

Hydrogenation

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Report of the Board of Directors and Operational Manager

GEORG, a research-driven geothermal cluster was founded in 2009 with a grant from the Science and Technology Policy Council and formalized as a not-for-profit organization in 2012. Celebrating 15 years of successful operation in 2024.

GEORG's mission is to unify stakeholders in the geothermal sector, driving rapid advancements and creating significant value in geothermal research, engineering, and design. GEORG accomplishes its objectives through several key strategies:

1. Encouraging and endorsing projects within its membership base focused on geothermal research and development.
2. Providing valuable services to its members by hosting workshops and seminars that tackle current challenges and issues in the geothermal field, fostering a robust network for communication and collaboration among members.
3. Actively promoting geothermal energy and research on both a domestic and international level, aiming to

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.

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 2024 - 31st of December 2024 with our signatures.

Reykjavík, May 5th 2025

ELECTRONIC SIGNATURES ON THE FRONT PAGE

Statement of Activities 1st of January 2024 - 31st of December 2024

	Note	2024	2023
Income			
Sales		21.731.986	13.462.623
Grants		117.649.789	158.249.015
Other revenues		4.333.394	1.219.713
		<u>143.715.169</u>	<u>172.931.351</u>
Expenses			
Sub-contracting and travel in projects		14.179.335	30.431.050
Salaries and related expenses	6	104.004.744	119.389.455
Other expenses		27.323.861	25.209.761
		<u>145.507.940</u>	<u>175.030.266</u>
Profits (losses) from operation		(1.792.771)	(2.098.915)
Financial income and (expenses)			
Interest revenues		2.475.796	6.297.131
Interest expenses and bank related service fees		(755.475)	(1.649.345)
Exchange rate differences		72.450	(2.548.871)
		<u>1.792.771</u>	<u>2.098.915</u>
Net income		<u><u>0</u></u>	<u><u>0</u></u>

Statement of Financial Position

Assets			
	Note	31.12.2024	31.12.2023
Fixed assets			
Investments:			
Shares in companies	7	1.861.955	1.861.955
Fixed assets		1.861.955	1.861.955
Current assets			
Receivables:			
Accounts receivable		4.867.631	18.897.366
Unclaimed Grants	9	19.253.381	27.346.926
Cash and cash equivalents		20.629.178	56.069.104
Current assets		44.750.190	102.313.396
Total assets		46.612.145	104.175.351

31st of December 2024

Liabilities

	Note	31.12.2024	31.12.2023
Current liabilities			
Deferred income - Horizon 2020	8,9	23.938.500	41.316.644
Deferred income - KMT	10,11	0	29.548.989
Deferred income - Other grants		15.391.688	25.222.696
Accounts payable		1.996.819	1.371.135
Other payables		5.285.138	6.715.887
		<hr/>	<hr/>
Current liabilities		46.612.145	104.175.351
		<hr/>	<hr/>
Total liabilities		46.612.145	104.175.351

Statement of cash flows

	Note	2024	2023
Net income (loss)		0	0
		<u>0</u>	<u>0</u>
Short term receivables, change		14.029.735	(6.099.398)
Short term payables, change		(805.065)	2.225.093
		<u>13.224.670</u>	<u>(3.874.305)</u>
Changes in operating assets and liabilities			
		<u>13.224.670</u>	<u>(3.874.305)</u>
Net cash from operating activities		<u>13.224.670</u>	<u>(3.874.305)</u>
Financing activities			
Deferred income and Grants payable, change		(48.664.596)	(137.023.897)
		<u>(48.664.596)</u>	<u>(137.023.897)</u>
Net cash flow from financing activities		<u>(48.664.596)</u>	<u>(137.023.897)</u>
Decrease in cash		(35.439.926)	(140.898.202)
Cash at beginning of year		56.069.104	196.967.306
Cash at year end		<u>20.629.178</u>	<u>56.069.104</u>

Notes

Accounting principles

1. GEORG-Rannsóknarklasi í jarðhita is based in Iceland. The registered address of the company is Bjargargötu 1, 102 Reykjavík.
2. The Financial Statements of GEORG-Rannsóknarklasi í jarðhita for the financial period January 1st 2024 - December 31st 2024 have been prepared in accordance with applicable Icelandic laws and regulations and in accordance with generally accepted accounting principles pertaining to not-for-profit organizations.
3. Revenues are recorded at the time of grant decisions made.
4. All grants received in another currency are registered in ISK using the exchange rate on the date of the grant payments received.
5. Assets and liabilities at the end of financial year 2024 which are subject to changes in price indexes are restated based on the price index in the beginning of year 2025. Assets and liabilities which are subject to changes in currency exchange rates are translated into ISK based on the most recent rates in January 2025.

Statement of Activities

6. Salaries and related expenses for the year are as follows:

	2024	2023
Salaries	84.176.297	97.418.445
Related Expenses	19.828.447	21.939.539
	<u>104.004.744</u>	<u>119.357.984</u>
 The annual working units for the year was	 6,3	 7,2

Investments in shares in other company

7. 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 31.12.2024	<u>18.619.547</u>	<u>1.861.955</u>

Notes, continued:**Deferred income and Grants payable**

8. GEORG-Rannsóknarklasi í jarðhita collaborates on four projects under the Horizon Europe program: COMPASS, GEOTHERMAL FORA, EPOS-ON, and CETPartnership.

