cash revaluation of share options. This was primarily driven by employee related costs of €5.6m and administration costs of €7.0m. The Group's funding profile remains strong with €8.9m received in the period. The Group capitalised project costs in the period of €6.7m.

Our people

I want to pay tribute to our incredible team of people who every day commit themselves to break through the conventional boundaries of the industry. The energy transition is about people as much as it is about engineering, finance, permits and so on. Without great people we can’t build a great company. It’s only right to commend dedication and tireless work of the Corre Energy team to our mission, the unwavering support and loyalty of our investors, and the commitment of our strategic industry partners. The team continues to demonstrate our values of Visionary, Collaborative, Empowering, Challenging and Integrity – all of which are key to delivering our mission to support the transition to net zero and deliver material progress towards a decarbonised world.

Outlook

Corre Energy has continued to build a market leading LDES team since its inception. Comprising pioneers in energy storage, innovation, engineering design, salt cavern expertise, regulatory specialists and financiers, the company possesses the technical, commercial and financial skills to deliver on its ambitions. We are addressing a fundamental problem to meaningfully contribute towards the promise of a decarbonised world – the storage of renewable energy, not just for hours but for many days. By doing so, fossil based electricity generation is displaced, carbon emissions are avoided, energy security is greatly increased whilst electricity prices are reduced.

The scale of the ambition at Corre Energy continues to rise. We are led by an exceptionally motivated and dedicated management team who believe in our purpose – to store, secure and share the world's limitless renewable energy. We also greatly benefit from an equally dedicated, committed and loyal shareholder base. It's why we are here and it's why we will continue to prosper as a company into 2023. I am confident that we can continue to succeed, matching our growth ambitions with scaling the capital base of the business to meet the substantial addressable market which is in front of us. As with 2022, I see 2023 as another year of breakthrough moments for Corre Energy and I am thoroughly looking forward to the remainder of the year ahead.

Financial Review

In 2022 the Group continued to carefully manage its financial position to enable it to focus on and progress its main near-term projects, while identifying further growth opportunities. This included raising additional equity funding and rationalising the organisational structure to maximise progress and sustainability.

Projects

Details of operational and strategic project progress are shared in the CEO's Statement.

In the year we capitalised €5.9 million of project costs on the ZW1 project to enable delivery of milestones such as the signing of the offtake agreement with Eneco. For the first time we also capitalised costs relating to the GHH project as it reached the appropriate stage of development, €0.7 million in total. All capitalised project costs are classified as Caverns under Construction in the financial statements. A further €0.3 million classified as Project Costs in the financial statements was spent on early stage development of the GHH project and progressing options on opportunities in Germany, the USA and Canada.

The business continued to focus on progressing the flagship projects and, in the period, incurred €5.6 million of employee expenses for staff that are either directly involved in these activities or supporting in back-office functions, and €7.0 million of associated administrative expenses.

We currently forecast that the ZW1 and GHH projects will continue in the development phase until 2025. Once the construction phases commence, capital expenditure on ZW1 and GHH is forecast to be around €450 million and €420 million respectively.

Funding

The Group ended the year with €3.4 million of cash, having successfully raised €10.9 million of equity capital in June 2022. After the end of the period, the Company raised a further €8.9 million in February 2023. These successful funding rounds demonstrated the ongoing support of investors, both old and new, for Corre Energy's proposition and the potential value of the business model and future project success. The share price performed well in the period, rising from €1.20 at the start of 2022 to €2.90 by the end of the year, and continued to outperform the market through the early part of 2023.

An important element of the business funding relates to the achievement of key project milestones, derisking projects and the business model for investors, such as the signing of the Eneco offtake agreement for ZW1, or the acquisition of land for GHH. Certainty of these milestones also unlock specific pre-agreed funding sources, such as additional borrowing, developers' fees or the potential for equity sell-down events. Commercial close on both the ZW1 and GHH projects, expected in 2023, should bring such significant funding benefits.

