GROWING, DELIVERING AND CREATING VALUE

Corre Energy / Annual Report 2023

Strategic Report

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WELCOME TO A NEW KIND OF ENERGY COMPANY

We store, secure and share the world's limitless renewable energy

ACCELERATING RENEWABLES

We have to store energy for when the wind stops blowing or the sun stops shining. That's why we're developing compressed air projects which store energy at scale and for days, not just hours. This speeds up the transition away from fossil fuels.

CUTTING CARBON AND WASTE

Our projects reduce and avoid carbon, and they stop unnecessary waste by storing the oversupply of renewables and deploying it when there isn't enough. This creates more consistent supplies and makes electricity more affordable.

DELIVERING GROWTH AND IMPACT

We are developing an international portfolio with projects already underway in the Netherlands, Denmark and Germany. As we further expand, our focus remains on delivering value to investors while generating significant societal and environmental impact.

OVERVIEW OF BUSINESS

Expanding our horizons

Listed on Euronext Growth, a market operated by Euronext Dublin, Corre Energy is enabling the energy transition through storing, securing and sharing the world's limitless renewable energy.

We do this by developing, designing and commercialising energy storage systems in underground salt caverns, using long-established Compressed Air Energy Storage (CAES) technology.

We are doing this because the global energy transition is accelerating at pace. Supporting policy is driving unprecedented levels of renewable penetration. EU governments have significantly increased offshore wind targets by 2030 and have introduced emergency legislation to accelerate permitting. Renewable targets are equally strong in North America where there are large incentives to invest in energy infrastructure.

KEY STATISTICS & DEVELOPMENTS

Listing Date: **23 September 2021**

Listing Venue: **Euronext Dublin**

Ticker: **CORRE**

Share Price: **€0.44 on 30 May 2024**

Shares in Issue: **75,216,044**

Market Capitalisation: **€32.5M on 30 May 2024**

ISIN: **NL0015000DY3**

The portfolio we're building

Corre Energy is currently developing a portfolio of institutional grade infrastructure assets, with major projects across Europe and an emerging presence in North America. We are managing and investing in nationally recognised projects and do so alongside experienced development, technology and investment partners. We're backed by a team of experts across energy, infrastructure and project management.

Read more about our projects
ON PAGE 5

EU demand for LDES could exceed

250 GW

by 2040*

* Source: LDES Council, McKinsey & Company

The problem we're solving

Renewables are key to securing a clean energy future as significant offshore and onshore wind and solar projects are rolled out globally. But in simple terms, we have to store energy for when the wind stops blowing or the sun stops shining. That's why we're developing compressed air projects which store energy – at scale and for days, not just hours. This speeds up the transition away from fossil fuels. Our solution is also designed to be integrated into the wider energy system, alongside hydrogen, batteries and broader grid infrastructure.

Read more about our markets
ON PAGE 12

The impact we're making

Our projects contribute to vast reductions in carbon emissions, and they stop unnecessary waste by storing the oversupply of renewables and deploying it when there isn't enough. This creates more secure, steady supplies and makes electricity more affordable to the communities we serve.

Read more about ESG
ON PAGE 18

We have doubled the size of our **European capacity**

KEY INVESTMENT HIGHLIGHTS

Large addressable market
Fast-growing market for renewable energy storage in Europe, North America and the rest of the world

Revenue-led approach
Revenue during development generated from equity sell downs, followed by recurring revenue during project operations

Deliverability
First mover advantage with multiple live projects in Europe, with a further pipeline to allow a significant scale-up opportunity

Proven demand
Having achieved our first 15-year offtake agreement with Eneco at our project in the Netherlands, we have proven demand and triggered heightened market interest

Technology secured
CAES technology has over 50 years of successful operation and we now have in place a key agreement with Siemens Energy to deliver a consistent, scalable, multi-market solution

Hydrogen-ready
Projects can be co-located with hydrogen storage caverns to further lower costs and be part of an even greater clean energy supply chain

Key partnerships
Growing number of partnerships across each aspect of our value-chain, from salt cavern owners to major offshore wind firms

Experienced management team
Senior management team backed by technology and project management experts

OVERVIEW OF BUSINESS CONTINUED

Spotlight on our markets

EUROPE

In December 2022 the European Commission confirmed an increase to its 2030 renewable energy target from 32.5% to 40% while estimates show 108 GW of electricity storage is required to meet EU decarbonisation targets over the same timeframe. At a policy level, there is strong commitment to accelerate the permitting process for energy storage facilities and their grid connections.

NORTH AMERICA

The US has a target of 80% renewable energy generation by 2030 and has a goal of 100% carbon pollution-free electricity by 2035. To underpin this, the US inflation Reduction Act has committed $369bn to renewable energy, of which 30% is earmarked for stand-alone energy storage. Meanwhile, Canada, which plans that by 2030 90% of the country's electricity is to be generated from renewable and non-emitting resources, has a tax credit programme for clean technologies, including CAES.

Introducing a new partner: Solvay

In June 2023 we signed a land and cavern option agreement with Solvay, a multinational chemical company, to secure up to four caverns to deliver a major new compressed air energy storage project. The Ahaus facility in North Rhine-Westphalia was selected owing to its location between increasing offshore wind power production in the north and the significant power consumption regions to the south. It is close to the future national hydrogen backbone grid (H_2-Startnetz) and will complement the regional establishment of an industrial scale renewables-based green hydrogen value chain.

"Corre Energy's substantial progress in repurposing Solvay's salt caverns into efficient clean energy storage solutions is a source of satisfaction for us. These strategic and timely endeavors reinforce our dedication to promoting sustainable energy practices. The transformation of salt caverns is crucial in our collective energy transition, and we anticipate ongoing collaboration to nurture initiatives similar to Corre Energy's. This reaffirms our joint commitment to advancing clean energy solutions for the future of Europe.

Philippe Kehren, Solvay's CEO

EUROPEAN PROJECTS

ZW1

Location / **The Netherlands**

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

CAES generator / **320 MW**

Grid / **640 MW reserved**

Milestones & timeframes

- Commercial close completed in 2023
- Key development milestones met across offtake, design, land and grid
- Focus on project delivery towards FID

Green Hydrogen Hub (GHH)

Location / **Denmark**

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

CAES generator / **320 MW**

H_2 capacity / **250 GWh**

Electrolyser capacity / **350 MW**

Milestones & timeframes

- Commercial close completed in 2023
- Key development milestones met across offtake, design, land and grid
- Focus on project delivery towards FID

Ahaus 1

Location / **Germany**

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

Milestones & timeframes

- Project secured in 2023 including four existing caverns with Solvay
- Underground cavern construction already underway
- Engagement progressing well by our regional team with stakeholders
- Eneco secured as development and offtake partner in early 2024

CHAIRMAN'S STATEMENT

Delivering a sustainable future

Navigating existing projects and securing new ones while maturing the business and planning its growth has been a feature of 2023 and is continuing in 2024.

Frank Allen, Chairman

BUILDING MOMENTUM

I am very pleased to reflect on a year which saw Corre Energy achieve further milestones for several of our projects, formalising the support that market leaders in the energy transition have expressed since the Group was established.

The global community's commitment to transition away from fossil fuels was confirmed again at COP28, which set a target to triple global renewable energy capacity by 2030. Moreover, continuing socio-political uncertainty has reinforced the need for security of energy supply for industry and households. Decarbonisation of electricity generation and security of supply depend crucially on networks investing in a range of storage solutions, particularly for long durations. Corre Energy believes that Compressed Air Energy Storage (CAES) can be the catalyst for safe delivery of higher renewable targets in the countries where we are present.

Corre Energy's pioneering projects in the Netherlands and Denmark reached key Commercial Close milestones during 2023, which means that practical components such as access to land, grid and caverns is now in place. Long-term offtake arrangements with strong partners are also in place, allowing projects in both countries to progress towards Financial Investment Decision status.

The Company also made good progress in new markets during 2023. In Germany, Corre Energy entered into agreements with multinational chemical business, Solvay, to secure access to four existing caverns. This has unlocked two new projects for Corre Energy, essentially doubling the size of the Company's European portfolio. The Company also made progress in developing business opportunities in West Texas, benefiting from the strong support offered by the US Federal Government's Inflation Reduction Act.

As with any developer, and especially one as pioneering as Corre Energy, we continue to balance the demands of a portfolio of projects in several jurisdictions, with prudent use of funds and other resources. The Group also remains concerned about the risk of delay in project permitting, which is a major risk for all infrastructure development. We are working with our project partners, such as technology supplier Siemens Energy, and off-takers to demonstrate that Long-Duration Energy Storage and more specifically, CAES, are essential to delivery of decarbonisation of electricity generation. However, project delivery also depends on permitting and other statutory approvals being provided in a timely way.

Navigating existing projects and securing new ones while maturing the business and planning its growth has been a feature of 2023 and is continuing in 2024. At a corporate level, this includes strengthening the organisational structure to support a portfolio of projects at different stages of development and accessing funding to deliver the Group's plans. Managed effectively, this will enhance returns for shareholders and for wider stakeholders.

Finally, I would like to express my appreciation to my Board colleagues and to the entire team at Corre Energy – led by Keith McGrane – for their ongoing commitment and passion. The team recognises the urgency in finding commercial solutions for energy transition and the key role that Corre Energy can play in a global clean energy future.

Frank Allen

Chairman

CEO'S STATEMENT

Delivering renewable energy storage solutions

> *Corre Energy is united by our central purpose and believe in the critical role we are playing to deliver a clean energy future.*
>
> Keith McGrane, Chief Executive Officer

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 Ten-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.

CEO'S STATEMENT CONTINUED

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 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

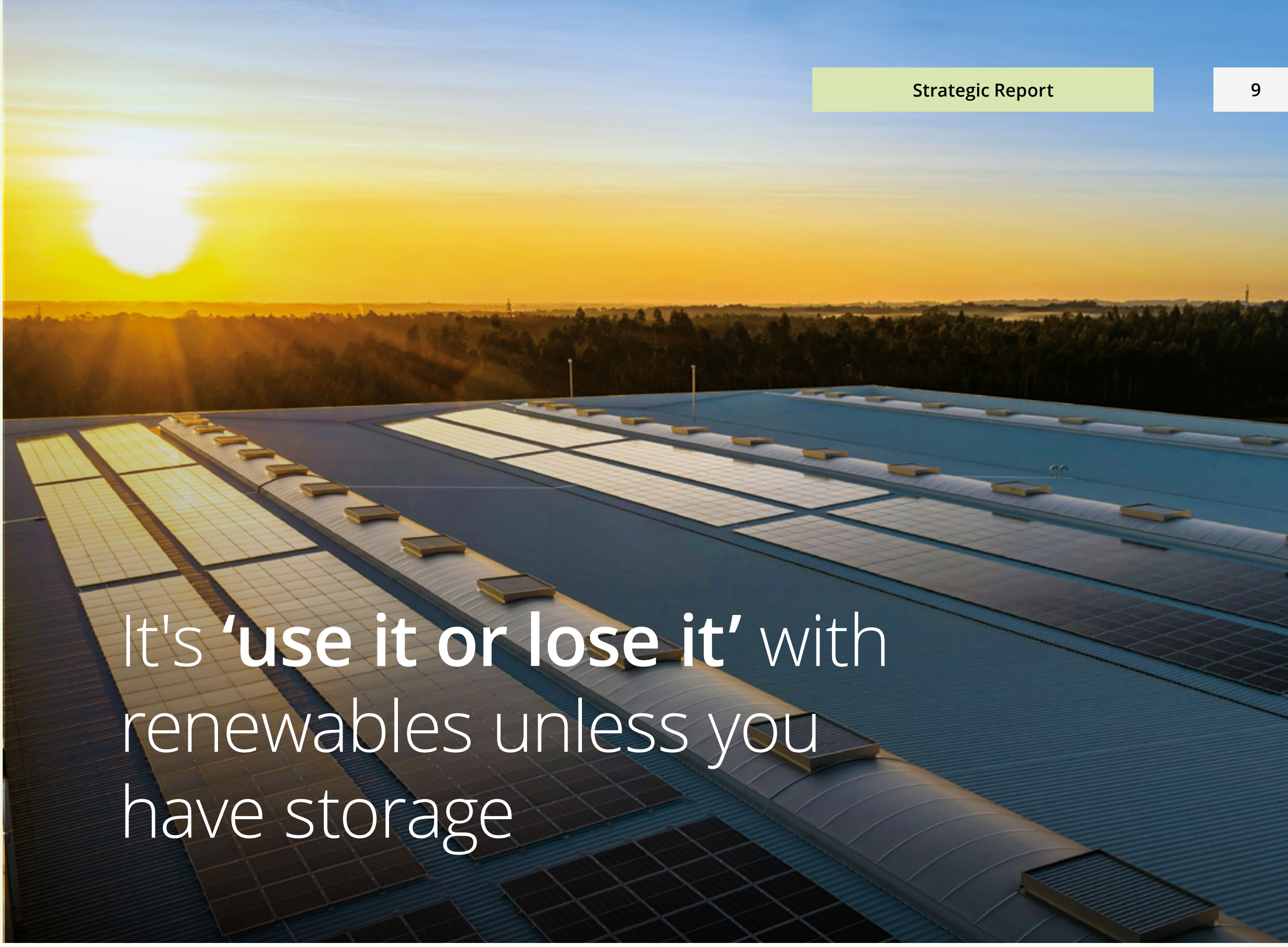
I'd like to thank our people and supply chain for their ongoing commitment and support during 2023. Our business is about delivering energy projects, but it is our people who have the passion and skills to make that happen. Working alongside our consultants and partners, everyone at Corre Energy is united 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.

