ANNUAL REPORT 2022

Pioneering technologies secure higher yield from wind power

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Annual Report and Annual Accounts 2022

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Management Report

The board of directors and the management have today presented the annual report of Elfelagið SEV and the group for the financial year 1 January to 31 December 2022.

The annual report has been presented in accordance with the Faroese Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively as on 31 December 2022 and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2022.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

Tórshavn, 31 March 2023

Management

Hákun Djurhuus
Managing Director, CEO

Financial Management

Bogi Bendtsen
Director of Administration, CFO

Board

Kári Johansen
Chairman

Haraldur S. Hammer
Vice Chairman

Niclas Hentze

Oddmar á Lakjuni

Poul Klementsen

Sonni L. Petersen

Sune Jacobsen

The independent auditor's report

TO THE OWNERS OF ELFELAGIÐ SEV

OPINION

We have audited the consolidated annual accounts and the annual accounts of Elfelagið SEV for the financial year 1 January to 31 December 2022, which comprise accounting policies used, profit and loss account, balance sheet and notes, consolidated and for the company, respectively, and cash flow statement for the company. The consolidated annual accounts and the annual accounts are prepared in accordance with the Faroese Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2022 and of the results of the company's operations, consolidated and for the company respectively and of the company's cash flows for the financial year 1 January to 31 December 2022 in accordance with the Faroese Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in the Faroe Islands, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

THE MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED ANNUAL ACCOUNTS AND THE ANNUAL ACCOUNTS

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Faroese Financial Statements Act.

The management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ANNUAL ACCOUNTS AND THE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

STATEMENT ON THE MANAGEMENT'S REVIEW

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Faroese Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Faroese Financial Statement Acts. We did not find any material misstatement in the management's review.

Tórshavn, 31 March 2023

P/F JANUAR

State Authorised Public Accountants

Hans Laksá
State Auth. Auditor

Key Figures and Financial Ratios

Amounts in 1,000 DKK	2022	2021	2020	2019	2018
Income Statement					
Net sales	587,065	590,226	554,236	511,126	430,152
EBITDA	188,236	250,511	242,796	226,211	197,097
Result before financial items	17,518	88,503	101,379	112,612	81,960
Financial items	2,553	-34,225	-40,167	-37,040	-34,634
Annual result	**16,667**	**44,231**	**49,809**	**62,379**	**38,084**
Balance Sheet					
Total assets	3,634,698	3,230,068	3,207,960	2,918,099	2,722,020
Cash-on-hand	367,271	144,182	223,854	125,123	190,785
Equity	1,507,296	1,475,022	1,371,553	1,344,822	1,207,723
Long-term debt	**1,613,530**	**1,592,724**	**1,638,143**	**1,446,277**	**1,341,582**
Financial ratios *)					
Return on equity	1.12%	3.11%	3.67%	4.40%	3.20%
Return on assets	0.51%	2.75%	3.31%	4.00%	3.20%
Net debt/EBITDA	8.6	5.9	6.2	6.1	6.2
Asset turnover	0.16	0.18	0.17	0.17	0.16
Equity ratio	**41.47%**	**45.67%**	**42.75%**	**46.10%**	**44.40%**

*) The financial ratios are calculated in accordance with The Danish Finance Society (Den Danske Finansanalytikerforenings), *Recommendations and Financial Ratios 2010.*

CALCULATION OF FINANCIAL RATIOS

The financial ratios are calculated as follows:

Return on equity $= \frac{\text{Annual result x 100}}{\text{Average equity}}$

Return on assets $= \frac{\text{Result of ordinary operations x 100}}{\text{Average assets}}$

Net debt/EBITDA $= \frac{\text{Net liabilities (liabilities – cash-on-hand)}}{\text{EBITDA}}$

Asset turnover $= \frac{\text{Net sales}}{\text{Total assets}}$

Equity ratio $= \frac{\text{Equity at year-end x 100}}{\text{Total assets}}$

2022 in brief

RESULT AFTER TAX

16.7 MM

MILLION DKK

Management is not satisfied with the result. The budgetted result was DKK 53 million.

INVESTMENTS

241 MM

MILLION DKK

Majority of investments made in the grid division.

AVAILABLE CASH

1.22 BN

BILLION DKK

SEV refinanced existing debt in the summer and at the same time secured new financing for future investments.

INCREASE NET SALES

-3.2 %

PERCENT

EQUITY RATIO

41.5 %

PERCENT

INCREASE GWH SOLD

2.0 %

PERCENT

NET DEBT TO EBITDA RATIO

8.6

TIMES

Ratio between net debt and EBITDA.

GREEN ENERGY

52.2 %

PERCENT

The proportion of green energy is significantly higher than in the previous year.

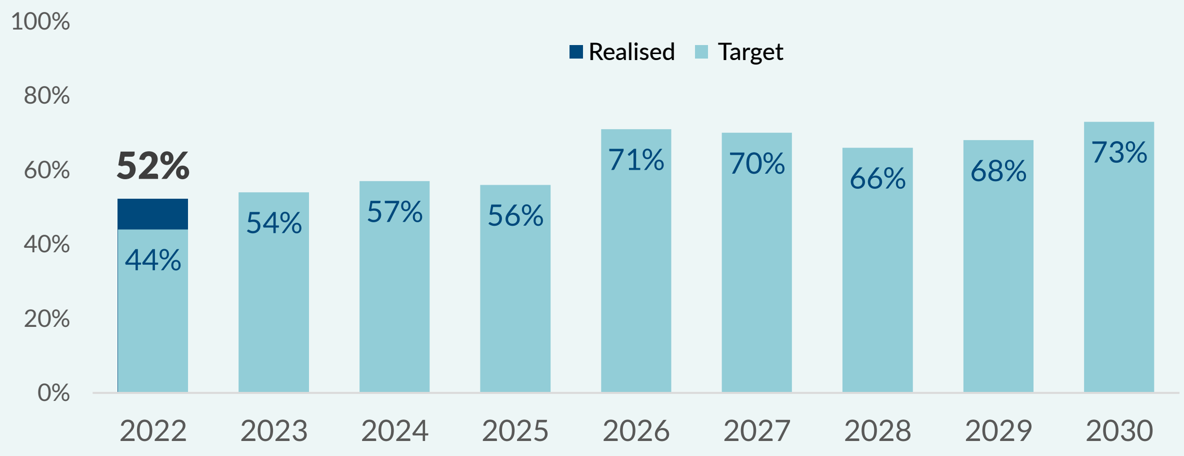
Sustainability Linked Financing

In June 2022, SEV refinanced existing debt and secured new financing for investments in the years to come. The investments will mainly be made in sustainable production facilities, in energy storage and grid balancing systems, and in strengthening the grid to be able to handle the large increase in production from sustainable sources.

In these financing agreements, SEV has committed itself to perform to certain minimum targets for green energy production for the period 2022 to 2030. The first target was to attain at least 44% green energy production in 2022, and SEV realised 52% for the period.

The reward for reaching the target is that SEV's lenders maintain the agreed interest rate, whereas should SEV not reach the target for a financial period, the lenders will receive an additional interest payment.

On behalf of SEV and the lenders, a second-party opinion has been given by Sustainalytics to certify that the targets are ambitious, and that the targets support SEV's green vision.



CALCULATION OF GREEN ENERGY PRODUCTION RATIO

"Green Electricity Production Ratio" means, in respect of a relevant Financial Year, the ratio of the green electricity production to the total electricity production for that Financial Year expressed as a percentage (as calculated pursuant to the formula below):

$$\textit{Green electricity production ratio (in \%)} = \left(\frac{P\ wind + P\ hydro + P\ tidal,\ solar,\ pumped\ storage}{P\ total} \right) x100$$

where

"P wind" means production in GWh during the financial year utilising wind power;

"P hydro" means production in GWh during the financial year utilising hydro power;

"P tidal, solar, pumped storage" means production in GWh during the financial year utilising tidal power, solar power, and pumped storage power; and

"P total" means total production in GWh during the financial year, including production utilising thermal power.

Health, Safety and Environmental Policy

SEV places great emphasis on health, safety, and the environment and has a department tasked with the Company's HSE issues.

On 17 December 2008, SEV promulgated its Health, Safety and Environmental Policy, which is available to the general public via SEV's homepage and is readily accessible throughout the Company. The Company's HSE Policy was last updated on 24 September 2021.

SAFETY

SEV prides itself on being a progressive and modern company. Consequently, we place a high priority on worker safety for the mutual benefit of everyone.

PERSONAL INJURIES

SEV works systematically and conscientiously throughout the Company to avoid accidents and injuries and our goal is that no one is ever injured. However, it is difficult to avoid injuries totally.

Figure 1 shows the number of personal injuries that resulted in a worker's disability for one or more days.

In 2022, there were two instances of personal injury to report to the Occupational Safety & Health Administration.

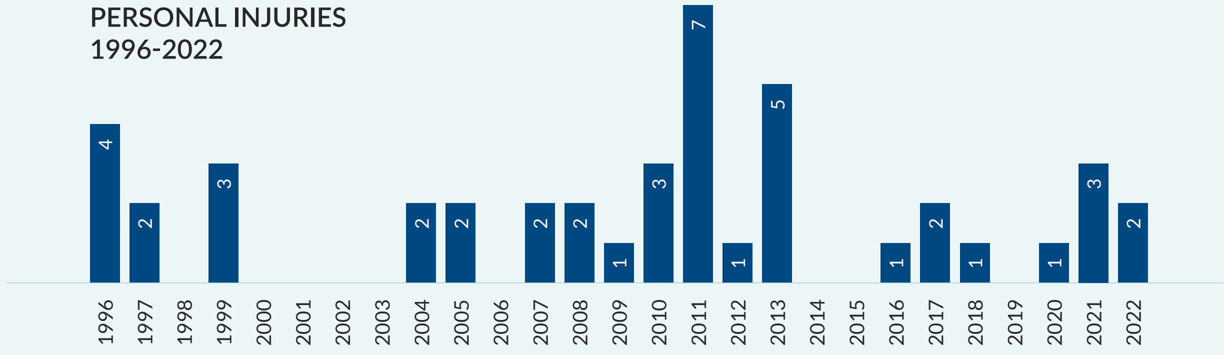


Figure 1. Number of personal injuries that have resulted in a worker's disability for one or more days that were reported to the Occupational Safety & Health Administration.

THE ENVIRONMENT

Figure 2 portrays the principal impacts of SEV's power production on the environment. The different energy sources and the various chemicals that facilitate the production of electricity and heat are shown on the left. At the top, the emissions into the air are shown; at the bottom are the emissions into the sea. To the right are the actual production outcomes, e.g. electricity and district heating.

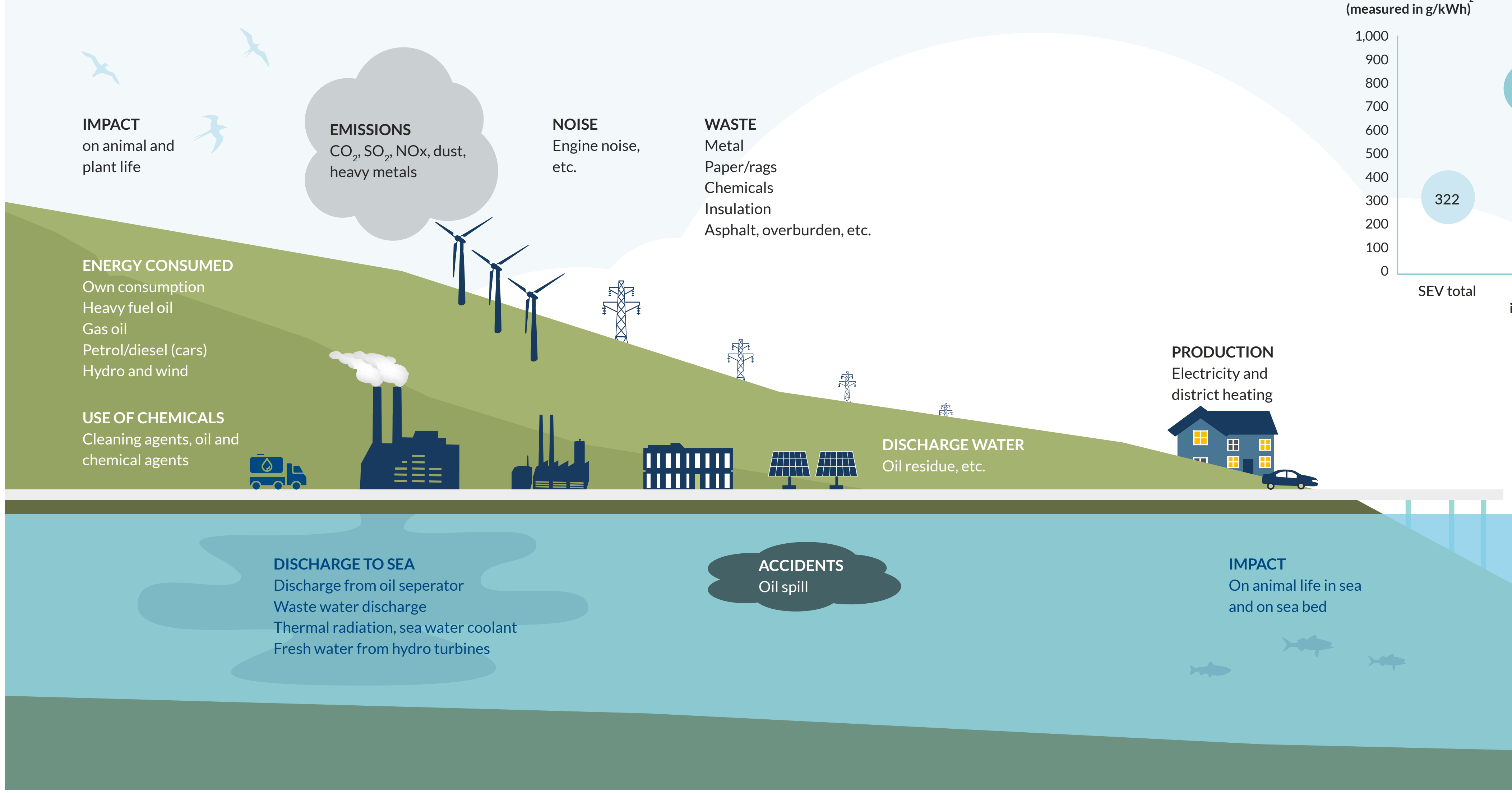
Electricity is produced by thirteen power plants scattered around the country. Three of the power plants are large oil-fired facilities located at Strond, Sund and Vágur. SEV operates six hydro-power plants – Strond, Eiði, Fossá, Mýra, Heyga and Botni.

