

**2023**  
**ANNUAL** and  
**SUSTAINABILITY**  
Report





# Annual and Sustainability Report 2023

This report constitutes the Annual and Sustainability Report for Orrön Energy AB (publ), company registration number 556610-8055. All numbers and updates in this report relate to the financial year 2023, unless otherwise specified. Amounts from 2022 are presented in brackets.

This Annual and Sustainability report describes Orrön Energy's financial performance and contribution to sustainability and consists of pages 6–72. The Directors' Report comprises pages 6–19. Orrön Energy's Sustainability report as required by Chapter 6 section 11 of the Swedish Annual Accounts Act, is presented on pages 11–16.

The English version of this report is a translation of the Swedish original.

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.

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## Creating value through the energy transition

Orrön Energy is an independent, publicly listed (Nasdaq Stockholm: "ORRON") renewable energy 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, the UK, France and Germany. 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.

# Highlights 2023

- 2023 marks Orrön Energy's first full year as a renewable energy business, solidifying its position as a full cycle renewable energy company active in all stages of the life cycle with a significant long-term growth pipeline
- Power generation amounted to 765 GWh for 2023, and the year ended with the Company's highest quarterly power generation, including one month of contribution from Karskröv
- The Karskröv wind farm was completed and handed over at the end of November 2023, ahead of schedule and on budget adding 290 GWh of estimated annual power generation in the SE4 price region
- Successfully established greenfield growth platforms across five countries, with a 40 GW pipeline of onshore wind, solar and battery projects, led by local teams with significant development experience
- Continued to grow the business through four acquisitions of producing assets, which have been fully integrated into the organisation and operational portfolio
- Initiated and matured a range of stand-alone greenfield and co-located renewable projects in the Nordics, with permits submitted for 40 MW of battery storage and solar projects, out of which permits enabling 20 MW of battery projects have been obtained
- Secured a MEUR 150 revolving credit facility, which was subsequently increased to MEUR 190 in January 2024, at attractive terms and conditions providing further capacity to fund growth

## Consolidated financials

- Cash flows from operating activities amounted to MEUR 13.1

## Proportionate financials

- Achieved electricity price amounted to EUR 47 per MWh, resulting in proportionate EBITDA of MEUR 5.3
- Proportionate net debt of MEUR 92.4 at year end, with significant liquidity headroom available through the revolving credit facility

## Financial Summary

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 MEUR	2023	2022
<b>Consolidated financials</b>		
Revenue	28.0	13.8
EBITDA	-5.1	4.5
Operating profit (EBIT)	-17.0	1.0
Net result	-7.6	27.4
Earnings per share – EUR	-0.03	0.10
Earnings per share diluted – EUR	-0.03	0.10
<b>Proportionate financials<sup>1</sup></b>		
Power generation (GWh)	765	335
Average price achieved per MWh – EUR	47	120
Revenue	36.2	40.0
EBITDA	5.3	20.7
Operating profit (EBIT)	-11.0	14.7

<sup>1</sup> Proportionate financials represent Orrön Energy's proportionate ownership (net) of assets and related financial results, including joint ventures. For more details on the alternative performance measures, presented in addition to the consolidated financial reporting in line with IFRS, see section Key Financial Data on page 77.

## Proportionate financials

### Revenue and results

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 reporting is aligned with the Group's internal management reporting, analysis and decision making.

Proportionate financials represent Orrön Energy's proportionate share of all the entities in which the Group holds an ownership.

This is different to the consolidated financial reporting under IFRS, where the results from entities in which the Group holds an ownership of 50 percent or less are not fully consolidated but instead reported on one line, as share in result from associates and joint ventures. All entities in which the Group holds an ownership of more than 50 percent are fully consolidated in the financial reporting presented under IFRS.

Expressed in MEUR	2023	2022
Power generation (GWh)	765	335
Average price achieved per MWh – EUR	47	120
<b>Revenue</b>	<b>36.2</b>	40.0
Other income	0.8	4.0
Operating expenses	-13.5	-6.7
G&A expenses <sup>1</sup>	-18.2	-16.6
<b>EBITDA</b>	<b>5.3</b>	20.7
Depreciation	-16.3	-6.0
Operating profit/loss (EBIT)	-11.0	14.7

<sup>1</sup> Includes legal and other fees of MEUR 7.1 (MEUR 5.9) incurred for the defence of the Company and its former representatives in the Sudan legal case and a non-cash expense for long-term incentive plans of MEUR 2.3 (MEUR 1.3) for the year.

Proportionate revenues amounting to MEUR 36.2 (MEUR 40.0) for the year included revenues from the Company's operational assets in the Nordics and include the revenue generated by the Karskröv wind farm since commercial takeover at the end of November 2023. The Leikanger hydropower plant contributed to the revenues for the full year 2022, the MLK wind farm contributed from 1 April 2022 and the asset portfolio from Orrön Energy Sweden contributed from 1 September 2022.

EBITDA amounted to MEUR 5.3 (MEUR 20.7) for the year, with increased power generation being more than offset by lower electricity prices and higher operating costs linked to the larger asset base.

Proportionate operating expenses amounted to MEUR 13.5 (MEUR 6.7) for the year.

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 in 2023 with the exception of Norway. Following a change to the hydropower tax regime in Norway in late 2022, the Leikanger hydropower plant is subject to a tax rate of 67 percent. This change consists of an eight-percentage point increase in ground rent tax, effective retroactively from 1 January 2022. The additional 23 percent levy in Norway on electricity sold at a price exceeding NOK 700 per MWh effective from 28 September 2022 was terminated from 1 October 2023.

## Words from the CEO



**2023 has been an important year in establishing the foundations for Orrön Energy, where we delivered record levels of production, completed and took over the Karskröv wind farm and established a 40 GW pipeline of onshore greenfield projects in wind, batteries and solar. We are off to a strong start in 2024 with a robust balance sheet, significant financial capacity and an exciting activity set ahead of us.**

Looking back over the past year, I am proud of what we have managed to achieve in laying the foundations for a company that will deliver sustained and long-term value creation for shareholders. In the summer of 2022, we began our journey as a pure play renewable company with two producing assets and an estimated annual power generation of 300 GWh. Since then, we have successfully completed 14 transactions including acquiring producing assets and project portfolios, added significant competence and local expertise to our teams, completed the Karskröv wind farm project ahead of schedule and added 800 GWh of annual power generation to our portfolio. We have also established a 40 GW project pipeline across five countries, and diversified our portfolio with the addition of solar and battery storage projects. Although we have achieved a lot in a short period of time, we are only at the beginning of our growth journey and I am very excited about the opportunities that lie ahead of us.

### **Strategically positioned for value creation**

Our business strategy focuses on two core areas; building a portfolio of cash-generating assets and developing a large-scale pipeline of projects. The strengthening of our organisation has been a key priority for us this year, as we have focused on building high-quality teams with local knowledge and long-term experience in the renewable energy sectors in Sweden, Finland, the UK, Germany and France. Our teams possess a wide network and knowledge that enables us to identify and

pursue accretive opportunities that are often not accessible to the wider market, which is a clear differentiator for Orrön Energy. We have already seen the benefits of this network in the number and quality of transactions and opportunities that we have been able to execute on in the short time the Company has been in operation.

Our diversified portfolio of operational assets in the Nordics remains a core strength of our business, providing stable and long-term cash flows, which increase significantly now that the Karskröv wind farm is online. We delivered 765 GWh of power generation in 2023, and ended the year with the Company's highest quarterly power generation, with only one month of contribution from Karskröv. Karskröv is a key strategic asset for us, which increases our estimated power generation by 40 percent to 1,100 GWh in 2024, and lowers our unit operating cost by 20 percent to EUR 15 per MWh. We remain active in the market for accretive deals and aim to continually increase our power generation profile through acquisition.

In early 2023, we established a greenfield development business in the UK, Germany and France with an ambition to develop large scale solar and battery projects from inception. I am really proud of what the team has been able to deliver in such a short time assembling a project portfolio of around 40 GW. We are already seeing strong interest in our early-stage pipeline, where we will seek to monetise projects upon reaching key milestones and before incurring any significant development costs. Given the scarcity and valuation for large-scale de-risked projects in each of these countries, I am confident that this will have a material impact for the Company as we demonstrate our ability to develop and monetise these assets.

At the beginning of 2024, we increased our revolving credit facility from MEUR 150 to MEUR 190, demonstrating the quality of our asset base and the confidence from our banking syndicate on the value of our portfolio. This finance facility, combined with our cash position, means we have around MEUR 100 of available liquidity, giving us the flexibility and financial firepower to take advantage of favourable market conditions and acquisition opportunities as they arise.

In the fall of 2023 the trial in the Swedish District Court related to the Sudan legal case commenced, marking the beginning of the end for this process. My views regarding the case remain unchanged and, if anything, have been strengthened by what I have seen so far in Court. This case is completely unfounded and there is no basis for any allegations of wrongdoing by the Company or any of its former representatives. I remain fully convinced that this case will end in the full acquittal of the defendants and dismissal of all claims against the Company. It really is a shame that we have tied up so much valuable time and resources for a process that lacks the substance and credibility to enter the Courts in the first place.

### **Another exciting year ahead**

Looking back at 2023, I am proud of the achievements that we have made and the foundation that we have established in such a short period of time since the inception of the Company. Looking further into 2024, our operational portfolio and cash generation is much stronger with Karskröv online, our development teams have a promising activity plan for the year and with increased financial firepower and market conditions improving, there are more opportunities for value accretive acquisitions.

I want to thank all of our shareholders for your support during 2023, and look forward to delivering what is set to be an exciting year for the Company in 2024.

**Daniel Fitzgerald**  
Chief Executive Officer

## Letter from the Chair



**Orrön Energy's first full year as a pure-play renewables business marks an important milestone in the Company's history. During the year the Company solidified its position as a full cycle renewables company and has proven its ability to grow and create new opportunities both organically and through acquisitions. The strategy continues to be aimed at taking advantage of opportunities created through the energy transition, to support long-term value creation for shareholders.**

As we exit 2023, we do so from a position of resilience – with high-quality renewables assets in the Nordics, a significant pipeline of greenfield opportunities and solid financial capacity to fund further growth. Since transforming into a pure renewables company in the summer of 2022, Orrön Energy has grown its power generation by over 250 percent and developed into a full cycle renewables business active in all stages of the energy lifecycle. The Company has also added technologies such as batteries and solar to its development pipeline and expanded into new geographies, further diversifying the Company's portfolio. However, this is only the beginning of our journey and I expect further important steps to be taken in 2024 and beyond to strengthen the foundation for long-term growth and start to crystallise the value created from the Company's development projects.

### **Increasing demand for renewable energy**

The demand for renewable energy is set to accelerate in the coming years, mainly driven by efforts to decarbonise energy systems and through an intensified electrification of transport and industry. The need for new green transportation fuels, such as ammonia and hydrogen, further add to the demand

for renewable energy. This development is underpinned by various international climate goals, the EU's climate targets and national climate commitments. It is easy to forget that coal still dominates as the largest source of electricity generation at a global level, and this will need to change rapidly if we are to limit the effects of global warming whilst maintaining economic growth and access to affordable and reliable energy.

The energy transition will require a significant increase of renewable energy generation, with wind and solar being highlighted as crucial technologies to achieve these objectives. Given the intermittency of renewable energy, batteries and other forms of short and long duration storage will play an increasingly important role in the energy transition. All these technologies form a core part of the Company's business model, and I am proud that Orrön Energy is already making a respectable contribution to mitigating the effects of climate change, by delivering clean energy from renewables and increasing the supply of renewable energy through project development.

While the energy transition is set to increase the demand for renewable energy and create significant opportunities, it will not be without challenges. Energy systems need to be transformed to manage the intermittency of renewable energy generation and the imbalance between supply and demand brings volatile electricity prices. During the year, electricity prices normalised from the unsustainable peak levels experienced on the back of the energy crisis in 2022. However, there are no guarantees that we will not experience similar market shocks again, as we have not yet solved the fundamental challenges facing our energy systems. In the second half of 2023 we saw the opposite situation, where high hydrological balances in Sweden and Norway as a result of storm Hans contributed to electricity prices reaching historically low levels during the months following the storm. However, despite the price volatility of the last two years, we are likely to see future electricity prices settle at higher levels than the long-term historical averages, to drive the energy transition. The Company's resilient business model and good financial capacity is a core strength when it comes to managing short-term volatility in electricity markets.

### **Beginning of the end of the Sudan legal case**

On 5 September, the trial against two former Company representatives started at the Stockholm District Court in relation to Lundin Energy's legacy operations in Sudan between 1999 and 2003. The Company's objections to the seriously flawed investigation by the Swedish Prosecution Authority are well-known and I firmly believe that the trial will end in a full acquittal of all parties. The start of the trial undoubtedly marks the beginning of the end of a process that should never have been allowed to be taken this far. After having spent time with Ian Lundin and Alex Schneider in Court and through keeping up to date with the ongoing developments, I am more convinced than ever that the outcome will be a full acquittal of both individuals and that no forfeiture of economic benefits or corporate fines will ever become payable. It is incomprehensible that Ian and Alex will have to spend 2.5 years in Court to reach the end of this painful process.

2023 has certainly not been without challenges, and I know that you – our fellow shareholders – are well aware of that. However, I remain very excited about the opportunities ahead as we have a strong platform for growth for the decade to come and beyond. I would like to thank all our shareholders for your support as we look forward to an exciting year ahead!

### **Grace Reksten Skaugen**

Chair of the Board of Directors

# Directors' Report

Orrön Energy AB (publ) Reg No. 556610-8055

The address of Orrön Energy AB's registered office is Hovslagargatan 5, Stockholm, Sweden. Orrön Energy is an independent renewables company with operations in the Nordics, the UK, Germany and France. The Parent Company has no foreign branches.

## Changes in the Group

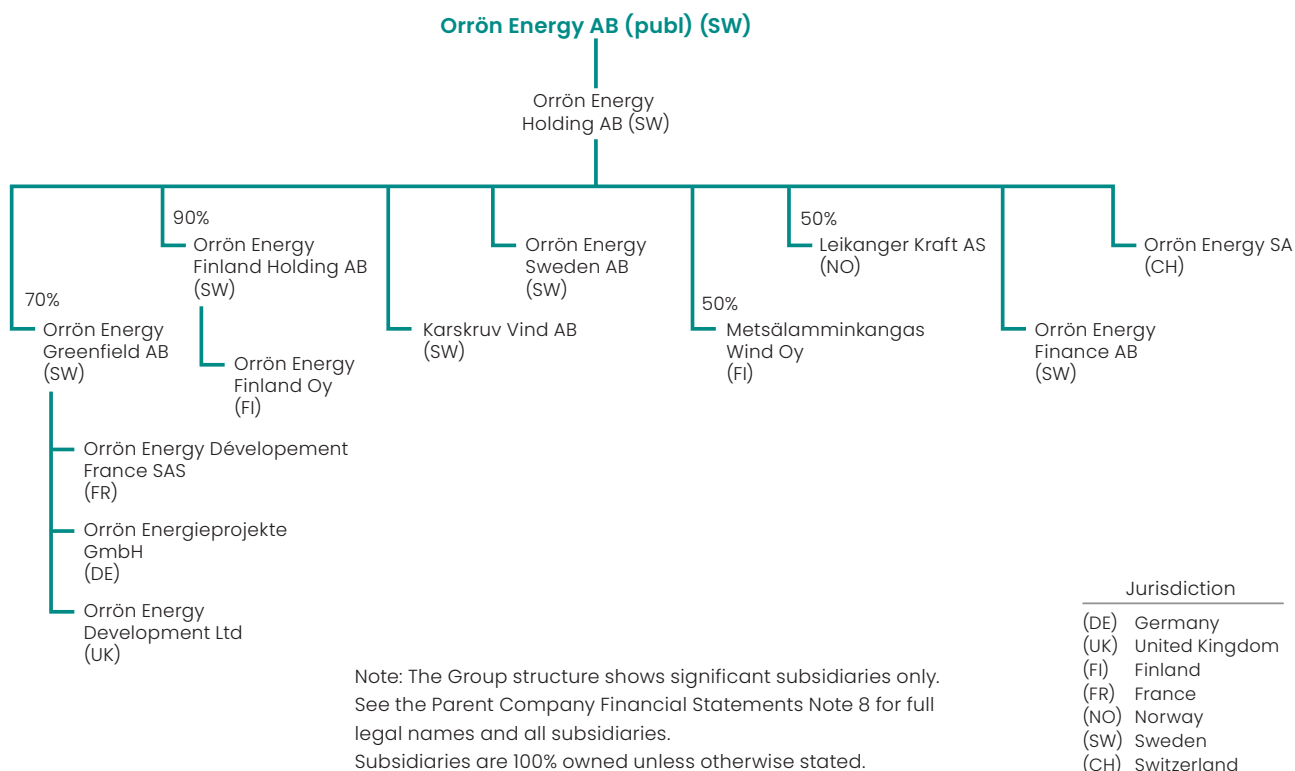
The Group has from 1 January 2023 changed its presentation currency from US dollar to Euro to better reflect the economic environment in which the Company operates. Assets and liabilities, for each period presented, have been translated at closing rate of the respective balance sheet date. Income and expenses for each period presented have been translated at average rate for the period and all resulting exchange differences have been recognised in other comprehensive income.

In 2022, Orrön Energy Holding AB, a wholly-owned subsidiary of Orrön Energy AB (publ), made 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. The remaining

shares have been acquired in 2023 through a compulsory buy-out procedure, in accordance with the Swedish Companies Act. Slitevind has subsequently been renamed Orrön Energy Sweden AB ("Orrön Energy Sweden").

On 30 June 2022, Orrön Energy, then named Lundin Energy, completed a transaction to combine the Company's exploration and production ("E&P") business with Aker BP. The result of this transaction is shown as discontinued operations in the comparative income statement for 2022. In addition, the comparative statement of cash flows shows the cashflow from discontinued operations. 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.

## Corporate structure on 31 December 2023





# Operational Review

## Operational assets

The Company's proportionate power generation amounted to 765 GWh for the year. This was slightly below expectation due to lower-than-average windspeeds and adverse weather conditions across the Nordics. The newly constructed Karskruv wind farm contributed with approximately one month of power generation with production in line with expectations.

Realised electricity price amounted to EUR 47 per MWh for the year. Out of the realised electricity prices, guarantees of origin accounted for EUR 4 per MWh for the year. The Company is awarded and sells guarantees of origin for all of its power generation, certifying that the electricity has been produced from renewable energy sources. The weighted average regional electricity price for the Company's power generation during the year amounted to EUR 54 per MWh. The variance to the Company's realised electricity price is explained by 'capture price discounts', which occur in any given period where a majority of power is generated during periods of low prices relative to the average spot price for the same period. The realised price for the year included EUR 2 per MWh positive impact from historical hedges linked to acquired companies.

Proportionate operating expenses amounted to MEUR 13.5 for the year, which was in line with guidance.

### Sweden

The Company has a diversified portfolio consisting of ownership in 230 operational wind turbines in more than 50 sites across Sweden, which have an estimated proportionate annual power generation in 2024 of around 800 GWh and a total net installed capacity of around 300 MW. A majority of the assets are situated in the SE3 and SE4 price areas. Power generation from the Swedish portfolio was slightly below expectation during the year, due to lower-than-average wind speeds.

The largest producing asset in the Swedish portfolio is the Karskruv wind farm, which was completed and taken over for commercial operations at the end of November 2023. Karskruv has an estimated annual power generation of 290 GWh, which is generated from 20 Vestas turbines with a total installed capacity of 86 MW. 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.

Another large production hub for the Company is situated at Näsudden on Gotland, which is a pioneering region for wind power in Sweden and where the Company has its operational office. The production hub consists of ownership in five wind farms, with a combined power generation of around 150 GWh. The Näsudden hub is situated in the SE3 price region.

### Finland

The Company owns 50 percent of the Metsälamminkangas (MLK) wind farm and 100 percent of a 9 GWh wind farm located in Hanko in Finland. MLK has an estimated gross annual power generation of around 400 GWh, which is generated from 24 GE 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, which guarantees the availability of the turbines through their operational life and gives the Company protection against downtime and outages. Power generation from MLK was below expectation during the year, due to lower-than-expected wind speeds.

### Norway

At year end 2023, the Company owned 50 percent of the Leikanger hydropower plant in Norway, which is situated in the NO5 price area. In April 2024, the Company entered into an agreement to sell its 50 percent interest in the Leikanger hydropower plant. 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 2020 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. Power generation from Leikanger during the year was below expectation, due to low levels of precipitation.

## Project pipeline

During the year, the Company has taken further steps to develop its growth platforms, and has progressed a long-term pipeline of projects. This includes laying the foundation for greenfield project developments in onshore wind, solar and battery storage solutions and maturing growth opportunities in the operational portfolio. The Company has established a presence in all stages of the renewable lifecycle and will continue to develop its project pipeline.

### Karskruv project

The Karskruv wind farm was completed and taken over for commercial operations at the end of November 2023, and the wind farm has since produced in line with expectations. Project execution and delivery has been excellent and ahead of schedule throughout the project. During the first quarter, civil construction works, including foundation casting and anchor tensioning were completed. In the second quarter, the turbine supplier installed all 20 wind turbines, approximately one month ahead of schedule, and grid connection works were completed. In the third quarter, work to energise and connect all turbines to the grid was finalised. Handover inspections for all turbines as well as civil and electrical works were completed during the fourth quarter, leading to a commercial handover ahead of schedule.

### Development projects – Nordics

In the Nordics, the Company has identified a range of stand-alone greenfield as well as co-located project opportunities, ranging from early stage projects in the screening phase, through to projects with construction permits in place moving towards investment decisions. The identified project opportunities are across proven and low-cost onshore technologies; wind energy, solar energy and battery storage, which when realised will diversify the Company's power generation capacity and revenue streams.

The Company is working on securing project rights and the necessary land, grid connections and permits for identified projects and is continuously exploring opportunities to grow its project pipeline. The Company is working on a wide range of opportunities to organically grow its portfolio, optimise power generation and crystallise further value from its operational assets, which includes projects aimed at extending asset lifetimes, re-powering and consolidation of ownership shares.

During the year, work has been ongoing to progress a number of projects within the Company's operational portfolio. This includes adding complementary technology of solar and battery storage solutions to wind power facilities to optimise the grid utilisation. At the end of 2023, the Company had submitted permit applications for 40 MW of battery

storage and solar projects, out of which permits enabling battery projects up to 20 MW have been obtained.

The Company is working towards having its largest wind farms, MLK and Karskrøv, set up to provide ancillary services to the grid. MLK is in the late stage of implementation work to delivering ancillary services. Activities to determine the feasibility are ongoing for the Karskrøv wind farm.

In Finland, the Company acquired an early stage greenfield portfolio in the beginning of 2024, consisting of four wind energy projects with an estimated installed capacity of up to 180 MW. The greenfield projects are at an early stage, where land agreements have been secured for all planned wind turbine locations, the first permitting process is expected to start in 2024 and the projects aim to reach ready-to-build in 2027. Final project realisation for all development projects is dependent on a number of factors, such as permitting, fulfilment of projects milestones and commercial viability. The Company has an opportunistic approach to realising value from this portfolio and will seek to monetise projects upon reaching key milestones subject to prevailing market conditions at the time.

### Development projects - UK, Germany and France

In the beginning of 2023, the Company expanded its geographical footprint in Europe and established a business focusing on developing onshore solar and battery projects in the UK, Germany and France. These countries have high ambitions to increase renewable generation and represent attractive markets for developers with strong regulatory support, high electricity prices, low political and operational risk and a robust investor universe. The Company's greenfield business is led by an experienced development team, with a proven track-record in greenfield project origination and development in these markets.

The Company's strategy is to develop large-scale greenfield solar and battery projects to key milestones aiming to divest prior to incurring significant development and construction costs. The large-scale nature of the projects means the projects are very attractive for large landowners and enables the Company to secure land further away from each substation location. During 2023, the Company's focus has been on originating and growing the early stage pipeline while establishing and strengthening the core teams in each country.

In the UK, the Company has secured a portfolio of grid connections with a capacity of 24 GW for solar projects and 12 GW for co-located battery projects, with expected grid energisation dates between 2030 and 2040. The grid connections are located in favourable areas for development, based on extensive screening of key criteria such as irradiation, grid capacity, land availability and constraint mapping. The UK has a high permitting success rate for projects and in addition, large-scale projects benefit from increased regulatory support as nationally significant infrastructure projects (NSIP). Having already secured grid connections, the Company has secured land exclusivity agreements and is in negotiations for multiple other projects. The portfolio is at an early stage and final project realisation will depend on a number of factors, such as access to land, permitting, fulfilment of project milestones and commercial viability.

In Germany, the Company has initiated land acquisition work in targeted regions which have been chosen based on a

range of key criteria, such as irradiation, grid capacity and land availability. The Company has successfully originated a pipeline of 3.1 GW of battery projects and 0.8 GW of solar projects, and secured multiple exclusivity contracts for land. For the most advanced projects, initial pre-permit assessments and grid capacity requests are underway. Pending a successful outcome of such early assessments, the Company will move towards binding land agreements and continue with additional pre-permit work to reach the ready-to-permit stage.