Keith McGrane

Chief Executive Officer



In conversation…

Keith McGrane answers three key questions on our markets and how storage technology and finance will unlock a global shift to renewable energy.

WHAT IS THE PROBLEM CORRE ENERGY IS SOLVING?

On one level, Corre Energy is helping to achieve a global shift to renewables by storing energy at scale and for several days. This is critical given the intermittency of wind and solar as well as fluctuating grid demand. But the other problem we're having to solve first is a financing and development one; we are essentially acting as a conductor to ensure all aspects of delivering these much-needed projects come together. As with most infrastructure projects, it tends to start with a fundamental industry requirement but quickly becomes a task of finance.

HOW HAVE WE GOT HERE?

Storage is commonplace in all industries, from managing and securing water supplies to retaining food levels ready for consumption. In a fossil fuel world, oil and gas has traditionally been stored too. But if we are to rely more on renewable energy then we need technologies to store electricity supplies because otherwise it's a case of ‘use it or lose it’ with wind and solar. Shorter-term storage such as batteries is important but it is only by relying on multiple days of storage that our planet can achieve the big leap in our energy transition.

WHY AREN'T MORE PEOPLE TALKING ABOUT IT?

For a long time, a lot of people haven't recognised the mounting need for storage. But that is changing and it's changing fast; policymakers, industry and investors are all seeing that storage isn't just a nice-to-have but a critical infrastructure requirement. As a result, capacity targets are being set, spending is being allocated and projects are being earmarked to help deliver much-needed storage. Of course, we want all of this to happen faster but there is no doubt that momentum is building.

OUR BUSINESS MODEL

How we deliver

Our resources

EXPERIENCE

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

PROJECT PIPELINE

We are actively developing LDES projects in the Netherlands, Denmark and Germany. Corre Energy is uniquely positioned to develop and operate a portfolio of LDES projects in Europe and its ambition is to develop and operate storage projects in other major markets, including the US where we now have an active presence. These integrated storage projects will enable the energy transition, and create multiple potential revenue streams.

FINANCE

With IEEF II already a strategic investor, the Company listed on Euronext Growth Dublin in 2021 and continues to successfully raise funds from a variety of sources, including further equity issuance in 2023 and 2024. We continue to widen the pool of investors to support the growing project pipeline and corporate growth needs.

INDUSTRY PARTNERS

Corre Energy is working with significant global organisations and partners to bring forward its project pipeline. In 2023, we strengthened our relationship with Siemens Energy to supply technology to our projects and gained new industry partners for our development in Germany.

We're the future of clean energy. That makes our values so much more than just guidance on how we interact. As well as defining our culture, our values sit at the heart of our ambition for sustainable, global energy transformation – a manifesto for today and tomorrow.

OUR VALUES:

We act with integrity

Openness and honesty are core to everything we do. As global citizens, we act with integrity to help build trust and bring about change.

We lead with vision

We have a vision to better the world around us. We achieve this through knowledge, innovation and harnessing our entrepreneurial spirit.

Our business

Value creation

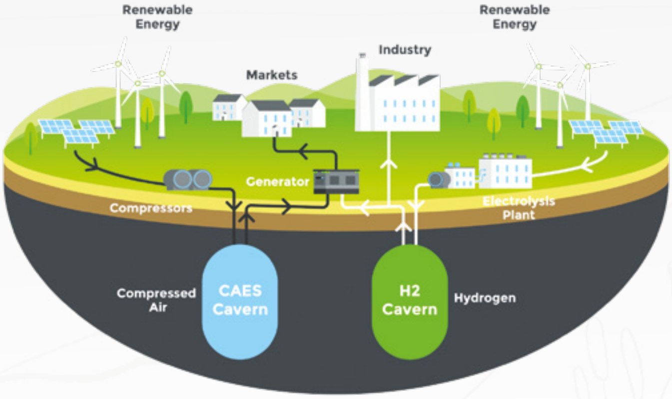
OUR FOUR KEY COMPONENTS

Sale of electricity
market balancing services

Sale of surplus green hydrogen
production to industry

Electricity generation
from storage when prices are high

Compression of air into storage
when electricity prices are low



PARTNERS

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

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

1.5 to 2.5
TW scale

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

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

INVESTORS

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

We proudly collaborate

Building a green future is only achievable by working together. We collaborate with colleagues and partners, build trust and value differences.

We empower each other

We have a can-do attitude in everything we do. We take pride in taking ownership and delivering on our commitments.

We dare to challenge

To challenge the status quo, we also challenge ourselves and our partners. By daring to challenge, we build the resilience to succeed.

OUR MARKETS

Growing and expanding internationally

Corre Energy is a market leader in Europe and one of the few listed LDES developers with an 84 hour duration globally.

EXPANDING OUR CORRE ENERGY LOCATIONS

THE ENERGY MARKET

The European and global energy markets continue to experience substantial growth in renewables. Volatility in wholesale prices persist while there remains growing demand for electrification of vehicles, heating and other industries previously dominated by fossil fuels. This is being driven at a global, region and country level as the world seeks to decarbonise.

The EU's objective remains to achieve carbon neutrality by 2050 and in 2023 COP28 concluded with a united pledge for a global transition away from fossil fuels and to triple global renewable energy capacity to at least 11,000 GW by 2030. This underpins why Corre Energy is focused so strongly on the role of storing energy at scale because of its ability to accelerate the shift to renewables. The need for grid scale storage to offset intermittency in renewable production increases rapidly as renewable generation rises.

ENERGY TRANSITION

The EU Green Deal is the region's most transformative framework for decarbonising energy systems.

Developed in 2023 and approved by the European Parliament in April 2024 are a set of measures to enhance the EU's electricity market. With strong political support, the comprehensive agreement covers a range of levers to further decarbonise Europe's electricity system, including the essential role of non-fossil flexibility offered by energy storage.

Once the legislation is adopted by EU Energy Ministers, Member States must implement further measures to incentivise the development and growth of long duration energy storage. This includes:

- Tariffs paid by companies for access to the electricity network need to consider the costs of building and running the grid, to encourage Transmission System Operators and Distribution Network Operators to boost investments for energy storage, and other innovative solutions.
- Member States must define an indicative national objective for non-fossil flexibility, which must consider the contributions of energy storage. Following the Commission's assessment of these plans, they may formulate an EU strategy on flexibility.
- Countries can also implement support schemes if non-fossil flexibility investments are insufficient. These support schemes may involve payments for the available capacity of energy storage.

LONG DURATION ENERGY STORAGE

As we further scale our portfolio, governments and the broader energy industry are embracing our CAES solution to help accelerate the transition to renewables and secure energy supplies. Our key EU and North American markets are creating strong regulatory environments for nations and states to deliver on clean energy targets. The vast majority of new renewables will need LDES and CAES offers energy firms a compelling integration solution.

Technology spotlight

In November 2023, we launched a global collaboration agreement with Siemens Energy for multiday Compressed Air Energy Storage (CAES).

- It's a framework to supply a standardised, scalable multiday compressed air energy storage solution around the world
- It optimises our delivery timeframe of the CAES solution to align with multiple sequential financial closes across the pipeline of projects
- It deepens our partnership to meet increasing offtaker demand for multiday electricity storage globally

Keith McGrane, CEO of Corre Energy, said: "We are responding to increasing market demand for multiday energy storage by deepening our partnership with Siemens Energy. By doing so we can offer a much-needed modular and standardised scalable CAES solution to the market providing storage for over 24 hours. This agreement will accelerate our response to meet increasing demand from a range of investment grade offtakers for the Corre Energy pipeline of projects."

> *We are very proud of this collaboration with Siemens Energy which helps to validate our 10-year journey to yield a multiday CAES product that is deployable across multiple projects and geographies.*
>
> Keith McGrane, Chief Executive Officer

INDUSTRY PARTNER SPOTLIGHTS

Siemens Energy
Global partner to deliver CAES across our portfolio of projects

Eneco
Offtake partner in the Netherlands and now in Germany

Nobian
Salt mining industry leader and land partner in the Netherlands

Gas Storage Denmark
Owner and developer of gas storage and partner in Denmark

Eurowind
Leading renewable energy business and partner in Denmark

Solvay
Multinational chemical company and land partner in Germany

FUNDING PARTNER SPOTLIGHTS

Italian Energy Efficiency Fund II (IEEF II)
An Italian reserved alternative investment fund set-up and managed by Fondo Italiano per l'Efficienza Energetica SGR S.p.A. (FIEE SGR) – €15 million investment received to date, with the option to invest an additional €5 million at the fund's discretion.

Eneco
Local funding partner, Eneco (through its Lichtblick subsidiary), confirmed for Ahaus project in Germany.

STRATEGY

What drives our business

Enabling a secure, flexible and affordable green energy system through renewable energy storage at scale.

GROWTH

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

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

SCALE

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

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

CUSTOMERS

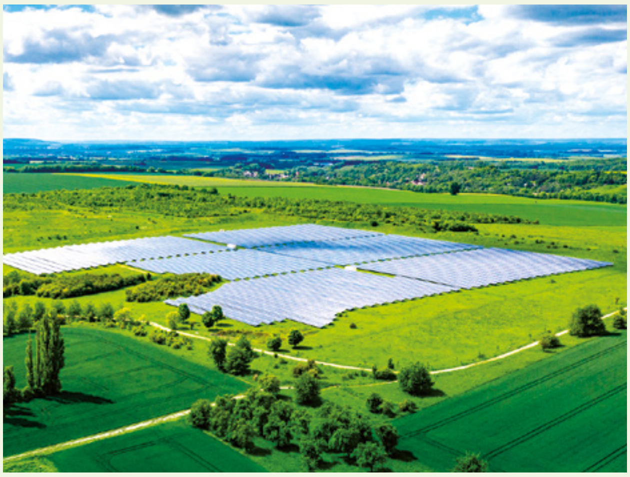
As we expand our LDES business, we see unrivalled commercial opportunity ahead. In this regard we will:

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

TRANSITION TO NET ZERO

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

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



> *In 2023 nations united around the targets and steps required to deliver a renewable future through reformed energy markets and infrastructure investment.*
>
> **Keith McGrane, Chief Executive Officer**

Our strategy

Our strategy continues to support our vision to lead the development of LDES projects, technologies and products focused on renewable energy storage that materially progress the accelerated decarbonisation of the energy sector.

Our purpose – to store, secure and share the world's limitless renewable energy – ultimately accelerating society's progress towards a cleaner and greener world.

Our strategic pillars

The war in Ukraine changed the European energy landscape forever, with read-across to the rest of the world. It has left a profound focus on the security and reliability of energy supplies.

Meanwhile, the global shift to renewables only intensified in 2023 following agreements at COP28. As nations continue to decarbonise, they are replacing fossil fuels with primarily offshore wind and land based solar.

Given the intermittent nature of renewable energy, policy and industry shifts now underpin a major investment in grid-scale storage solutions to balance supply with demand and stabilise power grids.

Our strategic plan delivers against these factors and trends. Our CAES solution uses proven technology and is characterised by a low annualised cost and competitiveness within its revenue markets.

Everything we do is delivered through our four key pillars: Growth; Scale; Customers; and Transition to Net Zero.

Strengths

Our outstanding senior management team remains focused on delivering our portfolio as per program within an accelerated policy environment.

Impact

We will continue to support our customers, governments, policy makers and transmission system operators by providing important, cost-effective grid-scale solutions in the form of stabilising and securing the supply of storage and balancing services (demand and frequency response).

The execution of our long-term commercial offtake agreements validates our global potential to develop our growing portfolio of net-zero power plants that act as energy system integrators by storing limitless renewable energy at scale.

Impact

Alongside being an important flexibility solution, grid-scale long duration energy storage can reduce price fluctuations, lower electricity prices during peak times and accelerate the decarbonisation of global energy systems in line with the transition.

Our teams remain focused on being solution providers to our customer market by applying their collective expertise in the development of our portfolio.

Impact

Corre Energy is capturing strong upside potential in each of our main markets as we remain uniquely positioned to develop and operate a fleet of net-zero power plants in Europe and North America.

OUR TEAM

Expertise, knowledge, commitment and responsibility

We know that combining the right skills and experience with strong levels of commitment and a responsible approach is key to delivering our plans. Our colleagues and consultants are united by Corre Energy's role in delivering our planet's clean energy future.

