INNARGI PROJECT I P/S

Annual Report 2024

INNARGI

Ameriks Plads 29
DK - 2100 København Ø

Innargi.com
CVR 42 82 01 48

Date 29 April 2025
Chair of the meeting Anne Nord

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Company information

Innargi Project I P/S
Amerika Plads 29
2100 København Ø

Homepage: www.innargi.com
Business Registration No.: 42 82 01 48
Founded: 9 November 2021

BOARD OF DIRECTORS

Samir Abboud (Chairperson)
Lars Bjørn Heineke
Lars Petersen

EXECUTIVE BOARD

Lars Bjørn Heineke

AUDITOR

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Management review

The objective of the company is to conduct trade, provide service and operate within the geothermal energy industry, to own shares in other companies, and other business related hereto.

In Aarhus, Denmark, the Group's long-term project with the district heating company Kredsløb advanced significantly in 2024. The first appraisal well, drilled in early 2024, confirmed satisfactory temperature parameters but revealed suboptimal water flow. Following further analysis and testing, it was concluded that no commercially viable development plan currently supports continued development at that location, and the related well costs have accordingly been impaired in the 2024 financial statements.

However, subsequent drilling of two additional appraisal wells in Skejby, Aarhus, in spring 2024 demonstrated both favourable temperature and flow characteristics. As a result, construction of the first geothermal plant in Aarhus commenced in the second half of 2024, with commissioning scheduled for mid-2025. The facility is expected to operate for a minimum of 30 years. The Skejby development marks a first-of-its-kind project in Aarhus, with further phases anticipated to begin in 2025–2026.

PROFIT/LOSS FOR THE YEAR

Net loss for the year after tax amounted to DKK 108,620 thousand (DKK 16,550 thousand).

The result for the year is proposed distributed to retained earnings. No dividend is proposed for 2024.

As of 31 December 2024, the equity amounted to DKK 264,167 thousand (DKK 122,788 thousand).

Income statement for
1 January to 31 December

TDKK	Notes	2024	2023
Other income		0	103
Other external expenses		- 14,892	- 16,583
Depreciation and impairment		- 93,978	- 123
Loss before financial items		**- 108,870**	**- 16,603**
Other financial income	2	1,740	2,001
Other financial expenses		- 1,491	- 1,948
Net loss for the year		**- 108,620**	**- 16,550**

Distribution of net loss for the year		
Retained earnings	- 108,620	- 16,550
Net loss for the year	**- 108,620**	**- 16,550**

Balance sheet as of 31 December

Assets

Note	Amounts in TDKK	2024	2023
	Property, plant and equipment		
3	Land and buildings	3,611	3,734
3	Geothermal heating plants under construction	242,731	85,277
3	Other equipment	23,699	49,492
	Total property, plant and equipment	**270,041**	**138,503**
	Current assets		
	Trade receivables	224	0
	Other receivables	13,348	11,543
	Total receivables	**13,572**	**11,543**
	Cash and bank balances	**24,230**	**45,902**
	Total current assets	**37,803**	**57,445**
	Total assets	**307,843**	**195,948**

Equity and Liabilities

Note	Amounts in TDKK	2024	2023
	Equity		
	Share capital	400	400
	Retained earnings	263,767	122,388
	Total equity	**264,167**	**122,788**
	Long-term liabilities		
4	Provisions	26,634	4,110
	Total long-term liabilities	**26,634**	**4,110**
	Short-term liabilities		
	Payables to affiliates	1,858	17,644
	Trade payables	10,457	51,406
	Other payables	4,727	0
	Total short-term liabilities	**17,042**	**69,050**
	Total liabilities	**43,676**	**69,050**
	Total equity and liabilities	**307,843**	**195,948**

5	Related parties
6	Significant accounting policies

Statement of changes in equity

Amounts in TDKK	Share capital	Retained earnings	Total
Equity as of 1 January 2023	400	20,466	20,866
Capital contribution	0	118,472	118,472
Net loss for the year	0	- 16,550	- 16,550
Equity as of 31 December 2023	**400**	**122,388**	**122,788**
Capital contribution	0	250,000	250,000
Net loss for the year	0	- 108,620	- 108,620
Equity as of 31 December 2024	**400**	**263,768**	**264,168**

Note 1: Other external expenses

Apart from the Executive Board, Innargi Project I P/S has not had any employees in 2024.

Note 2: Other financial expenses

Amounts in TDKK	2024	2023
Other financial expenses	- 1,491	- 1,948
Total	**- 1,491**	**- 1,948**

Note 3: Property, plant and equipment

In January 2022, Innargi entered into a 30-year agreement with the district heating company Kredsløb (formerly AffaldVarme Aarhus) to develop and operate geothermal heating plants in Aarhus, Denmark. The first appraisal well, drilled in early 2024, confirmed satisfactory temperature parameters but revealed suboptimal water flow. Following further analysis and testing, it was concluded that no commercially viable development plan currently supports continued development at that location, and the related well costs have accordingly been impaired in the 2024 financial statements. However, subsequent drilling of two additional appraisal wells in Skejby, Aarhus, in spring 2024 demonstrated both favourable temperature and flow characteristics. As a result, construction of the first geothermal plant in Aarhus commenced in the second half of 2024, with commissioning scheduled for mid-2025.

