30 September 2024

Corre Energy B.V.

("Corre Energy" and the "Company")

Half Year Results 2024

The Company, a leading developer of underground energy storage projects in Europe, announces its half year results for the period ended 30 June 2024 and the initial outcomes of an operational review announced by the Company on 30 August.

Half Year Highlights

- Pre-tax profit of €2m primarily driven by a positive financial expense of €5.8m
- Financial expense of €5.8m due to option revaluation gain on the equity linked funding agreement with IEEF II (see note 5 in half year accounts)
- Net cash position of €0.3m at period end boosted by €1.1m inflow in July from equity raise announced in May and a shareholder loan facility of up to €5m announced in August
- In February we announced that underground cavern construction at our key Ahaus project in Germany was 75% complete
- Since period end, Corre Energy and Semper Power have announced a JV to develop one of Europe's largest battery projects at our Zuidwending ("**ZW1**") site in the Netherlands
- A new board of directors ("**Board**") has been proposed for appointment to enhance governance, strategy, and operations, with a focus on maximizing shareholder value. The extraordinary general meeting will be convened on 7 October
- The new Board, together with executive management, are conducting a comprehensive strategic review, focusing on evolving Corre Energy's strategy to become a multi-duration energy storage hub — covering milliseconds to multiday storage

Key Results of Operational Review

- Plans underway to reduce operational expenditure
- We are prioritising capital expenditure on our German projects at AH1 and AH2
- New battery energy storage system ("**BESS**") joint venture in the Netherlands represents the first millisecond to multiday storage solution in the Corre Energy portfolio in a manner that can be replicated
- Our compressed air energy storage ("**CAES**") project timelines in ZW1 have been delayed by the nationwide permitting delays in the Netherlands and we now forecast financial close at the end of Q4 2027
- As a designated European project of common interest ("**PCI**") our CAES project in Denmark continues to have very strong regulatory backing
- Cavern configuration at our Green Hydrogen Hub ("**GHH**") in Denmark is sub-optimal and we continue to work towards the most effective economic model
- Capital investment and expenditure will be directed to those projects with the best risk adjusted returns

CEO Statement

We are witnessing a transformative period in the landscape of long-duration energy storage. The integration of BESS with our CAES technology presents a unique opportunity to enhance our offerings and increase operational efficiency. By leveraging the strengths of both technologies, we can create a more resilient and adaptable energy infrastructure that meets the diverse needs of our stakeholders and maximises shareholder returns.

As part of our proactive strategy to streamline operations, we have implemented targeted cost reductions, including a right-sized team. These measures are designed, to create a leaner, more efficient organization that can focus resources on our highest-impact projects. While there have been delays in some projects, we are in ongoing discussions with key stakeholders and remain confident of positive resolutions. Our focus continues to be on ensuring that we invest in the right projects at the right time, with significant interest from strategic investors, particularly around the Rothschild-led investment project.

New non-executive directors are proposed for appointment at the EGM on 7 October significantly strengthening our governance framework. The importance of a new board directors lies in bringing fresh perspectives, enhanced oversight, and strategic guidance, which are critical for navigating the complexities of the current energy landscape. Immediately following their appointment, the new Board will implement a Remuneration Committee. This committee will ensure that compensation structures are aligned with long-term shareholder value, fostering a performance-based culture and attracting top-tier talent to drive our ambitious projects forward.

We are pleased that a group of major investors, supported by a broad group of existing shareholders, have stepped in with critical funding to support our cash flow. This significant support is a clear vote of confidence in our strategic vision and future growth.

Operating Update

On 30 August 2024 the Company announced a new shareholder loan facility agreement aimed at supporting ongoing operating expenses, working capital, and capital expenditure in existing projects. This announcement also included the intention to appoint a new Board, details of which were released in an RNS announcement on 27 September.

The Company has initiated an immediate operational review aimed at unlocking intrinsic value, enhancing shareholder returns and reducing operational expenditure. The following update encompasses the initial results of this operational review.

In addition, the new Board, together with executive management, are conducting a comprehensive strategic review, focusing on evolving Corre Energy's strategy to become a multi-duration energy storage hub — covering milliseconds to multiday storage. CAES remains the key differentiating factor in our investment case It continues to be central to the Company and will be supported, both financially and operationally, by an increased focus on a complementary large-scale battery storage strategy.

