



# Q4

## YEAR END REPORT 2022

Orrön Energy AB (publ)  
company registration number 556610-8055



# Year end report 2022

## Highlights

- Built a portfolio of operating assets through seven acquisitions, transforming the Company's business in Sweden and increasing annual power generation by over 500 GWh to a total of 800 GWh by year end 2022
- Established an experienced organisation and organic growth platform in Sweden with the knowledge, network and competence to operate and optimise the asset base, continue growing through acquisition and extend asset lifetimes through repowering, life extension and expansion projects
- The Karskrub project remains on track for completion by end 2023 with construction activities ahead of schedule and will deliver an additional 290 GWh of annual power generation, bringing the Company's annual estimated power generation to 1,100 GWh from 2024 onwards
- Added new opportunities to increase the power generation capacity of the Company including greenfield projects, and expansion projects with wind, solar and battery storage within the existing asset base, with the aim of becoming a full cycle renewable company with a significant long-term growth pipeline
- In early 2023, the Company expanded its geographical footprint to France and Germany in addition to the Nordic portfolio with the intention of expanding further into Europe

## Consolidated financials

- Cash flow from operating activities amounted to MUSD 13.7 for the quarter, an increase from MUSD 5.4 in the previous quarter

## Proportionate financials

- Proportionate<sup>1</sup> power generation amounted to 168 GWh for the quarter, representing a 100 percent increase compared to the previous quarter
- Achieved price for the quarter amounted to EUR 88 per MWh, resulting in proportionate EBITDA of MUSD 9.7
- Low proportionate net debt of MUSD 13.1 at year end, with debt capacity of over 250 MUSD to fund further growth

## Financial Summary<sup>2</sup>

Orrön Energy owns renewables assets directly and through joint ventures and associated companies and is presenting proportionate financials to show the net ownership and related results of these assets. The purpose of the proportionate reporting is to give an enhanced insight into the Company's operational and financial results.

Expressed in MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months
<b>Consolidated financials</b>		
Revenue	14.5	11.9
EBITDA	4.7	6.8
Operating profit (EBIT)	1.0	3.7
Net result	28.9	0.6
Earnings per share – USD	0.10	0.00
Earnings per share diluted – USD	0.10	0.00
<b>Proportionate financials<sup>1</sup></b>		
Power generation (GWh)	335	168
Revenue	42.2	15.3
EBITDA	21.8	9.7
Operating profit (EBIT)	15.5	6.5
Average price achieved per MWh – EUR	120	88

<sup>1</sup> Proportionate financials represent Orrön Energy's proportionate ownership (net) of assets and related financial results, including joint ventures. For more details see section Key Financial Data.

<sup>2</sup> This table refers to continuing operations. The financial and operational performance of the discontinued operations can be found in the sections Discontinued Operations and in note 6 of the consolidated financial statements.

All numbers and updates in this report relate to the financial year ending 31 December 2022, unless otherwise specified. Amounts from the same period last year are presented in brackets. References to "Orrön Energy" or "the Company" pertain to the Group in which Orrön Energy AB (publ) is the parent company or to Orrön Energy AB (publ), depending on the context.

Orrön Energy is an independent, publicly listed (Nasdaq Stockholm: "ORRON") renewables company within the Lundin Group of Companies. Orrön Energy's core portfolio consists of high quality, cash flow generating assets in the Nordics, coupled with greenfield growth opportunities in the Nordics and Europe. With significant financial capacity to fund further growth and acquisitions, and backed by a major shareholder, management and Board with a proven track record of investing into, leading and growing highly successful businesses, Orrön Energy is in a unique position to create shareholder value through the energy transition.

## Words from the CEO

*2022 has been a remarkable year for Orrön Energy and its predecessor Lundin Energy. We started 2022 as Lundin Energy, a Norwegian focused oil and gas company which had invested in renewable energy projects in the Nordics as part of its plan to achieve carbon neutrality. During the course of the first six months of 2022, we completed the sale of the entire oil and gas business and retained the renewables assets and enough cash to continue to grow as Orrön Energy, a pure play renewables company. From July onwards we have successfully grown our estimated annual power generation by over two and a half times through acquisitions and established an organic growth platform with cash generating assets in the Nordics.*

*As we enter 2023, we will continue to focus on developing our core business in the Nordics, and I am excited to announce that we will expand our business by adding greenfield opportunities in Sweden, Finland, France and Germany to continue to deliver on our long-term growth ambitions. We see vast opportunities for investments in renewable energy projects in many jurisdictions, backed by increasing demand for green energy as a means to reach climate targets across the Nordics and the EU. We welcome the streamlining and acceleration of permitting processes as recently announced by the EU, which is set to significantly shorten the timeframe for new developments. This is also a clear theme throughout the Nordics, with several political initiatives being discussed. Given the urgency regarding climate change, and society's need for clean energy, we simply must see a faster pace when it comes to permitting and construction of renewable energy projects. This will enable us, and others, to accelerate investments in the renewables space and continue to contribute to the energy transition.*

### **Volatile market with electricity prices expected to remain high**

Markets have seen exceptional turmoil and volatility in 2022, with electricity prices rising to unprecedented levels, in the wake of growing demand and the prevailing energy crisis with Russia's ongoing invasion of Ukraine as a dark backdrop. Although we have seen some normalisation of pricing, structural underinvestment in oil and gas, combined with Europe's dependence on gas and thermal generation means that we have a long way to go before cheap energy returns to households in Europe. As a result, temporary measures to address surging electricity prices are being implemented by governments across Europe. The measures, such as price caps and taxes, are generally coming into effect at quite high electricity prices, and for limited periods of time and are therefore expected to have a limited impact on the Company's financial results. We have been, and remain, largely spot market exposed to electricity prices and believe that this is the best way to generate maximum returns over the long term.

We achieved an average electricity price during the quarter of EUR 88 per MWh, where the difference between achieved price and the system price was explained by capture price discounts for the Company's wind power assets and historical hedges linked to acquired companies. Capture price discounts have historically been the largest during periods of high electricity prices and high volatility, where a majority of our electricity may be generated during lower priced periods within any given month, which is what we observed during the quarter and particularly in November. Less than five percent of the Company's estimated production in 2023 will be impacted by historical hedges, and none will continue beyond the end of 2023.

### **Power generation in the Nordics – our core business**

Since transforming into a renewables Company in the beginning of July 2022, we have increased our estimated annual power generation from 300 to 800 GWh in the Nordics. This is, and will remain, a core focus for Orrön Energy, ensuring we maintain a diversified portfolio of power generating assets delivering strong cash flows. Our growth in production has been achieved by acquiring portfolios, companies and assets in Sweden and successfully integrating these into our operating base. The majority of our assets are wind farms located in historically high-priced regions, and we have started feasibility studies for a range of projects aiming to increase generation capacity, efficiency, revenues and extending asset lifetimes. At the same time, we are looking at the potential to add solar power and battery storage solutions to our operational wind assets, to both grow and complement the power generation profiles. This asset optimisation work forms a core part of our organic growth strategy to unlock further value from the portfolio.

Our proportionate power generation amounted to 168 GWh for the fourth quarter, which is double that of the third quarter, primarily as a result of acquisitions. Notwithstanding this growth, the weather conditions in the quarter were poorer than expected, leading to lower power generation. Our business will continue to be exposed to weather conditions leading to variable generation levels between seasons and years. We also had to finalise some commissioning activities on MLK, which were unable to be fully completed during the summer of 2022, with lost revenues largely compensated by liquidated damages from manufacturer warranties. Our key development project, Karskruv remains on track for completion by the end of 2023, which is set to take the Company's annual estimated power generation to 1,100 GWh from 2024 onwards.

### **Significant financial capacity to fund growth**

The electricity prices in the fourth quarter softened compared to the third quarter, but remained at historically high levels and contributed to proportionate revenues of MUS\$ 15.3, and proportionate EBITDA of MUS\$ 9.7 for the quarter. Cash flow from operating activities amounted to MUS\$ 13.7 for the quarter, increasing from MUS\$ 5.4 in the third quarter. We finished the year with a proportionate net debt position of MUS\$ 13.1 and coupled with over 250 MUS\$ of debt capacity from our existing asset base, we have significant financial capacity to fund further growth.

### **Expanding our footprint across Europe**

Despite our remarkable growth during the second half of 2022, we still see many opportunities to continue to grow the business. As such, I am excited to share some updates on how we plan to continue to deliver on our growth trajectory and create long-term value for our shareholders.

Firstly, we will expand our business in Sweden and Finland to include greenfield project origination and development and strengthen our organisational capacity with an experienced team in this field, allowing us to become a full cycle renewable company. We have reached an agreement with a like-minded partner having a strong network in Finland, where we will seek to replicate the successful organic growth platform we have established in Sweden.

Secondly, we will expand our geographical footprint to include France and Germany, initially with a focus on greenfield project origination and development. These countries have some of the most ambitious renewables targets and are planning to rapidly increase renewable energy developments, which are fully supported by the growth ambitions of the EU. Similarly to what we are doing in Finland, we have reached an agreement with a greenfield development team which has the competence to both develop and run operations in these countries. I am confident that over time, like in our Swedish business, we will be able to build a full cycle business with greenfield opportunities, project development, operating assets, and the potential for life extension, re-powering and optimisation in each of these countries. We continue to screen opportunities to expand our footprint in both technology and geography and I expect to see Orrön Energy expand into further markets in the coming years.

**Looking forward to another exciting year**

We have had a fantastic start in 2022, and even though our journey has only just begun, I am convinced that we will be able to continue to create value for shareholders. We enter 2023 with a pipeline of exciting opportunities, new business ventures and partners, and with the resolve and financial firepower to continue to create value through the energy transition. I would like to thank all our loyal shareholders for your continuous support, and to extend a warm welcome to our new shareholders joining Orrön Energy in 2022.

*Daniel Fitzgerald*

CEO

# Operational Review

## Power generation outlook<sup>1</sup>

Orrön Energy transformed into a pure play renewables company on 1 July 2022. During the second half of 2022, the Company acquired assets and companies, which has increased the estimated annual power generation from 300 to 800 GWh. Completion of the Karskröv project further increases the estimated annual power generation to 1,100 GWh from 2024 onwards, with 85 percent of the power generation in historically high-priced areas in the Nordics.

	2022 <sup>2</sup>	2023	2024 <sup>3</sup>
<b>Estimated annual power generation<sup>1</sup></b>	300 GWh	800 GWh	1,100 GWh

<sup>1</sup>Proportionate power generation estimates assuming average long-term meteorological conditions and operational performance

<sup>2</sup>As at 1 July 2022

<sup>3</sup>With the inclusion of the Karskröv project

## Guidance

The Company delivered in line with or ahead of guidance for the second half of 2022, with general and administrative (G&A) expenses in line with guidance and operating expenses and Sudan legal costs coming in below. Capital expenditures were lower than guidance due to phasing of activities and currency impact.

Full year 2023 guidance for operating expenses is between MEUR 12-14, where a portion of the operating expenses will vary based on electricity prices. The G&A expense guidance is MEUR 10, and guidance for legal costs in relation to the defence of the Company and its former representatives in the Sudan legal case is MEUR 8. Capital expenditure guidance is MEUR 80 and mainly relates to completion of the Karskröv project in southern Sweden, and capital allocated to commencing greenfield activities.