These funding programs are key components of the EU Framework Programme for Research and Innovation, designed to support innovative projects across the EU. Funding for these projects is partially provided upfront, with the assurance of full financing by the respective programs. Consequently, the grants are recognized as income at the same time the related project expenses occur.

Additionally, GEORG has been involved directly and indirectly in two projects supported by European Economic grants : GEOTHERMAL Synergy, aimed at increasing cooperation between Iceland and Poland in geothermal development, and the GEOTHERMAL Bridge Initiative, a similar cooperation effort between Iceland and Romania. Various stakeholders have committed to supporting GEORG's operations and contributing to grants distributed by GEORG. Funds received are recorded as deferred income until grant awards are decided and operational expenses accounted for.

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

	Deferred Income 1.1.2024	Payments received 2024	Eligible cost 2024	Deferred Income 31.12.2024	Unclaimed Grants 31.12.2024
GECO	(3.598.733)	611.350	2.987.383	0	0
SU-DG-IWG	(10.247.823)	10.325.584	(77.761)	0	0
COMPASS	26.375.777	5.954.805	(27.182.125)	5.148.457	0
GEOTHERM-FORA	14.940.867	3.056.340	(8.546.265)	9.450.942	0
CEPT	(13.500.370)	31.089.643	(22.933.677)	0	5.344.404
GBI	0	0	(13.908.977)	0	13.908.977
EPOS ON	0	9.685.189	(1.587.226)	8.097.963	0
EPOS ON LV	0	1.241.138		1.241.138	0
Total 2024	13.969.718	61.964.049	(71.248.648)	23.938.500	19.253.381

10. A major focus for GEORG in recent years has been managing the project office for the Krafla Magma Testbed (KMT). KMT is set to become the world's first dedicated magma research facility, uniquely bridging volcanology and geothermal science. The aim is to significantly advance our understanding of magma processes and explore their potential applications in renewable energy production.

In 2024, Krafla Magma Testbed ses was officially established as an independent non-profit organization (NPO). This step represented a key milestone, creating a formal structure to drive the project's ongoing development and growth. The foundation of the NPO paves the way for the upcoming critical phases, notably the drilling of the project's first well, planned for 2027-28.

The year 2024 was particularly productive for KMT. Highlights included a successful international workshop held in Munich, Germany, in April, and significant international media attention. Additionally, funding for 2025 and 2026 was secured through an agreement involving the Icelandic Ministry of the Environment, Energy, and Climate, Landsvirkjun, and Reykjavik Energy. This funding will support KMT's operations as an independent NPO and facilitate the technical design and preparatory work required for drilling the project's first wells.

Notes, continued:

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

	Deferred Income 1.1.2024	Payments received 2024	Eligible cost 2024	Deferred Income 31.12.2024
KMT	29.548.989	9.390.472	(38.939.461)	0
Total 2024	29.548.989	9.390.472	(38.939.461)	0

Other information

12. The company has an indefinite contract for the rental of premises in which the company operates. This contract commits the company to 5,6 million ISK to a basic amount per year, but the contract is tied to the consumer price index.

Itemizations

	2024	2023
Operational Grants		
GECO grant	(3.598.733)	8.675.644
Crowdthermal grant	(122.401)	0
KMT grant	29.548.989	86.652.914
COMPASS grant	26.999.041	15.103.092
CEOTHERMAL FORA grant	8.628.359	4.858.031
CEPT grant	22.810.809	21.631.270
Styrkir GBI	13.908.977	0
Styrkir EPOS ON	1.782.500	0
Other grants	3.347.335	0
Deferred income, change in year	14.344.913	21.328.064
	117.649.789	158.249.015
Sub-contracting and travel in projects		
Purchased services in projects	4.028.197	18.602.433
Travel in projects	10.151.138	11.828.617
	14.179.335	30.431.050
Salaries and related expenditures		
Salaries	84.176.297	97.418.445
Pension funds	11.072.380	12.326.045
Sickness- and vacation funds	1.344.035	1.473.934
Compensations for driving costs	56.400	31.471
Mandatory social security contribution	6.097.179	7.014.494
Other staff costs	1.258.453	1.125.066
	104.004.744	119.389.455
Other expenses		
Rent	3.982.169	3.624.276
Maintainence - Housing	1.919.597	0
Conference fee	1.290.000	618.483
Renting of tools and equipment	209.932	0
Tools and equipment, charged	25.545	1.281.456
Maintainance - Macinery and equipment	10.395	0
Accounting services	4.747.963	4.753.637
Legal services	387.140	0
Other services purchased	2.373.197	4.852.488
Computerized IT systems	1.291.967	847.187
Paper, printing and other office supplies	548.385	570.622
Per diem payments	3.987.444	4.992.246
Transportation costs	0	427.030
Phones and internet connection	462.260	433.388
Meetings and conferences	1.357.038	693.648
Travel expenses	124.909	312.557
Educational costs	0	330.000
Membership fees	3.270.603	0
Advertisement	83.827	59.860
Coffee and related reception expenses	1.165.950	1.174.051
Service fee from Banks	85.540	36.984
Other costs	0	201.848
	27.323.861	25.209.761