FINANCIAL STATUS 2024

Report on the financial development of the Company

since the Annual General Meeting,

pursuant to §3. paragraph 13b and

§4. paragraph 12b of the Articles of Association

and

OPERATIONS, FINANCIAL AND INVESTMENT BUDGET 2025

Proposed budget for the coming fiscal year for approval,

pursuant to §3. paragraph 13c; §4. paragraph 12c.

and §9. paragraphs 1-4 of the Articles of Association

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1. Summary

Pursuant to the Articles of Association of the Company, Sev shall submit a report on the fiscal status of the Company for 2024 since the Annual General Meeting, and the Operations, Financial and Investment Budget for 2025 shall be approved. The 2025 Operations, Financial and Investment Budget is structured as a consolidated group budget, wherein the subsidiary companies are consolidated into the parent company budget and the inter-company transactions, etc. are eliminated.

1.1 Financial development since the Annual General Meeting and the trends for 2024

The 2024 budget was reviewed and approved at the Extraordinary General Meeting held on 8 December 2023.

Discussion about the financial development for 2024 is based on the accounts as of 30 September 2024 and a forecast of the economic trends predicted for the fourth quarter to generate a total evaluation of the trends in 2024. The electricity pricing changes for 2024 have resulted in increased earnings for the Company, which was deemed necessary after the heavy fuel oil import duty increases were implemented by the Faroese Government late in 2023.

Given that the war in Europe continues and the delivery time of goods and services has increased considerably – together with the increase in pricing for such – have impacted the earnings of Sev in a negative way. Especially the cost of oil, which is at a high level together with the increased heavy fuel oil import duty, and the cost for goods and services. Interest rate levels have declined and the valuations of the interest rate swaps have had a negative impact on the budget of Sev. On the other hand, the oil price hedges have increased in value.

The index for income from operations versus net debt (NIBD/EBITDA) at year-end 2023 was 5.8 against the in-house mark of 6, at the highest. In order to have the index at 6.0 or under, it was necessary to increase the price of electricity for 2024, especially when a large import duty was placed on heavy fuel oil, which Sev uses for its production of electricity.

This, together with increased sales of kWh, has increased the income of the Company and the index at year-end 2024 is expected to come down to 5.5.

Given these conditions, the Company expects a profit in operations in 2024 of some DKK 58.9 million before taxes. After taxes, the result is expected to be DKK 48.3 million and this is higher than budgeted. On the other hand, there is a deviation for various income streams and expenses.

Income is higher than budgeted, and this is based on higher sales of kWh, while at the same time the income from connection fees is lower. The cost for oil purchases is also somewhat lower than budgeted. On the other hand, the cost for heavy fuel oil is higher than budgeted, based on a large volume of oil consumed. Oil costs are projected to be DKK 244.0 million, which is DKK 25.4 million higher than budgeted. In the cost for heavy fuel oil is the import duty of some DKK 42.6 million, which was placed by the Faroese Government at the end of 2023 for 2024 and onward.

Projected costs for goods and services were DKK 77.5 million, against a budgeted cost of DKK 68.8 million. This is DKK 8.7 million higher than budgeted, but when compared to previous years, the cost was DKK 76.7 million, so the result is about the same. The cost also encompasses some of the cost for the upgrading the wind turbines at Neshaga and Húsahaga.

Wage expenses were projected at DKK 102.2 million against a budgeted DKK 97.3 million, which is DKK 4.9 million higher than budgeted. This is an operational based cost for wages, but total wage expenses are higher because of the investment activities in connection with various projects.

Projected costs for depreciation are DKK 192.6 million, which is DKK 30.5 million lower than budgeted, while costs for interest and financial instruments are DKK 69.4 million, which is DKK 4.0 million higher than budgeted. The main reason for this higher cost of some DKK 7.6 million is the market value adjustment of the financial instruments at year-end. Financial costs for the Company will be calculated at year-end.

Total electricity production in 2024 is projected to be 481.8 GWh, which is much higher than the previous year, while sales to customers of the Company totalled 435.8 GWh. The difference between production and sales is a grid loss of 30.0 GWh and Sev's own consumption equalled 16.0 GWh.

The expected distribution between energy sources is 45.0% from oil and 55.0% from green energy sources, of which 21.8% comes from hydropower, 31.6% from wind and 1.6% in total from tidal energy, biogas and solar. Sev has executed an agreement with finance providers that the green part of production for 2024 shall be 57% and thus it is expected that this goal will not be realized. The new battery station at Sund came online in December last year and thus Sev is prepared to take more wind production into the grid, but it will be difficult to meet the goal of 57% green production. It remains to be seen what the last months of the year will yield relative to green energy production, plus the renovation work on the Neshaga wind turbines and the Vestmanna water works have played a role.

If Sev does not meet this goal, Sev must pay a higher cost of some 0.05% for part of its debt and drawing rights the coming year corresponding to around DKK 1.0 million.

The wind turbines of the Neshaga Company have been plagued by generator failures and have been out of operation for the most part throughout 2024. The past summer and fall the generators were replaced out and this meant that the wind turbines are in production again. Thus, in 2024, it is estimated that production will be lower.

Sev is working on various projects that support the green course of the Company, such as new battery stations with synchronous compensators, the solar project in Sumba and the tidal energy project in Vestmanna. The pumping station in Vestmanna is delayed based on higher costs than previously estimated. In the meantime, Sev is investigating several options to continue its green course.

Investment in 2024 was projected to be DKK 361.6 million, which is DKK 177.2 million less than the budgeted DKK 538.8 million. This lower investment amount is distributed over several sectors.

The intended loan from NIB for DKK 250 million was taken in December 2024 and used for investment in sub-stations, battery stations and synchronous compensators.

It is anticipated that the long-term debt will be DKK 2,061.5 million at year-end 2024. Net debt will be DKK 1,772.2 million.

It is calculated that available funds will be DKK 325,9 million at year end. Moreover, the Company has drawing rights from the loan providers of DKK 850 million to use for investment and expenses.

Altogether the Company has access to available funds and drawing rights of DKK 1,175.9 million at year-end. Thus, the Company has good liquidity.

Net debt (NIBD) to EBITDA is calculated to be a ratio of 5.5 and the equity ratio is 41.1% at year-end 2024. Given this, Sev is within the limits of the loan providers, which require ratios of 9 and 35.0%.

The Board and Management are satisfied with the projected results for 2024 and the financial status of the Company at year-end 2024.

1.2 Operations, Financial and Investment Budget 2025

The budget for 2025 was originally calculated on the assumption that it was not necessary to increase the price of electricity for the customers of the Company even though the Faroese Government has now increased the environmental import duty on heavy fuel oil for 2024 from DKK 0.10 per litre to DKK 0.90 per litre, or by DKK 80.0 per litre, and for 2025 a further increase of DKK 0.25 per litre, from DKK 0.90 per litre to DKK 1.15 per litre. The fixed fee and connection fees remain unchanged.

Depending on how the heavy fuel oil import duty impacts Sev's operations, it may be necessary to reevaluate operations, including whether it would be necessary to adjust the electricity price to ensure that the net debt-to-EBITDA ratio remains at most at 6. Furthermore, attention must also be given to the equity ratio, which must meet an internal minimum threshold of 40% and a minimum level of 35% as required by loan agreements with financial institutions.

Because the environmental import duty was increased, this affects the various agreements between the Faroese Government and Sev from 1992 on the reduction of the price of electricity for industrial customers, which must now be considered to have lapsed.

However, there is no plan at present by Sev to abandon the current support of industrial customers for 2025. The reason for this is that Sev is preparing for the implementation of variable electricity pricing, which is expected to come into effect in 2026 or 2027. The plan is to remove the present discount of DKK 0.08 per kWh, while at the same time the price changes would take effect or in other words the support would be steadily taken away over a certain time period.

In 2025, Sev will continue to sell electricity to electric cars and heat pumps at a discount. At present, the discount is DKK 0.40 per kWh, without VAT, corresponding to the approval of the

Electricity Production Commission. This support must also be evaluated to determine whether it should be changed or phased out when the new system with variable pricing is implemented.

The Company expects a profit in 2025 of some DKK 62.1 million before taxes. After taxes, the result is expected to be DKK 50.9 million.

In 2025, the sale of electricity is expected to increase by 3.4%, and thus also production. Revenue is expected to be DKK 832.2 million. Oil costs are expected to continue at high levels at DKK 249.7 million, which is higher than the projected costs for 2024. The import duty on heavy fuel oil is calculated to be DKK 54.8 million. Because the market value adjustment of the oil stock has a large impact on the NIBD to EBITDA ratio, it was decided to set aside DKK 12 million for market value adjustment of oil cost in the budget to address this factor.

The costs for goods and services are budgeted to be DKK 80.3 million, which is somewhat higher than the forecast costs for 2024. Wage costs are increased because several employees were hired in 2024, and wage costs are also impacted by the normal wage increases, individual reassignments/distribution, as well as some additional staff will be hired in 2025 due to increased activity. The budget sets wage costs at DKK 109.4 million, which is higher than the forecast costs in 2024.

Depreciation is budgeted at DKK 208.5 million, compared to a forecast of DKK 192.6 million in 2024. The reason for the increased depreciation costs is the investments that the Company took on. Net interest expense is budgeted at DKK 69.6 million, which is the same as the forecast cost for 2024. No provision is in place for the market value adjustment of derivatives.

Investment for DKK 506.9 million is planned. In addition, there are plans to execute additional loan facilities of some DKK 50 million against current drawing rights for investments in 2025. In addition to the net loan amount, the Company will accept additional funds from NIB, which is scheduled to take effect at the end of 2024 for investments in 2025.

At year-end 2025, it is anticipated that the Company will have cash-on-hand of DKK 146.0 million plus drawing rights of some DKK 800 million from the financial institutions, or, in total, DKK 946.0 million. Thus, the Company has good liquidity and can meet all its debt obligations.

Net debt (NIBD) compared to the Company's operational income (EBITDA) at year-end 2025 is expected to be 5.9 times, which is within the permitted internal limit/in-house stipulation of the Company and below the maximum allowed ratio set by financial institutions, which require it to be no more than 9.0 times.

Total equity compared to total assets is expected to be 41.2%. Given this, the Company is within the in-house stipulations of Company equity ratio (40.0%) and the demands of the financial providers that require at least 35%.

The Board and Management are satisfied with the budgeted result for 2025. The Board and Management are also satisfied with the projected financial status of the Company at the end of 2025, where, among others, the equity ratio is satisfactory, and the liquidity is good.

2. The following shall be laid before Sev's Extraordinary General Meeting on 6 December 2024

2.1 For information and review:

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

2.2 For Approval:

Operations, Financial and Investment Budget for 2025, pursuant to § 3, paragraph 13c and § 4, paragraph 12c and § 9, paragraphs 1-4, hereunder:

1) That the kWh price and the fixed fees without VAT from 1 January 2025 are unchanged and are as shown in the table below:

Normal price schedule	Price	
Annual kWh consumption	Fixed annual fee	Price per kWh
0-10,000	680	1.79
10,000-100,000	1,080	1.75
>100,000	5,080	1.71

Green meters	72	1.39

Special price schedule	Price	
Annual kWh consumption	Fixed annual fee	Príce per kWh
0-10,000	680	1.79
10,000-30,000	1,080	1.75
>30,000	4,680	1.63

Prices are without VAT.

2) Connection fees will remain unchanged and will be as shown in the current pricing schedule, effective as of 1 January 2025.

3) The extra cost for construction power for customers is based on the use of high voltage (tariff 160) and will be lowered 10% from 20% in extra fees over the normal price schedule. This will take effect on 1 January 2025.

4) The cost for reminders and the fee to reconnect power afterward will be as below:

First reminder	DKK 100
Second reminders	DKK 100
Third reminder includes the disconnection of power	DKK 250
Fee to re-establish power after Sev has shut-down power	DKK 1,069

This schedule will go into effect on 1 February 2025.

5) That the fixed compensation for the Chairperson of the Board of Directors be DKK 12,612 per month, the Vice-chairperson DKK 9,459 per month, and individual Board members DKK 6,306 per month. Moreover, for each meeting in which the Board members participate on behalf of the Company, the Board members receive a meeting allowance consistent with the Civil Servants Wage Agreement. The costs associated with travel, etc. will be refunded to the Board members.

6) That Board members of Sev who sit on other boards of the Company, e.g. other subsidiaries of Sev or building committees or the like shall be compensated based on the extent of the work involved. However, there shall be no extra compensation for Board work undertaken in the windfarm subsidiaries of the Company. In connection with the management of the subsidiaries with outside boards and management, said boards and management will be compensated for their roles in the windfarm subsidiaries.

7) That investment in 2025 be a total of DKK 506.9 million, hereunder:

   a. That the Company's Board itself can determine how the long-term expansion of the grid for the period 2025-2028 shall be designed and managed. including the time-period, priority, tenders, etc. for a total cost of DKK 1,190.3 million, as detailed in the chart below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2025.

Investment per year	2025	2026	2027	2028	Total
DKK million	**286.5**	371.6	298.6	233.6	**1,190.3**

   b. That the Company's Board, as a part of the long-term expansion of the grid during the period 2025-2028 for some DKK 1,190.3 million as described above, itself can determine how the construction of the new sub-stations and the updating of the existing sub-stations over four years shall be organized and carried out, including the timeframe, priority, tenders, etc. for a total cost of DKK 825.4 million over the time period, as detailed in the chart below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2025.

Investment per year	2025	2026	2027	2028	Total
DKK million	**208.1**	301.1	224.6	91.6	**825.4**

8) Sev, in connection with the projected repair work of wind turbines of P/F Windfarm at Neshaga and Porkeri, may increase the share equity in the windfarm companies at Neshaga and Porkeri (or the other windfarm subsidiaries associated with Sev) up to DKK 5.0 million to finance the projected repair work of the wind turbines at Neshaga.

9) Sev, in connection with a possible projected investment in a windfarm, may invest up to DKK 100.0 million in share equity in a new subsidiary that shall be established for said projected wind farm or an existing windfarm subsidiary. In addition, Sev is authorized to provide the new subsidiary with the necessary financing for this purpose of up to DKK 250 million.

10) The Extraordinary General Meeting approves and authorizes the Sev Board during the period from 2025 through 2027 that Sev (including its subsidiaries) extends current financing and/or undertakes new financing up to DKK 1,400 million for the re-financing at any time of current loans and/or drawdown rights of the Company (including its subsidiaries). The Board at the same time is granted the authority to itself determine which loan providers or loan financing shall be undertaken, including the possible financing from the US Private Placement Market, other markets, bank financing or other financing. The Board in addition is granted the authority to itself determine additional conditions in connection with the extension of existing financing and/or the drawing rights and in connection with new financing and/or drawing rights with the loan period or loan provisions that are applicable.

Note: This is a renewal of the authority granted to the Board at the Extraordinary General Meeting on 26 November 2021, covering the period from 2021 to 2023. The term/the phrase "and/or drawdown rights" is new.

11) The Extraordinary General Meeting approves and authorizes the Sev Board during the timeframe 2025 through 2027 that Sev (including its subsidiaries) may take on new financing and/or drawdown rights of up to DKK 600 million for investment or liquidity of Sev (including its subsidiaries). The Board is at the same time granted the authority to independently determine which loan providers to use for the new financing and/or drawdown rights, including potential funding from the US Private Placement Market, other markets, bank financing or other financing. Furthermore, the Board is granted the authority to independently determine the applicable conditions regarding the new financing and/or drawdown rights, including the loan period and other relevant conditions.

Note: This is a reissuance of the authority granted to the Board by the Extraordinary General Meeting on 16 March 2022 for the period 2022 through 2023, though for a lower amount. The term "and/or drawdown rights" is new, and should not be interpreted as a change, rather it should be seen as a more precise wording to show that all the authorisations given to the Board include drawdown rights. The authorisation from 16 March 2022 was "up to DKK 900 million", while the authorisation according to this proposal is "up to DKK 600 million".

12) The Extraordinary General Meeting approves and authorizes the Sev Board during the timeframe 2025 through 2027 to negotiate (hereunder to approve the negotiations of Management) and to enter into agreements with either current or new loan providers of Sev, and to authorize changes in these when necessary from time to time by Sev (including its subsidiaries), including the financial ratios such as NIBD/EBITDA and equity ratio, and other situations the Board deems necessary.

Note: This is a reissuance of the authority granted to the Board by the Extraordinary General Meeting on 8 December 2023 for the period 2024 to and including 2026.

13) In 2025, Sev will continue with the sale of electricity for electric vehicles and heat pumps at a reduced cost and that the Board in this connection may grant the authority to independently determine how these sales of electric power shall be arranged in other situations, including the stipulation of kWh pricing, the fixed fee, connection fees and other relevant conditions.

3. Financial position since the Annual General Meeting and the trends for 2024

Pursuant to the Articles of Association of Sev – § 3, paragraph 13b and § 4, paragraph 12b – the Board of Directors shall submit to an Extraordinary General Meeting in the autumn of each year a report on the Company's fiscal position and the economic trends since the last Annual General Meeting. Below, in addition to a discussion of the overall economic trends experienced since the last Annual General Meeting, is an analysis of the anticipated activity for the remainder of the year, culminating in a forecast of the expected result for 2024.

Below is the projected result for 2024. Also shown are deviations from the 2024 budget and projections. The account entries for 2024 are complete and up to date but have not been audited. Also, entry adjustments and accounting adjustments are probable before the numbers are finalized.

The Table below shows verified operational data for 2019-2023 and verified and forecast data for 2024 in DKK million.

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Group Budget 2024	Forecast 2024	Difference between Budget and Forecast
Net turnover	511.1	554.2	590.2	587.1	716.0	763.4	792.1	28.8
Power purchases	2.3	3.8	10.2	17.3	41.1	52.5	47.6	5.0
Oil expenses	143.9	164.5	183.7	224.5	217.2	218.6	244.0	-25.4
Goods & services	57.5	59.9	62.5	74.0	76.7	68.8	77.5	-8.7
Wages	81.3	83.2	83.3	83.1	95.3	97.3	102.2	-4.9
Result before depreciation & write-downs	**226.2**	**242.8**	**250.5**	**188.2**	**285.7**	**326.2**	**320.9**	**-5.3**
Depreciation	133.6	141.4	162.0	170.7	172.0	223.0	192.6	30.5
Result before interest. etc.	**112.6**	**101.4**	**88.5**	**17.5**	**113.7**	**103.2**	**128.3**	**25.1**
Net interest expense & value adjustments	37.0	40.2	34.2	-2.6	49.0	65.4	69.4	-4.0
Result before tax	**75.6**	**61.2**	**54.3**	**20.1**	**64.8**	**37.7**	**58.9**	**21.1**
Tax on result	13.2	11.4	10.0	3.4	11.6	6.8	10.6	-3.8
Annual result	**62.4**	**49.8**	**44.2**	**16.7**	**53.1**	**30.9**	**48.3**	**17.3**

The annual result for 2024 is forecast to be operational profit before taxes of some DKK 58.9 million and DKK 48.3 million after taxes. The Company originally budgeted a result in 2024 before taxes of DKK 37.7 million. Given the forecasts, the Company will have a result higher than planned. On the other hand, there will be deviations within the various posts.

It is the nature of discussion on forecast numbers that there is some doubt linked with the numbers and for 2024 there is especially significant doubt linked to oil costs and interest and financial costs, because this includes the balancing of the financial tools at hand.

As the Table above shows, there are several differences among the various operational postings. That the EBITDA is DKK 5.3 million lower than budgeted based on higher income and higher cost. Especially the income from sales to fish farming and private customers. On the other hand, the growth within the industrial sector is not as high as budgeted.

The forecast oil expense is DKK 244.0 million, including urea, gas oil and lubricating oil. This is DKK 25.4 million higher than budgeted. The reason for this is that Sev has used considerably more heavy fuel oil in production based on less production from wind and hydropower than budgeted. The reason for less production from green energy is that the renovation work was delayed and good weather in the summer and also later in the year. Sev expects to use 10,055 tons of heavy fuel oil more than budgeted. Moreover, the storage of oil equates to the corresponding accounting regulations.

Goods and services are projected to be DKK 77.5 million, which is DKK 8.7 million higher than budgeted. The reason for this is, among other things, the cost for the upgrading and maintenance of the wind turbines and the motors at Sund power plant and the higher cost of goods and services that Sev uses and buys.

Wages are forecast to be DKK 102.2 million, which is DKK 4.9 million higher than budgeted. The budget included financing of wage expenses of some DKK 11.6 million, but this is projected to be DKK 11.7 million.

The budget called for an investment of DKK 538.8 million and this was projected to be DKK 361.6 million or DKK 177.2 million lower. The production sector was budgeted for an investment of DKK 253.1 million, while this is DKK 137.1 million or DKK 116.0 million lower. Especially the focus is on less investment in the windfarms on Sandoy, because this is not expected to be outsourced in the summer in the coming year. Moreover, fewer investments have been made in the Sund power plant, and the intended pumping station at Vestmanna.

The grid sector was budgeted for an investment of DKK 222.9 million and this is projected to be DKK 182.3 million or DKK 40.6 million less than budgeted. Administration was budgeted for an investment of DKK 62.8 million and this was projected to be DKK 42.3 million of DKK 20.5 million lower. This is especially based on the delayed IT investment and the building at Nord á Strond is delayed, and the project revision of the customer schedule will not begin until autumn. The work on the additional office buildings is also delayed.

Depreciation is forecast to be DKK 192.6 million, which is DKK 30.5 million lower than budgeted. The reason that depreciation is lower than budgeted is first and foremost because Sev had less investment than budgeted.

The fact that several investments were delayed will not be subject to depreciation until the projects will be completed. The depreciation in the budget is based on the required depreciation term stipulated by the Electricity Production Commission.

Net financial costs are DKK 69.4 million, which is DKK 4.0 million higher than budgeted. The reason that the stipulation is DKK 7.6 million for financial balancing of the financial instruments is lower than expected and included in the cost. The final numbers for this cost will be calculated at year-end.

3.1 Electricity sales and production

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

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

GWh	Jan-Sep 2024	Jan-Sep 2023	Difference in %	Difference in GWh	Oct 2023 to Sep2024	Oct 2022 to Sep 2023	Difference in %	Difference in GWh
Wind	107.4	83.7	28.4%	23.7	149.3	121.1	23.3%	28.2
Hydropower	74.4	70.5	5.5%	3.9	104.1	113.2	-8.1%	-9.1
Thermal	161.1	175.1	-8.0%	-14.0	213.6	211.6	1.0%	2.0
Biogas	5.4	2.8	89.0%	2.6	6.6	4.2	55.1%	2.4
Solar	0.2	0.2	-1.1%	0.0	0.2	0.2	-0.4%	0.0
Tidal	0.0	0.0	115.3%	0.0	0.0	0.0	89.6%	0.0
Total	348.6	332.3	4.9%	16.3	473.9	450.3	5.2%	23.6

Comparing the period October 2023 to September 2024 with October 2022 to September 2023, it is evident that production has increased by 23.6 GWh or 5.2%. The increase in energy production is ahead of the projection for energy sales that was made in 2024, which was projected to be 4.5%.

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

Moreover, the budgeted and forecast figures for 2024 are shown in GWh.

Booked sales in GWh	2019	2020	2021	2022	2023	Group Budget 2024	Forecast 2024	Difference in budget + projection 2024
Booked sales to customers in GWh	350.4	370.4	387.6	395.3	415.6	427.3	**435.8**	**8.5**
Grid loss and own use in GWh	35.7	36.4	36.2	38.8	42.0	43.5	**46.0**	**2.5**
Total production in GWh per year	386.1	406.8	423.8	434.1	457.6	470.8	**481.8**	**11.0**
Thermal	230.0	249.4	262.4	207.4	227.6	168.8	**216.7**	**47.9**
Hydro	103.5	108.7	100.3	130.9	100.2	115.0	**105.0**	**-10.0**
Wind	52.6	47.1	54.1	90.2	125.6	180.4	**152.4**	**-28.0**
Biogas. Tidal current. Solar	0	1.6	7.0	5.6	4.2	6.7	**7.7**	**1.0**
Green portion GWH totals	**156.1**	**157.4**	**161.4**	**226.7**	**230.0**	**302.1**	**265.1**	**-37.0**
Green portion %	**40.4%**	**38.7%**	**38.1%**	**52.2%**	**50.3%**	**64.2**	**55.0**	**-9.2%**
Increase in electric use in %	**9.3%**	**5.7%**	**4.6%**	**2.0%**	**5.1%**	**4.5%**	**4.7%**	**0.2%**

As the table above shows, production from green energy will be higher in 2024 than in 2023, with the green share projected to reach 55.0% by the end of the year. The requirement from Sev's loan providers in connection with green financing for 2024 is 57%. This shortfall is

attributed to the favourable weather this year and the renovation work carried out on the hydropower units in Vestmanna and Strond, as well as the wind farm in Neshaga. If Sev does not meet the goal of a 57% green energy share, the Company will incur higher interest and fees, amounting to approximately DKK 1.0 million in 2025.

Electricity production in 2024 was budgeted to be 470.8 GWh. Production is forecast to be 481.8 GWh or 11 GWh more.

It was planned that electricity production from renewable energy sources would be 302.1 GWh (64,2% green share), but this production is forecast to be 265.1 GWh or 37.0 GWh less. Thermal power plants were anticipated to generate 168.8 GWh, but they are forecast to produce 216.7 GWh or 47.9 GWh more than budgeted.

In 2024, it was planned that there would be an increase in sales to the Company's customers of 4.5%. The planned growth for 2024 took into consideration that the financial goals would be lower for metered use in 2023, but when the year was completed, there were higher sales.

Now that the year is almost over, it is estimated that Sev will sell 435.8 GWh to its customers rather than the budgeted 427.3 GWh, which is higher. Especially there was an increase in sales within the fish farming industry, and private customers, while the demand of customers in the production of fish products was lower by 8% or 7.8 GWh.

Grid loss and own use is estimated to be 46.0 GWh, of which Sev itself is expected to consume around 16.0 GWh. Thus, grid loss will be 30.0 GWh, corresponding to 7.0% of sales to customers.

3.2 Revenue 2024

There are three main factors that influence Sev's gross revenue: 1) changes in the price of electricity, 2) changes in own electricity consumption, and 3) shifts by a customer from one pricing group to another. The Table below shows Sev's net revenue over the past few years in DKK million and forecast numbers for 2024.

