



Q2

Report for the
SIX MONTHS
ended 30 June 2023

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

Highlights

- The Karskruv project is on track for delivery in the fourth quarter of 2023 with progress ahead of schedule and installation of all 20 Vestas wind turbines completed one month earlier than originally planned
- Secured a MEUR 150 revolving credit facility in early July, at attractive terms and conditions providing significant flexibility and ample headroom to fund further growth
- Signed two minor acquisitions during the quarter increasing ownership interests in eight wind farms

Consolidated financials

- Cash flows from operating activities amounted to MEUR 13.9 for the reporting period

Proportionate financials

- Power generation of 378 GWh for the reporting period, in line with expectation and on track to deliver 800 GWh for the full year
- Achieved electricity price for the reporting period amounted to EUR 61 per MWh, resulting in proportionate EBITDA of MEUR 8.3
- Proportionate net debt of MEUR 50.5 at reporting period end, with substantial additional liquidity headroom available through the MEUR 150 revolving credit facility entered into in early July

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	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months
Consolidated financials		
Revenue	17.3	5.9
EBITDA	2.5	-2.1
Operating profit (EBIT)	-3.2	-4.8
Net result	-7.9	-7.9
Earnings per share – EUR	-0.03	-0.03
Earnings per share diluted – EUR	-0.03	-0.03
Proportionate financials¹		
Power generation (GWh)	378	164
Revenue	23.0	9.0
EBITDA	8.3	1.6
Operating profit (EBIT)	0.4	-2.2
Average price achieved per MWh – EUR	61	54

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

All numbers and updates in this report relate to the six-month period ending 30 June 2023 (the reporting period), unless otherwise specified. Amounts presented in brackets refer, for the income statement, to the same period in the prior year and for the balance sheet to the prior year's end. References to "Orrön Energy" or "the Company" pertain to the Group in which Orrön Energy AB (publ) is the Parent Company or to Orrön Energy AB (publ), depending on the context.

Orrön Energy is an independent, publicly listed (Nasdaq Stockholm: "ORRON") 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 and Europe. With significant financial capacity to fund further growth and acquisitions, and backed by a major shareholder, management and Board with a proven track record of investing into, leading and growing highly successful businesses, Orrön Energy is in a unique position to create shareholder value through the energy transition.

Words from the CEO

Our business has continued to deliver during the second quarter, and we remain firmly on track to meet our guidance and production estimates for the year. Project delivery has been outstanding on our Karskröv wind farm, which is set for handover in the fourth quarter of 2023. Installation of all turbines has been completed and commissioning is ongoing, ahead of the original schedule. We saw a strong appetite for the refinancing of our bridge facility and entered into a MEUR 150 flexible revolving credit facility on attractive terms in early July, meaning that we remain fully financed to deliver on our growth ambitions. During the spring and early summer, we experienced lower than average windspeeds, which combined with continued weakening of electricity prices led to a negative net result for the second quarter. Our view on long term electricity prices remains unchanged and we expect increased revenues from the SE4 price area in Sweden once Karskröv is online later in 2023, adding around 40 percent to our total power generation. We continue to see accretive deals in the market and have secured two acquisitions during the second quarter, bringing the total to five transactions since the start of 2023, and our strategy to grow through acquisition remains unchanged. Our business is in great shape; we have a strong balance sheet, ample liquidity headroom and a growth portfolio that will deliver value for many years to come.

Expanding project pipeline

Since the beginning of the year, the Company has focused on building a pipeline of new projects, allowing us to increase scale and initiate early-stage projects. I am pleased to see that our project portfolio has continued to grow during the quarter. In the Nordics, we have submitted permit applications for our first two co-located projects and are progressing well on the remainder of the portfolio, where we expect to submit further applications through the course of 2023 and beyond. We have also secured rights to greenfield projects, which we expect to mature towards the permitting or ready-to-build stage, where we will have an opportunity to invest ourselves, or farm down depending on market conditions at the time. Across our European platform, we have added new projects and secured further grid connections in the UK, with work progressing to secure land positions in both the UK and Germany. Although we are still in the early stages of this business, I am convinced that there is significant opportunity to create value as we continue to mature these projects.

Opportunistic during periods of lower electricity prices

In the second quarter, we saw electricity prices reduce compared to the first quarter, as energy demand eased and Europe filled its gas storage facilities to above-average levels for this time of year. I strongly believe that fundamentally, Europe has not solved all of the challenges faced in the second half of 2022, and I expect stronger prices to return as the demand for energy increases over the winter. Over the longer term, I expect this to continue to enable the investments needed to complete the energy transition. During the quarter we added new projects across the portfolio, and the electricity price backdrop has allowed us to progress negotiations on acquisitions with strong returns at current price levels.

Power generation and financial performance

We achieved proportionate power generation of 378 GWh for the reporting period and we remain on track to deliver our production estimate of 800 GWh for the full year. Our operational assets delivered 164 GWh during the second quarter, which was slightly below expectation due to lower-than-average wind speeds across the Nordics. The Karskröv wind farm is ahead of schedule and expected to be handed over during the fourth quarter of 2023, increasing the Company's annual estimated power generation from 800 GWh to 1,100 GWh.

We delivered in line with our expenditure guidance, and for the reporting period, achieved an average electricity price of EUR 61 per MWh, proportionate revenues of MEUR 23.0, proportionate EBITDA of MEUR 8.3 and had a proportionate net debt position of 50.5 MEUR at the end of the reporting period.

Financial headroom for growth

We secured a revolving credit facility of MEUR 150 at the beginning of July at attractive rates and with flexible conditions, which gives us ample headroom for growth, allowing us to take advantage of favourable market conditions as they arise. The credit facility includes an additional MEUR 150 accordion option to increase lending commitments should we need further financial capacity. The strong support received from our lenders is a testament to the quality of our cash generative operational portfolio. The credit facility, coupled with our cash generation, will continue to provide the foundation for the Company's growth.

A pipeline of growth opportunities

This second quarter report marks the end of our first year as a pure play renewables Company, and I am looking back at a year characterised by growth across all aspects of our business. We have grown our power generation capacity significantly, built an entrepreneurial team across five countries, diversified our business across geographies and technologies and built the foundations to deliver a portfolio of projects in the future. Nevertheless, we are just at the start of our journey, and have a large number of exciting opportunities to pursue. I would like to once again thank all our shareholders for your support as we continue to grow Orrön Energy into a large-scale renewables Company.