Guidance <sup>1</sup>	2H 2022	2H 2022 Actuals	2023 Guidance <sup>4</sup>
<b>Operating expenses</b>	MUSD 6	MUSD 5	MEUR 12-14
<b>G&amp;A expenses<sup>2</sup></b>	MUSD 4	MUSD 4	MEUR 10
<b>Sudan legal costs<sup>3</sup></b>	MUSD 3	MUSD 2	MEUR 8
<b>Capital expenditure</b>	MUSD 10	MUSD 7	MEUR 80

<sup>1</sup>Guidance is presented based on proportionate (net) ownership in assets and related financial results.

<sup>2</sup>Excludes non-cash items and costs in relation to the Sudan legal case.

<sup>3</sup>Legal costs in relation to the defence of the Company and its former representatives in the Sudan legal case. These costs are included in the G&A expenses line item in the consolidated income statement. More information about the case can be found in the section Contingent liabilities.

<sup>4</sup>Orrön Energy has changed its reporting currency from USD to EUR as per 1 January 2023 and the 2023 guidance is presented in EUR to reflect this change.

## Operational assets

Orrön Energy's proportionate power generation amounted to 335 GWh for the year, which includes twelve months of power generation from the Leikanger hydropower plant in Norway, nine months of power generation from the Metsälamminkangas (MLK) wind farm in Finland, and contributions from acquisitions as described in the section "Transactions" below.

The proportionate power generation amounted to 168 GWh for the fourth quarter, which represents a one hundred percent increase compared to the third quarter. Power generation in the quarter was lower than expected by around 15 percent, due to lower-than-average wind speeds and adverse icing conditions, with a minor impact from MLK due to final commissioning activities with lost revenues largely compensated by liquidated damages from manufacturer warranties.

Realised electricity prices amounted to EUR 120 per MWh for the year, and EUR 88 per MWh for the fourth quarter. The Nordic system price averaged EUR 135 per MWh during the quarter, and the weighted average regional electricity price for the Company's actual power generation during the quarter amounted to EUR 145 per MWh. The variance to the Company's realised electricity price is explained by so called capture price discounts and impact from historical hedges. Nordic power prices have been volatile recently, lower during periods of high supply of electricity, and higher during periods of low supply. Capture price discounts occur, when in any given period, a majority of power is generated during periods of low prices relative to the average spot price for the same period. The quarter saw high electricity price volatility, leading to elevated capture price discounts for the Company's wind power assets, in particular during the month of November which was also affected by low and varying wind speeds. The achieved electricity price was further impacted, to a lesser extent, by commissioning activities on MLK relating mainly to the ice management system. The realised price for the quarter included EUR 14 per MWh negative impact from historical hedges linked to acquired companies, and EUR 1 per MWh negative impact relating to the temporary levy on electricity prices above NOK 700 per MWh (approx. EUR 70 per MWh) in Norway. In 2023, less than five percent of the Company's estimated power generation will be affected by historical hedges related to acquired companies. Orrön Energy's strategy is to be fully exposed to spot electricity prices and none of the hedges continue beyond the fourth quarter of 2023.

Proportionate operating expenses amounted to MUSD 3.0 for the quarter, which was lower than guidance and mainly driven by lower power generation and reclassification of certain cost elements following the acquisition of Slitevind.

## Sweden

The Company owns a diversified portfolio of operational wind power assets across Sweden, which were acquired during the second half of 2022. As of year end 2022, the portfolio in Sweden had an estimated proportionate annual power generation of around 500 GWh, with a total net installed capacity of 190 MW. A majority of the assets are fully owned and operated by the Company, with joint ownership in some assets that are owned together with partners. A majority of the assets are situated in the historically high-priced areas of SE3 and SE4.

Power generation for the quarter was impacted by lower-than-average wind speeds, with most of the shortfall occurring in November.

# Operational Review

## Finland

The Company owns 50 percent of the MLK wind farm and 100 percent of a wind farm located in Hanko in Finland. MLK has an estimated gross annual power generation of around 400 GWh, which is generated from 24 turbines with a total installed capacity of 132 MW. The wind farm has an estimated operational life of around 30 years and has been in operation since the end of March 2022. An availability warranty is in place from GE Renewable Energy, which guarantees the availability of the turbines through their operational life and gives the Company protection against downtime and outages.

MLK had lower-than-expected power generation in the quarter. Two thirds of the losses were attributable to lower-than-average wind speeds and adverse icing conditions, with the remaining losses attributable to final commissioning of the turbines. The commissioning is largely complete with lost revenues largely compensated through the warranties under the operations and management, and turbine supply agreements.

Hanko is a four-turbine asset, located in the southwestern part of Finland, which has an estimated annual power generation of around 9 GWh.

## Norway

The Company owns 50 percent of the Leikanger hydropower plant in Norway. Leikanger has an estimated gross annual power generation of around 200 GWh per annum, which is generated from a single turbine with a total capacity of 77 MW. It has been operational since 2021 and has an estimated operational life of approximately 60 years. As the asset is a run-of-river hydropower plant, the power generation is variable depending mainly on the rate of snow melt during the spring and summer months, and precipitation conditions during the autumn season.

The proportionate power generation from Leikanger in the quarter was slightly above expectations, due to favourable precipitation conditions. Leikanger is situated in the historically high-priced NO5 area.

## Development projects

### Construction project

Construction activities at the Karskröv wind farm project in southern Sweden are ahead of schedule, with foundation casting and anchor tensioning completed. Work is ongoing to prepare for installation of turbines and connection to the grid, which is planned for the second and third quarters of 2023. Orrön Energy has a 100 percent interest in the wind farm, which will add 290 GWh to the Company's estimated annual power generation once operational at the end of 2023. Karskröv was acquired from OX2, who is managing the construction and commissioning phase alongside the turbine supplier and contractor Vestas Wind Systems. The project has an availability warranty in place, which guarantees the availability of the turbines through their operational life of approximately 30 years, and gives the Company protection against downtime and outages. The wind farm is situated in the SE4 price area and constitutes an important part of the Company's growth plans.

### Organic growth

The Company is exploring and maturing a wide range of opportunities aimed at optimising power generation performance and enhancing returns from its operational assets. This includes projects covering life extension, re-powering, ancillary services and optimised utilisation of existing land rights and grid connections. The Company is continuously increasing its ownership share in co-owned wind projects, and thereby its power generation capacity through acquisition of minority interests. Additionally, studies have been undertaken to determine the potential of adding new power generation and energy storage solutions to existing assets. One such project, aiming to be sanctioned in 2023, is to add solar capacity to one of the operational wind assets in the SE3 price area. In addition, the Company is actively exploring opportunities to optimise the revenues of its assets by becoming active in the frequency and ancillary services markets.

The Company has, after the end of the reporting period, entered into agreements and made recruitments to develop greenfield projects and pursue opportunities across Sweden, Finland, France and Germany, to grow its asset base and long-term power generation capacity. This includes, for example, identification and development of onshore wind, solar, batteries and storage and other renewable energy technologies, either individually or combined into expansion projects to optimise the power generation profile. The Company has, through these agreements, partnered up with experienced greenfield developers to strengthen its competence within this area, aiming to establish a business present in all stages of the renewable lifecycle.

## Transactions

Orrön Energy's strategy is to invest in renewable energy projects and pursue value accretive opportunities in the energy transition to grow and optimise its portfolio. Since 1 July 2022, the Company has added significant power generation capacity in the Nordics by acquiring assets and companies at attractive prices.

In August 2022, the Company announced and completed a public offer to tender all shares in the Swedish wind power company Slitevind AB (publ) for SEK 125 in cash per share. The transaction added a portfolio of wind assets in Sweden and Finland, with an estimated annual power generation of 435 GWh and an installed capacity of 155 MW, together with an experienced team with a longstanding background in the energy sector. A final acceptance level of 96.5 percent was achieved in the beginning of September 2022. Orrön Energy has initiated a compulsory buy-out procedure in order to acquire the remaining shares and obtained advance access to the majority of the remaining shares in the beginning of 2023. The total enterprise value in the transaction amounted to MUS\$ 134.

In October 2022, the Company completed acquisitions of an additional 27 percent ownership in the 36 MW wind farm Näsudden Väst, and an additional 10 percent interest in the 27 MW wind farm Stugyl. The total enterprise value for both transactions combined amounted to

# Operational Review

MUSD 9 and adds estimated annual power generation of 30 GWh and 12 MW installed capacity in price area SE3.

In November 2022, the Company completed the acquisition of one additional percent of ownership in the wind farm Näsudden Väst, which takes the Company's interest to 68 percent. The total enterprise value in the transaction amounted to MUSD 0.3 and adds estimated annual power generation of 0.8 GWh in price area SE3, and 0.3 MW installed capacity.

In December 2022, the Company completed the acquisitions of Lilla Årås Vindpark, Siral Förvaltning and its portfolio of wind assets and an additional six percent ownership in the wind farm Tolvmanstegen. The total enterprise value for all transactions combined amounted to MUSD 20.0 and adds an estimated annual power generation of 64 GWh and 22 MW installed capacity. The majority of the added capacity is situated in price areas SE3 and SE4, with a small portion in price area SE1.

## Transactions after the reporting period

In February 2023, the Company entered into an agreement to acquire an additional 15 percent ownership in the wind farm Långås, which takes the Company's interest to 32.5 percent. The total enterprise value for the transaction amounted to MUSD 0.9 and adds estimated annual power generation of 3 GWh and 1.2 MW installed capacity in price area SE4.

In February 2023, the Company entered into agreements, focusing on developing brownfield and greenfield projects in Finland, France and Germany, further expanding operations in Europe.

## Sustainability

Sustainability is at the core of Orrön Energy's business as a pure play renewables company and constitutes an important cornerstone of the Company's long-term shareholder value creation. The Company owns and operates renewable assets in a safe and responsible manner, with a long-term horizon to the benefit of all its stakeholders.

Climate change is one of the biggest challenges of our time, and the world needs to transition to energy sources with lower greenhouse gas emissions, such as renewable energy, if we are to limit global warming in line with the Paris Agreement. The energy transition is backed by ambitious goals as set by the EU, which will require a significant increase of renewable energy generation, with wind and solar power being highlighted as crucial to achieve these objectives. Orrön Energy is directly contributing to the achievement of these goals by investing in and increasing the supply of renewable energy in its countries of operation. The demand for clean energy is set to increase, and Orrön Energy is committed to continue investing in renewable power generation and technologies to drive the energy transition, for a clean and sustainable energy future.

Orrön Energy's approach to sustainability is aligned with the UN Sustainable Development Goals, in particular Goal 7 on Affordable and Clean Energy, Goal 13 on Climate Action and Goal 15 on Life on Land, which underpins the way in which the Company conducts its business. This ensures that the business delivers lasting value for all its stakeholders. The Company also actively supports the UN Global Compact's 10 Principles on human rights, labour standards, environment and anti-corruption.

