orrön energy

# Annual and Sustainability Report 2022

# Annual and Sustainability Report 2022



# 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 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.

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 2022, unless otherwise specified. Amounts from 2021 are presented in brackets.

This report describes Orrön Energy's financial performance and sustainability work. The Directors' Report comprises pages 6–34. Orrön Energy's Sustainability report as required by Chapter 6 section 11 of the Swedish Annual Accounts Act, is presented on pages 13–17.

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.

# Highlights

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

**Consolidated financials**

- Cash flow from operating activities amounted to MUSD 7.5 for the year, an increase from MUSD -17.7 in 2021

**Proportionate financials**

- Proportionate power generation amounted to 335 GWh for the year
- Achieved price for the year amounted to EUR 120 per MWh, resulting in proportionate EBITDA of MUSD 21.8
- Low proportionate net debt of MUSD 13.1 at year end, with debt capacity of over 250 MUSD to fund further growth

## Financial Summary[1]

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

| Expressed in MUSD | 2022 |
|---|---|
| **Consolidated financials** | |
| Revenue | 14.5 |
| EBITDA | 4.7 |
| Operating profit (EBIT) | 1.0 |
| Net result | 28.9 |
| Earnings per share – USD | 0.10 |
| Earnings per share diluted – USD | 0.10 |
| **Proportionate financials** [2] | |
| Power generation (GWh) | 335 |
| Revenue | 42.2 |
| EBITDA | 21.8 |
| Operating profit (EBIT) | 15.5 |
| Average price achieved per MWh – EUR | 120 |

[1] This table refers to continuing operations. The financial and operational performance of the discontinued operations can be found in the sections Discontinued Operations and in note 6 of the consolidated financial statements.

[2] 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.

## Proportionate financials

In addition to the consolidated financial reporting in line with IFRS, the Group provides proportionate financial reporting, which forms part of the alternative performance measures that the Group presents. Proportionate financials 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 contain 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.

| MUSD | 2022 |
|---|---|
| Revenue | 42.2 |
| Other income | 4.2 |
| Operating expenses | -7.1 |
| G&A expenses[1] | -17.5 |
| **EBITDA** | **21.8** |
| Depreciation | -6.3 |
| Operating profit/loss (EBIT) | **15.5** |

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

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

EBITDA generation amounted to MUSD 21.8 for the year and includes liquidated damages relating to MLK uptime being below the contractually guaranteed levels.

Proportionate operating expenses relating to operating assets amounted to MUSD 7.1 for the year.

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

INTRODUCTION

# Words from the CEO

**2022 has been a remarkable year for Orrön Energy, where we transformed into a pure play renewable energy company. We are in a unique position to create value with cash generating assets, strong financial capacity to fund further growth and backed by an entrepreneurial team, management and Board.**

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

We finished the year with a proportionate net debt position of MUSD 13 and coupled with over 250 MUSD of debt capacity from our existing asset base, have significant financial capacity to fund further growth. We have been, and remain, largely spot market exposed to electricity prices and believe that this is the best way to generate maximum returns over the long term. In the early part of 2023, we have seen electricity pricing reduce compared to the highs of late 2022, but we are still in a position where the year to date price has been significantly higher than the historical average of the last decade. With our level of merchant exposure and our pipeline of projects, the Company will remain exposed to the underlying power price in the countries In which we operate.

One of my biggest reflections working for nearly a decade within the Lundin Group is the ability for each of the companies to find opportunities to grow through acquisitions, and then continue to create value through organic growth. We have started our journey primarily in the Nordics through acquisition, but now have an organic growth platform established in Sweden with the team, assets and capital to continue that growth trajectory. We have identified projects within our existing asset base, we are seeing new greenfield project potential and with the team constantly looking for new opportunities, I am convinced that we will continue to expand the business. We have not stopped on the acquisition front either and expect to continue to add accretive deals throughout the coming years. The Company is now a full cycle renewables business with greenfield opportunities right through to repowering and life extension giving us exposure to all elements of the lifecycle.

We have expanded the geographical footprint of the Company since inception with the addition of a new business in Finland, which includes greenfield project origination and development, as well as brownfield project acquisitions, and have strengthened our organisational capacity to accommodate this. We reached an agreement in early 2023 with a like-minded partner having a strong network in Finland, where we will seek to replicate the successful organic growth platform we have established in Sweden.

We further expanded our geographical footprint to include France and Germany, initially with a focus on greenfield project origination and development. These countries have some of the most ambitious renewables targets and are planning to rapidly increase renewable energy developments, which are fully supported by the growth ambitions of the EU. Also in early 2023 we reached an agreement with a greenfield development team which has the competence to both develop and run operations in these countries. I am confident that over time, like in our Swedish business, we will be able to build a full cycle business with greenfield opportunities, project development, operating assets, and the potential for life extension, re-powering and optimisation in each of these countries. We continue to screen opportunities to expand our footprint in both technology and geography and I expect to see Orrön Energy expand into further markets in the coming years.

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

**Daniel Fitzgerald**
Chief Executive Officer

# Letter from the Chair

**It has been a very exciting year for the Company, where we successfully completed the combination of the legacy oil and gas assets with Aker BP at the end of June, and subsequently became a fully renewable focused energy business. This important strategic step in the Company's history allows us to continue to grow in the renewables space and thereby create long-term shareholder value through the energy transition.**

The Lundin Group of Companies have an outstanding history of building strong, entrepreneurial and growth-oriented companies, – which was the case with Lundin Energy creating significant value for shareholders for over 20 years. We are now continuing to write the next chapters of this story by bringing the experiences from Lundin Energy and other parts of the Lundin Group into the renewables space, with Orrön Energy as the new renewable growth vehicle within the Lundin Group.

Orrön Energy has shown its ability to successfully grow the business already during its relatively short history as a pure play renewable energy business. From day one, the Company was uniquely positioned, with cash generating assets, financial capacity to fund growth and backed by a team with a proven track record of value creation. The Company has since grown into one of the largest independent renewable energy companies in Sweden, well equipped to thrive through the energy transition. This shows that a rapid transformation rather than a transition is possible, and I am proud that Orrön Energy is a leading example of how companies successfully can transform their business model to both create long-term shareholder value and help drive the energy transition.

The world needs to urgently increase the amount of renewable energy to mitigate the effects of climate change, meet the increasing demand for energy and ensure security of energy supply. With the prevailing energy crisis in Europe, being fueled by Russia's invasion of Ukraine, this past year has truly shown the importance of having access to reliable and locally produced energy. The issue of securing energy supply has since taken front stage in the political discussions in Europe, and it has become clear that we as Europeans must redouble our efforts to increase local power supplies and move away from the reliance on energy sources outside of our control.

In addition to securing energy supplies, we also need to ensure that the energy consumed derives from clean, renewable energy to enable a shift away from fossil energy sources and live up to the Paris Agreement's goal of limiting global warming to well under two degrees compared to pre-industrial levels. Europe has some of the most ambitious climate targets, which will require significant investment in the coming years and a large portion of those investments will be flowing into renewable energy projects. I am proud that Orrön Energy is directly contributing to achieving these climate goals, as supplying renewable energy is the core of our business. I am confident that significant value will be created through the energy transition as we continue to be a long-term investor in this space. However, we recognise that our responsibility goes beyond being a producer of renewable and sustainable energy. Our strong governance framework ensures that our business is run in a responsible manner for the benefit of all stakeholders, with projects aimed at safeguarding local communities, the environment and biodiversity.

In the summer of 2022, we tragically lost our former Board member Lukas Lundin who passed away from the brain tumour that he had been battling with enormous bravery for more than two years. Lukas was instrumental in setting the stage for Orrön Energy, and his and his family's visionary ideas enabling the combination of our legacy oil and gas assets with Aker BP to become reality only weeks before his passing – enabling the transformation of Orrön Energy into a pure play renewable energy company. It is an honour for me to have known Lukas, a unique entrepreneur with boundless energy and determination. I know that his spirit and legacy will live on as we take Orrön Energy's business to the next level.

Since we transformed into Orrön Energy, we have had a steady inflow of new shareholders during the year, and I would like to express my gratitude on behalf of the Board of Directors for your continued engagement and support as we turn the page into the next chapter of our exciting journey.

**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 and Europe. The Parent Company has no foreign branches.

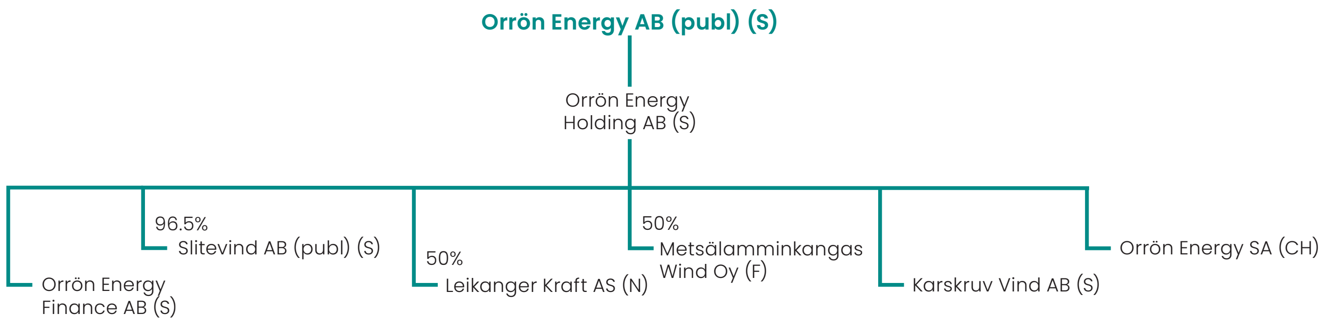
**Changes in the Group**
In November 2022, the Company entered into agreements to acquire Siral Förvaltning AB (“Siral”) and Lilla Årås Vindpark AB (“Lilla Årås Vindpark”). The transactions completed in December 2022 and the financial results from these companies are consolidated from 1 December 2022.

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

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

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

**Corporate structure on 31 December 2022**




Jurisdiction

(F) Finland
(N) Norway
(S) Sweden
(CH) Switzerland

Note: The Group structure shows significant subsidiaries only. See the Parent Company Financial Statements Note 8 for full legal names and all subsidiaries.
Subsidiaries are 100% owned unless otherwise stated.

# Operational Review

## Operational assets

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

Realised electricity prices amounted to EUR 120 per MWh for the year. The variance to the spot price is explained by so called capture price discounts and impact from historical hedges. Nordic power prices have been volatile recently, lower during periods of high supply of electricity, and higher during periods of low supply. Capture price discounts occur, when in any given period, a majority of power is generated during periods of low prices relative to the average spot price for the same period. The realised price included EUR 8 per MWh negative impact from historical hedges linked to acquired companies. In 2023, less than five percent of the Company's estimated power generation will be affected by historical hedges related to acquired companies. Orrön Energy's strategy is to be fully exposed to spot electricity prices and none of the hedges continue beyond the fourth quarter of 2023.

Proportionate operating expenses amounted to MUSD 7.1 for the year.

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

**Finland**
The Company owns 50 percent of the MLK wind farm and 100 percent of a wind farm located in Hanko in Finland. MLK has an estimated gross annual power generation of around 400 GWh, which is generated from 24 turbines with a total installed capacity of 132 MW. The wind farm has an estimated operational life of around 30 years and has been in operation since the end of March 2022. An availability warranty is in place from GE Renewable Energy, which guarantees the availability of the turbines through their operational life and gives the Company protection against downtime and outages. Hanko is a four-turbine asset, located in the southwestern part of Finland, which has an estimated annual power generation of around 9 GWh.

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

## Development projects

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

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

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

## Transactions

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

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

In October 2022, the Company completed acquisitions of an additional 27 percent ownership in the 36 MW wind farm Näsudden Väst, and an additional 10 percent interest in the 27 MW wind farm Stugyl. The total enterprise value for both transactions combined amounted to MUSD 9 and adds estimated annual power generation of 30 GWh and 12 MW installed capacity in price area SE3.

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

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

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

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

## Discontinued operations

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

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

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

| Production in Mboepd | 2022 | 2021 |
|---|---|---|
| Crude oil | 163.2 | 177.4 |
| Gas | 12.9 | 12.9 |
| **Total production** | **176.1** | 190.3 |

| Production in Mboepd | WI[1] | 2022 | 2021 |
|---|---|---|---|
| Johan Sverdrup | 20% | 103.1 | 106.3 |
| Greater Edvard Grieg Area[2] | 65–80% | 62.4 | 72.9 |
| Ivar Aasen | 1.385% | 0.4 | 0.6 |
| Alvheim Area | 15–35% | 10.2 | 10.5 |
| **Total Production** | 20% | **176.1** | 190.3 |

[1] Working interest (WI)
[2] Consisting of Edvard Grieg, Solveig and Rolvsnes EWT

Johan Sverdrup Phase 1 delivered around nine percent ahead of guidance for the six-month period ended 30 June 2022, when the E&P business was transferred to Aker BP. Operating costs were USD 2.48 per boe and the carbon emission intensity remained low at less than 0.1 kg $CO_2$ per boe.

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

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

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

# Financial Review

## Continuing operations

**Revenue and results**

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

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

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

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

Finance costs amounted to MUSD 9.7 (MUSD 0.2) for the year and are detailed in Note 4. An amount of MUSD 7.2 (MUSD –) has been recognised in other finance costs for the year. This cost includes an accounting effect of MUSD 4.6 (MUSD –) relating to previously equity consolidated associated companies, which became subsidiaries at year end when the Group gained control. In accordance with accounting rules, the book value of these associated companies has been revalued to fair value and are from the acquisition date fully consolidated. The remaining amount recognised as other financial costs mainly relates to advisory fees of MUSD 2.0 (MUSD –) in connection with acquisitions made during the third quarter 2022.
Deferred tax amounted to MUSD 28.2 (MUSD –) and mainly consists of the recognition of a deferred tax asset of MUSD 29.6 in the second quarter 2022 relating to tax losses carried forward in Sweden.

**Cash flow and investments**

**Cash flow**

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

Changes in working capital, as included in the consolidated statement of cash flows, includes both continuing and discontinued operations and amounted to MUSD -327.5 (MUSD -229.2) for the year.

