corre.energy

21 May 2024

Corre Energy B.V.
("Corre Energy" and the "Company")
Preliminary Results

Corre Energy, the leading developer of long duration energy storage (LDES), announces the publication of its unaudited Preliminary Results for the Period ended 31 December 2023.

2023 Highlights (unaudited)

- **Operational and market**
    - Significant progress as Commercial Close status reached as planned at ZW1, Netherlands and GHH, Denmark
    - Land, grid, cavern and offtake arrangements in place ahead of Financial Investment Decision targets
    - Ahaus in Germany added to portfolio, doubling size of current European portfolio
    - Offtake and co-investment announced in January 2024 in Germany for AH-1 with Dutch utility company, Eneco; underground cavern construction now 75% complete
    - In November, the Group announced a Global Collaboration Agreement with Siemens Energy, providing a framework to supply a standardised, scalable multiday CAES solution
    - North American subsidiary progressed CAES opportunity to next due diligence stage, underpinning Corre Energy's international expansion plans
    - Policymaker support and wider energy market further improved for LDES to enable the renewables transition and balance electricity grids

- **Funding and finance**
    - Successfully raised €8.9 million of equity in February 2023 and €10 million in September 2023 through combined equity, funding drawdown and loan agreement
    - The Group has a supportive shareholder base which has supported the Group's working capital needs effectively to date; in 2024 the Group received €0.85 million in intercompany loans from its significant shareholder, Corre Energy Group Holdings C.V.s
    - Operating losses in line with management expectations, helped by prudent cost and cash controls
    - In January 2024, Eneco announced as funding partner to provide 50% investment requirement into the AH-1 project in Germany
    - Process to secure strategic investment into the business is ongoing following external interest which is being managed by Rothschild & Co. There is no certainty that any investments will be made in this respect nor on the size and structure of such an investment
    - The Company intends to engage with its shareholders further over the coming weeks in relation to potential further funding of short-term working capital requirements ahead of this strategic investment process and long-term fund raise being concluded, based on reasonable expectation by the Directors that sufficient short-term funding can be raised from shareholders

- **Outlook**
    - Corre Energy's key operational priority remains the delivery of our existing projects, targeting Financial Investment Decision at each development
    - A further focus is on sourcing new opportunities to expand our portfolio
    - With major commercial milestones now reached, strategic attention is on how to address increasing demand from the offtake market. Consequently, a number of initiatives are being considered, including:
        - Standardising design of CAES projects to further reduce execution timeframes and costs
        - Building in application of complementary storage technology (i.e. heat storage and/or battery) to enhance overall storage offering to offtakers
        - Enhancing leadership team with senior executives with experience in scaling solutions across multiple geographies

Keith McGrane, CEO of Corre Energy, said:

“2023 was about accelerating our operational performance following the key achievements of reaching commercial close at two of our projects in the Netherlands and Denmark. Added to that is the doubling of our European portfolio with the addition of a new development in Germany which has paved the way for a successful second partnership with Eneco as offtaker and investor, announced earlier in 2024. We’ve achieved this while cementing our partnership with Siemens Energy by signing a Global Collaboration Agreement to underpin our growth.

“Our commercial milestones and growth plans were achieved as market demand for our projects continued to rise. The global transition to a renewables-based electricity system is precisely why we’re focused on storage hubs anchored by our multiday technology.”

“Our financial position in 2023 is very much in line with expectation for this development stage of our business as we continue to deliver growth and commercial ambition. At a project level we secured further co-investment whilst in parallel we have commenced a process to secure further, substantial investment for the business. Our focus is to progress our current projects to financial close, source new opportunities and ultimately transition the business to support our scale-up plans and deliver maximum value to shareholders and our wider stakeholders.”

The unaudited Preliminary Results for the Period ended 31 December 2023 together with a CEO Statement and Financial Review can be found below. The Group intends to publish its Final Results and Annual Report for the Period ended 31 December 2023 on 29 May 2024.

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

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

Overview

2023 was a significant year for Corre Energy as we reached important project milestones, secured opportunities in new markets and maintained our overall path towards delivering a scaled, high return and high impact energy storage platform. We did this as nations united around the targets and steps required to deliver a renewables future through reformed energy markets and infrastructure investment. Never has the convergence between global events and what we deliver been so profound.

Storage market growth

Industry and political awareness around the fundamental needs for energy storage grew significantly during the year. Policymakers, grid operators, utility firms and the wider energy industry all played their part in progressing the energy storage market. In some countries, for example, offshore wind tenders have now started to directly mandate the requirement for balancing solutions to ensure steady supplies of electricity can be delivered to the grid.

