



ANNUAL REPORT 2022

Business activities

Pareto Securities AS ("the company") is a regulated investment firm with business activities within primary and secondary brokerage of equities and fixed income instruments, investment banking services and project financing. The company has its head office in Oslo, a regional office in Stavanger, and branch offices in Denmark and Germany.

The company has licensed subsidiaries in Sweden (with a branch in Norway), Finland, UK, USA, Singapore and Australia and a representative office in Switzerland. Norwegian subsidiaries have activities in rig-brokering and business management of project finance companies.

The international presence secures our proximity both to the major global capital markets 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 the company's placement power in the equity and bond markets. The company was established in 1992 and is part of the Pareto group with Pareto AS as its parent company. The company and its subsidiaries ("the group") had 465 employees as of 31 December 2022 .

Financial developments and profits

2021 was a year with extraordinary high activity in the capital markets. Although 2022 was a challenging business year with the war in Ukraine, energy shortages, high inflation and increased interest rates, the group delivered a solid profit.

The group's operating revenues amounted to NOK 2 080 million in 2022 (NOK 3 668 million). Profit before taxes amounted to NOK 604 million (NOK 1 589 million). The group's equity is NOK 754 million (NOK 766 million).

The company's operating revenues amounted to NOK 1 217 million in 2022 (NOK 1 970 million). Profit before taxes amounted to NOK 570 in 2022 (NOK 1 299 million). The company's equity is NOK 592 million (NOK 604 million).

Key risks factors, risk management and capital adequacy

The group is exposed to market risks related to its holding of financial instruments. The group is also indirectly exposed to fluctuation in the capital markets. Weak capital markets lead to fewer transactions and lower revenues. Furthermore, the group is exposed to settlement risk linked to unsettled transactions, securities financing, counterparty risk, currency exchange risk and litigation risk related to alleged errors in the facilitation of capital raisings and project financing projects. The company is also exposed to sustainability risks. The company does not consider sustainability risk as a separate risk group but assumes that sustainability risk can potentially have a negative impact on all business areas and investments. Sustainability risk therefore contributes to risk in other risk dimension.

The group does not trade in equities or bonds for its own account as part of its general investment management but may to a limited degree take positions in relation to capital raising projects. Surplus liquidity is deposited in financially sound banks and government bonds. These factors limit the company's financial risk.

The company's risk is managed in accordance with the provisions in the Norwegian Private Limited Companies Act and the Norwegian Securities Trading Act with appurtenant regulations, as well as risk management and internal directives. Corresponding risk management requirements apply to the regulated subsidiaries abroad, subject to and in accordance with the laws of the applicable jurisdiction.

Internal procedures have been established for compliance with applicable laws. The quality of deal facilitation work is ensured through teamwork under experienced project leaders and established capital raising project procedures, including a thorough assessment of potential new investment banking assignments in the internal "Deal Committee".

The company and the group complied with all applicable capital adequacy requirements throughout 2022.

ESG

Sustainability and corporate social responsibility

The group is committed to sustainable business and development by combining financial solutions with environmental and social responsibility as well as sound governance practices (ESG). Sustainability is an integrated part of our business strategy and one of the group's fundamental principles.

Our Ethical Principles, Sustainability Policy, Anti-corruption Policy, Human Rights Policy and Diversity & Inclusion Policy reflect what we consider responsible business conduct. The policy framework establishes principles to ensure that the group operates in a sustainable manner and meets fundamental human rights, labour, environmental and anti-corruption responsibilities as set out in the UN Global Compact. The policy framework is available at www.paretosec.com.

ESG related risks and opportunities are discussed by both the board and the executive management on a regular basis. The board receives reports on the group's development and impact within ESG annually.

The group's ambition is to contribute to achieving the Paris targets. Measures will continuously be drawn up to strengthen the group's efforts towards achieving Paris-aligned strategies. These are measures that will both reduce the group's climate risk and contribute to exploiting the business opportunities inherent in the green shift.

We are an office-based organization, and our environmental footprint is therefore limited. Our offices and our business travels are our greatest direct climate impact. We focus our efforts on energy management by monitoring and minimizing energy consumption and greenhouse gas emissions derived from our operations. Our Travel Policy encourages our employees to limit air travel and use environmentally sound alternatives such as virtual meetings. The group's energy and climate accounts are registered based on the international Corporate Accounting and Reporting Standard. We are committed to fully compensate the greenhouse gas emissions from our global operations.

The group reports on its sustainability impact. The key findings regarding the group's sustainability impact is described in the annual Sustainability report available on www.paretosec.com.

