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# Annual Accounts 2023

P/F Vindfelagið í Neshaga og Porkeri

Tórshavn · Reg. no. 6387

*Pioneering technologies  
secure higher yield  
from wind power*

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**P/F Vindfelagið í Neshaga og Porkeri**

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Financial Calendar: 01.01-31.12  
Business Tax Registration No.: 622656  
Company Registration No.: 6387

# Management Report

The Board of Directors and Management have today hereby submitted the Annual Report and Accounts of P/F Vindfelagið í Neshaga og Porkeri for fiscal year 1 January – 31 December 2023.

The Annual Report and Accounts is drawn up pursuant to the Faroese Financial Statements Act.

It is our opinion that the accounting methods used are suitable and that the Accounts give a true and fair view of the Company's assets, liabilities, and financial position as of 31 December 2023 and the result of operations for fiscal year 1 January – 31 December 2023.

It is also our opinion that the Management Review constitutes a true and fair report of the matters included in the Review.

The Annual Report is submitted to the Annual General Meeting with a recommendation for approval.

Tórshavn, 3 April 2024

## Management

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**Hákun Djurhuus**  
Managing Director, CEO

## Board

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**Kári Johansen**  
Chairman

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**Haraldur S. Hammer**  
Vice Chairman

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**Oddmar á Lakjuni**

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**Niclas Hentze**

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**Poul Klementsén**

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**Sonni L. Petersen**

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**Sune Jacobsen**

# The independent auditor's report

**To the shareholders of P/F Vindfelagið í Neshaga og Porkeri**

## **Opinion**

We have audited the annual accounts of P/F Vindfelagið í Neshaga og Porkeri for the financial year 1 January to 31 December 2023, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement, and notes. The annual accounts are prepared in accordance with the Faroese Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the assets, liabilities and financial position for the Company at 31 December 2023 and of the results of the Company's operations and of the Company's cash flows for the financial year 1 January to 31 December 2023 in accordance with the Faroese Financial Statements Act.

## **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities

for the audit of the annual accounts". We are independent of the Company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in the Faroe Islands, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Faroese Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the Company's ability to continue as a going concern, and, when relevant,

disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the Company or to cease operations, or if it has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the annual accounts**

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

As part of an audit conducted in accordance with

international standards on auditing and the additional requirements applicable in Faroe Islands, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

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

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the Company to express an opinion on the annual accounts. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the management's review**

The management is responsible for the management's

review.

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

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

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

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

Tórshavn, 3 April 2024

P/F JANUAR  
State Authorised Public Accountants

Hans Laksá  
State Authorised Public Accountant

# Key Figures

## 2019-2023

| Amounts in 1,000 DKK    | 2023          | 2022          | 2021          | 2020          | 2019          |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Income Statement</b> |               |               |               |               |               |
| Net sales               | 7,843         | 14,144        | 10,212        | 3,809         | 5,732         |
| EBITDA                  | 3,128         | 12,535        | 8,058         | 2,163         | 4,390         |
| Result before interest  | -3,867        | 5,504         | 1,504         | -925          | 1,302         |
| Interest                | -1,211        | -1,775        | -1,950        | -478          | -516          |
| <b>Annual result</b>    | <b>-4,164</b> | <b>3,058</b>  | <b>-366</b>   | <b>-1,150</b> | <b>645</b>    |
| <b>Balance sheet</b>    |               |               |               |               |               |
| Total assets            | 98,218        | 96,593        | 90,162        | 96,332        | 34,423        |
| <b>Equity</b>           | <b>36,323</b> | <b>25,141</b> | <b>11,614</b> | <b>9,383</b>  | <b>12,681</b> |

# Management Review



# Management Review

## Main Activities

The activity of the Company is the production of electricity from wind power.

## Business activities and financial status of the Company

Total electricity produced by wind increased by 39% in 2023 compared to 2022. The reasons for this increase are that the wind farm of Sp/f Vindrøkt II at Gellingarklettur produced the whole year, and that the wind farm of P/F Flatnahagi commenced production in early 2023.