CEO

Operational Review

Power generation outlook¹

Orrön Energy's operating portfolio consists of high-quality, cash generating renewable energy assets in the Nordics with an estimated power generation of 800 GWh in 2023. The proportionate power generation amounted to 378 GWh for the reporting period. Power generation from the hydropower plant Leikanger has ramped up following the snow melt and has been operating at full capacity since May. The wind farm Karskröv, which is under development in southern Sweden, is ahead of schedule and expected to be completed before the end of 2023. Once online, Karskröv is set to increase the estimated annual power generation to 1,100 GWh, with 85 percent of the Company's power generation being located in historically high-priced areas in the Nordics.

	2023	2024
Estimated annual power generation¹	800 GWh	1,100 GWh

¹Proportionate power generation estimates assuming average long-term meteorological conditions and operational performance

Guidance

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

Guidance ¹	1H 2023 Actuals	2023 Guidance
Operating expenses	MEUR 6.5	MEUR 12–14
G&A expenses²	MEUR 4.4	MEUR 10
Sudan legal costs³	MEUR 3.2	MEUR 8
Capital expenditure	MEUR 40.9	MEUR 80

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

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

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

Operational assets

The Company's proportionate power generation amounted to 378 GWh for the reporting period, which was in line with expectation. The proportionate power generation in the second quarter amounted to 164 GWh, which is slightly below expectation due to lower-than-average windspeeds. The Company's expected power generation in the second quarter is historically lower than in the first and fourth quarters due to seasonal variations in wind speed.

Realised electricity prices amounted to EUR 61 per MWh for the reporting period, and EUR 54 per MWh for the second quarter. Out of the realised electricity prices, guarantees of origin accounted for EUR 6 per MWh for the reporting period and EUR 7 per MWh for the second quarter. 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 reporting period amounted to EUR 64 per MWh, and the Nordic system price averaged EUR 71 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 reporting period included EUR 2 per MWh positive impact from historical hedges linked to acquired companies. In 2023, less than five percent of the Company's estimated power generation is affected by historical hedges related to acquired companies. None of the hedges continue beyond the fourth quarter of 2023.

Proportionate operating expenses amounted to MEUR 6.5 for the reporting period, which was in line with guidance.

Sweden

The Company owns a diversified portfolio of operational wind power assets across Sweden, which have an estimated proportionate annual power generation in 2023 of around 500 GWh, with a total net installed capacity of about 190 MW. A majority of the assets are situated in the historically high-priced areas of SE3 and SE4. Power generation from the Swedish portfolio was slightly below expectation during the reporting period, due to lower than average windspeeds during the second quarter.

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 turbines with a total installed capacity of 132 MW. The wind farm has an estimated operational life of around 30 years and has been in operation since the end of March 2022. An availability warranty is in place from GE Renewable Energy, which guarantees the availability of the turbines through their operational life and gives the Company protection against downtime and outages. Power generation from MLK was ahead of expectation during the reporting period.

Operational Review

Norway

The Company owns 50 percent of the Leikanger hydropower plant in Norway, which is situated in the historically high-priced NO5 area. Leikanger has an estimated gross annual power generation of around 200 GWh per annum, which is generated from a single turbine with a total capacity of 77 MW. It has been operational since 2021 and has an estimated operational life of approximately 60 years. As the asset is a run-of-river hydropower plant, the power generation is variable depending mainly on the rate of snow melt during the spring and summer months, and precipitation conditions during the autumn season. Power generation from Leikanger during the reporting period was in line with expectation.

Project Pipeline

During the reporting period, the Company has taken important steps to develop its growth platforms in the Nordics and Europe, aiming to create a long-term pipeline of new projects. This includes laying the foundation for greenfield project developments in onshore wind, solar and battery storage solutions, maturing growth opportunities in the operational portfolio and progressing construction activities at the Karskröv wind farm project. The Company has established a presence in all stages of the renewable lifecycle, and will continue to progress and advance its project pipeline.

Nordic Business

Karskröv project

Orrön Energy has a 100 percent interest in the Karskröv wind farm project in southern Sweden, which will add 290 GWh to the Company's estimated annual power generation once operational at the end of 2023. The Karskröv wind farm consists of 20 Vestas turbines with a total installed capacity of 86 MW. The wind farm was acquired from OX2, who is managing the construction and commissioning phase alongside the turbine supplier Vestas. The project has an availability warranty in place, which guarantees the availability of the turbines through their operational life of approximately 30 years and gives the Company protection against downtime and outages. The wind farm is situated in the SE4 price area and constitutes an important part of the Company's growth.

Construction activities are ahead of schedule. During the first quarter, civil construction works, including foundation casting and anchor tensioning were completed, allowing the turbine construction works to commence. The internal electrical grid was finalised and is ready for energisation. In the second quarter, the turbine supplier commenced construction activities and all 20 wind turbines were installed, approximately one month ahead of schedule. Grid connection works have been completed, allowing for full export capacity to the regional grid. In total eight turbines had been energised and connected to the grid at the end of the reporting period. Completion of all commissioning activities and handover of the project is expected to take place during the fourth quarter of 2023.

Organic growth opportunities

The Company is working on a wide range of opportunities to organically grow its portfolio and optimise power generation, which includes projects aimed at extending asset lifetimes, re-powering, co-location of complementary technologies and the addition of ancillary services to optimise utilisation of existing land rights and grid connections.

In addition to growing the power generation capacity, the Company is continuously evaluating opportunities to optimise revenues by taking part in the frequency and ancillary services markets. Investments in new battery storage units are being evaluated, as well as opportunities to qualify existing wind turbines for these markets. Feasibility studies have been conducted to use the Company's largest wind farms, MLK and Karskröv, to provide grid stabilisation services and the Company's expectation is that MLK will be qualified by the transmission system operator by the end of 2023, and Karskröv in early 2024 shortly after project completion.

During the reporting period, work has been conducted to prioritise a number of co-location projects within the Company's existing portfolio. This includes undertaking studies to substantiate the technical and commercial potential for co-location of solar energy and battery storage solutions at existing wind farms and liaising with key project stakeholders. Support from local grid operators has resulted in progress towards permitting for co-location projects on several wind farms, where land and access to the grid has already been secured through existing operational assets. In the second quarter, permit applications were submitted for a small-scale co-located solar installation adjacent to the Näsudden wind farm and for a co-located battery project adjacent to one of the Company's wind farms in the price area SE4. For both projects, the Company is expecting permit approvals within 2023.