AH1 and AH2, Germany

Germany is one of the most significant global growth markets for energy storage – it has an official offshore wind target of 30GW by 2030 and 40GW by 2035. Our two CAES projects in Ahaus (AH1 and AH2), when fully developed, will represent 84 hours of storage capacity at each project and a combined generating capacity of 640MW. This represents over 50% of our current CAES development portfolio.

Cavern construction of the 4 existing gas caverns is well underway and Salzgewinnungsgesellschaft Westfalen (SGW, a subsidiary of the Solvay group), our cavern partner in Germany, will deliver the first cavern in H2 2026 and the second cavern in H1 2027. Permits for underground construction are already in place and Corre Energy is now amending the existing operating permits from natural gas to air storage as part of the site's transition to a CAES facility. Grid connection with Amprion as Transmission System Operator ("**TSO**") is proceeding to plan.

Momentum for long duration energy storage ("LDES") in Germany has picked up pace considerably. On 12 September 2024, the German government started a six-week consultation period on a proposed new Power Plant Security Act to ensure their own renewables targets (80% of energy from renewable sources by 2030) are consistent with [i]security of energy supply. The German government will tender for 500MW of LDES assets in 2025 (200MW) and 2026 (300MW) where to be LDES compliant requires a minimum energy capacity of 72 hours. CAES will also be eligible for a much larger, but more open and technology agnostic, dispatchable capacity auction for 5GW in the same time frame. In this case the minimum energy capacity is 96 hours. This is now the most supportive regulatory backdrop for LDES in Europe and the duration stipulation places CAES in a very strong position with the ability to meet these minimum energy capacity requirements.

Corre Energy and Eneco entered into a heads of terms to explore the co-development and co-investment into AH1 in January of this year. The Company continues to enjoy good relations with Eneco, who remain keen to be the project's offtaker, but we have allowed the exclusivity period to expire in order to run a wider tender and maximise the project's potential. We will update the market in this regard as soon as appropriate.

The operational review identifies AH1 and AH2 CAES projects at the top of the portfolio value assessment. Our modelling, based on independently derived market pricing, demonstrates excellent IRRs and NPVs. Therefore, capital will be allocated to ensure these projects secure offtake agreements in 2025 and hit their projected milestones of financial investment decision ("**FID**") in Q4 2026 for AH1 and early 2028 for AH2, with commercial operation date ("**COD**") 2-2.5 years later for both projects.

ZW1, Netherlands

<u>CAES</u>

In June 2023, our CAES project in Zuidwending reached commercial close, which means that it had secured a route to offtake, land acquisition rights, cavern access and grid connection. Nonetheless, the project has since faced the same permitting challenges as other projects in almost all sectors in the Netherlands. This includes other nationally high-profile infrastructure projects.

Whilst technical diligence suggests the quality of the salt is high and caverns already exist in the same salt dome, an evaluation well is required to test it before the cavern can be delivered to the Company for the CAES project. Nobian, our salt mining partner, is awaiting a decision on a final permit application that was submitted in Q2 2023. Additionally, there have been delays in obtaining permits above ground and the Company awaits clarification around permitted Nitrogen Oxide (NOx) emission levels in areas designated as Natura 2000. Those familiar with any elements of construction in the Netherlands at the moment will be aware of these difficulties; they are not isolated to renewables infrastructure.

These permitting challenges have considerably delayed our ZW1 CAES project, pushing back both the FID and COD dates by 18 to 24 months. Given the current scenario and updated assumptions, we now anticipate FID to occur post-Q4 2027 with COD expected up to three years thereafter.

Therefore, the Company will continue to pursue permitting solutions to the ZW1 CAES project but will fund the project at appropriate levels until such permitting challenges are favourably resolved.

BESS

In July of this year, we announced a 320MW BESS joint venture with Semper Power. This collaboration will enable the early commercialisation of the Company's available grid capacity – 640MW of grid connection is available for use by mid-2026. Once we obtain the necessary permits, we will finalize our offtake negotiations and move forward to FID. This BESS development makes use of available grid capacity and will operate as a standalone project. The Board of the Corre Energy and Semper Power joint venture entity meets regularly with development services under way. We anticipate reaching FID by Q2 2026 with COD occurring twelve months later – marking the first project in the portfolio to achieve these milestones.