In Europe, the latest planned capacity for storage was announced in the EU's 10-year network development plan (TYNDP) which is managed by the European Network of Transmission System Operators for Electricity. This official association of European transmission system operators (TSOs), representing 36 countries, shows the scale of energy storage being planned in Europe. Our analysis of the data revealed that Corre Energy is now the largest developer on this list in Europe. With 100 GWh of Compressed Air Energy Storage (CAES) under development, Corre Energy's projects represent c. 20% of the total capacity of planned large-scale energy storage projects in Europe over the next 10 years.

Alongside Corre Energy's projects in the Netherlands and Denmark, the EU's plan now includes our latest project in Germany. This achievement highlights the critical role of Corre Energy's pipeline in meeting the EU's climate and energy targets, ensuring a cost-effective and secure energy transition.

Momentum is also growing around multi-day storage of energy, in addition to shorter duration technologies such as battery. This is because of increased realisation around the need to store energy at scale and for well over 24 hours to truly support the transition to renewable energy. This is evidenced by analysis of storage technologies by S&P Global Commodity Insights, the foremost authority on global energy and commodity markets. They say that planned projects using alternatives to lithium battery technology is currently c. 10% worldwide (excluding China) but that it will shift to c. 30% by 2026. The report goes on to state that CAES makes up the largest part of that amount and that Corre Energy is the biggest developer.

Delivering key milestones

Twice in 2023 we reached the critical, planned status of commercial close at our projects in the Netherlands and Denmark. In June 2023, we achieved this at ZW1, our first phase project in the Netherlands, and in December 2023 we achieved the same milestone at our GHH project in Denmark. This means that land and cavern access has been achieved on site and that grid arrangements have been made. The fourth and most notable part of commercial close is securing offtake arrangements, a key feature we've now achieved in the Netherlands and Denmark. Offtake arrangements involve customer and supply arrangements for the energy we store. It's a crucial commercial goal at each of our projects and significantly derisks each development.

Last year also saw us add a major new development in Germany to our portfolio which in capacity terms doubled the size of our active pipeline. We secured the Ahaus site in North Rhine-Westphalia following the signing of a land and cavern option agreement with Solvay, a multinational chemical company, in June 2023. Using the four existing caverns on site we are planning to deliver the project in two phases, with a completed target of 84 hours each and a combined generating capacity of 640MW. This is a watershed moment for renewable energy storage development in Germany.

Since the year-end, we have agreed our offtake partner and planned co-investor, at economics to be agreed, in Germany while we also confirmed that underground construction has already reached 75% completion. Our strategic partnership with Eneco, a major Dutch energy company, will provide 50% of all development capital and construction equity for the first phase of the project and they will become the 50% owner of the completed project alongside Corre Energy. Adding to its existing offtake agreement for Corre Energy's ZW1 project in the Netherlands, Eneco (through its Lichtblick subsidiary in Germany) has also agreed to be the sole offtaker for all of the first project's electricity output.

Developing our business

One of our primary areas of focus remains the delivery of our existing projects, especially reaching the important stage of Financial Investment Decision at each development. We are equally focused on sourcing new opportunities to expand our portfolio, as demonstrated with our Germany transaction in 2023 and by our presence in North America where we are currently pursuing our first CAES opportunity.

With an initial portfolio now formed and key milestones achieved, our attention is also now on how we scale our business. This includes the standardisation of our projects, building out our own capability, reviewing how we can optimise or accelerate our portfolio, further considering how CAES fits in the wider energy storage value chain, and continuing to forge key industrial partnerships. The latter is most recently exemplified by our relationship with Siemens Energy which was strengthened in November 2023 when we launched a Global Collaboration Agreement to deploy multiday CAES technology. This is key to unlocking a repeatable product to allow our business to scale.

Funding our future

As described in the Financial Review, we continued to successfully raise capital during 2023 to fund our projects and corporate growth, allowing us to proudly achieve all we have done to date. We have done this while taking a prudent approach to cost management during our pre-revenue stage. As well as sourcing co-investment into our projects, since the year-end we announced a process to secure meaningful investment into our business to underpin our continued and accelerated growth. More details will be confirmed as that process continues.

People and partnerships

I'd like to thank our people and supply chain for their ongoing commitment and support during 2023. Our business is about delivering energy projects, but it is our people who have the passion and skills to make that happen. Working alongside our consultants and partners, everyone at Corre Energy is united by our central purpose and believe in the critical role we are playing to deliver a clean energy future.

Outlook

Against a macro environment that includes a global shift towards renewable energy and a widening appreciation of the critical role of storage, it is clear that the prospects for Corre Energy are stronger than ever. Having assembled an initial portfolio of projects, developed key partnerships and consistently attracted investment to build our business, we are poised to step up our growth plans. We anticipate mounting interest in our business in 2024 across the policymaker, industry and investor landscape as we embark on a year of growth, delivery and value creation.

FINANCIAL REVIEW (UNAUDITED)

During 2023 the Group continued to carefully manage its financial position whilst we moved to a portfolio-based model to project development to ensure a more balanced approach to growth and current projects.