The yield from wind was not satisfactory, however, because some of the wind turbines at the Neshagi and Húshagi farms have suffered from generator failures in 2023, and have required repairs.

The 7 wind turbines at Porkeri with a combined output of 6.3 MW started production in February 2021. The first year was used to find a balance in the amount of variable wind power to allow onto the relatively small grid on Suðuroy, where grid stability has been provided by the thermal plant at Vágur until August 2022, when the synchronous generator and battery system started to provide ancillary services. The Porkeri wind farm yielded

15.1 GWh in 2023 compared to 12.3 GWh in 2022.

Due to generator faults in all 5 of the generators at the Neshaga site, there has hardly been any production at all during 2023. The yield from Neshaga in 2023 was 0.7 GWh compared to 11.4 GWh the previous year. The Company has repaired one generator in 2023 but due to other technical issues this generator did not produce in 2023. The Company has entered into an agreement with Enercon to replace the remaining 4 generators in 2024.

Income for 2023 was DKK 7.8 million compared to DKK 14.1 million in 2022, of which Porkeri in 2023 had DKK 7.6 million. Electricity produced was 15.8 GWh in 2023 compared to 23.7 GWh the previous year.

The cost for goods and services in 2023 was DKK 4.7 million, compared to DKK 1.6 in 2022. Wages were DKK 46,000, compared to DKK 5,000 in 2022.

Depreciation was DKK 7.0 million in 2022, the same amount as in 2022.

Interest expense was DKK 1.2 million for 2023, compared

to DKK 1.8 million in 2022.

The result after tax for 2023 was DKK -4.2 million, compared to a profit of DKK 3.1 million in 2022.

## Special risks

The Company has undertaken initiatives to secure itself against possible risks.

The Company has entered into a pricing agreement that secures a sale of 8.4 GWh per year to its parent company, Sev, for an agreed upon price, which, in 2023, was DKK 0.462 per kWh produced by the 3 wind turbines at Eystnes. For the 2 turbines at Vørðan, the sales price is DKK 0.40 per kWh.

For the 7 wind turbines at Porkeri, the sales price for actual and potential production was DKK 0.3571 per kWh. Electricity produced was 15.1 GWh, while potential production was 21.4 GWh.

Thus, the Company's income stream is well established and secured.



The Company has a service level agreement with Sev, which takes care of all technical and administrative issues.

The Company is in the process of negotiating the same type of maintenance agreement as P/F Vindfelagið í Húshaga has with Enercon. Such an agreement will ensure that the Company will know its cost for maintenance, spare parts and inspection.

In the Management Review for 2022, information was given on negotiations with a vendor for disputed maintenance works of DKK 1.25 million, which were not expensed in the 2022 accounts. The negotiations were not fruitful, and the cost is included in 2023.

The Company has entered into a long-term loan regarding the Neshagi wind farm from the parent company, Sev, for which, from December 2016 and for the next 10 years, the Company will pay the same fixed interest as Sev itself has secured.

In 2023, the Company has refinanced its debt related to the construction of the wind farm at Porkeri. Prior to the refinancing, the parent company Sev financed the investment over the inter-company account. The refinancing entails that the parent company has increased paid in equity by DKK 18 million and lent DKK 47.5 million as a long term loan to be repaid over 15 years, corresponding to the remaining economic life of the wind turbines.

The Company has insured its assets consistent with the

insurance strategy of the parent company, Sev.

#### **Investments**

The Company has made investments during the year of DKK 5.8 million in the wind farm at Neshaga.

#### **Cash flow**

The Company does not maintain its own liquidity. The Company uses the liquidity of the parent company, Sev, to pay debt as it falls due and thus the Company maintains a current account with the parent company, Sev. The parent company has good liquidity and has also secured access to operational financing over the next few years if the need arises.

#### **The natural environment**

The Company has a high regard for the natural environment and all relevant legislation, directives, rules, and regulations are always followed.