GHH, Denmark

GHH is designated as a PCI - a status reserved by the EU for energy projects that help fulfill the EU's climate and energy objectives. As a consequence of this designation, the Danish Energy Agency also views GHH as a prioritised project. This strong regulatory support combined with an inclusive stakeholder programme leaves the GHH project in a very strong position regarding permit approvals.

Our negotiations with our grid partner Energinet are advancing positively and proceeding to plan. We anticipate securing 320MW generation (220MW compression) by FID. We also expect to finalize an offtake agreement with Eurowind in the first half of next year. Therefore, key project milestones such as permitting, land acquisition, grid connection and offtake agreements all appear very promising.

However, securing sufficient caverns with our cavern partner remains difficult. Presently, there is only one well drilled in the existing cavern, limiting the project's generating capacity to 160MW, which equates to both 50% of our potential grid capacity and 50% of a typical CAES project. As currently modelled, the economic returns are challenging. We are collaborating with our partners to enhance the market revenue model and explore an alternative system layout. While we still aim to reach FID in the first half of 2027, we will fund the project at appropriate levels as we evaluate opportunities to reconfigure it and improve the business case.

West Texas, USA

The Company entered into an exclusive option to acquire three caverns and a potential 280MW CAES project from a Texas-based developer in December 2023. Following technical due diligence we have allowed the exclusivity option period to pass. The Company has currently pulled back from project exploration in North America for the time being to enable the Company to focus capital on delivering its European portfolio.

Investment interest from outside parties

Following the investment update in March, which highlighted several inbound expressions of interest in investing in the Company, Rothschild & Co was engaged as a financial adviser to support CE to advise and manage such interest. This process is ongoing, with a strong number of parties expressing interest in exploring the investment proposition. However, the Company had to focus on the financial issues disclosed to the market in August and the subsequent operational and strategic review set out above. This has had an impact on timing of the investment. Whilst investor engagement has re-commenced and we aim to finalise a form of investment in 2024, we recognise that, considering the Christmas break, a transaction may not complete until 2025.

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Funding and Financial Review

Corre Energy B.V. group's profit after tax for half year 2024 was €2m, primarily due to the positive €5.8m impact of finance expenses (related to the revaluation of share options embedded in the Italian Energy Efficiency Fund II ("**IEEF II**") financing agreement) and a €2m tax credit. Excluding these, the operating loss of €5.9m was a small reduction on last year's €6.5m outturn.

Net cash at the end of the period was €0.3m, which has since increased by €1.1m from the balance of the equity raise in July and the successful completion of the funding facility of up to €5m at the end of August. Working capital in the period resulted in an increase in trade creditors to €4.1m and tax payable of €1.2m. In line with best practice we work closely with creditors to establish structured payment plans that align with our financial strategy. These efforts ensure long-term stability and trust, reflecting our commitment to maintaining strong relationships and financial discipline

On 30 August 2024 the Company announced that it had successfully concluded a loan facility for up to €5 million with a group of existing significant shareholders (the "**Facility**"). The purpose of the Facility is to provide immediate funding to the Company for ongoing operating expenses, working capital and capital expenditures in existing projects as set out in an RNS of the same date. Alongside the Facility the terms of IEEF II's initial investment terms were altered by amending the rate of the conversion that they benefit from in a leakage event (including the issuance of new shares below fair market value) from €1 to €0.50.

Following an operational review, Corre Energy has initiated a consultation process that may lead to the redundancies alongside potential operational expenses saving.

Further capital expenditure on existing developments will be focused on those projects with the highest risk adjusted returns. As reported in our operating update, these include the BESS project in ZW1 and CAES projects AH1 and AH2 in Germany. The remaining projects in the Netherlands and Denmark will be carefully and appropriately financed until there is a clear pathway to earn a strong economic return.