In France, the Company has carried out early stage land availability studies as well as high level grid surveys. The Company has also identified key areas based on irradiation, land availability and grid capacity and is working to secure land for its first projects.

### 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.

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 transaction adds an 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.

In March 2023, the Company entered into an agreement, focusing on developing greenfield projects in the UK.

In June 2023, the Company entered into an agreement to acquire additional minor ownership stakes in the Kulle, Storugns and Klinte wind farms. The transaction adds an estimated annual power generation of 1.3 GWh and 0.5 MW installed capacity in the price area SE3.

In June 2023, the Company entered into an agreement to acquire a company which has minority ownership stakes in five different wind farms in Sweden. The transaction adds an estimated annual power generation of 4.4 GWh and 1.4 MW installed capacity in price areas SE3 and SE4. The transaction was completed in July 2023.

In September 2023, the Company entered into an agreement to acquire a company which has various ownership stakes in six different wind farms in Sweden. The transaction adds an estimated annual power generation of 10.2 GWh and 5 MW installed capacity in price area SE4. The transaction was completed in October 2023.

### Transactions after year end

In January 2024, the Company entered into an agreement to acquire a greenfield portfolio consisting of four wind development projects in Finland, with a total installed capacity of up to 180 MW.

In April 2024, the Company entered into an agreement to sell its 50 percent interest in the Leikanger hydropower plant for an enterprise value of MNOK 613, approximately MEUR 53, to the existing partner Sognekraft Produksjon AS. The transaction is expected to complete in the second quarter of 2024.

# Financial Review

## Revenue and results

EBITDA for the year amounted to MEUR -5.1 compared to MEUR 4.5 in the prior year and was impacted by lower share in result from associates and joint ventures, and higher operating expenses resulting from increased power generation, partly offset by revenue from power generation increasing to MEUR 28.0 compared to MEUR 13.8 in the prior year. The Karskröv wind farm was taken over for commercial operations at the end of November 2023 and contributed with approximately one month to the earnings in 2023. Orrön Energy Sweden, fully consolidated since the acquisition on 31 August 2022, started to contribute to the financial results on 1 September 2022 providing a four-month contribution to the prior year's results. The MLK wind farm and the Leikanger hydropower plant are consolidated through the equity method and therefore reported as share in result from associates and joint ventures.

## Operating expenses

Operating expenses amounted to MEUR 12.6 (MEUR 3.5) for the year. Orrön Energy Sweden, fully consolidated since the acquisition on 31 August 2022, started to contribute to the financial results on 1 September 2022 providing a four-month contribution to the prior year's results, which explains the higher operating expenses compared to the prior year.

## General and administration expenses

General and administration expenses amounted to MEUR 18.2 (MEUR 16.7) for the year, including MEUR 7.1 (MEUR 5.9) for legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case. A total non-cash expense of MEUR 2.3 (MEUR 1.3) relating to long-term incentive plans is part of the overall general and administration expenses recorded during the year.

## Share in result from associates and joint ventures

Share in result from associates and joint ventures amounted to MEUR -2.7 (MEUR 10.9) for the year and is 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 share in result from the MLK wind farm, which started to generate power in the second quarter of 2022, amounted to MEUR -3.0 (MEUR 7.8) for the year. The result reported in the prior year included liquidated damages, due to late start-up of the wind farm and uptime being below the contractually guaranteed levels. The share in result from the Leikanger hydropower plant represented a gain of MEUR 0.3 (MEUR 3.0). The decrease compared to the prior year was mainly due to lower achieved electricity prices.

## Net financial items

Finance income amounted to MEUR 6.3 (MEUR 9.0) for the year and is detailed in note 3. Interest income of MEUR 5.9 (MEUR 2.6) related to loans to joint ventures. Other finance income amounted to MEUR 0.4 (MEUR 6.4) and reflected a financial gain representing the variation in market value of historical hedges entered into by acquired companies.

Finance costs amounted to MEUR 8.4 (MEUR 9.2) for the year and are detailed in Note 4. The net foreign exchange loss for the year amounted to MEUR 2.6 (MEUR 1.6). Foreign exchange movements occur 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 entities. Orrön Energy is exposed to exchange rate fluctuations relating to the relationship between Euro and other currencies. The net foreign exchange loss related mainly to the revaluation of intercompany loan balances, denominated in other currencies than the functional currency of the Group company providing the financing. Interest expenses amounted to MEUR 4.8 (MEUR 0.7) and related to the Group's external loans. Other finance costs amounted to MEUR 1.0 (MEUR 6.9) and represented mainly fees and other costs in relation to the Company's revolving credit facility.

## Income tax

Income tax representing a net income amounted to MEUR 11.5 (MEUR 26.6) for the year and is detailed in Note 5. This amount is mainly comprised of a deferred tax income of MEUR 11.3 (MEUR 28.0) relating to tax losses carried forward, which are expected to be used against future taxable profits in Sweden.

## Cash flow and investments

### Cash flow

Net cash flows from operating activities amounted to MEUR 15.5 (MEUR 7.1) for the year. The positive cash flows from operating activities included dividend payments from joint ventures of MEUR 13.1 (MEUR 12.2).

### Investments

Cash flows from investing activities amounted to MEUR -79.1 (MEUR -154.3), out of which MEUR -72.3 (MEUR -53.1) related to investments in the renewable energy business. The acquisition of the remaining 3.5 percent of the shares in Orrön Energy Sweden, which have been acquired in 2023, together with acquisition of companies and additional ownership in wind farms in Sweden, impacted the cash flows from investing activities with MEUR -6.7.

## Financing and liquidity

On 3 July 2023, the Group entered into a new three-year revolving credit facility of MEUR 150, at a floating interest rate margin 1.8 percent above the reference interest rate for the borrowed currency. The facility included an additional MEUR 150 accordion option and replaced the previous MEUR 100 revolving credit facility. The Company exercised a portion of the accordion option in January 2024, and increased its revolving credit facility to MEUR 190, at identical commercial terms as the original facility.

Interest bearing loans and borrowings amounted to MEUR 114.7 (MEUR 28.8) and related mainly to an outstanding loan of MEUR 112.0 (MEUR –), which has been drawn under the Group's revolving credit facility. Interest bearing loans and borrowings also included a long-term loan of MEUR 2.7 (MEUR 28.8) taken up by a subsidiary. Following the completion of the refinancing, the amount drawn under the Group's previous MEUR 100 revolving credit facility was reclassified in 2023 from current to non-current liabilities.

The Company's net debt at year end amounted to MEUR 93.7 compared to MEUR 29.7 at year end 2022.

Other current financial liabilities amounted to MEUR 0.8 (MEUR 27.8) and related to a short-term loan, with less than twelve months maturity of MEUR 0.8 (MEUR 6.4), which is held by a subsidiary. At year end 2022, other current financial liabilities included an amount of MEUR 21.4 related to the Group's MEUR 100 revolving credit facility, which has been reclassified from current to non-current following the refinancing.

Cash and cash equivalents amounted to MEUR 21.8 (MEUR 26.9).

## Share information

### Proposed disposition of unappropriated earnings

The 2024 Annual General Meeting has an unrestricted equity at its disposal of MSEK 3,378.4 including the net result for the year of MSEK 160.3.

The Board of Directors propose that the unrestricted equity of the Parent Company of MSEK 3,378.4, including the net result for the year of MSEK 160.3 be brought forward.

### Changes in Board of Directors

At the 2024 AGM, the current Board members Grace Reksten Skaugen, Peggy Bruzelius, William Lundin and Jakob Thomassen will be proposed for re-election by the Nomination Committee. C. Ashley Heppenstall has declined to stand for re-election and Mike Nicholson will be proposed for election as new member of the Board of Directors.

### Financial statements

The result of the Group's operations and financial position at the end of the financial year are shown in the income statement, statement of comprehensive income, balance sheet, statement of cash flow, statement of changes in equity and related notes, which are presented in Euro on pages 34–62.

The Parent Company's income statement, balance sheet, statement of cash flow, statement of changes in equity and related notes presented in Swedish Krona can be found on pages 63–70.

### Subsequent events

Subsequent events are detailed in note 25.

# Sustainability Report

**Sustainability is at the core of Orrön Energy's business as a renewable energy company and constitutes an important cornerstone of the Company's long-term shareholder value creation strategy. Orrön Energy's mission is to help drive the energy transition by producing renewable energy in a safe and responsible manner, for a sustainable energy future.**

## About this report

This Sustainability Report summarises Orrön Energy's sustainability activities and performance in 2023. It provides information on material issues that impact the Company and its stakeholders and how these issues are managed.

As part of Orrön Energy's commitment to the United Nations Global Compact, this report also acts as the Company's annual Communication on Progress. It describes practical actions that the Company has taken to implement the 10 principles of United Nations Global Compact and highlights the Company's contribution to the United Nations Sustainable Development Goals (SDGs). The Company is required to hold necessary permits and provide necessary notifications according to the environmental law in Sweden (*Miljöbalken*).

The Company's strategy is to continue investing in renewable power generation and other renewable opportunities, to help drive the energy transition towards a sustainable energy future.

### Material sustainability topics

Orrön Energy's material topics, which are the focus of this report are listed below. The material topics are aligned with the risk management process and have been chosen based on the views and interests of internal and external stakeholders such as employees, investors, lenders, industry organisations, landowners, local communities and regulators. All of the material topics may impact the Company's stakeholders, shareholders and the business as a whole.

- Climate change and the energy transition
- Environmental impact and biodiversity protection
- Safe operations
- Strong and inclusive communities
- Governance and ethics

### Promoting the SDGs

The SDGs were adopted in 2015 by the United Nations and bring together universal goals aiming to protect the planet and ensure inclusive development that balances social, economic and environmental sustainability.

Orrön Energy recognises the urgent call for action to help achieve an inclusive and sustainable future through the 17 SDGs, which are at the heart of the 2030 Agenda for Sustainable Development.

The Company mainly focuses its efforts on three of the 17 SDGs, while striving to contribute actively to the other global goals as well. These SDGs have been selected as

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This Report constitutes Orrön Energy's disclosure of non-financial and diversity information in accordance with the Swedish Annual Accounts Act (1995:1554).

they represent areas where the Company can maximise its positive impact and best support development for the Company and its stakeholders.

Orrön Energy's business model links directly to SDG 7 - Affordable and Clean Energy, and the Company also focus its efforts on contributing to SDG 13 - Climate Action, and SDG 15 - Life on Land.

### Contributing to the Paris Agreement and EU's climate goals

The Paris Agreement has set out a goal to limit global warming to well below two degrees from preindustrial levels. This is backed by renewables targets as set by the EU to both reduce carbon emissions and secure energy supplies in Europe, which will require massive investments over the coming years. In 2023, the EU raised its renewable energy target from 32 percent to 42.5 percent by 2030, which will require a doubling of the renewable energy generation in the EU. By both producing and investing in the development of renewable energy, the Company is actively contributing to this goal. The EU also seeks to simplify and accelerate processes for permitting new energy projects with its initiative REPowerEU, which is set to further incentivise the expansion of renewable energy in Europe.

### Climate change and the energy transition

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 to limit global warming and achieve the EU's climate targets. The energy transition will require a significant increase of renewable energy generation, with wind and solar power being highlighted as crucial to achieve these objectives. Given the intermittency of renewable energy, energy storage also play an important role in the energy transition, due to its ability to balance supply and demand in power systems. These technologies form a core part of the Company's business model and commitment to continue investing in renewable energy and technologies to help drive the energy transition.

### Carbon emissions

Orrön Energy is directly contributing to the energy transition and mitigating the effects of climate change by investing in and increasing the supply of renewable energy. During 2023, the Company produced a total of 765 GWh of renewable energy in the Nordics, which corresponds to over 160,000 tons of CO<sub>2</sub>e avoided, based on the average European electricity mix. From 2024 onwards, the Company is expected to generate enough electricity to power around 300,000 European households, and avoid over 240,000 tons of CO<sub>2</sub>e.

During 2023, the Company conducted a greenhouse gas inventory and mapped out Scope 1 and 2 carbon emissions from its operations in accordance with the Greenhouse Gas Protocol. The Company is reporting carbon emissions based on its proportionate ownership of assets, aligning the carbon reporting with the proportionate financial reporting.

**Scope 1** covers the Company's direct emissions sources, which includes transportation in vehicles owned or controlled by the Company. The Company uses cars for regular maintenance work at operational facilities. Emissions from transportation are quantified based on fuel consumption. In 2023, fuel consumption corresponded to emissions of 12 tCO<sub>2</sub>e.

**Scope 2** includes indirect emissions linked to energy use and consists of purchased electricity to power office buildings and operational facilities. This includes energy consumption at offices and electricity consumed by wind power facilities and the hydropower plant. In 2023, the Company's energy consumption amounted to 2,377 MWh, corresponding to emissions of 93 tCO<sub>2</sub>e based on the local grid emission factor.

At the end of 2023, the Company signed a carbon-free electricity supply agreement with one of its largest electricity suppliers, which will have a positive impact on Scope 2 emissions. In addition, the Company is using solar panels to power one of its largest office buildings. The Company is evaluating additional measures to reduce its carbon footprint.

<b>Carbon emissions and energy consumption</b>	<b>2023</b>
Carbon emissions – Scope 1	12 tCO <sub>2</sub> e
Carbon emissions – Scope 2	93 tCO <sub>2</sub> e
<b>Total GHG emissions</b>	<b>105 tCO<sub>2</sub>e</b>
<b>Total energy consumed</b>	<b>2,377 MWh</b>

**Scope 3** includes indirect emissions from supply chains. The Company is currently mapping out its Scope 3 emissions. For a wind power plant, around 99 percent of its lifecycle emissions derive from its supply chain, and mainly relate to construction, transport and decommissioning.

The Company recognises the importance of carbon emissions reduction and strives to reduce its overall carbon footprint.

More information on how the Company manages risks relating to climate change can be found in the section Risk Management.

**EU taxonomy regulation**

The EU Taxonomy regulation is a system to classify economic activities in relation to their environmental impact, in order to help investors understand if an investment is environmentally sustainable. The following business activities, which are included in the EU Taxonomy, form the core of Orrön Energy's business activities and related financial results:

- 4.3 Electricity generation from wind power
- 4.5 Electricity generation from hydro power

Orrön Energy does not currently fall under the EU taxonomy reporting obligations.

**Environmental impact and biodiversity protection**

Orrön Energy's Environmental Policy sets out objectives and expectations applicable to the operations, with procedures in place to minimise its environmental impact and safeguard biodiversity. All assets have undergone a thorough public consultation process and environmental impact

assessments or screenings, with controls and self-reporting carried out on a regular basis. The Company's assets are subject to site-specific monitoring programmes to minimise and mitigate negative impact, this includes environmental processes, such as bird surveys at specific sites, and waste management processes to ensure responsible disposal of waste. Yearly environmental reports are conducted outlining the results of the monitoring programmes.

Construction and development projects are subject to a rigorous independent planning and approval process by authorities, where environmental and biodiversity protection forms an integral part. Projects are planned and constructed to minimise the negative impact on the surrounding environment and local communities. Considerations are taken to protect the natural environment around operational assets and actions are implemented to prevent, manage and mitigate any negative impacts. Site-specific measures can include curtailment during periods of bird or bat migration, or regular bird surveys.

**Environmental impact**

For the Company's operational wind farms, the main environmental impacts relate to visibility, noise emissions and shadow formation.

The visual impact of wind farms is considered during the planning and construction phase, and is subject to the public hearing process. During re-powering, the visual and environmental impact can be reduced by changing the characteristics of an existing wind farm and building fewer turbines with higher capacity.

Noise levels are strictly regulated, and are assessed prior to construction and controlled once the wind farm becomes operational. The maximum allowable limit varies between 35 and 45 decibels depending on location. The Company is using renowned suppliers to ensure technical equipment, such as blades on wind farms, adhere to the highest technical standards. For the Company's largest wind farms, the blades are equipped with the latest technology to minimise noise.

Shadow flicker occurs when the sun is shining through the rotating blades of a wind turbine, casting a moving shadow. Systems to minimise shadow flicker are installed on a number of wind turbines close to residents, with requirement for shadow flicker set at a maximum of eight hours per year per resident.

A wind turbine has an average lifespan of around 25-30 years, and the Company has ongoing projects aiming at extending asset lifetimes and maximising the use of existing land and grid connections by co-locating wind power with solar energy and battery solutions. By using existing facilities and infrastructure, the Company is able to optimise its operational performance and add more renewable capacity at a lower cost without degrading land resources.

The Company has one hydropower plant in Norway, which is a run-of-river plant without an artificial reservoir and a limited amount of storage. The hydropower plant uses the natural downward flow of rivers for the water stream, which is channelled into the hydropower plant through tunnels. This design minimises the impact on the surrounding natural environment and habitats. The hydropower plant was constructed in 2020, and with an operational life of around 60 years it is expected to generate renewable energy to around 2080. An environmental impact assessment has been conducted at the hydropower plant to identify potential risks and implement measures to protect the surrounding natural environment and biodiversity, including the fish population.

**Biodiversity protection**

Biodiversity protection forms an integral part of the Company's environmental work, with ongoing activities to monitor and reduce any potential wildlife impact. Particular focus around the operational areas of wind farms is given to protect endangered species and airborne animals such as birds and bats. Targeted nature conservation projects are in place for facilities close to migratory flyways and breeding territories. For the hydropower plant, particular focus is given to the water quality and sediments, which are monitored and controlled on a regular basis to safeguard ecosystems. Fish surveys are conducted to monitor and safeguard the fish population, and measures are taken to protect birds with habitats close to the river streams.

Orrön Energy is developing projects to further enhance biodiversity in areas around its renewable energy facilities. This includes planting of wildflowers to encourage the growth and establishment of bee populations and grazing projects in collaboration with the local farming communities.

Construction of the Company's largest operational facilities, the MLK and Karskruv wind farms, have been made through reputable partners with a strong focus on minimising the environmental impacts across the project lifecycle. Contractors with a certified environmental management system ensure that construction follows best practice with regards to health, safety and environmental procedures and that that all legal requirements, environmental permits and restrictions are respected. Measures to reduce environmental impacts have been put in place at the beginning of each project. One example of this is the sourcing of materials from local quarries to reduce transportation of construction materials.

In 2023, no significant impact on the environment and no significant spills were recorded. A fire occurred at one wind turbine during the year, which was safely managed with no personal injury or material environmental impact. A thorough investigation has been conducted to understand the root cause and identify preventive measures.

More information around how the Company manage risks relating to environmental impact and biodiversity protection can be found in the section Risk Management.

**Safe operations**

Health and safety are core priorities for Orrön Energy, and the Company maintains a strong focus on the health and safety of both employees and contractors. It is the Company's responsibility to identify and mitigate potential risks, and to ensure that the workforce has a safe and healthy working environment. The Company's aim is to achieve zero serious incidents, for all employees and contractors.

Health and safety	2023
<b>Employees</b>	
Work-related injuries	0
Lost Time injuries	0
Fatalities	0
<b>Contractors</b>	
Work-related injuries	0
Lost Time injuries	0
Fatalities	0

The Company's Health and Safety Policy states that priority shall always be given to prevent harm to the workforce. For all operational activities, risk assessments, including identification of potential hazards, shall be performed.

The Company employs technicians and other staff who regularly undertake field work, including service and maintenance of wind turbines. All of the Company's wind farm technicians are internationally certified according to the Global Wind Organisation (GWO) requirements or equivalent, which sets safety standards for personnel working in the wind power industry. In line with the GWO standards, safety training is conducted on a regular basis, with bi-yearly certification periods and regular health checks. In addition, the technicians hold all necessary electrical safety certificates.

For the Company's construction projects all workforce, contractors and visitors are subject to safety induction sessions to be informed of site specific safety guidance and the importance of reporting all safety observations and incidents. Orrön Energy has established a no-blame policy, and the workforce is aware that reporting incidents is fundamental for lessons learned and to prevent reoccurrences. All serious incidents are investigated to identify learnings and improvement actions to prevent reoccurrences. The Company's Health and Safety Policy ensures that no individuals will face reprisals during this process.

The Company also uses contractors to carry out work at operational sites, such as maintenance at sites located far away from the Company's technical office, and to work on various projects. Contractors are chosen and assessed with respect to health, safety and environment and quality.

More information around how Orrön Energy manages risks related to health and safety can be found in the section Risk Management.

**Strong and inclusive communities**

Orrön Energy views strong community engagement as being essential to the success of the business and is collaborating with several local organisations to support and contribute to the local communities around its operational assets. This includes for example collaboration with local stakeholders such as farmers, landowners and hunting clubs. In addition, local workforce and businesses are utilised where possible during construction activities.

The Company is striving to have a positive social impact through its operational activities, and contributes to local communities in the form of community funds, taxes and work opportunities among others to support communities throughout the lifecycle of the assets.

**Stakeholder engagement**

The Company's Stakeholder Engagement Policy outlines how to define stakeholders throughout the Company's activities, and the engagement method to adopt depending on the nature of the impact, interest, and stakeholder influence. Stakeholder engagement is the process by which information and viewpoints in relation to the Company's activities are exchanged with stakeholders.

Orrön Energy has a wide and diverse stakeholder base and seeks close engagement and long-lasting relationships with employees, contractors, business partners, suppliers, shareholders, lenders, local communities and regional

authorities. This is done by continuously seeking to gain a thorough understanding of stakeholders' views and concerns, and benefit from their knowledge. Dialogue with stakeholders is carried out throughout the year, which provides opportunities to raise questions and concerns. The dialogue ensures that the Company's Board and management are aware and better able to address relevant emerging issues, material risks and opportunities.

### Social impact

Orrön Energy seeks to create value and support activities that benefits society and provides a meaningful impact.

The Company is a long-term supporter of the Good to Great Tennis Academy in Sweden, which is a renowned sports academy that provides young athletes with the opportunity to train and excel in tennis, while safeguarding their health and education.

In 2023, the Company supported the Lundin Cancer Foundation, which was created by the late Lukas Lundin to fund cutting edge brain cancer research. Employees from the Company participated in a marathon challenge to raise awareness for the cause. The total amount raised by donors and the Company amounted to over TEUR 37.

### Governance and ethics

Orrön Energy conducts its business in line with the highest standards of business ethics. The Company's Code of Conduct sets out the core principles of how Orrön Energy conducts its activities in a responsible and sustainable manner. Policies and procedures further outline the commitment to ensure the highest levels of ethical conduct across operations and the wider value chain, including in respect of human rights, whistleblowing, competition, tax, anti-corruption, anti-fraud and anti-money laundering.

The Company's business model rests on the commitment to carry out all activities in an ethical and responsible manner, while creating a positive impact for the Company's stakeholders and shareholders.

The principles set out in the Code of Conduct align with those of the United Nations Global Compact. By adhering to the United Nations Global Compact, the Company commits to uphold and promote its ten principles on human rights, labour, environment and anti-corruption. The Company has endorsed the Universal Declaration of Human Rights, the ILO Tripartite Declaration, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Everyone working for Orrön Energy is required to abide by the Code of Conduct and thereby contribute to the Company's success. The Company conducts a yearly training to bring awareness to corporate ethical compliance, anti-corruption, anti-bribery, and whistleblowing procedures among others.

### Promoting a diverse and engaged workforce

Consistent with the Company's Code of Conduct, Orrön Energy values diversity and recognises the benefits of attracting a broad pool of qualified employees, encouraging employee retention and building high performance teams.

As set out in the Company's Diversity Policy, Orrön Energy promotes equal opportunities and no job applicant or employee shall be discriminated in any area of employment or business regardless of individual characteristics.

There were no cases reported involving discrimination in 2023.

### Protecting and enforcing human rights

As set out in the Company's Human Rights Policy, Orrön Energy endorses the United Nations Declaration of Human Rights and the United Nations Global Compact Principles and is fully committed to meet its responsibilities towards employees, contractors and other stakeholders in the value chain, including suppliers.

There were no cases reported involving human rights issues in any area of activity in 2023.

### Corporate Whistleblowing Policy

The Company's Whistleblowing Policy provides a means for employees, contractors and other stakeholders to raise legitimate concerns regarding misconduct in the workplace and the wider value chain. Whistleblowers' identities are kept anonymous upon request and are protected against retaliation. Orrön Energy has a whistleblowing system enabling reporting at any time through an e-mail designated for whistleblowing. All whistleblowing reports are duly investigated, and reported to the Board of Directors.

In 2023, there were no reported whistleblowing cases.

### Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy

The Company's Anti-Corruption, Anti-Fraud and Anti-Money Laundering Policy ensures that everyone working for or on behalf of the Company understands what activities constitute corruption and that all forms of corruption are strictly prohibited at Orrön Energy. Compliance trainings are conducted on a regular basis, and the Company encourages alleged cases to be reported. All alleged cases of corruption are investigated, and appropriate actions are taken. Anti-corruption forms part of contractor evaluations. In the event of non-compliance and depending on the severity thereof, contracts may be terminated, or remedial actions sought. Under the Policy, political donations and lobbying are also prohibited.