Human Rights

The company recognizes that businesses have a responsibility to respect, support and promote human rights. Our Human Rights Policy reflects that the group aims to carry out all our business activities in such a manner that we do not negatively affect fundamental human rights and decent working conditions (collectively "Human Rights"). In accordance with the Norwegian Transparency Act (Nw: Åpenhetsloven), the company has conducted a risk-based enterprise assessment on whether the activities of the group, including business partners, suppliers and subcontractors, have any actual or potential adverse impacts on Human Rights. Overall, given the nature and location of the group's business operations, the risk of engaging with organizations subject to being in breach of Human Rights is considered limited. Regardless, the company will continuously assess potential negative consequences on Human Rights arising from the group's business activities, including our business partners and supply chain, with an aim to propose mitigating measures to reduce negative impact.

The company is obligated to publish an annual statement on the results of the risk assessments under the Transparency Act. In line with this obligation, the 2022 statement will be published on www.paretosec.com.

Working environment

We believe that our employees represent our most important asset. The group is committed to ensuring a sound and healthy working environment. This includes safeguarding our employees' physical and mental health through various initiatives and promoting professional and personal development. All employees are covered by our health insurance programme and are offered health checks every second year. Through the programme Pareto Active, the group offers a variety of sport activities throughout the year. Our employees are provided with regular training in various topics. The working environment is considered to be good. Sickness absence is consistently low and the absence was 0,45% in 2022.

PARETO SECURITIES

DIRECTORS' REPORT 2022

There are no reports of work-related injuries or accidents among the group employees in 2022. The company has established a working environment committee and has appointed safety representatives in Oslo and Stavanger. The working-environment committee held two meetings in 2022, and safety inspections were conducted for the purpose of maintaining a healthy and safe working environment in the company.

Diversity and equality

The group is committed to the principles of non-discrimination and equality in opportunity. The group has gender-neutral guidelines and offer equal opportunities for women and men.

The group has established a Diversity and Inclusion Policy that sets out the following key principles:

- Zero tolerance for discrimination and harassment
- Treat colleagues with fairness and respect, irrespectively of background
- Keep internal dialogue open and safe
- Do what we can to make colleagues feel valued and belonging to a community

We continue to focus on diversity and gender equality by concrete measures in our internal processes and by our support of initiatives promoting diversity and gender equality in the finance industry.

The company is obligated to report on gender equality and anti-discrimination measures and associated data under the Norwegian Equality and Anti-Discrimination Act (No: Lov om likestilling og forbud mot diskriminering). In line with this obligation, the 2022 Gender Equality and Anti-discrimination report will be published on www.paretosec.com.

Anti-corruption and anti-money laundering measures

The group has developed a strict framework to combat bribery, fraud and corruption, as well as money laundering and terrorist financing. The company is subject to the EU Money Laundering Directives, as well as national legislation in its local offices.

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.

Going concern

The annual financial statements have been prepared under the going concern assumption. This assumption is based on the financial situation at year-end 2022 and the forecast for 2023.

Outlook for 2023

Market volatility due to macroeconomic and geopolitical shocks, is set to remain elevated. OECD predicts a slightly better global economic outlook for 2023, but inflation and higher interest rates challenges remain.

The Russian invasion has led to high energy prices, but it has also accelerated the energy transition. Governments across the globe advocate for allocation of investments to companies and infrastructure projects that tackle climate risk, stimulate green innovation, reduce inequality and improve social cohesion. We expect this trend to continue.

The group's revenue base has over the last few years become more diversified, in terms of both products and industries, as well as geographically. Diversification has made the group less dependent on energy prices.