Additional funding raises from equity and debt sources were successfully achieved during 2023 to allow the business to progress projects in a controlled and sustainable manner.

Projects

In the year we capitalised €6.5 million of project costs.

€4.6 million of additional spend on our ZW1 project enabled the delivery of commercial close on the project.

We capitalised €1.9 million of cost on GHH and achieved commercial close in December 2023 which has substantially derisked the project and enables it to move closer to Financial Close.

The signing of a land and cavern agreement with Solvay in Germany in June 2023 added further diversity to our portfolio of projects resulting in our Intangible Assets increasing to €5.1 million.

Additionally, we spent €1.5 million on project development in the USA and Germany. Costs on these projects will be capitalised in the future in line with our accounting policies.

To support the portfolio-based approach, the business incurred €6.4 million of employee expenses and €4.5 million on associated expenses in line with our expectations from the right-sizing exercise we went through in 2022.

Funding

The Group ended 2023 with €1.1 million in cash, having successfully raised €8.9 million of equity in February 2023. Furthermore, we raised €10 million in September 2023 through an additional equity raise of €4 million, third drawdown of funding for the Italian Energy Efficiency Fund II of €4 million and an inter-company loan of €2 million, repayable after three years. In March and April 2024, the Company received a further €0.85 million in inter-company loans, repayable after three years or sooner if agreed funding obligations are met. These inter-company loans were received from the Company's significant shareholder, Corre Energy Group Holdings C.V., at market standard terms for infrastructure investment.

These successful funding rounds demonstrated the Group's ability to raise funds from existing and new investors alongside the Group's project development to drawdown additional funding from IEEF Fund.

In March 2024, the Company initiated a process to secure strategic investment into the business following external interest which is being managed by Rothschild & Co.

The Company intends to engage with its shareholders further over the coming weeks in relation to potential further funding of the Company's working capital requirements ahead of this process being concluded. This is based on reasonable expectation by the Directors that sufficient short-term funding can be raised from shareholders.

The Group remains focused on delivering investment from a wide range of sources and engaging with Institutional and Strategic for portfolio-based funding sources.

Whilst the share price performance during 2023 was not as strong as prior years (€2.90 down to €2.02), this was in line with the overall trend in the energy transition market and uncertain economic conditions. We believe over time this trend will be reversed as the market understands the sector better and our projects develop to Financial Close, solidifying their financial value.

Other Key Figures

The Group's profit after tax for the year €5.6 million was due to the impact of finance expenses totalling €13.8 million, related to the revaluation of share options embedded in the IEEF II financing agreement. Excluding these, the result was in line with expectations.

The Group remains focused on reducing its development risk by focusing on its portfolio-based approach, taking strong management control and concentrating on costs and raising additional capital (debt and or equity) to ensure commercial and financial targets are delivered.

Consolidated statement of comprehensive income

for the period ended 31 December 2023

	Note	2023 €'000	2022 €'000
Other operating income	1	**26**	**(1,709)**
Expenses			
Employee expenses	2	(6,371)	(5,623)
Project costs	3	(683)	(328)
Other administrative expenses	4	(4,469)	(7,029)
Operating result		**(11,498)**	**(14,689)**
Finance income/(expenses)	5	13,826	(19,572)
Result before tax		**2,328**	**(34,261)**
Corporation tax	6	3,311	4,043
Profit/(Loss) after tax		**5,640**	**(30,218)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		(17)	74
Total comprehensive income		**5,623**	**(30,144)**

Consolidated balance sheet

at 31 December 2023

	Note	Dec-23 €'000	Dec-22 €'000
Assets			
Non-current assets			
Intangible fixed assets	7	5,107	618
Tangible fixed assets	8	18,518	12,012
Lease right of use assets	9	255	517
Deferred tax assets	6	10,786	7,704
Other non-current assets	10	148	-
Total non-current assets		34,814	20,851
Current assets			
Cash	11	1,082	3,432
Receivables, prepayments and accrued income	12	2,787	9,678
Total current assets		3,869	13,110
Total assets		**38,683**	**33,961**
Equity			
Share capital	15	322	306
Share premium	15	33,962	21,560
Retained earnings		(27,277)	(33,467)
Foreign currency translation		53	70
Total equity		**7,060**	**(11,531)**
Liabilities			
Non-current liabilities			
Long-term loans	13	20,953	31,559
Long-term lease liability	13	66	294
Long-term payables to participating interests	13	3,939	1,845
Total non-current liabilities		24,958	33,698
Current liabilities			
Trade creditors	14	1,692	1,044
Payables to participating interests	14	-	7,293
Other current liabilities	14	4,973	3,457
Total current liabilities		6,665	11,794
Total liabilities		**31,623**	**45,492**
Total equity and liabilities		**38,683**	**33,961**