#### **Professional knowledge and human resource development**

Along with the parent company, Sev, the Company is an active developer of knowledge within the field of wind energy production in the Faroe Islands, and strives continually to enhance the quality and the amount of electricity production from wind.

#### **Prospects for 2024**

The Company expects to replace 4 generators at the Neshaga site in the summer of 2024. Combined with the repaired generator from 2023, the Company expects all 5 wind turbines to produce electricity for sale towards

the end of 2024.

The annual yield from the Company's Neshaga site is usually around 15 GWh, but the Company out of caution has not budgeted for income from electricity sales from this site in 2024.

A consequence of replacing the 4 generators is that the asset value of the wind turbines at Neshaga must be written down to reflect the reduction in value. This write-down is included in the budget for 2024.

Sev (Grid Division) installed a synchronous compensator and battery system in the sub-station at Heiðunum in 2022, and these units are expected to increase the yield from the wind farm at Porkeri. For 2024, the expected yield is 17 GWh, and the resulting income is DKK 5.9 million. The Company only expects income from its Porkeri site in 2024.

According to the budget for 2024, the Company will make a loss of DKK 17.5 million, but an update of the replacement cost and a new estimate of the write-down made after the budget was prepared, leads the Company to believe the loss will be less, in the range from DKK 7 to 10 million.

#### **Events after the closing of the accounts**

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

# Accounting Principles

## General

The Annual Accounts of P/F Vindfelagið í Neshaga og Porkeri are prepared in accordance with the provisions of the Faroese Financial Statements Act for class B corporations.

The Annual Accounts are presented in Danish kroner (DKK).

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

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

## Basis for Recognition and Valuations

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

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

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

## Translation of Foreign Currency

Foreign currency transactions are translated using the

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

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

## Income statement

### Net sales

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

### Consumption of Goods and Services

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

### Other External Expenses

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

### Employee Expenses

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

### Depreciation and Write-downs

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

### Financials

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

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

## Balance Sheet

### Tangible Assets

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

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

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

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

|                         | Useful<br>life | Residual<br>value |
|-------------------------|----------------|-------------------|
| Wind turbines (Neshagi) | 15             | 0%                |
| Wind turbines (Porkeri) | 18             | 0%                |
| Operating equipment     | 3-5            | 0%                |

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

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

### Depreciation of Fixed Assets

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

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

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

### Receivables

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

### Accruals

Accruals shown as assets include realised costs related to future financial years.

### Current and Deferred Taxes

Current tax, payable and receivable, is recognised in the Balance Sheet as the tax computed on the basis of the taxable income for the year, adjusted for tax paid on account the previous year. Current tax payable and receivable tax are recognised based on the set off

permitted by law and the booked amounts generally calculated at net or current.

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

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

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

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

#### **Cash Flow Hedges**

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

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued

prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

#### **Liabilities**

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

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

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

#### **Cash Flow Statement**

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

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

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

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

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

# Income Statement

1 January – 31 December

| Amounts in 1,000 DKK |   |               |              |
|----------------------|---|---------------|--------------|
| Note                 |   | 2023          | 2022         |
| 1                    | Net sales   | 7,843         | 14,144       |
| 2                    | Other expenditure (goods and services)                    | -4,668        | -1,604       |
|                      | Gross proceeds  | 3,175         | 12,540       |
| 3                    | Employee expenses   | -46           | -5           |
|                      | Depreciation, amortization and impairment of fixed assets | -6,995        | -7,032       |
|                      | Result before financials                                  | -3,867        | 5,504        |
| 4                    | Financial expenses  | -1,211        | -1,775       |
|                      | Result before tax   | -5,078        | 3,729        |
| 5                    | Tax on annual result                                      | 914           | -671         |
|                      | <b>Annual result</b>                                      | <b>-4,164</b> | <b>3,058</b> |
|                      | Proposed distribution of result                           |               |              |
|                      | Result carried forward                                    | -4,164        | 3,058        |
|                      | <b>Total distribution</b>                                 | <b>-4,164</b> | <b>3,058</b> |

