

Pure Renewables Growth Play

We initiate coverage of Orrön Energy, the renewable energy company, formerly known as Lundin Energy, with a Buy recommendation and 12-month target price of SEK 14. In our opinion, the main attraction of Orrön Energy is the pure renewables growth it offers, including acquiring and developing new projects, making it a good complement to any investor's portfolio containing other renewable energy assets. In addition, Orrön Energy is backed by the Lundin Family, the largest shareholder, with vast financial resources and an excellent track record. We anticipate that the numerous expected upcoming acquisitions of renewable energy assets will be perceived as value-enhancing, and hence important triggers for the stock.

Pure renewables

We expect Orrön Energy to expand rather quickly and opportunistically into new renewable energy projects, to grow the new investment leg of the company. Some of these may be brownfield projects, where the company will use its in-house competencies to develop and grow the acquired businesses. In our base-case scenario, we calculate a fair net asset value for Orrön Energy of SEK 16.5 per share, and an upside potential to SEK 20 per share including firepower for M&A.

A growth market

The global renewable energy market is growing fast. Renewables, transmission networks and energy storage account for 80% of global power sector investments, which outstrips total spending on oil and gas production and coal mining. Even technologies such as green hydrogen and carbon capture have started to gain momentum. According to the International Energy Agency (IEA), annual additions to global renewable electricity capacity are expected to average around 305 GW per year between 2021 and 2026 in its main-case forecast. This implies an acceleration of almost 60% compared with renewables' expansion over the last five years.

Backed by the Lundin Family

The Lundin Family is the main shareholder of Orrön Energy and as such offers financial stability and support to the company. The financial resources and industrial knowledge of the Lundin Family are second to none, which should benefit all shareholders. Turning to the important risk factor of the pending Sudan legal case, this is a historical legal claim against Orrön Energy which we believe may be both limited and manageable in financial terms.

USDm	2020	2021	2022e	2023e	2024e
Revenues	-	-	-	2	20
EBITDA	(16)	(19)	(13)	(10)	5
EBIT adj	(17)	(19)	(9)	(5)	9
EBIT margin adj	-	-	-	-	45.6%
EPS	(0.06)	(0.06)	(0.03)	(0.01)	0.04
EPS adj	(0.06)	(0.06)	(0.03)	(0.01)	0.03
DPS	-	-	0.45	-	-
EV/EBITDA	-	-	-	-	16.6
EV/EBIT adj	-	-	-	-	9.7
P/E adj	-	-	-	-	22.1
P/B	-	0.78	0.64	0.64	0.59
ROE (%)	-	-	-	-	3.2
Div yield (%)	-	-	61.1	-	-
Net debt	3,908	(165)	(151)	(80)	(123)

Source: Pareto Securities

Target price (SEK)	14.0	▲	BUY
Share price (SEK)	7.7	—	HOLD
		▼	SELL

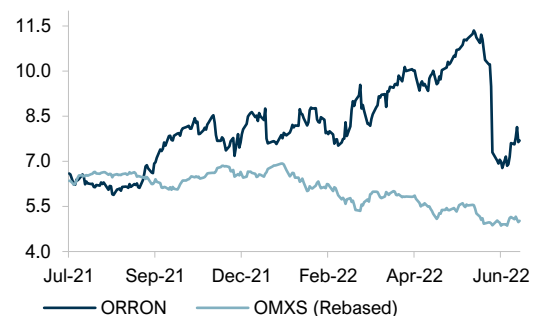
Forecast changes

%	2022e	2023e	2024e
Revenues	NM	NM	NM
EBITDA	NM	NM	NM
EBIT adj	NM	NM	NM
EPS reported	NM	NM	NM
EPS adj	NM	NM	NM

Source: Pareto Securities

Ticker	ORRON.ST, ORRON SS
Sector	Renewables & Clean Tech
Shares fully diluted (m)	285.9
Market cap (USDm)	210
Net debt (USDm)	-151
Minority interests (USDm)	0
Enterprise value 22e (USDm)	59
Free float (%)	67

Performance



Source: FactSet

Analysts

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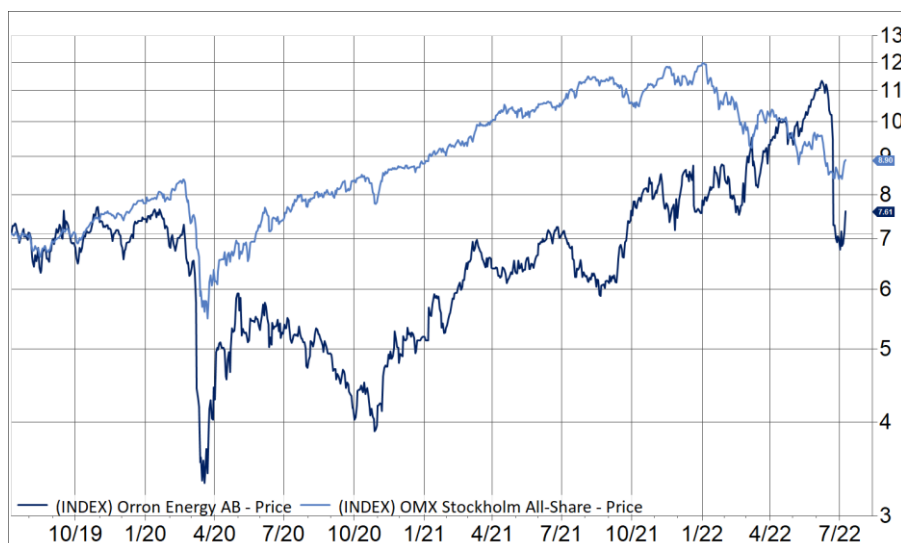
Investment case

Pure renewables growth play

Pure renewables growth play backed by the Lundin Family – initiating coverage with a Buy rating and TP of SEK 14

We initiate coverage of Orrön Energy, the renewable energy company, formerly known as Lundin Energy, with a Buy recommendation and 12-month target price of SEK 14. In our opinion, the main attraction of Orrön Energy is the pure renewables exposure it offers, including acquiring and developing new projects, making it a good complement to any investor's portfolio containing other renewable energy assets. In addition, Orrön Energy is backed by the Lundin Family, a strong owner and the largest shareholder, with vast financial resources and an excellent track record. We anticipate that the numerous expected upcoming acquisitions of renewable energy assets will be perceived as value-enhancing, and hence important triggers for the stock.

Orrön Energy – three-year share price development (ORRON started trading 23 June 2022)



Source: Pareto Securities, FactSet

Our base-case scenario indicates a net asset value for Orrön Energy of SEK 16.5 per share

Our base-case value scenario, which includes conservative assumptions for all new investments, indicates a net asset value for Orrön Energy of SEK 16.5 per share. Going by the historical returns of many projects managed by the Lundin Group of Companies, our base-case value may very well be far too low.

We would like to highlight the following four key factors for the investment case in Orrön Energy:

1) The market opportunity

The global renewable energy market is growing fast. Renewables, transmission networks and energy storage account for 80% of global power sector investments, which outstrips total spending on oil and gas production and coal mining. Even technologies such as green hydrogen and carbon capture have started to gain momentum. According to the International Energy Agency (IEA), annual additions to global renewable electricity capacity are expected to average around 305 GW per year between 2021 and 2026 in its main-case forecast. This implies an acceleration of almost 60% compared with renewables' expansion over the previous five years. Continuous policy support in more than 130 countries, ambitious net zero goals announced by nations accounting for almost 90% of global GDP and the improving competitiveness of wind and solar PV are all driving this expansion. The renewable energy market is expected by the IEA to show a CAGR of around 14% during the period 2020-2026. Orrön Energy is set to capitalise on this market opportunity by leveraging off its financial resources as well as its industrial experience and competencies.

2) The company's strategy

Starting out with three assets currently – a hydro power joint venture in Norway, a wind power joint venture in Finland and a fully owned wind power project in Sweden – Orrön Energy will go forward with an acquisition-led growth strategy. The company is primarily

A fast-growing market

An acquisition-led growth strategy

focused on the Nordic region but will also look to expand in Europe. The aim is to build scale in renewable energy production and to grow organically to increase returns.

Orrön Energy will focus on renewable power generation in the forms of wind, hydro and solar. In addition, grid services such as energy storage and demand response will be important elements of the company's portfolio. Lastly, power trading activities could be added to complement the grid services business.

The scope and timing to build a renewable generation portfolio are optimal

The scope and timing for Orrön Energy to build a renewable generation portfolio are optimal, in our opinion. Even though competition for greenfield projects has increased, resulting in lower expected returns for many projects, Orrön Energy will still look at considering new wind power projects. The wind power market has also gained enough in size for existing wind parks to be put up for sale, for instance. In addition, Orrön Energy is keen to take on brownfield and repowering projects to develop and enhance growth and profitability. Another line of business investment is in emerging technologies, such as battery and energy storage. The company aims at enhancing returns even further by combining several disciplines of renewable business in one power park, i.e., wind power together with battery storage.

3) The Lundin Family

Backed by the Lundin Family with financial resources and industrial knowledge that are second to none

The Lundin Family is the main shareholder of Orrön Energy with some 33% of the share capital and as such offers financial stability and support to the company. The financial capability resources and industrial knowledge of the Lundin Family are second to none, which should benefit all shareholders in Orrön Energy.

The former company structure, the Lundin Energy company, achieved shareholder value creation from 2001 through to end June 2022 of 28% compound annual growth, demonstrating a strong track record for both the management and main owner, the Lundin Family. Orrön Energy will of course also benefit in idea and deal generation from being part of the Lundin Group of Companies, a group of 11 companies with a combined market cap as of the end of May 2022 of some USD 34bn.

4) The value proposition

In our valuation of the company, we use a DCF sum-of-the-parts (SOTP) approach for the three existing projects. Finally, we adjust for G&A and Sudan legal costs (see the Sudan legal case section in the Company background for more details) as well as net debt.

