

5 July 2024

<b>Price (€)</b>	<b>0.32</b>
Shares in issue (m)	78
Mkt Cap (€m)	25
Net debt (€m)	20
EV (€m)	45
BVPS (€)	-15.6

#### Share price performance

1m	-5.0%
3m	-53.4%
12m	-89.0%
12 m high/low	3.5/0.3
Ave daily vol (30D)	40,772

#### Shareholders

Bloomsbury Holding	38.7%
Lorlen Investments	25.4%
Air Corre Limited	7.4%

**Next news** Ints Q3

#### Business description

Developer of energy storage systems based on compressed air and hydrogen



**Research** Price — Relative

**Adam Forsyth**

adam.forsyth@longspur.com  
+44 (0) 131 357 6770

**Max Campbell**

max.campbell@longspur.com  
+44 (0) 7900 206039

**Distribution**

**Adam Robertson**

adam.robertson@longspur.com  
+44 (0) 203 940 6602

## BESS JV AUGMENTS BUSINESS CASE

Corre Energy's battery JV allows it to fully utilise grid capacity at its ZW1 compressed air project and create a multi-duration energy storage hub. Developer fees at FID will provide useful near term cash flow as the company develops its long duration opportunities. This potentially creates a model for the augmentation and acceleration of other CAES projects in the portfolio.

### JV to Develop Major Battery Energy Storage System

Corre Energy has augmented its long duration energy storage business with a new 50/50 joint venture to deliver a battery energy storage system (BESS) at Corre's Zuidwending site in Groningen in the Netherlands. The JV is with SemperPower, the Dutch market leader in developing BESS projects, and is owned by Return Energy. The project will be a 320MW, 2 hour system giving 640MWh of storage capacity. Corre already has a 640MW reserved grid connection with TenneT for its 320MW ZW1 compressed air energy storage (CAES) project so this project makes ideal use of the remaining 320MW of grid capacity. It will augment the longer duration facility to deliver a multi-duration energy storage hub.

### Development Fees Will Bring Near Term Cash

The JV will initially invest €7m in the project with Corre's stake represented by capital already invested in the project to date. The expected project capex is €300m with final funding to include project funding with significant debt facilities. With a targeted 10 to 12 year offtake agreement removing market revenue risk we think debt funding should be straightforward. The partners hope to achieve final investment decision (FID) in late 2025 with the project operational in 2026. FID can be expected to see developer fees paid to the JV from the project in line with standard industry terms.

### Project Likely to Add Value

We have added the project to our company forecasts based on the reported data assuming a 25% farm out, project gearing of 65% and higher storage spread reflecting the shorter duration. This increases our central case valuation to €5.9 from €5.7. Final financing arrangements could change this but we see value in most realistic cases.

€,'000 Dec	2022a	2023a	2024e	2025e	2026e	2027e
Sales	0	26	50,000	5,082	57,540	13,385
EBITDA	-14,622	-11,299	13,193	-12,177	31,952	65,439
PBT	-34,261	2,329	12,154	-13,178	31,003	64,480
EPS	-0.4	0.1	0.1	-0.1	0.2	0.4
CFPS	-0.3	-0.3	0.0	-0.6	-0.4	-0.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt (Cash)	28,421	19,937	-73,897	-1,090	18,609	19,200
Debt/EBITDA	-1.9	-1.8	-5.6	0.1	0.6	0.3
P/E	-0.9	4.7	5.5	-3.7	2.2	1.1
EV/EBITDA	-4.0	-4.4	-3.4	-2.3	1.5	0.7
EV/sales	na	na	1.2	11.4	1.0	4.3
FCF yield	-74.8%	-73.9%	-10.8%	-146.4%	-96.8%	-145.6%
Div yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## FINANCIAL MODEL