EXPERTISE

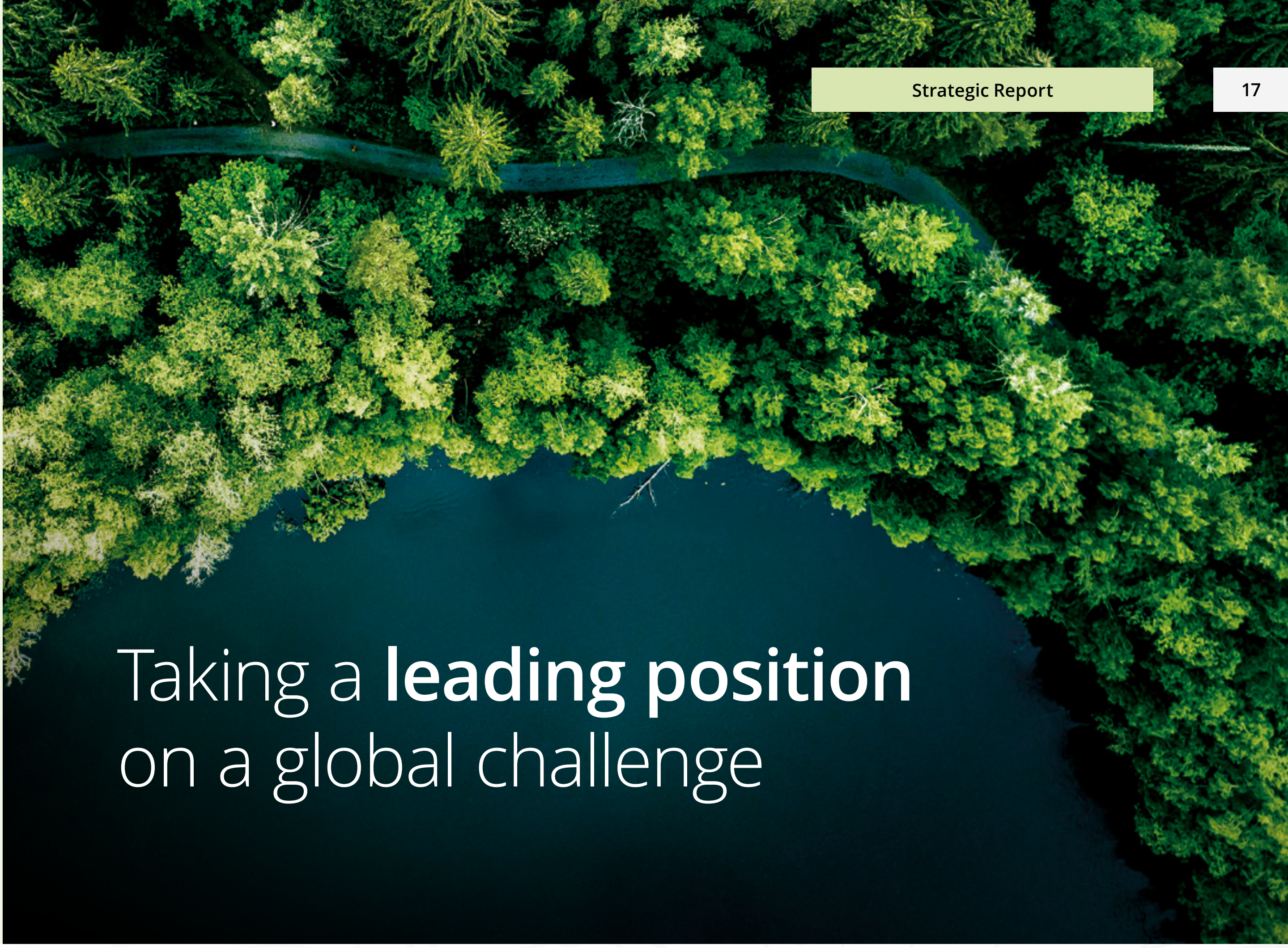
Our skilled team comprises engineers, project managers and market experts. They combine a wealth of experience and achievements in the energy industry, particularly in renewables, energy storage, and hydrogen. They have expertise in modeling LDES capabilities for seamless integration with large-scale renewables. They are supported by professionals in business strategy, management, and finance, all working collaboratively to drive our growth strategy forward.

KNOWLEDGE

At the heart of our business lies the expertise and experience of our management team and board. Alongside our industry specialists and commercial partners, Corre Energy has the skills and direction to deliver LDES solutions. Our technical professionals bring together backgrounds in geophysics and engineering. With adept project teams skilled in stakeholder engagement and financing, supported by our entrepreneurial mindset, our Group excels in recruiting and retaining top talent.

Our business is about delivering energy projects but it is our people who have the passion and skills to make that happen.

Keith McGrane, Chief Executive Officer



Taking a **leading position** on a global challenge

TEAMWORK

Headquartered in the Netherlands, listed in Ireland, and with an active presence in Denmark, Germany, the UK and North America, we are a truly international team.

We pride ourselves on our ability to connect and work cohesively across our projects and as a group, supporting by good IT infrastructure and an underlying culture that encourages strong levels of collaboration.

RESPONSIBLE EMPLOYER

We firmly believe that diversity allows our business to thrive, drawing on all characteristics and individual perspectives – for example gender, race, nationality, education, background, age, disability status and sexual orientation. Given our international reach, we are especially driven to and embody inclusive leadership style and cultivate diverse teams with complementary strengths and varied viewpoints.

100 GWh

of CAES under development

Corre Energy's projects represent c20% of the total capacity of planned large-scale energy storage projects in Europe over the next 10 years

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Net zero reduction is in our DNA

Corre Energy's purpose is to help store, secure and share the world's limitless renewable energy. This helps to unlock the global transition to renewable energy generation, which is crucial for a greener future. We help to move away from dependence on fossil fuels and optimise the efficiency and use of renewable energy.

As a result of our business activities, we are also creating green jobs and boosting the communities and economies where we are active. Our operations rely on our ability to act collaboratively and as a responsible partner and employer.

Through our work, we aim to contribute to the United Nations Sustainable Development Goals. Corre Energy's long-duration energy storage (LDES) projects and products can accelerate the transition to net zero. This supports the achievement of the United Nations Sustainable Development Goals (SDGs), especially SDG 7 (affordable and clean energy) and SDG 13 (climate action).

More broadly, the inclusion of Core Energy's LDES projects in the economy can deliver significant additional impact, such as:

- Socio-Economic and Public Health Benefits: reducing wasted energy ultimately benefits society as a whole. On one hand, resources are used more efficiently, while on the other consumers can benefit from lower prices. Access to affordable clean energy for all is a critical factor in poverty reduction and reducing inequalities. A greater share of renewable energy will reduce air pollution including harmful pollutants such as sulfur dioxide (SO2), nitrogen oxides (NOx), and particulate matter. This will lower fatalities from ambient air pollution (SDG target 3.9).
- Sustainable cities and communities: by storing excess renewable energy for usage during periods of scarcity, we can meet the growing demand for electricity in cities and urban areas sustainably. Doing so will lower the adverse environmental impacts city dwellers are subject to, particularly with respect to poor air quality (SDG 11).
- Preserve natural habitats and biodiversity: when we increase the overall share of renewables in the energy mix through storage, we reduce the need for additional renewable energy installations. This conserves scarce land and marine resources, avoids disturbing already fragile ecosystems and safeguards biodiversity (SDGs 14 & 15).

PROGRESSING OUR PLANS

It is clear from ongoing conversations with investors, partner organisations, political stakeholders and our own employees just how important ESG is to any business, but particularly one like ours. During 2023, we undertook several strands of activity to help maintain progress on delivering our ESG plans based around four ESG focus areas. These activities included:

- **Materiality assessment**
  We successfully performed an internal review of the UN's Sustainability Developments Goals and charted our business operations against them. This thorough process helped to give an initial internal assessment of what is most material to our business and where we can deliver the most impact. This is an important first stage which we were able to achieve with our own resource. The next step is to seek an external assessment of these findings, leading to a set of recommendations to deliver a full ESG strategy and plan.
- **Carbon reporting**
  A requirement has been for us to deliver a base-line carbon impact assessment covering scopes 1, 2 and 3. Having explored different approaches we undertook an internal pilot based on a spend-based method of calculating GHG emissions which takes into account the financial value of a purchased good or service and multiplies it by an emission factor. Using this base-line method for 2023, we have been able to test our assessment and develop recommendations to formerly report on our carbon usage.
- **Societal impact**
  We already know that the impact we make and will make on society is vast which means several layers of impact need to be considered. We have been working on two initially, the local impact we make on communities at individual projects, and the large overall impact we will deliver to society through our total portfolio. At a local community level, we have developed our first internal memorandum to align on how we will work with current and future communities to agree and arrange financial and social contributions.
- **Internal training and engagement**
  Corre Energy employees are already highly supportive of our business purpose and our sustainability credentials. Building on this, in 2023 we launched a series of training modules for colleagues to help build understanding around ESG and how everyone can help to shape and deliver our plans.

Community spotlight

From inception, Corre Energy has been on a mission to contribute to a cleaner energy system that is accessible for all. Not only does the current energy system need to change to meet global climate objectives, but the balance of power must realign to include the rights and concerns of local communities. This is why we are working on plans to commit to delivering targeted socio-economic benefits to the very people living close to our developments.

While these plans are being agreed and tailored for each community, our other focus is on good quality engagement with all stakeholders connected with our developments. This includes running information sessions, producing newsletters, website resources and always putting a human face behind everything we do.

> *From inception, Corre Energy has been on a mission to contribute to a cleaner energy system that is accessible for all.*
>
> Corre Energy

ESG FOCUS FOR THE FUTURE

To help steer our ESG strategy, we have outlined five areas which show our intentions and aspirations for the future. They support the development of our long-term ESG strategy and roadmap, underpinned by clear targets for each area. They may evolve as the strategy and needs of the business develop, but for now they show our direction of travel and will be further tested with our stakeholders.

Reducing carbon use

Transforming our operations to carbon neutral and becoming a global champion of clean and secure energy storage and sharing

Positively impacting communities

Delivering significant social and economic impact to the communities in which we operate

Becoming a leading employer

Nurturing an entrepreneurial and inclusive culture driven by the shared purpose of the business

Inspiring partner success

Working with our customers, partners and wider stakeholders to drive innovation, advance collective ambitions, and scale our impact around carbon and communities

Acting responsibly

Ensuring our approach to governance, health & safety and supply chain management lives up to our values

FINANCIAL REVIEW

Navigating our growth

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

Additional funding raised 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 (IEEF 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 II.

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.

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

Matthew Chrysler-Savage, Chief Financial Officer

KEY METRICS

Profit after tax

€5.6m

Project costs capitalised (cumulative)

€18.5m

Funding received in the period

€18.9m

Cash held

€1.1m

Project costs capitalised in the period

€6.5m

In May the Group engaged with its shareholders to raise funds to support its short-term working capital requirements ahead of the process detailed below. The Group has successfully raised €2.12m by way of a subscription offer to founding shareholders and another long-term shareholder. An additional €0.64m was raised by a share placement offered to existing shareholders.

The Group remains focused on delivering investment from a wide range of sources and engaging with institutional and strategic investors 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 of €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.

Matthew Chrysler-Savage

Chief Financial Officer

RISK MANAGEMENT

Creating and preserving long-term value

Our prudent approach to risk management is fundamental for the Group to achieve our strategic objectives. Risks are an essential factor when assessing opportunities and determining strategy.

Management decisions are made in line with the Group's risk appetite, guidelines for which are determined by the Board. Risks are identified, assessed, mitigated where required and monitored on an ongoing basis, as part of business processes.

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

RISK GOVERNANCE

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

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

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

The Board is mindful of the early stage of development of the business, and the need to continue to develop risk management policies and processes as the business grows.

Board

The Board of Directors is ultimately responsible and accountable for the effective management of risks and for the system of internal controls in the Group

ARC

Reviewing and approving (or recommending to the Board where appropriate) risk frameworks, risk appetite statements, risk policies and thresholds in order to manage the risk profile of the Group

SMT

Overall accountability for the management of risks. Individual members of the SMT are accountable for specific principal risks.

RISK APPETITE

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

Corre Energy identifies nine risk categories:

Risk category	Definition
Business model risk	Business model risk is the risk of not achieving the agreed Group Strategy and Business Plan.
Project risk	The risk the Group is unable to complete one or more of its projects under development within budgeted time and cost.
Reputational risk	Reputational risk is defined as the risk that inappropriate actions or inactions by the Group negatively impacts on market integrity.
Liquidity and Funding risk	The risk the Group is unable to secure sufficient funding to achieve its objectives, or is unable to refinance liabilities as they fall due.
Financial risk	The risk of losses due to foreign exchange risk, interest rate risk and credit risk.
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes, people and systems, or from external events.
Health & Safety risk	The risk of harm such as illness, injury or death of staff, other workers or members of the public.
Regulatory Compliance risk	The risk of non-compliance with legal, regulatory or other obligations.
ESG risk	The risk of environmental damage, negative social impact or poor governance.

Our risk appetite is summarised below.

Corre Energy is pursuing multiple innovative projects across various jurisdictions, meaning that despite regular oversight by Board and SMT and the appropriate levels of staffing and investment, we must accept a moderate to elevated risk that a given project will not be completed in line with agreed budget and timeline. We also accept that there is moderate risk inherent in the Group's strategy because it requires successful scaling and commercial implementation of technology. The group has a low risk appetite to operation risk, continually monitoring and evolving internal processes. This risk is actively managed by the Board and SMT.