The Company is also continuously working on consolidating its ownership share in co-owned wind projects, and thereby increasing its power generation capacity through acquisition.

Greenfield opportunities

In the Nordics, the Company has identified a range of opportunities for greenfield project developments, ranging from early-stage projects through to assets at a ready-to-build stage. 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.

In Finland, the Company has entered into a strategic collaboration with a partner with proven track record in delivering renewable projects, giving access to an extensive network of developers and other industry stakeholders. The Company aims to leverage this network in Finland to secure access to both brownfield and greenfield project opportunities.

Operational Review

The Company is progressing several standalone solar and wind projects in Sweden, with certain land rights already secured. These project opportunities are at an early stage and the outcome will depend on fulfilment of various milestones, including obtaining final access to required land, grid connections and permits.

European Business

In the beginning of 2023, the Company expanded its geographical footprint in Europe and entered into agreements to establish a business focusing on developing greenfield projects in France, Germany and the UK. The European business is led by an experienced development team, with a proven track-record in greenfield project origination and development in these markets.

In the UK, the Company has secured a portfolio of grid connections enabling a significant portfolio of projects to connect to the electricity transmission network between 2032 and 2038. During the first quarter, the Company submitted additional grid connection applications and expects to receive firm connection dates for these additional grid connections during 2024. During the second quarter, further projects were added to the portfolio with connection dates between 2033 and 2038. Also during the second quarter, the Company has undertaken constraint mapping and commenced land acquisition efforts. During the remainder of 2023, the Company will continue the land constraint mapping exercise and intensify its land acquisition efforts.

In Germany, the Company has continued its early land screening work, including land constraint mapping, and is now actively working to secure land positions. The Company has entered into exclusive negotiations to assess project viability and negotiate terms of land leases. The Company has also undertaken grid analysis work.

In France, the Company has carried out early-stage land availability studies as well as high level grid surveys in line with the Company's business plan.

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.

Sustainability

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

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

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

Operational Review

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

During the second quarter, the Company was awarded with Prime Status and acknowledged as an industry leader in sustainability by ISS ESG, one of the world's largest ESG rating agencies.

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

Financial Review

Changes in the Group

The Company 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 show 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*.

Revenue and results – Consolidated financials

EBITDA for the reporting period amounted to MEUR 2.5 compared to MEUR -3.9 in the same period last year. The increase in EBITDA is explained mainly by the contribution of Orrön Energy Sweden, which has been fully consolidated since the acquisition on 1 September 2022.

Revenue

Revenue from power generation amounted to MEUR 17.3 (MEUR –) for the reporting period. No revenue was reported in the comparative period as the results of the MLK wind farm and the Leikanger hydropower plant were consolidated through the equity method and reported as share in result from associates and joint ventures. The fully consolidated Orrön Energy Sweden started to contribute to the Group's result from 1 September 2022.

Operating expenses

Operating expenses amounted to MEUR 6.9 (MEUR –) for the reporting period. No operating expenses were reported in the comparative period, in line with the explanation given in the section above on revenue.

General and administration expenses

General and administration expenses amounted to MEUR 8.8 (MEUR 9.4) for the reporting period, of which MEUR 3.2 (MEUR 3.6) related to legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case. A non-cash expense of MEUR 1.2 (MEUR –) relating to incentive warrants has been recorded in the reporting period.

Share in result from associates and joint ventures

Share in result from associates and joint ventures amounted to MEUR 0.5 (MEUR 5.5) for the reporting period and is further detailed in note 2. This represents mainly Orrön Energy's portion of the results in the 50 percent owned joint ventures, the MLK wind farm and the Leikanger hydropower plant. These investments are consolidated through the equity method and the net result of these entities is therefore recognised as a single line item in the income statement. The share in result from the MLK wind farm, which started to generate power in the second quarter of 2022, amounted to MEUR 0.1 (MEUR 2.9) for the reporting period. The result reported in the comparative period included liquidated damages net of tax, due to late start-up of the wind farm in 2022. The share in result from the Leikanger hydropower plant represented a gain of MEUR 0.4 (MEUR 2.6). The decrease compared to the same period last year was due to a combination of lower power generation and lower realised electricity price.

Net financial items

Finance income amounted to MEUR 3.2 (MEUR 1.5) for the reporting period and is further detailed in note 3. Interest income of MEUR 2.6 (MEUR 0.6) related to loans to joint ventures. Other finance income amounted to MEUR 0.6 (MEUR –) and represented a financial gain due to the variation in market value of historical hedges between 31 December 2022 and the balance sheet date.

Finance costs amounted to MEUR 7.9 (MEUR –) for the reporting period and are detailed in Note 4. The net foreign exchange loss for the reporting period amounted to MEUR 5.7 (MEUR –). 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 1.8 (MEUR –) and related to the Group's external loans. Other finance costs amounted to MEUR 0.4 (MEUR –) and represented mainly advisory fees and other costs in connection with acquisitions made during the reporting period.

Financial Review

Revenue and results – Proportionate financials

In addition to the consolidated financial reporting in line with IFRS, the Group provides proportionate financial reporting which forms part of the alternative performance measures 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 of result in 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.

Proportionate financials MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Revenue	23.0	9.0	N/A ²	N/A ²	40.0
Other income	0.6	0.5	N/A ²	N/A ²	4.0
Operating expenses	-6.5	-3.4	N/A ²	N/A ²	-6.7
G&A expenses ¹	-8.8	-4.5	N/A ²	N/A ²	-16.6
EBITDA	8.3	1.6	N/A ²	N/A ²	20.7
Depreciation	-7.9	-3.8	N/A ²	N/A ²	-6.0
Operating profit/loss (EBIT)	0.4	-2.2	N/A ²	N/A ²	14.7

¹ Includes legal and other fees of MEUR 3.2 incurred for the defence of the Company and its former representatives in the Sudan legal case and a non-cash expense for incentive warrants of MEUR 1.2 for the reporting period.

² Not applicable, proportionate financials are reported from 1 July 2022 only.

Proportionate revenues amounted to MEUR 23.0 for the reporting period, which included revenues from the Company's operational assets in the Nordics. During the comparative period, revenues from the Leikanger hydropower plant contributed for the full year, the MLK wind farm contributed from 1 April and the asset portfolio from Orrön Energy Sweden contributed from 1 September.

EBITDA generation amounted to MEUR 8.3 for the reporting period.

