

**FINANCIAL STATUS 2023**

**Report on the financial position of the Company  
since the Annual General Meeting,  
pursuant to Article 3. paragraph 13b and  
Article 4. paragraph 12b of the Articles of Association**

**and**

**OPERATIONS, FINANCIAL AND INVESTMENT BUDGET 2024**

**Proposed budget for the coming fiscal year for approval,  
pursuant to Article 3. paragraph 13c; Article 4. paragraph 12c.  
and Article 9. paragraphs 1-4 of the Articles of Association**

## Table of Contents

1. Summary .....	4
1.1 Financial position since the Annual General Meeting and the trends for 2023 .....	4
1.2 Operations, Financial and Investment Budget 2024 .....	6
2. The following shall be laid before SEV’s Extraordinary General Meeting on 8 December 2023 .....	8
2.1 For information and review: .....	8
2.2 For Approval: .....	8
3. Financial position since the Annual General Meeting and the trends for 2023 .....	10
3.1 Electricity sales and production .....	12
3.2 Revenue 2023 .....	13
3.3 Operational expenses .....	14
3.3.1 Oil expenses .....	14
3.3.2 Goods and services .....	18
3.3.3 Wages .....	19
3.3.4 Depreciation .....	19
3.3.5 Interest and valuation adjustments of share capital .....	19
3.3.6 Taxes on the annual result and deferred taxes .....	20
3.4 Investment, financing, and liquidity .....	20
4. Operations, Financial and Investment Budget 2024 .....	22
4.0 Attest of independent auditors .....	22
4.1 Profitability and setting the price of electricity .....	23
4.1.1 Overview of the efforts to improve profitability 2012-2023 .....	24
4.2 Electricity sales and production .....	29
4.3 Wind energy purchase from Vindrøkt I, SEV subsidiaries and LÍV/MAGN .....	32
4.4 Total revenue .....	33
4.5 Operational expenses .....	34
4.5.1 Hedging strategy for oil, currency, and interest .....	34
4.5.2 Strategy for insuring against oil price and currency risks .....	35
4.5.3 Strategy for insuring against interest rate risk .....	36
4.5.4 Oil expenses .....	36
4.5.5 Goods and services .....	37
4.5.5.1 Production activities .....	37
4.5.5.2 Grid activities .....	37
4.5.5.3 Administration .....	38
4.5.6 Wage expenses .....	38
4.5.7 Depreciation .....	41

4.5.8 Interest and balancing of equity .....	41
4.5.9 Taxes on annual result and deferred taxes .....	41
4.6 Investment .....	42
4.7 Loan facilities and refinancing of current debt .....	46
4.8 Liquidity .....	47
5. Sustainable budgets 2023-2030 .....	47
5.1 Heavy oil tax .....	49
6. Overview of SEV's fiscal economy for the period 2010-2030 .....	50
7. Independent subsidiaries to operate wind farms .....	60
7.1 P/F Vindfélagið í Neshaga: Neshagi og Porkeri .....	60
7.2 P/F Vindfélagið í Húshagi: Húshagi .....	61
8. P/F Fjarhitafélagið .....	63
9. Financial Statistics and Tables .....	65

## 1. Summary

Pursuant to the Articles of Association of the Company, SEV shall submit a report on the fiscal status of the Company for 2023 since the Annual General Meeting, and the Operations, Financial and Investment Budget for 2024 shall be approved. The 2024 Operations, Financial and Investment Budget is structured as a consolidated corporate concern budget, wherein the daughter companies are consolidated (integrated) within the parent company budget and the inter-company transactions, current accounting, etc. are excluded.

### 1.1 Financial position since the Annual General Meeting and the trends for 2023

The 2023 budget was reviewed and approved at the Extraordinary General Meeting held on 16 December 2022.

Discussion about the financial position for 2023 is based on the accounts as of 30 September 2023 and a forecast of the economic trends predicted for the fourth quarter to generate a total evaluation of the trends in 2023. The electricity pricing changes for 2023 have resulted in increased earnings for the Company, which was deemed necessary after the rather poor year in 2022.

Given that the war in Europe continues and the delivery time of goods and services has increased considerably – together with the increase in pricing for such – have impacted the earnings of SEV in a negative way. Especially the cost of oil and the cost for goods and services. On the other hand, the valuations of the financial instruments for interest, dollar and oil insurance hedging has had a positive impact on the budget of SEV. because interest and the price of oil has increased.

The index for income from operations versus net debt (NIBD/EBITDA) at year-end 2022 was 8.6 against the in-house mark of 6, at the highest. In order to lower the index, it was necessary to increase the price of electricity for 2023.

This, together with increased sales of kWh, has increased the income of the Company and the index at year-end 2023 is expected to come down to 5.9.

Given these conditions, the Company expects a profit in operations in 2023 of some DKK 64.6 million before taxes. After taxes, the result is expected to be DKK 53.0 million and this is as budgeted. On the other hand, there is a deviation for various income streams and expenses.

Income is higher than budgeted, and this is based on higher sales of kWh and higher income from connection fees. The cost for oil purchases is also somewhat lower than budgeted. Also the balancing of the financial instruments has had a major impact the right way. On the other hand, the cost for heavy oil is higher than budgeted, based on a large use of oil. Oil costs are projected to be DKK 212.1 million, which is DKK 31.5 million higher than budgeted.

Projected costs for goods and services were DKK 69.1 million, against a budgeted cost of DKK 62.9 million. This is DKK 6.2 million higher than budgeted, but when compared to previous

years, the cost was DKK 74.0 million, so the result is a lower cost. The cost also encompasses some of the cost for the upgrading of the windmills at Neshaga and Húsahaga.

Wage expenses were projected at DKK 96.5 million against a budgeted DKK 92.8 million, which is DKK 3.8 million higher than budgeted. This is an operational based cost for wages, but total wage expenses are higher because of the investment activities in connection with various projects.

Projected costs for depreciation are DKK 182.3 million, which is DKK 4.0 million higher than budgeted, while costs for interest and financial instruments are DKK 31.4 million, which is DKK 29.0 million lower than budgeted. The main reason for this lower cost is the account valuation balancing of the financial instruments. Financial costs for the Company are anticipated to be DKK 62.5 million.

Total electricity production in 2023 is projected to be 451.5 GWh, which is much higher than the previous year, while sales to customers of the Company totalled 409.0 GWh. The difference between production and sales is a net loss of 27.0 GWh and SEV's use equalled 15.5 GWh.

The expected distribution between energy sources is 49.4% from oil and 50.6% from green energy sources, 23.7% from hydropower, 26.0% from wind and 0.9% from tidal streams, biogas and solar. SEV has executed an agreement with finance providers that the green part of production for 2023 shall be 54% and thus it is expected that this goal will not be realized. The new battery station at Sund is expected to come online on 8 December and thus SEV is prepared to take more wind production into the grid, but it will be difficult to meet the goal of 54% green production, but it remains to be seen what the last months of the year will yield relative to green energy production.

If SEV does not meet this goal, SEV must pay a higher cost of some 0.5% for its debt the coming year.

The windmills of the Neshaga Company have been plagued by generator failures and have been out of operation throughout 2023.

SEV is working on various projects that support the green course of the Company, such as battery stations with synchronous compensators, pumping systems in the Vestmanna area as well as the solar project in Sumba and the tidal energy project in Vestmanna.

Investment in 2023 was projected to be DKK 243.7 million, which is DKK 101.2 million less than the budgeted DKK 344.9 million. This lower investment amount is distributed over several sectors.

SEV receives DKK 204 million in December 2023 in delayed financing, while at the same time SEV shall pay DKK 336 million to the loan providers which is payable in December 2023. Because the pumping system project in Vestmanna is delayed, the intended DKK 250 million from NIB was not received at the year-end of 2023. Instead, it is possible to receive financing longer out at six months at the end of June 2024. It is anticipated that long-term debt will be DKK 1,811.5 million at year end 2023. Net debt is DKK 1,627.4 million.

It is calculated that available funds will be DKK 2,184 million at year end. Moreover, the Company has drawing rights from the loan providers of DKK 850 million to use for investment and expenses as well as delayed financing of DKK 250.0 million in June 2024 for the pumping station in Vestmanna or other green projects.

Altogether the Company has access to available funds and drawing rights of DKK 1,068.4 million at year-end. Moreover, the delayed financing from NIB for DKK 250 million will be available to draw down in June 2024. Thus, the Company has good liquidity.

As stated in the budget for 2023, the NIBD to EBITDA factor is very close to the high mark in the loan agreements and therefore SEV has reached out to the loan providers to discuss the potential of increasing the high mark to a factor of 9.5 in a short time period should the need exist for this. This was approved for SEV. With the price increases for 2023 the factor declined continuously throughout the year.

Net debt (NIBD) compared to EBITDA was calculated to be a factor of 5.9, and equity compared to total assets was 43.5%. Given these facts, SEV is within the stipulated factors of the finance providers for index factors of respectively 9 and 35.0%.

The board and the managing director of the Company are satisfied with the projected result for 2023 and the financial status of the Company at year-end 2023.

## **1.2 Operations, Financial and Investment Budget 2024**

The budget for 2024 was originally calculated on the assumption that it was not necessary to increase the price of electricity for the customers of the Company.

Because the Faroese Government has now increased the environmental tax on heavy oil for 2024 from DKK 0.10 per litre to DKK 0.90 per litre, or by a factor of DKK 80.0 per litre, it has become necessary to revise the budget for 2024 to adjust for this reality. Based on this, it is necessary to increase the kWh price for all customers of the Company in the regular pricing categories and all customers, including “industrial customers” in the special pricing category by DKK 0.05 per kWh, in order that the economy of SEV shall be at a sufficient level and that SEV shall keep the conditions that are stipulated by the loan providers of the Company. The fixed fees shall remain unchanged.

Because the environmental tax was increased, this impacts the various agreements between the Faroese Government and SEV from 1992 on the reduction of the price of electricity and the intended price increase was by DKK 0.02 per kWh annually, however, in the first instance it was calculated to start in 2025.

This means that the remaining reduction of some DKK 0.08 per kWh will gradually be phased out from 2025 onwards and the kWh price for customers in the special pricing registers with an annual use of kWh greater than 30,000 kWh would steadily increase by the intended rate of DKK 0.02 per kWh up to the remaining DKK 0.08 per kWh.

Depending on how the heavy oil tax will be stipulated, the price of electricity will increase such that the net debt compared to the EBITDA at most is a factor of 6. Moreover, notice should be taken of the equity share, which also shall yield an in-house minimal mark of 40% and a lower level of 35.0% based on the loan agreements with the finance providers.

In 2024, SEV will continue to sell electricity to electric cars and heat pumps at a discount. The discount continues to be DKK 0.40 per kWh, corresponding to the approval of the Electricity Production Commission.

The Company expects a profit in 2024 of some DKK 37.7 million before taxes. After taxes, the result is expected to be DKK 30.9 million.

In 2024, the sale of electricity is expected to increase by 4.5% and thus also production. Revenue is expected to be DKK 763.4 million. Oil costs are expected to continue at high levels at DKK 218.6 million, which is higher than the projected costs for 2023. The environment tax on heavy oil is calculated to be DKK 33.2 million. Because the balancing of the oil storage has a large impact on the NIBD to EBITDA index, it was decided to set aside DKK 12 million for the balancing of oil cost in the budget to address this factor.

The costs for goods and services are budgeted to be DKK 68.8 million, which is lower than the forecast costs for 2023. Wage costs are increased because several employees were hired in 2023, and wage costs are also impacted by the normal wage increases, individual reassignments / distribution, as well as some additional staff will be hired due to increased activity. The budget sets wage costs at DKK 97.3 million, which is higher than the forecast costs in 2023.

Depreciation is budgeted at DKK 223.0 million, compared to a forecast of DKK 182.3 million in 2023. The reason for the increased depreciation costs is the investments that the Company will take on. In addition, the projected write down of DKK 14.0 million for the windmills at Neshaga is included. This is in connection with the intended upgrading of windmills in 2024. In conclusion, the agreement between the upgrade provider is not finally concluded, but it is anticipated that an agreement can be reached by the start of the new year. The eventual agreement shall be approved by the Electricity Production Commission.

Net interest expense is budgeted at DKK 65.4 million, which is higher than the forecast cost for 2023. No set-aside is in place for the valuation balancing of the financial tools (hedging).

Investment for DKK 538.8 million is planned. In addition, there are plans to execute additional loan facilities of some DKK 250 million against current drawing rights for investments in 2024. This is a loan from NIB for the pumping station project in Vestmanna.

At year-end 2024, it is anticipated that the Company will have cash-on-hand of DKK 165.3 million plus drawing rights of some DKK 850 million from the financial institutions, or, in total, DKK 1.015.6 million. Thus, the Company has good liquidity and can meet all its debt obligations.

Net debt (NIBD) compared to the Company's operational income (EBITDA) at year-end is expected to be a factor of 5.9, which is within the permitted in-house stipulation of the Company and below the most allowed factor of the financial institutions which require at most a factor of 9.0.

Total equity compared to total assets is expected to be 41.1%, and within the stipulations of the financial providers that require at least 35%.

The Board and Management are not satisfied with the budgeted result for 2024 because it is less compared to the major expansion projects that lay ahead. The Board and Management are, however, satisfied with the projected financial status of the Company at the end of 2024, where, among others, the equity part is projected to be 41.1% and the liquidity is good.

**2. The following shall be laid before SEV’s Extraordinary General Meeting on 8 December 2023**

**2.1 For information and review:**

Fiscal trends since the Annual General Meeting, pursuant to § 3. paragraph 13b and § 4. paragraph 12 b of the Articles of Association.

**2.2 For Approval:**

Operations, Financial and Investment Budget for 2024, pursuant to § 3, paragraph 13c and § 4, paragraph 12c and § 9, paragraphs 1-4, hereunder:

- 1) That the kWh price and the fixed fees without VAT from 1 January 2024 are increased and are as shown in the table below:

Normal price schedule	Before price change		Price change		After price change	
	Fixed annual fee	Price per kWh	Change in fixed annual fee	Increase per kWh	Fixed annual fee 2024	Price per kWh
0-10.000	680	1.74	0	0.05	680	1.79
10.000-100.000	1,080	1.70	0	0.05	1,080	1.75
>100.000	5,080	1.66	0	0.05	5,080	1.71

Green meters	72	1.34	0	0.05	72	1.39
--------------	----	------	---	------	----	------

Special price schedule	Before price change		Price change		After price change	
	Fixed annual fee	Price per kWh	Change in fixed annual fee	Increase per kWh	Fixed annual fee 2023	Price per kWh
0-10.000	680	1.74	0	0.05	680	1.79
10.000-30.000	1,080	1.70	0	0.05	1,080	1.75
>30.000	4,680	1.58	0	0.05	4,680	1.63

Plus VAT to be added.

- 2) Connection fees will remain unchanged and will be as shown in the current pricing schedule, effective as of 1 January 2024.
- 3) That the fixed compensation for the Chairperson of the Board of Directors be DKK 12,612 per month, the Vice-chairperson DKK 9,459 per month, and individual Board members DKK 6,306 per month. Moreover, for each meeting in which the Board members participate on behalf of the Company, the Board members receive a meeting allowance consistent with the Civil Servants Wage Agreement. The costs associated with travel, etc. will be refunded to the Board members.



- 4) That Board members of SEV who sit on other boards of the Company, e.g., other subsidiaries of SEV or building committees or the like shall be compensated based on the extent of the work involved. However, there shall be no extra compensation for Board work undertaken in the windfarm subsidiaries of the Company.
- 5) That investment in 2024 be a total of DKK 538.8 million, hereunder:
  - a. That the Company’s Board itself can determine how the long-term expansion of the grid for the period 2024-2027 shall be designed and managed. including the time-period, priority, tenders, etc. for a total cost of DKK 1,289.2 million, as detailed in the chart below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2024.

Investment per year	2024	2025	2026	2027	Total
Millions DKK	222.9	366.4	412.3	287.6	1,289.2

- b. That the Company’s Board, as a part of the long-term expansion of the grid during the period 2024-2027 for some DKK 1,289.2 million as described above, itself can determine how the construction of the new coupling stations and the updating of the existing coupling stations over four years shall be organized and carried out, including the timeframe, priority, tenders, etc. for a total cost of DKK 804.1 million over the time period, as detailed in the chart below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2024.

Investment per year	2024	2025	2026	2027	Total
Millions DKK	95.9	310.9	261.8	135.6	804.1

- 6) SEV, in connection with the projected repair work of windmills of P/F Windfarm at Neshaga, may increase the share equity up to DKK 16.0 million in 2024 in the P/F Neshagi windfarm [P/F Vindfelagnum í Neshaga] to finance the projected repair work of the windmills.
- 7) SEV, in connection with a possible projected investment in wind farm, may invest up to DKK 50.0 million in share equity in new subsidiary that shall be established for said projected wind farm. In addition, SEV is authorized to provide the new subsidiary with the necessary financing for this purpose of up to DKK 200 million.
- 8) That the Extraordinary General Meeting approves and authorizes the Board during the timeframe 2024 through 2026 to negotiate (including to approve the negotiations of Management) and to execute agreements with various current and or new investors of SEV, in order to address changes in the investments from time to time that SEV has with current investors (hereunder subsidiaries of SEV) including the

financial factors of NIBD/EBITDA and Equity-ratio, and other situations that the Board agrees to address.

**Note:**

*This is a renewal of the identical authority that the Board received at the Extraordinary General Meeting held on 26 November 2021 that covered the time from 2021 through 2023.*

- 9) That SEV in 2024 continue with the sale of electricity for electric vehicles and heat pumps with discounts and that the Board in this connection be granted the authority to itself determine how such sales of electricity shall be organised in all aspects, including herein the stipulation of the kWh price, the fixed fee, the connection fee and other relevant terms and conditions.

### 3. Financial position since the Annual General Meeting and the trends for 2023

Pursuant to the Articles of Association of SEV – § 3, paragraph 13b and § 4, paragraph 12b – the Board of Directors shall submit to an Extraordinary General Meeting in the autumn of each year a report on the Company’s fiscal position and the economic trends since the last Annual General Meeting. Below, in addition to a discussion of the overall economic trends experienced since the last Annual General Meeting, is an analysis of the anticipated activity for the remainder of the year, culminating in a forecast of the expected result for 2023.

Below is the projected result for 2023. Also shown are deviations from the 2023 budget and projections. The account entries for 2023 are complete and up to date but have not been audited. Also, entry adjustments and accounting adjustments are probable before the numbers are finalized.

The Table below shows verified operational data for 2018-2022 and verified and forecast data for 2023 in DKK million.

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Concern Budget 2023	Forecast 2023	Difference between Budget and Forecast
Net turnover	427.53	508.8	550.4	580.0	580.0	690.6	701.9	11.3
Oil purchases	2.7	2.3	3.8	10.2	17.3	51.3	46.3	-5.0
Oil expenses	105.8	143.9	164.5	183.7	224.5	180.6	212.1	31.5
Goods & services	53.9	50.4	57.5	59.9	62.5	61.7	67.4	5.7
Wages	74.2	81.3	83.2	83.3	83.1	92.8	96.5	3.8
Result before depreciation & write- downs	197.1	226.2	242.8	250.5	188.2	303.0	277.9	-25.0
Depreciation	115.1	133.6	141.4	162.0	188.2	178.4	182.3	4.0
Result before interest. etc.	82.0	112.6	101.4	88.5	17.5	124.6	95.6	-29.0
Net interest expense & value adjustments	34.6	37.0	40.2	34.2	-2.6	60.4	31.0	-29.4
Result before tax	47.3	75.6	61.2	54.3	20.1	64.2	64.6	0.4
Tax on result	9.2	13.2	11.4	10.0	3.4	11.6	11.6	0.0
Annual result	38.1	62.4	49.8	44.2	16.7	52.6	53.0	0.4

The annual result for 2023 is forecast to be operational profit before taxes of some DKK 64.6 million and DKK 53.0 million after taxes. The Company originally budgeted a result in 2023

before taxes of DKK 64.2 million. Given the forecasts, the Company will have a result as planned. On the other hand, there will be deviations within the various posts.

It is the nature of discussion on forecast numbers that there is some doubt linked with the numbers and for 2023 there is especially significant doubt linked to oil costs and interest and financial costs, because this includes the balancing of the financial tools at hand.

As the Table above shows, there are several differences among the various operational postings. That the EBITDA is DKK 25.0 million lower than budgeted based on higher income and a higher cost. Especially the income from sales to customers, such as the government and private customers, is higher than budgeted. On the other hand, the growth within the industrial sector is not as high as budgeted.

The forecast oil expense is DKK 212.1 million, including urea, gas oil and lubricating oil. This is DKK 31.5 million higher than budgeted. The reason for this is that SEV has used considerably more heavy oil in production based on less production from wind and hydropower than budgeted. The reason for less production from green energy is that the battery system in the central region was delayed and good weather in the summer and also later in the year. SEV expects to use 17,556 tons of heavy oil more than budgeted. Moreover, the storage of oil equates to the corresponding accounting regulations and agreements with the oil providers, regarding the compensation for the pricing and the cost in connection with unacceptable oil that enters effect.

Goods and services are projected to be DKK 69.1 million, which is DKK 6.2 million higher than budgeted. The reason for this is, among other things, the cost for the upgrading and maintenance of the windmills and the motors at Sund power plant and the higher cost of goods and services that SEV uses and buys.

Wages are forecast to be DKK 96.5 million, which is DKK 3.8 million higher than budgeted. The budget included financing of wage expenses of some DKK 11.6 million, but this is projected to be DKK 7.0 million. With this, there is larger wage costs in operations than planned.

The budget called for an investment of DKK 344.9 million and this was projected to be DKK 243.7 million or DKK 101.2 million lower. The production sector was budgeted for an investment of DKK 156.2 million, while this is DKK 86.0 million or DKK 70.2 million lower. Especially the focus is on less investment in the Sund power plant, the power plant at Botni and the intended pumping station at Vestmanna.

The grid sector was budgeted for an investment of DKK 155.9 million and this is projected to be DKK 147.9 million or somewhat less than budgeted. Administration was budgeted for an investment of DKK 32.9 million and this was projected to be DKK 9.9 million. This is especially based on the delayed building refurbishment, which is expected to begin at year end or early in the coming year.

Depreciation is forecast to be DKK 182.3 million, which is DKK 4.0 million higher than budgeted. The reason that depreciation is higher than budgeted while SEV has lower investment need is based on the fact that several investments that were delayed will not be

subject to depreciation until the projects will be completed. The depreciation in the budget is based on the required depreciation term stipulated by the Electricity Production Commission.

Net financial costs are DKK 31.0 million, which is DKK 29.4 million lower than budgeted. The balancing of the financial tools of some DKK 31.5 million is included in the cost and this resulted in that the total financial costs are lower than budgeted. The final numbers for this cost will be calculated at the end of the year.

### 3.1 Electricity sales and production

The weather varies from year to year and thus impacts the production of electricity from hydropower and wind, which is impacted both up and down.

The Table below shows production into the grid of SEV to date in GWh. The Table also shows production over the last twelve months. The same time period for the previous year is provided for comparison.

GWh	Jan-Sep 2023	Jan-Sep 2022	Difference in %	Difference in GWh	Oct 2022 to Sep2023	Oct 2021 to Sep 2022	Difference in %	Difference in GWh	Difference in GWh
Wind	83.7	52.8	+58.6%	+30.9	121.1	70.1	72.7%	20.6	
Hydropower	70.5	88.2	-20.0%	-17.6	113.2	130.0	-12.9%	31.5	
Thermal	175.1	170.9	+2.5%	+4.2	211.6	225.5	-6.2%	-39.9	
Biogas	2.8	4.0	-29.8%	-1.2	4.2	6.5	-34.7%	0.9	
Solar	0.2	0.2	+5.2%	+0.0	0.2	0.2	4.9%	0.0	
Tidal current	0.0	0.0	+251.0%	+0.0	0.0	0.0	193.5%	0.0	
<b>Total</b>	<b>332.3</b>	<b>316.0</b>	<b>+5.2%</b>	<b>+16.3</b>	<b>450.3</b>	<b>432.2</b>	<b>4.2%</b>	<b>13.1</b>	

Comparing the period October 2022 to September 2023 with October 2021 to September 2022, it is evident that production has increased by 13.1 GWh or 4.2%. The increase in solar energy production is ahead of the projection for solar energy that was made in 2023, which was projected to be 3.5%.

The Table below shows the trend in booked sales to the customers of the Company, grid loss and own-use and production in GWh over the last five years.

Moreover, the budgeted and forecast figures for 2023 are shown in GWh.

Booked sales in GWh	2018	2019	2020	2021	2022	Concern Budget 2023	Forecast 2023	Difference in budget + projection 2023
Booked sales to customers in GWh	320.5	350.4	370.4	387.6	395.3	395.6	409.0	+13.4
Grid loss and own use in GWh	31.5	35.7	36.4	36.2	38.8	37.1	42.5	+5.4
<b>Total production in GWh per year</b>	<b>352.0</b>	<b>386.1</b>	<b>406.8</b>	<b>423.8</b>	<b>434.1</b>	<b>432.7</b>	<b>451.5</b>	<b>+18.8</b>
Thermal	180.1	230.0	249.4	262.4	207.4	139.4	223.0	+83.6
Hydro	108.1	103.5	108.7	100.3	130.9	115.5	107.0	-8.5
Wind	63.8	52.6	47.1	54.1	90.2	171.1	117.3	-53.8
Biogas. Tidal current. Solar	0	0	1.6	7.0	5.6	6.7	4.2	-2.5

<b>Green portion totals</b>	<b>171.9</b>	<b>156.1</b>	<b>157.4</b>	<b>161.4</b>	<b>226.7</b>	<b>293.3</b>	<b>228.5</b>	<b>-64.8</b>
<b>Green portion %</b>	<b>48.8%</b>	<b>40.4%</b>	<b>38.7%</b>	<b>38.1%</b>	<b>52.2%</b>	<b>67.8%</b>	<b>50.6%</b>	<b>-17.2%</b>
<b>Growth in electricity consumption in %</b>	4.6%	9.3%	5.7%	4.6%	2.0%	2.0%	<b>3.5%</b>	<b>+1.5%</b>

As the Table above shows, production from green energy will be lower in 2023 than in 2022. The green part will be around 50.6%, when the year is complete. The demand from the loan providers to SEV in connection with green financing for 2023 is 54%. Reasons for this deficiency is the good weather this year and the battery station at Sund that was not operational as planned when the financial projects for 2023 were outlined. SEV deemed the most probable goal for green energy would be around 54%. Because SEV did not meet the goal, SEV shall pay 0.05% more in interest the coming year.

Electricity production in 2023 was budgeted to be 432.7 GWh. Production is forecast to be 451.5 GWh or 18.8 GWh more.

It was planned that electricity production from renewable energy sources would be 293.3 GWh (67.8% green part), but this production is forecast to be 228.5 GWh or 64.8 GWh less. Thermal power plants were anticipated to generate 139.4 GWh, but they are forecast to produce 223.0 GWh. or 83.6 GWh more than budgeted.

In 2023, it was planned that there would be an increase in sales to the Company's customers of 2.0%.

Now that the year is almost over, it is estimated that SEV will sell 409.0 GWh to its customers rather than the budgeted 395.6 GWh, which is 13.4 GWh more, this corresponds to an increase of 3.5%. Especially there was an increase in sales within the fish farming industry, and government and private customers, while the demand of customers in the production of fish products was not as great as anticipated.

Grid loss and own use is estimated to be 42.5 GWh, of which SEV itself is expected to consume around 15.5 GWh. Thus, grid loss will be 27.0 GWh, corresponding to 6.6% of sales to customers.

### 3.2 Revenue 2023

There are three main factors that influence SEV's gross revenue: 1) changes in the price of electricity, 2) changes in electricity consumption, and 3) shifts by a customer from one pricing group to another. The Table below shows SEV's net revenue over the past few years in DKK million and forecast numbers for 2023.

<b>Net revenue in DKK millions</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Concern Budget 2023</b>	<b>Forecast 2023</b>	<b>Difference</b>
<b>KWh fee</b>	402.2	470.0	522.8	546.0	553.4	656.3	<b>661.3</b>	<b>5.0</b>

Fixed fee	17.0	17.4	18.0	18.0	18.2	23.1	22.7	-0.4
Connection fee	9.2	24.0	11.2	23.5	16.0	10.2	16.0	5.8
Other	1.7	-0.3	2.2	2.8	-0.6	1.0	2.0	1.0
<b>Income</b>	<b>430.2</b>	<b>511.1</b>	<b>554.2</b>	<b>590.2</b>	<b>587.1</b>	<b>690.6</b>	<b>701.9</b>	<b>11.3</b>

Projections indicate DKK 701.9 million in revenue, which is DKK 11.3 million more than budgeted for 2023.