Orrön Energy is developing biodiversity enhancement projects in areas around its renewable assets, such as targeted projects aiming to increase biodiversity, planting of wildflowers to stimulate the growth of bee populations, wildlife monitoring systems and grazing projects in collaboration with local farming communities. In addition, the Company considers strong community engagement as essential to its business success and is collaborating with several local organisations to support and contribute to the local communities around its assets. Environmental aspects and community engagements are key considerations throughout the assets' operational life.

Health and safety of people and the environment are core priorities for the business and the Company has procedures in place to identify and mitigate risks, including investigation and reporting of incidents and accidents. During the quarter, there were no recordable safety incidents or material environmental incidents.

# Operational Review

## Discontinued operations

Discontinued operations represent the Company's legacy exploration and production (E&P) business that was transferred to Aker BP on 30 June 2022, after which the discontinued operations no longer formed a part of the Company. The information reported below for the current year has not changed compared to the one reported in the interim report covering the first six months of the year.

### Production

Production amounted to 176 thousand barrels of oil equivalents per day (Mboepd) until end of June 2022, when the E&P business was transferred to Aker BP. It was mainly driven by excellent performance and phasing of the planned maintenance work on Johan Sverdrup, and partially offset by an unplanned outage on the Edvard Grieg field, which was restarted at the end of April 2022. Operating costs, net of tariff income, amounted to USD 4.20 per boe.

The current year was impacted by six months until the E&P business was transferred to Aker BP as reflected in the table below.

Production in Mboepd	1 Jan 2022-31 Dec 2022 12 months	1 Oct 2022-31 Dec 2022 3 months	1 Jan 2021-31 Dec 2021 12 months	1 Oct 2021-31 Dec 2021 3 months
Crude oil	163.2	–	177.4	180.7
Gas	12.9	–	12.9	14.1
Total production	176.1	–	190.3	194.8

Production in Mboepd	WJ <sup>1</sup>	1 Jan 2022-31 Dec 2022 12 months	1 Oct 2022-31 Dec 2022 3 months	1 Jan 2021-31 Dec 2021 12 months	1 Oct 2021-31 Dec 2021 3 months
Johan Sverdrup	20%	103.1	–	106.3	106.6
Greater Edvard Grieg Area <sup>2</sup>	65% - 80%	62.4	–	72.9	77.7
Ivar Aasen	1.385%	0.4	–	0.6	0.6
Alvheim Area	15% - 35%	10.2	–	10.5	9.9
Total Production	20%	176.1	–	190.3	194.8

<sup>1</sup> Working interest (WI)

<sup>2</sup> Consisting of Edvard Grieg, Solveig and Rolvsnes EWT

Johan Sverdrup Phase 1 delivered around nine percent ahead of guidance for the six-month period ended 30 June 2022, when the E&P business was transferred to Aker BP. Operating costs were USD 2.48 per boe and the carbon emission intensity remained low at less than 0.1 kg CO<sub>2</sub> per boe.

Edvard Grieg delivered at the bottom of guidance due to an unplanned shutdown at the end of March 2022 as a result of a power outage causing damage to electrical systems in the gas export system. The unplanned shutdown lasted approximately one month, and production was restarted early in the second quarter. The third 4D seismic campaign was completed during the second quarter with results in line with expectations. Operating costs were USD 6.15 per boe.

The Solveig field and Rolvsnes Extended Well Test (EWT) were shut-in for most of the second quarter to optimise production from the Edvard Grieg facilities.

Production from the Alvheim Area was ahead of guidance with 98 percent production efficiency. Operating costs amounted to USD 7.51 per boe.



# Financial Review

## Changes in the Group

In November 2022, the Company entered into agreements to acquire Siral Förvaltning AB ("Siral") and Lilla Årås Vindpark AB ("Lilla Årås Vindpark"). The transactions completed in December 2022 and the financial results from these companies are consolidated from 1 December 2022.

Orrön Energy Holding AB, a wholly-owned subsidiary of Orrön Energy AB (publ) has, during 2022 completed a public offer to acquire all shares in Slitevind AB (publ) ("Slitevind") for SEK 125 in cash per share. The offer was accepted by shareholders owning 96.5 percent of all shares and votes in Slitevind. A compulsory buy-out procedure, in accordance with the Swedish Companies Act, has been initiated in order to acquire the remaining shares and advance access to the majority of the remaining shares was obtained in the beginning of 2023. This financial report includes the financial results from Slitevind from 1 September 2022.

The combination of the Company's legacy E&P business with Aker BP (the "Transaction") was completed as planned on 30 June 2022. Through this Transaction, the shareholders of the Company received cash totalling USD 2.2 billion and 271,908,589 shares in Aker BP, and retained their shareholding in Orrön Energy. The combination was carried out as a statutory cross-border merger in accordance with Norwegian and Swedish law, through which Aker BP absorbed Lundin Energy MergerCo AB (publ), which at the time of the completion contained the Company's E&P business. Shortly before the merger and completion of the Transaction, the shares in Lundin Energy MergerCo (publ) were distributed to the Company's shareholders as a so-called *lex asea* dividend.

The E&P business is reported as discontinued operations in the consolidated income statement.

## Continuing operations

### Revenue and results – Consolidated financials

Revenue from power generation amounted to MUSD 14.5 (MUSD –) for the year, including the contribution from Slitevind from 1 September 2022 and Siral and Lilla Årås Vindpark from 1 December 2022.

G&A expenses amounted to MUSD 17.6 (MUSD 19.4) for the year, of which MUSD 6.2 (MUSD 11.6) related to legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case. The Company's G&A cost base has, following the sale of the oil and gas assets in June 2022, been reduced to align with the downsized organisation.

Share in result from associates and joint ventures amounted to MUSD 11.5 (MUSD 0.9) for the year and is further detailed in note 2. This represents mainly Orrön Energy's portion of the results in the 50 percent owned joint ventures, the MLK wind farm and the Leikanger hydropower plant. These investments are consolidated through the equity method and the net result of these entities is therefore recognised as a single line item in the income statement. The results generated by these entities increased compared to last year, which is mainly the result of the commercial handover of the MLK wind farm. The share in result from Leikanger hydropower plant for the quarter represented a loss of MUSD 0.6 (MUSD 0.1 gain), which is due to an additional deferred tax expense recognised in the quarter.

Finance income amounted to MUSD 9.5 (MUSD 2.6) for the year and is further detailed in note 3. A financial gain of MUSD 6.2 (MUSD –) has been recognised in other financial income for the year. This gain represents the variation in market value of historical hedges entered into by acquired companies, between the acquisition date and the balance sheet date. These hedges are in place until the fourth quarter of 2023.

Finance costs amounted to MUSD 9.7 (MUSD -0.2) for the year and are detailed in Note 4. An amount of MUSD 7.2 (MUSD –) has been recognised in other finance costs for the year. This cost includes an accounting effect of MUSD 4.6 (MUSD –) relating to previously equity consolidated associated companies, which became subsidiaries at year end when the Group gained control. In accordance with accounting rules, the book value of these associated companies has been revalued to fair value and are from the acquisition date fully consolidated. The remaining amount recognised as other financial costs mainly relates to advisory fees of MUSD 2.0 (MUSD –) in connection with acquisitions made during the third quarter 2022.

Deferred tax amounted to MUSD 28.2 (MUSD –) and mainly consist of the recognition of a deferred tax asset of MUSD 29.6 in the second quarter 2022 relating to tax losses carried forward in Sweden.

### Revenue and results – Proportionate financials

In addition to the consolidated financial reporting in line with IFRS, the Group provides proportionate financial reporting, which forms part of the alternative performance measures that the Group presents. Proportionate financials represent Orrön Energy's proportionate share of those entities, in which the Group holds an ownership of not more than 50 percent. In the consolidated financial reporting, the results from these assets are not fully consolidated but instead reported on one line, as share of result in joint ventures in line with IFRS. Proportionate financials also represent Orrön Energy's proportionate share of those entities, which are fully consolidated but in which the Group holds an ownership of less than 100 percent but more than 50 percent. Proportionate reporting is aligned with the Group's internal management reporting, analysis and decision making.

# Financial Review

Proportionate financials MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months
Revenue	42.2	15.3
Other income	4.2	2.0
Operating expenses	-7.1	-3.0
G&A expenses <sup>1</sup>	-17.5	-4.6
<b>EBITDA</b>	<b>21.8</b>	<b>9.7</b>
Depreciation	-6.3	-3.2
<b>Operating profit/loss (EBIT)</b>	<b>15.5</b>	<b>6.5</b>

<sup>1</sup> Includes legal and other fees of MUSD 6.2 incurred for the defence of the Company and its former representatives in the Sudan legal case and a non-cash expense for incentive warrants of MUSD 1.3 for the year.

Proportionate revenues amounted to MUSD 42.2 for the year and MUSD 15.3 for the quarter. In addition to the revenue from the Leikanger hydropower plant, the Group's revenue for the year included the MLK windfarm, which has been operational since 31 March 2022 and four months of power generation from the Slitevind portfolio.

EBITDA generation amounted to MUSD 9.7 for the quarter, with double the power generation and half the realised electricity price compared to the previous quarter. Furthermore, EBITDA for the quarter was reduced due to an expected increase in operating expenses and G&A expenses due to acquisitions as reflected in the Company's guidance. EBITDA also includes liquidated damages relating to MLK uptime being below the contractually guaranteed levels.

Proportionate operating expenses relating to operating assets amounted to MUSD 7.1 for the year and MUSD 3.0 for the quarter. Operating expenses for the quarter were below expectations, which is mainly due to lower-than-expected power generation and reclassification of certain cost elements following the acquisition of Slitevind.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 13.7 and 20.6 percent for the majority of the business with the exception of Norway. Following a recent change to the hydropower tax regime in Norway, the Leikanger hydropower plant is subject to a tax rate of 67 percent from 1 January 2022. This recent change consists of an eight-percentage point increase in ground rent tax, effective retroactively from 1 January 2022 and an additional 23 percent levy on electricity sold at a price exceeding NOK 700 per MWh (approx. EUR 70 per MWh), effective from 28 September 2022.

## Cash flow and investments – Consolidated financials

### Cash flow

Net cash flow from operating activities for continuing operations amounted to MUSD 7.5 (MUSD -17.7) for the year and to MUSD 13.7 (MUSD -5.2) for the quarter. The positive cash flow from operating activities in the quarter includes a full three-month period of operations from Slitevind, which has been consolidated since 1 September 2022, and a dividend payment from a joint venture.

Changes in working capital, as included in the consolidated statement of cash flows, includes both continuing and discontinued operations and amounted to MUSD -327.5 (MUSD -229.2) for the year. Changes in working capital for the quarter of MUSD -10.7 (MUSD -143.0) are mainly due to payables relating to discontinued operations, which have been paid during the quarter.

### Investments

Cash flow from investing activities for continuing operations amounted to MUSD -162.6 (MUSD -71.7) and related mainly to the acquisition of Slitevind during the third quarter 2022 and investments in renewable assets.

## Financing and liquidity – Consolidated financials

Cash and cash equivalents amounted to MUSD 28.7 (MUSD 130.0).

Interest bearing loans and borrowings amounted to MUSD 30.8 (MUSD –) and relate to long-term loans taken up by a subsidiary.

