

 Pareto

Pareto Annual Report 2023

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Investments in shares, funds and other financial instruments and projects and individual assets will always involve a certain degree of uncertainty about future returns. Neither target returns nor historical returns provide a reliable indicator of future returns. Returns on investments depend on general developments in the market for securities, physical assets and foreign currencies, the risk profile of the investment, the associated expenses (including the costs of subscription, management and redemption) and the skilfulness of the fund manager/management, as well as on any changes in the applicable tax regulations and other framework conditions. Returns may be negative as a consequence of capital losses, reductions in value and/or losses. Returns on shipping projects are stated in the currency of the project and returns in NOK will accordingly vary in line with fluctuations in the foreign exchange market. All information on, and assessments of, external conditions in this report are based on our own best estimates and on sources that we regard as credible and reliable. Nevertheless, Pareto cannot guarantee that the information is correct.

THIS IS THE PARETO GROUP

Pareto is a leading, independent operator in the Nordic market for financial services. The company has offices in Oslo, Stavanger, Trondheim, Kristiansand, Stockholm, Helsinki, Copenhagen, London, Zürich, Frankfurt, Singapore, Perth, New York and Houston. Pareto was founded in late 1985 and has since grown into a corporate group offering a wide array of products. The group has 1 022 employees and shareholders' equity of some NOK 5.2 billion.

BUSINESS SECTORS

Through its subsidiaries, Pareto offers a broad range of services: brokerage of equities, bonds and partnership interests, facilitation of equity and debt capital issues, and direct investments. The group also provides project financing, business management services, valuations, financial advisory services, asset management services, and insurance and real estate brokerage services. Pareto's ship brokerage business is involved in chartering and broking tanker and dry bulk tonnage and drilling rigs, as well as providing technical management services to the maritime market. In certain areas of business, the group works closely with Pareto Bank, in which Pareto is the largest shareholder.

DIVERSITY AND A STRONG LOCAL PRESENCE

The broad scope of Pareto's product range has provided the foundations for the group to grow and prosper and has given our clients a balanced and diversified product portfolio offering sound, long-term returns. Pareto's long-standing engagement with local markets and companies has equipped us with experience and skills, enabling us to treat each client individually and to safeguard and promote our clients' interests in the best way possible.

Pareto prioritises organic growth and the development of in-house competence. Acquisitions, mergers and collaborations are continuously under consideration, with the aim of complementing and developing the company still further.

PARETO'S GOALS AND STRATEGIES

Pareto's goal is to be the preferred Nordic supplier of financial services, based on a thorough and detailed knowledge of social conditions, industries and individual companies. Our aim is to create sound financial solutions for business and industry and to secure high returns for our clients. Pareto's strategy is based on maintaining our focus, in-depth knowledge, experience and long-term client relationships.

We are committed to continuous development and improvement. We invest our knowledge and financial resources for the long haul. We demand responsibility, integrity and a high ethical standard of our employees. Pareto is an independent operator and our aim is that our approach should always be innovative, creative and different.

The Pareto group - what we do

Securities brokerage / capital raising / project financing	Ship / offshore brokerage	Asset management / investment advisory services	Banking / insurance / real estate brokerage
Pareto Securities	Pareto Shipbrokers	Pareto Asset Management	Pareto Bank
	Pareto Offshore	Pareto Wealth Management	Pareto Forsikringsmegling
	Pareto Dry Cargo	Pareto Business Management	Eiendomsmegler Krogsvæen
	P.F. Bassøe	Pareto Alternative Investments	
		Enter Fonder	

THE PARETO GROUP IN 2023

ANOTHER CHALLENGING YET STRONG YEAR

Many of the factors that created large fluctuations in global financial markets in 2022 – rising interest rates, inflation, geopolitical tension and the pandemic's aftermath – continued to create turmoil in 2023. Despite these challenges, the Pareto group delivered solid results.

Consolidated revenues amounted to NOK 3.8 billion (2022: 3.5 billion). Profit before tax totalled NOK 1 356 million (989 million). Profit for the year amounted to NOK 1 099 million (828 million).

Activity and productivity levels were high and the results for the group must be described as very satisfactory. At yearend, consolidated book equity amounted to NOK 5.2 billion and the personnel count stood at 1 022.

SECURITIES BROKERAGE, CAPITAL RAISING AND PROJECT FINANCING

The majority of the group's revenues comes from investment banking, securities brokerage and project financing in Pareto Securities, which in 2023 gained market share and registered revenues of approximately NOK 2.3 billion (2.1 billion) and a profit before tax of NOK 813 million (604 million).

Pareto Securities was involved in 88 equity capital market transactions in 2023, with a combined value of NOK 30 billion. Energy & shipping was the largest sector with industrials and TMT the second and third largest sectors. Pareto Securities also acted as adviser on several large and prominent M&A transactions in 2023, including acting as sole advisor for PGS ASA in the largest merger on Oslo Børs in 2023.

On the DCM side Pareto Securities was involved in 47 transactions raising EUR 3.3 billion during 2023, increased its market share in the Nordic high-yield market.

The Project Finance division also had a good year. The division was involved in shipping/offshore-related transactions with a value of NOK 7 billion. The transaction volume in the Nordic real estate market was substantially down in 2023 but the division managed to improve its market position.

ASSET MANAGEMENT

For Pareto Asset Management, 2023 was a year of structural consolidation by way of fund mergers, reducing the number of equity/hedge funds from seven to four. Of these, hedge fund

Pareto Total stood out, with an institutional share class return of 31.4%.

In fixed income, both Pareto ESG Global Corporate Bond and Pareto Nordic Corporate Bond came close to delivering double-digit returns in Norwegian kroner. Pareto Obligasjon, the only fixed-income fund with a benchmark, returned 6.9% for its C class, versus 5.0% for the benchmark.

The Swedish subsidiary Enter Fonder (which changed its name to Pareto Asset Management AB on 1 January 2024) ended the year with fixed-income fund Enter Klimatfokus Ränta as the company's largest fund, at just over SEK 3.5 billion. The strongest growth was recorded in Enter Cross Credit, which grew from SEK 1.5 billion to SEK 2.6 billion. The company launched a new fund in 2023. In its first year, Enter Micro Cap A returned 9.5% to its unitholders, roughly the double of its benchmark index.

Due to both high absolute returns and successful sales efforts resulting in good net subscription, combined assets under management rose to the equivalent of NOK 77 billion from NOK 66 billion the preceding year.

Pareto Wealth Management provided investment advice and wealth management for companies and highnetworth individuals. It was a profitable year for both our clients and the company. The company managed positive net sales just below NOK 1 billion. Assets under management increased by 16% to NOK 27.6 billion.

Upon entering 2024, Pareto Asset Management acquired all the shares of Pareto Wealth Management from Pareto AS.

Pareto Alternative Investments' main sector has been real estate, where PAI manages different investment strategies and funds. The logistics segment has been one of these niche strategies where PAI has long and extensive experience. Our logistics fund Pareto Eiendomsfelleskap has by yearend delivered an unleveraged yearly return of 6.7% (IRR) since inception in 2010.

PAI's focus on ESG has shown results in 2023. Through our solar programme in PAI's real estate funds and our new AIF Pareto Solar Fund IS (PSF), PAI has installed a production capacity of 30 MWp of photovoltaic systems, corresponding to

an annual production of 24 GWh, or the annual consumption of approximately 1 500 households. PSF is Pareto Alternative Investments' first fund within the renewables sector. At yearend, the firm managed NOK 22 billion allocated to real estate, credit, renewables, and infrastructure investments.

In total, operating revenues from asset management operations amounted to NOK 733 million (613 million) and the profit before tax was NOK 206 million (157 million). Net assets under management for these companies (after elimination of internal volume) amounted to NOK 119 billion at yearend.

SHIP/RIG, REAL ESTATE AND INSURANCE BROKERAGE

The offshore and renewable energy markets showed significant strength in 2023. The demand increase continued from the previous year, resulting in increased vessel day rates and utilisation, which in turn improved earnings for all parties. The Brazilian market contributed positively to an increase in sale and purchase activity. Newbuild projects were also developing across vessel classes. Pareto Shipbrokers AS and its subsidiary Pareto Shipbrokers Ltd. succeeded in reporting increased revenues and profit margins.

After enjoying two years of outstanding market levels, the dry bulk segment proved in 2023 that we are back to "normal." The year saw healthy cargo growth in most sectors, but "too efficient" utilisation of the tonnage fleet kept rates from climbing above exciting levels. Still – a modest new building programme is expected short term. We remain cautiously optimistic for the coming years. Pareto Dry Cargo delivered healthy results.

P.F. Bassøe saw less tonnage in the spot market for normal trading, as all big oil traders have taken several ships on charter.

Eiendomsmegler Krogsveen experienced a challenging housing market in 2023. The Norwegian policy rate has increased from 0% to 4.5% over the past two years, leading to more uncertainty and less purchasing power. This, combined with continued rising prices, contributed to a decline in sales volume in the second half of 2023. Norwegian housing prices ended the year with a growth of 0.5%. Krogsveen reported a slight decline in activity and results compared to 2022. The estate agent sold around 6 600 homes and holiday homes for NOK 32 billion in 2023. Pareto Forsikringsmegling delivered stable profits in the face of stiff competition in its market. The company purchased insurance cover on behalf of its clients worth NOK 2.3 billion in 2023.

Revenues from these companies amounted to NOK 798 million (797 million). Profits before tax were NOK 57 million (65 million).

PARETO BANK

Pareto Bank's post-tax profits ended the year at NOK 605.5 million, up from the NOK 555.5 million reported in the previous year. Return on equity was 13.8% (14.6%). The cost/income ratio was 18.2%, demonstrating a high level of cost efficiency. Total lending grew by 1.2 billion (1.5 billion) and amounted to NOK 18.5 billion (17.3 billion) at yearend.

In sum, 2023 was the best year in Pareto Bank's history. Despite capital constraints and challenging markets, appropriations were higher than ever before throughout the year. Pareto Bank has secured a solid position in its market segments and sees profitable, long-term growth opportunities. Moderate lending growth is expected in 2024. The bank has adopted a long-term approach, prioritising credit quality above growth.

At yearend, Pareto AS owned 20.0% of Pareto Bank ASA.

PARETO AS

The Pareto group is a decentralised organisation, operating through several fully independent legal entities. Pareto AS, the parent company, is a holding/investment company that holds shares in subsidiaries, strategic investments and financial investments primarily in the form of equity funds and listed shares.

Profit for the year for the parent company amounted to NOK 808 million (699 million). The profit includes distributions received from the subsidiaries. Retained earnings are applied to strategic investment opportunities or invested in the financial market.

At yearend, equity in the parent company stood at NOK 4.7 billion, up from NOK 3.9 billion in 2022.

FINANCIAL MARKETS AND THE ECONOMY IN 2023

Interest-rate obsession

In 2023, all eyes were on monetary policy. It turned out to be a wonderful illustration of short-term noise.

At the outset of 2023, the long-predicted recession had yet to materialise. The main concern was inflation, which due to the Ukraine war and supply-chain bottlenecks had shot up and threatened to become entrenched. This had brought about a massive rise in interest rates, with the Fed Funds rate being hiked from zero to 4.25% and the yield on US 10-year US treasuries rising from 1.51% to 3.88%. How high would rates go?

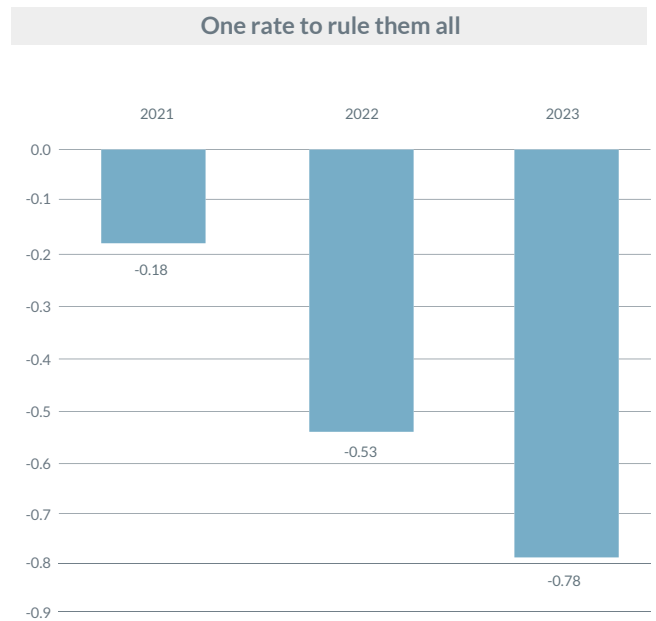
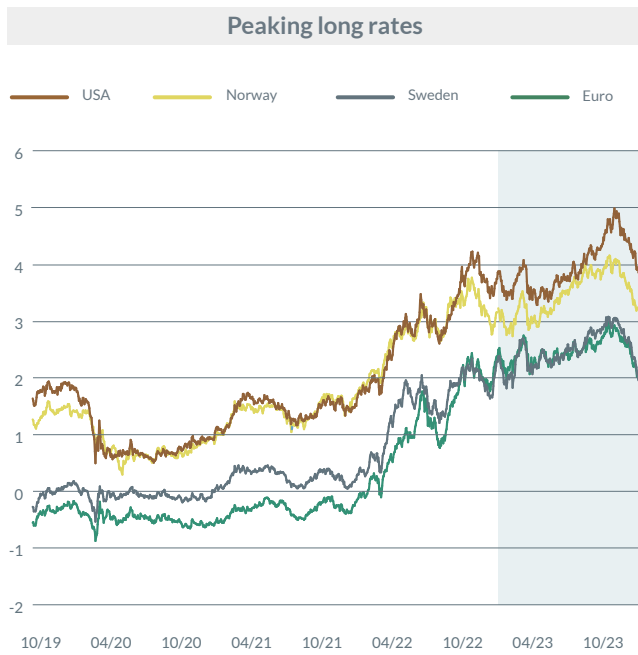
Indeed, the rise continued for a couple of months into 2023. In March, losses on long-dated bonds reached such a magnitude that it led to a collapse in several US regional banks, which had to sell bonds at a loss to finance withdrawals. Shortly thereafter, Swiss banking giant Credit Suisse failed to survive as an independent bank.