As the Table above shows, the Company's revenue has grown from 2018 through 2023. The reasons are that the kWh price for all the Company's customers was lower by DKK 0.05 per kWh in 2018, except for the industrial customers. For 2019, the price increased by DKK 0.10 per kWh for all customers and in 2020 increased by DKK 0.05 per kWh for all customers of the Company except the industrial customers where the price increase was DKK 0.10 per kWh. There were no price adjustments for 2021 and 2022. For 2023, the price increased between DKK 0.18 and 0.22 per kWh for all customers except the industrial customers where the price increased by DKK 0.28 per kWh. This resulted in a higher income of some DKK 100 million.

The increased income of the Company comes from a combination of increased kWh sales, increased pricing and good income from connection fees. The connection fee income comes from the major expansions that businesses and the government have done over the last few years. The Fixed fee is unchanged, but the income from this steadily grows as several more customers are added.

It is difficult to predict more precisely the level of sales because SEV's revenue stream is conditioned on which customer group generates sales. This varies from group to group. It also varies relative to how customers' electricity consumption is distributed over the year. Generally, more electricity is consumed during the dark months of the year, especially by SEV's private customers.

### 3.3 Operational expenses

The operational expenses of the Company are oil costs, goods and services, wages, depreciation, and interest. These costs are discussed in more detail below.

#### 3.3.1 Oil expenses

The Table below shows the trends in oil prices (dollar per tonne of heavy fuel oil) over the last few years and through 30 September 2023.

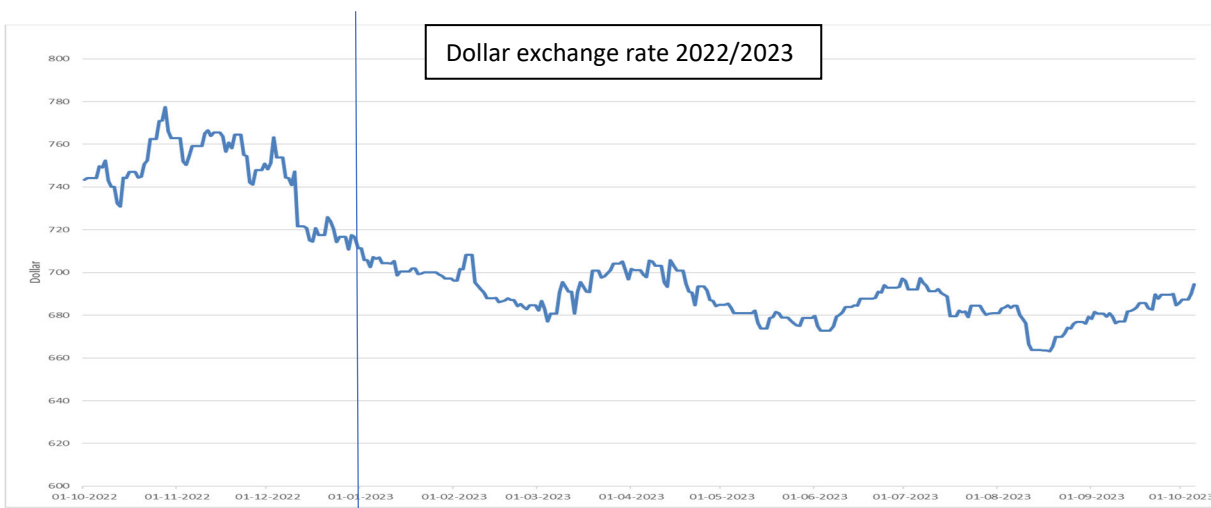


The average price per tonne of heavy fuel oil in January 2023 was USD 551.9. The oil price through 2023 increased and declined, but not as shifting as in 2022. At the end of September 2023, it was USD 597.0 per tonne of heavy fuel oil.

The Table below shows the trends in the dollar exchange rate from 1 October 2022 through 1 October 2023 or the last year.

From the start of October 2022, the exchange rate was DKK 7.78 per dollar, the dollar exchange rate declined steadily throughout 2022 and ended at year-end 2022 at DKK 7.11 per dollar. Since the year end shift 2022 – 2023, when the exchange rate has been DKK 7.11 per dollar, the dollar has both increased and decreased but stayed low such that the dollar at the end of September this year was DKK 6.86 per dollar.

How large the oil consumption is year to year depends on the annual swings in how much green energy is available any one year and how much of this energy is brought into the electric system.



The Table below shows the projected costs of oil for all of 2023. It shows a greater total cost of some DKK 31.5 million, wherein the greater cost particularly stems from heavy fuel oil.

Oil	Budgeted consumption in tonnes	Budgeted cost	Budgeted average cost	Forecast consumption	Forecast cost	Booked avg. price	Forecast more consumption	Cost excess
Gasoil	1.800	15.264	8.48	2.041	19.028	9.32	241	3.764
Lubricating oil	240	5.833	24.3	240	7.86	32.4	0	1.953
Urea	1.800	11.025	6.1	1.800	7.550	4.2	0	-3.475
Heavy fuel oil	29.275	148.508	5.07	46.831	177.732	3.80	17.556	29.224
<b>Total</b>	<b>46.080</b>	<b>180.631</b>	<b>-</b>	<b>-</b>	<b>212.096</b>	<b>-</b>		<b>31.465</b>

As shown above, cost excess for oil can be detailed as shown in the following Table.

Difference in oil expense compared to budget	DKK mil
Higher payment to oil providers	0.3
Balancing of oil storage pursuant to accounting standards	-4.9
Lower cost of heavy oil	-32.3
Cost for more consumption of heavy oil	66.1
Higher cost for lubricating oil	2.0
Lower cost for urea	-3.5
Higher cost of gas oil	1.8
Higher consumption of gas oil	2.0
<b>Total</b>	<b>31.5</b>

Pursuant to the adopted accounting principles of the Company regarding the valuation of the heavy fuel oil held in storage, the oil storage inventory shall be adjusted to the current market price. This means that the value of the oil held in storage by SEV changes from month to month, consistent with the trends in the market price of heavy fuel oil. Thus, this reflects only a booked cost, not a realized cost.

As of 30 September 2023, SEV has booked an unrealized expense adjustment for the oil inventory of DKK 4.9 million, based on the fluctuations in the price of oil. The balancing adjustment of the oil storage at the end of September of DKK 4.9 million is planned until year-end. The final numbers reflecting the adjustments will not be available until year-end.

On the other hand, SEV's purchase price of heavy fuel oil for 2023 will not be impacted by the unrealized adjustment of the oil storage inventory because SEV has price hedged the budgeted amount of heavy fuel oil at a fixed price per tonne of heavy fuel oil, while at the same time the Company has purchased US dollars at a fixed price to be used for the purchase of oil.

The Table below provides an overview of the price hedging of the total oil purchases for 2023.

Time Period	Delivery	Tonnes	Amount in %	Price for oil in USD 1)
2020 January	February	6,800	22	379
2022 November	April	3,000	10	596
2020 January	May	6,000	20	363
2022 January	July	3,700	12	544
2022 March	July	3,980	13	607
2022 November	October	7,000	23	575
<b>Total</b>		<b>30,480</b>	<b>100.0</b>	<b>492</b>

1) In addition comes the costs for insurance, transport, handling, and profit to the oil suppliers.



SEV has hedged 30,480 tonnes of heavy oil for use in 2023 where consumption is anticipated to be 29,275 tonnes. On the other hand, SEV has projected to consume 46,832 tonnes of heavy oil, which is 17,556 tonnes more than originally budgeted. The cost for the greater consumption of heavy oil is projected to be DKK 31.5 million including the balancing of the oil storage and the compensation consistent with the agreements with the oil providers on the calculation of the oil purchase and the unusable oil.

The part that is hedged is purchased consistent with the above Table.

Based on the increased consumption of heavy oil, SEV executed an oil purchase in January of some 6,857 tonnes around a month before intended. This purchase was made at the spot market price for a cost of 580 dollars per ton, but SEV had hedged this to 379 dollars per ton for delivery in February. Thus, the cost for oil in January was cheaper than the spot market.

An additional purchase of 6,784 tonnes of oil was also carried out in March where 6,500 tonnes were hedged in March for a cost of 515 dollars per ton and again in June of 6,822 tonnes at 627 dollars per ton.

In the financial budget for 2023, which was completed in October – November 2022, is calculated based on a cost of USD 616 per ton for the part that shall be used in 2023 and is not hedged equalling 10,000 tonnes. This same part of the oil purchase was hedged in November 2022, while the average price was USD 572 per ton, which is somewhat lower than budgeted. In addition, comes the payment to the oil providers, duty tax, and the tax on goods.

By hedging the purchase of oil, SEV has tried to protect itself against the possible swings in the price of oil and the dollar. On the other hand, the Company cannot protect itself from the swings in oil consumption. It means a lot to limit the swings in these expenses, because these expenses encompass a major part of the total costs of the Company. These costs are directly linked to price changes on the world market as well as changes in electricity consumption and swings in the production of electricity from wind and hydropower. The oil price that SEV shall pay is linked to the price notations on the oil market and the dollar valuations.

On the other hand, the price of oil on the spot market when the oil is purchased can either be higher or lower than the stipulated hedged price. This means that SEV either receives funds from the insurer underwriting the hedge agreement or must pay the insurer relative to the market price at the time of the oil purchase. The same holds true for the purchase of dollars at term. It is commonly understood that when the price of oil goes up the cost of a dollar goes down and vice-versa.

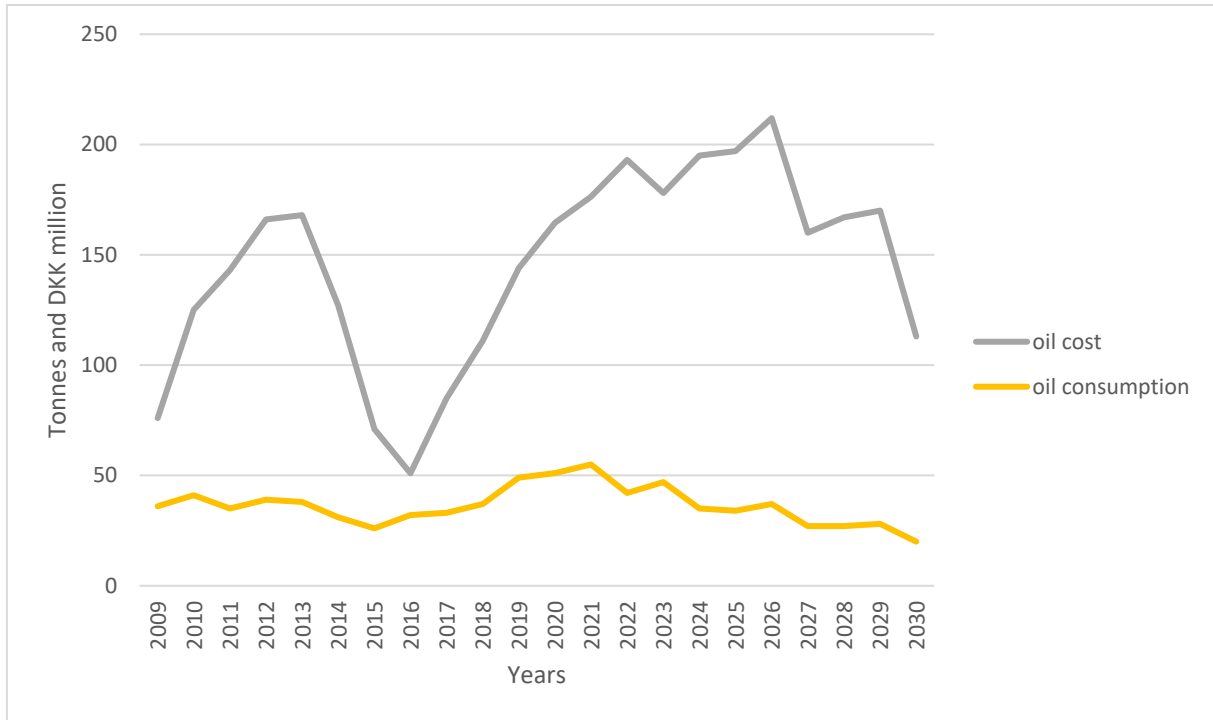
Sometimes it has been necessary to produce electricity with gasoil at the small power plants to meet the demand of electricity power and to ensure grid stability.

The thermal power plants are budgeted to use 1,800 tonnes of gasoil and are projected in 2023 to consume around 2,041 tonnes or much more than budgeted. Moreover, the cost for gasoil is increasing. The result is an uncreased cost compared to the budget of some DKK 3.8 million.

The thermal power plants were budgeted to consume 29,275 tonnes of heavy fuel oil, but the forecast for 2023 indicates the plants will consume 43,090 tonnes, which is much more than budgeted.

The cost of lubricating oil is higher than budgeted, but the cost of urea is lower than budgeted.

The Table below shows the trend in booked oil costs and oil consumption from 2009-2022 and the forecast/projected and budgeted costs for 2023 through 2030.



The Table above shows that the cost of oil in 2022 is the highest that SEV has experienced compared to the previous years. The cost for 2023 continues to be high based on the high oil price and the high consumption of heavy oil that is realized. On the other hand, the environmental tax is planned to increase in 2024 and in 2025 and thus cost of oil will increase consistent with these factors, with the cost being highest in 2026.

Thus, it is of great importance to convert as much as possible the thermal power plants from being primary electricity production power plants to being just back-up power plants. If it is possible to convert from thermal power sources to green energy sources, which have a lower cost of production, this will reduce the overall cost of production and increase the chance to reduce the price of electricity for customers.

### 3.3.2 Goods and services

Total cost for goods and services was budgeted at DKK 62.9 million, but this is forecast to be DKK 69.1 million, or DKK 6.2 million more. But when compared to previous years, the cost was DKK 74.0 million, so the cost is less. The cost for part of the upgrading of the windmills at Neshaga and Húsahaga is also included. This increase in goods and services can be further

broken down such that the production plants used DKK 4.4 million more, the grid DKK 3.7 million more, and administration used DKK 1.8 million less than originally budgeted.

SEV continues to focus on a tight management of the resources of the Company, where each and every department scrutinizes how funds are allocated. This balancing effort means that some undertakings are revised or postponed. In addition, changes were made to various projects.

### **3.3.3 Wages**

The total cost for wages was budgeted at DKK 92.8 million, while the forecast indicates a cost of DKK 96.5 million – corresponding to an increased spend of around DKK 3.8 million. It is calculated that an investment for wages of DKK 11.6 million, but this is projected to be DKK 7.0 million. Given this, there will be greater wage expenses than the budget projected.

This higher consumption can be subdivided thusly: production facilities consumed DKK 2.0 million more, grid activities DKK 2.6 million more and administration consumed DKK 0.9 million less than budgeted. On the other hand, there will be a balancing of the pension funds that is consistent with wage expense such that there will be an equal lower cost in operations. This possible income adjustment is not taken into account in the projected result of 2023.

Higher wage expenses in production stems from, among other things, the work on the maintenance of the motors and turbines has been more expensive than budgeted and the work area at Sund has increased in size with the new Station 3 coming online and it was necessary to add several new personnel at Sund. Furthermore, the maintenance work on the grid increased this year.

### **3.3.4 Depreciation**

Depreciation was budgeted at DKK 178.4 million and is projected to be DKK 182.3 million, which is DKK 4.0 million more than budgeted.

Even though fewer investments were undertaken than budgeted, this did not impact the depreciation basis in 2023 because several of these projects were originally set out to be completed later than 2023 and thus were not included in the depreciation basis for 2023. Moreover, several projects in progress were completed and therefore were transferred to the depreciation basis which is greater than expected.

### **3.3.5 Interest and valuation adjustments of share capital**

Net interest costs were budgeted at a total of DKK 60.4 million. The projected amount equals DKK 31.0 million, corresponding to decrease corresponding to DKK 29.4 million. Included in the cost is the balancing of the financial tools which this year greatly impacted operational revenue because the balancing is greater in the right direction with DKK 31.5 million as of September 2023. This balancing will continue until year-end but is dependent on trends in the US dollar exchange rate and the interest rate. Interest costs are projected to be DKK 62.5 million without the balancing of the financial instruments.

### 3.3.6 Taxes on the annual result and deferred taxes

The 2023 budget projected a tax on the result of DKK 11.6 million. The forecast numbers for 2023 incorporate deferred taxes, corresponding to 18% of the annual result. The forecast tax for 2023 is DKK 11.6 million, which was budgeted. This tax will not be paid but is set aside and booked as a debt of the Company under reserves set aside for deferred taxes.

Deferred taxes have no impact on the liquidity of the Company before these taxes become due and payable. The Company anticipates that it will not have to pay taxes on the annual result in the coming years, based on the fact that the Company currently has a significant tax deficit that offsets the annual tax obligation on earned revenue.

### 3.4 Investment, financing, and liquidity

According to the 2023 budget, total investments were estimated to be DKK 344.9 million. Now that the end of the year is soon upon us, investment for the year is forecast to be DKK 243.7 million, which is DKK 101.2 million less than budgeted, and is distributed over several areas of production and administration. It should be noted also that ongoing revision is taking place within the different sections and departments within the current framework.

The Table below shows investment distributed by production, grid-activities, and administration.

Investment in DKK millions	2023 Forecast	2023 Budgeted	Difference
	DKK millions	DKK millions	DKK millions
Engine Department	0.6	1.1	-0.5
Fossá power plant	2.8	4.0	-1.2
Heyga power plant	12.9	17.4	-4.5
Mýra power plant	0.4	0.9	-0.5
Eiði power plant	1.9	6.7	-4.8
Botni power plant	3.6	10.5	-6.9
Vágs power plant	3.1	4.5	-1.4
Sund power plant	24.0	49.6	-25.5
Strond power plant	2.1	5.1	-2.9
Small power plants	2.9	4.9	-2.0
Wind turbines. etc.	6.1	5.4	+0.8
Solar energy	0.0	0.0	0.0
Tidal energy	0.1	0.4	-0.3
Pumping system	25.6	46.1	-20.4
<b>Total investment. Production activities</b>	<b>86.0</b>	<b>156.2</b>	<b>-70.3</b>
Coupling stations	71.3	81.0	-9.7
Grid and other related buildings. etc.	76.6	74.9	+1.7
Administration plus buildings	9.9	32.9	-23.0
<b>Total investment. Grid activities</b>	<b>157.8</b>	<b>188.7</b>	<b>-31.0</b>
<b>Total budgeted investment</b>	<b>243.7</b>	<b>344.9</b>	<b>-101.2</b>

Relative to the Sund power plant, the investment is lower by some DKK 25.5 million than budgeted. Work is underway to prepare and project the pumping system for Vestmanna and construction has not begun. Therefore, the result is less investment of some DKK 20.4 million.

Regarding the coupling stations, there is DKK 9.7 million less investment and for the grid there is some DKK 1.7 million more investment. Administration has experienced less investment of DKK 23.0 million. This is especially because the work to expand the facility on Landavegur has not begun yet, but is expected to begin in November.

The planned refinancing of debt and drawing rights and new financing was achieved in June of 2022.

DKK 1,105.7 million was obtained from the US Private Placement market while DKK 1,100 million was obtained from Betri Bank, Bank Nordik, SEB, NIB and Lív as drawing rights (DKK 850 million and delayed funding of DKK 250 million to June 2024).

Of the DKK 1,105.7 million financed by the USPP market, DKK 623 million was used to repay current bank financing while DKK 278 million was paid to SEV to use for investment and liquidity. The last DKK 204.7 million from the USPP financing will be paid out to SEV in December 2023 when SEV shall repay the financing of DKK 336 million to USPP loan providers. It was budgeted that in 2023 SEV should draw down DKK 118.7 million in bank financing, but because of good liquidity this was not necessary and SEV repaid DKK 336 million with available funds and delaying financing that will come on 1 December 2023. This means that debt is lowered by DKK 131.3 million.

Cash-on-hand at year-end is calculated to be DKK 218.4 million. In addition, the Company has drawing rights from financial institutions equalling DKK 850 million to use for investment. Moreover SEV has gained the possibility of take a loan from NIB up to the middle of 2024. Furthermore, the Company has cash on hand and drawing rights of some DKK 1,318.4 million at year end. Thus, the Company has good liquidity.

Long-term gross debt at year-end 2023 is expected to be DKK 1,811.5 million, while net debt is projected to be DKK 1.627.4 million.

## **4. Operations, Financial and Investment Budget 2024**

### **4.0 Attest of independent auditors**

TO THE SHAREHOLDERS OF ELECTRIC UTILITY ELFELAGIÐ SEV

Pursuant to agreement, we have reviewed the budget of Elfelagið SEV for the period 1 January to 31 December 2024, which includes the budget for operations, liquidity, and financing, as well as the relevant accounting principles, terms and conditions underlying the budget and other data. The budget is the subject of Section 4 of this document.

The Board of Directors and Management have responsibility for the budget and stipulating the accounting principles, terms and conditions underpinning the budget set forth in pages 23-47. Our responsibility is to provide an opinion regarding the budget based on our review.

#### **Review**

We have reviewed the budget consistent with international standards governing how future financial data should be reviewed, as well as the provisions of the Faroese auditing law and regulations. These require that we plan and perform the review to obtain reasonable assurance that 1) there is adequate and suitable basis for the accounting principles, terms and conditions underpinning the budget, 2) the budget is free from material misstatement, and 3) the budget is set up consistent with the ascribed to accounting principles, terms and conditions.

We have therefore reviewed the budget to determine if the accounting principles, terms, and conditions ascribed to by management are documented, well-grounded and complete. We have investigated the budget to determine if it is structured consistent with the stipulated conditions and if the numbers are consistent and logical.

It is our belief that the review undertaken provides a satisfactory basis for our opinion.

#### **Opinion**

Based on a review of the evidentiary documentation supporting the stipulated accounting principles, terms and conditions, we did not discover any circumstances that would give rise to the belief that the ascribed accounting principles, terms and conditions are not a valid foundation upon which to base the budget. Furthermore, it is our opinion that the stipulated accounting principles, terms, and conditions are the basis underpinning the budget, which in turn is set up in accordance with the Faroese annual accounting laws and regulations.

It is probable that the final results will differ from the budget because anticipated events often do not occur as planned. The differences can be significant.

Tórshavn. 15 November 2023.

P/F Januar. State Authorized Public Accounting Firm  
Hans Laksá. State-authorized Auditor

#### 4.1 Profitability and setting the price of electricity

Below is a discussion of the basis for the income circumstances taken into account in the budget for 2024.

**The kWh price for all customers in regular and special price registers, herein “industrial customers” will be increased by DKK 0.05 per kWh. Fixed fee remains unchanged.**

In 2024, SEV will continue to sell electricity to electric cars and heat pumps at a discount and the kWh price to so-called “green meters” will be increased consistent with the increase in the price of electricity for customers in the regular price register with an annual consumption of kWh (0-10.000), equalling DKK 0.05 per kWh. This equates to a discount of DKK 0.40 per kWh, which is consistent with the agreement with the Electricity Production Commission.

The Faroese Government has decided to increase the environmental tax on heavy oil from 1 January 2024.

Given that the environmental tax will be increased, this impacts the agreement between the Faroese Government and SEV from 1992 on the decrease of the electricity price. SEV intends to steadily remove this discount by DKK 0.02 per kWh annually, however, this will start in 2025.

This means that current discount of DKK 0.08 per kWh steadily falls away beginning in 2025, and kWh price for customers in the special price registers with an annual consumption of kWhs greater than 30,000 kWh annually. This increase will steadily be executed by DKK 0.02 per kWh up to the pre-existing DKK 0.08 per kWh.

The agreement with the Faroese Government addresses the kWh consumption of the “industrial customers” and the heavy oil consumption of SEV. Over the last years, the kWh consumption of the “industrial customers” has grown considerably and to date the consumption of heavy oil also has increased. Support has been offered to customers based on the payment for heavy oil that SEV was required to pay the Government pursuant to the agreement from 1992, but should use the value of this as support for the “industrial customers”.

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Forecast 2023	Budget 2024
Net sales	427.5	508.8	550.4	580.0	587.1	701.9	<b>763.4</b>
Oil purchases					17.3	46.3	<b>52.5</b>
Oil expenses	105.8	143.9	164.5	183.7	224.5	212.1	<b>218.6</b>
Goods and services	50.4	57.5	59.9	62.5	74.0	69.1	<b>68.8</b>
Wages	74.2	81.3	83.2	83.3	83.1	96.5	<b>97.3</b>
Result before depreciation and write-downs	197.1	226.2	242.8	250.5	188.2	277.9	<b>326.2</b>
Depreciation	115.1	113.6	141.4	162.0	170.7	182.3	<b>223.0</b>
Result before financial adjustments	82.0	112.6	101.4	88.5	17.5	95.6	<b>103.2</b>
Net interest expenses and value adjustments	34.6	37.0	40.2	34.2	-2.6	31.0	<b>65.4</b>
Result before taxes	47.3	75.6	61.2	54.3	20.1	64.6	<b>37.7</b>
Taxes	9.2	13.2	11.4	10.0	3.4	11.6	<b>6.8</b>
Result after taxes	38.1	62.4	49.8	44.2	16.7	53.0	<b>30.9</b>
<hr/>							
Total investments	436	341.8	331.1	209.9	241.0	243.7	<b>538.8</b>
Total assets	2,722	2,918	3,208	3,230	3,635	3,583	<b>3,871</b>
Cash	191	125	224	144	367	218	<b>166</b>
Equity	1,207	1,345	1,372	1,475	1,507	1,560	<b>1,591</b>
Total liabilities	1,473	1,446	1,638	1,592	1,952	1,811	<b>2,061</b>
NIBD/EBITDA	6.2	6.1	6.2	5.9	8.6	5.9	<b>5.9</b>
Equity Share	44.4	46.1	42.8	45.7	41.5	43.5	<b>41.1</b>

The budgeted result for 2024 projects a profit before taxes of DKK 37.7 million, wherein the EBITDA compared to net debt is a factor of 5.9. After taxes, the result will be DKK 30.9 million.

In the coming years, it is critical to have an excellent profit such that the operations of the Company can provide an excellent possibility for self-financing of the investments that lie ahead. Moreover, the strengthening of the operational revenue shall be of such a level that the Company can meet its debt even if there is a downturn in the economy.

In order to meet these goals, SEV, aside from estimating the need to balance pricing, shall study its operations and undertake evaluations of expenses and investments that are budgeted for the coming years. See Section 5 on the sustainability of the budgets for 2023 through 2030.

#### 4.1.1 Overview of the efforts to improve profitability 2012-2023

SEV submitted a proposed 2012 operations, financial and investment budget to the shareholders on 5 December 2011, along with a proposal to increase the price of electricity by DKK 0.25 per kWh for 2012. The Electricity Production Commission granted permission for the Company to increase the price of electricity by DKK 0.15 per kWh. Thereafter, SEV submitted a new proposed 2012 budget to the shareholders on 18 December 2011, wherein the price increase was stipulated at DKK 0.15 per kWh. The Board of Directors also called for savings of some DKK 5 million over and above the proposed budget.



At the Annual General Meeting held on 19 December 2011, the shareholders approved an increase to the price of electricity of DKK 0.10 per kWh instead of the suggested DKK 0.15 per kWh and SEV proceeded to again update the 2012 budget effective 19 December 2011 consistent with the wishes of the shareholders. Moreover, SEV was directed to source income and/or devise savings amounting to DKK 5 million, such that revenue coupled with the realized savings would equal DKK 10 million for 2012.

After implementing these initiatives consistent with the 2012 budget, SEV anticipated a deficit of DKK 6.3 million, instead of the originally budgeted deficit of DKK 16.3 million.

SEV submitted its budget for 2013 before an Extraordinary General Meeting on 30 November 2012. In this connection, it was again observed that SEV continued to be plagued by deficits that in the long-term would be unsustainable. Therefore, it was deemed necessary to implement strong measures, including the setting of a sufficient kWh price.

SEV subsequently invested considerable time and effort in the analysis of the price schedule to determine that each individual price level was appropriate. In addition, SEV carried out a detailed cost-benefit analysis for each category of customer and for each specific customer and it was determined that the pricing schedule for certain commercial customers, those in the so-called “industrial group”, was inadequate.

In 2013 and 2014, the special price schedule was amended such that the industrial customers that consumed more than 20,000 kWh would pay DKK 0.11 per kWh more in 2013. This was DKK 0.06 per kWh more than other customers had to pay under the new price increases. Other customers of SEV were levied a price increase of DKK 0.05 per kWh.

In 2014, the price of electricity was again increased by DKK 0.05 per kWh for the group of customers using more than 20,000 kWh, while no price increase was levied on other customers. The fixed base rate for this industrial group was also raised by DKK 600, while at the same time, the “lowest level” at which customers in this special price schedule could get the lowest price would be raised by 10,000 kWh from 20,000 kWh to 30,000 kWh.

The kWh price and the fixed rate fees remained unchanged in 2015 and 2016. For 2017, the price of electricity was decreased by DKK 0.05 per kWh for all customers and for 2018 the price of electricity was again lowered by DKK 0.05 per kWh for all customers, except for those industrial customers that consume more than 30,000 kWh.

In 2019, SEV increased the price of electricity by DKK 0.10 per kWh for all of its customers to compensate for the income loss stemming from the price reductions in 2017 and especially in 2018.

In 2020, the price of electricity was increased by DKK 0.05 per kWh for all customers, except those in the special price schedule with a rate of consumption greater than 30,000 kWh, generally called “industrial customers”, where the price increased by DKK 0.10 per kWh.