Oslo, 22 March 2023

Morten Goller
Chairman

Svein Støle
Board member

Siri Johanne Krafft
Board member

Mats Carlsson
Board member

Trine Charlotte Høgås-Ellingsen
Board member

Christian Jomaas
Chief Executive Officer

PARETO SECURITIES

COMPANY		INCOME STATEMENT		GROUP	
2022	2021	Note	Amounts in NOK 1 000	2022	2021
1 216 500	1 969 500	2	Operating revenues	2 080 000	3 668 000
536 728	934 553	3	Personnel expenses	1 008 384	1 644 573
7 096	7 505	6	Depreciation	16 182	15 545
215 576	189 642		Other operating expenses	421 834	397 882
759 400	1 131 700		Total operating expenses	1 446 400	2 058 000
457 100	837 800		Operating profit	633 600	1 610 000
18 315	4 109		Interest income	24 293	8 095
144 242	492 199		Other financial income	25 413	14 704
-2 179	-2 194		Interest expenses	-3 923	-8 537
-47 078	-32 514		Other financial expenses	-75 783	-35 162
113 300	461 600		Net financial result	-30 000	-20 900
570 400	1 299 400		PROFIT BEFORE TAXES	603 600	1 589 100
122 500	213 900	16	Tax expense	159 900	367 000
447 900	1 085 500		NET PROFIT FOR THE YEAR	443 700	1 222 100
			Net profit attributable to owners of parent	428 053	1 130 652
		7	Net profit attributable to non-controlling interests	15 647	91 448
			Allocation of net profit		
-459 886	-976 043		Proposed dividend		
11 986	-109 457		Transferred to/from other equity		
-447 900	-1 085 500	14	Total allocations		

PARETO SECURITIES

COMPANY				BALANCE SHEET AS OF 31 DECEMBER	GROUP	
2022	2021	Note	Amounts in NOK 1 000	2022	2021	
NON-CURRENT ASSETS						
30 244	41 398	16	Deferred tax assets	42 313	49 063	
2 893	4 147	6	Software	17 038	19 612	
33 137	45 545		Total intangible assets	59 351	68 675	
7 918	11 658	6	Office equipment and fittings	12 437	15 624	
322 327	293 628	7	Shares in subsidiaries	0	0	
76 433	73 534		Loans to subsidiaries	-0	0	
398 760	367 162		Total financial assets	-0	0	
439 815	424 365		TOTAL NON-CURRENT ASSETS	71 788	84 299	
CURRENT ASSETS						
1 044 512	149 902	8	Receivables from clients	2 055 371	1 934 980	
61 384	134 790		Receivables from financial institutions	61 384	134 790	
150 634	497 101		Receivables from group companies	0	0	
195 913	356 722		Other receivables	438 041	652 275	
1 452 443	1 138 515		Total receivables	2 554 796	2 722 045	
12 641	1 086 638	9	Financial instruments	1 138 526	2 207 538	
505 101	502 482	10	Bank deposits	1 151 890	1 317 217	
1 970 185	2 727 635	20	TOTAL CURRENT ASSETS	4 845 212	6 246 800	
2 410 000	3 152 000		TOTAL ASSETS	4 917 000	6 331 100	

PARETO SECURITIES

COMPANY		BALANCE SHEET AS OF 31 DECEMBER			GROUP	
2022	2021	Note	Amounts in NOK 1 000	2022	2021	
EQUITY						
90 000	90 000	13	Share capital	90 000	90 000	
-2 040	-170		Own shares	-2 040	-170	
66 400	66 400		Share premium	66 400	66 400	
154 360	156 230		Total paid-in capital	154 360	156 230	
437 733	448 050		Retained earnings	549 320	562 410	
592 093	604 280		Equity attributable to owners of the parent	703 680	718 640	
			Non-controlling interests	50 678	47 664	
592 093	604 280	14	TOTAL EQUITY	754 358	766 304	
LIABILITIES						
1 328	1 848	5	Pension liabilities	1 352	1 860	
23 250	21 540		Deposits from silent partners	23 790	22 080	
0	64 706		Other liabilities	20 656	64 706	
24 578	88 094		Total long-term liabilities	45 798	88 646	
452 405	128 901		Payables to financial institutions	452 405	128 901	
160 894	181 901	11	Payables to clients	2 227 593	2 569 410	
84 660	160 720		Payables to group companies	0	0	
111 325	189 047	16	Income tax payable	168 383	313 802	
10 032	8 717		Public dues payable	34 474	33 870	
459 887	976 043		Proposed dividends	472 753	1 064 644	
514 126	814 297	12	Other liabilities	761 236	1 365 523	
1 793 329	2 459 626		Total short-term liabilities	4 116 844	5 476 150	
1 817 907	2 547 720	20	TOTAL LIABILITIES	4 162 642	5 564 796	
2 410 000	3 152 000		TOTAL EQUITY AND LIABILITIES	4 917 000	6 331 100	