We arrive at an NAV for the existing projects of SEK 16.5/share, the basis of our TP of SEK 14/share

Our assumptions lead to a total NPV – where we use the same 6% WACC for every asset – for Orrön Energy of SEK 16.5/share. This forms the basis of our target price, where we initiate coverage of Orrön Energy with a Buy rating and target price of SEK 14/share, which provides upside potential of nearly 2x to yesterday's share price close. To further illustrate the upside potential in Orrön Energy, we highlight the total available firepower that the company has indicated can be used towards M&A, which consists of its estimated cash after ongoing investments of around USD 40m and a debt capacity of up to USD 150m that the company believes it can raise itself for M&A, which with a leverage ratio of 50% results in a total potential of up to USD 380m towards M&A.

We currently see total value potential for Orrön Energy of SEK 20/share

This leverage means that the company has the capacity to raise further debt on top of its own debt capacity to reach a 50/50 split of equity and debt for future acquisitions of projects and more, which allows for double the total cash and debt capacity amount of USD 190m. It is common for example to have this level of leverage in wind farm projects. We adjust for net cash to not double count what is already included in this, we currently see total value potential for Orrön Energy of SEK 20/share. We expect further news regarding M&A and the value potential to come during H2 2022e as previously communicated by the company, and believe that this will further de-risk this upside potential.

Company background

An expressed focus on wind power, hydro power and solar power with two wind farm projects and a hydro power project currently in its portfolio

Orrön Energy is a renewables company with two wind farm projects, Metsälammin kangas (MLK) and Karskruv, as well as a hydro power project, Leikanger (see Current project portfolio section for more details). The company has expressed a focus on three principal power generation markets: wind power, hydro power and solar power, three low-risk existing renewable technologies. It also aims to work on optimising grid efficiency, which we see as implying a combination of wind, hydro, solar power and battery storage on top of other potential markets and grid optimisations to help work towards solving the current problems of overproduction and storage. The company owns 100% of Karskruv and 50% of the other projects via joint ventures.

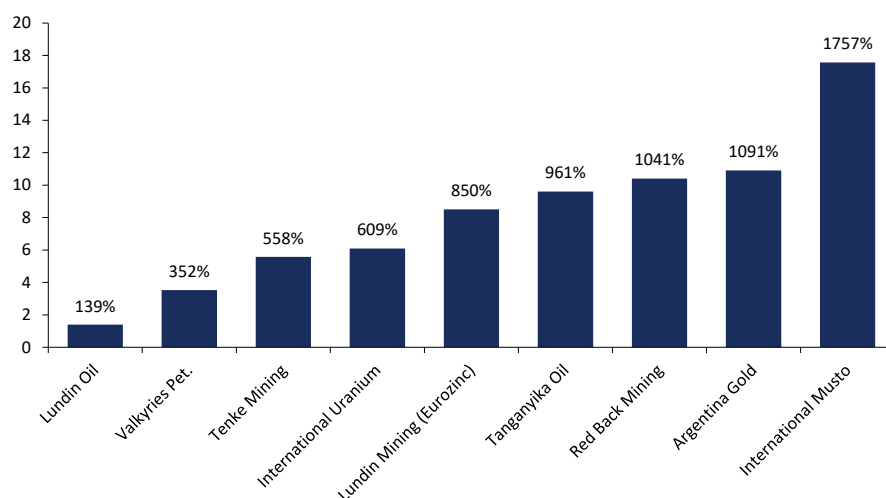
History of Orrön Energy and the Lundin Family

Orrön Energy began trading as a new standalone renewables company, previously having traded as Lundin Energy, on 1 July 2022

Orrön Energy began trading as a new standalone renewables company, started trading under its new name from 23 June, after Lundin Energy completed the transaction between it and Aker BP for Lundin Energy's entire oil and gas asset portfolio on 1 July 2022. For the Aker BP combination, Lundin Energy holders retained 1 share in Lundin Energy (now Orrön Energy), 0.9509 Aker BP shares per share in Lundin Energy as well as a cash consideration of SEK 78.78 per share. The renewables projects together would have covered the Company's expected net electricity usage for the offshore producing assets, and was a key enabler in Lundin Energy's strategy to achieve carbon neutrality from 2023 onwards.

Lundin Energy's roots trace back to the 1980s and was founded as Lundin Petroleum in 2001 by Adolf H. Lundin [from the spin-off of certain assets from Lundin Oil AB?] following Lundin Oil AB's acquisition by Talisman Energy. [It changed its name from Lundin Petroleum to Lundin Energy in April 2020. Adolf H. Lundin was a pioneer in the oil and mining industries who founded the Lundin Group of Companies and passed away in 2006 at the age of 73. The Lundin Group of natural resource, and now renewable, companies was founded over 50 years ago by Adolf H. Lundin. The Group consists of separate public companies in the oil & gas, metals & mining and renewables sectors which principally have the Lundin Family as the main shareholder and benefit from the extensive experience and network assembled by the Family and its executives over the decades. Via its current 11 companies, the Group has demonstrated its value creation to shareholders over the years, with a combined market cap of over USD 34bn towards the end of May 2022. From 2001, when the share stood at SEK 3/share, Lundin Energy's share price experienced a CAGR of 28% through to end June 2022, reaching highs of circa SEK 440/share before acquisition close. This does not include the value creation in the form of the EnQuest and Etrion distributions in 2010, the International Petroleum Corporation (IPC) spin-off in 2017 and historical dividends, which according to the company created an aggregate total of around USD 2.7bn (SEK 28bn) in value.

Lundin Group of Companies' past returns to shareholders



Source: Pareto Securities, company data

Management and BoD have extensive experience

Management

The members of the management team and Board of Directors listed below all have extensive experience working closely with the Lundin Group.

Daniel Fitzgerald (CEO and Director) has vast experience in the energy market and has worked with the Lundin Group since 2014. His previous positions include Operations Manager for Shell, VP Operations and COO at International Petroleum Corporation (IPC) and COO at Lundin Energy from 2021 up until the acquisition close of Lundin Energy's oil assets by Aker BP. He has over 20 years of experience in the energy space that dates back to the early 2000s, from when he started working for Shell. Mr Fitzgerald holds a Bachelor's Honors degree in Chemical Engineering from the University of New South Wales, Sydney.

Carl Sixtensson (Technical Director) has over 14 years of renewable energy experience, and from 2008 up until the formation of Orrön Energy was working at DNV, one of the biggest leading advisor firms to the renewables industry. His previous work experience includes Consultant, Business Risk Management, Senior Consultant and Business Lead Due Diligence for renewables projects at DNV. He holds a Master of Science with a specialisation in Energy Sciences from the Faculty of Engineering at Lund University.

Espen Hennie (CFO) has long experience of working in the financial space going back to 2007. His previous work experience includes equity analyst at DNB Markets, Financial Controller and Corporate Finance Manager for Lundin Energy Norway, and most recently Corporate Finance & Planning Director for Lundin Energy. He holds a Master of Science in Financial Economics from the BI Norwegian Business School.

Henrika Frykman (General Counsel) holds a Master of Laws and has practiced general corporate and commercial law since 2000. In 2002 she joined a large international law firm, focusing on international corporate tax matters, before joining Lundin Energy in 2008. In 2017, she was appointed Vice President Legal of Lundin Energy, with responsibility for all legal and tax matters.

Robert Eriksson (Director, Corporate Affairs and Investor Relations) has worked for the Lundin Group since 2003. He has held various investor relations and communications-related positions within the Lundin Group of Companies, with recent positions including Director Media and Corporate Affairs for Lundin Energy.

Board members

Dr Grace Reksten Skaugen (Chairman, Director) has extensive international experience in financial and oil and gas matters. Dr Skaugen's current positions include Member of the Board of Investor AB, Euronav NV and PJT Partners, and she is a founder and Board member of the Norwegian Institute of Directors, and a trustee and council member of the International Institute for Strategic Studies in London. She holds a PhD in Laser Physics from Imperial College London, and an MBA from the BI Norwegian Business School.

Daniel Fitzgerald: see management presentation above for more details.

Jakob Thomasen (Director) has vast experience in the oil sector. His previous positions include CEO of Maersk Oil, Member of the Executive Board of the Maersk Group, and a director of Lundin Petroleum. He is currently the Chairman of DHI Group, ESVAGT, RelyOn Nutec (global) and Hovstadens Letbane. Mr Thomasen has a Master's degree in Geoscience from the University of Copenhagen, Denmark, and has completed the Advanced Strategic Management programme at IMD, Switzerland.

Ashley Heppenstall (Director) has over 30 years of experience in the oil & gas and resource sectors. His previous positions include President, CEO and Finance Director of Lundin Petroleum, and within the banking sector where he was involved in project financing of oil and resource businesses. Before Lundin Petroleum was formed following the acquisition of Lundin Oil by Talisman Energy in 2001, Mr Heppenstall was appointed Finance Director of Lundin Oil AB. Mr Heppenstall served as President and CEO at Lundin Petroleum from 2002 until his retirement in 2015. He holds a BSc in Mathematics from Durham University.

Aksel Azrac (Director) has previous experience in auditing and consulting services at Baumgartner Papier, Paribas and Ferrier Lullin & Cie AS bank where he worked as portfolio manager. His current positions include co-founder and partner of 1875 Finance, Chair of Etrion Corp., Board member of Adolf H. Lundin Charitable Foundation and a member of the investment committee of AHLCF.

Owners

Besides the main shareholder, the Lundin Family, there are a number of well-known large US institutions that are shareholders such as Capital, Vanguard and BlackRock. Please note that this list of owners is as of 30 June, the same date as the completion of the Aker BP deal.