Net revenue in DKK million	2019	2020	2021	2022	2023	Group Budget 2024	Forecast 2024	Differ-ence
kWh fee	470.0	522.8	546.0	553.4	679.8	710.9	**749.8**	**38.9**
Fixed fee	17.4	18.0	18.0	18.2	21.7	22.7	**23.8**	**1.2**
Connection fee	24.0	11.2	23.5	16.0	15.6	27.8	**17.5**	**-10.3**
Other	-0.3	2.2	2.8	-0.6	-1.1	2.0	**1.0**	**-1.0**
Income	**511.1**	**554.2**	**590.2**	**587.1**	**716.0**	**763.4**	**792.1**	**28.8**

Projections indicate DKK 792.1 million in revenue, which is DKK 28.8 million more than budgeted for 2024.

As the Table above shows, the Company's revenue has grown from 2019 through 2023. The reasons are that the kWh price for all the Company's customers was increased by DKK 0.10 per kWh in 2019. For 2020, the price increased by DKK 0.05 per kWh for all customers, except the

industrial customers where the price was increased DKK 0.10 per kWh. There were no price adjustments for 2021 and 2022.

In 2023, the kWh price increased between DKK 0.18 and 0.22 per kWh for all customers, except industrial customers, whose price rose by DKK 0.28 per kWh. This resulted in approximately DKK 100 million in additional revenue. For 2024, the kWh price increased by DKK 0.05 per kWh to offset the environmental import duty imposed on Sev.

The Company's increasing revenues are driven by a combination of higher kWh sales, price adjustments, and strong income from connection fees. The connection fees stem from significant expansions carried out by businesses and public entities in recent years. The fixed fee remains largely unchanged, but revenue from this source continues to grow steadily as more customers are added.

Predicting revenue more precisely is challenging, as Sev's income depends on which customer groups contribute to sales. These contributions vary between groups and depend on how electricity consumption is distributed throughout the year. Generally, more electricity is consumed during the darker months, particularly by Sev's private customers.

3.3 Operational expenses

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

3.3.1 Oil expenses

In January 2024, the average price of heavy fuel oil was USD 539.6 per tonne. Throughout the year, oil prices fluctuated, and by the end of September 2024, it stood at USD 500.0 per tonne of heavy fuel oil.

Annual variations in oil consumption also depend on the fluctuations in the availability of green energy each year and how much of this energy can be integrated into the electric system/grid.

The table below shows the projected cost for oil for 2024. The understanding is that there will be a total increase of costs of some DKK 19.4 million, wherein the increased cost is especially derived from the use of heavy fuel oil.

Oil	Budgeted use in tonnes	Budgeted cost	Budget average price	Projected use	Projected cost	Determined average cost	Projected additional use	Additional cost
Gas oil	1,200	9,372	7.81	2,442	17,099	7.0	1,242	7,727
Lubricating oil	240	5,833	24.30	278	7,480	26.9	38	1,647
Urea	1,800	8,766	4.87	658	2,479	3.8	1,142	-6,287
Heavy fuel oil	35,444	194,587	5,490	45,499	216,946	4,768	10,055	22,359
Total	**38,684**	**218,558**	-	-	**244,007**	-	-	**25,448**

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

Sev has booked an market value adjustment for the oil inventory of DKK 11.2 million, based on the fluctuations in the price of oil. The final numbers for the oil inventory will not be available until year-end, but with the provision carried out by Sev the final cost of oil will not be greater than the projected budget.

On the other hand, Sev's purchase price of heavy fuel oil for 2024 will not be impacted by the unrealized adjustment of the oil storage inventory because Sev has price hedged the budgeted amount of heavy fuel oil at a fixed price per tonne of heavy fuel oil, while at the same time the Company has purchased US dollars at a fixed price to be used for the purchase of oil. However, if it becomes necessary to purchase more oil than budgeted, due to higher-than-expected consumption, and this additional cost is not price-hedged in the same way as the budgeted quantities at the time the budget was prepared/approved.

The Table below provides an overview of the price hedging of the total oil purchases for 2024.

Period	Delivery	Tonnes	Amount in %	Price for oil in USD [1)]
2020 January (Dec 2023 switched from Brent to HFO	February	3,000	9.3	383
2023 December	March	2,860	8.8	483
2022 November	March	4,640	14.3	583
2023 December	May	4,000	12.3	483
2020 January (Dec 2023 changed from Brent to HFO	May	3,000	9.3	544
2022 January	June	3,800	11.7	482
2022 March	June	4,100	12.7	527
2023 December	October	7,000	21.6	483
Total		**32,400**	**100.0**	**499**

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

Sev has hedged 32,400 tonnes of heavy fuel oil for use in 2024 where consumption is anticipated to be 35,444 tonnes. Moreover, oil storage has 8,691 tonnes at the beginning of 2024, which was delivered to Sev in October 2023 and December 2023 (additional purchase). The price hedging was set at USD 575.00 per tonne (November 2022) and USD 549.50 per tonne (December 2023).

By the end of the year, Sev is projected to consume 45,499 tonnes of heavy fuel oil in 2024, which is 10,055 tonnes more than originally budgeted. The cost of the additional consumption of heavy fuel oil, including the market value adjustment of the oil inventory, is projected to be DKK 22.4 million.

Based on the increased consumption of heavy fuel oil, Sev executed an oil purchase in August of some 6,861 tonnes for a cost of 585 dollars per ton, including payment to the provider.

In the financial budget for 2024, prepared during October-November 2023, a cost of USD 605 per ton was projected for the portion of oil to be used in 2024 that was not hedged. The oil purchase was hedged in December 2023, with an average price of USD 483 per ton, which was lower than budgeted. In addition, there are payments to oil suppliers, duties and goods taxes.

By hedging the purchase of oil, Sev has sought to protect itself against potential fluctuations in oil prices and the dollar exchange rate. However, the Company cannot shield itself from fluctuations in oil consumption. It is crucial to limit these cost variations, because these expenses encompass a major part of the total costs of the Company. These costs are directly linked to price changes on the global market as well as changes in electricity consumption and variations in the production of electricity from wind and hydropower. The oil prices Sev must pay are linked to market price quotations and the dollar exchange rate.

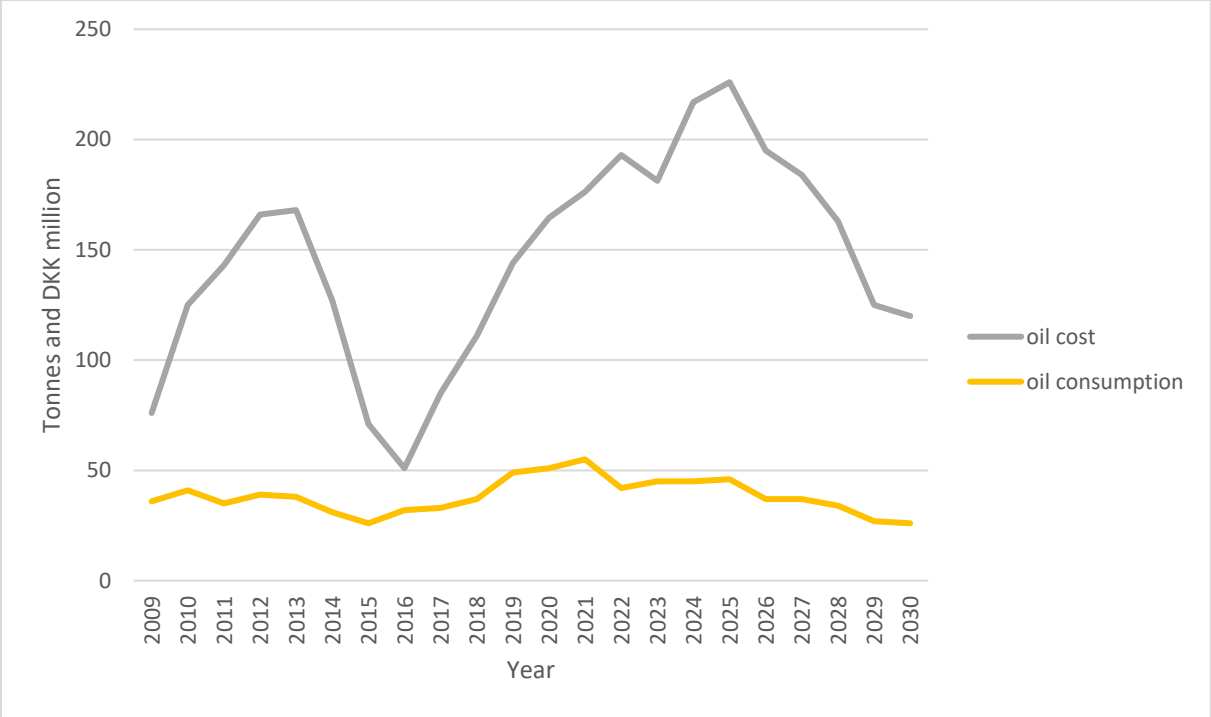
On the other hand, the price of oil on the spot market when the oil is purchased can either be higher or lower than the stipulated hedged price. This means that Sev either receives funds from the he hedging provider, or must pay the provider, depending on the market price at the time of the oil purchase. The same applies to the purchase of dollars through forward contracts. It is commonly noted that when the price of oil increases, the cost of the dollar tends to decrease, and vice versa. The chart below shows the trend in the dollar exchange rate from 2011 to 7 November 2024.

As is shown in the chart, in September 2022, the exchange rate reached a peak of 7.77 DKK per dollar. By the end of 2022, the rate had decreased to 7.11 DKK per dollar. Since the beginning of 2023-2024, when the exchange rate was DKK 6.74 per dollar, the rate has fluctuated, generally trending downward, and stood at DKK 6.91 per dollar on 7 November 2024.

At times, it has also been necessary to generate electricity at the smaller power plants using gasoil to meet the electricity demand and to ensure grid stability.

The thermal power plants were originally budgeted to consume 1,200 tonnes of gasoil. However, projections for 2024 estimate consumption at around 2,442 tonnes, which is more than budgeted. The additional cost compared to the budget is approximately DKK 7.7 million.

The chart below shows the trend in booked oil costs and oil consumption from 2009-2023 as well as the forecast/projected and budgeted costs for 2024 through 2030.



The chart above shows that the cost of oil in 2025 is projected to be the highest Sev has experienced compared to previous years. The cost for 2024 remains high due to elevated oil prices and high consumption of heavy fuel oil. Additionally, the environmental import duty is set to increase in both 2024 and 2025, further driving up oil costs, with the highest costs expected in 2025. The heavy fuel oil cost for 2024 is projected at DKK 216.9 million, of which DKK 42.6 million is oil duty, accounting for 19.6% of the total oil cost.

It is therefore of great importance to transition the thermal power plants as much as possible from primary electricity production facilities to back-up plants that primarily provide grid-stabilizing services. Transitioning from oil-based energy sources to green energy sources, which have lower production costs, will ease production costs and provide a greater opportunity to reduce electricity prices for customers.

3.3.2 Goods and services

The total cost for materials and services was budgeted at DKK 68.8 million but is now forecast to reach DKK 77.5 million, an increase of DKK 8.7 million. Compared to the previous fiscal year, where the cost was DKK 76.7 million, the current cost remains at a similar level. Included in this cost are expenses for part of the upgrades to the wind turbines at Neshaga and Húsahaga. This increase in costs can be further detailed as follows: the production plants

incurred an additional DKK 4.7 million, the grid operations used DKK 1.5 million more, and administration spent DKK 2.5 million more than originally budgeted.

Sev continues to prioritize careful resource management across the Company, with each department closely reviewing how funds are allocated. This effort to balance resources means that some initiatives are revised or postponed, and adjustments have been made to various projects.

3.3.3 Wages

The total cost for wages was budgeted at DKK 97.3 million, while the forecast indicates a cost of DKK 102.2, representing an increase of approximately DKK 4.9 million. The planned capitalized wage costs were DKK 11.6 million, but this is now projected to be DKK 11.7 million.

This higher expenditure can be broken down as follows: the production facilities incurred an additional DKK 4.1 million, grid operations DKK 0.4 million, and administration DKK 0.4 million. Although an increase in staff was planned, not all the additional positions will be filled in 2024. Wage costs for production are at the same level as the previous fiscal year. However, adjustments to the civil servant pension payments are anticipated, likely leading to an increase in wage-related costs that have not been included in the 2024 forecasted results.

The higher wage costs in production are primarily due to increased maintenance work on motors and turbines, which exceeded budgeted levels, as well as the expanded operations at the Sund power plant. Additionally, significant maintenance work on the grid was carried out this year.

3.3.4 Depreciation

Depreciation was budgeted at DKK 223.0 million and is projected to be DKK 192.6million, which is DKK 30.5 million less than budgeted. The reason for this in the main is lower investment than originally planned.

Although fewer investments were made than budgeted, this did not impact the depreciation basis in 2024 because several of these projects were originally scheduled to be completed after 2024 and thus were not included in the depreciation basis for 2024, but later. On the other hand, projects completed during the year were transferred to the depreciation basis as they were finalized.

3.3.5 Interest and market value adjustments derivatives

Net interest costs were budgeted at a total of DKK 65.4 million. The projected amount is DKK 69.4 million, representing an increase of DKK 4.0 million. Included in the cost is a market value adjustment of derivative instruments amounting to DKK 7.6 million. This adjustment will remain in place until year-end but is subject to changes in the US dollar exchange rate and market interest rates.

3.3.6 Taxes on the annual result and deferred taxes

The 2024 budget projected a tax on the result of DKK 68.0 million. The forecast numbers for 2024 incorporate deferred taxes, corresponding to 18% of the annual result. The forecast tax for 2024 is DKK 10.6 million, which is somewhat higher budgeted, but reflects a better-than-expected result. This tax will not be paid but is instead set aside and recorded as a liability of the Company under provisions for deferred taxes.

Deferred taxes have no impact on the liquidity of the Company before these taxes become due and payable. The Company does not anticipate paying taxes on the annual result in the coming years, as it currently has a substantial provision for deferred tax that offsets the annual tax obligation on earned revenue.

3.4 Investment, financing, and liquidity

According to the 2024 budget, total investments were estimated to be DKK 538.8 million. As the end of the year approaches, it can be stated that investments for the year are projected to reach DKK 361.6 million, which is DKK 177.2 million less than budgeted. This shortfall is primarily due to reduced investments in the production and administration segments. It should also be noted that reallocations have been made across areas and departments within the existing framework. The Table below shows investment distributed by production, grid-activities, and administration.

Investment in DKK million	2024 Forecast	2024 Budgeted	Difference
	DKK million	DKK million	DKK million
Engine Department	1.0	0.0	1.0
Fossá power plant	2.6	4.4	-1.8
Heyga power plant	18.6	14.6	4.0
Mýra power plant	4.5	4.5	0.0
Eiði power plant	1.8	2.8	-1.0
Botni power plant	13.9	24.9	-11.0
Vágs power plant	2.8	2.7	0.1
Sund power plant	58.5	71.2	-12.7
Strond power plant	2.9	3.9	-1.0
Small power plants	4.6	9.8	-5.2
Wind turbines. etc.	14.0	64.0	-50.0
Solar energy	0.2	0.4	-0.2
Tidal energy	0.0	0.0	0.0
Pumping system	12.0	50.0	-38.0
Total Production activities	**137.1**	**253.1**	**-116.0**
Sub-stations	**78.5**	**95.9**	-17.4
Grid and other related buildings. etc.	103.8	127.1	-23.3
Administration plus buildings	42.3	62.8	-20.5
Total Grid activities	**224.5**	**285.7**	**-61.2**
Total budgeted investment	**361.6**	**538.8**	**-177.2**

For the Sund power plant, investments are DKK 12.7 million lower than budgeted. Work to prepare and plan the pumping system in the Vestmanna area has been paused, and construction has not yet started. This results in reduced investments of DKK 38.0 million.

For sub-stations, investments are DKK 17.4 million lower than planned, and for the grid, investments are DKK 23.3 million lower. Administration has experienced reduced investments of DKK 20.5 million, primarily because the work to expand the facilities on Landavegur has progressed more slowly than expected but is anticipated to be completed early in the new year. Additionally, work on the new IT room and systems is also progressing slower than budgeted, and the related investments will take place in the new year.

Cash-on-hand at year-end is estimated to be DKK 318.6 million. The majority of this favourable liquidity stems from Sev drawing a DKK 250 million loan from NIB to finance investments in sub-stations and battery systems over the next two years. Furthermore, the Company has access to drawing rights of approximately DKK 850 million for use in investments and liquidity. Altogether, the Company will have access to cash and drawing rights totalling approximately DKK 1,168 million at year-end, ensuring robust liquidity.

Long-term gross debt at year-end 2024 is expected to be DKK 2,061.5 million, while net debt is projected at DKK 1,772.2 million.

4. Operations, Financial and Investment Budget 2025

4.0 Attest of independent auditors

TO THE SHAREHOLDERS OF ELFELAGIÐ SEV

Pursuant to agreement, we have reviewed the budget of Elfelagið Sev for the period 1 January to 31 December 2025, which includes the budget for operations, liquidity, and financing, as well as the relevant accounting principles, terms and conditions underlying the budget and other data. The budget is the subject of Section 4 of this document.

The Board of Directors and Management have responsibility for the budget and stipulating the accounting principles, terms and conditions underpinning the budget set forth in pages 23-48. Our responsibility is to provide an opinion regarding the budget based on our review.

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

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

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

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

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

Tórshavn. 20 November 2024.

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

4.1 Profitability and setting the price of electricity

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Forecast 2024	Budget 2025
Net sales	508.8	550.4	580.0	587.1	716.0	792.1	832.2
Electricity purchases				17.3	41.1	47.6	52.6
Oil expenses	143.9	164.5	183.7	224.5	217.2	244.0	249.7
Goods and services	57.5	59.9	62.5	74.0	76.7	77.5	80.3
Wages	81.3	83.2	83.3	83.1	95.3	102.2	109.4
Result before depreciation and write-downs	226.2	242.8	250.5	188.2	285.7	320.9	340.2
Depreciation	113.6	141.4	162.0	170.7	172.0	192.6	208.5
Result before financial adjustments	112.6	101.4	88.5	17.5	113.7	128.3	131.7
Net interest expenses and value adjustments	37.0	40.2	34.2	-2.6	49.0	69.4	69.6
Result before taxes	75.6	61.2	54.3	20.1	64.8	58.9	62.1
Taxes	13.2	11.4	10.0	3.4	11.6	10.6	11.2
Result after taxes	62.4	49.8	44.2	16.7	53.1	48.3	50.9
Total investments	341.8	331.1	209.9	241.0	209.9	361.6	506.9
Total assets	2,918	3,208	3,230	3,635	3,515	3,823	3,935
Liquidity	125	224	144	367	181	326	146
Equity	1,345	1,372	1,475	1,507	1,522	1,570	1,621
Total liabilities	1,446	1,638	1,592	1,952	1,802	2,061	2,111
NIBD/EBITDA	6.1	6.2	5.9	8.6	5.8	5.5	5.9
Equity Share	46.1	42.8	45.7	41.5	43.3	41.1	41.2

Below is an explanation of the basis for the income assumptions considered in the 2025 budget.

The kWh price for all customers in regular and special price registers, herein "industrial customers" will not be increased. Fixed fee and connection fees also remain unchanged. On the other hand, Sev intends to reduce the supplement fee by 10%-points for construction electricity from the supplement of 20% to 10% for high-voltage power, the 160 tariff. Also, Sev intends to update the reminder fee and the service fee for the reconnection of the electric cables after the disconnection.

The result for 2025 gives an intended profit before taxes of DKK 62.1 million, with an EBITDA to net debt ratio of 5.9. After taxes, the result is DKK 50.9 million.

In the coming years, it will be essential to achieve a strong profit such that the operations of the Company generate sufficient self-financing to support future investments. At the same time, the income from operations should be of such a level that enables the Company to meet its financial obligations, even in the event of an economic down-turn.

To meet these goals, Sev, in addition to meeting the need to balance pricing, has investigated operations and carried out an evaluation of expenses and investment that are needed in the coming year. See paragraph 5 on maintaining the financial goals outlined for 2024-2030.

In 2025, Sev will continue to sell electricity to electric cars and heat pumps at a discount and the kWh price to so-called “green meters” will remain the same consistent with the previous year. The discount will continue to be DKK 0.40 per kWh without VAT, which is consistent with the agreement with the Electricity Production Commission.

The Faroese Government decided to increase the environmental import duty on heavy fuel oil effective 1 January 2024. For 2024, the import duty increased to DKK 0.9 per litre of heavy fuel oil, and for 2025, the environmental import duty will be DKK 1.15 per litre of heavy fuel oil.

The increase in the environmental import duty, among other things, has implications for the 1992 agreement between the Faroese Government and Sev regarding the discount on electricity prices for “industrial customers” which must be considered no longer valid. However, Sev currently has no plans to discontinue the existing support for “industrial customers” during 2025.

The reason is that Sev has begun preparing for variable pricing, which is expected to come into effect in 2026 or 2027. The plan is to discontinue the remaining support of DKK 0.08 per kWh at the same time as the variable pricing is implemented, or alternatively, to gradually phase out the support over a period of time.

The agreement with the Faroese Government was based on the kWh consumption of “industrial customers” as well as Sev’s heavy fuel oil consumption. In recent years, the kWh consumption of “industrial customers” has increased significantly, and heavy fuel oil consumption has also grown. The support provided to customers is based on the import duty on heavy fuel oil that Sev was exempted from paying to the Government under the 1992 agreement, with Sev required to pass on the value of this exemption as support to “industrial customers”.

Construction Electricity

Construction electricity is a temporary electric supply system for new construction of houses and buildings, renovations, and restoration of buildings. Moreover, construction electricity is offered to construction sites with work cabins, festivals, events and other activities that require electricity where no electric connections are available, or the existing connections cannot offer sufficient electricity for the event/work that requires electricity.

Construction electricity is calculated at a higher price than standard electric connections. Currently, the cost is based on the current general price plus 20%, based on the customer's tariff category. The purpose with the construction electricity pricing is to encourage the customer and electricians to carry out the installation as quickly as possible ensuring that any needs, breaks, or work not in compliance with applicable regulations are resolved as soon as possible.

The provision of construction electricity can incur additional costs for Sev, as the connection and disconnection of construction electricity are carried out by Sev, particularly when these connections are large and frequently tied directly to transformer stations, to which only Sev has access. The price for construction electricity is divided into three categories:

1. Tariff 20, installation where the permanent electric meter is set up before the electricity installation is finished or approved. Sev installs the meter.
2. Tariff 40, construction electricity cabinets owned and installed by the electrician. The electrician subsequently submits a transfer notification to Sev.
3. Tariff 160, high-voltage metering. Sev installs the meter, and when the high-voltage field and transformer station are completed, the customer requests power supply through the high-voltage field to clean up temporary installations and test run their system at full capacity.

All three construction electricity installation groups are charged and additional 20% on top of the standard price list, as well as a fixed fee based on the standard price list. This additional 20% cost for construction electricity incentivizes customers and electricians to complete their work promptly.

This also has a positive impact on electrical safety, as installations used during construction have a shorter operational period.

Sev has reassessed the additional cost for construction electricity and considers that the 20% surcharge for large construction sites (for electricity) should be adjusted.

Changes to construction electricity pricing are a matter for Sev's owners, and at an extraordinary general meeting on 29 November 2013, the owners approved an increase in the construction electricity surcharge from 10% to 20%, effective from 2014 onward. This was also approved by the Electricity Production Commission.

Therefore, the matter must be presented to the owners for a decision, and it is requested that the owners approve reducing the surcharge for construction electricity for the customer group associated with high voltage (Tariff 160) from 20% to 10% on top of the standard price list. This change is to take effect on 1 January 2025.

Reminder fees and Service fees

Sev has proposed an update to the reminder fees associated with notifying customers who fail to pay for their electricity consumption. The costs incurred for issuing reminders will continue to be borne by the customer, but Sev aims to shift away from the current pricing model, where the reminder fee is tied to the amount owed[1] and instead link the fee to the cost of the work involved in collecting the debt.

In the process of updating the reminder fees and service fees, Sev has assessed the amount of work required to collect outstanding debts and the effort involved in reconnecting electricity after disconnection due to non-payment. Sev has also reviewed how other companies price similar collection services and what reminder fees they apply. Additionally, Sev has discussed the proposed pricing changes for reminder fees with the Consumer Ombudsman to ensure the changes are reasonable.

The plan, pending approval from Sev's owners, is to implement a simpler reminder fee structure that is not tied to the amount of debt but instead reflects the cost of the work involved in collecting the debt. Sev also plans to update the service fee for disconnection and reconnection of electricity to better reflect the costs incurred for these services.

The goal is therefore that the owners of Sev consider these issues and generate a simple reminder fee that is not linked to the level of debt but covers the costs of the work associated with the recovery of the fees, plus to update the service fee for the disconnection and reconnection of electricity that covers the associated costs of this work.

Proposed reminder fee and service fee:	
First reminder	DKK 100.00
Second reminder	DKK 100.00
Third reminder, when electricity is stopped	DKK 250.00
Service fee to reestablish electricity after Sev cut it off	DKK 1,069.00

The Electricity Production Commission has been advised on these proposed changes and has had no
comment to date.

4.1.1 Overview of the efforts to improve profitability 2012-2025

On 5 December, 2011, Sev submitted a proposal for the operating, financial and investment plan for 2012 to the owners, which included a suggestion to increase the electricity price by DKK 0.25 per kWh in 2012. The Electricity Production Commission granted the Company permission to increase the price of electricity by DKK 0.15 per kWh. Thereafter, Sev submitted a new proposed 2012 budget to the shareholders on 18 December 2011, wherein the price

[1] The current reminder fees for the first and second reminders are calculated as DKK 1 per DKK 100 of debt, plus DKK 23 for postage. For example, if a customer owes DKK 3,000, the reminder fee is DKK 53 (DKK 30 + DKK 23). If a customer owes DKK 90,000, the reminder fee is DKK 9,023.
The current service fee of DKK 200 for reconnecting electricity during regular working hours after a disconnection, and 300 DKK for reconnection outside regular working hours, is assessed by Sev as no longer reflecting the actual cost of this work. Therefore, Sev also wishes to update this service fee

increase was stipulated at DKK 0.15 per kWh. The Board of Directors also implemented savings of DKK 5 million compared to the original budget plan.

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

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

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

Sev subsequently invested considerable time and effort in the analysis of the price schedule to determine that each individual price level was appropriate. In addition, Sev carried out a detailed cost-benefit analysis for each category of customer and for each specific customer, which revealed that customers in the industrial group were not being adequately charged.

In 2013 and 2014, the special price schedule was amended such that the industrial customers that consumed more than 20,000 kWh were required to pay DKK 0.11 per kWh more in 2013 which was DKK 0.06 per kWh higher than the price increase applied to other customers. Other Sev customers were subject to a price increase of DKK 0.05 per kWh.