Oslo, 22 March 2023

Morten Goller
Chairman

Svein Støle
Board member

Mats Carlsson
Board member

Siri Johanne Krafft
Board member

Trine Charlotte Høgås-Ellingsen
Board member

Christian Jomaas
Chief Executive Officer

PARETO SECURITIES

COMPANY		CASH FLOW STATEMENT Amounts in NOK 1 000	GROUP	
2022	2021		2022	2021
570 400	1 299 400	Profit before tax	603 600	1 589 100
-197 708	-115 919	Tax paid	-268 026	-184 995
7 096	7 505	Depreciation	16 182	15 545
-316 827	111 635	Change in receivables	167 249	-122 653
-125 768	-84 890	Change in short-term and other liabilities	-678 645	775 250
-62 807	1 217 731	Net cash flow from operating activities	-159 640	2 072 246
-2 111	-9 551	Purchase of fixed assets	-11 352	-17 700
1 045 298	-1 082 277	Net cash flow from investments	1 069 012	-2 156 303
1 043 187	-1 091 828	Net cash flow from investing activities	1 057 660	-2 174 003
1 710	-150	Change in deposits from silent partners	1 710	-150
-3 427	715	Purchase/sale of own shares	-3 427	715
0	0	Capital investment from minority	3 014	4 859
-976 043	-562 631	Dividend paid	-1 064 644	-603 805
-977 760	-562 066	Net cash flow from financing activities	-1 063 348	-598 381
2 619	-436 162	Net change in cash during the year	-165 327	-700 139
502 482	938 644	Cash and cash equivalents 1.1	1 317 217	2 017 356
505 101	502 482	Cash and cash equivalents 31.12	1 151 890	1 317 217

NOTE 1 ACCOUNTING POLICIES**General information**

Pareto Securities AS is a private limited company headquartered in Oslo, Norway ("the company"). The company together with its subsidiaries ("the group") is an independent full-service investment firm.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the company. Unless otherwise indicated, the amounts have been rounded to the nearest thousand.

Pareto Securities has been granted an exemption from the requirement under Section 3-4 of the Norwegian Accounting Act for financial statements and annual reports to be prepared in the Norwegian language.

Basis of preparation

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act, Norwegian Generally Accepted Accounting Principles and the Regulations on the Annual Financial Statements of Investment Firms in Norway.

Consolidation principles

Pareto Securities' consolidated financial statements comprise the parent company Pareto Securities AS with branches and companies in which Pareto Securities AS has a controlling interest. Investments in subsidiaries are carried at acquisition cost in the company's financial statements. If impairments are not expected to be temporary, write-downs to fair value will be carried out. Foreign branches are incorporated in the parent company's financial statements based on the same principles as other branches of the company. The acquisition cost of shares in subsidiaries are in the consolidated financial statements eliminated against the equity of the subsidiary at the date of acquisition. Internal transactions between the companies, as well as receivables and payables per 31 December, are eliminated in the consolidated financial statements. Foreign exchange loss and gain from currency translation of foreign subsidiaries is recorded to equity.

Accounting of partnership

Pareto Securities AS is the principal partner of Pareto Securities silent partnership established on 1 January 2018. The silent partnership's financial statements are fully incorporated in the financial statements of the principal partner. The partner's share of the profit of the silent partnership is classified as other financial expenses in the income statement, while undistributed profits to partners are classified as short-term liabilities. Capital contributions from partners are classified as long-term liabilities in the financial statements of the principal partner.

Revenue recognition

Revenues from investment banking engagements for which the company receives fees that are contingent upon the transaction outcome, are recognised upon transaction completion, or upon the right to such fee becoming unconditional. Secondary brokerage fees are recognised at the trade date.

Estimates

The financial statements are based on estimates and assumptions. Future events may cause a change in estimates. Changes in estimates are recognised for in the period in which they occur.

Tangible assets

Tangible assets are recognised at historical cost adjusted for accumulated depreciation. Fixed assets are depreciated on a straight-line basis, based on their estimated economic life.

NOTE 1 ACCOUNTING POLICIES CONT.**Receivables/write-downs of bad debts**

Receivables include balances outstanding from other financial institutions and other companies. Receivables and payables are reported on a gross basis in the balance sheet in accordance with the Regulations on the Financial Statements of Investment Firms in Norway. Trades that are closed at year-end with settlement after year-end are recognised as receivables from clients/receivables from financial institutions and payables to clients/payables to financial institutions. Receivables are carried at fair value at the transaction date. Earned, not paid, fees related to corporate finance engagements are included in other receivables. Provisions for bad debt are based on a case-by-case assessment.

Financial investments

Marketable financial instruments are carried at fair value on the balance sheet date. The fair value of quoted financial instruments is based on the latest transaction price. Other financial instruments are recognised using valuation techniques based on observable market values. When applying valuation techniques, the value is adjusted for credit- and liquidity risk.

Financial derivatives

Financial derivatives are recognised as assets if their value is positive and as liabilities if their value is negative.

Tax

Tax expenses are matched with profit before tax. Tax expenses consist of current income tax and change in deferred tax.

Liabilities

Liabilities are recognised at their nominal value at the time incurred.