The turmoil in the banking industry subsided, but the market did not become less sensitive to interest rates. The correlation between monthly changes in the US 10-year yield and the S&P 500 was a remarkable -0.78 this year, meaning that stocks systematically fell in months when interest rates rose, and vice versa. In 2022, it was -0.53 and in 2021 only -0.18. Even the STOXX Europe 600, logically more independent of US interest rates, had a similar correlation of -0.63 last year.

In a fascinating twist of fate, however, the US 10-year yield ended the year exactly where it started: 3.88%.

A SUDDEN CHANGE OF SENTIMENT

Admittedly, interest-rate sensitivity is nothing new. Regressing US stock indices on the past month's changes in the US 10-year yield over the past 20 years, I found that a one percentage

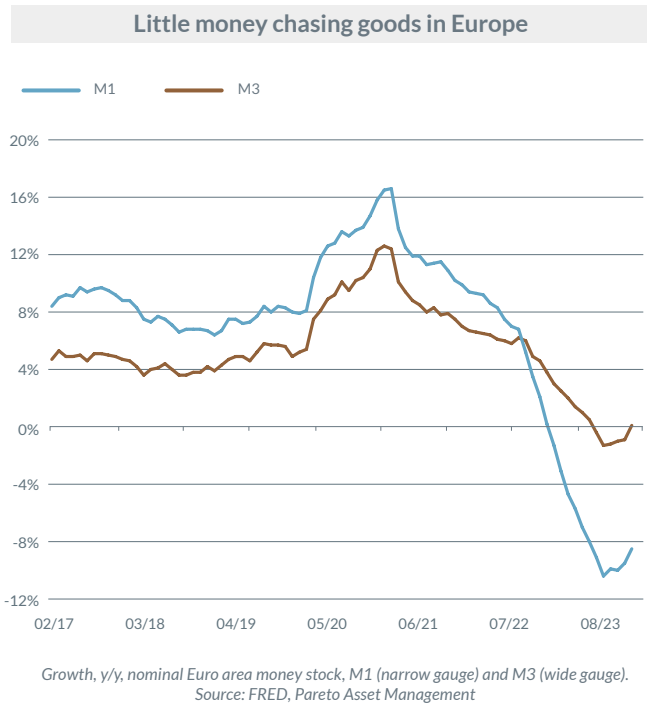
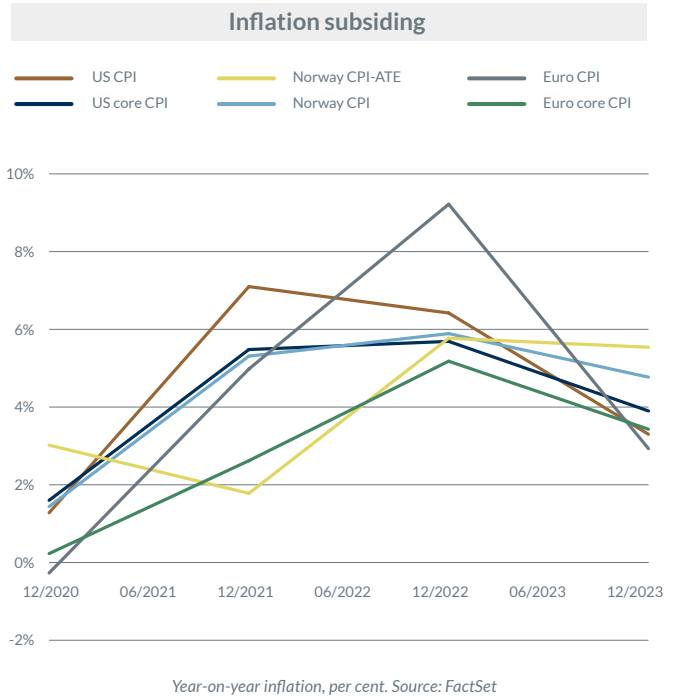


Correlation, monthly S&P 500 returns and changes in the US 10-year government yield. Source: FactSet, Pareto Asset Management

point increase in the interest rate was associated with negative returns the following 12 months of 4.8 per cent for the S&P 500 and a full 20.3 per cent in the Nasdaq Composite, respectively. With the large hikes in key rates starting in 2022 and the uncertainty as to where this would stop, no wonder markets were restive.

In October, the US 10-year yield almost reached 5%. By that time, losses in US government bonds had recorded the longest stretch of losses since 1787, according to Bank of America. The S&P Treasury Bond 10+ Year index, measuring total return in US treasuries with a maturity of at least 10 years, was down by more than 46% since August 2020. To wit: There's more to risk than credit risk.

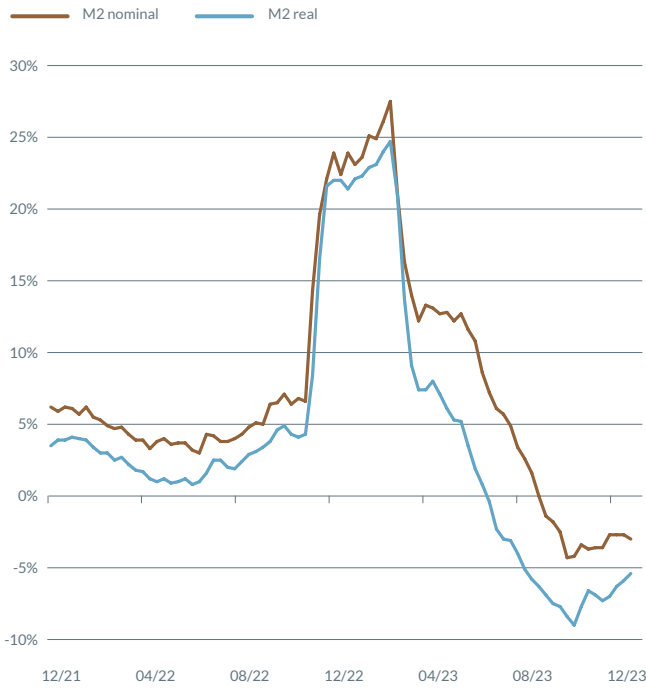
Meanwhile, the term spread had stayed negative, meaning that the most classical of recession indicators kept flashing "recession" for the US economy. At the time of writing this analysis, it still does, although no recession seems to be lurking in the near future. Admittedly, both Germany and Sweden suffered a slight GDP decline last year, but US growth – for which this term spread is relevant – actually increased to 2.5%.



Market rates did not go higher, however. At this point, headline inflation figures were coming in at more encouraging levels, with core inflation starting to follow. Falling money supply in both the US and Europe indicated more to come. Despite core inflation still lagging a bit, it started to look like key rates might peak or had peaked already.

And markets certainly took notice. The US 10-year yield fell by more than a full percentage point before the year was through, while high yield spreads fell by some 1-1.5 percentage points on both sides of the Atlantic. Stock markets raced to end the year at +26% for the S&P 500 and +24% for the MSCI World index. An oil price decline from \$86 to \$77 contributed to a more modest return of 10% for the Norwegian benchmark index.

Little money chasing goods in the US



Growth, y/y, US money stock. Source: FRED, Pareto Asset Management

ALL-TIME HIGHS AND DIVIDES

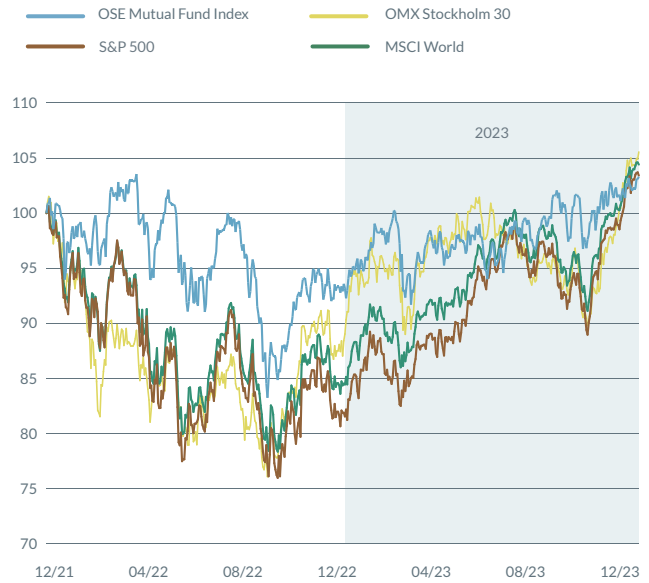
Before you draw some conclusions about elevated levels in the stock market, please remember that last year’s appreciation came on the back of a rather bearish 2022. For the past two years combined, the S&P 500 has an annualised return of only 1.7%. The Norwegian Mutual Fund Index has returned 1.6%.

Longer-term, of course, returns are impeccable. In Norway, the long retired “totalindeksen” would have passed the once almost unimaginable limit of 10 000 in 2023, according to our calculations. It was set to 100 at the beginning of 1983 and has since delivered an annualised return of 12%, or 8.6% after inflation. Yes, these decades may have been unusually benign, but using MSCI country indices starting at the outset of 1970, we find an average compound return of 10.6% for Norway and 10.4% for the MSCI World Index. For the Nordic countries index, the average return is as high as 12.9%.

In recent years, the growth/value divide has been a distinguishing characteristic. After a dismal year for growth stocks in 2022, they came back with a vengeance. In 2023, the MSCI World Growth Index returned an impressive 36.5%, versus 11.9% for its MSCI World Value Index sibling.

For both years combined, however, the value index accumulated a return of 8.2%, while the growth index recorded a loss of 0.8%. That’s a fascinating reminder to look beyond short-term returns in the stock market.

Extraordinary returns – or just catching up?



Total return indices, rebased, 12/21 = 100, in local currency (so not to be compared for a single investor). Source: FactSet, Pareto Asset Management

This used to be a mirage



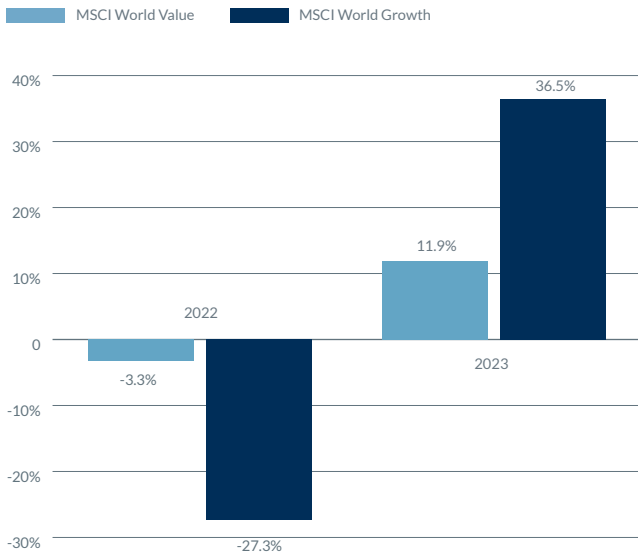
Former “totalindeksen” (TOTX) chained with the all-share index (OSEAX). Source: Oslo Børs, Pareto Asset Management

LARGE HAS BECOME BEAUTIFUL

Lifting our gaze helps us spot longer-term trends. Like this one: The once firmly established small-cap effect has not only disappeared; it has gone firmly into reverse.

For a long time, small caps delivered notable excess returns, so much so that it was classified as a risk factor in order to save the concept of market efficiency. And it stayed that way for quite some time. If, at the outset of this millennium, we invested an equal amount in the S&P 100 (large cap) and the

Massive investment style reset

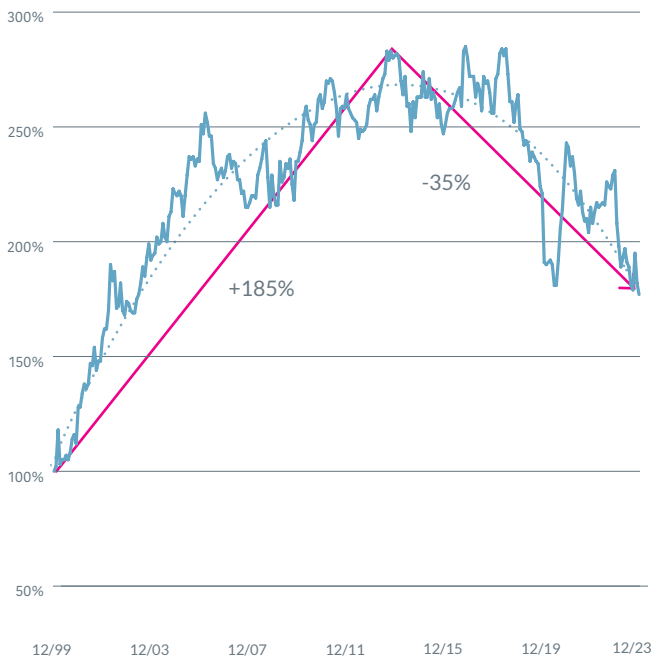


Total return in local currency. Source: FactSet

S&P Small Cap 600 (self-explanatory), the value of the small-cap part would have reached almost three times the large-cap value some ten years ago.

Today, this relationship is truly turned on its head. A similarly paired investment ten years ago would have seen the small caps end up 35 per cent lower than the narrow large-cap leg.

Small size effect in reverse



Index, December 1999 = 100, S&P Small Cap 600 divided by S&P 100, both total return indices. Polynomial trendline added. Source: FactSet, Pareto Asset Management

If instead we use S&P 500 as a large-cap gauge, the difference is somewhat lower – but still a noticeable 30 per cent.

Such is the case in Norway too – only even more pronounced. Here, the small-cap advantage peaked already in November 2008, in the middle of the Great Financial Crisis. Over the ensuing 15 years, small caps lost a full 61 per cent relative to the benchmark index.