Consolidated statement of changes in equity

for the period ended 31 December 2023

	Share capital €'000	Share premium €'000	Retained earnings €'000	Foreign currency translation €'000	Total €'000
At 1 January 2022	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	**305**	**21,559**	**(33,467)**	**70**	**(11,532)**

	Share capital €'000	Share premium €'000	Retained earnings €'000	Foreign currency translation €'000	Total €'000
At 1 January 2023	306	21,560	(33,467)	70	(11,532)
Issue of share capital	17	12,950	-	-	12,966
Share issue transaction costs	-	(547)	-	-	(547)
Profit for the period	-	-	5,640	-	5,640
Other comprehensive income	-	-	-	(17)	(17)
Employee long-term incentive plan	-	-	550	-	550
At 31 December 2023	**322**	**33,962**	**(27,277)**	**53**	**7,060**

Consolidated statement of cash flows

for the period ended 31 December 2023

	2023 €'000	2022 €'000
Cash flow from operating activities		
Operating result	(11,498)	(14,689)
Depreciation	198	67
(Increase)/Decrease in Receivables, prepayments and accrued income	7,177	(5,665)
Increase/(Decrease) in Trade creditors	648	220
Increase/(Decrease) in Other payables	(5,613)	5,875
Employee long-term incentive plan	551	-
Taxes paid	(48)	(12)
Total cash flow from operating activities	(8,583)	(14,204)
Cash flow from investment activities		
Investments in Tangible fixed assets	(6,533)	(6,771)
Investments in Intangible fixed assets	(4,501)	-
Investments in Other non-current assets	(148)	
Total cash flow from investment activities	(11,182)	(6,771)
Cash flow from financing activities		
Inflows from Capital Increases	12,419	10,085
Proceeds/(Repayment) of Borrowings	5,179	1,053
Interest Paid	(173)	(17)
Interest Received	61	-
Total cash flow from investment activities	17,486	11,121
Effect of changes in foreign exchange rates	(71)	(89)
Total cash flow	**(2,350)**	**(9,943)**
Cash at start of period	3,432	13,375
Cash at end of period	1,082	3,432

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 2023. 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.

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.

A number of amendments to IFRS standards are mandatorily effective for accounting periods that begin on or after 1 January 2023. 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.

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

Relevant amendments are summarized below:

Title	Key Effects	Effective date
Amendments to IAS1 and IFRS Practice Statement 2 – *Disclosure of accounting policies*	Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanation and guidance on how to identify material accounting policies.	1 January 2023
Amendments to IAS 8 – *Definition of Accounting Estimates*	Clarifies how to distinguish changes in accounting policies from changes in accounting estimates.	1 January 2023
Amendments to IAS 12 – *Deferred ax Relating to Assets and Liabilities arising from a Single Transaction*	Introduces an exception to clarify that the 'initial recognition exemption does not apply to transactions that give equal taxable and deductible timing differences.	1 January 2023
Amendments to IAS 12 – *International Tax Reform – Pillar Two Model Rules*	Adds disclosures to the impacts of Pillar 2 income tax Legislation. Also introduces a temporary exception to the associated accounting for deferred taxes which is effective immediately. Specifically an entity does not recognise deferred tax assets and liabilities relating to the OECD Pillar 2 income taxes and is exempt from providing 'normal' IAS 12 disclosures in relation to them.	1 January 2023

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:

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:

Title	Key Effects	Effective date
Amendments to IAS1 – *Classification of Liabilities as current or non-current*	Clarifies that the classification of liabilities as current or non-current should be based upon rights that exist at the end of the period	1 January 2024
Amendments to IAS1 – *Classification of Liabilities as current or non-current*	Clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.	1 January 2024
Amendments to IFRS 16 – *Lease liability in a Sale and Leaseback*	Specifies that requirements relating to measuring the lease liability on a sale and leaseback transaction after the date of the transaction.	1 January 2024
Amendments to UAS 7 and IFRS 7 – *Supplier finance arrangements*	Requires an entity to provide additional disclosures about its supplier finance arrangements	1 January 2024

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 still developing projects, is pre revenue, and as such requires significant future funding to continue its activities.

Whilst the Group has been successful during 2023 in raising the required funding to ensure it maintains the development of projects and business development, we need to diversify our funding sources to ensure we have sufficient capital to fund the business over the next 12 months.

During 2024 the company has been supported by intercompany loans from its significant shareholder, Corre Energy Group Holdings C.v., which has provided working capital loans of €0.85m.

The Group intends to engage with its shareholders further to support its short-term working capital requirements ahead of the process detailed below. The directors have reasonable expectations that that it will be able to raise additional short-term funds from its shareholders to support the long-term fund raise.

Rothschilds & Co have been appointed as Financial Advisors to the business to manage the multiple interest we have received from potential investors that would secure both the short- and long-term financial needs to the business.