### Profit and Loss Account

€,'000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
<b>Turnover</b>						
Project income	0	0	0	0	0	0
Central costs and fees	0	26	50,000	5,082	57,540	13,385
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>26</b>	<b>50,000</b>	<b>5,082</b>	<b>57,540</b>	<b>13,385</b>
<b>Operating profit</b>						
Project income	0	0	0	0	0	0
Central costs and fees	-14,689	-11,497	13,216	-9,538	16,389	-5,998
Other	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Operating profit</b>	<b>-14,689</b>	<b>-11,497</b>	<b>13,216</b>	<b>-9,538</b>	<b>16,389</b>	<b>-5,998</b>
<b>P&amp;L Account</b>						
Turnover	0	26	50,000	5,082	57,540	13,385
Operating Profit	-14,689	-11,497	13,216	-9,538	16,389	-5,998
Investment income	0	0	-221	-2,837	15,365	71,239
Net Interest	-19,572	13,826	-840	-803	-752	-761
Pre Tax Profit (UKSIP)	-34,261	2,329	12,154	-13,178	31,003	64,480
Goodwill amortisation	0	0	0	0	0	0
Exceptional Items	0	0	0	0	0	0
Pre Tax Profit (IFRS)	-34,261	2,329	12,154	-13,178	31,003	64,480
Tax	4,044	3,311	-3,136	0	-7,999	-16,636
Post tax exceptionals	0	0	0	0	0	0
Minorities	0	0	0	0	0	0
Net Profit	-30,217	5,640	9,019	-13,178	23,004	47,844
Dividend	0	0	0	0	0	0
Retained	-30,217	5,640	9,019	-13,178	23,004	47,844
EBITDA	-14,622	-11,299	13,193	-12,177	31,952	65,439
EPS (p) (UKSIP)	-0.41	0.08	0.07	-0.10	0.17	0.36
EPS (p) (IFRS)	-0.41	0.08	0.07	-0.10	0.17	0.36
FCFPS (p)	-0.28	-0.28	-0.04	-0.56	-0.37	-0.55
Dividend (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Company data, Longspur Research estimates

### KEY POINTS

- During development phase company is spending c. £12m per annum
- ZW1 comes online in 2026
- BESS project also contributes to investment income in 2026
- Project income shows income from investments still negative in first year
- GHH1 comes online in 2026 increasing development revenue
- Project income goes positive in 2026 and PBT moves fully into the black

## Balance Sheet

€,'000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Fixed Asset Cost	12,554	18,823	18,823	18,823	18,823	18,823
Fixed Asset Depreciation	-25	-50	-248	-446	-644	-842
Net Fixed Assets	12,529	18,773	18,575	18,377	18,179	17,981
Goodwill	0	0	0	0	0	0
Other intangibles	618	5,107	5,107	5,107	5,107	5,107
Investments	0	0	7,136	76,305	129,206	177,839
Stock	0	0	0	0	0	0
Trade Debtors	9,678	2,787	19,295	1,671	18,917	4,401
Other Debtors	7,704	10,934	10,934	10,934	10,934	10,934
Trade Creditors	-1,044	-1,692	-9,953	-1,671	-18,917	-4,401
Other Creditors <1yr	-10,750	-4,973	-4,973	-4,973	-4,973	-4,973
Creditors >1yr	-1,845	-3,939	-3,939	-3,939	-3,939	-3,939
Provisions	0	0	0	0	0	0
Pension	0	0	0	0	0	0
Capital Employed	16,890	26,997	42,182	101,811	154,514	202,949
Cash etc	3,432	1,082	94,916	22,109	410	-181
Borrowing <1yr	0	0	0	0	0	0
Borrowing >1yr	31,853	21,019	21,019	21,019	19,019	19,019
Net Borrowing	28,421	19,937	-73,897	-1,090	18,609	19,200
Share Capital	306	322	44,570	44,570	48,995	48,995
Share Premium	21,560	33,962	89,714	89,714	95,289	95,289
Retained Earnings	-33,467	-27,277	-18,258	-31,436	-8,432	39,412
Other	70	53	53	53	53	53
Minority interest	0	0	0	0	0	0
Capital Employed	16,890	26,997	42,182	101,811	154,514	202,949
Net Assets	-11,531	7,060	116,079	102,901	135,905	183,749
Total Equity	-11,531	7,060	116,079	102,901	135,905	183,749