Orrön Energy shareholders

10 largest shareholders (June 30, 2022)	Number of shares	Share of votes & capital
Lundin family	95,000,000	33.4%
Capital Group	13,000,000	4.5%
Vanguard	5,954,261	2.1%
BlackRock	3,699,392	1.3%
JP Morgan Asset Management	3,674,957	1.3%
APG Asset Management	2,064,596	0.7%
Goldman Sachs Asset Management	2,021,540	0.7%
T Rowe Price	1,985,899	0.7%
C. Ashley Heppenstall	1,896,535	0.7%
Folketrygdfondet	1,690,581	0.6%
Other	154,936,853	54.0%
Total	285,924,614	100%

Source: Modular Finance Holdings

Current project portfolio situated in regions where electricity prices have trended upwards strongly recently

Current project portfolio

Orrön Energy's project portfolio is located in the following price regions: SE4 (Sweden, Karskrav), NO5 (Norway, Leikanger) and FI (Finland, MLK). Electricity prices in these regions have trended upwards strongly recently, particularly over the course of the past year. The high electricity prices in turn enable high sales prices, where the company will be completely exposed to market prices and uses no hedging, which we believe is testament to both the Lundin Group's confidence in the current projects as well as the firepower Orrön Energy possesses in terms of M&A, on top of expectations for high electricity prices to be sustained.

Project locations



Source: Pareto Securities, Orrön Energy

100%-owned wind farm project

Karskruv wind farm

Orrön Energy owns 100% of the interest in Karskruv, a wind farm project located in the municipality of Uppvidinge, Kronoberg County, in southern Sweden. OX2 is constructing the wind farm as part of an EPC contract, with a fixed cost until the commercial handover of the wind farm. The turbines have been purchased from, installed by and will be maintained by one single supplier, with an availability warranty which guarantees the availability and power production levels from the turbines through their operational life, giving the company significant protection against downtime and outages. The wind farm's turbines have a hub height of 116 metres and the total installed capacity is 86 MW.

The project is currently being developed, with 20 x 4.3 MW wind turbines that are expected to be installed in 2023, and which will generate total production of around 290 GWh per annum, starting towards the end of 2023. In terms of power production net to the company, this is the biggest of Orrön Energy's projects, and is expected to be cash flow positive from late 2023 when fully operational and connected to the grid. The total investment in Karskruv, including the acquisition cost, is EUR 130m, of which approximately EUR 90m will be spent from H2 2022 until project completion. The estimated lifespan of the turbines is at least 30 years, and stakeholder engagement and biodiversity projects are ongoing in the local area.

Karskruv wind farm location, Uppvidinge (southern Sweden)



Source: Pareto Securities, Orrön Energy

50%-owned wind farm project

Metsäamminkangas (MLK) wind farm

Orrön Energy has a 50% interest in the joint venture agreement with Sval Energy AS (Sval), a portfolio company of HitecVision, for Metsäamminkangas (MLK), a wind farm project located in the municipality of Vaala in Finland. It is the third-largest wind farm in Finland. OX2 has constructed the wind farm as part of an EPC contract, and will remain responsible for the operation, maintenance and technical management of the wind farm. Commercial handover took place in March 2022, and the wind farm is now operating at full capacity. The turbines have been purchased from and installed by General Electric (GE), which is also responsible for maintenance, with an availability warranty in the same way as for Karskruv. The wind farm's turbines have a hub height of 141-151 metres, with an estimated lifespan for the turbines of at least 30 years and total installed capacity of 132 MW.

MLK will produce around 400 GWh per annum gross, from 24 wind turbines of 5.5 MW each, and is situated in the high-priced F1 region in Finland. Orrön Energy (previously as Lundin Energy) acquired a 100% interest in the MLK wind farm from OX2 in January 2020 for a consideration of USD 200m, and in March 2020 Sval successfully farmed into 50% of the interest to join forces with Orrön Energy.

MLK wind farm, Vaala (Finland)



Source: Pareto Securities, Orrön Energy

50%-owned hydro power plant

Leikanger hydro power plant

Orrön Energy owns a 50% stake in a joint venture agreement for the Leikanger hydro power plant. Sognekraft AS owns the remaining 50% of the project through its subsidiary Leikanger Kraft AS and acts as operator of the project. The plant is located north of Bergen in western Norway, was built during 2017-2021, and became fully operational in March 2021, with water sourced from two river systems (Grindselvi and Henjaelvi) and eight river inlets. It is designed as a river run-off system without a reservoir for the lowest environmental impact, and the capacity of the plant is 77 MW through a single turbine.

The annual estimated gross production is around 208 GWh, and the power plant is situated in the NO5 price region in Norway, with strong price fundamentals. It is a cost-efficient project with an estimated lifespan of around 60 years, where the long-term operation and maintenance agreement with Sognekraft reduces operational risk.

Leikanger hydro power plant, Bergen (western Norway)



Source: Pareto Securities, Orrön Energy

Orrön Energy's partners

Orrön Energy has dealt with the company OX2 for several of its renewable energy investments. OX2 develops and sells wind and solar power parks. The company specialises in the development of onshore and offshore wind power, solar power, grid connections, energy storage and management of proprietary projects. The business includes the acquisition of project rights, project development and delivery of the projects through to construction as well as technical and commercial management. The company is active in the European market with headquarters in Stockholm, Sweden.

Among suppliers of wind power generators and turbines, Orrön Energy has contracted well-known firms such as Vestas Wind Systems (DK) for the upcoming development of the Karskröv wind park in Sweden, and General Electric (US) for the MLK wind park in Finland.

The Sudan legal case

In June 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity by Lundin in respect of violations against 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 of Lundin Energy, Mr Ian H. Lundin, and former Director, Mr Alex Schneider, 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 SEK 3,000,000 and forfeiture of economic benefits of SEK 1,391,791,000, which according to the Swedish Prosecution Authority represents the value of the gain of SEK 720,098,000 that the company made on the sale of the business in 2003.

Any potential corporate fine or forfeiture can only be imposed after the conclusion of a trial. The company continues to refute that there are any grounds for allegations of wrongdoing by any of its representatives and does not foresee any impact on the operational and financial guidance that the company has set out previously.

Mr Ian H. Lundin, who was the former Chairman of Lundin Energy commented: "This is an incomprehensible decision by the Swedish Prosecution Authority since it is not supported by any evidence in the investigation, a situation that has not changed for the last eleven years. I know that we have done no wrong and that we will ultimately prove this in court."

It is our belief that a potential fine, if any, may be both relatively limited in amount and therefore manageable from a financial standpoint

We have chosen not to put any level of probability on or estimate the value of a potential forfeiture, simply because we do not believe that we have enough insight into the matter. However, it is our belief that a potential forfeiture, if any, may be relatively limited in amount and therefore manageable from a financial standpoint. It is also important to stress that any such costs would be of a one-time character. The only adjustment we have done to our financial estimates when it comes to the Sudan issue is to include already known yearly costs of around USD 8m for a period of five years (see our Valuation section for more details).

The greenification of our society is more important than ever

The renewable power generation market

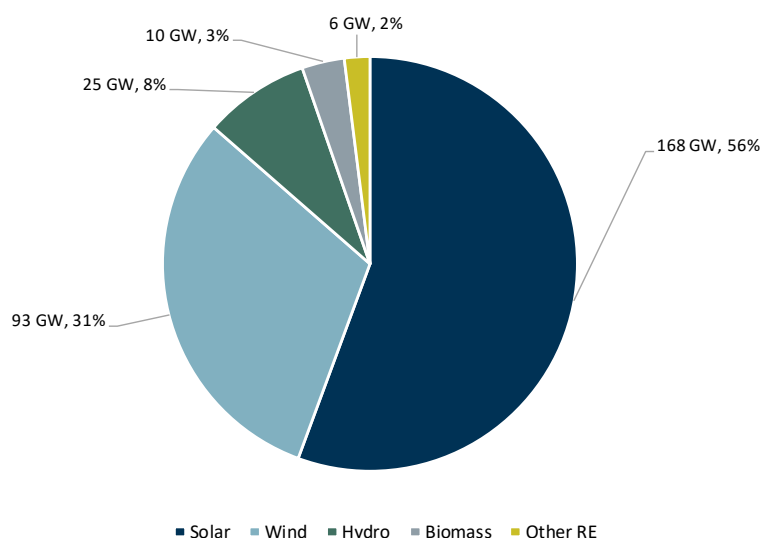
Orrön Energy will be a key player within the Nordic renewables market. With a focus on onshore renewables, the company has homed in on three markets within the power generation space: wind, hydro and solar power. The company has two wind power projects in its current portfolio (MLK and Karskröv), though we believe that it will add more projects rapidly in the coming years, with solar power not yet included but likely to be added to its portfolio in the near to medium-term future. There are plenty of government rules, incentives and general changes in the world, including current geopolitical tensions, which are all adding momentum to the green shift, which started to gain traction following the Paris Agreement in 2015 and the Green Deal. With a debt-free company that will be cash flow positive from late 2023E onwards, and with significant firepower in terms of cash and the capacity to raise debt, as reflected in the Lundin Group's credit facilities, we expect M&A to be the driving force of Orrön Energy going forward. Though it is too early to speculate exactly how these acquisitions will play out, we reflect this potential in our valuation of the company.

Wind and solar to dominate the increase in renewable electricity

According to the IEA's Global Energy Review 2021, released April 2021, renewable electricity generation in 2021 is set to expand by more than 8% to reach 8,300 TWh, the fastest year-on-year growth since the 1970s, with solar PV and wind set to contribute two-thirds of the renewables' growth. Here, it estimates that wind will grow by 275 TWh, or almost 17%, from 2020 following policy deadlines in China and the US to complete a record amount of capacity by late Q4 2020, leading to strong increases for the first half of 2021.