As projects progress and mature, a wider range of funding options can become available. We are constantly assessing the best and most efficient combinations of debt, equity and ownership levels to enable us to achieve our objectives, particularly as the projects move through the development and construction phases.

Right-sizing for future success

Given the sharper focus on nearer-term projects, at the end of 2022 Corre Energy streamlined its operations and cost base. This will significantly lower operating costs for 2023, without impacting the speed of strategic and operational progress on the Group's key projects.

Other key figures

The Group's loss after tax for the period was €30.2 million, including €19.6 million of finance expenses, the majority of which are non-cash, relating to revaluation of share options embedded in the IEEF II financing agreement. The loss also includes €1.9 million reversal of CINEA grant income, for more information see note 2 to the consolidated financial statements.

Excluding the revaluation of share options the result is as expected, with an adjusted loss after tax of €10.6 million. Expenditure remains focused on project development, raising funds and strengthening back-office functions to oversee and support these key activities.

Consolidated statement of comprehensive income for the period ended 31 December 2022

	Note	2022 €'000	2021 €'000
Revenue	1	**0**	**5**
Other operating income	2	**(1,709)**	**903**
Expenses			
Employee expenses	3	(5,623)	(2,662)
Project costs	4	(328)	(7)
Other Administrative expenses	5	(7,029)	(4,808)
Operating result		**(14,689)**	**(6,569)**
Finance expense	6	(19,572)	(1,031)
Result before tax		**(34,261)**	**(7,600)**
Corporation tax	7	4,044	3,653
Loss after tax		**(30,217)**	**(3,947)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		74	(4)
Total comprehensive income		**(30,143)**	**(3,951)**

Consolidated balance sheet at 31 December 2022

	Note	2022 €'000	2021 €'000
Assets			
Non-current assets			
Intangible fixed assets	8	618	618
Tangible fixed assets	9	12,012	5,261
Lease right of use assets	10	517	99
Deferred tax assets	7	7,704	3,641
Total non-current assets		20,851	9,619
Current assets			
Cash	11	3,432	13,375
Receivables, prepayments and accrued income	12	9,678	2,582
Total current assets		13,110	15,957
Total assets		**33,961**	**25,576**
Equity			
Share capital	15	306	279
Share premium	15	21,560	11,501
Retained earnings		(33,467)	(3,250)
Foreign currency translation		70	(4)
Total equity		**(11,531)**	**8,526**
Liabilities			
Non-current liabilities			
Long-term loans	13	31,559	11,646
Long-term lease liability	13	294	79
Long-term payables to participating interests	13	1,845	1,845
Total non-current liabilities		33,698	13,570
Current liabilities			
Trade creditors	14	1,044	823
Payables to participating interests	14	7,293	1,123
Other current liabilities	14	3,457	1,534
Total current liabilities		11,794	3,480
Total liabilities		**45,492**	**17,050**
Total equity and liabilities		**33,961**	**25,576**

Consolidated statement of changes in equity for the period ended 31 December 2022

	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	-	-	664	-	664
Initial public offering (IPO)	54	11,965	-	-	12,019
IPO transaction costs	-	(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
Issue of share capital	26	10,852	-	-	10,878
Share issue transaction costs	-	(794)	-	-	(794)
Loss for the period	-	-	(30,217)	-	(30,217)
Other comprehensive income	-	-	-	74	74
At 31 December 2022	306	21,560	(33,467)	70	(11,531)