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

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

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

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

In 2021 and 2022, the electricity price remained unchanged. However, for 2023 the price increased to DKK 0.18 and DKK 0.22 per kWh for all customer groups except “Industrial customers” where the increase was DKK 0.28 per kWh. As a result, the calculated support was reduced by DKK 0.06 per kWh (DKK 0.22 + DKK 0.06 per kWh). For some customer groups, the fixed fee was increased, while it was decreased for others.

For 2024, a price change of DKK 0.05 per kWh was planned for all customers of the Company, including industrial customers. No additional price changes are planned for 2025. The chart below shows the total costs of Sev compared to the income for each kWh sold. This represents the average cost including tax and the average sale price per each kWh sold, but excluding VAT.

	2019	2020	2021	2022	2023	Projected for 2024	Budget for 2025
Income	1.46	1.50	1.52	1.49	1.72	1.82	1.85
Cost	1.28	1.36	1.41	1.44	1.59	1.71	1.73
Result	0.18	0.13	0.11	0.04	0.13	0.11	0.11

For 2025, the budget anticipates that each kWh on average will be sold for DKK 1.85, without VAT. The average cost for each kWh is DKK 1.73, corresponding to a result for Sev of DKK 0.11 for each kWh sold.

Sev believes that the expenses and investments budgeted for 2025 will be necessary to maintain and advance a reliable, high quality, and secure future provision of electricity. The price schedule for 1 January 2025 is as shown in the Table below. The fixed fee is an annual fee. The prices are shown with and without VAT.

Annual consumption in kWh	Fixed fee	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
0-10,000	480	1.51/ 1.89	1.56/ 1.95	1.56/ 1.95	1.56/ 1.95	1.74/ 2.18	1.79/ 2.24	1.79/ 2.24
10,000-100,000	1.280	1.43/ 1.79	1.48/ 1.85	1.48/ 1.85	1.48/ 1.85	1.70/ 2.13	1.75/ 2.19	1.75/ 2.19
>100,000	5.280	1.39/ 1.74	1.44/ 1.80	1.44/ 1.80	1.44/ 1.80	1.66/ 2.08	1.71/ 2.14	1.71/ 2.14

The price of electricity in the standard price schedule has increased by DKK 0.10 per kWh over a 10-year period from 2013 through 2022, corresponding to an increase in the price of electricity of 6.8% for the entire period. During As of June 2021, the consumer price index had grown by 5.2%, indicating that the most significant increase occurred in 2022. Thus, the price of electricity grew less than the consumer price index for the same timeframe. During the same time, Sev has made total investments amounting to DKK 3.0 billion, or on average DKK 300 million annually.

In 2023, it was necessary to increase the price of electricity by, respectively, DKK 0.18, 0.22 and 0.28 per kWh for the various price schedules based on the increase in interest rates, increased oil prices and increased costs and investment that Sev shall undertake. For 2024, the price of electricity increased by DKK 0.05 per kWh for all customers of the Company, including the "industrial customers". No price increase is scheduled for 2025.

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

Annual consumption in kWh	Fixed fee	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
0-10,000	480	1.51	1.56	1.56	1.56	1.74	1.79	1.79
10,000-30,000	1,280	1.43	1.48	1.48	1.48	1.70	1.75	1.75
> 30,000	9,680	1.20	1.30	1.30	1.30	1.58	1.63	1.63

The special price schedule for "industrial customers" which includes export customers with an annual consumption of more than 30,000 kWh, has increased by DKK 0.31 per kWh from 2013 to 2022, corresponding to a total increase of 31.3% over the period. This increase reflects both standard growth and an adjustment of the discount in the discount scheme agreed upon with the Government in 1992, where DKK 0.21 per kWh of the DKK 0.31 per kWh increase is attributable to this adjustment. In other words, the electricity price for "industrial customers" has also increased by DKK 0.10 per kWh, which is the same level as for other customers, excluding the aforementioned adjustment.

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

Over the years, Sev has maintained the price reduction of DKK 0.35 per kWh but has begun to adjust the subsidy afforded these customers based on the amount of kWh consumed in 2013, 2014, 2018 and 2020. The adjustment of the subsidy is based on the amount of kWh purchased by "industrial customers" today compared to the amount purchased in 1992 and Sev's heavy fuel oil consumption. To have the same discount as then, it is necessary to distribute the discount over several kWh and thus the discount is reduced per kWh. Based on confirmed data from 2021, the amount would be DKK 0.14 per kWh.

The subsidy for 2023 was adjusted according to the estimated figures in the budget for the fiscal year 2023 and not like previously done by using the latest confirmed accounting data. As a result, the amount was reduced by DKK 0.06 per kWh, from DKK 0.14 per kWh to the current DKK 0.08 per kWh.

The Faroese Government's decision to increase the environmental import duty on heavy fuel oil by DKK 0.80 per litre in 2024, from DKK 0.10 per litre to DKK 0.90 per litre, has implications for the 1992 agreement between the Government and Sev regarding electricity price discounts. It is expected that this agreement will be terminated when the new system with variable pricing comes into effect, likely in 2026 or 2027.

This means that the remaining discount of DKK 0.08 per kWh will be discontinued, most likely starting in 2027. Consequently, the kWh price for customers in the special price list with an annual consumption exceeding 30,000 kWh will increase by the remaining DKK 0.08 per kWh.

4.2 Electricity sales and production

The Table below shows the growth in electricity consumption.

Year	Calculated electricity consumption for customers in GWh	Growth in GWh	Growth in %
2008	258.9	2.1	0.8
2009	252.0	-6.9	-2.7
2010	255.0	3.0	1.2
2011	254.8	-0.2	-0.1
2012	261.4	6.6	2.6
2013	274.4	13.0	5.0
2014	283.8	9.4	3.4
2015	288.1	4.3	1.5
2016	291.4	3.4	1.2
2017	306.5	15.1	5.2
2018	320.5	14.0	4.6
2019	350.4	29.9	9.3
2020	370.4	19.6	5.6
2021	387.6	17.1	4.6
2022	395.3	7.7	2.0
2023	415.6	20.3	5.1
2024 Forecast	**435.8**	**20.2**	**4.9**
2025 Budgeted	**450.4**	**14.6**	**3.4**

The Table above shows an increase in average electricity consumption of 3.4% on average for 2025. This increase reflects growth in several customer groups with varying individual amounts of growth. Moreover, Sev is now including the impact of the shift in energy consumption in the budget, which will influence sales.

It is anticipated that there will be increased energy consumption, reflecting increased growth in production by Sev's commercial customers. Sev's private customers overall are using more and more electrical equipment, such as heat pumps, electric vehicles, flat screen TVs, and computers per individual customer. On the other hand, these customers have become more

conscious about energy-saving measures that individuals can implement. For example, switching to LED bulbs, which are significantly more energy-efficient than traditional bulbs. Furthermore, private customers are purchasing appliances that consume less energy compared to older models.

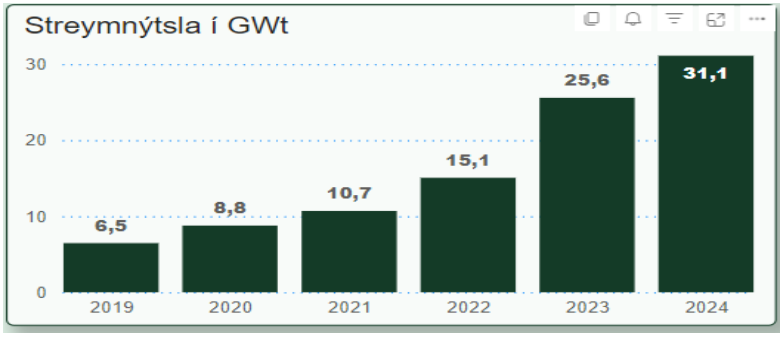
The trend of high, yet declining, interest rates, high consumer prices, and increased costs for fuel for the heating of homes and transportation indicates that there will be an increase in electricity consumption by private customers, but green energy is showing however that an increased use of electricity such that Sev will sell 41.6 GWh in green energy. For 2024, sales through the green meter are projected at 35.6 GWh, representing an increase of 16.9% compared to the previous year. In addition to green meter sales, regular sales to private customers are anticipated to grow by 2.5%.

The customer segment for aquaculture and related industries is expected to grow by 4%. On the other hand, it is calculated that sales to special production groups, where the greater part of this group is pelagic fisheries, remains at the same level as the previous year. On the other hand, a decline is expected in street lighting. For other customer groups, it is calculated that there will be an increase between 1-2%.

The Table below shows Sev sales of GWh within the various customer groups from 2005 to 2023 (booked amounts), while the data for 2024-2025 are forecast (F) and budgeted (B).

	Agriculture. aquaculture. fishing industry. natural resources industry	Manufacturing. production and construction	Retail stores. restaurants. hotels	Transport. postal services. communications	Financial services. insurance. other business services	Public / private sector services. churches and other religious organizations. etc	Street lighting	Homes. apts. summer homes and boat-houses	Total
2005	15.8	51.1	19.1	18.7	3.8	32.0	6.1	74.9	221.6
2006	19.3	53.8	21.0	21.8	3.9	34.1	5.6	75.6	234.9
2007	22.1	54.7	21.7	23.3	4.0	35.2	6.8	77.6	245.4
2008	23.1	53.8	22.9	25.1	4.2	36.2	7.0	81.5	253.9
2009	25.8	52.0	22.6	24.4	4.5	35.6	6.7	80.5	251.9
2010	25.9	48.9	22.5	28.7	4.2	36.5	6.8	81.3	255.0
2011	26.4	44.5	22.4	31.8	4.2	36.8	7.3	81.4	254.8
2012	29.4	52.5	21.6	34.7	3.9	36.6	6.9	75.7	261.4
2013	29.2	69.3	22.7	25.1	4.0	37.7	7.4	78.9	274.4
2014	31.1	76.1	24.7	25.7	4.0	37.3	7.0	78.0	283.8
2015	36.6	76.5	23.1	24.9	3.9	37.9	7.1	78.0	288.1
2016	37.9	73.9	24.4	25.6	3.9	40.5	7.0	78.1	291.4
2017	42.1	85.5	24.4	24.3	3.3	41.5	6.7	78.2	306.5
2018	56.8	82.2	24.9	24.3	3.7	42.1	6.6	79.9	320.5
2019	70.6	95.1	25.1	24.3	3.7	44.1	6.4	81.2	350.4
2020	83.9	96.5	25.0	23.6	3.5	45.5	6.2	86.2	370.4
2021	89.5	101.0	26.9	22.7	3.6	49.4	5.9	88.5	387.6
2022	94.4	101.2	27.3	22.9	3.6	50.6	5.6	89.7	395.3
2023	106.0	98.4	27.9	23.0	3.5	52.8	5.3	98.7	415.6
2024F	118.8	89.9	28.1	22.3	3.4	50.6	5.1	117.5	435.8
2025B	123.5	89.9	28.7	22.5	3.5	51.6	5.1	125.6	450.4

Sale of GWh to “green meters” as shown in the table below[1)].



1) As of mid-November 2024.

The table for “green meters” shows a major advance in 2023 and in 2024.

The chart below shows the trend in production in GWh and in % from 2019-2023, in which the data is verified, while the data for 2024 is projected and 2025 is budgeted.

Production in GWh	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
Total	386.1	406.8	423.8	433.9	457.6	481.8	**498.4**
Thermal	230.0	249.4	262.4	206.3	227.6	216.7	**217.8**
Hydropower	103.5	108.7	100.3	130.9	100.2	105.0	**110.0**
Wind	52.6	47.1	54.1	89.9	125.6	152.4	**161.0**
BSS 1)		1.6	7.0	6.7	4.2	7.7	**9.5**
Black energy	230.0	249.4	262.4	206.3	227.6	216.7	**217.8**
Green energy	**156.1**	**157.4**	**161.4**	**227.2**	**230.0**	**265.1**	**280.0**

1) BSS = biogas, tidal, solar

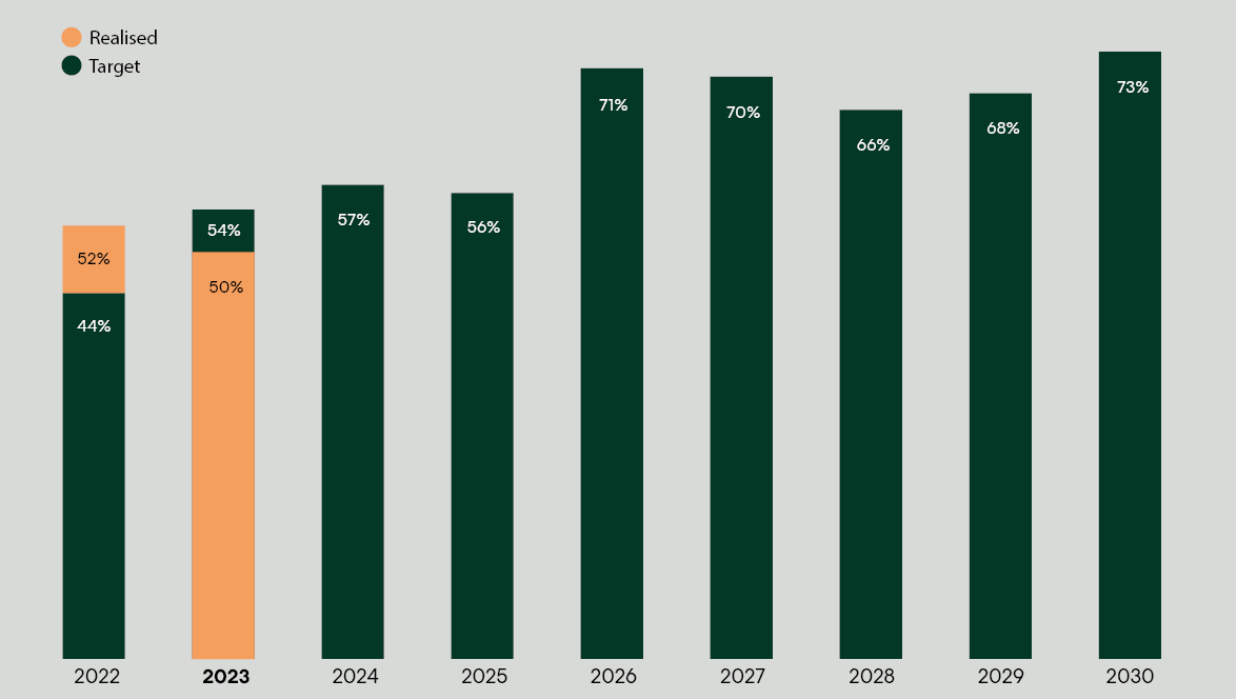
Production in %	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
Thermal	59.6	61.3	61.9	47.6	49.7	45.0	**43.7**
Hydropower	26.8	26.7	23.7	30.2	21.9	21.8	**22.1**
Wind	13.6	11.6	12.8	20.7	27.5	31.6	**32.3**
BSS 1)		0.4	1.7	1.5	0.9	1.6	**1.5**
Total	100.0	100.0	100.0	100.0	100.0	100.0	**100.0**
Black energy	59.6	61.3	**61.9**	**47.6**	**49.7**	**45.0**	**43.7**
Green energy	**40.4**	**38.7**	**38.1**	**52.4**	**50.3**	**55.0**	**56.3**

1) BSS = biogas, tidal, solar

Production from renewable energy resources is estimated to be 280.0 GWh in 2025, corresponding to 56.3% of total production.

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

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



As shown in the Table above, Sev at the very least shall have a green production of 56% in 2025. It is planned that this will be 56.3% and with this it is planned that Sev will meet the conditions for green financing.

Oil-based production for 2025 is planned to be 217.8 GWh, corresponding to 43.7% of total production. The reason for this is that the production from wind will increase because the wind turbines at Neshaga are under renovation, and the battery system at Sund will provide the option of utilizing more wind energy into the grid.

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

Sev has calculated that it will purchase wind energy production of electricity of around 2.0 GWh for DKK 0.21 per kWh from Sp/f Vindrøkt in Vestmanna. This yields an expense for an energy purchase of around DKK 0.4 million, which is in the budget for 2025.

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

The wind company at Neshaga has experienced trouble with several of its wind turbines since 2020 and the wind turbines at Neshaga have not produced the energy that was anticipated. Moreover, there has been some trouble also with the wind turbines at Húsahaga.

The trouble with the wind turbines at Neshaga is now being resolved and the Company has undertaken production again from the wind turbines at Neshaga. The goal is to deliver 13.5 GWh to the grid from the wind turbines at Neshaga in 2025.

The wind turbines at Neshaga generally produce around 15 GWh, but in 2024 it is anticipated that they will produce 3.0 GWh because for most of 2024 they have not produced, while the wind turbines in Porkeri produced as they were intended. It is projected that the wind turbines at Porkeri will generate 15.8 GWh in 2025.

It is anticipated that Sev in 2025 will pay around DKK 0.362 per kWh (including the approved price increase of some 1%) for around 30 GWh from the windfarm at Húsahaga, corresponding to a total cost of around DKK 10.9 million. The goal is to deliver 20.8 GWh into the grid from the windfarm at Húsahaga.

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

From both new windfarm companies Sp/f Vindrøkt II and P/F Flatnahagi of LÍV/MAGN, a production from wind energy of some 109.3 GWh is planned. On the other hand, Sev shall pay for the total wind energy potential of both companies that is estimated to be around 164/173 GWh. The price that Sev shall pay to Sp/f Vindrøkt II is around DKK 0.21 per kWh and around DKK 0.24 per kWh to P/F Flatnahagi, corresponding to a calculated cost for the purchase of wind energy from both companies to be around DKK 41.2 million.

It is planned that the biogas plant will produce 7.5 GWh and for this Sev will pay the plant around DKK 8.0 million.

4.4 Total revenue

Customer segment DKK million	Forecast electricity sales in DKK million 2024	Forecast fixed fees in DKK million 2024	Forecast totals = (1)	Budgeted electricity sales in DKK million 2025	Budgeted fixed fees in DKK million 2025	Budgeted total = (2)	Difference in DKK = (2-1)
Agriculture. fish farming. fish processing and raw materials	185.6	1.0	186.6	**198.4**	**1.0**	**199.4**	**12.8**
Manufacturing. production and construction	141.3	1.8	143.1	**146.3**	**1.8**	**148.1**	**5.0**
Retail stores. restaurants and hotels	49.7	0.9	50.6	**50.7**	**0.9**	**51.6**	**1.0**
Transport. postal and communication	38.5	0.7	39.2	**38.9**	**0.7**	**39.6**	**0.4**
Finance. insurance and other commercial services	6.1	0.1	6.2	**6.3**	**0.1**	**6.4**	**0.2**
Public and private services. religious groups	92.1	1.9	94.0	**93.9**	**1.9**	**95.8**	**1.8**
Streetlights	9.0	0.3	9.3	**8.9**	**0.3**	**9.2**	**-0.1**
Private homes. apartments. summer- and boathouses	177.9	17.1	195.0	**182.4**	**17.1**	**199.5**	**4.5**
New heat pumps	24.7	0.5	25.2	**28.9**	**0.5**	**29.4**	**4.2**
Electric vehicles	24.7	0.5	25.2	**28.9**	**0.5**	**29.4**	**4.2**
Total	749.8	23.9	773.6	**783.2**	**23.9**	**807.6**	**34.0**

The Table above shows that the Company will experience an increase in revenue in 2025 of DKK 34.0 million from kWh sales and fixed-fee charges, corresponding to a total revenue from kWh sales and fixed-fees of DKK 807.6 million. Also included in the overview are revenue projections for new heat pumps and electric vehicles to private customers, which have been shown individually in the Table to add clarity in the budget.

In addition, the Company will derive revenue from its connection fees and other services amounting to DKK 24.6 million, thus yielding a total annual revenue of DKK 832.2 million in 2025, compared to the forecast revenue of DKK 792.1 million for 2024. This means that Sev will earn DKK 40.0 million more in revenue than projected for 2024. Of this more income, Sev shall pay an environmental import duty on heavy fuel oil of around DKK 54.8 million in 2025.

4.5 Operational expenses

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

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

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

4.5.1 Hedging strategy for oil, currency, and interest

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

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

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

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

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

Sev is an interesting customer to finance, and, according to Sev's financial advisors, is considered an "investment grade" customer. This designation affords Sev the opportunity to gain favourable financing on many levels.

If Sev is to maintain this investment grade "rating", it is critical to maintain consistent operations that yield a satisfactory surplus such that Sev's key financial figures are equal to the

companies with which it competes for financing. Confer also the discussion of investment rating under Section 6.

Therefore, Sev, together with Skandinaviska Enskilda Banken (SEB), which is Sev's advisor in the area of financing and hedging, designed a hedging strategy for oil, currency, and interest. This hedging strategy is incorporated into the loan agreements that Sev has executed. At the same time, in collaboration with its advisors, Sev has worked diligently to cover its insurance risks.

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

4.5.2 Strategy for insuring against oil price and currency risks

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

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

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

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

4.5.3 Strategy for insuring against interest rate risk

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

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

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

4.5.4 Oil expenses

The Table below shows heavy fuel oil consumption in tonnes for 2019-2023. Also shown are the forecast figures for 2024 and the budgeted consumption for 2025.

	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
Tonnes	44,226	51,121	51,436	41,992	44,881	45,499	45,747

Sev expects to use 45,747 tonnes of heavy fuel oil in 2025, compared to a forecast of 45,499 tonnes in 2024 or the same amount as previous year. Urea, gasoil and lubricating oil are in addition. The budget anticipates an average year relative to electricity production from hydropower, with the exception of the turbines north of Strond, which have been damaged. While at the same time, electricity production is expected from the wind turbines at Neshaga in 2025.

The price on average is USD 465, which is included in the budget for the non-hedged part of the oil purchase for 2025, based on the "forward trend for oil price of heavy fuel oil" as of 29 October 2024. In addition, 10% is set aside for possible price fluctuations before the price hedging for 2025 is executed. The US dollar exchange rate is set at DKK 6.81 per dollar. In addition is the payment to the oil providers, custom duties and fees. Moreover, Sev has included in the budget DKK 12.0 million for the cost for balancing the accounting value of oil storage, that shall be done every month.

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

4.5.5 Goods and services

2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
57,457	59,922	62,545	74,007	76,692	77,498	80,304

The projected total cost for goods and services for 2025 is DKK 80.3 million for goods and services, reflecting a somewhat higher cost than that forecast for 2024.

4.5.5.1 Production activities

The Table below shows the cost trend for goods and services for production activities over the past several years in DKK million. The figures for the years 2019-2023 are realised figures.

2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
27,590	26,104	29,275	36,490	36,797	38,918	37,460

The cost for 2025 is budgeted to be DKK 37.5 million, compared to DKK 38.9 million forecast for 2024, corresponding to a decrease in costs of DKK 1.4 million. One reason is that there will be fewer purchases for maintenance of the wind turbines, because several of these have now new generators. The goal of the Company is to hold down expenses, but it must undertake the necessary maintenance to ensure secure operations.

4.5.5.2 Grid activities

The Table below shows the cost trend for goods and services for grid-related activities over the past several years in DKK million. The figures for years 2019-2023 are realised figures.

2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
10,013	12,311	14,967	17,535	18,080	16,254	17,252

Expenses for goods and services relative to grid activities is budgeted to be DKK 17.3 million in 2025, compared to DKK 16.3 million forecast for 2024, some DKK 1.0 million less.

The costs associated with the inspection department of the installation division, which is a responsibility of Sev pursuant to a directive of the Electricity Production Commission are estimated to be DKK 0.5 million to DKK 1.0 million.

4.5.5.3 Administration

The Table below shows the cost trend for goods and services for administration over the past several years in DKK million. The figures for the years 2019-2023 are realised figures.

2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
19,854	21,507	18,302	19,982	21,815	22,326	25,592

The Table above shows costs for administration, including the cost for research studies, consultancy work and the write-off of creditor/accounts receivable debt, etc. Expenses for 2025 are budgeted to be DKK 25.5 million, which is DKK 3.2 million higher than forecast for 2024.

In addition are costs related to research and advisory consultancy services, bank charges and the costs related to processing accounts receivable via the payment system. Other administrative costs include, among others, insurance, telecommunications and advertising,

member dues in the Municipal Employers Association, write-off of customer debt, office cleaning, etc., Electricity Production Commission oversight fees, employee costs, and office expenses and the costs associated with information technology, herein subscription and license fees for IT systems/programs.

In 2024, benchmark research is done in collaboration with the Electricity Production Commission and the final result is expected later this year. Moreover, emergency review of the employees was done and the work continues to ensure a better situation where it is deemed necessary. Legal updates are planned to begin in December 2024.

In connection with the updating of the electricity production law which will take place this year, Sev, among other things, shall endeavour to notify its customers of changes in the pricing and it is necessary to update and install new computer systems. This is major work, which will encompass several areas in Sev and major amounts are set aside for this investment. Moreover, an amount is set aside for research work in this regard.

It is possible to prioritize between work departments if necessary.

4.5.6 Wage expenses

The Table below shows the trend in total wage expenses over the past several years in DKK million. The figures for years 2019-2023 have been verified and are accurate.

2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
81,265	83,167	83,310	83,054	95,296	102,215	**109,356**

In 2025, it is anticipated that the total wage expense will be DKK 109.4 million, compared to the forecast amount for 2024 of DKK 102.2 million or an increase of DKK 7.2 million, corresponding to 7.0%.

The 2025 budget is based on a portion of the wage expense being related to investment processing, because Sev will take care of a part of the various investment work. For 2025, DKK 16.7 million is set aside for investment processing, corresponding to a total wage expense for the Company of DKK 126.1 million in 2025, compared to a forecast amount in 2024 of DKK 113.9 million, or DKK 12.2 million more. Thus, wage expense growth is some 10.8% of wage expenses, of which normal wage increases are predicted to be around 5%.

The Table below shows total wage expense for Sev for the past several years. Also shown are the adjustments to employee pensions governed by public civil service pension agreements and the wage expenses related to investment. Account balancing for pension payments is not included in the projection for 2024 and the 2025 budget.

For 2024, it is expected that income balancing will be carried out so that the wage expense will be somewhat higher.

	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
Total wages	92,150	90,676	88,799	99,163	103,196	113,915	**126,071**
Investment related	8,087	6,952	6,239	8,509	7,800	11,700	**16,715**
Pension adjustments	2,798	557	-750	-7,600	100	0	**0**
Total operational wages	81,265	83,167	83,310	83,054	95,296	102,215	**109,356**
Wage growth in %		-1.6	-2.1	11.7	4.1	10.3	**10.7**
Growth operational wages in %	9.5	2.3	0.2	-0.3	14.7	7.2	**7.0**
Full-time equivalent employees	178	174	169	180	185	189	**201**

The projected growth in staff is based on the anticipated placement of several new staff, wage increases from new wage agreements in the various work areas and revision of placement.