Foreign currency

Monetary items in the balance sheet in foreign currency are translated into NOK at the exchange rate on the balance-sheet date.

PARETO SECURITIES

NOTES TO THE FINANCIAL STATEMENTS 2022

NOK 1 000

NOTE 2 OPERATING REVENUES

	Company		Group	
	2022	2021	2022	2021
Investment banking	867 638	1 632 696	1 338 565	2 915 612
Secondary brokerage	348 862	336 804	572 084	634 088
Business management	0	0	75 440	84 000
Other operating revenues	0	0	93 911	34 300
Total operating revenues	1 216 500	1 969 500	2 080 000	3 668 000

	2022	2021
Capital raisings	611 483	1 336 738
Investment advice/order execution	293 604	273 870
Market making and own account trading	11 552	21 299
Related services (M&A, advisory, research and FX)	299 861	337 593
Total operating revenues	1 216 500	1 969 500

Disclosure in accordance with Section 5-7 of the Regulations on the Annual Financial Statements of Investment Firms in Norway

Investment banking and secondary brokerage establishments in the Group	Avg no of employees	Operating revenues	Profit before tax	Tax expense
Pareto Securities AS (Norway)	194	1 087 901	408 253	118 747
Pareto Securities AS, Frankfurt branch (Germany)	31	94 900	23 012	980
Pareto Securities AS, Copenhagen branch (Denmark)	5	33 700	16 038	2 772
Pareto Securities AB (Sweden)	118	443 500	103 212	22 313
Pareto Securities AB NUF (Norway)	2	26 800	15 000	3 966
Aktieinvest FK AB (Sweden)	40	65 000	-1 239	-92
Pareto Securities Oy (Finland)	8	27 500	1 517	333
Pareto Securities Ltd (UK)	7	8 700	-13 932	-2 405
Pareto Securities AG (Switzerland)	8	29 400	-3 119	0
Pareto Securities Inc (USA)	8	22 300	-14 875	-1 877
Pareto Securities Pte Ltd (Singapore)	9	56 000	17 929	2 789
Pareto Securities Pty Ltd (Australia)	1	1 800	-1 132	0
Sub-total	431	1 897 500	550 664	147 528

Business management and other establishments in the Group	Avg no of employees	Operating revenues	Profit before tax	Tax expense
Pareto Business Management AS (Norway)	28	59 500	3 463	895
Pareto Business Management AB (Sweden)	12	19 800	-1 638	0
Pareto Business Management A/S (Denmark)	3	6 200	-1 484	-325
Pareto Maritime Services AS (Norway)	2	25 400	21 150	4 602
Pareto Offshore AS (Norway)	4	69 100	31 333	7 171
North Atlantic Seafood Forum AS (Norway)	1	2 500	190	0
Pareto Project AS (Norway)	0	0	-55	0
Deponova AB	0	0	0	0
Pareto Eiendom AS (Norway)	0	0	-4	0
Pareto Investorservice AS (Norway)	0	0	-18	0
Sub-total	50	182 500	52 936	12 343
Total	481	2 080 000	603 600	159 900

None of the establishments have received any public subsidies.

PARETO SECURITIES

NOTES TO THE FINANCIAL STATEMENTS 2022

NOK 1 000

NOTE 3 PERSONNEL EXPENSES

	Company		Group	
	2022	2021	2022	2021
Partner remuneration and salaries	482 134	866 894	844 532	1 423 631
Employer's national insurance contributions	37 531	49 976	113 505	173 196
Pension costs	5 856	4 342	18 994	16 781
Other personnel costs	11 207	13 342	31 353	30 965
Total personnel expenses	536 728	934 553	1 008 384	1 644 573
Average number of employees	149	147	397	389
Average number of partners	81	82	85	86

NOTE 4 REMUNERATION

Fees to Deloitte AS for the statutory audit of the company were NOK 809 (2021: 659). Fees for other assurance services amounted to NOK 125 (2021: 110), fees for tax services amounted to NOK 248 (2021: 275) and other non-audit services fees amounted to NOK 0 (2021: 10). Corresponding fees for the group amounted to NOK 3 405 (2021: 3 073) for the statutory audit, NOK 125 (2021: 130) for other assurance services, NOK 564 (2021: 616) for tax-related services and NOK 107 (2021: 72) for other non-audit services. Fees to Deloitte Advokatfirma AS (law firm) amounted to NOK 659 (2021: 599). All amounts reported are exclusive of VAT.

Remuneration to the Chairman of the Board, Morten Goller amounted to NOK 475. Members of the Board who are partners in the group and owner of Pareto AS Svein Støle do not receive remuneration.