In 2023, there were no cases of corruption, facilitation payments, fraud, money laundering, anti-competitive behaviour, fines or non-monetary sanctions for non-compliance. The Company does not have any political involvement and does not actively take part in lobbying activities. There were no financial contributions made to political groups.

### Other relevant governing policies

In line with ethical best practice and transparency, all governing policies are publicly available on Orrön Energy's website. These also include the following policies:

- **Information Policy:** To contribute to an effective exchange of information with investors, analysts, business partners, employees and other stakeholders, and to ensure all information is handled in a secure way
- **Competition Law Policy:** To contribute to protect free competition in the market and prohibit agreements, practices and conduct, which have a damaging effect on competition
- **Tax Policy:** To ensure that tax practices comply with laws, regulations, and that income and costs are allocated to appropriate entities in accordance with the OECD Transfer Pricing Guidelines and business rationale.



# DIRECTORS' REPORT | Sustainability Report

## GRI index

Orrön Energy has reported the information cited in this GRI content index for the reporting period 1 January 2023 to 31 December 2023, with reference to the GRI standards.

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# Risk Management

**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.**

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

#### Access to land, grid connections and permits

**Risk:** The construction, operation and life extension of wind, solar and hydropower assets require the Company to obtain, maintain and renew necessary permits, leases, grid connections and rights. Failure to do so could impact the ability to maintain or increase the Company's power generation over time.

**Response:** The Company's asset managers continuously ensure that valid permits, leases, grid connections and rights are being maintained for each asset in the portfolio. A continuous and open dialogue helps to develop the business and this exchange of information increases the Company's awareness of stakeholder issues, risks and opportunities. This risk is also managed through the Company's screening process when searching for new projects where these factors are always considered.

#### Changes in laws, tax and regulations

**Risk:** Operations are subject to environmental and other regulations. Changes to applicable laws, tax regulations and legislation, or the complexity thereof, could negatively affect the Company, lead to investigations, litigation, negative financial impact, reputational damage and cancellation or modification of contractual rights.

**Response:** Orrön Energy monitors legal developments in relevant fields, follows up and ensures compliance with and adherence to applicable laws and regulations. A robust corporate governance framework is in place to ensure the Company acts in accordance with best business practice and high standards of corporate citizenship.

#### Climate change

**Risk:** Global warming may increase the risk of more severe weather events as the global climate continues to change. A global temperature increase may also lead to changes in normal weather conditions. Changes in wind speeds may affect future wind power output, and changes in precipitation may lead to changes in snowfall, rainfall or flooding that can affect operations.

**Response:** As a renewable energy producer, Orrön Energy is making a significant contribution to mitigate climate change by increasing the share of renewable power generation in its countries of operation. The Company will continue to analyse the risks and opportunities that may arise from climate change and seeks to reduce both transitional and physical climate related risks.

#### Cyber security

**Risk:** There is potential for cyber intrusion into the Company's systems or networks leading to financial loss, data and information loss, data privacy infringement and system irregularities.

**Response:** To minimise the likelihood of cyber security risks, the Company is working across the organisation with risk management to analyse, evaluate and treat cyber security risks. The Company focuses on preventive actions including awareness campaigns and training on cyber security risks. Networks are built and monitored to prevent and remedy potential cyberattacks.

#### Ethics and compliance

**Risk:** The Company may be exposed to legal or regulatory sanctions or reputational damage as a result of non-ethical business practices like fraud, bribery and corruption or failure to follow applicable regulations.

**Response:** Orrön Energy operates according to the highest level of legal and ethical standards, ensured through the consistent application of the Code of Conduct and policies and procedures. Training is conducted to communicate expectations of legal compliance and ethical business conduct to staff. The Company's whistleblowing mechanism allows stakeholders to report any grievances on ethics and compliance and helps to ensure protection exists when any individual reports on suspicions of wrongdoing.

#### Financial reporting

**Risk:** The risk associated with delayed or inaccurate financial information could adversely affect the delivery or quality of external reporting, posing a financial reporting risk for the Company. Such issues may result in regulatory action, fiscal uncertainty, shareholder lawsuits and loss of investor confidence.

**Response:** To address this risk, Orrön Energy has established a strong internal control framework, with well-defined financial processes in place. Internal controls are applied to the financial reporting process, which undergoes rigorous monthly management reporting procedures. The accuracy and reliability of financial reporting are further ensured through internal reviews and external audits.

#### Interest rate and currency

**Risk:** As a result of the Company carrying debt, a rise in interest rates risks affects the Company's earnings and cash flow potential. A foreign exchange risk exists in relation to market fluctuations of foreign currencies, given that the underlying value of the Company's assets is predominantly EUR denominated, whilst certain costs are denominated in other currencies.

**Response:** The exposure to interest rate and currency risks is continuously assessed and monitored. Hedging instruments may be used to manage this risk and the hedging process is subject to robust internal controls. The Company has modest leverage and aims to maintain a strong balance sheet to limit its exposure to negative impacts from rising interest rates.

### Liquidity and funding

**Risk:** Investment and cost overruns or production underperformance may lead to the Company being unable to fund its financial commitments from cash flow, debt or equity.

**Response:** Orrön Energy mitigates this risk through conscious financial planning and by regular cash flow forecasting. Access to the equity capital markets is secured through an active investor relations strategy. The Company also strives to maintain an effective asset management strategy to sustain optimal asset performance levels to maximise cash flow and borrowing capacity.

### Low valuation of development projects

**Risk:** Inability to recover the value of investments made in development projects, particularly in the context of the greenfield business in the UK, Germany and France, may constitute a risk for the Company.

**Response:** Orrön Energy mitigates this risk through careful feasibility studies and market analyses before initiating any development projects. The Company's business strategy for greenfield developments in the UK, Germany and France specifically consists of developing and monetising large-scale projects prior to incurring significant development expenditures which is also a mitigating factor. Additionally, robust financial controls and monitoring mechanisms throughout the project lifecycle allows for early identification of potential risks. Continuous reassessment and adaptation of strategies based on changing market dynamics and regulatory environments is integral to safeguarding the value of investments.

### Market conditions

**Risk:** The Company's shareholder value is directly linked to its ability to meet stakeholder expectations, to generate value through existing business strategies and to adapt to changing market conditions. Prolonged periods of low achieved electricity prices, escalating grid and other variable costs, heightened capture price discounts, inflation, or other market uncertainties have the potential to undermine the profitability of the Company's assets. Consequently, this could impact financial earnings, cash flow generation, and the overall liquidity position of the Company.

**Response:** The energy sector is accustomed to the highs and lows of economic and price cycles, and Orrön Energy mitigates the impact of fluctuating energy prices by maintaining a strong balance sheet, low cost base and flexible capital commitments to minimise the potential impact of weak market conditions. The Company has robust monitoring processes in place, such as the Asset Business Plan (long-term financial forecasting and liquidity tests), and assesses continuously the assets' valuation and debt capacity, enabling management to forecast a potential liquidity shortage well ahead of time. Through regular updates of the Asset Business Plan, the Company stress tests the business for a prolonged period of lower energy prices.

### Negative outcome in the litigations related to discontinued business

**Risk:** A potential negative outcome in an ongoing tax litigation relating to land and building tax assessed for 2013 in relation to legacy offshore oil and gas exploration activities in Indonesia, poses a potential financial risk for the Company.

**Response:** Despite the Company's confidence of a favourable outcome in Court, it is actively defending itself in the litigation.

### Negative outcome in the Sudan process

**Risk:** A negative outcome in the ongoing Sudan process concerning the indictment of two former representatives of the Company by the Swedish Prosecution Authority in relation to past activities in Sudan (1999–2003), poses a potential financial risk for the Company. This could include payment of financial compensation or penalties.

**Response:** 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. Despite the Company's confidence in a favourable outcome in Court it has a robust legal defence strategy and is actively defending itself in the legal process. More information on the case, why the Company believes it is unfounded and the ongoing legal process can be found on [www.lundinsudanlegalcase.com](http://www.lundinsudanlegalcase.com).

### Reputational damage from the Sudan process

**Risk:** The ongoing Sudan process concerning the indictment of two former Company representatives by the Swedish Prosecution Authority in relation to past activities in Sudan (1999–2003), poses a reputational risk for the Company. This could manifest in missed business opportunities, create adverse perceptions among investors, partners, and lenders, and potentially result in a negative impact on the Company's share price.

**Response:** Orrön Energy maintains a comprehensive strategy to mitigate the risk of a negative reputational impact from the ongoing legal case and continues to actively defend its interests both through the legal process and in the public domain. This includes transparent communication with stakeholders and engagement to ensure an open and informed dialogue. The Company is convinced that there are no grounds for any allegations of wrongdoing by any of its former representatives, and will continue to vigorously defend itself in the legal process. More information on the case, why the Company believes it is unfounded and the ongoing legal process can be found on [www.lundinsudanlegalcase.com](http://www.lundinsudanlegalcase.com).

### **Safe operations**

**Risk:** Employees and contractors are exposed to various risks in the execution of their jobs, this may include accidents during construction or operating activities.

**Response:** Safe operations are a key priority for Orrön Energy and the Company maintains a strong focus on health and safety for both employees and contractors. It is the Company's responsibility to identify and mitigate potential risks, and to provide the workforce with a safe and healthy working environment. For operational activities, risk assessments, including identification of potential hazards are performed. Individual safety measures are always adapted to local circumstances and may vary across the organisation and the various operational tasks. For example, employees and contractors involved in construction work, work in confined spaces or installation work at height are subject to specific safety measures. All serious incidents are investigated, and the Company's policies ensure that no individuals face reprisal during this process.

### **Supply chain**

**Risk:** Supply chain delays could lead to strained capacity and resources in all industries with long lead times in manufacturing causing delays for spare parts and development projects.

**Response:** Regular discussions with key suppliers are held to ensure that they are able to procure spare parts and execute projects with the attention, quality and results expected under prevailing market conditions. Spare parts are also held in stock to mitigate this risk.

### **Unscheduled interruption of production**

**Risk:** Production consists of several continuous processes, and any unplanned interruption of production can affect the Company's overall power generation and financial performance. Unplanned interruptions of production may occur due to for example unfavourable weather conditions, technical problems with the Company's producing assets or the overlying transmission grid, or accidents.

**Response:** Preventive maintenance is carried out at all wind and hydro power facilities. The goal is to minimise the impact for the Company, which is achieved by continuously developing prevention and mitigation efforts in the operations, and partly by introducing and developing groupwide insurance solutions. In addition, availability warranties are in place for a majority of the Company's power generation.

# Corporate Governance Report

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This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act (SFS 2005:551), the Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code and has been subject to a review by the Company's statutory auditor.

Orrön Energy reports one deviation from the Corporate Governance Code in 2023, in respect of the composition of the Nomination Committee as further described on page 23. There were no infringements of applicable stock exchange rules during the year, nor any breaches of good practice on the securities market.

Orrön Energy AB (publ), company registration number 556610-8055, has its corporate head office at Hovslagargatan 5, 111 48 Stockholm, Sweden and the registered seat of the Board of Directors is Stockholm, Sweden. The Company's website is [www.orrön.com](http://www.orrön.com).

## 2024 Annual General Meeting

The 2024 Annual General Meeting (AGM) will be held on 15 May 2024 at 13.00 CEST at IVA Konferenscenter, Grev Turegatan 16, in Stockholm. Shareholders may choose to exercise their voting rights at the AGM by attending in person, through a proxy or by postal voting. Shareholders who wish to attend the meeting must be recorded in the share register maintained by Euroclear Sweden on the day falling six business days prior to the meeting and must notify the Company of their intention to attend the AGM no later than the date set out in the notice of the AGM.

Further information about registration to and attendance at the AGM, as well as voting by mail or proxy, can be found in the notice of the AGM, available on the Company's website.

**Orrön Energy's corporate governance framework seeks to ensure that the business is conducted efficiently and responsibly, that responsibilities are allocated in a clear manner and that the interests of shareholders, management and the Board of Directors remain fully aligned.**

## Guiding principles of corporate governance

Orrön Energy is an independent, publicly listed renewable energy company, with high quality and low-cost wind and hydropower assets in the Nordics coupled with greenfield growth opportunities in the Nordics and Europe. Orrön Energy applies a governance structure that favours straightforward decision-making processes, with easy access to relevant decision makers, while nonetheless providing the necessary checks and balances for the control of the activities, both operationally and financially. Orrön Energy's principles of corporate governance seek to:

- Protect shareholder rights
- Provide a safe and rewarding working environment to all employees and contractors
- Ensure compliance with applicable laws and best industry practice
- Ensure activities are carried out competently and sustainably
- Safeguard the well-being and interests of local communities and stakeholders

As a Swedish public limited company listed on Nasdaq Stockholm, Orrön Energy is subject to the Rule Book for Issuers of Nasdaq Stockholm, which can be found on [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com). In addition, the Company abides by principles of corporate governance found in a number of internal and external documents. Abiding to corporate governance principles builds trust in Orrön Energy, which results in increased shareholder value. By ensuring the business is conducted in a responsible manner, the corporate governance structure ultimately paves the way for increased efficiency.

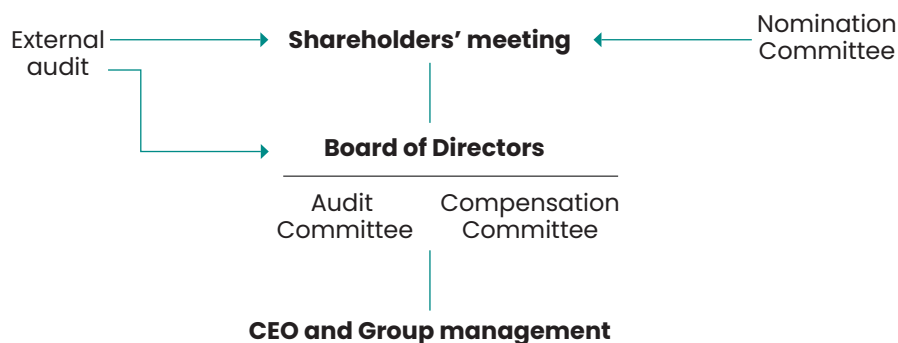
## Corporate governance rules and regulations

### Swedish Corporate Governance Code

The Corporate Governance Code is based on the tradition of self-regulation and the principle of "comply or explain". It acts as a complement to the corporate governance rules contained in the Swedish Companies Act, the Annual Accounts Act, EU rules and other regulations such as the Rule Book for Issuers, the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes and good practice on the securities market.

### Orrön Energy's Articles of Association

The Articles of Association contain customary provisions regarding the Company's governance and do not contain any limitations as to how many votes each shareholder may cast at shareholders' meetings, nor any special provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association are available on the Company's website.



**Main external rules and regulations for corporate governance at Orrön Energy**

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm Rule Book for Issuers
- Swedish Corporate Governance Code
- Swedish Rules on Remuneration of the Board and Executive Management and on Incentive Programmes

**Main internal rules and regulations for corporate governance at Orrön Energy**

- The Articles of Association
- The Code of Conduct
- Policies, Procedures and Guidelines
- The Rules of Procedure of the Board, instructions to the CEO and for the financial reporting to the Board and the terms of reference of the Board Committees and the Investment Committee
- Nomination Committee process

**Highlights 2023**

Safe delivery of the Karskröv wind farm in southern Sweden, ahead of schedule and on budget, and increase of the annual estimated power generation from 800 GWh to 1,100 GWh.

Appointment of William Lundin and Peggy Bruzelius as new Board members at the AGM held on 4 May 2023.

Completion of six transactions and ensuring a robust implementation of assets and teams into the governance framework of Orrön Energy.

Entered into a 150 MEUR revolving credit facility in June 2023 and subsequently exercised a portion of the accordion option to increase the facility to 190 MEUR in early 2024.

**Orrön Energy's Code of Conduct**

Orrön Energy's Code of Conduct constitutes the commitment of the Company, its employees, contractors and business partners to act in accordance with high ethical standards, for the benefit of all stakeholders. The Company applies the same standards to all of its activities to satisfy both its commercial and ethical requirements and strives to continuously improve its performance and to act with high standards of corporate citizenship. The Code of Conduct is an integral part of the Company's employment and supply chain contracts and any violations of the Code of Conduct will be the subject of an inquiry and appropriate measures. The Code of Conduct is available on the Company's website.

**Orrön Energy's policies, procedures and guidelines**

Corporate policies, procedures and guidelines have been developed to outline specific rules and controls, to increase efficiency and improve performance by facilitating

compliance. They cover areas such as health and safety, environment, human rights, stakeholder engagement, diversity, information, anti-corruption, anti-fraud, anti-money laundering, competition law, tax, whistleblowing, accounting and finance, human resources and inside information. All guiding documents are continuously reviewed and updated when required. The policies are available on the Company's website.

**Orrön Energy's Rules of Procedure of the Board**

The Rules of Procedure of the Board contain the fundamental rules regarding the division of duties between the Board, the Committees, the Chair of the Board and the Chief Executive Officer (CEO). The Rules of Procedure also include instructions to the CEO, instructions for the financial reporting to the Board and the terms of reference of the Board Committees and the Investment Committee. The Rules of Procedure are reviewed and approved annually by the Board.

## Share capital and shareholders

The shares of Orrön Energy are listed on Nasdaq Stockholm. The total number of shares is 285,924,614. Each share has a quota value of SEK 0.01 (rounded-off) and the registered share capital of the Company is SEK 3,478,713 (rounded-off). All shares of the Company carry the same voting rights and the same rights to a share of the Company's assets and earnings. The Company has issued 8,560,000 warrants of series 2022:2. The Company held no treasury shares on 31 December 2023.

At the end of 2023, Orrön Energy had a total of 69,282 shareholders listed with Euroclear Sweden, which represents a decrease of 9,896 compared to the end of 2022, i.e. a decrease of approximately 12 percent. Shares in free float amounted to approximately 67 percent and exclude shares held by an entity associated with the Lundin family.

The 10 largest shareholders on 31 December 2023	Number of shares	Percent (rounded)
Nemesia S.à r.l. <sup>1</sup>	95,478,606	33.39
Handelsbanken Fonder	6,655,484	2.33
E. Öhman J.ör Fonder	6,463,312	2.26
Blackrock	5,333,940	1.87
JNE Partners	5,134,812	1.80
Numeric Investors	3,759,690	1.31
Avanza Fonder	2,848,617	1.00
Amundi Asset Management	2,000,462	0.70
UBS	1,992,695	0.70
SEB	1,971,928	0.69
Other shareholders	159,419,880	53.95
<i>of which Investment Committee and Board</i>	<i>3,505,144</i>	<i>1.23</i>
<b>Total</b>	<b>285,924,614</b>	<b>100.00</b>

<sup>1</sup> An investment company wholly owned by Lundin family trusts. Source: Q4 Inc and external shareholder confirmation.

## Shareholders' meeting

The shareholders' meeting is the highest decision-making body of Orrön Energy where the shareholders exercise their voting rights and influence the business of the Company. The AGM is held each year before the end of June at the seat of the Board in Stockholm. The notice of the AGM is announced in the Swedish Gazette (Post- och Inrikes Tidningar) and on the Company's website no more than six and no less than four weeks prior to the meeting. The documentation for the AGM is provided on the Company's website in Swedish and in English at the latest three weeks prior to the AGM and all proceedings are simultaneously translated from Swedish to English and from English to Swedish.

### 2023 AGM

The 2023 AGM was held on 4 May 2023 in Stockholm. The AGM was attended by 168 shareholders, personally or by proxy, representing 39.2 percent of the share capital. The Chair of the Board, the CEO as well as a quorum of the Board was present at the meeting.

The resolutions passed by the 2023 AGM include:

- Election of advokat Klaes Edhall as Chair of the AGM.
- Adoption of the Company's income statement and balance sheet and the consolidated income statement and balance sheet for 2022, and that no dividend should be paid.
- Discharge of the Board and the CEO from liability for the administration of the Company's business for 2022.
- Approval of the Remuneration Report prepared by the Board.
- Approval of the remuneration of EUR 120,000 to the Chair of the Board and EUR 60,000 to other Board members, and EUR 10,000 to each Committee Chair and EUR 5,000 to other Committee members, with the total fees for Committee work not to exceed EUR 50,000.
- Re-election of C. Ashley Heppenstall, Grace Reksten Skaugen and Jakob Thomasen and election of Peggy Bruzelius and William Lundin as new members of the Board.
- Re-election of Grace Reksten Skaugen as Chair of the Board.
- Approval of the remuneration of the statutory auditor.
- Re-election of the registered accounting firm Ernst & Young AB as the Company's statutory auditor until the 2024 AGM, authorised public accountant Anders Kriström being the designated auditor in charge.
- Approval of a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company ("Employee LTIP 2023").
- Approval that the Company may enter 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 terms and conditions of Employee LTIP 2023.
- Approval to authorise the Board to issue new shares and/or convertible debentures corresponding to in total not more than 28,500,000 new shares, with or without the application of the shareholders pre-emption rights, in order to enable or facilitate acquisitions of companies or businesses or other major investments; and
- Approval to authorise the Board to decide on repurchases and sales of shares in Orrön Energy on Nasdaq Stockholm, where the number of shares repurchased shall be limited so that shares held in treasury from time to time do not exceed ten percent of all outstanding shares of the Company.
- Rejection of two shareholder proposals, which were put forward by a minority shareholder.

All AGM materials, in Swedish and English, are available on the Company's website.

## External auditors of the Company

### Statutory auditor

Orrön Energy's statutory auditor audits annually the Company's financial statements, the consolidated financial statements, the Board's and the CEO's administration of the Company's affairs and reports on the Corporate Governance Report. The auditor also controls that the Sustainability Report meets the requirements in the Annual Accounts Act. In addition, the auditor performs a review of the Company's half year report and issues a statement regarding the Company's compliance with the Policy on Remuneration. The Board meets at least once a year with the auditor without any member of Group management present at the meeting. In addition, the auditor participates regularly in Audit Committee meetings, in particular in connection with the Company's half year and year end reports. Group entities outside of Sweden are audited in accordance with local rules and regulations.



The Company's statutory auditor is the registered accounting firm Ernst & Young AB, which was first elected as the Company's statutory auditor at the 2020 AGM. The auditor's fees are described in the notes to the financial statements, see Note 24 on page 62 and Note 6 on page 70. The auditor's fees also detail payments made for assignments outside the regular audit mandate. Such assignments are kept to a minimum to ensure the auditor's independence towards the Company and generally require prior approval of the Company's Audit Committee.

## Nomination Committee

The Nomination Committee is formed in accordance with the Company's Nomination Committee Process approved at the 2023 AGM. According to the Process, the Company shall invite three of the larger shareholders of the Company based on shareholdings as per 1 August each year to form the Nomination Committee, however, the members are, regardless of how they are appointed, required to promote the interests of all shareholders of the Company.

The Nomination Committee conducts its task in accordance with the Swedish Corporate Governance Code. The tasks of the Nomination Committee include making recommendations to the shareholders regarding the election of the Chair of the AGM, election of Board members and the Chair of the Board, remuneration of the Chair and other Board members, including remuneration for Board Committee work, election of the statutory auditor and remuneration of the statutory auditor. Shareholders may submit proposals to the Nomination Committee by e-mail to [nomcom@orrön.com](mailto:nomcom@orrön.com).

### Nomination Committee for the 2023 AGM

The members of the Nomination Committee for the 2023 AGM are described in the Company's 2022 Annual Report. The full Nomination Committee reports, including the final proposals, are available on the Company's website.

### Nomination Committee for the 2024 AGM

The members of the Nomination Committee for the 2024 AGM were announced and posted on the Company's website on 18 October 2023. The Nomination Committee has held three meetings during its mandate so far. At the first meeting, William Lundin was unanimously elected as Chair of the Nomination Committee. The fact that he is the Chair of the Nomination Committee and a Board member of Orrön Energy constitutes a deviation from rule 2.4 in the Corporate Governance Code, however this deviation was considered justified as William Lundin represents the major shareholder of the Company.

The full Nomination Committee report, including the final proposals to the 2024 AGM, is available on the Company's website.

### Nomination Committee for the 2024 AGM

William Lundin (Chair)	Nemesia S.ä.r.l and member of the Board of Orrön Energy
Sussi Kvart	Handelsbanken Fonder
Erik Durhan	Öhman Fonder

## Board of Directors

The Board of Directors of Orrön Energy is responsible for the organisation of the Company and management of the Company's operations. The Board is to manage the Company's affairs in the interests of the Company and all shareholders with the aim of creating long-term sustainable shareholder value. To achieve this, the Board should at all times have an appropriate and diverse composition considering the current and expected development of the operations, with Board members from a wide range of backgrounds that possess both individually and collectively the necessary experience and expertise.

### Composition of the Board

The Board of Orrön Energy shall, according to the Articles of Association, consist of a minimum of three and a maximum of ten directors without deputies, and the AGM decides the final number each year. The Board members are elected for a period of one year. There are no deputy members and no members appointed by employee organisations. In addition, the Board is supported by a corporate secretary, the Company's General Counsel, Henrika Frykman, who is not a Board member.