Sev complies with the public wage agreements for the various union work groups relevant to Sev. An increase in the number of employees in certain specific areas is anticipated for 2024, costs related to employee reassignments, internal shift schedules, overtime, as well as an increase in wages as a result of future wage negotiations by the various unions. However, it is difficult to predict the possible growth in 2025 in the area of wage agreements, but it is recognized the growth in the public area where negotiations are underway (wage stipulations).

The personnel groups at Sev are varied. There are machine engineers, machinists and workers in production, electricity line layers, and electricians, specialists within the operations area, engineers in various branches, construction workers, IT experts, accountants with higher education, administrative personnel and trainees in various areas. The point is that Sev has employees with high education and-or education in the electricity area and people with much experience that carry out the various projects of Sev. The Table below shows total operational wage expense subdivided into production, grid-related activities, and administration for the past several years. The figures for 2019-2023 are realised figures.

	2019	2020	2021	2022	2023	Forecast 2024	Budget 2025
Production	38,497	39,866	36,769	38,590	42,248	42,753	**44,482**
Grid	23,996	26,114	30,044	32,290	34,974	35,039	**38,204**
Administration	18,772	17,187	16,497	12,174	18,074	24,422	**26,670**
Total	81,265	83,167	83,310	83,054	95,296	102,215	**109,356**

The Table above shows that wage expenses have grown from 2019 to 2023. Wage costs associated with investment processing amounts contributes as well to the growth.

In recent years, the Company has hired additional personnel across all departments to fulfil the workforce demands of its numerous and varied ongoing projects.

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

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

In addition, the Board members receive a meeting compensation that corresponds to the rate stipulated in the civil servant's wage agreement. This compensation is between DKK 707 and DKK 2,121 per meeting, depending on the length of the meeting.

Moreover, the Board members are compensated for travel expenses. If the board members are also board members of other governing boards e.g., subsidiary companies of Sev or the building committee etc., they will receive extra compensation, depending on the scope of work involved. However, there is no additional compensation provided for board work related to the wind farm subsidiaries. In connection with the organization of the daughter companies, with outside boards and management, these individuals are compensated consistent with the roles in the windfarm subsidiary companies.

Generally, the Board has a regular meeting once a month, plus extra board meetings, meetings with the municipalities, annual general meetings and other meetings with shareholders, government authorities, etc. For 2025, Board compensation and related costs are budgeted at DKK 1.3 million, compared to the forecast amount for 2024 of DKK 1.2 million.

4.5.7 Depreciation

Depreciation is budgeted at DKK 208.5 million for 2025, compared to a forecast DKK 192.6 million for 2024, and is based on current fixed assets and anticipated acquisition and disposal of assets. This reflects an increase of DKK 15.9 million, DKK 4 million of which is based on a projected reduction of the windfarm at Neshaga, corresponding to the allocated repair costs for 2024.

The distribution of depreciation from year to year can change somewhat, depending on when the asset was taken into use. This reflects a balancing between actual acquisitions and works in progress. However, the Company's depreciation expense will continue to grow over

the course of the next few years, because major infrastructure investments will be undertaken and booked, and this will, in turn, increase the depreciation expense.

The budgeted depreciation for 2025 and onward is based in the main on the depreciation principles stipulated by the Electricity Production Commission. In the budget, production-related assets are, on average, depreciated over 25 years and buildings and dams over 50 years. Investment in the grid is depreciated on average over 35 years, while investment in operating equipment is depreciated on average over five years. Investment designed to extend the lifespan of an asset is depreciated over the extended useful life of the asset.

4.5.8 Interest and market valuation of derivatives

Estimated interest expense is based on current loan facility agreements.

For 2025, net interest expense is budgeted at DKK 69.6 million. Net interest expense for 2024 is forecast to be DKK 69.4 million.

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

For 2024, an increase in loan facilities of DKK 250.0 million was budgeted from NIB, which Sev undertook in 2022. Moreover, the loan facilities in 2025 will increase by DKK 50.0 million such that the long-term gross debt at year-end 2025 is budgeted to be DKK 2,111.5 million. Net debt is budgeted to be DKK 2,002.1 million.

4.5.9 Taxes on annual result and deferred taxes

The intent is to incorporate taxes on the result in the 2025 budget and onward. The 2025 budget calculates that deferred taxes will equal 18% of the annual result. This tax will not be paid but will be set aside as a debt obligation of the Company and booked under reserves as provision on deferred taxes.

To provide for taxes does not impact the liquidity of the Company before it must be paid. The Company does not expect to pay taxes at year-end in the years ahead, based on the fact that the Company has a large tax balance that the annual tax debt is balanced against.

4.6 Investment

Investment for 2025 is projected to be DKK 506.9 million. The Table below shows the realised numbers for 2019 through 2023 and the forecast numbers for 2024 and the budget for 2025. Investment for 2025 is subdivided as the Table below shows.

Investment DKK million	2019	2020	2021	2022	2023	2024 Forecast	2025 Budget
Fossá power plant	0.7	0.5	0.4	0.6	2.8	2.6	2.2
Heyga power plant	0.8	0.6	0.1	0.8	21.0	18.6	3.5
Mýra power plant	0.4	0.4	0.4	0.2	0.5	4.5	2.2
Eiði power plant	0.3	0.5	1.0	1.1	1.0	1.8	7.1
Botni power plant	0.8	0.2	3.7	1.6	5.5	13.9	17.6
Vágs power plant	4.4	1.2	3.8	4.9	3.0	2.8	3.3
Sund power plant	193.1	75.0	28.1	26.7	10.5	58.5	46.8
Strond power plant	1.7	1.2	1.8	1.6	0.4	2.9	5.7
Small power plants	1.5	2.1	4.2	6.1	5.0	5.4	13.9
Wind turbines/pumping stations. etc.	3.7	70.4	0.1	2.9	5.8	14.0	81.3
Solar	3.1	0.8	0	0	0.0	0.4	0.5
Pumping station in Vestmanna	2.0	7.3	10.0	22.6	7.2	12.0	0.0
Total production investment	**212.5**	**160.3**	**64.0**	**69.2**	**62.6**	**137.1**	**184.1**
Sub-stations	61.2	51.5	64.7	79.4	63.1	78.5	**208.1**
Grid and other related equipment. etc.	54.1	93.3	68.2	81.2	76.3	103.8	78.4
Administration with buildings	14.1	25.7	13.4	11.2	7.9	42.3	36.4
Total grid-related investment	**129.4**	**170.5**	**156.3**	**171.8**	**147.3**	**224.5**	**321.8**
Total budgeted investment	**341.8**	**331.1**	**209.9**	**241.0**	**209.9**	**361.6**	**506.9**
Budgeted 2017-2023	**479.7**	**476.8**	**307.2**	**381.4**	**344.9**	**538.8**	
Investment slack 1)	**-137,9**	**-145,7**	**-75,4**	**-140,4**	**-135,0**	**-177,2**	

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

The Fossá power plant was extensively upgraded over the last several years. The total investment in the Fossá power plant over the last few years ensures that the power plant will be like new.

The Heyga power plant was also upgraded over the last few years for a considerable investment and in 2024 the old generator was shifted out for a new one. Moreover, a new sluice gate at the bottom of the dam at Heyga valley was completed in 2024. In 2025, small projects will be carried out.

In 2024, at the Mýra power plant a new control panel was installed and in 2025 only small projects will be undertaken.

Also, at the Eiði power plant the budget calls for several small projects, including the renovation and new installations of intake systems.

At the Botni Power Plant, plans to undertake the update of the hydropower turbines were set in motion and it is anticipated the work will be done in 2025. Moreover, the goal is to expand the water channels to Vatnsnes reservoir. Further, there will be a number of small projects undertaken in future.

Considerable investment was made in the Vágur Power Plant over the last few years, such that the power plant is like new. In 2025, it is planned to carry out several small investments.

The 2025 budget projects an investment in the Sund Power Plant. The installation of a new electric boiler is expected to be completed in 2025. A new storage tank for heavy fuel oil will be erected. The point is that the building was from the 1970s. Further, it is planned to erect a storage facility for use of general storage, batteries and other equipment.

It was planned that a new storage tank be taken into use later this year, but the tank was damaged early in the Fall, and it has not been fully installed. It is believed that it will be partially or completely taken down and set up again. This work will not be completed until the spring of 2025. The envisioned investment altogether will be some DKK 35 million. Moreover, small investments will be undertaken among the tanks, tank inspection, windows and doors.

Work to update the Strond Power Plant shall continue in 2025 with several small investments, including better access to Strandadal, new ventilation and SCADA system.

Some difficulties have been with the wind turbines at Neshagi and partly also at Húsahagi and the work to resolve these difficulties is expected to cost DKK 6.3 million in 2025. In 2024, all generators were shifted at Neshagi and these are in production now. On the other hand, it has been necessary to shift out several generators at Húsahagi and certain amounts have been set aside for this project in the coming years.

In connection with upcoming wind turbine tender, the deadline is 15 January 2025 and DKK 75 million is set aside in 2025 and DKK 150 million in 2026. When participating in the tender, in 2026, Sev shall establish an independent subsidiary for the project, in connection with the agreements that were undertaken between the Faroese Government and the owners of Sev, which are the Faroese municipalities.

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

Relative to the pumping system in Vestmanna, some DKK 10.4 million was used for studies in 2020, DKK 10.0 million in 2021, DKK 22.6 million in 2022 and DKK 7.2 million in 2023 and DKK 12.0 million is projected for 2024. These funds cover research, trials, and advisory services. For 2024, DKK 60.0 million is set aside for research, trial drilling and advisory services.

Efforts have been made to obtain offers from suppliers of construction work and electromechanical suppliers. This will provide a very good foundation to evaluate the total cost for the project and the sufficiency of the intended investments.

Sev is working on adjustments to the offers with the providers to reduce the cost, but the decision was taken to stop the projects to assess which other steps could be taken, including exploring various potential options for green energy. This work continues at present, and it is expected to take some time and should be resolved by the spring of 2025 when a final

decision could be made. Moreover, the goal shall be reviewed by the owners of Sev in2025, when a decision will be made on the project. For 2025, no funds are allocated to the project.

Significant investment in the grid, sub-stations, buildings, etc, need to be made in 2025 and in the years to come. Particularly, it concerns strengthening the grid and making it ready to receive more wind energy to meet the strong demand for power from the electricity consumers.

The total investment for the distribution grid for 2025 is DKK 69.3 million. The laying of several long cable systems is contemplated – Sandoy tunnel; Suðuroy, especially Vágur to Porkeri; the tunnels north of Fjall, Gamlarætt and in the capital, Tórshavn.

In 2025, the installation department will invest some DKK 7.6 million, especially in remote reading electric meters and home-based charging stations.

At Sund, a synchronous generator and battery system has been installed and is working well. The goal is that the battery system and synchronous generator should support production and offer the oversight management that the motor and hydropower plants do today.

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

Moreover, it is planned that Sev will build a sub-station and battery system at Skálafirði (Skálabotni) for DKK 310 million in the years 2024-2027. Some DKK 80 million is set aside for this project in 2025. Moreover, a synchronous compensator will be set up at Strond for DKK 22 million, of which DKK 15.5 million is budgeted for 2024, and DKK 6.5 million are included in the budget for 2025.

Further, a battery and synchronous compensator will be set up on Sandoy and this is planned to be carried out for a cost of DKK 242.0 million in the years 2024-2026. DKK 107.0 million is set aside for 2025.

The work on the sub-stations and battery systems has begun with the work at Sandi should be completed first given the demand for electric power from large customers in the region.

The goal is that Sev will construct several new sub-stations in the coming years.

There is great demand for electricity also in the harbour area of Tórshavn, and Sev intends to construct a sub-station at Skansan. In Vágur, there is also a great demand for electricity, and it is planned that a new sub-station will be built.

As the table below shows, the total projects are budgeted at DKK 208.1 million for sub-stations in 2025, including investment in batteries and synchronous compensators. Total investment is sub-stations has changed over the last years based on major demand for electric power from the customers of Sev as shown in the chart below.

Place/year in DKK million	2024F	Budget 2025	2026	2027	2028	2029	2030	Total
Sund battery / synch. compensator	6.0	0	0	0	0	0	0	6.0
Stórutjørn	0.1	0.5	20.0	80.0	10.0	0	0	111.0
Runavík	0	0	0	15.0	5.0	0	0	20.0
Skálabotnur	5.5	25.0	70.0	20.0	0	0	0	120.5
Skálabotnur battery system	15.0	55.0	75.0	50.0	0	0	0	195.0
Sand	5.5	27.0	38.0	0	0	0	0	70.5
Sand battery and synchronous compensator	23.6	80.0	32.0	0	0	0	0	135.6
Strond synchronous compensator	15.6	6.5	0	0	0	0	0	22.1
Skansin	0.2	0.5	7.5	26.5	7.0	0	0	41.7
Vágoy	1.0	5.0	56.0	23.0	0	0	0	85.0
Fuglafjørð	0	0	1.0	10.0	50.0	40.0	0	101.0
Vestfelli	0	0	0	0	0	40.0	40.0	80.0
Other	0	8.6	1.6	0.1	19.6	39.6	16.1	91.6
Totals	**78.5**	**208.1**	**301.1**	**224.6**	**91.6**	**119.6**	**56.1**	**1.079.6**

The expansion of the administrative building on Landavegur with additional office space based on the increased activity in electric energy sector, better conditions for the control room, storage and archives is completed. In addition, a new kitchen and canteen was installed. Moreover, it is planned to perform work on the grounds around the administrative building.

Considerable investment is budgeted for computer equipment and programs in 2025. This is especially important to have IT security at a high standard and to work on a new pricing system, among other things based on the updating of the electric production law will demand larger investment in the IT system.

It is planned that Sev will establish a museum facility for old equipment and learning opportunities within the electricity sector, which Sev has observed in other countries. It is planned that the facility will be located North at Strond. This is not an immediate key project of Sev, but it is deemed to be a reasonable use of funds for such a project to protect the history of the electricity sector. If Sev does not undertake this project, it is believed that the old equipment and thus the history will not be preserved. The project will take several years and nothing is set aside in the 2025 budget, but it is planned that the project will get underway in 2026 and continue into the future. In total, the project is estimated to cost DKK 35 million when it is finally completed.

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

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

accurate as the work progresses on the various projects. Total investment is estimated to be DKK 506.9 million for 2025.

4.7 Loan facilities and refinancing of current debt

In June 2022, Sev refinanced DKK 1,305 million in loan facilities and drawing rights and in addition obtained financing for some DKK 900 million for investment and liquidity via drawing rights and loan facilities. In total, this equals some DKK 2,205 million in refinancing and new financing that can be divided as shown in the Table below. In 2023, the last part of the refinancing from 2022 was in place, corresponding to DKK 204 million. On the other hand, Sev paid back DKK 336 million to the American loan providers in December 2023, which is the first repayment of the financing the Company received in 2016.

NIB has agreed to meet with Sev to extend the drawing rights on the loan through the end of 2024. It is anticipated that Sev will take out a loan with NIB of DKK 250 million at year end 2024 for investment in sub-stations and battery systems. The chart below shows an overview of financing Sev obtained from 2016 and 2022 and what is budgeted for 2025.

						Drawing rights Budget	Available Budget
Loan facilities in DKK million	2016	2022	2023	2024	2025		
US Private Placement Market	1,042	901	204	0	0	1,811	0
Bank financing syndicate		650	0	0	0	0	600
Bank financing SEB		200	0	0	0	0	200
Bank financing NIB		250	0	0	0	250	0
Total	**1,042**	**2,001**	**204**	**0**	**0**	**2,061**	**800**

The Table below shows how the Company shall refinance its current loan facilities 2022-2030[1].

	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Bank financing 2016	623	0	0	0	0	0	0	0	0	623
Bank financing syndicate	0	0	0	0	0	650	0	0	0	650
Bank financing SEB 2019	350	0	0	0	0	200	0	0	0	200
Bank financing NIB	0	0	0	0	0	25	25	25	25	100
USPP 2016	0	336	0	0	538	0	168	0	0	1,042
USPP 2022	0	0	0	0	0	0	0	263	204	467
Total	973	336	0	0	538	875	193	288	229	n/a

1) Bank financing from 2016 and 2019 was refinanced in June 2022.
2) The loan from NIB shall not be refinanced, but paid down via instalments, but is shown in the chart above.

In relation to the planned/budgeted investments that is set out in the chart above, it will be necessary to refinance the bank financing from 2022 for some DKK 650 million and this will become a long-term debt at the same time that new drawing rights should become effective. Sev shall also refinance USPP financing for DKK 538 million from 2016 that becomes due and payable in 2026.

This means that Sev shall refinance its bank debt or drawing rights for DKK 650 million (it is planned to take out DKK 433 million through to 2026), refinance USPP financing for DKK 538 million, plus the operations credit of DKK 200 million shall also be renewed. With this the budget calls for the refinancing of DKK 1,200 million in bank debt and drawing rights but it is presumed that others will give permission for the refinancing of some DKK 1,400 million. Moreover, it is intended that new financing or drawing rights be obtained for some DKK 600 million for the investment projects that lie ahead.

The new financing required to finance investments from 2027 to 2029, which are included in the investment plan, is DKK 383 million. In addition, a bridge financing facility of DKK 170 million is also required to repay part of the USPP lending from 2016, for a total of DKK 553 million in new financing. Only DKK 56 million in financing are set aside for the pumped storage project in 2026, which thus requires separate financing, if the project goes ahead.

If the investment plan is not carried out, wholly or in part, and the financing requirement is reduced, the available drawing rights will not be utilised accordingly. The work to refinance Sev´s debt and to receive new drawing rights is expected to begin in 2025 and continue into 2026 when it is expected the work will be completed and the Company will have sufficient financing agreements in place.

4.8 Liquidity

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

In DKK million	Budget 2024	Verified and Forecast 2024	Budget 2025
Cash flow from general operations	326.2	320.8	340.2
Adjustments. debt. assets. financial instruments and inventory	-17.9	-13.3	17.5
Cash flow from operations	**308.2**	**307.5**	**357.7**
Investment and work-in-progress	-538.8	-346.0	-506.9
Current year loan facilities	250.0	263.2	50.0
Capital gains. taxes. net interest expenses	-72.2	-80.0	-80.8
Total Liquidity Changes	**-52.8**	**144.7**	**-180.0**
Profit at beginning of year	218.4	181.3	325.9
Liquidity at year-end	**165.7**	**325.9**	**146.0**
Drawing rights/Line of credit	850.0	850.0	800.0
Cash at year-end including drawing rights and line of credit	**1015.7**	**1175.9**	**946.0**

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

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

At year-end 2025, cash on hand is budgeted to be DKK 146.0 million, plus DKK 800.0 million in drawing rights, or in total DKK 946.0 million.

5. Sustainability of the budgets 2024-2030

It is important that the financial budget remains sustainable in the coming years.

One of the fundamental conditions the Company has set for maintaining the financial plan and stress tests is that net debt compared to earnings before depreciation and interest (NIBD/EBITDA) must not exceed 6 times during the period 2023-2030. This requirement determines the extent of a necessary adjustment in pricing.

With increased investments and rising oil prices, it may be necessary to adjust the Company's price for customers to achieve the target of keeping NIBD/EBITDA below 6 times during the period 2024-2023.

At year-end 2022, the index ratio was 8.6 times. Sev implemented measures, including raising electricity prices, to bring the key ratio back down to the internal threshold. Efforts were successful and at year-end 2023 the index ratio was 5.8 times, which is 0.2 times below the internal limit.

The budget for 2025 and thereafter is structured to ensure that NIBD/EBITDA remains at or below 6 times. At year-end 2024, is the ratio is projected to be 5.5 times with the equity ratio at 41.1%. For 2025 NIBD/EBITDA is expected to be 5.9 times, with the equity ratio at 41.2%.

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

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

Stress test where all else remains the same	Price change in 2025
50% decline in kWh sales to customers in the aquaculture industry segment	0.16 kr. per kWh
50% decline in kWh sales to customers in the pelagic fishing industry segment	0.11 kr. per kWh

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

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

In the event that there is a decline in fish farming, the Company's budget will be impacted greatly, more than indicated in the stress tests, because such a decline has repercussions beyond the budget. These repercussions are not included in the stress tests but should be considered as well.

The Company has undertaken a stress-test to simulate reduction in kWh sales in 2025 and 2026 of 10% per year. Sales relating to the electrification remain unchanged compared to the original budget.

With a vast reduction in income, it will be necessary to increase the price of electricity correspondingly to the decline in sales to mitigate the impact. In order to reduce the ratio down to 6.0, it will be necessary to increase the price of electricity by DKK 0.25 per kWh in 2025, if sales decline as indicated in the stress test. The liquidity will also be impacted such that it will be necessary to undertake plans to meet the Company itself to meet the financial demands and the loan providers are also advised. Thus, there will be need to increase the price of electricity between DKK 0.25 and DKK 0.30 per kWh.

5.1 Environmental import duty

The Faroese Government has increased the environmental import duty on the heavy fuel oil that Sev uses. In 2024, the duty was increased by DKK 0.8 per litre, from DKK 0.10 to DKK 0.90 per litre. For 2025, there is talk about increasing the duty by DKK 0.25 per litre from DKK 0.90 to DKK 1.15 per litre.

Given this increase, the support agreement between the Faroese Government and Sev is thus deemed no longer in effect because the environmental import duty on heavy fuel oil is in place again. This again will mean a higher cost of electricity to the Company´s customers and will impact each customer group differently.

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

The Table below outlines the numbers:

Year	Tonnes Heavy Oil	Duty in DKK per 1,000 litres	DKK per tonne *)	Income from price increase in 2024 with DKK 0.5	Total cost thousand DKK *)	Cost in thousand DKK for increase
2024	45,499	900	936	21,787	42,627	37,891
2025	45,747	1,150	1,197	22,520	54,765	50,003

*) notice is taken of the difference between litre and tonnes

If Sev shall have complete coverage of its income for the environmental import duty, it will be necessary to increase the price of electricity for all customers of the Company in 2024 by DKK 0.093 per kWh and DKK 0.0223 per kWh again in 2025, or DKK 0.115 per kWh in total.

Sev intends that the price of electricity in 2024 shall increase by DKK 0.05 for all customers of the Company, including the industrial customers, and this yields an income of DKK 21.8 million against the environmental import duty of DKK 42.6 million or an environmental import duty of DKK 19.6 million that Sev itself pays for its operations. No price increase is intended for 2025 and onward and thus Sev pays DKK 32.2 million over operations for 2025 and DKK 20.8 million for 2024. Thus, Sev shall pay over operations DKK 53.1 million. Thus, Sev does not cover the entire cost of the environmental import duty as established by the Faroese Government, but has decided to pay the additional cost for the environmental import duty over the Company's operations.

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

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

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

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

Øre /kWh	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24 forecast	Budget 2025
Ordinary customers	+10	0	0	+15	+10	+5	0	0	0	-5	-5	+10	+05	0	0	+18/ +22	+5	0
Industrial customers	+10	0	0	+15	+10	+11	+5	0	0	-5	0	+10	+10	0	0	+28	+5	0
Sales in GWh	259	252	255	255	261	274	284	288	291	307	321	350	370	388	395	409	435	450

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

DKK mil.	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	Forecast 24	Budget 2025
EBITDA	36	78	15	36	76	104	156	221	244	226	197	226	243	250	188	278	321	340
Annual result	-16	15	-46	-39	-12	12	58	103	93	89	38	62	50	44	17	53	48	51

From 2008-2012, Sev had a total deficit of some DKK 100 million, when account was taken of the change in the accounting method in 2012. The Board and Management adopted the

goal of eliminating such poor results and in 2013 the result revealed an operational profit of DKK 11.9 million. Since 2013 and onward to 2025, the total profit has been DKK 718 million.

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

This credit rating (A-) is considered an “Investment Grade” rating, thus making Sev an interesting company in which to make an investment or offer financing. If only the stand-alone credit rating is considered, Sev would fall out of the “Investment Grade” rating, which means that any interest in making an investment or offering financing would, in the main, disappear.

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

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

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

It is of vital importance that the goal of debt load to EBITDA at the most shall be a ratio of 6 times and this is the goal that Sev strives to achieve. Charts 1 through 4 on the following pages show the investment trends of the Company. Moreover, investment is compared to net revenue.

Chart 1 - Verified investment in DKK million - 2019 to 2023, forecast for 2024 and budgeted for 2025

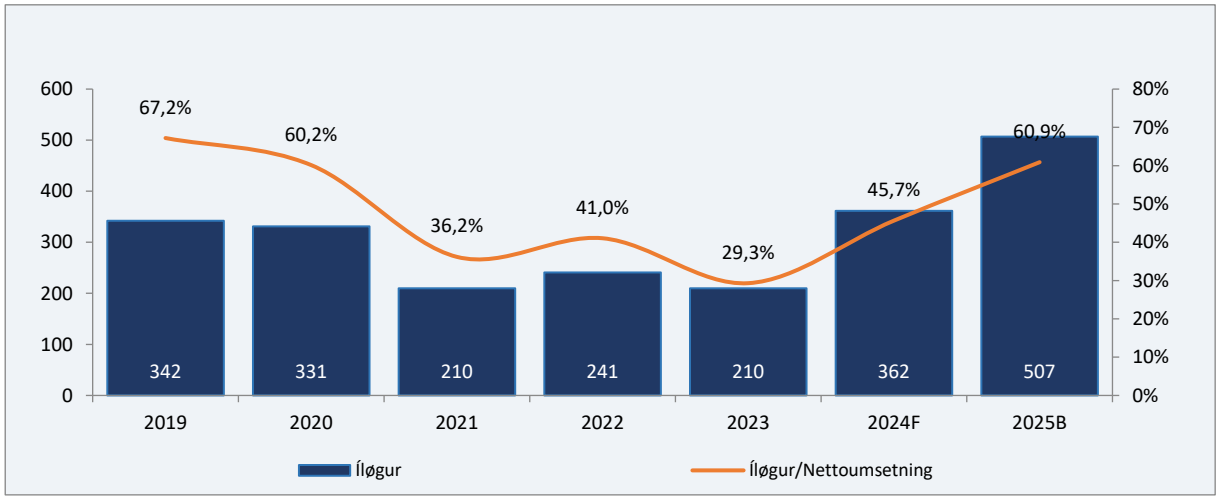
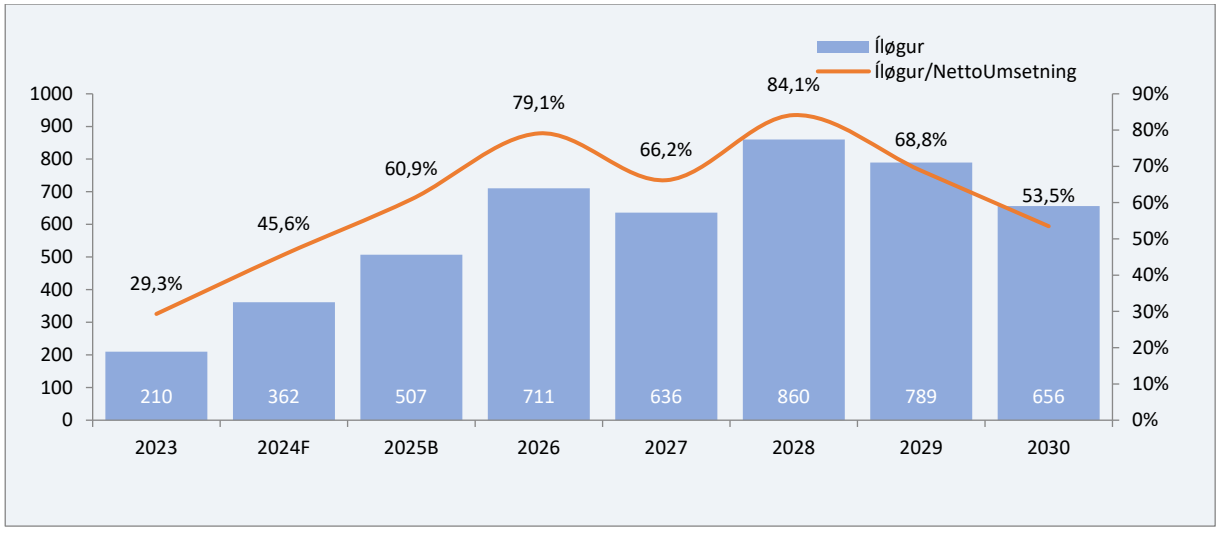


Chart 2 – Planned investment in DKK million 2024 – 2030 and investment compared to net revenue [1])



1) Investments in 2023 are realised and 2024 is forecast and 2025-2030 are planned.