Under the remuneration scheme of the company, partners and employees receive a fixed remuneration and may in addition receive a discretionary remuneration. The discretionary remuneration is based on the earnings of the company as a whole, as well as within the department of the employee, participation in major acquisitions, externally or internally focused work of significant value to the company, extraordinary work effort, extensive client/employee responsibility or similar performance indicators.

Personnel identified as "material risk takers" pursuant to the qualitative or quantitative criteria as defined in Commission delegated regulation (EU) No 604/2014 of 4 March 2014 as amended by Commission delegated regulation (EU) 2016/861 are governed by the Norwegian Regulations on Remuneration in Investment Firms (No: Finansforetaksforskriften). For 2022, these partners have received NOK 48 975 as fixed remuneration. Final variable remuneration for these partners will be decided by the Board of Directors after the Annual Report has been approved. The aggregate remuneration for 2022 has been fully accrued in the financial statements for 2022. More detailed information will be published in the company's Pilar 3 reporting on www.paretosec.com. Pareto Securities AS is exempt from certain of the requirements pursuant to Finansforetaksforskriften, cf. section 15-5 (2) and the variable remuneration is comprised of 100% cash. Actual payment of the variable remuneration to material risk takers is however subject to an evaluation of several criteria, hereunder capital situation, liquidity need, business risks and business cycles.

Paid remuneration to CEO Christian Jomaas in 2022 amounted to NOK 16 654, consisting of fixed remuneration for 2022, 50% bonus for 2021 and paid contingent remuneration from 2020, 2019 and 2018. Christian Jomaas participates in the company's remuneration scheme and he holds 2,44% of the shares of Pareto Securities AS through Klevsund AS.

NOTE 5 PENSIONS

The company has a defined contribution pension scheme as required under the Norwegian Mandatory Occupational Pensions Act. The defined contribution plan is managed by Sparebank 1 and Storebrand. Pension contributions for 2022 amount to NOK 4 957.

The company has two unfunded pension plans, and the liabilities under these are recognised in the balance sheet as of 31 December 2022 at NOK 1 328 through actuarial valuations based on commonly applied assumptions.

PARETO SECURITIES

NOTES TO THE FINANCIAL STATEMENTS 2022

NOK 1 000

NOTE 6 FIXED ASSETS

	Office equipment and fittings		Software	
	Company	Group	Company	Group
Acquisition cost 1.1	30 257	95 127	12 546	110 487
Additions during the year	2 111	4 503	0	6 849
Disposals	-175	-153	-11	-872
Acquisition cost 31.12	32 194	99 477	12 535	116 463
Accumulated depreciation 1.1	18 599	79 503	8 400	90 875
Depreciation	5 853	7 631	1 243	8 551
Disposals	-177	-94	0	0
Accumulated depreciation 31.12	24 276	87 040	9 643	99 426
Net carrying value 31.12	7 918	12 437	2 893	17 038

Economic life	3-10 years	3-10 years	3-10 years	3-10 years
Depreciation plan	Straight-line	Straight-line	Straight-line	Straight-line

NOTE 7 SHARES IN SUBSIDIARIES

Consolidated companies

Company name	Equity	Registered Office	Holding
Pareto Securities Pte Ltd	29 409	Singapore	100,00 %
Pareto Securities Inc	44 555	New York	100,00 %
Pareto Securities AB	223 649	Stockholm	84,97 %
Pareto Securities Oy	19 840	Helsinki	100,00 %
Pareto Securities Ltd	28 402	London	100,00 %
Pareto Securities Pty Ltd	9 909	Perth	100,00 %
Pareto Securities AG	28 828	Zurich	100,00 %
Pareto Offshore AS	10 006	Oslo	87,01 %
Pareto Business Management AS	9 207	Oslo	100,00 %
Pareto Business Management AB	2 201	Stockholm	100,00 %
Pareto Business Management A/S	-696	Copenhagen	100,00 %
Pareto Maritime Services AS	15 015	Oslo	100,00 %
North Atlantic Seafood Forum AS	1 632	Oslo	100,00 %
Aktieinvest FK AB	34 104	Stockholm	68,54 %
Deponova AB	57	Stockholm	68,54 %
Pareto Investorservice AS	885	Oslo	100,00 %
Pareto Eiendom AS	28	Oslo	100,00 %
Pareto Project AS	2 658	Oslo	100,00 %

Non-consolidated companies

Pareto Maritime Services AS holds 100% of the shares of Pipebarge 1 AS, Partankers XVII AS, Adriatic Tankers AS and Partankers IX AS (subsidiaries). The subsidiaries are the principal partners of Pipebarge 1 silent partnership, Partankers XVII silent partnership, Adriatic Tankers silent partnership and Partankers IX silent partnership, respectively. The four investments are project finance shipping/offshore companies syndicated by Pareto Securities AS.