Proportionate operating expenses relating to operating assets amounted to MEUR 6.5 for the reporting period.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 13.7 and 20.6 percent for the majority of the business with the exception of Norway. Following a 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 and an additional 23 percent levy on electricity sold at a price exceeding NOK 700 per MWh (approx. EUR 70 per MWh), effective from 28 September 2022.

Cash flow and investments – Consolidated financials

Cash flow

Net cash flows from operating activities amounted to MEUR 13.9 (MEUR -11.2) for the reporting period. The positive cash flows from operating activities included dividend payments from joint ventures.

Investments

Cash flows from investing activities amounted to MEUR 44.8 (MEUR 46.0), out of which MEUR 40.9 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 a company and additional ownership in wind farms in Sweden, impacted the cash flows from investing activities with MEUR 3.8.

Financing and liquidity – Consolidated financials

The Company's net debt amounted to MEUR 57.1 compared to MEUR 29.7 at year end 2022.

Interest bearing loans and borrowings amounted to MEUR 83.0 (MEUR –) and related mainly to the outstanding loan of MEUR 77.0 (MEUR –), which has been drawn under the Group's MEUR 100 revolving credit facility. On 3 July 2023, the Group entered into a new revolving credit facility of MEUR 150, at a floating interest rate margin 1.8 percent above EURIBOR. The new facility includes an additional MEUR 150 accordion option and replaces the current MEUR 100 bridge financing facility. Interest bearing loans and borrowings also included a long-term loan of MEUR 6.0 (MEUR –) taken up by a subsidiary. Following the completion of the refinancing, the amount drawn under the Group's MEUR 100 revolving credit facility has been reclassified from current to non-current liabilities.

Financial Review

Other current financial liabilities amounted to MEUR 2.0 (MEUR 27.8) and related to a short-term loan, with less than twelve months maturity of MEUR 2.0 (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 28.0 (MEUR 26.9).

Subsequent events

There are no subsequent events to report.

Other Information

Parent Company

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

The Parent Company reported a gain of MSEK 98.0 (MSEK -371.1) for the reporting period, which was mainly impacted by financial income and general and administration expenses.

Financial income amounted to MSEK 186.2 (MSEK 7.2) and related to dividends and group contributions received from a subsidiary. A foreign exchange gain of MSEK 7.2 was reported in the comparative period.

General and administration expenses amounted to MSEK 100.4 (MSEK 135.8), out of which MSEK 36.7 (MSEK 37.8) related to legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case.

Contingent Liabilities

In November 2021, the Swedish Prosecution Authority brought criminal charges against 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 1,391.8, which according to the Swedish Prosecution Authority represents the value of the gain of MSEK 720.1 that the Company made on the sale of an asset in 2003. Any potential corporate fine or forfeiture of economic benefits would only be imposed after an adverse final conclusion of the case. The trial at the Stockholm District Court is planned to start on 5 September 2023. The Company refutes that there are any grounds for allegations of wrongdoing by any of its former representatives and sees no circumstance in which a corporate fine or forfeiture could become payable. The Company considers this to be a contingent liability and therefore no provision has been recognised.

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

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

Share Data

Share capital

The Company's issued share capital amounted to SEK 3,478,713 represented by 285,924,614 shares with a quota value of SEK 0.01 each (rounded off).

Remuneration

The Policy on Remuneration and details of long-term incentive plans ("LTIP") are provided on www.orrön.com.

Employee LTIP

In 2022, a new long-term share-related incentive plan was introduced in the form of a share option plan for members of Group management and other employees of the Company as approved by the 2022 EGM ("Employee LTIP 2022"). The reason for establishing a new long-term share related incentive plan was to align 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 reflecting continuity, commitment and share price appreciation.

The Employee LTIP 2022 was introduced as part of a new remuneration approach within the updated Policy on Remuneration for Group management, where base salaries and annual bonus opportunities have been set at the lower end of the market to create an overall remuneration approach that further emphasises the long-term sustainable growth and strategic success of the Company. The updated Policy on Remuneration was approved by the 2022 EGM.

In order to secure the Company's obligations under the Employee LTIP 2022, the Company has issued 8,560,000 warrants, which were registered on 5 July 2022.

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.

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.

Other Information

Exchange rates

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

	30 Jun 2023		30 Jun 2022		31 Dec 2022	
	Average	Period end	Average	Period end	Average	Period end
1 EUR equals SEK	11.3314	11.8055	10.4753	10.7300	10.6274	11.1218
1 EUR equals NOK	11.3204	11.7040	9.9766	10.3485	10.1015	10.5138
1 EUR equals USD	1.0811	1.0866	1.0940	1.0387	1.0539	1.0666

Board Assurance and Auditor's Review report

The Board of Directors and the CEO certify that the financial report for the six months ended 30 June 2023 gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 9 August 2023

Grace Reksten Skaugen
Chair

Peggy Bruzelius
Board Member

C. Ashley Heppenstall
Board Member

William Lundin
Board Member

Jakob Thomasen
Board Member

Daniel Fitzgerald
CEO

Auditor's Review report

Orrön Energy AB (publ), corporate identity number 556610-8055
To the Board of Directors of Orrön Energy AB (publ)

Introduction

We have reviewed the condensed interim report for Orrön Energy AB (publ) as at June 30, 2023 and for the six months period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 9 August 2023
Ernst & Young AB

Anders Kriström
Authorized Public Accountant Lead Partner

Consolidated Income Statement

MEUR	Note	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Revenue		17.3	5.9	–	–	13.8
Other income		0.4	0.2	–	–	–
Operating expenses		-6.9	-3.4	–	–	-3.5
General and administration expenses		-8.8	-4.5	-9.4	-5.1	-16.7
Depreciation		-5.7	-2.7	0.0	0.0	-3.5
Share in result of associates and joint ventures	2	0.5	-0.3	5.5	3.9	10.9
Operating profit/loss		-3.2	-4.8	-3.9	-1.2	1.0
Finance income	3	3.2	1.3	1.5	1.1	9.0
Finance costs	4	-7.9	-4.3	–	–	-9.2
Net financial items		-4.7	-3.0	1.5	1.1	-0.2
Profit/loss before income tax		-7.9	-7.8	-2.3	-0.1	0.8
Income tax	5	-0.0	-0.1	27.1	27.1	26.6
Net result from continuing operations		-7.9	-7.9	24.8	27.0	27.4
Discontinued operations						
Net result from E&P business	6	–	–	12,822.2	12,402.6	12,823.3
Net result		-7.9	-7.9	12,847.0	12,429.6	12,850.7
Attributable to:						
Shareholders of the Parent Company		-8.3	-7.7	12,847.0	12,429.6	12,850.4
Non-controlling interest		0.4	-0.2	–	–	0.3
		-7.9	-7.9	12,847.0	12,429.6	12,850.7
Earnings per share – EUR¹						
From continuing operations		-0.03	-0.03	0.09	0.09	0.10
From discontinued operations		–	–	44.99	43.46	44.92
Earnings per share diluted – EUR¹						
From continuing operations		-0.03	-0.03	0.09	0.09	0.10
From discontinued operations		–	–	44.88	43.35	44.75

¹Based on net result attributable to shareholders of the Parent Company.

