INNARGI A/S

Annual Report 2024

INNARGI

Amerika Plads 29
DK – 2100 København Ø

Innargi.com
CVR 39 18 30 56

Date 29 April 2025
Chair of the meeting Anne Nord

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Company information

Innargi A/S
Amerika Plads 29
2100 København Ø

Homepage: www.innargi.com
Business Registration No.: 39 18 30 56
Founded: 21 December 2017

BOARD OF DIRECTORS

Claus V. Hemmingsen (Chairperson)
Edda Sif Pind Aradóttir
Anders Eldrup
Pernille Lyngvold Erenbjerg

EXECUTIVE BOARD

Samir Abboud
Lars Bjørn Heineke

AUDITOR

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Management Review

Innargi's strategic ambition is to decarbonise district heating systems on an industrial scale by harnessing the potential of geothermal energy through a unique and scalable business model. In Denmark, geothermal energy has the potential to supply baseload heat to a large number of large and mid-size district heating networks internationally, particularly in Central and Eastern Europe, where cities are actively phasing out coal, gas, and biomass in pursuit of climate neutrality and enhanced energy independence the potential is even greater. According to a study by the European Commission geothermal energy could provide 30- 45% of the EU's district heating supply.

As a renewable and locally sourced energy, geothermal heating offers zero direct emissions and can be nearly carbon-neutral when integrated with solar and wind energy sources, thereby enhancing urban energy security.

Innargi's business model is distinguished by its assumption of full responsibility and associated subsurface risks ranging from initial exploration and test drilling to the delivery of heat to district heating companies. This model ensures that district heating companies and their customers are shielded from unforeseen added cost, as such risks remain with Innargi.

During 2024, the Group's subsidiary, Innargi Project II P/S, entered into a 30-year heat supply agreement with Vestforbrænding for a geothermal project located in Virum, Denmark. The project remains in its initial development phase, with a seismic survey successfully completed in 2024 to evaluate the geothermal potential of the site.

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 2024.

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.

In parallel, Innargi expanded its strategic collaborations across Denmark, Poland, and Germany, assessing and advancing a project portfolio comprising 12 geothermal prospects during 2024. These developments reflect Innargi's growing role in accelerating the adoption of large-scale renewable heating solutions across multiple European markets.

As of year-end 2024, the number of employees increased from 66 to 78, reflecting the Group's continued organisational growth to support its operational and development activities.

RESULT FOR THE YEAR

Net loss for the year after tax amounted to DKK 144m (DKK 129m). The result for the year is affected by increased activity and scale up of the organisation.

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

As of 31 December 2024, the equity amounted to DKK 454m (DKK 223m).

Income Statement for 1 January to 31 December

Note	Amounts in DKK '000	2024	2023
	Other income	12,449	13,977
	Other external expenses	-44,515	- 59,153
1	Staff costs	-102,520	- 76,240
2	Depreciation, amortisation and impairment losses	-10,069	-8,586
	Loss before financial items	**- 144,655**	**- 130,002**
3	Other financial income	894	1,816
	Other financial expenses	- 781	- 935
	Loss before tax	**- 144,542**	**- 129,121**
4	Tax on loss for the year	501	254
	Net loss for the year	**- 144,041**	**- 128,867**

	Distribution of net loss for the year		
	Reserve for development costs	- 7,154	-742
	Retained earnings	- 136,887	- 128,125
	Net loss for the year	**- 144,041**	**- 128,867**

Balance Sheet as of 31 December

Assets

Note	Amounts in DKK '000	2024	2023
	Non-current assets		
5	Completed development projects, including patents	52,710	59,864
	Total intangible assets	**52,710**	**59,864**
	Equipment	2,263	2,815
	Leasehold improvements	0	1,257
	Right-of-use assets	9,050	1,106
	Total fixed assets	**11,313**	**5,178**
	Investments in subsidiaries	398,282	143,791
	Loans to affiliates	8,072	7,455
	Other receivables	0	144
	Total financial assets	**406,354**	**151,390**
	Total non-current assets	**470,377**	**216,432**
	Current assets		
	Tax receivables	654	48
	Receivables from affiliates	11,826	18,769
	Other receivables	2,555	275
	Prepayments	2,034	1,138
	Total receivables	**17,069**	**20,230**
	Cash and bank balances	**13,676**	**21,248**
	Total current assets	**30,744**	**41,478**
	Total assets	**501,121**	**257,910**