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

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

The Group has no appetite for regulatory compliance risk maintaining strong internal processes and controls are met and, where appropriate, endeavoring to build strong working relations with regulatory agencies.

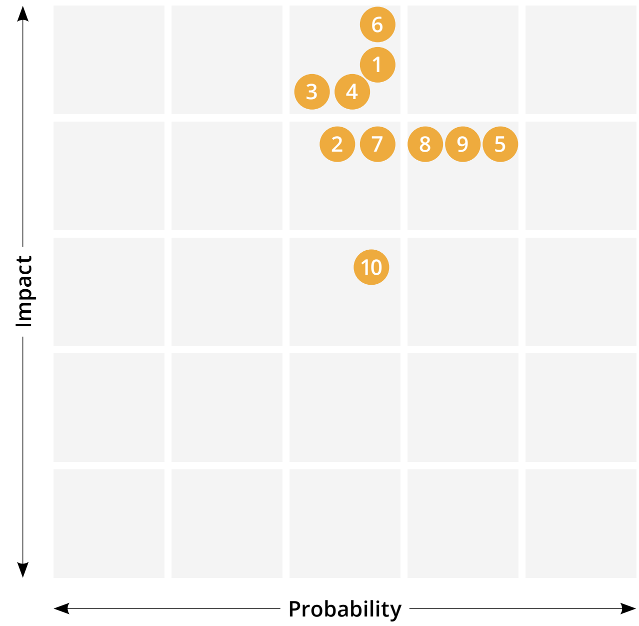
Corre Energy has a strong reputation and low appetite for reputational or ESG risk – we aspire to be best in class and respected across the industry in every regard, including our ESG performance.

For further information on management of financial risks see note 19 to the financial statements.

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

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



Risks
1. Cost and revenue estimation
2. Economic viability of technologies
3. Permitting & support of policymakers
4. Key partnerships
5. Suitability of caverns
6. Community opposition
7. NOx emissions
8. Endangered species
9. Inability to raise funds
10. Information security breach

Risk	Risk category	What could happen?	Our mitigations
1. Cost and revenue estimation	Business model risk	The development period lasts multiple years for each project. Changes in market conditions or regulations or high inflation rates during development affect costs and projected revenues. This could result in reduction in returns to shareholders, or lack of investor appetite leading to inability to complete projects.	Through projections and sensitivity analysis we understand the key value levers and their impact on project economics. We manage our portfolio on a project-by-project basis reducing concentration risk across geographies and technologies.
2. Economic viability of technologies	Business model risk	Our strategy requires successful scaling and commercial implementation of innovative technological solutions. There is a risk that as development continues it becomes clear that these technologies are not economically viable at a future commercial operational date, particularly as risks change with each new technological advancement.	Through projections and sensitivity analysis we understand the key value levers and their impact on project economics. We have considered alternative technologies where appropriate and in some cases we have shared or expect to share this risk with partners.

Risk	Risk category	What could happen?	Our mitigations
3. Permitting & support of policymakers	Project risk	Politicians and policymakers in the countries in which we are developing projects may not see a role for CAES in the future energy system, or local authorities may not want a project in their region. This could result in lack of support, inability to obtain planning permits and inability to build strong partnerships.	We engage with policymakers, local authorities and industry bodies, and employ local experts to understand the markets and political landscape we are operating in before committing to a project. We continue to engage with these groups and monitor changes in the political landscape throughout the project lifecycle.
4. Key partnerships	Project risk	As a developer we rely on partners and suppliers to perform crucial elements of the project. We could be unable to find cost-effective and capable suppliers or partners for an essential project activity, or existing partners could fail to deliver, result in inability to complete the project within budget and expected timeline.	Identification of key suppliers and partners prior to commitment to a project through a robust procurement policy, due diligence process and monitoring plan. Regular monitoring of changes in circumstances of key suppliers and partners, including regular dialogue with them.
5. Suitability of caverns	Project risk	Regulators could limit operation of facilities because of features of the caverns selected for development. For example, authorities could prohibit storage of compressed air or hydrogen in caverns, or limit the permitted pressure gradient for a CAES cavern.	We engage with authorities, presenting technical arguments to demonstrate the suitability of the caverns for the proposed use. We will work with partners to ensure that caverns are mined to required specifications. In some cases backup caverns are available.
6. Community opposition	Project risk Reputational risk	Lack of understanding of the Group's activities could result in opposition to a project from the local community. This could cause project delays, additional costs or in extreme circumstances inability to obtain required permits to proceed with the project.	We actively engage with local communities, and monitor traditional media and social media, responding to concerns on a timely basis. Our proactive community outreach and engagement helps to mitigate opposition to our projects through education and community involvement.

RISK MANAGEMENT CONTINUED

Risk	Risk category	What could happen?	Our mitigations
7. NOx emissions	ESG risk Project risk	The Dutch government is combining nitrogen emission measures with other measures to improve the quality of nature, water and the soil, and fulfil the Netherlands' climate obligations. Ultimately the Dutch government develop tailor-made packages for the different regions, which will lead to healthy ecosystems, clean water and achievement of their climate targets. Currently we are monitoring progress on the development of this plan, depending on the outcome this could delay the ZW1 project or cause additional costs if design changes or offsetting are required.	We have quantified plant emissions and testing against legal limits, in addition to impact to Natura2000 area. Throughout the process we are engaging with authorities to ensure we are familiar with the regulatory landscape and developing an offset strategy if necessary.
8. Endangered species	ESG risk Project risk	We could find endangered flora or fauna on the cavern site or cable route, which would be disturbed by the construction process. This could delay or prevent construction.	We are performing early investigation of sites to identify any endangered species.
9. Inability to raise funds	Liquidity and Funding risk	Failure to achieve the necessary project and other milestones to secure funding, and failure to attract new investors, could result in insufficient funds to complete projects and continue in business.	The business plan is developed to forecast cash needs, and cash use is continuously monitored against forecast by the Finance team, SMT and Board. Our Investor Relations team and external advisors are pursuing a range of funding opportunities, and maintain clear dialogue with key investors.
10. Information security breach	Operational risk Compliance risk	Cyber-criminal attack or staff non-compliance with information security policies could result in loss of data or intellectual property, impairment of operations and reputation or brand damage. These in turn could lead to additional costs and time associated with recovery and possible regulatory fines.	Various controls are in place to prevent such events including security policies, staff training, antivirus software, multi-factor authentication and role-based access to all systems. Further controls are in place to mitigate the possible impacts, including off-site backup of core data.

EMERGING RISKS

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

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

Risk / Opportunity	Description	Risk category impact	Time horizon
Climate change	Corre Energy's purpose is to facilitate a secure, flexible and affordable green energy system, by storing renewable energy at scale. As public awareness of the impacts of climate change continues to increase, we expect political will to follow, increasing our opportunities.	Strategic risk Reputational risk	Medium-term
Storage technologies and competition	As Corre Energy proves the potential market value of its technologies we expect competition to emerge, whilst at the same time other energy storage technologies that are either in development or initial stages of commercialisation become investable. As first movers we have an advantage of several years over direct competitors, and have taken direct steps to mitigate this risk such as purchasing exclusive options in the markets in which we operate. Further, the future requirement for energy storage technologies is so great that even as competition emerges the market will be large enough for us to achieve our planned growth trajectory.	Strategic risk	Medium-term

BOARD OF DIRECTORS

Committed to delivering for our stakeholders

DEAR SHAREHOLDERS,

I am pleased to present our annual report for the year ended 31 December 2023, which reflects our commitment to governance and transparency. As the Chairman of the Board, I am responsible for ensuring that the Board operates effectively and in the best interests of our shareholders. We believe that good governance is essential for creating long-term value, enhancing shareholder trust, and ensuring the sustainability of our business. We constantly review our governance framework to align with best practices and stakeholder expectations.

We have adopted the Quoted Companies Alliance (QCA) Corporate Governance Code as the basis for our governance framework. The QCA Code is designed for small and mid-sized quoted companies and provides a flexible and pragmatic approach to governance that is aligned with our values and strategy. We believe that the QCA Code is the most appropriate code for our company, given our size, stage of development, and the nature of our business.

In this report, we explain how we apply each of the ten principles of good governance in practice and provide examples of how they support our strategic objectives and long-term growth. We also disclose any areas where we deviate from the QCA Code and the reasons for doing so. We review our compliance with the QCA Code annually and update our disclosures accordingly.

We welcome feedback from our shareholders and other stakeholders on any aspect of our governance and performance. We believe that effective communication and engagement are essential for building trust and enhancing our reputation. We encourage you to contact us with any questions or comments you may have.

You will also note that during the year 2023 Mr. Luca Moro served as Non-Executive Director of the Company, representing the Italian Energy Efficiency Fund II, an investment fund of FIEE SGR. Due to the potential for conflict of interests relating to a new role taken on by Luca, he resigned from the Corre Energy Board on 16 May 2023. Additionally, Mr. Darren Patrick Green, who served as Executive Director on the Board since the Company's inception in 2021, resigned from the Board of Directors on 29 February 2024.

On behalf of the entire board, I would like to express my deepest gratitude to Darren and Luca who have served on the board of this company with dedication and professionalism. Your contributions and insights have been invaluable for our growth and success. You have shown great leadership and vision in steering this company through challenging times and opportunities. I appreciate your commitment and support throughout your tenure.

Sincerely,

Frank Allen
Chairman

FRANK ALLEN

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

Frank Allen is an experienced infrastructure sector board member. Mr. Allen is an independent financial consultant, advising on infrastructure investment and operations, mostly in developing and transition economies. Mr. Allen is an advisor to the World Bank on transport infrastructure projects. He is also the former Head of Infrastructure Finance at KBC Bank and former Chief Executive of the Railway Procurement Agency (Luas). Mr. Allen is currently chair of the Housing Finance Agency and was Chair of Iarnród Éireann/Irish Rail until December 2023. Mr. Allen holds a Bachelor of Commerce and Masters of Business Studies from University College Cork. Mr. Allen also holds a Master of Business Administration degree from Massachusetts Institute of Technology.

KEITH MCGRANE

Executive Director, Chief Executive Officer

Keith McGrane is a pioneer and thought-leader in energy storage with over 20 years of experience in geophysics, renewables, project development, technology commercialisation and financing. A scientist by background, Mr. McGrane has held many senior management roles throughout his career particularly in natural resource financing (at KBC Bank and Barclays Bank PLC) and renewables development (at Airtricity and Gaelectric). Having established Corre Energy as the foremost LDES player in the market, he has led the achievement of being the first company globally within the sector to commercialise multiday electricity storage through long term offtake agreements. Mr. McGrane is a director on the board of directors of the Company's substantial shareholder and parent company of the Group, Corre Energy Group Holdings C.V.. Mr. McGrane holds a Bachelor of Science in Geophysics and Masters of Science in Geophysics from University College Dublin.

DARREN PATRICK GREEN

Executive Director, President

Darren Patrick Green is an entrepreneurial business owner, innovator, and visionary who has founded and led several successful companies in the fields of property development, and professional consulting services, focused on the energy and financial sectors.

With over 25 years of experience in the property and energy sectors, Mr. Green has been involved in numerous projects across the UK, and continental Europe.

Mr. Green, a pioneer and changemaker, is one of the Founders of Corre Energy. It is his vision, passion, courage, and hands on business management that has enabled his businesses to succeed and deliver a meaningful professional legacy, providing a solid foundation for the future organic and strategic growth.

Mr. Green is qualified as a Quantity Surveyor.

Throughout 2023 Darren Patrick Green served as an Executive Director of the Company but stepped down from the Board on 29 February 2024.

RUNE ENG

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

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

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This report provides an overview of the corporate governance framework and practices of Corre Energy, a leading company in the field of renewable energy storage. The report covers the year 2023, which was a period of significant growth and development for the Group, as well as a time of unprecedented challenges and opportunities in the global energy market.

The Group is committed to improving its standards of corporate governance, transparency, and accountability, as well as creating long-term value for its shareholders, employees, customers, partners and stakeholders. The Group believes that good corporate governance is essential for achieving its strategic objectives, managing risks, enhancing performance and fostering a culture of innovation and sustainability.

The Company has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code as its benchmark for corporate governance. The QCA Code is designed for small and mid-sized quoted companies and provides a flexible and pragmatic framework for implementing the principles and practices of good governance. The QCA Code consists of ten principles, each accompanied by guidance and disclosures, that aim to promote confidence, trust and engagement among shareholders and other stakeholders.

The Group has applied the QCA Code principles and disclosures in a manner that is appropriate and proportionate to its size, stage of development, resources and risk profile. This report sets out how the Group has applied each of the ten principles of the QCA Code and explains any areas where the Group's practices differ from the QCA Code guidance.

QCA Principle 1:

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

The Group's strategy and business model are based on four key pillars:

- Developing innovative and cost-effective LDES technologies and products that can store large amounts of renewable energy and enable the production of green hydrogen.
- Securing attractive pipeline projects that can demonstrate the value proposition of the Group's LDES solutions and generate recurring revenue streams from energy services.
- Partnering with leading renewable energy producers, grid operators, and energy service providers to access new markets and opportunities for LDES deployment.
- Enhancing shareholder value by delivering operational excellence, financial discipline, and sustainable growth.