Whilst the outcome of this process is not currently certain in terms of size or structure the expectation from the business is to be able to announce progress on this within the forthcoming period to give clarity and confidence on the funding situation.

The Directors have assessed the Group’s ability to continue as a going concern and on the assumption that that the Group will transact on the short term funding alongside the other current investment opportunities it has sufficient resources to continue into the foreseeable future.

Therefore, these financial statements have been prepared on the going concern basis.

5 Basis of preparation

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

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

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

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

6 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity, and 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 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 Germany GmbH	Germany	100%	Yes
Corre Energy US LLC	USA	100%	Yes
Corre Energy US Development Company LLC	USA	94.33%	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 2022	Average 2022	**Year-end 2023**	**Average 2023**
UK Pounds Sterling	1.2748	1.1732	**1.1507**	**1.1495**
Danish Krone	0.1345	0.1344	**0.1342**	**0.1342**
US Dollar	0.9376	0.9509	**0.9049**	**0.9172**

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; ZW1 and the GHH, so costs that are incremental to the development of these projects must be capitalised.

There is some judgement required to determine the point at which capitalisation should begin, 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. ZW1 is in the Select phase so its costs have been capitalised from December 2019 onwards, and the GHH entered the Select phase in July 2022, so its costs have been capitalised from this date.

The Directors expect once operational ZW1 and GHH cash flows will 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 lease.
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 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For equity-settled share-based payments, where employees of subsidiary undertakings are rewarded with shares issued by the Parent Company, a capital contribution is recorded in the subsidiary, with a corresponding increase in the investment of the parent company.

21 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 Other operating income

	2023 €'000	2022 €'000
CINEA grant income	-	(1,934)
NZIP income	-	175
Rental income	6	50
Other revenue	20	
Total Other operating income	26	(1,709)

2 Employee expenses

	2023 €'000	2022 €'000
Salaries	5,977	4,839
Pension costs	329	286
Social security costs	469	510
LTIP costs	553	-
Other benefits	141	127
Capitalised staff costs	(1,446)	(713)
Staff costs	6,023	5,049
Management Fees	110	451
Contractor costs	161	93
Other employee expenses	77	30
Employee expenses	6,371	5,623

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

Long-term Incentive Plan (LTIP) costs are described in note 16.

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

	2023	2022
Corre Energy Storage B.V.	-	1
Corre Energy Ltd	20	26
Corre Energy Storage Limited	4	7
Corre Energy ApS	6	3
Corre Energy	-	-
Corre Energy Germany GmbH	1	-
Corre Energy US Development Company LLC	-	-
Total	31	37

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.

3 Project costs

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

	2023 €'000	2022 €'000
Commercial Development	3	120
Planning and Permitting	83	46
Engineering Design, Surface and Caverns	146	90
Utility Services	30	-
Land and Stakeholder Management	5	-
Project Management	238	40
Project Legals	180	32
	683	328

4 Other administrative expenses

	2023 €'000	2022 €'000
Legal & professional costs	3,434	5,557
Travel costs	364	708
Recruitment costs	(25)	152
IT costs	222	192
Office costs	317	330
Marketing & Communications costs	58	39
Other operating expenses	99	51
	4,469	7,029

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

	2023 €'000	2022 €'000
Financial statements audit	94	94
Other audit services	10	10
	104	104

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.

5 Finance (income)/expense

	2023 €'000	2022 €'000
Interest and similar expenses	1,452	1,058
Option revaluation	(15,333)	18,352
Foreign exchange losses	55	162
	(13,826)	19,572

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.

6 Corporation tax

6.1 Income tax recognised in statement of comprehensive income

	2023 €'000	2022 €'000
Current tax charge	229	(3)
Deferred tax income	3,082	4,047
	3,311	4,044

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

6.2 Current tax receivable and payable

	2023 €'000	2022 €'000
Other taxes receivable	667	382
Corporate tax payable	(126)	1
Other taxes payable	373	238
	247	239

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

Notes to the consolidated financial statements continued

6.3 Reconciliation of effective tax rate

	Dec-23 €'000	Dec-22 €'000
(Profit)/Loss before tax	(2,329)	34,261
Statutory tax rate	25.4%	25.6%
Tax at statutory tax rate	(592)	8,768
Deferred tax assets recognised in respect of prior years	(64)	-
Deferred tax assets recognised in respect of capital expenditure	-	498
Deferred tax assets not recognised	(410)	(159)
Items in respect of prior year	354	-
Expenses not recognised in accounting records	139	190
Non-taxable income	-	(499)
Expenses not deductible	3,902	(4,735)
Other differences	(18)	(19)
	3,311	4,044

The statutory tax rate of 25.4% (2022: 25.6%) 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 ZW1 (ZW1) project.
- 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 prior period this was adjusted due to changes in CINEA grant income recognised.
- 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.