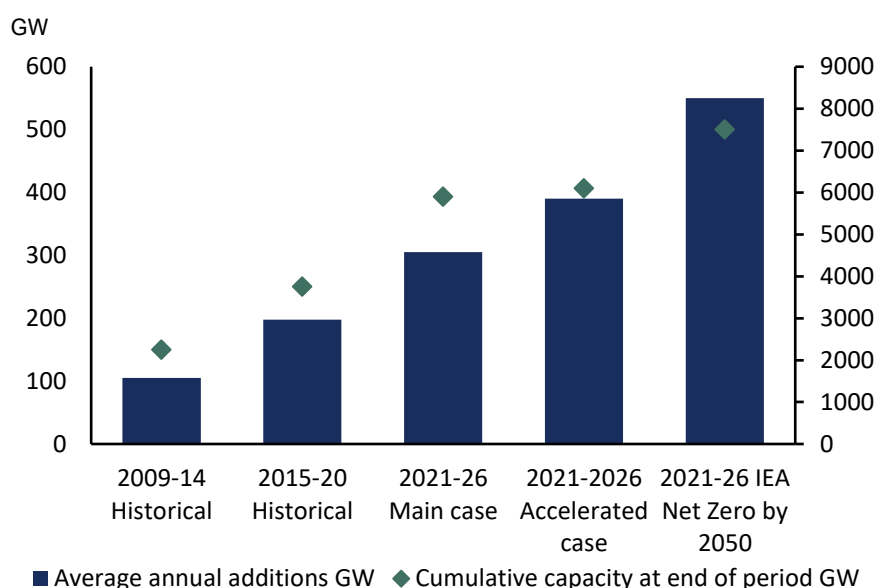
China is expected to remain the largest solar PV market, with the US expanding with ongoing policy support at the federal and state levels, and global solar PV electricity generation is expected to increase by 145 TWh, or almost 18%, from 2020 to approach 1,000 TWh in 2021. Further capacity additions from large projects in China are also expected to increase hydro power generation, and together generation from all renewable sources should push the electricity generation mix to an all-time high of 30% in 2021. In the IEA's Renewables 2021 – Analysis and forecast to 2026, annual additions to global renewable electricity capacity are expected to average around 305 GW per year between 2021 and 2026 as a base case, an acceleration of around 60% in comparison to the previous five years' expansion. Continuous policy support in over 130 countries, ambitious net zero goals announced by nations accounting for almost 90% of global GDP and the notably improving competitiveness of wind and solar PV are key drivers of this expansion. The expansion, however, is still not as fast as is required to close the gap to the IEA's pathway to net zero by 2050.

Net renewable power generating capacity installed in 2021 (302 GW total)



Source: Pareto Securities, Global market outlook for solar power (Global Solar Council, 2021)

Average annual renewable capacity additions and cumulative installed capacity, 2009-26



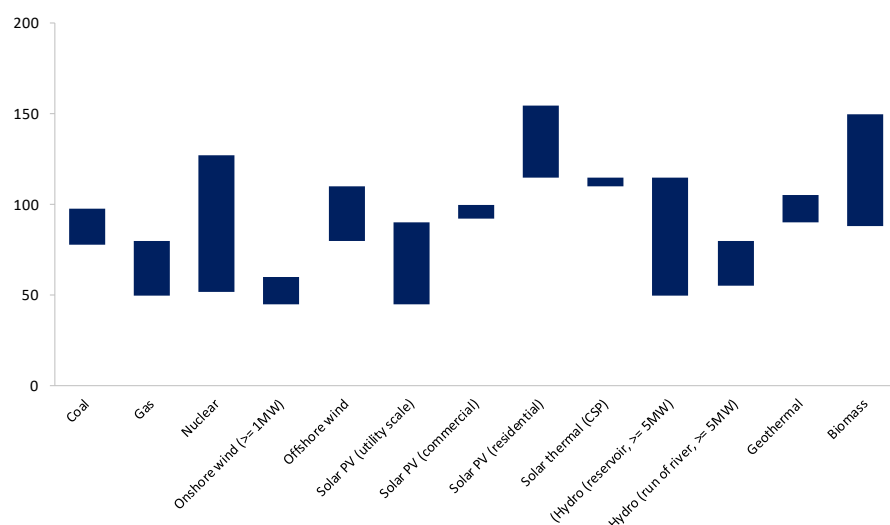
Source: Pareto Securities, Global Solar Council (2022)

LCOE the lowest within wind, solar and hydro power

Wind, solar and hydro power to form the basis of Orrön's portfolio

A key deciding factor in investing into this market for Orrön Energy will be the low costs to continue to generate cash in the near term. With 70-80% of the levelised cost of energy (LCOE) dominated by upfront investment costs, which are relatively low for wind power projects in comparison to other renewable sources of power generation, and with high operating margins and low sustaining capex, this means that onshore wind is among the most cost-competitive sources of renewable electricity. According to BNEF (2021), wind or solar PV are the cheapest forms of new-build electricity generation in almost all major markets, covering two-thirds of the world's population, some 77% of global GDP, and 91% of all electricity generation, and that it is now cheaper to build new renewables from scratch than operate existing coal and gas plants in a growing number of countries, including China, India and most of Europe. For similar reasons to wind, hydro and solar (utility-scale) power share similar average technology LCOEs, which is why we believe Orrön Energy will focus on these sections for power and cash generation to provide a solid foundation as the cost of other power generation methods decrease over time.

LCOE by technology (USD/MWh)*



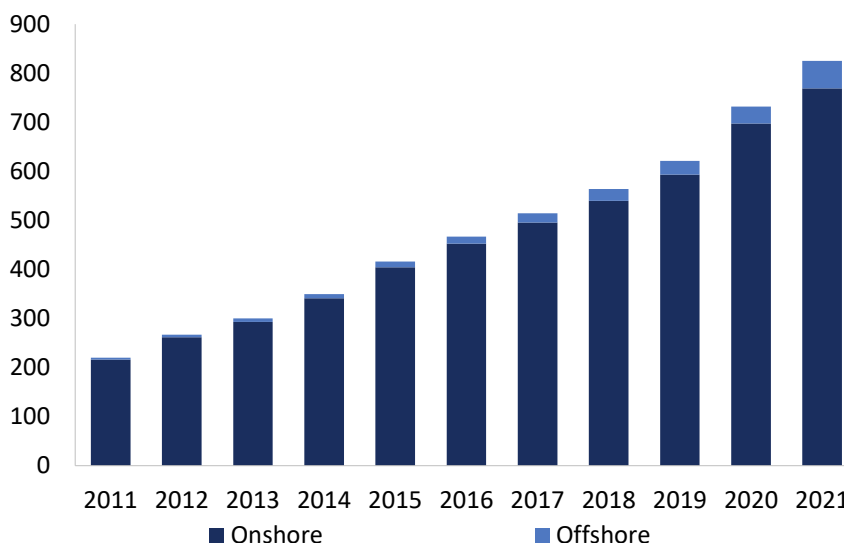
*Values estimated from source, displayed intervals indicate central 50% of data
Source: Pareto Securities, IEA (2020)

One of the fastest-growing energy technologies

The wind power market

Wind power is one of the fastest-growing energy technologies. According to the International Renewable Energy Agency (IRENA), global installed capacity for wind generation, onshore and offshore combined, has increased by almost 75-fold in the past couple of decades, specifically the period of 7.5 GW in 1997 to 564 GW in 2018. In total installed capacity, the global market has experienced a CAGR of 14% over the period 2011-2021, and stood at around 825 GW in 2021, with onshore dominating, though the offshore market is picking up speed. A key factor in this is what is known as “Not In My Backyard” (NIMBY), which has been as a consequence of noise pollution, wildlife disturbance and more, which in turn has led to a pushback against new onshore wind farm projects.

Global installed capacity of wind power 2011-2021, GW



Source: Pareto Securities, IRENA

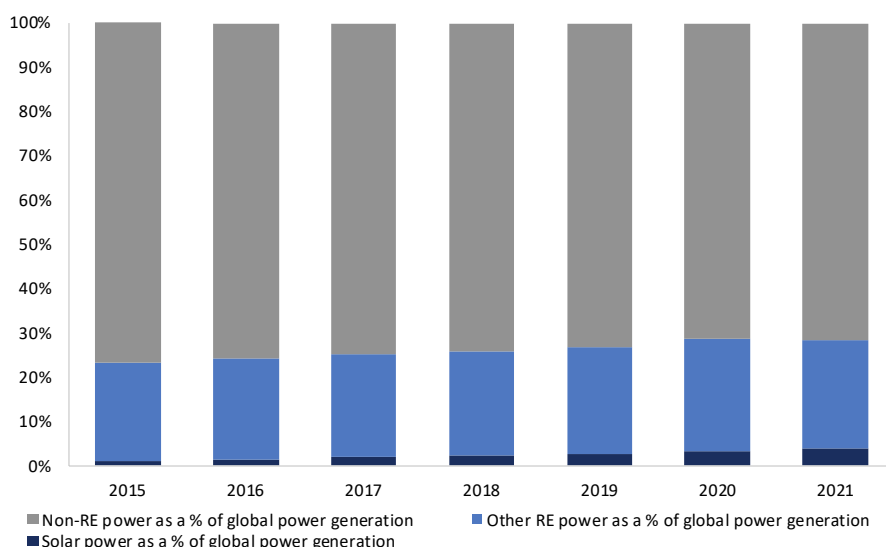
Points of concern – for these usually highly leveraged projects – are how do increased interest rates affect the industry, and also how do increasing commodity prices affect the industry? In general, with the capacity to raise debt at competitive levels in comparison to other peers, we believe as part of the Lundin Group that Orrön Energy will be less affected than other renewables players in the industry from increasing interest rates.