The Charts 1 and 2 above show the trend in verified and projected investment over a long time-period. The projected investments over the next five years are significant. Therefore, it is critical for Sev to have a strong fiscal economy. Chart 3 below provides a more detailed description of the investments.

Chart 3 – Projected total investment 2020-2030[1])

Investment DKK million	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Grid including administration	178	135	172	147	225	323	390	311	248	271	100	2,499
Production	151	75	69	63	137	184	320	325	612	518	556	3,010
Total	330	210	241	210	362	507	710	636	860	789	656	5,509
Subdivided into main projects												
Pumping systems	7	20	23	7	12	0	57	261	355	258	274	1,274
Battery systems and synchronous generators	1	45	54	46	32	110	93	50	0	0	0	431
Hydropower	2	6	5	39	42	33	12	10	1	2	31	183
Wind turbines	1	1	3	6	15	81	181	9	6	6	6	315
Sub-stations	51	32	26	17	46	98	208	174	91	119	56	918
Grid	92	45	81	68	96	69	70	73	141	141	41	917
Back up	0	0	0	18	64	19	25	25	250	250	250	901
Other	176	61	49	9	55	96	64	34	16	12	0	571
Investment	330	210	241	210	362	507	710	636	860	789	656	5,509

1) Investments in 2020 to 2023 are realised, 2024 is forecast, and 2025-2030 is planned.

Chart 4 – Projected investment in the grid 2020-2030 [1])

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

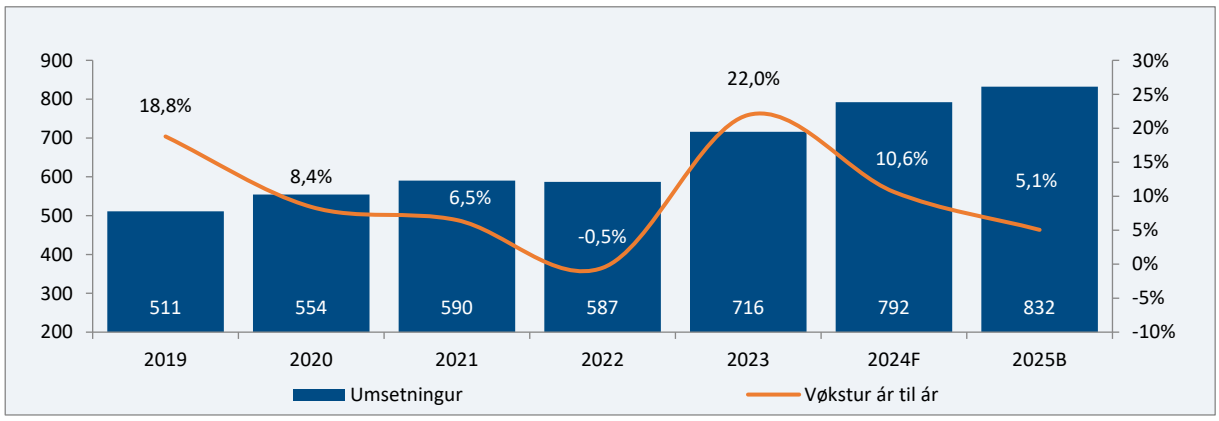
Grid investment (DKK mil.)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Sub-stations	51	32	26	17	46	99	208	174	91	119	56	918
Battery systems and other equipment	1	45	54	46	32	110	93	50	0	0	0	431
Grid	92	45	81	68	105	79	70	75	143	143	43	942
Administration	26	13	11	9	42	35	19	12	14	10	2	193
Other	8	0	0	0	0	0	0	0	0	0	0	8
Grid totals	178	135	172	147	225	322	390	311	248	271	100	2,499

1) Investment in 2020 - 2023 is confirmed and 2024 is forecast and 2025-2030 is planned.

Chart 5 shows the verified net revenue of the Company from 2010 to 2023, and Chart 6 shows the projected net revenue over the period 2020 – 2030.

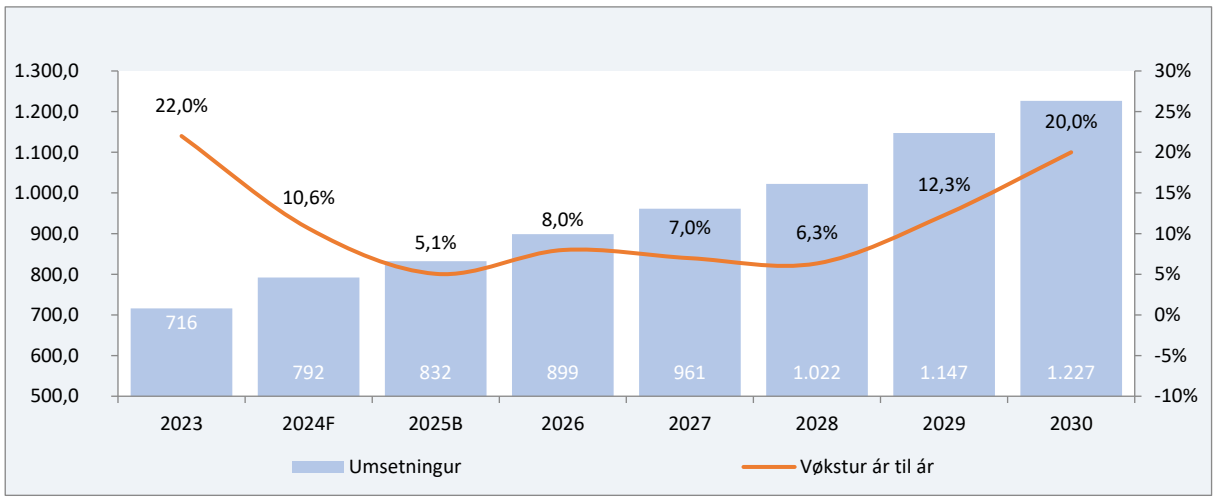
The growth in revenue over the last few years stems from price increases and greater sales of kWh. Confer the Tables above on price changes and sales to customers in GWh. Thus, it can be seen net revenue has increased and it is necessary to maintain a good net revenue in the years ahead. As the Chart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

Chart 5 – Net revenue in DKK million and growth therein in % per year 2019-2025



The numbers for 2019-2023 are realised and 2024 is forecast and 2025 is budgeted.

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



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

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

In the budget for 2024, a price increase of DKK 0.05 was planned for all customers of the Company, including the "Industrial customers", but in 2025 no price change is planned.

In the long-term budgets, a price increase of DKK 0.06 per kWh for all of the Company's customers is planned in 2026 and DKK 0.16 per kWh in 2029. But this shall be decided by

the owners of Sev at the next annual meeting. In addition, it is planned that the subsidy to the "Industrial customers" will steadily decline beginning in 2026 or 2027. This will also be decided by the owners of Sev.

Possible change in pricing shall be approved by the Electricity Production Commission.

Chart 7 – EBITDA and EBITDA margin compared to net revenue 2019 -2025

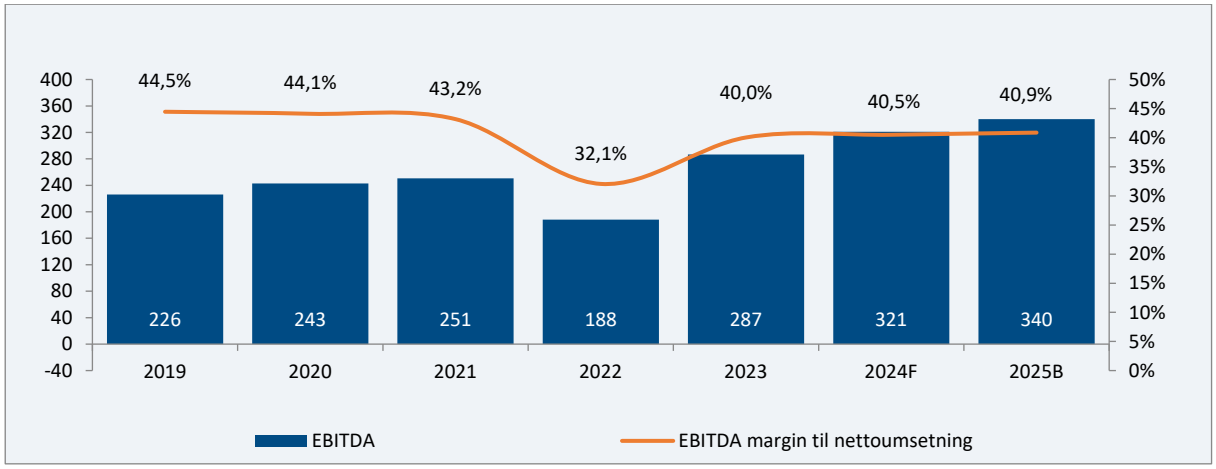
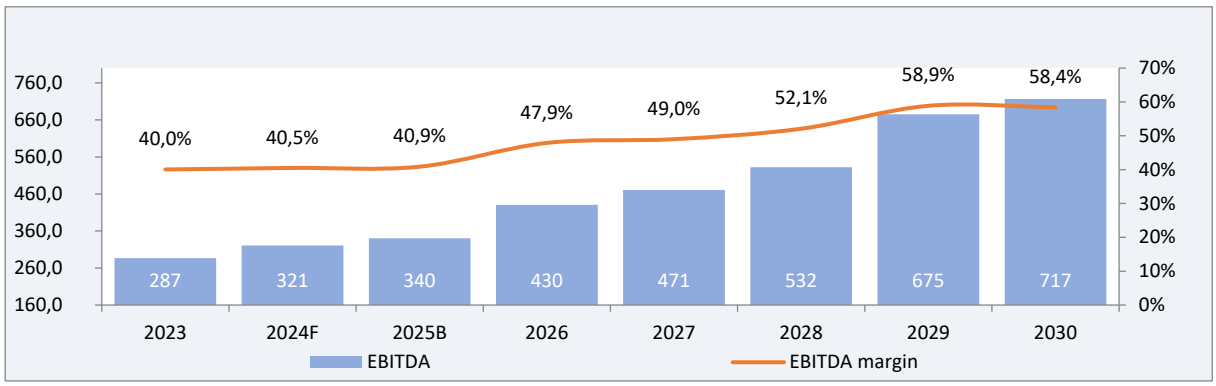


Chart 7 shows the trend in EBITDA and EBITDA margin compared to net revenue over the last few years. This was at a low level, but subsequently has strengthened considerably over the last few years, but in 2022 this has fallen based on the decline in sales, higher oil costs and other high costs to an EBITDA of DKK 193.2 million up to a net revenue of DKK 587.1 million or 32.1% in 2022. It was therefore necessary to increase the EBITDA margin and therefore the kWh price was increased in 2023. Furthermore, this can be seen in the income side where the EBITDA increased by DKK 90 million from DKK 188 million in 2022 to DKK 278 million in 2023. Subsequently, EBITDA was projected in 2024 to grow to DKK 320.9 million based on more sales of kWh and increased electricity price for 2024. Increases in the EBITDA for 2025 will stem from higher sales of kWh, because no price increase is planned for 2025.

Chart 8 – EBITDA and EBITDA margin compared to net revenue 2023-2030



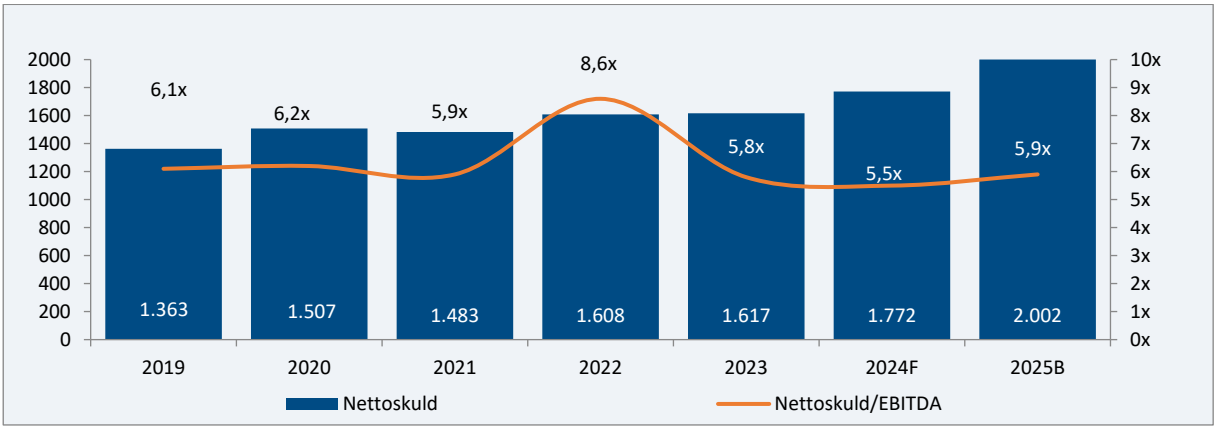
The numbers for 2023 are realised, 2024 are forecast and 2025-2030 are planned.

One of the most significant key figure ratios is net liabilities compared to EBITDA. Sev has stipulated internally that this ratio shall not be greater than 6 times.

In the current loan facilities with the various financial institutions, this ratio can rise to 9 times, but Sev believes that this is too high and will therefore strive to ensure that it rises no higher than 6 times.

Because the financial institutions have permitted a ratio of 9 times, this affords Sev a certain secure margin within which to operate. Chart 9 below shows the trend over the last few years of net liabilities in DKK million compared to EBITDA.

Chart 9 – Net debt compared to EBITDA 2019 – 2025



The numbers for 2019-2023 are realised, 2024 is forecast, 2025 is budgeted.

The net debt compared to EBITDA in 2010 was an especially high level and subsequently declined to a ratio of 5.9 in 2021 which is 0.1 under the stipulated internal ratio of 6.0.

The ratio in 2022 was 8.6, which is 2.6 more than the internal target and the goal was to bring this down to 6 or lower. For this reason, Sev increased the price of electricity for 2023, and this has shown to support the goal of bringing the ratio to the internal level.

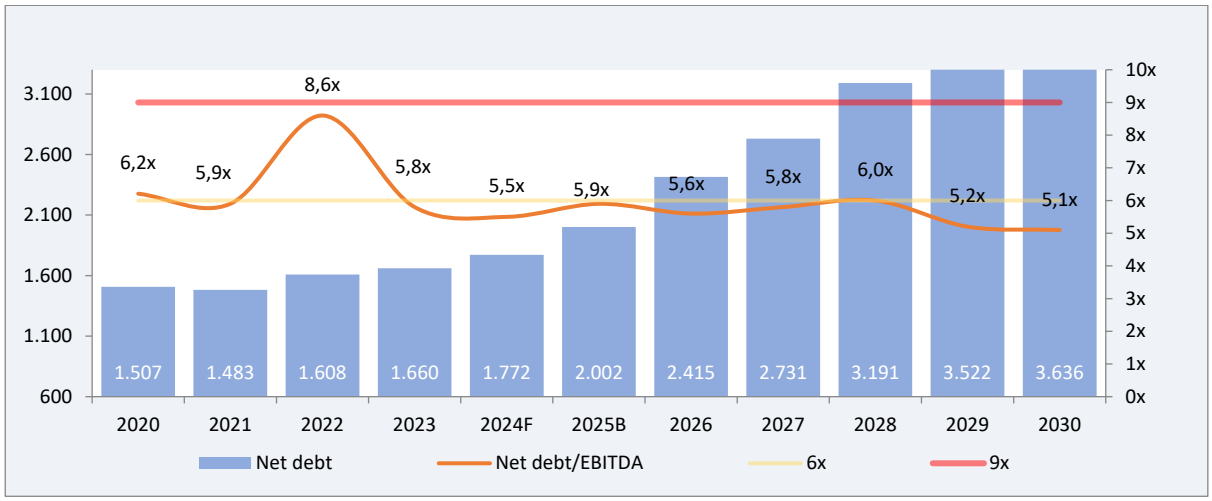
Sev intends not to stay outside the safety margin of between 6.00 and 9.00. The safety margin is in place to accommodate a situation such as the one Sev has experienced in 2022 with declining income, high oil costs and higher costs otherwise than budgeted.

Because the ratio of NIBD to EBITDA was close to the limit stipulated by the loan providers, Sev communicated with the loan providers on the possibility of raising the limit to 9.5 for a short period if this proved necessary.

With the price increase in 2023, the ratio fell swiftly through the year and returned to 5.8 by the end of 2023.

Sev works all the time to hold the ratio to at most 6 times and it is projected that it will a ratio of 5.5 at the end of 2024, which is a good starting point for 2025, during which the goal is to keep the ratio at 5.9.

Chart 10 – Net debt compared to EBITDA 2020-2030.



Included in the net debt is the financial instruments. The numbers for 2020-2023 are realised, 2024 are forecast and 2025-2030 are planned.

As the chart above shows, the net debt compared to EBITDA in 2020 was a ratio of 6.2, but subsequently the ratio declined to 5.9 in 2021 and then grew to 8.6 in 2022. The reason for this was, as noted above, caused by declining income, higher oil costs and increasing costs, based on the impact of the Corona virus and the war that broke out between Russia and the Ukraine.

To decrease the ratio to 6.0 in 2023, it was necessary for a price increase such that the ratio remained consistent with the internal stipulation of a ratio of 6 or lower.

The price increase in 2024 was DKK 0.5 per kWh for all customers, as well as the industrial customers, but no price increase is budgeted for 2025. In the long-term plan, a price increase of DKK 0.6 per kWh is planned for 2026 and after.

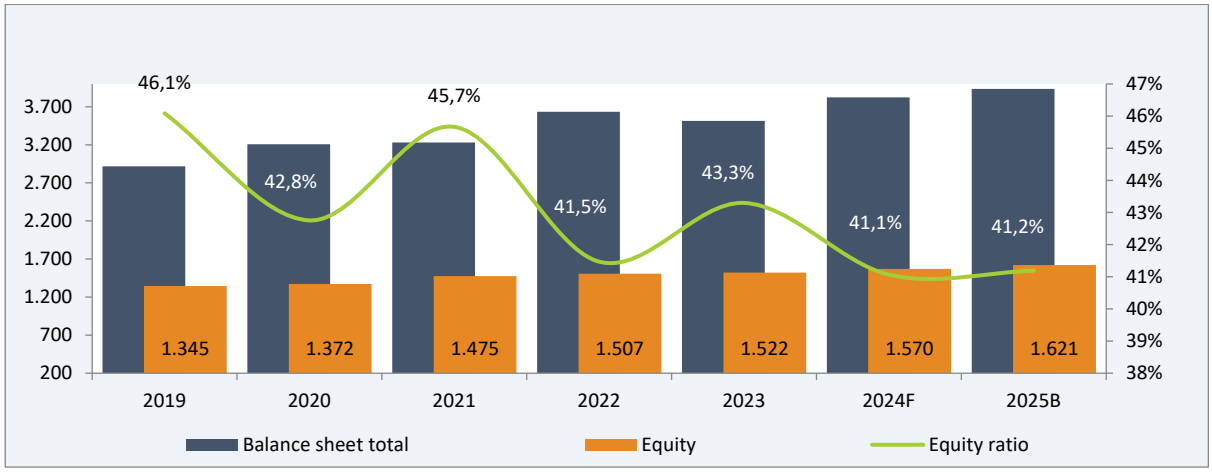
Given this, the ratio for 2025 is planned to be 5.9 and equity ratio at 41.2%. Given this, the NIBD/EBITDA ratio will be held at 6.0 or lower, and the equity ratio will meet Sev's requirements of some 40%.

The requirement of the loan providers is that the NIBD/EBITDA ratio must not be greater than a factor of 9. The requirement for the equity ratio is 35%. Thus, the ratio is consistent with the requirements of the loan providers.

The operations, finances and investments plans of Sev for 2025 shall be reviewed at the extraordinary meeting on 6 December 2024, when a final decision will be made for the 2025 budget as a whole, including pricing.

The overall budget will also be reviewed and approved by the Electricity Production Commission of the Environmental Department, which is the authority in this area, pursuant to existing law.

Chart 11 – Balance sheet and equity in DKK million and equity ratio in % 2019-2025

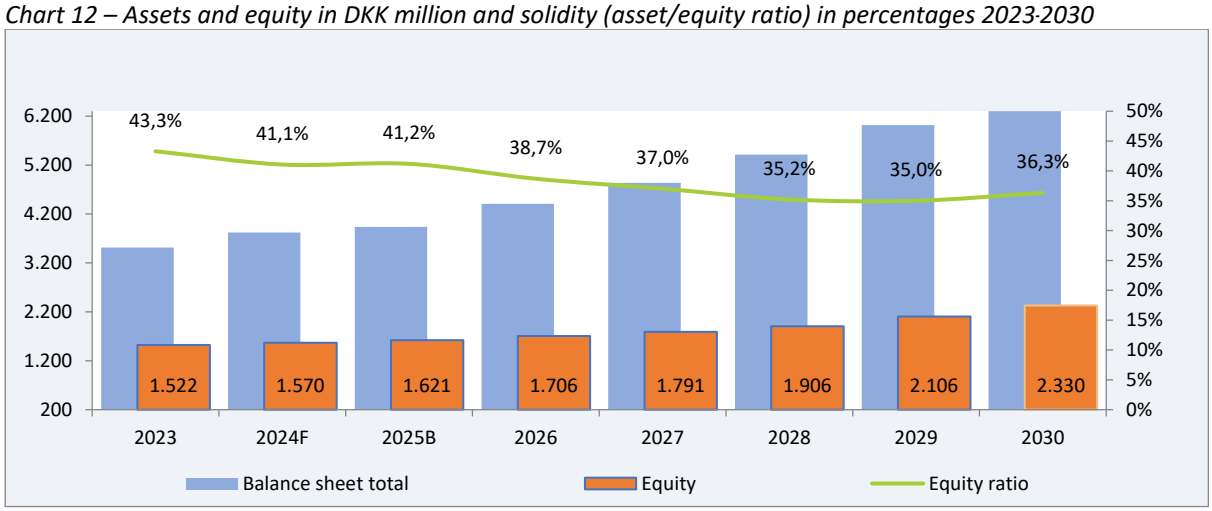


Throughout the years, Sev has maintained a solid equity ratio (equity as a percentage of total assets) which stood at 43.3% in 2023. This is expected to be 41.1% by the end of the year and 41.2% in 2025.

The internal requirement for the equity ratio is currently set at 40.0%, while lenders require Sev to maintain an equity ratio of no less than 35.0%.

With this, the Company meets the requirements for both the equity ratio and NIBD/EBITDA.

Chart 12 – Assets and equity in DKK million and solidity (asset/equity ratio) in percentages 2023-2030



The numbers for 2023 are realised, 2024 are forecast, and 2025-2030 are projected.

As Chart 12 shows, in 2026 the equity ratio will decrease until 2030 will be under 40%, but the plan is that Sev will continue to have sufficient equity ratio in the coming years. It will be necessary to undertake

plans to allow this to continue, including some limited investment in future and also to enter into agreements with loan providers to have a lower liquidity. One possibility is to also increase income.

Windfarm subsidiaries of Sev and Fjarhitafelagið

7. Independent subsidiaries to operate wind farms

At year-end 2016, the wind farm subsidiaries were founded, respectively, P/F Vindfelagið í Neshagi, business registration no. 6387 and P/F Vindfelagið í Húsahagi, business registration no. 6386. These companies own and operate the wind farms at, respectively, Neshagi, Porkeri and Húsahagi. For more information about these wind farm companies, confer the 2016-2023 annual reports for the wind farm companies, which are available at www.sev.fo.

In the budget, Sev has eliminated the operations of the windfarms at Neshagi and Húsahagi, because the budget of Sev is a group budget, which contains the parent company and the subsidiaries under one budget.

7.1 P/F Vindfelagið in Neshagi og Porkeri

It is intended that the Windfarm companies at Húsahaga and Neshaga and Porkeri will be merged into one entity in 2025. As a result, the profit and loss statement, as well as the balance sheet, will be different. This merger is expected to make operations more efficient and strengthen the merged company.

A disclaimer is therefore made regarding the figures in the tables/charts/figures below, as they will no longer be accurate once the companies are merged and a consolidated financial plan is created.

The wind farm at Neshagi was completed and went operational in November 2012. Thus, the wind farm has produced electricity for Sev's customers for several years and the trials conducted until 2019 were good. In 2020, several wind turbines were damaged, negatively impacting the Company's operations in recent years.

It was determined that it was necessary to shift the generators on all the wind turbines at Neshagi and this was carried out this summer. The wind turbines are now producing electricity for Sev's grid, and production is expected to return to satisfactory levels in 2025.

The cost of these repairs is estimated at approximately DKK 14 million, which was stipulated in the 2024 budget. Financially, the repair is considered feasible under certain conditions, and the solution has been approved by the Electricity Production Commission.

