

14 June 2023

**Corre Energy B.V.**

**(the “Company”)**

**Operational Update**

***Commercial close of ZW1 project and new Germany agreement signed to double European portfolio capacity***

- **Netherlands:** All commercial close criteria completed for ZW1 as latest revenue forecast supports upside to IRR projections
- **Germany:** Option signed on four caverns with 35ha. of land enabling 500MW+ generating capacity and up to 80GWh of multiday electricity storage
- **Denmark:** Strong H1 with land and grid signings at GHH; cavern access process well-advanced and commercial close target maintained for H2 2023
- **Tender opportunities:** Corre Energy approached by several offshore wind bidders to consider working together on upcoming Dutch tenders which mandate integration solutions
- **North America:** Further targets identified in buoyant Inflation Reduction Act environment
- **Positive environment:** Fundamentals behind CAES further improve as policy support intensifies
- **Scaling portfolio:** Company pathway now set towards 1.3GW of storage in construction by 2026 via 10-project portfolio

**Keith McGrane, CEO of Corre Energy, commented:**

“Today’s suite of commercial updates illustrates our focus on delivery and growth as we help to enable the global transition to clean energy. We are hitting our project milestones as planned and continue to source more high-quality projects to grow our portfolio in the well-established European and US energy markets.

“Our immediate focus has remained on both the commercial close of ZW1 in the Netherlands and GHH in Denmark. We have now completed all aspects of our Dutch commercial close and have done so within the timeframe set out at the beginning of the year. In Denmark, we signed key agreements during H1 which keep overall commercial close on track for H2 2023, as previously set out.

“Today we are also pleased to announce the doubling of our storage capability in Europe after signing an option agreement to develop three near-term projects in our target market of Germany, with all four caverns already in construction. With the potential to deliver over 500MW of generating capacity, this site could be our largest example yet for the development of zero-carbon power stations using compressed air energy storage.

“Together with our new projects in Germany and further planned sites, including in North America, we are now targeting to have 1.3GW of storage in construction by 2026. As previously stated, to support growth plans we are considering a variety of funding options, including debt and strategic equity investment in the Company itself or at project level, and this will now accelerate in H2 2023.

“At each step of our growth, we have remained consistent in the use of raised funds, helping to create a highly valuable portfolio of compressed air energy storage projects. We are pleased that the latest revenue recast at our ZW1 project further validates and improves the project economics guidance underpinning our growth.

“As momentum continues in our business, we are seeing major offshore wind firms, grid operators, partners and policymakers understand the huge role and potential of our projects in storing, securing and sharing the world’s limitless renewable energy.”

### **Commercial close of ZW1 Netherlands and revenue update**

Commercial close of our Dutch ZW1 project has now completed as per our programme, as previously defined. Looking ahead with our partners, we remain focused on our path towards financial close.

Recently commissioned analysis demonstrates expected revenue from the ZW1 project is set to increase having taken account for changes in the energy market since our first forecast. Given the faster adoption of clean energy and focus on energy security, this analysis validates an increase in revenue that provides upside to predicted IRRs. While cost inflationary pressures continue, we believe these will be more than offset by the revenue uplift and we therefore remain confident in previously outlined IRR guidance.

Triggered by the commercial close of ZW1, agreements are in place for the tranche III funding draw-down totalling €4m from Italian Energy Efficiency Fund II, an investment fund of FIEE SGR.

### **Denmark GHH on track for H2 commercial close**

Our Green Hydrogen Hub (GHH) project in Denmark continues to make strong progress, and we are on track to achieve commercial close in H2 2023, as previously guided. In the first half of the year, we successfully signed the land option agreement and reserved grid connection while current cavern option discussions are well advanced with state-owned Gas Storage Denmark. As the project continues, we see increased stakeholder support as we progress grid connection activity, permitting and design. Offtake activities are also well advanced which validates strong demand for our product.

### **Trio of Germany projects with total capacity exceeding 500MW**

On 13 June 2023, Corre Energy signed a land and cavern option agreement with Solvay, a multinational chemical company, which secures up to four caverns across three projects in one German location with a total potential generating capacity of over 500MW. It has the capacity to provide 80GWh of multiday electricity storage and could have potential for hydrogen storage in the future. The site has key licences and permits for their mining and operation already in place. Construction of all four caverns is already underway and the first cavern is due to be handed over to Corre Energy in early 2027. Early discussions indicate strong partner offtake demand.

Located in the North Rhine-Westphalia region, the site is strategically positioned between increasing renewable power landing points to the North and key industrial power consumption areas to the South and has the potential to connect to the future hydrogen backbone grid.

Philippe Kehren, President of Solvay’s Soda Ash & Derivatives business, which is responsible for their salt caverns, says: “We are delighted to partner with Corre Energy and salute them for acting at the right time. Salt caverns are a key enabler for a successful energy transition journey in Europe.”

Corre Energy Group Holdings CV will provide funding for the initial consideration via a three-year non-dilutive loan with rolled up interest at market standard terms for infrastructure development.

### **North American targets identified in buoyant market**

As we look to build our international reach, North American markets are a key target for Corre Energy. Our proven capability to develop projects matched with the supportive legislative environment would offer shareholders upside should our future projects utilise the US Inflation Reduction Act and similar

stimulus in Canada. We have been selective in tracking potential transactions and are pleased with the calibre of opportunities to date. Where appropriate we bid on selected projects with funding requirements being opportunity-led. Our North American model takes into consideration the optimal capital structure of the Company with respect to IRRs and shareholder returns.

### **Supportive regulatory environment and industry demand**

Energy industry and policymaker support continues to mount for long duration energy storage across Europe and the world. In Europe, for instance, the European Commission's commissioner for energy recently declared that "storage is the centrepiece for building a decarbonised, flexible and cost-effective energy system." There is recognition that for new clean energy infrastructure to become fully integrated there is a requirement to store and secure energy at scale for longer and this technology will play a significant role in balancing the grid. This is why CAES exists and why interest from the market continues to soar. Most notably, we have been approached by several offshore wind firms who are mandated to include integration solutions such as CAES in upcoming bids, and we are positioning ourselves as a partner of choice on future developments.

### **Pathway towards 1.3GW of storage in construction by 2026 with plan for growth**

With a strong regulatory landscape, unrelenting market demand and successful commercial delivery to date, we have amassed a major pipeline for Corre Energy's growth. We are now targeting 1.3GW of storage to be in construction by 2026 with at least 10 projects in our near- and medium-term pipeline. We have a strong management and technical team in place to deliver on our plans as we create a highly valuable portfolio of CAES projects. Our target remains to achieve mid-high teens equity IRRs, or to realise value at financial close of individual projects by selling down assets to third parties.

**ENDS**

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