Consolidated Statement of Comprehensive Income

MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Net result	-7.9	-7.9	12,847.0	12,429.6	12,850.7
Items that may be subsequently reclassified to profit or loss:					
Exchange differences foreign operations	-5.3	1.1	409.6	403.7	410.5
Cash flow hedges	–	–	16.2	7.8	9.8
Other comprehensive income, net of tax	-5.3	1.1	425.8	411.5	420.3
Total comprehensive income	-13.2	-6.8	13,272.8	12,841.1	13,271.0
Attributable to:					
Shareholders of the Parent Company	-13.6	-6.6	13,272.8	12,841.1	13,270.7
Non-controlling interest	0.4	-0.2	–	–	0.3
	-13.2	-6.8	13,272.8	12,841.1	13,271.0

Consolidated Balance Sheet

MEUR	Note	30 June 2023	31 December 2022	31 December 2021 ¹
ASSETS				
Non-current assets				
Property, plant and equipment		271.4	235.8	27.9
Investment in associates and joint ventures		36.2	51.5	95.9
Deferred tax assets		26.1	27.5	–
Other non-current financial assets	10	94.6	96.8	31.0
		428.3	411.6	154.8
Current assets				
Assets held for distribution		–	–	6,480.4
Other current assets		2.8	9.0	0.1
Trade receivables	10	1.1	0.3	–
Other current financial assets	10	8.3	2.5	118.1
Cash and cash equivalents	10	28.0	26.9	114.8
		40.2	38.7	6,713.4
TOTAL ASSETS		468.5	450.3	6,868.2
EQUITY AND LIABILITIES				
Equity				
Shareholders' equity		341.0	359.7	-1,253.1
Non-current liabilities				
Interest bearing loans and borrowings	10	83.0	28.8	–
Deferred tax liability		15.9	16.9	–
Provisions		1.2	1.1	–
		100.1	46.8	–
Current liabilities				
Trade and other payables	10	25.0	13.0	3.7
Current tax liabilities		0.4	0.5	–
Provisions		–	2.5	–
Dividends payable		–	–	113.5
Liabilities held for distribution		–	–	8,004.1
Other current financial liabilities	10	2.0	27.8	–
		27.4	43.8	8,121.3
TOTAL LIABILITIES		127.5	90.6	8,121.3
TOTAL EQUITY AND LIABILITIES		468.5	450.3	6,868.2

¹ Following the change in presentation currency from US dollar to Euro in 2023, an additional comparative period is presented, corresponding to the beginning of the preceding period, in line with IAS 1.

Consolidated Statement of Cash Flows

MEUR	Note	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Cash flows from operating activities						
Net result from continuing operations		-7.9	-7.9	24.8	27.0	27.4
Net result from discontinued operations		–	–	12,822.2	12,402.6	12,823.3
Adjustments for items not included in the cash flow	11	10.8	6.2	-9,609.6	-10,860.9	-9,957.5
Interest received		2.5	1.3	1.2	0.8	1.0
Interest paid		-2.0	-1.3	-33.3	-3.5	-32.9
Income taxes paid		–	–	-1,422.7	-969.6	-1,402.2
Distributions received		12.9	3.0	1.0	1.0	12.2
Distributions paid to non-controlling interest		-0.3	-0.3	–	–	–
Changes in working capital		-2.1	-3.7	-246.2	40.3	-310.8
Total cash flows from operating activities		13.9	-2.7	1,537.4	637.7	1,160.5
- of which relates to continuing operations		13.9	-2.7	-10.2	-1.9	7.1
- of which relates to discontinued operations		–	–	1,547.6	639.6	1,153.4
Cash flows from investing activities						
Investment in oil and gas properties		–	–	-281.4	-137.2	-277.4
Investment in renewable energy business ¹		-40.9	-27.9	-47.5	-26.1	-53.1
Acquisition of subsidiary net of cash		-3.9	-0.1	–	–	-102.6
Investment in other fixed assets		–	–	-0.8	-0.2	-0.8
Decommissioning costs paid		–	–	-1.3	-0.6	-1.3
Total cash flows from investing activities		-44.8	-28.0	-331.0	-164.1	-435.2
- of which relates to continuing operations		-44.8	-28.0	-46.0	-25.9	-154.3
- of which relates to discontinued operations		–	–	-285.0	-138.2	-280.9
Cash flows from financing activities						
Net drawdown/repayment of credit facility		30.6	19.9	-577.6	-96.6	-557.7
Repayment of lease commitments		–	–	-11.6	-3.8	-11.5
Sold treasury shares		–	–	54.2	54.2	53.4
Dividends paid		–	–	-277.4	-163.3	-273.4
Total cash flows from financing activities		30.6	19.9	-812.4	-209.5	-789.2
- of which relates to continuing operations		30.6	19.9	-277.4	-163.3	-261.8
- of which relates to discontinued operations		–	–	-535.0	-46.2	-527.4
Change in cash and cash equivalents		-0.3	-10.8	394.0	264.1	-63.9
Cash and cash equivalents at the beginning of the period		26.9	36.9	399.2	532.5	399.2
Currency exchange difference in cash and cash equivalents		1.4	1.9	103.4	100.0	95.8
Change in consolidation - E&P business		–	–	-716.5	-716.5	-404.2
Cash and cash equivalents at the end of the period		28.0	28.0	180.1	180.1	26.9
- of which relates to continuing operations		28.0	28.0	27.6	27.6	26.9
- of which relates to discontinued operations		–	–	152.5	152.5	–

¹Includes acquisitions of renewable energy assets and funding of joint ventures.