Other current financial liabilities amounted to MUSD 29.7 (MUSD –) and mainly relate to the revolving credit facility of MEUR 100 with Skandinaviska Enskilda Banken, with twelve months maturity entered into on 31 August 2022. This facility is used as a bridge loan and the Company intends to re-finance it in the first half of 2023. At year end, the Company had drawn an amount of MUSD 22.9 on the revolving credit facility and has an additional short-term loan with less than twelve months maturity amounting to MUSD 6.5 held by a subsidiary.

## Subsequent events

There have been no material events after the reporting period.

## Other Information

### Parent Company

The business of the Parent Company is to invest in and manage operations within the renewable energy sector as of 1 July 2022. This is a change to the Company's previous business mainly conducted within the oil and gas sector.

The net result for the Parent Company for the year amounted to MSEK -590.4 (MSEK 12,956.5 Gain) and was impacted mainly by costs in relation to the Transaction and the recognition of a deferred tax asset of MSEK 306.0 in the second quarter.

The deferred tax asset of MSEK 306.0 relates to tax losses carried forward, which are expected to be used against future taxable profits in Sweden. The net result for the previous year included finance income of MSEK 13,310.2 as a result of received dividends from a subsidiary. The net result for the year included G&A expenses of MSEK 200.0 (MSEK 240.7), of which MSEK 63.2 (MSEK 99.2) related to legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case.

### Contingent Liabilities

In November 2021, the Swedish Prosecution Authority brought criminal charges against the Company's former Chairman of the Board Ian H. Lundin and former CEO and Director Alex Schneider in relation to past operations in Sudan from 1999 to 2003. The charges also include claims against the Company for a corporate fine of MSEK 3.0 and forfeiture of economic benefits of MSEK 1,391.8, which according to the Swedish Prosecution Authority represents the value of the gain of MSEK 720.1 that the Company made on the sale of the business in 2003. Any corporate fine or forfeiture of economic benefits would only be imposed after an adverse final conclusion of the case. The trial at the Stockholm District Court is planned to start on 5 September 2023. The Company refutes that there are any grounds for allegations of wrongdoing by any of its former representatives and sees no circumstance in which a corporate fine or forfeiture could become payable. The Company considers this to be a contingent liability and therefore no provision has been recognised.

As part of the IPC spin-off that was completed on 24 April 2017, the Company has indemnified IPC for certain legal proceedings related to the period before the spin-off concerning Indonesian land and building tax assessed for the fiscal years 2012 and 2013. The Company has not recognised any provision in relation hereto as it does not believe the proceedings will lead to any liability for the Company.

A portion of the Company's past operations was held through a Canadian holding structure when acquired back in 2006. The tax filings in Canada since 2006 in relation to both corporate income tax and withholding tax are under review by the Canadian Tax Office. All tax has been paid in relation to these tax filings and no provision has been recognised.

### Share Data

#### Share capital

The Company's issued share capital amounted to SEK 3,478,713 represented by 285,924,614 shares with a quota value of SEK 0.01 each (rounded off). During the second quarter of 2022 the Company sold all its treasury shares amounting to a total of 1,356,436 shares.

#### Dividends

The AGM held on 31 March 2022 in Stockholm approved a cash dividend distribution for the year 2021 of USD 2.25 per share, to be paid in quarterly instalments of USD 0.5625 per share. The only quarterly dividend was paid on 7 April 2022 and was converted into an amount of SEK 5.30 based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to the record date (rounded off to the nearest whole SEK 0.01 per share). The total dividend paid amounted to MUSD 160 or MSEK 1,508.

The Board will propose to the AGM that no dividend will be paid to the shareholders for the financial year 2022.

The combination with Aker BP was carried out as a statutory cross-border merger in accordance with Norwegian and Swedish law, through which Aker BP absorbed Lundin Energy MergerCo AB (publ) that contained the Company's E&P business. The shares in Lundin Energy MergerCo AB (publ) were distributed to the shareholders of the Company through a so-called lex asea dividend. The merger consideration paid to the (new) shareholders of Lundin Energy MergerCo AB (publ) consisted of a mix of cash and shares in Aker BP. The AGM held on 31 March 2022 approved this so-called lex asea distribution whereby one share in the Company entitled shareholders to one share in Lundin Energy MergerCo AB (publ).

## Other Information

### Remuneration

The EGM held on 16 June 2022 resolved to change the Policy on Remuneration of the Company, subject to completion of the Transaction. The current Policy on Remuneration and details of long-term incentive plans ("LTIP") are provided on [www.orrön.com](http://www.orrön.com). The previous Policy is disclosed in the Company's 2021 Annual Report, Remuneration Report and in the materials provided to shareholders for the 2022 AGM and is also available on [www.orrön.com](http://www.orrön.com).

The EGM held on 16 June 2022 resolved to establish a long-term share-related incentive plan for employees ("Employee LTIP 2022") in the form of a share option plan and a total amount of 7,985,000 options were granted. The EGM also resolved to establish a one-off LTIP for members of the Board of Directors ("Board LTIP 2022"), in the form of a share option plan and a total amount of 1,005,000 options were granted under this plan.

In order to secure the delivery of shares to the participants and cover any costs (including taxes and social security charges) at exercise of options under the Employee LTIP 2022, the Company has issued 8,560,000 warrants, which were registered on 5 July 2022. The Company has hedged its obligations under the Board LTIP 2022 by entering into an equity swap arrangement with a third party, whereby the third party in its own name shall be entitled to acquire and transfer shares (including to the participants) in accordance with the plan.

### Exchange rates

For the preparation of the financial statements, the following currency exchange rates have been used.

	31 Dec 2022		31 Dec 2021	
	Average	Period end	Average	Period end
1 USD equals EUR	0.9489	0.9376	0.8450	0.8829
1 USD equals SEK	10.1113	10.4273	8.5765	9.0502
1 USD equals NOK	9.6137	9.8573	8.5904	8.8194

### Discontinued operations

Discontinued operations represent the Company's legacy E&P business that was transferred to Aker BP on 30 June 2022, after which the discontinued operations no longer formed a part of the Company. The numbers reported below for the current year have not changed compared to those reported in the Company's interim report covering the first six months of the year.

#### Result

The net result for the year amounted to MUSD 13,476.1 (MUSD 509.9), representing earnings per share of USD 47.21 (USD 1.80). The net result was driven by the gain on the distribution of the E&P business of MUSD 12,944.2.

#### Revenue and Other Income

Revenue and other income for the year amounted to MUSD 3,650.5 (MUSD 5,484.7), with the current year impacted by six months until the E&P business was transferred to Aker BP, and was comprised of net sales of oil and gas and other income.

Net sales of oil and gas for the year amounted to MUSD 3,643.4 (MUSD 5,452.9), with the current year impacted by six months until the E&P business was transferred to Aker BP. The average price achieved by the Company for a barrel of oil equivalent (boe) from own production, amounted to USD 110.09 (USD 71.01) and is detailed in the following table. The average Dated Brent price per boe for the year amounted to USD 107.98 (USD 70.91), with the price for the current year impacted by six months until the E&P business was transferred to Aker BP.

## Other Information

Net sales of oil and gas from own production for the year were comprised as follows. The current year was impacted by six months until the E&P business was transferred to Aker BP.

Sales from own production Average price per boe expressed in USD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Crude oil sales				
- Quantity in Mboe	29,675.5	–	65,381.1	16,536.5
- Average price per bbl	108.45	–	69.36	76.98
Gas and NGL sales				
- Quantity in Mboe	3,418.7	–	6,281.8	1,797.8
- Average price per boe	124.34	–	88.10	150.23
Total sales				
- Quantity in Mboe	33,094.2	–	71,662.9	18,334.3
- Average price per boe	110.09	–	71.01	84.16

The table above excludes crude oil revenue from third party activities.

There were no sales of crude oil from third party activities during the year. Revenue from sale of oil and gas was recognised when control of the products was transferred to the customer.

Other income for the year amounted to MUSD 7.1 (MUSD 31.8) and included tariff income of MUSD 5.9 (MUSD 21.6), which was due to net income from Ivar Aasen tariffs paid to Edvard Grieg.

### Production Costs

Production costs including under/over lift movements and inventory movements for the year amounted to MUSD 149.7 (MUSD 265.4), with the current year impacted by six months until the E&P business was transferred to Aker BP.

The total production cost per barrel of oil equivalent produced is detailed in the table below. The current year was impacted by six months until the E&P business was transferred to Aker BP.

Production costs	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Cost of operations</b>				
- In MUSD	101.1	–	167.5	51.5
- In USD per boe	3.17	–	2.41	2.88
<b>Tariff and transportation expenses</b>				
- In MUSD	38.7	–	71.9	20.9
- In USD per boe	1.22	–	1.03	1.16
<b>Operating costs</b>				
- In MUSD	139.8	–	239.4	72.4
- In USD per boe <sup>1</sup>	4.39	–	3.44	4.04
<b>Change in under/over lift position</b>				
- In MUSD	6.6	–	7.9	3.6
- In USD per boe	0.21	–	0.11	0.20
<b>Change in inventory position</b>				
- In MUSD	-0.6	–	11.5	0.3
- In USD per boe	-0.02	–	0.17	0.02
<b>Other</b>				
- In MUSD	3.9	–	6.5	1.6
- In USD per boe	0.12	–	0.09	0.09
<b>Production costs</b>				
- In MUSD	149.7	–	265.4	78.0
- In USD per boe	4.70	–	3.81	4.35

Note: USD per boe is calculated by dividing the cost by total production volume for the period.

<sup>1</sup>The numbers in this table are excluding tariff income netting. The Company's operating cost for the year 2022 of USD 4.39 (USD 3.44) per boe is reduced to USD 4.20 (USD 3.14) when tariff income is netted off.

## Other Information

Cost of operations for the year amounted to MUSD 101.1 (MUSD 167.5) and cost of operations excluding operational projects amounted to MUSD 97.1 (MUSD 160.2), with the current year impacted by six months until the E&P business was transferred to Aker BP. The cost of operations per barrel for the year amounted to USD 3.17 (USD 2.41) including operational projects and USD 3.05 (USD 2.31) excluding operational projects. The higher unit costs compared to last year were mainly caused by higher electricity prices and environmental taxes.

Tariff and transportation expenses for the year amounted to MUSD 38.7 (MUSD 71.9) or USD 1.22 (USD 1.03) per boe, with the current year impacted by six months until the E&P business was transferred to Aker BP. The increase on a per barrel basis compared to last year was caused by some increases in crude oil and gas unit tariffs.

Sales quantities in a period could differ from production quantities as a result of permanent and timing differences. Timing differences could arise due to under/overlift of entitlement, inventory, storage and pipeline balances effects. The change in under/overlift position for the year was valued at production cost including depletion cost, and amounted to MUSD 6.6 (MUSD 7.9), with the current year impacted by six months until the E&P business was transferred to Aker BP. The change in under/overlift position was due to the timing of the cargo liftings compared to production. The change in inventory position was also valued at production cost including depletion cost, and amounted to MUSD -0.6 (MUSD 11.5), with the change in inventory position last year caused by a cargo in transit at the end of 2020 that was sold in early 2021.

Sales quantities and production quantities are detailed in the table below. The current year was impacted by six months until the E&P business was transferred to Aker BP.