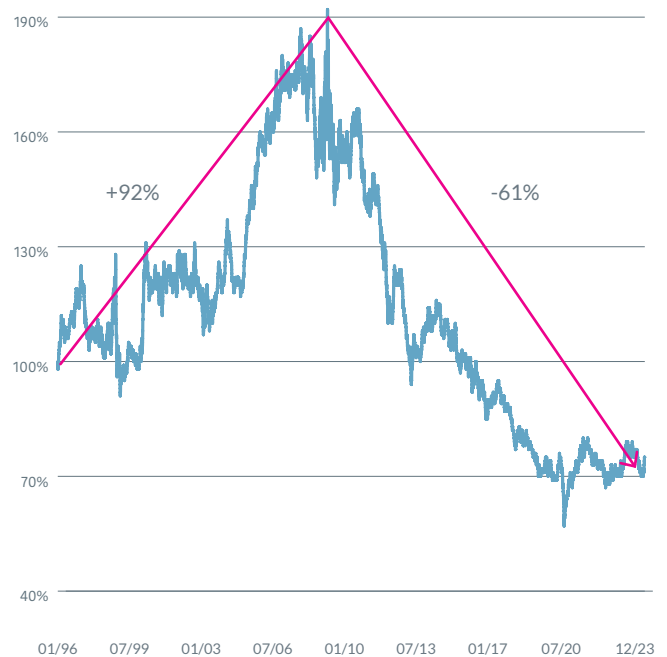
Too many numbers? Here’s a simpler conclusion: Over the past 10-15 years, large stocks have outperformed small stocks by a considerable margin – with the opposite sign of what all textbooks will tell you.

A not so small part of the blame, if you like, goes to «The Magnificent Seven»: Alphabet (Google), Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. In 2023, they lifted both large caps and growth stocks. They also made it very hard for active managers to produce excess returns. The top seven stocks in the S&P 500 now make up about 28% of the total market cap, a concentration not seen for more than 40 years.

THE WEIGHT OF A NEGATIVE CARRY

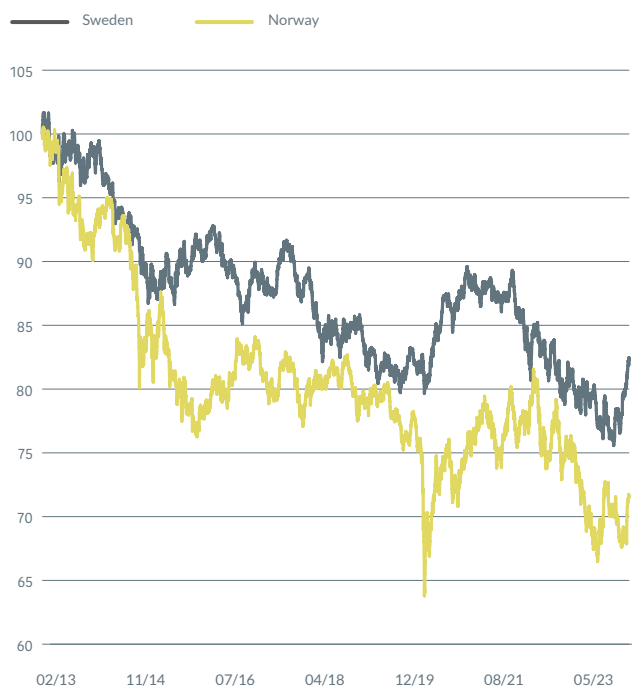
For Norwegian investors, stock returns from global investments have long been lifted by a steadily weakening Norwegian krone. The international value of the Norwegian krone (the effective exchange rate) has fallen by some 30 per cent over the past decade, or just shy of 25 per cent if we adjust for inflation differentials (the real effective exchange rate). It fell last year, too, just as Norges Bank was busy fighting inflation and concerned about the inflationary impulse from a weak currency.

Small stopped being better 15 years ago



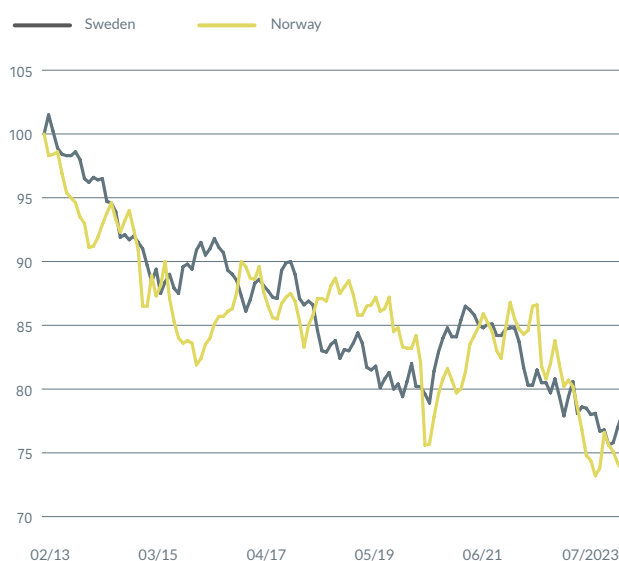
Index, December 1995 = 100, the OSE small stock index (OSESX) divided by the benchmark index (OSEBX). Source: Oslo Børs, Pareto Asset Management

Steadily depreciated



Nominal effective exchange rates, February 2013 = 100.
Source: OECD, FactSet, Pareto Asset Management

Really depreciated



Real effective exchange rates, end of February 2013 = 100.
Source: OECD, FactSet, Pareto Asset Management

This is where interest rates come into play. Over the past 15 years, there is a strong correlation – in excess of 0.8 – between the USDNOK rate and the interest differential on short maturities (both 1 and 2 years). There’s a similar pattern for Swedish kroner, by the way, but we’ll limit ourselves to Norway here. A simple regression indicates that this interest rate differential, the carry, explains almost 70 per cent of the variation in the USDNOK rate. The effect is highly significant. Statistically speaking, the oil price actually turns out to be redundant.

Presently, the carry is negative; rates are higher in the US. This goes for both key policy rates and market rates. At the very least, Norges Bank will hardly want to see an even more negative carry, meaning that they will, or should, delay cutting the policy rate at least until the Federal Reserve does. ECB policy decisions are not irrelevant but, historically, dollar rates seem to matter more than euro rates.

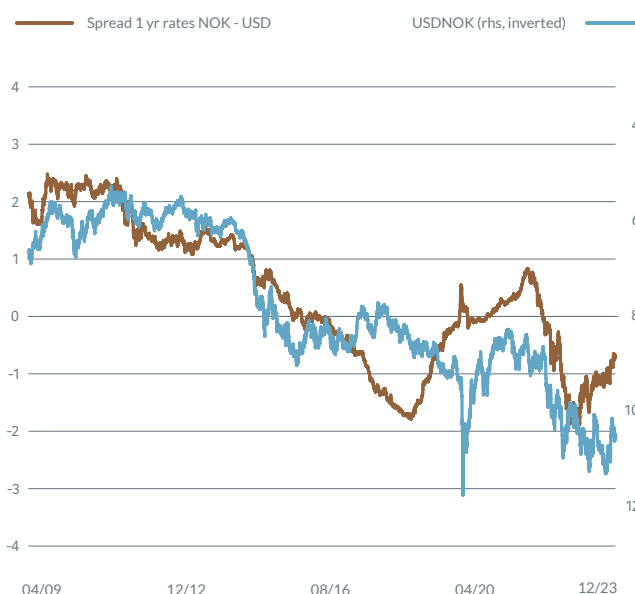
So ... not only are expected rate cuts from the Federal Reserve pushed further into the future. On top of this, Norges Bank will probably have to be even more patient.

GOOD PROFITABILITY DESPITE MODERATE GROWTH

For Norwegian industries, the further weakening currency was a powerful stimulus, fuelling profitability in export industries like seafood. On the other hand, lower prices on oil and especially natural gas had negative ripple effects on the mainland economy. With or without the oil sector, GDP growth was barely positive in 2023.

Advanced economies as a whole did better, with a weighted average of 1.6 per cent, according to the January update from the IMF. This was above estimates published only a few months before, in October. Meanwhile, 2024 growth estimates were also raised, indicating increased optimism at the end of a somewhat mediocre year in GDP terms.

It's the carry, stupid!



Correlation full series: -0.83 Correlation last 3 years: -0.88
Source: FactSet, Pareto Asset Management

Profitability, however, was generally good in the stock markets we follow. For the S&P 500, earnings per share are now some 40 per cent higher than before the pandemic, while estimates for the next 12 months are 6-7 per cent higher than one year before. Broad European indices display similar figures. As earnings growth goes, this is not impressive, considering that early estimates tend to be cut as the actual period approaches. But it isn't anywhere near signalling a recession. For the S&P 500, it is higher than the estimated earnings growth one year earlier. Norwegian figures tend to fluctuate with the oil price, and so the estimate here points to a slight reduction in earnings.

LIQUIDITY KEEPS FLOWING

In the stock market, liquidity is key. And for liquidity, the US market is key. From the fourth quarter of 1996, when then Federal Reserve Governor Alan Greenspan held a speech on "irrational exuberance" and the Fed started keeping score, close to \$17 000 billion have been paid out through share buybacks or mergers and acquisitions from non-financial corporations. Only the cash part of the transaction paid by US acquirers is included in the latter figure.

During the same period, approximately \$9,900 billion have been paid in through equity issues. In other words, the net effect of all equity transactions is an aggregate liquidity supply of more than \$7 000 billion. And I still haven't mentioned dividends, which – at an estimated \$13 500 billion – bring the net grand total to more than \$20 000 billion. This enormous supply of liquidity must have been instrumental in propping up stock market liquidity – and prices – not only in the US market.

Logically, neither buybacks nor M&A activity is unrelated to the level of interest rates. While both have been decreasing during the past couple of years, buybacks are still above pre-pandemic

levels and the net effect is squarely in the positive. A prolonged period of higher interest rates may of course affect this picture.

GAS ANXIETY DISAPPEARING ALTOGETHER

Further reductions in interest rates will require more solid proof that inflation is under control. Evidence may be building through concurrent readings, but core inflation is stickier and further reductions are not a given. Supply chains may once again become an issue, as shipping through the Suez Canal has been impacted by the war in Gaza, leading to longer shipping routes and higher rates. In the case of more lasting disturbance, it is unlikely that inflation will not be affected.

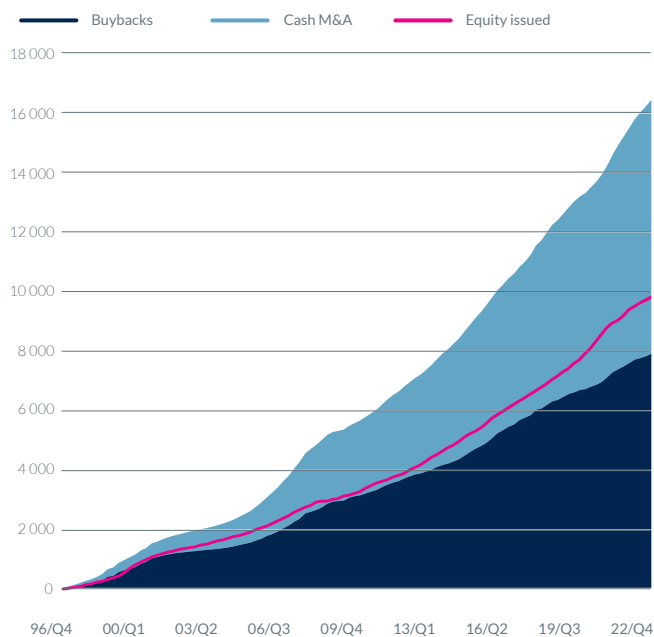
There's no real inflationary impulse from commodity prices, however. In particular, oil prices have slumped and the price of natural gas has fallen sharply. Apparently, the market no longer worries about the European energy supply, although the Russian military aggression keeps adding to geopolitical tensions and uncertainty.

Many observers worry about the high levels of government debt, particularly in the US, where a divided Congress keeps making last-minute deals to suspend or adjust the debt ceiling. Let it be noted, though, that a large share of this debt – about 44 per cent – is owned by various government agencies including the Federal Reserve. Foreign investors now make up 23 per cent, with a steadily diminishing share for the two largest creditor nations, China and Japan.

I'm not that anxious to see more rate cuts. Our fixed-income funds are doing just fine with higher interest rates, having predominantly floating-rate notes, and our portfolios of strong, low-leverage companies will strengthen their competitive positions.

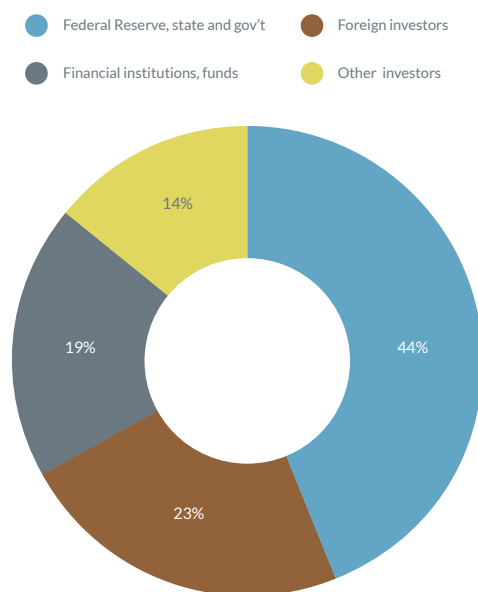


A steady supply of liquidity



US non-financial corporations, accumulated figures in billions of dollars. Source: FRED

Who owns the US debt?



Estimated ownership of US treasury securities. Source: US Treasury Bulletin

I'm rather curious to see **why** rates will be cut. If they come about as a response to falling inflation, that's good news. If, to some extent, they reflect a surprisingly weak economy or recession fears, the financial markets are likely to be less exuberant.

Presently, growth is sustained by expansionary fiscal policies and very low saving rates. In the absence of one or both, growth will be hard to sustain in the short run. On the other

hand, this would make interest rate cuts more likely – in a nice reminder that financial-market events are seldom only positive or only negative. Twisting an old proverb, one company's bad news may be another company's good news.