In 2021 and 2022, the electricity price remained unchanged. However, for 2023 the price increases to DKK 0.18 and DKK 0.22 per kWh for all customer groups except "Industrial customers" where the increase was DKK 0.28 per kWh and with this the support was lowered by DKK 0.06 per kWh (DKK 0.22 + DKK 0.06 per kWh). The Fixed Fee was both raised and lowered.

For 2024, a price change of DKK 0.05 per kWh is planned for all customers of the Company, including industrial customers.

The chart below shows the total costs of SEV compared to the income for each kWh sold. This represents the average cost including tax and the average sale price per each kWh sold, but excluding VAT.

	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
Income	1.34	1.46	1.50	1.52	1.49	1.72	1.79
Cost	1.22	1.28	1.36	1.41	1.44	1.59	1.71
Result	0.12	0.18	0.13	0.11	0.04	0.13	0.07

For 2024, the budget anticipates that each kWh on average will be sold for DKK 1.79, without VAT. The average cost for each kWh is DKK 1.71, corresponding to a result for SEV of DKK 0.07 for each kWh sold.

SEV believes that the expenses and investments budgeted for 2024 will be necessary to maintain and advance a reliable, high quality, and secure future provision of electricity.

The price schedule for 1 January 2024 will be as shown in the Table below. The fixed fee is an annual fee. The prices are shown with and without VAT.

Annual consumption in kWh	Fixed fee	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
0-10,000	480	1.41/ 1.76	1.51/ 1.89	1.56/ 1.95	1.56/ 1.95	1.56/ 1.95	1.74/ 2.18	1.79 - 2.24
10,000-100,000	1,280	1.33/ 1.66	1.43/ 1.79	1.48/ 1.85	1.48/ 1.85	1.48/ 1.85	1.70/ 2.13	1.75 - 2.19
>100,000	5,280	1.29/ 1.61	1.39/ 1.74	1.44/ 1.80	1.44/ 1.80	1.44/ 1.80	1.66/ 2.08	1.71 - 2.14

The price of electricity in the ordinary price schedule has increased by DKK 0.10 per kWh over a 10-year period from 2013 through 2022, corresponding to an increase in the price of electricity of 6.8% for the entire time period. During the same time period, the consumer price index increased by 13.3% (updated in August 2022). In June 2021, the consumer price index was 5.2%, thus, especially in 2022, the index greatly increased. Thus, the price of electricity grew less than the consumer price index for the same timeframe. During the same time period, SEV undertook total investments of DKK 3.0 billion, or in average DKK 300 million annually.

In 2023, it was necessary to increase the price of electricity by, respectively, DKK 0.18, 0.22 and 0.28 per kWh for the various price schedules based on the increase in interest rates, increased oil prices and increased costs and investment that SEV shall undertake.

For 2024, the price of electricity shall increase by DKK 0.05 per kWh for all customers of the Company, including the “industrial customers”.

A special price schedule is in effect for industrial customers, fish farming, agricultural, fishing industry and certain computer/data processing services. The fixed fee is an annual fee. The price is without VAT.

Annual consumption in kWh 1)	Fixed fee	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
0-10,000	480	1.41	1.51	1.56	1.56	1.56	1.74	1.79
10,000-30,000	1,280	1.33	1.43	1.48	1.48	1.48	1.70	1.75
> 30,000	9,680	1.10	1.20	1.30	1.30	1.30	1.58	1.63

The special price schedule for “industrial customers” includes export customers that have an annual consumption greater than 30,000 kWh, and for these customers the price of electricity was increased by DKK 0.31 per kWh over 10 years from 2013 through 2022, corresponding to an increase of 31.3% for the time period. This represents normal growth and the discount adjustments required by the discount system that was agreed to with the Faroese Government in 1992, wherein the adjustment equalled DKK 0.21 per kWh of the DKK 0.31 per kWh basis. In other words, the price of electricity for the “industrial customers” also increased by DKK 0.10 per kWh, which is consistent with SEV’s other customers, with the exception of the adjustment mentioned above.

The subsidy for the industrial customers was originally offered pursuant to an agreement with the Faroese Government executed in 1992, wherein the price of electricity was lowered by DKK 0.35 per kWh. This was based on the removal of SEV’s requirement to pay duties on heavy fuel oil, where SEV with law amendment was given permission not to pay duties on heavy fuel oil in return for subsidising “Industrial customers” with lower prices corresponding to the amount subsidised. This reduction was based on a level of electricity consumption for these customers that was considerably less then compared to the last few years.

SEV has, through the years, maintained the price reduction of DKK 0.35 per kWh, but has begun to adjust the subsidy afforded these customers based on the amount of kWh consumed in 2013, 2014, 2018 and 2020. Adjustments of the subsidy shall be undertaken relative to the amount of kWh that the so-called industrial customers purchase today compared to the amount these customers purchased in 1992 and the consumption of heavy fuel oil at SEV. To have the same discount as then, it is necessary to distribute the discount over several kWh and thus the discount is reduced per kWh. Based on confirmed data from 2021, the amount would be DKK 0.14 per kWh.

The subsidy for 2023 will be adjusted according to the planned figures in the budget for the coming fiscal year 2023 and not like previously done by using the latest confirmed accounting data, the amount shall be reduced by DKK 0.06 per kWh from DKK 0.14 per kWh, as it is at present, to DKK 0.08 per kWh.

Because the Faroese Government raises the environmental tax on heavy oil by DKK 0.80 per liter in 2024, from DKK 0.10 per liter to DKK 0.90 per liter this will result in challenges regarding the agreement between the Faroese Government and SEV from 1992 on the reduction of the price of electricity that was intended to steadily reduce the cost of electricity by DKK 0.02 per kWh per year, starting in 2025.

This means that the remaining reduction of DKK 0.08 per kWh steadily will fall away beginning in 2025. The calculation of the kWh price for customers in the special price schedules with an annual kWh consumption greater than 30,000 kWh will increase steadily for these customers by DKK 0.02 per kWh until the remaining DKK 0.08 per kWh.

## 4.2 Electricity sales and production

The Table below shows the growth in electricity consumption.

Year	Calculated electricity consumption for customers in GWh	Growth in GWh	Growth in %
2008	258.9	2.1	0.8
2009	252.0	-6.9	-2.7
2010	255.0	3.0	1.2
2011	254.8	-0.2	-0.1
2012	261.4	6.6	2.6
2013	274.4	13.0	5.0
2014	283.8	9.4	3.4
2015	288.1	4.3	1.5
2016	291.4	3.4	1.2
2017	306.5	15.1	5.2
2018	320.5	14.0	4.6
2019	350.4	29.9	9.3
2020	370.4	19.6	5.6
2021	387.6	17.1	4.6
2022	395.3	7.7	2.0
<b>2023 Forecast</b>	<b>409.0</b>	<b>13.7</b>	<b>3.5</b>
<b>2024 Budgeted</b>	<b>427.3</b>	<b>18.3</b>	<b>4.5</b>

The Table above shows an increase in average electricity consumption of 4.5% on average for 2024. This increase reflects growth in several customer groups with varying individual amounts of growth. Moreover, SEV is now including the impact of the shift in energy consumption in the budget, which will influence sales.

It is anticipated that there will be increased energy consumption, reflecting increased growth in production by SEV's commercial customers. SEV's private customers overall are using more and more electrical equipment, such as heat pumps, electric vehicles, flat screen TVs, and computers per individual customer. On the other hand, these particular customers are more and more conscious of ways to conserve electricity, e.g., using LED bulbs, which are much more energy efficient than regular light bulbs. In addition, SEV's private customers are now purchasing electrical equipment that is designed to use less energy than older equipment.

The trend toward increasing interest rates, consumer price index, and higher costs for fuel for the heating of homes and transportation indicates that there will be a declining impact on electricity consumption by private customers and therefore it is calculated that private customers of the Company will only provide an increase of some 1% of total consumption in 2024. Other customer groups will lie between 3%, while the fish farming group has a projected growth of some 6%. On the other hand, a decline is expected in street lighting.

The Table below shows SEV sales of GWh within the various customer groups from 2005 to 2022 (booked amounts), while the data for 2023-2024 are forecast (F) and budgeted (B).

	Agri- culture. aqua- culture. fishing industry. natural resources industry	Manu- fact- uring. pro- duction and construc- tion	Retail stores. restau- -rants. hotels	Transport. postal services. communi- cations	Financial services. insurance. other business services	Public / private sector services. churches and other religious organiza- tions. etc.	Street lighting	Homes. apts. summer homes and boat- houses	Electric vehicles and heat pumps <sup>1)</sup>	Calculated totals
2005	15.8	51.1	19.1	18.7	3.8	32.0	6.1	74.9	0	221.6
2006	19.3	53.8	21.0	21.8	3.9	34.1	5.6	75.6	0	234.9
2007	22.1	54.7	21.7	23.3	4.0	35.2	6.8	77.6	0	245.4
2008	23.1	53.8	22.9	25.1	4.2	36.2	7.0	81.5	0	253.9
2009	25.8	52.0	22.6	24.4	4.5	35.6	6.7	80.5	0	251.9
2010	25.9	48.9	22.5	28.7	4.2	36.5	6.8	81.3	0	255.0
2011	26.4	44.5	22.4	31.8	4.2	36.8	7.3	81.4	0	254.8
2012	29.4	52.5	21.6	34.7	3.9	36.6	6.9	75.7	0	261.4
2013	29.2	69.3	22.7	25.1	4.0	37.7	7.4	78.9	0	274.4
2014	31.1	76.1	24.7	25.7	4.0	37.3	7.0	78.0	0	283.8
2015	36.6	76.5	23.1	24.9	3.9	37.9	7.1	78.0	0	288.1
2016	37.9	73.9	24.4	25.6	3.9	40.5	7.0	78.1	0	291.4
2017	42.1	85.5	24.4	24.3	3.3	41.5	6.7	78.2	0	306.5
2018	56.8	82.2	24.9	24.3	3.7	42.1	6.6	79.9	0	320.5
2019	70.6	95.1	25.1	24.3	3.7	44.1	6.4	81.2	0	350.4
2020	83.9	96.5	25.0	23.6	3.5	45.5	6.2	82.2	4.0	370.4
2021	89.5	101.0	26.9	22.7	3.6	49.4	5.9	81.2	7.3	387.6
2022	94.3	100.9	26.9	22.7	3.4	49.0	5.6	80.3	12.2	395.3
2023F	102.4	99.6	27.5	22.6	3.4	51.3	5.3	81.9	15.2	409.0
<b>2024B</b>	<b>108.6</b>	<b>102.6</b>	<b>28.3</b>	<b>23.4</b>	<b>3.5</b>	<b>52.6</b>	<b>5.2</b>	<b>82.7</b>	<b>20.5</b>	<b>427.3</b>

The Table below shows the trend in electricity production in GWh and percentages from 2017-2022, for which the data are confirmed, while the figures for 2023 are forecast (F) and for 2024 they are budget projections (B).

Production in GWh	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
<b>Total</b>	352.0	386.1	406.8	423.8	433.9	451.5	<b>470.8</b>
<b>Thermal</b>	180.1	230.0	249.4	262.4	206.3	223.0	<b>168.8</b>
<b>Hydropower</b>	108.1	103.5	108.7	100.3	130.9	107.0	<b>115.0</b>
<b>Wind</b>	63.8	52.6	47.1	54.1	89.9	117.3	<b>180.4</b>
<b>BSS 1)</b>			1.6	7.0	6.7	4.2	<b>6.7</b>
<b>Black energy</b>	180.1	230.0	249.4	262.4	206.3	223.0	<b>168.8</b>
<b>Green energy</b>	<b>171.9</b>	<b>156.1</b>	<b>157.4</b>	<b>161.4</b>	<b>227.2</b>	<b>228.5</b>	<b>302.1</b>

1) BSS = biogas. tidal current. solar

Production in %	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
Thermal	51.2	59.6	61.3	61.9	47.6	49.4	35.8
Hydropower	30.7	26.8	26.7	23.7	30.2	23.7	24.4
Wind	18.1	13.6	11.6	12.8	20.7	26.0	38.3
BSS 1)			0.4	1.7	1.5	0.9	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Black energy</b>	<b>51.2</b>	<b>59.6</b>	<b>61.3</b>	<b>61.9</b>	<b>47.6</b>	<b>49.4</b>	<b>35.8</b>
<b>Green energy</b>	<b>48.8</b>	<b>40.4</b>	<b>38.7</b>	<b>38.1</b>	<b>52.4</b>	<b>50.6</b>	<b>64.2</b>

1) BSS = biogas. tidal current. solar

Production from renewable energy resources is estimated to be 302.1 GWh in 2024, corresponding to 64.2% of total production.

SEV refinanced its long-term debt in the summer of 2022 and received at the same time new financing, which in the main shall be used to finance investment in existing energy sources. SEV in addition has agreed with its loan providers to carry out some minimal measurements of the current energy production during the years 2022-2030. If the proportion of the current energy production does not meet the goals during a particular year, SEV shall pay additional interest for that time when the proportion is lower than that stipulated in the loan agreement.

The loan agreements of SEV stipulates the following proportions of current energy production for the years 2022 – 2030.



As shown in the Table above, SEV at the very least shall have a green production of 57% in 2024. It is planned that this will be 64.2% and with this it is planned that SEV will meet the conditions for green financing.

Oil-based production for 2024 is planned to be 168.8 GWh, corresponding to 35.8% of total production. The reason for this is that the production from wind will increase and thus there will be increased use of the battery system at Sund.

**4.3 Wind energy purchase from Vindrøkt I, SEV subsidiaries and LÍV/MAGN**

SEV has calculated that it will purchase wind energy production of electricity of around 4.0 GWh for DKK 0.21 per kWh from Sp/f Vindrøkt in Vestmanna. This yields an expense for an energy purchase of around DKK 0.9 million, which is in the budget for 2024.

SEV has also purchased wind energy from both companies that SEV owns and stand for the operation of the windmills at Neshaga and the operation of the windmills at Porkeri and Húsahaga.

The wind company at Neshaga has experienced trouble with several of its windmills since 2020 and the windmills at Neshaga have not produced the energy that was anticipated.

Moreover, there has been some trouble also with the windmills at Húsahaga.

The trouble with the windmills has not been resolved and this will impact production in 2024 as it did in 2022 and 2023.

The windmills at Neshaga generally produce around 15 GWh, but in 2024 it is anticipated that they will produce zero kWh and the purchase from the Neshaga windfarm thus stands uncertain, while the production at Porkeri is as it should be. Thus, it is calculated that SEV in 2024 will purchase 16.8 GWh for around DKK 5.9 million from the windfarm at Porkeri.



Moreover, it is budgeted that there will be much less electricity production from the Húsahaga company than normal.

It is deemed that SEV in 2024 will pay around DKK 0.358 per kWh (based on the approved price increase of 1%) for around 30 GWh from the windfarm at Húsahaga, corresponding to a total cost of around DKK 6.9 million.

The energy purchase from the windfarms at Húsahaga and Neshaga is not consistent with the budget because the issue reflects a consortium agreement.

From both of the new windfarm companies Sp/f Vindrøkt II and P/F Flatnahagi of LÍV/MAGN, a production from wind energy of some 70.2 GWh is planned. On the other hand, SEV shall pay for the total wind energy potential of both companies that is estimated to be around 164/173 GWh. The price that SEV shall pay to Sp/f Vindrøkt II is around DKK 0.21 per kWh and around DKK 0.24 per kWh to P/F Flatnahagi, corresponding to a calculated cost for the purchase of wind energy from both companies to be around DKK 38.9 million.

Moreover, it is calculated that there will be some purchase from a windfarm on Suðuroy for around DKK 2.6 million in 2024, corresponding to the agreement that is being negotiated. It is most probable that there will be trouble getting a windfarm on Suðuroy operational in 2024, given the short time that is left.

#### 4.4 Total revenue

Customer segment DKK millions	Forecast electricity sales in DKK millions 2023	Forecast fixed fees in DKK millions 2023	Forecast totals = (1)	Budgeted electricity sales in DKK millions 2024	Budgeted fixed fees in DKK millions 2024	Budgeted total = (2)	Difference in DKK = (2-1)
Agriculture. fish farming. fish processing and raw materials	150.9	0.7	151.6	166.5	0.7	167.2	15.6
Manufacturing. production and construction	150.3	1.5	151.8	160.9	1.5	162.4	10.6
Retail stores. restaurants and hotels	46.9	0.9	47.8	49.8	0.9	50.7	2.9
Transport. postal and communication	37.1	0.6	37.7	39.3	0.6	39.9	2.2
Finance. insurance and other commercial services	5.8	0.1	5.9	6.2	0.1	6.3	0.4
Public and private services. religious groups	88.8	1.8	90.6	94.2	1.8	96.0	5.4
Streetlights	9.0	0.4	9.4	9.0	0.4	9.4	0.0
Private homes. apartments. summer- and boathouses	158.4	16.6	175.0	164.6	16.6	181.2	6.2
New heat pumps	7.1	0.05	7.1	10.2	0.05	10.3	3.2
Electric vehicles	7.1	0.05	7.1	10.2	0.05	10.2	3.1
<b>Total</b>	<b>661.3</b>	<b>22.7</b>	<b>683.9</b>	<b>710.9</b>	<b>22.7</b>	<b>733.6</b>	<b>49.7</b>

The Table above shows that the Company will experience an increase in revenue in 2024 of DKK 49.7 million from kWh sales and fixed-fee charges, corresponding to a total revenue from kWh sales and fixed-fees of DKK 733.6 million. Also included in the overview are revenue projections for new heat pumps and electric vehicles to private customers, which have been shown individually in the Table to add clarity in the budget.

In addition, the Company will derive revenue from its connection fees and other services amounting to DKK 29.8 million, thus yielding a total annual revenue of DKK 763.4 million, compared to the forecast revenue of DKK 701.9 million for 2023. This means that SEV will earn DKK 61.5 million more in revenue than projected for 2023. Of this more income, SEV shall pay an environmental tax on heavy oil of around DKK 33.0 million.

#### **4.5 Operational expenses**

Expenses are subdivided among grid-related activities, production activities and administration.

Total expenses encompass oil costs, energy purchases, operational costs, depreciation, and interest. Operational costs of the Company are divided between goods and services and wages for employees.

Administrative expenses are mainly related to joint expenses, where a portion relates to production activities and a part to grid activities.

##### **4.5.1 Hedging strategy for oil, currency, and interest**

Over the last few years, SEV has undertaken major investment in its production facilities and the grid, and SEV intends to continue making such investments.

Based on all the investment either undertaken or planned by SEV, it is apparent that SEV to a certain extent is a project-based company and thus of necessity thinks long-term and builds its budgets accordingly. This means that it is critical to remain abreast of key costs, such as oil-currency exchange and interest rate expenses.

The price hedging strategy of SEV is based on the determination that it is critical for the Company to successfully hold to its budgets over the coming years. The purpose of hedging the Company's oil purchases or a portion thereof is to mitigate the fluctuating future oil prices in US dollars, compared to the projected purchase requirements, as well as to adjust operations if a major increase should occur.

The potential for SEV to cover any increases in costs by adjusting the price of electricity or other fees either partially or completely is limited, and the possibility of experiencing a deficit or an unsatisfactory operational result is only acceptable for a given time-period. Ultimately, the pricing levels are a decision of the shareholders of SEV and thus there is a political overlay. Pricing can also be subject to the final approval of the Electricity Production Commission. At the same time, the financing of increased operational costs through loan liquidity is only a

short-term solution and limits the potential for budgeted investment when extra financing is used instead to cover increased costs.

As part of SEV’s loan applications, the various financial institutions look closely at the key financial figures of the Company for the most critical areas and the requirements set by these institutions regarding these key data are rigorous and fixed. To obtain competitive financing, it is thus absolutely essential for SEV to meet or exceed the requirements of the financial institutions to insure against the most crucial risks relative to cost increases and SEV as well considers this to be a prudent business practice. When SEV ventures out into the loan market to obtain financing, SEV is compared to other similar companies and thus must compete against these other companies to gain the attention and interest of the financial institutions and, in the end, obtain the best financing possible.

SEV is an interesting customer to finance, and, according to SEV’s financial advisors, is considered an “investment grade” customer. This designation affords SEV the opportunity to gain favourable financing on many levels.

If SEV is to maintain this investment grade “rating”, it is critical to maintain consistent operations that yield a satisfactory surplus such that SEV’s key financial figures are equal to the companies with which it competes for financing. Confer also the discussion of investment rating under Section 6.

Therefore, SEV, together with Skandinaviska Enskilda Banken (SEB), which is SEV’s advisor in the area of financing and hedging, designed a hedging strategy for oil, currency, and interest. This hedging strategy is incorporated into the loan agreements that SEV has executed. At the same time, in collaboration with its advisors at the insurance broker Sp/f Íti (formerly Willis Føroyar), SEV has worked diligently to cover its insurance risks.

The price levels are not in themselves definitive relative to hedging, which is designed to ensure steady operations.

**4.5.2 Strategy for insuring against oil price and currency risks**

SEV has taken affirmative steps to minimize its oil price risks as shown in the Table below.

	Year 1	Year 2	Year 3	Year 4	Year 5
Oil price hedge	80%	60%	40%	20%	20%

This means that insurance coverage is taken out in year “1” for a specific fiscal year. In year “2”, this insurance coverage is increased to extend coverage for a total of five years. This framework secures a stepwise underwriting of insurance at a level that extends insurance coverage at a cost-averaged price level over the relevant time-period. SEV itself selects the type of insurance framework that is most advantageous to SEV to insure against fluctuations in the price of oil, e.g., fixed-price, top-price, top-bottom price, etc.

At the same time, as insurance coverage is put into place relative to the price of oil, SEV also enters into dollar term contracts to secure the funds for a specific time period to be used for oil purchases to insure against currency fluctuation risks on the dollar market.

#### 4.5.3 Strategy for insuring against interest rate risk

Pursuant to the Company's previously discussed interest-rate policy and agreements with its loan providers, SEV has secured its current long-term debt at terms longer than 12 months at a fixed rate of interest. At the same time, the repayment period for fixed-rate interest loans is between 5 and 10 years. This was done to ensure that SEV could cover its interest-rate risk of between 80% and 100% of its debt at any particular time. The debt could carry either an agreed upon fixed-rate of interest or a variable rate of interest that would be covered by an agreement to shift from a variable rate of interest to a fixed rate of interest (known as interest-rate SWAPs).

This strategy requires that the debt with fixed interest shall be maintained at such a level that, if the fixed-rate portion of the debt falls under 80% or increases to over 100% of total debt, an adjustment is made consistent with the interest rate swap agreements, where the goal is to maintain the fixed-rate portion of total debt at 90%. This means that some interest rate swaps could expire, e.g., to avoid having a portion of the debt larger than 100% protected against interest rate fluctuations. In turn, this means that the value of the interest rate swap will be settled.

A positive value lowers the financial needs of the Company, while a negative value increases SEV's financial requirements. The net balance of the interest rate swaps shall be booked under Company equity. SEV continually strives to balance its interest rate swaps over time, wherein the goal is to have on average a fixed rate of interest stipulated for terms between 5 and 10 years.

#### 4.5.4 Oil expenses

The Table below shows heavy oil consumption in tonnes for 2018-2022. Also shown are the forecast figures for 2023 and the budgeted consumption for 2024.

	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
Tonnes	35.976	44.226	51.121	51.436	42.943	46.831	35.444

SEV expects to use 35,444 tonnes of heavy fuel oil in 2024, compared to a forecast of 46,831 tonnes in 2023 or 11,387 tonnes less. Urea, gasoil and lubricating oil are in addition. The budget anticipates an average year relative to electricity production from hydropower, while at the same time electricity production from wind is expected to increase a lot in 2024.

The price on average is USD 550, which is included in the budget for the non-hedged part of the oil purchase for 2024, based on the "forward trend for oil price of heavy oil as of 19

October 2023. In addition, 10% is set aside for possible price fluctuations before the price hedging for 2024 is executed. The US dollar exchange rate is set at DKK 6.98 per dollar. In addition is the payment to the oil providers, custom duties and fees. Moreover, SEV has included in the budget DKK 12.0 million for the cost for balancing the accounting value of oil storage that shall be done every month.

Thus, it can have a major impact on the operational result if the trend in the oil price and the USD exchange rate is considerably different than set out in the budget until hedging is completed. In addition, the trend in the oil price impacts the value of the oil storage throughout the year. The payment, which is included in the budget, for the devaluation is to guard against this so that any deviation from the budget and that which occurs is a little as possible.

#### 4.5.5 Goods and services

2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
50.391	57.457	59.922	62.545	74.007	69.083	68.830

The projected total cost for goods and services for 2024 is DKK 68.8 million for goods and services, reflecting a similar cost as that forecast for 2023.

##### 4.5.5.1 Production activities

The Table below shows the cost trend for goods and services for production activities over the past several years in DKK million. The figures for the years 2018-2022 are realised figures.

2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
22.356	27.590	26.104	29.275	36.490	33.120	34.238

The cost for 2024 is budgeted to be DKK 34.3 million, compared to DKK 33.1 million forecast for 2023, corresponding to a increase in costs of DKK 1.1 million. The goal of the Company is to hold down expenses, but it must undertake the necessary maintenance to ensure secure operations.

##### 4.5.5.2 Grid activities

The Table below shows the cost trend for goods and services for grid-related activities over the past several years in DKK millions. The figures for years 2018-2022 are realised figures.

2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
9,927	10,013	12,311	14,967	17,535	17,101	14,757

Expenses for goods and services relative to grid activities is budgeted to be DKK 14.8 million in 2024, compared to DKK 17.1 million forecast for 2023, some DKK 2.3 million less.

The costs associated with the inspection department of the installation division, which is a responsibility of SEV pursuant to a directive of the Electricity Production Commission are estimated to be DKK 0.6 million.

#### 4.5.5.3 Administration

The Table below shows the cost trend for goods and services for administration over the past several years in DKK millions. The figures for the years 2018-2022 are realised figures.

2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
18,108	19,854	21,507	18,302	19,982	18,863	19,835

The Table above shows costs for administration, including the cost for research studies, consultancy work and the write-off of creditor/accounts receivable debt, etc. Expenses for 2024 are budgeted to be DKK 19.8 million, which is DKK 1.0 million higher than forecast for 2023.

In addition are costs related to research and advisory consultancy services, bank charges and the costs related to processing accounts receivable via the payment system. Other administrative costs include, among others, insurance, telecommunications and advertising, member dues in the Municipal Employers Association, write-off of customer debt, office cleaning, etc. electricity production oversight fees, employee costs, and office expenses and the costs associated with information technology, herein subscription and license fees for IT systems/programs.

In 2024, the plan is to continue work on several projects, and to start up new projects. Some that can be mentioned are the development plans under the development department, research on new costs and pricing structures, benchmark research, cost of managing of each entity, cost for legal advice, review of accounting data and auditors, communications, preparation of new communication standards and satisfaction studies.

It is possible to prioritise between work departments if necessary.

#### 4.5.6 Wage expenses

The Table below shows the trend in total wage expenses over the past several years in DKK million. The figures for years 2018-2022 have been verified and are accurate.

2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
74,201	81,265	83,167	83,310	83,054	96,538	97,267

In 2024, it is anticipated that the total wage expense will be DKK 97.3 million, compared to the forecast amount for 2023 of DKK 96.5 million or an increase of DKK 0.7 million, corresponding to 0.8%.

The 2024 budget is based on a portion of the wage expense being related to investment processing, because SEV will take care of a part of the various investment work. For 2024, DKK 11.6 million is set aside for investment processing, corresponding to a total wage expense for the Company of DKK 110.9 million in 2024, compared to a forecast amount in 2023 of DKK 103.5 million, or DKK 7.3 million more.

The budgeted growth stems from the fewer wage costs booked as investments, hiring of personnel, increases stipulated in the wage agreements, reassignments, on-call fees, and overtime compensation.

The Table below shows total wage expense for SEV for the past several years. Also shown are the adjustments to employee pensions governed by public civil service pension agreements and the wage expenses related to investment. Account balancing for pension payments is not included in the projection for 2023 and the 2024 budget.

For 2023, it is expected that less income balancing will be carried out so that the wage expense will be somewhat lower.

	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
<b>Total wages</b>	81,349	92,150	90,676	88,799	99,163	103,538	<b>109,041</b>
<b>Investment related</b>	7,436	8,087	6,952	6,239	8,509	7,000	<b>11,774</b>
<b>Pension adjustments</b>	-288	2,798	557	-750	-7,600	0	<b>0</b>
<b>Total operational wages</b>	74,201	81,265	83,167	83,310	83,054	96,538	<b>97,267</b>
<b>Wage growth in %</b>	10.1	9.5	2.3	0.2	-0.3	16.2	<b>0.8</b>
<b>Full-time equivalent employees</b>	172	178	174	169	180	185	<b>191</b>

SEV complies with the public wage agreements for the various union work groups relevant to SEV. An increase in the number of employees in certain specific areas is anticipated for 2024, costs related to employee reassignments, internal shift schedules, overtime, as well as an increase in wages as a result of future wage negotiations by the various unions. However, it is difficult to predict the possible growth in 2024 in the area of wage agreements, but it is recognized the growth in the public area where negotiations are underway (wage stipulations).