	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 30 Dec 2021 3 months
Change in over/underlift position - In Mboepd				
Production volumes	176.1	–	190.3	194.8
Inventory movements	–	–	1.7	–
<b>Production volumes including inventory movements</b>	<b>176.1</b>	<b>–</b>	<b>192.0</b>	<b>194.8</b>
Sales volumes from own production	182.8	–	196.3	199.3
<b>Change in over/underlift position</b>	<b>-6.7</b>	<b>–</b>	<b>-4.3</b>	<b>-4.5</b>

Other costs amounted to MUSD 3.9 (MUSD 6.5), with the current year impacted by six months until the E&P business was transferred to Aker BP and related to a business interruption insurance.

### Depletion and Decommissioning Costs

Depletion and decommissioning costs for year amounted to MUSD – (MUSD 703.0), at an average rate of USD 10.12 per boe for the previous year. Following the announcement of the Transaction on 21 December 2021 and the subsequent reclassification of the E&P business as assets and liabilities held for distribution in the consolidated Balance Sheet, the Company ceased depletion as per IFRS 5 from that date.

### Exploration Costs

Exploration costs expensed in the income statement for the year amounted to MUSD 24.4 (MUSD 258.1), with the current year impacted by six months until the E&P business was transferred to Aker BP. Exploration and appraisal costs were capitalised as they were incurred. When exploration and appraisal drilling was unsuccessful, the capitalised costs were expensed. All capitalised exploration costs were reviewed on a regular basis and were expensed when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may have exceeded its recoverable amount.

### Purchase of Crude Oil from Third Parties

Purchase of crude oil from third parties for the year amounted to MUSD – (MUSD 361.7) and related to crude oil purchased from outside the Group.

### General, Administrative and Depreciation Expenses

General, administrative and depreciation expenses for the year amounted to MUSD 8.1 (MUSD 41.9), with the current year impacted by six months until the E&P business was transferred to Aker BP.

### Finance Income

Finance income for the year amounted to MUSD 149.8 (MUSD 3.8), with the current year impacted by six months until the E&P business was transferred to Aker BP. The result on interest rate hedges for year amounted to a gain of MUSD 148.3 (loss of MUSD 122.0), as a result of the higher LIBOR rate of which MUSD 53.4 was non-cash.

### Finance Costs

Finance costs for the year amounted to MUSD 379.3 (MUSD 473.0), with the current year impacted by six months until the E&P business was transferred to Aker BP. The net foreign currency exchange loss for the year amounted to MUSD 320.4 (MUSD 216.3). Foreign exchange movements occurred on the settlement of transactions denominated in foreign currencies and the revaluation of working capital and loan balances to the prevailing exchange rate, at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Group's reporting entities. The Company was exposed to exchange rate fluctuations relating to the relationship between US Dollar and other currencies. The Company had entered into derivative financial instruments during the period until closing of the Transaction, to address this exposure for exchange rate fluctuations for capital expenditure amounts and Corporate and Special Petroleum Tax amounts. The net realised exchange gain on these settled foreign exchange instruments for the year amounted to MUSD 7.3 (MUSD 22.9), with the current year impacted by six months until the E&P business was transferred to Aker BP.

## Other Information

The US Dollar strengthened eight percent against the Euro during the six month period ended 30 June 2022, resulting in a net foreign currency exchange loss on the US Dollar denominated external loan, which was borrowed by a subsidiary using Euro as functional currency and generating a net foreign currency exchange loss on an intercompany loan balance denominated in US Dollar, which was also borrowed by a subsidiary using Euro as functional currency. In addition, the Norwegian Krone weakened four percent against the Euro during the same period, generating a net foreign currency exchange loss on an intercompany loan balance denominated in Norwegian Krone. Following the announcement of the Transaction, part of the outstanding foreign currency exchange instruments were no longer considered effective under hedge effectiveness testing resulting in a non-cash charge to the income statement during the six month period ended 30 June 2022.

Interest expenses amounted to MUSD 26.4 (MUSD 52.5) for the year, with the current year impacted by six months until the E&P business was transferred to Aker BP and represented the portion of interest charged to the income statement. An additional amount of interest of MUSD 11.4 (MUSD 23.6), associated with the funding of the Norwegian development projects was capitalised during the six month period ended 30 June 2022.

Amortisation of the deferred financing fees for the year amounted to MUSD 4.7 (MUSD 35.5), with the current year impacted by six months until the E&P business was transferred to Aker BP, and related to the expensing of the fees incurred in establishing the credit facility and issuing the Senior Notes over the period of usage of the facility and Senior Notes.

Loan facility commitment fees for the year amounted to MUSD 3.3 (MUSD 7.2), with the current year impacted by six months until the E&P business was transferred to Aker BP and related to commitment fees for the undrawn amounts under the revolving corporate credit facility.

### **Tax**

The current tax charge for the year amounted to MUSD 2,342.4 (MUSD 2,562.8), with the current year impacted by six months until the E&P business was transferred to Aker BP, and related to both Corporate Tax and Special Petroleum Tax (SPT). The tax instalments in Norway paid during the year amounted to MUSD 1,477.6 (MUSD 1,387.3).

The deferred tax charge for the year amounted to MUSD 364.5 (MUSD 329.7) with the current year impacted by six months until the E&P business was transferred to Aker BP, and has arisen mainly on a difference in depletion for tax and accounting purposes.

## Board Assurance

The Board of Directors and the CEO certify that the financial report for the twelve months ended 31 December 2022 gives a fair view of the performance of the business, position and profit or loss of the Company and the Group and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 15 February 2023

Grace Reksten Skaugen  
Chair

Daniel Fitzgerald  
CEO and Board Member

Aksel Azrac  
Board Member

C. Ashley Heppenstall  
Board Member

Jakob Thomasen  
Board Member



## Consolidated Income Statement

Expressed in MUSD	Note	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Revenue		14.5	11.9	–	–
Operating expenses		-3.7	-3.2	–	–
General and administration expenses		-17.6	-4.7	-19.4	-3.6
Depreciation		-3.7	-3.1	–	–
Share in result of associates and joint ventures	2	11.5	2.8	0.9	0.1
<b>Operating profit/loss</b>		<b>1.0</b>	<b>3.7</b>	-18.5	-3.5
Finance income	3	9.5	5.7	2.6	2.2
Finance costs	4	-9.7	-7.6	-0.2	–
<b>Net financial items</b>		<b>-0.2</b>	<b>-1.9</b>	2.4	2.2
<b>Profit/loss before income tax</b>		<b>0.8</b>	<b>1.8</b>	-16.1	-1.3
Income tax	5	28.1	-1.2	–	–
<b>Net result from continuing operations</b>		<b>28.9</b>	<b>0.6</b>	-16.1	-1.3
<b>Discontinued operations</b>					
Net result from E&P business	6	13,476.1	–	509.9	123.0
<b>Net result</b>		<b>13,505.0</b>	<b>0.6</b>	493.8	121.7
Attributable to:					
Shareholders of the Parent Company		13,504.7	0.3	493.8	121.7
Non-controlling interest		0.3	0.3	–	–
		<b>13,505.0</b>	<b>0.6</b>	493.8	121.7
<b>Earnings per share – USD<sup>1</sup></b>					
From continuing operations		0.10	0.00	-0.06	-0.00
From discontinued operations		47.21	–	1.80	0.43
<b>Earnings per share diluted – USD<sup>1</sup></b>					
From continuing operations		0.10	0.00	-0.06	-0.00
From discontinued operations		47.03	–	1.79	0.43

<sup>1</sup> Based on net result attributable to shareholders of the Parent Company.

## Consolidated Statement of Comprehensive Income

Expressed in MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Net result</b>	<b>13,505.0</b>	<b>0.6</b>	493.8	121.7
Items that may be subsequently reclassified to profit or loss:				
Exchange differences foreign operations	389.2	29.5	181.2	64.1
Cash flow hedges	17.8	–	183.5	85.0
Other comprehensive income, net of tax	407.0	29.5	858.5	270.8
<b>Total comprehensive income</b>	<b>13,912.0</b>	<b>30.1</b>	858.5	270.8
Attributable to:				
Shareholders of the Parent Company	13,911.7	29.8	858.5	270.8
Non-controlling interest	0.3	0.3	–	–
	13,912.0	30.1	858.5	270.8

## Consolidated Balance Sheet

Expressed in MUSD	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		251.5	31.5
Investment in associates and joint ventures		54.9	108.7
Deferred tax assets		29.3	–
Other non-current financial assets	10	103.3	35.2
		<b>439.1</b>	175.4
<b>Current assets</b>			
Assets held for distribution		–	7,468.2
Other current assets		9.6	0.1
Trade receivables	10	0.3	–
Other current financial assets	10	2.7	133.9
Cash and cash equivalents	10	28.7	130.0
		<b>41.3</b>	7,732.2
<b>TOTAL ASSETS</b>		<b>480.4</b>	7,907.6
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity		<b>383.6</b>	-1,419.3
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	10	30.8	–
Deferred tax liability		18.0	–
Provisions		1.2	–
		<b>50.0</b>	–
<b>Current liabilities</b>			
Trade and other payables	10	13.9	4.3
Current tax liabilities		0.5	–
Provisions		2.7	–
Dividends payable	10	–	128.6
Liabilities held for distribution		–	9,194.0
Other current financial liabilities	10	29.7	–
		<b>46.8</b>	9,326.9
<b>TOTAL LIABILITIES</b>		<b>96.8</b>	9,326.9
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>480.4</b>	7,907.6

## Consolidated Statement of Cash Flows

Expressed in MUSD	Note	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Cash flows from operating activities</b>					
Net result from continuing operations		28.9	0.6	-16.1	-1.3
Net result from discontinued operations		13,476.1	–	509.9	123.0
Adjustments for items not included in the Cash flow	11	-9,981.1	4.0	4,240.9	1,299.3
Interest received		1.1	-0.9	1.2	0.4
Interest paid		-34.7	0.1	-50.9	-10.1
Income taxes paid		-1,477.8	–	-1,397.8	-710.2
Distributions received		12.9	5.1	–	–
Changes in working capital		-327.5	-10.7	-229.2	-143.0
<b>Total cash flows from operating activities</b>		<b>1,697.9</b>	<b>-1.8</b>	<b>3,058.0</b>	<b>558.1</b>
- of which relates to continuing operations		7.5	13.7	-17.7	-5.2
- of which relates to discontinued operations		1,690.4	-15.5	3,075.7	563.3
<b>Cash flows from investing activities</b>					
Investment in oil and gas properties		-292.3	–	-1,319.5	-529.3
Investment in renewable energy business <sup>1</sup>		-56.0	-6.5	-77.3	-2.4
Acquisition of subsidiary net of cash		-108.1	-29.2	–	–
Investment in other fixed assets		-0.8	–	-4.1	-3.1
Decommissioning costs paid		-1.4	–	-11.6	-0.7
<b>Total cash flows from investing activities</b>		<b>-458.6</b>	<b>-35.7</b>	<b>-1,412.5</b>	<b>-535.5</b>
- of which relates to continuing operations		-162.6	-35.7	-71.7	-0.6
- of which relates to discontinued operations		-296.0	–	-1,340.8	-534.9
<b>Cash flows from financing activities</b>					
Senior Notes		–	–	1,996.4	–
Net drawdown/repayment of credit facility		-587.8	4.4	-2,794.0	-300.0
Repayment of lease commitments		-12.1	–	-26.6	-9.2
Financing fees paid		–	–	-21.3	–
Sold treasury shares		56.3	–	–	–
Dividends paid		-288.1	–	-455.0	-128.0
<b>Total cash flows from financing activities</b>		<b>-831.7</b>	<b>4.4</b>	<b>-1,300.5</b>	<b>-437.2</b>
- of which relates to continuing operations		-275.9	4.4	-455.0	-128.0
- of which relates to discontinued operations		-555.8	–	-845.5	-309.2
Change in cash and cash equivalents		407.7	-33.1	345.0	-414.6
Cash and cash equivalents at the beginning of the period		452.1	62.5	82.5	853.1
Currency exchange difference in cash and cash equivalents		69.8	-0.7	24.6	13.6
Change in consolidation E&P business		-900.9	–	–	–
<b>Cash and cash equivalents at the end of the period</b>		<b>28.7</b>	<b>28.7</b>	<b>452.1</b>	<b>452.1</b>

<sup>1</sup>Includes incurred cost relating to the acquisition of the renewable energy business and funding of joint ventures.