In addition, there are five small power plants providing electricity on the islands of Fugloy, Mykines, Koltur, Skúvoy and Stóra Dímun.

SEV also operates five wind turbines located on the Neshagi promontory on the island of Eysturoy and 13 wind turbines at Húsahagi outside Tórshavn.

Furthermore, SEV operates 7 wind turbines near Porkeri on the island of Suðuroy

Figure 2. Main environmental impacts

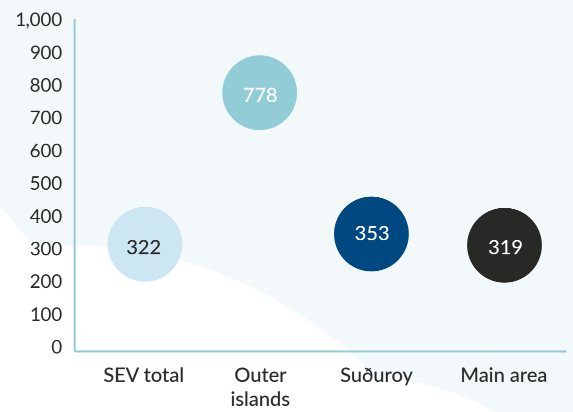


Existing environmental permits	Valid from
Sund power plant	28.03.18
Wind farm in Neshagi	13.01.12
Vágur power plant	18.11.15
Wind farm in Húsahagi	16.01.13
Wind farm in Porkeri	05.05.20

ENVIRONMENTAL PERMITS

Companies, facilities and equipment listed in the Annex to the Faroese Environmental Protection Act (Løgtingslóg um umhvørvisvernd, No. 134) must obtain an Environmental Permit. SEV is required to have environmental permits for its production facilities at Sund and Vágur, and the wind turbines at Neshagi, Húsahagi and Porkeri.

Figure 3. Specific CO_2-emissions related to production in 2022 (measured in g/kWh)



CARBON DIOXIDE EMISSIONS

One of SEV's largest environmental impacts stems from the burning of fossil fuels. The greatest portion of SEV's CO2 emissions originates from oil-fired electricity and heat production. Figure 3 shows the specific CO_2 emissions from production of electricity in 2022. Emissions are much higher for electricity produced on the outer islands than SEV in general. The reason is that only fossil fuels are used in the production on the outer islands, where as a large proportion of production in the main area and on Suðuroy are from green sources.

SEV's main aim is to become a 100% green energy producer by 2030. Figure 4 shows the proportion of thermal and green energy production, as well as the increase in total production from 2008 to 2022. The green energy share was 52% in 2022.

SEV has purchased several electrical vehicles the last few years with a view to reduce CO2 emissions, installed heat pumps in buildings, and installed district heating at the headquarter in Tórshavn.

Figure 4

THERMAL AND GREEN ENERGY SHARE 2008 - 2022

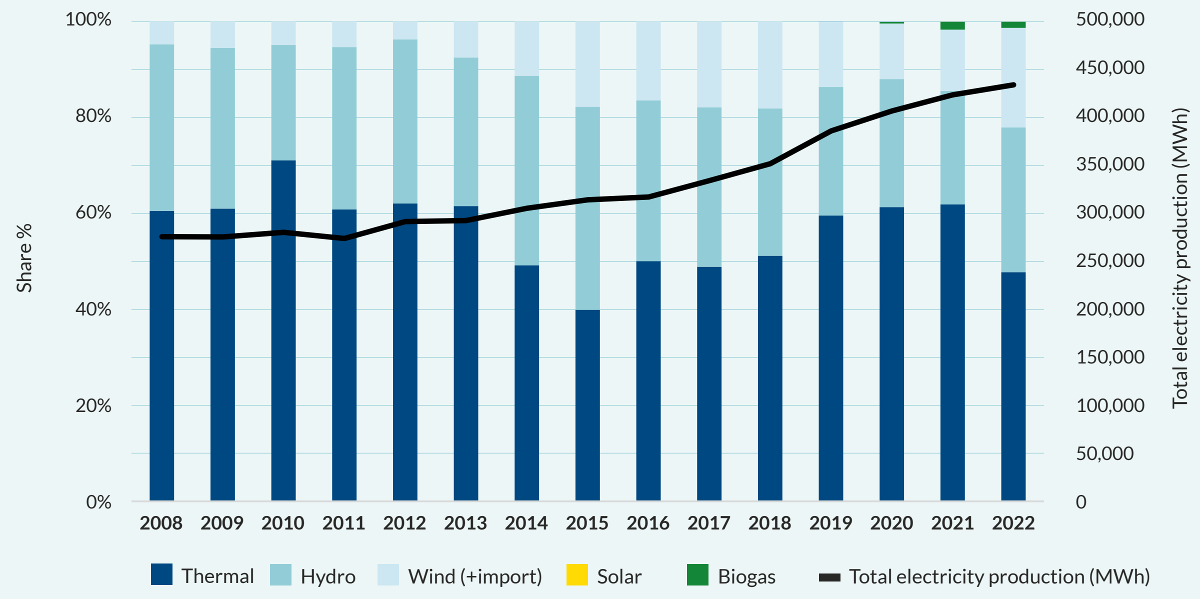
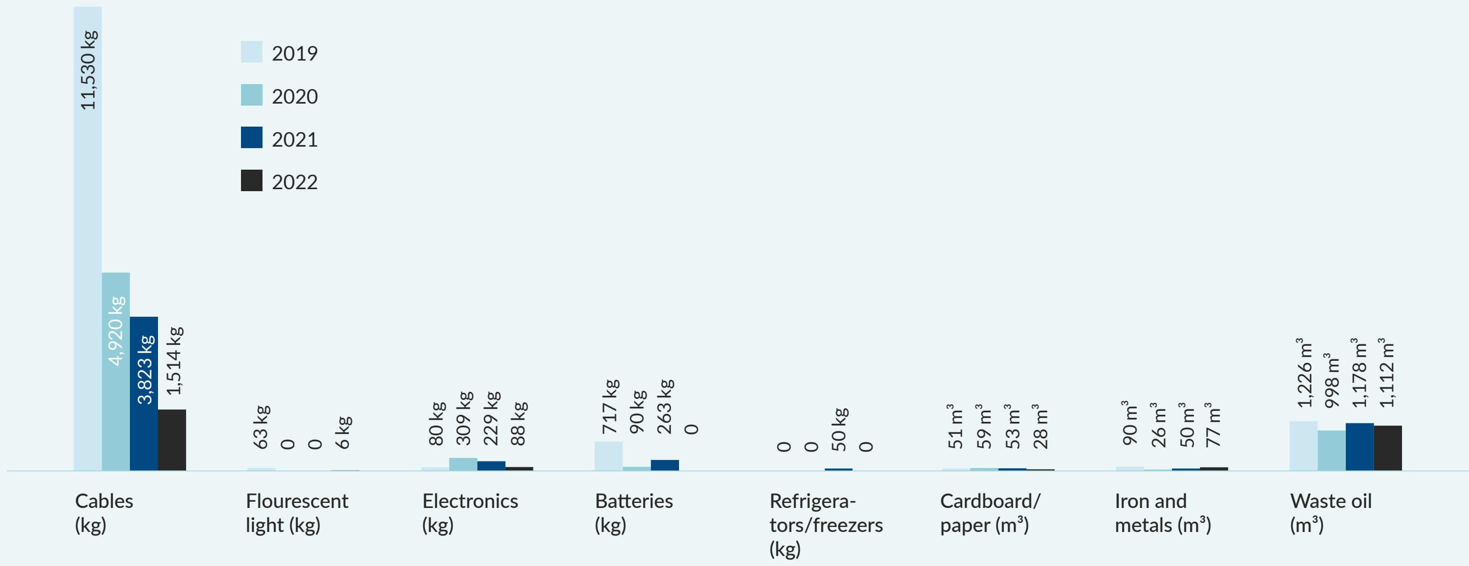


Figure 6

RECYCLED WASTE 2019-2022



WASTE

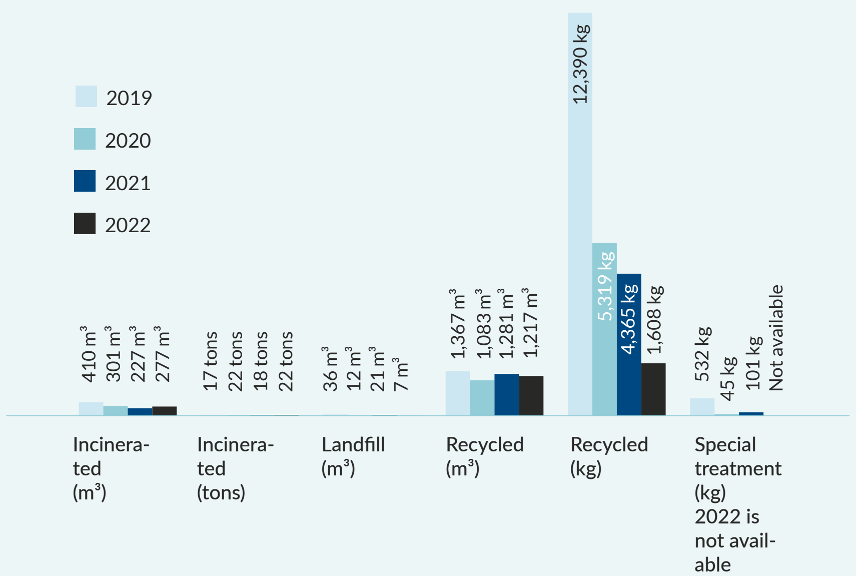
SEV produces a considerable amount of waste. A large proportion of the waste is either incinerated or recycled, while some waste is sent for special processing, e.g. chemical waste, see Figure 5.

In connection with construction activity there is much soil and rock delivered for landfill. This would ordinarily be considered as a burden for the environment, but since the soil and rock is not contaminated and can be recycled, these figures are not included here. It is also difficult to collect the relevant data, as SEV employs subcontractors for this type of work.

Figure 6 shows types of waste for recycling 2019-2022. The majority of the waste is waste oil delivered to IRF. Cables are also a considerable part of the waste.

Figure 5

VARIOUS TYPES OF WASTE 2019-2022



Employees 2022

The work force of SEV in 2022 comprised 174 permanent employees, of which 139 were male and 35 female. The work force has increased from 160 in 2021 to 174 in 2022, as SEV has taken in apprentices in addition to new employees to handle increased work loads and requirements for new skill sets. The average length of employment of the work force is 13 years. There were 27 middle managers, of which 5 were female in 2022.

It is a priority of SEV, that employees are satisfied in their position and are able to develop new skills. As unemployment levels are at record low, employers compete for applicants and to retain their skilled work force.

SEV's work force has changed in recent years. The retirement age is 70, and several employees have retired, while others have left for positions else where. Some employees have also changed positions within SEV.

Applicants for positions in SEV value the fact that the Company has such a great diversity in work, allowing them to change positions internally. It is not unusual for our employees to have worked for several years, may be decades, but at very different job positions.

It is also worth mentioning, that SEV is a public sector employer, which means that all vacant positions must be advertised.

INTERNAL CHANGES OF POSITION

In 2022, 4 employees changed position within SEV, either permanently or on a temporary basis. It is seen as a great advantage, both for the employees and SEV, that employees can transfer internally and try their hand at new challenges within the Company. It is an advantage for SEV to retain good and knowledgeable employees that know the work place, the values, the culture, and are able to improve their skills and apply them to other areas of the Company. This is undoubtedly one of the reasons why the length of employment at SEV is so high when compared to other companies.

SICKNESS ABSENCE

The average sickness absence of SEV's employees was 11 days in 2022. Employees with more than two weeks' absence or when they have been sick more than 3 times in a year, will be offered a care interview.

EMPLOYEES IN ADAPTED POSITIONS

It goes without saying that SEV's work force shall reflect society at large. This entails that people with reduced work capacity are among SEV's employees, and within all areas of work - grid, production and administration. Five employees were in such adapted positions in 2022.

APPRENTICES AT SEV

SEV had 6 apprentices in 2022. SEV has an obligation towards society to offer education opportunities in the Faroe Islands. Statistics show that many young people leave the country to educate themselves, and that the longer they stay abroad, the less likely they are to return.

SEV's intake of apprentices is first and foremost due to the fact that SEV believes we can offer a good learning environment to teach relevant skills. This increases the total supply of apprenticeships in the Faroe Islands, and we feel that it benefits the Company and the social dynamic among employees when there are both young and older people working. The average age of SEV's employees is 50 years, and taking in apprentices contributes to lowering the average age.

SEV has, due to it being one of the larger employers in the Faroe Islands, an obligation to offer apprenticeships.

GENDER EQUALITY

There is room for improvement with regard to gender equality. The Board of Directors and the management is all male. Of 27 middle managers, 5 are women.

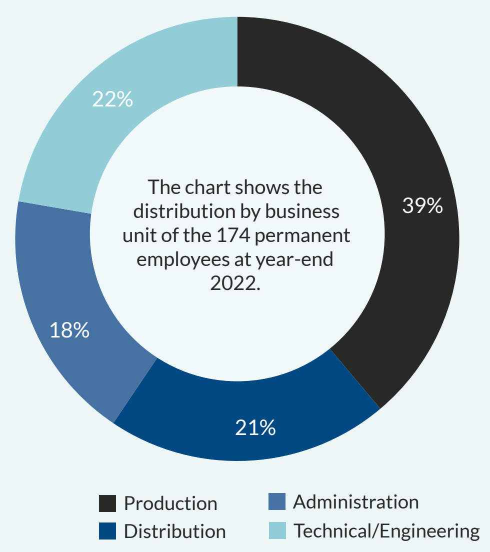
The nature of SEV's business with electricity production and distribution is typically male-dominated. SEV wishes to address the skewed gender distribution, so that every Faroese person - female and male - can identify with and look up to role models of both sexes, including at Board and senior management level.

SEV has been fortunate in taking in apprentices in recent years, as we have had and still have female apprentices as machinists, electricians, and office administrators.