The Nomination Committee for the 2023 AGM considered that the Board of five members elected at the 2023 AGM was composed of a broad and versatile group of knowledgeable and skilled individuals who were motivated and prepared to undertake the tasks required of the Board in today's business environment. The Board members possess substantial expertise and experience and in addition, the Board fulfills the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders. Such expertise and experience relates to the Company's core area of operation in the renewable energy sector, public company financial matters, Swedish practice and compliance matters, sustainability matters, corporate responsibility and health, safety and the environment.

Gender balance was specifically discussed and the Nomination Committee noted that 40 percent of the proposed Board for election at the 2023 AGM were women. The Company aims to promote diversity at all levels of the Company, and the Nomination Committee applies the diversity requirements of the Corporate Governance Code. The recommendation of the Swedish Corporate Governance Board is that listed Swedish companies should strive to achieve a 40 percent Board representation of the least represented gender, which the Company achieved in 2023. The proposed Board for election at the 2024 AGM also consists of 40 percent women.

The Nomination Committee further reviewed the remuneration of the Board ahead of the 2023 AGM and decided that no increase should be proposed.

### Board meetings and work 2023

The Chair of the Board is responsible for ensuring that the Board's work is well organised and conducted in an efficient manner as well as ensuring that reporting instructions are upheld for management, as drawn up by the CEO and as approved by the Board, however, the Chair does not take part in the day-to-day work. The Chair maintains close contacts with the CEO to ensure the Board is at all times sufficiently informed of the Company's operations and financial status. Eight Board meetings were held during 2023 and monthly operational reports were circulated to the Board.

## Board Committees

To maximise the efficiency of the Board's work and to ensure a thorough review of specific issues, the Board has established a Compensation Committee and an Audit Committee. The tasks and responsibilities of the Committees are detailed in the terms of reference of each Committee, which are annually adopted as part of the Rules of Procedure of the Board. Minutes are kept at Committee meetings and matters discussed are reported to the Board. In addition, informal contacts take place between ordinary meetings as and when required by the operations.

### Compensation Committee

The Compensation Committee assists the Board in Group management remuneration matters and receives information and prepares the Board's and shareholder meetings' decisions on matters relating to the principles of remuneration, remuneration and other terms of employment of Group management. The objective of the Committee in determining compensation for Group management is to provide a compensation package that is based on market conditions, is competitive and takes into account the scope and responsibilities associated with the position, as well as the skills, experience and performance of the individual. The Committee's tasks also include monitoring and evaluating programmes for variable remuneration, the application of the Policy on Remuneration as well as the current remuneration structures and levels in the Company.

Compensation Committee work during 2023:

- Ongoing review of the performance management process through various meetings across the year.
- Preparing the 2022 Remuneration Report for Board and AGM approval and considering enhancements for the 2023 Remuneration Report.
- Continuous monitoring and evaluation of remuneration structures, levels, programmes and the Policy on Remuneration.
- Review of the Policy on Remuneration adopted by the 2022 EGM and decision not to propose any changes to the 2024 AGM.
- Review and discussion on remuneration levels and practices throughout the Company for consideration in relation to Group management remuneration.
- Review of the performance of the CEO and Group management as per the performance management process.
- Preparing a proposal for a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company, Employee LTIP 2023, for Board and AGM approval through various work sessions and preparation discussions.
- Review of the CEO's proposals for remuneration and other terms of employment of the other members of Group management for Board approval.
- Review of the CEO's proposals for the principles of compensation of other employees.
- Review and approval of the CEO's proposals for awards under the Employee LTIP 2023.
- Preparing a proposal for award under the Employee LTIP 2023 to the CEO.
- Preparing a proposal for remuneration and other terms of employment of the CEO for Board approval.
- Review of Group management succession planning matters.
- Reviewing the organisation and growth based on the increased activities and scope of the Company.
- Frequent contacts, ongoing dialogue and decisions outside of formal meetings to provide oversight and approvals for remuneration issues as presented by Group management.

### Principal tasks of the Board of Directors

- Establishing the overall goals and strategy of the Company.
- Making decisions regarding the supply and allocation of capital.
- Identifying how the Company's risks and business opportunities are affected by sustainability aspects.
- Appointing, evaluating and, if necessary, dismissing the CEO.
- Ensuring that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations.
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines.
- Defining necessary guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability.
- Ensuring that the Company's external communications are characterised by openness, and that they are accurate, reliable and relevant.
- Ensuring that the Company's organisation in respect of accounting, management of funds and the Company's financial position in general include satisfactory systems of internal control.
- Continuously evaluating the Company's and the Group's economic situation, including its fiscal position.

### Audit Committee

The Audit Committee oversees the Company's internal control systems and assists the Board in ensuring that the Company's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), the Swedish Annual Accounts Act and accounting practices applicable to a company incorporated in Sweden and listed on Nasdaq Stockholm. The Audit Committee also evaluates financial risks, exposure and strategies. The Audit Committee is empowered by the Committee's terms of reference to make decisions on certain issues delegated to it, such as review and approval of the Company's first and third quarter reports on behalf of the Board. The Audit Committee also regularly liaises with the Group's statutory auditor as part of the annual audit process and reviews the audit fees and the auditor's independence and impartiality. The Audit Committee further assists the Company's Nomination Committee in the preparation of proposals for the election of the statutory auditor at the AGM.

Audit Committee work during 2023:

- Assessment of the 2022 year-end report and the 2023 half-year report for completeness and accuracy and recommendation for approval to the Board.
- Assessment and approval of the first and third quarter reports 2023 on behalf of the Board.
- Evaluation of accounting issues in relation to the assessment of the financial reports.
- Follow-up and evaluation of the results of the internal control of the Group.
- Three meetings with the statutory auditor to discuss the financial reporting, internal controls, risk management, etc.
- Evaluation of the audit performance and the independence and impartiality of the statutory auditor.
- Review and approval of statutory auditor's fees.
- Reviewing various matters in relation to risk management and financing.

## Board's yearly work cycle

### Q1 / Q2 activities

- Approval of the year end report.
- Consideration on recommendation for appropriation of the Company's result.
- Approval of remuneration proposals regarding fixed and variable remuneration.
- Approval of the Annual and Sustainability Report.
- Review of the auditor's report.
- Approval of the Policy on Remuneration for submission to the AGM (if applicable).
- Approval of the Remuneration Report.
- Determination of the AGM details and approval of the AGM materials.
- Statutory meeting following the AGM to confirm Board fees, Committee compensation, signatory powers, appointment of corporate secretary.
- Audit Committee report regarding the first quarter report.
- Meeting with the auditor without management present to discuss the audit process, risk management and internal controls.
- Review of the Rules of Procedure.
- Performance assessment of the CEO.
- Consideration of the performance review of Group management and Compensation Committee remuneration proposals.
- Detailed discussion on business strategy.

### Q3 / Q4 activities

- Adoption of the budget and work programme for the following year's activities.
- Consideration of the Board evaluation to be submitted to the Nomination Committee.
- Adoption of the half year report, reviewed by the statutory auditor.
- Audit Committee report regarding the third quarter report.

## Board of Directors work 2023

The Board held eight Board meetings with deliberations and contacts in-between meetings. In addition to the topics covered by the Board as per its yearly work cycle, the following significant matters were addressed by the Board during the year:

- Discussing in detail the Company's performance.
- Considering in detail Company strategy and evaluating several potential business opportunities.
- Considering the Company's production and asset performance, business forecasts and future outlook.
- Overseeing the construction progress and take-over of the Karskröv wind farm.
- Considering and approving additional acquisitions to increase the power generation capacity in the Nordics.
- Overseeing the completion of six transactions and the establishment of a growth platform across five countries.
- Considering the strategy, remuneration and set-up of the Company's greenfield business.
- Considering the proposal for a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company, the Employee LTIP 2023, subject to 2023 AGM approval.
- Discussing in detail the financing of the Company, including the Company's financial risk management, cash flows, sources of funding, foreign exchange movements, hedging strategy and liquidity position.
- Reviewing and approving a 150 MEUR revolving credit facility agreement.
- Discussing the Company's risk management framework.
- Discussing and reviewing the operational performance of the Company.
- Approval of the Report on Payments to Governments.
- Monitoring and discussing the ongoing trial in the legacy Sudan case, including the updated claim for forfeiture of economic benefits notified by the Swedish Prosecution Authority prior to the start of the trial in September 2023.

## Sudan

In June 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003.

In November 2021, the Swedish Prosecution Authority brought criminal charges against former representatives of the Company in relation to past operations in Sudan from 1999 to 2003. The charges also included claims against the Company for a corporate fine of MSEK 3.0 and forfeiture of economic benefits of MSEK 2,381.3, 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 an asset in 2003. 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 claim for forfeiture of economic benefits was increased from MSEK 1,391.8 by the Swedish Prosecution Authority in August 2023. This latest increase to the claimed forfeiture amount means that Swedish Prosecution Authority has presented three completely different amounts, based on three different methodologies, over the past five years, raising serious questions about the substance and credibility of the Swedish Prosecution Authority's claim. It is obvious that the methodology used by the Prosecutor to arrive at the claimed forfeiture amount is fundamentally flawed, leading to an unreasonable forfeiture claim which has no basis in law and is highly speculative. Any potential corporate fine or forfeiture of economic benefits would only be imposed after an adverse final conclusion of the case against former representatives of the Company. The trial at the Stockholm District Court started in September 2023 and is expected to last until February 2026.

In 2018, the Swedish Prosecution Authority also began a preliminary investigation into alleged interference in a judicial matter. In April 2023, the investigation was closed down.

More information regarding the past activities in Sudan during 1997–2003 can be found on [www.lundinsudanlegalcase.com](http://www.lundinsudanlegalcase.com).

# DIRECTORS' REPORT | Corporate Governance Report

## Board members on 31 December 2023

Board of Directors:	C. Ashley Heppenstall	Grace Reksten Skaugen	Jakob Thomasen	Peggy Bruzelius	William Lundin
<b>Function</b>	Director, elected 2001 Born 1962 Audit Committee Chair Compensation Committee member	Chair, elected 2015 Born 1953 Compensation Committee Chair	Director, elected 2017 Born 1962 Audit Committee member	Director, elected 2023 Born 1949 Audit Committee member	Director, elected 2023 Born 1993 Compensation Committee member
<b>Education</b>	B.Sc. Mathematics from the University of Durham.	MBA from the BI Norwegian School of Management, Ph.D. Laser Physics and B.Sc. Honours Physics from Imperial College of Science and Technology at the University of London.	Graduate of the University of Copenhagen, Denmark, M.Sc. in Geoscience and completed the Advanced Strategic Management programme at IMD, Switzerland.	M.Sc. Economics and Business from the Stockholm School of Economics Econ dr hc from the Stockholm School of Economics.	Bachelor of Engineering in Mineral Resource Engineering, from Dalhousie University Halifax, Canada.
<b>Experience</b>	Various positions within Lundin related companies since 1993. CFO of Lundin Oil 1998–2001. CFO of Lundin Petroleum 2001–2002. CEO of Lundin Petroleum 2002–2015.	Member of the corporate finance team at SEB in Oslo. Board member/deputy chair of Statoil ASA 2002–2015. Member of HSBC European Senior Advisory Council.	CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009–2016.	Managing Director of ABB Financial Services AB 1991–1997. Head of the asset management division of Skandinaviska Enskilda Banken AB 1997–1998.	Field engineer and operator of BlackPearl Resources Inc. 2016–2018. Project engineer production operations of International Petroleum Corp. (IPC) 2018–2020. COO of IPC 2020–2023. President & CEO of IPC 2024–present.
<b>Other Board duties</b>	Chair of the Board of International Petroleum Corp. and member of the Board of Lundin Gold Inc., Lundin Mining Corp. and Aker BP ASA.	Member of the Board of Investor AB and PJT Partners, founder and Board member of the Norwegian Institute of Directors and trustee of the International Institute for Strategic Studies in London.	Chair of the DHI Group, ESVAGT, RelyOn Nutec and Hovedstadens Letbane, and Board member of Arcadia eFuels Vordindborg.	Chair of the Board of Lancelot Asset Management AB and member of the Board of International Consolidated Airlines Group S.A.	Board member of IPC, ShaMaran Petroleum Corp. Filo Corp. and the Lundin Foundation.
<b>Attendance</b>					
Board	8/8	8/8	8/8	5/5 <sup>4</sup>	5/5 <sup>5</sup>
Audit Committee	5/6		6/6	4/4 <sup>4</sup>	
Compensation Committee	2/2	2/2			1/1 <sup>5</sup>
<b>Remuneration</b>					
Board and Committee work	EUR 75,000	EUR 130,000	EUR 65,000	EUR 32,500 <sup>4</sup>	32,500 <sup>5</sup>
<b>Shares as at 31 December 2023</b>	Nil <sup>2</sup> and 201,000 Board LTIP 2022 options	69,789 <sup>3</sup> and 402,000 Board LTIP 2022 options	8,820 and 201,000 Board LTIP 2022 options	30,000	900,000 <sup>5</sup>
<b>Independent of the Company and Group management</b>	Yes	Yes	Yes	Yes	Yes
<b>Independent of major shareholders</b>	Yes	Yes	Yes	Yes	No <sup>5</sup>

<sup>1</sup> Board members and functions are included in this table as per 31 December 2023. The previous Board members Daniel Fitzgerald (Board attendance 3/3) and Aksel Azrac (Board attendance 3/3, Audit Committee attendance 2/2 and Compensation Committee attendance 1/1) did not stand for re-election at the 2023 AGM. The Board remuneration for these Board members was paid out in accordance with the 2022 AGM resolutions, and can be found in note 22 on page 57.

<sup>2</sup> C. Ashley Heppenstall holds 1,869,535 shares in Orrön Energy AB through an investment company, Rojafi.

<sup>3</sup> Grace Reksten Skaugen also holds 180,000 shares in Orrön Energy AB through an investment company, Infovidi Ltd.

<sup>4</sup> Peggy Bruzelius was elected to the Board on 4 May 2023.

<sup>5</sup> William Lundin was elected to the Board on 4 May 2023 and is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder since he is a member of the Lundin family that holds, through family trusts, Nemesia S.ä.r.l., which holds 95,478,606 shares in the Company.

## Remuneration of Board members

The remuneration of the Chair and other Board members follows the resolution adopted by the AGM. The Board members are not employed by the Company, do not receive any salary from the Company and are not eligible for participation in incentive programmes for Group management and other employees. The Policy on Remuneration approved by the 2022 EGM also comprises remuneration paid to Board members for work performed outside the directorship.

The remuneration of the Board is detailed further in the schedule on page 27 and in the notes to the financial statements, see Note 22 on pages 57-60.

## Evaluation of the Board's work

An evaluation of the work of the Board was conducted in the autumn 2023 through an online survey. The purpose of the evaluation was to assess the functioning of the Board and to identify potential areas of improvement. The results of each individual questionnaire were summarised to provide an overview over each focus area. The results were reported to the Nomination Committee.

## Group management

### Management structure

Orrön Energy's Group and local management consists of highly experienced individuals with extensive industry experience. The Company's CEO is responsible for the management of the day-to-day operations of Orrön Energy. He is appointed by, and reports to, the Board. He in turn appoints the other members of Group management, who assist the CEO in his functions and duties, and in the implementation of decisions taken and instructions given by the Board, with the aim of ensuring that the Company meets its strategic objectives and continues to deliver responsible growth and long-term shareholder value.

### Investment Committee

Group management, which forms the Company's Investment Committee, consists of Daniel Fitzgerald, CEO, Henrika Frykman, General Counsel (GC) and Espen Hennie, Chief Financial Officer (CFO).

The Investment Committee assists the Board in discharging its responsibilities in overseeing the Company's investment portfolio. The role of the Investment Committee is to determine that the Company has a clearly articulated investment policy, to develop, review and recommend to the Board investment strategies and guidelines in line with the Company's overall policy, to review and approve investment transactions and to monitor compliance with investment strategies and guidelines. The responsibilities and duties include considering annual budgets, supplementary budget approvals, investment proposals, commitments, acquisition and disposal of assets and performing other investment related functions as the Board may designate.

### Group management tasks and duties

The tasks of the CEO and the division of duties between the Board and the CEO are defined in the Rules of Procedure and the Board's instructions to the CEO. In addition to the overall management of the Company, the CEO's tasks include ensuring that the Board receives all relevant information regarding the Company's operations, including profit trends, financial position and liquidity, as well as information regarding important events such as significant disputes, agreements and developments in important business relations. The CEO is also responsible for preparing the

required information for Board decisions and for ensuring that the Company complies with applicable legislation, securities regulations and other rules such as the Corporate Governance Code. Furthermore, the CEO maintains regular contacts with the Company's stakeholders, including shareholders, the financial markets, business partners and public authorities. To fulfil his duties, the CEO works closely with the Chair of the Board to discuss the Company's operations, financial status, up-coming Board meetings, implementation of decisions and other matters.

Under the leadership of the CEO, Group management is responsible for ensuring that the operations are conducted in compliance with the Code of Conduct, all Group policies, procedures and guidelines in a professional, efficient and responsible manner. Regular management meetings are held to discuss all commercial, technical, sustainability, financial, legal and other matters within the Group to ensure the established short- and long-term business objectives and goals will be met. Group management also travel frequently to oversee the ongoing operations, seek new business opportunities and meet with various stakeholders, including business partners, suppliers and contractors, government representatives and financial institutions. In addition, Group management liaise continuously with the Board, and in particular the Board Committees, in respect of ongoing matters and issues that may arise.

## Remuneration

### Group principles of remuneration

Orrön Energy aims to offer all employees compensation packages that are competitive and in line with market conditions. These packages are designed to ensure that the Group can recruit, motivate and retain highly skilled individuals and reward performance that enhances long-term sustainable shareholder value.

The Group's compensation packages consist of four elements, being (i) base salary; (ii) annual variable remuneration; (iii) long-term incentive plan (LTIP); and (iv) other benefits. As part of the yearly assessment process, a performance management process has been established to align individual and team performance to the strategic and operational goals and objectives of the overall business. Individual performance measures are formally agreed and key elements of variable remuneration are clearly linked to the achievement of such stated and agreed performance measures.

To ensure compensation packages within the Group remain competitive and in line with market conditions, the Compensation Committee and the Company may undertake benchmarking studies.

### Policy on Remuneration for Group management

The remuneration of Group management follows the principles that are applicable to all employees, however, these principles must be approved by the shareholders at the AGM. The Compensation Committee therefore prepares for approval by the Board and for submission for final approval to the AGM, a Policy on Remuneration for Group management when any changes are proposed or at least once every four years. The Board does not propose any changes to the Policy on Remuneration for Group management as approved by the 2022 EGM, which is reproduced below. The Remuneration Report, which can be found on the Company's website, describes in more detail outcomes and how decisions were taken by the Compensation Committee during 2023.

The annual variable remuneration for Group management is assessed against annual performance targets that signal and reward the strategic and operational results and behaviours expected for the year, which contribute to long-term, sustainable value creation for Orrön Energy. The performance target structure, and specific targets and weightings, are reviewed annually by the Compensation Committee to ensure that it aligns with the strategic direction and risk appetite of the Company and the performance target structure and specific targets are approved by the Board.

### Long-term incentive plan 2023

The 2023 AGM resolved to establish a long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company (Employee LTIP 2023), which follows the same principles as the Employee LTIP 2022 approved by the 2022 EGM. Under the Employee LTIP 2023, participants were granted options free of charge. Each option entitles the participant to purchase shares in the company at an exercise price of SEK 11.78. The employee options under the Employee LTIP 2023 vest on 31 July 2026 and participants will be entitled to exercise all or part of the options until 31 July 2030 (the exercise period). During the exercise period, employees may elect to net equity settle the options as per the terms and conditions of the Employee LTIP 2023. The total number of shares available for the participants under the Employee LTIP 2023 was 7,000,000. The Board of Directors may in exceptional circumstances reduce (including reduce to zero) the allotment of options under the Employee LTIP 2023.

The Employee LTIP 2023 was introduced as part of a new holistic remuneration approach within the updated Policy on Remuneration for Group management, where base salaries and annual bonus opportunities were set below the market average and in return, the long-term incentives were designed to strongly emphasise Group management's delivery of material shareholder returns, which is appropriate for a newly formed entrepreneurial organisation focused on growth. The Employee LTIP 2023 is designed to promote

business decisions that support long-term value creation and share price appreciation, rather than delivering scale and size without clear shareholder return. As the Company operates in a business environment where renewable energy projects take a long time to mature and ultimately crystallise value, the Employee LTIP 2023 has been designed to incentivise decision making in support of this long-term value creation, which is being reflected in the length of the exercise and vesting periods. The Employee LTIP 2023 is further fully aligned with the interest of shareholders as any pay-out will require a share price increase, which is considered to be an appropriate performance criterion given the Company's current phase of development. The share price is the best measure to determine shareholder value creation, and the Employee LTIP 2023 will only deliver value to the extent that Group management are able to increase the Company's valuation. It is also challenging to find a suitable peer group at this phase of the Company's development, or other performance conditions, which would adequately assess the Company's performance against market. A performance condition focused on growth targets may not lead to share price appreciation and could in essence reward outcomes, which are not aligned with value appreciation for shareholders, in particular under current market conditions. The Board therefore believes that the Employee LTIP 2023 is the best way to ensure a clear alignment between performance outcomes for both shareholders and Group management.

It is also considered that the Employee LTIP 2023 is best financed through delivery of shares allowing the Company to allocate all available capital towards growth. To minimise dilution and impact on shareholders, the net equity settlement method has been chosen to ensure that only the value created over and above the market price of the share at award is delivered, leading to a significantly lower dilution than the headline amount of options issued. As an example, assuming a scenario with an average share price growth of 10 percent per annum over seven years, the dilution to shareholders would reduce by 50 percent compared to the headline dilution.

### Major topics addressed by Group management in 2023

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- Considering the strategy of the Company and evaluating future business opportunities.
  - Overseeing the safe completion and take-over of the Karskröv wind farm ahead of schedule.
  - Considering numerous new ventures and investment opportunities.
  - Reviewing and negotiating six transactions to increase the power generation capacity in the Nordics and to establish organic growth platforms across five countries.
  - Negotiating the Company's investment into a greenfield portfolio in Finland.
  - Managing and overseeing the greenfield investments in the Nordics and Europe including reviewing strategy, growth, employment matters, governance and operational set-up of the businesses.
  - Overseeing the greenfield project origination and maturation including the creation of a Nordic project pipeline of early stage solar, wind and battery projects.
  - Managing the qualification of the Metsälamminkangas wind farm into the ancillary services market, and considering opportunities for further assets.
  - Overseeing the completion of the Slitevind AB (publ) squeeze out process and managing integration into Orrön Energy.
  - Negotiating a 150 MEUR revolving credit facility and the subsequent exercise of the accordion option in 2024 to increase the facility to 190 MEUR.
  - Overseeing the optimisation of the group structure through 14 internal mergers and implementing a change in reporting currency from USD to EUR.
  - Reviewing and implementing cyber security measures to ensure operations remain safe and robust.
  - Implementing the sustainability strategy of the Company and overseeing the process to obtain Prime Status by ISS.
  - Overseeing HSE related work of the Company, including safe management and remediation of a fire incident at one wind turbine.
  - Considering the Company's production and asset performance, business forecasts and future outlook.
  - Overseeing the performance of the wider asset base of the Company and implementing actions to further improve the operational performance, including a structured review of asset optimisation and repowering.
  - Reviewing and discussing tax changes in Norway, Sweden and Finland and their impact on the Company's portfolio.
  - Considering and managing the implications of the ongoing trial in relation to past operations in Sudan, including notified claims against the Company.
-

Shares received through the Employee LTIP 2023 are further subject to certain disposal restrictions to ensure that Group management build towards a meaningful shareholding in Orrön Energy. The level of shareholding expected of each management participant is 100 percent (200 percent for the CEO) of the participant's annual gross base salary over time by retaining minimum 50 percent of exercised shares, net of tax. The CEO holds 500,000 shares in the Company and the remainder of Group management hold 160,000 shares in aggregate as per 31 March 2024.

### Performance monitoring and review

The Board is responsible for monitoring and reviewing on a continuous basis the work and performance of the CEO and shall carry out at least once a year a formal performance review. The Board also considered proposals regarding the compensation of the CEO and other members of Group management. Neither the CEO nor other members of Group management were present at the Board meetings when discussions regarding their compensation took place.

The tasks of the Compensation Committee also include monitoring and evaluating the general application of the Policy on Remuneration, as approved by the shareholders' meeting, and the Compensation Committee prepares a yearly Remuneration Report, for approval by the Board and the AGM, on the application of the Policy on Remuneration and the evaluation of Group management remuneration. As part of its review process, the statutory auditor of the Company also verifies on a yearly basis whether the Company has complied with the Policy on Remuneration. Both reports are available on the Company's website.