The personnel groups at SEV are varied. There are machine engineers, machinists and workers in production, electricity line layers, and electricians, specialists within the operations area, engineers in various branches, construction workers, IT experts, accountants with higher education, and-or education in the electricity area and people with much experience that carry out various projects of SEV.

The Table below shows total operational wage expense subdivided into production, grid-related activities, and administration for the past several years. The figures for 2018-2022 are realised figures.

	2018	2019	2020	2021	2022	Forecast 2023	Budget 2024
Production	36,700	38,497	39,866	36,769	38,590	38,596	38,644
Grid	23,500	23,996	26,114	30,044	32,290	37,069	34,612
Administration	14,002	18,772	17,187	16,497	12,174	20,873	24,011
<b>Total</b>	<b>74,201</b>	<b>81,265</b>	<b>83,167</b>	<b>83,310</b>	<b>83,054</b>	<b>96,538</b>	<b>97,267</b>

The Table above shows that wage expenses have grown from 2018 to 2023. Wage costs associated with investment processing amounts contributes as well to the growth.

Over the last few years, the Company has employed a number of additional people in all areas to meet the manpower needs required of the many and diverse projects that the Company is engaged in at present.

Wage expenses related to inspection of electric line installation, the responsibility for which SEV has taken pursuant to directives from the Electricity Production Commission/Ministry of Industry, is budgeted at DKK 5 to 6 million. Together with the costs of equipment, the total cost for this task is estimated to be around DKK 6 to 7 million.

In connection with the compensation paid to the Board of Directors, it should be noted that the Board Chairperson will receive a fixed compensation of DKK 12,612 per month; the Vice Chairperson, DKK 9,459; while general board members receive DKK 6,306 per month. This is the same as the previous year and this cost has not changed since 2010.

In addition, the Board members receive a meeting compensation that corresponds to the rate stipulated in the civil servant's wage agreement. This compensation is between DKK 624 and DKK 1,873 per meeting, depending on the length of the meeting.

Board members are reimbursed their travel expenses as well.

In the event that board members sit on other governing boards of SEV, e.g., subsidiary companies of SEV or the buildings committee or the like, they shall receive extra compensation, depending on the scope of work involved. However, there is no additional compensation provided for board work related to the wind farm subsidiaries.

Generally, the Board has a regular meeting once a month, plus extra board meetings, meetings with the municipalities, annual general meetings and other meetings with shareholders, government authorities, etc. For 2024, Board compensation and related costs are budgeted at DKK 1.5 million, compared to the forecast amount for 2023 of DKK 1.4 million. In addition, are reimbursements for travel expenses.



#### **4.5.7 Depreciation**

Depreciation is budgeted at DKK 223.0 million for 2024, compared to a forecast DKK 182.3 million for 2023, and is based on current fixed assets and anticipated acquisition and disposal of assets. This reflects an increase of DKK 40.7 million, DKK 14 million of which is based on a projected reduction of the windfarm at Neshaga, equalling the upgrading costs of the farm in 2024.

The distribution of depreciation from year to year can change somewhat, depending on when the asset was taken into use. This reflects a balancing between actual acquisitions and works in progress. However, the Company's depreciation expense will continue to grow over the course of the next few years, because major infrastructure investments will be undertaken and booked, and this will, in turn, increase the depreciation expense.

The budgeted depreciation for 2024 and onward is based in the main on the depreciation principles stipulated by the Electricity Production Commission. In the budget, production-related assets are, on average, depreciated over 25 years and buildings and dams over 50 years. Investment in the grid is depreciated on average over 35 years, while investment in operating equipment is depreciated on average over five years. Investment designed to extend the lifespan of an asset is depreciated over the extended useful life of the asset.

#### **4.5.8 Interest and balancing of equity**

Estimated interest expense is based on current loan facility agreements.

For 2024, net interest expense is budgeted at DKK 65.4 million. Net interest expense for 2023 is forecast to be DKK 31.0 million. Expenses in 2023 are impacted by financial balancing of the financial tools that are at present deemed income based on the increased interest and value of the US dollar.

Increased interest expense over the past few years stems from an increase in the loan facilities taken out by SEV for investment and operations. In 2008, interest expense was DKK 3.5 million, consistent with long-term debt of DKK 105.8 million held at year-end 2008.

For 2024, an increase in loan facilities of DKK 250.0 million is budgeted. The gross long-term debt at year-end 2024 is budgeted to be DKK 2,061.5 million.

#### **4.5.9 Taxes on annual result and deferred taxes**

The intent is to incorporate taxes on the result in the 2024 budget and onward. The 2024 budget calculates that deferred taxes will equal 18% of the annual result. This tax will not be paid but will be set aside as a debt obligation of the Company and booked under reserves as set-aside deferred taxes.

## 4.6 Investment

Investment for 2024 is projected to be DKK 538.8 million. The Table below shows the realised numbers for 2018 through 2022 and the forecast numbers for 2023 and the budget for 2024. Investment for 2024 is subdivided as the Table below shows.

Investment DKK million	2018	2019	2020	2021	2022	2023 Forecast	2024 Budget
Fossá power plant	0.4	0.7	0.5	0.4	0.6	2.8	4.4
Heyga power plant	0.1	0.8	0.6	0.1	0.8	12.9	14.6
Mýra power plant	1.8	0.4	0.4	0.4	0.2	0.4	4.5
Eiði power plant	2.6	0.3	0.5	1.0	1.1	1.9	2.8
Botni power plant	4.7	0.8	0.2	3.7	1.6	3.6	24.9
Vágs power plant	6.7	4.4	1.2	3.8	4.9	3.1	2.7
Sund power plant	255.3	193.1	75.0	28.1	26.7	24.0	71.2
Strond power plant	5.4	1.7	1.2	1.8	1.6	2.1	3.9
Small power plants	2.9	1.5	2.1	4.2	6.1	3.7	9.8
Wind turbines/pumping stations. etc.	2.2	3.7	70.4	0.1	2.9	6.2	64.0
Solar	0.0	3.1	0.8	0	0	0.0	0.4
Pumping station in Vestmanna	1.1	2.0	7.3	10.0	22.6	25.1	50.0
<b>Total production investment</b>	<b>283.3</b>	<b>212.5</b>	<b>160.3</b>	<b>64.0</b>	<b>69.2</b>	<b>86.0</b>	<b>253.1</b>
Coupling stations		61.2	51.5	64.7	79.4	71.3	95.9
Grid and other related equipment. etc.	137.5	54.1	93.3	78.2	81.2	76.3	127.1
Administration with buildings	15.1	14.1	25.7	13.4	11.2	9.9	62.8
<b>Total grid-related investment</b>	<b>152.6</b>	<b>129.4</b>	<b>170.5</b>	<b>156.3</b>	<b>171.8</b>	<b>157.8</b>	<b>285.7</b>
<b>Total budgeted investment</b>	<b>436.0</b>	<b>341.8</b>	<b>331.1</b>	<b>209.9</b>	<b>241.0</b>	<b>243.7</b>	<b>538.8</b>
<b>Budgeted 2017-2022</b>	<b>554.7</b>	<b>479.7</b>	<b>476.8</b>	<b>307.2</b>	<b>381.4</b>	<b>344.9</b>	
<b>Investment slack 1)</b>	<b>-118.7</b>	<b>-137.9</b>	<b>-145.7</b>	<b>-75.4</b>	<b>-140.4</b>	<b>-101.2</b>	

- 1) Less investment in 2020 is based on the fact that the Company has held back investment of some DKK 110 million as part of the Corona virus precautions of the Company, as well as, DKK 114.5 million was withheld in 2022, based on the pressure of the index factor NIBD/EBITDA.

The Fossá power plant was extensively upgraded over the last several years and in 2024 a variety of small upgrades were carried out for DKK 4.0 million. The total investment in the Fossá power plant over the last few years ensures that the power plant will be like new.

The Heyga power plant was also upgraded over the last few years for a considerable investment and in 2024 it is planned to shift out the old generator for a new one for DKK 9.0 million and the staging house will be updated. In 2023, the work on the new sluice gate at the bottom of the dam will be completed.

In 2024, at the Mýra power plant it is budgeted to install a new control panel for DKK 4.0 million.

Also at the Eiði power plant the budget calls for several small projects totalling DKK 2.8 million.

At the Botni Power Plant, plans are to expand the intakes to the Vatnsnesvatn for DKK 2.0 million in 2024. Moreover, the plan it to undertake the work to update the hydropower

turbines for DKK 22.0 million in 2024 and DKK 5.5 million in 2025. In addition, other small projects will be undertaken.

Considerable investment was made in the Vágur Power Plant with the result that the power plant is like new. In 2024, it is planned to carry out several small investments for a total of DKK 2.7 million.

The 2024 budget projects an investment in the Sund Power Plant of DKK 71.2 million. The goal is to purchase a new electric boiler for DKK 8 million. A new storage tank for heavy oil will be erected for DKK 30.0 million. This is part of the security efforts for SEV and the country as a whole. In addition, it is planned to update the accommodations for the employees for DKK 10.0 million. Moreover, several small investments will be carried out.

Work to update the Strond Power Plant shall continue in 2024 with several small investments for a total of DKK 3.9 million.

Some difficulties have been with the wind turbines at Neshagi and partly also at Húsahagi and the work to resolve these difficulties is expected to cost DKK 14.0 million at Neshagi. Negotiations are underway with the supplier of the wind turbines, Enercon, on how to resolve the financial challenges of these difficulties between the parties.

In connection with upcoming wind turbine tender, expected to be on Sandoy, DKK 50 million was set aside for 2024 and DKK 150 million in 2025. When participating in the tender, SEV shall establish an independent subsidiary for the project, in connection with the agreements that were undertaken between the Faroese Government and the owners of SEV, which are the Faroese municipalities.

A trial area for solar panels was set up in Sumba in 2019 for DKK 3.0 million. The plan was to invest in electricity production from solar energy over the coming years, wherein several actors intend to participate in the project.

Relative to the pumping system in Vestmanna, some DKK 10.4 million was used for studies in 2020, DKK 10.0 million in 2021, DKK 22.6 million in 2022 and DKK 25.6 projected for 2023. These funds cover research, trials, and advisory services. For 2024, DKK 50.0 million is set aside and it is planned that the project will be started the coming summer.

Work is underway to collect offers from the providers of construction work and electromechanical suppliers. This will provide a very good foundation to evaluate the total cost for the project and the sufficiency of the intended investment of DKK 1,300 million. Total costs will be placed before the Annual General Meeting of SEV for it to take a decision to set the project in motion.

Moreover, SEV is working on getting all the necessary permits in place and SEV anticipates that this will be completed in the coming months. It is expected that the pumping station will be completed in 2029-2030, at which point the installation will come online.

Significant investment in the grid, coupling stations, buildings, etc, need to be made in 2024 and in the years to come. Especially with regard to strengthening the grid and making it ready to receive more wind energy to meet the strong demand for power from the electricity consumers.

The total investment for the distribution grid for 2024 is DKK 103.4 million. The laying of several long cable systems is contemplated – Sandoy tunnel; Suðuroy, especially Vágur to Porkeri; the tunnels north of Fjall, Gamlarætt and in the capital, Tórshavn.

In 2024, the installation department will invest some DKK 23.7 million, especially in remote reading electric meters and home-based charging stations.

At Sund, a synchronous generator and battery system has been installed and it is expected to come online in December 2023. The goal is that the battery system and synchronous generator should support production and offer the oversight management that the motor and hydropower plants do today.

This will allow SEV to receive more electricity produced by wind energy into the grid. This will mean that the production of electricity from oil will decline.

Moreover, it is planned that SEV will build a battery system at Skálafirði (Skálabotni) for DKK 150 million total. Some DKK 47 million is set aside for this project in 2024. Moreover, a synchronous compensator will be set up north of Strond for DKK 24 million, of which DKK 16 million is budgeted for 2024.

Further, a battery and synchronous compensator will be set up on Sandoy and this is planned to be carried out in 2024 to 2026. The total budget is expected to be DKK 80 million, of which DKK 1.0 million is set aside for 2024.

SEV plans to erect several new coupling stations in the years ahead.

The work on the coupling station at Sandi has begun and DKK 10 million is set aside for the work in 2023, but it is anticipated that SEV will not use this amount. Altogether, the coupling station project is estimated to cost DKK 80 million, with the largest portion budgeted for 2025 and 2026. For 2024, only DKK 8.0 million is budgeted. The work on the coupling stations is linked to the demand for electricity from large customers in the region.

There is great demand for electricity also in the harbor area of Tórshavn, and SEV intends to construct a coupling station at Skansan for around DKK 50.0 million. In 2024, DKK 12 million is set aside for this project. In Vágur, there is also a great demand for electricity and it is planned that a new coupling station will be built for around DKK 70 million. In 2024, DKK 1.2 million is set aside to initiate the project.

Altogether, the plan is to invest DKK 95.9 million in coupling stations in 2024, including investment in battery and synchronous compensators. Total investment in coupling stations has changed over the last few years based on the greater demand for electricity from the customers of the Company.

The revised budget for coupling stations for 2024 and onward is as shown in the Table below.

Place/year in DKK million	2023F	Budget 2024	2025	2026	2027	Total
Sund battery / synch. compensator	40.0	0.5	0.0	0.0	0.0	40.5
Stórutjørn	0.3	0.5	1.0	36.0	72.0	109.8
Runavík	0.0	0.0	0.0	15.0	3.0	18.0
Skálabotnur	2.6	10.3	43.5	12.8	10.0	79.2
Skálabotnur battery system	0.0	47.0	95.0	8.0	0.0	150.0
Sand	10.0	0.8	30.0	40.0	0.0	80.8
Sand battery and synchronous compensator	2.7	1.4	40.9	43.0	34.0	122.0
Strond synchronous compensator	0.1	16.0	8.0	0	0.0	24.1
Skansin	3.0	12.0	29.0	5.0	0.0	49.0
Vágoy	1.5	1.2	13.0	42.0	13.0	70.7
Fuglafjørð	0.0	0.0	50.0	50.0	0.0	100.0
Other	11.1	6.2	0.5	10.0	3.6	31.4
<b>Totals</b>	<b>71.3</b>	<b>95.9</b>	<b>310.9</b>	<b>261.8</b>	<b>135.6</b>	<b>875.5</b>

The plan is to expand the administrative building on Landavegur with additional office space based on the increased activity in electric energy sector, better conditions for the control room, storage and archives. For this project, some DKK 19.4 million is budgeted. In addition, it is necessary to upgrade the kitchen and canteen and DKK 2.0 million is budgeted for this project. Moreover, it is planned to perform work on the grounds around the administrative building.

An investment of DKK 22.2 million is budgeted for computer equipment and programs in 2024. In addition, DKK 1 million is set aside for continuing development of the Company's webpage and DKK 1 million is set aside for marketing the updated identity of SEV.

It is planned that SEV will establish a museum facility for old equipment and learning opportunities within the electricity sector, which SEV has observed in other countries. It is planned that the facility will be located at North at Strond. This is not an immediate key project of SEV, but it is deemed to be a reasonable use of funds for such a project to protect the history of the electricity sector. If SEV does not undertake this project, it is believed that the old equipment and thus the history will not be preserved.

The project will take several years and in 2024 DKK 7.4 million is set aside for the project and DKK 8 million is set aside for each year through 2027 and DKK 4.0 million in 2028. In total, the project will cost DKK 35.4 million when it is completed.

In addition, funds are set aside for several small projects, among them projection of energy consumption in the Faroe Islands, a study of the tidal currents in connection with tidal energy and a concept for charging stations, etc.

The overall cost for these various investments is based on the costs for project management, preliminary studies, detailed evaluations, and projections. It is prudent to understand that changes could come in these various evaluations and that the cost estimates will be more accurate as the work progresses on the various projects.

Total investment is estimated to be DKK 538.8 million for 2024.

#### 4.7 Loan facilities and refinancing of current debt

In June 2022, SEV refinanced DKK 1,305 million in loan facilities and drawing rights and in addition obtained financing for some DKK 900 million for investment and liquidity via drawing rights and loan facilities. In total, this equals some DKK 2,205 million in refinancing and new financing that can be divided as shown in the Table below.

In 2023, the last part of the refinancing from 2022 was in place, corresponding to DKK 204 million. On the other hand, SEV shall pay back DKK 336 million to the American loan providers in December 2023, which is the first repayment of the financing the Company received in 2016.

SEV has asked NIB to extend the potential to draw a loan from NIB through June 2024. It is anticipated that this will not be a problem.

					Drawing rights Budget	Available Budget
Loan facilities in DKK millions	2016	2022	2023	2024		
US Private Placement Market	1.042	901	204		1.811	0
Bank financing syndicate		650			0	650
Bank financing SEB		200			0	200
Bank financing NIB		250			0	250
<b>Total</b>	<b>1.042</b>	<b>2.001</b>	<b>204</b>	<b>0</b>	<b>1.811</b>	<b>1.100</b>

The Table below shows how the Company shall refinance its current loan facilities 2022-2030<sup>1</sup>.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Bank financing 2016	623	0	0	0	0	0	0	0	0	623
Bank financing syndicate	0	0	0	0	0	650	0	0	0	650
Bank financing SEB 2019	350	0	0	0	0	200	0	0	0	200
Bank financing NIB	0	0	0	0	0	25	25	25	25	100
USPP 2016	0	336	0	0	538	0	168	0	0	1.042
USPP 2022	0	0	0	0	0	0	0	263	204	467
<b>Total</b>	<b>973</b>	<b>336</b>	<b>0</b>	<b>0</b>	<b>538</b>	<b>875</b>	<b>193</b>	<b>288</b>	<b>229</b>	<b>n/a</b>

1) Bank financing from 2016 and 2019 was refinanced in June 2022.

Notwithstanding the budgeted investment that is set out in the chart above, it will be necessary to refinance the bank financing from 2022 for some DKK 650 million and this will become a long-term debt at the same time that new drawing rights should become

effective in 2026 along with the refinancing SEV shall undertake for DKK 538 million from 2016 that becomes due and payable in 2026.

This means that SEV shall refinance its bank debt for DKK 650 million, refinance USPP financing for DKK 538 million, or a total of DKK 1,188 million. In addition, SEV shall undertake new bank financing of DKK 800 million to use for the investments that lie ahead. Moreover, the current operational credit for DKK 200 million shall be renewed.

The work to refinance SEV's debt and to receive new drawing rights is expected to begin in 2024 and continue to late 2025 when it is expected the work will be completed and the Company will have sufficient financing agreements in place.

#### 4.8 Liquidity

The Table below provides an overview of the Company's liquidity key figures, based on the detailed register maintained by the Company.

In DKK millions	Budget 2023	Verified and Forecast 2023	Budget 2024
Cash flow from general operations	303.0	277.9	326.2
Adjustments. debt. assets. financial instruments and inventory	13.2	21.7	-17.9
Cash flow from operations	316.2	299.7	308.2
Investment and work-in-progress	-344.9	-267.8	-538.8
Current year loan facilities	118.7	-138.1	250.0
Capital gains. taxes. net interest expenses	-72.0	-42.6	-72.2
Total Liquidity Changes	-25.0	-148.8	-52.8
Profit at beginning of year	250.9	367.3	218.4
Liquidity at year-end	268.9	218.4	165.7
Drawing rights/Line of credit	731.3	1.100.0	850.0
Cash at year-end including drawing rights and line of credit	1.000.1	1.318.4	1.015.7

The Company is always keenly focused on maintaining a solid and secure liquidity base. To date, the goal has been to maintain a security margin or cushion of DKK 100 million in available cash, in addition to drawing rights with various financial institutions.

SEV provides its subsidiaries loans via its internal transfer accounts or loans to the subsidiaries to finance the purchase of wind turbines and the erection thereof. In addition, daily operations of the subsidiaries are financed via internal transfer accounts with SEV.

At year-end 2024, cash on hand is budgeted to be DKK 165.7 million, plus DKK 850.0 million in drawing rights, or in total DKK 1,015.7 million.

#### 5. Sustainable budgets 2023-2030

In the years ahead, it is deemed especially prudent that the financial budgets be sustainable, given the goal of undertaking the pumping system at Vestmanna. It is necessary that the Company takes on debt to carry out these projects.

One of the fundamental conditions that the Company has adopted in order to maintain and foster sustainable financial budgets and which has been demonstrated in its stress-tests, as

well, is that net liabilities versus Company results before depreciation and interest (NIBD /EBITDA) must never be greater than a factor of six (6) during the period 2023-2030. The requirement is determinant regarding how much a suggested change in pricing could be.

With increased investment and increasing oil prices, it may be necessary to adjust upward the price of electricity charged by the Company in order to achieve the goal of the Company that the result before depreciation and interest (NIBD/EBITDA) is never greater than a factor of six (6) in the time-period 2023-2030.

The index factor at year-end 2022 was 8.6 and SEV began efforts to increase the price of electricity to hold the factor to the in-house level. Efforts were successful and the factor at year-end 2023 was 5.9, which is 0.1 times less than the in-house index.

The budget for 2024 and thereafter is structured so that the NIBD/EBITDA holds to a factor of 6 or less. At year-end 2024, the factor is projected to be 5.9 and equity at 41.1%.

To evaluate the sustainability of the budgets, a number of stress-tests were carried out on the assumptions underlying the budgets in order to observe the impact of these on a variety of key figures.

The stress-tests carried out are outlined in the Table below.

Stress test where all else remains the same	Price change in 2024
50% reduction in kWh sales to customers in the fish farming industry	0.15 kr. per kWh
50% reduction in kWh sales to customers in the pelagic fishing industry	0.08 kr. per kWh

The risk that the price of oil will rise in the coming years is, to a certain degree, covered by SEV having locked in the price of oil for its budgeted oil purchases over the long term. On the other hand, SEV may experience the need to purchase extra oil that is not hedged. SEV does not hedge gas oil, lubricating oil, and Urea, which can contribute to a higher cost than budgeted.

In the event that there is a decline in the fish farming industry, the economics of the Company no doubt will be more greatly impacted than shown via the stress-tests, because, in the main, such a decline would have wider economic impact for the entire economy of the country. These wider impacts are not incorporated into the stress-tests but should be duly considered in any planning.

In addition to the stress-tests detailed above, the Company has undertaken a stress-test to simulate reduction in kWh sales in 2025 and 2026 of 10% per year. Sales relating to the electrification remains unchanged and at the same level as in the original budget.

With a vast reduction in income, it will be necessary to increase the price of electricity correspondingly to the decline in sales to mitigate the impact. In order to reduce the index factor down to 6.0, it will be necessary to increase the price of electricity by DKK 0.30 per kWh in 2025, if sales decline as indicated in the stress test.



A stress test was also carried out where the pumping system at Vestmanna is deleted from the budget with the result that the price increase for 2025 is only DKK 0.10 per kWh instead of DKK 0.18 per kWh, or DKK 0.08 per kWh lower. After 2025, it is possible to reduce the price and/or self-finance the investment greater than otherwise. If the pumping system does not come on-line as planned, the question is whether SEV will meet the goals to be green by 2030.

### 5.1 Heavy oil tax

The Faroese Government has increased the environmental tax on the heavy oil that SEV uses. The tax was increased by DKK 0.8 per liter, from DKK 0.10 to DKK 0.90 per liter. Given this increase, the support agreement between the Faroese Government and SEV is no longer in effect.

This means that the Company's customers will experience a higher cost of electricity.

The support stipulated in the agreement between the Faroese Government and SEV equaled DKK 0.08 per kWh, which presently was offered to the industrial customers, corresponding in 2024 to a reduced income of DKK 15.5 million. For 2025, the amount is DKK 15.8 million. If this support were calculated into the heavy oil tax per ton, the result is as shown below:

Year	Income in DKK million	Tonnes Heavy oil	Dkk per ton
2024	15.5	35,444	437
2025	15.8	33,813	467

Because the environmental tax means a higher cost than a possible income, the support was essentially rescinded. It was necessary to regulate the price of electricity for all customers of the Company, except the industrial customers for whom SEV shall have all its cost relative to the environmental tax covered or reimbursed.

The Table below outlines the numbers:

Year	Tonnes Heavy Oil	Tax in DKK per 1,000 liters	Total cost thousand DKK *)	Cost in thousand DKK for increase
2024	35,444	900	33,207	29,517
2025	33,813	1,250	43,999	40,479

\*) notice is taken of the difference between liter and tonnes

If the heavy oil tax be stipulated as the above Table shows, and if SEV shall have complete coverage of its income, it will be necessary to increase the price of electricity for all customers of the Company in 2024 by DKK 0.07 per kWh and DKK 0.03 per kWh again in 2025, or DKK 0.10 per kWh in total.

SEV intends that the price of electricity in 2024 shall increase by DKK 0.05 for all customers of the Company, including the industrial customers.

## 6. Overview of SEV's fiscal economy for the period 2010-2030

SEV has undertaken significant investments over the last several years and intends to further undertake major investments in the years ahead, especially to ensure electricity supply security, to meet our production requirements, and the goals of Vision 2030. Each and every planned investment undertaken by SEV is consistent with and dependent upon the economic viability of the Company.

Maintaining a satisfactory profit is critical if SEV shall meet the planned investment goals it has mapped out for its production facilities and the grid. In this connection, it is critical that SEV maintain a satisfactory level of self-financing, generated via its own business operations, for the required investments. Financial projections of SEV indicate, or at least suggest, that since the Electricity Production Act entered into effect, SEV has not generated sufficient funds via its business operations to cover both its operations and necessary future investment. In fact, just the opposite.

The Table below shows the price fluctuations in Danish Øre per kWh and the trend in sales over the last few years.

Øre /kWh	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Ordinary customers	+10	0	0	+15	+10	+5	0	0	0	-5	-5	+10	+05	0	0	+18/+22	+5
Industrial customers	+10	0	0	+15	+10	+11	+5	0	0	-5	0	+10	+10	0	0	+28	+5
Sales in GWh	259	252	255	255	261	274	284	288	291	307	321	350	370	388	395	409	427

The Table below shows the trend in EBITDA and the annual result for the last few years.

DKK mil.	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23F	24
EBITDA	36	78	15	36	76	104	156	221	244	226	197	226	243	250	188	278	326
Annual result	-16	15	-46	-39	-12	12	58	103	93	89	38	62	50	44	17	53	31

From 2008-2012, SEV had a total deficit of some DKK 100 million, when the 2012 changes to the accounting procedures are considered. The Board and Management adopted the goal of eliminating such poor results and in 2013 the result revealed an operational profit of DKK 11.9 million. Since 2013 and onward to 2023, the total profit has been DKK 628 million.

A satisfactory corporate economy is one of the conditions stipulated by the financial institutions to even loan SEV any funds to finance the planned investment. The financial institutions consider SEV to be a good customer to offer financing and ascribe a stand-alone credit rating (consistent with Standard & Poor ratings) of BB+ (Business risk = Strong; Financial risk = Aggressive). If the linkage to the Faroese governmental authorities (the national government and the municipalities) is taken into consideration, the credit rating jumps to A-.

This credit rating (A-) is considered an "Investment Grade" rating, thus making SEV an interesting company in which to make an investment or offer financing. If only the stand-

alone credit rating is considered, SEV would fall out of the “Investment Grade” rating, which means that any interest in making an investment or offering financing would, in the main, disappear.

To ensure that SEV maintains its A- credit rating, it is critical that SEV maintains excellent and consistent relationships with the Faroese Government and the Municipalities, and, at the same time, ensures that its financial key figures are consistent with in-house requirements. In this regard, operations and income are determinative, if all the planned investment should be undertaken and the necessary loan facilities be obtained.

If SEV shall strengthen its credit rating, its financial key figures should be strengthened considerably, and this can only be done through enhanced operational profit relative to its financial liabilities. Here the income side plays a decisive role, as well as one must be watchful of the expense side of the business.

It is considered that it is not good for an ordinary company to carry a debt load compared to EBITDA higher than a factor of three (3). However, it is normal that this figure is higher. Given that SEV is a consolidated concern that operates outside the norms for an ordinary business, the norm of a factor of three (3) may be deemed too demanding. On the other hand, SEV has set the long-term goal that its debt load compared to EBITDA shall not exceed a factor of six (6).

It is of vital importance that the goal of debt load to EBITDA at the most shall be a factor of six (6) and this is the goal that SEV strives to achieve. Charts 1 through 4 on the following pages shows the investment trends of the Company. Moreover, investment is compared to net revenue.