The solar power market

Solar and wind power generation combined provides a natural hedge for each other's power production profile: it is windy in the evenings and windier in the winter, while sunny during the day and sunnier in the summer. Together, this creates a relatively flat power production profile. The solar power market consists principally of solar photovoltaic (PV) power generation, which converts sunlight into electrical energy through photovoltaic panels, or alternatively through mirrors that concentrate solar radiation, known as concentrated solar power (CSP), though solar PV far outshines CSP in terms of expected growth over the next few years, according to the IEA.

Solar and wind power generation combined provides a natural hedge for each other's power production profile

Solar and renewable power as a share of global power 2015-2021



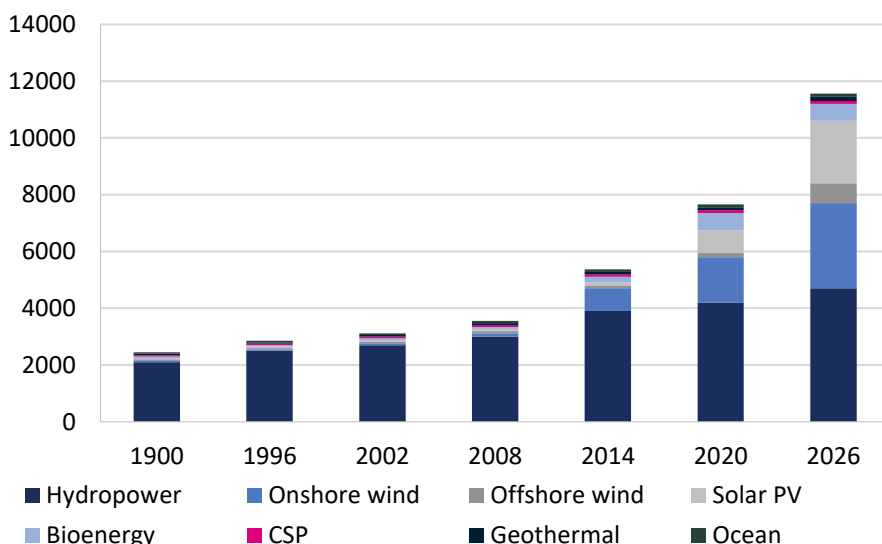
Source: Pareto Securities, Global Solar Council (2022)

The hydro power market

One of the oldest and largest sources of renewable energy

The final main power generation segment we see applicable for Orrön in the near to medium term is hydro power. Hydro power is one of the oldest and largest sources of renewable energy, which uses an elevation difference created by a dam or diversion structure of water flowing in on one side and out at a much lower height, to create kinetic energy via a rotating turbine, which in turn generates electricity. According to the IEA, hydro power made up 16% of the global renewable electricity generation in 2020.

Renewable electricity generation by technology, TWh



Source: Pareto Securities, IEA (2021)

The energy storage market

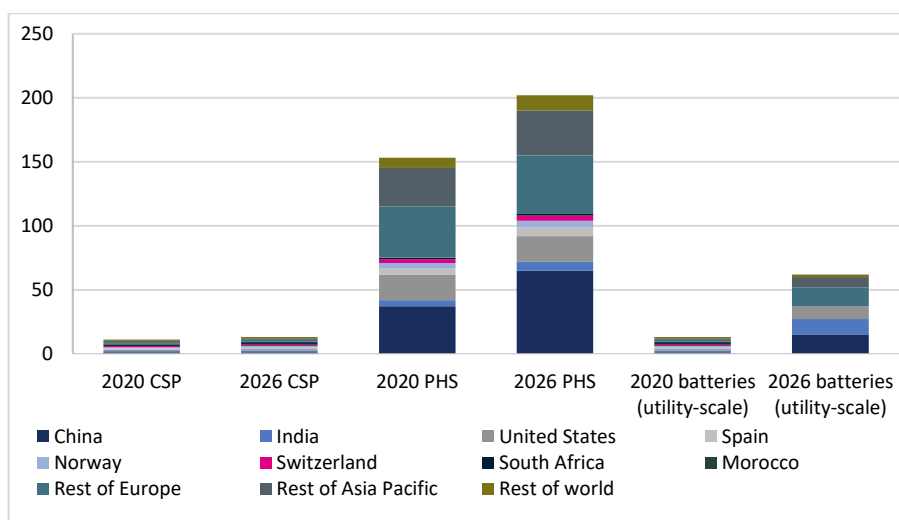
We believe Orrön will become a large player within the battery storage industry and also in potential other new methods of storing electricity

We also think that the company will become an important player in the grid services segment

Wind, solar and even hydro power are all affected by a similar issue: intermittency. Though together they can average out to create a flat production profile, the problem of what to do with the energy that is produced in excess, or more commonly known as overproduction, remains. There are many different ways to store electricity, though the current major methods consist primarily of pumped hydro storage (PHS), batteries (utility-scale) and concentrated solar power (CSP). Global installed storage capacity is forecast by the IEA to increase by 56% in the next five years to reach over 270 GW (an implied ~170 GW for 2021), of which 200 GW consists of PHS and roughly 60 GW of batteries, which will experience the strongest percentage growth.¹ Given that Orrön Energy wants to be a leader in new technology, we believe that the company will become a large player within the battery storage industry and also in potential other new methods of storing electricity, where we see acquisitions in both the battery storage and pumped hydro spaces as likely in the near to medium term. Battery storage is currently used in tandem with solar power, and together brings down the LCOE in comparison to the cost of solar PV on a standalone basis, and is therefore likely to be on the company's radar.

Another element that the company has highlighted is maximising the use potential of electricity as it is being produced today by enabling a more efficient grid and logistics network for supplying electricity. We believe that Orrön Energy will become an important player in the grid services segment, and so will push the boundaries of renewable electricity generation, enabling superior ESG exposure to the current proven renewable technologies.

2020-2026 electricity storage, capacity installed (GW)



Source: Pareto Securities, IEA (2021)

¹ Renewables 2021 – Analysis and forecast to 2026 (IEA)

Orrön Energy – forecasts

Financials

Orrön Energy's top-line financials, including revenues and opex, only include what is related to the Swedish enterprise, which consists of Karskruv and group G&A, including legal costs. The financials from the joint ventures in MLK and Leikanger are reported as results (post-tax) from joint ventures just before profit in the income statement of the company. Tangible fixed assets therefore only consist of Karskruv, while the remaining assets are included in other tangibles as part of joint ventures, meaning that depreciation for these assets is only included in the balance sheet asset segment, which is adjusted for as non-cash items in the cash flow statement.

Our conservative price assumptions still lead to strong revenues

Our price assumptions, where we use the same average prices for Q2-Q4 2022E, and slightly higher price assumptions than the two-year averages for our long-term (labelled "LT" in table below) prices, lead to strong revenues, which start to take off more significantly in 2024E as Karskruv comes online towards the end of 2023. We note here that our assumptions do not constitute a particular view on prices to come, as they are instead conservative estimates that lie close to spot prices. We also include a 10% intermittency effect on the prices for the wind farm projects, which is subject to change in particular in Finland as the use of wind power grows over the coming years. The so-called "cannibalisation" effect comes as a consequence of an increase in available renewable electricity bringing down prices, as the oversupply of renewable electricity leads to the lowest available price from different power stations setting the market power price.

Electricity price assumptions

Electricity price assumptions, EUR/MWh (NA= not available)

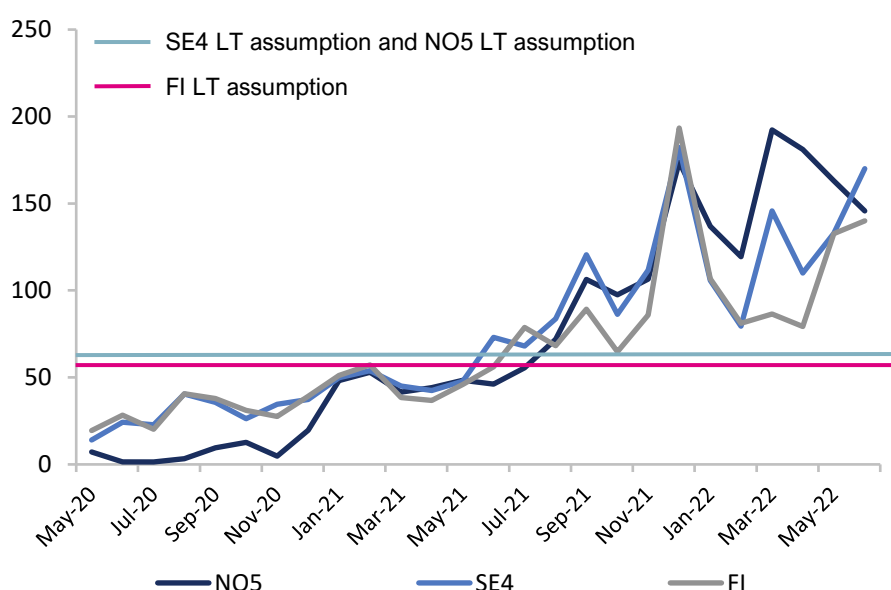
	Q2'22e	Q3'22e	Q4'22e	2022e	Long-term (LT)*
SE4	NA	NA	NA	NA	70
NO5	135	135	135	135	70
FI	54	54	54	54	65

*Price assumed for 2023 before inflation adjustment (2% annual assumption)
Source: Pareto Securities

Strong tailwinds from the increase in electricity prices

In our forecast model, we use prices close to the two-year average for all regions, given the more recent upwards price movement following the COVID-19 pandemic. In our financial forecasts, both electricity prices and most costs apart from land rent, which is usually a fixed percentage of gross sales for wind farm projects, are adjusted yearly for increasing inflation. In total, this has a positive effect on margins and earnings.