**Investments**

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

**Financing and liquidity**

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

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

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

## Discontinued operations

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

**Result**

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

**Revenue and other income**

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

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

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

| **Sales from own production** Average price per boe expressed in USD | 2022 | 2021 |
|---|---|---|
| **Crude oil sales** | | |
| - Quantity in Mboe | 29,675.5 | 65,381.1 |
| *- Average price per bbl* | *108.45* | *69.36* |
| **Gas and NGL sales** | | |
| - Quantity in Mboe | 3,418.7 | 6,281.8 |
| *- Average price per boe* | *124.34* | *88.10* |
| **Total sales** | | |
| - Quantity in Mboe | **33,094.2** | 71,662.9 |
| *- Average price per boe* | ***110.09*** | *71.01* |

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

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

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

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

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

| **Production costs** | 2022 | 2021 |
|---|---|---|
| **Cost of operations** | | |
| - In MUSD | 101.1 | 167.5 |
| *- In USD per boe* | *3.17* | *2.41* |
| **Tariff and transportation expenses** | | |
| - In MUSD | 38.7 | 71.9 |
| *- In USD per boe* | *1.22* | *1.03* |
| **Operating costs** | | |
| - In MUSD | 139.8 | 239.4 |
| *- In USD per boe1* | *4.39* | *3.44* |
| **Change in under/over lift position** | | |
| - In MUSD | 6.6 | 7.9 |
| - In USD per boe | *0.21* | *0.11* |
| **Change in inventory position** | | |
| - In MUSD | -0.6 | 11.5 |
| - In USD per boe | *-0.02* | *0.17* |
| **Other** | | |
| - In MUSD | 3.9 | 6.5 |
| - In USD per boe | *0.12* | *0.09* |
| **Production costs** | | |
| - In MUSD | **149.7** | 265.4 |
| *- In USD per boe* | ***4.70*** | *3.81* |

Note: USD per boe is calculated by dividing the cost by total production volume for the year.
[1] The numbers in this table are excluding tariff income netting. The Company's operating cost for the year 2022 of USD 4.39 (USD 3.44) per boe is reduced to USD 4.20 (USD 3.14) when tariff income is netted off.

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

Tariff and transportation expenses for the year amounted to MUSD 38.7 (MUSD 71.9) or USD 1.22 (USD 1.03) per boe, with the current year impacted by six months until the E&P business was transferred to Aker BP. The increase on a per barrel basis compared to 2021 was caused by some increases in crude oil and gas unit tariffs.

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

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

| **Change in over/underlift position In Mboepd** | 2022 | 2021 |
|---|---|---|
| Production volumes | 176.1 | 190.3 |
| Inventory movements | – | 1.7 |
| **Production volumes including inventory movements** | **176.1** | 192.0 |
| Sales volumes from own production | 182.8 | 196.3 |
| **Change in over/underlift position** | **-6.7** | -4.3 |

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

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

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

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

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

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

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

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

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

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

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

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

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

## Share information

**Proposed disposition of unappropriated earnings**
The 2023 Annual General Meeting has an unrestricted equity at its disposal of MSEK 3,213.2, including the net result for the year of MSEK -590.4.

The Board of Directors propose that the unrestricted equity of the Parent Company of MSEK 3,213.2, including the net result for the year of MSEK -590.4 be brought forward.

## Changes in Board of Directors

At the 2023 AGM, the current Board members C. Ashley Heppenstall, Grace Reksten Skaugen and Jakob Thomasen will be proposed for re-election by the Nomination Committee. Aksel Azrac and Daniel Fitzgerald have declined to stand for re-election. William Lundin and Peggy Bruzelius will be proposed for election as new members 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 US Dollars on pages 35–66.

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 67–73.

## Subsequent events

Subsequent events are detailed in note 25.

## Report on Payments to Government

Orrön Energy has issued a Report on Payments to Government, which is separate from the Financial Statements. The Report on Payments to Government is available on www.orron.com.

# 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. 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.**

**Contents**



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

## About this report

This Sustainability Report summarises Orrön Energy's sustainability activities and performance in 2022. It provides information on material issues that impact the Company and its stakeholders and how these issues are managed. The combination of the Company's legacy oil and gas business with Aker BP was completed on 30 June 2022 and information relating to Sustainability for the discontinued business can be found in the 2021 Sustainability report on www.orron.com. This report refers to the Company's renewables business.

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's strategy is to continue investing in renewable power generation and other renewable opportunities throughout the energy transition, and 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. All of these areas 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 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. The EU aims to increase the amount of renewable energy in the overall energy mix from 22 percent in 2022 to 45 percent by 2030. The EU also seeks to simplify and accelerate processes for permitting new energy projects with its new 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 if we are to limit global warming in line with the Paris Agreement and achieve the targets as set by the EU. 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. 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. During 2022, the Company produced a total of 335 GWh of renewable energy in the Nordics, which corresponds to over 230,000 tons of $CO_2e$ avoided. From 2024 onwards, the Company is expected to generate enough electricity to power around 275,000 European households.

Orrön Energy's carbon footprint in its daily operations is very small. For a wind power plant, around 99 percent of its lifecycle emissions derive from its supply chain (Scope 3), 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. Sustainable practices to reduce carbon emissions are being considered throughout the development and construction phase of renewable energy facilities, and the Company is engaging with suppliers to reduce emissions that result from material sourcing and transport. The Company is also working to reduce its direct carbon footprint (Scope 1 and 2), and has installed solar panels to power one of its office buildings.

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 environmental impact and ensure biodiversity protection.

All assets have undergone public consultation and environmental impact assessments, with controls and self-reports being carried out and reported on a regular basis. For the Company's onshore wind farms, the main impacts relate to visibility, noise emissions and shadow formation. Procedures for noise measurements and automatic controls to reduce shadow formation are in place on assets close to populated areas, with top tier suppliers used to ensure blades adhere to the highest technical standards.

Biodiversity protection forms an integral part of the Company's environmental work, with ongoing activities to monitor and reduce potential wildlife impact. Particular focus is given to protect endangered species and airborne animals such as birds and bats around operational areas. Targeted nature conservation projects are in place for facilities close to migratory flyways and breeding territories.

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

Construction of new facilities, such as the MLK and Karskruv wind farms, are made through reputable partners with a strong focus on minimising environmental impacts across the project lifecycle. A certified environmental management system ensures that the 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 are 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.

The Company has a dedicated waste management system in place and is working with partners to increase recycling of material.

### Eagle protection project

A project to safeguard eagles and other predatory birds has been carried out at Näsudden on Gotland, which is an area known for its dense population of golden eagles. A system based on AI and machine learning was used to identify and monitor birds and their flying patterns, which has the potential of automatically curtailing turbines when facing collision risk. The Company is currently evaluating the outcome of the project and potential for installation.

In 2022, no significant impact on the environment was recorded.

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 health and safety for 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.

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. The Company's workforce holds all necessary certificates required to perform their work. Training to renew certifications and authorizations is undertaken at the required intervals. 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.

Contractors are assessed with respect to health, safety and environment and quality, both prior to and after contract assignment. Areas of evaluation include the contractor's management system, health, safety and environment records and personnel training/competence.

During 2022, one recordable incident was reported. The incident has been thoroughly investigated and mitigating measures have been implemented.

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, with increased engagement and activities for local communities during the construction phase.

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, 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.

Orrön Energy seeks to create value and support activities that benefit youth and sports. 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 health and education.

## 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.

**Promoting a diverse and engaged workforce**
Consistent with 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 and business regardless of individual characteristics.

At year end 2022, Orrön Energy had 26 permanent employees, of which 35 percent were women.

**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. The Company is aware of the potential impact that its activities may have across the value chain, and as such any potential human rights impacts are monitored, reported and remedied. The Company is compliant with all relevant human rights, equality and anti-discrimination related regulations in all countries of operation.

There were no cases reported involving human rights issues in any area of activity in 2022.

**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 2022, 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. Information and training is provided throughout the operations, 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 2022, there were no cases of corruption, facilitation payments, fraud, money laundering, 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

# 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.

## Operational risks

### 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. As a growing business with an expanding geographical and operational scope, the operational risks are everchanging.
**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 all 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.

### Environmental impact and biodiversity protection

**Risk:** Environmental risks associated with wind power are primarily related to the wind farms' visibility in the landscape, noise emissions and shadow formation. For hydropower, environmental risks are primarily related to flooding, downstream water quality and impact on wildlife and surrounding land.
**Response:** The Company's Environmental Policy sets out objectives and expectations applicable to operations with the main objective to prevent and contain any harm to biodiversity and ecosystems around and near the operations. All assets have undergone environmental impact assessments or reviews. The Company is also developing biodiversity enhancement projects, such as nature conservation in targeted areas around the renewables assets. Permits related to renewable energy facilities always include rigorous requirements on how the operations shall be conducted and the scope of such operations, as well as requirements on restoration after operations have ceased.

### 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 analysing the risks and opportunities that may arise from climate change and seeks to reduce both transitional and physical climate related risks.

### Access to land, grid connections and permits

**Risk:** Establishment, operation and life extension of wind, hydropower and other renewable energy facilities requires 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 production 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.

### 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 unusual weather conditions, technical problems 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 the Company's largest assets.

### Cyber security

**Risk:** As in all industries, there is potential for cyber intrusion leading to financial loss, information data loss, data privacy infringement and system irregularities.
**Response:** To minimise the likelihood of cyber security risks, the Company is working across the organisation with cyber risk management to analyse, evaluate and treat cyber security risks. The Company focuses on preventative action including training on information or security risks. Networks are built and monitored to prevent and remedy a potential cyber-attack.

### Delay in development projects

**Risk:** Development projects may be curtailed or delayed for many reasons such as health and safety incidents, changes in installation schedules, disruption in supply chains caused by the war in Ukraine, effects from a pandemic or missed targets. This includes the risk of cost overruns and a delay in the completion of projects that could affect liquidity.
**Response:** Orrön Energy works with well-established partners which have robust project management systems in place and highly competent project management teams that have

a proven track record of safely and successfully delivering development projects on time and on budget. The Company also has guarantees in place giving protection against impacts caused by delays.

**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.

## Financial risks

**Financial reporting**
**Risk:** The risk of delayed or inaccurate financial reporting impacting the delivery or quality of external reporting constitutes a financial reporting risk for the Company, which may lead to regulatory action, fiscal uncertainty, shareholder lawsuits and loss of investor confidence.
**Response:** Orrön Energy maintains a robust internal control framework and financial processes are in place to mitigate this risk. Financial reporting is subject to internal controls, a monthly management reporting process and is verified by internal reviews and external audits.

**Market conditions**
**Risk:** Shareholder value is affected if the Company is not able to meet stakeholder expectations and create value, either through current business strategies or due to market conditions. Prolonged volatility in energy prices, inflation or other market uncertainties, could erode the profitability of the Company's assets, affect financial earnings, cash flow generation and liquidity position.
**Response:** Even though the energy sector is accustomed to the highs and lows of economic and price cycles, Orrön Energy mitigates the impact of fluctuating energy prices by having robust monitoring processes in place, such as the Asset Business Plan (long-term financial forecasting and liquidity tests), and by continuously assessing the assets' borrowing 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.

**Interest and currency**
**Risk:** As a result of the Company carrying debt, a rise in interest rates risks affecting the Company's earnings and free 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 low leverage and will by maintaining a strong balance sheet 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:** The Company mitigates this risk through conscious financial planning and by regular cash flow forecasting. Access to the equity capital markets is achieved through an active investor relations strategy. Orrön Energy also strives to maintain a good asset management strategy to ensure continued asset performance levels to maximise cash flow and borrowing capacity.

## Strategic risks

**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.

**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.

**Negative outcome in the Swedish legal case**
**Risk:** The indictment of two former Company representatives by the Swedish Prosecution Authority in relation to past activities in Sudan (1999–2003), and a potential negative outcome at trial, and the preliminary investigation concerning allegations of interference of judicial proceedings, pose reputational and potential financial risks for the Company. These could include payment of financial compensation or penalties, negative investor and lender perception, leading to divestments, lack of funding and critical media coverage of the Company.
**Response:** The Company continues to actively defend its interests both through the Swedish legal process and in the public domain, and maintains transparent and effective engagement with key stakeholders 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 vigorously defend itself in the Swedish 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.

# Corporate Governance Report

**Contents**



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 no deviations from the Corporate Governance Code in 2022. 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.orron.com.

**2023 Annual General Meeting**

The 2023 Annual General Meeting (AGM) will be held on 4 May 2023 at 13.00 CEST at Södra Teatern, Mosebacke Torg 1-3, 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

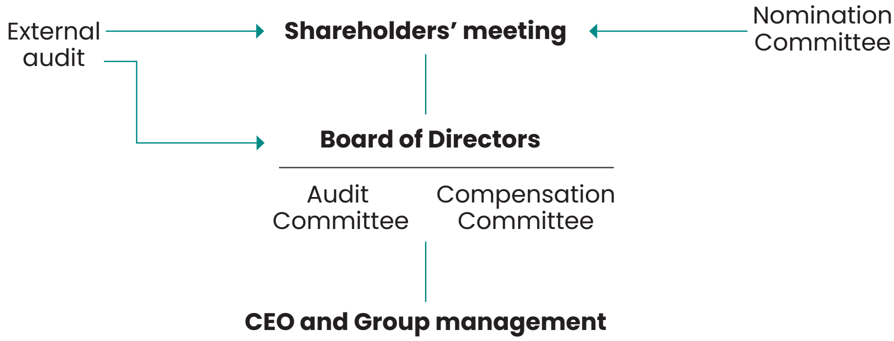
Orrön Energy is an independent, publicly listed renewable energy company, with high quality and low-cost wind and hydropower assets in the Nordics coupled with greenfield growth opportunities in the Nordics and Europe. Orrön Energy applies a governance structure that favours straightforward decision 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. 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 2022**

| | | | |
|---|---|---|---|
| Completion of the sale of the E&P business to Aker BP on 30 June 2022 and name change into Orrön Energy, and continuing as a stand-alone pure play renewable energy company. | A new Board and management team were appointed following the Completion of the transaction with Aker BP, and an updated governance framework was enacted to reflect the Company's new focus on renewable energy. | Acquisition of Slitevind AB (publ) through a public tender offer and six additional transactions signed and completed during the second half of 2022, increasing power generation from 300 GWh p.a. to 800 GWh p.a. | Completion of a MEUR 100 bridge financing facility to fund Orrön Energy's growth plans. |

**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. During 2022, an update of the policy framework was made in connection with the Company transforming into a renewable energy company. 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. During 2022, the Company sold all of its 1,356,436 treasury shares and held no treasury shares on 31 December 2022.

At the end of 2022, Orrön Energy had a total of 79,178 shareholders listed with Euroclear Sweden, which represents an increase of 38,476 compared to the end of 2021, i.e. an increase of approximately 95 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 2022 | Number of shares | Percent (rounded) |
|---|---|---|
| Nemesia[1] | 95,478,606 | 33.39 |
| Avanza Bank Holding | 7,589,262 | 2.65 |
| BlackRock | 5,884,870 | 2.06 |
| E. Öhman J :or Fonder | 5,432,203 | 1.90 |
| JP Morgan | 5,350,981 | 1.87 |
| Norges Bank | 4,131,133 | 1.44 |
| Lombard Odier | 3,943,528 | 1.38 |
| Santander | 3,611,477 | 1.26 |
| Swedbank | 3,386,760 | 1.18 |
| Lansdowne Partners | 2,786,252 | 0.97 |
| Other shareholders | 148,329,542 | 51.90 |
| **Total** | 285,924,614 | 100.00 |

[1] An investment company wholly owned by Lundin family trusts.
Source: Q4 Inc.