The Gender Equality Board has requested SEV to comply with section 8 of the Gender Equality Act, and there have been meetings between the Board and SEV in this regard.

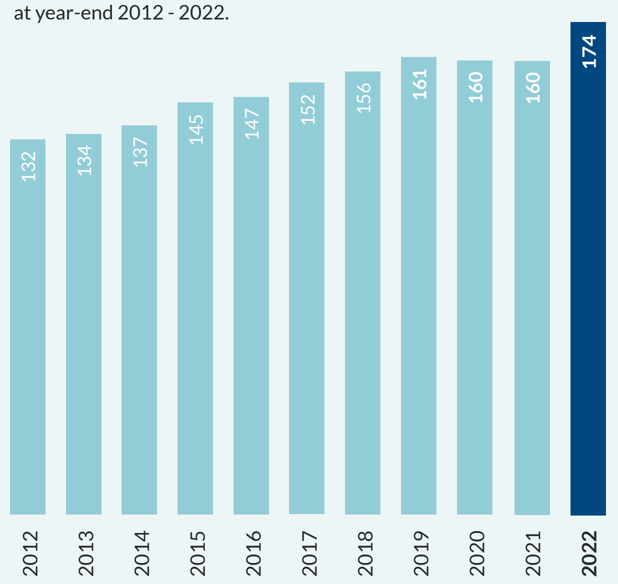
180	18-72	5	6	5
FTE	Age range	Work trainees	Apprentices	Adapted positions

DISTRIBUTION OF EMPLOYEES



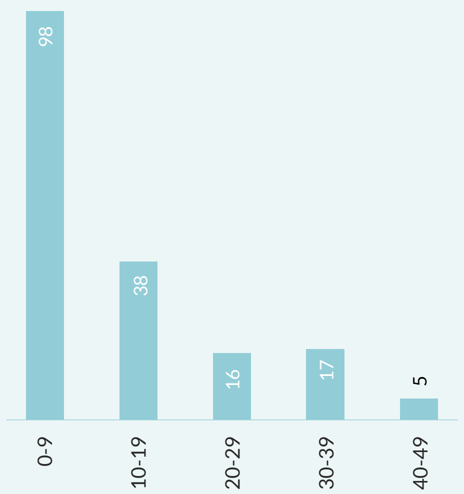
PERMANENT EMPLOYEES

The chard shows the number of permanent employees at year-end 2012 - 2022.



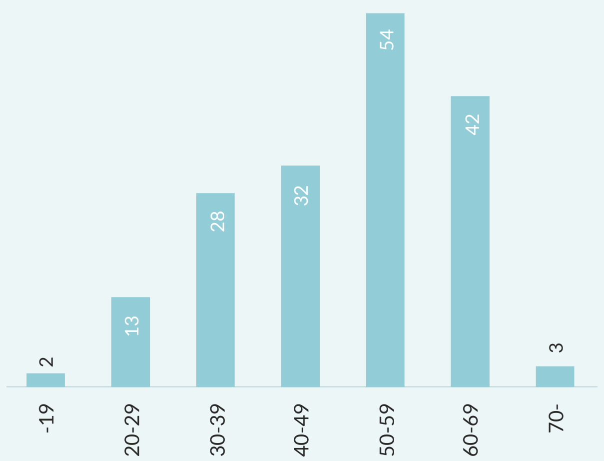
LENGTH OF SERVICE

The average length of service is 13 years. In 2022, 38 employees had been employed by SEV for 20 years or more.



AGE

The average age of employees is unchanged compared to 2021. At year-end 2022, 45 employees were aged 60 years or older.



ESG Key Figures

ESG Key Figures

Social data

Key Figure	Unit	2022	2021
Full-time work force	FTE	174	160
Employee turnover ratio	%	5	4
Sickness absence	Days per FTE	11	10
Gender pay ratio	Times	1.2	1.2
CEO pay ratio	Times	2.0	2.1
Gender diversity			
Women	%	20	18
Men	%	80	82
Gender diversity, management			
Women	%	19	18
Men	%	81	82

ESG Key Figures

Environmental data

Key Figure	Unit	100 í 2030	2022	2021
CO_2e, scope 1	Metric tons	0	139,762	170,373
Renewable energy	%	100	52	38

Management Review

MISSION OBJECTIVE OF SEV
Elfelagið SEV is an inter-municipal cooperative electricity utility company. The mission of the Company is to generate electric power and distribute it to residents in the participating municipalities.

COMMERCIAL PRINCIPLES
Pursuant to § 3, paragraph 1 of the Electricity Production Act, municipalities may participate in electricity production activities pursuant to § 1, paragraph 1 without regard to the stipulations set forth in § 50, paragraph 1 of the Municipal Administration Act. In connection with the partial liberalization of the electricity production sector, municipalities are granted the authority to operate electricity production on a commercial basis.

According to SEV's Articles of Association, the Company is to carry out its mission consistent with economically sound commercial principles with due regard for the natural environment. Pursuant to the Electricity Production Act, the grid operations of SEV shall be financially self-sufficient such that the revenue earned is sufficient to cover the cost of operations and any planned necessary investment. The operations permit granted to SEV for each individual production facility states that the accounts shall indicate whether each production facility operates at a profit or loss.

THE MUNICIPALITIES IN THE FAROE ISLANDS OWN SEV
All the municipalities in the Faroe Islands are participating members of SEV. Prior to the end of 2008, the members covered both the debt of the Company and possible operations deficits. As of 1 January 2009, the municipalities cover only the debt of the Company relative to its employees.

INDEPENDENT SUBSIDIARIES
With effect as of 1 January 2016, SEV established independent subsidiaries to manage the wind farms at, respectively, Neshagi, Porkeri, and Húsahagi. The Group Accounts of SEV indicate that the purchase of wind power will continue to increase, while at the same time the cost of supplies and wages, depreciation and interest will decline. The results of the subsidiaries are incorporated into the consolidated accounts via the capital equity portion. The total result of SEV's Group Accounts is not impacted by this. This report covers the total operations of the Company during the period 1 January 2022 – 31 December 2022.

FINANCIAL STATUS RELATIVE TO 2022 BUDGET

Table 1
2022 PROFIT AND LOSS AND BUDGET, DKK MILLION

	Profit & Loss	Budget	Difference
Sales	587.1	613.8	-26.7
Purchase of electricity	-17.3	-25.6	8.3
Oil expenses	-224.5	-159.7	-64.8
Materials and services	-74	-61.7	-12.3
Wages	-83.1	-83.7	0.6
Total expenses	**-398.9**	**-330.7**	**-68.2**
EBITDA	**188.2**	**283.1**	**-94.9**
Depreciation	-170.7	-158.4	-12.3
Result before financial items	**17.5**	**124.7**	**-107.2**
Net interest expenses	2.6	-59.6	62.2
Result before tax	**20.1**	**65.1**	**-45**
Tax	3.4	11.7	8.3
Annual result	**16.7**	**53.3**	**-36.6**

All things considered, it can be said that the conditions governing the 2022 budget are altered now that war has arisen in Europe. In addition, it can be noted that the long-term impact of the Corona pandemic on the provision of goods and services has also impacted the budget. The foreign prices for electricity, gas and oil are higher, as well as the costs for goods and services have increased and to date the time delay in the provision of goods and services has increased considerably. This, as well as the work-energy, is considerable in many places, has resulted in price increases around the world and to meet this "negative" trend, central banks increased interest rates considerably in recent times.

This has also had an impact on the operations of SEV, where we see declining income, increasing oil costs and other costs. On the other hand, the market value adjustment on derivatives on interest and dollar hedging have had a major impact on the economy of SEV.

THE RESULT FOR 2022 IS DKK 16.7 MILLION
The final result before taxes was DKK 20.1 million, compared to a budgeted DKK 65.1 million. The result after taxes was DKK 16.7 million, compared to a budgeted DKK 53.3 million. The result, as mentioned above, was impacted by the situation in Europe and otherwise around the world and thus the result is not satisfactory.

SALES DKK 26.7 MILLION LOWER THAN BUDGETED
For 2022, the budget anticipated an increase of sales to customers of the Company of 4.8%, especially in the industrial sector of fish farming and the production of fish products. Also, it was anticipated there would be an increase in electricity consumption of ordinary private customers.

KWh sales set a record at 395.3 GWh, but it was budgeted that sales would be 405.5 GWh, thus sales were 10.3 GWh less, corresponding to 2.7%. The budget envisioned a total increase of 18.4 GWh, corresponding to 4.8%, but growth was only 7.7 GWh, or 2.0%.

Over the last several years, a major increase in sales has occurred among customers in the fishing industry and the aquaculture industry and 2022 was no exception and SEV experienced growth in sales to both of these customer groups, especially in the fish farming group. Moreover, growth was seen in the public service sector, however, this growth was not as great as budgeted. It has been determined that the growth among the private customers of the Company, including sales via the green meters, was not as large as budgeted.

Table 2
INCREASED COST RELATIVE TO BUDGET, DKK MILLION

Commission/fees to vendors	13.2
Market value adjustment of stock	28.2
Effect of lower oil consumption	-4.5
Increased cost of heavy fuel oil	14.6
Gas oil	7.7
Lubricating oils and urea	5.6
Total	**64.8**

The budget predicted a smaller increase in sales to the Company's private and government customers. Also, the hotel industry experienced a lower than budgeted growth, while the consumption of customers in the fish farming and production of fish products all in all was as budgeted.

Because GWh sales were lower than budgeted, the income of the Company is also lower than budgeted. Revenue from connection fees and fixed fees are in the main as budgeted, while revenue from fixed fees and other income was lower than budgeted.

Revenue from sales is DKK 587.1 million, compared to a budgeted DKK 613.8 million, or DKK 26.7 million lower, corresponding to 4.5%.

ENERGY PURCHASE EXPENSE DKK 8.3 MILLION LESS THAN BUDGETED
The planned wind farm of LÍV/MAGN at Flatnahagi was delayed. Moreover, the EFFO/Vindrøkt wind farm began to produce later than planned. Thus, the costs for energy purchases are lower than expected, see note 2.

OIL COSTS DKK 64.8 MILLION HIGHER THAN BUDGETED
Even though SEV has hedged the price of oil, it has not been possible to escape the unstable situation in the oil market and thus SEV experienced a higher cost for oil than anticipated. This is applicable for all the types of oil used by SEV.

SEV has consumed 848 tonnes of heavy oil less than budgeted, even though SEV has had a greater production of electricity of some 3.4 GWh. The good weather in the spring has also impacted the "green" part of oil production. The wind turbines at the wind farm at Neshagi have been impacted by faults and this has impacted as well the electricity production from the green sector the wrong way. Moreover, because the wind farm of LÍV/MAGN at Flatnahagi was delayed as well as the EFFO/Vindrøkt wind farm began production later than anticipated, this has meant that the production of electricity from green energy is lower than it could have been and that was budgeted.

All things considered, SEV has produced 434.0 GWh, compared to the budgeted 440.8 GWh, which is 6.8 GWh less than expected and production from green energy was 10.2 GWh less than expected.

The higher costs for oil consumption compared to the budget can be detailed as outlined in Table 2.

GOODS AND SERVICES EXPENSES ARE DKK 12.3 MILLION HIGHER THAN BUDGETED

These costs are related to production, the grid, and administration. The power plants have consumed DKK 8.9 million more than budgeted and the grid division DKK 3.4 million more. Administration consumed DKK 0.1 million less than budgeted. The reason for the increases is related to the increased prices for goods and services and the expanded activities of the Company.

OPERATIONAL WAGE EXPENSES ARE AS BUDGETED

Total wage expenses are DKK 91.6 million, of which operations incurred DKK 83.1 million and investment operations incurred DKK 8.5 million. The budget anticipated an operational expense of DKK 83.7 million, such that operations experienced DKK 0.6 million less than budgeted. The Production division experienced a greater operational consumption than budgeted and the same was experienced by the Grid division. The reason for this, in the main, was increased production and production from several production facilities, as well as more maintenance was carried out on the grid during 2022. Moreover, an adjustment of minus DKK 7.6 million of the employee pension liability was carried out. This was done to balance other trends in the market interest rates and the average life expectancy of employees.

EBITDA DKK 94.9 MILLION LOWER THAN BUDGETED

The lower income of the Company and especially the higher cost for oil resulted in the EBITDA numbers were not as budgeted. Because the EBITDA was not as budgeted, and the Company did not carry out all of its planned investments, the net debt compared to EBITDA was 8.55, compared to the budgeted 6.0. Thus, the result in the key figures is not satisfactory and higher than anticipated.

INVESTMENT DKK 97 MILLION LOWER; DEPRECIATION DKK 4 MILLION HIGHER THAN BUDGETED

The budget stipulated an investment of DKK 381.4 million, but finally amounted to DKK 241.0 million or DKK 140.4 million less than budgeted. SEV has restrained from investment based on the pressure on the key figures “net debt compared to EBITDA”, based on considerably higher oil costs that influence EBITDA the wrong way. Especially, the investment in the wind farm at Eiði, which has not been advanced with it budgeted DKK 40 million per year. Investment in production was budgeted to be DKK 146.1 million, while this amounted to DKK 69.2 million, or DKK 76.9 million less. Investment in the grid was budgeted to be DKK 201.2 million, while this amounted to DKK 160.6 million or DKK 40.6 million less. Investment in administration was budgeted to be DKK 34.1 million, but was DKK 11.2 million, or DKK 22.9 million less.

Several investment projects were completed ahead of plan and this resulted in that these projects were transferred to the depreciation basis and thus the depreciation amount was higher than budgeted.

INTEREST EXPENSES DKK 62.2 MILLION LESS THAN BUDGETED

Interest expense was DKK 2.6 million and this was lower than budgeted. Included in the expense is the market value adjustment on derivatives that this year have had a major impact on operations, because the adjustment is significant corresponding to an income of DKK 59.9 million. The interest cost and the cost of provisions was DKK 57.3 million, compared to a budgeted amount of DKK 59.6 million, or a lower expenditure of DKK 2.3 million.