You can't bet on positioning yourself on the side of good news. That's speculation. You can, however, make sure your portfolio is equipped to better withstand different kinds of news.

2023 in a nutshell

OSEBX	9.9%
S&P 500 return	26.3%
MSCI World net (USD)	23.7%
3-month NIBOR	from 3.26% to 4.73%
10-year Norwegian Treasury	from 3.17% to 3.25%
10-year Swedish Treasury	from 2.39% to 2.03%
10-year US Treasury	from 3.88% to 3.88%
Brent Blend	from USD 85.91 to USD 77.04
USD/NOK	from 9.85 to 10.16
EUR/NOK	from 10.51 to 11.22
USD/SEK	from 10.42 to 10.08
GDP growth, global	3.1%
GDP growth, Norway	0.5%
GDP growth, Sweden	-0.2%
GDP growth, Mainland Norway	0.7%

Sources: Oslo Børs, S&P Dow Jones Indices, MSCI, Norges Bank, FactSet, IMF, SSB, SCB, Riksbanken, Pareto.

OPTIMISM AND RESILIENCE

The first Pareto company was founded on 9 December 1985. The company was bought from Oslobanken AS by four employees when the bank was liquidated in 1992/93. Since then, Pareto has not only recorded significant organic growth, but has also moved into new areas of business through acquisitions.

The table below summarises a rich history of innovation, growth and changing conditions, through market rises punctuated by intermittent financial crises. The figures in the table show that the company has developed a robust business model. Pareto has recorded a profit in every single year of its

existence, with most being retained within the company to fuel future growth.

At the same time, the parent company has succeeded in building financial strength and liquidity, giving the company strategically valuable freedom of action and the ability to seize new opportunities as they arise.

A substantial proportion of the company's income has been channelled to the employees and partners. Pareto's success is predicated on its skilled and diligent personnel.

Year	Operating revenues	Profit for the year	Equity	Oslo Børs
1992	40	8	43	-10.0%
1993	90	23	31	64.8%
1994	82	15	37	7.1%
1995	83	22	59	11.6%
1996	160	50	101	32.1%
1997	364	115	170	31.5%
1998	232	46	239	-26.7%
1999	291	71	293	45.5%
2000	548	149	432	-1.7%
2001	507	79	466	-16.6%
2002	458	41	435	-31.1%
2003	517	139	541	48.4%
2004	964	239	725	38.4%
2005	2 044	681	1 412	40.5%
2006	3 277	1 099	2 049	32.4%
2007	3 470	1 126	2 931	11.5%
2008	1 755	2	2 801	-54.1%
2009	1 606	715	3 270	64.8%
2010	1 899	650	3 310	18.3%
2011	1 678	436	3 707	-12.5%
2012	1 869	536	4 147	15.4%
2013	2 485	940	4 970	23.6%
2014	2 512	895	5 908	5.0%
2015	2 038	1 032	5 845	5.9%
2016	1 940	742	6 387	12.1%
2017	2 719	1 071	7 334	19.1%
2018	2 857	662	1 433	-1.8%
2019	3 010	401	1 716*	16.5%
2020	3 679	825	2 335	4.6%
2021	5 292	1 571	3 804	23.4%
2022	3 491	828	4 364	-1.0%
2023	3 798	1 099	5 212	9.9%

Consolidated figures expressed in millions of Norwegian kroner. Oslo Børs stock market returns are based on the Benchmark Index linked backwards to the former Total Index.
*In 2018, Pareto AS demerged the company's financial investments into the newly formed company, Pareto Invest AS.

PARETO SECURITIES AS

Pareto Securities is an independent full-service investment bank with a leading position in the Nordic capital markets and a strong international presence and global distribution.

Headquartered in Oslo, Norway and with 12 offices in ten countries, Pareto Securities raises equity, debt and project financing for a wide range of industries in the international capital markets. Pareto Securities aims to be the preferred Nordic supplier of financial services, providing sound financing solutions and attractive investment opportunities for companies and investors in sectors and industries where our employees have first-hand knowledge and experience. Pareto Securities is founded on deep industry knowledge and a global investor network built over more than three decades. From its Nordic base, Pareto Securities has built global presence step-by-step, fuelled by transformational acquisitions of Öhman Fondkommission (Sweden/ Finland), Nordic Partners (US) and equinet Bank (Germany).

BROKERAGE AND INVESTMENT BANKING SERVICES BACKED UP BY IN-DEPTH RESEARCH

Pareto Securities provides financial advisory services in connection with corporate financing, mergers and acquisitions (investment banking), project financing and the management of real estate and vessels, as well as equity, bond and currency broking services. Pareto Securities believes Nordic companies have the necessary knowledge, support, and entrepreneurship to be frontrunners in the energy transition. We also offer rig brokerage and business management services through subsidiaries.

AN INTERNATIONAL PRESENCE

Pareto Securities has offices in Norway, Sweden, Finland, Denmark, the United Kingdom, Germany, Switzerland, the United States, Australia and Singapore. The international presence secures our proximity both to the major capital centres of the world and to issuers within our core areas of expertise.

The combination of a local presence and a network of international investor contacts form the foundations for Pareto Securities' placement power in the equity and bond markets.

EQUITY AND BOND BROKERAGE SERVICES

We provide equity and bond broking services from offices in Oslo, Stavanger, Stockholm, Helsinki, Copenhagen, Frankfurt, Zürich, Singapore, London and New York.

We offer investors a combination of:

- Regular dialogue with research analysts and brokers
- Extensive road shows and conferences.

We are also a leading player within online trading in the Nordics and provide securities financing.

CASE-BASED RESEARCH PRODUCTS

The bedrock of our research is thorough and detailed knowledge of and a long-term commitment to the industries

we cover. Because of this approach, our research products have become valued by an international community of investors, on both the equity and the debt side.

Our equity research team consists of research analysts in Norway, Sweden, Germany, and Switzerland. Our ability to serve our clients depends upon the research team having a thorough understanding of the industries in which they specialise.

The focus of the research department has shifted towards case studies and away from company reporting. This has increased the relevance of the research products to investors. Our analysts are continuously working on value-adding fundamental research in order to provide clients with investment ideas.

Pareto Securities' equity research team includes ~40 professionals covering a broad range of companies and industries, including technology, industrials, renewables, seafood, energy services, E&P, shipping/transportation, financials and telecoms. Our equity research has historically had a particular focus on industries and sectors where the Nordic countries have had a competitive edge, such as energy, industrials, seafood and transportation. Over the past few years this has evolved, with renewables and technology in particular becoming sectors of greater importance across our home countries.

Our credit research team includes ~10 analysts in Norway, Sweden, and Germany. This team covers all of Pareto Securities' high yield issues in detail, with ad-hoc credit reports and regular updates. The team also publishes the High Yield Weekly and Daily newsletters, in addition to Pareto Securities' annual 'High Yield Book' – an integral tool for all investors in the Nordic high yield market.

Accurate credit reports ensure that corporate bonds are correctly priced and enable investors to base their investment decisions on sound information. Because credit analysis forms an integral part of the research product, our credit analysts work closely with equity analysts. First-hand knowledge of the ability of a company to raise debt capital is a prerequisite for understanding its chances of success on the stock market.

CONFERENCES AND ROADSHOWS

An important aspect of our research work is arranging seminars and field trips for our investors.

Every autumn, Pareto Securities hosts a two-day energy conference in Oslo. This event is one of Europe's leading investment forums for energy-related companies and was in 2023 held for the 30th time. The 2023 seminar attracted a record-high 2 000 participants, 162 companies presenting and over 1 300 investor meetings in two days.

Other notable conferences include our 12th annual Nordic corporate bond conference in Stockholm, our 25th annual Power & Renewable Energy conference in Oslo, the Nordic TechSaas conference held in Stockholm and the North Atlantic Seafood Forum in Bergen.

Pareto Securities hosted in total 11 conferences and 453 road shows in 2023.

A COMPREHENSIVE RANGE OF INVESTMENT BANKING SERVICES

Pareto Securities' Investment Banking division holds a leading position in the Nordics. We continuously develop together with our clients. As a full-service investment bank, Pareto Securities offers a complete range of financial services within Equity Capital Markets (ECM), Debt Capital Markets (DCM), Mergers & Acquisitions (M&A) and advisory, as well as project finance and asset syndication. Our presence across Europe, North America, Asia and Oceania provides unique proximity to and knowledge of key industry players and investors.

With a global organisation, Pareto Securities has developed an unmatched placing power and a significant ECM track record with more than NOK 221 billion in equity raised since 2015 and more than 560 ECM transactions executed since 2015.

Since 2015 we have completed more than 500 debt transactions, and raised more than USD 25 billion in high-yield bonds globally.

The investment banking team is made up of more than 145 professionals with background from global capital markets, consultancy, and a variety of industries.

REAL ESTATE

With over 30 years of experience, Pareto Securities has a long and strong track record in real estate project finance and investment banking, and is active in Norway, Sweden, Denmark and Finland. We raise capital and arrange debt financing for real estate projects, as well as arrange complex real estate transactions and club deals. We also act as advisors in corporate finance transactions like mergers, acquisitions, equity issues and block sales. The total value of the real estate portfolio is approximately NOK 48 billion.

SHIPPING

The Project Finance department has long experience of and extensive expertise in syndicating and managing shipping investment projects. Through our subsidiaries Pareto Business Management AS and Pareto Maritime Services AS, we manage a portfolio with a total value of about NOK 10 billion. In 2023 we carried out 21 transactions across most sectors such as crude, dry bulk, chemical, product, container, offshore, and LPG with a total transaction value of NOK 7.1 billion.

In recent years, we have been the biggest facilitator in the Norwegian market for project financing in the shipping sector, with a market share above 50 per cent for the last 5 years.

PARETO BUSINESS MANAGEMENT

Our subsidiary Pareto Business Management AS (PBM) manages the operational and accounting functions of our real estate and shipping/offshore projects. Swedish and

Danish subsidiaries provide corresponding services to project companies in their respective markets.

PBM in Norway, Sweden and Denmark have management responsibilities for some 100 investment companies with a combined value of NOK 58 billion. PBM's team is made up of experienced professionals with expertise in the areas of accountancy, financing, taxation, corporate law, and technical management.

PARETO OFFSHORE AS

Our subsidiary Pareto Offshore provides brokerage and advisory services to the global rig and drilling industry. The firm also undertakes valuations and market updates.

CURRENCY OPERATIONS

Currency operations form an integral part of our investment services.

STAFF GROWTH AND RECRUITMENT

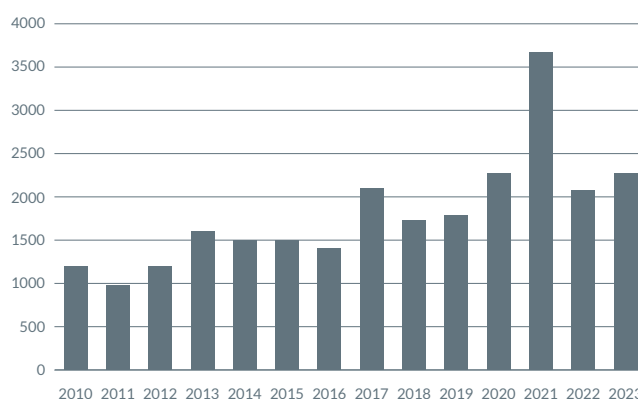
At the outset of the year, the personnel count was 483, compared with 433 at the end of the year. The reduction in the number of employees is mainly due to the sale of Aktieinvest FK AB in 2023.

Pareto Securities recruits young talent, mainly through our graduate recruitment programme, which focuses on students from the best universities. The company offers new recruits a flat organisational structure, attractive incentive schemes and early responsibilities.

Pareto Securities AS

Dronning Mauds gate 3
 P.O. Box 1411 Vika
 Oslo, Norway
 Telephone: +47 22 87 87 00
 Turnover 2023: NOK 2 267 million
 Income before tax 2023: NOK 813 million
 Equity 2023: NOK 757 million
 Number of employees: 433
 CEO: Christian Jomaas
 christian.jomaas@paretosec.com
 Chairman: Morten Goller
www.paretosec.com
www.paretosec.no

Pareto Securities - operating revenues NOK mill.



PARETO ASSET MANAGEMENT AS

Pareto Asset Management is an asset management group with a growing international presence as a Nordic specialist.

In 2023, Pareto Asset Management continued its process of structural consolidation, reducing the number of equity/hedge funds to four from seven through fund mergers. We believe concentrating our resources on fewer mandates is very much in the interest of our unitholders.

Through a combination of good returns and strong sales efforts, assets under management grew to more than NOK 64 billion from below NOK 52 billion. Including our Stockholm-based subsidiary Enter Fonder AB (which changed its name to Pareto Asset Management AB on 1 January 2024), total AUM reached the equivalent of just over NOK 77 billion.

Enter Fonder is an independent asset manager specialising in Swedish equities and fixed income. It was acquired by Pareto Asset Management five years ago, underscoring our Nordic ambitions and providing added competence in managing Nordic securities.

As of year-end 2023, including our offices in Stockholm and Frankfurt, the Pareto Asset Management group has a staff of 83.

After several years of actively building our sales network in Europe, our client base now comprises investors from a total of eleven European countries.

This year, two long-short funds were merged into an equity fund and a hedge fund, respectively. In addition, our smallest Norwegian equity fund was merged into our largest Norwegian equity fund. The resulting product portfolio consists of three equity funds, one hedge fund, discretionary management of Norwegian equities and five fixed-income funds.

Enter Fonder launched a new fund in 2023. In its first year, Enter Micro Cap A returned 9.5 per cent to its unitholders, roughly the double of its benchmark index.

For the fifth year in a row, the company arranged summer internships for highly competent students. A previous summer intern started her work as a full-time analyst. As of 1 January 2024, Pareto Asset Management will acquire the shares of sister company Pareto Wealth Management.