It is expected that the repair will be financed by increasing the Company's share capital and that the wind turbines would be written down by a certain amount.

The operations in 2024 were impacted by the damaged wind turbines at Neshaga that remained still the entire year. The Company typically produces around 15 GWh of electricity for Sev's grid with the wind turbines in Neshaga, but for 2024, only 3 GWh of production is projected. The wind turbines in Porkeri have performed as expected.

The Company budgeted production in 2025 from Neshagi of 3.5 GWh, corresponding to DKK 6.0 million. This is cautiously estimated because the potential production from the wind turbines at Neshagi could be considerably higher.

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

For 2025, the income of the Company will be DKK 11.9 million and given this income the result will be a deficit in operations for 2025 of some DKK 1.1 million after taxes.

The windfarm at Porkeri formally entered into service in February 2021 at a cost of DKK 70.0 million. The Company's equity was increased by DKK 18 million in 2023, divided between share capital increase of DKK 3 million, such that the share capital is now DKK 10 million, and the share premium reserve is DKK 15.0. Total share capital and share premium reserve are now DKK 25 million. The Company's long-term loans also increased.

The Table below shows the confirmed numbers for 2018-2023 and forecast numbers for 2024. In addition, the budget (B) for 2025 is shown, plus the projected figures for 2026 and 2027.

DKK thousands	2018	2019	2020	2021	2022	2023	2024 Forecast	2025 Budget	2026	2027
Sales	6,770	5,732	3,809	10,212	14,144	7,843	7,180	**11,912**	12,006	12,108
Operations/ maintenance	913	1,042	1,645	2,153	1,609	4,714	4,869	**5,015**	5,065	5,115
Financing cost and depreciation	3,628	3,604	3,566	8,504	8,807	8,206	11,535	**8,192**	8,075	7,957
Result before taxes	2,230	786	-1,403	-446	3,729	-5,078	-9,224	**-1,294**	-1,130	-964
Taxes on annual result	401	142	253	80	671	914	1,660	**233**	203	173
Annual result	1,828	645	-1,150	-366	3,058	-4,164	-7,563	**-1,061**	-927	-791

Below is the financial position of the subsidiaries in key figures.

DKK thousands	2018	2019	2020	2021	2022	2023F	2024B	2025	2026	2027
Total assets	36,166	34,423	96,332	90,162	96,593	98,218	96,267	**89,234**	82,202	75,170
Debtors and accruals	5,499	5,103	225	76	201	12	0	**0**	0	0
Inter-company account and loans	23,025	20,364	81,183	73,667	65,607	53,636	51,169	**48,650**	46,079	43,453
Equity	12,036	12,681	9,383	11,614	25,141	36,323	31,383	**30,322**	29,395	28,603

7.2 P/F Vindfelagið í Húsahagi

It is intended that the Windfarm companies at Húsahaga and Neshaga and Porkeri will be merged into one entity in 2025. As a result, the profit and loss statement, as well as the balance sheet, will be different. This merger is expected to make operations more efficient and strengthen the merged company.

A disclaimer is therefore made regarding the figures in the tables/charts/figures below, as they will no longer be accurate once the companies are merged, and a consolidated financial plan is created.

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

The wind farm at Húsahagi was completed and entered operation in October 2014. Thus, the wind farm has generated electricity to Sev's customers for ten years and the trials up until 2019 went well. Over the last few years, some of the wind turbines experienced damage and these wind turbines have not produced electricity for a part of the year. Sev has an agreement with the provider of the wind turbines through October 2024, such that the missing income from these wind turbines comes under the agreement provided by Enercon to Sev to October 2024. This means that Enercon will refund to Vindfelagið Húsahagi any lost income from the wind turbines or a part thereof. A new maintenance agreement with Enercon will most likely be made, but not as a EPK-agreement with a supply guarantee.

In 2025, it is planned that Sev will purchase electricity production from the Company corresponding to 30 GWh per year of the electricity production of the subsidiary for DKK 0.34 per kWh, pursuant to a special price agreement approved by the government authorities. This equates to an electricity purchase of around DKK 10.6 million.

Below are the audited figures for 2018-2023 and the forecast numbers for 2024. In addition, the budget for 2025 is shown, while the figures for 2026 and 2027 are forecast.

Thousand DKK	2018	2019	2020	2021	2022	2023	2024 Forecast	2025 Budget	2026	2027
Sales	12,692	13,663	11,094	11,473	13,071	10,992	10,472	**10,577**	10,682	10,789
Operations and maintenance	4,702	5,054	4,430	4,886	4,928	4,650	5,063	**3,913**	3,952	3,991
Finance costs and depreciation	8,754	8,658	8,535	8,395	8,248	8,317	7,982	**7,847**	7,709	7,569
Result before taxes	-764	-49	-1,871	-1,808	-105	-1,975	-2,573	**-1,183**	-979	-771
Tax on annual result 18%	127	-9	337	325	19	356	463	**213**	176	139
Annual result	-636	-58	-1,535	-1,483	-86	-1,619	-2,110	**-1,183**	-803	-632

As the above Table shows, the Company in 2024 has high costs in connection with the maintenance of the wind turbines. Moreover, as mentioned above, it is anticipated that sales of only 30 GWh will be made to Sev. If this is the case, the total wind potential is higher than the budgeted 30 GWh, such that the income of the Company will be higher than budgeted. As conditions are as budgeted in the coming years for operations and thus impact on the equity, it will be necessary to strengthen the capital foundation of the Company or undertake other options. These shall be approved by the Electricity Production Commission.
Below is the financial position of the subsidiary shown in principal figures.

tDKK	2018	2019	2020	2021	2022	2023	2024 Forecast	2025 Budget	2026	2027
Total assets	85,166	79,609	69,010	65,664	55,646	46,538	37,143	**29,393**	21,710	20,249
Debtors and accruals	6,912	8,574	5,101	9,026	6,285	4,411	2,293	**1,821**	1,416	1,078
Inter-company account and loans	63,834	58,336	52,166	46,137	39,973	33,758	27,105	**20,538**	13,834	6,989
Equity	21,331	21,273	15,801	14,317	14,231	12,612	10,039	**8,855**	7,876	7,105

8. P/F Fjarhitafelagið

Sev owns 50% of P/F Fjarhitafelagið, while Tórshavn Municipality owns the other 50%. Thus, P/F Fjarhitafelagið is considered an "associated" company of Sev and therefore not a part of the financial budget of Sev, except that the capital portion of the Company is accounted for as part of the Sev's assets.

To strengthen the Company's position, as it undertakes major expansions of the district heating system/network, its share capital was increased by DKK 30 million in 2022, with Sev subscribing to DKK 15 million and Tórshavn Municipality subscribing to DKK 15 million. Increasing the share capital was necessary due to the high ratio of net debt (NIBD) to earnings (EBITDA).

Fjarhitafelagið provides heating to several areas withing Tórshavn Municipality and, according to the Company's latest annual report, serves 1842 customers compared to 1740 customers in 2022. This represents an increase of 102 new customers during the year compared to 141 in the previous year.

The Company's financial statement for year-end 2023 shows a balance sheet of DKK 268.2 million, compared to DKK 257.9 million in 2022, and a share equity in 2023 of DKK 80.8 million, compared to DKK 82.7 million in 2022. The annual result for 2023 was a deficit of DKK 1.9 million, compared to DKK 5.9 million in 2022, reflecting a better result in 2023 despite both years ending in a deficit.

In its management report within the annual report, the Company states:

> *Sales in 2023 equalled 39.7 GWh compared to production in 2022 of 37.5 GWh. Annual net sales equalled DKK 28.3 million, compared to DKK 82.7 million in 2022. The result in 2023 after taxes is a negative DKK 1.9 million, compared to a negative DKK 5.9 million last year.*
>
> *In 2023, investment was made in infrastructure for DKK 26.6 million, including new distance heating pipes along Stiðjagøta under Gráastein, Smiðjugerði and from Sandá to Undir Kongavarða. Some work was done on Doktara Jakobsens street. Also the small residential areas of Oman Hoydalar and MBM were connected to the district heating system.*
>
> *During the fiscal year, Fjarhitafelagið employed seven staff members. In addition, it was necessary to hire external labour for certain tasks.*
>
> *The Company will continue along its "green" path that the shareholders and the board have laid out, which entails the linking of the western region of Tórshavn and Argir into the total system of Fjarhitafelagið. The Company is also working to integrate other green energy sources into the system.*
>
> *By mid-2024, the first part of the area above Kongavarða will be connected to the rest of the distant heating grid. There is also significant interest in connecting more neighbourhoods into the distant heating system.*

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

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

Tórshavn, 20 November 2024

Elfelagið Sev

9. Financial Statistics and Tables

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- Operations
- Asset Adjustments
- Liquidity
- Investments
- Table

Rakstur / Operations	2023	Ætlan íalt / Budget in total 2024	Ætlan og framskriving/ Budget and projections 2024 íalt / total	Ætlan/Budget in total 2025 Ár / year	Framskriving/ projections 2026 Ár / year	Framskriving/ projections 2027 Ár / year
Inntøkur / Revenue						
kWh-gjald / kWh charges	679.847	710.921	749.796	783.728	847.963	896.261
Fast gjald / Fixed charges	21.730	22.674	23.843	23.843	23.843	23.843
Íbinding / Connection fees	15.556	27.775	17.500	22.000	17.000	15.000
Søla av avlopsorku	0	0	0	591	7.775	24.207
Annað / Other charges	-1.143	2.000	1.000	2.000	2.000	2.000
Keyp av vindorku og Biogass / Purchase of wind power and Biogas	0	0	0	0	0	0
Umsetningur / Turnover	**715.990**	**763.370**	**792.139**	**832.162**	**898.582**	**961.311**
Orkukeyp	41.076	52.523	**47.550**	**52.624**	**55.776**	**75.303**
Oljuútreiðslur til egna nýtslu / Cost of oil used in productior	217.190	218.558	**244.007**	**249.726**	**217.878**	**217.388**
Tilfar og tænastuveitingar / Materials and services	76.692	68.830	**77.498**	**80.304**	**83.157**	**83.989**
Framleiðsluvirkir/Production	36.797	34.238	38.918	37.460	39.885	40.284
Netvirksemi uttan fyrisiting /Grid without Administration	18.080	14.757	16.254	17.252	17.425	17.599
Fyrisiting /Administration	21.815	19.835	22.326	25.592	25.848	26.106
Bruttovinningur / Gross profit	**381.032**	**423.459**	**423.084**	**449.508**	**541.770**	**584.631**
Starvsfólkaútreiðslur - Salaries and wages	**95.296**	**97.267**	**102.215**	**109.356**	**111.371**	**113.631**
Framleiðsluvirkir /Production	42.248	38.644	42.753	44.482	45.372	46.279
Netvirksemi uttan lønir hjá fyrisiting /Grid without Administratior	34.974	34.612	35.039	38.204	38.968	39.747
Fyrisiting / Administration	18.074	24.011	24.422	26.670	27.032	27.605
Úrslit áðrenn av- og niðurskrivingar / Profit before depreciation, amortization and impairment	**286.737**	**326.191**	**320.870**	**340.152**	**430.399**	**471.000**
Avskrivingar / Depreciation, amortization and impairment	**172.018**	**223.022**	**192.560**	**208.451**	**233.125**	**251.013**
Framleiðsluvirkir	106.080	135.821	115.212	118.788	134.325	135.917
Bygningar og jarðarøki	3.476	4.003	4.230	4.230	4.390	4.550
Býtisvirkir	45.587	50.259	52.591	54.649	60.606	75.122
Rakstrargøgn	16.875	32.939	20.526	30.784	33.804	35.424
Úrslit áðrenn fíggjarpostar og skatt / Profit before financials and tax	**113.719**	**103.169**	**128.310**	**131.701**	**197.274**	**219.987**
Virðisjavnan av kapitalpørtum / Subsidiary fair value adjustments		0	0	0	0	0
Rentuútreiðslur og javnan av fíggjarligum amboðum / Interest expenses and value adjustments from derivatives	48.954	65.441	69.441	69.574	93.868	116.292
Rentuinntøkur og javnan av fíggjarligum amboðum/ Interest revenue and value adjustments from derivatives		0	0	0	0	0
Úrslit áðrenn skatt / Profit before tax	**64.764**	**37.728**	**58.869**	**62.127**	**103.406**	**103.695**
Skattur / tax	11.625	6.791	10.597	11.183	18.613	18.665
Úrslit eftir skatt / Profit after tax	**53.139**	**30.937**	**48.272**	**50.944**	**84.793**	**85.030**

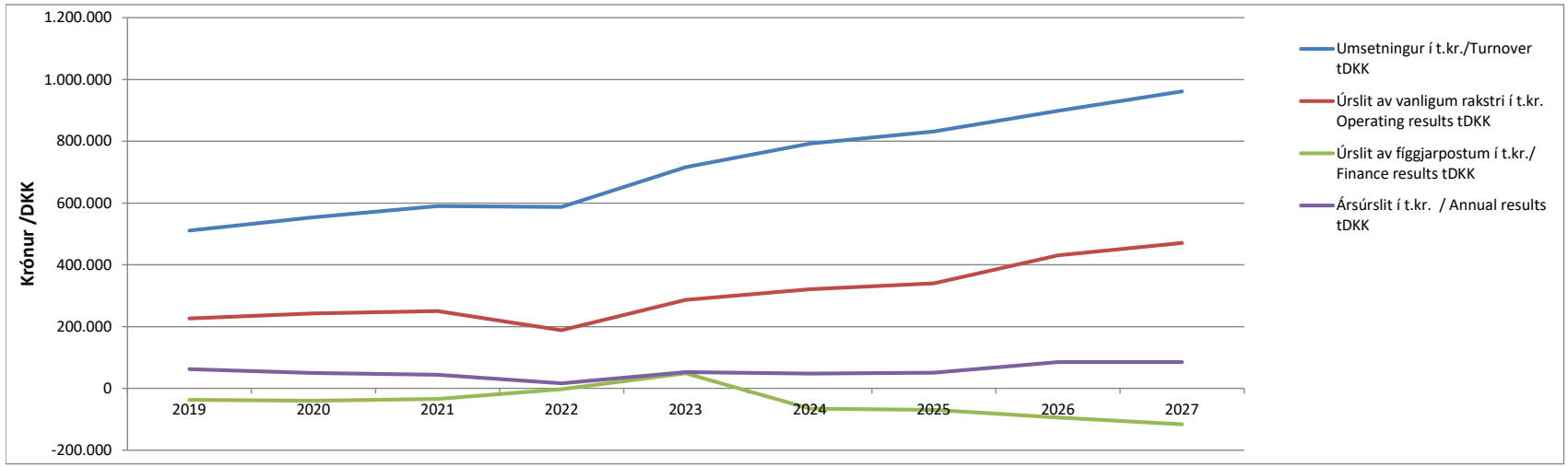
JAVNI / PR. 31. DESEMBER / BALANCE PR. 31. DECEMBER	2023	2024	2024	2025	2026	2027
	Annual Report	Budget	Actual and budget	Budget		
AKTIV / ASSETS	**Ialt**	**Ialt**	**Ialt**	**Ialt**	**Ialt**	**Ialt**
Fastar ognir og avskrivingar / Fixed assets and depreciation, amortization and impairment						
Útvegnarvirði við ársbyrjan / Acquisition value beginning-of-year	5.068.990	5.270.751	5.314.259	5.722.424	6.069.299	6.614.314
Tilgongd / additions	248.975	444.965	408.165	346.875	545.015	563.950
Frágongd / disposals	3.706	-	-	-	-	-
Útveganarvirði við ársenda / Acquisition value year-end	**5.314.259**	**5.715.716**	**5.722.424**	**6.069.299**	**6.614.314**	**7.178.264**
Avskrivingar við ársbyrjan / Depreciation, amortization and impairment beginning-of-year	2.446.470	2.628.818	2.614.781	2.807.341	3.015.792	3.248.917
Avskrivingar í árinum / Depreciation, amortisation and impairment over the year	168.311	223.022	192.560	208.451	233.125	251.013
Avskrivingar við ársenda / Depriceation, amoritzation and impairment year-end	**2.614.781**	**2.851.840**	**2.807.341**	**3.015.792**	**3.248.917**	**3.499.930**
Fastar ognir við ársenda / Fixed assets year-end	**2.699.478**	**2.863.876**	**2.915.083**	**3.053.507**	**3.365.397**	**3.678.334**
Íløguarbeiði í gerð / Investment works in progress	261.382	432.478	214.842	374.842	540.497	612.697
Materiel støðiogn / Tangible fixed assets	**2.960.857**	**3.296.354**	**3.129.925**	**3.428.349**	**3.905.894**	**4.291.031**
Kapitalpartar í dótturfeløgum / Investments in subsidiaries	0	-	-	-	-	-
Kapitalpartar í assosieraðum virkjum / Investments in associates	17.750	17.750	17.750	17.750	17.750	17.750
Avleidd fíggjarlig amboð/derivatives	84.345	151.660	68.739	68.739	68.739	68.739
Fíggjarlig støðisogn / Financial Assets	102.095	169.410	86.489	86.489	86.489	86.489
STØÐISOGN TILSAMANS / Total Assets	**3.062.952**	**3.465.764**	**3.216.414**	**3.514.838**	**3.992.383**	**4.377.520**
Olja á goymslu - Oil nventory	42.999	32.846	21.723	10.282	34.134	58.444
Tilfar á goymslu - Materials inventory	53.057	47.619	51.930	51.930	51.930	51.930
Arbeiði í gerð fyri fremmanda rokning / paid for work in progress	0	0	0	0	0	0
Goymslur tilsamans / Total Inventory	**96.056**	**80.464**	**73.653**	**62.212**	**86.064**	**110.374**
Vøru- og tænastuáogn (Elskuldarar) / Eletricity debtors	164.331	142.029	183.451	190.592	205.685	219.958
Skuldarar aðrir / Other debtors	0	0	0	0	0	0
Millumrokning við net / Settlement grid	0	0	0	0	0	0
Millumrokning við dótturfeløg/ Settlement with subsidiary company's	0	0	0	0	0	0
Onnur áogn / Other receivables	0	0	2.061	0	0	0
Tíðavmarkingar /Prepayments and accrued income	10.020	17.202	21.670	21.670	21.670	21.670
Skuldarar tilsamans / Total Receivables	**174.351**	**159.230**	**207.182**	**212.262**	**227.355**	**241.628**
Lánsbrøv / Obligations	0	0	0	0	0	0
Virðisbrøv tilsamans / Total shares	**0**	**0**	**0**	**0**	**0**	**0**
Tøkur peningur / Cash and cash equivalents	**181.252**	**165.650**	**325.903**	**145.968**	**102.884**	**106.646**
OGN Í UMFERÐ TILSAMANS /TOTAL CURRENT ASSETS	**451.659**	**405.344**	**606.738**	**420.442**	**416.303**	**458.648**
AKTIV TILSAMANS / TOTAL ASSETS	**3.514.611**	**3.871.108**	**3.823.151**	**3.935.279**	**4.408.685**	**4.836.167**

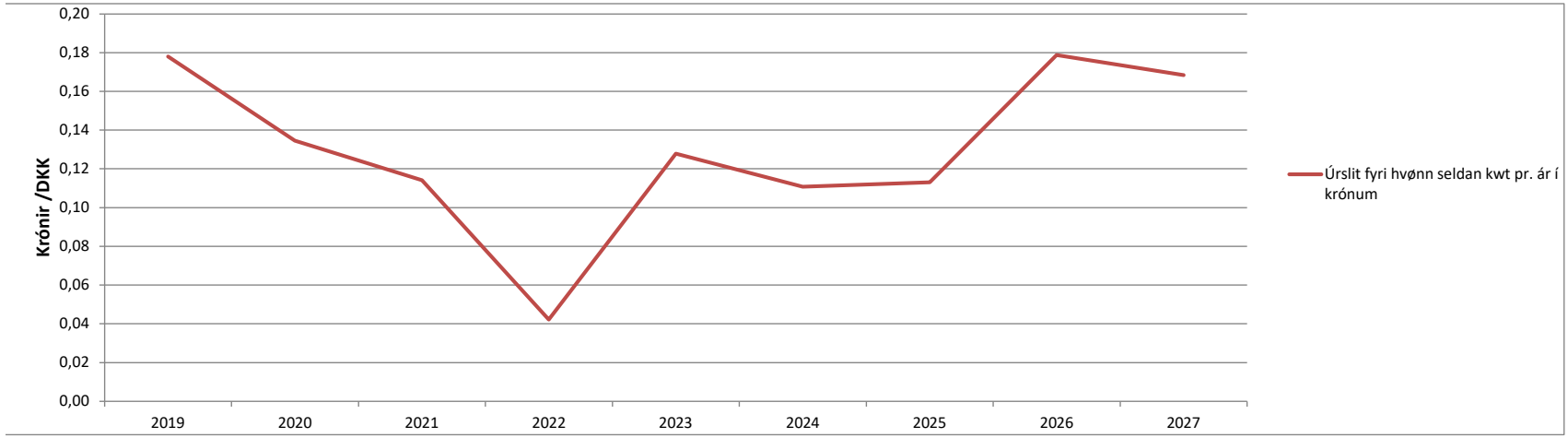
JAVNI PR. 31. DESEMBER / BALANSE PR. 31 DECEMBER	2023	2024	2024	2025	2026	2027
	Actual and budget	Budget		Projections		
PASSIV / LIABILITIES	**Ialt**		**Ialt**	**Ialt**	**Ialt**	**Ialt**
Innskot / Deposits	4.140	4.140	4.140	4.140	4.140	4.140
Grunnur til avleidd fíggjaramboð	-9.257	29.415	-9.257	-9.257	-9.257	-9.257
Grunnur til uppskriving eftir innaravirðishátti	-	-	-	-	-	-
Kapitalkonto / Capital account	1.473.741	1.526.707	1.526.879	1.575.152	1.626.096	1.710.889
Úrslit / Results	53.139	30.937	48.272	50.944	84.793	85.030
Eginogn tilsamans / Total Equity	**1.521.763**	**1.591.199**	**1.570.034**	**1.620.979**	**1.705.772**	**1.790.802**
Avsetingar til eftirløn og líknandi skyldur / Provisions for pensions and equivalent liabilities	11.904	11.803	11.904	11.904	11.904	11.904
Avsetingar til útsettan skatt / Provisions for deferred tax	47.450	66.697	59.943	71.126	89.739	112.191
Aðrar avsetingar / Other Provisions	0	0	0	0	0	0
Avsetingar tilsamans / Total Provisions	**59.353**	**78.500**	**71.847**	**83.030**	**101.643**	**124.095**
Skuld til peningastovnar / Bank borrowings	1.798.273	2.061.455	2.061.455	2.111.455	2.481.455	2.801.455
Langfreistað skuld til samans / Total long-term debt	**1.798.273**	**2.061.455**	**2.061.455**	**2.111.455**	**2.481.455**	**2.801.455**
Stuttfreistaður partur av langfreistaðari skuld / Current portion of long-term debt	3.784	0	0	0	0	0
Skuld til peningastovnar / Bank borrowings	314	0	314	314	314	314
Móttikin frammanundangjøld frá kundum (El-ognarar) / Prepayment received from eletricity debtors	0	0	0	0	0	0
Vøru- og tænastuskuld (aðrir ognarar) / Trade creditors	75.645	52.784	64.528	64.528	64.528	64.528
Millumrokning framleiðsla / Balance production	0	0	0	0	0	0
Avleidd fíggjarlig amboð/derivatives	43.113	34.371	36.639	36.639	36.639	36.639
Partafelagsskattur / Corporate tax	0	0	0	0	0	0
Onnur skuld / Other debt	11.943	42.797	17.910	17.910	17.910	17.910
Tíðaravmarkingar / Prepayments	422	10.000	422	422	422	422
Stuttfreistað skuld tilsamans / Total short-term debt	**135.222**	**139.952**	**119.813**	**119.813**	**119.813**	**119.813**
SKULD TILSAMANS / TOTAL DEBTS	**1.933.495**	**2.201.407**	**2.181.268**	**2.231.268**	**2.601.268**	**2.921.268**
PASSIV TILSAMANS / TOTAL LIABILITIES	**3.514.611**	**3.871.108**	**3.823.151**	**3.935.279**	**4.408.685**	**4.836.167**