6.4 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 January 2022	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
Credited to the income statement	3,082	-	3,082
At 31 Dec 2023	**9,298**	**1,488**	**10,786**

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

7 Intangible fixed assets

The movement in intangible fixed assets is as follows:

	Cavern options €'000	Project acquisition option €'000	Total €'000
Cost and Net book value			
At 1 January 2023	618	-	618
Additions	4,000	489	4,489
At 31 Dec 2023	**4,618**	**489**	**5,107**

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.

8 Tangible fixed assets

	Caverns under construction €'000	Furniture €'000	IT equipment €'000	Office equipment €'000	Total €'000
Cost					
At 1 January 2022	5,224	3	39		5,266
Additions	6,738	-	33		6,771
At 31 December 2022	11,962	3	72	-	12,037
Additions	6,520	-	1	10	6,531
At 31 December2023	18,482	3	73	10	18,568
Accumulated depreciation					
At 1 January 2022	-	0	5		5
Charge for the period	-	1	19		20
At 31 December 2022	-	1	24	0	25
Charge for the period	-	1	24	-	25
At 31 December 2023	-	2	48		50
Net book value at 31 December 2022	11,962	2	48	-	12,012
Net book value at 31 December 2023	18,482	1	25	10	18,518

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.

9 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.

9.1 Lease right of use assets

	Vehicles €'000	Offices €'000	Furniture €'000	Total €'000
Cost				
At 1 January 2022	109	-	-	109
Additions	117	341	-	458
At 31 December 2022	226	341	-	567
Additions	-	-	74	74
Disposals	(64)	(92)	-	(156)
At 31 December 2023	162	249	74	484
Accumulated depreciation				
At 1 January 2022	10	-	-	10
Charge for the period	30	10	-	40
At 31 December 2022	40	10	-	50
Charge for the period	49	145	28	222
Disposals	(22)	(21)	-	(43)
At 31 December 2023	67	134	28	229
Net book value at 31 December 2023	95	115	46	255

9.2 Lease liabilities

	2023 €'000	2022 €'000
Current	186	210
Non-current	66	294
	252	504

9.3 Amounts recognised in the statement of comprehensive income

	2023 €'000	2022 €'000
Interest on lease liabilities	1	11
Depreciation of right of use assets	222	(40)
Short-term lease expenses	119	236
	342	207

9.4 Amounts recognised in the cash flow statement

The total cash outflow for leases in the period was €305,000 (2022: 372,000).

Notes to the consolidated financial statements continued

10 Other non-current assets

	2023 €'000	2022 €'000
Land acquisition option	148	-
	148	-

11 Cash

	2023 €'000	2022 €'000
Cash	1,082	3,432
	1,082	3,432

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:

	2023 €'000	2022 €'000
Receivables from participating interests	1,217	8,363
Receivables from other related parties	5	12
Prepayments	898	921
Taxes receivable	667	382
	2,787	9,678

See note 6 for information on items included in taxes receivable and note 19 for information on items included in receivables from participating interests and receivables from other related parties.

Prepayments includes €383,000 (2022: €383,000) of legal and advisory costs incremental to obtaining a loan facility with Infracapital, this facility is described in note 20.3. 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

	2023 €'000	2022 €'000
IEEF II loan	20,953	30,942
CINEA grant payable	-	617
Long-term loans	20,953	31,559
Long-term lease liability	66	294
Long-term payables to participating interests	3,939	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 drawn down in October 2023 at commercial close of the ZW1 project.

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

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

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

13.2 Long-term payables to participating interests

This represents amounts payable to Corre Energy Partnership SCSp and Corre Energy Group Holdings CV. See note 19 for further

information.

13.3 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.

	2023 €'000	2022 €'000
IEEF II loan	32,086	32,729
Long-term payables to participating interests	1,570	1,517

14 Current liabilities

Amounts falling due within one year:

	2023 €'000	2022 €'000
Third party creditors	1,692	1,016
Payables to related parties	-	28
Trade creditors	1,692	1,044
Corre Energy Group Holdings C.V.	-	7,172
Corre Energy General Partner B.V.	-	121
Payables to participating interests	-	7,293
Long-term debt due within 12 months	619	780
Taxes payable	247	239
Deferred income	462	482
Accruals and other liabilities to third parties	3,622	1,932
Accruals and other liabilities to related parties	24	23
Other current liabilities	4,974	3,457

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 January 2022	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
Issued share capital	3,704,655	0.0045	16,671	12,949,622
Share issue transaction costs	-	-	-	(547,382)
At 31 December 2023	71,603,999	0.0045	322,218	33,961,786

On 8 June 2022 the Company issued 5,880,498 shares at €1.85 per share. Incremental costs directly attributable to the share issue that otherwise would have been avoided have been accounted for as a deduction from equity.