The Skejby development marks a first-of-its-kind project in Aarhus, with further phases anticipated to begin in 2025–2026.

After the construction of the plants, the Group is obliged to make a certain capacity of geothermal heat available and must produce the requested capacity on request. As the counterpart has the contractual right to decide when and how much the geothermal heating plants shall produce and the counterpart is the sole buyer of the heating, the counterpart is considered to control the use of the geothermal heating plants. Consequently, the contract is classified as a lease.

The Group is responsible for operating and maintaining the geothermal plants and the Group carries material risk in this respect. The Group will receive a monthly payment for making capacity available and producing of geothermal heat. The payment is subject to adjustments based on the actual delivered geothermal heat. The payments will be adjusted based on a predetermined sliding scale.

As the payments are dependent on how the group operates the geothermal heating plants, management has determined that the payments are variable. The group have substantive risk associated with the operation, and, consequently, the contract is classified as an operational lease.

Note 4: Provisions

A provision has been recognised for decommissioning costs associated with the geothermal heating plants being constructed by the company. The company is obligated to decommissioning the sites on which the plants are constructed. The contract duration is 30 years from the time of the completion of the geothermal heating plants which is expected to be completed from 2025 to 2030.

All three wells were thoroughly tested during 2024 and early 2025. One of the wells has been impaired due to a low flow rate. Decommissioning costs for the impaired well are not expected to be incurred until 2026 and are therefore part of provisions.

Note 5: Related parties

The company has not entered into any transactions with related parties that were not on an arm's length basis.

The company is included in the consolidated financial statements of Innargi Holding A/S, Business Registration No 40 56 96 42, Amerika Plads 29, DK-2100 København Ø.

Note 6: Significant accounting policies

The Financial Statements for 2024 for Innargi Project I P/S have been prepared on a going concern basis and in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with a selection of certain requirements from reporting class C.

The accounting policies applied to the financial statements are consistent with those applied last year.

The financial statements are presented in DKK. Due to the growth in activity levels, the financial statements for 2024 are presented in DKK thousands. Comparative figures have been adjusted accordingly.

INCOME STATEMENT

Other income
Other income comprises rent income.

Other external expenses
Other external expenses comprise expenses for administration, office supplies, advisor fees, fee to the general partner, etc.

Other financial income and expenses
Other financial items comprise interest, bank fees, currency adjustments etc.

Tax
The company is not liable to tax.

Note 6: Significant accounting policies (continued)

BALANCE SHEET

Property, plant and equipment
Properties are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged to the income statement on a straight-line basis over the useful lives at an estimated residual value. The useful lives of buildings are 20 years. Land is not depreciated.

Estimated useful lives and residual values are reassessed on a regular basis.

Cost comprises the acquisition price as well as costs directly associated with the asset until such time as the asset is ready for its intended use.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Plant and equipment under construction includes directly attributable expenses related to materials and components that concerns the construction of the assets as well as the net present value of estimated costs of removal and restoration. Other equipment comprise materials and components intended for the project but not yet deployed in the construction of the plant.

Receivables
Receivables are generally recognised at nominal value, substantially corresponding to amortised cost and impaired for expected losses. Impairment of receivables are based on the expected loss model as described in IFRS 9.

Cash and bank balances
Cash and bank balances comprise cash in bank deposits.

Provisions
Provisions related to decommission of geothermal heating plants are initially measured at the net present value of the estimated cost of removal and restoration of site on which the geothermal heating plant is constructed. The provision is recognised over time based on the construction of the geothermal heating paint, as the decommissioning is dependent on the construction.

Liabilities
Other financial liabilities are measured at amortised cost, substantially corresponding to nominal value.

Management's statement

The Executive Board and Board of Directors has today considered and adopted the Annual Report of Innargi Project I P/S for the financial year 1 January – 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position at 31 December 2024 of the company and of the results of the company's operations for 2024.

In our opinion, management review includes a true and fair account of the development in the operations and financial circumstances of the company, of the results for the year and of the financial position of the company as well as a description of the most significant risks and elements of uncertainty facing the company.

We recommend that the Annual Report is adopted at the Annual General Meeting.

Copenhagen, 29 April 2025

Executive Board

Lars Bjørn Heineke

Board of Directors

Samir Abboud
Chairperson

Lars Bjørn Heineke

Lars Petersen

Independent Auditor's Report

To the shareholder of Innargi Project I P/S

OPINION

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Innargi Project I P/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT REVIEW

Management is responsible for Management's Review.
Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, 29 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
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