THE IN-HOUSE ASSET MANAGER

Our services are directed at large and medium-sized enterprises in the private and public sectors, banks, insurance companies, pension schemes, trusts and foundations and high-net-worth individuals. Our core values are trust and quality.

Taken as a whole, companies and personnel in the Pareto group, including retired partners, constitute our biggest “client”,

accounting for more than NOK 8.6 billion of the assets under management. Our willingness to invest extensively in our own products underscores our faith in our ability to invest wisely, our approach and our asset management philosophy. It also ensures that our interests are aligned with those of our clients.

AN EFFICIENT ASSET MANAGEMENT PHILOSOPHY

Our investment philosophy can be summarised in five bullet points:

- We are active managers. We seek to generate an attractive risk-adjusted return. For mandates with benchmark indices, this means outperforming the index, which requires independent security selection and a high active share.
- We are company focused. Our concern is the individual security, based on the properties of each company. In fixed income, our returns are primarily harvested from credit spreads rather than interest-rate risk.
- Our approach is fundamental. We look at such aspects as business model, operations, profitability, return on equity and invested capital, management, strategic challenges and, obviously, pricing.
- Our approach is concentrated. Our portfolios contain a limited number of companies, each of which we monitor closely and know well. In fixed income, traditional diversification is more important.
- We have a long-term perspective. Sooner or later, good management, efficient operations and high value creation will be reflected in the price. From a sufficiently long-term perspective, the profitability of the company is more important than key figures at the time of purchase.

INCREASED EMPHASIS ON SUSTAINABILITY

Across all asset classes and mandates, we place great emphasis on sustainability and integrating ESG considerations in our investment processes. This is a key consideration and a fundamental part of our asset management – and very well suited to an active management philosophy.

Enter Fonder, where this has long been a flagship issue, publishes four sustainability reports a year, describing how exclusions are made and how sustainability risk is included into the investment processes. Pareto Asset Management publishes two semi-annual reports on responsible investments.

In adapting to the European regulation on sustainability² related disclosures in the financial services sector (SFDR), Pareto ESG Global Corporate Bond and Enter Klimatfokus Ranta are classified as Article 9 funds. The former was the first fixed income fund in Sweden and Norway to receive the Nordic Swan Ecolabel and in 2022 became the first fixed income fund to be awarded the new license approval for the Nordic Swan Ecolabel 2.0.

STRONG LONG-TERM EXCESS RETURNS

Our very first product, discretionary management of Norwegian equities, now has a track record of more than 28 years. Over these years, an average annual return of 12.6 per cent has compounded to a total return of 2 817 per cent, delivering an excess return of 3.4 percentage points annually and – through the powerful force of compounding – a total excess return of 1 708 percentage points (the 0.5% fee class).

The related portfolio in Pareto Aksje Norge, our largest equity fund, recorded a return in 2023 of 11.3 per cent (share class I), inching ahead of the Oslo Børs Mutual Fund Index (11.2 per cent). Pareto Nordic Equity I recorded a return of 21.4 per cent, against 20.7 per cent for the VINX Nordic Equity Index (VINX Benchmark Cap Net Index).

On the other hand, Pareto Global I, while delivering a substantial return of 23.5 per cent in Norwegian kroner, lagged its World Index benchmark by 4.5 percentage points. The market did deliver quite a bit of headwind for value stocks this year: The MSCI World Growth index, led by a group of stocks dubbed “The Magnificent Seven”, beat its MSCI World Value sibling by almost 25 percentage points.

The very best return this year was recorded by Pareto Total I, with 31.4 per cent. The fund does not have a benchmark. It is a hedge fund with more degrees of freedom than a standard UCITS fund.

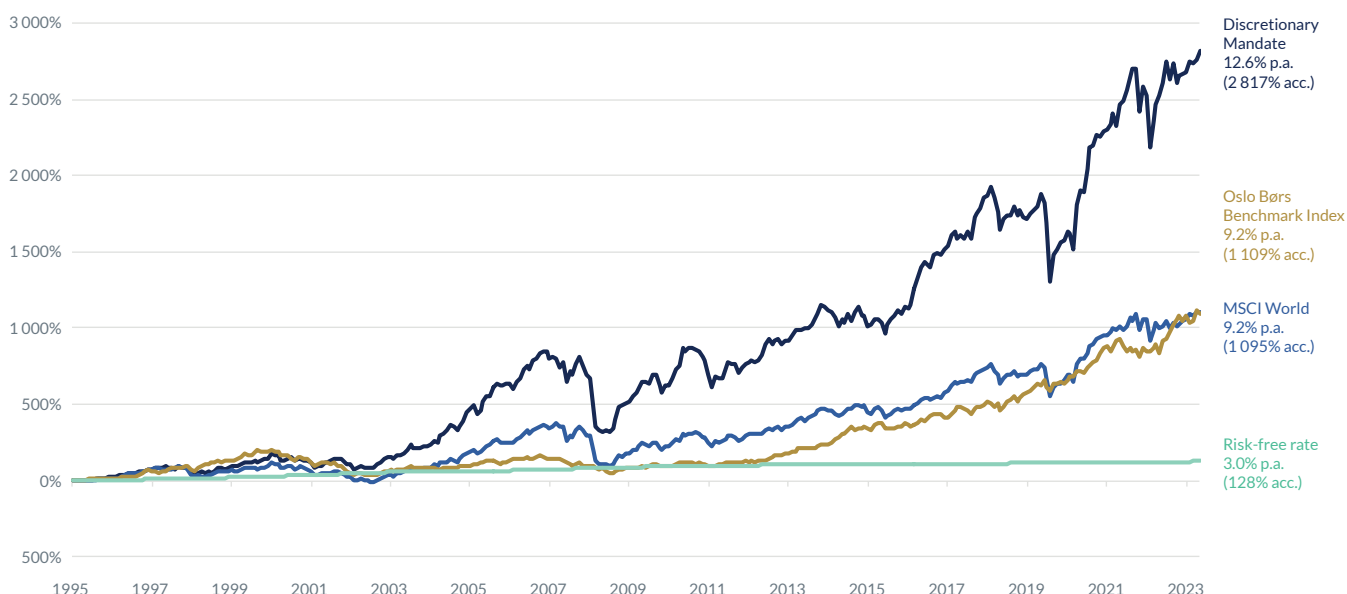
Our fixed-income funds all recorded very satisfactory returns, with Pareto ESG Global Corporate Bond and Pareto Nordic Corporate Bond close to reaching 10 per cent for the year. Pareto Obligasjon, our only fixed-income fund with a benchmark, delivered a return (share class I) of 6.9 per cent, vs. 5.0 per cent for the benchmark.

In Enter Fonder, the best absolute return was recorded by the Swedish all-cap equity fund Enter Select C. At 17.6 per cent, it was nevertheless 1.7 percentage point behind its benchmark index. The best relative return, after already mentioned Enter Micro Cap, was achieved by fixed-income fund Enter Cross Credit. Its return of 7.5 per cent was a full percentage point ahead of its benchmark.

Pareto Asset Management AS

Dronning Mauds gate 3
 P.O. Box 1810 Vika
 0123 Oslo, Norway
 Telephone: +47 22 87 87 00
 Turnover 2023: NOK 570 million
 Income before tax 2023: NOK 153 million
 Equity 2023: NOK 88 million
 Number of personnel: 83
 CEO: Eric von Koss Torkildsen
 Eric.Torkildsen@paretoam.com
 Chairman: Rune Selmar
paretoam.com

Long-term excess return



**Before 31.12.01, OSEBX is chained with former TOTX. The graph shows return from discretionary mandate after 0.5 percent in annual management fee. Returns can differ as a result of individual fee structure. Historical returns are no guarantee for future returns, please see disclaimer p. 2.*

PARETO ALTERNATIVE INVESTMENT AS

Pareto Alternative Investment AS (PAI) is an independent alternative investment fund manager (AIFM). PAI focuses on illiquid investments in real assets across industries including real estate, infrastructure, and renewables. At yearend, PAI had assets under management totalling NOK 22 billion.

The company was founded in 2015. However, the business conducted by the firm has a long history in the Pareto group. The primary investment goal is to generate attractive returns through long-term and stable cash flows. The products offered by PAI consist of either equity or debt investments, mostly in the real estate sector.

Increased interest rates through 2023 were challenging for the real estate market and resulted in a major drop in property values and reduced activity in the transactions market. Despite the challenging market, 2023 turned out to be another good year for the company. A conservative approach to real estate investments with low or no leverage, combined with higher activity in the credit market, contributed to the results. Net revenues recorded by the company in 2023 amounted to NOK 95 million, up from NOK 71 million in 2022.

The company had a total of 16 employees at yearend, one of whom works in the company's branch office in Stockholm.

CUSTOMERS AND SALES

PAI has maintained its focus on Norwegian institutional investors in recent years. Typical customers include public and private pension funds, life assurance and insurance companies. All funds and mandates are sold directly by the company's managers. PAI's ambition is to expand its client base over the coming years, not only by growing the individual client segments but also by expanding its presence in the other Nordic countries.

In 2023 PAI made its first investment in the newly established Pareto Solar Fund IS. The fund invests in photovoltaic systems on roofs of commercial real estate in the Nordics and sells the electricity on long-term contracts to tenants and in the

spot market. The fund has a sustainable footprint and is PAI's first product in the growing renewables market. Together with solar investments in PAI's real estate portfolio, PAI has installed a production capacity of 30 MWp of photovoltaic systems, corresponding to a yearly production of 24 GWh, or the yearly consumption of approximately 1 500 households.

RETURNS

Expected returns will depend to a considerable degree on the investment profiles of the fund/mandate and accordingly returns vary widely from product to product. PAI manages funds that invest in both leveraged and unleveraged project companies, as well as more conservative debt mandates. Despite a more challenging real estate market in 2023, the performance of our funds and mandates has been relatively good.

In 2023 the credit mandates Pareto Obligasjonsfelleskap Eiendom, Pareto Eiendomskreditt and Pareto Real Estate Credit Fund SCSp delivered annual returns of 4.3 per cent, 5.8 per cent and 6.5 per cent, respectively.

Pareto Alternative Investments AS

Dronning Mauds gate 3
P.O. Box 1396 Vika
0114 Oslo, Norway
Telephone: +47 22 87 87 00
Turnover 2023: NOK 95 million
Income before tax 2023: NOK 36 million
Equity 2023: NOK 27 million
Number of employees: 16
CEO: Johan Anker-Rasch
johan.anker-rasch@pareto.no
Chairman: Elin Mack Løvdal
www.paretoai.no

PARETO WEALTH MANAGEMENT AS

The company concludes a successful year with a more independent wealth management model and charts a new course for 2024 and beyond.

NEW COURSE

In 2023, the company operated as a wealth manager in the Norwegian market, providing investment advice and active management for high-net-worth individuals, investment firms, and institutions.

The year proved to be prosperous for both the company and our clients. Positive developments in global equity and bond markets resulted in favourable risk-adjusted returns for our clients in both our active management mandates and investment advisory mandates. Increased revenues were achieved through our own sales and the appreciation of our clients' assets.

Our actively managed portfolio of global equities delivered a year-on-year return of 23.9 per cent, while the portfolio with a 60/40 share of equities and fixed income provided clients with a year-on-year return of 17.2 per cent.

Starting 1 January 2024, Pareto Asset Management is the new owner of the company, having acquired the shares from Pareto AS. The two companies will collaborate to build a larger and even stronger player in both sales and asset management in the Norwegian and international markets from 2024 onward. This expanded organisation, with consolidated and enhanced resources, higher expertise, and a larger client base, will benefit our employees and, more importantly, our clients.

Pareto Wealth Management AS

Dronning Mauds gate 1
P.O. Box 1418 Vika
0115 Oslo, Norway
Telephone: +47 23 23 99 00
Turnover 2023: NOK 84 million
Income before tax 2023: NOK 17 million
Equity 2023: NOK 33 million
Number of employees: 28
CEO: Rune Wassum
rune.wassum@pareto.no
Chairman: Kjersti Haugstad Sanstøl
pwm.pareto.no

PARETO SHIPBROKERS AS

Pareto Shipbrokers AS (PSAS) offers global brokerage services in the offshore, renewables and telecom markets, serving a wide range of shipowners, charterers, shipyards and operators worldwide. The company operates from three locations – Kristiansand, Norway; Guildford, England; and Singapore.

PPSAS' history dates back to 1912, when the company started out in the lumber and shipbroking business. The company played a central role in establishing and building up many shipping companies in southern Norway in the late 1920s and 1930s. Until the 1980s, the company mainly acted as an exclusive broker for shipping companies located in southern Norway for chartering, contracting newbuilds, and buying and selling tonnage. The company has an unbroken history of shipbroking extending back 110 years. In 2006, the company joined the Pareto group.

Our offshore department was established in the mid-1970s, when the supply vessel sector started to expand. During the years, the offshore brokerage business increased significantly, which has established PSAS as a market leader in this sector.

The core business is brokering of vessel charter contracts between the vessel owners and the operators / oil companies. Long-term contracts have a duration period from one month to several years. Another important segment is spot market contracts, with a duration of 29 days or less. The offshore vessel contracts are mainly for supply vessels, anchor handling vessels and subsea support / installation vessels. Increased focus and resources aimed at vessels for the offshore wind energy sector is expected to yield good results in the coming years. This includes brokering of maintenance and support vessels, crew change vessels and various service vessels. Brokering of newbuild vessel projects is an important part of our business even in the current challenging market. We have maintained a high level of the sale and purchase of vessels, both new and used, during the year. Valuation of individual vessels and fleets are also contributing business areas.

The company is represented in the UK by Pareto Shipbrokers Ltd, a wholly owned subsidiary which is headquartered in Guildford outside of London, and a representative in Singapore. The UK business primarily comprises the broking of offshore units for the oil and gas industry and for the renewable energy sector. Acquisitions and sales of vessels and equipment of all types within the primary area of business also make up an important part of the business concept.

Over the years, PSAS has developed extensive expertise in specification analysis and design of future supply vessels and special units for offshore operations. Working in collaboration with marine architects, designers, and shipowners, we have been involved in a range of new vessel projects and contracted a number of newbuilds. Currently there are several newbuild projects under development.