Management monitors the Group’s performance against key performance indicators that reflect its strategic objectives and value drivers. Page 14 of the Strategic Report describes the Group’s strategy.

The Group continues to make progress on its ZW1 project in the Netherlands and GHH project in Denmark, both of which reached commercial close in 2023, paving the way for Financial Investment Decision (FID) and construction.

In Germany we entered into a land and cavern option agreement with a total potential generating capacity of over 500MW and the capacity to provide 80GWh of multiday electricity storage and the potential for hydrogen storage in the future.

In the United States, the Inflation Reduction Act offers opportunities to develop and invest in storage projects. The Group entered into agreements to develop CAES projects in West Texas, availing of the favourable investment and regulatory conditions in the US. Further information on the German and US projects can be found on the Group’s website.

The company continues to monitor, manage, and mitigate permitting risk across its pipeline and projects. More specifically, it has secured, and will secure, strategic partnerships with nationally significant entities (for example, Eneco and Nobian in the Netherlands, and Gas Storage Denmark and Eurowind in Denmark) that enhance the ability to proficiently secure permitting for the pipeline of projects. The Group, and its partners, will seek to ensure that accelerated permitted for energy storage, as announced by European Commission in late 2022, becomes actionable for our projects.

The Board believes that the Group’s long-term value will be enhanced through building a portfolio of projects in countries where regulation supports the energy transition.

QCA Principle 2:

Seek to understand and meet shareholder needs and expectations.

Corre Energy believes that engaging with our shareholders is essential for building long-term and mutually beneficial relationships. We seek to understand and meet their needs and expectations through various channels of communication and feedback, such as:

- Our website, which provides information on our strategy, operations, financial performance, governance, sustainability, and news.
- Our annual report, which gives a detailed overview of our achievements, challenges, risks, and opportunities in the past year, as well as our outlook and priorities for the future.
- Our regulatory announcements, which inform the market of any significant developments or events affecting our business.
- Our investor presentations and webcasts, which offer insights into our operational and financial results, as well as our strategic direction and growth prospects.
- Our general meetings, which provide an opportunity for our shareholders to vote on important matters and to ask questions to the Board and senior management. The Board hosted an Annual General Meeting (AGM) on 28 June 2023 resolving the adoption of the annual accounts 2022. The minutes of the AGM can be found in the regulatory news section of the Group's website.
- Our direct engagement with our institutional and individual shareholders, which enables us to listen to their views and concerns, and to address any queries or issues they may have.
- Our communications team, which handles all enquiries from shareholders and potential investors, and ensures that they receive timely and accurate information. The Group provides a dedicated email address for investors to contact them (ir@corre.energy).

The Group continues to work to improve and deepen stakeholders' understanding of CAES in the market and its importance to the renewable energy transition. This advocacy is central to the Group's identity and engagement with third parties.

QCA Principle 3:

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

Corre Energy's projects have the potential to accelerate decarbonisation of the energy sector in the countries where we operate but the Board also recognises that it has responsibilities to the governments, the communities and other stakeholders in those countries. The Group's key stakeholders, in addition to its shareholders, are its local communities, regulatory authorities, employees, industry partners, suppliers, and prospective customers.

One of the ways that we take into account wider stakeholder and social responsibilities and their implications for long-term success is by engaging with our investors through various channels, including our website, annual report, webinars, and email communications. We value the feedback and opinions of our shareholders and strive to address their questions and concerns in a timely and transparent manner. We also inform them of our progress and achievements on our strategic goals and Environmental, Social and Governance (ESG) initiatives, and how they contribute to our long-term value creation. More specifically, in terms of EU Taxonomy and Article 9, reporting on environmental and social impact is conducted through the EU's Ten Year Network Development Plan (TYNDP) and Projects of Common Interest (PCI) project reporting procedures whereby project impact is quantified and submitted to respective EU agencies.

By maintaining a regular and constructive dialogue with our investors, we aim to build trust and confidence in our vision and strategy and foster a supportive shareholder base.

The Group dedicates significant resources to understanding and acting on the expectations and requirements of key stakeholders by way of individual meetings and sectoral engagement. The Group is a member of certain organisations, including, the European Association for Storage of Energy ("EASE"), and at a local level; BVES – German Energy Storage Association, and Energy Storage NL. Participation in these groups not only facilitates active dialogue with key stakeholders, but also supports knowledge sharing. The Group has engaged staff and suppliers to build on the current initiatives to support the communities in which it operates. Corre Energy engages with, and educates, stakeholders on the importance of long duration energy storage and its role in the energy transition.

Corre Energy considers that the greatest contribution it can make to ESG is to deliver storage projects and partner with energy providers, to allow them to accelerate their energy transition. However, it also recognises that the Group's ESG obligations extend to the manner in which it delivers its projects and complies with governance standards. The Board will be guided by industry standards in meeting its obligations in these areas.

CORPORATE GOVERNANCE REPORT CONTINUED

QCA Principle 4:

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

The Group's approach to risk management is described on pages 22 to 27, where we explain the risks that affect our business and prospects, and how we deal with them. The Board has retained overall responsibility for risk management but assigned oversight to the Audit and Risk Committee (ARC), and the daily responsibility of identifying, assessing, monitoring and managing risks to the Senior Management Team (SMT). The Board is confident that the SMT, who have substantial experience in the sector, have the necessary knowledge and skills to handle risks on a regular basis.

We have embedded effective risk management in our organisation by adopting the following practices:

- We have established a clear governance structure for risk management, with defined roles and responsibilities for the Board, the ARC, the SMT, and the business units.
- We have a risk policy and a risk appetite statement that set out our approach to risk management, our risk tolerance levels, and our risk reporting and escalation processes.
- We have implemented a risk management framework that covers the entire risk lifecycle, from identification and assessment, to monitoring and reporting, to mitigation and review.
- We have adopted a bottom-up and top-down approach to risk identification and assessment, involving input from all levels of the organisation and external sources, such as market research, supplier feedback, industry benchmarks and regulatory requirements.
- We monitor key commercial and operational progress of our projects against milestones established for each scheme and manage operational, economic, market, regulatory and financial risks using a comprehensive risk register which is updated on a monthly and quarterly basis.
- We have integrated risk management into our strategic planning, budgeting, forecasting, performance management and decision-making processes, ensuring that risks and opportunities are considered and balanced in line with our risk appetite and business objectives.
- We have established a regular risk reporting and communication cycle, providing timely and relevant information to the Board, the ARC, the SMT, and the business units, and facilitate dialogue and feedback on risk issues and actions.
- We have invested in risk awareness and culture, providing training and guidance to our employees, promoting a positive attitude towards risk taking and learning from risk events, and encouraging a culture of openness, transparency, and accountability.

QCA Principle 5:

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

The Group's strategy and overall management are the responsibility of the Board of Directors. The Board follows a unitary board governance structure that complies with Dutch corporate law. The Board Rules document how the Board operates in a formal schedule of matters that are reserved for the Board.

The Chairman is committed to:

- Ensuring that the Board has a clear vision, mission and strategy for the Group and that it communicates them effectively to all stakeholders.
- Establishing a constructive and respectful working relationship between himself and Chief Executive Officer, as well as among the Non-Executive Directors, and fostering an open and candid dialogue within the Board.
- Ensuring that Board members have the necessary knowledge and experience to fulfil their roles and responsibilities.
- Reviewing the composition and succession planning of the Board and its Audit and Risk Committees.
- Recognising and managing potential conflicts of interest and ensuring that the Board acts in the best interests of the Group and its shareholders.
- Promoting a culture of integrity, accountability and transparency within the Board and the Group and ensuring that the Board adheres to good standards of corporate governance and ethical conduct.

The QCA guidelines advise that a company should have a minimum of two independent Non-Executive Directors, the Board of Corre Energy consists of two Non-Executive Directors, both of whom are independent, with no significant business relationships with the Corre Energy group of companies or material shareholdings in the Group (being Frank Allen and Rune Eng). A Non-Executive Director nominated by Fondo Italiano per l'Efficienza Energetica (FIEE) resigned 17 May 2023 to avoid the potential for conflict of interest with another board directorship. FIEE Observers attend board meetings and FIEE is expected to nominate a replacement Non-Executive Director in 2024.

Non-Executive Directors are expected to commit approximately three days a month to the Group in addition to their attendance at Board meetings. In accordance with QCA Code guidance, the Non-Executive Directors do not participate in performance-related remuneration schemes.

Corre Energy's Executive Director (Keith McGrane) is a full-time Director of the Company. During the period, Darren Patrick Green was also an Executive Director of the Company but stepped down from the Board on 29 February 2024.

The Board has a formal schedule of six meetings a year, but additional meetings are also scheduled to approve important transactions such as raising additional equity and entering into major commercial agreements. In 2023 the Board of Directors met nine times. The table below shows the attendance record of each Director. This table only includes scheduled meetings in 2023.

Directors	Meeting	Committee
Frank (Timothy) Allen	8	6
Keith McGrane	9	–
Darren Patrick Green	9	–
Rune Eng	9	6
Luca Moro*	9	–

*Luca Moro attended 3 meetings in 2023 as Director and 6 as an Observer.

The Board aims to meet quarterly face-to-face, in the Netherlands. In 2023 the Board met twice in Amsterdam, the Netherlands, and once in Dublin, Ireland, with interim meetings happening by video conference to support effective communication and decision making. Prior to each Board meeting Directors receive agendas and related papers, as well as minutes of previous meetings. When specific matters need to be discussed, additional Board meetings are scheduled, with senior management members joining Board meetings as needed to report on business and project developments.

QCA Principle 6:

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

Corre Energy recognises the importance of ensuring that the Directors have the necessary up-to-date experience, skills and capabilities to perform their roles effectively.

The Board recognises that additional non-executive, and executive, representation is required, and has previously identified enterprise scaling, growth and project financing, including storage industry expertise, as the requisite skills which are essential to ensure the Board has the necessary capabilities to oversee the Group as it continues to grow and evolve.

Furthermore, gender and ethnic diversity was also identified as a need for board composition. Whilst a number of potential candidates were identified and interviewed, the objective to strengthen and diversify the board were not achieved. The process has continued into 2024 and the company is confident of addressing board composition and diversity in the second half of 2024. The Board aims to appoint new executive and non-executive directors who will bring fresh perspectives, insights and expertise to the Board, and who will complement and enhance the existing skills and experience of the current directors. The Board is committed to ensuring that any recruitment process for new executive and non-executive directors is fair, transparent, and rigorous. The Board will consider recommendations from shareholders, management, and other stakeholders, as well as applications from individuals who express an interest in joining the Board.

The Board ensures that all Directors receive appropriate inductions and ongoing training to enable them to fulfil their duties and responsibilities. The induction programme covers the Group's business, strategy, operations, governance, risk management and financial performance, as well as the expectations and obligations of the Directors. The ongoing training includes updates on relevant legal, regulatory and industry developments, Market Abuse Regulation (MAR) training and Directors' Ongoing Obligations, as well as site visits and presentations from senior management and external experts. The Directors are also encouraged to attend external courses and events that are relevant to their roles and interests. The Group has access to external professional advisors including, but not limited to, auditors, legal advisors, tax advisors and accountants, who are available to provide independent advice on all significant matters which may arise during the year.

Throughout 2023 the Board was supported by the Company Secretary, who facilitates communication and information flow between the Board and its committees, as well as between the Board and senior management. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Details of the Directors and their relevant qualifications, skills and personal qualities, to enable them to oversee and execute the Group's strategy, have been assessed and reviewed by the Chairman of the Board; their profiles can be read on pages 28 and 29, and viewed on the Group's website.

In December 2023 the Board approved the establishment of the Disclosure Committee and its Terms of Reference which outline the objectives, policies and reporting lines of the Disclosure Committee. The Disclosure Committee is a sub-committee of the Board, established to ensure that the company complies with its disclosure obligations under the applicable laws and regulations, and that the information disclosed to the public is accurate, complete, timely and fair.

The Group does not yet have a nomination committee as the matters that would typically fall within the remit of such a committee are considered directly by the full Board.

CORPORATE GOVERNANCE REPORT CONTINUED

QCA Principle 7:

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

At this stage in its development, the Group has not adopted a formalised process for Board performance evaluation but recognises the importance of evaluating Board performance based on clear and relevant objectives, seeking continuous improvement. In 2024 the Board will look to agree a set of key performance indicators (KPIs) for itself that will include financial, operational, and ESG metrics, as well as qualitative feedback from stakeholders. The Board will monitor the progress of these KPIs on a regular basis and review them annually to ensure they remain aligned with the Group's vision and mission.

The Board also intends to introduce a formal self-assessment process every year, where each Director evaluates their own contribution and performance, as well as the performance of their fellow Directors, the Chairman and the Board as a whole. The self-assessment will cover areas such as leadership, strategy, risk management, communication, teamwork, culture and diversity. The results of the self-assessment will be discussed by the Board and used to identify strengths, weaknesses, opportunities and areas for improvement.