Consolidated statement of cash flows for the period ended 31 December 2022

	2022 €'000	2021 €'000
Cash flow from operating activities		
Operating result	(14,689)	(6,569)
Depreciation	67	15
(Increase)/Decrease in Receivables, prepayments and accrued income	(5,665)	(2,330)
Increase/(Decrease) in Trade creditors	220	234
Increase/(Decrease) in Other Payables	5,875	1,096
Taxes paid	(12)	(107)
Total cash flow from operating activities	(14,204)	(7,661)
Cash flow from investment activities		
Investments in Tangible fixed assets	(6,771)	(2,107)
Investments in Intangible fixed assets	-	(618)
New consolidations	-	538
Total cash flow from investment activities	(6,771)	(2,187)
Cash flow from financing activities		
Inflows from Capital Increases	10,085	10,837
Proceeds/(Repayment) of Borrowings	1,053	12,488
Interest Paid	(17)	(24)
Total cash flow from investment activities	11,121	23,300
Effect of changes in foreign exchange rates	(89)	(78)
Total cash flow	**(9,943)**	**13,375**
Cash at start of period	13,375	-
Cash at end of period	3,432	13,375

Accounting policies

1 Corporate information

The Directors present the consolidated financial statements of Corre Energy B.V. (the Company) for the year ended 31 December 2022. 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.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 25 May 2023.

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 Accounting Standards

3.1 New and amended IFRS Accounting Standards that are effective for the current year

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IAS 41 Agriculture and IFRS 1 First-time Adoption of International Financial Reporting Standards are not applicable for the Group and therefore the amendments to these standards have no impact on the financial statements.

A number of amendments to IFRS standards are mandatorily effective for accounting periods that begin on or after 1 January 2022. These have been adopted, although their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements. If the relevant situations arise in future, the Group will apply the amendments accordingly.

3.1.1 Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. 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 Provisions, Contingent Liabilities and Contingent Assets, 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.

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

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. 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.

3.1.3 Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. 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).

3.1.4 Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to IFRS 9 Financial Instruments. The amendments clarify 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.

3.2 New and revised IFRS Accounting Standards 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 but are not yet effective:

New standard / amendment	Title / significant changes	Effective from
IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been removed by IASB
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

IFRS 17 is not applicable for the Group and therefore the amendments to this standard have no impact on the financial statements.

The Directors do not expect that the adoption of the amendments to the other standards listed above will have a material impact on the consolidated financial statements of the Group, although if the relevant situations arise in future, the Group will apply the amendments accordingly. 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. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position 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. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

3.2.3 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 IASB 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 and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

3.2.4 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace 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 IASB 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; and
- 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 IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB 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.

3.2.5 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 IASB 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; and
    - 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.

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 raise further funding to allow the business to continue to trade until it becomes cash generative. The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has, or has plans to mobilise, sufficient resources to continue into the foreseeable future. Therefore these financial statements have been prepared on the going concern basis.

5 Basis of preparation

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

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

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

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

6 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity, and can affect those returns through its power to direct the activities of the entity. The Company reassesses whether 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 Company incorporated a new 100% owned subsidiary Corre Energy US LLC on 11 April 2022.

Corre Energy US LLC in turn incorporated a new 100% owned subsidiary Corre Energy US Development Company LLC on 11 April 2022. Corre Energy US Development Company LLC is researching new opportunities in North America.

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
Corre Energy US LLC	USA	100%	Yes
Corre Energy US Development Company LLC	USA	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 where 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**	**Year-end 2022**	**Average 2022**
UK Pounds Sterling	1.1768	1.1734	1.2748	1.1732
Danish Krone	0.1345	0.1345	0.1345	0.1344
US Dollar	0.8829	0.8847	0.9376	0.9509

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 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. 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 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, provided that these costs can be measured reliably, and it is probable that future economic benefits associated with the asset will flow to the Group. 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, as management must determine whether it is probable that future economic benefits associated with the asset will flow to the Group. To decide this the long-term cash flows associated with the project must be assessed in some detail.

The Group's Portfolio Governance Manual identifies seven phases in the life cycle of a project, which are Initiate, Assess, Select, Refine, Construct, Operate and Abandon. To move from one phase to the next a decision gate must be passed, which requires the Decision Review Board, made up of senior management, to agree to proceed with the project.