Interim consolidated statement of comprehensive income

For the period ended 30 June

	Note	2024 €'000	2023 €'000
Other operating income	1	**-**	**6**
Expenses			
Employee expenses	2	(3,140)	(3,445)
Project costs	3	(457)	(235)
Other Administrative expenses	4	(2,314)	(2,772)
Operating result		**(5,911)**	**(6,445)**
Finance expense	5	5,892	(4,978)
Result before tax		**(19)**	**(11,423)**
Corporation tax	6	2,027	1,516
Profit/(Loss) after tax		**2,008**	**(9,907)**
Net income attributable to minority interest		8	-
Profit/(Loss) attributable to Corre Energy B.V.		**2,016**	**(9,908)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		(85)	(49)
Total comprehensive income		**1,931**	**(9,957)**

Interim consolidated balance sheet

	Note	Jun-24 €'000	Dec-23 €'000
Assets			
Non-current assets			
Intangible fixed assets	7	5,122	5,107
Tangible fixed assets	8	20,257	18,518
Lease right of use assets		157	255
Deferred tax assets	6	12,643	10,786
Other non-current assets	9	148	148
Total non-current assets		38,327	34,814
Current assets			
Cash	10	286	1,082
Receivables, prepayments and accrued income	11	2,826	2,787
Total current assets		3,112	3,869
Total assets		**41,439**	**38,683**
Equity			
Share capital	14	349	322
Share premium	14	36,663	33,962
Retained earnings		(24,973)	(27,237)
Minority Interest		(38)	(29)
Foreign currency translation		(42)	43
Total equity		**11,959**	**7,061**
Liabilities			
Non-current liabilities			
Long-term loans	12	15,000	20,953
Long-term lease liability	12	39	66
Long-term payables to participating interests	12	4,064	3,939
Total non-current liabilities		19,103	24,958
Current liabilities			
Trade creditors	13	4,115	1,692
Payables to participating interests	13	370	-
Other current liabilities	13	5,892	4,973
Total current liabilities		10,377	6,664
Total liabilities		**29,480**	**31,622**
Total equity and liabilities		**41,439**	**38,683**

Interim consolidated statement of changes in equity

For the period ended 30 June 2024

	Share capital €'000	Share premium €'000	Retained earnings €'000	Foreign currency translation €'000	Minority Interest €'000	Total €'000
At 1 January 2024	322	33,962	(27,236)	43	(29)	7,062
Issue of share capital	27	2,735	-	-	-	2,762
Share issue transaction costs	-	(34)	-	-	-	(34)
Profit for the period	-	-	2,016	-	(9)	2,007
Other comprehensive income	-	-	-	(85)	-	(85)
Long-term incentive plan	-	-	247	-	-	247
At 30 June 2024	**349**	**36,663**	**(24,972)**	**(42)**	**(38)**	**11,959**

For the period ended 30 June 2023

	Share capital €'000	Share premium €'000	Retained earnings €'000	Foreign currency translation €'000	Minority Interest €'000	Total €'000
At 1 January 2023	306	21,560	(33,467)	70	-	(11,532)
Issue of share capital	12	8,955	-	-	-	8,966
Share issue transaction costs	-	(541)	-	-	-	(541)
Loss for the period	-	-	(9,908)	-	-	(9,908)
Other comprehensive income	-	-	-	(49)	-	(49)
Long-term incentive plan	-	-	241	-	-	241
At 30 June 2023	**317**	**29,973**	**(43,133)**	**21**	**-**	**(12,823)**

Interim consolidated statement of cash flows

For the period ended 30 June

	2024 €'000	2023 €'000
Cash flow from operating activities		
Operating result	(5,911)	(6,445)
Depreciation	94	99
(Increase)/Decrease in Receivables, prepayments and accrued income	(243)	(2,157)
Increase/(Decrease) in Trade creditors	2,400	1,816
Increase/(Decrease) in Other payables	438	5,225
Employee long-term incentive plan	247	241
Taxes paid	1,265	(5)
Total cash flow from operating activities	(1,710)	(1,226)
Cash flow from investment activities		
Investments in Tangible fixed assets	(1,753)	(3,978)
Investments in Intangible fixed assets	-	(4,092)
Investments in Other non-current assets	0	(148)
Total cash flow from investment activities	(1,753)	(8,218)
Cash flow from financing activities		
Inflows from Capital Increases	2,728	8,425
Proceeds/(Repayment) of Borrowings	89	(486)
Interest Paid	(135)	(45)
Interest Received	27	22
Total cash flow from investment activities	2,709	7,916
Effect of changes in foreign exchange rates	(42)	(39)
Total cash flow	**(796)**	**(1,567)**
Cash at start of period	1,082	3,432
Cash at end of period	286	1,866

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Accounting policies

Corporate information

The Directors present the interim condensed consolidated financial statements of Corre Energy B.V. (the Company) and its subsidiaries (collectively, the Group) for the six months ended 30 June 2024. 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 with projects currently being pursued in the Netherlands, Denmark, Germany and the USA.

These consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 30 September 2024.

Statement of compliance

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

The principal accounting policies are summarised below and have been applied consistently throughout the period, unless stated otherwise.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 2024 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 Q1 2024 the company has been supported by intercompany loans from Corre Energy Group Holdings C.V., which has provided working capital loans of €0.85 million.

During May 2024 the Group raised €2.12 million by way of Subscription Agreements with its founder shareholders and a long-term shareholder and a further €0.64 million by the placing of new shares in the Company with existing shareholders.

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 timing and 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.

On 30 August 2024 the Company announced that it had successfully concluded a loan facility for up to €5 million (The Facility) with a group of existing significant shareholders being Stream Street Limited, Air Corre Limited, Springhill Property Investments (Jersey) Limited and Pageant Investments Limited. The purpose of the Facility is to provide immediate funding to the Company for ongoing operating expenses, working capital and capital expenditures in existing projects.

The Directors have assessed the Group's ability to continue as a going concern and on the basis that that the Group has been able to transact on the short-term funding explained above and alongside the other short- and medium term investment opportunities it should have sufficient resources to continue into the foreseeable future.

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

Basis of preparation

The interim condensed 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 Group 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, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment and leasing transactions that are within the scope of IFRS 16 Leases.

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.

Significant judgements and estimates

The preparation of the interim condensed consolidated financial statements requires the Group to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date, and the reported loss for the period.

The areas that involve significant estimates and judgements are described in the Group's consolidated financial statements for the year ended 31 December 2023. There has been no material change to these areas during the six months ended 30 June 2024.

Significant events in the reporting period

Issue of share capital

On 22 May 2024 the Company issued 4,604,348 shares at €0.46 per share, increasing share capital by €20,720 and share premium by €2,097,281 after accounting for costs incremental to the subscription.

On 29 May 2024 the Company issued 1,399,002 shares at €0.46 per share, increasing share capital by €6,296 and share premium by €603,698 after accounting for costs incremental to the placing.

Incorporation of Dutch joint venture

On 28 June 2024 the Company formed Zuidwending Bess B.V., a 50/50 joint venture with SemperPower registered in The Netherlands, with an initial investment of €7m.

Board changes

On 29 February 2024 Darren Green stepped down from his role as Executive Director and President of the Company.

On 24 June 2024 Frank Allen, non-executive director and chair of the Board stood down upon expiry of his three-year tenure as Chair. Rune Eng was appointed Interim Chair.

Notes to the interim condensed consolidated financial statements

Other operating income

	2024 €'000	2023 €'000
Rental income	-	6
Total Other operating income	-	6

Employee expenses

	2024 €'000	2023 €'000
Salaries	2,643	3,244
Pension costs	177	157
Social security costs	214	270
LTIP costs	238	241
Other benefits	105	68
Capitalised staff costs	(375)	(706)
Staff costs	3,002	3,274
Management Fees	40	65
Contractor costs	95	78
Other employee expenses	3	27
Employee expenses	3,140	3,445

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

Long-term Incentive Plan (LTIP) costs are described in note 15.

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

	2024	2023
Corre Energy Ltd	19	19
Corre Energy Storage Limited	4	5
Corre Energy ApS	6	6
Corre Energy Germany GmbH	3	1
Corre Energy US Development Company LLC	-	-
Total	32	31

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.

Project costs

	2024 €'000	2023 €'000
Commercial Development	29	1
Planning and Permitting	152	-
Engineering Design, Surface and Caverns	52	74

Utility Services	39	-
Land and Stakeholder Management	11	-
Project Management	131	43
Project Legals	43	120
	457	238

Project costs represent amounts spent on projects that are not yet capitalisable due to the project's stage of development, primarily the Ahaus project in Germany.