### The following Policy on Remuneration for Group Management was approved by the 2022 EGM

#### Application of the Policy

This Policy on Remuneration applies to the remuneration of "Group management" at the Company, which includes (i) the Chief Executive Officer (the "CEO"), (ii) the Deputy CEO, who from time to time may be designated from one of the other members of Group management, and (iii) executives so designated by the Board. The Policy also applies to members of the Board of Directors (the "Board") of the Company where remuneration is paid for work performed outside the directorship.

The Policy is, together with previous years' Policies, available on the Company's website and it will remain available for ten years.

#### Key remuneration principles at the Company

The Company's remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company's strategy, shareholders' long-term interests and sustainable business practices. It is the aim of the Company to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to the Company's success.

#### Remuneration to members of the Board

In addition to Board fees resolved by the General Meeting, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

#### Compensation Committee

The Board has established a Compensation Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO (if appointed), other members of Group management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO (if appointed), as well as other members of Group management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act, the Swedish Corporate Governance Code and the Swedish Stock Market Self-Regulation Committee's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- the Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers any reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/or further requests for the Committee to deliberate on.

**Elements of remuneration for Group management**

There are four key elements to the remuneration of Group management:

	Description, purpose and link to strategy and sustainability	Process and governance	Relative share of estimated/maximum total reward <sup>1</sup>
<b>a) Base salary</b>	<ul style="list-style-type: none"> <li>Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).</li> </ul>	30%
<b>b) Annual variable remuneration</b>	<ul style="list-style-type: none"> <li>Annual bonus is paid for performance over the financial year.</li> <li>Each position has a set expected bonus opportunity, which can be up to the equivalent of 12 months' base salary.</li> <li>Any value awarded by the Board that is more than 12 months' base salary is paid for delivering outstanding performance, subject to a maximum cap of 18 months base salary.</li> <li>Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance.</li> <li>Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against power generation, investment, financial, ESG and strategic targets.</li> <li>The Committee reviews the design of annual variable remuneration separately.</li> </ul>	15%
<b>c) Long-term incentive plan</b>	<ul style="list-style-type: none"> <li>Annual awards of equity-based long-term incentives, approved by the General Meeting, that align the interests of participants with those of shareholders.</li> <li>Awards may be granted with a fair value of up to 300% of base salary at award.</li> </ul>	<ul style="list-style-type: none"> <li>Annual review of total remuneration considers long-term incentive awards and outcomes.</li> <li>Group Management are required to build a significant personal shareholding of up to 100% of base salary (200% for the CEO) over time by retaining 50% of exercised shares, net of tax, until the predetermined limit for the personal shareholding has been achieved.</li> <li>The Committee reviews the design of long-term incentives separately.</li> </ul>	50%
<b>d) Benefits</b>	<ul style="list-style-type: none"> <li>Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market.</li> <li>Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration.</li> </ul>	5%
<b>Total</b>			100%

<sup>1</sup> Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 per cent of maximum annual bonus and the fair value of the long-term incentive without any further share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.



### Review and benchmarking

The Committee undertakes reviews of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are acquired when the Committee considers it necessary, consisting of one or more sets of companies that compete with the Company for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

### Variable remuneration

The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

### Benefits

Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 per cent and the employee 40 per cent of an annual contribution of up to 18 per cent of the capped pensionable salary and, at the Board's discretion, a supplemental defined contribution pension plan where the employer provides 60 per cent and the employee 40 per cent of a contribution up to 14 per cent of the capped pensionable salary.

### Severance arrangements

Executives have rolling contracts where mutual notice periods of up to twelve months apply between the Company and the executive. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation in the event of termination of employment due to a change of control of the Company. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary.

## Internal control over financial reporting

The purpose of internal control over financial reporting is to provide assurance with regards to the reliability of the external financial reporting and to ensure that the financial reporting is produced in accordance with generally accepted accounting principles, applicable legislation and with other requirements imposed on listed companies.

The Board has overall responsibility for establishing and monitoring an effective system for internal control. The CEO is responsible for ensuring that both a process and an adequate organisation are in place to safeguard internal control and the quality of the internal and external financial reporting. The purpose of this report is to provide shareholders and other parties with an understanding of how internal control is organised at Orrön Energy.

Orrön Energy's system for internal control over financial reporting is based on the Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, information and communication and monitoring activities.

The Board has assessed the need for establishing an internal audit function but concluded that the control environment and the control activities carried out by the Company, the Board and the Audit Committee are sufficient to ensure adequate internal control over financial reporting.

### Control environment

The control environment is the foundation of Orrön Energy's system for internal control and is defined by the Company's policies and procedures, guidelines and codes as well as its responsibility and authority structure. In the area of control activities, Orrön Energy has documented all critical, financial processes and controls in the Group. The business culture established within the Group is also fundamental to ensure highest level of ethics, morals and integrity.

### Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. The Group's risk assessment process is used as a means to monitor that risks are managed and consists in identifying and evaluating risks and also determining the potential impact on the financial reporting. Regular reviews on local level as well as on Group level are made to assess any changes made in the Group that may affect internal control.

### Control activities

Control activities range from high level reviews of financial results in management meetings to detailed reconciliation of accounts and day to day review and authorisation of payments. The monthly review and analysis of the financial reporting made on Company level and Group level are important control activities performed to ensure that the financial reporting does not contain any significant errors and also to prevent fraud.

### Information and communication

Orrön Energy has processes in place aiming to ensure effective and correct information in regards to financial reporting, both internally within the organisation as well as externally to the public to meet the requirements for a listed company. All information regarding the Company's policies, procedures and guidelines is available to the Group's employees and any updates and changes to reporting and accounting policies are issued via email and at regular finance meetings. In addition, the Information Policy ensures that the public is provided with accurate, reliable, and relevant information concerning the Group and its financial position at the right time.

### Monitoring

Follow-up, improvements and the development of systems, processes and controls take place on an ongoing basis. Continuous monitoring of control activities is made at different levels of the organisation and involves both formal and informal procedures performed by management, process owners or control owners.

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# Consolidated Income Statement

MEUR	Note	2023	2022
Revenue	10	28.0	13.8
Other income		0.4	–
Operating expenses		-12.6	-3.5
General and administration expenses	22	-18.2	-16.7
Depreciation		-11.9	-3.5
Share in result of associates and joint ventures	2	-2.7	10.9
<b>Operating profit/loss</b>		<b>-17.0</b>	1.0
Finance income	3	6.3	9.0
Finance costs	4	-8.4	-9.2
<b>Net financial items</b>		<b>-2.1</b>	-0.2
<b>Profit/loss before income tax</b>		<b>-19.1</b>	0.8
Income tax	5	11.5	26.6
<b>Net result from continuing operations</b>		<b>-7.6</b>	27.4
<b>Discontinued operations</b>			
Net result from E&P business	6	–	12,823.3
<b>Net result</b>		<b>-7.6</b>	12,850.7
Attributable to:			
Shareholders of the Parent Company		-8.0	12,850.4
Non-controlling interest		0.4	0.3
		<b>-7.6</b>	12,850.7
<b>Earnings per share – EUR<sup>1</sup></b>	13.4		
From continuing operations		-0.03	0.10
From discontinued operations		–	44.92
<b>Earnings per share diluted – EUR<sup>1</sup></b>	13.4		
From continuing operations		-0.03	0.10
From discontinued operations		–	44.75

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

# Consolidated Statement of Comprehensive Income

MEUR	2023	2022
<b>Net result</b>	<b>-7.6</b>	12,850.7
Items that may be subsequently reclassified to profit or loss:		
Exchange differences foreign operations	4.5	410.5
Cash flow hedges	–	9.8
<b>Other comprehensive income, net of tax</b>	<b>4.5</b>	420.3
<b>Total comprehensive income</b>	<b>-3.1</b>	13,271.0
Attributable to:		
Shareholders of the Parent Company	-3.4	13,271.0
Non-controlling interest	0.3	–
	<b>-3.1</b>	13,271.0

# Consolidated Balance Sheet

MEUR	Note	2023	2022	1 January 2022 <sup>1</sup>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	295.2	235.8	27.9
Investment in associates and joint ventures	8	34.0	51.5	95.9
Deferred tax assets	5	39.3	27.5	–
Non-current financial assets	9	95.5	96.8	31.0
		<b>464.0</b>	411.6	154.8
<b>Current assets</b>				
Assets held for distribution		–	–	6,480.4
Other current assets		7.5	9.0	0.1
Trade receivables		1.7	0.3	–
Other current financial assets	9,11	5.7	2.5	118.1
Cash and cash equivalents		21.8	26.9	114.8
		<b>36.7</b>	38.7	6,713.4
<b>TOTAL ASSETS</b>		<b>500.7</b>	450.3	6,868.2
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	13.1	0.4	0.4	0.4
Additional paid in capital	13.1	315.8	315.8	261.5
Other reserves	13.2	-0.9	-5.5	-425.8
Retained earnings	13.3	43.0	13.3	-1,506.4
Net result		-7.6	27.4	417.2
		<b>350.7</b>	351.4	-1,253.1
Non-controlling interest		2.7	8.3	–
<b>TOTAL EQUITY</b>		<b>353.4</b>	359.7	-1,253.1
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	14	114.7	28.8	–
Deferred tax liability	5	15.9	16.9	–
Provisions	15	3.0	1.1	–
		<b>133.6</b>	46.8	–
<b>Current liabilities</b>				
Trade and other payables	16	12.7	13.0	3.7
Current tax liabilities	5	0.2	0.5	–
Provisions	15	–	2.5	–
Dividends payable		–	–	113.5
Liabilities held for distribution		–	–	8,004.1
Other current financial liabilities	9	0.8	27.8	–
		<b>13.7</b>	43.8	8,121.3
<b>TOTAL LIABILITIES</b>		<b>147.3</b>	90.6	8,121.3
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>500.7</b>	450.3	6,868.2

<sup>1</sup> Following the change in presentation currency from US dollar to Euro in 2023, an additional comparative period is presented, in line with IAS 1.

# Consolidated Statement of Cash Flows

MEUR	Note	2023	2022
<b>Cash flows from operating activities</b>			
Net result from continuing operations		-7.6	27.4
Net result from discontinued operations		-	12,823.3
Adjustments for items not included in the Cash flow	12	8.1	-9,636.5
Interest received		4.7	1.0
Interest paid		-3.7	-32.9
Income taxes paid		-0.2	-1,422.7
Distributions received		13.1	12.2
Distributions paid to non-controlling interest		-0.3	-
Changes in working capital:			
Changes in receivables/liabilities		1.4	-317.1
Changes in over/underlift position		-	6.3
<b>Total cash flows from operating activities</b>		<b>15.5</b>	<b>1,461.0</b>
- of which relates to continuing operations		15.5	7.1
- of which relates to discontinued operations		-	1,453.9
<b>Cash flows from investing activities</b>			
Investment in oil and gas properties		-	-281.4
Investment in renewable energy business <sup>1</sup>		-72.3	-53.1
Acquisition of subsidiary net of cash		-6.7	-102.6
Investment in other fixed assets		-0.1	-0.8
Decommissioning costs paid		-	-1.3
<b>Total cash flows from investing activities</b>		<b>-79.1</b>	<b>-439.2</b>
- of which relates to continuing operations		-79.1	-154.3
- of which relates to discontinued operations		-	-284.9
<b>Cash flows from financing activities</b>			
Net drawdown/repayment of credit facility	18	59.0	-598.4
Repayment of lease commitments	18	-	-11.6
Sold treasury shares		-	54.2
Dividends paid		-	-277.4
Financing fees paid	18	-1.3	-
<b>Total cash flows from financing activities</b>		<b>57.7</b>	<b>-833.2</b>
- of which relates to continuing operations		57.7	-261.8
- of which relates to discontinued operations		-	-571.4
Change in cash and cash equivalents		-5.9	188.6
Cash and cash equivalents at the beginning of the year		26.9	399.2
Currency exchange difference in cash and cash equivalents		0.8	95.8
Change in consolidation E&P business		-	-656.7
<b>Cash and cash equivalents at the end of the year</b>		<b>21.8</b>	<b>26.9</b>
- of which relates to continuing operations		21.8	26.9
- of which relates to discontinued operations		-	-

<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

MEUR	Share capital	Additional paid-in capital/ other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>1 January 2022</b>	<b>0.4</b>	<b>-164.3</b>	<b>-1,089.2</b>	<b>-1,253.1</b>	<b>-</b>	<b>-1,253.1</b>
<b>Comprehensive income</b>						
Net result	-	-	12,850.7	12,850.7	-	12,850.7
Other comprehensive income	-	420.3	-	420.3	-	420.3
<b>Total comprehensive income</b>	<b>-</b>	<b>420.3</b>	<b>12,850.7</b>	<b>13,271.0</b>	<b>-</b>	<b>13,271.0</b>
<b>Transactions with owners</b>						
Non-controlling interests	-	-	-	-	8.3	8.3
Distributions	-	-	-11,724.4	-11,724.4	-	-11,724.4
Sold treasury shares	-	54.3	-	54.3	-	54.3
Share based payments	-	-	3.6	3.6	-	3.6
<b>Total transaction with owners</b>	<b>-</b>	<b>54.3</b>	<b>-11,720.8</b>	<b>-11,666.5</b>	<b>8.3</b>	<b>-11,658.2</b>
<b>31 December 2022</b>	<b>0.4</b>	<b>310.3</b>	<b>40.7</b>	<b>351.4</b>	<b>8.3</b>	<b>359.7</b>
<b>Comprehensive income</b>						
Net result	-	-	-8.0	-8.0	0.4	-7.6
Other comprehensive income	-	4.6	-	4.6	-0.1	4.5
<b>Total comprehensive income</b>	<b>-</b>	<b>4.6</b>	<b>-8.0</b>	<b>-3.4</b>	<b>0.3</b>	<b>-3.1</b>
<b>Transactions with owners</b>						
Non-controlling interests	-	-	-	-	-5.9	-5.9
Share based payments	-	-	2.7	2.7	-	2.7
<b>Total transaction with owners</b>	<b>-</b>	<b>-</b>	<b>2.7</b>	<b>2.7</b>	<b>-5.9</b>	<b>-3.2</b>
<b>31 December 2023</b>	<b>0.4</b>	<b>314.9</b>	<b>35.4</b>	<b>350.7</b>	<b>2.7</b>	<b>353.4</b>



# Notes to the Consolidated Financial Statements

## Note 1 – Accounting policies

### General information

Orrön Energy AB (publ), with company registration number 556610-8055, is a limited liability company and its registered office is located at Hovslagargatan 5, Stockholm, Sweden. The Orrön Energy share is listed on Nasdaq Stockholm.

The Company's name was changed on 1 July 2022 from Lundin Energy AB (publ).

The Company's and its subsidiaries' primary operations are located in the Nordics, the UK, Germany and France and are described in detail in the Directors' Report in this Annual and Sustainability Report.

The consolidated financial statements for the financial year ending on 31 December 2023 were approved by the Board of Directors on 11 April 2024, and will be presented to the Annual General Meeting for adoption on 15 May 2024.

### Basis of preparation

Orrön Energy's annual report has been prepared in accordance with prevailing International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the EU Commission and the Swedish Annual Accounts Act (1995:1554). In addition, RFR 1 Supplementary Rules for Groups has been applied as issued by the Swedish Financial Reporting Board.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under the headline Critical accounting estimates and judgements. The consolidated financial statements have been prepared under the historical cost convention, except for items that are required to be accounted for at fair value as detailed in the Group's accounting policies. Intercompany transactions and balances have been eliminated.

The consolidated financial statements are presented in Euro (EUR), which is the currency the Group has elected to use as the presentation currency. All amounts have been rounded off to the nearest million EUR (MEUR), with one decimal, except when otherwise indicated. The Company has from 1 January 2023 changed its presentation currency from USD to EUR to better reflect the economic environment in which the Company operates.

### Accounting standards, amendments and interpretations

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023.

- Definition of Accounting Estimates – Amendments to IAS 8
- International Tax Reform – Pillar 2 Model Rules – Amendments to IAS
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior years or in the current period and are not expected to significantly affect future periods.

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### Principles of consolidation

#### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the Group's control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The non-controlling interest in a subsidiary represents the portion of the subsidiary not owned by the Group. The equity of the subsidiary relating to the non-controlling shareholders is shown as a separate item within equity for the Group. The Group recognises any non-controlling interest on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

### Joint ventures

An investment in a joint venture is an investment in an undertaking where the Group has joint control, generally accompanying a shareholding of not more than 50 percent of the voting right. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Such investments are accounted for in the consolidated financial statements in accordance with the equity method and are initially recognised at cost. The difference between the acquisition cost of shares in a joint venture and the net fair value of the assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the joint venture and is assessed for impairment as part of the investment. The Group's share in the post-acquisition results of the joint venture is recognised in the income statement and the Group's share in post-acquisition movements in other comprehensive income of the joint venture are recognised directly in other comprehensive income of the Group. When the Group's accumulated share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's percentage in the joint ventures. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the asset transferred.

### Associated companies

An investment in an associated company is an investment in an undertaking where the Group exercises significant influence but not control, generally accompanying a shareholding of at least 20 percent but not more than 50 percent of the voting rights. Such investments are accounted for in the consolidated financial statements in accordance with the equity method and are initially recognised at cost. The difference between the acquisition cost of shares in an associated company and the net fair value of the assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The Group's share in the post-acquisition results of the associated company is recognised in the income statement and the Group's share in post-acquisition movements in other comprehensive income of the associated company are recognised directly in other comprehensive income of the Group.

When the Group's accumulated share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's percentage in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Euro, which is the currency the Group has elected to use as the presentation currency. The Group's presentation currency has changed to Euro from US Dollars from 1 January 2023.

### Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised in the income statement. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Exchange differences are included in finance income/costs in the income statement except deferred exchange differences on qualifying cash flow hedges which are recorded in other comprehensive income.

### Presentation currency

The balance sheets and income statements of foreign Group companies are translated for consolidation purposes. All assets and liabilities are translated at the balance sheet date rates of exchange, whereas the income statements are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction. The translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the income statement and included in the result on sale.

### Exchange rates

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

	31 Dec 2023		31 Dec 2022	
	Average	Period end	Average	Period End
1 EUR equals SEK	11.4728	11.0960	10.6274	11.1218
1 EUR equals NOK	11.4244	11.2405	10.1015	10.5138
1 EUR equals GBP	0.8699	0.8691	0.8526	0.8869
1 EUR equals CHF	0.9717	0.9260	1.0052	0.9847
1 EUR equals USD	1.0816	1.1050	1.0539	1.0666

## **Classification of assets and liabilities**

Non-current assets, long-term liabilities and non-current provisions consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets, current liabilities and current provisions consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

## **Non-current assets held for sale or distribution and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale or distribution if their carrying amounts will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups classified as held for sale or distribution are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale or distribution classification is regarded as met only when the sale or distribution is highly probable, and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale or distribution expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depleted, depreciated or amortised anymore once classified as held for sale or distribution. Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

## **Property, plant and equipment**

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment. The cost includes expenditure which is directly attributable to the acquisition of the asset. The cost for wind farms also include, in contrast to the cost for other investments, normal expenses for calibration and commissioning. Interest expenses during the construction and assembly period are included in the cost.

In conjunction with the granting of permits for the construction of wind turbines, the Group commits to restore land to its original condition after the end of the turbines' useful life. The estimated future expense for this restoration is provided for in the consolidated financial statements and is calculated using an estimated pre-tax discount rate that reflect the current market assessment of the time value of money.

Subsequent expenditure increases the asset's carrying amount or is recognised as a separate component only when it is likely that the future economic benefits associated with the asset will accrue to the Group, and the cost of the asset can be reliably estimated. All other forms of repair and maintenance are recognised as expenses in the income statement in the period in which they arise.

Land is assumed to have an indefinite useful life and is therefore not depreciated. The value of wind farms is depreciated on a straight-line basis down to a maximum of the asset's estimated residual value and over the asset's expected useful life. The depreciation of wind farms is initiated when the commercial handover from the constructor has taken place.

For the calculation of depreciation according to plan, the following useful lives are applied:

- Buildings 20 years
- Wind turbines and foundations 10–30 years
- Other equipment 3–5 years

## **Impairment of assets**

At each balance sheet date the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or when impairment testing for an asset is required, the Group makes a formal assessment of the recoverable amount. Where the carrying value of a cash generating unit (CGU) exceeds its recoverable amount the CGU is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is calculated by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount is less than the carrying value an impairment loss is recognised with the expensed charge to the income statement.

If indications exist that previously recognised impairment losses no longer exist or are decreased, the recoverable amount is estimated. When a previously recognised impairment loss is reversed the carrying amount of the asset is increased to the estimated recoverable amount but the increased carrying amount may not exceed the carrying amount after depreciation that would have been determined had no impairment loss been recognised for the asset in prior years.

## **Financial assets and liabilities**

Assets and liabilities are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost unless stated otherwise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired, or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are categorised according to whether they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss. Orrön Energy recognises the following financial assets and liabilities:

## **Financial assets at amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group's loans and receivables consist of fixed or determined cash flows related solely to principal and interest amounts or contractual energy sales. The Group's intent is to hold these receivables until cash flows are collected. Loans are recognised initially at fair value, net of any transaction costs incurred and subsequently measured at amortised cost.

## **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortised cost or at fair value through other comprehensive income.

## **Financial liabilities at amortised cost**

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, or the Group has opted to measure them at FVTPL. Borrowings and accounts payable are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method.

## **Financial liabilities at FVTPL**

Financial liabilities measured at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortised cost.

## **Impairment of financial assets**

The measurement of impairment of financial assets is based on the expected credit losses model. For the trade and other receivables, the Group applies the simplified approach which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Group considered historical industry default rates as well as credit ratings of major customers. Additional disclosure related to the Group's financial assets is included in Note 9.

## **Derivatives used for hedging**

Derivative financial instruments may be used by the Group to manage economic exposure to market risks relating to foreign currency exchange rates and interest rates. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Where specific financial instruments are executed, The Group assesses, both at the time of purchase and on an ongoing basis, whether the financial instrument used in the particular transaction is effective in offsetting changes in fair values or cash flows of the transaction.

The effective portion of changes in the fair value of derivatives that qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognised immediately in the income statement. Amounts accumulated in other comprehensive income are transferred to the income statement in the period when the hedged item will affect the income statement. When a hedging instrument no longer meets the requirements for hedge accounting, expires or is sold, any accumulated gain or loss recognised in other comprehensive income remains in shareholders' equity until the forecast transaction no longer is expected to occur, at which point it is transferred to the income statement.

## **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period where appropriate and is continuously reassessed.

## **Cash and cash equivalents**

Cash and cash equivalents include cash at bank, cash in hand and interest bearing securities with original maturities of three months or less.

## **Equity**

Share capital consists of the registered share capital for the Parent Company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. Excess contribution in relation to the issuance of shares is accounted for in the item additional paid-in-capital.

When any group company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's equity holders until these shares are cancelled or sold. Where these shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity attributable to the Company's equity holders.

The change in fair value of hedging instruments which qualify for hedge accounting is accounted for in the hedge reserve. Upon settlement of the hedge instrument, the hedged item will be transferred to the income statement. The currency translation reserve contains unrealised translation differences due to the conversion of the functional currencies into the presentation currency. Retained earnings contain the accumulated results attributable to the shareholders of the Parent Company.

## **Provisions**

A provision is reported when the Company has a legal or constructive obligation as a consequence of an event and is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the discount rate used in the calculation is the risk-free rate with the addition of a credit risk element. The increase in the provision due to passage of time is recognised as finance costs.

On land where the Group is required to contribute to site restoration costs, a provision is recorded to recognise the future commitment. An asset is created, as part of the wind farm, to represent the discounted value of the anticipated site restoration liability and depleted over the life of the asset. The corresponding accounting entry to the creation of the asset recognises the discounted value of the future liability. The discount applied to the anticipated site restoration liability is subsequently released over the life of the asset and is charged to financial expenses. Changes in site restoration costs and provisions are treated prospectively and consistent with the treatment applied upon initial recognition.

## **Revenue recognition**

Income is recognised in the income statement when control has been passed to the purchaser. Orrön Energy's net sales include the sale of generated electricity, earned and sold electricity certificates and guarantees of origin, as well as gains and losses from electricity and currency derivatives attributable to the hedged production. Income arising from the sale of generated electricity is recognised at a point in time in the period in which delivery took place, at the spot price, forward price or other contracted price. Income relating to electricity certificates is recognised over time at the applicable spot price, forward price or other contracted price for the period in which the electricity certificate is earned, which is the period in which the electricity was produced. Income from electricity, electricity certificates and guarantees of origin is recognised in net sales from the date of commissioning.

Electricity certificates are recognised under inventories in the balance sheet when they are registered in the Swedish Energy Agency's account, and as accrued income for any periods during which they have been earned but not yet registered.

## **Borrowing costs**

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. Qualifying assets are assets that take a substantial period of time to complete for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending to be used for the qualifying asset, is deducted from the borrowing costs eligible for capitalisation. This applies on the interest on borrowings to finance wind farms under development which is capitalised within the wind farm until production commences. All other borrowing costs are recognised in the income statement in the period in which they occur. Interest on borrowings to finance the acquisition of producing wind farms is charged to the income statement as incurred.