Equity and Liabilities

Note	Amounts in DKK '000	2024	2023
	Equity		
	Share capital	500	500
	Reserve for development costs	52,710	59,864
	Retained earnings	400,672	162,560
	Total equity	**453,882**	**222,924**
	Long-term liabilities		
	Provisions	1,505	505
	Lease liabilities	5,218	0
	Total long-term liabilities	**6,723**	**505**
	Short-term liability		
	Lease liabilities	2,636	1,294
	Trade payables	3,970	5,859
	Payables to affiliates	13,781	4,132
	Tax payables	0	2,596
	Other payables	20,129	20,600
	Total short-term liability	**40,516**	**34,481**
	Total liabilities	**47,240**	**34,986**
	Total equity and liabilities	**501,121**	**257,910**

6	Related parties
7	Contingent assets
8	Contingent liabilities
9	Guarantees
10	Events after the balance sheet date
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Statement of changes in equity

Amounts in TDKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity as of 31 December 2022	**500**	**60,606**	**20,685**	**81,791**
Group contribution	0	0	270,000	270,000
Net loss for the year	0	- 742	- 128,125	- 128,867
Equity as of 31 December 2023	**500**	**59,864**	**162,560**	**222,924**
Group contribution	0	0	375,000	375,000
Net loss of the year	0	- 7,154	- 136,887	- 144,041
Equity as of 31 December 2024	**500**	**52,710**	**400,672**	**453,882**

Note 1: Staff costs

Amounts in TDKK	2024	2023
Wages and salaries	102,218	76,035
Other social security costs	302	205
Total	**102,520**	**76,240**
Average number of employees	**73**	**45**

Note 2: Depreciation and impairment losses

No impairments have been recognised in respect of development projects.

Note 3: Other financial income

Amounts in TDKK	2024	2023
Interest income, affiliates	448	168
Other financial income	446	1,648
Total	**894**	**1,816**

Note 4: Tax on profit/loss for the year

Amounts in TDKK	2024	2023
Tax on profit/loss for the year	501	48
Adjustment of tax concerning previous years	0	206
Adjustment of deferred tax	0	0
Total	**501**	**254**

Note 5: Completed development projects, including patents

The Group is actively engaged in scaling up geothermal heating in Denmark and abroad. Geothermal energy remains an underutilised renewable energy source with the potential to supply approximately 30-45% of the EU's district heating supply. Innargi's mission is to make geothermal heating broadly accessible and cost-competitive by leveraging economies of scale and offering a turnkey model that covers exploration, construction, and long-term operation. This structure ensures that district heating companies and their customers are not exposed to financial risk if projects do not proceed as planned.

In January 2022, Innargi entered into a 30-year heat supply agreement with Kredsløb for the development of a geothermal heating plant in Aarhus, Denmark. In 2024, a similar long-term agreement was signed with Vestforbrænding for a project in Virum, Denmark.

The Virum project is in its initial development phase. Innargi's fully owned subsidiary Innargi Project II P/S acquired seismic during the second half of 2024 confirming the subsurface potential. The project is planned for development and execution in the coming years with heat delivery expected in 2028.

The Aarhus project, which is being developed by the Group's subsidiary Innargi Project I P/S, progressed through multiple development stages in 2024. In the first half of the year, the first appraisal well was completed. While temperature readings were in line with expectations, water flow rates were insufficient to support a commercial development plan. Following testing and analysis, the associated well costs were impaired in the 2024 financial statements for the subsidiary.

In spring 2024, two additional appraisal wells were successfully drilled in Skejby, Aarhus, both demonstrating adequate temperature and flow characteristics. As a result, construction of the first geothermal plant commenced in the second half of 2024. The plant is expected to be completed and commissioned in 2025, with an anticipated operational lifespan of at least 30 years.