During the Assess phase project economics including funding strategy are assessed in detail. Therefore management's judgement is that project costs should be capitalised from the Select phase. Zuidwending 1 is in the Select phase so its costs have been capitalised from December 2019 onwards, and the Green Hydrogen Hub entered the Select phase in July 2022, so its costs have been capitalised from this date.

The Directors currently expect Zuidwending 1 and the Green Hydrogen Hub to be operational from 2027, and when operational cash flows are expected to exceed the carrying values capitalised for both projects. There are no indicators of impairment so project costs incurred are recognised in full at historical cost.

8.2 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 the cases of Corre Energy B.V., Corre Energy Storage B.V., Corre Energy ApS and Corre Energy Ltd there will be sufficient future profits against which to offset these losses, so deferred tax assets are recognised in full for these companies. Although it has carried forward losses, no deferred tax asset is recognised for Corre Energy US Development Company LLC due to its early stage of development.

8.3 Option valuation

As described in more detail in note 13 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), has been granted the option to convert debt instruments into 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 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.

10 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.

11 Leases

11.1 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.

11.2 As a lessor

The Group enters into lease agreements as a lessor with respect to some of its office space.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Group does not act as a lessor for any finance leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group allocates the consideration under the contract to each component.

12 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.

13 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.

13.1 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.

13.2 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.

13.3 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 its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

After initial recognition financial liabilities 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.

13.4 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.

14 Cash

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

15 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.

16 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 plus or minus any premiums, discounts and transaction costs. This is usually equal to the nominal value.

17 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.

18 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. Other operating income comprises grant income, NZIP income and rental income.

Grant income 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.

Rental income is recognised when the services have been delivered. NZIP income is recognised as each performance obligation is satisfied.

19 Financial income and expenses

19.1 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.

19.2 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.

20 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 tax authority.

Notes to the consolidated financial statements

1 Revenue

	2022 €'000	2021 €'000
Revenue from related parties	-	5
Total Revenue	-	5

During 2021 the Group earned revenue from related parties for IT and administrative services.

2 Other operating income

	2022 €'000	2021 €'000
CINEA grant income	(1,934)	903
NZIP income	175	-
Rental income	50	-
Total Other operating income	(1,709)	903

2.1 CINEA grant income

In December 2019 Corre Energy Storage B.V. was successful with a grant application it had submitted to the European Innovation and Networks Executive Agency (now the European Climate, Infrastructure and Environment Agency, CINEA). In the grant agreement that followed a 40% prefinancing amount of €1,774,000 was received in March 2020.

Subsequently the Covid global pandemic began. Like other businesses around the world the Group had to adapt to new working conditions which presented many challenges, including to communication and collaboration. Corre Energy Storage B.V. submitted a grant reclaim in Q3 2022 which was rejected as not all requirements were met to receive the funds. A challenge was rejected and the co-financing amount was reduced with no further grant funding received. Therefore some income previously recognised, including amounts accrued but not yet received, has been reversed in the statement of comprehensive income in 2022.

The reduction in the co-financing amount will be paid in 24 equal monthly instalments of €55,000 including interest beginning in December 2022.

2.2 NZIP income

In 2022 Corre Energy Ltd received €175,000 from the UK Government's Department for Business, Energy & Industrial Strategy (BEIS) for its work on Phase 1 of the Longer Duration Energy Storage Demonstration Programme, part of the Net Zero Innovation Portfolio (NZIP).

2.3 Rental income

The Group received rental income for office space provided to Gibson Watts Limited, a company controlled by Darren Green, a Director. See note 18 for further information.

3 Employee expenses

	2022 €'000	2021 €'000
Salaries	4,839	1,907
Pension costs	286	48
Social security costs	510	220
Other benefits	127	8
Capitalised staff costs	(713)	(247)
Staff costs	5,049	1,936
Management Fees	451	720
Contractor costs	93	1
Other employee expenses	30	5
	5,623	2,662

Capitalised staff costs represent the value of staff costs capitalised to caverns under construction as part of the Zuidwending 1 and Green Hydrogen Hub projects.