Average monthly electricity prices and assumptions, SE4, NO5, FI, EUR/MWh



Source: Pareto Securities, NordPool

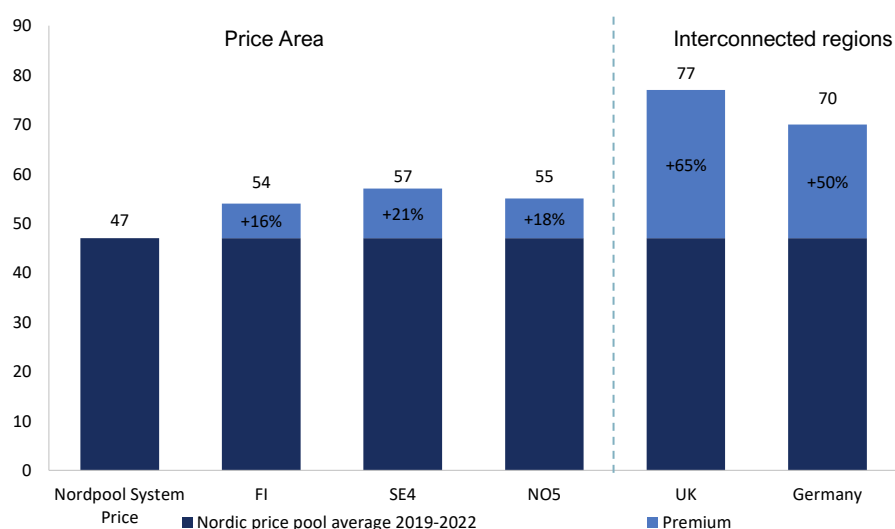
The futures contracts market for the different price regions captures higher prices in the near-term future, which with potential higher inflation could see prices go even higher. Despite this, we have assumed a 6% WACC in our NAV calculation for the assets (see the Valuation section).

Strong support from price premiums

We still wish to highlight that the regions the company is exposed to, both directly from its price areas and also from the interconnected regions, have higher prices than the Nord Pool System price. The company expects price premiums to be sustained for the regions going forward, which we believe is one of the core reasons – the other being firepower for M&A – that the company is not hedging itself against price fluctuations and is exposing itself to 100% market prices.

The regions the company is exposed to all have higher prices than the Nord Pool System price

2019-2022 electricity price averages (up until May 2022)

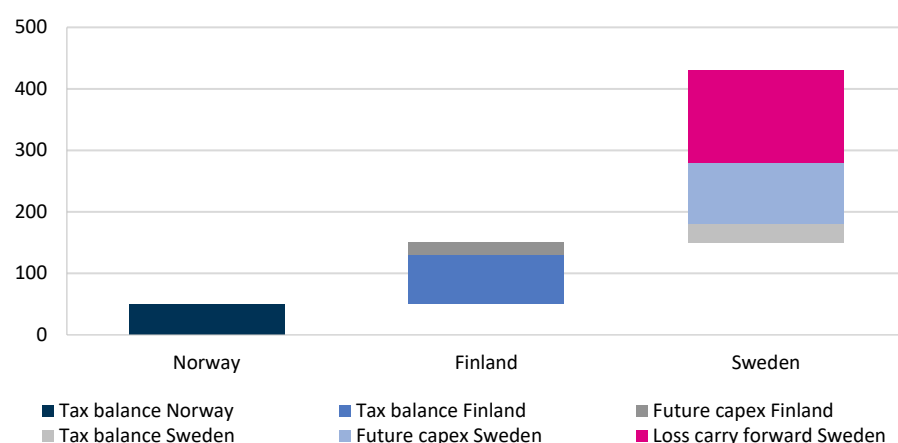


Source: Pareto Securities, company data, Nord Pool

Large tax shields

The company has large tax shields for its different assets. There is a large tax loss carry forward from previous operations associated with Lundin Energy which remains within the Swedish operations for Orrön Energy. This means that there will be no taxes paid for many years for Karskröv, since larger tax depreciations will be paid at an earlier stage as it depreciates using a standard 25% or five-year method. We use a tax rate on EBIT of 20.6% for Karskröv, and a tax rate on EBIT of 20.0% for MLK. Due to higher tax depreciations for MLK the first couple of years, which depreciates using the 25% rule, there will be no taxes paid for some years to come there as well. Only Leikanger is in a tax-paying position, with a corporate tax of 22% for Norway and a property tax of 37%, giving a total of 59%. The tax balance depreciates much slower here, closer to the lifetime of the project, which is estimated at 60 years (where the wind projects are around 30 years each).

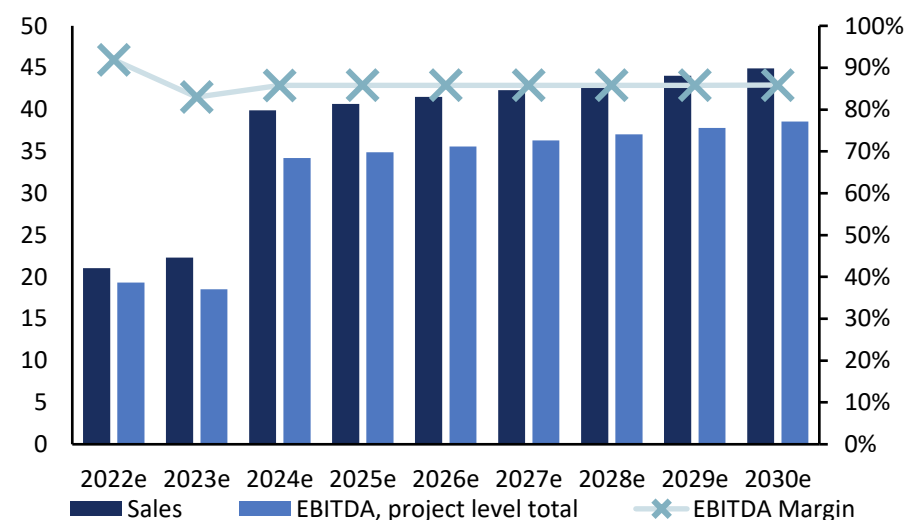
Capital tax balances, USDm



Source: Pareto Securities

The main sources of operating costs for wind farm projects come in the shape of operations and maintenance (O&M), rent for use of land, grid fees (the cost of using electricity as well as the cost of sending it to the grid), and other smaller opex items. Our assumptions lead to high EBITDA margins for the sum of the projects, which stabilise at around 85% once all projects are up and running. The high tax shields for Sweden and Finland mean that EBIT margins are much lower for the first couple of years using the 25% rule, as mentioned above, a reason why tax is not only not paid for a long time in Sweden due to the loss carry forward, but also for Finland as it leads to a net loss for the project for the first couple of years. Interest costs consist of the loans that Orrön Energy provides (included as receivables in the balance sheet) to the operators of MLK and Leikanger, where we assume 5% annual interest costs at the project-level basis.

Project-level financials illustration, USDm (margin %)



Source: Pareto Securities

Orrön Energy – valuation

In our valuation of the company, we use a DCF sum-of-the-parts (SOTP) approach for the three existing projects. Finally, we adjust for G&A and Sudan legal costs (see the Sudan legal case section for more details regarding the court case) as well as net debt.

We arrive at an NAV for the existing projects of SEK 16.5/share, the basis of our TP of SEK 14/share

Our assumptions lead to a total NAV – where we use the same 6% WACC for every asset – for Orrön Energy of SEK 16.5/share. This forms the basis of our target price, where we initiate coverage of Orrön Energy with a Buy rating and target price of SEK 14/share, which provides 82% upside potential to yesterday's share price close. To further illustrate the upside potential in Orrön Energy, we highlight the total available firepower that the company has indicated can be used towards M&A, which consists of its estimated cash after ongoing investments of around USD 40m and a debt capacity of up to USD 150m that the company believes it can raise itself for M&A, which with a leverage ratio of 50% results in a total potential of up to USD 380m towards M&A.

We currently see total value potential for Orrön Energy of SEK 20/share

This leverage means that the company has the capacity to raise further debt on top of its own debt capacity to reach a 50/50 split of equity and debt for future acquisitions of projects and other renewable businesses, which allows for double the total cash and debt capacity amount of USD 190m. It is common for example to have this level of leverage in wind farm projects. We de-risk this somewhat given the uncertainty in how the investments will play out, and adjusted for net cash to not double count what is already included in this, we currently see total value potential for Orrön Energy of SEK 20/share. We expect further news regarding M&A and the value potential to come during H2 2022e as previously communicated by the company, and believe that this will further de-risk this upside potential.

Orrön Energy SOTP NAV base-case summary

PRODUCING & DEVELOPING ASSETS	MW (net)	Unrisked Value				Risky Value		
		USDm	USDm/MW	SEK/Share	Probability*	USDm	USDm/MW	SEK/Share
MLK (50% owned)	66	145	2.2	5.1	100%	145	2.2	5.1
Leikanger (50% owned hydropower)	39	78	2.0	2.7	100%	78	2.0	2.7
Karskruv (start by end of 2023)	86	251	2.9	8.8	90%	226	2.6	7.9
TOTAL PRODUCING & DEVELOPING	191	474	2.5	16.6	95%	449	2.4	15.7
NEW INVESTMENTS								
New investments (equity implied)		190		6.6	100%	190		6.6
TOTAL NEW INVESTMENTS		190		6.6	100%	190		6.6
OTHER ASSETS								
Net cash/Net debt 12.31.2023		80				80		2.8
G&A and other**		-58				-58		-2.0
OTHER ASSETS		22				22		0.8
ORRON VALUE POTENTIAL		606				660		20.3
ORRON EXISTING PROJECTS NPV		495				470		16.5

Source: Pareto Securities, Orrön Energy

*Probability of success multiple

**Includes Sudan legal costs

Our valuation estimates are highly sensitive to our electricity price and WACC assumptions. As outlined, our base-case price assumptions are around the two-year averages for the different price regions, which are then adjusted for year-on-year inflation. All opex items are also adjusted for inflation, apart from rent costs for land, which for wind farm projects usually comes in the form of a fixed percentage of gross revenues and thus already include inflation via electricity prices. Our sensitivity analysis highlights further value potential in the existing assets (post net debt and other financial adjustments), and peer table multiples are based on underlying project sales and EBITDA vs. group level financials to underscore value potential.