Another market in which we are heavily involved is developing autonomous vessels, which has resulted in numerous newbuilds at Norwegian yards. Looking forward, we are focused on being a contributing party in developing new concepts for ships with a low carbon emission footprint through various technology advancements. In addition, the strengthening of the subsea/ construction vessel market offers opportunities for newbuild vessels, but these are long processes.

COLLABORATION

The Pareto group is providing opportunities to collaborate with other subsidiaries, which in turn enables us to offer package solutions that include buying and selling, full financing of equity and debt, as well as securing employment for vessels and rigs. In addition, we are working closely with international brokers in other regions of the world, enabling PSAS to provide a complete global vessel broker service.

The combined strengths of the PSAS companies make us a significant player in the offshore broking business.

Pareto Shipbrokers AS

Dronningens gate 3
4610 Kristiansand, Norway
Telephone: +47 38 12 31 11
Turnover 2023: NOK 107 million
Income before tax 2023: NOK 31 million
Equity 2023: NOK 29 million
Number of employees: 25
CEO: Karsten Christensen
karsten@paretoship.no
Chairman: John G. Bernander
www.paretoship.com

PARETO BASSØE SHIPBROKERS AS

Pareto Bassøe Shipbrokers comprises tanker brokers P.F. Bassøe AS and dry cargo brokers Pareto Dry Cargo AS.

P.F. BASSØE AS

The main business of shipbrokers P.F. Bassøe is tanker chartering. Our services are rooted in our comprehensive knowledge of the markets in which we operate, and our aim is to deliver added value to our clients by providing accurate and timely information, a high level of service, reliability and creativity. We offer chartering services in most tanker segments. Our client base is international, consisting of shipowners, international oil companies and oil traders.

With clients in all time zones, a substantial part of our work involves ensuring that they are informed of market developments at all times. We also place great importance on monitoring transport assignments after the commercial terms have been agreed.

In addition to standard chartering services we undertake project-oriented work on long-term charters and freight contracts, as well as customising solutions to the specific requirements of individual clients.

Market research is an essential support service for our clients and for our own brokers. This work involves continuous market monitoring, projections, and in-depth studies of segments and trends within our markets.

PARETO DRY CARGO AS

Pareto Dry Cargo maintains a global network of shipowners and industrial clients. We have a solid foothold in the dry bulk chartering business, with a particular focus on Ultramax, Supramax and Handysize tonnage. In addition to working actively in the spot market, our brokers focus on long-term freight contracts and charters. The company also works closely with industrial clients in the aluminium, cement and grain industries. Project and advisory services are also available.

Pareto Bassøe Shipbrokers AS

Dronning Mauds gate 3
P.O. Box 1411 Vika
0115 Oslo, Norway
Telephone: +47 24 02 81 90 / +47 24 02 81 80
Turnover 2023: NOK 25 million
Income before tax 2023: NOK 6 million
Equity 2023: NOK 13 million
Number of employees: 7
CEO: Hans Martin Lie / Bjørn Erik Løkken
dry@pareto.no / crude@pfbassoe.no
Chairman: Petter Dragesund
www.pareto.no

PARETO FORSIKRINGSMEGLING AS

Pareto Forsikringsmegling AS is an independent advisor and insurance broker offering bespoke non-life, life and pension insurance solutions and general insurance advice. Annually, we purchase insurance cover worth over NOK 2.3 billion on behalf of our clients.

INSURANCE BROKERAGE AND ADVISORY SERVICES

Pareto Forsikringsmegling offers brokerage and advisory services within non-marine insurance. Our clients are large and medium-sized enterprises in the private and public sectors. In addition, we offer group cover products (affinity) for non-profit organisations, as well as product insurance for the products and services offered by companies.

Drawing on in-depth risk analysis and industry knowledge, we advise our clients on the structure of the risks associated with their business and what we consider to be the correct level of cover. Based on this analysis, we draw up a general policy on insurance and an optimum insurance programme.

At the reporting date, the company has 30 employees: 24 in Oslo and 6 in Kristiansand. All our personnel have extensive experience and a high level of expertise in their respective specialist fields. Pareto Forsikringsmegling is a member of the GBN Worldwide network of independent insurance brokers.

NON-LIFE INSURANCE

As a result of the current tougher market, major insurance companies are increasing their commercial insurance pricing. It is therefore important for us to be active in the market in order to limit cost increases for our clients.

The international insurance industry has become more restrictive. Risk appetite has fallen and premiums are increasing for most lines of insurance. We have also experienced that insurance companies have withdrawn from certain segments of the insurance market.

The primary concern of our non-life department is that our clients have the appropriate level of cover. We use risk and vulnerability analyses to alert our clients and make them aware of areas of risk to their property, vehicles, liability, and consequential loss. The insurance cover taken out by our brokers on behalf of clients is largely provided by A-rated insurers. As a result, our clients can be confident that the insurers will have the willingness and ability to meet their obligations in the event of a claim.

PENSION AND LIFE INSURANCE

The life and pension department at Pareto Forsikringsmegling arranges group life and pension insurance cover in cooperation with clients and their employees. The life and

pension insurance market is currently characterised by increased premium costs. We therefore need to actively use our bargaining power with providers, in order to avoid cost increases for our clients. The market is well-functioning, with effective competition, and by working with our clients, we make it possible for them to secure more favourable terms. However, although there are a number of semi-public organisations that still have defined benefit pension schemes, there are fewer projects with defined contribution pension schemes to replace these.

The pension market for the public sector has been influenced by Storebrand re-entering the market in 2019, but there is still very little activity, considering the number of municipalities and public sector entities which have government occupational pension solutions. We expect a significant increase in activity in this market in the coming years.

DAMAGE PREVENTION

As part of our overall range of services, Pareto Forsikringsmegling offers advice on damage prevention. On request, we can act as a collaboration partner in connection with risk analysis and evaluation as well as define assessment measures to improve risk economy. This allows us to reduce risk and claims frequency and secure optimum premium pricing for insurance solutions. Our damage-prevention concept involves both general advice and services specifically related to life and pension insurance and non-life insurance. Our damage-prevention advisory service encompasses risk assessment and damage prevention analyses related to risk management, safety culture and preparedness.

Pareto Forsikringsmegling AS

Dronning Mauds gate 3
P.O. Box 1527 Vika
0117 Oslo, Norway
Telephone: +47 22 87 87 00
Turnover 2023: NOK 83 million
Income before tax 2023: NOK 20 million
Equity 2023: NOK 25 million
Number of employees: 30
CEO: Vegard Mjelva Finsæther
vmf@pareto.no
Chairman: Trine Charlotte Høgås-Ellingsen
www.pareto.no

EIENDOMSMEGLER KROGSVEEN AS

Since its founding in 1975, real estate broker Eiendomsmegler Krogsveen AS (Krogsveen) has primarily operated as an intermediary of residential real estate in the Norwegian market. In 2023, Krogsveen sold 6 575 homes and vacation homes worth NOK 32 billion.

HISTORY

Krogsveen has a history that can be traced back to 1975, when Gunnar Krogsveen established his first agent office in Bærum. In 2005, Danske Bank acquired the company from key employees. After more than twelve years of growth and healthy economic development as part of the Danske Bank Group, the company was acquired by Pareto AS in 2018.

BRAND RECOGNITION

Krogsveen has been a leading innovator in the Norwegian real estate market. Consumers associate Krogsveen with security and trust. Brand surveys rate the company highly for “strong experience and expertise” and indicate that Krogsveen is perceived as the real estate specialist. The green Krogsveen colour has great brand recognition value, and market surveys indicate that the company has attractive housing ads.

A UNIQUE CUSTOMER EXPERIENCE

Krogsveen has always given priority to providing unique experiences to its customers. Through its focus on sound advice and personal service for people who are in the market for housing – right from the very first inquiry for a new home through to handing over the keys – a valued relationship is created based on mutual trust. The Krogsveen housing search and match engine has been an important service that has differentiated the company from its competitors.

BUSINESS TODAY

The company currently has 344 employees, most of whom work at one of the company’s 52 brokerage offices. The organisation has departments for settlement, finance, marketing, trade, and IT, all located at the company’s headquarters at Fornebu in Bærum county.

Krogsveen’s primary geographic market is Eastern Norway with 36 offices, 12 of which are located in Oslo. Additionally, the company has strong market positions in Western Norway, including the three largest cities Bergen, Stavanger, and Ålesund, plus Trondheim and Kristiansand. Krogsveen has a 6 per cent share of all sales in the residential market for resale in Norway.

The main business is brokerage of resale homes and leisure properties. In the leisure market by the sea, from Oslo to Sørlandet, Krogsveen is among the market leaders. The company also facilitates sales of new developments of single-family homes and condominiums.

In addition, Krogsveen includes rentals, which operates through a separate company – Utleiemegler Krogsveen AS. This company operates from four offices co-located with the sales brokerage business.

Eiendomsmegler Krogsveen

Martin Linges vei 17
P.O. Box 1 Fornebu
Norway
Telephone: +47 67 52 95 50
Turnover 2023: NOK 583 million
Income before tax 2023: NOK 1 million*
Equity 2023: NOK 103 million
Number of employees: 344
CEO: Stian Kløfta
Stian.klofta@krogsveen.no
Chairman: Elin Mack Løvdal
www.krogsveen.no

*Non-recurring costs amounted to NOK 17 million in 2023.

PARETO BANK ASA

NORWAY'S LEADING PROJECT BANK

Pareto Bank is a specialised commercial bank whose business is concentrated around real estate financing, corporate financing, and ship financing. Since its inception in 2008, the bank has established itself as a central player in the financing of small and medium-sized enterprises in south-eastern Norway, as well as in larger Norwegian cities. An efficient organisation with a well-established corporate culture and a centralised credit process enables the bank to make credit decisions quickly and precisely, while offering customers solutions tailor-made to their needs.

OUTLOOK

Pareto Bank made record profits in 2023 due to a combination of loan growth, a stable net interest margin, and high operational efficiency. Profitability was slightly below the long-term ambition of 15 per cent. The private placement in September strengthened the bank's solidity. Profitability will be influenced by the increase in equity until the capital is fully utilised.

Impairments were higher than normal in 2023 and were linked to a limited number of customers. The bank maintains a good overview of its credit portfolio and works closely with customers to find constructive solutions. Given a higher interest rate and ongoing economic uncertainty, impairments may be higher than they have been historically in the coming year. Pareto Bank has a strong loss-absorbing capacity through a strong net interest margin and a stable cost base.

Despite capital constraints and challenging markets, total appropriations were higher than ever. Pareto Bank has established a solid position in its market segments and sees profitable growth opportunities. The private placement conducted last fall provided the bank with capacity to grow. In addition, credit practices were adjusted to take into account a high-interest rate environment, inflation, and uncertain prospects for the Norwegian economy.

Moderate loan growth is expected in the areas of corporate financing and offshore financing. The outlook for financing of residential property is somewhat uncertain. In the long term, a positive turnaround in this market is expected due to population growth, low construction activity, and reduced uncertainty regarding the interest rate. Pareto Bank is well-positioned to grow in this area when demand returns. For 2024, moderate overall loan growth is expected. The bank has adopted a long-term approach, prioritising credit quality over growth.

OPERATIONS IN 2023

Pareto Bank had after-tax profits in 2023 of NOK 605.5 million (NOK 555.5 million in 2022), corresponding to a return on equity of 13.8 per cent (14.6 per cent).

The bank's net interest income increased to NOK 1 112.6 million in 2023 (NOK 928.6 million), and the weighted

interest margin was 4.6 per cent (4.4 per cent) for the year overall. Lending volume grew by NOK 1 173 million to a record-high NOK 18 518 million (NOK 17 346 million).

Other income contributed NOK 6.7 million (NOK 36.7 million), for a total income of NOK 1 119.4 million (NOK 965.3 million).

Total operating costs amounted to NOK 203.5 million (NOK 186.5 million) in 2023, corresponding to a cost/income ratio of 18.2 per cent (19.3 per cent).

Impairments amounted to NOK 121.7 million (NOK 45.0 million), corresponding to 0.68 per cent (0.27 per cent) of net lending by yearend.

CET1 at yearend 2023 was 18.6 per cent (17.5 per cent). The bank's leverage ratio stood at 17.1 per cent (16.5 per cent). The bank's long-term capital target for CET1 is 16.7 per cent.

The Board has proposed a dividend of NOK 3.90 per share of 2023 profits, corresponding to a payout ratio of 52.9 per cent and in line with the bank's dividend policy.

Pareto Bank ASA is listed on the Oslo Stock Exchange.

The largest shareholders of Pareto Bank as of 31 Dec 2023:

Name	Stake
Pareto AS	20.0%
Société Générale	9.0%
Hjellegjerde Invest AS	5.0%
AWC AS	4.6%
Verdipapirfondet Holberg Norge	2.9%
Salt Value AS	2.8%
Landkreditt Utbytte	2.7%
Rune Bentsen AS	2.7%
Kolberg Motors AS	2.5%

Top management in the Pareto group owns 3.1 per cent of the shares.

Pareto Bank ASA

Dronning Mauds gate 3
P.O. Box 1823 Vika
0123 Oslo, Norway
Telephone: +47 24 02 81 20
Total assets 2023: NOK 25 847 million
Equity 2023: NOK 5 005 million
Number of employees: 64
CEO: Tiril Haug Villum tiril.villum@paretobank.no
Chairman: Åsmund Skår
www.paretobank.no

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THE DIRECTORS' REPORT 2023

OUR BUSINESS OBJECTIVES

We want to further develop and strengthen Pareto as a financially sound and profitable group of highly focused and independent business units. Our work shall be based on high ethical standards and professionalism, respect and trust of the company's employees, partners, clients, competitors and the public authorities.