## 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.

### 2022 AGM

The 2022 AGM was held on 31 March 2022 in Stockholm. The AGM was attended by 993 shareholders, personally or by proxy, representing 52.5 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 2022 AGM include:
- Election of advokat Klaes Edhall as Chair of the AGM.
- Approval of the combination of the Company's E&P business with Aker BP in accordance with the joint merger plan dated 14 February 2022 (the "Combination").
- Adoption of the Company's income statement and balance sheet and the consolidated income statement and balance sheet for 2021 and resolving to declare a dividend of USD 0.5625 per share per quarter, conditional upon that the Company owned all shares in Lundin Energy MergerCo AB (publ) on each record date for the quarterly cash dividend.
- Discharge of the Board and the CEO from liability for the administration of the Company's business for 2021.
- Approval of the Remuneration Report prepared by the Board.
- Approval of the remuneration of USD 130,000 to the Chair of the Board and USD 62,000 to other Board members, and USD 20,300 to each Committee Chair and USD 14,700 to other Committee members, with the total fees for Committee work not to exceed USD 193,200.
- Approval of extraordinary remuneration for work carried out in 2021 of USD 195,000 to the Chair of the Board and USD 93,000 to other Board members (except the former CEO).
- Re-election of Peggy Bruzelius, C. Ashley Heppenstall, Ian H. Lundin, Lukas H. Lundin, Grace Reksten Skaugen, Torstein Sanness, Alex Schneiter, Jakob Thomasen, Cecilia Vieweg and Adam I. Lundin until the Completion of the Combination.
- Re-election of Ian H. Lundin as Chair of the Board until the Completion of the Combination.
- 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 2023 AGM, authorised public accountant Anders Kriström being the designated auditor in charge.
- Authorisation for the Board to sell all treasury shares held by 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.

### 2022 EGM

An EGM was held on 16 June 2022. The Board of Directors decided to hold the EGM online combined with proxy and postal voting options, in accordance with the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (SFS 2020:198). The EGM was attended by 998 shareholders, personally or by proxy, representing 50.7 percent of the share capital. The Chairman of the Board, also as a member of the Nomination Committee, and the CEO attended the meeting via a video link. Some of the Board members also attended the meeting via a video link, to be able to answer potential questions from shareholders. Other Board members followed the EGM online.

The resolutions passed by the 2022 EGM include:
- Election of advokat Klaes Edhall as Chair of the EGM.
- Approval of the amendment of the Company's articles of association, including changing name to Orrön Energy AB (publ).
- Approval of the remuneration of EUR 120,000 to the Chair of the Board and EUR 60,000 to other Board members (excluding the intended new CEO Daniel Fitzgerald), 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.

- Approval of a one-off long term share related incentive plan in the form of a share option plan for members of the Board ("Board LTIP 2022").
- Resolving to instruct the Nomination Committee to instruct the Company to enter into an equity swap arrangement for the purposes of securing the Company's obligations under the Board LTIP 2022.
- Election of a new Board consisting of Grace Reksten Skaugen (re-elected), C. Ashley Heppenstall (re-elected), Jakob Thomasen (re-elected), Aksel Azrac (new) and Daniel Fitzgerald (new).
- Election of Grace Reksten Skaugen as new Chair of the Board.
- 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 2022").
- Resolving to issue and transfer up to 8,560,000 warrants of series 2022:2 in order to secure the delivery of shares to the participants and cover any costs under the Employee LTIP 2022. The warrants are issued free of charge and the subscription right rests with the Company itself.
- Approval of a new Policy on Remuneration for Group management to replace the Policy that was adopted at the 2020 AGM.
- Resolution to adopt a revised Nomination Committee Process to replace the Process that was adopted at the 2020 AGM.
- Authorisation for the Board to issue new shares and/or convertible debentures corresponding to in total not more than 28.5 million new shares, with or without the application of the shareholders pre-emption rights.

All EGM 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 meet 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 66 and Note 6 on page 73. 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 2022 EGM. 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@orron.com.

**Nomination Committee for the 2022 AGM and 2022 EGM**
The members of the Nomination Committee for the 2022 AGM and 2022 EGM are described in the Company's 2021 Annual Report and in addition to the recommendations for the 2022 AGM, the Committee held two meetings to prepare recommendations for the 2022 EGM, and two meetings following the 2022 EGM in relation to the Board LTIP 2022. The full Nomination Committee reports, including the final proposals, are available on the Company's website.

**Nomination Committee for the 2023 AGM**
The members of the Nomination Committee for the 2023 AGM were announced and posted on the Company's website on 4 October 2022. The Nomination Committee has held three meetings during its mandate so far. At the first meeting, Ian H. Lundin was unanimously elected as Chair of the Nomination Committee.

The full Nomination Committee report, including the final proposals to the 2023 AGM, is available on the Company's website.

**Nomination Committee for the 2023 AGM**

| | |
|---|---|
| Ian H. Lundin (Chair) | Nemesia S.à.r.l |
| Oscar Börjesson | Livförsäkringsbolaget Skandia, (ömsesidigt) |
| Mikael A. Pettersson | Dita Invest Holding AB |
| Grace Reksten Skaugen | Chair of the Board of Orrön Energy |

## 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 2022 AGM considered that the Board of ten members elected at the 2022 AGM was a skilled and appropriate Board for the Company up until Completion of the transaction with Aker BP. At the 2022 EGM, the Nomination Committee proposed a new smaller Board to be elected following Completion of the transaction with Aker BP, which would suit the Company's new focus as a pure renewable energy company. Both Boards were considered by the Nomination Committee to be broad and versatile groups of knowledgeable and skilled individuals, who are motivated and prepared to undertake the tasks required of the Board in today's international business environment. The Board members possess substantial expertise and experience relating to the relevant industries, public company financial matters, Swedish practice and compliance matters and sustainability matters. The Nomination Committee considered that the proposed Boards fulfilled the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders.

Gender balance was specifically discussed for both the elected Boards and the Nomination Committee noted that 30 percent of the proposed Board members at the 2022 AGM were women and 20 percent of the proposed Board members at the 2022 EGM. 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 larger listed Swedish companies should strive to achieve a 40 percent Board representation of the least represented gender. Whilst the percentage of women was lower on the proposed Boards, the Nomination Committee considered that the skills and broad experience of the Board members outweighed such variance. The Nomination Committee supports the ambition of the Swedish Corporate Governance Board regarding levels and timing of achieving gender balance and believes that it is important to continue to strive for gender balance when future changes in the composition of the Board are considered. The Nomination Committee notes that the proposed Board for election at the 2023 AGM consists of 40 percent women.

The Nomination Committee further reviewed the remuneration of the Board ahead of the 2022 AGM and decided that no increase should be proposed, however, an extraordinary remuneration for work carried out in 2021 was proposed. At the 2022 EGM, the remuneration of the Board was proposed to be adjusted to EUR to reflect the new operating context of the Company following the Completion of the transaction with Aker BP. Furthermore, it was proposed to establish a one-off long-term share related incentive plan for the Board to ensure the support of the Board under the initial growth phase of the Company.

### 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.

**Board meetings and work 2022**
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.

**Board meetings and work prior to 30 June 2022**
The Chair of the Board up to the Completion of the transaction with Aker BP was Ian H. Lundin. The key focus for the Board during the first half of 2022 was to oversee and ensure the Completion of the transaction with Aker BP. Eight Board meetings were held during 2022 up until the Completion of the transaction with Aker BP.

**Board meetings and work after 30 June 2022**
Following the Completion of the transaction with Aker BP on 30 June 2022, a new Board, as proposed by the Nomination Committee to the 2022 EGM, took office. Grace Reksten Skaugen was appointed Chair of the Board. The Board has since focused on building the Company's renewable energy business. Seven Board meetings were held during 2022 after the Completion of the transaction with Aker BP.

**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 variable remuneration
- Approval of the Annual 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
- Approval of the annual Sustainability Report
- Approval of the annual Report on Payments to Governments
- 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 of strategy issues

**Q3 / Q4 activities**
- Adoption of the budget and work programme
- 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 2022**

The Board held 15 Board meetings with substantial 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:
- Overseeing the Completion of the transaction with Aker BP as well as the numerous actions of the Company related thereto.
- Discussing in detail the Company's performance in 2021 and resolving to propose to the 2022 AGM that an increased cash dividend of USD 0.5625 per share per quarter should be paid to the shareholders subject to and only until Completion of the transaction with Aker BP.
- Considering in detail Company strategy as a renewable energy company and evaluating several potential business opportunities.
- Considering the Company's production and asset performance, business forecasts and future outlook.
- Considering and approving the public tender offer for all the shares in Slitevind AB (publ).
- Considering and approving additional acquisitions to increase the power generation capacity in Sweden.
- Considering proposed tax changes in Norway, Sweden and Finland and their impact on the Company's portfolio.
- Reviewing the completion of the Metsälamminkangas (MLK) wind farm project in Finland.
- Overseeing the construction progress of the Karskruv wind farm in Sweden.
- 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, Employee LTIP 2022, subject to 2022 EGM 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 MEUR 100 bridge facility agreement.
- Discussions regarding the Company's risk management, including in respect of the war in Ukraine as well as potential impact on the Company and its supply chain.
- Discussing the Swedish Prosecution Authority's indictment against the former Chair of the Board, Ian H. Lundin, and former Director, Alex Schneiter, for alleged complicity in crime against international law, gross crime, in Sudan during 1999–2003 and 2000–2003, respectively.
- Assessing in detail the impact of indictment for the Company, including the notified claims regarding the potential company fine and forfeiture of economic proceeds.

## 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. In view of launching the new renewables business, the Board established a Renewables Committee for the period up until Completion of the Aker BP transaction, to oversee the process.

**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 2022:
Given that the Aker BP transaction was announced in December 2021, the Committee's work was focused until 30 June 2022 on finalising Group management year-end 2021 remuneration matters. The implementation of an updated remuneration framework to reflect the Company's smaller scale and new focus on renewable energy was handled by the Renewables Committee.

**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 2022:
- Assessment of the 2021 year-end report and the 2022 half year report for completeness and accuracy and recommendation for approval to the Board.
- Assessment and approval of the first and third quarter reports 2022 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 audit 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 the dividend proposal and sharing a recommendation to the Board.
- Reviewing and approving various matters in relation to risk management including proposals on hedging and business interruption insurance.

**Renewables Committee (until 30 June 2022)**
The Renewables Committee was established to assist the Board with the preparation of the Company's transition into a renewable energy company following the Completion of the transaction with Aker BP. The Renewables Committee established the revised strategy of the Company and consisted of the Board members Grace Reksten Skaugen (Chair), C. Ashley Heppenstall and Jakob Thomasen, who remained Board members of the Company following the transition. In addition, the Renewables Committee undertook the following tasks in relation to Group management remuneration matters in relation to the time period post 30 June 2022:
- Preparing a proposal to the Board, for approval by the 2022 EGM, for a new Policy on Remuneration.
- Preparing a proposal to the Board, for approval by the 2022 EGM, for the Employee LTIP 2022.
- 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 Employee LTIP 2022 awards.
- Preparation of proposals for the CEO's remuneration, including Employee LTIP 2022 award.

## Remuneration of Board members

The remuneration of the Chair and other Board members follows the resolution adopted by the 2022 AGM (up until 30 June 2022) and the 2022 EGM (following 30 June 2022). 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 (with the exception of the CEO). The Policy on Remuneration approved by the 2020 AGM and the 2022 EGM, respectively, also comprise remuneration paid to Board members for work performed outside the directorship. The 2022 AGM further approved extraordinary remuneration for work carried out in 2021 given the significantly increased workload compared to normal expectations.

The 2022 EGM approved a one-off long term share related incentive plan, Board LTIP 2022, in the form of a share option plan for members of the Board. In order to further align the interests of the members of Board with the interests of the shareholders, each Board member is required to undertake to retain shares received when exercising options received under Board LTIP 2022 to such an extent that the personal ownership of shares in the Company equals 100 percent of the participant's regular annual Board remuneration.

The remuneration of the Board, including for work performed outside the directorship, is detailed further in the schedule on page 25 and in the notes to the financial statements, see Note 22 on pages 62-64.

**Evaluation of the Board's work**
An evaluation of the work of the Board was conducted in the autumn 2022 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.

## Board members on 31 December 2022

| Board of Directors[1]: | C. Ashley Heppenstall | Grace Reksten Skaugen | Jakob Thomasen | Aksel Azrac | Daniel Fitzgerald |
|---|---|---|---|---|---|
| **Function** | Director, elected 2001<br>Born 1962<br>Audit Committee chair<br>Compensation Committee member | Chair, elected 2015<br>Born 1953<br>Compensation Committee chair | Director, elected 2017<br>Born 1962<br>Audit Committee member | Director, elected 2022<br>Born 1971<br>Audit Committee member<br>Compensation Committee member | Director and CEO, elected 2022<br>Born 1982 |
| **Education** | 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. | Engineering from École Polytechnique Fédérale de Lausanne (EPFL) and business administration from HEC Lausanne. | Chemical Engineering from the University of New South Wales, Sydney. |
| **Experience** | Various positions within Lundin related companies since 1993.<br>CFO of Lundin Oil 1998–2001.<br>CFO of Lundin Petroleum 2001–2002.<br>CEO of Lundin Petroleum 2002–2015. | Former Director of Corporate Finance with SEB Enskilda Securities in Oslo.<br>Board member/deputy chair of Statoil ASA 2002–2015.<br>Member of HSBC European Senior Advisory Council. | Former CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009–2016. | Formerly in charge of auditing and consulting services at Baumgartner Papier.<br>Manager of two funds at Paribas bank.<br>Portfolio manager of Swiss and foreign private client portfolios at Ferrier Lullin & Cie SA.<br>Co-founder and partner of 1875 Finance. | Group Operations manager of Lundin Petroleum 2014-2017.<br>COO of International Petroleum Corporation 2017-2020.<br>COO of Lundin Energy 2021-2022. |
| **Other Board duties** | Chair of the Board of International Petroleum Corp. and member of the Board of Lundin Gold Inc., Lundin Mining Corp. and Aker BP ASA. | Chair of the Board of Euronav NV, member of the Board of Investor AB, Panoro Energy and PJT Partners, founder and Board member of the Norwegian Institute of Directors, trustee and council member 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. | Chair of Etrion Corp., Board member and member of the investment committee of Adolf H Lundin Charitable Foundation. | |
| **Attendance** | | | | | |
| Board | 13/15 | 15/15 | 15/15 | 7/7[6] | 7/7[7] |
| Audit Committee | 5/5 | | 4/5 | 2/2[6] | |
| Compensation Committee | 1/1[4] | 1/2 | | 1/1[6] | |
| Renewables Committee[2] | 3/3 | 3/3 | 3/3 | | |
| **Remuneration[3]** | | | | | |
| Board and Committee work | USD 150,525 and EUR 37,500 | USD 165,750 and EUR 65,000 | USD 161,544 and EUR 32,500 | EUR 35,000 | Nil |
| Special assignments outside the directorship | Nil | Nil | Nil | Nil | Nil |
| **Shares as at 31 December 2022** | Nil[4] and 201,000 Board LTIP 2022 options | 1,000[5] and 402,000 Board LTIP 2022 options | 8,820 and 201,000 Board LTIP 2022 options | Nil and 201,000 Board LTIP 2022 options | 65,000 and 2,628,000 Employee LTIP 2022 options |
| **Independent of the Company and Group management** | Yes | Yes | Yes | Yes | No[7] |
| **Independent of major shareholders** | Yes | Yes | Yes | No[6] | Yes |

[1] Board members and functions are included in this table as per 31 December 2022. The previous Chair of the Board, Ian H. Lundin (Board 8/8 attendance , Compensation Committee 1/1) and previous Board members Alex Schneiter (Board 7/8 attendance), Peggy Bruzelius (Board 7/8 attendance, Audit Committee 3/3 attendance), Adam I. Lundin (Board 6/8 attendance), Lukas H. Lundin (Board 7/8 attendance), Torstein Sanness (Board 8/8 attendance) and Cecilia Vieweg (Board 8/8 attendance, Compensation Committee 1/1) were re-elected at the 2022 AGM for a term until the Completion of the transaction with Aker BP. The Board remuneration for these members was paid out in accordance with the 2021 and 2022 AGM resolutions, pro rata to the time they served, and can be found in Note 22 on page 63. Ian H. Lundin received USD 26,848 for special assignments outside of the directorship during his tenure as Chair of the Board in 2022.