Other administrative expenses

	2024	2023
	€'000	€'000
Legal & professional costs	507	637
Management charge	1,180	1,507
Travel costs	241	215
Recruitment costs	45	17
IT costs	101	108
Office costs	189	169
Marketing & Communications costs	9	48
Other operating expenses	42	71
	2,314	2,772

Management charge is paid to Corre Energy Group Holdings C.V., the Company's immediate parent company.

Finance expense

	2024	2023
	€'000	€'000
Interest and similar expenses	1,607	421
Option revaluation	(7,441)	4,567
Foreign exchange losses	(58)	(10)
	(5,892)	4,978

The option revaluation gain relates to the equity linked funding agreement with Italian Energy Efficiency Fund II (IEEF II). See note 12 for further information on the agreement. The gain is due to a decrease in the value of the option, due primarily to a decrease in the underlying share price.

Corporation tax

Income tax recognised in statement of comprehensive income

	2024	2023
	€'000	€'000
Current tax charge	169	(39)
Deferred tax income	1,858	1,554
	2,027	1,516

Taxes receivable and payable

	Jun-24	Dec-23
	€'000	€'000
Non-current receivables:		
- Deferred tax asset	12,643	10,786
Current receivables:		
- VAT receivable	463	667
	463	667
Current payables:		
- Corporate tax payable	(74)	(126)
- Payroll tax payable	1,211	373
	1,137	247

Intangible fixed assets

The movement in intangible fixed assets is as follows:

	Cavern options €'000	Project acquisition option €'000	Total €'000
Cost and Net book value			
At 31 December 2022	618	-	618
Additions	4,000	489	4,489
At 31 December 2023	4,618	489	5,107
Additions	-	-	-
USD Revaluation	-	15	15
At 30 June 2024	**4,618**	**504**	**5,122**

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.

The Project acquisition option represents the cost to secure an exclusive option to acquire a further compressed air energy storage (CAES) project in Texas, USA.

Tangible fixed assets

The movement in tangible fixed assets is as follows:

	Caverns under construction €'000	Furniture €'000	IT equipment €'000	Office equipment €'000	Total €'000
Cost					
At 31 December 2022	11,962	3	72	-	12,037
Additions	6,520	-	1	10	6,531
At 31 December 2023	18,482	3	73	10	18,568
Additions/(Disposals)	1,756	-	6	(10)	1,752
At 30 June 2024	20,238	3	79	-	20,320
Accumulated depreciation					
At 31 December 2022	-	1	24	-	25
Charge for the period	-	1	24	-	25
At 31 December 2023	-	2	48	-	50
Charge for the period	-	-	13	-	13
At 30 June 2024	-	2	61	-	63
Net book value at 31 December 2023	18,482	1	25	10	18,518
Net book value at 30 June 2024	20,238	1	18	-	20,257

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.

Other non-current assets

	Jun-24 €'000	Dec-23 €'000
Land acquisition option	148	148
	148	148

The land acquisition option represents the cost of an option to acquire land to be used for the Green Hydrogen Hub project in Denmark.

Cash

	Jun-24 €'000	Dec-23 €'000
Cash	286	1,082
	286	1,082

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

Receivables, prepayments and accrued income

Amounts falling due within one year:

	Jun-24 €'000	Dec-23 €'000
Receivables from participating interests	-	1,217
Receivables from other related parties	5	5
Prepayments	2,358	898
Taxes receivable	463	667
	2,826	2,787

See note 6 for information on items included in taxes receivable and note 17 for information on items included in receivables from participating interests and receivables from other related parties.

Prepayments includes €383,000 (2023: €383,000) of legal and advisory costs incremental to obtaining a loan facility with Infracapital, described more fully in the Group's annual report & accounts. 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.

Non-current liabilities

	Jun-24 €'000	Dec-23 €'000
IEEF II loan	15,000	20,953
Long-term lease liability	39	66
Long-term payables to participating interests	4,064	3,939
Non-current liabilities	19,103	24,958

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.

Long-term payables to participating interests

This represents amounts payable to Corre Energy Partnership SCSp and Corre Energy Group Holdings CV. See note 17 for further information.

Fair value

The Directors consider that the fair value of the non-current lease liability is not materially different to its carrying amount, since the interest payable is close to current market rates and the values are 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. The fair value of long-term payables to participating interests is also presented.