Consolidated Statement of Changes in Equity

MEUR	Attributable to owners of the Parent Company				Non-controlling interest	Total equity
	Share capital	Additional paid-in-capital/Other reserves	Retained earnings	Total		
1 January 2022	0.4	-164.3	-1,089.2	-1,253.1	–	-1,253.1
Comprehensive income						
Net result	–	–	12,850.7	12,850.7	–	12,850.7
Other comprehensive income	–	420.3	–	420.3	–	420.3
Total comprehensive income	–	420.3	12,850.7	13,271.0	–	13,271.0
Transactions with owners						
Non-controlling interests on acquisition of a subsidiary	–	–	–	–	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
Total transactions with owners	–	54.3	-11,720.8	-11,666.5	8.3	-11,658.2
31 December 2022	0.4	310.3	40.7	351.4	8.3	359.7
Comprehensive income						
Net result	–	–	-8.3	-8.3	0.4	-7.9
Other comprehensive income	–	-5.3	–	-5.3	–	-5.3
Total comprehensive income	–	-5.3	-8.3	-13.6	0.4	-13.2
Transactions with owners						
Non-controlling interests	–	–	–	–	-6.5	-6.5
Share based payments	–	–	1.0	1.0	–	1.0
Total transactions with owners	–	–	1.0	1.0	-6.5	-5.5
30 June 2023	0.4	305.0	33.4	338.8	2.2	341.0

Notes to the consolidated financial statements

Note 1 – Accounting policies

This interim report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The Company has from 1 January 2023 changed its presentation currency from US dollar to Euro to better reflect the economic environment in which the Company operate. 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.

The accounting policies adopted are in all other aspects consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

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

The Parent Company's financial information is reported in Swedish krona.

Note 2 – Share in result of associates and joint ventures MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
			6 months	3 months	12 months
Metsälamminkangas Wind Oy (50%)	0.1	-0.7	2.9	1.5	7.8
Leikanger Kraft AS (50%)	0.4	0.5	2.6	2.4	3.0
Other	0.0	-0.1	–	–	0.1
	0.5	-0.3	5.5	3.9	10.9

Note 3 – Finance income MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
			6 months	3 months	12 months
Foreign currency exchange gain, net	–	–	0.9	0.7	–
Interest income	2.6	1.3	0.6	0.4	2.6
Other	0.6	0.0	–	–	6.4
	3.2	1.3	1.5	1.1	9.0

Note 4 – Finance costs MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
			6 months	3 months	12 months
Foreign currency exchange loss, net	5.7	3.1	–	–	1.6
Interest expense	1.8	1.0	–	–	0.7
Other	0.4	0.2	–	–	6.9
	7.9	4.3	–	–	9.2

Note 5 – Income tax MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
			6 months	3 months	12 months
Current tax	-0.1	-0.1	–	–	-0.1
Deferred tax	0.1	0.0	27.1	27.1	26.7
	0.0	-0.1	27.1	27.1	26.6

Notes to the consolidated financial statements

Note 6 – Discontinued operations – E&P business

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

The financial performance of the discontinued operations and the gain on the distribution of the E&P business made in 2022 are described in detail in the financial statements of 2022.

Note 7 – Related party transactions

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

The Group has not entered into any material agreements with any related parties.

Note 8 – Risks and risk management

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

Risks and risk management relating to financial, operational and strategic risks are described in the 2022 Annual and Sustainability Report on pages 16–17 and are in all material aspects unchanged. Additional information on financial risks and information on how Orrön Energy manages these risks, including liquidity, credit and market risks are addressed in note 9 to the consolidated financial statements in the 2022 Annual Report.

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

Note 9 – Business combinations

Siral

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 purchase price allocation is preliminary. The amounts have been translated from SEK to EUR at closing rate 30 November 2022.

Orrön Energy Sweden

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	4.5
Step 3 – Buy-out procedure	3.5%	125	249,102	2.9
	100.0%		7,114,450	83.3

Notes to the consolidated financial statements

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

Assets and liabilities¹	Fair value² MEUR
Non-current assets	
Property, plant and equipment	144.1
Investment in associates and joint ventures	10.6
Other financial assets	0.7
	155.4
Current assets	
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
	5.8
Non-current liabilities	
Interest bearing loans and borrowings	-43.0
Deferred tax liability	-15.9
Provisions	-0.7
	-59.6
Current liabilities	
Trade and other payables	-1.2
Other current financial liabilities	-12.4
	-13.6
Net identifiable assets acquired	88.0
Less Non-controlling interest	-4.7
Net assets acquired	83.3

¹Preliminary

²Translated from SEK to EUR at closing rate 31 August 2022.

Acquired receivables

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

Revenue and profit contribution

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

Purchase consideration, outflow of cash, net of cash acquired

MEUR	
Cash consideration	83.3
Less cash balances acquired	-1.4
Net outflow of cash – Investing activities	81.9

Notes to the consolidated financial statements

Note 10 – Financial instruments

The Group holds the following financial instruments:

MEUR	Level	30 June 2023	31 December 2022
Financial assets			
Financial assets at amortised cost			
Other non-current financial assets		94.6	96.8
Trade receivables		1.1	0.3
Other current financial assets ¹		8.2	2.5
Cash and cash equivalents		28.0	26.9
		131.9	126.5
Financial assets at fair value through profit or loss			
Other current financial assets ¹ - Derivative financial instruments	2	0.1	–
		0.1	–
Financial liabilities			
Financial liabilities at amortised cost			
Interest bearing loans and borrowings		83.0	28.8
Trade and other payables		25.0	13.0
Other current financial liabilities		2.0	27.5
		110.0	69.3
Financial liabilities at fair value through profit or loss			
Other current financial liabilities - Derivative financial instruments	2	–	0.3
		–	0.3

¹ Other current financial assets on the face of the balance sheet are divided in this table in financial assets at amortised cost and financial assets at fair value through profit and loss.

The nature of financial assets and liabilities is, in all material respects, the same as on December 31, 2022. The carrying amounts and fair values are deemed to essentially correspond with one another.

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

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

Note 11 – Supplementary information to the statement of cash flows

The consolidated statement of cash flows is prepared in accordance with the indirect method.

