



GEORG- Rannsóknarklasi í jarðhita

Financial Statements
1.1.2021-31.12.2021

Audited

GEORG-Rannsóknarklasi í jarðhita
kt: 430412-0350
Bjargargötu 1
102 Reykjavík

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Report of the Board of Directors and Operational Manager

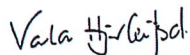
GEORG-Rannsóknarklasi í jarðhita was founded in the year 2012 as an International Geothermal Cluster Cooperation. GEORG is a non-for-profit organisation with the purpose of bringing together players in the geothermal field and creating a strong force for rapid progress and added value in geothermal research, engineering and design. GEORG achieves its purpose by: 1) Supporting and promoting projects among the Cluster members, in the field of geothermal research and development. 2) Service its members by organizing workshops and seminars addressing the most urgent issues and challenges of each time. The members will also maintain a strong contact network among the members. 3.) Systematically promote geothermal energy and geothermal research, both domestically and abroad.

These financial statements are compiled in accordance with Icelandic laws and regulations regarding preparing and presenting financial statements and in accordance with other applicable laws and regulations.

Due to Covid-19, very special circumstances arose. Beginning of the year 2020, there was significant uncertainty about what effect it would have on the organization, but as the year progressed it turned out that it would be insignificant. It is the managers' assessment that Covid-19 will not affect the going concern of the organization.

We, the board of directors and operational manager, of GEORG-Rannsóknarklasi í jarðhita hereby confirm that we are responsible for the preparation and presentation of these financial statements and we hereby ratify these financial statements for the financial year of 1st of January 2021 - 31st of December 2021 with our signatures.

Reykjavík, 28th of March 2022



Independent Auditor's Report

To the board of directors of GEORG-Rannsóknarklasi í jarðhita.

Opinion

We have audited the financial statements of GEORG-Rannsóknarklasi í jarðhita, which comprise the Statement of financial position as at 31st of December 2021, and the Statement of activities, the Statement of cash flows for the fiscal year then ended, and notes to the financial statements which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st of December 2021, and its financial performance and its cash flows for the year then ended in accordance with applicable Icelandic laws and regulations regarding preparing and presenting financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of GEORG-Rannsóknarklasi í jarðhita in accordance with the ethical requirements that are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management and those charged with governance are responsible for the preparation of financial statements that give true and fair view in accordance with applicable Icelandic laws and regulations regarding preparing and presenting financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

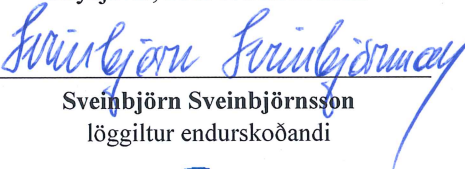
In preparing the financial statements, management is responsible for assessing the organisation's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organisation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

Those charged with governance are responsible for overseeing the organisation's financial reporting process.

Auditor's Responsibility

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 ISA's 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 take on the basis of the financial statements.

Reykjavík, 28th of March 2022


Sveinbjörn Sveinbjörnsson
löggiltur endurskoðandi



Gæðaendurskoðun slf
Bíldshöfða 14, 110 Reykjavík

Statement of Activities 1st of January 2021 - 31st of December 2021

	Note	2021	2020
Income			
Sales		52.501.027	39.491.152
Grants		41.594.530	66.485.028
Other revenues		0	290.194
		94.095.557	106.266.374
Expenses			
Cost of conference		377.925	910.873
Salaries and related expenses		75.688.153	73.823.135
Grants awarded		733.795	8.600.316
Other expenses		13.553.899	11.328.628
Value of shares written off		0	16.757.592
		90.353.772	111.420.544
Profits (losses) from operation		3.741.785	(5.154.170)
Financial income and (expenses)			
Interest revenues		31.196	119.847
Interest expenses and bank related service fees		(87.053)	(21.805)
Exchange rate differences		(3.685.928)	5.056.128
		(3.741.785)	5.154.170
Net income		0	0

Statement of cash flows

	Note	2021	2020
Net income (loss)		0	0
Adjustments to reconcile net (loss) income:			
Write off value of shares		0	16.757.592
		0	16.757.592
Short term receivables, change	(17.299.688)	17.285.576
Short term payables, change	(1.808.324)	1.648.327
Changes in operating assets and liabilities	(19.108.012)	18.933.903
Net cash from operating activities	(19.108.012)	35.691.495
 Financing activities			
Deferred income and Grants payable, change		64.087.449	12.771.092
Net cash flow from financing activities		64.087.449	12.771.092
Increase in cash		44.979.437	48.462.587
Cash at beginning of year		95.766.702	47.304.115
Cash at year end		140.746.139	95.766.702