## Balance Sheet, assets

31 December

| Assets in 1,000 DKK                 |               |               |
|-------------------------------------|---------------|---------------|
| Note                                | 2023          | 2022          |
| Tangible fixed assets               |               |               |
| 6 Production facilities             | 72,909        | 79,768        |
| 6 Work in progress                  | 11,352        | 5,705         |
| <b>Tangible fixed assets</b>        | <b>84,261</b> | <b>85,473</b> |
| 9 Derivatives                       | 8,265         | 10,918        |
| <b>Financial fixed assets total</b> | <b>8,265</b>  | <b>10,918</b> |
| <b>Total fixed assets</b>           | <b>92,526</b> | <b>96,391</b> |
| Debtors                             | 13            | 0             |
| Inter-company account               | 5,668         | 0             |
| Accruals                            | 12            | 201           |
| <b>Current assets total</b>         | <b>5,692</b>  | <b>201</b>    |
| <b>Total assets</b>                 | <b>98,218</b> | <b>96,593</b> |

# Balance Sheet, liabilities

31. desember

Liabilities in 1,000 DKK

| Note |                                   | 2023          | 2022          |
|------|-----------------------------------|---------------|---------------|
|      | Equity                            |               |               |
| 7    | Share capital                     | 10,000        | 7,000         |
|      | Share premium reserve             | 15,000        | 0             |
|      | Hedge reserve                     | 8,265         | 10,918        |
|      | Result carried forward            | 3,058         | 7,222         |
|      | <b>Total equity</b>               | <b>36,323</b> | <b>25,141</b> |
|      | Provision for deferred tax        | 671           | 1,585         |
|      | <b>Total provisions</b>           | <b>671</b>    | <b>1,585</b>  |
|      | Debt                              |               |               |
| 8    | Long-term debt                    | 47,707        | 9,113         |
|      | <b>Total long-term debt</b>       | <b>47,707</b> | <b>9,113</b>  |
| 8    | Current portion of long-term debt | 5,929         | 2,906         |
|      | Creditors                         | 7,461         | 524           |
|      | Inter-company account             | 0             | 56,494        |
|      | Other liabilities                 | 127           | 830           |
|      | <b>Total short-term debt</b>      | <b>13,517</b> | <b>60,754</b> |
|      | <b>Total debt</b>                 | <b>61,224</b> | <b>69,867</b> |
|      | <b>Total liabilities</b>          | <b>98,218</b> | <b>96,593</b> |
| 10   | Overview of turbine equipment     |               |               |
| 11   | Mortgages and other obligations   |               |               |

## Cash Flow Statement

| Note | Amounts in 1,000 DKK                       | 2023     | 2022     |
|------|--|----------|----------|
|      | Annual result                              | -4,164   | 3,058    |
| 12   | Adjustments                                | 7,293    | 9,477    |
|      | Changes in working capital:                |          |          |
|      | Receivables                                | 206      | -193     |
|      | Creditors                                  | 6,937    | 507      |
|      | Other liabilities                          | -732     | -211     |
|      | Operating cash flow before financial items | 9,539    | 12,639   |
|      | Interest paid and similar expenses         | -1,211   | -1,775   |
|      | Cash flow from operations                  | 8,328    | 10,864   |
|      | Investment in tangible fixed assets        | -136     | 271      |
|      | Changes to work-in-progress                | -5,647   | -3,139   |
|      | Cash flow from investments                 | -5,783   | -2,868   |
|      | Borrowing                                  | 44,640   | 0        |
|      | Repayments on long-term debt               | -3,023   | -2,843   |
|      | Increase share capital                     | 18,000   | 0        |
|      | Inter-company account parent company       | -62,162  | -5,153   |
|      | Cash flow from financing                   | -2,545   | -7,996   |
|      | Total cash flow during the year            | 0        | 0        |
|      | Opening cash-on-hand                       | 0        | 0        |
|      | <b>Closing cash-on-hand</b>                | <b>0</b> | <b>0</b> |

The Company does not have liquidity of its own. The Company has access to and makes use of its parent company's liquidity to pay liabilities as they come due through an inter-company account with its parent company Sev.