The general partner's ownership interest in the underlying silent partnership is 1.5% of Pipebarge 1 silent partnership, 1,0% of Partankers XVII silent partnership, 1,0% of Adriatic Tankers silent partnership and 1.0% of Partankers IX silent partnership, respectively. The total carrying value after write-downs of these investments in Pareto Maritime Investment AS and in the consolidated financial statement for the group is NOK 5 578. There is no uncalled committed capital in the four companies. Pareto Securities group has in accordance with Section 3-8 of the Norwegian Accounting Act not consolidated the subsidiaries owned through Pareto Maritime Services AS in the consolidated financial statements as these are of no significance for the assessment of the group's financial position and performance.

PARETO SECURITIES

NOTES TO THE FINANCIAL STATEMENTS 2022

NOK 1 000

NOTE 8 RECEIVABLES FROM CLIENTS

	Company	Group
Receivables from securities financing clients	492 819	1 477 979
Receivables from secondary trading	551 693	577 392
Total receivables from clients	1 044 512	2 055 371

Loans to clients for securities financing are secured through securities in custody.

NOTE 9 FINANCIAL INSTRUMENTS

	Company		Group	
	Acquisition cost	Carrying value	Acquisition cost	Carrying value
Swedish government bonds	0	0	753 707	754 894
Other bonds	3 367	1 136	360 614	359 926
Shares	16 587	11 505	40 121	23 707
Total financial instruments	19 954	12 641	1 154 441	1 138 526

NOTE 10 BANK DEPOSITS

	Company	Group
Restricted in respect of payroll taxes deducted at source	3 920	5 581
Restricted in respect of margin security etc	278 433	278 433
Total restricted deposits	282 353	284 014

Funds in client accounts and equity proceeds accounts that belong to clients (client funds) amount to NOK 11 757 726 and are not recognized in the company's balance sheet. The corresponding client liabilities are NOK 11 750 039. The net balance of NOK 7 687 is the result of timing differences on transfers and interest on client deposits.

The company has a credit facility of NOK 700 000 and an intraday credit facility.

NOTE 11 PAYABLES TO CLIENTS

	Company	Group
Client deposits	0	2 038 455
Payables to clients from secondary trading	160 894	189 138
Total payables to clients	160 894	2 227 593

Client deposits are carried at acquisition cost. Received deposits are due on demand.

NOTE 12 OTHER LIABILITIES

	Company		Group	
	2022	2021	2022	2021
Remuneration to partners and bonus to employees	402 940	739 496	569 670	1 151 770
Accrued costs and other short-term liabilities	111 186	74 801	191 566	213 753
Total other liabilities	514 126	814 297	761 236	1 365 523

PARETO SECURITIES

NOTES TO THE FINANCIAL STATEMENTS 2022

NOK 1 000

NOTE 13 SHAREHOLDER INFORMATION

The company has 900 000 shares with a nominal value of NOK 100 each, held as of 31.12.2022:

	Number of shares	Ownership
Pareto AS (owned 100% directly and indirectly by Board member Svein Støle)	584 575	64,95 %
Klevsund AS (owned 100% by CEO Christian Jomaas)	22 000	2,44 %
Bakkejord Invest AS	15 000	1,67 %
Emis AS	15 000	1,67 %
Sempra AS	15 000	1,67 %
Bielkevågeninvest AB (owned 100% by Board member Mats Carlsson)	12 000	1,33 %
Veøy Invest AS	12 000	1,33 %
Dragesund Invest AS	10 000	1,11 %
Myrianda AB	9 000	1,00 %
Own shares	20 400	2,27 %
Other shareholders with holdings below 1%	185 025	20,56 %
Total	900 000	100,00 %

NOTE 14 EQUITY

Company	Share capital	Own shares	Share premium	Other equity	Total equity
Equity 1.1	90 000	-170	66 400	448 050	604 280
Own shares	0	-1 870	0	-1 557	-3 427
Currency translation	0	0	0	3 227	3 227
Net profit for the year	0	0	0	447 900	447 900
Proposed dividend	0	0	0	-459 886	-459 886
Total equity 31.12	90 000	-2 040	66 400	437 733	592 093