On 22 February 2023 the Company issued a further 2,561,798 shares at €3.50 per share. Incremental costs directly attributable to the share issue that otherwise would have been avoided have been accounted for as a deduction from equity.

As documented more fully in note 13, the Company has entered into an equity linked funding arrangement with IEEF II. Under the terms of this agreement IEEF II may provide up to €20m of funding, and has the option to convert the funding to shares in Corre Energy B.V. at €1 per share. If the Company pays a dividend IEEF II is entitled to receive the same amount per 'share' as if the amount paid by IEEF II under the equity linked funding agreement had been converted to shares at that point in time.

During the year ended 31 December 2023, the Company granted 625,000 share options to employees under a newly created Long-term Incentive Plan. Details are set out in note 16 below.

Notes to the consolidated financial statements continued

16 Share based payments

During the period the Company created a share option plan for employees of the Group and Corre Energy General Partner B.V., a participating interest. This is referred to as the Long-term Incentive Plan (LTIP).

Each employee share option converts into one ordinary share of the Company on exercise at an exercise price of €0.0045, equal to the nominal value of a share. There is no cash settlement of the options, and the options carry neither rights to dividends nor voting rights. Options vest over either two years or three years and may be exercised at any time from the date of vesting to the date of their expiry. At 31 December 2023 the total outstanding options represented 1.0% of the total shares in issue.

The share options outstanding during the period may be summarised as follows:

	2023	
	Number of share options	**Weighted average exercise price**
		€
Outstanding at 1 January	-	-
Granted during the period	724,070	0.3524
Lapsed during the period	(40,813)	0.0781
Outstanding at 31 December	683,257	0.3688

The fair values at grant date were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Projected future dividend yields were assumed to be 0% and the volatility inputs to the models were calculated by means of a historical estimate based on the company's traded share price due to the unavailability of any traded options from which implied volatilities could be derived. Employee retention is assumed to be 93%.

Information about each tranche including inputs to the Black-Scholes model and the resulting fair values are shown in the table below.

Issue date	Number of options granted	Share price €	Vesting conditions	Vesting date	Exercise period end date	Volatility	Fair value €'000
03/02/2023	270,000	3.40	Two years' service	03/02/2025	03/02/2033	50.65%	916
03/02/2023	75,000	3.40	Two years' service	03/02/2025	03/02/2030	50.65%	254
27/02/2023	125,000	3.80	Three years' service	27/02/2026	27/02/2033	50.86%	474
27/02/2023	20,000	3.80	Three years' service	27/02/2026	27/02/2030	50.86%	76
22/03/2023	30,000	3.46	None	22/03/2026	22/03/2033	50.01%	104
21/12/2023	75,000	2.18	None	21/12/2025	21/12/2033	47.38%	163
21/12/2023	30,000	2.18	None	21/12/2026	21/12/2033	47.38%	65

For the year ended 31 December 2023, the Group incurred €553,000 of share-based payment expense. Of this, €550,000 was recognised in the Statement of comprehensive income, and the remaining €3,000 was capitalised as part of Caverns under construction.

The pattern of exercise price and life is shown below:

Range of Exercise Price	Weighted average exercise price €	Number of options	Weighted average remaining life (years) Expected	Weighted average remaining life (years) Contractual
Up to €1	0.0045	595,000	2.9	8.7
€1 to €5	2.8251	88,257	4.2	9.1
		683,257		

The weighted average exercise price for options were as follows:

	2023 Number of share options	2023 Weighted average exercise price €
Outstanding at 1 January	-	-
Granted during the period	724,070	0.3524
Lapsed during the period	(40,813)	0.0781
Outstanding at 31 December	683,257	0.3688
Exercisable at 31 December 2023	-	n/a

The share price at 31 December 2023 was €2.02 (2022: €2.90)

17 Cameron Barney share options

Cameron Barney LLP (Cameron Barney), a financial advisor was granted share options in the Company as part of its remuneration for work performed on the IPO in September 2021. These vested during prior the year and upon exercise, will be settled using shares held by the Company's parent, Corre Energy Group Holdings C.V.

Notes to the consolidated financial statements continued

18 Earnings per share

	2023 € cents	2022 € cents
Basic	8.0	(46.2)
Diluted	(9.4)	(14.2)

Earnings	**2023 €'000**	**2022 €'000**
Earnings for the purpose of basic earnings per share		
- Net loss attributable to owners of the Company	5,640	(30,217)
Effect of dilutive potential ordinary shares:		
- Finance costs of equity linked funding agreement	(13,989)	19,388
- Finance costs of LTIP	553	-
Earnings for the purpose of diluted earnings per share	(7,796)	(10,829)

Number of shares	**2023 Number**	**2022 Number**
Weighted average number of ordinary shares for basic earnings per share	70,430,448	65,353,813
Effect of dilutive potential ordinary shares:		
- Equity linked funding agreement/LTIP	12,450,497	11,000,000
Weighted average number of ordinary shares for diluted earnings per share	82,880,944	76,353,813

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.