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

	2022	2021
Corre Energy Storage B.V.	1	1
Corre Energy Ltd	26	13
Corre Energy Storage Limited	7	5
Corre Energy ApS	3	-
Total	37	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

Project costs represent amounts spent on projects that are not capitalisable due to their stage of development. Costs relating to the Green Hydrogen Hub project in Denmark were capitalised from July 2022, so the below table includes costs relating to the Green Hydrogen Hub project for the first half of 2022.

	2022 €'000	2021 €'000
Commercial Development	120	7
Planning and Permitting	46	-
Engineering Design, Surface and Caverns	90	-
Project Management	40	-
Project Legals	32	-
	328	7

5 Other administrative expenses

	2022 €'000	2021 €'000
Legal & professional costs	5,557	4,144
Travel costs	708	259
Recruitment costs	152	93
IT costs	192	87
Office costs	330	52
Marketing & Communications costs	39	92
Other operating expenses	51	81
	7,029	4,809

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

	2022 €'000	2021 €'000
Financial statements audit	94	47
Other audit services	10	32
	104	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 related party transactions in 2022 and special purpose financial statements in 2021.

6 Finance expense

	2022 €'000	2021 €'000
Interest and similar expenses	1,058	24
Option revaluation	18,352	933
Foreign exchange losses	162	74
	19,572	1,031

The option revaluation charge relates to the equity linked funding agreement with Italian Energy Efficiency Fund II (IEEF II). See note 13 for further information on the agreement.

7 Corporation tax

7.1 Income tax recognised in statement of comprehensive income

	2022 €'000	2021 €'000
Corporation tax to pay	(3)	(4)
Deferred tax income	4,047	3,657
	4,044	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

	2022 €'000	2021 €'000
Other taxes receivable	382	222
Corporate tax payable	1	4
Other taxes payable	238	84
	239	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

	2022 €'000	2021 €'000
Loss before tax	34,261	7,600
Statutory tax rate	25.6%	25.2%
Tax at statutory tax rate	8,768	1,915
Deferred tax assets recognised in respect of prior years	-	442
Deferred tax assets recognised in respect of capital expenditure	498	990
Deferred tax assets not recognised	(159)	
Expenses not recognised in accounting records	190	314
Non-taxable income	(499)	233
Expenses not deductible	(4,735)	(241)
Other differences	(19)	-
Effective tax amount	4,044	3,653

The statutory tax rate of 25.6% (2021: 25.2%) has been calculated taking into account the statutory tax rates in the Netherlands, Denmark, the UK, the Republic of Ireland and Delaware, USA.

The reconciling items are explained as follows:

- A deferred tax asset exists in respect of differences in the accounting value and tax basis value of caverns under construction, specifically the Zuidwending 1 (ZW1) project. During the period this was adjusted due to changes in CINEA grant income recognised. See note 2 for further information.
- No deferred tax asset has been recognised for the losses of Corre Energy US Development Company LLC due to its early stage of development.
- Expenses not recognised in the accounting records are incremental costs directly attributable to equity raising, which 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. During the period this was adjusted due to changes in CINEA grant income recognised. See note 2 for further information.
- Expenses not deductible represents the cost of revaluation of the options contained in the equity linked funding agreement with IEEF II. See note 6 for further information.

7.4 Deferred tax assets

Deferred tax assets have arisen due to temporary differences attributable to tax losses. The Group is largely pre-revenue with high initial development expenditure in early years. The Directors have performed tax planning and consider it probable based on profit forecasts that future taxable profits will be generated against which tax losses can be utilised.