## **General and administration expenses**

Expenses which are classified as general and administration expenses include all costs which are not directly attributable to operations. These costs mainly consist of personnel costs, office costs, costs for travel and external services.

## **Employee benefits**

### **Short-term employee benefits**

Short-term employee benefits such as salaries, social premiums and holiday pay, are expensed when incurred.

### **Pension obligations**

Pensions are the most common long-term employee benefits. The pension schemes are funded through payments to insurance companies. The Group's pension obligations consist of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when they are due.

### **Share-based payments**

Equity-settled share-based payments are recognised in the income statement as expenses during the vesting period and as equity in the Balance Sheet. The option is measured at fair value at the date of grant using an option pricing model and is charged to the income statement over the vesting period without revaluation of the value of the option.

## **Income taxes**

The components of tax are current and deferred. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is matched.

Current tax is tax that is to be paid or received for the year in question and also includes adjustments of current tax attributable to previous periods.

Deferred tax is a non-cash charge provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values. Temporary differences can occur, for example, where investment expenditure is capitalised for accounting purposes but the tax deduction is accelerated, or where site restoration costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are offset against deferred tax liabilities in the balance sheet where they relate to the same jurisdiction.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Group management. Since the Company changed to become a pure renewable energy business at 1 July 2022, the activity has been treated as one segment, this may change in the future when the business expands geographically and operationally.

### Critical accounting estimates and judgements

The management of Orrön Energy has to make estimates and judgements when preparing the financial statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

#### Reclassification to held for sale

The criteria for held for sale or distribution classification is regarded as met only when the sale or distribution is highly probable, and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell or distribute will be withdrawn. Management must be committed to the plan to sell or distribute the asset and the sale or distribution expected to be completed within one year from the date of the classification. Management assessed this to be the date of the signing of the transaction agreement with Aker BP being 21 December 2021.

### Note 2 – Share in result of associates and joint ventures

MEUR	2023	2022
Metsälamminkangas Wind Oy (50%)	-3.2	7.8
Leikanger Kraft AS (50%)	0.3	3.0
Other	0.2	0.1
	<b>-2.7</b>	10.9

### Note 3 – Finance income

MEUR	2023	2022
Foreign currency exchange gain, net	-	-
Interest income	5.9	2.6
Other	0.4	6.4
	<b>6.3</b>	9.0

### Note 4 – Finance costs

MEUR	2023	2022
Foreign currency exchange loss, net	2.6	1.6
Interest expense	4.8	0.7
Other	1.0	6.9
	<b>8.4</b>	9.2

**Note 5 – Income tax**

MEUR	2023	2022
Current tax	-0.2	-0.1
Deferred tax	11.7	26.7
	<b>11.5</b>	<b>26.6</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

MEUR	2023	2022
Profit/loss before tax	-19.1	0.8
Tax calculated at the corporate tax rate in Sweden 20.6% (20.6%)	3.9	-0.2
Tax effect of expenses non-deductible for tax purposes	-4.1	-3.9
Increased/decreased unrecorded tax losses	0.0	4.1
Tax effect on excess values	0.4	-1.4
Deferred tax asset on unrecorded tax losses	11.3	28.0
<b>Tax per income statement</b>	<b>11.5</b>	<b>26.6</b>

There is no tax charge/credit relating to components of other comprehensive income.

Corporation tax asset – current and deferred MEUR	Current		Deferred	
	2023	2022	2023	2022
Sweden	-	-	39.3	27.5
	-	-	<b>39.3</b>	<b>27.5</b>

Corporation tax liability – current and deferred MEUR	Current		Deferred	
	2023	2022	2023	2022
Sweden	0.2	-	15.9	16.9
Switzerland	-	0.5	-	-
	<b>0.2</b>	<b>0.5</b>	<b>15.9</b>	<b>16.9</b>

Specification of deferred tax assets and tax liabilities MEUR	2023	2022
<b>Deferred tax assets</b>		
Temporary differences on tax loss carry forwards	39.3	27.5
	<b>39.3</b>	<b>27.5</b>
<b>Deferred tax liabilities</b>		
Excess values on property, plant and equipment	15.9	16.9
	<b>15.9</b>	<b>16.9</b>

**Unrecognised tax losses**

The Group has Swedish tax loss carry forwards of approximately MEUR 205.4 (MEUR 191.0). A deferred tax asset of MEUR 39.3 has been recognised in 2022 and 2023 relating to these tax losses and remaining unrecognised tax losses at year end amount to MEUR 3.0 (MEUR 11.8). The tax losses can be carried forward indefinitely.

**International tax reform OECD Pillar 2 model rules**

The Group falls within the scope of the OECD Pillar 2 model rules which are implemented in Sweden through the Law on Top-up Tax (*Sw. Lag (2023:875) om tilläggsskatt*) and is expected to stay within scope until the end of 2024 only. The new law entered into force 1 January 2024 and applies to fiscal years beginning after 31 December 2023. Since the regulations were not in effect at the balance sheet date, the Group has not reported any current top-up tax.

Under Pillar 2, the Group is liable to pay top-up tax for jurisdiction where the Group has low-taxed operations. Operations are deemed as low-taxed if the Group's effective tax rate in a jurisdiction, calculated in accordance with the certain rules of Pillar 2, falls below the minimum tax rate of 15 percent. Pillar 2 also includes temporary safe harbour rules which, if fulfilled for a particular jurisdiction, implies that the top-up tax for the jurisdiction is deemed to be zero.

The Group is in the process of assessing its exposure to the Pillar 2 legislation. This preliminary assessment indicates that group companies meet the safe harbour rules, where no top-up tax liability is expected for any jurisdiction. Accordingly, the Group does not expect that the enactment of Pillar 2 will have any material impact on the Group's effective tax rate.

### 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 subsidiary holding the E&P business were distributed to the shareholders of the Company on 29 June 2022. The results of the E&P business were included in the financial statements until 29 June 2022 and are shown as discontinued operations.

The financial performance and net assets of the discontinued operations until 29 June 2022 were as follows:

MEUR	2022
<b>Revenue and other income</b>	
Revenue	3,507.7
Other income	6.8
	<u>3,514.5</u>
<b>Cost of sales</b>	
Production costs	-144.1
Exploration costs	-23.5
	<u>-167.6</u>
<b>Gross profit</b>	3,346.9
General, administration and depreciation expenses	-7.8
	<u>-7.8</u>
<b>Operating profit</b>	3,339.1
<b>Net financial items</b>	
Finance income	144.2
Finance costs	-365.2
	<u>-221.0</u>
<b>Profit/loss before tax</b>	3,118.1
Income tax	-2,606.0
	<u>512.1</u>
Gain on distribution E&P business	12,311.2
	<u>12,311.2</u>
<b>Net result from discontinued operations</b>	<u>12,823.3</u>

Cash flow from discontinued operations until 29 June 2022 was as follows:

MEUR	2022
<b>Cash flow from discontinued operations</b>	
Cash flows from operating activities	1,453.9
Cash flows from investing activities	-284.9
Cash flows from financing activities	-571.4
	<u>-856.3</u>
<b>Total</b>	<u>597.6</u>



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

Gain on distribution E&P business MEUR	2022
<b>Cash element</b>	<b>2,137.3</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/EUR end of day 28 June: 9.7879	9,432.9
FX historical impact of USD to EUR translation	-150.7
<b>Fair value distribution</b>	<b>11,419.5</b>
Fair valuation distribution	11,419.5
Negative book value E&P business	947.8
Cost incurred during 2022	-56.1
<b>Gain on distribution E&amp;P business end December 2022</b>	<b>12,311.2</b>

## Note 7 – Property, plant and equipment

MEUR	Land and buildings	Plant and machinery	Construction in progress	Other	Total
<b>Cost</b>					
<b>1 January 2022</b>	–	–	29.5	0.1	29.6
Additions	–	28.9	34.1	–	63.0
Business combination	0.2	199.5	–	–	199.7
Reclassifications	–	–	–	17.2	17.2
Disposal	–	–	–	-3.6	-3.6
Currency translation difference	–	0.5	–	–	0.5
<b>31 December 2022</b>	<b>0.2</b>	<b>228.9</b>	<b>63.6</b>	<b>13.7</b>	<b>306.4</b>
Additions	–	7.8	6.4	–	14.2
Reclassifications	17.3	126.3	-70.0	-9.2	64.4
Disposal	–	-0.2	–	–	-0.2
Currency translation difference	–	0.8	–	0.9	1.7
<b>31 December 2023</b>	<b>17.5</b>	<b>363.6</b>	<b>–</b>	<b>5.4</b>	<b>386.5</b>
<b>Depreciation</b>					
<b>1 January 2022</b>	–	–	–	–	–
Depreciation charge	–	-1.0	–	-1.1	-2.1
Reclassifications	–	–	–	-7.8	-7.8
Business combination	–	-64.3	–	3.6	-60.7
<b>31 December 2022</b>	<b>–</b>	<b>-65.3</b>	<b>–</b>	<b>-5.3</b>	<b>-70.6</b>
Depreciation charge	0.0	-11.8	–	-0.5	-12.3
Reclassifications	-1.7	-7.5	–	1.7	-7.5
Currency translation difference	0.0	-0.5	–	-0.4	-0.9
<b>31 December 2023</b>	<b>-1.7</b>	<b>-85.1</b>	<b>–</b>	<b>-4.5</b>	<b>-91.3</b>
<b>Net book value</b>					
31 December 2023	<b>15.8</b>	<b>278.5</b>	<b>–</b>	<b>0.9</b>	<b>295.2</b>
31 December 2022	0.2	163.6	63.6	8.4	235.8

### Estimated useful life

Buildings are depreciated using an estimated useful life of 20 years and taking into account the residual value.

Plant and machinery represent the Group's wind farms and consists of wind turbines, foundations and other equipment. The estimated useful lives of wind farms are reviewed on a park by park basis. Wind turbines and foundations are depreciated over 10 to 30 years and other equipment is depreciated over three to five years.

For other assets, the depreciation charge for the year is based on cost and an estimated useful life of three to five years for office equipment and other assets.

### Impairment

Orrön Energy carries out impairment tests of individual cash-generating units when impairment triggers are identified. No impairment triggers were identified during the year.

### Capitalised borrowing costs

During 2023, no capitalised interest costs were recognised. In 2022, an amount of MEUR 0.5 was recognised as capitalised borrowing costs relating to the Karskröv development project in Sweden and was calculated based on the weighted average interest rate for the year and amounted to approximately 2.5 percent.

### Development expenditure commitments

The Group had capital expenditure contracted for, at the end of the year 2023, of MEUR 1.5 (MEUR 70.5), which has not been recognised as liabilities.

### Leases

The Group's lease agreements mainly relate to land leases for its wind farms and rented offices and the value of the leases is not material. The lease term for a land lease is deemed to coincide with the useful life of the wind turbine constructed on the land and has not been recognised as a lease liability due to their low value. Variable lease payments are paid at a percentage of the income from electricity production.

## Note 8 – Investments in associates and joint ventures

	Number of shares	Share %	2023 Book amount MEUR	2022 Book amount MEUR
Metsälamminkangas Wind Oy	1,250	50.0	12.0	27.3
Leikanger Kraft AS	451,000	50.0	16.5	18.5
Eagle Wind JV AB	5,000	20.0	5.5	5.7
Kräklingbo Vind AB	175	35.0	0.0	0.0
Torsburgen Vind AB	700	35.0	0.0	0.0
Gårdslösa Drift AB	340	33.0	0.0	0.0
Istad Wind Power Management AB	240	20.0	0.0	0.0
Orust Drift AB	320	33.0	0.0	0.0
Ryd-Rönnerum Drift AB	200	20.0	0.0	0.0
Eslöv Vind AB	365	36.5	0.0	0.0
			<b>34.0</b>	<b>51.5</b>

The Group's interest held in Metsälamminkangas Wind Oy relates to a wind farm in Finland and the interest held in Leikanger Kraft AS relates to a hydropower plant in Norway. The remaining interests relate to investments made by Orrön Energy Sweden AB.

The table below summarises the financial information for the joint ventures, which represent the large majority of total investments in associates and joint ventures. The investments are accounted for using the equity method and the amounts represent 100 percent of those companies.

Income statement MEUR	Metsälamminkangas Wind OY		Leikanger Kraft AS	
	2023	2022	2023	2022
Revenue	15.1	30.7	8.3	35.1
Operating costs	-5.9	-3.2	-1.8	-4.8
Depreciation	-7.3	-5.5	-1.3	-1.5
Operating profit	1.9	22.0	5.2	28.8
Net financial items	-8.4	-2.6	-2.7	-1.7
Profit/Loss before tax	-6.5	19.4	2.5	27.1
Income tax	-	-3.9	-1.8	-21.2
<b>Net result</b>	<b>-6.5</b>	<b>15.5</b>	<b>0.7</b>	<b>5.9</b>
<b>Balance sheet</b> MEUR				
Non current assets				
Property, plant and equipment	170.1	177.4	75.7	81.7
Current assets				
Other current financial assets	1.5	9.1	0.5	1.4
Cash and cash equivalents	3.1	21.2	3.8	13.5
<b>Total assets</b>	<b>174.7</b>	<b>207.7</b>	<b>80.0</b>	<b>96.6</b>
Equity	6.0	52.0	22.8	24.6
Non current liabilities				
Interest bearing loans and borrowings	145.9	145.9	48.5	49.9
Deferred tax liability	19.4	3.9	4.4	-
Current liabilities	3.4	5.9	4.3	22.1
<b>Total liabilities</b>	<b>168.7</b>	<b>155.7</b>	<b>57.2</b>	<b>72.0</b>
<b>Total equity and liabilities</b>	<b>174.7</b>	<b>207.7</b>	<b>80.0</b>	<b>96.6</b>

## Note 9 – Financial instruments and financial risk management

### Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to meet its committed work programme requirements in order to create shareholder value. The Group may put in place new credit facilities, repay debt, or other activities as appropriate. Group management continuously monitors and manages the Group's net cash/net debt position in order to assess the requirement for changes to the capital structure to meet objectives and to maintain flexibility and monitors capital. Net cash/net debt is calculated as interest bearing loans and borrowings less cash and cash equivalents. Orrön Energy is not subject to any externally imposed capital requirements.

Net cash / Net debt MEUR	2023	2022
Interest bearing loans and borrowings – Non-Current	114.7	28.8
Interest bearing loans and borrowings – Current	0.8	27.5
Less: Cash and cash equivalents	-21.8	-26.9
	<b>93.7</b>	<b>29.4</b>

### Interest rate risk

Interest rate risk is the risk to the earnings due to uncertain future interest rates. Orrön Energy is exposed to interest rate risk through the corporate credit facility, see also Liquidity risk below. No interest rate expenses have been capitalised during 2023.

Orrön Energy will assess the benefits of interest rate hedging on borrowings on a continuous basis. There are no interest rate hedging contracts outstanding at year end 2023.

### Currency risk

Orrön Energy is a Swedish company which is operating internationally and therefore attracts foreign exchange exposure, both on transactions as well as on the translation from functional currency for entities to the Group's presentational currency of the Euro. The main functional currencies of Orrön Energy's subsidiaries are Swedish krona, Swiss francs and British pound, as well as Euro, making the Company sensitive to fluctuations of these currencies against the Euro.

### Foreign exchange exposure

The following table summarises the effect that a change in these currencies against the Euro would have on operating profit through the conversion of the income statements of the Group's subsidiaries from functional currency to the presentation currency Euro for the year ended 31 December 2023.

#### Sensitivity analysis foreign exchange exposure

Operating result, MEUR		-17.0	-17.0
	Average rate 2023	10% EUR weakening	10% EUR strengthening
Shift in currency exchange rates			
SEK/EUR		0.0	0.0
NOK/EUR		0.3	-0.3
Total effect on operating result, MEUR		0.3	-0.3

The foreign currency risk to the Group's income and equity from conversion exposure is not hedged.

### Price risk

Energy prices are affected by the normal economic drivers of supply and demand as well as the financial investors and market uncertainty. Factors that influence these include operational decisions, natural disasters, economic conditions, political instability or conflicts or actions by major energy exporting countries. Price fluctuations can affect Orrön Energy's financial position.

The table below summarises the effect that a change in electricity prices would have had on the net result and equity on 31 December 2023.

#### Sensitivity analysis electricity price

Net result, MEUR		-7.6	-7.6
		25% weakening	25% strengthening
Shift in energy prices			
Total effect on net result, MEUR		-7.4	7.4

Orrön Energy's strategy is to be fully merchant exposed to energy prices but adopt a flexible approach towards price hedging, based on an assessment of the benefits of the hedge contract in specific circumstances. Based on analysis of the circumstances, Orrön Energy will assess the benefits of forward hedging for the purpose of establishing cash flow.

For the year ended 31 December 2023, the Group had no outstanding price hedges. At year end 2022 the Group had some historical outstanding hedges which were settled during 2023.

Outstanding derivative contracts	2023	2022
Electricity futures – SE2	–	0.3
Electricity futures – SE3	–	0.1
	–	0.4

### Credit risk

On 31 December 2023, trade receivables amounted to MEUR 1.7 (MEUR 0.3). There is no recent history of default and there are no expected losses. Other long-term and short-term receivables are considered recoverable and no provision for bad debt was accounted for at year end 2023. Cash and cash equivalents are maintained with banks having strong long-term credit ratings.

### Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. Liquidity and funding risks and related processes and policies are closely overseen by Group management.

On 3 July 2023, the Group entered into a new three-year revolving credit facility of MEUR 150, at a floating interest rate margin 1.8 percent above the reference interest rate for the borrowed currency. The facility included an additional MEUR 150 accordion option and replaced the previous MEUR 100 revolving credit facility. The Company exercised a portion of the accordion option in January 2024, and increased its revolving credit facility to MEUR 190, at identical commercial terms as the original facility.

The revolving credit facility agreement provides that an "event of default" occurs where the Group does not comply with certain material covenants or where certain events occur as specified in the agreement, as are customary in financing agreements

of this size and nature. These financial covenants are calculated on a proportionate basis as described in section Key financial data on page 78 of this report. They consist of minimum liquidity (cash and cash equivalents plus available funds under credit facilities) and Debt Service Cover Ratio (ratio of proportionate EBITDA adjusted for certain non-cash expenses to debt service).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

MEUR	31 December 2023	31 December 2022
<b>Repayment within 6 months:</b>		
Trade and other payables	12.7	13.0
<b>Repayment after 6 months:</b>		
Other current financial liabilities	0.8	27.5
<b>Repayment within 1–2 years:</b>		
Interest bearing loans and borrowings	–	28.8
<b>Repayment within 2–5 years:</b>		
Interest bearing loans and borrowings	114.7	–
	<b>128.2</b>	69.3

#### Classification of financial instruments

The tables below present the classification of the financial instruments in the balance sheet in 2023 and 2022. Financial assets and liabilities are categorised according to whether they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

The Group holds the following financial instruments:

	Level	2023	2022
<b>Financial assets</b>			
<b>Financial assets at amortised cost</b>			
Non-current financial assets		95.5	96.8
Trade receivables <sup>1</sup>		1.7	0.3
Other current financial assets		5.7	2.5
Cash and cash equivalents		21.8	26.9
		<b>124.7</b>	126.5
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost</b>			
Non-current Interest bearing loans and borrowings <sup>2</sup>		114.7	28.8
Trade and other payables		12.7	13.0
Other current financial liabilities		0.8	27.5
		<b>128.2</b>	69.3
<b>Financial liabilities at fair value through profit or loss</b>			
Derivative financial instruments	2	–	0.3
		–	0.3

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

<sup>2</sup> The fair value of non-current interest bearing loans and borrowings is not materially different from the book value.

Non-current financial assets include loans to joint ventures of MEUR 94.9 (MEUR 95.6) and other of MEUR 0.6 (MEUR 1.2).

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 10 – Revenue

Revenues are derived from sales to electricity trading companies, and near 100 percent of the Group's total revenue was contracted with two customers.

### Note 11 – Other current financial assets

MEUR	2023	2022
Project development portfolio	4.5	–
Other	1.2	2.5
	<b>5.7</b>	<b>2.5</b>

### Note 12 – Supplementary information to the Statement of Cash Flows

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

MEUR	2023	2022
<b>Adjustments for items not included in the Cash Flows:</b>		
Gain on distribution of E&P business	–	-12,516.9
Exploration costs	–	23.5
Depletion, depreciation and amortization	11.9	3.5
Current tax	0.2	2,255.1
Deferred tax	-11.6	295.3
Long-term incentive plans	2.3	10.8
Foreign currency exchange gain/loss	1.3	312.1
Interest income	-5.9	-2.6
Interest expense	5.5	25.8
Amortisation of deferred financing fees	–	4.5
Ineffective hedging contracts	–	-52.2
Result from associated companies and joint ventures	2.7	–
Other	1.7	4.6
	<b>8.1</b>	<b>-9,636.5</b>

### Note 13 – Equity

#### Note 13.1 – Share capital and share premium

	Share capital			Additional paid in capital
	Number of shares	Par value MSEK	Par value MEUR	MEUR
<b>1 January 2022</b>	285,924,614	3.5	0.4	261.5
Sold treasury shares	–	–	–	54.3
<b>31 December 2022</b>	285,924,614	3.5	0.4	315.8
Total movements	–	–	–	–
<b>31 December 2023</b>	<b>285,924,614</b>	<b>3.5</b>	<b>0.4</b>	<b>315.8</b>

#### 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). All shares are ordinary shares with equal right to dividends. During the second quarter of 2022 the Company sold all its treasury shares amounting to a total of 1,356,436 shares.

**Note 13.2 – Other reserves**

	Hedge reserve	Currency translation reserve	Total
1 January 2022	-9.8	-416.0	-425.8
Other comprehensive income	9.8	410.5	420.3
31 December 2022	-	-5.5	-5.5
Other comprehensive income	-	4.6	4.6
<b>31 December 2023</b>	<b>-</b>	<b>-0.9</b>	<b>-0.9</b>

**Note 13.3 – Retained earnings**

MEUR	2023	2022
1 January	40.7	-1,089.2
Net result for the year	-8.0	12,850.7
Distributions	-	-11,724.4
Share based payments	2.7	3.6
<b>31 December</b>	<b>35.4</b>	<b>40.7</b>

**Note 13.4 – Earnings per share**

	2023	2022
Net result from continuing operations, MEUR	-7.6	27.4
Net result from discontinued operations, MEUR	-	12,823.3
<b>Net result attributable to shareholders of the Parent Company, MEUR</b>	<b>-7.6</b>	<b>12,850.7</b>
Weighted average number of shares of the year	285,924,614	285,458,805
Earnings per share from continuing operations, EUR	-0.03	0.10
Earnings per share from discontinued, EUR	-	44.92
<b>Earnings per share, EUR</b>	<b>-</b>	<b>45.02</b>
Weighted average number of shares of the year – diluted	288,526,711	286,567,833
Earnings per share from continuing operations – diluted, EUR	-0.03	0.10
Earnings per share from discontinued operations – diluted, EUR	-	44.75
<b>Earnings per share – diluted, EUR</b>	<b>-0.03</b>	<b>44.85</b>

**Note 14 – Interest bearing liabilities**

MEUR	2023	2022
<b>Non current</b>		
Bank loans	114.7	28.8
	<b>114.7</b>	<b>28.8</b>
<b>Current</b>		
Bank loans	0.8	27.5
	<b>0.8</b>	<b>27.5</b>

Orrön Energy is not subject to any externally imposed capital requirements. The revolving credit facility agreement provides that an “event of default” occurs where the Group does not comply with certain material covenants or where certain events occur as specified in the agreement, as are customary in financing agreements of this size and nature. See section Liquidity risk in Note 9.

**Note 15 – Provisions**

MEUR	Site restoration provision	Other <sup>1</sup>	Total
<b>1 January 2022</b>	–	–	–
Business combination	0.8	–	0.8
Additions	0.1	2.7	2.8
<b>31 December 2022</b>	0.9	2.7	3.6
Additions	2.1	–	2.1
Changes in estimates	–	-0.2	-0.2
Payments	–	-2.5	-2.5
<b>31 December 2023</b>	<b>3.0</b>	<b>–</b>	<b>3.0</b>
Non-current	3.0	–	3.0
Current	–	–	–
<b>Total</b>	<b>3.0</b>	<b>–</b>	<b>3.0</b>

<sup>1</sup> Other included an amount of MEUR 2.5 at year end 2022 for a redundancy accrual relating to discontinued operations which was classified as current.

**Site restoration provision**

When the Group has an obligation to contribute to environmental restoration on land where it has its operations, a provision is recorded to recognise the future commitment.

Provisions are measured at the present value of the amount expected to be required to settle the obligation. In calculating the present value of the site restoration provision, a discount rate of 4.5 percent (4.5 percent) was used, based on long-term risk-free interest rate projections. The additions in 2023 mainly relate to the liability associated with the Company's operational assets in Sweden. See section Provisions in Note 1 Accounting policies for more information.