Chart 1 - Verified investment in DKK million - 2009 to 2022, forecast for 2023 and budgeted for 2024

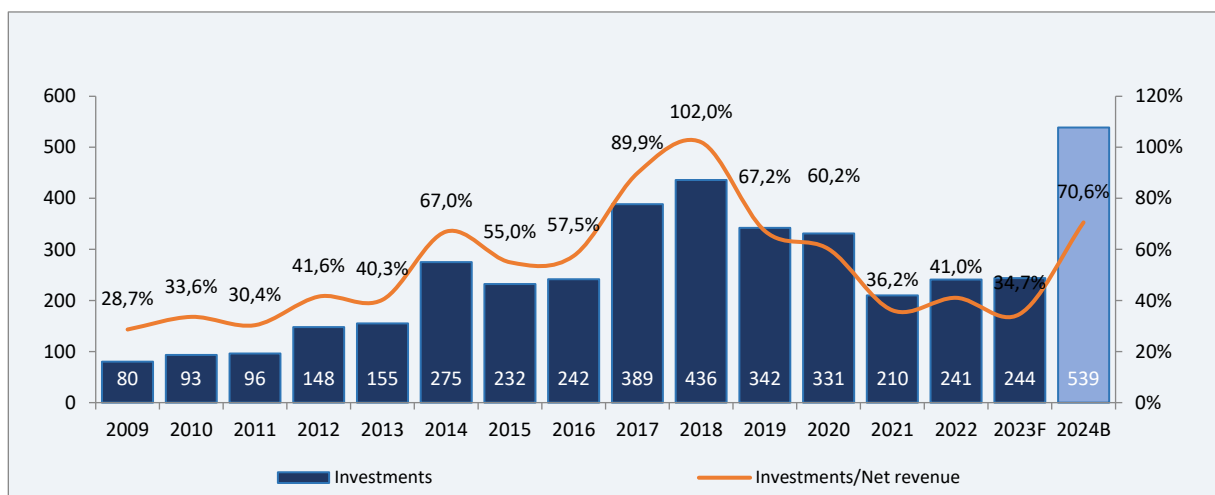
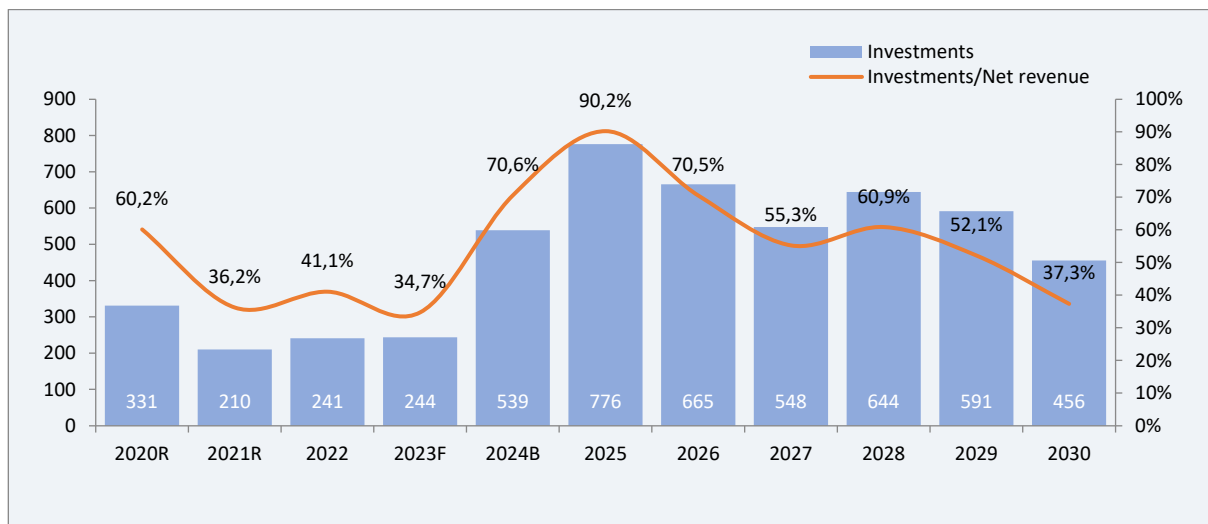


Chart 2 – Planned investment in DKK million 2022 – 2030 and investment compared to net revenue <sup>1)</sup>



1) Investments in 2020-2022 are realised and 2023 is forecast.

The Charts 1 and 2 above show the trend in verified and projected investment over a long time-period. The projected investments over the next five years are significant. Therefore, it is critical for SEV to have a strong fiscal economy.

Chart 3 below provides a more detailed description of the investments.

Chart 3 – Projected total investment 2020-2030<sup>1)</sup>

Investment DKK millions	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
<b>Grid including administration</b>	178	135	172	158	287	377	422	300	86	127	100	2.341
<b>Production</b>	151	75	69	86	253	400	243	247	558	464	355	2.902
<b>Total</b>	330	210	241	243	539	777	665	547	644	591	455	5.243
<b>Subdivided into main projects</b>												
<b>Pumping systems</b>	7	20	23	26	50	200	202	211	305	208	74	1.326
<b>Battery systems and synchronous generators</b>	1	45	54	46	65	144	61	34	0	0	0	450
<b>Hydropower</b>	2	6	5	22	51	17	4	10	4	5	31	156
<b>Wind turbines</b>	1	1	3	6	64	160	0	0	0	0	0	235
<b>Coupling stations</b>	51	32	26	25	31	167	201	102	35	31	0	701
<b>Grid</b>	92	45	81	72	103	55	149	151	44	93	97	982
<b>Back up</b>	0	0	0	27	82	19	34	27	250	250	250	933
<b>Other</b>	176	61	49	20	93	15	14	12	6	5	3	453
<b>Investment</b>	330	210	241	243	539	777	665	547	644	591	455	5.243

1) Investments in 2020 and 2022 are realised and 2023 is forecast.

Chart 4 – Projected investment in the grid 2020-2030 <sup>1)</sup>

The investment in the Grid is especially focused on the coupling stations, the battery systems and the synchronous generators and the grid.

Grid investment (DKK mil.)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
<b>Coupling Stations</b>	51	32	26	25	31	167	201	102	35	31	0	700
<b>Battery systems and other equipment</b>	1	45	54	46	65	144	61	34	0	0	0	450
<b>Grid</b>	92	45	81	72	103	55	149	151	44	93	97	982
<b>Administration</b>	26	13	11	10	64	10	10	12	6	2	2	166
<b>Other</b>	8	0	0	5	24	1	1	1	1	1	1	43
<b>Grid totals</b>	178	135	172	158	287	377	422	300	86	127	100	2.341

1) Investment in 2020 and 2022 is confirmed and 2023 is forecast.

Chart 5 shows the verified net revenue of the Company from 2010 to 2022, and Chart 6 shows the projected net revenue over the period 2020 – 2030.

The growth in revenue over the last few years stems from price increases and greater sales of kWh. Confer the Tables above on price changes and sales to customers in GWh. Thus, it can be seen net revenue has increased and it is necessary to maintain a good net revenue in the years ahead. As the Chart shows, the Company is anticipating a change in energy consumption, including electric cars and heat pumps. Thus, the revenue of SEV will increase in the coming years.

Chart 5 – Net revenue in DKK million and growth therein in % per year 2010-2024

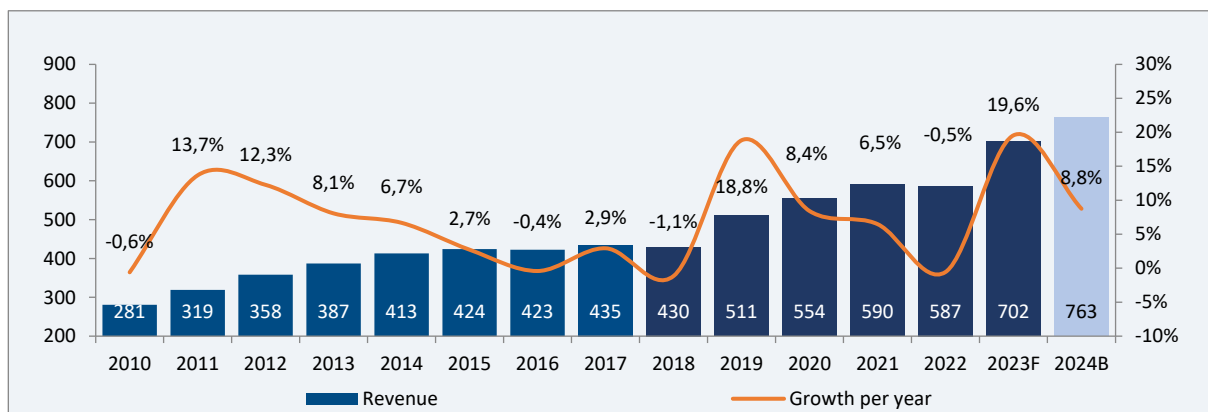
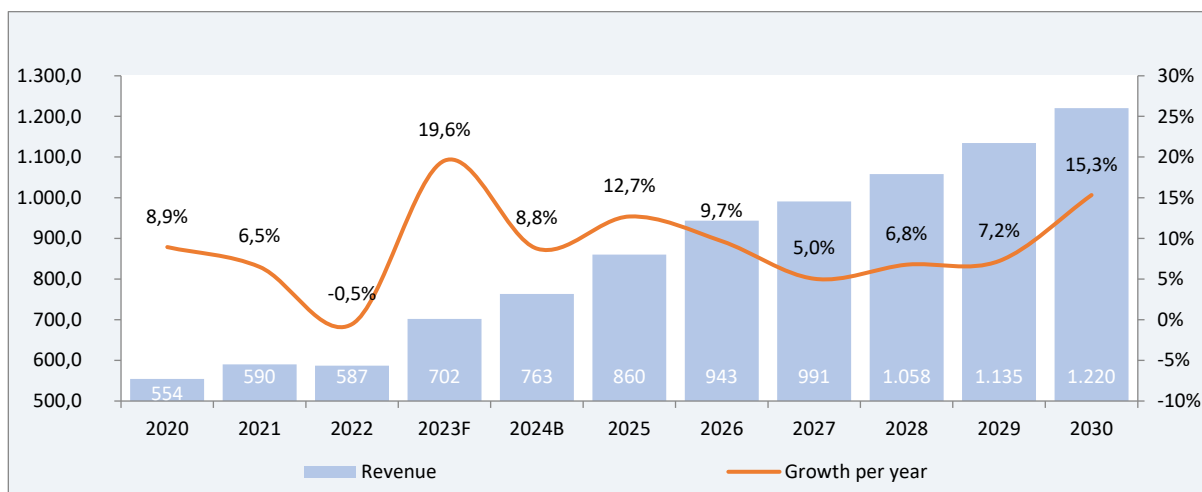


Chart 6 - Net revenue in DKK million and growth therein in % per year 2020 – 2030



In 2020 is included the price increase of DKK 0.05 per kWh for all customers of the Company, expect customers in the special price schedule that consume more than 30,000 kWh, wherein the price increase is DKK 0.10 per kWh. There was no price increase in 2021 and 2022.

For 2023 a price increase is included of DKK 0.18 per kWh, DKK 0.22 per kWh and DKK 0.28 per kWh for the various customer groups, as discussed earlier in the report. Factored in the price increase of DKK 0.28 per kWh for "Industrial customers" is a levelling of DKK 0.06 per kWh reduced the subsidy to "Industrial customers".

In the budget for 2024, a price increase of DKK 0.05 is planned for all customers of the Company, including the "Industrial customers".

In the long-term budgets, a price increase of DKK 0.18 per kWh for all of the Company's customers is planned in 2025. In addition, it is planned that the subsidy to the "Industrial customers" will steadily decline beginning in 2025 by DKK 0.02 per kWh and continue annually until 2028.

Regarding the price changes for 2024 the owners of the Company shall take the final decision in connection with the review of the budget for 2024 at the Extraordinary General Meeting to be held on 8 December 2023. At the same time, a possible change in pricing shall be approved by the Electricity Production Commission.

Chart 7 – EBITDA and EBITDA margin compared to net revenue 2010 -2024

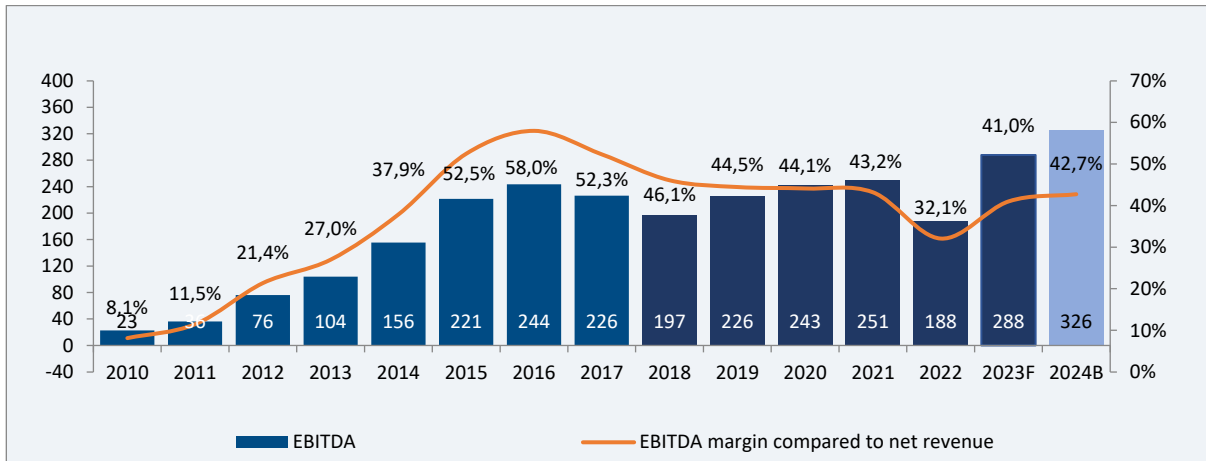
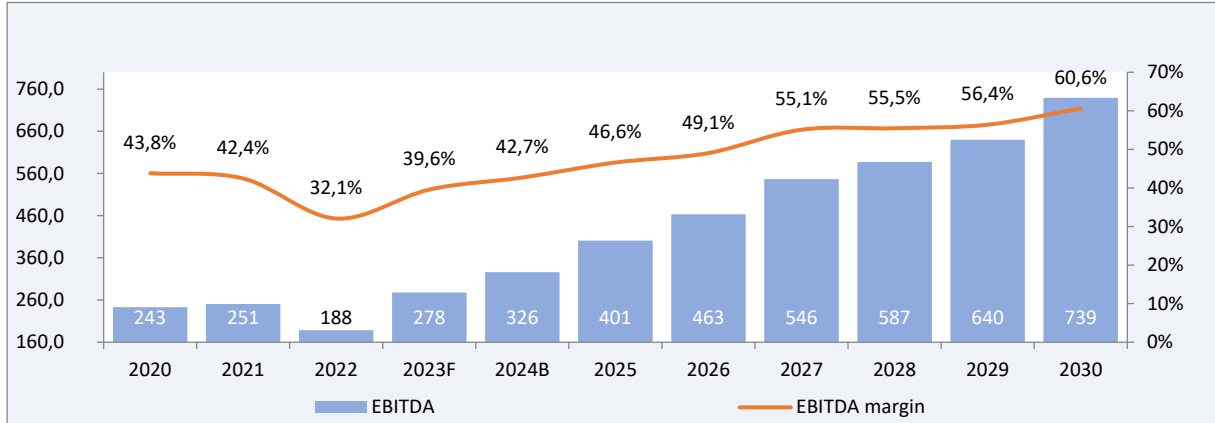


Chart 7 shows the trend in EBITDA and EBITDA margin compared to net revenue over the last few years. This was at a low level, but subsequently has strengthened considerably over the last few years, but in 2022 this has fallen based on the decline in sales, higher oil costs and other high costs to an EBITDA of DKK 193.2 million up to a net revenue of DKK 587.1 million or 32.1% in 2022. It was therefore necessary to increase the EBITDA margin and therefore the kWh price was increased in 2023. Furthermore, this can be seen in the income side where the EBITDA increased by DKK 90 million from DKK 188 million in 2022 to DKK 278 million in 2023.

Chart 8 – EBITDA and EBITDA margin compared to net revenue 2020-2030

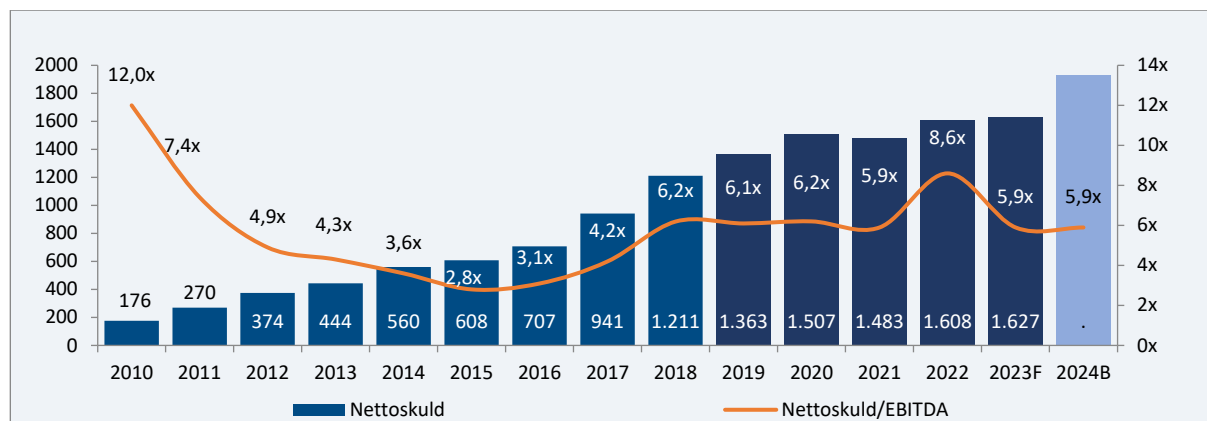


One of the most significant key figure ratios is net liabilities compared to EBITDA. SEV has stipulated in-house that this ratio shall not be greater than a factor of six (6).

In the current loan facilities with the various financial institutions, this ratio can rise to a factor of nine (9), but SEV believes that this is too high and will therefore strive to ensure that it rises no higher than a factor of six (6).

Because the financial institutions have permitted a factor of nine (9), this affords SEV a certain secure margin within which to operate. Chart 9 below shows the trend over the last few years of net liabilities in DKK millions compared to EBITDA.

Chart 9 – Net debt compared to EBITDA 2010 – 2024



As Chart 9 indicates, the net debt compared to EBITDA in 2010 was an especially high level and subsequently decline to a factor of 5.9 in 2021 which is 0.1 under the stipulated in-house margin of 6.0.

The index factor in 2022 was 8.6, which is 2.6 more than the in-house index and the goal was to bring this down to a factor of 6 or lower. For this reason, SEV increased the price of electricity for 2023 and this has shown to support the goal of bringing the factor to the in-house level.

SEV intends not to stay outside the safety margin of between 6.00 and 9.00. The safety margin is in place to accommodate a situation such as the one SEV has experienced in 2022 with declining income, high oil costs and higher costs otherwise than budgeted.

Because the factor of NIBD to EBITDA was close to the high mark stipulated by the loan providers, SEV communicated with the loan providers on the possibility of raising the high level mark to 9.5 for a short time period if this proved necessary.

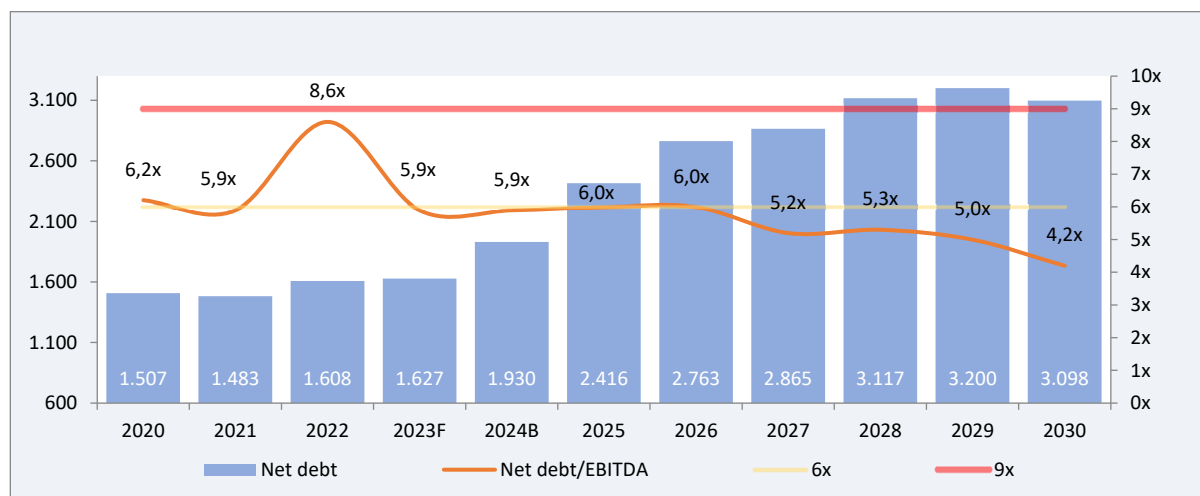
With the price increase in 2023, the factor fell swiftly through the year and it is expected that it will decline to 5.9 or lower by the end of 2023. The Table below (figures for January through September 2023 are verified numbers) shows budgeted and verified trend in the key figures through 2023. It can be seen that the goal to keep the factor to a level of 6 or lower is expected by the end of December 2023.

2023	EBITDA Budget	NIBD Budget	Factor Budget	EBITDA verified	NIBD verified	Factor verified
Mars	217,352	1,766,772	8.13	239,735	1,670,416	7.0
June	242,166	1,787,976	7.38	250,412	1,640,928	6.6
September	281,425	1,806,854	6.42	274,440	1,680,981	6.1
Desember	302,967	1,818,110	6.00	277,933	1,627,398	5.9

SEV is working continuously to hold the key factor to at most 6, and expects it to be 5.9 by the end of 2023, which is a good starting point for 2024.



Chart 10 – Net debt compared to EBITDA 2020-2030 <sup>1)</sup>



1) Financial instruments are included in the net debt figures.

As Chart 10 shows, net debt compared to EBITDA in 2020 is higher than a factor of 6, but subsequently the factor declines to 5.9 in 2021 and then increases to a factor of 8.6 in 2022. The reason is as stated above in the report – declining income, higher oil costs and increasing costs overall.

In order to get the factor down to 6.0 in 2023, it was necessary for a price increase such that the factor remains within the stipulated in-house margin of up to 6.0 or lower.

The price increase for 2024 is planned to be DKK 0.5 per kWh for all of the Company’s customers, including the industrial customers and in the long-term budget for 2025 it is also planned for a price increase of DKK 0.18 per kWh. In addition, it is planned to steadily reduce the subsidy for the industrial customers and in 2025 this will be reduced by DKK 0.02 per kWh.

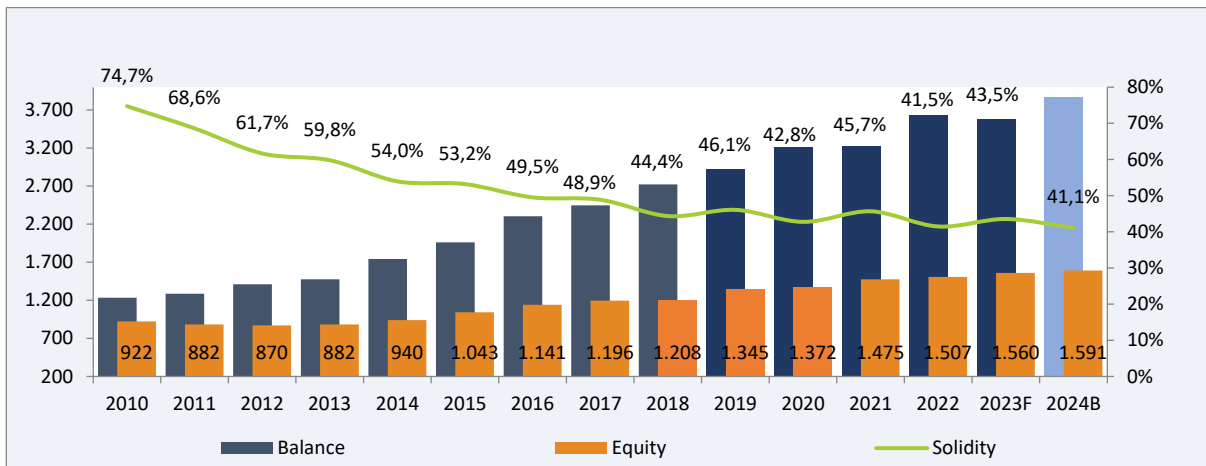
Thus, the factor in 2025 is planned to be 6.0 and the equity part to be 38.0%. Given this, it is planned to keep the NIBD/EBITDA factor below 6.0, but the equity part will not meet SEV’s in-house requirement of 40%.

The requirement for the NIBD/EBITDA factor from the loan providers is that it should not be greater than a factor of 9.0. The requirement for equity is 35%. Given all this effort, both factors are within the requirements of the loan providers.

The operations, financing and investment budget for SEV for 2024 shall be reviewed by the owners of the Company at an Extraordinary General Meeting on 8 December 2023, when the final decision will be taken regarding the budget as a whole, including pricing circumstances.

The overall budget will also be reviewed and acted upon by the Electricity Production Commission of the Environment Ministry, which is the government entity in the sector, pursuant to current legislation.

Chart 11 – Asset balance and equity in DKK million and solidity (asset/equity ratio) in percentages 2010-2024

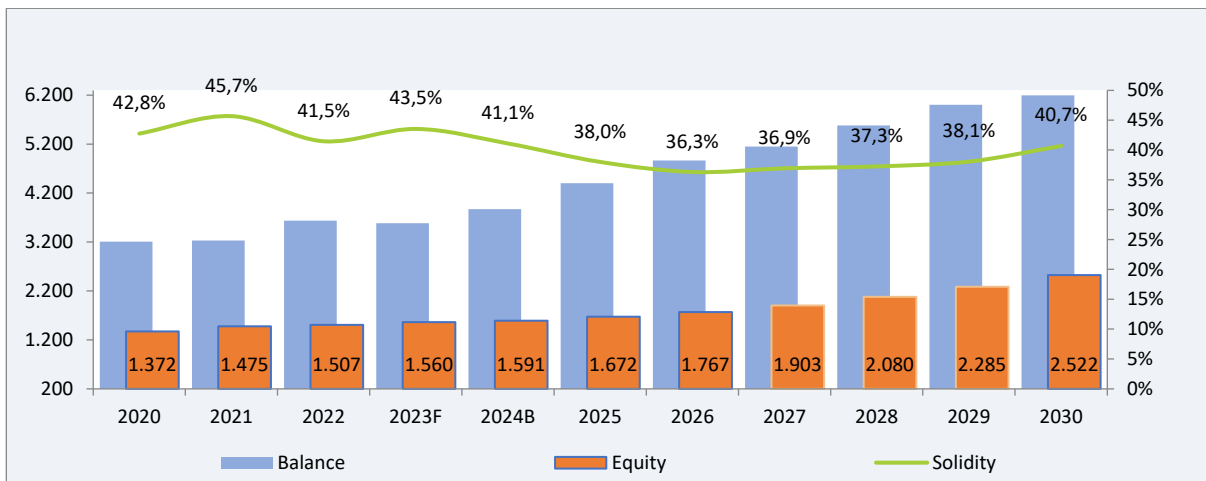


Throughout all the referenced years, SEV has maintained good solidity (owner equity compared to total assets) and in 2022 this equalled 41.5%. The budget calls for this ratio to 43.5% at year-end.

The in-house requirement at present is 40.0%, where the requirement of the financial institutions providing financing to SEV is that owner equity versus total assets must not be less than 35%.

Thus, the Company meets both of these requirements for share equity and NIBD/EBITDA.

Chart 12 – Assets and equity in DKK million and solidity (asset/equity ratio) in percentages 2020-2030



As Chart 12 shows, the goal of SEV is to continue to maintain strong solidity in the years ahead.

## Windfarm subsidiaries of SEV and Fjarhitafelagið

## 7. Independent subsidiaries to operate wind farms

At year-end 2016, the wind farm subsidiaries were founded, respectively, P/F Vindfelagið í Neshagi, business registration no. 6387 and P/F Vindfelagið í Húsahagi, business registration no. 6386. These companies own and operate the wind farms at, respectively, Neshagi, Porkeri and Húsahagi. For more information about these wind farm companies, confer the 2016-2022 annual reports for the wind farm companies, which are available at [www.sev.fo](http://www.sev.fo).

In the budget, SEV has removed the operations of the windfarms at Neshagi and Húsahagi, because the budget of SEV is a concern budget, which contains the parent company and the subsidiaries under one budget.

### 7.1 P/F Vindfelagið í Neshaga: Neshagi og Porkeri

The wind farm at Neshagi was completed and went operational in November 2012. Thus, the wind farm has produced electricity for SEV's customers for several years and the trials conducted until 2019 were good. In 2020, several wind turbines were damaged, and this impacted the operations of the company in the wrong direction these last years.

The faults are closely investigated, and it is planned that Enercon will conduct the maintenance and repair. Moreover, in this connection, other providers that could carry out repairs as necessary were contacted in the event the agreement with Enercon did not work out. Hopefully, all the wind turbines will be operational in 2024 and the cost of such repairs is estimated to be DKK 14.0 million, which is set in the budget for 2024. Economically the repairs of the windmills are good if certain conditions are met. The Electricity Production Commission shall approve of this solution.