Both are classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

	Jun-24	Dec-23
	€'000	€'000
IEEF II loan	14,893	32,086
Long-term payables to participating interests	2,877	2,942

Current liabilities

Amounts falling due within one year:

	Jun-24	Dec-23
	€'000	€'000
Third party creditors	4,115	1,692
Trade creditors	4,115	1,692
Corre Energy General Partner B.V.	370	-
Payables to participating interests	370	-
Long-term debt due within 12 months	-	619
Taxes payable	1,137	247
Deferred income	462	462
Accruals and other liabilities to third parties	4,293	3,622
Accruals and other liabilities to related parties	-	24
Other current liabilities	5,892	4,974

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

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 2023	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
Issued share capital	6,003,350	0.0045	27,015	2,734,526
Share issue transaction costs	-	-	-	(33,547)
At 30 June 2024	77,607,349	0.0045	349,233	36,662,765

On 22 May 2024 the Company issued 4,604,348 shares at €0.46 per share. On 29 May 2024 the Company issued a further 1,399,002 shares at €0.46 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 12, 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.

As documented more fully in note 15, the Company has granted 535,000 outstanding share options to employees as part of the Long-term Incentive Plan up to 30 June 2024.

Share-based payments

The Company has 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.

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

	2024		2023	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		€		€
Outstanding at 1 January	605,000	0.0045	-	-
Granted during the period	-	-	640,000	0.0045
Lapsed during the period	- 70,000	0.0045	- 35,000	0.0045
Outstanding at 30 June	535,000	0.0045	605,000	0.0045
Exercisable at 30 June	-	-	-	-

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.

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

For the six months ended 30 June 2024, the Group incurred €272,000 of share-based payment expense. €294,000 was recognised in the Statement of comprehensive income, and €23,000 was removed from capitalised costs (Caverns under construction) due to staff leaving the company.

Issue date	Number of options granted (less options lapsed)	Share price	Vesting conditions	Vesting date	Exercise period end date	Volatility	Fair value
		€					**€'000**
03/02/2023	220,000	3.39	Two years' service	03/02/2025	03/02/2033	50.65%	746
03/02/2023	75,000	3.39	Two years' service	03/02/2025	03/02/2030	50.65%	254
27/02/2023	85,000	3.79	Three years' service	27/02/2026	27/02/2033	50.86%	322
27/02/2023	20,000	3.79	Three years' service	27/02/2026	27/02/2030	50.86%	76
22/03/2023	30,000	3.45	None	22/03/2026	22/03/2033	50.01%	104
21/12/2023	25,000	2.17	Two years' service	21/12/2025	21/12/2033	47.38%	54
21/12/2023	50,000	2.17	Two years' service	21/12/2025	21/12/2033	47.38%	109
21/12/2023	30,000	2.17	Three years' service	21/12/2026	21/12/2033	47.38%	65

Earnings per share

Earnings per share for the six months ended 30 June 2024 (2023: six months ended 30 June 2023) are as follows:

	2024	2023
	€ cents	€ cents
Basic	16.1	(14.2)
Diluted	(4.2)	(5.8)

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

Earnings	**2024**	**2023**
	€'000	**€'000**
Earnings for the purpose of basic earnings per share		
- Net loss attributable to owners of the Company	11,737	(9,908)
Effect of dilutive potential ordinary shares:		
- Finance costs of equity linked funding agreement	1,489	4,967
- Finance costs of LTIP	238	241
Earnings for the purpose of diluted earnings per share	13,464	(4,700)

Number of shares	**2024**	**2023**
	Number	**Number**
Weighted average number of ordinary shares for basic earnings per share	72,869,609	69,711,002
Effect of dilutive potential ordinary shares:		
- Equity linked funding agreement/LTIP	15,683,257	11,398,177
Weighted average number of ordinary shares for diluted earnings per share	88,552,866	81,109,179

The equity linked funding agreement with IEEF II, which is described in more detail in note 12, gives rise to potential ordinary shares. These have been included in the determination of diluted earnings per share but not basic earnings per share.

The share options granted to employees under the Long-term Incentive Plan (LTIP), which is described in more detail in note 15, give rise to potential ordinary shares. These have been included in the determination of diluted earnings per share but not basic earnings per share.

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.