[2] The Renewables Committee was in place up until the Completion of the transaction with Aker BP.

[3] The Board remuneration does not include the value of the Board LTIP 2022 options, as detailed in note 22 on page 62-64.

[4] C. Ashley Heppenstall holds 1,869,535 shares in Orrön Energy AB through an investment company, Rojafi. C. Ashley Heppenstall was appointed as a member of the Compensation Committee on 1 July 2022.

[5] Grace Reksten Skaugen holds 50,000 shares in Orrön Energy AB through an investment company, Infovidi Ltd.

[6] Aksel Azrac, is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder since he is a partner of 1875 Finance that provides family office services to the Lundin family. Aksel Azrac was elected to the Board and appointed to the Audit Committee and Compensation Committee on 1 July 2022.

[7] Daniel Fitzgerald is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he is currently the CEO of Orrön Energy. Daniel Fitzgerald was elected to the Board on 1 July 2022.

## 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 (after 30 June 2022)**
Following the Completion of the transaction with Aker BP, 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. Weekly 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.

**Major topics addressed by Group management in 2022**

- Managing the negotiation of the transaction with Aker BP as well as the various work streams related to the transaction and overseeing Completion of the transaction on 30 June 2022.
- Prior to Completion of the transaction with Aker BP, managing the operations in Norway.
- Drawing up the strategy of the renewable energy business of the Company.
- Considering numerous new ventures and investment opportunities.
- Reviewing the opportunity to acquire Slitevind AB (publ) through a public tender offer as well as managing the launch and completion of the offer, and overseeing the subsequent squeeze out and integration processes.
- Reviewing and negotiating six additional transactions to increase the power generation capacity in Sweden, including the acquisition of Siral Förvaltning AB.
- Negotiating a MEUR 100 bridge financing agreement to fund the business of the Company.
- Considering the Company's production and asset performance, business forecasts and future outlook.
- Reviewing and discussing proposed tax changes in Norway, Sweden and Finland and their impact on the Company's portfolio.
- Overseeing the completion of the Metsälamminkangas (MLK) wind farm project in Finland.
- Overseeing the development process of the Karskruv wind farm in Sweden.
- Discussing and managing the impact of the war in Ukraine and taking necessary actions to mitigate the impact on the Company's operations and ensuring business continuity.
- Considering and managing the implications of the Swedish Prosecution Authority's charges in relation to past operations in Sudan including as a result of notified claims against the Company.

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 2022.

The yearly variable remuneration for Group management is assessed against annual performance targets that reflect key drivers for value creation and growth in shareholder value. 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 2022**
The 2022 EGM 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 2022). Under the Employee LTIP 2022, participants were granted options free of charge. Each option entitles the participant to purchase shares in the company at an exercise price of SEK 8.88. The employee options under the Employee LTIP 2022 vest on 31 July 2025 and participants will be entitled to exercise all or part of the options until 31 July 2029 (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 2022. The total options awarded under the Employee LTIP 2022 was 7,985,000. The Board of Directors may in exceptional circumstances reduce (including reduce to zero) the allotment options under the Employee LTIP 2022.

Shares received through the Employee LTIP 2022 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.

**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 such discussions 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.

**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.

On 11 November 2021, the Swedish Prosecution Authority brought criminal charges against the former Chair of the Board, Ian H. Lundin, and former Director, Alex Schneiter, 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 MSEK 3 and forfeiture of economic benefits of MSEK 1,391.8, which according to the Swedish Prosecution Authority represents the value of the gain of MSEK 720,1 that the Company made on the sale of the business in 2003. The amount of the claim regarding forfeiture of economic benefits is approximately half of the amount originally notified by the Swedish Prosecution Authority in 2018. Any potential corporate fine or forfeiture could only be imposed after the final adverse 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 remains confident that the Court process will determine that its former representatives did nothing wrong.

In 2018, the Swedish Prosecution Authority also began a preliminary investigation into alleged interference in a judicial matter as a result of allegations of witness harassment. The Company and its representatives are not aware of any details of the alleged actions, despite several requests for information, and reject any knowledge of, or involvement in, any wrongdoing. Ian H. Lundin and Alex Schneiter have been interviewed by the Swedish Prosecution Authority and have been notified of the suspicions that form the basis for the investigation.

More information regarding the past activities in Sudan during 1997–2003 can be found on www.lundinsudanlegalcase.com.

## The following Policy on Remuneration for Group Management was approved by the 2020 AGM and was in place until 30 June 2022 after which it was replaced by the new Policy on Remuneration in accordance with the 2022 EGM decision[1]

**Application of the Policy**

This Policy on Remuneration (the "Policy") applies to the remuneration of "Group Management" at Lundin Energy AB ("Lundin Energy" or the "Company"), which includes (i) the President and Chief Executive Officer (the "CEO"), (ii) the Deputy CEO, who from time to time will be designated from one of the other members of Group Management, and (iii) the Chief Operating Officer, Chief Financial Officer and Vice President level employees. 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.

**Background to the changes to the 2020 Policy compared to the Policy approved in 2019**

The Policy approved by the 2020 AGM was the result of a review to comply with revised Swedish legislation resulting from the European Union Shareholder Rights Directive II and the 2020 revised Swedish Corporate Governance Code. Few material changes were made to how the Company manages executive remuneration matters, however the new legislation, together with discussions with shareholders' representatives, led to some changes to the Policy that were submitted to the shareholders for approval. The differences between the 2020 Policy and the Policy approved by the 2019 AGM were as follows:

- The 2020 Policy is more explicit than the 2019 Policy on the links to strategy, long-term performance and sustainability and requires that the Compensation Committee (the "Committee") takes shareholders' opinions into account, as well as remuneration across the broader employee population, when making its decisions and recommendations to the Board.
- The Board can continue to award annual variable remuneration worth up to 12 months' base salary but the 2020 Policy provides more clarity by imposing a cap of 18 months' base salary for occasions when individuals have delivered outstanding performance.
- The 2020 Policy describes the design and governance of different elements of remuneration in more detail than the 2019 Policy, as well as their relative proportions of total remuneration.
- There is more information on terms and decision making processes and considerations, including how the Company can deviate from the Policy.

The 2020 Policy is, together with previous years' Policies, available on the Company's website www.lundin-energy.com[2] and it will remain available for ten years.

**Key remuneration principles at Lundin Energy**

Lundin Energy'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 Lundin Energy 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 Lundin Energy's success.

**Remuneration to members of the Board**

In addition to Board fees resolved by the AGM, 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 the Compensation Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO, 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, 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 and the Swedish Corporate Governance Code.

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 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.

[1] At the time of approval of the Policy, the Company was named "Lundin Petroleum AB", herein replaced throughout with references to the Company's subsequent name "Lundin Energy AB". The Policy has also been updated to reflect the fact that the Policy, following approval by the 2020 AGM, was no longer a proposal.
[2] Following the Company's name change, the policy is now available on www.orron.com.

**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[1] |
|---|---|---|---|
| **a) Base salary** | • Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent. | • The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process). | 30% / 20% |
| **b) Annual variable remuneration** | • Annual bonus is paid for performance over the financial year.<br>• Awards are capped at 18 months'<br>• base salary, paying up to 12 months' base salary for ranges of stretching performance requirements. Any value over 12 months' base salary is paid for delivering outstanding performance.<br>• 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. | • The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance.<br>• Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against production of oil and gas, reserves and resource replacement, financial, health and safety, ESG, carbon dioxide gas emissions and strategic targets.<br>• The Committee reviews the designof annual variable remuneration separately. | 20% / 25% |
| **c) Long-term incentive plan** | • Performance share plan that aligns the interests of participants with those of shareholders through awards in shares worth up to 36 months' base salary on award, vesting after 3 years subject to performance.<br>• Relative Total Shareholder Return ("TSR") summarises the complex set of variables for long-term sustainable success in oil and gas exploration and production into a single performance test relative to peers that the Company competes with for capital. | • Annual review of total remuneration considers long-term incentive awards, outcomes, TSR peer group and targets.<br>• Participants are required to build a significant personal shareholding of up to 200% of base salary over time by retaining shares until a predetermined limit has been achieved.<br>• The Committee reviews the design of long-term incentives separately. | 40% / 50% |
| **d) Benefits** | • Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent. | • The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market.<br>• Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration. | 10% / 5% |
| **Total** | | | 100% / 100% |

[1] Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 percent of maximum annual bonus and 50 percent of the long-term incentive without any share price or dividend effect. Proportions of maximum reward assume full vesting of both annual variable remuneration and the long-term incentive but without any 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**
Every year the Committee undertakes a review 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 found from one or more sets of companies that compete with Lundin Energy 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 percent and the employee 40 percent of an annual contribution of up to 18 percent of the capped pensionable salary and a supplemental defined contribution pension plan where the employer provides 60 percent and the employee 40 percent of a contribution up to 14 percent of the capped pensionable salary.

**Severance arrangements**
Executives have rolling contracts where mutual notice periods of between three and twelve months apply between the Company and the executive, 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 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; no other benefits shall be included.

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.

**Authorisation for the Board**
In accordance with Chapter 8, Section 53 of the Swedish Companies Act, the Board shall be authorised to approve temporary deviations from the Policy on any element of remuneration described in this Policy, except from the maximum award of annual variable remuneration, which shall at all times be limited to 18 months' base salary. Deviations shall be considered by the Committee and shall be presented to the Board for approval. Deviations may only be made in specific cases if there are special reasons outside of normal business that make it necessary to increase reward in order to help secure the Company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions. The reasons for any deviation shall be explained in the remuneration report to be submitted to the AGM.

**Outstanding remunerations**[1]
Remunerations outstanding to Group Management comprise awards granted under the Company's previous long-term incentive programs and include 258,619 shares for awards under the LTIP 2017, 195,658 shares for awards under the LTIP 2018, 222,148 shares for awards under LTIP 2019 and 2,746 unit bonus awards under the 2017 Unit Bonus Plan. Further information about these plans is available in Note 28 of the Company's Annual Report 2019.

[1] As at the 2020 AGM

## The following Policy on Remuneration was approved by the 2022 EGM and replaced the previous Policy on Remuneration on 30 June 2022.

**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 Corporate Governance Board'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 total reward[1] |
|---|---|---|---|
| **a) Base salary** | • Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent. | • The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process). | 30% |
| **b) Annual variable remuneration** | • Annual bonus is paid for performance over the financial year.<br>• Each position has a set expected bonus opportunity, which can be up to the equivalent of 12 months' base salary.<br>• 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.<br>• 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. | • The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance.<br>• 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.<br>• The Committee reviews the design of annual variable remuneration separately. | 15% |
| **c) Long-term incentive plan** | • Annual awards of equity-based long-term incentives, approved by the General Meeting, that align the interests of participants with those of shareholders.<br>• Awards may be granted with a fair value of up to 300% of base salary at award. | • Annual review of total remuneration considers long-term incentive awards and outcomes.<br>• 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.<br>• The Committee reviews the design of long-term incentives separately. | 50% |
| **d) Benefits** | • Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent. | • The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market.<br>• Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration. | 5% |
| **Total** | | | 100% |

[1] 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 reasonable 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.

Following Completion of the transaction with Aker BP on 30 June 2022, Orrön Energy no longer maintains an internal audit function. 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 ensure 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.

# Financial Statements and Notes

# Consolidated Income Statement

| MUSD | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 10 | 14.5 | – |
| Operating expenses | | -3.7 | – |
| General and administration expenses | 22 | -17.6 | -19.4 |
| Depreciation | | -3.7 | – |
| Share in result of associates and joint ventures | 2 | 11.5 | 0.9 |
| **Operating profit/loss** | | **1.0** | -18.5 |
| Finance income | 3 | 9.5 | 2.6 |
| Finance costs | 4 | -9.7 | -0.2 |
| **Net financial items** | | **-0.2** | 2.4 |
| **Profit/loss before income tax** | | **0.8** | -16.1 |
| Income tax | 5 | 28.1 | – |
| **Net result from continuing operations** | | **28.9** | -16.1 |
| **Discontinued operations** | | | |
| Net result from E&P business | 6 | 13,476.1 | 509.9 |
| **Net result** | | **13,505.0** | 493.8 |
| Attributable to: | | | |
| Shareholders of the Parent Company | | 13,504.7 | 493.8 |
| Non-controlling interest | | 0.3 | – |
| | | **13,505.0** | 493.8 |
| **Earnings per share – USD**[1] | 13.4 | | |
| From continuing operations | | 0.10 | -0.06 |
| From discontinued operations | | 47.21 | 1.80 |
| **Earnings per share diluted – USD**[1] | 13.4 | | |
| From continuing operations | | 0.10 | -0.06 |
| From discontinued operations | | 47.03 | 1.79 |

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

# Consolidated Statement of Comprehensive Income

| MUSD | 2022 | 2021 |
|---|---|---|
| **Net result** | **13,505.0** | 493.8 |
| Items that may be subsequently reclassified to profit or loss: | | |
| Exchange differences foreign operations | 389.2 | 181.2 |
| Cash flow hedges | 17.8 | 183.5 |
| Other comprehensive income, net of tax | 407.0 | 364.7 |
| **Total comprehensive income** | **13,912.0** | 858.5 |
| Attributable to: | | |
| Shareholders of the Parent Company | 13,911.7 | 858.5 |
| Non-controlling interest | 0.3 | – |
| | **13,912.0** | 858.5 |