Adjustments for items not included in the cash flow MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Gain on distribution of E&P business	–	–	-12,516.9	-12,516.9	-12,823.3
Exploration costs	–	–	23.5	4.0	23.2
Depletion, depreciation and amortisation	5.7	2.7	0.0	0.0	3.5
Current tax	0.1	0.1	2,255.1	1,069.7	2,222.5
Deferred tax	-0.1	0.0	322.4	222.2	319.2
Long-term incentive plans	1.2	0.7	9.6	4.4	10.2
Foreign currency exchange gain/loss	4.5	2.4	314.0	279.3	312.1
Interest income	-2.5	-1.2	–	–	-2.6
Interest expense	2.0	1.2	25.4	13.9	25.8
Amortisation of deferred financing fees	–	–	4.5	2.8	4.5
Ineffective hedging contracts	–	–	-52.2	59.2	-57.2
Result from associated companies and joint ventures	-0.5	0.3	–	–	–
Other	0.4	0.0	5.0	0.5	4.6
	10.8	6.2	-9,609.6	-10,860.9	-9,957.5

Parent Company Income Statement

MSEK	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Revenue	17.3	16.7	9.3	1.8	13.4
General and administration expenses	-100.4	-57.2	-135.8	-73.1	-200.0
Operating profit/loss	-83.1	-40.5	-126.5	-71.3	-186.6
Finance income	186.2	186.2	7.2	6.8	10.9
Finance costs	-5.1	-4.2	-557.8	-553.7	-720.7
Net financial items	181.1	182.0	-550.6	-546.9	-709.8
Profit/loss before income tax	98.0	141.5	-677.1	-618.2	-896.4
Income tax	–	–	306.0	306.0	306.0
Net result	98.0	141.5	-371.1	-312.2	-590.4

Parent Company Comprehensive Income Statement

MSEK	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Net result	98.0	141.5	-371.1	-312.2	-590.4
Other comprehensive income	–	–	–	–	–
Total comprehensive income	98.0	141.5	-371.1	-312.2	-590.4
Attributable to:					
Shareholders of the Parent Company	98.0	141.5	-371.1	-312.2	-590.4

Parent Company Balance Sheet

MSEK	30 June 2023	31 December 2022
ASSETS		
Non-current assets		
Shares in subsidiaries	3,780.8	3,780.8
Other tangible fixed assets	0.2	0.3
Deferred tax assets	306.0	306.0
	4,087.0	4,087.1
Current assets		
Receivables	12.9	17.8
Cash and cash equivalents	115.0	24.6
	127.9	42.4
TOTAL ASSETS	4,214.9	4,129.5
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	4,178.1	4,078.0
Non-current liabilities		
Provisions	1.4	1.3
	1.4	1.3
Current liabilities		
Other liabilities	35.4	50.2
	35.4	50.2
TOTAL LIABILITIES	36.8	51.5
TOTAL EQUITY AND LIABILITIES	4,214.9	4,129.5

Parent Company Statement of Cash Flows

MSEK	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Cash flows from operating activities					
Net result	98.0	141.5	-371.1	-312.2	-590.4
Adjustment for items not included in the cash flows	-125.6	-126.8	-310.7	-311.1	-312.6
Changes in working capital	2.1	-26.0	3,477.6	2,253.8	2,989.7
Total cash flows from operating activities	-25.5	-11.3	2,795.8	1,630.5	2,086.7
Cash flows from investing activities					
Investments in subsidiaries	–	–	-0.5	–	-0.5
Dividends received	127.9	127.9	–	–	–
Total cash flows from investing activities	127.9	127.9	-0.5	–	-0.5
Cash flows from financing activities					
Net drawdown/repayment of loan	-12.0	-40.4	–	–	–
Dividends paid	–	–	-2,672.1	-1,508.2	-2,672.1
Sold treasury shares	–	–	583.8	583.8	583.8
Total cash flows from financing activities	-12.0	-40.4	-2,088.3	-924.4	-2,088.3
Change in cash and cash equivalents	90.4	76.2	707.0	706.1	-2.1
Cash and cash equivalents at the beginning of the period	24.6	38.9	44.3	45.4	44.3
Currency exchange difference in cash and cash equivalents	0.0	0.0	6.5	6.3	-17.6
Cash and cash equivalents at the end of the period	115.0	115.0	757.8	757.8	24.6

Parent Company Statement of Changes in Equity

MSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Other reserves	Retained earnings	Dividends	
1 January 2022	3.5	861.3	6,599.0	60,628.9	-4,467.2	63,625.5
Transfer of prior year dividends	–	–	–	-4,467.2	4,467.2	–
Total comprehensive income	–	–	–	-590.4	–	-590.4
Transactions with owners						
Distributions	–	–	–	–	-59,542.8	-59,542.8
Share based payments	–	–	–	2.0	–	2.0
Sold treasury shares	–	–	583.7	–	–	583.7
Total transactions with owners	–	–	583.7	2.0	-59,542.8	-58,957.1
31 December 2022	3.5	861.3	7,182.7	55,573.3	-59,542.8	4,078.0
Total comprehensive income	–	–	–	98.0	–	98.0
Transactions with owners						
Share based payments	–	–	–	2.1	–	2.1
Total transactions with owners	–	–	–	2.1	–	2.1
30 June 2023	3.5	861.3	7,182.7	55,673.4	-59,542.8	4,178.1

Key Financial Data

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

In addition to the consolidated financial reporting in line with IFRS, the Group provides proportionate financial reporting, which forms part of the alternative performance measures 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 of result in 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.

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

Financial data (Continuing operations) MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Consolidated financials					
Revenue	17.3	5.9	–	–	13.8
EBITDA	2.5	-2.1	-3.9	-1.2	4.5
Operating profit (EBIT)	-3.2	-4.8	-3.9	-1.2	1.0
Net result	-7.9	-7.9	24.8	27.0	27.4
Net cash (-) / Net debt (+)	57.1	57.1	-125.2	-125.2	29.7
Proportionate financials					
Power generation (GWh)	378	164	N/A ¹	N/A ¹	335
Revenue	23.0	9.0	N/A ¹	N/A ¹	40.0
EBITDA	8.3	1.6	N/A ¹	N/A ¹	20.7
Operating profit (EBIT)	0.6	-2.0	N/A ¹	N/A ¹	14.7
Net cash (-) / Net debt (+)	50.5	50.5	N/A ¹	N/A ¹	12.3
Average price achieved per MWh (EUR)	61	54	N/A ¹	N/A ¹	120

¹ Not applicable, proportionate financials are reported from 1 July 2022 only.