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	-	-	-
Credited to the income statement	2,667	990	3,657
At 31 December 2021	2,667	990	3,657
Credited to the income statement	3,549	498	4,047
At 31 December 2022	6,216	1,488	7,704

No deferred tax asset was recognised at acquisition of any subsidiary.

8 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
Additions	-
At 31 December 2022	**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 2021 the Group acquired the rights to four sites that have not yet reached capitalisation from its related party Corre Energy Limited, a company controlled by Darren Green, a director.

9 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
Additions	6,738	-	33	6,771
At 31 December 2022	11,962	3	72	12,037
Accumulated depreciation				
At 1 March 2021	-	-	-	-
Charge for the period	-	0	5	5
At 31 December 2021	-	0	5	5
Charge for the period	-	1	19	20
At 31 December 2022	-	1	24	25
Net book value at 31 December 2022	11,962	2	48	12,012

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.

10 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 cars in the Netherlands and Ireland and offices in the UK and Denmark.

Information about leases is presented below.

10.1 Lease right of use assets

	Vehicles €'000	Offices €'000	Total €'000
Cost			
At 1 March 2021	-	-	-
Additions	109	-	109
At 31 December 2021	109	-	109
Additions	117	341	458
At 31 December 2022	226	341	567
Accumulated depreciation			
At 1 March 2021	-	-	-
Charge for the period	10	-	10
At 31 December 2021	10	-	10
Charge for the period	30	10	40
At 31 December 2022	40	10	50
Net book value at 31 December 2022	186	331	517

10.2 Lease liabilities

	2022 €'000	2021 €'000
Current	210	22
Non-current	294	78
	504	100

10.3 Amounts recognised in the statement of comprehensive income

	2022 €'000	2021 €'000
Interest on lease liabilities	11	3
Depreciation of right of use assets	(40)	10
Short-term lease expenses	236	187

	207	200

10.4 Amounts recognised in the cash flow statement

The total cash outflow for leases in the period was €372,000 (2021: €211,000).

11 Cash

	2022 €'000	2021 €'000
Cash	3,432	13,375
	3,432	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.

12 Receivables, prepayments and accrued income

Amounts falling due within one year:

	2022 €'000	2021 €'000
Accrued grant income	-	164
Receivables from participating interests	8,363	1,466
Receivables from other related parties	12	16
Prepayments	921	698
Taxes receivable	382	238
	9,678	2,582

See note 7 for information on items included in taxes receivable and note 18 for information on items included in receivables from participating interests and receivables from other related parties.

Prepayments includes €383,000 (2021: €383,000) of legal and advisory costs incremental to obtaining a loan facility with Infracapital, this facility is described in note 21.3. 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.

13 Non-current liabilities

	2022 €'000	2021 €'000
IEEF II loan	30,942	11,553
N.V. NOM loan	-	93
CINEA grant payable	617	-

Long-term loans	31,559	11,646
Long-term lease liability	294	79
Long-term payables to participating interests	1,845	1,845

13.1 IEEF II loan

In June 2021 Corre Energy B.V. entered an equity linked funding agreement with IEEF II. Under the terms of this agreement the Company drew 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.

13.2 N.V. NOM loan

This represents amounts due to N.V. NOM, Investerings- en Ontwikkelingsmaatschappij voor Noord-Nederland more than 12 months after the balance sheet date. See note 14 for more information.

13.3 CINEA grant payable

This represents amounts due to CINEA more than 12 months after the balance sheet date. See note 2 for more information.

13.4 Long-term payables to participating interests

This represents amounts payable to Corre Energy Partnership SCSp. See note 18 for further information.

13.5 Fair value

The Directors consider that the fair values of the N.V. NOM loan, CINEA loan repayment and non-current lease liability are not materially different to their carrying amounts, since in all cases the interest payable is close to the current market rate and the value is 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.