Remuneration of key management personnel

The Group's key management personnel are considered to be 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. Note that some key management personnel were remunerated via management companies, and this is included here to improve disclosure.

	2024 €'000	2023 €'000
Remuneration via group companies	139	153
Remuneration via management companies	45	55
	184	208

Other transactions with related parties

The following other transactions occurred with related parties:

	2024 €'000	2023 €'000
Purchases		
Reimbursement of expenses	109	55
Purchases of services from participating interests	1,180	1,507
Purchases of services from other entities controlled by key management personnel	-	10

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; and
IT services

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.

Balances with related parties

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

	2024 €'000	2023 €'000
Current receivables:		
- Participating interests	-	1,217
- Companies controlled by key management personnel	-	5
Current payables:		
- Payables to companies controlled by key management personnel	-	-
- Payables to participating interests	370	-
- Accruals and other liabilities to key management personnel	20	15
Loans from related parties:		
- Participating interests	4,064	3,939

Receivables from participating interests represents amounts due from Corre Energy General Partner B.V. arising from short-term funding provided and intercompany service agreements. Corre Energy General Partner B.V. is the managing partner of Corre Energy Group Holdings C.V., the Company's immediate parent. No interest is payable on this amount and there is no repayment schedule.

Payables to participating interests represents amounts payable to Corre Energy Group Holdings C.V., the Company's immediate parent, resulting from purchases of services described in note 17.2. No interest is payable on this amount and there is no repayment schedule.

Loans from participating interests represents amounts payable to Corre Energy Partnership SCSp under the following facilities:

- On 28 March 2021, Corre Energy Partnership SCSp provided Corre Energy Storage B.V. with an interest free shareholder loan in the amount of €1,800,000. At the balance sheet date €1,600,000 (2023: €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 Corre Energy B.V. with an interest free shareholder loan in the amount of €500,000. At the balance sheet date €245,000 (2023: €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 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 €2,219,000, the total including interest to date, was outstanding.

Commitments

Refer to the 2023 Annual Report & Accounts of Corre Energy B.V. for full details of commitments. See below for information on significant changes to commitments since 31 December 2023.

Lease commitments

The undiscounted commitment for lease payments recognised as a lease liability on the balance sheet at 30 June 2024 is €80,000 (31 December 2023: €179,000) for vehicles and €79,000 (31 December 2023: €235,000) for office space.

In addition to this the Group has contractual commitments of €34,000 (31 December 2023: €65,000) for short-term leases of office space.

Events after the reporting period

During July The Company issued further 563,000 share options to employees of the Group and Corre Energy General Partner B.V., a participating interest as part of 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. The 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.

On 13 August 2024 the Company incorporated Corre Energy Storage S.L., a 100% owned and controlled subsidiary registered in Spain. Corre Energy B.V. paid Corre Energy Storage S.L.'s share capital of €3,000.

On 22 August 2024 Rune Eng resigned as a non-executive director and interim chair of the board.

On 30 August 2024 The Company announced that it had successfully concluded a loan facility for up to €5 million (The Facility) with a group of existing significant shareholders being Stream Street Limited, Air Corre Limited, Springhill Property Investments (Jersey) Limited and Pageant Investments Limited. The purpose of the Facility is to provide immediate funding to the Company for ongoing operating expenses, working capital and capital expenditures in existing projects.

Additionally, a new interim board of directors will be appointed to enhance governance, strategy and operations with a focus on maximising shareholder value. The board will include representatives of key shareholders, alongside independent directors with relevant industry and financial expertise. Details on the proposed appointees and the corresponding Extraordinary General Meeting ("EGM") documents will be made available as soon as practicable. The EGM agenda will also include the specific authorisation of the board of directors for granting the rights to convert this loan, in accordance with the Facility.

The Directors have considered this event and all other events that occurred between the balance sheet date and the date of approval of these interim condensed consolidated financial statements. They do not consider that any events have occurred during this period that require a change to or additional disclosure in the interim condensed consolidated financial statements.

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ABOUT CORRE ENERGY: Corre Energy designs, develops, constructs, and operates utility-scale Long Duration Energy Storage projects in Europe and North America. Through our project development activities, Corre Energy is working to accelerate the energy transition to net zero, while enhancing the security and flexibility of large-scale energy systems.

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