ACCOUNTING TRENDS COMPARED TO 2022 PROJECTIONS

NOTICE TO OWNERS

Pursuant to § 3, paragraph 13b and § 4, paragraph 12b of the Company’s Articles of Association, at the Extraordinary General Meeting in the Autumn of each year, the Company shall review the financial status of the Company since the Annual General Meeting, which in this case was held on 22 April 2022. Further review was conducted at the Extraordinary General Meeting held on 18 November 2022 and 16 December 2022. For more detailed information, please refer to the report presented at the meeting entitled Financial Status 2022 available on the Company’s website, www.sev.fo. The information presented is based on actual numbers as at the end of September plus projections and the budget for the remainder of the year.

Table 3
PROFIT & LOSS ACCOUNT IN DKK MILLION

	2022	2021	Change DKK MM
Net sales	587.1	590.2	-3.2
Purchase of electricity	17.3	10.2	7.1
Oil expenses	224.5	183.7	40.8
Materials and services	74.0	62.5	11.5
Wages	83.1	83.3	-0.3
Total expenses	**398.8**	**339.7**	**59.1**
EBITDA	**188.2**	**250.5**	**-62.3**
Depreciation	170.7	162.0	8.7
Result before financial items	**17.5**	**88.5**	**-71.0**
Net interest expenses	-2.6	34.2	-36.8
Result before tax	**20.1**	**54.3**	**-34.2**
Tax	3.4	10.0	-6.6
Annual result	**16.7**	**44.2**	**-27.6**

Table 4
RESULT FOR EACH KWH SOLD IN DKK

	2022	2021	Change DKK	Change %
Average income each kWh sold	1.49	1.52	-0.04	-2.5
Average expense each kWh sold	1.44	1.41	0.03	2.4
Result for each kWh sold	**0.04**	**0.11**	**-0.07**	**-63.1**

Table 5
NET SALES, DKK MILLION

	2022	2021	Change DKK	Change %
kWh sales	553.4	546.0	7.4	1.3
Subscription fee	18.2	18.0	0.3	1.4
Connection fee	16.0	23.5	-7.5	-31.8
Service fee, etc.	-0.6	2.8	-3.3	-120.1
Net sales	**587.1**	**590.2**	**-3.2**	**-0.5**

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RESULT BEFORE TAXES FOR 2022 WAS DKK 20.1 MILLION

The Company did not increase the price of electricity for its customers in 2022. The operational result before taxes for the year is DKK 20.1 million, which is lower than the previous year. The reason that the result was lower than the previous year reflects a lower sales of electricity and a much higher cost of oil as well as the increased cost of goods and services, which was much higher than the previous year. In addition, depreciation costs were also much higher than the previous year, while interest costs and the financial adjustments of the financial instruments were lower than the previous year.

NET SALES DKK 3.2 MILLLION LOWER

Total net sales declined by DKK 3.2 million. The income from electricity sales increased by DKK 7.4 million, while the income from connection fees declined by DKK 7.5 million, compared to the previous year. The fixed fees were consistent with the previous year. The sale of electricity power calculated in DKK fell by 0.5%.

The increase in revenue from the sale of electricity should be higher as the sale of electricity was 7.7 GWh because the increase in sales to the fish farming industry was significant. A further description of net sales can be found in Note 1 in the Group Accounts. Moreover, we refer you to the management report in the grid accounts, where the sale of kWh to each individual customer group is outlined.

OIL EXPENSES DKK 40.8 MILLION HIGHER

The Company used 9,444 tonnes less heavy oil in production than the previous year. Moreover, the Company used 1,000 tonnes less of gas oil than the previous year. On the other hand, the cost of heavy oil and gas oil was considerably higher than the previous year by some DKK 40.8 million. The reason for this, among others, was the war in Europe that has resulted in the increased cost of oil and gas.

Please confer the management report in the production accounts.

GOODS AND SERVICES EXPENSES INCREASED BY DKK 11.5 MILLION

Total costs increased by DKK 11.5 million, compared to the previous year. Production experienced an increase in costs of some DKK 7.5 million, while the Grid section experienced an increase in its costs by some DKK 2.5 million. The cost situation for the Grid section has been low over the last years and it was not unexpected that costs would increase.

Administration experienced an increase in costs of DKK 1.5 million. The costs for research and advisory services are lower while the costs for administrative expenses are higher as well as other operational expenses are higher. IT expenses appear to have almost doubled compared to 2021, but this is due to a different grouping of IT expenses in 2022, as SEV has upgraded its accounting system and has been able to better identify IT expenses.

Please refer to the detailed discussion found in Note 4 of the Group Accounts.

OPERATIONAL WAGE EXPENSES AT THE SAME LEVEL AS THE PREVIOUS YEAR

Operational wage expenses declined by DKK 0.3 million, such that total operational wages equalled DKK 83.1 million in 2022. Total wages equalled DKK 91.6 million, of which DKK 8.5 million were related to investment activities. In 2021, total wage expenses equalled DKK 89.0 million, of which DKK 6.0 million were related to investment activities, such that DKK 83.3 million were operational wages in 2021.

Wage expenses for production facilities increased by DKK 1.8 million, based on more activity overall. The costs for the Grid division increased by DKK 2.2 million and this too is a result of considerably more activity throughout the country. Wage expenses for administration increased by DKK 2.5 million. In 2022, several new employees were hired and this has increased the wage expense as well as SEV has arranged for several guard entities with increased costs as a result. Also, overtime pay has been paid to employees. The pensions liability was adjusted by DKK -7.6 million.

Wage expenses follow the employment agreements that are in effect for the various work areas. Please refer to the detailed discussion found in Note 5 of the Group Accounts.

Table 6

MATERIALS AND SERVICES, DKK MILLION

	2022	2021	Change DKK	Change %
Production	36.7	29.3	7.5	25.5
Grid	17.0	14.6	2.5	17.0
Administration	20.2	18.7	1.5	8.1
Total expenses	**74.0**	**62.5**	**11.5**	**18.3**

Table 7

WAGES, DKK MILLION

	2022	2021	Change DKK	Change %
Production	38.6	36.8	1.8	5.0
Grid	32.3	30.0	2.2	7.5
Administration	12.2	16.5	-4.3	-26.2
Adjustment to pension benefits	-7.6	-0.7	-6.9	
Total wages	**83.1**	**83.3**	**-0.3**	**-0.3**

Table 8

INVESTMENTS, DKK MILLION

	2022	2021
Production	69.2	64.1
Grid	160.6	132.4
Administration	11.2	13.4
Total investments	**241.0**	**209.9**

Table 9

INVESTMENTS, DKK MILLION

	2022	2021
Investment booked as work-in-progress	219.2	180.5
Investment booked directly as transition	21.8	29.4
Investments at year-end	**241.0**	**209.9**

Table 10

WORK-IN-PROGRESS, DKK MILLION

	2022	2021
Opening balance	210.0	274.1
Investment booked to work-in-progress	219.2	180.5
Work transferred to fixed assets	-132.5	-244.6
Closing balance	**296.7**	**210.0**
Changes to work-in-progress	86.7	-64.1

Table 11

TRANSFER TO FIXED ASSETS, DKK MILLION

	2022	2021
Work transferred to fixed assets	132.5	244.6
Investments booked directly to fixed assets	21.8	29.4
Transfers at year-end	**154.3**	**274.0**

EBITDA DKK 62.3 MILLION LOWER

The result before depreciation, interest and taxes is DKK 62.3 million lower than the previous year. The reason, as referenced above, is lower income and higher costs, especially oil costs.

Net debt for the same time period increased by DKK 125.8 million, such that the net debt compared to EBITDA is a factor of 8.55, compared to a factor of 5.93 the previous year. The internal level is stipulated at a factor of 6.0, while the loan providers have allowed that the Company may have a net debt compared to EBITDA that can be up to a factor of 9.0. Thus, the Company is within the stipulated requirement of the loan providers and the internal allowed factor of the Company.

DEPRECIATION DKK 8.7 MILLION HIGHER

Depreciation is the next largest line-item expense in the accounts after oil expenses. The reason that this expense has increased over the past few years stems from the investment undertaken by the Company these last few years. The depreciation basis has, among other things, increased because of the addition of the new Station 3 at the Sund Power Plant and the significant investment in the grid undertaken by the Company. For a more detailed discussion of this cost, please refer to Note 9 in the Group Accounts.

INTEREST EXPENSES DECREASE BY DKK 36.8 MILLION

Total gross debt has a fixed rate of interest, based on loan facilities with a fixed rate, as well as the fact that a part of the debt is covered by interest rate hedging agreements. Interest expense encompasses unrealized costs and market exchange losses and gains on foreign currency exchanges. These costs are governed by interest rate hedging agreements and currency exchange tools that the Company utilizes to cover the risk in this area. For a more detailed discussion of this cost, please refer to Note 7 in the Group Accounts.

INVESTMENTS EQUALLED DKK 241.0 MILLION

Over the past year, the Company has made significant investment in both the grid and its production facilities, as well as in administration, equalling DKK 241 million. During the previous year, investment was also considerable at DKK 210 million.

The investment placed can be subdivided into production, grid, and administration, as Table 8 shows.

Tables 9 – 11 show the trend in investment, work-in-progress, and additions to fixed assets.

Please refer to the Grid and Production Accounts for further detailed information about investment in 2022.

LIQUIDITY IS GOOD

In June 2022, SEV refinanced DKK 1,305 million in loans and drawing rights for investment and liquidity. In addition, SEV arranged financing equalling some DKK 900 million for investment, plus drawing rights and loans. In total, SEV has DKK 2,205 million available via refinancing and new financing.

Further, DKK 1,105 million of financing (of which DKK 205 million is delayed funding for December 2023) has been obtained from the US Private

Placement market, while DKK 850 million was obtained from Betri Bank, Bank Nordik, LÍV, Skandinavisk Enskilda Banken (SEB) as drawing rights and Nordisk Investment Bank (NIB) provided a loan of DKK 250 million available in December 2023.

Of the financing obtained from the USPP market, DKK 623 million was used to repay existing bank financing, while DKK 278 million was paid out to SEV for investment and liquidity. The last DKK 205 million from 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.

The change in liquidity of the Company from operations was DKK 135.7 million, compared to DKK 190.0 million. Thus the Company contributed to self-financing part of its investment.

The cash-on-hand at year-end was DKK 367.3 million, compared to DKK 144.2 the previous year. In addition, SEV has unused drawing rights and credit lines at the banks totalling DKK 850 million for the purpose of investment and liquity. Thus, cash-on-hand, credit and unused drawing rights equal DKK 1,217.3 million, compared to DKK 564.2 million last year.

It is critical to maintain stable liquidity for daily operations of the Company, as well as it is deemed important to have sufficient liquidity available, given the uncertainty of the financial markets around the world.

PROSPECTS FOR OPERATONAL YEAR 2023

The Company has increased the price of electricity for its customers for 2023 and onward.

It is necessary to take steps to increase the revenue of the Company, initially, to ensure that the index factor of NIBD to EBITDA declines to the internal stipulated factor by the year-end 2023. The index factor at year-end 2022 was a factor of 8.55. In addition, it is necessary to increase the revenue stream now that SEV will be undertaking major investments, including expansion of the grid and the pumping stations in Vestmanna.

The Company anticipates an operational profit in 2023 of some DKK 64.2 million before taxes. After taxes, the result is expected to be DKK 52.6 million.

It is anticipated that electricity sales will increase in 2023 by 2.0%, and thus also production. Net revenue is expectd to be DKK 639.3 million. The cost of oil is expected to continue at a high level equalling DKK 180.6 million, which is however lower than the cost experienced in 2022. The valuation adjustments of the oil storage impacts the NIBD to EBITDA index factor to a large degree because it is necessary to set aside DKK 12 million for the valuation balancing of the oil costs in the budget to address this situation.

The costs of goods and services is budgeted to be DKK 62.9 million, which is lower than the costs experienced in 2022. Wage expenses are increased because several employees were hired in 2022, and this expense also increases due to normal wage increases, individual reorganization and that many employees are expected to be hired, based on anticipated increased activity. Thus, it is budgeted that wage expenses will equal DKK 92.8 million, which is higher than the costs experienced in 2022.

Depreciation is budgeted at DKK 178.4 million, compared to DKK 170.7 million in 2022. The reason for this increase in depreciation basis is the investment undertaken by the Company.

Net interest expenses are budgeted at DKK 60.4 million, which is higher than the cost in 2022. There is no set aside for the valuation adjustments relative to the financial tools that may be used.

It is anticipated that investment will be placed for DKK 344.9 million. Moreover, it is calculated that there will be an increase in net loan facilities of DKK 118.7 million from current and new drawing rights for use in investment in 2023. SEV will receive DKK 454.7 million in December 2023 for late financing, while at the same time SEV shall pay DKK 336 million to the loan providers for loans that will be due and payable in December 2023. It is expected that the long-term debt will be DKK 2,061 million at year-end 2023. Net debt will be DKK 1,818.1 million.

It is calculated that the Company will have cash-on-hand of DKK 268.9 million by year-end 2023, as well as access to drawing rights of DKK 731.3 million from the financial institutions or in total DKK 1,000.1 million. Thus, the Company has good liquidity and is positioned to meet all of its debt.

Net debt (NIBD) compared to operational revenue of the Company (EBITDA) at year-end is expected to be a factor of 6.0 and SEV's capital compared to total assets is expected to be 42.4%.

More information about what SEV intends to do in this area can be found in the Operational, Financial and Investment Budget Plan for 2023 available at www.sev.fo.

EVENTS AFTER THE CLOSING OF THE ACCOUNTS

From the closing date of the financial statements to date, nothing has occurred that would impact the assessment of the annual accounts of the Company.

Risk Management

SPECIAL RISKS
The risks facing the Company can be subdivided into the following categories:

MARKET RISKS
Over the last four years especially, SEV has undertaken significant investment in its production facilities and the grid, and SEV shall continue to make major investments in infrastructure, e.g., the pump-to-storage plant in Vestmanna for around DKK 1 billion. Given all the investment that SEV has undertaken and will embrace in the future, it could be said that, to a certain degree, SEV is a project-based company, which necessitates a long-term view and the adoption of a budget that reflects this long-term vision. This means, consequently, that it is advisable to understand and be sensitive of critical cost factors, such as the cost of oil, currency exchange costs and interest costs.