GJALDFØRISYVIRLIT / CASH FLOW STATEMENT	2024	2025	2026	2027
Rakstur / Operations				
Nettoumsetningur / Net turnover	**792.139**	**832.162**	**898.582**	**961.311**
Streymgjald / KWh charges	749.796	783.728	847.963	896.261
Fast gjald / Fixed charges	23.843	23.843	23.843	23.843
Íbindingargjald / Connection fees	17.500	22.000	17.000	15.000
Søla av avlopsorku/sale of excess wind power		591	7.775	24.207
Ómaksgjøld v.m. / Other charges	1.000	2.000	2.000	2.000
Keyp av vindorku / Purchase of wind power	0	0	0	0
Broytiligur kostnaður / Variable costs				
Orkukeyp	**291.556**	**302.350**	**273.654**	**292.692**
Keyp av orku frá uttanhýsis veitarum	47.550	52.624	55.776	75.303
Tungolja, gassolja og smyrjuolja til sundverkið / Heavy fuel oil, gas oil and lubricating oil for Sund power plant	244.007	249.726	217.878	217.388
- Tilfar og tænastur / Materials and services	**77.498**	**80.304**	**83.157**	**83.989**
Framleiðsluvirkir / Power plants	38.918	37.460	39.885	40.284
Netvirksemi uttan fyrisiting / Grid less administration	16.254	17.252	17.425	17.599
Fyrisiting / Administration	22.326	25.592	25.848	26.106
Bruttovinningur / Gross Profits	**423.084**	**449.508**	**541.770**	**584.631**
- Lønarútreiðslur / Wages and salaries	**102.215**	**109.356**	**111.371**	**113.631**
Framleiðsluvirkir / Power plants	42.753	44.482	45.372	46.279
Netvirksemi uttan fyrisiting / Grid less administration	35.039	38.204	38.968	39.747
Fyrisiting / Administration	24.422	26.670	27.032	27.605
Gjaldførisbroyting frá vanligum raksturi / Changes in cash flow from traditional operations/ EBITDA	**320.870**	**340.152**	**430.399**	**471.000**
Broytingar í goymslu, skuldarum og ognarum v.m. / Changes in inventory, debtors and creditors etc.	**-13.343**	**17.544**	**-20.332**	**-16.130**
+/- broyting í vørugoymslu / changes in inventory	22.403	11.441	-23.852	-24.309
+/- broyting í skuldarum / changes in debtors	-32.831	-5.079	-15.093	-14.273
+/- broyting í avsetingum/skyldum / changes in provisions	12.494	11.183	18.613	22.452
+/- broyting ognarum/changes in creditors	0	0	0	0
+/- broyting ognarum/stuttfreistað skuld/changes in creditors and short-term debt	-15.409	0	0	0
Gjaldførisbidrag frá rakstur / Cash generated from operating activities	**307.526**	**357.697**	**410.067**	**454.869**
+/- Íløgur/Investments:	**-346.019**	**-506.875**	**-710.670**	**-636.150**
Netvirksemi / Grid	-199.709	-235.325	-231.595	-524.150
Framleiðsluvirksemi / Production	-208.456	-111.550	-313.420	-39.800
Broyting í arbeiði í gerð / Changes to work in progress	46.540	-160.000	-165.655	-72.200
Broyting í fíggjarligari støðisogn / Changes in financial assets	15.606	0	0	0
Fíggjarligar inngjaldingar og útgjaldingar / Net cash flow from financing activities				
+/- broyting i langfreistaðari skuld / changes to long-term debt	**263.182**	**50.000**	**370.000**	**320.000**
Nýggj lántøka - New borrowings	263.182	50.000	906.000	320.000
Afturrindan av USPP lánsbrøvum frá 2016 í des. 2026/ Repayment of USPP notes from 2016 due in dec 2026	0	0	-536.000	0
+/- Kapitalinntøkur, rentukostnaður og provisión netto / Net proceeds from investements, interest expenses and prosvisions	**-80.038**	**-80.757**	**-112.481**	**-134.957**
Kapitalpartar / Subsidiaries	**0**	**0**	**0**	**0**
Gjald av skatt/tax	**-10.597**	**-11.183**	**-18.613**	**-18.665**
Kursreguleringar av lánum/interest rate adjustment during the year on loan in USD				
Rentuinntøkur / Interest revenue	**0**	**0**	**0**	**0**
Rentuútreiðslur / Interest expenses	**-69.441**	**-69.574**	**-93.868**	**-116.292**
Gjaldførisbroyting íalt/ Total net cash flow	**144.651**	**-179.935**	**-43.084**	**3.762**
Tøkur peningur primo / Cash and Cash equivalents beginning -of-year	**181.252**	**325.903**	**145.968**	**102.884**
Tøkur peningur ultimo áðrenn rakstrarkreditt / Cash and cash equivalents year-end before bank overdraft and delayed funding	**325.903**	**145.968**	**102.884**	**106.646**
+ Rakstrarkredittur 2022 frá peningastovnum til verkætlanir smb. budget/ Allowed bank overdraft 2022 to investments	650.000	600.000	230.000	0
+ Rakstrarkredittur 2022 frá SEB til verkætlanir og gjaldføri smb. budget/ Bilateral overdraft facility from SEB 2022 to investments and liquidity	200.000	200.000	200.000	200.000
Tøkur peningur ultimo eftir rakstrarkreditt / Cash and cash equivalents at the end of year after bank overdraft	**1.175.903**	**945.968**	**532.884**	**306.646**

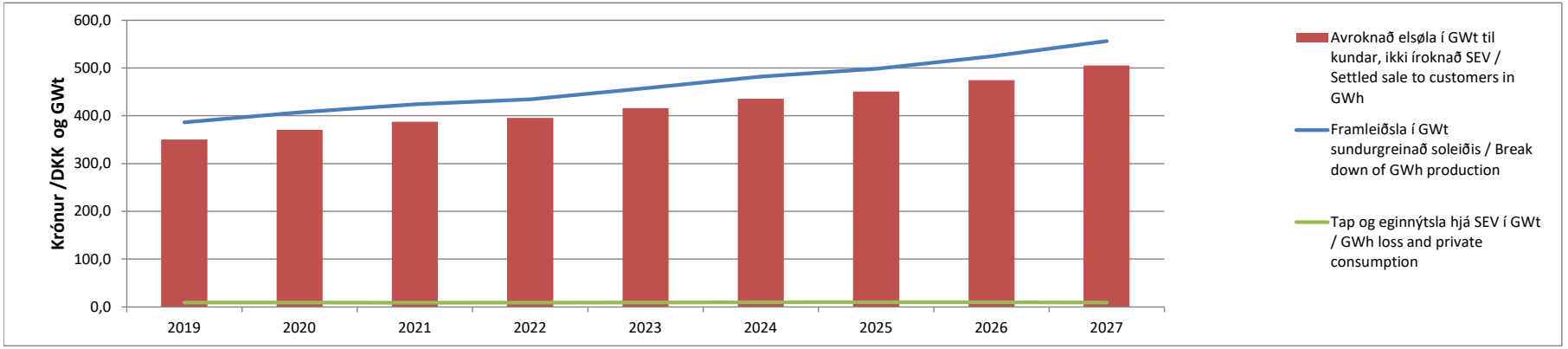
Ár		2024	2025	2026	2027
íløgur og útgreiningar harav í t.kr.		Ílalt	Ílalt	Ílalt	Ílalt
Maskindeild (110)		993	7.800	25.300	25.200
Grønu orkuverkini (119)		0	0	0	0
Fossaverkið - (deild 120)		2.625	2.240	7.000	1.000
Heygaverkið - (deild 130)		18.630	3.450	0	7.000
Mýruverkið - (deild 140)		4.500	2.200	500	300
Eiðisverkið - (deild 150)		1.815	7.100	3.600	2.000
Verkið í Botni - (deild 160)		13.900	17.600	0	0
Vágsverkið - (deild 170)		2.800	3.250	0	0
Verkið í Trongisvági - (deild 180)		0	0	0	0
Sundsverkið - (deild 190)		58.498	46.800	33.800	7.000
Elverkið í Skopun - (deild 210)		0	0	0	0
Strond - (deild 220)		2.900	5.650	2.300	1.300
Vindorka Vørðan "Enercon" - (deild 231)		3.500	0	0	0
Vindorka Eystnes "Enercon" - (deild 232)		10.500	2.000	0	0
Vindorka - deild 235 Vindmyllur Eiði		0	0	0	0
Vindorka - deild 240 Vindmyllur Húsahagi (13 stk.)		0	4.300	6.000	9.000
Vindorka - deild 245 Vindmyllur Meginøkið		0	0	0	0
Vindorka - deild 255 Vindmyllur Glyvrafjall		0	0	0	0
Vindorka - deild 260 Vindmyllur Sandoy ella aðrastaðnis		0	75.000	175.000	0
Vindorka - deild 265 Vindmyllur Kirkjubøreyn		0	0	0	0
Vindorka - deild 270 Vindmyllur Suðuroy		0	0	0	0
Vindorka - deild 275 Vindmyllur Høgareyn		0	0	0	0
Pumped storage - (deild 280)		12.000	0	56.600	260.700
Sólorka - (deild 282)		0	200	4.200	0
Sjóvarfalsorka - (deild 284)		350	350	0	0
Sjóvindmyllulund - (deild 286)		0	0	0	0
Smáverk felags - (deild 290)		555	300	20	0
Mobilaggregat - (deild 291)		0	0	0	0
Fugloy - (deild 292)		550	1.300	1.000	10.000
Svínoy - (deild 293)		200	1.300	0	0
Mykines - (deild 294)		830	850	0	0
Hestur - (deild 295)		0	650	0	0
Koltur - (deild 296)		150	100	0	0
Nólsoy - (deild 297)		800	0	3.000	1.500
Skúvoy - (deild 298)		1.000	1.500	200	0
Dímun - (deild 299)		0	0	1.500	500
Víkarvatn - (deild 200)		0	110	0	0
Annað innan framleiðslu		0	0	0	0
Framleiðsluvirkir íalt		137.096	184.050	320.020	325.500
Netvirkir uttan fyrisiting		182.259	286.475	371.550	298.550
Koblingsstøðir		78.450	208.050	301.050	224.550
Býtisvirkir		96.002	69.275	69.500	73.000
Innlegging		7.467	7.650	1.000	1.000
Verkfrøði		0	1.500	0	0
Teknikk		340	0	0	0
Fyrisiting		42.270	36.350	19.100	12.100
Netvirksemi íalt		224.529	322.825	390.650	310.650
ÍALT		361.625	506.875	710.670	636.150

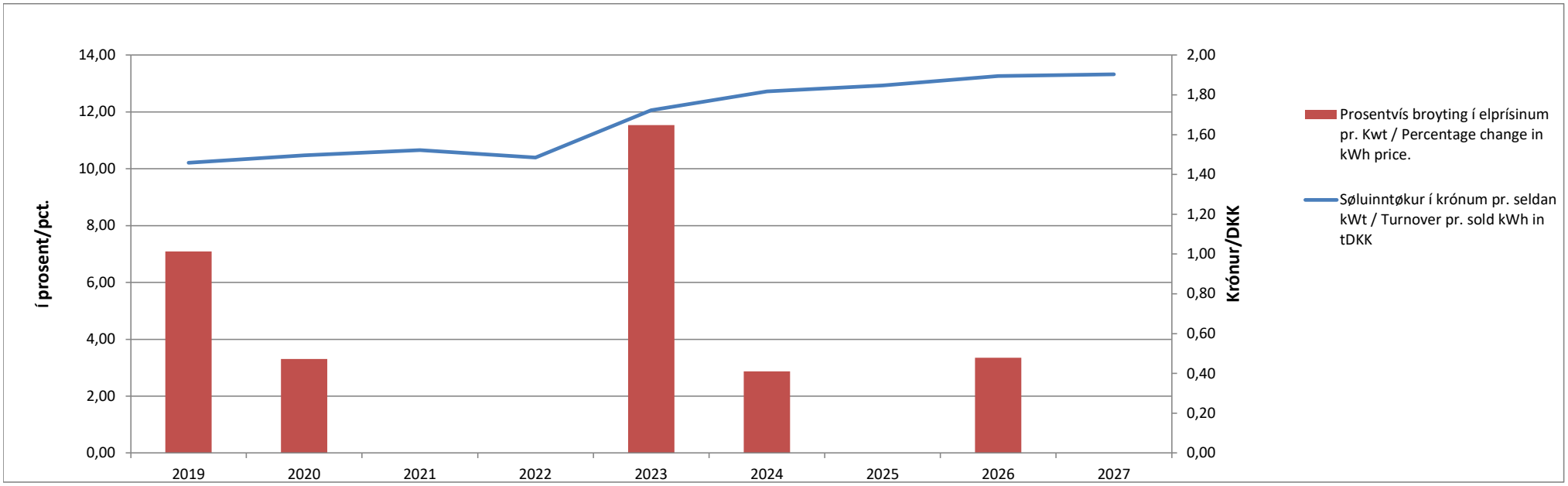
Rakstrarroknskapur / Income Statement	Staðfest roknskapartøl / Actual accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Umsetningur í t.kr./Turnover tDKK	511.126	554.237	590.226	587.065	715.990	792.139	832.162	898.582	961.311
Úrslit av vanligum rakstri í t.kr. Operating results tDKK	226.211	242.796	250.512	188.236	286.737	320.870	340.152	430.399	471.000
Úrslit av fíggjarpostum í t.kr./ Finance results tDKK	-37.040	-40.167	-34.225	-2.553	48.954	-65.441	-69.574	-93.868	-116.292
Skattur	-13.194	-11.403	-10.046	-3.404	-11.625	-6.791	-11.183	-18.613	-18.665
Ársúrslit í t.kr. / Annual results tDKK	62.379	49.809	44.231	16.667	53.139	48.272	50.944	84.793	85.030
Yvirskotsstig (í prosent) / Operating Profit Margin (%)	44,3	43,8	42,4	32,1	40,0	40,5	40,9	47,9	49,0
Úrslit fyri hvønn seldan kwt pr. ár í krónum	0,18	0,13	0,11	0,04	0,13	0,11	0,11	0,18	0,17





Framleiðsla / Production	Staðfest roknskapartøl / Actual accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Framleiðsla av GWt við vindorku / GWh production utilising wind power	52,6	47,1	54,1	90,2	125,6	152,4	161,0	219,6	245,7
Framleiðsla av GWt við vatnorku / GWh production utilising hydro power	103,5	108,7	100,3	130,9	100,2	105,0	110,0	115,0	115,0
Framleiðsla av GWt við sjóarfall, sólorka og pumped to storage/GWh production utilising tidal, solar and pumped to storage	0,0	1,6	7,0	5,6	4,2	7,7	9,5	13,8	16,9
Framleiðsla av GWt við termiskari orku / GWh production utilising thermal power	230,0	249,4	262,4	207,4	227,6	216,7	217,8	176,0	178,5
Framleiðsla íalt í GWt / Total GWh production	**386,1**	**406,8**	**423,8**	**434,1**	**457,6**	**481,8**	**498,4**	**524,3**	**556,1**
Framleiðsla í GWt sundurgreinað soleiðis / Break down of GWh production									
Avroknað elsøla í GWt til kundar, ikki íroknað SEV / Settled sale to customers in GWh	350,4	370,4	387,6	395,3	415,6	435,8	450,4	474,3	505,1
Eginnýtsla hjá SEV í GWt / Private consumption in GWh	10,4	11,4	11,0	11,8	15,4	16,0	17,0	18,0	19,0
Tap í GWt / GWh loss	24,8	25,0	25,2	27,0	26,6	30,0	31,0	32,0	32,0
Tap og eginnýtsla hjá SEV í GWt / GWh loss and private consumption	35,2	36,4	36,2	38,8	42,0	46,0	48,0	50,0	51,0
Tap og eginnýtsla hjá SEV í % av framleiðslu / GWh loss and private consumption as a percentage of total production	9,1	8,9	8,5	8,9	9,2	9,5	9,6	9,5	9,2
Prosentvísur vøkstur í søla av GWt til kundar/Percentage change in sale to customers in GWh	9,3	5,7	4,6	2,0	5,1	10,2	3,4	5,3	6,5
Prísur í krónum pr. kWt (privatkundar 0-10.000 kWt) uttan MVG/ KWh price in DKK (customers 0-10.000 kWh) without tax	1,51	1,56	1,56	1,56	1,74	1,79	1,79	1,85	1,85
Framd broyting í elprísinum í krónum pr. kWh (generelt) / Price change pr. kWh in DKK	0,10	0,05	0,00	0,00	0,18	0,05	0,00	0,06	0,00
Prosentvís broyting í elprísinum pr. Kwt / Percentage change in kWh price.	7,09	3,31	0,00	0,00	11,54	2,87	0,00	3,35	0,00




14,00
12,00
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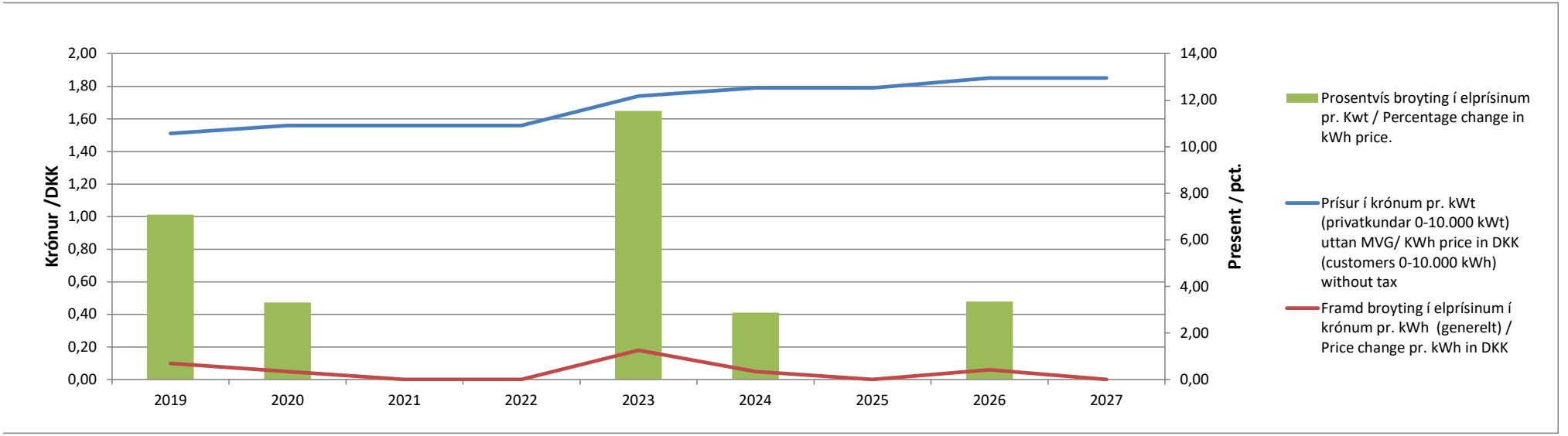
Krónur/DKK
2019
2020
2021
2022
2023
2024
2025
2026
2027
Prosentvís broyting í elprísinum pr. Kwt / Percentage change in kWh price.
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK


2,00
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1,40
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1,00
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Krónur /DKK
14,00
12,00
10,00
8,00
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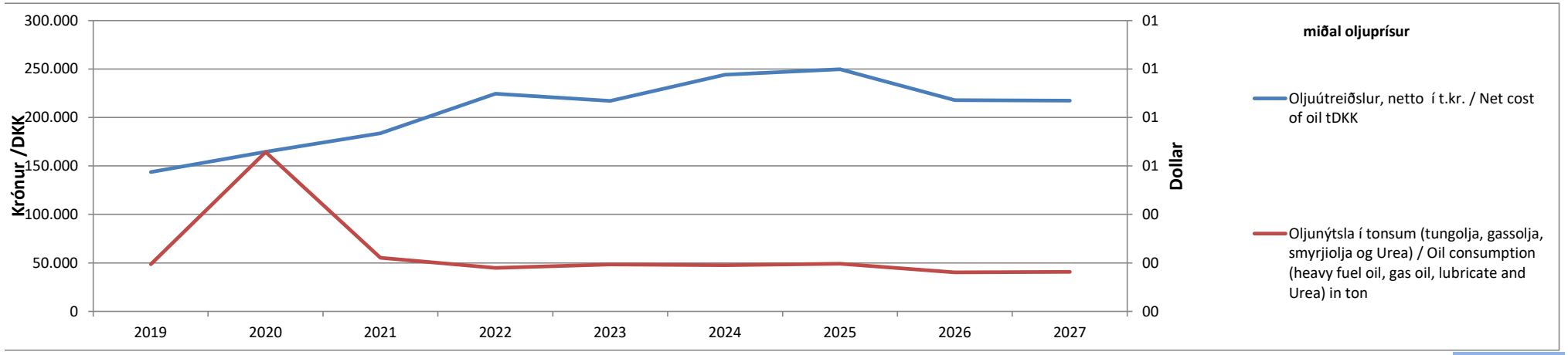
0,00
Present / pct.
2019
2020
2021
2022
2023
2024
2025
2026
2027
Prosentvís broyting í elprísinum pr. Kwt / Percentage change in kWh price.
Prísur í krónum pr. kWt (privatkundar 0-10.000 kWt) uttan MVG/ KWh price in DKK (customers 0-10.000 kWh) without tax
Framd broyting í elprísinum í krónum pr. kWh (generelt) / Price change pr. kWh in DKK

Oljuútreiðslur og keyp av streym / Oil Expenses and purchase of eletricity	Staðfest roknskapartøl/Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Oljuútreiðslur, netto í t.kr. / Net cost of oil tDKK	143.855	164.546	183.669	224.485	217.190	244.007	249.726	217.878	217.388
Oljunýtsla í tonsum (tungolja, gassolja, smyrjiolja og Urea) / Oil consumption (heavy fuel oil, gas oil, lubricate and Urea) in ton	48.600	164.546	55.270	44.828	48.437	47.527	49.047	40.194	40.724
Kostnaður pr. tons olju í krónum inkl. gass- og smyrjuolju / Cost of oil pr. ton incl. gas- and lubricating oil in DKK	2.960	1.000	3.323	5.008	4.484	5.134	5.092	5.421	5.338
Tungoljunýtsla í tonsum / Hevay fuel Oil consumption in ton	44.226	51.121	51.436	41.992	44.881	46.831	45.499	45.747	36.954
Kostnaður pr. tons tungolju / Cost of heavy fuel oil pr. ton	2.478	2.929	3.018	4.590	4.040	3.795	4.064	4.677	4.944
Keyp av streymi í t.kr/ Purchase of electricity in DKK	2.338	3.805	10.191	17.284	41.076	47.550	52.624	55.776	75.303



Rakstrarinntøkur og útreiðslur fyri SEV pr. kWt / Revenue and expenses pr. kWh	Staðfest roknskapartøl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Inntøkur í t.kr. / Revenue in tDKK	**511.126**	**554.237**	**590.226**	**587.065**	**715.990**	**792.139**	**832.162**	**898.582**	**961.311**
Framleiðsluvirkir (írkn.bygningar) í tkr / Power Budgetts (buildings incl) in tDKK	66.086	65.970	66.044	75.080	79.045	81.671	81.943	85.257	86.563
Netvirksemið í t.kr. / Grid in tDKK	34.009	38.425	44.742	47.926	53.054	51.293	55.456	56.392	57.346
Fyrisiting íroknað tryggingar, tap av skuldarum, eftirlønir og arbeiðsm. gjøld í t.kr. / Administration incl. insurance, loss on unpaid debt and pensions in tDKK	38.627	38.694	35.069	34.055	39.889	46.748	52.261	52.879	53.711
Rakstrarútreiðslur íalt í t.kr. / Total operational expenses in tDKK	**138.722**	**143.089**	**145.855**	**157.061**	**171.988**	**179.713**	**189.660**	**194.529**	**197.620**
Oljuútreiðslur, netto í t.kr. / Net cost of oil in tDKK	143.855	164.546	183.669	224.485	217.190	244.007	249.726	217.878	217.388
Orkukeyp / Purchase of power	2.338	3.805	10.191	17.284	41.076	47.550	52.624	55.776	75.303
Avskrivingar í t.kr. / Depreciation in tDKK	113.599	141.418	162.009	170.718	172.018	192.560	208.451	233.125	251.013
Fíggjarpostar netto í t.kr. (í 2010: íroknað niðurskriving av partabrøv í Sewave 2,1 mió.kr.) / Net financials in tDKK (in 2010 an amortization of shares in Sewave for DKK 2,1 mio is included).	37.040	40.167	34.225	-2.553	48.954	69.441	69.574	93.868	116.292
Kostnaður íalt í t.kr. / Total cost in tDKK	**435.554**	**493.025**	**535.949**	**566.995**	**651.226**	**733.270**	**770.035**	**795.176**	**857.616**
Ársúrslit í t.kr. áðrenn skatt / Annual Results in tDKK before tax	**75.572**	**61.212**	**54.277**	**20.070**	**64.764**	**58.869**	**62.127**	**103.406**	**103.695**
Skattur/tax	13.193	11.403	10.046	3.404	11.625	10.597	11.183	18.613	18.665
Ársúrslit í t.kr. eftir skatt / Annual Results in tDKK after tax	**62.379**	**49.809**	**44.231**	**16.666**	**53.139**	**48.272**	**50.944**	**84.793**	**85.030**
Inntøka í mió.kr./Income in DKK million	511,1	554,2	590,2	587,1	716,0	792,1	832,2	898,6	961,3
KWt-gjald í mió.kr. / KWh charges in DKK million.	470,0	522,8	546,0	553,4	679,8	749,8	783,7	848,0	896,3
Onnur inntøka í mió.kr./base-rate, connection fee and service fee in mioDKK	41,1	31,4	44,2	33,7	36,1	42,3	47,8	42,8	40,8
Miðalprísur í krónum pr seldan kWt / Average unit price in DKK per KWh sold	1,34	1,41	1,41	1,40	1,64	1,72	1,74	1,79	1,77
Onnur inntøka pr. kWt/base-rate, connection fee and service fee per kWh	0,12	0,08	0,11	0,09	0,09	0,10	0,11	0,11	0,13
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK	**1,46**	**1,50**	**1,52**	**1,49**	**1,72**	**1,82**	**1,85**	**1,89**	**1,90**
Prosentvís broyting í elprísinum pr. kWt									
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK	1,46	1,50	1,52	1,49	1,72	1,82	1,85	1,89	1,90
Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK	1,28	1,36	1,41	1,44	1,59	1,71	1,73	1,72	1,73
Úrslit fyri seldan kWt / Profit/loss pr. sold kWh	**0,18**	**0,13**	**0,11**	**0,04**	**0,13**	**0,11**	**0,11**	**0,18**	**0,17**
Kostnaður í krónum pr. seldan kWt sundurgreinaður í framleiðslu og net / Cost pr. kWh sold in DKK specified in cost for production and grid									
Framleiðslukostnaður pr. seldan kWt / production cost pr. sold Kwh	0,85	0,91	0,99	1,12	1,13	1,21	1,20	1,14	1,15
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	0,39	0,42	0,40	0,32	0,45	0,47	0,51	0,54	0,55
Kostnaður í krónum pr. seldan kWt uttan skatt/ Cost pr. kWh sold in DKK with out tax	**1,24**	**1,33**	**1,39**	**1,43**	**1,58**	**1,68**	**1,71**	**1,68**	**1,70**
Skattur/tax	0,04	0,03	0,03	0,01	0,03	0,02	0,02	0,04	0,04
Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK	**1,28**	**1,36**	**1,41**	**1,44**	**1,61**	**1,71**	**1,73**	**1,72**	**1,73**

Sundurgreinaður framleiðslukostnaður 1) / Production expenses broken down	Staðfest roknskapartøl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Olja / Oil	143.855	164.546	183.669	224.485	217.190	244.007	249.726	217.878	217.388
Keyp av vindorku/purchase of wind power	2.338	2.685	10.191	17.284	41.076	47.550	52.624	55.776	75.303
Tilfar og lønir / Materials, wages and salaries	66.086	65.970	66.044	75.080	79.045	81.671	81.943	85.257	86.563
Avskrivingar / Depreciation	69.169	91.222	104.278	109.331	107.025	119.442	120.190	135.727	137.319
Rentur / Interest	16.476	12.465	19.903	14.705	25.065	33.643	36.094	44.125	63.397
Framleiðslukostnaður ialt / Total production cost	297.924	336.888	384.085	440.885	469.401	526.313	540.577	538.764	579.971
Framleiddir kWt í GWT / Produced kWt in GWh	386,1	406,8	423,8	434,1	457,6	481,8	498,4	524,3	556,1
Framleiðslukostnaður pr. framleiddan kWt / production cost pr. produced Kwh	**0,77**	**0,83**	**0,91**	**1,02**	**1,03**	**1,09**	**1,08**	**1,03**	**1,04**
Harav oljukostnaður / Oil cost pr. produced Kwh	0,37	0,40	0,43	0,52	0,47	0,51	0,50	0,42	0,39
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,02	0,04	0,09	0,10	0,11	0,11	0,14
Harav tilfar og lønir / Materials and wages and salaries portion	0,17	0,16	0,16	0,17	0,17	0,17	0,16	0,16	0,16
Harav avskrivingar / Depreciation pr. produced Kwh	0,18	0,22	0,25	0,25	0,23	0,25	0,24	0,26	0,25
Harav rentur / Interest portion	0,04	0,03	0,05	0,03	0,05	0,07	0,07	0,08	0,11
Seldir kWt í GWT / KWh sold in GWT units	350,4	370,4	387,6	395,3	415,6	435,8	450,4	474,3	505,1
Framleiðslukostnaður pr. seldan kWt / Production cost pr. kWh sold	**0,85**	**0,91**	**0,99**	**1,12**	**1,13**	**1,21**	**1,20**	**1,14**	**1,15**
Harav oljukostnaður / Oil cost pr. kWh sold	0,41	0,44	0,47	0,57	0,52	0,56	0,55	0,46	0,43
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,03	0,04	0,10	0,11	0,12	0,12	0,15
Harav annar kostnaður / Other costs pr. produced Kwh	0,19	0,18	0,17	0,19	0,19	0,19	0,18	0,18	0,17
Harav avskrivingar / Depreciation pr. produced Kwh	0,20	0,25	0,27	0,28	0,26	0,27	0,27	0,29	0,27
Harav rentur / Interest pr. produced Kwh	0,05	0,03	0,05	0,04	0,06	0,08	0,08	0,09	0,13

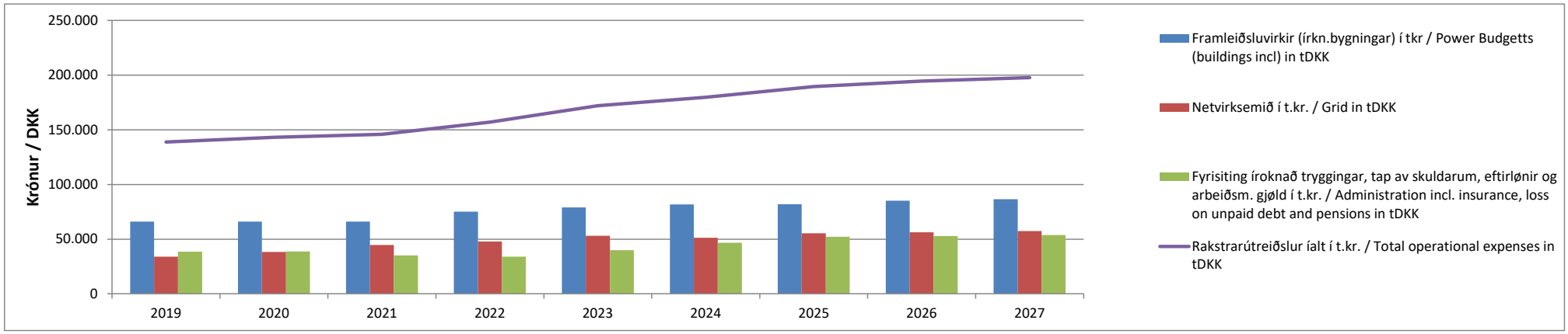
1) Hædd er ikki tikið fyri fordeiling av kostnaði fyri nettap og eginnýtslu hjá SEV millum framleiðslu og net, men er tikið í mun til seldan kWt.