Notes to the consolidated financial statements continued

19 Related party transactions

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

19.1 Remuneration of key management personnel

The Group's key management personnel are 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.

	2023 €'000	2022 €'000
Remuneration via group companies	539	307
Remuneration via management companies	90	422
	629	729

19.2 Other transactions with related parties

The following other transactions occurred with related parties:

	2023 €'000	2022 €'000
Income		
Other income from entities controlled by key management personnel	-	50
Purchases		
Reimbursement of expenses	110	59
Purchases of services from participating interests	907	4,732
Purchases of services from other entities controlled by key management personnel	-	321

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.

19.3 Balances with related parties

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

	2023 €'000	2022 €'000
Current receivables:		
- Participating interests	1,217	8,363
- Companies controlled by key management personnel	5	12
Current payables:		
- Payables to companies controlled by key management personnel	-	28
- Payables to participating interests	-	7,293
- Accruals and other liabilities to key management personnel	15	72
Loans from related parties:		
- Participating interests	3,939	1,845

Receivables from participating interests comprises €nil (2022: €4,601,000) due from Corre Energy Group Holdings C.V., the Company's immediate parent, and €1,217,000 (2022: €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 19.2. 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 (2022: €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 (2022: €245,000) was outstanding. The latest date for full repayment of this loan is 30 April 2026 unless otherwise agreed by the parties.
- On 14 August 2023, Corre Energy Group Holdings CV provided Corre Energy BV with a loan of €2,000,000 repayable in 3 years. Interest is accrued at a rate of 12.5% per annum, compounded annually, and is repayable in full at the end of the term of the loan. At the balance sheet date €2,094,000, the total including interest to date, was outstanding.

20 Financial risk management

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

The Group's financial risk management is controlled by 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.

20.1 Market risk

20.1.1 Foreign exchange risk

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

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

	2023		
	GBP	**DKK**	**USD**
	€'000	**€'000**	**€'000**
Cash	48	62	14
Receivables, prepayments and accrued income	88	20	6
Trade creditors	82	303	5
Other current liabilities	172	232	171

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

The aggregate foreign exchange loss recognised in the statement of comprehensive income was €65,000 (2022: €162,000).

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 profit of an increase or decrease of 10% in the Euro/GBP exchange rate would have been €500,000 increase or decrease respectively (2022: €568,000).

20.1.2 Interest rate risk

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

Notes to the consolidated financial statements continued

20.2 Liquidity risk

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

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

2023	Carrying amount €'000	Contractual cash flows €'000	< 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	> 5 years €'000
Deferred tax assets	o/s	o/s	o/s	o/s	o/s	o/s
Other receivables, prepayments and accrued income	2,787	2,787	2,787	-	-	-
Cash	1,082	1,082	1,082	-	-	-
Total inflows	3,869	3,869	3,869	-	-	-
Long-term loans	21,572	15,619	619	-	15,000	-
Lease liability	252	246	175	50	21	-
Trade creditors	1,692	1,692	1,692	-	-	-
Payables to participating interests	3,939	3,939	-	3,939	-	-
Other current liabilities	4,108	4,108	4,108	-	-	-
Total outflows	31,563	25,604	6,594	3,989	15,021	-

2022	Carrying amount €'000	Contractual cash flows €'000	< 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	> 5 years €'000
Deferred tax assets	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	1,940	11,000

20.3 Credit risk

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

The Group's primary objective when managing credit risk from its holdings of cash is to minimise the risk of a loss of capital and eliminate loss of liquidity having a detrimental effect on the business. Of the Group's year-end cash holding of €1,082,000 (2022: €3,432,000), €849,000 (2022: €1,857,000) was held with Coöperatieve Rabobank U.A., which has a credit rating of A+ (Fitch) and €62,000 (2022: €1,351,000) was held with UBS Switzerland AG, which has a credit rating of A+ (Fitch). All funds are instant access.

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

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

21 Capital management

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

Under the terms of the equity linked funding agreement entered into with IEEF II described more fully in note 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.

22 Commitments

22.1 Capital commitments

Capital expenditure that has been contracted but not provided for in the financial statements amounts to €542,000 as at 31 December 2023 (2022: €187,000), in respect of caverns under construction.

22.2 Lease commitments

Note 20 shows the undiscounted commitment for lease payments for vehicles recognised as a lease liability on the balance sheet, totalling €246,000 (2022: €551,000).

22.3 Other commitments

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

23 Events after the reporting period

In March and April 2024, the Company received €850,000 in intercompany loans, repayable after three years, or sooner if agreed funding obligations are met. These intercompany loans were received from the Company's significant shareholder, Corre Energy Group Holdings C.V., at market standard terms for infrastructure investment.

FORWARD LOOKING STATEMENTS

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

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

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

-ends-