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# Notes

Annual Report 2023

## Notes 1-5

### 1. Net sales

| Amounts in 1,000 DKK      | 2023         | 2022          |
|---------------------------|--------------|---------------|
| Production of electricity | 7,843        | 14,144        |
| <b>Total</b>              | <b>7,843</b> | <b>14,144</b> |

### 2. Other expenses (goods and services)

| Amounts in 1,000 DKK          | 2023         | 2022         |
|-------------------------------|--------------|--------------|
| Wind turbines                 | 3,787        | 1,033        |
| Electric and technical        | 351          | 132          |
| Buildings and land            | 217          | 183          |
| Studies and consultancy       | 55           | 84           |
| Other operating expenses      | 1            | 2            |
| Other administrative expenses | 257          | 170          |
| <b>Total</b>                  | <b>4,668</b> | <b>1,604</b> |

### 3. Employee expenses

| Amounts in 1,000 DKK | 2023      | 2022     |
|----------------------|-----------|----------|
| Wages                | 46        | 5        |
| <b>Total</b>         | <b>46</b> | <b>5</b> |

|                      |   |   |
|----------------------|---|---|
| Number of employees  | 0 | 0 |
| Full-time equivalent | 0 | 0 |

### 4. Financial expenses

| Amounts in 1,000 DKK                | 2023         | 2022         |
|-------------------------------------|--------------|--------------|
| Interest, loans and bank debt, etc. | 1,211        | 1,775        |
| <b>Total</b>                        | <b>1,211</b> | <b>1,775</b> |

### 5. Taxes on annual result

| Amounts in 1,000 DKK       | 2023       | 2022       |
|----------------------------|------------|------------|
| Adjustment of deferred tax | 914        | 671        |
| <b>Total</b>               | <b>914</b> | <b>671</b> |

## Note 6

### 6. Tangible fixed assets

| Amounts in 1,000 DKK   | 2023           | 2022           |
|--|----------------|----------------|
| Acquisition value, opening balance                               | 108,708        | 108,979        |
| Additions during the year  | 136            | 29             |
| Disposals during the year  | 0              | -300           |
| <b>Acquisition value closing balance</b>                         | <b>108,844</b> | <b>108,708</b> |
| Depreciation, amortization and impairment opening balance        | -28,940        | -21,909        |
| Depreciation, amortization and impairment during the year        | -6,995         | -7,032         |
| <b>Depreciation, amortization and impairment closing balance</b> | <b>-35,936</b> | <b>-28,940</b> |
| <b>Book value year-end</b>                                       | <b>72,909</b>  | <b>79,768</b>  |
| Book value year-end 2022   | 79,768         |                |
| <b>Work-in-progress</b>  |                |                |
| Work-in-progress opening balance                                 | 5,705          | 2,566          |
| Investment booked to work-in-progress                            | 5,759          | 3,168          |
| Completed work transferred to depreciation                       | -112           | -29            |
| <b>Work-in-progress closing balance</b>                          | <b>11,352</b>  | <b>5,705</b>   |
| Work-in-progress closing balance year-end 2022                   | 5,705          |                |
| <b>Fixed assets at year-end</b>                                  | <b>84,261</b>  | <b>85,473</b>  |
| Fixed assets at year-end 2022                                    | 85,473         |                |