# Consolidated Balance Sheet

| MUSD | Note | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 251.5 | 31.5 |
| Investment in associates and joint ventures | 8 | 54.9 | 108.7 |
| Deferred tax assets | 5 | 29.3 | – |
| Other non-current financial assets | 9 | 103.3 | 35.2 |
| | | **439.1** | 175.4 |
| **Current assets** | | | |
| Assets held for distribution | 6 | – | 7,468.2 |
| Other current assets | | 9.6 | 0.1 |
| Trade receivables | | 0.3 | – |
| Other current financial assets | 9,11 | 2.7 | 133.9 |
| Cash and cash equivalents | | 28.7 | 130.0 |
| | | **41.3** | 7,732.2 |
| **TOTAL ASSETS** | | **480.4** | 7,907.6 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 13.1 | 0.5 | 0.5 |
| Additional paid in capital | 13.1 | 377.4 | 321.1 |
| Other reserves | 13.2 | 2.5 | -404.5 |
| Retained earnings | 13.3 | -13,510.7 | -1,830.2 |
| Net result | | 13,505.0 | 493.8 |
| | | **374.7** | -1,419.3 |
| Non-controlling interest | | 8.9 | – |
| **TOTAL EQUITY** | | **383.6** | -1,419.3 |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | 14 | 30.8 | – |
| Deferred tax liability | 5 | 18.0 | – |
| Provisions | 15 | 1.2 | – |
| | | **50.0** | – |
| **Current liabilities** | | | |
| Trade and other payables | 16 | 13.9 | 4.3 |
| Current tax liabilities | 5 | 0.5 | – |
| Provisions | 15 | 2.7 | – |
| Dividends payable | | – | 128.6 |
| Liabilities held for distribution | 6 | – | 9,194.0 |
| Other current financial liabilities | 9 | 29.7 | – |
| | | **46.8** | 9,326.9 |
| **TOTAL LIABILITIES** | | **96.8** | 9,326.9 |
| **TOTAL EQUITY AND LIABILITIES** | | **480.4** | 7,907.6 |

# Consolidated Statement of Cash Flows

| MUSD | Note | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net result from continuing operations | | 28.9 | -16.1 |
| Net result from discontinued operations | | 13,476.1 | 509.9 |
| Adjustments for items not included in the Cash flow | 12 | -9,981.1 | 4,240.9 |
| Interest received | | 1.1 | 1.2 |
| Interest paid | | -34.7 | -50.9 |
| Income taxes paid | | -1,477.8 | -1,397.8 |
| Distributions received | | 12.9 | – |
| Changes in working capital: | | | |
| Changes in inventories | | 0.0 | -8.1 |
| Changes in over/underlift position | | 6.6 | 7.9 |
| Changes in receivables/liabilities | | -334.1 | -229.0 |
| **Total cash flows from operating activities** | | **1,697.9** | 3,058.0 |
| *- of which relates to continuing operations* | | *7.5* | *-17.7* |
| *- of which relates to discontinued operations* | | *1,690.4* | *3,075.7* |
| **Cash flows from investing activities** | | | |
| Investment in oil and gas properties | | -292.3 | -1,319.5 |
| Investment in renewable energy business[1] | | -56.0 | -77.3 |
| Acquisition of subsidiary net of cash | | -108.1 | – |
| Investment in other fixed assets | | -0.8 | -4.1 |
| Decommissioning costs paid | | -1.4 | -11.6 |
| **Total cash flows from investing activities** | | **-458.6** | -1,412.5 |
| *- of which relates to continuing operations* | | *-162.6* | *-71.7* |
| *- of which relates to discontinued operations* | | *-296.0* | *-1,340.8* |
| **Cash flows from financing activities** | | | |
| Senior Notes | 18 | – | 1,996.4 |
| Net drawdown/repayment of credit facility | 18 | -587.8 | -2,794.0 |
| Repayment of lease commitments | 18 | -12.1 | -26.6 |
| Financing fees paid | 18 | – | -21.3 |
| Sold treasury shares | | 56.3 | – |
| Dividends paid | | -288.1 | -455.0 |
| **Total cash flows from financing activities** | | **-831.7** | -1,300.5 |
| *- of which relates to continuing operations* | | *-275.9* | *-455.0* |
| *- of which relates to discontinued operations* | | *-555.8* | *-845.5* |
| Change in cash and cash equivalents | | 407.7 | 345.0 |
| Cash and cash equivalents at the beginning of the year | | 452.1 | 82.5 |
| Currency exchange difference in cash and cash equivalents | | 69.8 | 24.6 |
| Change in consolidation E&P business | | -900.9 | – |
| **Cash and cash equivalents at the end of the year** | | **28.7** | 452.1 |
| *- of which is included in assets held for distribution* | | *–* | *322.1* |
| *- of which excludes assets held for distribution* | | *28.7* | *130.0* |

[1] Includes incurred cost relating to the acquisition of the renewable energy business and funding of joint ventures.
The effects of currency exchange differences due to the translation of foreign group companies have been excluded as these effects do not affect the cash flow. Cash and cash equivalents comprise cash and short-term deposits maturing within less than three months.

# Consolidated Statement of Changes in Equity

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

# Notes to the Consolidated Financial Statements

## Note 1 – Accounting policies

**General information**
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.

Orrön Energy AB (publ), Corporate Identity Number 556610-8055, is a limited liability company registered in Sweden, and its shares are listed on Nasdaq Stockholm. The Company's name was changed on 1 July 2022 from Lundin Energy. The company's registered office is located on Hovslagargatan 5, Stockholm, Sweden. The Company's and its subsidiaries' primary operations are located in the Nordics and are described in detail in the Directors' Report in this Annual Report.

The consolidated financial statements are presented in US Dollars, which is the currency the Group has elected to use as the presentation currency.

The consolidated financial statements for the financial year ending on 31 December 2022 were approved by the Board of Directors on 30 March 2023, and will be presented to the Annual General Meeting for adoption on 4 May 2023.

**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.

**Accounting standards, amendments and interpretations**
As from 1 January 2022, Orrön Energy has not applied any new accounting standards. New accounting standards issued but which become effective after 2022 are not expected to have a material impact on the financial statements of the Group.

**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 US Dollars, which is the currency the Group has elected to use as the presentation currency. The Group's presentation currency has changed to Euro 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 statmetns, the following currency exchange rates have been used.

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

**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 statement of profit or loss.

**Leasing**
The company recognises in the balance sheet for each contract, with some exceptions, that meets the definition of a lease, a right of use asset and lease liability. Lease payments are reflected as interest expense and a reduction of lease liability. Short-term leases (less than 12 months) and leases of low value assets are not reflected in the balance sheet, but will be expensed as incurred.

**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 expense for this restoration is provided for in the consolidated financial statements.

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 Group applies component depreciation, meaning that the components' estimated useful lives form the basis of straight-line depreciation. 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 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.

All cash flow hedges entered into by the Group qualify for hedge accounting when entered into. 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.

**Inventories**
Inventories consist of electricity certificates and spare parts and are stated at the lower of cost and net realisable value, cost being determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The net realisable value of electricity certificates corresponds to the quoted value on a specific exchange for electricity certificates, or is equivalent to another value, should another form of contract have been concluded. The cost for inventories is calculated by applying the first in, first out method (FIFO).

**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 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 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 park, 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 parks under development which is capitalised within the wind parks 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 windparks is charged to the income statement as incurred.

**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

| MUSD | **2022** | 2021 |
|---|---|---|
| Metsälamminkangas Wind Oy (50%) | 8.2 | – |
| Leikanger Kraft AS (50%) | 3.2 | 0.9 |
| Other | 0.1 | – |
| | **11.5** | 0.9 |

## Note 3 – Finance income

| MUSD | **2022** | 2021 |
|---|---|---|
| Foreign currency exchange gain, net | – | 0.2 |
| Interest income | 2.7 | 1.0 |
| Other | 6.8 | 1.4 |
| | **9.5** | 2.6 |

## Note 4 – Finance costs

| MUSD | **2022** | 2021 |
|---|---|---|
| Foreign currency exchange loss, net | 1.7 | – |
| Interest expense | 0.8 | – |
| Other | 7.2 | 0.2 |
| | **9.7** | 0.2 |

## Note 5 – Income tax

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:

| MUSD | 2022 | 2021 |
|---|---|---|
| Profit/loss before tax | 0.8 | -16.1 |
| Tax calculated at the corporate tax rate in Sweden 20.6% (21.4%) | -0.2 | 3.4 |
| Tax effect of expenses non-deductible for tax purposes | -4.1 | -0.4 |
| Increased/decreased unrecorded tax losses | 4.3 | -3.0 |
| Tax effect on excess values | -1.5 | – |
| Deferred tax asset on unrecorded tax losses | 29.6 | – |
| **Tax per income statement** | **28.1** | – |

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

| **Corporation tax asset - current and deferred** | Current | | Deferred | |
|---|---|---|---|---|
| MUSD | **2022** | **2021** | **2022** | **2021** |
| Sweden | – | – | 29.3 | – |
| | – | – | **29.3** | – |

| **Corporation tax liability - current and deferred** | Current | | Deferred | |
|---|---|---|---|---|
| MUSD | **2022** | **2021** | **2022** | **2021** |
| Sweden | – | – | 18.0 | – |
| Switzerland | 0.5 | – | – | – |
| | **0.5** | – | **18.0** | – |

| **Specification of deferred tax assets and tax liabilities**<br>MUSD | **2022** | 2021 |
|---|---|---|
| **Deferred tax assets** | | |
| Temporary differences | 29.3 | – |
| **Deferred tax liabilities** | | |
| Excess values | 18.0 | – |

**Unrecognised tax losses**
The Group has Swedish tax loss carry forwards of approximately MUSD 228 (MUSD 164). The related deferred tax asset has been recognised in 2022 relating to these tax losses.

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

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

| MUSD | **2022** | 2021 |
|---|---|---|
| **Revenue and other income** | | |
| Revenue | 3,643.4 | 5,452.9 |
| Other income | 7.1 | 31.8 |
| | 3,650.5 | 5,484.7 |
| **Cost of sales** | | |
| Production costs | -149.7 | -265.4 |
| Depletion and decommissioning costs | – | -703.0 |
| Exploration costs | -24.4 | -258.1 |
| Purchase of crude oil from third parties | – | -361.7 |
| **Gross profit** | **3,476.4** | 3,896.5 |
| General, administration and depreciation expenses | -8.1 | -22.5 |
| **Operating profit** | **3,468.3** | 3,874.0 |
| **Net financial items** | | |
| Finance income | 149.8 | 1.2 |
| Finance costs | -379.3 | -472.8 |
| | **-229.5** | -471.6 |
| **Profit/loss before tax** | **3,238.8** | 3,402.4 |
| Income tax | -2,706.9 | -2,892.5 |
| | **531.9** | 509.9 |
| Gain on distribution E&P business | 12,944.2 | – |
| **Net result from discontinued operations** | **13,476.1** | 509.9 |

| MUSD | 2022 | 2021 |
|---|---|---|
| **Assets held for distribution** | | |
| Oil and gas properties | – | 6,222.2 |
| Other tangible fixed assets | – | 42.0 |
| Goodwill | – | 128.1 |
| Financial assets | – | 12.7 |
| Inventories | – | 55.7 |
| Trade and other receivables | – | 657.2 |
| Derivative instruments | – | 18.5 |
| Current tax assets | – | 9.7 |
| Cash and cash equivalents | – | 322.1 |
| **Total** | **–** | 7,468.2 |
| **Liabilities held for distribution** | | |
| Financial liabilities | – | 3,211.5 |
| Provisions | – | 664.7 |
| Deferred tax liabilities | – | 3,120.6 |
| Trade and other payables | – | 404.2 |
| Derivative instruments | – | 90.7 |
| Current tax liabilities | – | 1,573.7 |
| Payable to continuing operations | – | 128.6 |
| **Total** | **–** | 9,194.0 |
| **Net assets held for distribution** | **–** | -1,725.8 |

| MUSD | 2022 | 2021 |
|---|---|---|
| **Amounts included in accumulated other comprehensive income:** | | |
| Foreign currency translation reserve | – | -397.6 |
| Hedging reserves | – | -18.8 |
| **Total Reserves of disposal Group classified as held for distribution** | **–** | 7,468.2 |

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

| MUSD | 2022 | 2021 |
|---|---|---|
| **Cash flow from discontinued operations** | | |
| Cash flows from operating activities | 1,690.4 | 3,075.7 |
| Cash flows from investing activities | -296.0 | -1,340.8 |
| Cash flows from financing activities | -555.8 | -845.5 |
| **Total** | **838.6** | 889.4 |

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

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

| **Income taxes – Discontinued operations**<br>MUSD | **2022** | 2021 |
|---|---|---|
| **Current tax** | | |
| Norway | 2,334.4 | 2,562.5 |
| Switzerland | – | 0.3 |
| | **2,334.4** | 2,562.8 |
| **Deferred tax** | | |
| Norway | 365.1 | 329.7 |
| | 365.1 | 329.7 |
| **Income taxes** | **2,699.5** | 2,892.5 |

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:

| MUSD | **2022** | 2021 |
|---|---|---|
| Profit before tax | 3,238.8 | 3,402.4 |
| Tax calculated at the corporate tax rate in Sweden 20.6% (21.4%) | -667.2 | -728.1 |
| Effect of foreign tax rates | -2,018.4 | -2,163.3 |
| Tax effect of expenses non-deductible for tax purposes | -36.5 | -124.3 |
| Tax effect of uplift on expenses | 15.4 | 132.1 |
| Tax effect of creation of unrecorded tax losses | – | -6.5 |
| Adjustments to prior year tax assessments | -0.2 | -2.4 |
| **Tax per income statement** | **-2,706.9** | -2,892.5 |

The tax rate in Norway of 78 percent in the oil and gas sector was the primary reason for the effect of foreign tax rates in the table above. The effect of non-deductible expenses mainly related to non-deductible foreign currency exchange losses and interest charges. The uplift on expenses related to uplift on development expenses for oil and gas assets in Norway.

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

| **Corporation tax asset**<br>MUSD | **2022** | 2021 |
|---|---|---|
| Netherlands | – | 9.1 |
| Switzerland | – | 0.6 |
| | **–** | 9.7 |

| **Corporation tax liability - current and deferred** | **Current** | | Deferred | |
|---|---|---|---|---|
| MUSD | **2022** | **2021** | **2022** | **2021** |
| Norway | – | 1,573.7 | – | 3,120.6 |
| | **–** | 1,573.7 | **–** | 3,120.6 |

| **Specification of deferred tax assets and tax liabilities**[1]<br>MUSD | **2022** | 2021 |
|---|---|---|
| **Deferred tax assets** | | |
| Temporary differences | – | 41.5 |
| | – | 41.5 |
| | | |
| **Deferred tax liabilities** | | |
| Accelerated allowances | – | 3,161.8 |
| Deferred tax on excess values | – | 0.3 |
| | **–** | 3,162.1 |

[1] The specification of deferred tax assets and tax liabilities does not agree to the face of the balance sheet due to the netting off of balances in the balance sheet when they relate to the same jurisdiction.

The deferred tax liability in 2021 has arisen mainly on accelerated allowances, being the difference between the book and the tax value of oil and gas properties in Norway.