## Consolidated Statement of Changes in Equity

Expressed in MUSD	Attributable to owners of the Parent Company				Non-controlling interest	Total equity
	Share capital	Additional paid-in-capital/Other reserves	Retained earnings	Total		
<b>At 1 January 2021</b>	<b>0.5</b>	<b>-445.5</b>	<b>-1,324.1</b>	<b>-1,769.1</b>	–	<b>-1,769.1</b>
<b>Comprehensive income</b>						
Net result	–	–	493.8	493.8	–	493.8
Other comprehensive income	–	364.7	–	364.7	–	364.7
<b>Total comprehensive income</b>	<b>–</b>	<b>364.7</b>	<b>493.8</b>	<b>858.5</b>	<b>–</b>	<b>858.5</b>
<b>Transactions with owners</b>						
Distributions	–	–	-511.8	-511.8	–	-511.8
Issuance of treasury shares to employees	–	6.4	–	6.4	–	6.4
Share based payments	–	-9.0	–	-9.0	–	-9.0
Value of employee services	–	–	5.7	5.7	–	5.7
<b>Total transactions with owners</b>	<b>–</b>	<b>-2.6</b>	<b>-506.1</b>	<b>-508.7</b>	<b>–</b>	<b>-508.7</b>
<b>At 31 December 2021</b>	<b>0.5</b>	<b>-83.4</b>	<b>-1,336.4</b>	<b>-1,419.3</b>	–	<b>-1,419.3</b>
<b>Comprehensive income</b>						
Net result	–	–	13,505.0	13,505.0	–	13,505.0
Other comprehensive income	–	407.0	–	407.0	–	407.0
<b>Total comprehensive income</b>	<b>–</b>	<b>407.0</b>	<b>13,505.0</b>	<b>13,912.0</b>	<b>–</b>	<b>13,912.0</b>
<b>Transactions with owners</b>						
Non-controlling interests on acquisition of subsidiary	–	–	–	–	8.9	8.9
Distributions	–	–	-12,178.1	-12,178.1	–	-12,178.1
Sold treasury shares	–	56.3	–	56.3	–	56.3
Value of employee services	–	–	3.8	3.8	–	3.8
<b>Total transaction with owners</b>	<b>–</b>	<b>56.3</b>	<b>-12,174.3</b>	<b>-12,118.0</b>	<b>8.9</b>	<b>-12,109.1</b>
<b>At 31 December 2022</b>	<b>0.5</b>	<b>379.9</b>	<b>-5.7</b>	<b>374.7</b>	<b>8.9</b>	<b>383.6</b>

## Notes to the consolidated financial statements

### Note 1 – Accounting policies

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies adopted are in all aspects consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

The financial reporting of the Parent Company has been prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 Reporting for legal entities, issued by the Swedish Financial Reporting Board and the Annual Accounts Act (SFS 1995:1554).

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company's financial information is reported in Swedish Krona and not the Group's presentation currency of US Dollar. The Group's presentation currency will change to Euro from 1 January 2023.

<b>Note 2 – Share in result of associates and joint ventures</b> MUSD	<b>1 Jan 2022- 31 Dec 2022</b> 12 months	<b>1 Oct 2022- 31 Dec 2022</b> 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Metsälamminkangas Wind Oy (50%)	8.2	3.4	–	–
Leikanger Kraft AS (50%)	3.2	-0.6	0.9	0.1
Other	0.1	0.0	–	–
	<b>11.5</b>	<b>2.8</b>	<b>0.9</b>	<b>0.1</b>

<b>Note 3 – Finance income</b> MUSD	<b>1 Jan 2022- 31 Dec 2022</b> 12 months	<b>1 Oct 2022- 31 Dec 2022</b> 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Foreign currency exchange gain, net	–	–	0.2	0.1
Interest income	2.7	1.2	1.0	0.7
Other	6.8	4.5	1.4	1.4
	<b>9.5</b>	<b>5.7</b>	<b>2.6</b>	<b>2.2</b>

<b>Note 4 – Finance costs</b> MUSD	<b>1 Jan 2022- 31 Dec 2022</b> 12 months	<b>1 Oct 2022- 31 Dec 2022</b> 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Foreign currency exchange loss, net	1.7	2.4	–	–
Interest expense	0.8	0.6	–	–
Other	7.2	4.6	0.2	–
	<b>9.7</b>	<b>7.6</b>	<b>0.2</b>	<b>–</b>

<b>Note 5 – Income tax</b> MUSD	<b>1 Jan 2022- 31 Dec 2022</b> 12 months	<b>1 Oct 2022- 31 Dec 2022</b> 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
Current tax	-0.1	-0.1	–	–
Deferred tax	28.2	-1.1	–	–
	<b>28.1</b>	<b>-1.2</b>	<b>–</b>	<b>–</b>

## Notes to the consolidated financial statements

### Note 6 – Discontinued operations – E&P business

On 21 December 2021, the Company announced that it had entered into an agreement with Aker BP whereby Aker BP would absorb the E&P business through a cross-border merger in accordance with Norwegian and Swedish law. Before completion of the cross-border merger, the shares in the company holding the E&P business would be distributed to the shareholders of the Company, which occurred on 29 June 2022. The results of the E&P business are included in the financial statements until 29 June 2022 and are shown as discontinued operations.

The financial performance of the discontinued operations was as follows:

Expressed in MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Revenue and other income</b>				
Revenue	3,643.4	–	5,452.9	1,615.8
Other income	7.1	–	31.8	6.0
	3,650.5	–	5,484.7	1,621.8
<b>Cost of sales</b>				
Production costs	-149.7	–	-265.4	-78.0
Depletion and decommissioning costs	–	–	-703.0	-171.8
Exploration costs	-24.4	–	-258.1	-20.2
Purchase of crude oil from third parties	–	–	-361.7	-72.5
<b>Gross profit</b>	<b>3,476.4</b>	–	3,896.5	1,279.3
General, administration and depreciation expenses	-8.1	–	-22.5	-7.3
<b>Operating profit</b>	<b>3,468.3</b>	–	3,874.0	1,272.0
<b>Net financial items</b>				
Finance income	149.8	–	1.2	0.4
Finance costs	-379.3	–	-472.8	-186.7
	-229.5	–	-471.6	-186.3
<b>Profit/loss before tax</b>	<b>3,238.8</b>	–	3,402.4	1,085.7
Income tax	-2,706.9	–	-2,892.5	-962.7
	531.9	–	509.9	123.0
Gain on distribution E&P business	12,944.2	–	–	–
<b>Net result from discontinued operations</b>	<b>13,476.1</b>	–	509.9	123.0

The gain on distribution of the E&P business is detailed in the following table:

Gain on distribution E&P business MUSD	1 Jan 2022- 31 Dec 2022 12 months
<b>Cash element</b>	<b>2,220.0</b>
<b>Share element</b>	
Shares outstanding: 285,924,614	
Shares ratio for Aker shares: 0.95098	
No. of Aker shares: 271,908,589	
Share price Aker end of day 28 June: NOK 352.70	
FX rate NOK/USD end of day 28 June: 9.7879	9,798.0
<b>Fair value distribution</b>	<b>12,018.0</b>
Fair valuation distribution	12,018.0
Negative book value E&P business	984.5
Cost incurred during 2022	-58.3
<b>Gain on distribution E&amp;P business end December 2022</b>	<b>12,944.2</b>

# Notes to the consolidated financial statements

## Note 7 – Related party transactions

Orrön Energy recognises the following related parties: associated companies, jointly controlled entities, key management personnel and members of their close family or other parties that are partly, directly or indirectly controlled by key management personnel or of its family or of any individual that controls, or has joint control or significant influence over the entity.

During the second quarter of 2021, the Group entered into a sponsorship agreement with Team Tilt SA. The sponsorship agreement spans over three years, with an annual payment of between MUS\$ 2.6 to MUS\$ 3.5, with the first payment made in the fourth quarter of 2021. The agreement was transferred to Aker BP as part of completion of the Transaction, and no longer remains within the continuing operations. Team Tilt SA's majority owner is Sebastien Schneider, an internationally recognised sailor who has represented Switzerland at European, World and Olympic events. Sebastien Schneider is a close family member of the Company's former CEO and Director Alex Schneider.

## Note 8 – Risks and risk management

Orrön Energy's pursues a business that is exposed to changes in energy prices, which in turn are dependent on macro-economic factors and geopolitical conditions. The Company's operations have an impact on the surrounding environment and operational processes are associated with occupational health and safety risks.

Risks and risk management relating to financial, operational and strategic risks for the discontinued operations are described in the 2021 Annual Report on pages 16–18. Following the Company's transformation during the year, to become a pure play renewables company, certain risks and uncertainties the Company faces have changed. This is largely the case for operational risks where the renewables business is exposed to significantly lower operational risk than the Company's previous E&P business. Financial risks are to a large extent unchanged to those reported for the discontinued business in the 2021 annual report as the Company continues to be exposed to changes in energy prices, interest rates and foreign exchange rates.

Financial risks and information on how Orrön Energy manages its risks, including liquidity, credit and market risks are addressed in note 22 to the consolidated financial statements in the 2021 Annual Report. Even though the Company has gone through a transformation in becoming a pure play renewables company, financial risk management remains largely the same.

Orrön Energy places risk management responsibility at all levels within the Company to continually identify, understand and manage threats and opportunities affecting the business. This enables the Company to make informed decisions and to prioritise control activities and resources to deal effectively with any potential threats and opportunities.

## Note 9 – Business combinations

### Siral

Orrön Energy has acquired 100 percent of the issued share capital of Siral Förvaltning AB during the year and gained control of the company from 1 December 2022. This acquisition adds estimated annual power generation of 44 GWh and 15 MW installed capacity, out of which 90 percent is situated in price areas SE3 and SE4. The purchase consideration amounted to MUS\$ 8.9 and represented 7,385 number of shares. The valuation at fair value resulted in a surplus value of MUS\$ 4.8 which has been allocated to plant, property and equipment and no goodwill was recognised. The purchase price allocation is preliminary. The amounts have been translated from SEK to USD at closing rate 30 November 2022.