Existing project NPV sensitivity, SEK/share

		Electricity price				
		-20%	-10%	Base case	+10%	+20%
WACC (%)	4%	17	19	21	23	26
	6%	13	15	17	18	20
	8%	11	12	13	15	16

Source: Pareto Securities

Peer table, renewable cleantech

	M Cap	Price	Sales growth, %				EV/Sales				EV/EBITDA			
Company	(SEKm)		'20	'21	'22E	'23E	'20	'21	'22E	'23E	'20	'21	'22E	'23E
Swedish Cleantech														
Azelio	619	5	1.9	(44)	(80)	700	2	8	59	6	na	na	na	na
Climeon	377	4	(44.1)	(30)	na	na	2	4	na	na	na	na	na	na
Minesto	1,986	14	9.7	(4.8)	345	149	43	42	10	4	na	na	na	21
Powercell	7,628	146	na	na	45	36	na	46	33	24	na	na	na	na
Renewcell	3,275	97	na	283.6	4,201	369	na	na	24	6	na	na	na	33
Hexicon	862	2	na	na	56	47	na	15	12	9	na	na	na	na
Orrön Energy (underlying projects)	2,199	8	na	na	na	6	na	na	6	6	na	na	7	7
Average			(11)	51	913	218	16	23	24	9	na	na	7	20
Median			2	(17)	56	98	2	15	18	6	na	na	7	21
Renewable Energy														
NEL	21,300	13	14	22	38	59	28	23	16	11	na	na	na	na
Hydrogen Pro	1,165	19	na	(30)	983	416	24	41	5	1	na	na	na	20
Aker Offshore Wind	na	2	na	957	na	na	na	na	na	na	na	na	na	na
Vestas Wind Systems	232,065	162	21	5	(2)	7	1	1	1	1	14	15	38	13
Cloudberry Clean Energy	3,934	16	na	1,284	471	33	na	59	11	10	na	na	18	14
Volue	3,490	24	na	(18)	67	20	4	5	3	2	17	14	13	9
Enapter AG	4,542	18	na	308	416	164	na	49	10	4	na	na	na	63
Encavis AG	33,492	20	7	14	15	4	16	14	12	12	21	18	16	15
Ørsted	483,610	810	(24)	45	6	(6)	7	5	5	5	20	15	13	16
Bonheur	16,488	376	(23)	24	44	10	4	3	2	1	39	12	5	4
REC Silicon	7,000	16	(30)	25	24	19	7	6	4	4	38	na	89	na
Average			(6)	240	206	73	12	21	7	5	25	15	27	19
Median			(8)	24	41	19	7	10	5	4	21	15	16	15
Recycling/waste valorisation														
Quantafuel	2,054	12	na	24	758	187	na	na	17	10	na	na	na	na
Vow ASA	2,457	21	21	(1)	87	32	5	6	3	2	53	68	21	14
Pryme NV	320	9	na	na	na	200	na	na	10	14	na	na	na	na
Aker Carbon Capture	10,608	17	na	2,298	108	70	na	24	12	7	na	na	na	na
Pyrum Innovations	2,284	680	na	na	89	617	na	na	na	18	na	na	na	21
Tomra	58,822	192	6.1	10.0	10.4	14.2	5.9	5.3	4.9	4.2	28.6	24.9	23.6	20
Average			13	583	210	187	6	12	9	9	41	46	22	18
Median			13	17	89	129	6	6	10	8	41	46	22	20
Renewables operators/developers														
Smart Wires	1,505	14	na	na	52	68	na	2	2	2	na	na	na	na
FREYR Battery	9,709	8	na	na	na	1,078	na	na	na	25	na	na	na	na
Daldrup & Soehne	522	8	13	198	(55)	4	2	1	1	1	12	14	11	10
Seaway 7	4,823	11	na	996	97	(18)	10	1	1	1	28	19	8	11
Sif Holding N.V.	2,998	11	3	26	11	5	1	1	1	1	9	8	9	8
Cadeler	5,712	34	na	186	88	(19)	27	11	4	5	na	23	6	10
BW Ideol	525	16	na	64	17	7	22	7	9	11	na	na	na	na
Scatec ASA	16,114	98	54	35	(8)	26	7	8	9	9	11	11	14	11
Average			23	251	29	144	12	4	4	7	15	15	10	10
Median			13	125	17	6	9	2	2	4	11	14	9	10

Source: Pareto Securities, FactSet

SWOT analysis

Strengths Owns three quality producing assets Firepower for M&A Backed by the Lundin Family	Weaknesses Not yet at critical mass Not yet cashflow positive
Opportunities Potential lead in the renewables space Development of brownfield projects Combine renewable generation and grid services	Threats New entrants in renewable energy Lower energy prices Higher interest rates Sudan legal case

Source: Pareto Securities

PROFIT & LOSS (fiscal year) (USDm)	2017	2018	2019	2020	2021	2022e	2023e	2024e
Revenues	1,997	2,617	2,949	-	-	-	2	20
Growth Revenues	72.2%	31.0%	12.7%	-chg			+chg	716.0%
EBITDA	1,424	1,860	2,543	(16)	(19)	(13)	(10)	5
Depreciation & amortisation	(612)	(458)	(572)	-	-	-	(0)	(2)
EBIT	812	1,402	1,971	(17)	(19)	(9)	(5)	9
EBIT adjusted	885	1,455	2,097	(17)	(19)	(9)	(5)	9
Net interest	(185)	(172)	(122)	(0)	2	-	-	-
Other financial items	255	18	(173)	-	-	2	2	2
Profit before taxes	882	1,248	1,676	(17)	(16)	(7)	(3)	11
Taxes	(501)	(1,026)	(849)	-	-	-	-	-
Minority interest	-	-	(2)	-	-	-	-	-
Net profit	381	222	825	(17)	(16)	(7)	(3)	11
EPS reported	1.12	0.65	2.64	(0.06)	(0.06)	(0.03)	(0.01)	0.04
EPS adjusted	0.58	0.61	2.86	(0.06)	(0.06)	(0.03)	(0.01)	0.03
Growth EPS adjusted	+chg	5.9%	365.2%	-chg	+chg	+chg	+chg	+chg
DPS	-	0.47	1.48	-	-	0.45	-	-
BALANCE SHEET (USDm)								
Tangible non current assets	4,950	5,355	5,522	45	32	55	134	132
Other non-current assets	162	131	146	273	109	117	107	97
Other current assets	346	290	402	350	169	42	40	39
Cash & equivalents	71	67	85	83	130	118	49	94
Total assets	5,529	5,843	6,155	751	439	332	330	362
Total equity	(351)	(384)	(1,598)	(7,671)	307	328	326	358
Interest-bearing non-current debt	3,880	3,262	3,888	3,984	-	-	-	-
Interest-bearing current debt	-	-	98	6	-	-	-	-
Other Debt	2,000	2,965	3,767	4,432	133	4	4	4
Total liabilities & equity	5,529	5,843	6,155	751	439	332	330	362
CASH FLOW (USDm)								
Cash earnings	1,288	1,628	1,083	(18)	(16)	(6)	3	38
Change in working capital	11	90	295	(0)	(2)	(5)	-	-
Cash flow from investments	(1,096)	(1,055)	(107)	(100)	(72)	(31)	(71)	8
Cash flow from financing	(234)	(668)	(1,253)	(313)	(455)	(129)	(2)	(1)
Net cash flow	(31)	(5)	18	(431)	(544)	(172)	(69)	45
VALUATION (USDm)								
Share price (USD end)	0.54	0.58	0.80	0.63	0.84	0.73	0.73	0.73
Number of shares end period	340	340	286	286	286	286	286	286
Net interest bearing debt	3,809	3,195	3,901	3,908	(165)	(151)	(80)	(123)
Enterprise value	3,991	3,391	4,129	4,089	74	59	130	87
EV/Sales	2.0	1.3	1.4	-	-	-	-	4.4
EV/EBITDA	2.8	1.8	1.6	-	-	-	-	16.6
EV/EBIT	4.9	2.4	2.1	-	-	-	-	9.7
EV/EBIT adjusted	4.5	2.3	2.0	-	-	-	-	9.7
P/E reported	0.5	0.9	0.3	-	-	-	-	19.2
P/E adjusted	0.9	0.9	0.3	-	-	-	-	22.1
P/B	-	-	-	-	0.8	0.6	0.6	0.6
FINANCIAL ANALYSIS								
ROE adjusted (%)	(67.0)	(56.9)	(90.2)	-	-	-	-	2.8
Dividend yield (%)	-	81.8	185.6	-	-	61.1	-	-
EBITDA margin (%)	71.3	71.1	86.2	-	-	-	-	26.6
EBIT margin (%)	40.7	53.6	66.8	-	-	-	-	45.6
EBIT margin adj(%)	44.3	55.6	71.1	-	-	-	-	45.6
NIBD/EBITDA	2.67	1.72	1.53	(238.27)	8.51	11.54	7.89	(23.60)