It is intended that these repairs will be financed by increasing the equity of the Company by said amount, and also the windmills would be depreciated by the same amount, in total DKK 14.0 million.

The operations in 2023 were impacted by the damaged windmills at Neshaga that have remained still the entire year. Normally, production of the company is around 15 GWh of electricity into the grid of SEV from the windmills of Neshaga, but in 2023 as mentioned there was no production from Neshaga. The windmills at Porkeri have produced as budgeted.

The company believes there will no production from Neshaga in 2024 and it will not be until 2025 that the windmills at Neshaga will again produce electricity into SEV's grid. It is anticipated that production will be around 10 GWh, corresponding to DKK 4.6 million. This is cautiously set because the unknown possibility that production from the windmills at Neshaga can begin again in 2024 after the first upgrading and repair. If so, the income of the company will be better than budgeted.

The windmills of the company in Suðuroy are producing as they should and sales from the windfarm in Porkeri is budgeted to be 17 GWh, corresponding to an income of around DKK 5.9 million.

For 2023, the income of the company will be DKK 5.9 million and given this income the result will be a deficit in operations for 2023 of some DKK 7.2 million after taxes.

The windfarm at Porkeri formally entered into service in February 2021 at a cost of DKK 70.0 million. The share capital in the company in 2023 is planned to be increased by some DKK 18 million such that the share capital will most likely be DKK 25 million. Long-term loan facilities will grow by DKK 53.3 million such that the accounts will decline correspondingly, when the result of the accounting incorporates the long-term loans.

The Table below shows the confirmed numbers for 2018-2022 and forecast numbers for 2023. In addition, the budget (B) for 2024 is shown, plus the projected figures for 2025 and 2026.

DKK thousands	2018	2019	2020	2021	2022	2023F	2024B	2025	2026
Sales	6,770	5,732	3,809	10,212	14,144	5,802	5,860	10,580	12,006
Operations and maintenance	913	1,042	1,645	2,153	1,609	6,108	4,869	4,917	4,967
Financial costs and depreciation	3,628	3,604	3,566	8,504	8,807	8,422	22,307	8,192	8,075
Result before taxes	2,230	786	-1,403	-446	3,729	-8,728	-21,316	-2,529	-1,035
Taxes on result	401	142	253	80	671	-1,571	-3,837	-455	-186
Annual result	1,828	645	-1,150	-366	3,058	-7,157	-17,479	-2,074	-849

The windfarm at Eiði is temporarily postponed and is not part of the budget.

Below is the financial position of the subsidiaries in key figures. It should be noted that there may be changes in the figures for 2023-2025 when the windfarm project in Porkeri finally is completed, most likely at the end of the year. Moreover, an infusion of share capital in the company in 2023 should be expected as equity relating to the project.

DKK thousands	2018	2019	2020	2021	2022	2023F	2024B	2025	2026
Total asset	36,166	34,423	96,332	90,162	96,593	88,650	81,618	74,586	67,554
Credit and time limits	5,499	5,103	225	76	201	92	92	92	92
Current account for loan 1)	23,025	20,364	81,183	73,667	65,607	53,249	53,503	50,985	48,413
Assets	12,036	12,681	9,383	11,614	25,141	30,377	26,897	24,823	23,974

## 7.2 P/F Vindfelagið í Húsahagi: Húsahagi

SEV decided to erect 13 wind turbines at Húsahagi some time ago and placed these assets in an independent subsidiary after SEV had ensured itself that the project would be finally completed. The project cost was DKK 104.5 million.

The wind farm at Húsahagi was completed and entered into operation in October 2014. Thus, the wind farm has generated electricity to SEV's customers for nine years and the trials up until 2019 went well. Over the last few years, some of the wind turbines experienced damage and these wind turbines have not produced electricity for a part of the year. SEV has an EPK [Enercon Partner Konzept] agreement with the provider of the wind turbines [Enercon] through and including 2023, such that the missing income from these wind turbines comes under the agreement provided by Enercon to SEV. This means that Enercon will refund to

Vindfelagið Húsaagi any lost income from the wind turbines or a part thereof. A new EPK agreement or maintenance agreement shall be undertaken with Enercon.

The 2023 budget projects that SEV will purchase some 30 GWh per year of the electricity production of the subsidiary for DKK 0.34 per kWh, pursuant to a special price agreement approved by the government authorities. This equates to an electricity purchase of around DKK 10.5 million.

Below are the audited figures for 2018-2022 and the forecast numbers for 2023. In addition, the budget for 2024 is shown, while the figures for 2025 and 2026 are forecast.

±DKK	2018	2019	2020	2021	2022	2023F	2024B	2025	2026
Sales	12,692	13,663	11,094	11,473	13,071	10,368	10,472	10,577	10,682
Operations and maintenance	4,702	5,054	4,430	4,886	4,928	5,858	5,063	5,013	5,063
Financial costs and depreciation	8,754	8,658	8,535	8,395	8,248	8,115	7,982	7,847	7,709
Result before taxes	-764	-49	-1,871	-1,808	-105	-3,604	-2,573	-2,283	-2,090
Tax on result of 18%	127	-9	337	325	19	0	0	0	0
Annual result	-636	-58	-1,535	-1,483	-86	-3,604	-2,573	-2,283	-2,090

As the above Table shows, the company in 2023 has high costs in connection with the maintenance of the windmills. Moreover, as mentioned above, it is anticipated that sales of only 30 GWh will be made to SEV. If this is the case, the total wind potential is higher than the budgeted 30 GWh, such that the income of the company will be higher than budgeted. As conditions are as budgeted in the coming years for operations and thus impact on the equity, it will be necessary to strengthen the capital foundation of the company or undertake other options. These shall be approved by the Electricity Production Commission.

Below is the financial position of the subsidiary shown in principal figures.

±DKK	2018	2019	2020	2021	2022	2023F	2024B	2025	2026
Total assets	85,166	79,609	69,010	65,664	55,646	44,162	35,158	27,304	20,249
Credit and time limits	6,912	8,574	5,101	9,026	6,285	1,586	2,079	353	0
Current account for loan	63,834	58,336	52,166	46,137	39,973	33,536	27,105	20,538	13,834
Assets	21,331	21,273	15,801	14,317	14,231	10,627	8,053	5,770	3,680

## 8. P/F Fjarhitafelagið

SEV owns one-half (50%) of P/F Fjarhitafelagið, while Tórshavn Municipality owns the other half. Thus, P/F Fjarhitafelagið is considered an “associated” company of SEV and therefore not a part of the financial budget of SEV, except that the capital portion of the company is booked as part of the assets of SEV.

In order to strengthen the company because the company is now engaged in a major expansion of the district heating system, the plan is to increase the share equity of the company by some DKK 30 million in 2022, wherein SEV has agreed to contribute DKK 15 million and Tórshavn Municipality will contribute DKK 15 million. To increase the share capital is deemed necessary because the debt (NIBD) compared to income (EBITDA) is high.

Fjarhitafelagið, as a “distance heating” company, sells heat in the form of hot water to several of the communities within the municipality of Tórshavn and according to the latest annual report has some 1,740 customers, compared to 1,599 customers in 2021. Thus, 141 new customers joined the company in 2021, compared to a total of 146 the previous year.

The annual accounts of the company as at year-end 2022 show a balance sheet of DKK 233,0 million, compared to DKK 233.0 million in 2021, and a share equity in 2022 of DKK 82.7 million, compared to DKK 58.6 million in 2021. The annual result for 2022 was a deficit of DKK 5.9 million, compared to DKK 2.4 million in 2021. Thus, there was a worse result in 2022, compared to 2021, when both years experienced a deficit.

The company wrote in its annual report:

*Production in 2022 equalled 37.5 GWh compared to production in 2021 of 37.1 GWh. Annual net sales equalled DKK 26.5 million, compared to DKK 27.6 million last year. The result after taxes is a negative DKK 5.9 million, compared to a negative DKK 2.4 million last year.*

*The year 2022 was very impacted of higher oil consumption because several large customers came online, as well as we had experienced hard weather with much wind and cold. In the fall, we again got power from the Sund power plant.*

*In 2022, investments totalled DKK 17.7 million, these included new distance heating pipes laid along Landavegur, Jóannes Patursonargøta and Kongagøta. Some work was undertaken along Karlamagnusarbreyt and in connection with the new temporary station at Sund.*

*During the fiscal year, Fjarhitafelagið employed seven staff members. In addition, it was necessary to procure certain additional outside manpower.*

*The company will continue along its “green” path that the shareholders and the board have laid out, which entails the linking of the western region of Tórshavn and Argir into the total system of Fjarhitafelagið. The company also is working on bringing other green energy sources into the system.*

*In the middle of 2023, Undir Kongavarða and Klingurstjørn 1 og 2 were connection with the rest of the distant heating grid. Also there is much interest in connecting other neighborhoods into the distant heating system.*

By utilizing the heat generated by the incinerator at Sandvíkahjalla and the motors of the Sund power plant that otherwise would go to waste. Fjarhitafelagið is a green enterprise, which is consistent with the vision of the Faroe Islands becoming 100% green by 2030. Work is underway to considerably expand the system over the course of the next few years and the company has secured the necessary financing for this endeavour.

It will be important for the economy of the company that the regulatory initiatives of the government designed to promote the competitiveness of heat pumps over oil furnaces do not undermine the earnings potential of Fjarhitafelagið, which already is a green heating solution.

**Tórshavn, the 15 November 2023**

**Elfelagið SEV**

**[Electric Utility Company SEV]**



## **9. Financial Statistics and Tables**

**Page 66 following**

- **Operations**
- **Asset Adjustments**
- **Liquidity**
- **Investments**
- **Table**

	Staðfest	Ætlan íalt / Budget in total	Staðfest og	Frávik millum ætlað og		Ætlan og	Vöxtur í mun til		Framskriving/	Framskriving/
	íalt/ Actual		ætlað / Actual	staðfest/-framroknað		Budget and	2023		projections	projections
	in total		and Budgeted	kr	%	projections	kr	%	Ár / year	Ár / year
Rakstur / Operations	2022	2023	2023			2024			2025	2026
			íalt / total	kr	%	Ár / year	kr	%	Ár / year	Ár / year
<b>Inntøkur / Revenue</b>										
kWh-gjald / kWh charges	553.399	656.264	661.271	5.006	0,8	710.921	49.650	7,5	818.660	891.984
Fast gjald / Fixed charges	18.207	23.099	22.674	-425	-1,8	22.674	0	0,0	22.582	22.989
Íbinding / Connection fees	16.015	10.247	16.000	5.753	56,1	27.775	11.775	73,6	17.000	13.000
Søla av avlopsorku	0	0	0	0	0,0	0	0	0,0	0	13.426
Annað / Other charges	-556	1.000	2.000	1.000	0,0	2.000	0	0,0	2.000	2.000
Keyp av vindorku og Biogass / Purchase of wind power and Biogas	0	0	0	0	0,0	0	0	0,0	0	0
<b>Umsetningur / Turnover</b>	<b>587.065</b>	<b>690.610</b>	<b>701.945</b>	<b>11.334</b>	<b>1,6</b>	<b>763.370</b>	<b>61.425</b>	<b>8,8</b>	<b>860.242</b>	<b>943.399</b>
Orkukeyp	17.284	51.333	46.295	-5.038	-9,8	52.523	6.228	13,5	58.357	61.571
Oljuútreiðslur til egna nýtslu / Cost of oil used in production	224.485	180.631	212.096	31.465	17,4	218.558	6.462	3,0	221.419	236.414
Tilfar og tænaþjónustur / Materials and services	74.007	62.890	69.083	6.193	9,8	68.830	-253	-0,4	77.019	77.789
Framleiðsluvirkir/Production	36.490	28.768	33.120	4.351	15,1	34.238	1.119	3,4	39.581	39.977
Netvirksemi uttan fyrirsiting /Grid without Administration	17.535	13.420	17.101	3.681	27,4	14.757	-2.344	-13,7	14.905	15.054
Fyrirsiting /Administration	19.982	20.702	18.863	-1.840	-8,9	19.835	972	5,2	22.533	22.759
<b>Bruttovinningur / Gross profit</b>	<b>271.290</b>	<b>395.756</b>	<b>374.471</b>	<b>-21.285</b>	<b>-5,4</b>	<b>423.459</b>	<b>48.988</b>	<b>13,1</b>	<b>503.447</b>	<b>567.625</b>
<b>Starvsfólkaútreiðslur - Salaries and wages</b>	<b>83.054</b>	<b>92.788</b>	<b>96.538</b>	<b>3.750</b>	<b>4,0</b>	<b>97.267</b>	<b>729</b>	<b>0,8</b>	<b>102.664</b>	<b>104.706</b>
Framleiðsluvirkir /Production	38.590	36.596	38.596	2.000	5,5	38.644	48	0,1	40.284	41.090
Netvirksemi uttan lönir hjá fyrirsiting /Grid without Administration	32.290	34.469	37.069	2.600	7,5	34.612	-2.457	-6,6	36.732	37.467
Fyrirsiting / Administration	12.174	21.723	20.873	-850	-3,9	24.011	3.137	15,0	25.648	26.149
<b>Úrslit áðrenn av- og niðurskrivingar / Profit before depreciation, amortization and impairment</b>	<b>188.236</b>	<b>302.967</b>	<b>277.933</b>	<b>-25.035</b>	<b>-8,3</b>	<b>326.191</b>	<b>48.259</b>	<b>17,4</b>	<b>400.783</b>	<b>462.920</b>
<b>Avskrivningar / Depreciation, amortization and impairment</b>	<b>170.718</b>	<b>178.363</b>	<b>182.348</b>	<b>3.985</b>	<b>2,2</b>	<b>223.022</b>	<b>40.675</b>	<b>22,3</b>	<b>221.863</b>	<b>242.101</b>
<b>Úrslit áðrenn fíggarpostar og skatt / Profit before financials and tax</b>	<b>17.518</b>	<b>124.604</b>	<b>95.585</b>	<b>-29.019</b>	<b>-23,3</b>	<b>103.169</b>	<b>7.584</b>	<b>7,9</b>	<b>178.920</b>	<b>220.818</b>
Virðisjavnun av kapitalþórtum / Subsidiary fair value adjustments	0	0	0	0	0,0	0	0	0,0	0	0
Rentuútreiðslur og javnan av fíggarligum amboðum / Interest expenses and value adjustments from derivatives	2.553	60.428	62.490	-2.062	-3,4	65.441	2.951	4,7	80.791	104.070
Rentuinntøkur og javnan av fíggarligum amboðum/ Interest revenue and value adjustments from derivatives	0	0	-31.500	31.500	-100,0	0	31.500	-100,0	0	0
<b>Úrslit áðrenn skatt / Profit before tax</b>	<b>20.072</b>	<b>64.176</b>	<b>64.595</b>	<b>419</b>	<b>0,7</b>	<b>37.728</b>	<b>-26.867</b>	<b>-41,6</b>	<b>98.129</b>	<b>116.749</b>
Skattur / tax	3.404	11.552	11.627	-75	-0,7	6.791	-4.836	-41,6	17.663	21.015
<b>Úrslit eftir skatt / Profit after tax</b>	<b>16.667</b>	<b>52.624</b>	<b>52.968</b>	<b>344</b>	<b>0,7</b>	<b>30.937</b>	<b>-22.031</b>	<b>-41,6</b>	<b>80.465</b>	<b>95.734</b>

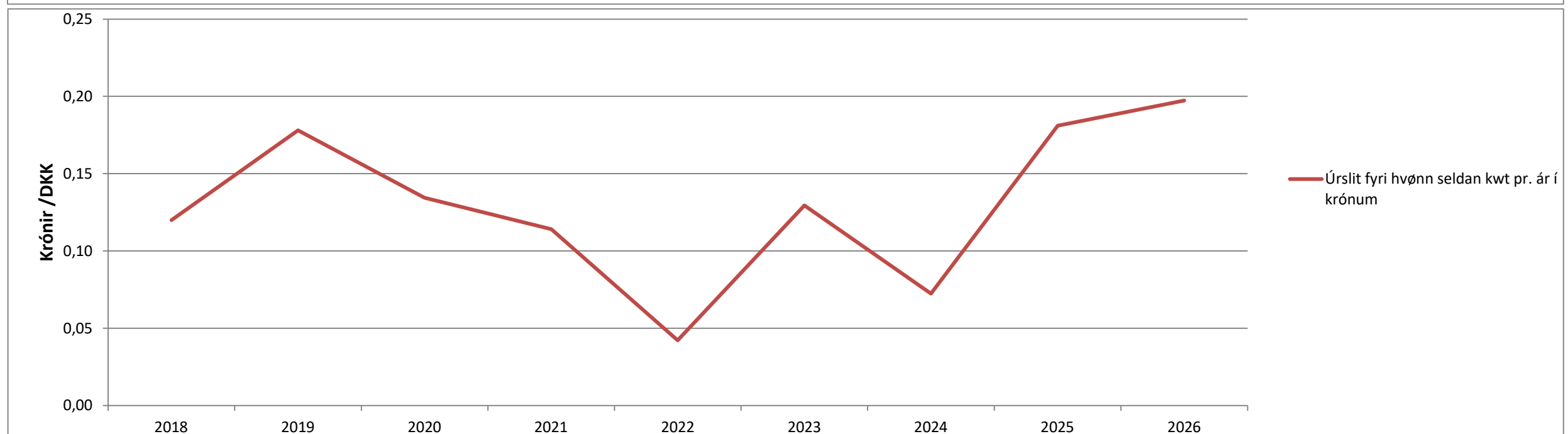
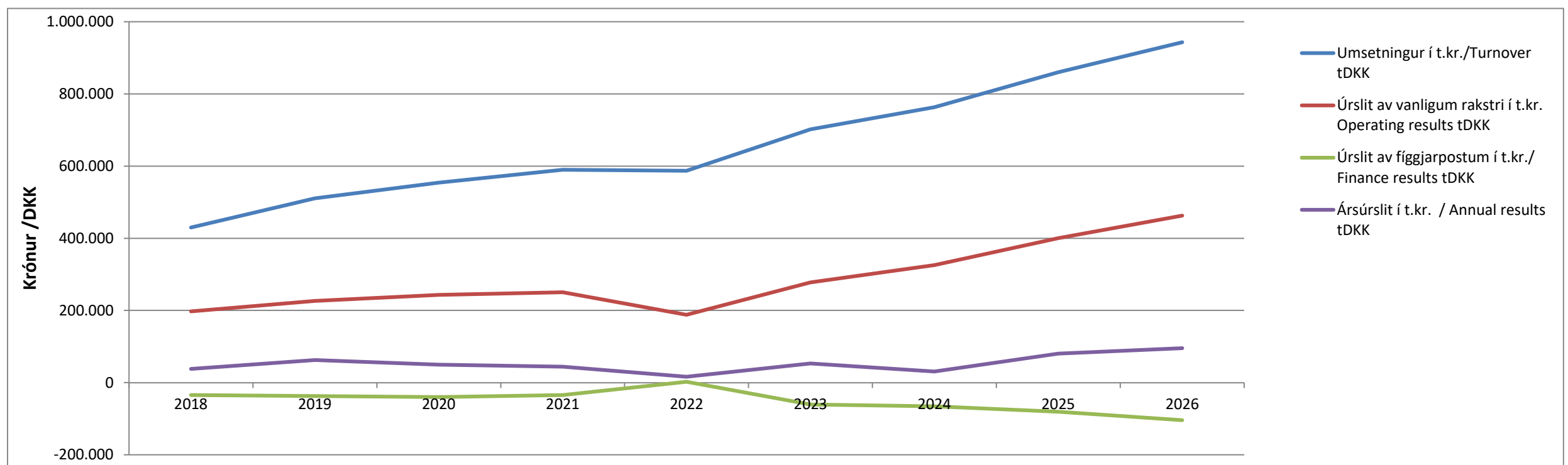
JAVNI / PR. 31. DESEMBER / BALANCE PR. 31. DECEMBER	2022	2023	2023	2024	2025	2026
	Annual Report	Budget	Actual and budget	Budget	Projections	
AKTIV / ASSETS	Íalt/total		Íalt	Íalt	Íalt	Íalt
<b>Fastar ognir og avskrivningar / Fixed assets and depreciation, amortization and impairment</b>						
Útvegnarvirði við ársbyrjan / Acquisition value beginning-of-year	4.914.213	5.106.983	5.068.990	5.270.751	5.715.716	6.041.026
Tilgongd / additions	155.849	233.665	201.761	444.965	325.310	657.620
Frágongd / disposals	1.072	-	-	-	-	-
<b>Útvegnarvirði við ársenda / Acquisition value year-end</b>	<b>5.068.990</b>	<b>5.340.648</b>	<b>5.270.751</b>	<b>5.715.716</b>	<b>6.041.026</b>	<b>6.698.646</b>
Avskrivningar við ársbyrjan / Depreciation, amortization and impairment beginning-of-year	2.276.825	2.437.637	2.446.470	2.628.818	2.851.840	3.073.703
Avskrivningar í árinum / Depreciation, amortisation and impairment over the year	169.645	178.363	182.348	223.022	221.863	242.101
<b>Avskrivningar við ársenda / Depriceation, amoritzation and impairment year-end</b>	<b>2.446.470</b>	<b>2.616.001</b>	<b>2.628.818</b>	<b>2.851.840</b>	<b>3.073.703</b>	<b>3.315.804</b>
<b>Fastar ognir við ársenda / Fixed assets year-end</b>	<b>2.622.520</b>	<b>2.724.648</b>	<b>2.641.933</b>	<b>2.863.876</b>	<b>2.967.323</b>	<b>3.382.842</b>
Íløgguarbeiði í gerð / Investment works in progress	296.727	395.383	338.678	432.478	883.478	891.128
<b>Materiel stöðioagn / Tangible fixed assets</b>	<b>2.919.246</b>	<b>3.120.031</b>	<b>2.980.611</b>	<b>3.296.354</b>	<b>3.850.801</b>	<b>4.273.970</b>
Kapitalpartar í dótturfelögum / Investments in subsidiaries	-	-	-	-	-	-
Kapitalpartar í assosieraðum virkjum / Investments in associates	17.750	17.750	17.750	17.750	17.750	17.750
Avleidd fíggarlig amboð/derivatives	127.548	158.263	151.660	151.660	151.660	151.660
<b>Fíggarlig stöðisogn / Financial Assets</b>	<b>145.298</b>	<b>176.013</b>	<b>169.410</b>	<b>169.410</b>	<b>169.410</b>	<b>169.410</b>
<b>STÖÐISOIGN TILSAMANS / Total Assets</b>	<b>3.064.544</b>	<b>3.296.044</b>	<b>3.150.021</b>	<b>3.465.764</b>	<b>4.020.211</b>	<b>4.443.380</b>
Olja á goymslu - Oil nventory	29.426	76.781	18.977	32.846	44.638	70.156
Tilfar á goymslu - Materials inventory	36.721	27.139	47.619	47.619	47.619	47.619
Arbeiði í gerð fyri fremmanda rokning / paid for work in progress	0	0	0	0	0	0
<b>Goymslur tilsamans / Total Inventory</b>	<b>66.147</b>	<b>103.920</b>	<b>66.596</b>	<b>80.464</b>	<b>92.257</b>	<b>117.775</b>
Vøru- og tænastráðing (Elskuldarar) / Electricity debtors	125.945	124.694	131.134	142.029	159.519	174.534
Skuldarar aðrir / Other debtors	0	0	0	0	0	0
Millumrokning við net / Settlement grid	0	0	0	0	0	0
Millumrokning við dótturfelög/ Settlement with subsidiary company's	0	0	0	0	0	0
Önnur áögn / Other receivables	0	0	0	0	0	0
Tíðavmarkingar /Prepayments and accrued income	10.791	13.968	17.202	17.202	17.202	17.202
<b>Skuldarar tilsamans / Total Receivables</b>	<b>136.736</b>	<b>138.662</b>	<b>148.336</b>	<b>159.230</b>	<b>176.721</b>	<b>191.736</b>
Lánsbrøv / Obligations	0	0	0	0	0	0
<b>Virðisbrøv tilsamans / Total shares</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tøkur peningur / Cash and cash equivalent</b>	<b>367.271</b>	<b>268.885</b>	<b>218.428</b>	<b>165.650</b>	<b>110.048</b>	<b>113.096</b>
<b>OGN Í UMFERÐ TILSAMANS /TOTAL CURRENT ASSETS</b>	<b>570.154</b>	<b>511.466</b>	<b>433.360</b>	<b>405.345</b>	<b>379.027</b>	<b>422.607</b>
<b>AKTIV TILSAMANS / TOTAL ASSETS</b>	<b>3.634.698</b>	<b>3.807.507</b>	<b>3.583.380</b>	<b>3.871.109</b>	<b>4.399.237</b>	<b>4.865.986</b>

JAVNI PR. 31. DESEMBER / BALANSE PR. 31 DECEMBER	2022	2023		2024	2025	2026
	Annual Report	Budget	Actual and budget	Budget	Projections	
<b>PASSIV / LIABILITIES</b>	<b>Íalt</b>		<b>Íalt</b>	<b>Íalt</b>	<b>Íalt</b>	<b>Íalt</b>
Innskot / Deposits	4.140	4.140	4.140	4.140	4.140	4.140
Grunnur til avleidd fígjaramboð	29.415	77.333	29.415	29.415	29.415	29.415
Grunnur til uppskriving eftir innravirðishátti	-	-	-	-	-	-
Kapitalkonto / Capital account	1.457.074	1.478.050	1.473.741	1.526.708	1.557.646	1.638.111
Úrslit / Results	16.667	52.624	52.968	30.937	80.465	95.734
<b>Eginogn tilsamans / Total Equity</b>	<b>1.507.296</b>	<b>1.612.147</b>	<b>1.560.264</b>	<b>1.591.200</b>	<b>1.671.666</b>	<b>1.767.400</b>
Avsetingar til eftirløn og líknandi skyldur / Provisions for pensions and equivalent liabilities	11.803	18.633	11.803	11.803	11.803	11.803
Avsetingar til útsettan skatt / Provisions for deferred tax	46.574	47.287	59.906	66.697	84.360	105.375
Aðrar avsetingar / Other Provisions	0	0	0	0	0	0
<b>Avsetingar tilsamans / Total Provisions</b>	<b>58.377</b>	<b>65.920</b>	<b>71.709</b>	<b>78.500</b>	<b>96.163</b>	<b>117.178</b>
Skuld til peningastovnar / Bank borrowings	1.613.530	2.061.455	1.811.455	2.061.455	2.491.455	2.841.455
<b>Langfreistað skuld til samans / Total long-term debt</b>	<b>1.613.530</b>	<b>2.061.455</b>	<b>1.811.455</b>	<b>2.061.455</b>	<b>2.491.455</b>	<b>2.841.455</b>
Stuttfreistaður partur av langfreistaðari skuld / Current portion of long-term debt	338.188	221	0	0	0	0
Skuld til peningastovnar / Bank borrowings	0	649	0	0	0	0
Móttikin frammanundangjöld frá kundum (El-ogningar) / Prepayment received from electricity debtors	0	1.674	0	0	0	0
Vøru- og tænauskuld (aðrir ogningar) / Trade creditors	51.116	7.740	52.784	52.784	52.784	52.784
Millumrokning framleiðsla / Balance production	0	0	0	0	0	0
Avleidd fígjarlig amboð/derivatives	23.944	25.540	34.371	34.371	34.371	34.371
Partafelagsskattur / Corporate tax	0	0	0	0	0	0
Onnur skuld / Other debt	41.839	17.161	42.797	42.797	42.797	42.797
Tíðaravmarkingar / Prepayments	408	15.000	10.000	10.000	10.000	10.000
<b>Stuttfreistað skuld tilsamans / Total short-term debt</b>	<b>455.495</b>	<b>67.985</b>	<b>139.952</b>	<b>139.952</b>	<b>139.952</b>	<b>139.952</b>
<b>SKULD TILSAMANS / TOTAL DEBTS</b>	<b>2.069.025</b>	<b>2.129.440</b>	<b>1.951.407</b>	<b>2.201.407</b>	<b>2.631.407</b>	<b>2.981.407</b>
<b>PASSIV TILSAMANS / TOTAL LIABILITIES</b>	<b>3.634.698</b>	<b>3.807.507</b>	<b>3.583.380</b>	<b>3.871.109</b>	<b>4.399.237</b>	<b>4.865.986</b>