The Board currently considers any training or development needs for individual Directors or the Board collectively, and implements appropriate actions to address them. The Board believes that this process helps to enhance its effectiveness and accountability, as well as to foster a culture of continuous learning and improvement.

The chair of the Audit and Risk Committee (ARC) evaluates the performance of the committee at least annually, including a review of compliance with its terms of reference, the need for changes in those terms of reference or the composition of the Committee. The Board Chair evaluates the performance of the chair of the ARC.

QCA Principle 8:

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

We have a Code of Conduct that sets out the standards of behaviour and conduct expected from all Directors, officers, employees and contractors of the Group. The Code of Conduct covers topics such as compliance with laws and regulations, anti-bribery and corruption, conflicts of interest, confidentiality, health and safety, diversity and inclusion, and environmental responsibility.

We have a Protected Disclosures Policy that provides a confidential and secure channel for anyone who has concerns about any wrongdoing or malpractice within the Group to report them without fear of retaliation. The Policy also outlines the process for investigating and resolving any reported issues.

The Group operates an Anti-Bribery Policy. It is our policy to conduct all business in an honest and ethical manner. Corre Energy takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all our business dealings and relationships. The Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations and that all those under our control comply with it.

The Group regularly communicates and engages with our stakeholders, including our shareholders, customers, suppliers, employees, regulators, and the communities in which we operate, to understand their views and expectations, and to address any issues or concerns that may arise. We also disclose relevant information about our performance, strategy, risks, and governance through our website, annual report, and other channels.

We provide ongoing training and development opportunities for our employees, to enhance their skills, knowledge, and competencies, and to foster a culture of learning and innovation. We also recognise and reward our employees for their achievements and contributions, and encourage feedback and dialogue between managers and employees.

We uphold good standards of corporate governance and accountability, and comply with the applicable laws, rules, and regulations in the jurisdictions where we operate. We also have internal policies and procedures to ensure effective risk management and internal control systems.

QCA Principle 9:

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

The Board is supported by the Audit and Risk Committee (ARC) which operates under a defined terms of reference (available to view on the Group's website) and provides independent oversight of the Group's financial reporting, internal controls, and risk management. The Board receives regular and timely reports from this committee on its activities and recommendations. It is anticipated that new members will be appointed to the ARC in 2024 as a result of the ongoing Non-Executive Director recruitment process.

Given the size and stage of development of the business, the Directors do not feel it is necessary to establish a nomination committee or a remuneration committee at this time and continues to review this position. Decisions in relation to nomination or remuneration matters that may arise from time to time are identified and managed by the Board (noting this was not a requirement in 2023), subject to any relevant conflict of interest procedures. The remuneration of the members of the Board is governed by the Group's remuneration policy.

In December 2023 the Board of Directors approved the MAR compliance framework set of policies and procedures, replacing the policies in place since the Company's IPO in September 2021. This set of policies includes an inside information policy, MAR policy, share dealing code, insider list procedures, policy for engagement with market participants, and the disclosure committee terms of reference. The suite of policies and procedures help to prevent and detect any unlawful behaviour that may harm the integrity of the financial markets and fosters a culture of transparency and accountability within the organisation, by providing clear guidance to our directors, employees, and advisers on their obligations and responsibilities under the market abuse regime. The Board delegates authority to the CEO for the day-to-day management of the Group within the agreed strategy and framework of effective controls. The Board ensures that there is clear and effective communication with shareholders and other stakeholders through various channels, such as the Annual Report, interim reports, press releases, investor presentations and the Group's website.

The Chairman oversees the Group's governance structures and evaluates the suitability of the governance structures as the Group evolves, with advice from the Group's advisors. The CEO is in charge of developing, planning and executing the Group's strategy. The CEO keeps in touch with Board members frequently and transparently, besides formal Board meetings.

The Board is responsible for ensuring the success of the Group, while delivering on its strategy. Matters reserved for the Board are set out in the Board Rules, summarised as follows:

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

QCA Principle 10:

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

The Group reports on its governance arrangements and practices in its annual report and accounts, which is available on its website. The report includes a corporate governance statement, a remuneration report, and an audit and risk committee report. The Group also holds an annual general meeting where shareholders can vote on key resolutions and ask questions to the Board and senior management.

The Group maintains a dialogue with its shareholders and other stakeholders through various channels, such as investor presentations, webinars, press releases, and social media. The Group also invites feedback from its stakeholders through face-to-face and virtual meetings, email, and phone calls. The Board and senior management consider the views and interests of the stakeholders in their decision-making and strategy formulation.

The Group engages with its shareholders and other stakeholders on a regular basis to communicate its performance and governance. The Group publishes quarterly and annual financial results, along with operational updates and strategic plans, on its website and via the Regulatory News Service (RNS). The Group also hosts conference calls and webcasts to present its results and answer questions from analysts, investors, and media. The Executive Directors and Senior management attend investor roadshows and industry events to meet with existing and potential shareholders and other stakeholders.

Communication with shareholders and other relevant stakeholders is described above under Principle 2 and 3.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) is a key component of Corre Energy's governance structure. The ARC assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Group's process for monitoring compliance with laws and regulations.

The ARC operates under terms of reference that sets out its roles and responsibilities, composition, structure, resources, and procedures. The terms of reference are reviewed annually by the Audit and Risk Committee Chairman, and any changes approved by the Board.

The ARC is committed to providing effective oversight and challenge to the management and to enhancing the quality and transparency of the Group's financial reporting and risk management practices. The ARC welcomes feedback from the shareholders and other stakeholders on its work and performance.

RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROL

The ARC monitors the adequacy and effectiveness of the Group's internal control systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal control systems include financial and compliance controls and risk management procedures. The ARC, in conjunction with the Board, conducts an annual review of the effectiveness of the systems of internal control, including financial and compliance controls, risk management systems and the Group’s policies and procedures for preventing and detecting fraud and corruption.

The Board is responsible for conducting a thorough evaluation of the main and emerging risks that Corre Energy faces, including those that could jeopardize its business model, future performance, solvency and liquidity. The Audit and Risk Committee (ARC), on behalf of the Board, examines how effective the Group's risk management processes are. The Group's risk assessment process and how it handles significant business risks is a major area of attention for the ARC. The ARC's work was mainly driven by the assessment of principal risks and uncertainties as described in the strategic report. The ARC receives reports from the CFO on how the Group evaluates risks and reviews changes to significant risks identified.

MEETINGS

The ARC met six times during the year and had regular dialogue with the external auditor, the Chief Financial Officer (CFO) and the Group Financial Controller. The ARC also received reports from the management on various aspects of the Group's operations, financial performance, risk management and internal control systems.

The matters discussed at those meetings included:

- review of the audit plan of the external auditor; discussion and approval of the fee for the external audit; assessment of the independence of the external auditor;
- review of the accounting policies and format of the financial statements;
- assessment of the effectiveness of the external audit process;
- approval of the annual report 2022, and half year results 2023;
- review of Corre Energy risk management policy and risk appetite statements; and
- review of the risk register, key risks and internal controls.

The ARC met on 13 May 2024 to review the results of the audit and to consider and approve the Annual Report for the period ended 31 December 2023.

INTERNAL AUDIT

The Group does not have a dedicated internal audit function, as the ARC considers that the size and complexity of the Group's operations do not warrant it at this stage. However, the ARC keeps this matter under regular review and may decide to establish an internal audit function or engage external consultants to perform specific internal audit work in the future. The ARC relies on the reports and assurances provided by the external auditor, the CFO and other senior management to assess the effectiveness of the internal control systems and identify any areas for improvement. The ARC also ensures that there is appropriate oversight and accountability for the implementation of audit recommendations and remediation actions.

EXTERNAL AUDIT

The Company's external auditor is Blue Line Accountants B.V., a Dutch firm that has been auditing the Company since its incorporation in 2021. The external auditor is responsible for expressing an opinion on the Company's financial statements, internal control over financial reporting and compliance with laws and regulations.

The ARC has established policies and procedures to ensure the independence and objectivity of the external auditor, as well as the quality and effectiveness of the audit services. These include:

- Reviewing and approving the annual audit plan, budget and fees of the external auditor;
- Evaluating the performance, qualifications and competence of the external auditor and the audit team;
- Meeting with the external auditor to discuss the audit findings, recommendations and any issues or concerns;
- Requiring the external auditor to confirm its independence and disclose any relationships or conflicts of interest with the Company or its affiliates; and
- Ensuring that the external auditor complies with the relevant ethical and professional standards and regulations.

The ARC also oversees the rotation of the audit partner and the tendering process for the external audit contract, in accordance with the Company's policy and the applicable legal requirements. The current audit partner has been in charge of the audit since 2021 and will rotate after the completion of the 2025 audit. The appointment or reappointment of the external auditor is subject to the approval of the shareholders at the AGM or EGM.

A resolution proposing the reappointment of Blue Line Accountants B.V. as auditor to the Group will be put to the shareholders at the AGM in June 2024.

FAIR, BALANCED AND UNDERSTANDABLE STATEMENT

The ARC is responsible for ensuring that the Annual Report 2023 presents a fair, balanced and understandable view of the Group's financial position, performance and prospects, as well as its risks and opportunities. The ARC reviewed the content and structure of the Annual Report 2023 and discussed with management and the external auditor the quality and completeness of the information provided. The ARC also assessed the consistency and clarity of the messages, the accuracy and objectivity of the data and statements, and the compliance with the applicable reporting standards and regulations. The ARC challenged management on the key judgments and assumptions underlying the financial statements, the viability statement and the principal risk disclosures, and obtained assurance from the external auditor on the audit scope, procedures and findings. The committee concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report 2023 is fair, balanced and understandable while providing the necessary information to assess the Group’s position and performance, business model and strategy.

On behalf of the Audit and Risk Committee

Rune Eng

Audit and Risk Committee Chairman

The committee concluded that the disclosures, as well as the processes and controls underlying its production, were appropriate and recommended to the Board that the Annual Report 2023 is fair, balanced and understandable.

Rune Eng, Audit and Risk Committee Chairman

DIRECTORS' REMUNERATION

EXECUTIVE DIRECTORS' REMUNERATION

Each individual Executive Director's total remuneration paid during the period 1 January 2023 to 31 December 2023 is summarised below:

Executive Director	Salary or fee €'000	Taxable benefits €'000	Bonus €'000	Pension contributions €'000	Total year ended 2023 €'000
Keith McGrane	208	45	–	58	**311**
Darren Patrick Green	250	45	–	38	**328**

NON-EXECUTIVE DIRECTORS' REMUNERATION

Each individual Non-Executive Director's total remuneration paid during the period 1 January 2023 to 31 December 2023 is summarised below:

Non-Executive Director	Salary or fee €'000	Taxable benefits €'000	Bonus €'000	Pension contributions €'000	Total year ended 2023 €'000
Frank Allen	60	–	–	–	**60**
Rune Eng	30	–	–	–	**30**
Luca Moro	–	–	–	–	**–**

DIRECTORS' INTERESTS IN SHARES

The beneficial interest of Directors, and persons connected with them, as at 31 December 2023 in the shares of the Company were as follows:

Directors	Held on 31 December 2023
Keith McGrane	**13,221,720**
Darren Patrick Green	**26,268,750**
Frank Allen	**50,000**

Since 31 December 2023, and as at 30 May 2024, the Directors, and persons connected with them, have not sold shares.

REMUNERATION POLICY

The remuneration policy was adopted by the Board on 17 September 2021. The Board is authorised (subject to adoption by the general meeting) to adopt, revoke and amend the remuneration policy.

The remuneration policy:

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

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report, together with the audited accounts for the year ending 31 December 2023.

DIVIDENDS

No dividends were declared for the year ending 31 December 2023.

DIVIDEND POLICY

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

The Company may only make distributions to its shareholders if its equity exceeds the amount of the reserves as required to be maintained by the articles of association (if any) or by Dutch law and as long as the distribution would not leave the Company incapable of servicing its payable and foreseeable debts.

The Board will determine the portion of the profits that will be added to the reserves, taking into account the Company's general financial condition, revenues, earnings, cash need, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Board may deem relevant in making such a determination. The remaining part of the profits after the addition to reserves will be at the disposal of the General Meeting. The Board shall make a proposal for that purpose.

SHARE CAPITAL AND CONTROL OF THE COMPANY AND SIGNIFICANT AGREEMENTS

Details of the Company's share capital, including changes during the year in the issued share capital and details of the rights attaching to the Company's shares are set out in note 15 on page 68.

No special control rights are attached to shares in the capital of the Company. There are no limitations of voting rights or the transfer of shares in the capital of the Company. The Company is not aware of any agreements with shareholders that result in such restrictions.

The Company is not party to any significant agreements that would take effect, alter or terminate subject to a change of control of the Company following a public offer for all shares in the capital of the Company, except that the equity-linked funding agreement entered into with EIB-backed Italian infrastructure fund managed by Fondo Italiano per l'Efficienza Energetica entered into by the Group contains clauses that, as is customary for financing agreements of similar type, may require early repayment, termination or conversion of debt into equity in the event of a change of control of the Company. The Company does not have agreements with any Director or officer that would provide compensation for loss of office or employment resulting from a takeover.

