

Report for the nine months ended 30 September 2023

Highlights

- Final commissioning work is progressing well on the Karskruv project, with handover expected at the end of November 2023. The project, in the SE4 price region, is set to add 290 GWh to the Company's yearly power generation.
- On track to deliver 800 GWh of power generation for the full year, with proportionate power generation of 539 GWh in the reporting period.
- Over 30 GW of grid connections secured in the UK, enabling initiation of solar and battery projects with estimated first grid energisation dates between 2030 and 2039.
- Continued to mature a broad portfolio of projects in the Nordics with access to grid and land, with permits submitted for 29 MW of battery and solar projects, out of which 14 MW have been granted.
- One acquisition signed during the quarter, comprising of ownership in six wind farms in Sweden, adding 5 MW installed capacity in the SE4 price region.

Consolidated financials – 9 months

- Cash flows from operating activities amounted to MEUR 15.1.

Proportionate financials – 9 months

- Achieved electricity price amounted to EUR 49 per MWh, resulting in proportionate EBITDA of MEUR 4.0.
- Proportionate net debt of MEUR 66, with significant liquidity headroom available through the MEUR 150 revolving credit facility entered into in early July 2023.

Financial Summary

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

Expressed in MEUR	1 Jan 2023- 30 Sep 2023 9 months	1 Jul 2023- 30 Sep 2023 3 months	1 Jan 2022- 30 Sep 2022 9 months	1 Jul 2022- 30 Sep 2022 3 months
Consolidated financials				
Revenue	19.6	2.3	2.5	2.5
EBITDA	-4.2	-6.7	-1.9	2.0
Operating profit (EBIT)	-12.6	-9.4	-2.5	1.4
Net result	-15.6	-7.8	26.5	1.8
Earnings per share – EUR	-0.05	-0.03	0.09	0.01
Earnings per share diluted – EUR	-0.05	-0.03	0.09	0.01
Proportionate financials¹				
Power generation (GWh)	539	161	166	83
Revenue	26.6	3.6	25.3	14.6
EBITDA	4.0	-4.3	11.4	10.1
Operating profit (EBIT)	-7.8	-8.2	8.5	8.5
Average price achieved per MWh – EUR	49	23	153	177

¹Proportionate 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 in the Q3 Report 2023.

Comment from Daniel Fitzgerald, CEO of Orrön Energy AB

“Our business continued to grow during the third quarter, adding scale to our greenfield pipeline and additional production into our portfolio. We have acquired producing assets at attractive terms, matured several battery and solar projects towards final investment decisions and are continuing to build our Nordic project pipeline. I am pleased to see the progress in our UK business where we have secured a pipeline of over 30 GW of grid connections for solar and battery projects. We have also seen great progress at the Karskröv project where we are expecting handover at the end of November, which is set to add 290 GWh to our annual power generation.

Market conditions were not favourable during the third quarter 2023 where the renewables sector faced continued headwinds, with sustained low energy prices, rising interest rates and increasing inflationary pressure. Electricity price levels in the Nordics were further impacted by unseasonably high levels of water in hydropower reservoirs as a result of the storm Hans, coupled with lower demand during the summer months. The weak price levels in the third quarter resulted in a negative net result for the Company, but with our robust financial capacity and resilient business model, we remain in a strong financial position. I am pleased to see that the price trend is starting to move in a more favourable direction as we enter the winter season in Europe.

Growing our Portfolio

Since inception we have been building a pipeline of onshore wind, solar and battery storage projects. During the third quarter, permits were granted in Sweden for 14 MW of battery projects, with an additional 15 MW of battery and solar projects awaiting final decisions from the municipalities. Our European development teams continue to lay the foundations for future growth where we are maturing an early stage portfolio in the UK with over 30 GW of onshore solar and battery projects where grid capacity has already been secured.

We also added profitable growth to our Nordic operational portfolio through the acquisition of ownership in six wind farms in the SE4 price area in southern Sweden. Looking back over the past year, we have added more than 100 GWh to our operational portfolio through value accretive acquisitions, which have been possible due to our strong networks in Sweden. This forms a key part of our strategy to steadily grow our portfolio of cash flow generating assets at attractive terms.

Project delivery at the Karskröv wind farm has been excellent, with final commissioning underway and handover expected ahead of schedule towards the end of November 2023. The turbines have been generating power since August 2023 and we have completed trial operations and final handover inspections with only minor commissioning work outstanding. Karskröv will increase the Company's estimated annual power generation to 1,100 GWh from 2024, adding significant revenues from the SE4 price region.

Power generation and financial performance

We achieved proportionate power generation of 539 GWh for the reporting period, and 161 GWh during the third quarter, which was slightly lower than expected mostly due to lower-than-expected wind speeds across the Nordics. Our full-year production estimate remains unchanged at 800 GWh. We delivered in line with our expenditure guidance, and for the reporting period, achieved an average electricity price of EUR 49 per MWh, proportionate revenues of MEUR 26.6, proportionate EBITDA of MEUR 4.0 and ended the period with a proportionate net debt position of 66 MEUR. We secured a revolving credit facility of MEUR 150 at the beginning of July 2023 at attractive rates and with flexible conditions, which gives us ample headroom for growth, allowing us to take advantage of favourable market conditions as they arise. During periods of low electricity pricing like we have seen in the third quarter, the financial resilience of the Company is a real strength.

Beginning of the end in the Sudan legal case

At the beginning of September 2023, the trial in the Sudan legal case started at the Stockholm District Court in Sweden, marking the beginning of the end of this legacy issue. While it is deeply regrettable that the case has been allowed to proceed this far, personally, after having spent time listening to the proceedings and receiving continuous updates, I remain entirely convinced that this case will end in a full acquittal of the defendants and dismissal of all claims against the Company. Our stance towards the case has not changed over the years, nor have the facts. The defendants and the Company refute any allegations of wrongdoing in what is a baseless case that has been ongoing for over 13 years related to alleged activities over 20 years ago. We announced during the third quarter that the claimed forfeiture had been increased, which means that, with no change to any of the underlying facts the Prosecutor has presented three completely different forfeiture amounts based on three different methodologies over the past five years. This raises serious questions about the substance and credibility of the Prosecutor's claim, and I see no circumstance in which a corporate fine or forfeiture would become payable. I am of the firm view that there are no grounds for any allegations of wrongdoing by any former Company representatives, and that this will now once and for all be proven by the Court process.

Building our business for the long term

Looking ahead to the rest of the year and into 2024, I see a lot of positive triggers within the business that will allow us to continue to create value. Our production will increase by 40 percent with Karskröv online, our first battery projects will reach investment decisions and we continue to build a diversified pipeline of projects, which I am convinced will deliver significant value in the coming years. 2023 has delivered many challenges for the market and for our business, however we remain in a strong financial position, have continued to deliver production growth, and I continue to see many exciting opportunities ahead of us.”

Webcast

Listen to Daniel Fitzgerald, CEO and Espen Hennie, CFO commenting on the report and describing the latest developments in Orrön Energy at a webcast today at 14:00 CET, followed by a question-and-answer session.

Registration for the webcast presentation is available on the website and the below link:

https://us06web.zoom.us/webinar/register/WN_m5K5BN5dRpWdfUU25vbozq

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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.

Forward-looking statements

Statements in this press release 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 press release 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.