### Slitevind

Orrön Energy has acquired 96.5 percent of the issued share capital of Slitevind AB (publ) during the year and gained control of the company from 31 August 2022. Advance access to the majority of the remaining shares was obtained in the beginning of 2023.

Details of the purchase consideration, and the net assets acquired are as follows:

Purchase consideration MUS\$	% of shares	Share price SEK	Number of shares	Value MUS\$
Step 1 – Ownership 31 August 2022	91.0%	125	6,476,654	75.8
Step 2 – Ownership 13 September 2022	5.5%	125	388,694	4.5
Step 3 – Buy-out procedure <sup>1</sup>	3.5%	125	249,102	2.9
	100.0%		7,114,450	83.3

<sup>1</sup> Subject to the conclusion of the formal squeeze-out procedure.



## Notes to the consolidated financial statements

The assets and liabilities recognised as a result of the acquisition are as follows:

Assets and liabilities <sup>1</sup>	Fair value <sup>2</sup> MUSD
<b>Non-current assets</b>	
Property, plant and equipment	144.1
Investment in associates and joint ventures	10.6
Other financial assets	0.7
	<b>155.4</b>
<b>Current assets</b>	
Other current assets	1.8
Trade receivables	0.4
Deferred tax asset	1.6
Other current financial assets	0.6
Cash and cash equivalents	1.4
	<b>5.8</b>
<b>Non-current liabilities</b>	
Interest bearing loans and borrowings	-43.0
Deferred tax liability	-15.9
Provisions	-0.7
	<b>-59.6</b>
<b>Current liabilities</b>	
Trade and other payables	-1.2
Other current financial liabilities	-12.4
	<b>-13.6</b>
<b>Net identifiable assets acquired</b>	<b>88.0</b>
Less Non-controlling interest	-4.7
<b>Net assets acquired</b>	<b>83.3</b>

<sup>1</sup>Preliminary

<sup>2</sup>Translated from SEK to USD at closing rate 31 August 2022.

### Acquired receivables

The fair value of acquired trade receivables is MUSD 0.4, which corresponds to the book value.

### Revenue and profit contribution

The acquired business will contribute significantly to the Group's results and represented the totality of the Group's revenues at year end 2022.

### Purchase consideration – Cash outflow

#### Outflow of cash for acquisition, net of cash acquired

MUSD	
Cash consideration	80.3
Less cash balances acquired	-1.4
<b>Net outflow of cash – Investing activities</b>	<b>78.9</b>

# Notes to the consolidated financial statements

## Note 10 – Financial instruments

The Group holds the following financial instruments:

MUSD	Level	31 December 2022	31 December 2021
<b>Financial assets</b>			
<b>Financial assets at amortised cost</b>			
Other non-current financial assets		103.3	35.2
Trade receivables <sup>1</sup>		0.3	–
Other current financial assets		2.7	133.7
Cash and cash equivalents		28.7	130.0
		<b>135.0</b>	<b>298.9</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
Interest bearing loans and borrowings		30.8	–
Trade and other payables		13.9	4.2
Other current financial liabilities		29.7	–
Dividend liabilities		–	128.6
		<b>74.4</b>	<b>132.8</b>
<b>Financial liabilities at fair value through profit or loss</b>			
Derivative financial instruments	2	0.3	–
		<b>0.3</b>	<b>–</b>

<sup>1</sup>The fair value of trade receivables and other receivables is a fair approximation of the book value.

For financial assets and liabilities measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:

- Level 1: based on quoted prices in active markets;
- Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
- Level 3: based on inputs which are not based on observable market data.

## Note 11 – Supplementary information to the Statement of Cash Flows

The Consolidated Statement of Cash Flows is prepared in accordance with the indirect method.

Adjustments for items not included in the Cash flow Expressed in MUSD	1 Jan 2022- 31 Dec 2022	1 Oct 2022- 31 Dec 2022	1 Jan 2021- 31 Dec 2021	1 Oct 2021- 31 Dec 2021
	12 months	3 months	12 months	3 months
Gain on distribution of E&P business	-13,001.3	–	–	–
Exploration costs	24.4	–	258.1	20.2
Depletion, depreciation and amortisation	3.7	3.1	703.2	166.7
Current tax	2,342.3	-0.1	2,562.8	880.1
Deferred tax	336.4	1.1	329.7	82.6
Long-term incentive plans	10.8	0.4	6.1	3.8
Foreign currency exchange gain/loss	328.9	2.4	186.4	58.2
Interest income	-2.7	-1.2	–	–
Interest expense	27.2	0.6	52.0	17.0
Amortisation of deferred financing fees	4.7	–	35.5	18.2
Ineffective hedging contracts	-60.3	-4.7	68.9	41.7
Other	4.8	2.4	38.2	10.8
	<b>-9,981.1</b>	<b>4.0</b>	<b>4,240.9</b>	<b>1,299.3</b>

## Parent Company Income Statement

Expressed in MSEK	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Revenue</b>	13.4	2.7	20.4	9.8
General and administration expenses	-200.0	-42.4	-240.7	-59.1
<b>Operating profit/loss</b>	<b>-186.6</b>	<b>-39.7</b>	-220.3	-49.3
<b>Net financial items</b>				
Finance income	10.9	-12.2	13,310.2	8,843.0
Finance costs	-720.5	0.6	-133.4	-133.1
	-709.8	-11.6	13,176.8	8,709.9
<b>Profit/loss before tax</b>	<b>-896.4</b>	<b>-51.3</b>	12,956.5	8,660.6
Income tax	306.0	–	–	–
<b>Net result</b>	<b>-590.4</b>	<b>-51.3</b>	12,956.5	8,660.6

## Parent Company Comprehensive Income Statement

Expressed in MSEK	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Net result</b>	-590.4	-51.3	12,956.5	8,660.6
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	<b>-590.4</b>	<b>-51.3</b>	12,956.5	8,660.6
Attributable to:				
Shareholders of the Parent Company	-590.4	-51.3	12,956.5	8,660.6

## Parent Company Balance Sheet

Expressed in MSEK	31 December 2022	31 December 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Shares in subsidiaries	3,780.8	55,118.9
Other tangible fixed assets	0.3	0.4
Deferred tax assets	306.0	–
	<b>4,087.1</b>	55,119.3
<b>Current assets</b>		
Receivables	17.8	9,813.9
Cash and cash equivalents	24.6	44.3
	<b>42.4</b>	9,858.2
<b>TOTAL ASSETS</b>	<b>4,129.5</b>	64,977.5
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity including net result for the period	4,078.0	63,625.5
<b>Non-current liabilities</b>		
Provisions	1.3	1.6
	<b>1.3</b>	1.6
<b>Current liabilities</b>		
Dividends	–	1,163.9
Other liabilities	50.2	186.5
	<b>50.2</b>	1,350.4
<b>TOTAL LIABILITIES</b>	<b>51.5</b>	1,352.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,129.5</b>	64,977.5

## Parent Company Cash Flow Statement

Expressed in MSEK	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Cash flow from operations</b>				
Net result	-590.4	-51.3	12,956.5	8,660.6
Adjustment for non-cash related items	-312.6	13.9	-9,772.0	-7,540.2
Changes in working capital	2,989.7	-104.4	674.0	2.9
<b>Total cash flow from operations</b>	<b>2,086.7</b>	<b>-141.8</b>	<b>3,858.5</b>	<b>1,123.3</b>
<b>Cash flow from investing</b>				
Investments in subsidiaries	-0.5	–	–	–
Investments in other fixed assets	–	–	-0.1	-0.1
<b>Total cash flow from investing</b>	<b>-0.5</b>	<b>–</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Cash flow from financing</b>				
Dividends paid	-2,672.1	–	-3,898.5	-1,117.5
Sold treasury shares	583.8	–	–	–
Issuance of treasury shares to employees	–	–	56.2	–
<b>Total cash flow from financing</b>	<b>-2,088.3</b>	<b>–</b>	<b>-3,842.3</b>	<b>-1,117.5</b>
Change in cash and cash equivalents	-2.1	-141.8	16.1	5.7
Cash and cash equivalents at the beginning of the period	44.3	206.0	26.6	38.0
Currency exchange difference in cash and cash equivalents	-17.6	-39.6	1.6	0.6
<b>Cash and cash equivalents at the end of the period</b>	<b>24.6</b>	<b>24.6</b>	<b>44.3</b>	<b>44.3</b>

## Parent Company Statement of Changes in Equity

Expressed in MSEK	Restricted equity		Unrestricted equity				Total equity
	Share capital	Statutory reserve	Other reserves	Retained earnings	Dividends	Total	
<b>Balance at 1 January 2021</b>	<b>3.5</b>	<b>861.3</b>	<b>6,542.8</b>	<b>50,540.2</b>	<b>-2,867.8</b>	<b>54,215.2</b>	<b>55,080.0</b>
Transfer of prior year dividends	–	–	–	-2,867.8	2,867.8	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12,956.5</b>	<b>–</b>	<b>12,956.5</b>	<b>12,956.5</b>
<b>Transactions with owners</b>							
Distributions	–	–	–	–	-4,467.2	-4,467.2	-4,467.2
Issuance of treasury shares to employees	–	–	56.2	–	–	56.2	56.2
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>56.2</b>	<b>–</b>	<b>-4,467.2</b>	<b>-4,411.0</b>	<b>-4,411.0</b>
<b>Balance at 31 December 2021</b>	<b>3.5</b>	<b>861.3</b>	<b>6,599.0</b>	<b>60,628.9</b>	<b>-4,467.2</b>	<b>62,760.7</b>	<b>63,625.5</b>
Transfer of prior year dividends	–	–	–	-4,467.2	4,467.2	–	–
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-590.4</b>	<b>–</b>	<b>-590.4</b>	<b>-590.4</b>
<b>Transactions with owners</b>							
Distributions	–	–	–	–	-59,542.8	-59,542.8	-59,542.8
Value of employee services	–	–	–	2.0	–	2.0	2.0
Sold treasury shares	–	–	583.7	–	–	583.7	583.7
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>583.7</b>	<b>2.0</b>	<b>-59,542.8</b>	<b>-58,957.1</b>	<b>-58,957.1</b>
<b>Balance at 31 December 2022</b>	<b>3.5</b>	<b>861.3</b>	<b>7,182.7</b>	<b>55,573.3</b>	<b>-59,542.8</b>	<b>3,213.2</b>	<b>4,078.0</b>

## Key Financial Data

The alternative performance measures presented and disclosed in this interim report are used internally by management in conjunction with IFRS measures to measure performance and make decisions regarding the future direction of the business. The Group believes that these alternative performance measures, when provided in combination with reported IFRS measures, provide helpful supplementary information for investors.

In addition to the consolidated financial reporting in line with IFRS, the Group provides a proportionate financial reporting which forms part of the alternative performance measures the Group presents. Proportionate financials represent Orrön Energy's proportionate share of those entities in which the Group holds an ownership of not more than 50 percent. In the consolidated financial reporting, the results from these assets are not fully consolidated but instead reported on one line, as share of result in joint ventures in line with IFRS. Proportionate financials also represent Orrön Energy's proportionate share of those entities which are fully consolidated but in which the Group holds an ownership of less than 100 percent but more than 50 percent. Proportionate reporting is aligned with the Group's internal management reporting, analysis and decision making.