## Note 7 – Property, plant and equipment

| MUSD | Land and buildings | Construction in progress | Plant and machinery | Other | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **1 January 2021** | – | – | – | 0.1 | 0.1 |
| Additions | – | 32.5 | – | – | 32.5 |
| Currency translation difference | – | -1.0 | – | – | -1.0 |
| **31 December 2021** | – | 31.5 | – | 0.1 | 31.6 |
| Additions | – | 36.3 | 30.8 | – | 67.1 |
| Business combination | 0.2 | – | 212.8 | – | 213.0 |
| Reclassifications | – | – | – | 18.3 | 18.3 |
| Disposal | – | – | – | -3.8 | -3.8 |
| Currency translation difference | – | – | 0.5 | – | 0.5 |
| **31 December 2022** | **0.2** | **67.8** | **244.1** | **14.6** | **326.7** |
| **Depreciation** | | | | | |
| **1 January 2021** | – | – | – | – | – |
| Depreciation charge | – | – | – | – | – |
| Reclassifications | – | – | – | – | – |
| Currency translation difference | – | – | – | – | – |
| **31 December 2021** | – | – | -1.0 | -1.2 | -2.2 |
| Depreciation charge | – | – | – | -8.3 | -8.3 |
| Reclassifications | – | – | -68.5 | 3.8 | -64.7 |
| Business combination | – | – | – | – | – |
| **31 December 2022** | **–** | **–** | **-69.6** | **-5.7** | **-75.3** |
| **Net book value** | | | | | |
| 31 December 2022 | **0.2** | **67.8** | **174.6** | **8.9** | **251.4** |
| 31 December 2021 | – | – | – | 0.1 | 0.1 |

**Depreciation**
Buildings are depreciated using an estimated useful life of 20 years and taking into account its residual value. 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 2022, MUSD 0.5 (MUSD 0.5) of capitalised interest costs were added to construction in progress and relate to the Karskruv development project in Sweden. The interest rate for capitalised borrowing costs is calculated based on the weighted average interest rate for the year and amounted to approximately 2.5 percent (2.5 percent).

**Development expenditure commitments**
The Group is contractually committed to development of the Karskruv project with a remaining commitment at the end of the year of approximately MUSD 75.2 (MUSD 123.0).

**Leases**
The Group's leases mainly relate to land leases in connection with the wind farms and rented offices. The lease term for 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 or due to the fact that the lease agreement is not agreed on a fixed term. 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 % | 2022 Book amount MUSD | 2021 Book amount MUSD |
|---|---|---|---|---|
| Metsälamminkangas Wind Oy | 1,250 | 50.0 | 29.0 | 84.7 |
| Leikanger Kraft AS | 289,000 | 50.0 | 19.8 | 24.0 |
| Eagle Wind JV AB | 5,000 | 20.0 | 6.1 | – |
| Kräklingbo Vind AB | 175 | 35.0 | 0.0 | – |
| Torsburgen Vind AB | 700 | 35.0 | 0.0 | – |
| Gärdslösa Drift AB | 340 | 33.0 | 0.0 | – |
| Istad Wind Power Management AB | 240 | 20.0 | 0.0 | – |
| Orust Drift AB | 320 | 33.0 | 0.0 | – |
| Ryd-Rönnerum Drift AB | 200 | 20.0 | 0.0 | – |
| | | | **54.9** | 108.7 |

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 Slitevind.

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** MUSD | **Metsälamminkangas wind OY** | **Leikanger Kraft AS** |
|---|---|---|
| Revenue | 32.3 | 37.0 |
| Operating costs | -3.3 | -5.0 |
| Depreciation | -5.8 | -1.6 |
| Operating profit | 23.3 | 30.4 |
| Net financial items | -2.8 | -1.8 |
| Loss before tax | 20.5 | 28.6 |
| Income tax | -4.1 | -22.4 |
| Net result | 16.4 | 6.2 |

| **Balance sheet** MUSD | | |
|---|---|---|
| Non current assets | | |
| Property, plant and equipment | 189.3 | 87.1 |
| Current assets | | |
| Other current financial assets | 9.6 | 1.4 |
| Cash and cash equivalents | 22.6 | 14.4 |
| **Total assets** | **221.5** | **103.0** |
| Equity | 55.5 | 26.1 |
| Non current liabilities | | |
| Interest bearing loans and borrowings | 155.6 | 53.2 |
| Deferred tax liability | 4.1 | |
| Current liabilities | 6.3 | 23.6 |
| **Total liabilities** | **166.0** | **76.8** |
| **Total equity and liabilities** | **221.5** | **103.0** |

## 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<br>MUSD | **2022** | 2021 |
|---|---|---|
| Senior notes | – | 2,000.0 |
| Interest bearing loans and borrowings – Non-Current | 30.8 | 1,200.0 |
| Interest bearing loans and borrowings – Current | 29.4 | – |
| Less: Cash and cash equivalents | -28.7 | -452.1 |
| | **31.5** | 2,747.9 |

**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. The interest rate for capitalized borrowing costs is calculated based on the weighted average interest rate for the year and amounted to approximately 2.5 percent (2.5 percent).

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 2022.

**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 US Dollar. The main functional currencies of Orrön Energy's subsidiaries are Swedish krona and Euro, as well as US Dollar, making the Company sensitive to fluctuations of these currencies against the US Dollar.

Foreign exchange exposure
The following table summarises the effect that a change in these currencies against the US Dollar would have on operating profit through the conversion of the income statements of the Group's subsidiaries from functional currency to the presentation currency US Dollar for the year ended 31 December 2022.

Sensitivity analysis foreign exchange exposure

| **Operating result, MUSD** | | 1.0 | 1.0 |
|---|---|---|---|
| Shift in currency exchange rates | Average rate 2022 | 10% USD weakening | 10% USD strengthening |
| EUR/USD | | 1.1 | -1.1 |
| SEK/USD | | 0.7 | -0.7 |
| Total effect on operating result, MUSD | | 1.8 | -1.8 |

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 2022.

Sensitivity analysis electricity price

| **Net result, MUSD** | 28.9 | 28.9 |
|---|---|---|
| Shift in energy prices | 25% weakening | 25% strengthening |
| Total effect on net result, MUSD | -7.1 | 7.1 |

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 2022, the Group had outstanding price hedges which were transferred through acquisitions, none of which will continue beyond the fourth quarter 2023.

| Outstanding derivative contracts | 2022 | 2021 |
|---|---|---|
| Electricity futures – SE2 | 0.3 | – |
| Electricity futures – SE3 | 0.1 | – |
| Electricity futures – SE4 | 0.0 | – |
| | **0.4** | – |

The hedged, forecast transactions of electricity sales are expected to take place between 1 January 2023 and 31 December 2023. These hedges have been considered ineffective and recognised in the income statement at year end 2022.

**Credit risk**
On 31 December 2022, trade receivables amounted to MUSD 0.3 (MUSD –). 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 2022. 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 31 August 2022, the Company entered into a revolving credit facility of MEUR 100 with Skandinaviska Enskilda Banken, with twelve months maturity. This facility is used as a bridge loan and the Company intends to refinance it in the first half of 2023.

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.

| MUSD | 31 December 2022 | 31 December 2021 |
|---|---|---|
| **Repayment within 6 months:** | | |
| Trade and other payables | 13.9 | 4.2 |
| Dividends payable | – | 128.6 |
| **Repayment after 6 months:** | | |
| Other current financial liabilities | 29.7 | – |
| **Repayment within 1–2 years:** | | |
| Interest bearing loans and borrowings | 30.8 | – |
| | **74.4** | 132.8 |

**Classification of financial instruments**
The tables below present the classification of the financial instruments in the balance sheet in 2022 and 2021. 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 | 2022 | 2021 |
|---|---|---|---|
| **Financial assets** | | | |
| **Financial assets at amortised cost** | | | |
| Other non-current financial assets | | 103.3 | 35.2 |
| Trade receivables[1] | | 0.3 | – |
| Other current financial assets | | 2.7 | 133.7 |
| Cash and cash equivalents | | 28.7 | 130.0 |
| | | **135.0** | 298.9 |
| **Financial liabilities** | | | |
| **Financial liabilities at amortised cost** | | | |
| Non-current Interest bearing loans and borrowings | | 30.8 | – |
| Trade and other payables | | 13.9 | 4.3 |
| Other current financial liabilities | | 29.7 | – |
| Dividend liabilities | | – | 128.6 |
| | | **74.4** | 132.9 |
| **Financial liabilities at fair value through profit or loss** | | | |
| Derivative financial instruments | 2 | 0.3 | – |
| | | **0.3** | – |

[1] The fair value of trade receivables and other receivables is a fair approximation of the book value.

For financial assets and liabilities measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:
– Level 1: based on quoted prices in active markets;
– Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
– Level 3: based on inputs which are not based on observable market data.

## Note 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

| MUSD | 2022 | 2021 |
|---|---|---|
| Receivables from discontinued operations | – | 128.6 |
| Other | 2.7 | 5.3 |
| | **2.7** | 133.9 |

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

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

| MUSD | 2022 | 2021 |
|---|---|---|
| Gain on distribution of E&P business | -13,001.3 | – |
| Exploration costs | 24.4 | 258.1 |
| Depletion, depreciation and amortisation | 3.7 | 703.2 |
| Current tax | 2,342.3 | 2,562.8 |
| Deferred tax | 336.4 | 329.7 |
| Long-term incentive plans | 10.8 | 6.1 |
| Foreign currency exchange gain/loss | 328.9 | 186.4 |
| Interest income | -2.7 | – |
| Interest expense | 27.2 | 52.0 |
| Amortisation of deferred financing fees | 4.7 | 35.5 |
| Ineffective hedging contracts | -60.3 | 68.9 |
| Other | 4.8 | 38.2 |
| | **-9,981.1** | 4,240.9 |

## 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 MUSD | MUSD |
| **1 January 2021** | 285,924,614 | 3.5 | 0.5 | 323.7 |
| Issuance of treasury shares to employees | – | – | – | 6.4 |
| Share based payments | – | – | – | -9 |
| Movements | – | – | – | -2.6 |
| **31 December 2021** | 285,924,614 | 3.5 | 0.5 | 321.1 |
| Sold treasury shares | – | – | – | 56.3 |
| Movements | – | – | – | 56.3 |
| **31 December 2022** | **285,924,614** | **3.5** | **0.5** | **377.4** |

**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 2021 | -202.3 | -566.9 | -769.2 |
| Other comprehensive income | 183.5 | 181.2 | 364.7 |
| 31 December 2021 | -18.8 | -385.7 | -404.5 |
| Other comprehensive income | 17.8 | 389.2 | 407.0 |
| **31 December 2022** | **-1.0** | **3.5** | **2.5** |

## Note 13.3 – Retained earnings

| MUSD | 2022 | 2021 |
|---|---|---|
| 1 January | -1,336.4 | -1,324.1 |
| Net result for the year | 13,505.0 | 493.8 |
| Distributions | -12,178.1 | -511.8 |
| Value of employee services | 3.8 | 5.7 |
| **31 December** | **-5.7** | -1,336.4 |

## Note 13.4 – Earnings per share

| | 2022 | 2021 |
|---|---|---|
| Net result from continuing operations, MUSD | 28.9 | -16.1 |
| Net result from discontinued operations, MUSD | 13,476.1 | 509.9 |
| **Net result attributable to shareholders of the Parent Company, MUSD** | **13,505.0** | 493.8 |
| Weighted average number of shares of the year | 285,458,805 | 284,444,685 |
| Earnings per share from continuing operations USD | 0.10 | -0.06 |
| Earnings per share from discontinued, USD | 47.21 | 1.80 |
| **Earnings per share, USD** | **47.31** | 1.74 |
| Weighted average number of shares of the year - diluted | 286,567,833 | 285,126,595 |
| Earnings per share from continuing operations - diluted, USD | 0.10 | -0.06 |
| Earnings per share from discontinued operations - diluted, USD | 47.03 | 1.79 |
| **Earnings per share - diluted, USD** | **47.13** | 1.73 |

## Note 14 – Interest bearing liabilities

| MUSD | 2022 | 2021 |
|---|---|---|
| **Non current** | | |
| Bank loans | 30.8 | – |
| | 30.8 | – |
| **Current** | | |
| Bank loans | 29.4 | – |
| | 29.4 | – |
| | **60.2** | – |

Orrön Energy is not subject to any externally imposed capital requirements.

## Note 15 – Provisions

| MUSD | Site restoration provision | Other[1] | Total |
|---|---|---|---|
| **1 January 2021** | – | – | – |
| Additions | – | – | – |
| Changes in estimates | – | – | – |
| Payments | – | – | – |
| Currency translation difference | – | – | – |
| **31 December 2021** | – | – | – |
| Acquisition of subsidiary | 0.9 | – | 0.9 |
| Additions | 0.0 | 3.0 | 3.0 |
| Changes in estimates | – | – | – |
| Payments | – | – | – |
| Currency translation difference | – | – | – |
| **31 December 2022** | **0.9** | **3.0** | **3.9** |
| Non-current | 0.9 | 0.3 | 1.2 |
| Current | – | 2.7 | 2.7 |
| **Total** | **0.9** | **3.0** | **3.9** |

[1] Other includes an amount of MUSD 2.7 for a redundancy accrual relating to discontinued operations which is classified as current.

## Note 16 – Trade and other payables

| MUSD | 2022 | 2021 |
|---|---|---|
| Accounts payable | 1.4 | – |
| Other current liabilities | 7.0 | 1.5 |
| Accrued payables and deferred income | 5.5 | 2.8 |
| | **13.9** | 4.3 |

## Note 17 – Business combinations

**Siral**

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

**Slitevind**

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

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

| **Purchase consideration** MUSD | % of shares | Share price SEK | Number of shares | Value MUSD |
|---|---|---|---|---|
| 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[1] | 3.5% | 125 | 249,102 | 2.9 |
| | **100.0%** | | **7,114,450** | **83.3** |

[1] Subject to the conclusion of the formal squeeze-out procedure.

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

| **Assets and liabilities**[1]<br>MUSD | **Fair value**[2] |
|---|---|
| **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** |

[1] Preliminary
[2] Translated from SEK to USD at closing rate 31 August 2022.

**Acquired receivables**
The fair value of acquired trade receivables was MUSD 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 2022. 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**

| **Outflow of cash for acquisition, net of cash acquired**<br>MUSD | **2022** |
|---|---|
| Cash consideration | 80.3 |
| Less cash balances acquired | -1.4 |
| **Net outflow of cash – Investing activities** | **78.9** |

## 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:

| | | | Non-Cash changes | | | | |
|---|---|---|---|---|---|---|---|
| | 1 January 2022 | Cash flows | Amortisation of deferred financing fees | Change on consolidation | Initial recognition lease under IFRS16 | Foreign exchange movement | 31 December 2022 |
| Financial liabilities | 3,211.5 | -555.8 | 4.7 | -2,629.6 | – | – | **30.8** |

| | | | Non-Cash changes | | | | |
|---|---|---|---|---|---|---|---|
| | 1 January 2021 | Cash flows | Amortisation of deferred financing fees | Change on consolidation | Initial recognition lease under IFRS16 | Foreign exchange movement | 31 December 2021 |
| Financial liabilities | 3,990.0 | -845.5 | 35.5 | – | 30.3 | 1.2 | 3,211.5 |

## Note 19 – Contingent liabilities and assets

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

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

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

## 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.

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

## Note 21 – Average number of employees

| Average number of employees per country | 2022 Total employees | 2022 of which men | 2021 Total employees | 2021 of which men |
|---|---|---|---|---|
| **Parent Company in Sweden** | 3 | 1 | 3 | 2 |
| **Subsidiaries** | | | | |
| Sweden | 4 | 4 | – | – |
| Norway | 221 | 165 | 412 | 303 |
| Switzerland | 32 | 18 | 46 | 29 |
| Netherlands | 2 | 2 | 2 | 2 |
| | **259** | **189** | 460 | 334 |
| **Total** | **262** | **190** | 463 | 336 |

| Board members and Group management | 2022 Total at year end | 2022 of which men | 2021 Total at year end | 2021 of which men |
|---|---|---|---|---|
| **Parent Company in Sweden** | | | | |
| Board members[1] | 4 | 3 | 10 | 7 |
| **Subsidiaries abroad** | | | | |
| Group management | 3 | 2 | 8 | 7 |
| **Total** | **7** | **5** | 18 | 14 |

[1] Daniel Fitzgerald, CEO and Board Member from 1 July 2022 is included in Group management in 2022.