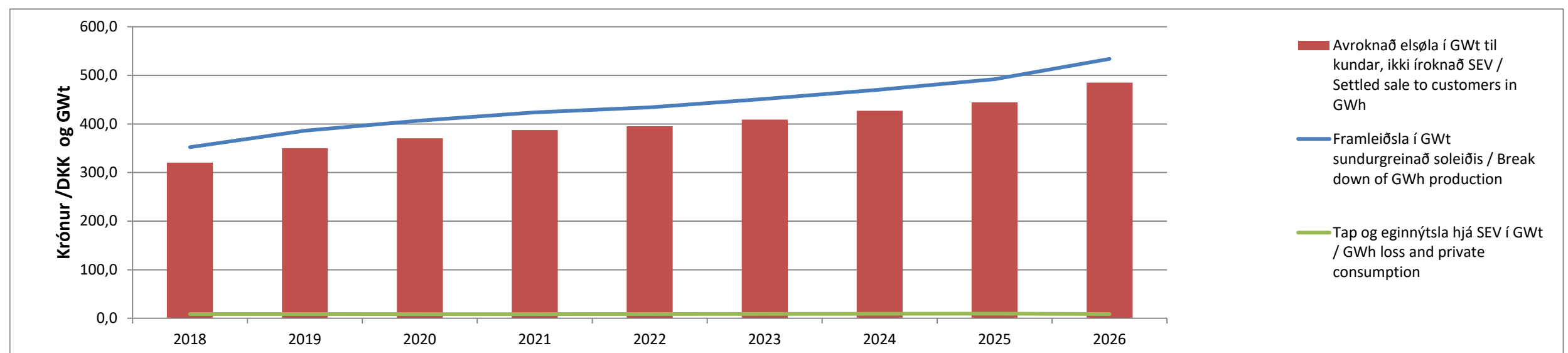
GJALDFØRISYVIRLIT / CASH FLOW STATEMENT	2023	2024	2025	2026
<b>Rakstur / Operations</b>				
<b>Nettougsetningur / Net turnover</b>	<b>701.945</b>	<b>763.370</b>	<b>860.242</b>	<b>943.399</b>
Streymgjald / kWh charges	661.271	710.921	818.660	891.984
Fast gjald / Fixed charges	22.674	22.674	22.582	22.989
Íbindingargjald / Connection fees	16.000	27.775	17.000	13.000
Søla av avlopsorku/sale of excess wind power		0	0	13.426
Ómaksgjöld v.m. / Other charges	2.000	2.000	2.000	2.000
Keyp av vindorku / Purchase of wind power	0	0	0	0
<b>Broytiligur kostnaður / Variable costs</b>				
<b>Orkukeyp</b>	<b>258.391</b>	<b>271.081</b>	<b>279.776</b>	<b>297.985</b>
Keyp av orku frá uttanhýsis veitarum	46.295	52.523	58.357	61.571
Tungolja, gassolja og smyrjuolja til sundverkið / Heavy fuel oil, gas oil and lubricating oil for Sund power plant	212.096	218.558	221.419	236.414
<b>- Tilfar og tænastr / Materials and services</b>	<b>69.083</b>	<b>68.830</b>	<b>77.019</b>	<b>77.789</b>
Framleiðsluvirkir / Power plants	33.120	34.238	39.581	39.977
Netvirksemi uttan fyrirsiting / Grid less administration	17.101	14.757	14.905	15.054
Fyrirsiting / Administration	18.863	19.835	22.533	22.759
<b>Bruttovinningur / Gross Profits</b>	<b>374.471</b>	<b>423.459</b>	<b>503.447</b>	<b>567.625</b>
<b>- Lönarútreiðslur / Wages and salaries</b>	<b>96.538</b>	<b>97.267</b>	<b>102.664</b>	<b>104.706</b>
Framleiðsluvirkir / Power plants	38.596	38.644	40.284	41.090
Netvirksemi uttan fyrirsiting / Grid less administration	37.069	34.612	36.732	37.467
Fyrirsiting / Administration	20.873	24.011	25.648	26.149
<b>Gjaldförsbroyting frá vanligum rakstri / Changes in cash flow from traditional operations/ EBITDA</b>	<b>277.933</b>	<b>326.191</b>	<b>400.783</b>	<b>462.920</b>
Broytingar í goymslu, skuldarum og ognarum v.m. / Changes in inventory, debtors and creditors etc.	21.741	-17.972	-11.620	-19.518
+/- broyting í vørugoymslu / changes in inventory	-449	-13.868	-11.793	-25.518
+/- broyting í skuldarum / changes in debtors	-11.600	-10.895	-17.491	-15.015
+/- broyting í avsetingum/skyldum / changes in provisions	13.332	6.791	17.663	21.015
+/- broyting ognarum/changes in creditors	0	0	0	0
+/- broyting ognarum/stuttfreistað skuld/changes in creditors and short-term debt	20.457	0	0	0
+/- javning/balancing í fíggjarlig amboð og javning av olju goymslu og skuld í dollar/balancing changes in derivatives and regulation of oil inventory and debt	0	0	0	0
+/- javning/balancing (other adjustments with no impact on the liquidity)	0	0	0	0
<b>Gjaldförsbidrag frá rakstri / Cash generated from operating activities</b>	<b>299.673</b>	<b>308.219</b>	<b>389.163</b>	<b>443.402</b>
<b>+/- Íløgur/Investments:</b>	<b>-267.824</b>	<b>-538.765</b>	<b>-776.310</b>	<b>-665.270</b>
Netvirksemi / Grid	-140.805	-266.900	-100.500	-616.350
Framleiðsluvirksemi / Production	-60.956	-178.065	-224.810	-41.270
Broyting í arbeiði í gerð / Changes to work in progress	-41.951	-93.800	-451.000	-7.650
Broyting í fíggjarligari stöðisögn / Changes in financial assets	-24.112	0	0	0
Javning til primo íløgur av fóstum ognum / Balancing of investments in fixed assets	0	0	0	0
<b>Fíggjarligar inngjaldingar og útgjaldingar / Net cash flow from financing activities</b>				
<b>+/- broyting í langfreistaðari skuld / changes to long-term debt</b>	<b>-138.076</b>	<b>250.000</b>	<b>430.000</b>	<b>350.000</b>
Nýggj lántøka - New borrowings	197.925	250.000	430.000	886.000
Afturrindan av USPP lánsbrøvum frá 2016 í des. 2023/ Repayment of USPP notes from 2016 due in dec 2023	-336.000	0	0	0
Afturrindan av USPP lánsbrøvum frá 2016 í des. 2026/ Repayment of USPP notes from 2016 due in dec 2026	0	0	0	-536.000
Afturrindan av USPP lánsbrøvum frá 2016 í des. 2028/ Repayment of USPP notes from 2016 due in dec 2028	0	0	0	0
Afturrindan av USPP lánsbrøvum frá 2022 í des. 2029/ Repayment of USPP notes from 2022 due in dec 2029	0	0	0	0
Afturrindan av USPP lánsbrøvum frá 2022 í des. 2030/ Repayment of USPP notes from 2022 due in dec 2030	0	0	0	0
Afturrindan av USPP lánsbrøvum frá 2022 í des. 2032/ Repayment of USPP notes from 2022 due in dec 2032	0	0	0	0
Afturrindan av USPP lánsbrøvum frá 2022 í des. 2034/ Repayment of USPP notes from 2022 due in dec 2034	0	0	0	0
<b>+/- Kapitalinntøkur, rentukostnaður og provisión netto / Net proceeds from investements, interest expenses and provisions</b>	<b>-42.617</b>	<b>-72.232</b>	<b>-98.454</b>	<b>-125.084</b>
Kapitalpartar / Subsidiaries	0	0	0	0
Gjald av skatt/tax	-11.627	-6.791	-17.663	-21.015
Kursreguleringar av lánum/interest rate adjustment during the year on loan in USD				
Rentuinntøkur / Interest revenue	0	0	0	0
Rentuútreiðslur / Interest expenses	-30.990	-65.441	-80.791	-104.070
<b>Gjaldförsbroyting íalt/ Total net cash flow</b>	<b>-148.843</b>	<b>-52.778</b>	<b>-55.602</b>	<b>3.047</b>
<b>Tøkur peningur primo / Cash and Cash equivalents beginning -of-year</b>	<b>367.271</b>	<b>218.428</b>	<b>165.650</b>	<b>110.048</b>
<b>Tøkur peningur ultimo áðrenn rakstrarkreditt / Cash and cash equivalents year-end before bank overdraft and delayed funding</b>	<b>218.428</b>	<b>165.650</b>	<b>110.048</b>	<b>113.096</b>
+ USPP fígging til at endurrinda lánsbrøv ið falla til gjaldingar des. 2023/ USPP delayed funding due in dec. 2023 to refinance notes due in dec 2023	0	0	0	0
+ NIB fígging til PTS verkætlan 2023 til útgjalding juni 2024/ NIB delayed financing of the PTS project due in June 2024	250.000	0	0	0
+ Rakstrarkredittur 2022 frá peningastovnum til verkætlanir smb. budget/ Allowed bank overdraft 2022 to investments	650.000	650.000	220.000	0
+ Rakstrarkredittur 2022 frá SEB til verkætlanir og gjaldföri smb. budget/ Bilateral overdraft facility from SEB 2022 to investments and liquidity	200.000	200.000	200.000	200.000
+ Rakstrarkredittur 2016 frá peningastovnum til íløgur/ Allowed bank overdraft 2016 to investments	0	0	0	0
+ Rakstrarkredittur 2019 frá peningastovnum til vindmyllur á Eiði/ Allowed bank overdraft 2019 to investments in windturbines in Eiði	0	0	0	0
+ Rakstrarkredittur 2019 frá peningastovnum til íløgur/ Allowed bank overdraft 2019 to investments	0	0	0	0
+ Rakstrarkredittur 2019 frá peningastovnum til rakstur/ Allowed bank overdraft 2019 to operations	0	0	0	0
+ Loyvt trot uppá kassakredit / allowed overdraft	0	0	0	0
<b>Tøkur peningur ultimo eftir rakstrarkreditt / Cash and cash equivalents at the end of year after bank overdraft</b>	<b>1.318.428</b>	<b>1.015.650</b>	<b>530.048</b>	<b>313.096</b>

Ár	2023	2024	2025	2026
Íløgur og útgreiningar harav í t.kr.	íalt	íalt	íalt	íalt
Maskindeild (110)	600	2.100	800	300
Grønu orkuverkini (119)	0	0	0	0
Fossaverkið - (deild 120)	2.750	4.400	6.500	0
Heygaverkið - (deild 130)	12.860	14.630	200	2.000
Mýruverkið - (deild 140)	375	4.500	500	300
Eiðisverkið - (deild 150)	1.850	2.800	2.550	1.850
Verkið í Botni - (deild 160)	3.600	24.900	7.500	0
Vágsverkið - (deild 170)	3.050	2.700	0	0
Verkið í Trongisvági - (deild 180)	0	0	0	0
Sundsverkið - (deild 190)	24.005	71.200	22.000	8.500
Elverkið í Skopun - (deild 210)	0	0	0	0
Strond - (deild 220)	2.115	3.900	300	100
Vindorka Vørðan "Enercon" - (deild 231)	6.075	3.500	0	0
Vindorka Eystnes "Enercon" - (deild 232)	0	10.500	0	0
Vindorka - deild 235 Vindmyllur Eiði	0	0	0	0
Vindorka - deild 240 Vindmyllur Húsahagi (13 stk.)	25	0	0	0
Vindorka - deild 245 Vindmyllur Meginøkið	0	0	0	0
Vindorka - deild 255 Vindmyllur Glyvrafjall	0	0	0	0
Vindorka - deild 260 Vindmyllur Sandoy ella aðrastaðnis	0	50.000	150.000	0
Vindorka - deild 265 Vindmyllur Kirkjubøreyn	0	0	0	0
Vindorka - deild 270 Vindmyllur Suðuroy	25	0	0	0
Vindorka - deild 275 Vindmyllur Høgareyn	0	0	0	0
Pumped storage - (deild 280)	25.601	50.000	200.000	201.600
Sólorka - (deild 282)	0	0	0	0
Sjóvarfalsorka - (deild 284)	100	350	350	0
Sjóvindmyllulund - (deild 286)	0	0	0	0
Smáverk felags - (deild 290)	65	555	300	20
Mobilaggregat - (deild 291)	0	0	0	0
Fugloy - (deild 292)	350	550	0	0
Svínoy - (deild 293)	150	200	50	0
Mykines - (deild 294)	2.000	830	0	0
Hestur - (deild 295)	150	0	650	0
Koltur - (deild 296)	100	150	0	0
Nólsoy - (deild 297)	0	800	2.000	2.500
Skúvoy - (deild 298)	110	1.000	2.500	200
Dímun - (deild 299)	0	500	1.500	500
Víkarvatn - (deild 200)	0	0	110	0
Annað innan framleiðslu	0	3.000	2.000	25.000
<b>Framleiðsluvirkir íalt</b>	<b>85.956</b>	<b>253.065</b>	<b>399.810</b>	<b>242.870</b>
<b>Netvirikir uttan fyrisiting</b>	<b>147.855</b>	<b>222.900</b>	<b>366.400</b>	<b>412.300</b>
<b>Koblingsstøðir</b>	<b>71.290</b>	<b>95.850</b>	<b>310.900</b>	<b>261.800</b>
<b>Býtisvirikir</b>	<b>71.885</b>	<b>103.400</b>	<b>54.500</b>	<b>149.500</b>
<b>Innlegging</b>	<b>4.600</b>	<b>23.650</b>	<b>1.000</b>	<b>1.000</b>
<b>Verkfrøði</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Teknikk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fyrisiting</b>	<b>9.900</b>	<b>62.800</b>	<b>10.100</b>	<b>10.100</b>
901 Fyrisiting Roknskapardeild	0	0	0	0
930 Fyrisiting Suðurstreym	5.275	24.200	100	100
931 Fyrisiting KT	2.025	16.200	2.000	2.000
932 Fyrisiting Kundatænastan	500	8.000	0	0
933 Fyrisiting Fyrisitingartoymið	0	1.000	0	0
935 Fyrisiting Menningardeild	900	2.000	0	0
938 Fyrisiting Samskifti	1.200	11.400	8.000	8.000
	0	0	0	0
<b>Netvirksemi íalt</b>	<b>157.755</b>	<b>285.700</b>	<b>376.500</b>	<b>422.400</b>
<b>ÍALT</b>	<b>243.711</b>	<b>538.765</b>	<b>776.310</b>	<b>665.270</b>

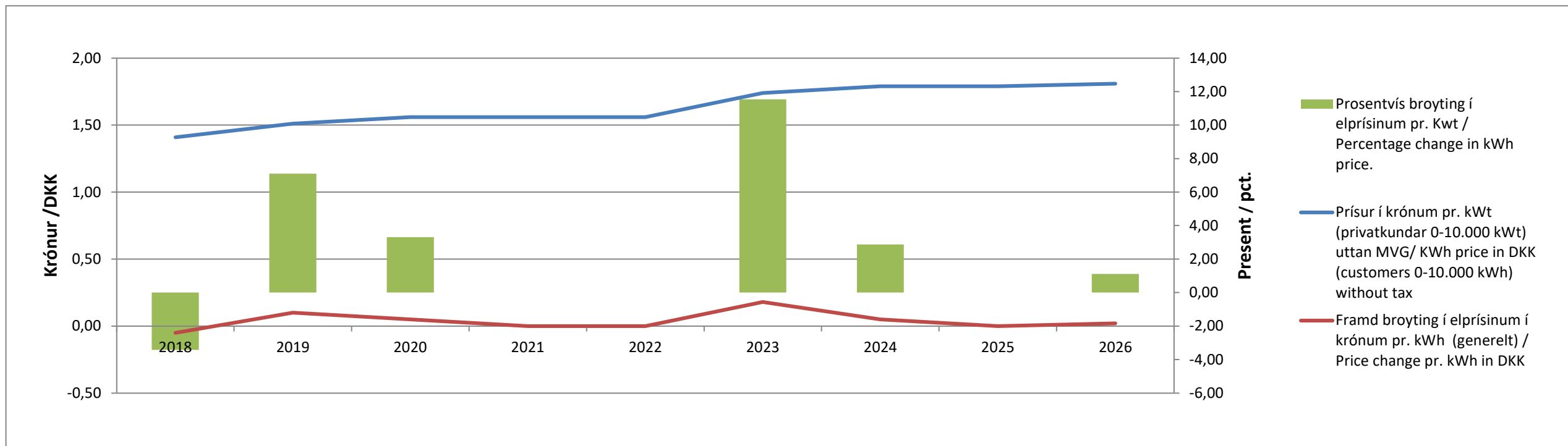
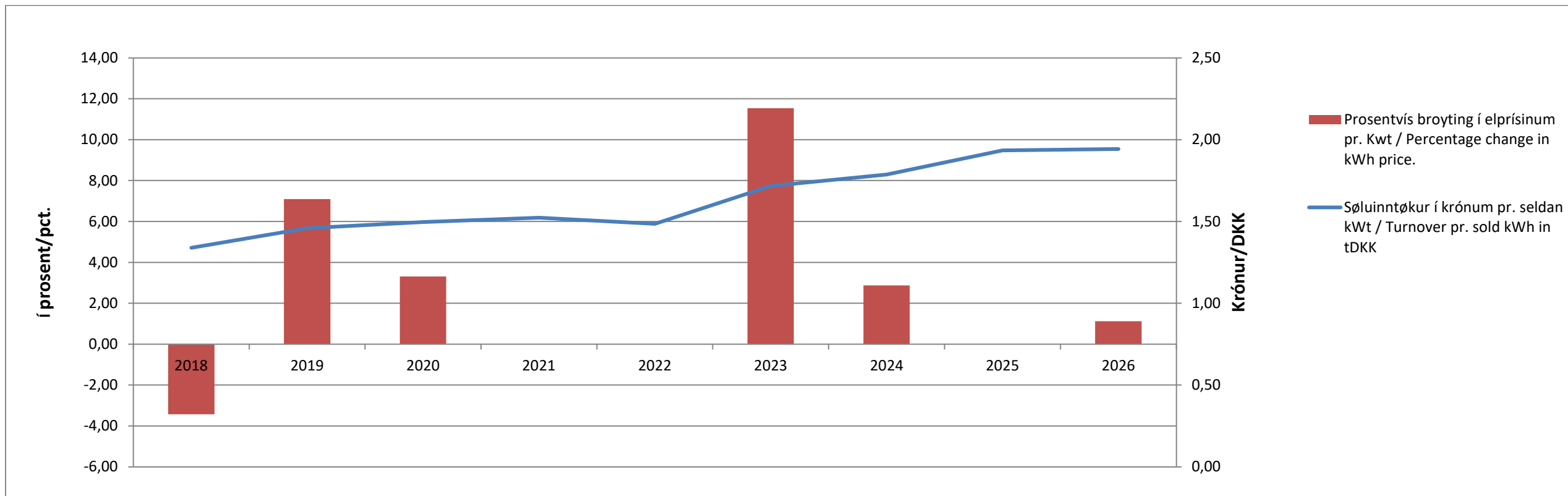
Rakstrarroknskapur / Income Statement	Staðfest roknskapartöl / Actual accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Umsetningur í t.kr./Turnover tDKK	430.152	511.126	554.237	590.226	587.065	701.945	763.370	860.242	943.399
Úrslit av vanligum rakstri í t.kr. Operating results tDKK	197.097	226.211	242.796	250.512	188.236	277.933	326.191	400.783	462.920
Úrslit av fíggarpostum í t.kr./ Finance results tDKK	-34.634	-37.040	-40.167	-34.225	2.553	-60.428	-65.441	-80.791	-104.070
Skattur	-9.242	-13.194	-11.403	-10.046	-3.404	-11.552	-6.791	-17.663	-21.015
Ársúrslit í t.kr. / Annual results tDKK	38.084	62.379	49.809	44.231	16.667	52.968	30.937	80.465	95.734
Yvirskotsstig (í prosent) / Operating Profit Margin (%)	46,1	44,3	43,8	42,4	32,1	39,6	42,7	46,6	49,1
Úrslit fyri hvønn seldan kwt pr. ár í krónum	0,12	0,18	0,13	0,11	0,04	0,13	0,07	0,18	0,20



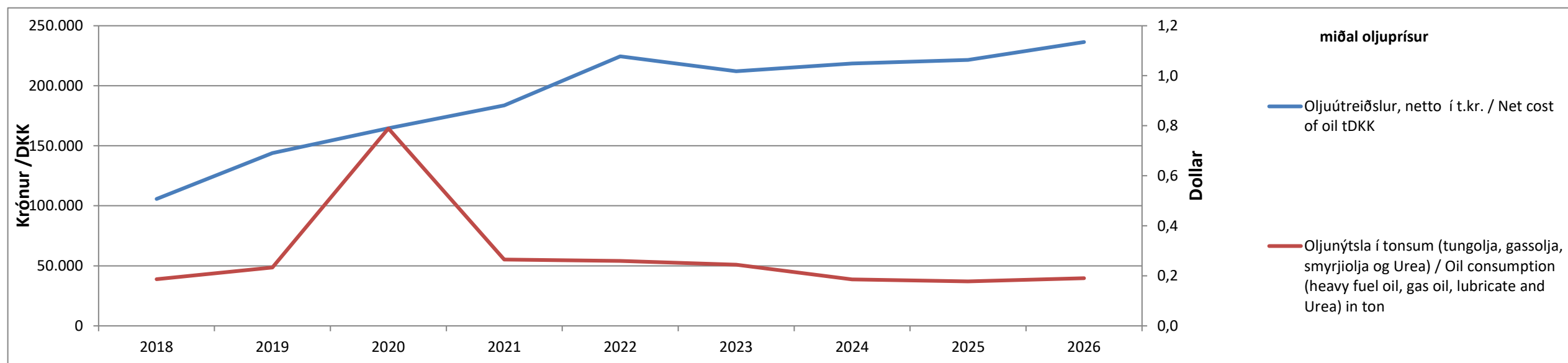
Framleiðsla / Production	Staðfest roknskapartöl / Actual accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Framleiðsla av GWt við vindorku / GWh production utilising wind power	63,8	52,6	47,1	54,1	90,2	117,3	180,4	206,3	232,1
Framleiðsla av GWt við vatnorku / GWh production utilising hydro power	108,1	103,5	108,7	100,3	130,9	107,0	115,0	115,0	115,0
Framleiðsla av GWt við sjóarfall, sólorka og pumped to storage/GWh production utilising tidal, solar and pumped to storage	0,0	0,0	1,6	7,0	5,6	4,2	6,7	9,7	12,8
Framleiðsla av GWt við termiskari orku / GWh production utilising thermal power	180,1	230,0	249,4	262,4	207,4	223,0	168,8	161,0	173,9
<b>Framleiðsla íalt í GWt / Total GWh production</b>	<b>352,0</b>	<b>386,1</b>	<b>406,8</b>	<b>423,8</b>	<b>434,1</b>	<b>451,5</b>	<b>470,8</b>	<b>492,1</b>	<b>533,8</b>
<b>Framleiðsla í GWt sundurgreinað soleiðis / Break down of GWh production</b>									
Avroknað elsøla í GWt til kundar, ikki íroknað SEV / Settled sale to customers in GWh	320,5	350,4	370,4	387,6	395,3	409,0	427,3	444,6	485,3
Eginnýtsla hjá SEV í GWt / Private consumption in GWh	8,0	10,4	11,4	11,0	11,8	15,5	15,5	15,5	15,5
Tap í GWt / GWh loss	23,5	24,8	25,0	25,2	27,0	27,0	28,0	32,0	33,0
Tap og eginnýtsla hjá SEV í GWt / GWh loss and private consumption	31,5	35,2	36,4	36,2	38,8	42,5	43,5	47,5	48,5
Tap og eginnýtsla hjá SEV í % av framleiðslu / GWh loss and private consumption as a percentage of total production	8,9	9,1	8,9	8,5	8,9	9,4	9,2	9,7	9,1
Prosentvísur vøkstur í sølu av GWt til kundar/Percentage change in sale to customers in GWh	4,6	9,3	5,7	4,6	2,0	3,5	4,5	4,0	9,2
Prísur í krónum pr. kWt (privatkundar 0-10.000 kWt) uttan MVG/ kWh price in DKK (customers 0-10.000 kWh) without tax	1,41	1,51	1,56	1,56	1,56	1,74	1,79	1,79	1,81
Framd broyting í elprísinum í krónum pr. kWh (generelt) / Price change pr. kWh in DKK	-0,05	0,10	0,05	0,00	0,00	0,18	0,05	0,00	0,02
Prosentvís broyting í elprísinum pr. Kwt / Percentage change in kWh price.	-3,42	7,09	3,31	0,00	0,00	11,54	2,87	0,00	1,12







Oljuútreiðslur og keyp av streym / Oil Expenses and purchase of electricity	Staðfest roknskapartöl/Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Oljuútreiðslur, netto í t.kr. / Net cost of oil tDKK	105.771	143.855	164.546	183.669	224.485	212.096	218.558	221.419	236.414
Oljunýtsla í tonsum (tungolja, gassolja, smyrjioleja og Urea) / Oil consumption (heavy fuel oil, gas oil, lubricate and Urea) in ton	38.838	48.600	164.546	55.270	54.052	50.912	38.684	37.053	39.750
Kostnaður pr. tons olju í krónum inkl. gass- og smyrjuolju / Cost of oil pr. ton incl. gas- and lubricating oil in DKK	2.723	2.960	1.000	3.323	4.153	4.166	5.650	5.976	5.948
Tungoljunýtsla í tonsum / Heavy fuel Oil consumption in ton	35.976	44.226	51.121	51.436	42.943	46.831	35.444	33.813	36.510
Kostnaður pr. tons tungolja / Cost of heavy fuel oil pr. ton	2.384	2.478	2.929	3.018	4.650	3.795	5.151	5.468	5.475
Keyp av streymi í t.kr/ Purchase of electricity in DKK	2.692	2.338	3.805	10.191	17.284	46.295	52.523	58.357	61.571



Rakstrarinntækur og útreiðslur fyri SEV pr. kWt / Revenue and expenses pr. kWh	Staðfest roknskapartöl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Inntøkur í t.kr. / Revenue in tDKK</b>	<b>430.152</b>	<b>511.126</b>	<b>554.237</b>	<b>590.226</b>	<b>587.065</b>	<b>701.945</b>	<b>763.370</b>	<b>860.242</b>	<b>943.399</b>
Framleiðsluvirkir (íroknað bygningar) í t.kr. / Power Budgetts (buildings incl.) in tDKK	59.056	66.086	65.970	66.044	75.080	71.715	72.883	79.865	81.066
Netvirksemið í t.kr. / Grid in tDKK	33.426	34.009	38.425	44.742	47.926	54.170	49.369	51.637	52.521
Fyrising íroknað tryggingar, tap av skuldarum, eftirlønir og arbeiðsm. gjöld í t.kr. / Administration incl. insurance, loss on unpaid debt and pensions in tDKK	32.110	38.627	38.694	35.069	34.055	39.736	43.846	48.181	48.907
<b>Rakstrarútreiðslur íalt í t.kr. / Total operational expenses in tDKK</b>	<b>124.592</b>	<b>138.722</b>	<b>143.089</b>	<b>145.855</b>	<b>157.061</b>	<b>165.621</b>	<b>166.098</b>	<b>179.683</b>	<b>182.494</b>
Oljuútreiðslur, netto í t.kr. / Net cost of oil in tDKK	105.771	143.855	164.546	183.669	224.485	212.096	218.558	221.419	236.414
Orkukeyp / Purchase of power	2.692	2.338	3.805	10.191	17.284	46.295	52.523	58.357	61.571
Avskrivningar í t.kr. / Depreciation in tDKK	115.136	113.599	141.418	162.009	170.718	182.348	223.022	221.863	242.101
Fíggarpostar netto í t.kr. (í 2010: íroknað niðurskriving av partabrøv í Sewave 2,1 mió.kr.) / Net financials in tDKK (in 2010 an amortization of shares in Sewave for DKK 2,1 mio is included).	34.634	37.040	40.167	34.225	-2.553	30.990	65.441	80.791	104.070
<b>Kostnaður íalt í t.kr. / Total cost in tDKK</b>	<b>382.826</b>	<b>435.554</b>	<b>493.025</b>	<b>535.949</b>	<b>566.995</b>	<b>637.350</b>	<b>725.642</b>	<b>762.113</b>	<b>826.650</b>
<b>Ársúrslit í t.kr. áðrenn skatt / Annual Results in tDKK before tax</b>	<b>47.326</b>	<b>75.572</b>	<b>61.212</b>	<b>54.277</b>	<b>20.070</b>	<b>64.595</b>	<b>37.728</b>	<b>98.129</b>	<b>116.749</b>
Skattur/tax	9.242	13.193	11.403	10.046	3.404	11.627	6.791	17.663	21.015
<b>Ársúrslit í t.kr. eftir skatt / Annual Results in tDKK after tax</b>	<b>38.084</b>	<b>62.379</b>	<b>49.809</b>	<b>44.231</b>	<b>16.666</b>	<b>52.968</b>	<b>30.937</b>	<b>80.465</b>	<b>95.734</b>
Inntøka í mió.kr./Income in DKK million	430,2	511,1	554,2	590,2	587,1	701,9	763,4	860,2	943,4
KWt-gjald í mió.kr. / kWh charges in DKK million.	402,2	470,0	522,8	546,0	553,4	661,3	710,9	818,7	892,0
Onnur inntøka í mió.kr./base-rate, connection fee and service fee in mióDKK	28,0	41,1	31,4	44,2	33,7	40,7	52,4	41,6	38,0
Miðalprísur í krónum pr. seldan kWt/ Average unit price in DKK pr. kWh sold	1,26	1,34	1,41	1,41	1,40	1,62	1,66	1,84	1,84
Onnur inntøka pr. kWt/base-rate, connection fee and service fee per kWh	0,08	0,12	0,08	0,11	0,09	0,10	0,12	0,09	0,11
<b>Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK</b>	<b>1,34</b>	<b>1,46</b>	<b>1,50</b>	<b>1,52</b>	<b>1,49</b>	<b>1,72</b>	<b>1,79</b>	<b>1,93</b>	<b>1,94</b>
<b>Prosentvís broyting í elprísinum pr. kWt</b>									
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK	1,34	1,46	1,50	1,52	1,49	1,72	1,79	1,93	1,94
Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK	1,22	1,28	1,36	1,41	1,44	1,59	1,71	1,75	1,75
<b>Úrslit fyri seldan kWt / Profit/loss pr. sold kWh</b>	<b>0,12</b>	<b>0,18</b>	<b>0,13</b>	<b>0,11</b>	<b>0,04</b>	<b>0,13</b>	<b>0,07</b>	<b>0,18</b>	<b>0,20</b>
<b>Kostnaður í krónum pr. seldan kWt sundurgreinaður í framleiðslu og net / Cost pr. kWh sold in DKK specified in cost for production and grid</b>									
Framleiðslukostnaður pr. seldan kWt / production cost pr. sold kWh	0,77	0,85	0,91	0,99	1,12	1,17	1,21	1,20	1,18
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	0,39	0,39	0,42	0,40	0,32	0,39	0,49	0,51	0,53
<b>Kostnaður í krónum pr. seldan kWt uttan skatt/ Cost pr. kWh sold in DKK with out tax</b>	<b>1,17</b>	<b>1,24</b>	<b>1,33</b>	<b>1,39</b>	<b>1,43</b>	<b>1,56</b>	<b>1,70</b>	<b>1,71</b>	<b>1,70</b>
Skattur/tax	0,03	0,04	0,03	0,03	0,01	0,03	0,02	0,04	0,04
<b>Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK</b>	<b>1,20</b>	<b>1,28</b>	<b>1,36</b>	<b>1,41</b>	<b>1,44</b>	<b>1,59</b>	<b>1,71</b>	<b>1,75</b>	<b>1,75</b>