Reconciliations of relevant alternative performance measures are provided on the following page. Definitions of the performance measures are provided under the key ratio definitions below.

Financial data (Continuing operations) MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months	1 Jan 2021- 31 Dec 2021 12 months	1 Oct 2021- 31 Dec 2021 3 months
<b>Consolidated financials</b>				
Revenue	14.5	11.9	–	–
EBITDA	4.7	6.8	-18.5	-3.5
Operating profit (EBIT)	1.0	3.7	-18.5	-3.5
Net result	28.9	0.6	-16.1	-1.3
Net cash (-) / Net debt (+)	31.5	31.5	2,747.9	2,747.9
<b>Proportionate financials</b>				
Power generation (GWh)	335	168	N/A <sup>1</sup>	N/A <sup>1</sup>
Revenue	42.2	15.3	N/A <sup>1</sup>	N/A <sup>1</sup>
EBITDA	21.8	9.7	N/A <sup>1</sup>	N/A <sup>1</sup>
Operating profit (EBIT)	15.5	6.5	N/A <sup>1</sup>	N/A <sup>1</sup>
Net cash (-) / Net debt (+)	13.1	13.1	N/A <sup>1</sup>	N/A <sup>1</sup>
Average price achieved per MWh (EUR)	120	88	N/A <sup>1</sup>	N/A <sup>1</sup>

<sup>1</sup> Not applicable, proportionate financials are reported from the financial year 2022 only.

## Key Financial Data

<b>Data per share (Continuing operations)</b>	<b>1 Jan 2022- 31 Dec 2022 12 months</b>	<b>1 Oct 2022- 31 Dec 2022 3 months</b>	<b>1 Jan 2021- 31 Dec 2021 12 months</b>	<b>1 Oct 2021- 31 Dec 2021 3 months</b>
<b>USD</b>				
Earnings per share	0.10	0.00	-0.06	-0.00
Earnings per share – diluted	0.10	0.00	-0.06	-0.00
EBITDA per share	0.00	0.00	-0.00	-0.00
EBITDA per share – diluted	0.00	0.00	-0.00	-0.00
Number of shares issued at period end	285,924,614	285,924,614	285,924,614	285,924,614
Number of shares in circulation at period end	285,924,614	285,924,614	284,568,178	284,568,178
Weighted average number of shares for the period	285,458,805	285,924,614	284,444,685	284,568,178
Weighted average number of shares for the period – diluted	286,567,833	287,033,642	285,126,595	285,101,892
<b>Share price</b>				
Share price at period end in SEK	22.46	22.46	324.50	324.50
Share price at period end in USD <sup>1</sup>	2.15	2.15	35.86	35.86
<b>Key ratios<sup>2</sup></b>				
Return on equity (%)	8	0	-6	0
Return on capital employed (%)	0	0	-6	-1
Equity ratio (%)	80	80	70	70

<sup>1</sup> Share price at period end in USD is calculated based on quoted share price in SEK and applicable SEK/USD exchange rate at period end

<sup>2</sup> Key ratios from continuing operations for comparative periods are calculated on equity attributable to the continuing operations only instead of equity as presented in the consolidated balance sheet and based on no debt attributable to continuing operations. Comparatives include discontinued operations.

<b>EBITDA – Consolidated financials</b>	<b>1 Jan 2022- 31 Dec 2022 12 months</b>	<b>1 Oct 2022- 31 Dec 2022 3 months</b>	<b>1 Jan 2021- 31 Dec 2021 12 months</b>	<b>1 Oct 2021- 31 Dec 2021 3 months</b>
<b>MUSD</b>				
Operating profit/loss (EBIT)	1.0	3.7	-18.5	-3.5
Add: depreciation	3.7	3.1	–	–
	<b>4.7</b>	<b>6.8</b>	<b>-18.5</b>	<b>-3.5</b>

<b>Net debt/Net cash – Consolidated financials</b>	<b>1 Jan 2022- 31 Dec 2022 12 months</b>	<b>1 Oct 2022- 31 Dec 2022 3 months</b>	<b>1 Jan 2021- 31 Dec 2021 12 months</b>	<b>1 Oct 2021- 31 Dec 2021 3 months</b>
<b>MUSD</b>				
Senior notes			2,000.0	2,000.0
Interest bearing loans and borrowings – Non-Current	30.8	30.8	1,200.0	1,200.0
Interest bearing loans and borrowings – Current	29.4	29.4	–	–
Less: Cash and cash equivalents	-28.7	-28.7	-452.1	-452.1
	<b>31.5</b>	<b>31.5</b>	<b>2,747.9</b>	<b>2,747.9</b>

<b>EBITDA – Proportionate financials</b>	<b>1 Jan 2022- 31 Dec 2022 12 months</b>	<b>1 Oct 2022- 31 Dec 2022 3 months</b>
<b>MUSD</b>		
Operating profit/loss (EBIT)	15.5	6.5
Add: depreciation	6.3	3.2
	<b>21.8</b>	<b>9.7</b>



## Key Financial Data

Net debt/Net cash – Proportionate financials MUSD	1 Jan 2022- 31 Dec 2022 12 months	1 Oct 2022- 31 Dec 2022 3 months
Net cash / Net debt – Consolidated financials	31.5	31.5
Less: Cash and cash equivalents of Associates and joint ventures	-18.4	-18.4
Add: Interest bearing loans and borrowings of Associates and joint ventures	–	–
	<b>13.1</b>	<b>13.1</b>

### Bridge from proportionate to consolidated financials

1 Jan – 31 Dec 2022 – 12 months MUSD	Proportionate financials	Residual ownership for fully consolidated entities <sup>1</sup>	Elimination of equity consolidated entities <sup>2</sup>	Consolidated financials
Revenue	42.2	2.8	-30.5	14.5
Other income	4.2	–	-4.2	–
Operating expenses	-7.1	-0.7	4.1	-3.7
General and administration expenses	-17.5	-0.1	–	-17.6
Share in result of associates and joint ventures	–	–	11.5	11.5
<b>EBITDA</b>	<b>21.8</b>	<b>2.0</b>	<b>-19.1</b>	<b>4.7</b>
Depreciation	-6.3	-0.1	2.7	-3.7
<b>Operating profit (EBIT)</b>	<b>15.5</b>	<b>1.9</b>	<b>-16.4</b>	<b>1.0</b>
Net financial items	-1.4	-0.1	1.3	-0.2
Tax	14.8	–	13.3	28.1
<b>Net result</b>	<b>28.9</b>	<b>1.8</b>	<b>-1.8</b>	<b>28.9</b>

<sup>1</sup> Residual ownership interests share of the proportionate financials in fully consolidated subsidiaries where Orrön Energy does not have 100 percent economic interest.

<sup>2</sup> Elimination of proportionate financials from equity consolidated entities adjusted for Orrön Energy's share of net income/loss.

1 Oct – 31 Dec 2022 – 3 months MUSD	Proportionate financials	Residual ownership for fully consolidated entities <sup>1</sup>	Elimination of equity consolidated entities <sup>2</sup>	Consolidated financials
Revenue	15.3	2.0	-5.4	11.9
Other income	2.0	–	-2.0	–
Operating expenses	-3.0	-0.5	0.5	-3.2
General and administration expenses	-4.6	-0.1	–	-4.7
Share in result of associates and joint ventures	–	–	2.8	2.8
<b>EBITDA</b>	<b>9.7</b>	<b>1.4</b>	<b>-4.3</b>	<b>6.8</b>
Depreciation	-3.2	-0.2	0.3	-3.1
<b>Operating profit (EBIT)</b>	<b>6.5</b>	<b>1.2</b>	<b>-4.1</b>	<b>3.7</b>
Net financial items	-2.2	0.6	-0.3	-1.9
Tax	-3.7	–	2.5	-1.2
<b>Net result</b>	<b>0.6</b>	<b>1.8</b>	<b>-1.8</b>	<b>0.6</b>

<sup>1</sup> Residual ownership interests share of the proportionate financials in fully consolidated subsidiaries where Orrön Energy does not have 100 percent economic interest.

<sup>2</sup> Elimination of proportionate financials from equity consolidated entities adjusted for Orrön Energy's share of net income/loss.

## Key Financial Data

**Earnings per share:** Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period.

**Earnings per share – diluted:** Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period after considering any dilution effect.

**EBIT (Earnings Before Interest and Tax):** Operating profit

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** Operating profit before depreciation

**Equity ratio:** Total equity divided by the balance sheet total.

**Net debt/Net cash – Consolidated:** Interest bearing loans and borrowings less cash and cash equivalents.

**Net debt/Net cash – Proportionate:** Net cash / Net debt – Consolidated less cash and cash equivalents of associates and joint ventures plus interest bearing loans and borrowings of associates and joint ventures.

**Return on equity:** Net result divided by average total equity.

**Return on capital employed:** Income before tax plus interest expenses plus/less currency exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non-interest bearing liabilities).

**Weighted average number of shares for the period:** The number of shares at the beginning of the period with changes in the number of shares weighted for the proportion of the period they are in issue.

**Weighted average number of shares for the period – diluted:** The number of shares at the beginning of the period with changes in the number of shares weighted for the proportion of the period they are in issue after considering any dilution effect.

### Definitions and abbreviations

CHF	Swiss franc
EUR	Euro
NOK	Norwegian Krone
SEK	Swedish Krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD
MEUR	Million EUR
MSEK	Million SEK
MUSD	Million USD
BUSD	Billion US

### Industry related terms and measurements

GWh	Giga Watt hours
MWh	Mega Watt hours

## Shareholders' information

### Daniel Fitzgerald, CEO and Espen Hennie, CFO comment on the fourth quarter results 2022.

Listen to Daniel Fitzgerald, CEO and Espen Hennie, CFO commenting on the report and presenting the latest developments in Orrön Energy and its future growth strategy together with members of Orrön Energy's management team at a webcast held on 15 February 2023 at 14:00 CET. The presentation will be followed by a question-and-answer session.

Follow the presentation live on the below webcast link:

<https://ir.financialhearings.com/orron-energy-cmd-2023>

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## Financial Calendar

- |   |               |
|---|---------------|
| • Annual report 2022                            | 5 April 2023  |
| • Annual General Meeting 2023                   | 4 May 2023    |
| • Interim report for the first quarter of 2023  | 16 May 2023   |
| • Interim report for the second quarter of 2023 | 9 August 2023 |

*This information is information that Orrön Energy AB is required to make public pursuant to the Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on 15 February 2023.*

### Forward-Looking Statements

Statements in this report relating to any future status or circumstances, including statements regarding future performance, growth and other trend projections are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipate", "believe", "expect", "intend", "plan", "seek", "will", "would" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that could occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to several factors, many of which are outside the Company's control. Any forward-looking statements in this report speak only as of the date on which the statements are made and the Company has no obligation (and undertakes no obligation) to update or revise any of them, whether as a result of new information, future events or otherwise.



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