

INNARGI HOLDING A/S

Annual Report

2021



Lyngby Hovedgade 85
DK – 2800 Kongens Lyngby

Innargi.com
CVR 40 56 96 42

Date 25 March 2022
Chair of the meeting Morten Stakroge



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Company information

Innargi Holding A/S
Lyngby Hovedgade 85
2800 Kongens Lyngby

Homepage: www.innargi.com

Business Registration No.: 40 56 96 42

Founded: 6 June 2019

BOARD OF DIRECTORS

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

EXECUTIVE BOARD

Samir Abboud

AUDITOR

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab



Management Review

The object of the company is to develop, operate and own (directly or indirectly through group companies) geothermal energy projects for delivery of heat to district heating networks and other business directly related hereto.

PROFIT/LOSS FOR THE YEAR

Net loss for the year after tax amounted to DKK 44.9m (DKK 8.3m). The result was attributed to negative result in subsidiaries and fundraising costs.

The result for the year is proposed distributed to retained earnings. No dividend is proposed for 2021.

As of 31 December 2021, the equity amounted to DKK 41.7m (DKK 66.5m).

OUTLOOK FOR 2022

For 2022, a net loss is expected due to the continuing development of geothermal energy projects in our subsidiaries.

The company's profit will essentially come from the share of profit of its future activities in the subsidiary Innargi A/S.

Income Statement for 1 January to 31 December

Note	Amounts in DKK '000	2021	2020
	Share of profit in subsidiaries	-24,344	-8,327
1	Other external expenses	-20,514	-14
	Loss before financial items	-44,858	-8,341
2	Other financial expenses	-5	-6
	Loss before tax	-44,863	-8,347
	Tax on loss for the year	7	4
	Net loss for the year	-44,856	-8,343
	Distribution of net loss for the year		
	Retained earnings	-44,856	-8,343
	Net loss for the year	-44,856	-8,343

Balance Sheet as of 31 December

Assets

Note	Amounts in DKK '000	2021	2020
	Non-current assets		
3	Investments in subsidiaries	67,031	66,375
	Total non-current assets	67,031	66,375
	Current assets		
	Tax receivables	4	0
	Receivables from affiliates	7	0
	Total receivables	11	0
	Cash and bank balances	127	147
	Total current assets	138	147
	Total assets	67,169	66,522

Equity and Liabilities

Note	Amounts in DKK '000	2021	2020
	Equity		
	Share capital	15,000	15,000
	Retained earnings	26,653	51,509
	Total equity	41,653	66,509
	Short-term debt		
	Payables to affiliates	5,003	0
	Trade payables	20,513	13
	Total short-term debt	25,516	13
	Total liabilities	25,516	13
	Total equity and liabilities	67,169	66,522

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Statement of changes in equity

Amounts in DKK '000	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity as of 1 January 2020	15,000	0	31,852	46,852
Group contributions	0	0	28,000	28,000
Net loss for the year	0	0	-8,343	-8,343
Equity as of 31 December 2020	15,000	0	51,509	66,509
Group contributions	0	0	20,000	20,000
Net loss for the year	0	0	-44,856	-44,856
Equity as of 31 December 2021	15,000	0	26,653	41,653

Note 1: Other external expenses

Apart from the Executive Board, Innargi Holding A/S had no employees in 2021. The Executive Board and Board of Directors has not received any remuneration from the company. Members of the Executive Board are remunerated from a group entity.

Note 2: Other financial expenses

Amounts in DKK '000	2021	2020
Interest expenses, affiliates	- 4	0
Other financial expenses	- 1	- 6
Total	- 5	- 6

Note 3: Investment in subsidiaries

Innargi Holding A/S owns 100% of the share capital in Innargi A/S as of 31 December 2021.

The objective is to introduce geothermal energy on a large scale initially in Denmark, and hereby support the green transformation of heating sources to district heating solutions. The project is still under development. The development of the geothermal energy project will continue in 2022.

Note 4: Related parties

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

Note 5: Contingent liabilities

The company is included in national joint taxation with Danish companies in the A.P. Moller Holding group. The company is jointly and severally liable for the payment of taxes and withholding tax.

Note 6: Guarantees

As required by the Danish Energy Agency according to the Danish Subsoil Act, the company has issued parent company guarantees on behalf of its wholly-owned subsidiary Innargi A/S in connection with the subsurface licenses related to exploration and production of geothermal energy for district heating in Aarhus.

Note 7: Events after the balance sheet date

In January 2022, the company has issued a parent company guarantee on behalf of its wholly-owned subsidiary Innargi A/S in connection with the subsidiary's receipt of subsurface licenses related to exploration and production of geothermal energy for district heating in Copenhagen as required by the Danish Energy Agency according to the Danish Subsoil Act.

Further, Innargi Project I GP ApS, a subsidiary of the company, has signed a 30-year agreement to develop and operate EU's largest geothermal heating plant in Aarhus. The agreement is subject to certain conditions and is expected to close during 2022.

In February 2022, the company concluded fundraising of DKK 590m to fund the next phases of the Aarhus project.

No other events of importance to the Annual Report have occurred during the period from the balance sheet date until the presentation of the financial statements.

Note 8: Accounting policies

The Financial Statements for 2021 for Innargi Holding 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 accounting policies applied to the financial statements are consistent with those applied last year.

The financial statements are presented in DKK. Unless otherwise stated, comparative figures for 2020 has been presented in brackets.

INCOME STATEMENT

Share of profit/loss in subsidiaries

Share of profit/loss in subsidiaries is recognised net of tax and corrected for the share of unrealised intra-group gains and losses.

Other external expenses

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

Other financial expenses

Other financial expenses comprise interest expenses, bank fees, 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.

BALANCE SHEET

Investment in subsidiaries

Investment in subsidiaries are accounted for under the equity method. The investments are initially recognised at cost and adjusted thereafter to recognise the company's share of the post-acquisition profits or losses of the investee, and the company's share of movements in equity of the investee. Dividends received or receivable from subsidiaries Pare recognised as a reduction in the carrying amount of the investment.

When the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the company and its subsidiaries are eliminated in full.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the company.

Cash

Cash comprises cash in bank deposits.

Liabilities

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



Management's Statement

Kongens Lyngby, 18 March 2022

Executive Board

Samir Abboud

Board of Directors

Claus Michael Valentin Hemmingsen
Chairperson

Anders Eldrup

Edda Sif Pind Aradóttir

Pernille Lyngvold Erenbjerg

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Innargi Holding A/S for the financial year 1 January–31 December 2021.

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 2021 of the company and of the results of the company's operations for 2021.

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 be adopted at the Annual General Meeting.

Independent Auditor's Report

To the shareholders of Innargi Holding 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 2021, and of the results of the company's operations for the financial year 1 January-31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Innargi Holding A/S for the financial year 1 January-31 December 2021, 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 Review.

Our opinion on the financial statements does not cover Management 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 Review and, in doing so, consider whether Management 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 Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management 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 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 judgment and maintain professional skepticism 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, 18 March 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
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