Note 6: 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 7: Contingent assets

The value of tax losses carry forward amount to DKK 100.4 million as of 31 December 2024. The tax asset is not recognised in the balance sheet, as it is unknown when the company will be able to utilise the tax asset.

Note 8: Contingent liabilities

The company was included in national joint taxation with Danish companies in the A.P. Møller Holding group until 3 February 2022, and afterwards with companies in the Innargi Holding group. The company is jointly and severally liable for the payment of taxes and withholding tax.

Note 9: Guarantees

The company has provided a letter of support to the company's subsidiary Innargi Project I P/S and Innargi Project II P/S.

Note 10: Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the annual report.

Note 11: Significant accounting policies

The Financial Statements for 2024 for Innargi A/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 rules from reporting class C.

With reference to section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

The Financial Statements are presented in DKK. Unless otherwise stated, comparative figures for 2023 are presented in brackets.

Note 11: Significant accounting policies (continued)

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

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than the functional currency are translated at the exchange rate prevailing on the date of the transaction. Monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rate as per the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income or expenses.

INCOME STATEMENT

Other external expenses
Other external expenses comprise expenses for administration, office supplies, advisory fee, etc.

Staff costs
Staff costs include wages and salaries, including compensated absence, as well as other social security contributions and board fees.

Share-based payment
The company has established a warrant program for senior staff and key employees. The warrants vest over 36 months, with a one-year cliff, after which 1/3 vests, followed by monthly vesting over the next 24 months. The estimated fair value of the program is recognized over the period from May 2024 – April 2027.

Other income
Other income comprise service fees and option premium.

Financial income and expenses
Other financial items comprise bank fees, interest and net exchange gains and losses on transactions in foreign currencies etc.

Tax
Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years of those.

Tax is recognised in the income statement to the extent it arises from items recognised in the income statement.

Note 11: Significant accounting policies – continued

BALANCE SHEET

Intangible assets
Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and other costs that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis. During 2023, the useful life of completed development projects were reassessed and changed from 32 years to 10 years. Projects in progress are not amortised but are annually tested for impairment.

Development projects are written down to the lower of recoverable amount and carrying amount.

Patents are measured at cost less accumulated amortised and write-downs or at recoverable amount, if lower. Patents are amortised over the remaining patent term or a shorter economic life.

Fixed assets
Fixed assets comprise equipment and leasehold improvements and are measured at cost less accumulated depreciation and impairment losses. 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 as well as the net present value of estimated costs of removal and restoration.

Depreciation is charged to the income statement on a straight-line basis over the useful lives at an estimated residual value. The useful lives are typically as follows:

Equipment including furniture	5 years
Leasehold	3 years

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

Leases
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the expected future lease payments.

Note 11: Significant accounting policies - continued

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are initially equal to the capitalised lease liability adjusted for any upfront payments or expected future restoration costs. Right-of-use assets are presented as property, plant and equipment and depreciated over the lease term.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. The investments are written down to recoverable amount (i.e., the higher of fair value less costs of disposal and value in use) if it is lower than the carrying amount.

Dividends received from subsidiaries are recognised as income from subsidiaries.

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 comprises cash in bank deposits.

Deferred tax
Deferred tax is provided for, based on the difference between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognised in respect of goodwill which cannot be deducted or amortised for tax purposes, or in respect of temporary differences which at the date of transaction do not affect either profit for the year or taxable income. Moreover, no provision is made for deferred tax on differences relating to investments in subsidiaries and associates to the extent that taxable distribution is not likely in the near future. Deferred tax assets are recognised solely to the extent that the tax asset is likely to be utilised within the near future.

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

Provisions
Provisions comprises net present value of estimated costs of removal and restoration of leasehold improvements.

Management's Statement

The Executive Board and Boards of Directors have today considered and adopted the Annual Report of Innargi A/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 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

Samir Abboud

Lars Bjørn Heineke

Board of Directors

Claus Michael Valentin Hemmingsen
Chairperson

Anders Eldrup

Edda Sif Pind Aradóttir

Pernille Lyngvold Erenbjerg

Independent Auditor's Report

To the shareholder of Innargi A/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 A/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 ("the 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
mne30141

Henrik Kyhnauv
State Authorised Public Accountant
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