**Note 16 – Trade and other payables**

MEUR	2023	2022
Accounts payable	3.0	1.3
Other current liabilities	4.4	6.6
Accrued payables and deferred income	5.3	5.1
	<b>12.7</b>	<b>13.0</b>

**Note 17 – Business combinations****Siral**

In 2022, Orrön Energy acquired 100 percent of the issued share capital of Siral Förvaltning AB and gained control of the company from 1 December 2022. This acquisition added 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 consideration amounted to MEUR 8.6. The valuation at fair value resulted in a surplus value of MEUR 4.6, which has been allocated to plant, property and equipment and no goodwill was recognised. The amounts have been translated from SEK to EUR at closing rate 30 November 2022.

**Slitevind**

In 2022, Orrön Energy acquired 96.5 percent of the issued share capital of Slitevind AB (publ), subsequently renamed Orrön Energy Sweden AB and gained control of the company from 31 August 2022. The remaining shares have been acquired in 2023.

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

Purchase consideration MEUR	% of shares	Share price SEK	Number of shares	Value MEUR
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	4.6
Step 3 – Buy-out procedure	3.5%	125	249,102	2.9
	<b>100.0%</b>		<b>7,114,450</b>	<b>83.3</b>



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

Assets and liabilities MEUR	Fair value <sup>1</sup>
<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>	88.0
Less non-controlling interest	-4.7
<b>Net assets acquired</b>	<b>83.3</b>

<sup>1</sup> Translated from SEK to EUR at closing rate 31 August 2022.

#### Acquired receivables

The fair value of acquired trade receivables was MEUR 0.4, which corresponded to the book value.

#### Revenue and profit contribution

The acquired business will contribute significantly to the Group's results and represented the majority of the Group's revenue at year end 2023. This acquisition 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.

#### Purchase consideration – cash outflow

<b>Outflow of cash for acquisition, net of cash acquired</b> MEUR	
Cash consideration	83.3
Less cash balances acquired	-1.4
<b>Net outflow of cash – Investing activities</b>	<b>81.9</b>

**Note 18 – Changes in liabilities with cash flow movements**

The changes in liabilities and relating cash flow movements are disclosed as part of financing activities in the cash flow statement are as follows:

	1 January 2023	Cash flows	Non-Cash changes			31 December 2023
			Amortisation of deferred financing fees	Change on consolidation	Foreign exchange movement	
Financial liabilities	56.3	57.7	–	–	0.7	114.7

	1 January 2022	Cash flows	Non-Cash changes			31 December 2022
			Amortisation of deferred financing fees	Change on consolidation	Foreign exchange movement	
Financial liabilities	3,011.0	-527.4	4.5	-2,431.8	–	56.3

**Note 19 – Contingent liabilities and assets**

In November 2021, the Swedish Prosecution Authority brought criminal charges against former representatives of the Company in relation to past operations in Sudan from 1999 to 2003. The charges also included claims against the Company for a corporate fine of MSEK 3.0 and forfeiture of economic benefits of MSEK 2,381.3, 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 an asset in 2003. 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 claim for forfeiture of economic benefits was increased from MSEK 1,391.8 by the Swedish Prosecution Authority in August 2023. This latest increase to the claimed forfeiture amount means that the Prosecutor has presented three completely different amounts, based on three different methodologies, over the past five years, raising serious questions about the substance and credibility of the Prosecutor's claim. It is obvious that the methodology used by the Prosecutor to arrive at the claimed forfeiture amount is fundamentally flawed, leading to an unreasonable forfeiture claim which has no basis in law and is highly speculative. Any potential corporate fine or forfeiture of economic benefits would only be imposed after an adverse final conclusion of the case against former representatives of the Company. The trial at the Stockholm District Court started in September 2023 and is expected to last until February 2026. 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 legal proceedings have been concluded for the fiscal year 2012 and did not lead to any liability for IPC, nor the Company. In early 2024, the Company acquired from IPC the entity subject to the claim for 2013 and the indemnity to IPC was extinguished. The Company has not recognised any provision in relation hereto as it does not believe it is probable that 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.

**Note 20 – 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.

**Note 21 – Average number of employees**

Average number of employees per country	2023		2022	
	Total employees	of which men	Total employees	of which men
<b>Parent Company in Sweden</b>	<b>6</b>	<b>5</b>	3	1
<b>Subsidiaries</b>				
Sweden	12	7	4	4
Switzerland	8	5	32	18
United Kingdom	4	3	–	–
Germany	1	1	–	–
France	1	1	–	–
Norway	–	–	221	165
Netherlands	–	–	2	2
	<b>26</b>	<b>17</b>	259	189
<b>Total</b>	<b>32</b>	<b>22</b>	262	190

Board members and Group management	2023		2022	
	Total at year end	of which men	Total at year end	of which men
<b>Parent Company in Sweden</b>				
Board members <sup>1</sup>	5	3	4	3
<b>Subsidiaries</b>				
Group management	3	2	3	2
<b>Total</b>	<b>8</b>	<b>5</b>	7	5

<sup>1</sup> Daniel Fitzgerald, CEO was Board member from 1 July 2022 until 4 May 2023 and is reported as Group management in 2022 and 2023.

**Note 22 – Remuneration**

Salaries, other remuneration and social security costs TEUR	2023		2022	
	Salaries and other remuneration <sup>1</sup>	Social security costs	Salaries and other remuneration	Social security costs
<b>Parent Company in Sweden</b>				
Board members	551	60	1,743	297
Employees	1,027	370	632	299
<b>Subsidiaries</b>				
Group management	3,347	406	3,158	272
Other employees	3,084	815	46,969	9,616
<b>Total</b>	<b>8,009</b>	<b>1,651</b>	52,502	10,484
<b>Of which pension costs</b>		<b>511</b>		5,642

<sup>1</sup> Other remuneration includes long term variable remuneration of TEUR 2,345, which is reported on an accrual basis. The amounts reflect the cost recognised in 2023, valued at grant, for the share option plans approved by the 2022 EGM and the 2023 AGM and does not equal the fair value of the options at the balance sheet date.

2023 salaries and other remuneration for Board members and Group management TEUR	Fixed Board remuneration/ base salary <sup>1</sup>	Other benefits <sup>2</sup>	Short-term variable remuneration <sup>3</sup>	Long-term variable remuneration <sup>4</sup>	Remuneration for committee work	Remuneration outside of directorship	Pension	Total 2023
<b>Parent Company in Sweden</b>								
<b>Board members</b>								
Grace Reksten Skaugen	120	–	–	84	10	–	–	214
C. Ashley Heppenstall	60	–	–	42	15	–	–	117
Jakob Thomasen	60	–	–	42	5	–	–	107
Peggy Bruzelius	30	–	–	–	3	–	–	33
William Lundin	30	–	–	–	3	–	–	33
Aksel Azrac <sup>5</sup>	30	–	–	14	3	–	–	47
<b>Total</b>	<b>330</b>	<b>–</b>	<b>–</b>	<b>182</b>	<b>39</b>	<b>–</b>	<b>–</b>	<b>551</b>
<b>Subsidiaries</b>								
<b>Group management</b>								
Daniel Fitzgerald, CEO	422	7	195	805	–	–	40	1,469
Other <sup>6</sup>	633	83	293	795	–	–	74	1,878
<b>Total</b>	<b>1,055</b>	<b>90</b>	<b>488<sup>6</sup></b>	<b>1,600</b>	<b>–</b>	<b>–</b>	<b>114</b>	<b>3,347</b>

<sup>1</sup> Fixed board remuneration is reported on a cash basis.

<sup>2</sup> Other benefits may include, but are not limited to, school fees and health insurance for Group management.

<sup>3</sup> Short-term variable remuneration to Group management is reported on an accrual basis and includes the bonus relative to the performance in 2023.

<sup>4</sup> Long term variable share based remuneration to the Board and Group management is reported on an accrual basis. The amounts reflect the cost recognised in 2023, valued at grant, for the share option plans approved by the 2022 EGM and the 2023 AGM and does not equal the fair value of the options at the balance sheet date.

<sup>5</sup> Aksel Azrac was Board member until 4 May 2023 and did not stand for re-election at the 2023 AGM.

<sup>6</sup> Comprises two people: CFO Espen Hennie and General Counsel Henrika Frykman.

2022 salaries and other remuneration for Board members and Group management TEUR	Fixed Board remuneration/ base salary	Other benefits <sup>1</sup>	Short-term variable remuneration	Long-term variable remuneration <sup>2</sup>	Remuneration for committee work	Remuneration outside of directorship	Pension	Total 2022
<b>Parent Company in Sweden</b>								
<b>Board members</b>								
Grace Reksten Skaugen	101	–	88	37	30	–	–	256
C. Ashley Heppenstall	73	–	88	19	18	–	–	198
Jakob Thomasen	73	–	88	19	23	–	–	203
Peggy Bruzelius <sup>3</sup>	44	–	88	–	15	–	–	147
Aksel Azrac	28	–	–	19	5	–	–	52
Ian H. Lundin <sup>3</sup>	93	–	185	–	3	25	–	306
Adam I. Lundin <sup>3</sup>	44	–	88	–	–	–	–	132
Alex Schneider <sup>3</sup>	29	–	–	–	–	–	–	29
Lukas H. Lundin <sup>3</sup>	44	–	88	–	–	–	–	132
Cecilia Vieweg <sup>3</sup>	44	–	88	–	14	–	–	146
Torstein Sanness <sup>3</sup>	44	–	88	–	10	–	–	142
<b>Total</b>	617 <sup>4</sup>	–	889 <sup>5</sup>	94	118	25	–	1,743
<b>Subsidiaries</b>								
<b>Group management</b>								
Daniel Fitzgerald, CEO <sup>6</sup>	199	–	166	269	–	–	28	662
Nick Walker, CEO <sup>7</sup>	417	46	–	–	–	–	86	549
Other <sup>8</sup>	1,438	118	236	269	–	–	231	2,292
<b>Total</b>	2,054	164	402 <sup>9</sup>	538	–	–	345	3,503

<sup>1</sup> Other benefits may include, but are not limited to, school fees and health insurance for Group management.

<sup>2</sup> Long-term variable share based remuneration to the Board and Group management is reported on an accrual basis. The amounts reflect the cost recognised in 2022, valued at grant, for the share option plan approved by the 2022 EGM and does not equal the fair value of the options at the balance sheet date. The previously applicable Performance Based Incentive plan lapsed on completion of the Transaction with Aker BP on 30 June 2022.

<sup>3</sup> Board assignment ended 30 June 2022. Peggy Bruzelius was subsequently re-elected as member of the Board at the 2023 AGM.

<sup>4</sup> Fixed board remuneration is reported on a cash basis.

<sup>5</sup> Short-term variable remuneration to the Board is reported on a cash basis and related to work done in 2022.

<sup>6</sup> CEO from 1 July 2022. The remuneration reported for Daniel Fitzgerald as CEO does not include remuneration in respect of his position as COO between 1 January and 30 June 2022.

<sup>7</sup> CEO until 30 June 2022.

<sup>8</sup> Comprises seven people: the current CFO Espen Hennie from 1 July 2022, the General Counsel Henrika Frykman for the full year 2022, and the former CFO Teitur Poulsen, the former COO Daniel Fitzgerald, the former Vice President Sustainability Zomo Fisher, the former Vice President Investor Relations and Communications Edward Westropp and the former Vice President Commodities Trading and Marketing David Michellis until 30 June 2022.

<sup>9</sup> Short-term variable remuneration to Group management is reported on an accrual basis and includes the bonus relative to the performance in 2022.

### Board members

There are no severance pay agreements in place for any of the Company's Board members.

### Group management

The pension contribution for Group management is between 7 percent and 18 percent of the qualifying income for pension purposes depending on the age. The Company provides for 60 percent of the pension contribution and the employee for the remaining 40 percent. Qualifying income is defined as annual base salary and short-term variable remuneration and is capped at approximately TCHF 882 (TCHF 846). The typical contractual retirement age for men is 65 years and for women 64 years.

A mutual termination period of between six months and twelve months applies between the Company and Group management, depending on the duration of the employment with the Company. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation, up to two years' base salary, in the event of termination of employment due to a change of control of the Company. The Board of Directors is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to one year's base salary; no other benefits shall be included. Severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of two years' base salary.

See page 27–28 of the Corporate Governance report for further information on the Group's principles of remuneration and the Policy on Remuneration for Group management for 2023.

## Note 23 – Long term incentive plans

### Share Option Plan

#### Employee LTIP

A long-term share-related incentive plan in the form of a share option plan for members of Group management and other employees of the Company was approved by the 2022 EGM (“Employee LTIP 2022”), with the aim of aligning the interests of the members of Group management and other employees with the interests of the shareholders, as well as to provide market appropriate reward for a new business focused on growth, reflecting continuity, commitment and share price appreciation. The Board believes that the Employee LTIP 2022 provides the Company with a crucial component to a competitive total compensation package to attract and retain employees who are critical to the Company’s future. In order to secure the Company’s obligations under the Employee LTIP 2022, the Company has issued 8,560,000 warrants.

The Employee LTIP 2022 was introduced as part of a new holistic remuneration approach within the updated Policy on Remuneration for Group management, where base salaries and annual bonus opportunities were set below the market average and in return, the long-term incentives were designed to strongly emphasise Group management’s delivery of material shareholder returns, which is appropriate for a newly formed entrepreneurial organisation focused on growth. The Employee LTIP 2022 is designed to promote business decisions that support long-term value creation and share price appreciation, rather than delivering scale and size without clear shareholder return. As the Company operates in a business environment where renewable energy projects take a long time to mature and ultimately crystallise value, the Employee LTIP 2022 has been designed to incentivise decision making in support of this long-term value creation, which is being reflected in the length of the exercise and vesting periods. The Employee LTIP 2022 is further fully aligned with the interest of shareholders as any pay-out will require a share price increase, which is considered to be an appropriate performance criterion given the Company’s current phase of development. The share price is the best measure to determine shareholder value creation, and the Employee LTIP 2022 will only deliver value to the extent that Group management are able to increase the Company’s valuation. It is also challenging to find a suitable peer group at this phase of the Company’s development, or other performance conditions, which would adequately assess the Company’s performance against market. A performance condition focused on growth targets may not lead to share price appreciation and could in essence reward outcomes, which are not aligned with value appreciation for shareholders, in particular under current market conditions. The Board therefore believes that the Employee LTIP 2022 is the best way to ensure a clear alignment between performance outcomes for both shareholders and Group management. It is also considered that the Employee LTIP 2022 is best financed through delivery of shares allowing the Company to allocate all available capital towards growth. To minimise dilution and impact on shareholders, the net equity settlement method has been chosen to ensure that only the value created over and above the market price of the share at award is delivered, leading to a significantly lower dilution than the headline amount of options issued. As an example, assuming a scenario with an average share price growth of 10 percent per annum over seven years, the dilution to shareholders would reduce by 50 percent compared to the headline dilution shown.

A similar plan was approved by the 2023 AGM (“Employee LTIP 2023”). In order to secure the Company’s obligations under the Employee LTIP 2023, the 2023 AGM resolved to approve that the Company enters 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 terms and conditions of Employee LTIP 2023. The equity swap arrangement was concluded during the second quarter 2023.

#### Board LTIP

The 2022 EGM resolved to approve a one-off long-term share-related incentive plan for members of the Board (“Board LTIP 2022”) in the form of a share option plan.

The Company has secured 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.

Share Option Plans – Number of options	2023 Plan	2022 Plan	Total
<b>Employee LTIP</b>			
Outstanding at the beginning of the period	–	7,985,000	7,985,000
Awarded during the period	5,994,500	–	5,994,500
Forfeited during the period	–	-64,000	-64,000
Outstanding at the end of the period	5,994,500	7,921,000	13,915,500
<b>Board LTIP</b>			
Outstanding at the beginning of the period	–	1,005,000	1,005,000
Forfeited during the period	–	-134,000	-134,000
Outstanding at the end of the period	–	871,000	871,000
<b>Total outstanding at the end of the period</b>	<b>5,994,500</b>	<b>8,792,000</b>	<b>14,786,500</b>

The share option plan 2023 vest on 31 July 2026, from when participants are entitled to exercise all or part of the options until 31 July 2030 when the share options expire. The share option plan 2022 vest on 31 July 2025, from when participants are entitled to exercise all or part of the options until 31 July 2029 when the share options expire.

<b>Costs associated with the Share Option Plans</b>		
MEUR	<b>2023</b>	2022
2022 Plan	1.9	1.3
2023 Plan	0.4	–
	<b>2.3</b>	<b>1.3</b>

The cost has been calculated based on the fair value at grant and recognised in the income statement prorata over the vesting period. The total effect on equity for the share option plans at 31 December 2023 amounted to MEUR 3.6 (MEUR 0.9). The effect on equity is calculated based on the fair value at date of grant.

#### **Fair value of options granted – Employee LTIP**

The assessed fair value at grant date of options granted under the Employee LTIP 2023 granted during the year ended 31 December 2023 was SEK 4.78 per option. The equivalent value for the Employee LTIP 2022 was SEK 8.45 when granted in 2022.

The fair value at grant date has been independently determined using the Black-Scholes model. The model inputs for options granted during the year ended 31 December 2023 (31 December 2022) included:

- Entitlement: Each option entitles the holder to acquire one new common share in Orrön Energy AB
- Exercise price: SEK 11.78 (SEK 8.88), 100% of volume weighted average price as quoted on Nasdaq Stockholm during the period 22 – 26 May 2023 (18 – 22 July 2022)
- Grant date: 1 June 2023 (8 August 2022)
- Vesting date: 31 May 2026 (31 July 2025)
- Expiry date: 31 May 2030 (31 July 2029)
- Share price at grant date: SEK 11.66 (SEK 15.00)
- Expected price volatility of the company's shares: 35% (35%)
- Risk-free interest rate: 2.5% (2.0%)
- The options vest over 3 years

#### **Fair value of options granted – Board LTIP**

The assessed fair value at grant date of options granted under the Board LTIP 2022 during the year ended 31 December 2022 was SEK 7.60 per option.

The fair value at grant date has been independently determined using the Black-Scholes model. The model inputs for options granted in 2022 under the Board LTIP included:

- Entitlement: Each option entitles the holder to acquire one new common share in Orrön Energy AB.
- Exercise price: SEK 10.66, 120% of the volume weighted average price as quoted on Nasdaq Stockholm during the period 18–22 July 2022
- Grant date: 8 August 2022
- Vesting date: 31 July 2025
- Expiry date: 31 July 2029
- Share price at grant date: SEK 15.00
- Expected price volatility of the company's shares: 35%
- Risk-free interest rate: 2.0%
- The options vest over 3 years

#### **Unit Bonus Plan**

Since 2008, Orrön Energy has implemented a yearly LTIP scheme consisting of a Unit Bonus Plan which provided for an annual grant of units that will lead to a cash payment at vesting. The LTIP had a three year duration whereby the initial grant of units vested equally in three tranches: one third after one year; one third after two years; and the final third after three years. The cash payment was conditional upon the holder of the units remaining an employee of the Group at the time of payment. The share price for determining the cash payment at the end of each vesting period was equal to the average of the Orrön Energy closing share price for the five trading days prior to and following the actual vesting date adjusted for any dividend payments between grant date and vesting date. All grants were exercised in full on 30 June 2022 when the E&P business was transferred to Aker BP at an exercise price of SEK 359.28.

The following table shows the number of units issued under the LTIPs each year. There were no units outstanding on 31 December 2023.

<b>Unit Bonus Plan</b>	Plan				<b>Total</b>
	2020	2021	2022	2023	
Outstanding at the beginning of the period	174,530	219,969	–	–	394,499
Exercised in full following change of control event	-169,555	-216,624	–	–	-386,179
Forfeited during the period	-4,975	-3,345	–	–	-8,320
Outstanding at the end of the period	–	–	–	–	–

The costs associated with the Performance Based Incentive Plan are detailed in the following table.

Unit Bonus Plan MEUR	2023	2022
2019	–	0.7
2020	–	2.0
2021	–	4.5
	–	7.2

LTIP awards were recognised in the financial statements pro rata over their vesting period.

#### Performance Based Incentive Plan

The Company has operated a performance share plan as a long-term incentive plan since 2014, designed to be simple and transparent whilst rewarding long-term, sustainable value creation. The awards under this yearly plan lapsed in connection with the combination of the Company's legacy exploration and production business with Aker BP on 30 June 2022 and no awards are therefore outstanding at year end 2023. Detailed information on this yearly plan can be found in the Remuneration Report 2021 and in the Annual report 2021.

The following table shows the number of units issued under the LTIPs, and the year in which the awards vested. There were no awards outstanding on 31 December 2023.

Performance Based Incentive Plan	Plan				Total
	2020	2021	2022	2023	
Outstanding at the beginning of the period <sup>1</sup>	414,164	254,789	–	–	668,953
Lapsed during the period	-385,686	-251,718	–	–	-637,404
Forfeited during the period	-28,478	-3,071	–	–	-31,549
Outstanding at the end of the period	–	–	–	–	–

The costs associated with the Unit Bonus Plan are detailed in the following table.

Performance Based Incentive Plan MEUR	2023	2022
2019	–	0.2
2020	–	0.2
2021	–	1.3
	–	1.7

LTIP awards are recognised in the financial statements pro rata over their vesting period.

#### Note 24 – Remuneration to the Group's Auditors

TEUR	2023	2022
Ernst & Young		
Audit engagements	285.4	330.2
Audit assignments in addition to the audit engagement	–	58.8
Other services	–	–
	<b>285.4</b>	389.0
Remuneration to other auditors	30.0	28.5
<b>Total</b>	<b>315.4</b>	417.5

#### Note 25 – Subsequent events

In January 2024, the Company exercised a portion of the accordion option and increased its revolving credit facility from MEUR 150 to MEUR 190, at identical commercial terms as the original facility, adding further capacity to fund future growth.

In April 2024, the Company entered into an agreement to sell its 50 percent interest in the Leikanger hydropower plant for an enterprise value of MNOK 613, approximately MEUR 53, to the existing partner Sognekraft Produksjon AS. The transaction is expected to complete in the second quarter of 2024.



# Annual Accounts of the Parent Company

## 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 Parent Company reported a net result of MSEK 160.3 (MSEK -590.4) for the year, which was mainly impacted by financial income, general and administration expenses and the recognition of a deferred tax asset.

General and administration expenses amounted to MSEK 192.5 (MSEK 200.0), out of which MSEK 81.0 (MSEK 63.2) related to legal fees and other costs incurred for the defence of the Company and its former representatives in the Sudan legal case.

Finance income amounted to MSEK 186.3 (MSEK 10.9) and related to dividends and group contributions received from a subsidiary.

A deferred tax income of MSEK 130.0 was recognised during the year and related to tax losses carried forward, which are expected to be used against future taxable profits in Sweden.

## Accounting Policies

The financial statements of the Parent Company are prepared in accordance with accounting policies generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995:1554). RFR 2 requires the Parent Company to use similar accounting policies as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent Company's accounting policies do not in any material respect deviate from the Group policies, see Note 1 of the consolidated financial statements.