OPERATIONS

The company's business comprises financial advisory services, brokerage in the field of securities, ships, rigs, real estate and insurance, as well as project financing and asset management. The group's business activities are primarily conducted through operating companies Pareto Securities AS and its subsidiaries, Pareto Asset Management AS and its subsidiary Enter Fonder AB (which changed its name to Pareto Asset Management AB on 1 January 2024), Pareto Alternative Investments AS, Pareto Wealth Management AS, Pareto Shipbrokers AS, Pareto Bassøe Shipbrokers AS, Pareto Forsikringsmegling AS and Eiendomsmegler Krogsveen AS. Pareto AS is the parent company of the group. Pareto's head office is located in Oslo and the subsidiaries have offices in Stavanger, Trondheim, Kristiansand, Stockholm, Helsinki, Copenhagen, London, Frankfurt, Zürich, Singapore, Perth, New York and Houston.

EARNINGS

Developments in the securities markets have a significant impact, directly and indirectly, on Pareto's income statement. Despite the considerable challenges faced in 2023 due to the pandemic's aftermath, geopolitical tensions, and volatile financial markets, the group delivered a solid profit. Compared to the year before, group profit increased by nearly 33 per cent. The income statement must be described as very satisfactory, both for the group as a whole and for the majority of its business activities.

Group operating revenues in 2023 amounted to NOK 3 798 million, compared with NOK 3 491 million in 2022. Pre-tax profit totalled NOK 1 356 million, NOK 989 million in 2022. Profit after tax amounted to NOK 1 099 million in 2023, versus NOK 828 million in 2022.

The financial strength and liquidity of the group are good. Book equity at yearend stood at NOK 5 212 million. Bank deposits totalled NOK 2 077 million.

The parent company's profit after-tax was NOK 808 million (NOK 699 million in 2022). At year-end 2023, equity in the parent company amounted to NOK 4 705 million, up from NOK 3 916 million in 2022.

Pareto's decentralised operating model once again played its part in fostering engagement and commitment among our partners and employees, and in ensuring that attention was focused on maintaining high client activity, sensible cost levels and low risk.

The Board of Directors is very satisfied with the performance of the subsidiaries and will continue the long-term investment strategy of the parent company. Distributions received from the subsidiaries will be applied in the development of new ventures under the group's own umbrella or invested in other well-run companies, primarily in the form of equities.

PARETO'S STRATEGY

Pareto's strategy is to be a leading, independent Nordic investment company in which the individual subsidiaries have a decentralised and focused strategy.

Although priority is given to organic growth and the development of in-house expertise, acquisitions and mergers will be considered if they serve to develop and complement the company and extend the product range. Pareto will cooperate with other companies if appropriate and whenever doing so will offer our clients the best product.

Pareto's aim is to be a preferred provider of financial services, reflecting the company's thorough and detailed knowledge of social conditions, industries and individual companies. The Directors believe that, based on the group's proven ability to adapt and change, Pareto still has considerable potential for improvement and growth. One example of this is provided by the way in which Pareto has used its core expertise in selected industries as a platform for international expansion.

OUTLOOK

In addition to the company's own efforts and development, Pareto's earnings are affected by the general levels of activity in the financial markets.

Market volatility stemming from macroeconomic and geopolitical shocks is expected to persist at elevated levels. The OECD Interim Economic Outlook projects a marginally improved global economic outlook for 2024. Asia is expected to continue driving the bulk of global growth during this period. Ongoing geopolitical tensions, trade disputes, and regional conflicts pose risk to economic stability. These uncertainties can impact investor confidence and business decisions.

Over the years the group has expanded internationally and built multiple sources of income – including energy transition and renewables – that offer a greater level of stability. Even

so, we remain vulnerable to major, long-term fluctuations in the oil price and to the development of the Scandinavian economies in general.

While fully aware of these challenges, the Directors have a fundamentally optimistic outlook and a positive view of Pareto's prospects, not only in the coming year, but also in the longer term. Pareto has a modest cost structure and a sound balance sheet and is thus well equipped to tackle challenges in the market.

D&O INSURANCE

The group holds a Directors & Officers insurance. The cover provides board members, CEO and senior management with insurance against personal liability, for actual or alleged, wrongful acts in managing the company and subsidiaries. The insurance also covers legal expenses.

KEY RISK FACTORS AND OTHER MATTERS

The group is exposed to market-related risks in respect of own account holdings in securities, counterparty risk, settlement risk, foreign currency risk and litigation risk related to alleged errors in the facilitation of capital raising and project financing projects. The risks relating to the business of the subsidiaries are managed according to the rules of the Norwegian Private Limited Companies Act, the Norwegian Securities Trading Act, the Securities Funds Act and the Risk Management and Internal Control Regulations issued by Finanstilsynet (The Financial Supervisory Authority of Norway).

The working environment in group companies is good. Work commitment and productivity were high throughout the year.

The level of absence due to sickness in the group is low and no injuries or accidents were reported during the reporting year.

The group practises equality of opportunity between men and women. In its recruitment policy the company makes a deliberate effort to attract the ablest candidates without discriminating based on gender, ethnicity, or other factors.

Group companies that are subject to the Norwegian Transparency Act (Norwegian: Åpenhetsloven), will carry out an annual due diligence assessment which will be published on the websites of the individual group companies by 30 June.

The company is not involved in research and development activities. Except from emissions resulting from travel activities and office use, the nature of the group's operations does not pose any environmental pollution.

Pareto Asset Management AS acquired all the shares of Pareto Wealth Management AS on 1 January 2024 from Pareto AS.

The Annual Report and Accounts are rendered on the going-concern assumption, which assumption still applies. The Directors consider that the accounts give a true picture of the Pareto group's assets and liabilities, its financial situation, and profits.

The Directors wish to thank our partners and employees for their effort and excellent work in the past year and the group's clients for the trust they have continued to place in us.

Oslo, 29 April 2024

Sign.

Svein Støle
(Chair)

Sign.

Bjørn Gabriel Reed

Sign.

Christian Jomaas

Sign.

Elin Mack Løvdal

Sign.

Siri Johanne Krafft

Sign.

Trine C. Høgås-Ellingsen
(CEO)

INCOME STATEMENT

Parent company (NOK '000)				Group (NOK '000)	
2022	2023		Notes	2023	2022
OPERATING REVENUES					
255	255	Operating revenues	2	3 798 073	3 491 120
255	255	Total operating revenues		3 798 073	3 491 120
OPERATING EXPENSES					
-7 066	-9 468	Personnel costs	3	-1 906 590	-1 703 733
-1 464	-2 232	Sundry other operating costs		-909 322	-834 925
-26	-23	Ordinary depreciation & amortisation	4	-27 469	-48 981
-8 556	-11 723	Total operating expenses		-2 843 382	-2 587 639
-8 301	-11 468	Operating profit/loss		954 691	903 481
FINANCIAL INCOME/EXPENSES					
121 429	128 363	Financial income		342 883	95 883
435 327	594 259	Share dividends		85 595	40 172
0	0	Adjustments, securities	5	5 672	-6 116
114 882	133 856	Share of associated companies	6	133 856	114 882
-174	-7	Interest paid		-37 429	-5 376
-2 171	-11 926	Other financial expenses		-129 167	-153 526
669 293	844 544	Total financial income/expenses		401 411	85 919
660 992	833 076	Income before tax		1 356 102	989 401
38 365	-24 923	Tax expense	7	-257 315	-161 269
699 356	808 152	Profit for year		1 098 787	828 131
		Net profit attributable to owners of parent		835 093	653 712
		Net profit attributable to non-controlling interests		263 694	174 419
Allocation of net profit:					
0	0	- Provision for dividend			
-699 356	-808 152	- Transferred to other equity			
-699 356	-808 152	Total allocations			

BALANCE SHEET

ASSETS

Parent company (NOK '000)				Group (NOK '000)	
31.12.2022	31.12.2023		Notes	31.12.2023	31.12.2022
FIXED ASSETS					
Intangible assets					
0	0	Goodwill acquired	4	-778	-2 442
0	0	Deferred tax assets	7	61 973	58 299
0	0	Total intangible assets		61 195	55 857
Property, plant & equipment					
731	723	Fixtures, fittings, machinery etc.	4	47 050	70 334
Financial fixed assets					
579 832	574 538	Shares in subsidiaries	6	0	0
825 321	944 982	Shares in associated companies	6	944 982	825 321
284	284	Other securities	8	23 568	34 747
0	0	Other non-current receivables		286	296
78	54	Premium fund	9	312	349
1 405 514	1 519 857	Total financial fixed assets		969 148	860 713
1 406 245	1 520 581	Total fixed assets		1 077 393	986 903
CURRENT ASSETS					
Receivables					
17 829	30 454	Trade receivables	10	2 356 950	2 342 040
491 481	575 313	Other receivables	11	669 643	609 257
509 310	605 767	Total receivables		3 026 593	2 951 297
Investments					
1 838 651	2 093 423	Securities	5	3 003 102	3 078 217
1 838 651	2 093 423	Total investments		3 003 102	3 078 217
189 302	507 820	Bank deposits	12	2 076 958	1 764 667
2 537 263	3 207 009	Total current assets		8 106 652	7 794 181
3 943 508	4 727 590	Total assets		9 184 045	8 781 084

BALANCE SHEET

EQUITY AND LIABILITIES

Parent company (NOK '000)			Group (NOK '000)	
31.12.2022	31.12.2023	Notes	31.12.2023	31.12.2022
EQUITY				
Paid-in capital				
5 548	5 548	Share capital	5 548	5 548
7 096	7 096	Share premium reserve	0	0
0	0	Other paid-in equity	0	0
12 644	12 644	Total paid-in capital	5 548	5 548
Retained earnings				
475 480	523 514	Reserve for valuation variations	523 514	475 480
3 427 691	4 168 607	Other equity	4 379 791	3 576 989
3 903 172	4 692 121	Total retained earnings	4 903 305	4 052 470
Non-controlling interests				
			303 540	306 132
3 915 816	4 704 765	Total equity	5 212 392	4 364 198
LIABILITIES				
Provision for commitments				
0	0	Pension liabilities	9	1 363
35	66	Deferred tax	7	86
35	66	Total provision for commitments	1 449	1 387
Non-current liabilities				
0	0	Other non-current liabilities	62 600	21 151
0	0	Deposits from silent partners	40 763	38 548
0	0	Total non-current liabilities	103 363	59 699
Current liabilities				
5 586	6 888	Other current liabilities	11	3 297 216
21 949	15 385	Tax payable	7	206 043
0	0	Dividends		272 001
122	485	Government charges and special taxes payable		91 580
27 657	22 759	Total current liabilities	3 866 840	4 355 800
27 692	22 825	Total liabilities	3 971 653	4 416 886
3 943 508	4 727 590	Total liabilities and equity	9 184 045	8 781 084

Oslo, 29 April 2024

Sign.
Svein Støle
(Chair)

Sign.
Christian Jomaas

Sign.
Bjørn Gabriel Reed

Sign.
Siri Johanne Krafft

Sign.
Elin Mack Løvdal

Sign.
Trine C. Høgås-Ellingsen
(CEO)

CASH FLOW STATEMENT

Parent company (NOK '000)			Group (NOK '000)	
2022	2023		2023	2022
CASH FLOW FROM OPERATING ACTIVITIES				
660 992	833 076	Ordinary profit before tax expense	1 356 102	989 401
35 900	-31 457	Tax paid in period	-278 676	-328 353
26	23	Ordinary depreciation and amortisation	27 625	31 900
0	0	Securities adjustments	-5 672	6 116
0	24	Net change in pensions without cash effect	49	-491
0	0	Other items without cash effect	26 027	33 125
-114 882	-133 856	Share of profits of associated company	-133 856	-114 882
420 843	-96 456	Change in receivables	-75 295	351 791
-6 513	1 666	Change in other liability items	-561 459	-762 319
996 366	573 020	Net cash flow from operating activities	354 844	206 287
CASH FLOW FROM INVESTMENT ACTIVITIES				
0	-16	Net cash from purchases/disposals/sale of tangible assets	-4 341	-22 308
-1 038 460	-254 772	Net cash flow, short-term investments	80 788	244 634
7 724	-64 706	Payments for purchases of financial fixed assets	-58 822	904
51 867	64 991	Net cash flow, financial fixed assets	65 001	51 869
-978 869	-254 502	Net cash flow from investment activities	82 627	275 099
CASH FLOW FROM FINANCING ACTIVITIES				
-2 377	0	Dividend paid	-182 051	-445 952
-104 310	0	Reduction of share capital	0	-104 310
0	0	Payment purchase of treasury shares	-3 427	0
0	0	Change non-current commitments and liabilities	43 665	-41 875
0	0	Payments of equity to/from minority interests	16 633	1 720
-106 687	0	Net cash flow from financing activities	-125 180	-590 416
-89 190	318 518	Net change in bank deposits	312 291	-109 030
278 492	189 302	Bank deposits in hand at 1 Jan.	1 764 667	1 873 697
189 302	507 820	Bank deposits in hand at 31 Dec.	2 076 958	1 764 667

NOTES TO THE ACCOUNTS

NOTE 1 | General

Group structure

Pareto AS owns 65.56% of Pareto Securities AS, 87.3% of Pareto Asset management AS, 100% of Pareto Bassøe Shipbrokers AS, 100% of Pareto Shipbrokers AS, 100% of Pareto Wealth Management AS, 100% of Pareto Forsikringsmegling AS, 97.5% of Pareto Alternative Investments AS and 100 % of Pareto Bolig AS.

Pareto Securities AS owns 100% of Pareto Securities Pte Ltd, 100% of Pareto Securities Inc., 82.69% of Pareto Securities AB, 100% of Pareto Securities Oy, 100% of Pareto Securities Ltd, 100% of Pareto Securities Pty Ltd, 100% of Pareto Securities AG, 87.01% of Pareto Offshore AS, 100% of North Atlantic Seafood Forum AS, 100% of Pareto Business Management AS, 100% of Pareto Business Management AB, 100% of Pareto Business Management A/S, 100% of Pareto Maritime Services AS, 100% of Pareto Eiendom AS, 100% Pareto Project AS and 100% of Pareto Investorservice AS.