Sundurgreinaður framleiðslukostnaður 1) / Production expenses broken down	Staðfest roknskapartöl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Olja / Oil	105.771	143.855	164.546	183.669	224.485	212.096	218.558	221.419	236.414
Keyp av vindorku/purchase of wind power	2.692	2.338	2.685	10.191	17.284	46.295	52.523	58.357	61.571
Tilfar og lönir / Materials, wages and salaries	59.056	66.086	65.970	66.044	75.080	71.715	72.883	79.865	81.066
Avskrivningar / Depreciation	74.221	69.169	91.222	104.278	109.331	115.637	138.056	133.048	134.699
Rentur / Interest	9.340	16.476	12.465	19.903	14.705	33.820	33.643	42.630	56.852
Framleiðslukostnaður íalt / Total production cost	251.080	297.924	336.888	384.085	440.885	479.563	515.663	535.319	570.603
Framleiddir kWt í GWT / Produced kWt in GWh	344,1	386,1	406,8	423,8	434,1	451,5	470,8	492,1	533,8
<b>Framleiðslukostnaður pr. framleiddan kWt / production cost pr. produced Kwh</b>	<b>0,73</b>	<b>0,77</b>	<b>0,83</b>	<b>0,91</b>	<b>1,02</b>	<b>1,06</b>	<b>1,10</b>	<b>1,09</b>	<b>1,07</b>
Harav oljukostnaður / Oil cost pr. produced Kwh	0,30	0,37	0,40	0,43	0,52	0,47	0,46	0,45	0,44
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,01	0,02	0,04	0,10	0,11	0,12	0,12
Harav tilfar og lönir / Materials and wages and salaries portion	0,17	0,17	0,16	0,16	0,17	0,16	0,15	0,16	0,15
Harav avskrivningar / Depreciation pr. produced Kwh	0,21	0,18	0,22	0,25	0,25	0,26	0,29	0,27	0,25
Harav rentur / Interest portion	0,03	0,04	0,03	0,05	0,03	0,07	0,07	0,09	0,11
Seldir kWt í GWT / kWh sold in GWT units	316,1	350,4	370,4	387,6	395,3	409,0	427,3	444,6	485,3
<b>Framleiðslukostnaður pr. seldan kWt / Production cost pr. kWh sold</b>	<b>0,78</b>	<b>0,85</b>	<b>0,91</b>	<b>0,99</b>	<b>1,12</b>	<b>1,17</b>	<b>1,21</b>	<b>1,20</b>	<b>1,18</b>
Harav oljukostnaður / Oil cost pr. kWh sold	0,34	0,41	0,44	0,47	0,57	0,52	0,51	0,50	0,49
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,01	0,03	0,04	0,11	0,12	0,13	0,13
Harav annar kostnaður / Other costs pr. produced Kwh	0,17	0,19	0,18	0,17	0,19	0,18	0,17	0,18	0,17
Harav avskrivningar / Depreciation pr. produced Kwh	0,23	0,20	0,25	0,27	0,28	0,28	0,32	0,30	0,28
Harav rentur / Interest pr. produced Kwh	0,03	0,05	0,03	0,05	0,04	0,08	0,08	0,10	0,12

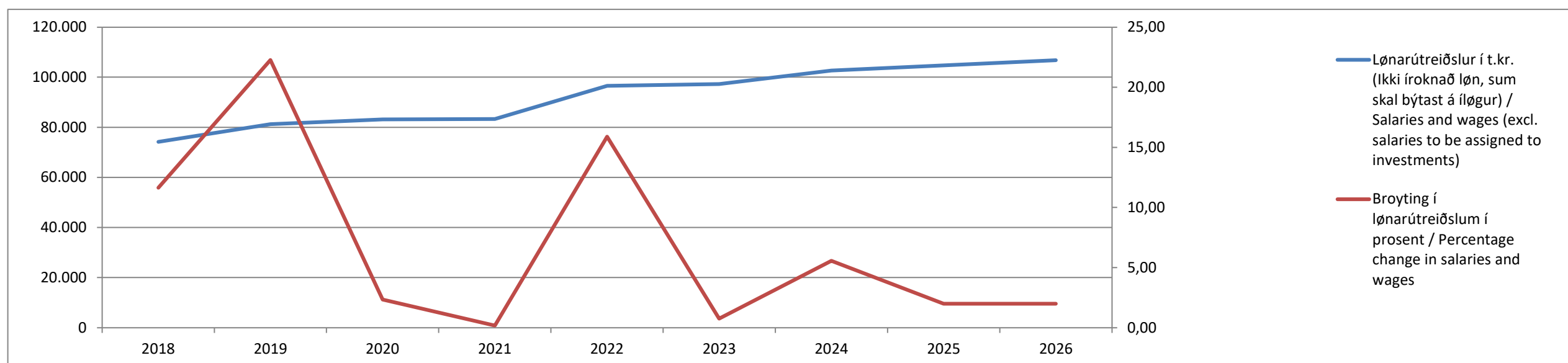
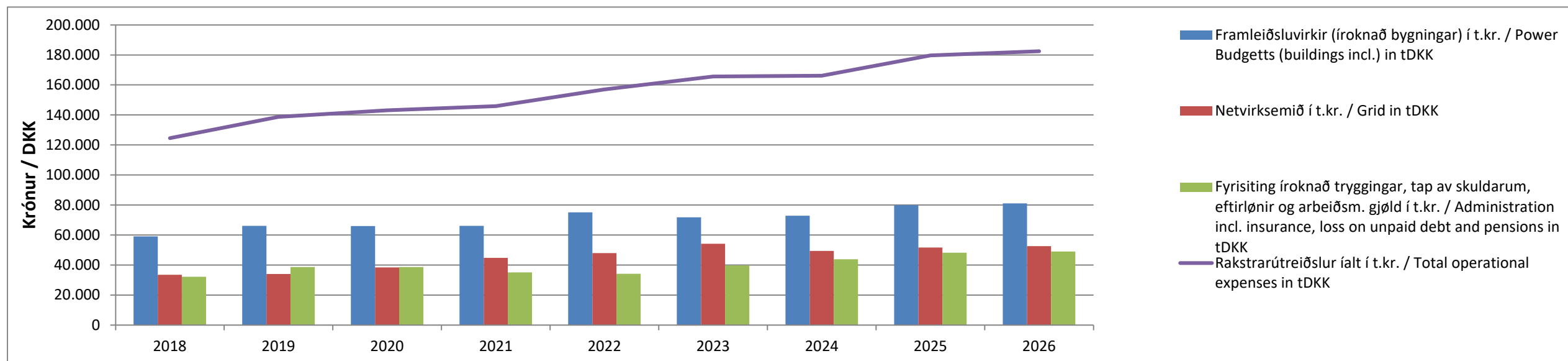
1) Hædd er ekki tikið fyrri fordeiling av kostnaði fyrri nettap og eginnýtslu hjá SEV millum framleiðslu og net, men er tikið í mun til seldan kWt.

Sundurgreinaður netkostnaður 1) / Grid expenses broken down	Staðfest roknskapartöl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Tilfar og lönir / Materials and salaries	65.536	72.636	77.119	79.811	81.981	93.906	93.215	99.818	101.428
Avskrivningar uppá net / Grid depreciation	40.915	44.430	52.412	57.731	61.386	66.711	84.967	88.815	107.402
Rentur / Interest og/and subsidiary fair	24.102	19.977	26.816	16.171	-17.258	-2.830	31.798	38.162	47.217
Netkostnaður íalt / Total Grid expenses	130.554	137.043	156.347	153.713	126.109	157.787	209.979	226.795	256.048
Roknað nettap og eiginnytla / Calculated net loss and private consumption	25.459	41.327	41.337	41.005	42.811	56.769	54.436	69.338	72.863
Framleiddir kWt í GWT / Produced kWh in GWh	344,1	386,1	406,8	423,8	434,1	451,5	470,8	492,1	533,8
Netkostnaður pr. seldan kWt við nettap og eiginnytla / Net cost pr. kWh sold incl. grid loss and private consumption	0,49	0,51	0,53	0,50	0,43	0,52	0,62	0,67	0,68
Harav netkostnaður / Grid expenses pr. kWh sold	0,09	0,09	0,09	0,11	0,11	0,11	0,11	0,11	0,10
Harav nettap og eiginnytla / Net loss and private consumption pr. kWh sold	0,12	0,15	0,15	0,14	0,14	0,18	0,16	0,20	0,20
Harav fyrisiting / Administration expenses pr. kWh sold	0,09	0,10	0,10	0,08	0,08	0,10	0,10	0,10	0,09
Harav avskrivningar / Depreciation pr. kWh sold	0,12	0,12	0,13	0,14	0,14	0,15	0,18	0,18	0,20
Harav rentur / Interest expenses	0,07	0,05	0,07	0,04	-0,04	-0,01	0,07	0,08	0,09
Seldir kWt í GWT / Sold kWt in GWh	316,1	350,4	370,4	387,6	395,3	409,0	427,3	444,6	485,3
<b>Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold</b>	<b>0,40</b>	<b>0,39</b>	<b>0,42</b>	<b>0,40</b>	<b>0,32</b>	<b>0,39</b>	<b>0,49</b>	<b>0,51</b>	<b>0,53</b>
Harav netkostnaður / grid expenses pr. kWh sold	0,11	0,10	0,10	0,12	0,12	0,12	0,12	0,12	0,11
Harav fyrisiting / administration expenses pr. kWh sold	0,09	0,11	0,10	0,09	0,09	0,11	0,11	0,11	0,10
Harav avskrivningar / depreciation pr. kWh sold	0,12	0,13	0,14	0,15	0,16	0,16	0,20	0,20	0,22
Harav rentur / Interest expenses pr. kWh sold	0,08	0,06	0,07	0,04	-0,04	-0,01	0,07	0,09	0,10

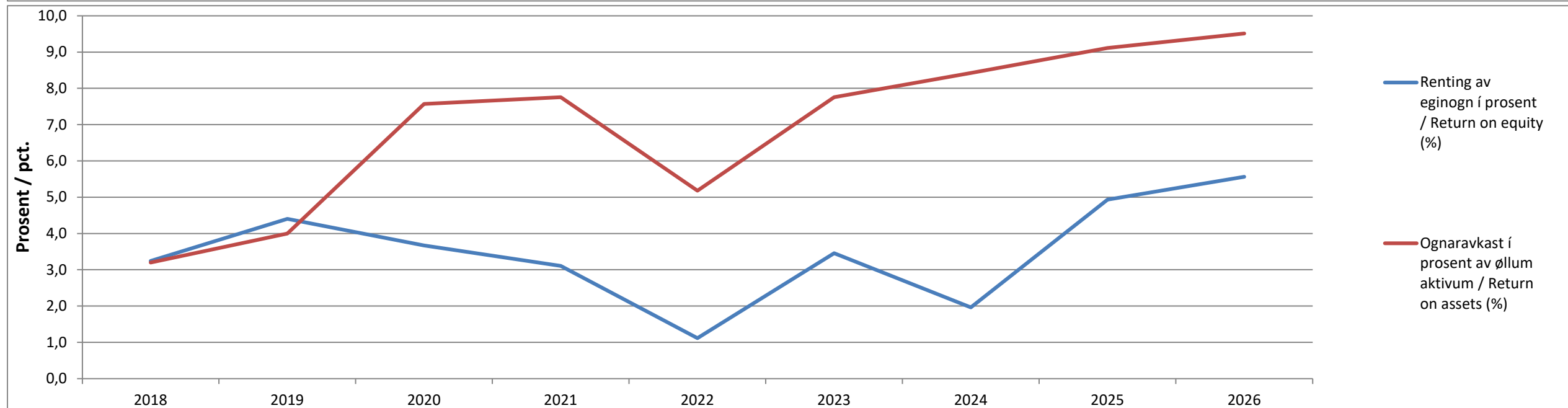
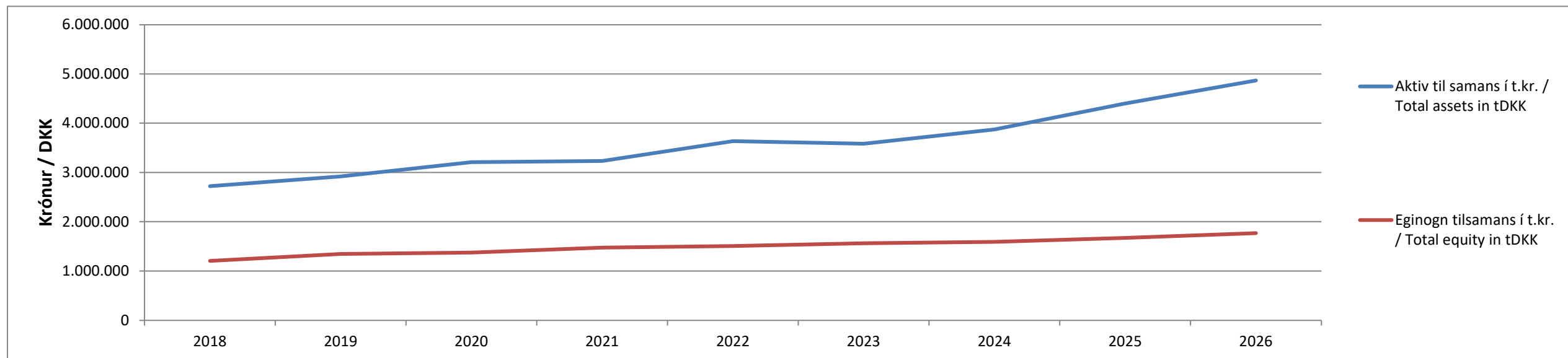
1) Hædd er ekki tikið fyrri fordeiling av kostnaði fyrri nettap og eiginnytla hjá SEV millum framleiðslu og net, men er tikið í mun til seldan kWt.

Sundurgreinaður oljukostnaður / Oil expenses broken down	Staðfest roknskapartöl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Kostnaður íalt í t.kr. / Total cost tDKK	382.826	435.554	493.025	535.949	566.995	637.350	725.642	762.113	826.650
Oljukostnaður netto, íalt í t.kr. / Net oil cost in total in tDKK	105.771	143.855	164.546	183.669	224.485	212.096	218.558	221.419	236.414
Kostnaður íalt í t.kr. uttan olju / Total costs excl. cost of oil in tDKK	277.055	291.699	328.479	352.280	342.510	425.254	507.084	540.695	590.236
Olja í prosent av kostnaðinum / Oil portion of total cost (%)	27,63	33,03	33,37	34,27	39,59	33,28	30,12	29,05	28,60
Oljukostnaður pr. framleiddan kWt við olju / Oil cost pr. kWh produced using oil	0,60	0,63	0,66	0,70	1,08	0,95	1,29	1,38	1,36
Oljukostnaður pr. seldan kWt framleiddur við olju (íroknað eginnytla og nettap) / Oil cost pr. sold kWh produced using oil (net loss and private consumption incl.)	0,66	0,69	0,72	0,77	1,19	1,05	1,43	1,52	1,50
Sølukostnaður pr. kWt í ídnaðarbólkinum > 20.000 kWh / Cost pr. kWh sold to industry >20.000 kWh	1,10	1,20	1,30	1,30	1,30	1,58	1,63	1,63	1,63
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,44	0,51	0,58	0,53	0,11	0,53	0,20	0,11	0,13
Sølukostnaður pr. kWt í bólkinum < 10.000 kWh / Cost pr. kWh sold to customers < 10.000 kWh	1,41	1,51	1,56	1,56	1,56	1,74	1,79	1,97	1,97
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,75	0,82	0,84	0,79	0,37	0,69	0,36	0,45	0,47

Lönarútreiðslur í t.kr. (Ikki íroknað lön, sum skal bítast á ílögur) / Salaries and wages (excl. salaries to be assigned to investments)	74.201	81.265	83.167	83.310	96.538	97.267	102.664	104.706	106.788
Broyting í lönarútreiðslum í prosent / Percentage change in salaries and wages	11,64	22,26	2,34	0,17	15,88	0,76	5,55	1,99	1,99
Ársverk/Avarage number og employees	172	178	174	171	180	185	191	191	191



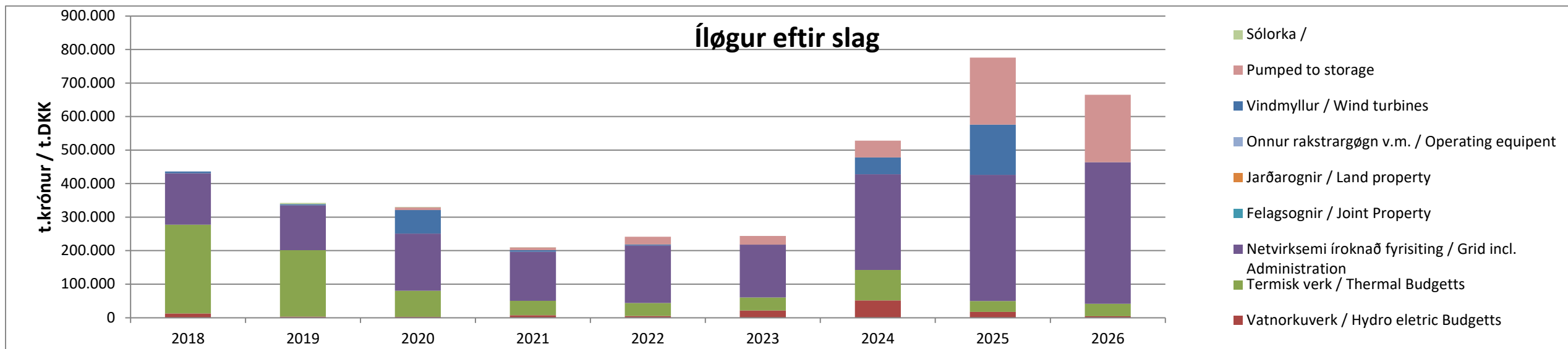
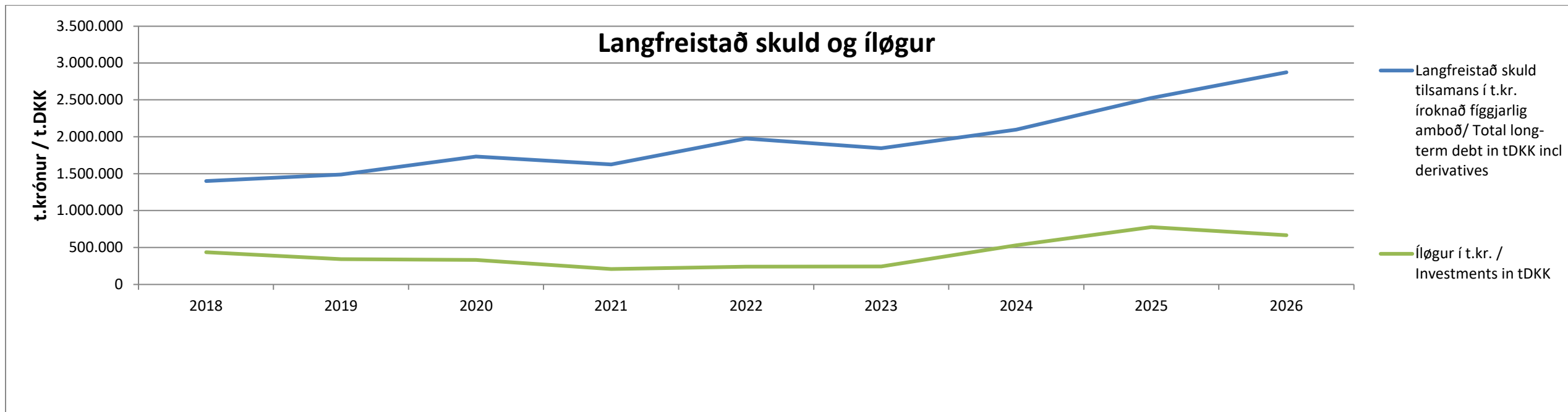
Fíggjarstöða / Balance Sheet	Staðfest roknskapartöl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Aktiv til samans í t.kr. / Total assets in tDKK	2.722.760	2.918.101	3.207.960	3.230.068	3.634.698	3.583.380	3.871.109	4.399.237	4.865.986
Eginogn tilsamans í t.kr. / Total equity in tDKK	1.207.723	1.344.823	1.371.553	1.475.021	1.507.296	1.560.264	1.591.200	1.671.666	1.767.400
Soliditetur í prosent / Equity/Asset ratio (%)	44,4	46,1	42,8	45,7	41,5	43,5	41,1	38,0	36,3
Renting av eginogn í prosent / Return on equity (%)	3,2	4,4	3,7	3,1	1,1	3,5	2,0	4,9	5,6
Ognaravkast í prosent av øllum aktivum / Return on assets (%)	3,2	4,0	7,6	7,8	5,2	7,8	8,4	9,1	9,5





Ílögur og langfreistað skuld - Investments and long-term debt	Staðfest roknskapartöl - Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Úrslit frá vanligum rakstri/EBITDA	197.097	226.211	242.796	250.512	188.236	277.933	326.191	400.783	462.920
Fíggjarlig amboð/derivatives	59.285	42.160	93.167	32.839	23.944	34.371	34.371	34.371	34.371
Ábyrgdir/garanties	9	9	9	1	1	1	1	1	1
Langfreistað skuld tilsamans í t.kr. íroknað fíggjarlig amboð/ Total long-term debt in tDKK incl derivatives	1.400.867	1.488.437	1.731.310	1.625.563	1.975.662,0	1.845.826	2.095.826	2.525.826	2.875.826
Gjaldfæri/Closing cash on hand	190.785	125.123	223.856	144.182	367.271	218.428	165.650	110.048	113.096
Netto langfreistað skuld tilsamans í t.kr./net total long-term debt in tDKK	1.210.081	1.363.314	1.507.454	1.481.381	1.608.391	1.627.398	1.930.176	2.415.777	2.762.730
<b>Netto langfreistað skuld íroknað ábyrgdir í mun til EBITDA, ferðir/net total long-term debt in incl garanties tDKK in comparison to EBITDA, times</b>	<b>6,2</b>	<b>6,1</b>	<b>6,2</b>	<b>5,9</b>	<b>8,6</b>	<b>5,9</b>	<b>5,9</b>	<b>6,0</b>	<b>6,0</b>
Stuttfreistað skuld tilsamans	89.262	104.862	174.629	113.471	455.495	139.952	139.952	139.952	139.952
<b>Stutt- og langfreistað skuld tilsamans/short and long term debt in total</b>	<b>1.490.129</b>	<b>1.551.139</b>	<b>1.812.772</b>	<b>1.706.195</b>	<b>2.407.213</b>	<b>1.951.407</b>	<b>2.201.407</b>	<b>2.631.407</b>	<b>2.981.407</b>
Eiginpeningspartur í %/equity-asset ratio (solvency)	44,4	46,1	42,8	45,7	41,5	43,5	41,1	38,0	36,3
Skuld í mun til eiginögn í prosent / Debt as a portion of Equity	116,0	110,7	126,2	110,2	131,1	118,30	131,71	151,10	162,72
<b>Kostnaður í % av langfreistað skuld og trekningsrættum/cost of long-term debt and committed lines in pct.</b>	<b>2,8</b>	<b>2,9</b>	<b>2,5</b>	<b>2,5</b>	<b>2,5</b>	<b>3,4</b>	<b>4,2</b>	<b>5,3</b>	<b>5,6</b>
Broyting í langfreistaðari skuld í t.kr.	211.810	87.570	242.873	-105.747	350.099	-129.836	250.000	430.000	350.000
Ílögur í t.kr. / Investments in tDKK	435.952	342.000	330.190	209.899	241.000	243.711	538.765	776.310	665.270
Munur millum broyting í langfreistaðari skuld og ílögur í t.kr. / Difference between change in long-term debt and investments in t.DKK	224.142	254.430	87.317	315.646	-109.099	373.547	288.765	346.310	315.270

Ílöguslag í 1.000 kr. / Investments in tDKK	2018	2019	2020	2021	2022	2023	2024	2025	2026
Vatnorkuverk / Hydro electric Budgetts	12.680	3.000	2.200	7.313	4.866	21.435	51.230	17.360	4.150
Termisk verk / Thermal Budgetts	264.514	198.000	77.890	43.136	38.546	38.770	87.485	32.100	37.120
Vindmyllur / Wind turbines	5.000	4.000	70.400	4.750	3.194	50	64.000	150.000	0
Netvirksemi íroknað fyrirsiting / Grid incl. Administration	153.758	134.000	170.500	145.800	171.848	157.755	285.700	376.500	422.400
Sjóvarfalsorka/Tidal	0	0	0	0	0	100	350	350	0
Pumped to storage	0	0	8.400	8.600	22.626	25.601	50.000	200.000	201.600
Sólorka /	0	3.000	800	300	0	0	0	0	0
Felagsognir / Joint Property	0	0	0	0	0	0	0	0	0
Jarðarognir / Land property	0	0	0	0	0	0	0	0	0
Önnur rakstrargögn v.m. / Operating equipent	0	0	0	0	0	0	0	0	0
Íalt	435.952	342.000	330.190	209.899	241.080	243.711	538.765	776.310	665.270



Gjaldfæri / Liquidity	Staðfest roknskapartöl - Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Gjaldfærisbreyting frá vanligum rakstri í t.kr. / Changes in liquidity from general operations tDKK	197.097	226.211	242.797	250.512	0	277.933	326.191	400.783	462.920
Önnur gjaldfærisbreyting í t.kr. / Other changes in liquidity	-6.311	-101.088	-18.941	-106.330	367.271	-59.505	-160.541	-290.735	-349.824
Gjaldfæri við ársenda í t.kr. / Liquidity year-end	190.785	125.123	223.856	144.182	367.271	218.428	165.650	110.048	113.096
Breyting í gjaldfæri í krónum í mun til undanfarna ár í t.kr. / Changes in liquidity DKK compared to previous years.	-144.713	-65.662	98.733	-79.674	223.089	-148.843	-52.778	-55.602	3.047
Avdráttur utan afturrindan av lán við sölum/ Loan Repayment (not incl. termination of loan)	0	0	0	0	0	0	0	0	0
Rentukostnaður/cost of finance	34.634	37.040	40.167	34.225	62.490	65.441	80.791	104.070	128.468
Rentuinntøkur/interest income	0	0	0	-32	32	0	0	0	0
Kapitalkostnaður/cost of finance	34.634	37.040	40.167	34.225	-2.553	30.990	65.441	80.791	104.070
Sjálvfinansiering til at fígga broytingar í goymslu, skuldarum og ognarum umframt ílögur eftir rindan av avdráttum / Self financed investments after loan repayment	162.462	189.171	202.630	216.287	2.553	246.943	260.750	319.992	358.850
Ílögur/investments	435.952	342.000	330.190	209.899	241.000	243.711	528.265	776.310	665.270
Eiginfígging av ílögum í pst./selffinancing of investment	37,3	55,3	61,4	103,0	1,1	101,3	49,4	41,2	53,9
Eiginpeningspartur	44,4	46,1	42,8	45,7	41,5	43,5	41,1	38,0	36,3