The potential for SEV to cover increased costs through adjusting the price of electricity or other fees, either partially or wholly, is limited and the possibility of running a deficit or realizing an unsatisfactory operational result is only acceptable for a limited time. Pricing levels, in the end, is a subject for the owners of SEV and thus has a political dimension, and is also subject to the approval of the Electricity Production Commission, while the financing of increased costs via the liquidity gained from loan facilities is only feasible over very short time periods, and limits the potential for planned investment in infrastructure when increases in financing is used to cover increased costs.

In connection with the loan facilities taken out by SEV, the various financial institutions reviewed SEV's key financial indicators for the most critical business areas; the requirements relative to these figures are quite specific and not negotiable. In order to obtain competitive financing, it is necessary for SEV to meet the specific requirements stipulated by the financial institutions and consistent with what SEV itself considers financially prudent to address the most critical risks relative to increasing costs. SEV is an interesting customer to provide financing to, and, according to SEV's consultants, it can be considered an "investment grade" client. This affords SEV the possibility to secure excellent financing by any number of measures. In order for SEV to maintain this "ratings level", it is necessary to remain commercially viable with sufficient profit such that the key accounting figures are on a par with those of the companies against which SEV must compete for financing.

SEV, in conjunction with SEB, which is SEV's financial and hedging consultant, has developed a risk hedging strategy against oil, currency exchange and interest rate fluctuations. The hedging strategy is a part of the loan facility agreements that the Company undertook in December 2016.

INTEREST RATE RISKS
SEV has evolved a strategy to secure a fixed rate of interest for up to 100% of its debt with a repayment period longer than 12 months. At the same time, the average repayment period for debt associated with a fixed rate of interest shall be between five and ten years. This will be done in such a manner so that SEV can achieve coverage of its interest rate risk within a range of 80% to 100% of total debt at any given time. The debt can either carry an agreed-upon fixed rate of interest, or a floating variable rate of interest that is governed by an interest rate swap agreement.

This hedging strategy or methodology requires that the fixed-rate debt shall be continually monitored such that when the fixed-rate portion of SEV's total debt falls below 80% or increases to over 100%, then the interest rate swap agreements should be activated. Consequently, this review might necessitate that certain interest rate swap agreements should be terminated to ensure, for example, that the percentage of fixed-rate interest loans does not exceed 100% of the total loans held by SEV. As a result of such a course of action, the value of the interest rate swap agreements will grow. A positive value decreases the financial needs of SEV, while a negative value increases the financial needs. SEV, in the main, books the positive value of the interest rate swap agreements with the assets of the Company. SEV strives to maintain a positive balance of its interest rate swap agreements over time, wherein the goal is to have an average fixed-rate interest term of between 5 and 10 years.

In connection with SEV's new loan facilities, SEV secured a fixed rate of interest on all of its gross debt as at year-end 2016 of DKK 1,042 million from a bond issue with an average repayment period of around 9.3 years. In addition, in December 2016, the Company executed interest rate swap agreements for the debt that would be assumed when and if the Company has need for bank financing as each new infrastructure investment is undertaken. This is consistent with the strategy to secure against interest rate risk. Thus, an increase in interest rates will, generally, not have an impact on the majority of the interest-bearing debt carried by SEV for the next eight years.

OIL PRICE AND EXCHANGE RATE RISKS
One consequence of the investment budget for the coming years is that the current hedging strategy for oil and currency exchange has been expanded to cover an additional four years beyond the current year. This is the same time period during which the loan facilities of the Company are expected to increase by some DKK 600 million to around DKK 1,600 million.

SEV has covered its oil price risk consistent with the benchmarks below:

Year 1	Year 2	Year 3	Year 4	Year 5
80%	60%	40%	20%	20%

This benchmarking strategy is designed such that the hedging coverage is undertaken the initial year for a specific operational year. In year two, the respective hedging coverage is increased to cover a period of five years. This template ensures a step-wise creation of secure hedging at a level that ensures an average pricing position during those various years. SEV has covered the risk with a fixed price hedge.

At the same time as the hedging coverage for oil is executed, the dollars that are to be used for the respective oil purchase are also purchased as at a specific settlement date to cover the dollar exchange risk.

In the event of an increase in the price of oil and an increase in the dollar exchange rate, such risk hedging will have a dampening effect on expenses and the operational result will be more stable.

LIQUIDITY RISK
SEV has established the protocol that before any specific project is undertaken the necessary financing must be in place for the project. This ensures that financing is always available for a specific project.

In addition, the Company shall always have at least DKK 100 million available in the bank, if the necessity should arise. In connection with the operation of the Company, this DKK 100 million is available to cover any exigencies for a period of 3-6 months in the event that the Company does not have any income. Moreover, SEV considers it desirable to have access to a line of credit that would support the liquidity of the Company, if necessary.

MARKET RISK	CREDIT & COUNTER-PARTY RISK	OPERATIONAL RISK	STRATEGIC AND OTHER RISKS
Interest rate	Receivables	Security of supply	The strategic risks are related to how the company organizes its operations, the political environment, image, etc.
Oil price	Bank deposits	IT	New disruptive technologies
Exchange rate	Bonds	Error in internal procedures	Projects
Liquidity	Insurance	Human error	Knowledge and development
		Health, safety, and environment	

CREDIT AND COUNTER-PARTY RISKS

ACCOUNTS RECEIVABLE FROM CUSTOMERS
The Company carefully and continually monitors its customer accounts receivable. The Company has in place specific procedures for the follow-up on delinquent outstanding accounts. If an invoice is not paid by the deadline, the customer is sent a reminder and if again the customer does not pay by the stipulated due date, then a third reminder is sent and the electricity to the customer is cut-off. This procedure limits the risk relative to the Company's customers, however, the Company can be at risk from an individual large customer.

Available liquidity of the Company can be placed in bonds or loaned to banks.

CASH-ON-HAND IN BANKS
The Company continually takes steps to diversify its cash among several banks that are financially strong as to minimize the inherent risk.

BONDS
One possibility relative to maintaining cash-on-hand is to purchase Danish treasury bonds or mortgage-backed bonds. In order to limit currency rate risk in this connection, only short-term bonds are considered.

INSURANCE
In association with its insurance advisor, Sp/f Íti v/ Ali Celebi (previously, Willis Føroyar), SEV actively works to cover its insurance risk, such that no individual damage claim or combination of damage claims would impact the overall operational result by more than DKK 10 million.

OPERATIONAL RISKS
It is quite clear that it is impossible to avoid all operational risks, but these risks can be minimized to an acceptable level through appropriate initiatives, procedures and oversight prescribed by the Board and Management.

PRODUCTION SECURITY
The purpose of the Electricity Production Act is, among other factors, to ensure that the provision of electricity throughout the Faroe Islands takes into consideration production stability, the economy of the country and the environment. The price of electricity shall not be higher than necessary to address these factors, as well as the other services/obligations that the Company has toward its customers. SEV shall always maintain a secure and effective operation that meets the stipulated goal of production stability and security. The Company thus continually strives to enhance its production stability and the quality of its electric power production.

At the same time, in connection with production stability, it is necessary to address the consequences of storms and other events. In this context, SEV, over many years, has worked to bury electric cables so that the danger of a negative impact in this area is minimized.

IT AND IN-HOUSE PROCEDURES
Risk reduction efforts within SEV reflects the IT security policy and guidelines, etc., in effect, which extend to procedures, oversight, and the division of functions and functionality. Also, SEV continues to facilitate the education and development of its staff in this regard.

HEALTH AND SAFETY
The Company takes health and safety very seriously. The Company endorses a zero-tolerance policy, meaning that the goal is that no one shall suffer a work-related injury, nor shall there be any injury that results from other activity other than the work of the Company. In this connection, the Company has instituted the requisite policy and procedures.

ENVIRONMENT
SEV uses heavy oil and gas oil in the production of electricity and the Company uses several dangerous chemicals for cleaning, etc. of the motors. The Company again takes the protection of the environment very seriously and the regulations and requirements in this area are always diligently followed. The entire Company adheres to ISO 14001, and the Company has installed advanced exhaust cleaning systems for the newest motors at Vágur and at Station 3 at Sund. Furthermore, all the Company's oil storage tanks are surrounded by containment barriers.

STRATEGIC RISKS
In the main, the strategic risks of the Company are linked to how the Company organizes its activities, the political environment, and the competence of its employees, etc. Strategic risk can be reduced through the application of an effective project plan. Work is underway to realize the plan to increase that part of production that is based on renewable energy resources, such as hydro-power, wind and tidal energy. This plan also extends to the new control system from Schneider Electric and the smart-grid solution. To continually ensure that the Company benefits from new ideas and new inspiration, the Company emphasizes candour, openness and honesty throughout its entire operations and dealings with others.

NEW, DISRUPTIVE TECHNOLOGY
New, disruptive technology is continually evolving and impacting the world around us. Thus, SEV strives to follow and adapt the potential inherent in this evolving, disruptive technology.

PROJECTS
SEV is continually developing and upgrading its production capacity and the grid. In this connection, many projects have been undertaken. Thus, in this regard, it is necessary to closely monitor these projects and for major projects oversight committees are established along with the appointment of a project leader for each individual projec.

PROFESSIONAL KNOWLEDGE AND DEVELOPMENT
The training and development of staff is the key to development of the Company and to limit strategic risk. The Company strives to ensure that the requisite knowledge and experience is in place in every area of the Company to the level deemed necessary and as a consequence the Company arranges for suitable training of staff. In addition, SEV arranges for continual leadership training to enhance and support their work for SEV.

Accounting Principles

The Annual Accounts for the Elfelagið SEV group are prepared in accordance with the provisions of the Faroese Financial Statements Act for large Class C corporations.

The Annual Accounts apply the same accounting principles as the previous year and are presented in Danish kroner.

Amounts in the Income Statement, Balance Sheet, Notes, etc. are rounded to whole thousands. As each number is rounded individually, rounding differences may occur between the numbers presented and the sum of the underlying numbers.

Where a Table in the financial statement shows numbers in DKK rounded to whole thousand or million, and the Table shows differences between periods, either in DKK or percent, the comparisons are calculated on the basis of the underlying numbers and then rounded off. As a result of this, small differences can occur between the rounded numbers shown in the Table and the calculated comparisons.

BASIS FOR RECOGNITION AND VALUATIONS

In the Income Statement, income is recognised as earned. The same pertains to value adjustments of financial assets and liabilities. Included in the Income Statement are all expenses, including depreciation, amortisation, provisions, and impairment losses derived of changes in the financial estimates of the amounts that otherwise have been recognised in the operational accounts.

Assets are recognised in the Balance Sheet when future economic benefits are likely to flow to the Company and the value of such assets can be measured reliably.

Liabilities are recognised in the Balance Sheet when they are reasonably likely to occur and can be measured reliably.

On recognition and valuation, due regard is given to foreseeable loss and risks arising before the time at which the Annual Report is presented, and relate to circumstances present as at the end of the fiscal year.

TRANSLATION OF FOREIGN CURRENCY

Foreign currency transactions are translated using the rate of exchange applicable as at the date of transaction. Realised and unrealised translation gains and losses are recognised in the Income Statement under financial items.

Receivables, liabilities and other financial booking in foreign currencies that are not translated as at the end of the fiscal year are translated using the exchange rates applicable as at the end of the fiscal year. The difference between the exchange rate as at the end of the fiscal year and the exchange rate current as at the date of the transaction are recognised in the Income Statement under financial items.

THE GROUP ACCOUNTS

The Group accounts comprise the parent company Elfelagið SEV and related companies where Elfelagið SEV directly or indirectly owns more than 50% of the voting rights, or by other means has controlling influence. Companies, where the Group owns between 20 and 50% of the voting rights and has substantial, but not controlling influence, are deemed associated companies, see the Group overview.

Through consolidation, all income and expenses, shareholdings, internal assets and liabilities, and dividends are eliminated. Realiased and unrealised gains and losses from transaction between the consolidated companies are also eliminated.

Equity in subsidiary companies is adjusted by the proportionate share of the market value of the net assets and liabilities of the subsidiary companies on the acquisition date.

INCOME STATEMENT

NET SALES

Net sales are recognised in the Income Statement, provided that delivery has been effected and the risk has passed to the buyer by the end of the fiscal year and income is reliably pending and is expected to be received. Net sales exclude VAT, fees and rebates in connection with sales.

CONSUMPTION OF GOODS AND SERVICES

Consumption of goods and services includes costs for the purchase of raw materials and consumables less rebates and changes in inventory during the year.

OTHER EXTERNAL EXPENSES

This item comprises external costs related to the purchase of oil, supplies and other services, as well as other administrative costs.

SYSTEM SERVICES AND DISTRIBUTION OF INCOME

The cost of electricity production can be divided into actual production cost, and the cost of system services. System services include the planning and control of available generating power, spinning reserve, reactive reserve, regulating power and regulating frequency. The cost for the system services is an estimated share of the total operating cost of the Sund and Vágur power plants.

The cost for system services elsewhere in the country is based on the cost of operating the smaller power plants. Their operating cost for materials and wages are reimbursed as system services cost, the remaining cost as production cost. The Strond power plant is reimbursed for the materials and wages related to the thermal production as system services cost, and the remaining cost as production cost.

The income of the smaller power plants is equal to their total cost, and in addition they receive as income a percentage of their equity at the beginning of the year. This percentage is based on the yield of long-term bonds and the cost of maintaining assets.

GRID CONTROL

The cost of planning and controlling the grid in the main area comprises the materials and services costs, wage costs, and depreciation on the Control Room at the Company HQ in Tórshavn.The cost of controlling the grid on Suðuroy is based on the wage costs at the Vágur power plant.

DISTRIBUTION OF INCOME

According to the Electricity Production Act, the grid activities shall be self-supporting such that the income earned is sufficient to pay for operations and planned necessary investment.

For the Grid Division, this means that it shall derive an income that corresponds to the expenses that the grid department has such that the Grid Division can pay for its operations as well as derive sufficient income to pay for the planned necessary investment in the grid. The income set aside for necessary investment shall reflect the requirement for self-financing.

SEV has determined that self-financing of 25% is satisfactory and this decision is reflected in SEV's annual accounts and the accounts of both the Production and Grid Divisions.

The stipulated amount of self-financing is based on the anticipated investment for both production and the grid over a period of five years, which is the current year and the next four years. The self-financing for the current year is calculated thusly: cash-flow from operations less cost of interest and repayment of principle compared to the requirement for 25% self-financing of annual average investment over the next five years.