PROFIT & LOSS (fiscal year) (USDm)	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2Q'22e	3Q'22e	4Q'22e
Revenues	1,112	1,273	1,478	(3,863)	-	-	-	-
EBITDA	936	939	1,244	(3,138)	(5)	(3)	(3)	(3)
Depreciation & amortisation	(171)	(180)	(181)	532	-	-	-	-
EBIT	765	759	1,063	(2,606)	(3)	(3)	(2)	(1)
Net interest	(13)	(10)	(12)	37	-	-	-	-
Other financial items	(106)	(30)	(115)	251	1	1	1	1
Profit before taxes	646	719	937	(2,318)	(4)	(2)	(2)	(2)
Taxes	(577)	(553)	(799)	1,929	-	-	-	-
Minority interest	-	-	-	-	2	-	-	-
Net profit	69	166	138	(389)	(3)	(2)	(2)	(1)
EPS reported	0.24	0.58	0.48	(1.36)	(0.01)	(0.01)	(0.01)	(0.00)
EPS adjusted	0.51	0.66	0.77	(1.99)	(0.01)	(0.01)	(0.01)	(0.00)
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (USDm)								
Tangible non current assets	5,966	5,963	5,944	32	45	45	50	55
Other non-current assets	284	298	313	144	120	118	118	117
Other current assets	492	619	523	134	43	43	42	42
Cash & equivalents	160	311	853	130	130	130	124	118
Total assets	6,903	7,191	7,633	439	338	336	334	332
Total equity	(2,053)	(1,885)	(1,691)	307	334	332	330	328
Interest-bearing non-current debt	3,619	3,481	3,480	-	-	-	-	-
Interest-bearing current debt	34	35	28	-	-	-	-	-
Other Debt	5,303	5,560	5,816	133	4	4	4	4
Total liabilities & equity	6,903	7,191	7,633	439	338	336	334	332
CASH FLOW (USDm)								
Cash earnings	41	652	722	(932)	(4)	(1)	(1)	(0)
Change in working capital	709	86	290	(1,565)	(5)	-	-	-
Cash flow from investments	(224)	(315)	(338)	(650)	(23)	1	(5)	(5)
Cash flow from financing	(448)	(272)	(2)	(408)	(128)	(0)	(0)	(0)
Net cash flow	78	151	672	(3,555)	(160)	0	(6)	(6)
VALUATION (USDm)								
Share price (USD end)	0.73	0.83	0.87	0.84	1.00	0.68	0.73	0.73
Number of shares end period	286	286	286	286	286	286	286	286
Net interest bearing debt	3,493	3,205	2,655	(165)	(163)	(163)	(157)	(151)
P/E reported	0.3	0.3	0.4	-	-	-	-	-
P/E adjusted	0.3	0.3	0.3	-	-	-	-	-
P/B	-	-	-	0.8	0.9	0.6	0.6	0.6
FINANCIAL ANALYSIS								
Dividend yield (%)	102.1	60.5	28.7	-	-	-	-	-
EBITDA margin (%)	84.2	73.8	84.2	-	-	-	-	-
EBIT margin (%)	68.8	59.6	71.9	-	-	-	-	-
NIBD/EBITDA	1.53	1.17	0.88	(118.40)	(1.44)	(0.28)	0.05	12.14
EBITDA/Net interest	33.65	56.97	-	8.08	64.34	-	-	-

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Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Bonheur	240,958	0.57%
Pareto Bank	15,306,760	21.91%
Selvaag Bolig	4,314,865	4.60%
Sparebank 1 Nord-Norge	4,421,827	4.40%
Sparebank 1 SMN	2,175,755	1.68%
Sparebank 1 SR-Bank	2,071,099	0.81%
SpareBank 1 Østfold Akerhus	1,232,429	9.95%
SpareBank 1 Østlandet	3,834,663	3.61%
Sparebanken Møre	730,030	1.48%
Sparebanken Sør	433,744	2.77%
Sparebanken Vest	6,862,344	6.39%
NEXT Biometrics	710,901	0.78%
SpareBank 1 Sørøst-Norge	1,771,308	2.81%

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,825
Aker ASA	500	2,694
Aker BP	0	28,451
Aker Carbon Capture	0	4,926
Aker Clean Hydrogen	0	140,540
Aker Horizons	0	125,848
Aker Offshore Wind	0	165,118
Aprilia Bank ASA	0	22,675
ArcticZymes Technologies	0	684
Avance Gas	0	4,000
B2Holding AS	0	10,940
Belships	0	2,200
Bonheur	0	32,088
Borregaard ASA	0	650
Bouvet	0	940
BW Energy	0	112,160
BW Offshore	0	17,976
Circa Group	0	6,550
Cloudberry Clean Energy	0	101,750
Crayon	0	1,080
Desert Control	0	32,000
DNB	0	50,245
DNO	0	70,258
Elkem	0	76,717
Elmeria Group ASA	0	30,503
ELOP	0	140,000
Equinor	0	2,623
Europris	0	17,708
Flex LNG	0	717
Frontline	0	11,465

Company	Analyst holdings*	Total holdings
Gaming Innovation Group	0	25,912
Gjensidige Forsikring	0	7,846
GramCar Carriers	0	3,000
Grieg Seafood	0	8,889
Hafslia Ltd.	0	98,030
Huddly	0	1,007,173
HydrogenPro	0	38,966
Kitron	0	24,336
Komplett Bank	0	209,400
Kongsberg Gruppen	0	281
KWS	75	75
Lea bank	0	31,499
Leroy Seafood Group	0	39,363
Maltwater	0	30,700
Mercell	0	24,863
Mowi	0	399
MPC Container Ships	0	31,345
NEXT Biometrics	0	710,901
Nordic Semiconductor	0	9,835
Noreco	0	590
Norse Atlantic	0	40,000
Norsk Hydro	0	84,189
Norske Skog	0	107,799
Northern Drilling Ltd.	0	120,919
Norwegian Air Shuttle	0	5,412
Odjell Drilling	0	28,581
Okeanis Eco Tankers	0	1,420
Orkla	0	23,648
Panoro Energy	0	28,373
Pareto Bank	0	1,336,414
Pexip Holding	0	176,383
PGS	0	11,676
Protector Forsikring	0	15,300
Pryme	0	5,000
Pyrum Innovations	0	100
Quantafuel	0	8,797
REC Silicon	0	30,641
Sailor	0	2,604
Sandnes Sparebank	0	4,013
SATS ASA	0	35,810
Scatec	0	31,074
Seadrill Ltd	0	2,171
Selvaag Bolig	0	3,093
Sparebank 1 Nord-Norge	0	4,350
Sparebank 1 SMN	0	16,984
Sparebank 1 SR-Bank	0	17,509
SpareBank 1 Østfold Akerhus	0	1,252
SpareBank 1 Østlandet	0	11,121
Sparebanken Sør	0	16,435
Sparebanken Vest	0	17,463
Sparebanken Øst	0	1,500
Stolt-Nielsen	0	1,817
Storbrand	0	39,652
Subsea 7	0	27,187
Telenor	0	12,784
TGS	0	600
Vow	0	9,331
Vow Green Metals	0	19,681
Vår Energi	0	87,172
Wallenius Wilhelmsen	0	2,000
XXL	0	20,523
Yara	0	18,647
Zaptec	0	15,610

This overview is updated monthly (last updated 14.06.2022).

*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

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Aker Clean Hydrogen	Sartorius-Herbst
Aker Offshore Wind	Seagems Norway
Alva Industries AS	Seajacks
Aprilia Bank ASA	Shamaran Petroleum
Arctane Crypto	State European Holdings
Bartramundi Group Pte. Ltd.	Swedencare
Biomega Group AS	TEMPTONGmbH
Bonheur	Tierklinik Hofheim GbR
Boreal Holding AS	Trønderenergi AS
Brooge Petroleum and Gas	Vestby Logistikk Holding
BWLPG	Vår Energi
BW Offshore	Waldorf Production UK Ltd
Cabonline Group Holding AB	Waste Plastic Upcycling
Cavali AS	Wattif EV
Cloudberry Clean Energy	wheel.me
Dampskibsselskabet NORDEN A/S	Xeneta AS
DNO	Ymber AS
Documaster AS	ZTL Payment Solution AS
ELOP	Ørnsøftwæ
Enapter AG	
Ensorge Micropower	
Esmailizadeh Holding	
First Camp Group AB	
Flex LNG	
FREYR Battery	
Funkwerk AG	
Global Agrarjes (Fertiberia group)	
Golar LNG	
GramCar Carriers	
Green Transition Holding	
Greentood	
Grøntvedt AS	
Hafslund Eco	
Hagal AS	
HMH Holding	
Ice Group	
Immunopharma	
InoBat Auto	
International Petroleum Corporation	
JP/Politikens Forlag	
Kalera	
Kebony	
Kentech Global Plc	
Keppel FELS Limited	
KMC Properties	
Komplett ASA	
Kruse Smith	
Kvitbjørn Varme	
Lakers Holding AS	
Lerøy Seafood Group	
Lumarine AS	
Mathesabostadsbolaget AB	
Marcell	
Mime Petroleum	
Modex AS	
Multitude SE	
Navios Maritime Acquisitions	
Navios Maritime Holdings	
Nordic Hallbut	
Noreco	
Norwegian Block Exchange	
Odjell Oceanwind	
Okea AS	
Otello Corporation	
Pandion Energy	
Pareto Bank	
PetroNor E&P	
PHM Group	
Ping Petroleum UK Limited	
polight	
Prinofa AS	
Protector Forsikring	
Pryme	
Pyrum Innovations	
Qred Holding	
Quantafuel	
Saga Robotics	

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Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

Distribution of recommendations	
Recommendation	% distribution
Buy	78%
Hold	21%
Sell	1%
Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	89%
Hold	11%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

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Appendix D

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Bosjö Fastigheter AB	Logistri Fastighets AB	

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Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

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Demi re	Manz AG *	PWO *
Epigenomics AG *	MAX Automation SE	S&T AG *
Gesco *	Merkur Bank	SMT Scharf AG *
Ger ry Weber	MLP *	Surteco Group *
GFT Technologies *	Mühl Produkt & Service AG	Szygy AG *
Gigaset *	mutares	Viscom *

* The designated sponsor services include a contractually agreed provision of research services.

Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

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Enapter	Merkur Bank	Segfried Holding AG
Express2ion Biotechnologies		

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