## Parent Company Income Statement

MSEK	Note	2023	2022
<b>Revenue</b>		<b>41.9</b>	13.4
General and administration expenses		-192.5	-200.0
<b>Operating profit/loss</b>		<b>-150.6</b>	-186.6
Finance income	1	186.3	10.9
Finance costs	2	-5.4	-720.5
<b>Net financial items</b>		<b>180.9</b>	-709.8
<b>Profit/loss before income tax</b>		<b>30.3</b>	-896.4
Income tax	3	130.0	306.0
<b>Net result</b>		<b>160.3</b>	-590.4

## Parent Company Comprehensive Income Statement

MSEK	2023	2022
<b>Net result</b>	<b>160.3</b>	-590.4
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>160.3</b>	-590.4
Attributable to:		
Shareholders of the Parent Company	160.3	-590.4

# Parent Company Balance Sheet

MSEK	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in subsidiaries	8	3,780.8	3,780.8
Other tangible fixed assets		0.1	0.3
Deferred tax assets		436.0	306.0
		<b>4,216.9</b>	4,087.1
<b>Current assets</b>			
Receivables	4	5.9	17.8
Cash and cash equivalents		111.5	24.6
		<b>117.4</b>	42.4
<b>TOTAL ASSETS</b>		<b>4,334.3</b>	4,129.5
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital		3.5	3.5
Statutory reserve		861.3	861.3
		<b>864.8</b>	864.8
<b>Unrestricted equity</b>			
Other reserves		7,182.7	7,182.7
Retained earnings		-3,964.6	-3,379.1
Net result		160.3	-590.4
		<b>3,378.4</b>	3,213.2
<b>TOTAL EQUITY</b>		<b>4,243.2</b>	4,078.0
<b>Non-current liabilities</b>			
Provisions		-	1.3
Interest bearing loans and borrowings		39.5	-
		<b>39.5</b>	1.3
<b>Current liabilities</b>			
Other liabilities	5	51.6	50.2
		<b>51.6</b>	50.2
<b>TOTAL LIABILITIES</b>		<b>91.1</b>	51.5
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,334.3</b>	4,129.5

## Parent Company Cash Flow Statement

MSEK	2023	2022
<b>Cash flow from operating activities</b>		
Net result	160.3	-590.4
Adjustment for items not included in the cash flow	-254.1	-312.6
Changes in working capital:		
Changes in current assets	11.5	3,097.4
Changes in current liabilities	13.3	-107.7
<b>Total cash flow from operating activities</b>	<b>-69.0</b>	<b>2,086.7</b>
<b>Cash flow from investing activities</b>		
Investments in subsidiaries	-	-0.5
Dividends received	127.9	-
<b>Total cash flow from investing activities</b>	<b>127.9</b>	<b>-0.5</b>
<b>Cash flow from financing activities</b>		
Drawdown of loan	28.0	-
Dividends paid	-	-2,672.1
Sold treasury shares	-	583.8
<b>Total cash flow from financing activities</b>	<b>28.0</b>	<b>-2,088.3</b>
Change in cash and cash equivalents	86.9	-2.1
Cash and cash equivalents at the beginning of the year	24.6	44.3
Currency exchange difference in cash and cash equivalents	-	-17.6
<b>Cash and cash equivalents at the end of the year</b>	<b>111.5</b>	<b>24.6</b>

# Parent Company Statement of Changes in Equity

MSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Other reserves	Retained earnings	Dividends	
<b>1 January 2022</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>63,625.5</b>
<b>Transfer of prior year dividends</b>	-	-	-	<b>-4,467.2</b>	<b>4,467.2</b>	-
<b>Total comprehensive income</b>	-	-	-	<b>-590.4</b>	-	<b>-590.4</b>
<b>Transactions with owners</b>						
Distributions	-	-	-	-	-59,542.8	-59,542.8
Share based payments	-	-	-	2.0	-	2.0
Sold treasury shares	-	-	583.7	-	-	583.7
<b>Total transactions with owners</b>	-	-	<b>583.7</b>	<b>2.0</b>	<b>-59,542.8</b>	<b>-58,957.1</b>
<b>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>4,078.0</b>
<b>Transfer of prior year dividends</b>	-	-	-	<b>-59,542.8</b>	<b>59,542.8</b>	-
<b>Total comprehensive income</b>	-	-	-	<b>160.3</b>	-	<b>160.3</b>
<b>Transactions with owners</b>						
Share based payments	-	-	-	4.9	-	-
<b>Total transactions with owners</b>	-	-	-	<b>4.9</b>	-	<b>4.9</b>
<b>31 December 2023</b>	<b>3.5</b>	<b>861.3</b>	<b>7,182.7</b>	<b>-3,804.3</b>	-	<b>4,243.2</b>

# Parent Company Notes to the Financial Statements

## Note 1 – Finance Income

MSEK	2023	2022
Dividend	186.2	–
Interest income	0.1	1.2
Foreign exchange gain	–	9.7
	<b>186.3</b>	10.9

## Note 2 – Finance costs

MSEK	2023	2022
Foreign exchange loss	2.6	–
Interest expense	2.0	–
Other	0.7	19.6
Loss on sale of assets	–	700.9
	<b>5.4</b>	720.5

## Note 3 – Income tax

MSEK	2023	2022
Net result before tax	30.3	-896.4
Tax calculated at the corporate tax rate in Sweden 20.6% (20.6%)	-6.2	184.7
Tax effect of received dividend	38.3	–
Tax effect of expenses non-deductible for tax purposes	-0.2	-4.1
Increase unrecorded tax losses	-31.9	-180.6
	<b>–</b>	–

A deferred tax income of MSEK 130.0 has been recognised during the year which increases the total deferred tax asset to MSEK 436.0 at year end. The deferred tax asset relates to tax losses carried forward, which are expected to be used against future taxable profits.

## Note 4 – Receivables

MSEK	2023	2022
Due from Group companies	2.6	13.9
VAT receivable	0.1	0.4
Prepaid expenses and accrued income	2.5	2.7
Other	0.7	0.8
	<b>6.0</b>	17.8

## Note 5 – Other liabilities

MSEK	2023	2022
Due to Group companies	32.9	34.0
Accounts payables	10.8	–
Accrued payables and deferred income	6.9	13.8
Other	1.0	2.4
	<b>51.6</b>	50.2

**Note 6 – Remuneration to the Auditor**

MSEK	2023	2022
Ernst & Young		
Audit engagements	1.8	1.6
Audit assignments in addition to the audit engagement	–	0.2
	<b>1.8</b>	<b>1.8</b>

There has been no remuneration to any auditor other than Ernst & Young.

**Note 7 – Proposed disposition of unappropriated earnings**

The 2024 Annual General Meeting has an unrestricted equity at its disposal of MSEK 3,378.4, including the net profit for the year of MSEK 160.3.

The Board of Directors proposes that the unrestricted equity of the Parent Company of MSEK 3,378.4, including the net profit for the year of MSEK 160.3 be brought forward, and that no dividend shall be paid for the financial year.

**Note 8 – Shares in subsidiaries**

	Registration number	Registered office	Total number of shares issued	Percentage controlled	Nominal value per share	Book amount 31 Dec 2023
<b>Directly owned</b>						
Orrön Energy Holding AB	559349-1730	Stockholm, Sweden	250	100	SEK 100.00	3,780.8
<b>Indirectly owned</b>						
Orrön Energy Finance AB	559349-1748	Stockholm, Sweden	250	100	SEK 100.00	
Karskruv Vind AB	559211-6106	Stockholm, Sweden	500	100	EUR 9.88	
Karskruv Nät AB	559036-7289	Stockholm, Sweden	1,000	100	SEK 100.00	
Orrön Energy SA	660.0.330.999-0	Collonge-Bellerive, Switzerland	1,000	100	CHF 100.00	
Orrön Energy Sweden AB	556453-2819	Gotland, Sweden	7,114,450	100	SEK 10.00	
Isgrannatorp Drift AB	556787-6833	Gotland, Sweden	1,020	67	SEK 100.00	
Saba Wind OY	1868533-5	Ekenäs, Finland	8,000	100	SEK 278.00	
I TOO AB	559019-4451	Gotland, Sweden	200,000	100	SEK 100.00	
Göinge Vind AB	556986-0777	Gotland, Sweden	50,000	100	SEK 1.00	
Näsvind AB	556855-2565	Gotland, Sweden	450,000	52	SEK 1.00	
Ownpower Gotland AB	556676-4931	Gotland, Sweden	450,470	81	SEK 18.00	
KlasBod Vindkraft AB	556748-7284	Gotland, Sweden	10,973	68	SEK 600.00	
Skålsparcken AB	556882-7488	Gotland, Sweden	100,000	64	SEK 1.00	
Österudd och Näs Annex AB	556798-4587	Gotland, Sweden	9,900	53	SEK 2,000.00	
Vindbolaget i När AB	556947-3373	Gotland, Sweden	100,000	54	SEK 1.00	
Stugyl AB	556756-4652	Gotland, Sweden	23,500	58	SEK 10.00	
Näsudden Väst Adm. AB	556655-4803	Gotland, Sweden	305,328	74	SEK 1.00	
Storugns Vind AB	556868-2370	Gotland, Sweden	305,328	74	SEK 1.00	
Orrön Energy Greenfield AB	559398-0518	Stockholm, Sweden	1,353	70	SEK 100.00	
Orrön Energy Development Ltd.	14737332	Northampton, United Kingdom	1,002	70	GBP 1.00	
Alverdiscott 10 Renewables Holdco Ltd.	14604716	Northampton, United Kingdom	1,000	70	GBP 1.00	
Langage 10 Renewables Holdco Ltd.	14604675	Northampton, United Kingdom	1,000	70	GBP 1.00	
Wymondley 10 Renewables Ltd.	14605051	Northampton, United Kingdom	1,000	70	GBP 1.00	
Alverdiscott 10 Renewables Ltd.	14605063	Northampton, United Kingdom	1,000	70	GBP 1.00	
Langage 10 Renewables Ltd.	14605013	Northampton, United Kingdom	1,000	70	GBP 1.00	
Wymondley 10 Renewables Holdco Ltd.	14604699	Northampton, United Kingdom	1,000	70	GBP 1.00	
Kegworth 10 Renewables Ltd.	14914243	Northampton, United Kingdom	1,000	70	GBP 1.00	



## FINANCIAL STATEMENTS AND NOTES | Parent Company Notes to the Financial Statements

	Registration number	Registered office	Total number of shares issued	Percentage controlled	Nominal value per share	Book amount 31 Dec 2023
Coddington 10 Renewables Ltd.	14914945	Northampton, United Kingdom	1,000	70	GBP 1.00	
Cowley 2 Renewables Ltd.	14914340	Northampton, United Kingdom	1,000	70	GBP 1.00	
Cowley 7 Renewables Ltd.	14914334	Northampton, United Kingdom	1,000	70	GBP 1.00	
Dragon Green 2 Renewables Ltd.	14914407	Northampton, United Kingdom	1,000	70	GBP 1.00	
Dragon Green 7 Renewables Ltd.	14913700	Northampton, United Kingdom	1,000	70	GBP 1.00	
Basingstoke East 2 Renewables Ltd.	14914367	Northampton, United Kingdom	1,000	70	GBP 1.00	
Basingstoke East 7 Renewables Ltd.	14914353	Northampton, United Kingdom	1,000	70	GBP 1.00	
Appleford 7 Renewables Ltd.	14914378	Northampton, United Kingdom	1,000	70	GBP 1.00	
Bramley 2 Renewables Ltd.	14915202	Northampton, United Kingdom	1,000	70	GBP 1.00	
Bramley 7 Renewables Ltd.	14915277	Northampton, United Kingdom	1,000	70	GBP 1.00	
Amersham 10 Renewables Ltd.	15122671	Northampton, United Kingdom	1,000	70	GBP 1.00	
Biggleswade 10 Renewables Ltd.	15128288	Northampton, United Kingdom	1,000	70	GBP 1.00	
Braintree 10 Renewables Ltd.	15125518	Northampton, United Kingdom	1,000	70	GBP 1.00	
Bushbury 10 Renewables Ltd.	15125508	Northampton, United Kingdom	1,000	70	GBP 1.00	
Canterbury North 10 Renewables Ltd.	15125499	Northampton, United Kingdom	1,000	70	GBP 1.00	
Coryton 10 Renewables Ltd.	15125478	Northampton, United Kingdom	1,000	70	GBP 1.00	
Leighton Buzzard 10 Renewables Ltd.	15128338	Northampton, United Kingdom	1,000	70	GBP 1.00	
Little Harrowden 10 Renewables Ltd.	15128323	Northampton, United Kingdom	1,000	70	GBP 1.00	
Ninfield 10 Renewables Ltd.	15125441	Northampton, United Kingdom	1,000	70	GBP 1.00	
Rye House 10 Renewables Ltd.	15125422	Northampton, United Kingdom	1,000	70	GBP 1.00	
Sellindge West 10 Renewables Ltd.	15125694	Northampton, United Kingdom	1,000	70	GBP 1.00	
Stoke Bardolph 10 Renewables Ltd.	15128170	Northampton, United Kingdom	1,000	70	GBP 1.00	
West Haddon 10 Renewables Ltd.	15123046	Northampton, United Kingdom	1,000	70	GBP 1.00	
Orrön Energy Entwicklung GmbH	HRB 131605	Heidelberg, Germany	1,000	70	EUR 25.00	
Orrön Energy Développement France SAS	951 006 154	Paris, France	755,021	70	EUR 1.00	
Orrön Energy Finland Holding AB	559398-0542	Stockholm, Sweden	1,000	90	SEK 25.00	
Orrön Energy Finland OY	3299865-3	Mariehamn, Finland	2,500	90	EUR 0.00	
LRL Bolag Ltd.	656565-4	Vancouver, Canada	55,855,414	100	CAD 1.00	

## Board Assurance

As at 11 April 2024, the Board of Directors and the CEO of Orrön Energy AB have adopted this annual and sustainability report for the financial year ended 31 December 2023.

### Board Assurance

The Board of Directors and the CEO certify that the annual report for the Parent Company has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the financial position and profit of the Company and the Group and provides a fair review of the performance of the Group's and Parent Company's business, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

The annual and sustainability report was signed by all on 11 April 2024  
Orrön Energy AB (publ) Reg. Nr. 556610-8055

**Grace Reksten Skaugen**  
Chair

**Peggy Bruzelius**  
Board Member

**C. Ashley Heppenstall**  
Board Member

**William Lundin**  
Board Member

**Jakob Thomasen**  
Board Member

**Daniel Fitzgerald**  
CEO

Our audit report was issued on 16 April 2024

**Anders Kriström**  
Authorised Public Accountant  
Lead Partner

# Auditor's Report

To the general meeting of the shareholders of Orrön Energy AB (publ), corporate identity number 556610-8055

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Orrön Energy AB (publ) except for the corporate governance statement on pages 20–32 and the statutory sustainability report on pages 11–16 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 6–72 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 20–32 and the statutory sustainability report on pages 11–16. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Ongoing legal case regarding alleged violation against international law in Sudan

### Description

In June 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003. On 11 November 2021, the Swedish Prosecution Authority brought criminal charges against the former Chairman of the Board and a former Director in relation to past operations in Sudan from 1999–2003 and 2000–2003, respectively. The charges also included claims against the Company for a corporate fine of 3 MSEK and forfeiture of economic benefits of 2 381 MSEK which according to the Swedish Prosecution Authority represents the value of the gain of SEK 720 MSEK that the Company made on the sale of the business in 2003. Any potential corporate fine or forfeiture could only be imposed after a conviction in a trial. The trial started on 5th September 2023 and is expected to end in February 2026. The company disclose this matter as a contingent liability.

We believe that the presentation and disclosures in the financial statements regarding the legal case as a contingent liability constitute a key audit matter in the audit. This is in respect to the complexity of the prosecution, extent of the claim and the fact that there is no case law from similarly settled court cases in Sweden.

For information see the directors report pages 18, 25 and note 19.

### How our audit addressed this key audit matter

We have taken this key audit matter into account in the audit through audit procedures consisting, inter alia, of:

- We have conducted meetings with the company's General Counsel and reviewed the internal documented positions regarding the legal case.
- We have received and reviewed external legal letters from the firms representing the company and its former senior executives.
- We have reviewed the disclosures made in the annual report regarding the ongoing legal case.

**Valuation of deferred tax asset**

Description	How our audit addressed this key audit matter
<p>As of December 31, 2023, the deferred tax asset amounts to SEK 436 million and is based on available accumulated tax losses carried forward in the parent company Orrön Energy AB (publ) existing as per 2022 multiplied with a tax rate of 20.6%.</p> <p>A deferred tax asset can only be included in the balance sheet if there is enough expected future taxable income to offset the tax effects. The group prepares a forecast annually to assess future taxable income and what proportion of the deficits can be capitalised in the balance sheet. Consideration is given to both external factors such as assessed electricity prices, expected capacity from the electricity-producing facilities as well as internal factors such as deficits in companies with group contribution restrictions and expected costs for running the business.</p> <p>The valuation is based on assumptions, which makes it a complex area of our audit. As a result of the uncertainties that the assumptions include and the significant effects that changes in the assumptions could have in the financial statements, we consider this area to be a key audit matter in our audit.</p> <p>For information see note 5 (group) and note 3 (parent company).</p>	<p>We have taken this key audit matter into account in the audit through audit procedures consisting, inter alia, of:</p> <ul style="list-style-type: none"> <li>- We have reviewed and evaluated the group's valuation process.</li> <li>- We have reviewed and analyzed the parameters and assumptions included in the valuation model and evaluated the probability of future assumptions against historical outcomes.</li> <li>- In the review, we examined whether there were any implemented or upcoming changes in the tax regulations in Sweden that could affect the possibility of utilizing the tax losses or their size and that these were, where applicable, considered in accordance with accounting practice.</li> </ul> <p>We have reviewed the information provided in the annual report and consolidated accounts.</p>

**Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–5, 11–16, and 20–32. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the

going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

**Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Orrön Energy AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional

ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Orrön Energy AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Orrön Energy AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether

due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 20–32 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act

## The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 11–16, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Orrön Energy AB (publ) by the general meeting of the shareholders on the 31 March 2023 and has been the company's auditor since 2020.

Stockholm, 16 April 2024  
Ernst & Young AB

**Anders Kriström**  
Authorized Public Accountant

## ADDITIONAL INFORMATION

# Key Financial Data

The alternative performance measures presented and disclosed in this 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 that the Group presents. Proportionate financials contain the entities, in which the Group holds a 100 percent interest as well as 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 partly owned 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 page 78. Definitions of the performance measures are provided on page 79.

Financial data MEUR	2023	2022
<b>Consolidated financials</b>		
Revenue	28.0	13.8
EBITDA	-5.1	4.5
Operating profit (EBIT)	-17.0	1.0
Net result	-7.6	27.4
Net cash (-) / Net debt (+)	93.7	29.7
<b>Proportionate financials</b>		
Power generation (GWh)	765	335
Average price achieved per MWh (EUR)	47	120
Revenue	36.2	40.0
EBITDA	5.3	20.7
Operating profit (EBIT)	-11.0	14.7
Net cash (-) / Net debt (+)	92.4	12.4
<b>Data per share EUR</b>		
Earnings per share	-0.03	0.10
Earnings per share – diluted	-0.03	0.10
EBITDA per share	-0.02	0.02
EBITDA per share – diluted	-0.02	0.02
Number of shares issued at period end	285,924,614	285,924,614
Number of shares in circulation at period end	285,924,614	285,924,614
Weighted average number of shares for the period	285,924,614	285,458,805
Weighted average number of shares for the period – diluted	288,526,711	286,567,833
<b>Share price</b>		
Share price at period end in SEK	7.96	22.46
Share price at period end in EUR <sup>1</sup>	0.72	2.02
<b>Key ratios</b>		
Return on equity (%)	-2	8
Return on capital employed (%)	-4	0
Equity ratio (%)	71	80

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

ADDITIONAL INFORMATION

## Alternative Performance Measures

<b>EBITDA – Consolidated financials</b> MEUR	<b>2023</b>	2022
Operating profit/loss (EBIT)	-17.0	1.0
Add: depreciation	11.9	3.5
	<b>-5.1</b>	4.5

<b>Net debt/Net cash – Consolidated financials</b> MEUR	<b>2023</b>	2022
Interest bearing loans and borrowings – Non-Current	114.7	28.8
Interest bearing loans and borrowings – Current	0.8	27.8
Less: Cash and cash equivalents	-21.8	-26.9
	<b>93.7</b>	29.7

<b>EBITDA – Proportionate financials</b> MEUR	<b>2023</b>	2022
Operating profit/loss (EBIT)	-11.0	14.7
Add: depreciation	16.3	6.0
	<b>5.3</b>	20.7

<b>Net debt/Net cash – Consolidated financials</b> MEUR	<b>2023</b>	2022
Net cash / Net debt – Consolidated financials	93.7	29.7
Less: Cash and cash equivalents of Associates and joint ventures	-3.5	-17.3
Add: Interest bearing loans and borrowings of Associates and joint ventures	2.2	–
	<b>92.4</b>	12.4

<b>Bridge from proportionate to consolidated financials</b> 2023 MEUR	Proportionate financials	Residual owner- ship for fully consolidated entities <sup>1</sup>	Elimination of equity consolidated entities <sup>2</sup>	Consolidated financials
Revenue	36.2	3.6	-11.8	28.0
Other income	0.8	0.0	-0.4	0.4
Operating expenses	-13.5	-3.1	4.0	-12.6
General and administration expenses	-18.2	–	–	-18.2
Share in result of associates and joint ventures	–	–	-2.7	-2.7
<b>EBITDA</b>	<b>5.3</b>	<b>0.5</b>	<b>-10.9</b>	<b>-5.1</b>
Depreciation	-16.3	-0.1	4.5	-11.9
<b>Operating profit (EBIT)</b>	<b>-11.0</b>	<b>0.4</b>	<b>-6.4</b>	<b>-17.0</b>
Net financial items	-7.9	0.2	5.6	-2.1
Tax	10.9	-0.2	0.8	11.5
<b>Net result</b>	<b>-8.0</b>	<b>0.4</b>	<b>0.0</b>	<b>-7.6</b>
Attributable to:				
Shareholders of the Parent Company	-8.0	–	–	-8.0
Non-controlling interest	–	0.4	–	0.4

<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.



# Definitions and Abbreviations

## Definitions

**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.

## Abbreviations

<b>CHF</b>	Swiss franc
<b>EUR</b>	Euro
<b>GBP</b>	British pound sterling
<b>NOK</b>	Norwegian Krone
<b>SEK</b>	Swedish Krona
<b>USD</b>	US dollar
<b>TSEK</b>	Thousand SEK
<b>TUSD</b>	Thousand USD
<b>MEUR</b>	Million EUR
<b>MSEK</b>	Million SEK
<b>MUSD</b>	Million USD

## Industry related terms and measurements

<b>GWh</b>	Gigawatt hours
<b>MWh</b>	Megawatt hours

## ADDITIONAL INFORMATION

# Shareholders' information

### Contacts

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### Financial Calendar

- |   |                  |
|---|------------------|
| • Interim report for the first quarter of 2024  | 14 May 2024      |
| • Annual General Meeting 2024                   | 15 May 2024      |
| • Interim report for the second quarter of 2024 | 8 August 2024    |
| • Interim report for the third quarter of 2024  | 6 November 2024  |
| • Year end report 2024                          | 12 February 2025 |

### Annual General Meeting

The Annual General Meeting (AGM) is held within six months from the close of the financial year. All shareholders who are registered in the shareholders' register and who have duly notified their intention to attend the AGM may do so and vote in accordance with their level of shareholding. Shareholders may also attend the AGM through a proxy and a shareholder shall in such a case issue a written and dated proxy. A proxy form is available on [www.orron.com](http://www.orron.com).

Orrön Energy's AGM is to be held on 15 May 2024 at 13.00 CEST at IVA konferenscenter, Grev Turegatan 16 in Stockholm. Shareholders may choose to exercise their voting rights at the AGM by attending in person, through a proxy or by postal voting.

### Vote at the AGM

Those who wish to exercise their voting rights at the AGM must:

- be entered as a shareholder in the share register kept by Euroclear Sweden AB on 6 May 2024 or, if the shares are registered in the name of a nominee, request that the nominee registers the shares in their own name for voting purposes in such time that the registration is completed by 8 May 2024.
- give notice of attendance at the AGM to the Company in accordance with the instructions set out in the section "Notice of attendance for participating in person or through a proxy" or submit a postal vote in accordance with the instructions set out in the section "Voting by post" no later than 8 May 2024.

### Notice of attendance for participating in person or through a proxy

Those who wish to participate in the AGM in person or through a proxy shall give notice of attendance to the Company no later than 8 May 2024 either:

- electronically on the Company's website, [www.orron.com](http://www.orron.com) (only applicable to individuals).
- by email to [info@computershare.se](mailto:info@computershare.se).
- by post to Computershare AB, Box 5267, SE-102 46 Stockholm (Att. "Orrön Energy's AGM").
- by telephone to +46 (0)8 518 01 554 on weekdays between 09.00 a.m. and 16.00 p.m. (CEST).

The notice of attendance shall state name, date of birth or corporate identification number, address, telephone number and, where relevant, the number of accompanying advisors (not more than two).

Those who do not wish to attend the AGM in person or exercise their voting rights by postal voting may exercise their voting rights at the AGM through a proxy in possession of a written, signed and dated proxy form. A proxy form issued by a legal entity must be accompanied by a copy of a certificate of registration or a corresponding document of authority for the legal entity. To facilitate the registration at the AGM, proxy forms, certificates of registration and other documents of authority should be submitted to the Company at Computershare AB, Box 5267, SE-102 46 Stockholm (Att. "Orrön Energy's AGM") no later than 8 May 2024. Please note that notice of attendance must be given even if a shareholder wishes to exercise its rights at the meeting through a proxy. A submitted proxy form does not count as a notice of attendance. Template proxy forms in Swedish and English are available on the Company's website, [www.orron.com](http://www.orron.com).

### Voting by post

The Board of Directors has resolved that shareholders may exercise their voting rights by postal voting and shareholders who wish to do so, shall use the voting form and follow the instructions available on the Company's website, [www.orron.com](http://www.orron.com). The postal vote must be received by the Company no later than 8 May 2024. The postal voting form shall be sent either:

- electronically in accordance with the instructions available on [www.orron.com](http://www.orron.com).
- by email to [info@computershare.se](mailto:info@computershare.se).
- by post to Computershare AB, Box 5267, SE-102 46 Stockholm (Att. "Orrön Energy AGM").

Those who wish to withdraw a submitted postal vote and instead exercise their voting rights by participating in the AGM in person or through a proxy must give notice thereof at the registration of the AGM prior to the opening of the AGM.

This information is information that Orrön Energy AB is required to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 09.00 CEST on 17 April 2024.

## 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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