

Circular Energy raising € 5 MM through initial share offering



Circular Energy BV of The Netherlands is active in *clean offshore gas production, power generation and power trading* on the North Sea. Applying a circular business model, we produce clean electrical power from natural gas by converting the gas into power, capturing and storing the CO₂ that is produced in the process and by exporting the power to the grid using existing power cables from wind farms.

As we produce mostly during times of low wind speeds, we stabilise the offshore power grid and *increase utilisation of existing Offshore Wind assets*. A natural hedge is presented by producing during times of low wind speeds, which coincides with times of attractive power prices, ensuring that we realise *above-market power prices*. As we don't emit CO₂ we don't have to buy emission rights and *benefit from higher CO₂ prices* through rising power prices.

Economics

The capital expenditure required to realise the pilot 'Cranberry' offshore installation amounts to around € 300 MM (USD 350 MM). A joint venture is in place with EBN, the Netherlands state oil company, participating with 40%. Other JV partners have been identified, leaving Circular Energy a stake of around 30% and operatorship.

The JV cash flow analysis shows a 25+ years operation with an IRR of 12% in the base case. A low case and high case have been defined taking into account variations in gas reserves, power prices, Capex and Opex and so on. The base case translates into around 18% return for investors in Circular Energy in nominal terms and after applying gearing.

Risks

Oil & gas-related risks apply with the exception of exploration risks as we start from proven and probable reserves totalling 6.2 MM BCM. The risk of execution, permit delays etc is being actively managed. Oil services related inflation and commodity prices are reflected in scenarios. Legal



aspects of long-term CO₂ storage have been addressed. As we are seen as part of the solution for preventing further greenhouse gas emissions, public perception is supportive.

The team

Mostly comprising former oil & gas engineers and managers, the core team of five key individuals has 85+ years to show in highly relevant experience. The Advisory Board, comprising respected and well-connected individuals from power generation, environmental and oil & gas backgrounds, ensures adherence to strategy.

The future

A great many “stranded” gas assets are available in the North Sea for development using the Circular Energy clean-gas-to-power approach. Supported by the projected wave of investment in offshore power infrastructure for windfarms, we can truly establish a clean alternative for producing fossil fuels yielding an attractive return even at current market prices.

Contact

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