Key Financial Data

	1 Jan 2023- 30 Jun 2023	1 Apr 2023- 30 Jun 2023	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
Data per share EUR	6 months	3 months	6 months	3 months	12 months
Earnings per share	-0.03	-0.03	0.09	0.09	0.10
Earnings per share – diluted	-0.03	-0.03	0.09	0.09	0.10
EBITDA per share	0.01	-0.01	-0.01	0.00	0.00
EBITDA per share – diluted	0.01	-0.01	-0.01	0.00	0.00
Number of shares issued at period end	285,924,614	285,924,614	285,924,614	285,924,614	285,924,614
Number of shares in circulation at period end	285,924,614	285,924,614	285,924,614	285,924,614	285,924,614
Weighted average number of shares for the period	285,924,614	285,924,614	284,987,849	285,402,908	285,458,805
Weighted average number of shares for the period – diluted	288,818,128	288,522,753	285,698,527	286,113,586	286,567,833
Share price					
Share price at period end in SEK	11.34	11.34	6.99	6.99	22.46
Share price at period end in EUR ¹	0.96	0.96	0.65	0.65	2.02
Key ratios					
Return on equity (%)	-2	-2	8	9	8
Return on capital employed (%)	-1	-1	-1	0	0
Equity ratio (%)	73	73	82	82	80

¹ 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.

	1 Jan 2023- 30 Jun 2023	1 Apr 2023- 30 Jun 2023	1 Jan 2022- 30 Jun 2022	1 Apr 2022- 30 Jun 2022	1 Jan 2022- 31 Dec 2022
EBITDA – Consolidated financials MEUR	6 months	3 months	6 months	3 months	12 months
Operating profit/loss (EBIT)	-3.2	-4.8	-3.9	-1.2	1.0
Add: Depreciation	5.7	2.7	0.0	0.0	3.5
	2.5	-2.1	-3.9	-1.2	4.5
Net debt/Net cash – Consolidated financials MEUR					
Interest bearing loans and borrowings – Non-Current	83.0	83.0	–	–	28.8
Interest bearing loans and borrowings – Current	2.0	2.0	–	–	27.8
Less: Cash and cash equivalents	-28.0	-28.0	-180.2	-180.2	-26.9
	57.0	57.0	-180.2	-180.2	29.7
EBITDA – Proportionate financials MEUR					
Operating profit/loss (EBIT)	0.4	-2.2	N/A ¹	N/A ¹	14.7
Add: Depreciation	7.9	3.8	N/A ¹	N/A ¹	6.0
	8.3	1.6	N/A ¹	N/A ¹	20.7

¹ Not applicable, proportionate financials are reported from 1 July 2022 only.

Key Financial Data

Net debt/Net cash – Proportionate financials MEUR	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2022- 30 Jun 2022 6 months	1 Apr 2022- 30 Jun 2022 3 months	1 Jan 2022- 31 Dec 2022 12 months
Net cash / Net debt – Consolidated financials	57.0	57.0	N/A ¹	N/A ¹	29.7
Less: Cash and cash equivalents of Associates and joint ventures	-6.5	-6.5	N/A ¹	N/A ¹	-17.3
Add: External interest bearing loans and borrowings of Associates and joint ventures	–	–	N/A ¹	N/A ¹	–
	50.5	50.5	N/A ¹	N/A ¹	12.4

¹ Not applicable, proportionate financials are reported from 1 July 2022 only.

Bridge from proportionate to consolidated financials

1 Jan – 30 Jun 2023 – 6 months MEUR	Proportionate financials	Residual ownership for fully consolidated entities ¹	Elimination of equity consolidated entities ²	Consolidated financials
Revenue	23.0	2.3	-8.0	17.3
Other income	0.6	0.1	-0.3	0.4
Operating expenses	-6.5	-2.3	1.9	-6.9
General and administration expenses	-8.8	–	–	-8.8
Share in result of associates and joint ventures	–	–	0.5	0.5
EBITDA	8.3	0.1	-5.9	2.5
Depreciation	-7.9	–	2.2	-5.7
Operating profit (EBIT)	0.4	0.1	-3.7	-3.2
Net financial items	-7.6	0.5	2.4	-4.7
Tax	-1.1	-0.2	1.3	-0.0
Net result	-8.3	0.4	–	-7.9
<i>Attributable to:</i>				
Shareholders of the Parent Company	-8.3	–	–	-8.3
Non-controlling interest	–	0.4	–	0.4

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

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

1 Apr – 30 Jun 2023 – 3 months MEUR	Proportionate financials	Residual ownership for fully consolidated entities ¹	Elimination of equity consolidated entities ²	Consolidated financials
Revenue	9.0	1.1	-4.2	5.9
Other income	0.5	0.0	-0.3	0.2
Operating expenses	-3.4	-1.0	1.0	-3.4
General and administration expenses	-4.5	–	–	-4.5
Share in result of associates and joint ventures	0.0	-0.1	-0.2	-0.3
EBITDA	1.6	0.0	-3.7	-2.1
Depreciation	-3.8	–	1.1	-2.7
Operating profit (EBIT)	-2.2	0.0	-2.6	-4.8
Net financial items	-5.0	0.6	1.4	-3.0
Tax	-1.1	-0.2	1.2	-0.1
Net result	-8.3	0.4	–	-7.9
<i>Attributable to:</i>				
Shareholders of the Parent Company	-8.3	–	–	-8.3
Non-controlling interest	–	0.4	–	0.4

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

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

Key Financial Data

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

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

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

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

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

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

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

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

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

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

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

Definitions and abbreviations

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

Industry related terms and measurements

GWh	Giga Watt hours
MWh	Mega Watt hours

Shareholders' information

Daniel Fitzgerald, CEO and Espen Hennie, CFO comment on the second quarter results 2023.

Listen to Daniel Fitzgerald, CEO and Espen Hennie, CFO commenting on the report and presenting the latest developments in Orrön Energy and its future growth strategy at a webcast held on 9 August 2023 at 14.00 CEST. The presentation will be followed by a question-and-answer session.

Follow the presentation live on the below webcast link:

https://us06web.zoom.us/webinar/register/WN_HCsgBW1sQ9i9-D2ZeT12Kw

Contacts

Robert Eriksson

Director Corporate Affairs and Investor Relations

Tel: +46 701 11 26 15

robert.eriksson@orron.com

Jenny Sandström

Communications Lead

Tel: +41 79 431 63 68

jenny.sandstrom@orron.com

Financial Calendar

- | | |
|---|------------------|
| • Interim report for the third quarter 2023 | 8 November 2023 |
| • Year end report 2023 | 14 February 2024 |
| • Annual and Sustainability report 2023 | 17 April 2024 |

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, through the contact persons set out above, at 07.30 CEST on 9 August 2023.

Forward-Looking Statements

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