For the Grid Division, this means that the annual result will be adjusted such that the profit corresponds to the expenses of the grid plus the self-financing of 25% of the annual average investment in the grid over the next five years. If the total result for the SEV Group is greater than the result for the Grid Division, the remainder of the result will be transferred to the Production Division.

EMPLOYEE EXPENSES

Employee expenses encompass wages plus vacation pay and pension benefits including other social benefits. Any compensation received from the government is deducted from employee expenses.

DEPRECIATION AND WRITE-OFFS

The depreciation and amortisation of intangible and tangible fixed assets are based on an asset's forecasted useful life.

FINANCIALS

Financials include interest receivable and interest payable, realised and unrealised capital gains and losses on financial assets and debt. Financial revenue and expense are booked at value for the relevant accounting year.

Dividends from equity investments in Associated Companies are recognised as revenues in the accounting year in which they are approved.

Interest expense and other loan costs to finance production of intangible and tangible fixed assets and are related to the production period are not included in the forecasted useful life of the asset.

RESULTS FROM EQUITY IN SUBSIDIARIES
After full elimination of intercompany profit, the equity investment in the group enterprise is recognised in the profit and loss account at a proportional share of the group enterprise's results after tax.

BALANCE SHEET

TANGIBLE ASSETS
Tangible assets are valued at acquisition cost less accumulated depreciation and write-offs. Land is not depreciated.

The depreciation basis includes the acquisition value less the expected residual value at the end of the asset's prescribed useful life.

Acquisition value includes the purchase price and costs directly accruing from the time of acquisition to the time when the asset is ready for use.

Depreciation is based on an asset's forecasted useful life and the residual value of the asset:

	Useful life years	Residual value
Production and distribution plant	10-50	0 %
Buildings	50	0 %
Production equipment, furnishings	3-5	0 %

Equipment with an expected useful life under one year is expensed in the year of acquisition.

Regarding own production assets the acquisition value includes the cost of supplies / consumables, parts, suppliers, direct wage expense and indirect production costs.

DEPRECIATION OF FIXED ASSETS
Every year the carrying amount of tangible fixed assets is appraised to obtain an indication of whether they have lost value or have been impaired. This is done in addition to general depreciation write-offs.

When a loss in value is indicated, impairment tests are carried out on each individual asset and each asset category. Assets with impaired value are written down to the recoverable amount, if this amount is lower than the carrying amount.

The recoverable amount is either the net realisable or sale value or the capital value. Capital value is calculated as the current value of the expected net revenues accruing from using an asset or asset group.

EQUITY IN SUBSIDIARIES
Equity in subsidiaries is recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

To the extent the equity exceeds the cost, the net revaluation of equity in subsidiaries are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from the subsidiary that is expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in the subsidiaries.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

CAPITAL INVESTMENT IN ASSOCIATED COMPANIES
Investment in Associated Companies is recognised in the balance sheet at acquisition value. If the net realisable value is lower than the acquisition value, it is depreciated to the lower value.

INVENTORY
Inventory is measured at cost price according to FIFO principles. If the net realisable value of the inventory is lower than the acquisition value, it is depreciated to the lower value.

The acquisition value of goods for sale, including raw materials and consumables, is measured as the purchase price plus freight expenses.

The acquisition value of finished goods and goods-in-production is measured as acquisition value of the raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs include indirect supplies and wages, plus maintenance and depreciation of machinery, buildings and equipment used in production. In addition, the booked costs include costs to manage and administer production, plus R&D costs relative to the goods.

RECEIVABLES
Receivables are valued at amortised acquisition cost, which generally corresponds to nominal value. To guard against possible loss, receivables are written-down to net realised value.

PREPAYMENTS
Prepayments that are included under assets include express costs attributable to the coming fiscal year.

CASH-ON-HAND
Cash-on-hand includes cash-on-hand and short-term (under 3 months) securities that could be readily converted to cash and where there is an insignificant risk for changes in valuation.

CURRENT AND DEFERRED TAXES
Current tax, payable and receivable, is recognised in the Balance Sheet as the tax computed on the basis of the taxable income for the year, adjusted for tax paid on account the previous year. Current tax payable and receivable tax are recognised based on the set off permitted by law and the booked amounts generally calculated at net or current.

Deferred tax is calculated on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities. This is recognised in the Balance Sheet based on intended use of the asset or how the debt is intended to be repaid.

Deferred tax assets, including tax deficits carried forward, are recognised at the anticipated realisable value, either by adjusting the tax on future income or by off-setting deferred tax within the same legal tax entity. Possible deferred net receivable tax is recognised at net realised value.

Deferred tax is valued consistent with the tax regulations and tax rates then applicable as at the end of the fiscal year.

Adjustments to deferred tax resulting from changes to tax rate are incorporated into the operational accounts.

OTHER PROVISIONS
Provisions include anticipated costs for guarantees, loss from work-in-progress, adjustments, etc. Provisions are recognised when the Company has a legal or material debt based on an event that had occurred and it is probable that the debt will be paid by utilising the financial assets of the Company.

Provisions are valued at net realised value or to current value when it is expected that the debt shall be paid in the distant future.

DERIVATIVE FINANCIAL INSTRUMENTS
The Company holds derivative financial instruments to hedge its foreign currency, fuel price exposures, and interest rate risk.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as describedbelow. The Company holds no trading derivatives.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hegded item is less than 12 months.

CASH FLOW HEDGES
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly inequity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

LIABILITIES
Relative to loan facilities, financial debt is recognised at realised or acquisition value, corresponding to the received amount less transaction fees. Subsequently, financial debt is recognised at the amortised realised value, which corresponds to capitalised value plus effective interest such that the difference between the received amount and the nominal value is recognised in the operational accounts over the period of the loan facility.

Debt to financial institutions is valued at amortised realised value, which corresponds to the residual debt for a cash loan. Regarding the value of bonds, the amortised realised value is calculated as the cash value on the date the bond was issued, adjusted by the booked depreciation during the installment period of the effective rate of interest at the time of contracting such debt.

Other debt is also measured at the amortised realised value, which usually corresponds to the nominal value.

PREPAYMENTS
Prepayments recognised under debt include payments attributable to the subsequent accounting year.

CASH FLOW STATEMENT
The Cash Flow Statement is prepared using the indirect method and shows cash flows from operations, investing and financing activities, changes in liquidity and cash-on-hand at the beginning and at the end of the year.

Cash flows from operating activities are adjusted for non-cash operating items, changes in working capital and tax paid.

Cash flows from investments comprise the acquisition and disposal of intangible, tangible and financial assets, adjusted for changes in accounts receivable and any liabilities on said items.

Cash flows from financing comprise financing from shareholders, dividends paid to shareholders, the initiation and subsequent repayment of long-term liabilities, in addition to withdrawals from credit facilities.

Cash-on-hand at the beginning and end of the year comprises both cash and bank deposits.

KEY FIGURES
The Key Figures are calculated consistent with The Danish Finance Society (Den Danske Finansanalytikerforenings), *Recommendations and Financial Ratios 2010*.

The financial ratios are calculated as follows:

Return on equity	Annual result x 100 / Average equity
Return on assets	Result of ordinary operations x 100 / Average assets
Net debt/EBITDA	Net liabilities (liabilities – cash-on-hand) / EBITDA
Asset turnover	Net sales / Total assets
Equity ratio	Equity at year-end x 100 / Total assets

Income Statement 1 January – 31 December

Amounts in 1,000 DKK		GROUP		PARENT	
Note		**2022**	**2021**	**2022**	**2021**
1	Sales	587,065	590,226	586,182	589,171
2	Purchase of electricity	-17,284	-10,191	-43,616	-30,820
3	Oil expenses	-224,485	-183,669	-224,485	-183,669
4, 6	Materials and services	-74,007	-62,545	-67,480	-55,595
	Gross proceeds	**271,290**	**333,821**	**250,602**	**319,087**
5	Wages	-83,054	-83,310	-83,044	-83,221
	EBITDA	**188,236**	**250,511**	**167,558**	**235,866**
	Depreciation	-170,718	-162,009	-156,409	-148,175
	Result before finacial items	**17,518**	**88,503**	**11,148**	**87,691**
7, 10	Result from subsidiary companies	0	0	5,404	1,470
7	Financial expenses	2,553	-34,225	2,866	-34,479
	Result before tax	**20,072**	**54,277**	**19,419**	**54,683**
8	Tax on annual result	-3,404	-10,046	-2,752	-10,452
	Annual result	**16,667**	**44,231**	**16,667**	**44,231**
	Proposed distribution of result				
	Results carried forward	16,667	44,231	16,667	44,231
	Total distribution	**16,667**	**44,231**	**16,667**	**44,231**

Balance Sheet 31 December

ASSETS in 1,000 DKK		GROUP		PARENT	
Note		2022	2021	2022	2021
9	**Tangible fixed assets**				
	Power plants	1,540,641	1,601,818	1,411,735	1,458,332
	Distribution stations	940,457	896,076	940,457	896,076
	Buildings and land	90,388	88,747	90,388	88,747
	Operating equipment	51,033	50,747	51,033	50,747
	Investment work-in-progress	296,727	210,013	290,799	207,224
	Total tangible fixed assets	**2,919,246**	**2,847,401**	**2,784,412**	**2,701,126**
10	Investment in subsidiary companies	0	0	39,372	25,931
11	Investment in associated company	17,750	2,750	17,750	2,750
12	Loans to subsidiary companies	0	0	51,991	60,998
13	Derivatives	127,548	49,729	116,630	49,279
	Total financial assets	**145,298**	**52,479**	**225,743**	**138,959**
	Total fixed assets	**3,064,544**	**2,899,880**	**3,010,155**	**2,840,085**
	Current assets				
	Oil inventory	29,426	23,389	29,426	23,389
	Materials inventory	36,721	25,399	36,721	25,399
	Total inventory	**66,147**	**48,788**	**66,147**	**48,788**
14	Goods and services receivables	125,945	122,979	125,945	122,002
	Inter-company account	0	0	56,494	61,648
	Prepayments	10,791	14,239	7,595	9,239
	Total recievables	**136,736**	**137,218**	**190,035**	**192,888**
	Cash-on-hand	367,271	144,182	367,271	144,182
	Total current assets	**570,154**	**330,188**	**623,453**	**385,858**
	Total assets	**3,634,698**	**3,230,068**	**3,633,608**	**3,225,943**

Balance Sheet 31 December

LIABILITIES in 1,000 DKK		GROUP		PARENT	
Note		2022	2021	2022	2021
	Equity				
15	Deposits	4,140	4,140	4,140	4,140
	Hedge reserve	29,415	13,808	29,415	13,808
	Reserve for net revaluation as per the equity method	0	0	10,372	0
	Results carried forward	1,473,741	1,457,074	1,463,370	1,457,074
	Total equity	**1,507,296**	**1,475,022**	**1,507,296**	**1,475,022**
	Provisions				
	Provisions for pensions and equivalent liabilities	11,803	19,406	11,803	19,406
7	Deferred tax	46,574	29,445	46,694	30,217
	Total provisions	**58,377**	**48,850**	**58,497**	**49,623**
	Liabilities				
16	Long-term debt	1,613,530	1,592,724	1,613,530	1,592,724
	Total long-term debt	**1,613,530**	**1,592,724**	**1,613,530**	**1,592,724**
16	Current portion of long-term debt	338,188	982	338,188	982
	Bank debt	0	649	0	649
	Prepayments received from customers	408	175	408	175
	Trade creditors	51,116	45,780	50,366	40,793
	Inter-company account	0	0	1,586	1,437
13	Derivatives	23,944	32,839	23,944	32,839
	Other creditors	41,839	33,046	39,793	31,699
	Total short-term debt	**455,495**	**113,471**	**454,285**	**108,574**
	Total debt	**2,069,025**	**1,706,195**	**2,067,815**	**1,701,298**
	Total liabilities	**3,634,698**	**3,230,068**	**3,633,608**	**3,225,943**
17	**Mortgages and other obligations**				
18	**Contingencies**				

Equity Statement, group

Amounts in 1,000 DKK	Deposit	Derivatives reserve	Result carried over	Total
Equity statement 01.01.21 - 31.12.21				
Opening balance 01.01.21	4,140	-44,317	1,411,730	1,371,553
Adjustment to prior years' result	0	0	1,113	1,113
Adjustment to derivatives	0	75,157	0	75,157
Deferred tax	0	-17,031	0	-17,031
Annual result	**0**	**0**	**44,231**	**44,231**
Closing balance 31.12.21	**4,140**	**13,808**	**1,457,074**	**1,475,022**
Equity statement 01.01.22 - 31.12.22				
Opening balance 01.01.22	4,140	13,808	1,457,074	1,475,022
Adjustment to derivatives	0	29,331	0	29,331
Deferred tax	0	-13,724	0	-13,724
Annual result	**0**	**0**	**16,667**	**16,667**
Closing balance 31.12.22	**4,140**	**29,415**	**1,473,741**	**1,507,296**

Equity Statement, parent

Amounts in 1,000 DKK	Deposit	Derivatives reserve	Inner value adjustment reserve	Result carried over	Total
Equity statement 01.01.21 - 31.12.21					
Opening balance 01.01.21	4,140	-42,170	1,250	1,408,333	1,371,553
Adjustment to prior years' result	0	0	-5,066	6,179	1,113
Adjustment to derivatives	0	72,560	2,597	0	75,157
Deferred tax	0	-17,031	0	0	-17,031
Result from subsidiary companies	0	0	-1,849	1,849	0
Transfer adjustment reserve to result carried over	0	0	3,069	-3,069	0
Annual result	**0**	**0**	**0**	**44,231**	**44,231**
Closing balance 31.12.21	**4,140**	**13,358**	**0**	**1,457,524**	**1,475,022**
Equity statement 01.01.22 - 31.12.22					
Opening balance 01.01.22	4,140	13,358	0	1,457,524	1,475,022
Adjustment to prior years' result	0	450	0	-450	0
Adjustment to derivatives	0	29,331	10,469	-10,469	29,331
Deferred tax	0	-13,724	0	0	-13,724
Result from subsidiary companies	0	0	2,972	-2,972	0
Transfer adjustment reserve to result carried over	0	0	-3,069	3,069	0
Annual result	**0**	**0**	**0**	**16,667**	**16,667**
Closing balance 31.12.21	**4,140**	**29,415**	**10,372**	**1,463,370**	**1,507,296**

