

Report for the six months ended 30 June 2024

Highlights

- Power generation amounted to 456 GWh for the reporting period, representing an increase of more than 20 percent compared to 378 GWh in the same period in the previous year, and was around ten percent below expectations primarily as a result of weak wind speeds in the reporting period.
- Significantly strengthened balance sheet following the divestment of the Leikanger hydropower plant in April 2024 for MEUR 53, with proportionate net debt reduced to MEUR 46 and significant liquidity headroom available through the MEUR 170 revolving credit facility.
- Acquired a 500 MW portfolio of early-stage solar and battery projects from one of the largest landowners in Sweden, and continued to mature projects from the existing 40 GW pipeline towards the ready-to-permit milestone.

Consolidated financials – 6 months

- Cash flows from operating activities amounted to MEUR 1.4 with the sale of the Leikanger hydropower plant impacting cash flows from investing activities positively with MEUR 49.1.

Proportionate financials – 6 months

- Achieved electricity price amounted to EUR 42 per MWh, which, coupled with the sale of the Leikanger hydropower plant, resulted in proportionate EBITDA of MEUR 11.8.

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 2024- 30 Jun 2024 6 months	1 Apr 2024- 30 Jun 2024 3 months	1 Jan 2023- 30 Jun 2023 6 months	1 Apr 2023- 30 Jun 2023 3 months	1 Jan 2023- 31 Dec 2023 12 months
Consolidated financials					
Revenue	17.0	4.7	17.3	5.9	28.0
EBITDA	8.0	4.9	2.5	-2.1	-5.1
Operating profit (EBIT)	0.1	1.1	-3.2	-4.8	-17.0
Net result	4.4	7.0	-7.9	-7.9	-7.6
Earnings per share – EUR	0.02	0.02	-0.03	-0.03	-0.03
Earnings per share diluted – EUR	0.02	0.02	-0.03	-0.03	-0.03
Proportionate financials¹					
Power generation (GWh)	456	182	378	164	765
Average price achieved per MWh – EUR	42	31	61	54	47
Revenue	19.1	5.6	23.0	9.0	36.2
EBITDA	11.8	6.7	8.3	1.6	5.3
Operating profit (EBIT)	2.0	2.0	0.4	-2.2	-11.0

¹ Proportionate financials represent Orrön Energy's proportionate ownership (net) of assets and related financial results, including joint ventures. For more details see section Key Financial Data in the Q2 Report 2024.

Comment from Daniel Fitzgerald, CEO of Orrön Energy AB

“The Company has delivered well during the reporting period, with high availability and expenditures in line with our cost guidance, however revenues were lower than expected due to low electricity prices during the quarter. We have significantly strengthened our balance sheet following the sale of the Leikanger hydropower plant in April leading to an increase in liquidity headroom allowing further capacity for acquisitions and growth. Our proportionate power generation amounted to 456 GWh for the reporting period, which was below expectations primarily due to lower-than-average wind speeds, but represents an increase of over 20 percent compared to the same period in the previous year. As a result of the wind conditions in the first half of 2024, we now expect to deliver between 900 and 1,000 GWh of power generation in 2024 depending on wind speeds during the second half of 2024. We continued to deliver on our greenfield growth strategy, adding more projects and capacity to our pipeline, and we are getting closer to having our first large-scale projects reach the ready-to-permit milestone.

Looking at the renewables market, we are seeing an improved acquisition landscape where sellers’ and buyers’ expectations are starting to align. The sale of the Leikanger hydropower plant and the acquisition of additional shares in the Stugyl wind farm in the SE3 price area during the quarter are perfect examples of how we are taking advantage of favourable market opportunities as they arise, both as a seller and a buyer. We are now seeing more consolidation in the sector with multiple public-to-private transactions at a significant premium to where public companies are trading, highlighting once again the disconnect between the share prices and asset valuations of many of the publicly listed renewables companies. There is also a disconnect between the achieved electricity prices in the second quarter of 2024 and the levels required to break-even on new investments in generation capacity, whether renewable or thermal. I believe that electricity prices will move higher than what we have seen so far this year, otherwise investments in new power generation capacity will start to decline and we will further delay the energy transition.

Advancing our project pipeline

We continue to see good progress in the development of our large-scale greenfield portfolio, where our first projects are close to reaching key milestones. Over the past 18 months, we have focused our efforts on project origination and building a platform of 40 GW of onshore wind, battery and solar projects, and now, as part of our strategy, we are increasing our efforts to mature the existing pipeline in the UK and Germany where I expect our first projects to reach the ready-to-permit stage in the second half of 2024. Large-scale renewable projects continue to remain in demand, and we are seeing continued strong government support and investor appetite for these projects. The recent UK election and the creation of a public renewables company, coupled with targets to triple the installed solar capacity in the UK, further strengthen the support for large-scale renewable projects like we are developing. In the Nordics we have increased our greenfield pipeline to over 1 GW, following the acquisition of a 500 MW portfolio of early-stage projects from one of the largest private landowners in Sweden. The transaction enables us to start development work on solar and battery projects in the SE2 and SE3 price areas and gives us strategic access to secure additional land.

Strong balance sheet

Our financial results were positively impacted by the sale of the Leikanger hydropower plant in April for MEUR 53, which significantly strengthens our balance sheet and gives us liquidity headroom of more than MEUR 120 to fund acquisitions and growth. Proportionate revenues and other income amounted to MEUR 16.4 for the second quarter, which included the gain from the Leikanger sale. The sale further contributed to a proportionate EBITDA of MEUR 6.7 for the second quarter, and MEUR 11.8 for the reporting period.

Positioned for growth

We delivered a good operational performance in the first half of the year and our balance sheet is further strengthened on the back of the sale of the Leikanger hydropower plant, allowing us to continue to pursue value accretive opportunities. Our project pipeline is continuing to grow and our first projects are expected to reach key milestones in the second half of this year where we will aim to start monetising the first projects. I look forward to updating you on our progress in the coming quarters and I want to thank you all for your continued support, and for joining us on our growth journey.”

Webcast

Listen to Daniel Fitzgerald, CEO and Espen Hennie, CFO commenting on the report and presenting the latest developments in Orrön Energy and its future growth strategy at a webcast held on 8 August 2024 at 14.00 CEST. The presentation will be 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_EA3HdiLpQE-nqyE3MH48zQ

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This information is information that Orrön Energy AB is required to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication, through the contact persons set out above, at 07.30 CEST on 8 August 2024.

Orrön Energy is an independent, publicly listed (Nasdaq Stockholm: "ORRON") renewable energy company within the Lundin Group of Companies. Orrön Energy's core portfolio consists of high quality, cash flow generating assets in the Nordics, coupled with greenfield growth opportunities in the Nordics, the UK, Germany and France. With 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.