SIGNIFICANT SHAREHOLDERS

The issued share capital of the Company as at 31 December 2023 consisted of 71,603,999 Ordinary Shares. The percentage of shares not in public hands was approximately 69.83%.

All shareholdings in excess of 3% of the issued share capital of the Company as at 31 December 2023, insofar as the Company has been notified, are set out in the table below:

	% of issued share capital
Corre Energy Group Holdings CV	**69.83%**

Percentages are shown as a percentage of the Company's total issued share capital as at 31 December 2023.

ARTICLES OF ASSOCIATION

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

APPOINTMENT AND RETIREMENT OF DIRECTORS

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

DIRECTORS AND THEIR INTERESTS

The biographical details of the current serving Directors are set out on pages 28 and 29.

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

The Company's articles of association include provisions regarding the indemnification to the extent permitted by law for the benefit of current and former Directors in respect of liabilities incurred as a result of their office. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year.

DIRECTORS' REPORT CONTINUED

EMPLOYMENT POLICIES

The Company is committed to providing a safe and healthy working environment for all its employees, contractors and visitors. The Group has established employment policies and procedures that are regularly reviewed and updated to ensure compliance with applicable laws and regulations, as well as industry best practices.

Corre Energy recognises the importance of employee engagement and communication for achieving its strategic objectives and fostering a positive work culture. The Group communicates with its employees through various channels, such as newsletters, intranet, town hall meetings and social events.

The Company values the development and retention of its talent and supports its employees in enhancing their skills and competencies. Corre Energy has a performance management system that aligns individual goals and behaviours with the Group's strategy and values, and provides feedback and recognition for achievements.

Corre Energy adheres to the highest standards of ethical conduct and professional behaviour in its employment practices. The Group has a code of conduct that sets out the principles and expectations for all employees, managers and directors, and provides guidance on how to deal with ethical dilemmas and report any breaches or concerns. The Group also has a whistleblowing policy that encourages and protects employees who raise any issues of wrongdoing or misconduct within the Group or by its business partners.

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

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

POLITICAL DONATIONS

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

ANTI-BRIBERY MATTERS

The Company is committed to conducting its business with integrity and in compliance with all applicable laws and regulations, including those relating to anti-bribery and anti-corruption. We have adopted an anti-bribery policy, which sets out the standards of conduct expected from all our employees, directors, officers, agents, contractors, consultants, suppliers and other business partners. The policy prohibits any form of bribery or corruption, whether direct or indirect, public or private, and regardless of the amount or value involved. The policy also covers specific areas such as gifts and hospitality, facilitation payments, political and charitable contributions, conflicts of interest, due diligence and reporting of concerns.

We are proud of our culture of ethics and compliance, and we strive to enhance our anti-bribery and anti-corruption practices. We expect the same level of commitment and compliance from all our business partners and stakeholders. We do not tolerate any form of bribery or corruption in our business dealings and we will take appropriate action against any violations of the policy or the law.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report contains certain statements that are, or may be deemed to be forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms “anticipates”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “plans”, “projects”, “should”, “will”, or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and relate to, among other things, our future financial performance, our business strategy, our plans and objectives for future operations, our ability to achieve our strategic goals, our capital expenditure plans, our dividend policy, our liquidity and funding position, our exposure to market risks and our expectations regarding legal, environmental, social and governance matters.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the actual results of our operations, financial condition and liquidity, and the development of the markets and the industry in which we operate, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if our results of operations, financial condition and liquidity, and the development of the markets and the industry in which we operate, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those factors discussed under principal risks and uncertainties on pages 24 to 26 of this Annual Report, as well as general economic and business conditions, industry trends, competition, changes in regulation and government policy, changes in technology and consumer preferences, the outcome of any litigation, the actions of third parties, and other factors beyond our control. Any forward-looking statements contained in this Annual Report speak only as of the date of this Annual Report and are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this Annual Report. We do not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report may not occur. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Annual Report.

ADDITIONAL DISCLOSURES

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

	Pages
Events after the reporting period	76
Financial instruments and financial risk management	56 and 73
Corporate governance report	30 to 35

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Title 9 of Book 2 of the Dutch Civil Code. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Each of the serving Directors, whose names and functions are set out on pages 28 to 29, confirms that, to the best of his knowledge:

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

By order of the Board

INDEPENDENT AUDITOR'S REPORT

To: The shareholders and Board of Corre Energy B.V.

Blue Line ACCOUNTANTS

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Report on the audit of the financial statements 2023 included in the annual report

OUR OPINION

We have audited the financial statements 2023 of Corre Energy B.V. based in Groningen. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Corre Energy B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Corre Energy B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2023;
2. the following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

4. the company balance sheet as at 31 December 2023;
5. the company profit and loss account for 2023; and
6. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

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

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

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the going concern section in the notes on page 51 of the financial statements which indicates that the company requires significant future funding to continue its activities. Whilst the Company is in the process of securing funding, the outcome of this process is uncertain and even delays in the process could require that the Company needs to take alternative solutions to maintain its going concern status.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INFORMATION IN SUPPORT OF OUR OPINION

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

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 282,000. The materiality is based on 4% of equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 25,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Corre Energy B.V. is at the head of a group of entities. Our group audit mainly focused on significant group entities in which currently projects are developed. We have:

- performed audit procedures ourselves at group entities Corre Energy Storage B.V. and Corre Energy ApS
- performed review procedures or specific audit procedures at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

AUDIT APPROACH FRAUD RISKS

In our audit, we identified the fraud risk management override of controls. Management is in a position to commit fraud because it is able to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. During the audit, we pay attention to the risk of breaches of internal control measures by the management in:

- analysis of the general journal entries, including estimates;
- analysis of significant transactions outside the normal course of business;
- analysis of all outgoing cash flows;
- analysis of management's assessment of risks of fraud and corruption

We have evaluated the design and existence of internal control measures in the processes for generating and processing journal entries and making estimates, assuming a risk of disruption of that process. We have assessed the process surrounding the preparation of financial reporting. We also paid specific attention to the access protections in the IT system and the possibility of breaking through the segregation of functions. We have selected journal entries based on risk criteria, such as journal entries in revenue recognition and journal entries for impairments. Audit procedures have been performed on this, in which we also paid attention to significant transactions outside the normal course of business.

Our work did not lead to specific indications of fraud or suspicions of fraud with regard to the breach of internal control by the board.

OUR KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

To: The shareholders and Board of Corre Energy B.V.

GOING CONCERN

Risk	The Company is pre-revenue and therefore relies on external financing to be able to operate as going concern, In 2024 the Company required intercompany financing to settle its obligations. There is no certainty for sufficient funding for the next 12 months.
Our audit approach	We assessed the adequacy of management's expectations for future funding with the equity raise in May, the current status of the non-binding offers for financing / participation in the Company and the Company's cashflow forecast. Also we have been in discussion with management and the Audit Committee regarding the disclosure of this issue in the financial statements.
Key observations	We believe that the disclosures of the expectations and related risks in the other information and director's report are adequate and in our auditors report we draw specific attention to this matter.

EARLY STAGE OF DEVELOPMENT / PRE REVENUE FASE

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

RELATED PARTY TRANSACTIONS

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

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

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

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

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

Report on other legal and regulatory requirements

ENGAGEMENT

We were engaged by the supervisory board as auditor of Corre Energy B.V. on 1 March 2022, as of the audit for the year 2021 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD FOR THE FINANCIAL STATEMENTS

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

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Almere

30 May 2024

Blue Line Accountants B.V.
Signed by Drs. Jesca ter Stroot – van Meurs RA

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	**(4,459)**	(7,029)
Operating result		**(11,487)**	(14,689)
Finance income/(expense)	5	**13,826**	(19,572)
Result before tax		**2,339**	(34,261)
Corporation tax	6	**3,311**	4,044
Profit/(loss) after tax		**5,650**	(30,217)
Minority result		**30**	–
Profit/(loss) for the year		**5,680**	(30,143)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		**(28)**	74
Total comprehensive income		**5,652**	(30,143)

CONSOLIDATED BALANCE SHEET

at 31 December 2023

	Note	2023 €'000	2022 €'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		**(27,237)**	(33,467)
Foreign currency translation		**42**	70
Minority share		**(29)**	–
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	Minority share €'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	–	(11,531)
Issue of share capital	17	12,950	–	–	–	12,967
Share issue transaction costs	–	(547)	–	–	–	(547)
Profit for the period	–	–	5,680	–	(29)	5,651
Other comprehensive income	–	–	–	(28)	–	(28)
Employee long-term incentive plan	–	–	550	–	–	550
At 31 December 2023	**322**	**33,962**	**(27,237)**	**42**	**(29)**	**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	(11,487)	(14,689)
Depreciation	198	67
(Increase)/Decrease in Receivables, prepayments and accrued income	7,177	(5,665)
Increase/(Decrease) in Trade creditors	649	220
Increase/(Decrease) in Other Payables	(5,613)	5,875
Employee long-term incentive plan	551	–
Taxes paid	(47)	(12)
Total cash flow from operating activities	(8,572)	(14,204)
Cash flow from investment activities		
Investments in Tangible fixed assets	(6,533)	(6,771)
Investments in Intangible fixed assets	(4,501)	–
Investment 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	(82)	(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 IAS 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 has in May engaged with its shareholders to raise funds to support its short-term working capital requirements ahead of the process detailed below. The Group has successfully raised €2.12m by way of a subscription offer to founding shareholders and another long-term shareholder, an additional €0.64m was raised by a share placement offered to existing shareholders.

This equity investment will be a sufficient bridge for the working capital requirements of the Company as it moves through the next stage in its strategic investment process being managed by Rothschild & Co.

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 basis that the Group has successfully transacted 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.

ACCOUNTING POLICIES CONTINUED

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:

		2023		2022	
Name	**Country of registration**	**Share in issued capital**	**Included in consolidation**	Share in issued capital	Included in consolidation
Corre Energy Storage B.V.	The Netherlands	**100%**	**Yes**	100%	Yes
Corre Energy ApS	Denmark	**100%**	**Yes**	100%	Yes
Corre Energy Ltd	United Kingdom	**100%**	**Yes**	100%	Yes
Corre Energy Storage Limited	Ireland	**100%**	**Yes**	100%	Yes
Corre Energy Germany GmbH	Germany	**100%**	**Yes**	100%	Yes
Corre Energy US LLC	USA	**100%**	**Yes**	100%	Yes
Corre Energy US Development Company LLC	USA	**94.33%**	**Yes**	100%	Yes

7 FOREIGN CURRENCY

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

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

Assets, liabilities, income and expenses of consolidated subsidiaries with a functional currency other than the presentation currency are translated at the closing rate of exchange prevailing at the balance sheet date. Foreign currency differences are recognised in Other Comprehensive +Income and accumulated in the Foreign Currency Translation Reserve within equity.

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

In €	Year-end 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.

ACCOUNTING POLICIES CONTINUED

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.

ACCOUNTING POLICIES CONTINUED

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.

ACCOUNTING POLICIES CONTINUED

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 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.

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 income	20	–
	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
	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 Germany GmbH	**1**	–
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	2022
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	**236**	40
Project Legals	**180**	32
	683	328

4 OTHER ADMINISTRATIVE EXPENSES

	2023 €'000	2022 €'000
Legal & professional costs	**3,424**	5.557
Travel costs	**365**	708
Recruitment costs	**(25)**	152
IT costs	**222**	192
Office costs	**317**	330
Marketing & Communications costs	**58**	39
Other operating expenses	**98**	51
	4,459	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	**68**	94
Other audit services	**–**	10
	68	104

Fees for financial statements audit comprise the audit of the financial statements of the Company and its subsidiary Corre Energy Storage B.V..

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
Corporation tax to pay	**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
	914	621

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

	2023 €'000	2022 €'000
(Profit)/Loss before tax	**(2,339)**	34,261
Statutory tax rate	**25.40%**	25.60%
Tax at statutory tax rate	**(594)**	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	**(408)**	(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)
Effective tax amount	**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 December 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	Project acquisition option	Total
Cost and net book value			
At 1 January 2023	618	–	618
Additions	4,000	489	4,489
At 31 December 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

The movement in tangible fixed assets is as follows:

	Caverns under construction €'000	Furniture €'000	IT and 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	–	11	6,531
At 31 December 2023	18,482	3	83	18,568
Accumulated depreciation				
At 1 January 2022	–	0	5	5
Charge for the period	–	1	19	20
At 31 December 2022	–	1	24	25
Charge for the period	–	1	24	25
At 31 December 2023	–	2	48	50
Net book value at 31 December 2023	**18,482**	**1**	**35**	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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	485
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	50	145	28	223
Disposals	(22)	(21)	–	(43)
At 31 December 2023	68	134	28	230
Net book value at 31 December 2023	**94**	**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).