Cash Flow Statement

Note	Amounts in 1,000 DKK	GROUP 2022	GROUP 2021
	Annual result	**16,667**	**44,231**
19	Adjustments	171,569	206,280
	Changes in working capital:		
	Inventories	-17,359	-11,656
	Receivables	-494	-7,196
	Trade creditors	5,335	-1,635
	Other operating debt	2,399	-1,002
	Operating cash flows before financials	**178,118**	**229,022**
	Interest expenses paid and equivalent expenses	-42,376	-39,028
	Cash flows from operations	**135,742**	**189,994**
	Purchase of tangible fixed assets	-155,849	-274,027
	Changes to work-in-progress	-86,714	64,128
	Cash flow from investments	**-257,563**	**-209,899**
	Loan facilities	344,352	-60,527
	Bank overdraft withdrawals	558	760
	Cash flow from financing	**344,910**	**-59,767**
	Total cash flow during the year	**223,089**	**-79,672**
	Opening cash-on-hand	144,182	223,854
	Closing cash-on-hand	**367,271**	**144,182**
	Lines of credit	850,000	420,000
	Total	**1,217,271**	**564,182**

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Notes

Notes 1–4

1. NET SALES	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
kWh charges etc.	553,399	546,036	553,399	546,036
Fixed charges	18,207	17,956	18,207	17,956
Connection fees	16,015	23,472	16,015	23,472
Other charges, reminders and other sales	-556	2,763	-1,439	1,707
Total	**587,065**	**590,226**	**586,182**	**589,171**

2. ELECTRICITY PURCHASE BY GENERATION TYPE	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Wind	8,691	2,361	35,023	22,990
Biogas	8,593	7,830	8,593	7,830
Tidal	0	0	0	0
Total	**17,284**	**10,191**	**43,616**	**30,820**

3. OIL EXPENSES	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Gas oil	17,363	17,011	17,363	17,011
Heavy fuel oil	192,738	155,255	192,738	155,255
Lubricating oil	14,384	11,403	14,384	11,403
Total	**224,485**	**183,669**	**224,485**	**183,669**

4. MATERIALS AND SERVICES	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Cables and lines	4,280	4,101	4,280	4,101
Dams, pipelines and tunnels	109	167	103	114
Tanks and environmental	514	656	514	656
Engines	13,607	12,214	8,576	7,525
Electric and technical	568	785	565	784
Buildings and land	3,859	3,438	3,551	2,934
General meeting and Board *	1,020	257	1,020	257
Studies and consultancy	4,663	6,119	4,226	5,607
IT *	15,873	8,732	15,865	8,664
Management and office expenses *	2,125	1,265	1,954	1,095
Loss on unpaid debt	148	344	148	344
Other operating expenses	8,486	3,334	8,469	2,897
Other administrative expenses	18,755	21,134	18,208	20,617
Total	**74,007**	**62,545**	**67,480**	**55,595**

* These expenses are grouped in a different manner in 2022 than in 2021, and therefore the figures are not directly comparable.

Notes 5–8

5. EMPLOYEE EXPENSES	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Wages	69,226	71,009	69,216	70,933
Pensions	9,927	8,737	9,927	8,727
Contributions	3,901	3,565	3,901	3,561
Total	**83,054**	**83,310**	**83,044**	**83,221**
Included in employee expenses are:				
Management and Board of Directors	2,122	2,258	2,122	2,258
Total	**2,122**	**2,258**	**2,122**	**2,258**
Full-time equivalent employees	**180**	**169**	**180**	**169**

6. AUDITOR'S REMUNERATION	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Auditing	519	461	412	372
Other certification	182	133	149	104
Other services and advisory	301	183	302	183
Total	**1,001**	**777**	**864**	**658**

7. FINANCIAL ITEMS	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Interest income on loans to subsidiary companies	0	0	-2,433	-3,320
Interest on loans	48,775	37,412	48,477	37,667
Establishment fees, commissions	8,569	2,464	8,569	2,464
Unrealised exchange rate gains or losses	12,454	15,108	12,454	15,108
Unrealised adjustments on derivatives	-60,333	-22,862	-60,333	-22,862
Other interest expenses	-12,018	2,104	-12,032	2,103
Total	**-2,553**	**34,225**	**-5,299**	**31,159**

8. TAXES ON ANNUAL RESULT	GROUP		PARENT	
Amounts in 1,000 DKK	**2022**	**2021**	**2022**	**2021**
Adjustment of deferred tax	-3,404	-10,046	-2,752	-10,452
Tax during the year according to profit and loss account	**-3,404**	**-10,046**	**-2,752**	**-10,452**
Provision deferred tax opening balance 1 January	-29,445	-3,480	-30,217	-2,734
Adjustment to prior years	0	1,113	0	0
Adjustment of deferred tax from profit and loss account	-3,404	-10,046	-2,752	-10,452
Adjustment of deferred tax in equity due to derivatives	-13,724	-17,031	-13,724	-17,031
Provision deferred tax closing balance 31 December	**-46,574**	**-29,445**	**-46,694**	**-30,217**

Note 9

9. TANGIBLE FIXED ASSETS, GROUP

Amounts in 1,000 DKK	Production	Grid	Buildings	Equipment	Total 2022	2021
Acquisition value opening balance	2,952,990	1,526,729	131,567	244,746	4,856,033	4,608,542
Adjustment to opening balance	0	0	0	0	0	-21,112
Additions during the year	47,503	86,304	4,960	17,082	155,849	274,027
Disposals during the year	0	0	0	-1,543	-1,543	-5,423
Acquisition value closing balance	**3,000,493**	**1,613,033**	**136,527**	**260,285**	**5,010,339**	**4,856,033**
Depreciation opening balance	-1,351,241	-630,585	-42,820	-194,000	-2,218,645	-2,083,172
Adjustment to opening balance	0	0	0	0	0	21,112
Depreciation for the year	-108,612	-41,992	-3,319	-16,795	-170,718	-162,009
Depreciation reversed on disposals	0	0	0	1,543	1,543	5,423
Depreciation closing balance	**-1,459,852**	**-672,577**	**-46,139**	**-209,251**	**-2,387,820**	**-2,218,645**
Book value year-end	**1,540,641**	**940,457**	**90,388**	**51,033**	**2,622,519**	**2,637,388**
Book value year-end 2021	1,601,818	896,076	88,747	50,747	2,637,388	
Work-in-progress						
Opening balance	63,556	115,875	21,027	9,556	210,013	274,141
Investment booked to work-in-progress	65,626	146,535	2,547	4,536	219,244	180,453
Completed work transferred to depreciation	-46,259	-84,480	-411	-1,380	-132,530	-244,581
Closing balance	**82,922**	**177,930**	**23,163**	**12,712**	**296,727**	**210,013**
Closing balance year-end 2021	63,556	115,875	21,027	9,556	210,013	
Fixed assets year-end	**1,457,718**	**1,118,387**	**113,551**	**63,745**	**2,919,246**	**2,847,401**
Fixed assets year-end 2021	1,538,262	1,011,951	109,774	60,303	2,847,401	

Note 9

9. TANGIBLE FIXED ASSETS, PARENT

Amounts in 1,000 DKK	Production	Grid	Buildings	Equipment	Total 2022	2021
Acquisition value opening balance	2,743,919	1,526,729	131,567	244,746	4,646,961	4,470,843
Adjustment to opening balance	0	0	0	0	0	-21,112
Additions during the year	47,774	86,304	4,960	17,082	156,120	202,654
Disposals during the year	0	0	0	-1,543	-1,543	-5,423
Acquisition value closing balance	**2,791,693**	**1,613,033**	**136,527**	**260,285**	**4,801,538**	**4,646,961**
Depreciation opening balance	-1,285,655	-630,585	-42,820	-194,000	-2,153,059	-2,031,420
Adjustment to opening balance	0	0	0	0	0	21,112
Depreciation for the year	-94,303	-41,992	-3,319	-16,795	-156,409	-148,175
Depreciation reversed on disposals	0	0	0	1,543	1,543	5,423
Depreciation closing balance	**-1,379,958**	**-672,577**	**-46,139**	**-209,251**	**-2,307,925**	**-2,153,059**
Book value year-end	**1,411,735**	**940,457**	**90,388**	**51,033**	**2,493,613**	**2,493,902**
Book value year-end 2021	1,458,332	896,076	88,747	50,747	2,493,902	
Work-in-progress						
Opening balance	60,767	115,875	21,027	9,556	207,224	200,071
Investment booked to work-in-progress	62,458	146,535	2,547	4,536	216,076	180,361
Completed work transferred to depreciation	-46,230	-84,480	-411	-1,380	-132,501	-173,208
Closing balance	**76,995**	**177,930**	**23,163**	**12,712**	**290,799**	**207,224**
Closing balance year-end 2021	60,767	115,875	21,027	9,556	207,224	
Fixed assets year-end	**1,334,740**	**1,118,387**	**113,551**	**63,745**	**2,784,412**	**2,701,126**
Fixed assets year-end 2021	1,397,565	1,011,951	109,774	60,303	2,701,126	

Notes 10–12

10. INVESTMENTS IN SUBSIDIARY COMPANIES

Amounts in 1,000 DKK	31.12.22	31.12.21
Acquisition value opening balance	29,000	29,000
Acquisition value closing balance	**29,000**	**29,000**
Subsidiary companies' result opening balance	-3,069	1,250
Result from subsidiary companies	2,972	-1,849
Adjustment derivatives	10,469	2,597
Subsidiary companies' result closing balance	10,372	-3,069
Carrying amount year-end	**39,372**	**25,931**

SUBSIDIARY COMPANIES:

Amounts in 1,000 DKK	Share	Equity	Annual result	Recognized value
P/F Vindfelagið í Húsahaga	100%	14,231	-86	14,231
P/F Vindfelagið í Neshaga	100%	25,141	3,058	25,141

11. INVESTMENT IN ASSOCIATED COMPANY

Amounts in 1,000 DKK	31.12.22	31.12.21
Carrying amount opening balance	2,750	2,750
Carrying amount closing balance	**17,750**	**2,750**

ASSOCIATED COMPANY:

Amounts in 1,000 DKK	Share	Equity	Annual result	Recognized value
P/F Fjarhitafelagið, Tórshavn	50%	58,645	-2,354	17,750

The financial statement of P/F Fjarhitafelagið for the financial year 2022 is not available - the figures shown are for 2021. In 2022, SEV has increased its share capital by DKK 15 million.

12. LOANS TO SUBSIDIARY COMPANIES

Amounts in 1,000 DKK	Duration	Loan amount	Balance 31.12.22	Repayment next year	Balance in 5 years
P/F Vindfelagið í Húsahaga	12 years	75,000	39,973	6,301	7,034
P/F Vindfelagið í Neshaga	10 years	28,175	12,019	2,906	0
Total		**103,175**	**51,991**	**9,207**	**7,034**

Notes 13–15

13. DERIVATIVES, GROUP

Amounts in 1,000 DKK	Assets 31.12.22	Liabilities 31.12.22	Total 31.12.22	31.12.21
Oil-price hedge	9,216	0	9,216	40,438
Currency hedge	9,636	-4,025	5,612	-2,255
Interest rate hedge	108,696	-19,919	88,776	-21,293
Total	**127,548**	**-23,944**	**103,604**	**16,889**

Derivatives are used to fix interest rates and exchange rates on loans, as well as the price and the exchange rate used for oil purchases. The values shown are the differences between market value on the balance sheet date compared to the future value of the instruments.

13. DERIVATIVES, PARENT

Amounts in 1,000 DKK	Assets 31.12.22	Liabilities 31.12.22	Total 31.12.22	31.12.21
Oil-price hedge	9,216	0	9,216	40,438
Currency hedge	9,636	-4,025	5,612	-2,255
Interest rate hedge	97,777	-19,919	77,858	-21,743
Total	**116,630**	**-23,944**	**92,686**	**16,440**

Derivatives are used to fix interest rates and exchange rates on loans, as well as the price and the exchange rate used for oil purchases. The values shown are the differences between market value on the balance sheet date compared to the future value of the instruments.

14. GOODS AND SERVICES DEBTORS

	GROUP		PARENT	
Amounts in 1,000 DKK	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Goods and services debtors	123,589	122,335	123,589	121,358
Other debtors	5,998	4,240	5,998	4,240
Receivables write-down	-3,641	-3,596	-3,641	-3,596
Total	**125,945**	**122,979**	**125,945**	**122,002**

Notes 15–18

15. LONG-TERM DEBT

Amounts in 1,000 DKK	Interest due	Repayments next year	Outstanding debt after 5 years	Total debt 31.12.22	Total debt 31.12.201
Debt to financial institutions	2,188	336,000	739,414	1,613,530	1,592,724
Total	**2,188**	**336,000**	**739,414**	**1,613,530**	**1,592,724**

In 2023, DKK 336 million are due on the loan agreement from 2016. The loan agreement from 2016 has an average maturity of 3.3 years. There is no repayment in 2023 on the loan agreement from 2022, and this loan agreement has an average maturity of 9.3 years. The combined average maturity of the loan agreements is 6.1 years.

16. MORTGAGES AND OTHER OBLIGATIONS 31.12.22

As security for import duty credit, a guarantee of DKK 1.8 million has been issued to TAKS, and as security for credit cards, the company is liable for guarantees of DKK 3.5 million. Total obligations DKK 5.3 million.

17. CONTINGENCIES

The group has a contingency of DKK 5,6 million for 2023 due to operations and rental agreements of subsidiary companies.