Source: Company data, Longspur Research estimates

## KEY POINTS

- Projects assumed to be equity accounted so fixed assets remains constant
- Investments build from FY 24 as initial projects starts to deploy
- Working capital expands with sales growth
- Equity raise in FY 23 and new debt added
- Further assumed equity raise in FY 24

## Cashflow

€,000, Dec	2022a	2023a	2024e	2025e	2026e	2027e
Operating profit	-14,689	-11,497	13,216	-9,538	16,389	-5,998
Depreciation	67	198	198	198	198	198
Provisions	0	0	0	0	0	0
Other	0	550	0	0	0	0
Working capital	430	2,213	-14,693	12,477	-7,999	-8,637
Operating cash flow	-14,192	-8,536	-1,280	3,137	8,588	-14,437
Tax paid	-12	-47	3,311	-3,136	0	-7,999
Capex (less disposals)	-6,771	-6,533	0	0	0	0
Investments	0	-4,649	-7,357	-72,006	-57,876	-51,716
Net interest	-17	-112	-840	-803	-752	-761
Net dividends	0	0	0	0	20,340	74,322
Residual cash flow	-20,992	-19,877	-6,166	-72,807	-29,699	-591
Equity issued	10,085	12,419	100,000	0	10,000	0
Change in net borrowing	30,071	-8,484	-93,834	72,807	19,699	591
Adjustments	-19,164	15,942	0	0	0	0
Total financing	20,992	19,877	6,166	72,807	29,699	591

Source: Company data, Longspur Research estimates

## KEY POINTS

- Net operating outflows across most of period
- Working capital inflow in FY 25 reflects timing of developer fees
- Project investment outflows in FY 24, 25 and 26
- First project dividend in FY 26 not enough to cover investment outflow that year
- Equity issue in FY 23
- Follow up issue in FY24 assumed to cover project investment although more efficient options are likely

# Equity Research Disclaimers

## Non-independent research

This report has been commissioned by the issuer and prepared and issued by Longspur Research, in consideration of a fee payable by the issuer. It is Non-Independent Research and a marketing communication under the FCA's Conduct of Business Rules. It is not Investment Research as defined by the FCA's Rules and has not been prepared in accordance with legal requirements designed to promote Investment Research independence and is also not subject to any legal prohibition on dealing ahead of the dissemination of Investment Research. We do not hold out this research material as an impartial assessment of the values or prospects of the company.

Notwithstanding this, Longspur Research has procedures in place to manage conflicts of interest which may arise in the production of Research, which include measures designed to prevent dealing ahead of Research.

## Minor non-monetary benefit

This Research is a minor non-monetary benefit as set out in Article 12 (3) of the Commission Delegated Directive (EU) 2017/593. The Research is paid for by a corporate client of Longspur Research) and can be distributed free of charge.

## Copyright

Copyright 2019 Longspur Capital. This Communication is being supplied to you solely for your information and may not be reproduced, redistributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Longspur Research. Additional information is available upon request.

## Regulated by the FCA

Longspur Research Longspur Research is a trading name of Longspur Capital Limited, authorised and regulated by the Financial Conduct Authority (FRN 839313). Longspur Capital is registered in England, company number 11011596.

## No warranty as to accuracy or completeness

All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified.

Opinions contained in this report represent those of the Longspur Research analyst at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. No representation or warranty is made as to the accuracy or completeness of the information included in this Research and opinions expressed may be subject to change without notice. Longspur Research does not undertake any obligation to revise such forward-looking statements to reflect the occurrence of unanticipated events or changed circumstances.