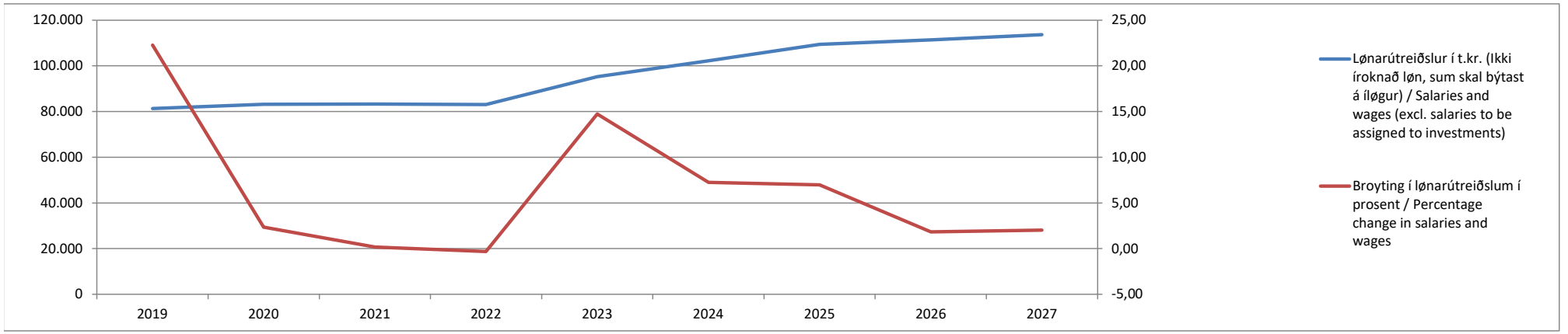
Sundurgreinaður netkostnaður 1) / Grid expenses broken down	Staðfest roknskapartøl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Tilfar og lønir / Materials and salaries	72.636	77.119	79.811	81.981	92.943	98.041	107.717	109.272	111.057
Avskrivingar uppá net / Grid depreciation	44.430	52.412	57.731	61.386	64.993	73.118	88.261	97.398	113.694
Rentur / Interest og/and subsidiary fair	19.977	26.816	16.171	-17.258	28.094	35.798	33.480	49.743	52.895
Netkostnaður íalt / Total Grid expenses	137.043	156.347	153.713	126.109	186.030	206.957	229.458	256.412	277.646
Roknað nettap og eginnýtsla / Calculated net loss and private consumption	41.327	41.337	41.005	42.811	50.503	60.852	63.244	69.988	71.856
Framleiddir kWt í GWT / Produced kWh in GWh	386,1	406,8	423,8	434,1	457,6	481,8	498,4	524,3	556,1
Netkostnaður pr. seldan kWt við nettap og eginnýtslu / Net cost pr. kWh sold incl. grid loss and private consumption	0,51	0,53	0,50	0,43	0,57	0,61	0,65	0,69	0,69
Harav netkostnaður / Grid expenses pr. kWh sold	0,09	0,09	0,11	0,11	0,12	0,12	0,11	0,11	0,10
Harav nettap og eginnýtsla / Net loss and private consumption pr. kWh sold	0,15	0,15	0,14	0,14	0,16	0,16	0,19	0,20	0,19
Harav fyrisiting / Administration expenses pr. kWh sold	0,10	0,10	0,08	0,08	0,09	0,11	0,11	0,10	0,10
Harav avskrivingar / Depreciation pr. kWh sold	0,12	0,13	0,14	0,14	0,14	0,15	0,18	0,19	0,20
Harav rentur / Interest expenses	0,05	0,07	0,04	-0,04	0,06	0,07	0,07	0,09	0,10
Seldir kWt í GWT / Sold kWt in GWt	350,4	370,4	387,6	395,3	415,6	435,8	450,4	474,3	505,1
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	**0,39**	**0,42**	**0,40**	**0,32**	**0,45**	**0,47**	**0,51**	**0,54**	**0,55**
Harav netkostnaður / grid expenses pr. kWh sold	0,10	0,10	0,12	0,12	0,13	0,13	0,13	0,12	0,12
Harav fyrisiting / administration expenses pr. kWh sold	0,11	0,10	0,09	0,09	0,10	0,12	0,12	0,11	0,11
Harav avskrivingar / depreciation pr. kWh sold	0,13	0,14	0,15	0,16	0,16	0,17	0,20	0,21	0,23
Harav rentur / Interest expenses pr. kWh sold	0,06	0,07	0,04	-0,04	0,07	0,08	0,07	0,10	0,10

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

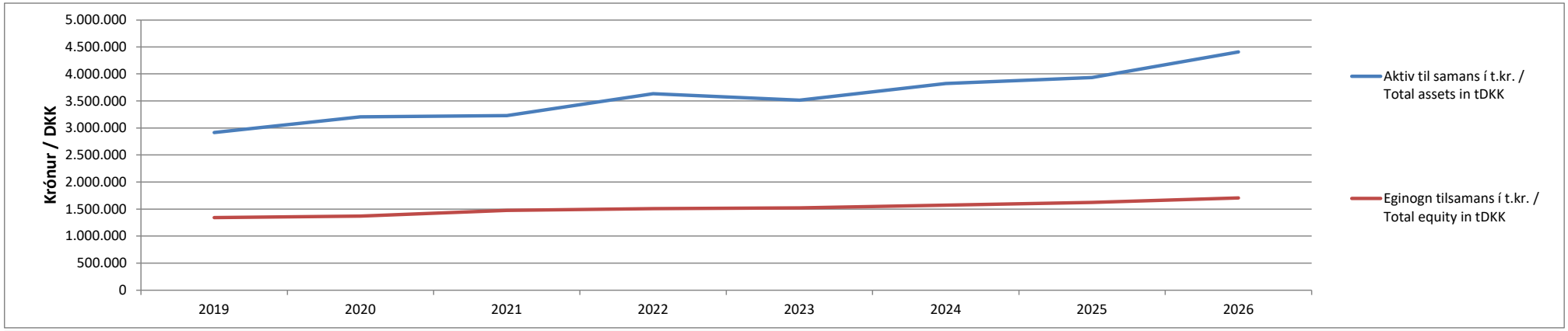
Sundurgreinaður oljukostnaður / Oil expenses broken down	Staðfest roknskapartøl / Acctual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Kostnaður íalt í t.kr. / Total cost tDKK	435.554	493.025	535.949	566.995	651.226	733.270	770.035	795.176	857.616
Oljukostnaður netto, íalt í t.kr. / Net oil cost in total in tDKK	143.855	164.546	183.669	224.485	217.190	244.007	249.726	217.878	217.388
Kostnaður íalt í t.kr. uttan olju / Total costs excl. cost of oil in tDKK	291.699	328.479	352.280	342.510	434.036	489.263	520.309	577.297	640.228
Olja í prosent av kostnaðinum / Oil portion of total cost (%)	33,03	33,37	34,27	39,59	33,35	33,28	32,43	27,40	25,35
Oljukostnaður pr. framleiddan kWt við olju / Oil cost pr. kWh produced using oil	0,63	0,66	0,70	1,08	0,95	1,13	1,15	1,24	1,22
Oljukostnaður pr. seldan kWt framleiddur við olju (íroknað eginnýtsla og nettap) / Oil cost pr. sold kWh produced using oil (net loss and private consumption incl.)	0,69	0,72	0,77	1,19	1,05	1,25	1,27	1,37	1,34
Sølukostnaður pr. kWt í ídnaðarbólkinum > 20.000 kWt / Cost pr. kWh sold to industry >20.000 kWh	1,20	1,30	1,30	1,30	1,58	1,63	1,63	1,69	1,69
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,51	0,58	0,53	0,11	0,53	0,38	0,36	0,32	0,35
Sølukostnaður pr. kWt í bólkinum < 10.000 kWt / Cost pr. kWh sold to customers < 10.000 KwH	1,51	1,56	1,56	1,56	1,74	1,79	1,79	1,85	1,85
Úrslit í mun til oljuútreiðlsunar / Result in comparison to oil expenses	0,82	0,84	0,79	0,37	0,69	0,54	0,52	0,48	0,51

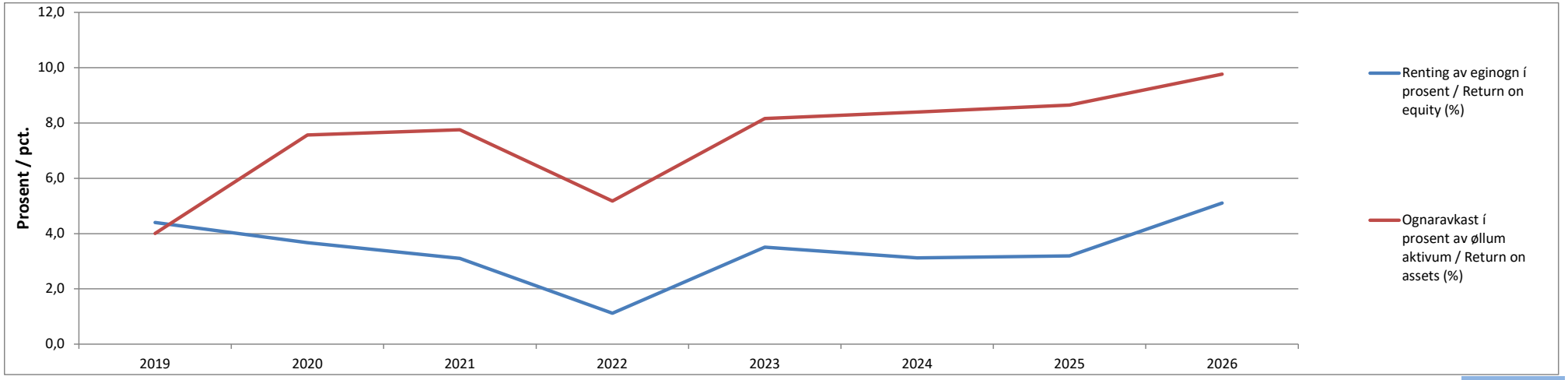
Lønarútreiðslur í t.kr. (Ikki íroknað løn, sum skal býtast á íløgur) / Salaries and wages (excl. salaries to be assigned to investments)	81.265	83.167	83.310	83.054	95.296	102.215	109.356	111.371	113.631
Broyting í lønarútreiðslum í prosent / Percentage change in salaries and wages	22,26	2,34	0,17	-0,31	14,74	7,26	6,99	1,84	2,03
Ársverk/Avarage number og employees	178	174	171	180	185	187	191	191	191





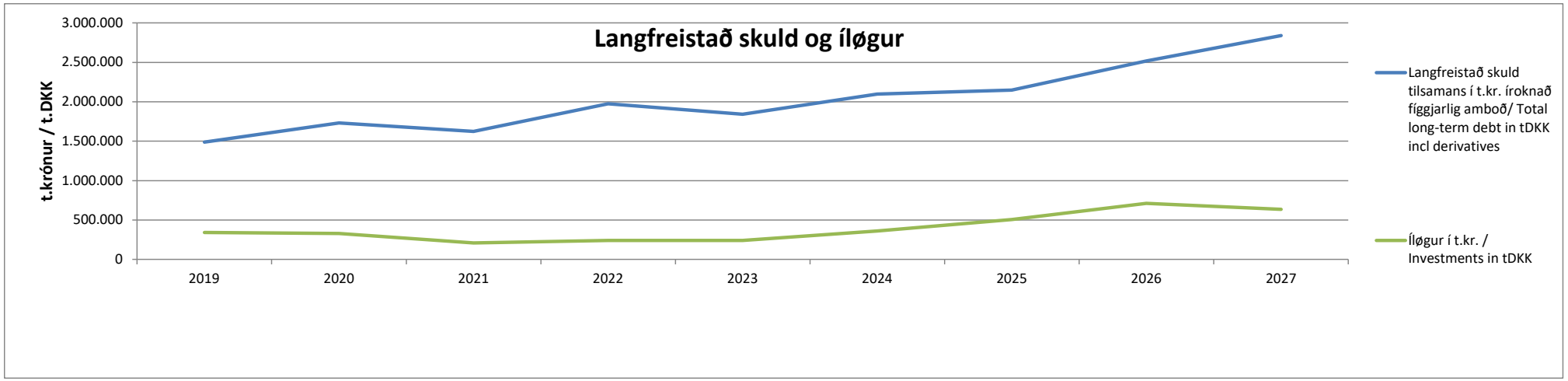
Fíggjarstøða / Balance Sheet	Staðfest roknskapartøl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Aktiv til samans í t.kr. / Total assets in tDKK	2.918.101	3.207.960	3.230.068	3.634.698	3.514.611	3.823.151	3.935.279	4.408.685	4.836.167
Eginogn tilsamans í t.kr. / Total equity in tDKK	1.344.823	1.371.553	1.475.021	1.507.296	1.521.763	1.570.034	1.620.979	1.705.772	1.790.802
Soliditetur í prosent / Equity/Asset ratio (%)	46,1	42,8	45,7	41,5	43,3	41,1	41,2	38,7	37,0
Renting av eginogn í prosent / Return on equity (%)	4,4	3,7	3,1	1,1	3,5	3,1	3,2	5,1	4,9
Ognaravkast í prosent av øllum aktivum / Return on assets (%)	4,0	7,6	7,8	5,2	8,2	8,4	8,6	9,8	9,7

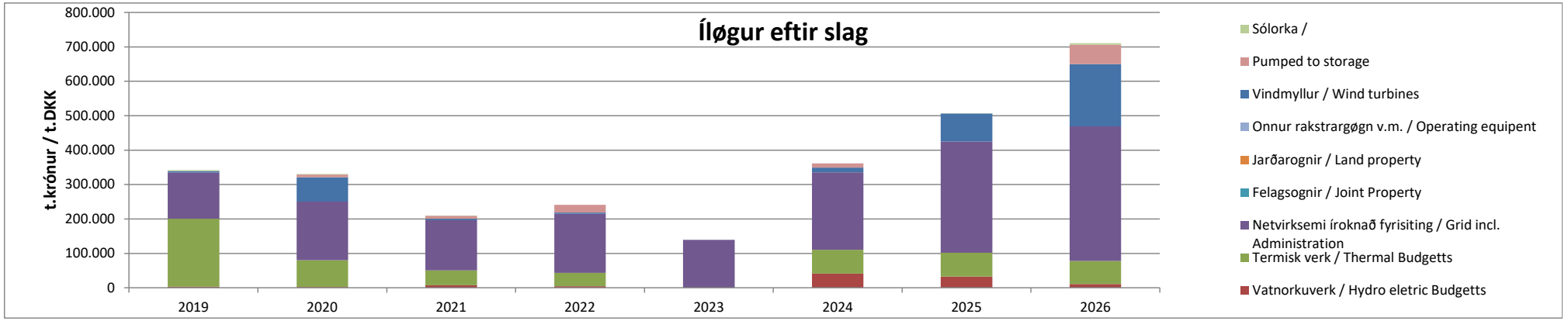
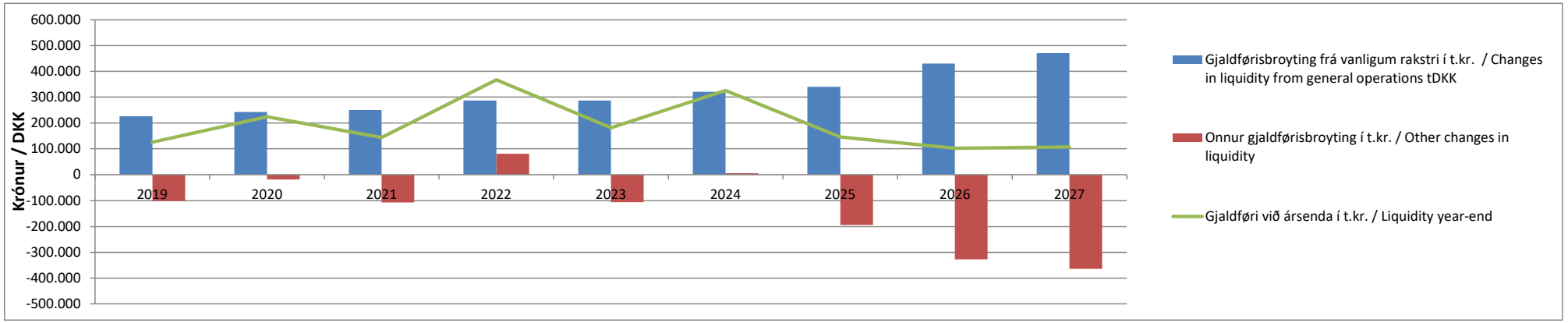




Íløgur og langfreistað skuld - Investements and long-term debt	Staðfest roknskapartøl - Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Úrslit frá vanligum rakstri/EBITDA	226.211	242.796	250.512	188.236	286.737	320.870	340.152	430.399	471.000
Fíggjarlig amboð/derivatives	42.160	93.167	32.839	23.944	43.113	36.639	36.639	36.639	36.639
àbyrgdir/garanties	9	9	1	1	1	1	1	1	1
Langfreistað skuld tilsamans í t.kr. íroknað fíggjarlig amboð/ Total long-term debt in tDKK incl derivatives	1.488.437	1.731.310	1.625.563	1.975.662,0	1.841.386,0	2.098.094	2.148.094	2.518.094	2.838.094
Gjaldføri/Closing cash on hand	125.123	223.856	144.182	367.271	181.252	325.903	145.968	102.884	106.646
Netto langfreistað skuld tilsamans í t.kr./net total long-term debt in tDKK	1.363.314	1.507.454	1.481.381	1.608.391	1.660.134	1.772.190	2.002.126	2.415.210	2.731.447
Netto langfreistað skuld íroknað ábyrgdir í mun til EBITDA, ferðir/net total long-term debt in incl garanties tDKK in comparison to EBITDA, times	**6,1**	**6,2**	**5,9**	**8,6**	**5,8**	**5,5**	**5,9**	**5,6**	**5,8**
Stuttfreistað skuld tilsamans	104.862	174.629	113.471	455.495	135.222	119.813	119.813	119.813	119.813
Stutt- og langfreistað skuld tilsamans/short and long term debt in total	**1.551.139**	**1.812.772**	**1.706.195**	**2.407.213**	**1.933.495**	**2.181.268**	**2.231.268**	**2.601.268**	**2.921.268**
Eginpeningspartur í %/equity-asset ratio (solvency)	46,1	42,8	45,7	41,5	43,3	41,1	41,2	38,7	37,0
Skuld í mun til eginogn í prosent / Debt as a portion of Equity	110,7	126,2	110,2	131,1	121,0	133,6	132,5	147,6	158,5
Kostnaður í % av langfreistað skuld og trekningsrættum/cost of long-term debt and commited lines in pct.	**2,9**	**2,5**	**2,5**	**2,5**	**2,5**	**3,4**	**4,4**	**5,0**	**5,0**
Broyting í langfreistaðari skuld í t.kr.	87.570	242.873	-105.747	350.099	-134.276	122.432	50.000	370.000	320.000
Íløgur í t.kr. / Investments in tDKK	342.000	330.190	209.899	241.000	241.000	361.625	506.875	710.670	636.150
Munur millum broyting í langfreistaðari skuld og íløgur í t.kr. / Diffference between change in long-term debt and investments in t.DKK	254.430	87.317	315.646	-109.099	375.276	239.194	456.875	340.670	316.150

Íløguslag í 1.000 kr. / Investments in tDKK	2019	2020	2021	2022	2023	2024	2025	2026	2027
Vatnorkuverk / Hydro eletric Budgetts	3.000	2.200	7.313	4.866		41.470	32.700	11.100	10.300
Termisk verk / Thermal Budgetts	198.000	77.890	43.136	38.546		69.276	69.500	67.120	45.500
Vindmyllur / Wind turbines	4.000	70.400	4.750	3.194		14.000	81.300	181.000	9.000
Netvirksemi íroknað fyrisiting / Grid incl. Administration	134.000	170.500	145.800	171.848	139.400	224.529	322.825	390.650	310.650
Sjóvarfalsorka/Tidal	0	0	0	0		350	350	0	0
Pumped to storage	0	8.400	8.600	22.626		12.000	0	56.600	260.700
Sólorka /	3.000	800	300	0	0	0	200	4.200	0
Felagsognir / Joint Property	0	0	0	0	0	0	0	0	0
Jarðarognir / Land property	0		0	0	0	0	0	0	0
Onnur rakstrargøgn v.m. / Operating equipent	0	0	0	0	0	0	0	0	0
Ialt	342.000	330.190	209.899	241.080	209.900	361.625	506.875	710.670	636.150


Langfreistað skuld og íløgur
t.krónur / t.DKK
3.000.000
2.500.000
2.000.000
1.500.000
1.000.000
500.000
0
2019
2020
2021
2022
2023
2024
2025
2026
2027
Langfreistað skuld tilsamans í t.kr. íroknað fíggjarlig amboð/ Total long-term debt in tDKK incl derivatives
Íløgur í t.kr. / Investments in tDKK


Íløgur eftir slag
t.krónur / t.DKK
800.000
700.000
600.000
500.000
400.000
300.000
200.000
100.000
0
2019
2020
2021
2022
2023
2024
2025
2026
Sólorka /
Pumped to storage
Vindmyllur / Wind turbines
Onnur rakstrargøgn v.m. / Operating equipent
Jarðarognir / Land property
Felagsognir / Joint Property
Netvirksemi íroknað fyrisiting / Grid incl. Administration
Termisk verk / Thermal Budgetts
Vatnorkuverk / Hydro eletric Budgetts

Gjaldføri / Liquidity	Staðfest roknskapartøl - Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan/Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gjaldførisbroyting frá vanligum rakstri í t.kr. / Changes in liquidity from general operations tDKK	226.211	242.797	250.512	286.737	286.737	320.870	340.152	430.399	471.000
Onnur gjaldførisbroyting í t.kr. / Other changes in liquidity	-101.088	-18.941	-106.330	80.534	-105.485	5.033	-194.184	-327.515	-364.353
Gjaldføri við ársenda í t.kr. / Liquidity year-end	125.123	223.856	144.182	367.271	181.252	325.903	145.968	102.884	106.646
Broyting í gjaldføri í krónum í mun til undanfarna ár í t.kr. / Changes in liquidity DKK compared to previos years.	-65.662	98.733	-79.674	223.089	-186.019	144.651	-179.935	-43.084	3.762
Avdráttur uttan afturrindan av lán við sølu/ Loan Repayment (not incl. termination of loan)	0	0	0	0	0	0	0	0	0
Rentukostnaður/cost of finance	37.040	40.167	34.225	-2.553	48.954	69.574	93.868	116.292	132.654
Rentuinntøkur/interest income	0	0	0	0	0	0	0	0	0
Kapitalkostnaður/cost of finance	37.040	40.167	34.225	-2.553	48.954	69.441	69.574	93.868	116.292
Sjálvfinansiering til at fíggja broytingar í goymslu, skuldarum og ognarum umframt íløgur eftir rindan av avdráttum / Self financed investments after loan repayment	189.171	202.630	216.287	289.290	237.783	251.428	270.578	336.531	354.708
Íløgur/investments	342.000	330.190	209.899	241.080	209.900	361.625	506.875	710.670	636.150
Eginfígging av íløgum í pst./selffinancing of investment	55,3	61,4	103,0	120,0	113,3	69,5	53,4	47,4	55,8
Eginpeningspartur	46,1	42,8	45,7	41,5	43,3	43,3	41,1	41,2	38,7