18. ADJUSTMENTS

Amounts in 1,000 DKK	2022	2021
Interest expensed and equivalent expenses	45,326	41,980
Unrealised interest expenses	-47,880	-7,754
Depreciation	170,718	162,009
Tax	3,404	10,046
Total	**171,569**	**206,280**

Note 19

19. EQUITY DISTRIBUTION

Amounts in 1,000 DKK	Municipal contribution	Equity 2022	Equity % 2022	Equity 2021
Eiðis	78.6	22,413.7	1.5	21,595
Eystur	146.5	62,808.1	4.2	61,824
Fámjins	23.1	2,188.7	0.1	2,329
Fuglafjarðar	136.3	45,076.7	3.0	44,121
Fugloyar	17.5	1,191.3	0.1	1,041
Hovs	22.9	2,881.4	0.2	2,740
Húsavíkar	25.1	2,853.7	0.2	2,987
Hvalbiar	103.6	18,451.8	1.2	18,580
Hvannasunds	36.4	11,857.9	0.8	11,428
Klaksvíkar	537.8	150,357.2	10.0	148,229
Kunoyar	12.6	4,155.8	0.3	4,028
Kvívíkar	59.1	16,761.8	1.1	16,443
Nes / Runavíkar	332.1	162,048.9	10.8	156,615
Porkeris	51.0	9,198.2	0.6	8,715
Sands	72.3	14,545.3	1.0	14,469
Sjóvar	92.9	32,969.4	2.2	31,268
Skálavíkar	30.8	3,463.2	0.2	3,782
Skopunar	71.0	13,077.0	0.9	12,469
Skúvoyar	17.9	942.0	0.1	1,124
Sørvágs	127.5	9,503.0	0.6	9,783
Sumbiar	81.4	50,811.7	3.4	50,040
Sunda	177.4	34,548.6	2.3	34,200
Tórshavnar	1,092.5	638,803.4	42.5	623,253
Tvøroyrar	255.3	49,149.4	3.3	48,533
Vága	169.6	60,508.6	4.0	59,220
Vágs	218.4	37,790.2	2.5	37,845
Vestmanna	125.3	35,158.2	2.3	34,447
Viðareiðis	25.3	9,641.5	0.6	9,701
Total	**4,139.9**	**1,503,156.6**	**100.0**	**1,470,809**

Annual Report &
Annual Accounts 2022

Group Activity by Division

Group / Profit & Loss

Production and Grid

PROFIT & LOSS	2022			2021		
Amounts in 1,000 DKK	**Production**	**Grid**	**Total**	**Production**	**Grid**	**Total**
Revenues	**433,768**	**153,297**	**587,065**	**408,450**	**181,776**	**590,226**
Purchase of electricity	0	-17,284	-17,284	0	-10,191	-10,191
Oil expenses	-224,327	-157	-224,485	-183,669	0	-183,669
Materials and services	-36,490	-37,517	-74,007	-29,275	-33,270	-62,545
Wages	-38,590	-44,464	-83,054	-36,769	-46,541	-83,310
Result of ordinary operations	**134,362**	**53,875**	**188,236**	**158,736**	**91,775**	**250,511**
Depreciation	-109,331	-61,387	-170,718	-104,278	-57,731	-162,009
Result before financial items	**25,030**	**-7,512**	**17,518**	**54,459**	**34,044**	**88,503**
Net financial items	-14,705	17,258	2,553	-19,903	-14,322	-34,225
Result before tax	**10,325**	**9,747**	**20,072**	**34,555**	**19,722**	**54,277**
Tax	-652	-2,752	-3,404	405	-10,452	-10,046
Annual result	**9,673**	**6,994**	**16,667**	**34,960**	**9,271**	**44,231**

Parent / Profit & Loss

Production and Grid

PROFIT & LOSS	2022			2021		
Amounts in 1,000 DKK	**Production**	**Grid**	**Total**	**Production**	**Grid**	**Total**
Revenues	**406,553**	**179,629**	**586,182**	**386,765**	**202,405**	**589,171**
Purchase of electricity	0	-43,616	-43,616	0	-30,820	-30,820
Oil expenses	-224,327	-157	-224,485	-183,669	0	-183,669
Materials and services	-29,963	-37,517	-67,480	-22,325	-33,270	-55,595
Wages	-38,580	-44,464	-83,044	-36,680	-46,541	-83,221
Result of ordinary operations	**113,683**	**53,875**	**167,558**	**144,091**	**91,775**	**235,866**
Depreciation	-95,022	-61,387	-156,409	-90,444	-57,731	-148,175
Result before financial items	**18,660**	**-7,512**	**11,148**	**53,647**	**34,044**	**87,691**
Net financial items	-11,959	20,230	8,271	-16,837	-16,171	-33,009
Result before tax	**6,701**	**12,718**	**19,419**	**36,810**	**17,873**	**54,683**
Tax	0	-2,752	-2,752	0	-10,452	-10,452
Annual result	**6,701**	**9,966**	**16,667**	**36,810**	**7,421**	**44,231**

Group / Assets

Production and Grid

ASSETS	2022			2021		
Amounts in 1,000 DKK	**Production**	**Grid**	**Total**	**Production**	**Grid**	**Total**
Real estate, power plants, etc.	1,547,198	1,075,321	2,622,519	1,607,478	1,029,910	2,637,388
Investment work-in-progress	98,421	198,306	296,727	77,842	132,171	210,013
Fixed assets	**1,645,619**	**1,273,627**	**2,919,246**	**1,685,320**	**1,162,081**	**2,847,401**
Share equity	0	17,750	17,750	0	2,750	2,750
Derivatives	10,918	116,630	127,548	450	49,279	49,729
Financial fixed assets	**10,918**	**134,380**	**145,298**	**450**	**52,029**	**52,479**
Total fixed assets	**1,656,537**	**1,408,007**	**3,064,544**	**1,685,770**	**1,214,110**	**2,899,880**
Oil inventory	29,426	0	29,426	23,389	0	23,389
Materials inventory	0	36,721	36,721	0	25,399	25,399
Total inventory	**29,426**	**36,721**	**66,147**	**23,389**	**25,399**	**48,788**
Electricity debtors	0	125,945	125,945	1,052	121,927	122,979
Other debtors/tax asset	1,705	0	1,705	1,686	0	1,686
Inter-company account	210,005	0	210,005	0	5,774	5,774
Other receivables/accruals	525	10,266	10,791	2,722	11,517	14,239
Total receivables	**212,236**	**136,211**	**348,447**	**5,460**	**139,218**	**144,679**
Cash-on-hand	0	367,271	367,271	0	144,182	144,182
Total current assets	**241,662**	**540,202**	**781,865**	**28,849**	**308,800**	**337,649**
Total assets	**1,898,199**	**1,948,210**	**3,846,409**	**1,714,619**	**1,522,909**	**3,237,529**

Parent / Assets

Production and Grid

ASSETS	2022			2021		
Amounts in 1,000 DKK	**Production**	**Grid**	**Total**	**Production**	**Grid**	**Total**
Real estate, power plants, etc.	1,418,291	1,075,321	2,493,613	1,463,992	1,029,910	2,493,902
Investment work-in-progress	92,493	198,306	290,799	75,053	132,171	207,224
Fixed assets	**1,510,785**	**1,273,627**	**2,784,412**	**1,539,046**	**1,162,081**	**2,701,126**
Share equity subsidiary companies	0	39,372	39,372	0	25,931	25,931
Share equity associated company	0	17,750	17,750	0	2,750	2,750
Loans to subsidiary companies	0	51,991	51,991	0	60,998	60,998
Derivatives	0	116,630	116,630	0	49,279	49,279
Financial fixed assets	**0**	**225,743**	**225,743**	**0**	**138,959**	**138,959**
Total fixed assets	**1,510,785**	**1,499,370**	**3,010,155**	**1,539,046**	**1,301,039**	**2,840,085**
Oil inventory	29,426	0	29,426	23,389	0	23,389
Materials inventory	0	36,721	36,721	0	25,399	25,399
Total inventory	**29,426**	**36,721**	**66,147**	**23,389**	**25,399**	**48,788**
Electricity debtors	0	125,945	125,945	75	121,927	122,002
Inter-company account	295,500	56,494	351,994	84,873	61,648	146,521
Other receivables/accruals	-2,670	10,266	7,595	-2,279	11,517	9,239
Total receivables	**292,829**	**192,705**	**485,535**	**82,669**	**195,092**	**277,761**
Cash-on-hand	0	367,271	367,271	0	144,182	144,182
Total current assets	**322,256**	**596,697**	**918,952**	**106,059**	**364,673**	**470,732**
Total assets	**1,833,040**	**2,096,067**	**3,929,108**	**1,645,104**	**1,665,712**	**3,310,817**

Group / Liabilities

Production and Grid

LIABILITIES		2022			2021	
Amounts in 1,000 DKK	Production	Grid	Total	Production	Grid	Total
Deposit	0	4,140	4,140	0	4,140	4,140
Capital account	861,940	641,217	1,503,157	841,798	629,084	1,470,882
Total equity	**861,940**	**645,357**	**1,507,296**	**841,798**	**633,224**	**1,475,022**
Pensions	0	11,803	11,803	0	19,406	19,406
Deferrec tax	1,585	46,694	48,279	914	30,217	31,131
Total provisions	**1,585**	**58,497**	**60,082**	**914**	**49,623**	**50,537**
Long-term debt	**818,725**	**785,598**	**1,604,323**	**827,932**	**755,785**	**1,583,717**
Current portion of long-term debt	170,340	177,055	347,395	9,007	982	9,988
Bank loans	0	0	0	0	649	649
Prepayments	0	408	408	0	175	175
Inter-company account	0	210,005	210,005	5,774	0	5,774
Other creditors/accruals	10,084	31,755	41,839	9,561	23,485	33,046
Trade creditors	35,524	15,592	51,116	19,632	26,148	45,780
Derivatives	0	23,944	23,944	0	32,839	32,839
Total debt	**1,034,674**	**1,244,356**	**2,279,030**	**871,907**	**840,063**	**1,711,970**
Total liabilities	**1,898,199**	**1,948,210**	**3,846,409**	**1,714,619**	**1,522,909**	**3,237,529**

Parent / Liabilities

Production and Grid

LIABILITIES		2022			2021	
Amounts in 1,000 DKK	Production	Grid	Total	Production	Grid	Total
Deposit	0	4,140	4,140	0	4,140	4,140
Capital account	851,568	651,589	1,503,157	844,867	626,015	1,470,882
Total equity	**851,568**	**655,729**	**1,507,296**	**844,867**	**630,155**	**1,475,022**
Pensions	0	11,803	11,803	0	19,406	19,406
Deferrec tax	0	46,694	46,694	0	30,217	30,217
Total provisions	**0**	**58,497**	**58,497**	**0**	**49,623**	**49,623**
Long-term debt	**775,941**	**837,589**	**1,613,530**	**775,941**	**816,783**	**1,592,724**
Current portion of long-term debt	161,133	177,055	338,188	0	982	982
Bank loans	0	0	0	0	649	649
Prepayments	0	408	408	0	175	175
Inter-company account	1,586	295,500	297,085	1,437	84,873	86,311
Other creditors/accruals	8,038	31,755	39,793	8,215	23,485	31,699
Trade creditors	34,775	15,592	50,366	14,644	26,148	40,793
Derivatives	0	23,944	23,944	0	32,839	32,839
Total debt	**981,473**	**1,381,842**	**2,363,314**	**800,238**	**985,934**	**1,786,172**
Total liabilities	**1,833,040**	**2,096,067**	**3,929,108**	**1,645,104**	**1,665,712**	**3,310,817**

Group / Profit & Loss

Production and Grid by departments

DISTRIBUTION OF REVENUE

Amounts in 1,000 DKK	Production	Grid	Total 2022	2021
Sales	-687	587,753	587,065	590,226
Own production	350,472	-350,472	0	0
Own consumption	-12,779	12,779	0	0
Grid management	2,300	-2,300	0	0
Ancillary services	94,462	-94,462	0	0
Total revenue	**433,768**	**153,297**	**587,065**	**590,226**

PRODUCTION	Thermal	Hydro	Wind	Total 2022	2021
Revenue	345,991	60,561	27,215	433,768	408,450
Oil expenses	-214,583	-9,744	0	-224,327	-183,669
Material and services	-23,180	-6,666	-6,643	-36,490	-29,275
Wages	-34,304	-4,276	-10	-38,590	-36,769
Depreciation	-64,205	-29,003	-16,124	-109,331	-19,903
Interest	-6,734	-5,185	-2,786	-14,705	-104,278
Tax	0	0	-652	-652	405
Production result	**2,985**	**5,687**	**1,000**	**9,673**	**34,960**

GRID	Grid excl, Management	Management	Total 2022	2021
Revenue	-3,562	156,859	153,297	181,776
Purchase of electricity	0	-17,284	-17,284	-10,191
Oil expenses	-133	-25	-157	0
Material and services	-17,535	-19,982	-37,517	-33,270
Wages	-32,290	-12,174	-44,464	-46,541
Depreciation	-52,402	-8,985	-61,387	-57,731
Interest	11,723	5,536	17,258	-14,322
Tax	0	-2,752	-2,752	-10,452
Grid result	**-94,199**	**101,193**	**6,994**	**9,271**

Parent / Profit & Loss

Production and Grid by departments

DISTRIBUTION OF REVENUE

Amounts in 1,000 DKK	Production	Grid	Total 2022	2021
Sales	-1,571	587,753	586,182	589,171
Own production	324,140	-324,140	0	0
Own consumption	-12,779	12,779	0	0
Grid management	2,300	-2,300	0	0
Ancillary services	94,462	-94,462	0	0
Total revenue	**406,553**	**179,629**	**586,182**	**589,171**

PRODUCTION	Thermal	Hydro	Wind	Total 2022	2021
Revenue	345,991	60,561	0	406,553	386,765
Oil expenses	-214,583	-9,744	0	-224,327	-183,669
Material and services	-23,062	-6,666	-235	-29,963	-22,325
Wages	-34,304	-4,276	0	-38,580	-36,680
Depreciation	-64,205	-29,003	-1,815	-95,022	-90,444
Interest	-6,735	-5,185	-39	-11,959	-16,837
Production result	**3,103**	**5,687**	**-2,089**	**6,701**	**36,810**

GRID	Grid excl, Management	Management	Total 2022	2021
Revenue	-3,562	183,192	179,629	202,405
Purchase of electricity	0	-43,616	-43,616	-30,820
Oil expenses	-133	-25	-157	0
Material and services	-17,535	-19,982	-37,517	-33,270
Wages	-32,290	-12,174	-44,464	-46,541
Depreciation	-52,402	-8,985	-61,387	-57,731
Interest	11,723	8,507	20,230	-16,171
Tax	0	-2,752	-2,752	-10,452
Grid result	**-94,199**	**104,165**	**9,966**	**7,421**

SEV
Landavegur 92
Postboks 319
FO-110 Tórshavn

+298 34 68 00
www.sev.fo
sev@sev.fo

Roknskaparár: 01.01-31.12
V-tal: 331538