10 OTHER NON-CURRENT ASSETS

	2023 €'000	2022 €'000
Land acquisition option	**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 22.4. When the loan is drawn these costs will be recognised over the life of the loan using the effective interest rate method.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 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	**1,616**	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**	238
Deferred income	**462**	482
Accruals and other liabilities to third parties	**3,621**	1,934
Accruals and other liabilities to related parties	**24**	23
Other current liabilities	**4,973**	3,457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

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	3.4	Two years' service	03/02/2025	03/02/2033	50.65%	916
03/02/2023	75,000	3.4	Two years' service	03/02/2025	03/02/2030	50.65%	254
27/02/2023	125,000	3.8	Three years' service	27/02/2026	27/02/2033	50.86%	474
27/02/2023	20,000	3.8	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 prices	Weighted average exercise price €	Number of options	Weighted average remaining life (years)	
			Expected	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:

	Number of 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**
Exercisable at 31 December 2023	**–**	**n/a**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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..

18 EARNINGS PER SHARE

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

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

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 share based payments	**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	**82,880,945**	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.

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
Capital purchase from other entity controlled by key management personnel	**–**	–

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 key management personnel	**–**	–
– 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
– Accruals and other liabilities to companies controlled by key management personnel	**–**	–
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 and Corre Energy Group Holdings C.V. 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 C.V. provided Corre Energy B.V. 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 €'000	**DKK €'000**	**USD €'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 €'000	DKK €'000	USD €'000
Cash	547	46	66
Receivables, prepayments and accrued income	78	3	–
Trade creditors	(119)	(141)	(2)
Other current liabilities	(288)	(255)	(35)

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						
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	**32,563**	**25,604**	**6,594**	**50**	**18,960**	**–**

			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	1,941	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 Cavern development agreement

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

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

The cavern development agreement also includes extensive provisions which apply in the event of termination, including in situations where Corre Energy fails to deliver according to the contract or is unable to continue as party to the contract.

These include relinquishment of the mining and/or storage licence to Nobian free of charge if co-held by Corre Energy at the time of termination and payment of liquidated damages to Nobian equal to €10m minus all fees paid and increased with costs incurred in abandoning the first CAES cavern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22.4 Infracapital agreement

The Company entered into a non-binding heads of terms in March 2021 with Infracapital Greenfield Partners II (Infracapital) documenting the terms on which the parties proposed to jointly develop the ZW1 project, subject to the satisfaction of certain milestones by the Company.

22.5 Solvay agreement

In June 2023 the Company entered into a two year Cavern Option Agreement for 4 caverns at a cost of €500,000 per cavern per year with an option to extend it for a year.

23 EVENTS AFTER THE REPORTING PERIOD

23.1 Intercompany Loans

In March and April 2024, the Company received €0.85m in intercompany loans from the Company's significant shareholder, Corre Energy Group Holdings C.V.

The loans are at market standard terms with no immediate obligation to repay (i.e. 36m), however they do contain a clause whereby the Company reserves the right, at its discretion, and only in its best interests, to repay the loans in stock at a price substantially higher than the current subscription price.

23.2 Subscription Raise

On 23 May the Company raised €2.12m by Subscription Agreements.

On 29 May 2024 the Company issued a further 2,213,043 shares at €0.46 per share. The total number of shares in issue will be 73,817,042.

There will be additional 2,391,305 shares issued before the end of June in relation to this agreement, resulting in 76,208,347 shares in issue.

23.3 Share Placement

On 28 May 2024 the Company raised €0.64m by a share placement resulting in an additional 1,399,002 shares being issued bringing the total shares of 77,607,349.

PARENT COMPANY BALANCE SHEET

at 31 December 2023

	Note	**2023 €'000**	2022 €'000
Assets			
Non-current assets			
Intangible fixed assets	24	**618**	618
Lease right of use assets	25	**–**	53
Participations	26	**–**	66
Deferred tax assets	41	**2,150**	1,429
Total non-current assets		**2,768**	2,166
Current assets			
Receivables from participations	27	**27,387**	8,976
Receivables from participating interests	28	**1,217**	8,197
Receivables and prepayments	29	**371**	395
Cash	30	**812**	2,126
Total current assets		**29,787**	19,694
Total assets		**32,555**	21,860
Equity			
Share capital	31	**322**	306
Share premium	31	**33,962**	21,560
Retained earnings		**(27,262)**	(33,468)
Foreign currency translation		**38**	70
Total equity		**7,060**	(11,531)
Provisions	32	**531**	1,477
Non-current liabilities			
Long-term loans	33	**20,953**	30,942
Long-term lease liability	24	**–**	43
Payables to participating interests	34	**2,339**	245
Total non-current liabilities		**23,292**	31,230
Current liabilities			
Trade creditors	35	**363**	334
Other current liabilities	35	**185**	352
Payables to participations	35	**1,124**	–
Total current liabilities		**1,672**	686
Total equity and liabilities		**32,555**	21,860

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 December

	Note	2023 €'000	2022 €'000
Revenue	36	**238**	438
Expenses			
Management costs	37	**(289)**	(203)
Project costs	38	**–**	(166)
Other Administrative expenses	39	**(812)**	(1,190)
Operating result		**(863)**	(1,121)
Finance income/ (expense)	40	**13,949**	(19,392)
Result before tax		**13,086**	(20,513)
Tax	41	**721**	747
Result of participating interests	26	**(8,152)**	(10,451)
Result after tax		**5,655**	(30,217)

PARENT COMPANY 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)
Total comprehensive income	–	–	(30,217)	–	(30,217)
Foreign currency translation on subsidiary results	–	–	–	74	74
At 31 December 2022	306	21,560	(33,467)	70	(11,531)
Issue of share capital	17	12,950	–	–	12,966
Share issue transaction costs	–	(547)	–	–	(547)
Total comprehensive income	–	–	5,655	–	5,655
Credit on share based payment	–	–	550	–	550
Foreign currency translation on subsidiary results	–	–	–	(32)	(32)
At 31 December 2023	**322**	**33,962**	**(27,262)**	**38**	**7,060**

ACCOUNTING POLICIES

1 GENERAL

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

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

2 BASIS OF PREPARATION

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

3 FINANCIAL FIXED ASSETS

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

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

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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

24 INTANGIBLE FIXED ASSETS

	Cavern options €'000
Cost and Net book value	
At 1 January 2022, 31 December 2022 and 31 December 2023	**618**

Information on cavern options can be seen in note 8 to the consolidated financial statements.

25 LEASES

Right of use assets	Vehicles €'000
Cost	
At 1 January 2022 and 31 December 2022	64
Disposals	(64)
At 31 December 2023	–
Accumulated depreciation	
At 1 January 2022 and 31 December 2022	11
Charge for the period	11
Disposals	(22)
At 31 December 2023	–
Net book value at 31 December 2023	**–**

Lease liabilities

	2023 €'000	2022 €'000
Current	**–**	12
Non-current	**–**	43
	–	55

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
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26 PARTICIPATIONS

The movement in participations in the period is as follows:

	Corre Energy Storage B.V €'000.	Corre Energy ApS €'000	Corre Energy Ltd €'000	Corre Energy Storage Limited €'000	Corre Energy Germany GmbH €'000	Corre Energy US LLC €'000	Corre Energy US Development Company LLC €'000	Total €'000
At 1 January 2022	191	–	–	28	–	–	–	219
Share in result	(8,263)	(1,366)	(244)	38	–	–	(617)	(10,451)
Foreign currency translation	–	(1)	67	–	–	–	8	74
	(8,072)	(1,367)	(177)	66	–	–	(610)	(10,160)
Offset against intercompany receivables	8,072	1,166	177	–	–	–	350	9,765
Provision	–	201	–	–	–	–	260	461
At 31 December 2022	–	–	–	66	–	–	–	66
Investments	–	–	–	–	25	–	–	25
Capital contribution	–	138	285	128	–	–	–	551
Share in result	(3,988)	(2,092)	495	48	(1,039)	(8)	(1,568)	(8,152)
Foreign currency translation	–	6	(77)	–	–	–	39	(32)
	(3,988)	(1,948)	704	243	(1,014)	(8)	(1,529)	(7,542)
Offset against intercompany receivables	3,988	1,948	–	–	1,014	8	1,529	8,487
Provision	–	–	(704)	(243)	–	–	–	(946)
At 31 December 2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

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

27 RECEIVABLES FROM PARTICIPATIONS

	Corre Energy Storage B.V. €'000	Corre Energy ApS €'000	Corre Energy Ltd €'000	Corre Energy Storage Limited €'000	Corre Energy Germany GmbH €'000	Corre Energy US LLC €'000	Corre Energy US Development Company LLC €'000	Total €'000
At 1 January 2022	2,710	–	1,488	672	–	–	–	4,870
Additions	6,133	1,166	5,115	1,107	–	–	350	13,871
	8,843	1,166	6,603	1,779	–	–	350	18,741
Offset against losses of subsidiary	(8,072)	(1,166)	(177)	–	–	–	(350)	(9,765)
At 31 December 2022	771	–	6,426	1,779	–	–	–	8,976
Additions	22,624	6,739	(6,426)	(1,779)	3,658	10	2,072	26,898
	23,395	6,739	–	–	3,658	10	2,072	35,874
Offset against losses of subsidiary	(3,988)	(1,948)	–	–	(1,014)	(8)	(1,529)	(8,487)
At 31 December 2023	**19,407**	**4,791**	**–**	**–**	**2,644**	**2**	**543**	**27,387**

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

28 RECEIVABLES FROM PARTICIPATING INTERESTS

	2023 €'000	2022 €'000
Corre Energy Group Holdings C.V.	**–**	4,602
Corre Energy General Partner B.V.	**1,217**	3,595
	1,217	8,197

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

29 RECEIVABLES AND PREPAYMENTS

Amounts falling due within one year:

	2023 €'000	2022 €'000
Prepayments	**341**	357
Receivables from related parties	**5**	5
Taxes receivable	**25**	33
	371	395

Receivables from related parties represents amounts due from Corre Energy Limited, a company registered in Malta and ultimately controlled by Darren Green, a director.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

30 CASH

	2023 €'000	2022 €'000
Cash	**812**	2,126

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

31 EQUITY

31.1 Movement

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

	Number	**Nominal value €**	**Share capital €**	**Share premium €**
At 1 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
Issue of 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**

Movements in the Company's share capital are described in note 15 above.

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 above.

31.2 Provisions of the Articles of Association relating to profit appropriation

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

31.3 Recognition of the loss for the period

The Directors propose to add the profit for the period of €5,655,000 (2022: loss of €30,217,000) from other reserves.

The General Meeting of Shareholders will be asked to approve the appropriation of the 2023 result, this proposition is already recognised in the financial statements.

32 PROVISION FOR SUBSIDIARY RESULTS

The movement in the provision is shown below.

	Provision for subsidiary results €'000
At 1 January 2022	1,016
Provision movement	461
At 31 December 2022	1,477
Provision movement	(946)
At 31 December 2023	**531**

33 LONG-TERM LOANS

	2023 €'000	2022 €'000
IEEF II loan	**20,953**	30,942

The details of this loan can be seen in note 13 to the consolidated financial statements.

34 PAYABLES TO PARTICIPATING INTERESTS

	2023 €'000	2022 €'000
Corre Energy Partnership SCSp	**245**	245
Interest payable CEGHCV loan	**94**	–
Long-term debt CEGHCV loan repayment	**2,000**	–
	2,339	245

On 19 April 2021 Corre Energy Partnership SCSp provided the Company with an interest free shareholder loan in the amount of €500,000. At the balance sheet date €245,000 was outstanding. The latest date for full repayment of this loan is 30 April 2026 unless otherwise agreed by the parties.

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.

35 CURRENT LIABILITIES

Amounts falling due within one year:

	2023 €'000	2022 €'000
Trade creditors	**361**	334
Accruals and other liabilities	**185**	332
Deferred grant income	**–**	20
Payable to participants	**1,124**	–
	1,670	684

36 REVENUE

	2023 €'000	2022 €'000
Service charge	**238**	228
Project development consultancy	**–**	210
	238	438

Revenue is derived from management charges to subsidiaries for director services, marketing services and project development consultancy services.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
CONTINUED

37 MANAGEMENT COSTS

	2023 €'000	2022 €'000
Management fees	**116**	107
Contractor costs	**100**	96
Other management costs	**73**	–
	289	203

Management fees represent the cost of key management personnel that are invoiced to the Company. The Company had no employees during year (2021: none).

38 PROJECT COSTS

	2023 €'000	2022 €'000
Commercial Development	**–**	55
Planning and Permitting	**–**	7
Engineering Design, Surface and Caverns	**–**	37
Project management	**–**	40
Project Legals	**–**	27
	–	166

39 OTHER ADMINISTRATIVE EXPENSES

	2023 €'000	2022 €'000
Legal & professional costs	**613**	404
Travel costs	**–**	1
Recruitment Costs	**–**	71
IT costs	**–**	19
Office costs	**–**	–
Marketing & communications costs	**–**	14
Other Administrative expenses	**199**	681
	812	1,190

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	**56**	86
Other audit services	**–**	10
	56	96

Fees for financial statements audit comprise the audit of the financial statements.

40 FINANCE (INCOME)/EXPENSE

	2023 €'000	2022 €'000
Interest and similar expenses	**1,384**	1,040
Option revaluation	**(15,333)**	18,352
	(13,949)	19,392

The option revaluation charge relates to the equity linked funding agreement with IEEF II. See note 13 to the consolidated financial statements for further information on the agreement.

41 CORPORATION TAX

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

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

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Corre Energy / Annual Report 2023