## Notes 7-9

### 7. Equity

| Amounts in 1,000 DKK                 | Share capital | Hedge reserve | Share premium reserve | Result carried over | Total         |
|--------------------------------------|---------------|---------------|-----------------------|---------------------|---------------|
| Equity statement 01.01.22 - 31.12.22 |               |               |                       |                     |               |
| Opening balance 01.01.22             | 7,000         | 450           | 0                     | 4,164               | 11,614        |
| Adjustment to derivatives            | 0             | 10,469        | 0                     | 0                   | 10,469        |
| Annual result                        | 0             | 0             | 0                     | 3,058               | 3,058         |
| <b>Closing balance 31.12.22</b>      | <b>7,000</b>  | <b>10,918</b> | <b>0</b>              | <b>7,222</b>        | <b>25,141</b> |
| Equity statement 01.01.23 - 31.12.23 |               |               |                       |                     |               |
| Opening balance 01.01.23             | 7,000         | 10,918        | 0                     | 7,222               | 25,141        |
| Increase share capital               | 3,000         | 0             | 15,000                | 0                   | 18,000        |
| Adjustment to derivatives            | 0             | -2,653        | 0                     | 0                   | -2,653        |
| Annual result                        | 0             | 0             | 0                     | -4,164              | -4,164        |
| <b>Closing balance 31.12.23</b>      | <b>10,000</b> | <b>8,265</b>  | <b>15,000</b>         | <b>3,058</b>        | <b>36,323</b> |

### 8. Debt

| Amounts in 1,000 DKK   | Repayment next year | Outstanding debt after 5 years | Total debt 31.12.23 | Total debt 31.12.22 |
|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| Debt to parent company | 5,929               | 29,667                         | 53,636              | 12,019              |
| <b>Total</b>           | <b>5,929</b>        | <b>29,667</b>                  | <b>53,636</b>       | <b>12,019</b>       |

The outstanding debt after 5 years is calculated in part as an annuity loan to be paid over 10 years from 2016, and in part as a serial loan to be paid over 18 years from 2021.

### 9. Derivatives

| Amounts in 1,000 DKK | Assets 31.12.23 | Liabilities 31.12.23 | Total 31.12.23 | Total 31.12.22 |
|----------------------|-----------------|----------------------|----------------|----------------|
| Interest rate hedge  | 8,265           | 0                    | 8,265          | 10,918         |
| <b>Total</b>         | <b>8,265</b>    | <b>0</b>             | <b>8,265</b>   | <b>10,918</b>  |

Derivatives are used to fix interest rates. The values shown are the differences between market value on the balance sheet date compared to the future value of the instruments.

## Notes 10-12

### 10. Overview of turbine equipment 2023

| Location         | Turbine | MW  | Type                 | Supplier | Powered by | Year | Age | Total hours | Hours 2023 |
|------------------|---------|-----|----------------------|----------|------------|------|-----|-------------|------------|
| Neshagi, Eystnes | V1      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2012 | 12  | 70,893      | 849        |
| Neshagi, Eystnes | V2      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2012 | 12  | 74,518      | 1          |
| Neshagi, Eystnes | V3      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2012 | 12  | 71,185      | 481        |
| Neshagi, Vørðan  | V4      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2012 | 12  | 59,836      | 350        |
| Neshagi, Vørðan  | V5      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2012 | 12  | 76,836      | 0          |
| Porkeri          | V1      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 22,468      | 7,587      |
| Porkeri          | V2      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 20,592      | 7,721      |
| Porkeri          | V3      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 22,476      | 7,694      |
| Porkeri          | V4      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 22,411      | 7,729      |
| Porkeri          | V5      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 21,383      | 7,578      |
| Porkeri          | V6      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 18,493      | 5,219      |
| Porkeri          | V7      | 0.9 | Turbine (pitch reg.) | Enercon  | Wind       | 2021 | 3   | 21,695      | 7,578      |

### 11. Mortgages and other liabilities as of 31.12.2023

The Company holds no mortgages nor is it subject to any court case. The Company is bound by rental, operating and maintenance, and administration agreements for a total of DKK 17.1 million, of which DKK 1.2 million are due within 1 year, and DKK 11.0 million are due after 5 years.

### 12. Adjustments

| Amounts in 1,000 DKK                  | 2023         | 2022         |
|---------------------------------------|--------------|--------------|
| Depreciation                          | 6,995        | 7,032        |
| Interest expense and similar expenses | 1,211        | 1,775        |
| Taxes                                 | -914         | 671          |
| <b>Total</b>                          | <b>7,293</b> | <b>9,477</b> |



sev

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