This report is solely for informational purposes and is not intended to be used as the primary basis of investment decisions. Longspur Research has not assessed the suitability of the subject company for any person. Because of individual client requirements, it is not, and it should not be construed as, advice designed to meet the particular investment needs of any investor. This report is not an offer or the solicitation of an offer to sell or buy any security.

Longspur Research has no authority whatsoever to make any representation or warranty on behalf of any of its corporate finance clients, their shareholders or any other persons similarly connected.

## Information purposes only

This Research is designed for information purposes only. Neither the information included herein, nor any opinion expressed, are deemed to constitute an offer or invitation to make an offer, to buy or sell any financial instrument or any option, futures or other related derivatives. Investors should consider this Research as only a single factor in making any investment decision. This Research is published on the basis that Longspur Research is not acting in a fiduciary capacity. It is also published without regard to the recipient's specific investment objectives of recipients and is not a personal recommendation. The value of any financial instrument, or the income derived from it, may fluctuate.

## Take own advice

The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Longspur Research's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

## Longspur Research may have a position

At any time, Longspur Research or its employees may have a position in the securities and derivatives (including options or warrants) of the companies researched and this may impair the objectivity of this report. Longspur Research may act as principal in transactions in any relevant securities, or provide advisory or other services to any issuer of relevant securities or any company connected therewith.

## Only for eligible counterparties and professional clients. Not for retail

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document (nor will such persons be able to purchase shares in the placing).

**Distribution in the US**

Longspur Capital Limited (Longspur) is not registered as a broker-dealer with the U S Securities and Exchange Commission, and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Longspur is not a member of the Financial Industry Regulatory Authority. It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is intended for distribution in the United States solely to "major U.S. institutional investors" in reliance on the exemption from broker-dealer registration provided by Rule 15a-6 under the United States Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major U.S. institutional investor that receives a copy of such a report by its acceptance thereof represents and agrees that it shall not distribute or provide copies to any other person.

**MAR Formal disclosure of conflicts**

This report has been commissioned by the issuer and prepared and issued by Longspur Research in consideration of a fee payable by the issuer. Fees are paid upfront in cash without recourse. A draft has been sent to the issuer for comment and it has been appropriately amended.

Neither Longspur Research nor the analyst have any holdings in the issuer. Longspur Research may from time to time provide the issuer with of consultancy advice.

See webpage for additional MAR disclosures.

**GDPR**

For further information about the way we use your personal data please see our Third Party Privacy Notice at <https://longspur.com/privacypolicy.html> or at such other place as we may provide notice of from time to time. We may contact you about industry news, offers and information relating to our products and services which we think would be of interest to you. You can tell us you do not wish to receive such communications by emailing [michelle.elsmore@longspur.com](mailto:michelle.elsmore@longspur.com).

Laven Consulting Limited (incorporated and registered in England and Wales with company number 10918441) ("Laven") acting through its Paris branch located at 128 Rue La Boetie 75008, Paris, France as designated representative of Two Sigma Investments LP ("Company"), in accordance with art. 27 of the General Data Protection Regulation (the Regulation (EU) 2016/679) ("GDPR"). The Company has mandated Laven to be the European representative of the Company with regards to any communications or enquiry from the Supervisory Authority and/or data subjects on all issues related to the processing of personal data. Please contact Laven on [info@eurorep.eu](mailto:info@eurorep.eu); the postal address is FAO EuroRep, c/o Laven Partners, 128 Rue La Boetie 75008, Paris, France. When contacting Laven regarding the Company please quote the name of the company and the Ref: 0085.

**Severability Applicable law**

Exclusion of Liability: To the fullest extent allowed by law, Longspur Research shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

Longspur Research  
10 Castle Street,  
Edinburgh. EH2 3AT  
UK

Longspur Capital  
20 North Audley Street,  
London. W1K 6WE  
UK