Notes

Accounting principles

1. These Financial Statements of GEORG-Rannsóknarklasi í jarðhita for the financial period January 1st 2021 - December 31st 2021 have been prepared in accordance with applicable Icelandic laws and regulations and in accordance with generally accepted accounting principles pertaining to non-for-profit organizations.
2. Revenues are recorded at the time of grant decisions made.
3. All grants received in another currency are registered in ISK using the exchange rate on the date of the grant payments received.
4. Assets and liabilities at the end of financial year 2021 which are subject to changes in price indexes are restated based on the price index in the beginning of year 2022. Assets and liabilities which are subject to changes in currency exchange rates are translated into ISK based on the most recent rates in January 2022.

Investments in shares in other company

5. GEORG - Rannsóknarklasi í jarðhita supports innovation in the Geothermal field and encourages the startup of companies in that field. This has mainly been achieved by partnering up with companies and other organisations that are also willing to support innovation, research and development in the Geothermal field. Shares owned at year end have been acquired with these objectives in mind. The shares owned at year end are written off 90%.

	Nominal value	Estimated value
SER eignarhaldsfélag ehf.	18.619.547	1.861.955
Shares owned at 31.12.2021	18.619.547	1.861.955

Deferred income and Grants payable

6. GEORG-Rannsóknarklasi í jarðhita is a partner in 4 projects (called GECO, GEOENVI, Crowdthermal, SU-DG-IWG) which is sponsored by the Horizon 2020 Programme which is the EU Framework Programme for Research and Innovation. The grant is partly paid in advance but it will be treated as the projects will be funded 100% by the Horizon 2020 programme.
Therefore, the grant is registered as income at the same rate as the cost that belongs to this project.

A number of parties have committed themselves to fund the operations of GEORG as well as funding grants that GEORG is to pay out to beneficiaries. All payments received are registered as deferred income until grant awarding decisions have been made and as the operational costs are registered.

Notes, continued:

7. At year end the deferred income was recognised as follows:

	Deferred Income 1.1.2021	Payments received 2021	Eligible cost 2021	Deferred Income 31.12.2021
GEOENVI	9.971.779	1.506.098	(11.477.877)	0
GECO	44.020.483	0	(30.155.625)	13.864.858
Crowdthermal	10.196.994	2.003.181	(6.430.107)	5.770.068
SU-DG-IWG	4.686.740	0	(4.336.882)	349.858
Total 2021	68.875.996	3.509.279	(52.400.491)	19.984.784

8. GEORG runs the project office for the project Krafla Magma Testbed (KMT). The project aims to create the world's first magma research facility providing unparalleled opportunities for both basic and applied research in several fields, such as volcanology, basic science, geothermal energy, technology, and innovation. KMT is, without a doubt, the most ambitious project GEORG is coordinating and holds enormous promise. There was a certain breakthrough point in KMT fundraising at the end of 2020 when the Icelandic Parliament accepted 100 million ISK for the year 2021 to the KMT project. This was a part of the National Budget. In addition to the support of the Government, the ICDP awarded the project with a grant of 1,5 million USD in 2021. The funding of ICDP is twofold (i) ICDP will join KMT preparation Phase to a level of \$300,000 and (ii) in the drilling phase (probably 2024 or 2025) ICDP will provide a contribution of \$1.2 million. The grant will be paid out through two grant contracts, one for each phase. Therefore, the grant is registered as income at the same rate as the cost that belongs to this project.

9. At year end the deferred income was recognised as follows:

	Deferred Income 1.1.2021	Payments received 2021	Eligible cost 2021	Deferred Income 31.12.2021
KMT	0	100.000.000	(12.940.426)	87.059.574
Total 2021	0	100.000.000	(12.940.426)	87.059.574

10. GEORG-Rannsóknarklasi í jarðhita has commitments regarding grant payments to beneficiaries. The Grants payable at year end are not recorded in the statement of Financial Position due to the fact that they only become payable if and when the Beneficiary meets certain conditions. Grants payable at year end are recognised as follows:

	SPESIA, DRG and others	Total
Grant commitments total at 1.1.2021	108.054.000	108.054.000
Grant payments paid at beginning of fiscal year	(104.554.000)	(104.554.000)
Grants payable at 1.1.2021	3.500.000	3.500.000
Grant commitments total in year	0	0
Grant payments made	0	0
Grants payable at 31.12.2021	3.500.000	3.500.000