## Note 22 – Remuneration

| Salaries, other remuneration and social security costs TUSD | 2022 Salaries and other remuneration | 2022 Social security costs | 2021 Salaries and other remuneration | 2021 Social security costs |
|---|---|---|---|---|
| **Parent Company in Sweden** | | | | |
| Board members | 1,839 | 313 | 744 | 147 |
| Employees | 666 | 315 | 709 | 367 |
| **Subsidiaries abroad** | | | | |
| Group management | 3,329 | 286 | 10,516 | 1,489 |
| Other employees | 49,500 | 10,134 | 96,963 | 24,843 |
| **Total** | **55,334** | **11,048** | 108,932 | 26,846 |
| **Of which pension costs** | | **5,946** | | 10,262 |

| **2022 salaries and other remuneration for Board members and Group management** TUSD | Fixed Board remuneration/ base salary | Other benefits[1] | Short-term variable remuneration | Long-term variable remuneration[2] | Remuneration for committee work | Remuneration outside of directorship | Pension | Total 2022 |
|---|---|---|---|---|---|---|---|---|
| **Parent Company in Sweden** | | | | | | | | |
| **Board members** | | | | | | | | |
| Grace Reksten Skaugen | 106 | – | 93 | 38 | 31 | – | – | 268 |
| C. Ashley Heppenstall | 76 | – | 93 | 20 | 19 | – | – | 208 |
| Jakob Thomasen | 76 | – | 93 | 20 | 25 | – | – | 214 |
| Aksel Azrac | 30 | – | – | 20 | 5 | – | – | 55 |
| Ian H. Lundin[3] | 97 | – | 195 | – | 4 | 27 | – | 323 |
| Adam I. Lundin[3] | 46 | – | 93 | – | – | – | – | 139 |
| Alex Schneiter | 31 | – | – | – | – | – | – | 31 |
| Peggy Bruzelius[3] | 46 | – | 93 | – | 15 | – | – | 154 |
| Lukas H. Lundin[3] | 46 | – | 93 | – | 15 | – | – | 154 |
| Cecilia Vieweg[3] | 46 | – | 93 | – | 15 | – | – | 154 |
| Torstein Sanness[3] | 46 | – | 93 | – | – | – | – | 139 |
| **Total** | **650[4]** | **–** | **939[5]** | **98** | **129** | **27** | **–** | **1,839** |
| | | | | | | | | |
| **Subsidiaries abroad** | | | | | | | | |
| **Group management** | | | | | | | | |
| Daniel Fitzgerald, CEO[6] | 209 | – | 175 | 284 | – | – | 30 | 698 |
| Nick Walker, CEO[7] | 440 | 48 | – | – | – | – | 91 | 579 |
| Other[8] | 1,515 | 125 | 250 | 284 | – | – | 243 | 2,417 |
| **Total** | **2,164** | **173** | **425[9]** | **568** | **–** | **–** | **364** | **3,694** |

[1] Other benefits may include, but are not limited to, school fees and health insurance for Group management.
[2] Long term variable remuneration to the Board and Group management is reported on an accrual basis. The amounts reflect the cost accrued in 2022, valued at grant, for the share option plan approved by the 2022 EGM. The previously applicable Performance Based Incentive plan lapsed on completion of the Transaction with Aker BP on 30 June 2022.
[3] Board assignment ended 30 June 2022.
[4] Fixed board remuneration is reported on a cash basis.
[5] Short-term variable remuneration to the Board is reported on a cash basis and related to work done in 2021.
[6] 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.
[7] CEO until 30 June 2022.
[8] Comprises 7 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 Vice President Sustainability Zomo Fisher, the Vice President Investor Relations and Communications Edward Westropp and the Vice President Commodities Trading and Marketing David Michelis until 30 June 2022.
[9] Short-term variable remuneration to Group management is reported on an accrual basis and includes the bonus relative to the performance in 2022.

| **2021 salaries and other remuneration for Board members and Group management** TUSD | Fixed Board remuneration/ base salary | Other benefits[1] | Short-term variable remuneration[2] | Performance based incentive plan[3] | Remuneration for committee work | Remuneration outside of directorship | Pension | Total 2021 |
|---|---|---|---|---|---|---|---|---|
| **Parent Company in Sweden** | | | | | | | | |
| **Board members** | | | | | | | | |
| Grace Reksten Skaugen | 62 | – | – | – | 35 | – | – | 97 |
| C. Ashley Heppenstall | 62 | – | – | – | 15 | – | – | 77 |
| Jakob Thomasen | 62 | – | – | – | 29 | – | – | 91 |
| Ian H. Lundin | 130 | – | – | – | 15 | 114 | – | 259 |
| Adam I. Lundin | 31 | – | – | – | – | – | – | 31 |
| Alex Schneiter | – | – | – | – | – | 2,555[4] | – | 2,555 |
| Peggy Bruzelius | 62 | – | – | – | 20 | – | – | 82 |
| Lukas H. Lundin | 62 | – | – | – | – | – | – | 62 |
| Cecilia Vieweg | 62 | – | – | – | 20 | – | – | 82 |
| Torstein Sanness | 62 | – | – | – | 15 | – | – | 77 |
| **Total** | 595[5] | – | – | – | 149 | 2,669 | – | 3,413 |
| **Subsidiaries abroad** | | | | | | | | |
| **Group management** | | | | | | | | |
| Nick Walker, CEO | 875 | 94 | 875 | 1,621 | – | – | 189 | 3,654 |
| Other[6] | 2,492 | 328 | 2,398 | 1,833 | – | – | 438 | 7,489 |
| **Total** | 3,367 | 422 | 3,273[7] | 3,454 | – | – | 627 | 11,143 |

1 Other benefits may include, but are not limited to, school fees and health insurance for Group management.
2 Bonus consideration above 12 months base salary has been approved for Vice President Legal and Vice President Corporate Affairs.
3 Performance Based Incentive Plan 2018 and Unit Bonus Plan 2018, awarded in 2018 and vested in 2021.
4 The performance based incentive plan that was awarded in 2018 when Alex Schneiter was the CEO of the Company vested in 2021. The amount relates to this award and not to his work as Board Member.
5 Board remuneration is reported on a cash basis.
6 Comprises 7 people: the CFO, COO, Vice President Sustainability, Vice President Legal, Vice President Corporate Affairs, Vice President Investor Relations and Communications and Vice President Commodities Trading and Marketing promoted to VP in August 2021.
7 Short-term variable remuneration to Group management is reported on an accrual basis and includes the bonus relative to the performance in 2021.

**Board members**
There are no severance pay agreements in place for any non-executive directors.

**Group management**
The pension contribution for Group management is between 15 percent and 18 percent of the qualifying income for pension purposes. 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 860 (TCHF 860). 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 26–33 of the Corporate Governance report for further information on the Group's principles of remuneration and the Policy on Remuneration for Group management for 2022.

## Note 23 – Long term incentive plans

The Company long-term incentive plans (LTIP) are described below.

**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 2022.

| | Plan | | | | |
|---|---|---|---|---|---|
| **Unit Bonus Plan** | 2019 | 2020 | 2021 | 2022 | **Total** |
| Outstanding at the beginning of the period | 59,453 | 174,530 | 219,969 | – | 450,952 |
| Exercised in full following change of control event | -58,636 | -169,555 | -216,624 | – | -444,815 |
| Forfeited during the period | -817 | -4,975 | -3,345 | – | -9,137 |
| Outstanding at the end of the period | – | – | – | – | **–** |

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

| **Unit Bonus Plan**<br>MUSD | **2022** | 2021 |
|---|---|---|
| 2018 | – | 0.8 |
| 2019 | 0.8 | 1.9 |
| 2020 | 2.1 | 4.9 |
| 2021 | 4.7 | 2.9 |
| | **7.6** | 10.5 |

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 2022. 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 2022.

| | Plan | | | |
|---|---|---|---|---|
| **Performance Based Incentive Plan** | 2019 | 2020 | 2021 | **Total** |
| Outstanding at the beginning of the period[1] | 341,001 | 414,164 | 254,789 | 1,009,954 |
| Lapsed during the period | -302,526 | -385,686 | -251,718 | -939,930 |
| Forfeited during the period | -38,475 | -28,478 | -3,071 | -70,024 |
| Outstanding at the end of the period | – | – | – | **–** |

[1] From the 2019 plan, the number of performance shares were increased to reflect dividends.

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

| **Performance Based Incentive Plan**<br>MUSD | **2022** | 2021 |
|---|---|---|
| 2018 | – | 0.9 |
| 2019 | 0.2 | 1.9 |
| 2020 | 0.2 | 2.1 |
| 2021 | 1.4 | 0.9 |
| | **1.8** | 5.8 |

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

**Share Option Plan**

**Employee LTIP**
A new 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). 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 is being 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 delivery of shares to the participants and cover any costs (including taxes and social security charges) at exercise of options under the Employee LTIP 2022, the Company has issued 8,560,000 warrants, which were registered on 5 July 2022.

**Board LTIP**
The 2022 EGM also 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 hedged its obligations under the Board LTIP 2022 by entering into an equity swap arrangement with a third party, whereby the third party in its own name shall be entitled to acquire and transfer shares (including to the participants) in accordance with the plan.

| Share Option Plan | 2022 | **Total** |
|---|---|---|
| Outstanding at the beginning of the period | – | – |
| Employee LTIP awarded during the period | 7,985,000 | 7,985,000 |
| Board LTIP awarded during the period | 1,005,000 | 1,005,000 |
| Outstanding at the end of the period[1] | 8,990,000 | **8,990,000** |

[1] All share options 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.

The total cost associated with the Share Option Plan, including social costs amounted to MUSD 1.3 (MUSD –) in 2022. The cost has been calculated based on the fair value at grant and recognised in the income statement prorata over the vesting period.

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

| TUSD | **2022** | 2021 |
|---|---|---|
| Ernst & Young | | |
| Audit engagements | 348 | 702 |
| Audit assignments in addition to the audit engagement | 62 | 357 |
| Tax advisory services | – | 6 |
| Other services | – | 102 |
| | **410** | 1,167 |
| Remuneration to other auditors | 30 | 215 |
| **Total** | **440** | 1,382 |

## Note 25 – Subsequent events

There are no subsequent events to report.

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

The deferred tax asset of MSEK 306.0 relates to tax losses carried forward, which are expected to be used against future taxable profits in Sweden. The net result for the previous year included finance income of MSEK 13,310.2 as a result of received dividends from a subsidiary. The net result for the year included G&A expenses of MSEK 200.0 (MSEK 240.7), of which MSEK 63,2 (MSEK 99.2) related to legal and other fees incurred for the defence of the Company and its former representatives in the Sudan legal case.

## 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 | 2022 | 2021 |
|---|---|---|---|
| **Revenue** | | 13.4 | 20.4 |
| General and administration expenses | | -200.0 | -240.7 |
| **Operating profit/loss** | | **-186.6** | -220.3 |
| **Net financial items** | | | |
| Finance income | 1 | 10.9 | 13,310.2 |
| Finance costs | 2 | -720.5 | -133.4 |
| | | **-709.8** | 13,176.8 |
| **Profit/loss before tax** | | **-896.4** | 12,956.5 |
| Income tax | 3 | 306.0 | – |
| **Net result** | | **-590.4** | 12,956.5 |

# Parent Company Comprehensive Income Statement

| MSEK | 2022 | 2021 |
|---|---|---|
| **Net result** | **-590.4** | 12,956.5 |
| Other comprehensive income | – | – |
| **Total comprehensive income** | **-590.4** | 12,956.5 |
| Attributable to: | | |
| Shareholders of the Parent Company | -590.4 | 12,956.5 |

# Parent Company Balance Sheet

| MSEK | Note | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Shares in subsidiaries | 8 | 3,780.8 | 55,118.9 |
| Other tangible fixed assets | | 0.3 | 0.4 |
| Deferred tax assets | | 306.0 | – |
| | | **4,087.1** | 55,119.3 |
| **Current assets** | | | |
| Receivables | 4 | 17.8 | 9,813.9 |
| Cash and cash equivalents | | 24.6 | 44.3 |
| | | **42.4** | 9,858.2 |
| **TOTAL ASSETS** | | **4,129.5** | 64,977.5 |
| **SHAREHOLDERS´EQUITY AND LIABILITIES** | | | |
| **Restricted equity** | | | |
| Share capital | | 3.5 | 3.5 |
| Statutory reserve | | 861.3 | 861.3 |
| | | **864.8** | 864.8 |
| **Unrestricted equity** | | | |
| Other reserves | | 7,182.7 | 6,599.0 |
| Retained earnings | | -3,379.1 | 43,205.2 |
| Net result | | -590.4 | 12,956.5 |
| | | **3,213.2** | 62,760.7 |
| **TOTAL EQUITY** | | **4,078.0** | 63,625.5 |
| **Non-current liabilities** | | | |
| Provisions | | 1.3 | 1.6 |
| **Current liabilities** | | | |
| Dividends | | – | 1,163.9 |
| Other liabilities | 5 | 50.2 | 186.5 |
| | | **50.2** | 1,350.4 |
| **TOTAL LIABILITIES** | | **51.5** | 1,352.0 |
| **TOTAL EQUITY AND LIABILITIES** | | **4,129.5** | 64,977.5 |

# Parent Company Cash Flow Statement

| MSEK | 2022 | 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net result | -590.4 | 12,956.5 |
| Adjustment for non-cash related items | -312.6 | -9,772.0 |
| Changes in working capital: | | |
| Changes in current assets | 3,097.4 | 528.6 |
| Changes in current liabilities | -107.7 | 145.4 |
| **Total cash flow from operating activities** | **2,086.7** | 3,858.5 |
| **Cash flow from investing activities** | | |
| Investments in subsidiaries | -0.5 | – |
| Investments in other fixed assets | – | -0.1 |
| **Total cash flow from investing activities** | **-0.5** | -0.1 |
| **Cash flow from financing activities** | | |
| Dividends paid | -2,672.1 | -3,898.5 |
| Sold treasury shares | 583.8 | – |
| Issuance of treasury shares to employees | – | 56.2 |
| **Total cash flow from financing activities** | **-2,088.3** | -3,842.3 |
| Change in cash and cash equivalents | -2.1 | 16.1 |
| Cash and cash equivalents at the beginning of the year | 44.3 | 26.6 |
| Currency exchange difference in cash and cash equivalents | -17.6 | 1.6 |
| **Cash and cash equivalents at the end of the year** | **24.6** | 44.3 |

# Parent Company Statement of Changes in Equity

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

# Parent Company Notes to the Financial Statements

## Note 1 – Finance Income

| MSEK | 2022 | 2021 |
|---|---|---|
| Dividend | – | 13,310.2 |
| Interest income | 1.2 | – |
| Foreign exchange gain | 9.7 | – |
| | **10.9** | 13,310.2 |

## Note 2 – Finance costs

| MSEK | 2022 | 2021 |
|---|---|---|
| Foreign exchange loss | – | 0.8 |
| Loss on sale of assets | 700.9 | 132.6 |
| Other | 19.6 | – |
| | **720.5** | 133.4 |

## Note 3 – Income tax

| MSEK | 2022 | 2021 |
|---|---|---|
| Net result before tax | -896.4 | 12,956.5 |
| Tax calculated at the corporate tax rate | | |
| in Sweden 20.6% (21.4%) | 184.7 | -2,772.7 |
| Tax effect of received dividend | – | 2,848.4 |
| Tax effect of expenses non-deductible for tax purposes | -4.1 | -4.7 |
| Increase unrecorded tax losses | -180.6 | -71.0 |
| | **–** | – |

A deferred tax asset of MSEK 306.0 has been recognised during the year and relates to tax losses carried forward, which are expected to be used against future taxable profits.