	2022	**2021**
	€'000	**€'000**
IEEF II loan	32,729	15,839
Long-term payables to participating interests	1,517	1,590

14 Current liabilities

Amounts falling due within one year:

	2022 €'000		2021 €'000
Third party creditors	1,016		765
Payables to related parties	28		58
Trade creditors	1,044		823
Corre Energy Group Holdings C.V.	7,172	-	1,123
Corre Energy General Partner B.V.	121		-
Payables to participating interests	7,293		1,123
Long-term debt due within 12 months	780		186
Taxes payable	238		88
Deferred income	482		-
Accruals and other liabilities to third parties	1,934		642
Accruals and other liabilities to related parties	23		618
Other current liabilities	3,457		1,534

Long-term debt due within 12 months represents amounts due to N.V. NOM and CINEA. 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, therefore the remaining balance is due within 12 months of the balance sheet date. See note 2 for more information on the CINEA grant.

Deferred income represents amounts received under grant agreements that are not yet recognisable in the statement of comprehensive income, including amounts received under the CINEA grant. See note 2 for more information.

For further information on payables to related parties, payables to participating interests and accruals and other liabilities to related parties see note 18.

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

15 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
Issue of 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
Issued share capital	5,880,498	0.0045	26,462	10,852,459
Share issue transaction costs	-	-	-	(794,240)
At 31 December 2022	67,899,344	0.0045	305,547	21,559,546

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 €234,994, 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.

On 8 June 2022 the Company issued a further 5,880,498 shares at €1.85 per share, increasing share capital by €26,462 and share premium by €10,058,229 after accounting for costs incremental to the placing.

As documented more fully in note 13, the Company has entered 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.

16 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.

17 Earnings per share

	2022 € cents	2021 € cents
Basic	(46.2)	(9.2)
Diluted	(14.2)	(6.4)

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

Earnings

	2022 €'000	2021 €'000
Earnings for the purpose of basic earnings per share - Net loss attributable to owners of the Company	(30,217)	(3,942)
Effect of dilutive potential ordinary shares: - Finance costs of equity linked funding agreement	19,388	945
Earnings for the purpose of diluted earnings per share	(10,829)	(2,997)

Number of shares

	2022 Number	2021 Number
Weighted average number of ordinary shares for basic earnings per share	65,353,813	42,918,098
Effect of dilutive potential ordinary shares:		
- Equity linked funding agreement	11,000,000	3,770,492
Weighted average number of ordinary shares for diluted earnings per share	76,353,813	46,688,590

The equity linked funding agreement with IEEF II, which is described in more detail in note 13, gives rise to potential ordinary shares. These have been included in the determination of diluted earnings per share but not basic earnings per share.

18 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.

18.1 Remuneration of key management personnel

The Group's key management personnel are the Executive Directors 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.

	2022 €'000	2021 €'000
Short-term employee benefits	-	127
Post-employment benefits	-	4
Remuneration via group companies	307	212
Remuneration via management companies	422	270
	729	613

18.2 Other transactions with related parties

The following other transactions occurred with related parties:

	2022 €'000	2021 €'000
Income		
Sales to entities controlled by key management personnel	-	5
Other income from entities controlled by key management personnel	50	-
Purchases		
Reimbursement of expenses	59	31
Purchases of services from participating interests	4,732	3,113
Purchases of services from other entities controlled by key management personnel	321	1,191
Capital purchase from other entity controlled by key management personnel	-	618

Other income from entities controlled by key management personnel represents rental income for office space leased to Gibson Watts Ltd, a company controlled by Darren Green, a Director.

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.

During the period the Group acquired the following services from Procorre UK Ltd and Gibson Watts UK Ltd, companies controlled by Darren Green, a Director:

- Marketing and social media services; and
- Recruitment services and provision of consultants.

In 2021 the capital purchase from other entities controlled by key management personnel is the purchase of cavern options from Corre Energy Limited, a company controlled by Darren Green, a Director.