Pareto Asset Management AS owns 100% of Enter Fonder AB (which changed its name to Pareto Asset Management AB on 1 January 2024).

Pareto Bassøe Shipbrokers AS owns 100% of P.F. Bassøe AS and Pareto Dry Cargo AS.

Pareto Shipbrokers AS owns 100% of Pareto Shipbrokers Ltd.

Pareto Bolig AS owns 100% of Eiendomsmegler Krogsveen AS (Krogsveen) and 100% of Krogsveen Utvikling AS. Krogsveen owns 100% of Utleiemegler Krogsveen AS. Krogsveen Utvikling AS owns 56.3% of KE Forsikring AS.

General info

Pareto AS has been granted an exemption from the provisions in the Norwegian Accounting Act § 3-4 in preparing financial statements and annual report in the Norwegian language.

Consolidation principles

Investments in subsidiaries are valued at acquisition cost. If impairments are not expected to be temporary, write downs to fair value will be carried out. In the consolidated accounts, the cost price of shares in the subsidiaries is eliminated against the share capital in the subsidiaries at the time of purchase. Inter-company transactions, receivables and debts as of 31 December are eliminated in the consolidated accounts. Exchange differences in connection with the translation of the financial statements of foreign subsidiaries are charged to group equity.

Accounting policies

The annual financial statements are prepared in accordance with the rules provided for in the Norwegian Accountancy Act.

Income items are recognised as they are earned and when claims for payment arise. Income is recognised at the value of the payment at the time of the transaction.

Assets intended for permanent ownership or use are classified as non-current. Other assets are classified as current assets. Receivables payable within one year are classified as current assets. Corresponding criteria are applied for classifying current and non-current liabilities.

Fixed assets are valued at acquisition cost, but are written down to their real value when a drop in value is not expected to be temporary. Assets with a limited economic life are depreciated systematically. Long-term loans are recorded in the balance sheet at the nominal sum received at the time of the establishment of the loan.

Investments in companies in which the company owns between 20 and 50 per cent and has a significant influence, are reported according to the equity method.

Current assets are valued at whichever is the lower of acquisition cost and fair value. Current liabilities are entered in the balance sheet at the nominal sum received at the time of establishment. Current liabilities are not written up to their fair value as a consequence of changes in interest rates.

Some items are valued according to other principles, as explained below.

Some of the operational subsidiaries are principals in their respective internal partnerships. The accounts for the internal partnerships are incorporated in the principals' accounts, based on gross values. Silent partners' shares of the internal partnerships' profits are debited as personnel costs and other financial expenses, respectively. Debts to silent partners are recorded under other current liabilities.

Provisions for bad debts are based on an assessment of the individual receivable. In addition, a provision is made to cover estimated losses on other trade receivables.

Financial instruments in the trading portfolio that are traded on an efficient market are valued at their fair value as of the balance sheet date. Other financial instruments are valued at whichever is the lower of the average acquisition cost and fair value as of the balance sheet date. Shares are valued in accordance with the policies for valuing portfolios.

The companies in the group put in place a defined contribution pension scheme in 2006. Contribution plans are accrued according to the matching principle.

Tax expense is matched with profit before tax. Tax related to equity transactions is offset against equity. Tax expense consists of tax payable, change in deferred tax and reimbursements pursuant to the Tax Act.

Monetary items in foreign currencies are translated at the rate of exchange applicable on the balance sheet date.

NOK '000

NOTE 2 | Operating revenues, consolidated

Operating revenues	2023	2022
Brokerage/Corporate finance	2 983 953	2 804 2512
Management/Business management	814 120	686 869
Total operating revenues	3 798 073	3 491 120

NOTE 3 | Salaries, number of employees, remuneration etc.

	Parent company		Consolidated	
	2023	2022	2023	2022
Wages and salaries, holiday pay, nat. insurance	9 281	6 873	1 811 725	1 614 655
Pensions and other personnel costs	187	192	94 865	89 077
Total	9 468	7 066	1 906 590	1 703 733
Number of man-years	2	2	966	1 001

Paid remuneration to the CEO in 2023 amounted to NOK 3 280, including bonus. Remuneration to the directors of the parent company amounted to NOK 775. A provision of NOK 3 177 has been made for fees for the directors of the group.

Deloitte AS received fees of NOK 249 (2022: 243) for auditing the parent company and NOK 6 437 (2022: 6 107) for the group. Payment for other assurance engagements totalled NOK 0 (2022: 0) for the parent company and NOK 2 165 (2022: 1 800) for the group. Payments to other auditors to the group amount to NOK 85. These figures are exclusive of VAT.

Payments to Deloitte Advokatfirma DA for legal services amount to NOK 0 (2022: 0) for the parent company and NOK 628 (2022: 659) for the group. These figures are exclusive of VAT.

NOTE 4 | Tangible fixed assets

	Parent company	Group	
	Fixtures & fittings, IT	Fixtures & fittings, IT	Goodwill
Acquisition cost 01.01.	2 264	364 774	221 674
Additions in year	16	13 583	1 503
Disposals/sale	-	107 835	-
Acquisition cost 31.12.	2 279	270 522	223 178
Acc. depreciation 01.01.	1 533	293 977	224 117
Disposals/sale	-	98 129	-
Depreciation this year	23	27 625	-161
Acc. depreciation 31.12.	1 556	223 473	223 956
Book value 31.12.	723	47 050	-778
Economic life	3-6 years	2-7 years	3-5 years
Depreciation plan	Straight-line	Straight-line	Straight-line

The Pareto group has a lease on the premises at Dronning Mauds gate 1-3, which expires in 2031. The annual rent excluding common expenses was approximately NOK 49.7 million in 2023.

NOK '000

NOTE 5 | Securities

	Parent company		Group	
	Acquisition cost	Book value	Acquisition cost	Book value
Shares and partnership interests	2 093 423	2 093 423	2 130 361	2 123 646
Bonds and certificates			802 241	808 044
Fixed income funds			31 211	34 495
Equity funds			31 957	36 917
Total securities	2 093 423	2 093 423	2 995 771	3 003 102

NOTE 6 | Shares in subsidiaries

Subsidiary	Office	% stake and votes	Book value 31.12
Pareto Securities AS	Oslo	65.6%	77 986
Pareto Asset Management AS	Oslo	87.3%	24 433
Pareto Bassøe Shipbrokers AS	Oslo	100%	29 000
Pareto Shipbrokers AS	Kristiansand	100%	108 500
Pareto Wealth Management AS	Oslo	100%	64 739
Pareto Forsikringsmegling AS	Oslo	100%	20 423
Pareto Alternative Investments AS	Oslo	97.5%	73 543
Pareto Bolig	Oslo	100%	175 914
			574 538

Shares in associated companies

Company Office in Pareto's stake	Fondsforvaltning Oslo 35.0%	Odin Marine New York 27.5/50%	Pareto Bank Oslo 20.0%	Total associated companies
Acquisition cost	40 001	30 906	308 114	
Equity at time of acquisition	23 939	10 540	400 810	
Goodwill at time of purchase	16 062	20 366	-92 696	
Opening balance 1 Jan.	7 822	33 904	783 594	825 321
Acquisition in year	-	-	70 000	70 000
Share of year's profit	1 121	11 573	120 521	133 215
Equity adjustments	-	-	-19 203	-19 203
Write-down goodwill	-	-	641	641
Dividends received	-1 453	-9 613	-53 926	-64 991
Closing balance 31 Dec.	7 490	35 864	901 628	944 982

NOTE 7 | Taxes

Parent company			Group	
2022	2023		2023	2022
660 992	833 076	Profit before income tax	1 356 102	989 401
0	0	Group contribution	11 659	19 227
-573 096	-771 413	Permanent differences	-286 420	-97 629
-99	-122	Change in temporary differences	-17 004	-31 346
0	0	Change in deficits carried forward	29 279	44 928
87 797	61 541	Year's tax base	1 093 615	924 581
21 949	15 385	Tax payable	243 382	214 241
0	0	Correction previous year(s)	0	0
0	0	Tax payable, withholding	-37 340	12 967
21 949	15 385	Total tax payable	206 043	227 208
Specification of temporary differences				
0	0	Current assets	-9 957	-6 886
60	43	Tangible fixed assets	-23 996	-12 416
-13	0	Intangible assets	-226	-6 348
95	220	Other items	-130 714	8 806
0	0	Remaining loss for carrying forward	-104 836	-40 372
142	263	Basis for calculating deferred tax benefit/tax	-269 729	-57 216
35	66	22 - 25% deferred tax benefit (-)/tax(+)	-61 887	-58 263
Year's tax expense				
21 949	15 562	Tax payable	243 382	214 241
-64 326	146	Tax correction for earlier years	8 194	-66 200
25	30	Change in deferred tax benefit/tax	-3 623	9 241
-42 352	15 562	Tax expense	247 953	157 282
3 987	9 361	Paid withholding tax	9 361	3 987
-38 365	24 923	Total tax expense	257 315	161 269
-6%	3%	Effective rate of taxation	18%	16%
Reconciliation from nominal to true tax expense				
165 248	208 269	Anticipated tax expense at nominal rate	319 638	233 180
-143 274	-192 853	Permanent differences	-71 308	-26 404
0	0	Change in tax rates	11 722	13 809
-64 326	146	Correction previous year(s)	146	-64 149
0	0	Other items	-12 244	846
-42 352	15 562	Tax expense	247 953	157 282
3 987	9 361	Paid withholding tax	9 361	3 987
-38 365	24 923	Total tax expense	257 315	161 269

NOK '000

NOTE 8 | Other shares/bonds

	Acquisition cost	Book value
Other securities, parent company	284	284
Other securities, subsidiaries	23 285	23 285
Total other securities, group	23 568	23 568

NOTE 9 | Pensions

The group has a defined contribution pension scheme as required under the Norwegian Mandatory Occupational Pensions Act. Premium paid in 2023 totalled NOK 72 for the parent company and NOK 16 206 for the group.

One subsidiary has two unfunded pension plans, and the liabilities under these are recognised in the balance sheet as of 31 December 2023 at NOK 1 336 through actuarial valuations based on commonly applied assumptions.

NOTE 10 |

The parent company has granted employees/partners of the subsidiaries interest-bearing loans on which the outstanding balance as of 31 December 2023 is NOK 24 287.

NOTE 11 |

Receivables from group companies amounted to NOK 575 313 as at 31 December 2023.

Other current liabilities to group companies as at 31 December 2023 amounted to NOK 23.

NOTE 12 | Bank deposits

The parent company has a non-distributable deposit of NOK 223 lodged in an account for tax withholdings. The group's bank deposits include NOK 272 779 in non-distributable accounts, of which NOK 23 369 in accounts for tax withholdings.

Sums lodged in client accounts belonging to clients (client funds) are not recorded in the balance sheets of the companies.

NOTE 13 | Equity

Parent company	Share capital	Share premium account	Reserve for valuation variations	Other equity	Total
Equity at 1 Jan.	5 548	7 096	475 480	3 427 691	3 915 816
Year's profit			67 236	740 916	808 152
Other adjustments			-19 203		-19 203
Total equity as of 31 Dec.	5 548	7 096	523 514	4 168 607	4 704 765

NOTE 13 | Equity, continued

Group	Share capital	Reserve for valuation variations	Other equity	Non-controlling interests	Total
Equity at 1 Jan.	5 548	475 480	3 576 989	306 180	4 364 198
Other adjustments		-19 203	3 838		-19 203
Currency translation			16 194	11 498	27 692
Year's profit after tax		67 236	767 856	263 694	1 098 787
Provision for dividends				-275 716	-275 716
Non-controlling interests			18 751	-2 118	16 633
Total equity as of 31 Dec.	5 548	523 514	4 379 791	303 539	5 212 392

The share capital as of 31 Dec. is NOK 5 548, divided into 38 000 shares with a nominal value of NOK 146 each.

	Number of shares	Stake and voting %
Svein Støle	35 000	92.1%
Svele AS / Svein Støle	3 000	7.9%
	38 000	100.0%

There are two classes of shares. Shares owned by Svele AS are classified as B shares and carry a preferential right to dividends as determined by the General Meeting.

NOTE 14 |

Pareto Securities AS has, in relation to the granting of a licence to its subsidiary Pareto Securities Pte Ltd, issued an undertaking to the Monetary Authority of Singapore that the company will cover any liability less than SGD 12 million.

Eiendomsmegler Krogsvæen has pledged receivables and fixed assets, with a value of 60 million, as collateral for bank overdraft facilities.

NOTE 15 |

The group is exposed to market related risks in respect of own account holdings in securities, counterparty risk, settlement risk and foreign currency risk.

The financial market risk relating to the business of the subsidiaries is managed according to the rules of the Companies Act, the Securities Trading Act, the Securities Funds Act and the Risk Management and Internal Control Regulations issued by Finanstilsynet (The Financial Supervisory Authority of Norway).

NOTE 16 | Related-party transactions

Svein Støle holds the controlling ownership interest in the parent company, Pareto AS. No transactions were conducted with the controlling interest.

Sales of services to other group companies	6 801
Purchases of services from other group companies	7 247

Transactions with related parties are on arm's length prices and terms.
The amounts include costs invoiced by external suppliers passed on between group companies.

NOTE 17 | Events after the balance sheet reporting date

On 1 January 2024, Pareto AS sold all the shares in subsidiary Pareto Wealth Management AS to subsidiary Pareto Asset Management AS.

After the balance sheet date, Pareto AS has sold most of its holdings in listed securities to Pareto Invest Europa AS, a company owned by Svein Støle. The transactions generate a net realized gain in Pareto AS. The realized gain was generated and is booked in 2024.



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To the General Meeting of Pareto AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Pareto AS, which comprise:

- The financial statements of the parent company Pareto AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Pareto AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other 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 opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 April 2024
Deloitte AS



Independent auditor's report
Pareto AS

Roger Furholm
State Authorised Public Accountant

Independent auditor's report

Name

Furholm, Roger

Date

2024-04-30

Identification

 **bankID**™ Furholm, Roger



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