## Note 4 – Receivables

| MSEK | 2022 | 2021 |
|---|---|---|
| Due from Group companies | 13.9 | 9,803.8 |
| VAT receivable | 0.4 | 3.0 |
| Prepaid expenses and accrued income | 2.7 | 2.8 |
| Other | 0.8 | 4.3 |
| | **17.8** | 9,813.9 |

## Note 5 – Other liabilities

| MSEK | 2022 | 2021 |
|---|---|---|
| Due to Group companies | 34.0 | 27.8 |
| Social security | 1.8 | 0.9 |
| Director fees | – | 2.0 |
| Audit fees | 2.4 | 1.4 |
| Outside services | 12.0 | 154.4 |
| | **50.2** | 186.5 |

### Note 6 – Remuneration to the Auditor

| MSEK | 2022 | 2021 |
|---|---|---|
| Ernst & Young | | |
| Audit engagements | 1.6 | 1.3 |
| Audit assignments in addition to the audit engagement | 0.2 | 0.3 |
| Other fees | – | 0.7 |
| | **1.8** | 2.3 |

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

### Note 7 – Proposed disposition of unappropriated earnings

The 2023 Annual General Meeting has an unrestricted equity at its disposal of MSEK 3,213.2, including the net result for the year of MSEK -590.4.

The Board of Directors proposes that the unrestricted equity of the Parent Company of MSEK 3,213.2, including the net result for the year of MSEK -590.4 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 2022 |
|---|---|---|---|---|---|---|
| **Directly owned** | | | | | | |
| Orrön Energy Holding AB | 559349-1730 | Stockholm, Sweden | 250 | 100 | SEK 100.00 | 3,780.8 |
| **Indirectly owned** | | | | | | |
| 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 | |
| Slitevind AB (publ) | 556453-2819 | Gotland, Sweden | 7,114,450 | 100 | SEK 10.00 | |
| Samkraft Grännsjön AB | 556884-4780 | Gotland, Sweden | 50,000 | 100 | SEK 1.00 | |
| Samkraft Långberget AB | 556816-6580 | Gotland, Sweden | 500 | 100 | SEK 100.00 | |
| Istad Enterprise AB | 556714-1030 | Gotland, Sweden | 20,512 | 100 | SEK 5.00 | |
| Gärdlösa Enterprise AB | 556449-9936 | Gotland, Sweden | 20,560 | 100 | SEK 5.00 | |
| Silkomhöjden Enterprise AB | 556716-0261 | Gotland, Sweden | 1,000 | 100 | SEK 100.00 | |
| Isgrannatorp Enterprise AB | 556788-7434 | Gotland, Sweden | 20,512 | 100 | SEK 25.00 | |
| Isgrannatorp Drift AB | 556787-6833 | Gotland, Sweden | 1,020 | 67 | SEK 100.00 | |
| Ryd Enterprise AB | 556714-1022 | Gotland, Sweden | 1,000 | 100 | SEK 100.00 | |
| Orust Enterprise AB | 556716-0253 | Gotland, Sweden | 1,000 | 100 | SEK 100.00 | |
| Lärbro SPW AB | 556794-5935 | Gotland, Sweden | 45,000 | 100 | SEK 100.00 | |
| Svartvallsberget SPW AB | 556878-1446 | Gotland, Sweden | 500 | 100 | SEK 111.00 | |
| Rammeldalsberget Vindkraft AB | 556824-8834 | Gotland, Sweden | 100 | 100 | SEK 546.00 | |
| Siral Förvaltning AB | 556171-8296 | Gotland, Sweden | 7,385 | 100 | SEK 100.00 | |
| Lilla Årås Vindpark AB | 556824-3983 | Gotland, Sweden | 1,020 | 100 | SEK 50.00 | |
| Saba Wind OY | 1868533-5 | Ekenäs, Finland | 8,000 | 100 | SEK 278.00 | |
| 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 | |
| Skålsparken AB | 556882-7488 | Gotland, Sweden | 100,000 | 61 | SEK 1.00 | |
| Österudd och Näs Annex AB | 556798-4587 | Gotland, Sweden | 9,900 | 52 | 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 | |
| LRL Bolag Ltd | 656565-4 | Vancouver, Canada | 55,855,414 | 100 | CAD 1.00 | |

# Board Assurance

As at 30 March 2023, 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 2022.

## 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 30 March 2023
Orrön Energy AB (publ) Reg. Nr. 556610-8055

**Grace Reksten Skaugen**
Chair

**Daniel Fitzgerald**
CEO and Board Member

**Aksel Azrac**
Board Member

**C. Ashley Heppenstall**
Board Member

**Jakob Thomasen**
Board Member

Our audit report was issued on 3 April 2023
Ernst & Young AB

**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 18-34 and the statutory sustainability report on pages 13-17 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 6-73 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 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 18-34 and the statutory sustainability report on pages 13-17. 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.

### Accounting for discontinued operations

| Description | How our audit addressed this key audit matter |
|---|---|
| On December 21, 2021, Orrön Energy AB (previously Lundin Energy AB) and AkerBP ASA entered into a transaction agreement to combine the two companies' exploration and production operations. Following the completion of the transaction agreement, Orrön Energy AB's exploration and production-related assets have been merged with AkerBP ASA's operations through a statutory merger. The transaction was completed in June 2022 and thus the balance sheet items linked to the transaction left the balance sheet. The completed transaction resulted in a significant profit recognized in the income statement for financial year 2022 as discontinued operations in accordance with IFRS 5.<br><br>There are significant assumptions and judgments related to the transaction agreement entered into and the subsequent finalization of the exploration and production operations such hedge accounting, accounting for amortized cost of financial liabilities, transaction related costs and share-based payments that materialized as of the transaction date of June 30, 2022.<br><br>We believe that the accounting matters listed above related to the divestment of the business constitute a key audit matter in the audit due to the element of assumptions and judgement, the significance of the transaction agreement and the complexity of the related accounting matters.<br><br>For further information, see note 1 and note 6. | We have taken this key audit matter into consideration in the audit through audit procedures consisting, inter alia, of:<br><br>- We have established an understanding of the transaction agreement as well as the facts and circumstances associated with the combination. This has included an understanding of the legal structure of the implemented combination and which assets and liabilities were included in the disposal group.<br>- We have reviewed management's assessments and assumptions regarding how the closing of exploration and production operations affects hedge accounting, accounting for amortized cost of financial liabilities, transaction-related costs and share-based payments. The procedures have included an assessment of the terms of agreements entered into for the above-mentioned areas and an examination of how the company has taken into account the effects of the transaction agreement in the accounting at the time of the divestment<br><br>We have assessed the disclosures in the annual report regarding discontinued operations. |

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

| Description | How our audit addressed this key audit matter |
|---|---|
| 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 1,392 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 case has not yet been heard in court. The company disclose this matter as a contingent liability.<br><br>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 and the fact that there is no case law from similarly settled court cases in Sweden.<br><br>For information see the corporate governance report page 27 and note 19. | We have taken this key audit matter into account in the audit through audit procedures consisting, inter alia, of:<br><br>- We have conducted meetings with the company's General Counsel and reviewed the internal documented positions regarding the legal case.<br>- We have received and reviewed external legal letters from the firms representing the company and its former senior executives.<br><br>We have reviewed the disclosures made in the annual report regarding the ongoing legal case. |

**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, 13–17 and 18–34. The other information also includes the Executive remuneration report and was obtained before the date of this auditor's report. 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 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.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

## 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 2022 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.

A further description of our responsibilities for the audit of the administration is located at the Swedish Inspectorate of Auditors website. This description forms part of our auditor's report.

## 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 2022.

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 ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and 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 18–34 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 13–17, 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 2022 and has been the company's auditor since 2020.

Stockholm, April 3 2023
Ernst & Young AB

**Anders Kriström**
Authorized Public Accountant

# 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 80. Definitions of the performance measures are provided on page 81.

| **Financial data (Continuing operations)**<br>MUSD | **2022** | 2021 |
|---|---|---|
| **Consolidated financials** | | |
| Revenue | 14.5 | – |
| EBITDA | 4.7 | -18.5 |
| Operating profit (EBIT) | 1.0 | -18.5 |
| Net result | 28.9 | -16.1 |
| Net cash (-) / Net debt (+) | 31.5 | 2,747.9 |
| **Proportionate financials** | | |
| Power generation (GWh) | 335 | N/A[1] |
| Revenue | 42.2 | N/A[1] |
| EBITDA | 21.8 | N/A[1] |
| Operating profit (EBIT) | 15.5 | N/A[1] |
| Net cash (-) / Net debt (+) | 13.1 | N/A[1] |
| Average price achieved per MWh (EUR) | 120 | N/A[1] |

[1] Not applicable, proportionate financials are reported from the financial year 2022 only.

| **Data per share (Continuing operations)**<br>USD | | |
|---|---|---|
| Earnings per share | 0.10 | -0.06 |
| Earnings per share – diluted | 0.10 | -0.06 |
| EBITDA per share | 0.00 | -0.00 |
| EBITDA per share – diluted | 0.00 | -0.00 |
| Number of shares issued at period end | 285,924,614 | 285,924,614 |
| Number of shares in circulation at period end | 285,924,614 | 284,568,178 |
| Weighted average number of shares for the period | 285,458,805 | 284,444,685 |
| Weighted average number of shares for the period – diluted | 286,567,833 | 285,126,595 |

| **Share price** | | |
|---|---|---|
| Share price at period end in SEK | 22.46 | 324.50 |
| Share price at period end in USD[1] | 2.15 | 35.86 |

| **Key ratios[2]** | | |
|---|---|---|
| Return on equity (%) | 8 | -6 |
| Return on capital employed (%) | 0 | -6 |
| Equity ratio (%) | 80 | 70 |

[1] Share price at period end in USD is calculated based on quoted share price in SEK and applicable SEK/USD exchange rate at period end.
[2] Key ratios from continuing operations for comparative periods are calculated on equity attributable to the continuing operations only instead of equity as presented in the consolidated balance sheet and based on no debt attributable to continuing operations. Comparatives include discontinued operations.

# Alternative Performance Measures

| **EBITDA – Consolidated financials**<br>MUSD | **2022** | 2021 |
|---|---|---|
| Operating profit/loss (EBIT) | 1.0 | -18.5 |
| Add: depreciation | 3.7 | – |
| | **4.7** | -18.5 |

| **Net debt/Net cash – Consolidated financials**<br>MUSD | **2022** | 2021 |
|---|---|---|
| Senior notes | – | 2,000.0 |
| Interest bearing loans and borrowings – Non-Current | 30.8 | 1,200.0 |
| Interest bearing loans and borrowings – Current | 29.4 | – |
| Less: Cash and cash equivalents | -28.7 | -452.1 |
| | **31.5** | 2,747.9 |

| **EBITDA – Proportionate financials**<br>MUSD | **2022** |
|---|---|
| Operating profit/loss (EBIT) | 15.5 |
| Add: depreciation | 6.3 |
| | **21.8** |

| **Net debt/Net cash – Consolidated financials**<br>MUSD | **2022** |
|---|---|
| Net cash / Net debt – Consolidated financials | 31.5 |
| Less: Cash and cash equivalents of Associates and joint ventures | -18.4 |
| Add: Interest bearing loans and borrowings of Associates and joint ventures | – |
| | **13.1** |

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

[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.

# 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

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

## Industry related terms and measurements

| | |
|---|---|
| **GWh** | Giga Watt hours |
| **MWh** | Mega Watt hours |

# Shareholders' information

## 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

| | |
|---|---|
| • Annual General Meeting 2023 | 4 May 2023 |
| • Interim report for the first quarter of 2023 | 16 May 2023 |
| • Interim report for the second quarter of 2023 | 9 August 2023 |
| • Interim report for the third quarter of 2023 | 8 November 2023 |
| • Year end report | 14 February 2024 |

## 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.

Orrön Energy's AGM is to be held on 4 May 2023 at 13.00 CEST at Södra Teatern, Mosebacke Torg 1-3, in Stockholm. Shareholders may choose to exercise their voting rights at the AGM by attending in person, through a proxy or by postal voting.

**Attendance at the meeting**

Shareholders wishing to attend the meeting shall:
- be recorded in the share register maintained by Euroclear Sweden AB no later than six business days prior to the meeting; and
- notify Orrön Energy of their intention to attend the AGM no later than Thursday 27 April 2023 through the website www.orron.com (only applicable to individuals) or by mail to Computershare AB, "Orrön Energy AB's AGM", Box 5267, 102 46 Stockholm, Sweden, by telephone Int +46-8-518 01 554 or by e-mail info@computershare.se

Shareholders whose shares are registered in the name of a nominee must temporarily register, through the nominee, the shares in their own names in order to be entitled to attend the AGM. Such registration must be effected no later than six business days prior to the meeting.

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 5 April 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.

Printed by Exakta Print Malmö and Landsten Reklam, Sweden 2023.

Exakta Print is FSC® and ISO 14001 certified and is committed to all round excellence in its environmental performance. The paper used for this report contains material sourced from responsibly managed forests, certified in accordance with the FSC® and is manufactured by Exakta Print to ISO 14001 international standards.

MIX
Paper from responsible sources
FSC® C074394
www.fsc.org

MILJÖMÄRKT
3041 0417

Stay up to date with Orrön Energy's news and events by visiting our website
**www.orron.com**

Follow us on
**social media**

Corporate Head Office
Orrön Energy AB (publ)
Hovslagargatan 5
SE-111 48  Stockholm, Sweden
T   +46-8-440 54 50
W   orron.com