18.3 Balances with related parties

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

	2022 €'000	2021 €'000
Current receivables:		
- Participating interests	8,363	1,466
- Companies controlled by key management personnel	12	16
Current payables:		
- Payables to key management personnel	-	30
- Payables to companies controlled by key management personnel	28	28
- Payables to participating interests	7,293	1,123
- Accruals and other liabilities to key management personnel	72	-
- Accruals and other liabilities to companies controlled by key management personnel	-	618
Loans from related parties:		
- Participating interests	1,845	1,845

Receivables from participating interests comprises €4,601,000 due from Corre Energy Group Holdings C.V., the Company's immediate parent, and €3,640,000 due from Corre Energy General Partner B.V., which is Corre Energy Group Holdings C.V.'s general partner. No interest is payable on these amounts and there are no repayment schedules.

Payables to participating interests represents amounts payable to Corre Energy Group Holdings C.V. resulting from purchases of services described in note 18.2. No interest is payable on this amount and there is no repayment schedule.

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.

19 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 Finance under policies approved by the Board of Directors. 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.

19.1 Market risk

19.1.1 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:

		2022	
	GBP €'000	DKK €'000	USD €'000
Cash	547	46	66
Receivables, prepayments and accrued income	78	3	-
Trade creditors	(119)	(141)	(2)
Other current liabilities	(288)	(255)	(35)

		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 €162,000 (2021: €74,000).

The sensitivity of profit or loss to changes in exchange rates arises primarily 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 €568,000 increase or decrease respectively (2021: €314,000).

19.1.2 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.

19.2 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, individual small shareholders and grants.

The Directors are ultimately responsible for liquidity management, with day-to-day management performed by 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.

			2022			
	Carrying amount	**Contractual cash flows**	**< 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Deferred tax assets	7,704	7,704	-	58	-	7,646
Other receivables, prepayments and accrued income	9,678	9,678	9,678	-	-	-
Cash	3,432	3,432	3,432	-	-	-
Total inflows	20,814	20,814	13,110	58	-	7,646
Long-term loans	32,339	12,397	780	617	-	11,000
Lease liability	504	551	233	223	95	-
Trade creditors	1,044	1,044	1,044	-	-	-
Payables to participating interests	9,138	9,138	7,293	-	1,845	-
Other current liabilities	2,469	2,469	2,469	-	-	-
Total outflows	45,494	25,599	11,819	840	1,941	11,000

			2021			
	Carrying amount	**Contractual cash flows**	**< 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'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

19.3 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 €3,432,000, €1,857,000 was held with Coöperatieve Rabobank U.A., which has a credit rating of A+ (Fitch) and €1,351,000 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.

20 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 13, 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.

21 Commitments

21.1 Capital commitments

Capital expenditure that has been contracted but not provided for in the financial statements amounts to €187,000 as at 31 December 2022 (2021: €428,000), in respect of caverns under construction.

21.2 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.

21.3 Infracapital agreement

The Company entered into a non-binding heads of terms in March 2021 with Infracapital Greenfield Partners II (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.

21.4 Lease commitments

Note 19 shows the undiscounted commitment for lease payments for vehicles recognised as a lease liability on the balance sheet, totalling €551,000.

21.5 Other commitments

The Group has no significant commitments other than those listed above.

22 Events after the reporting period

On 3 February 2023 the Company created a Long-Term Incentive Plan (LTIP) for employees of the Group and participating interests. Under the LTIP the Company issued the following options over its shares:

- On 3 February 2023, 345,000 options to purchase shares for €0.0045 per share, vesting on 3 February 2025;
- On 27 February 2023, 145,000 options to purchase shares for €0.0045 per share, vesting on 27 February 2026; and
- On 22 March 2023, 30,000 options to purchase shares for €0.0045 per share, vesting on 22 March 2026.

On 22 February 2023 the Company issued a further 2,561,798 shares at €3.50 per share, increasing share capital by €11,528 and share premium by €8,416,346 after accounting for costs incremental to the placing.