Group	Share capital	Own shares	Share premium	Other equity	Minority interest	Total equity
Equity 1.1	90 000	-170	66 400	562 410	47 664	766 304
Own shares	0	-1 870	0	-1 557	0	-3 427
Currency translation	0	0	0	20 662	-3 141	17 521
Net profit for the year	0	0	0	428 053	15 647	443 700
Proposed dividend	0	0	0	-459 886	-12 866	-472 753
Non-controlling interests	0	0	0	0	3 013	3 013
Total equity 31.12	90 000	-2 040	66 400	549 681	50 317	754 358

NOTE 15 GUARANTEES

Guarantees furnished by DNB in favour of Norges Bank for participation in the Norwegian security settlement scheme amount to NOK 150 million. These guarantees are secured through a first factoring charge on the company's receivables and a charge on securities held as current assets.

The company is member of the Norwegian Investor Compensation Scheme and Norwegian Banks' Guarantee Fund.

The company 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.

NOTE 16 TAX

	Company		Group	
	2022	2021	2022	2021
Tax payable				
Profit before tax	570 400	1 299 400	603 600	1 589 100
Permanent differences	-80 481	-445 574	56 544	34 017
Change in temporary differences	-44 618	-97 637	-12 392	-74 274
Adj. tax payable previous year with effect to temp. diff.	0	0	0	0
Loss carried forward	0	0	34 736	10 509
Taxable income for the year	445 301	756 190	682 488	1 559 352
Tax payable for the year	111 325	189 047	155 201	345 018
Prepaid tax for the year	0	0	-70 318	-31 216
Tax payable for previous years	0	0	128 282	0
Prepaid tax for previous years	0	0	-44 782	0
Current income tax payable in the balance sheet	111 325	189 047	168 383	313 802
Specification of temporary differences				
Fixed assets	5 854	4 629	8 903	6 331
Shares and bonds	8 803	2 990	8 803	2 990
Receivables	-14 833	-11 935	-5 057	-1 940
Provisions	121 151	169 909	131 725	184 122
Loss carried forward	0	0	45 245	10 509
Basis for calculation of deferred tax	120 975	165 593	189 620	202 012
Net deferred tax asset	30 244	41 398	42 313	49 063
Tax expense				
Tax payable for the year	111 325	189 047	155 201	345 018
Change in deferred tax	11 155	24 409	6 750	19 616
Adjustments tax payable from previous years	64	486	64	486
Other items	-44	-43	-2 115	1 879
Tax expense on ordinary profit	122 500	213 900	159 900	367 000
Reconciliation from nominal to actual tax rate				
Expected tax expense based on nominal tax rate (22%)	125 488	285 868	132 792	349 602
Permanent differences	-17 706	-98 026	12 440	7 484
Loss carried forward	0	0	0	0
Finance tax effect Norway (25% vs 22%)	14 698	25 615	15 010	25 615
Differences in tax rates outside Norway	0	0	-148	-15 332
Changes (%) in deferred tax asset	0	0	0	0
Adjustments from previous years	64	486	0	
Other items	-44	-43	-193	-368
Tax expense	122 500	213 900	159 900	367 000

NOTE 17 RISK MANAGEMENT AND INTERNAL CONTROLS

The group is exposed to market-related risks in respect of own-account securities holdings, counterparty risk and foreign currency risk. The company's interest risk is limited. Furthermore, the company is exposed to credit risk and operational risk. Operational risk is the group's biggest risk and is handled daily by all parts of the organization, and through well-developed internal regulations and controls. The main categories of credit risk are securities financing (note 8) and settlement risk. The settlement risk is considered low, and no significant loss has been recorded in 2022.

The company works systematically to identify, analyze, measure, monitor, prevent and limit risks associated with the business. The Board of Directors ensures that the company has appropriate risk management systems and internal controls in accordance with Norwegian Regulations on Risk Management and Internal Controls in Investment Firms. PWC is appointed as internal auditor. The Chief Executive Officer provides an annual report with an overall assessment and confirmation of the groups internal control and risk situation which is presented to the Board of Directors. The report is reviewed by the internal auditor who has confirmed that the internal control assessment in 2022 is compliant with the requirements in the relevant regulations.

NOTE 18 REPORTED CAPITAL RATIO

Capital adequacy is calculated on the basis of the provisions in the Norwegian Securities Trading Act with regulations based on Directive 2013/36/EU of 26 June 2013 and Regulation 575/2013 of 26 June 2013 of the European Parliament and of

Specification of tier 1 capital (CET1)	Company		Group	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Total equity	592 093	604 280	754 358	766 304
Adjustments to CET1 due to prudential filters:				
Minority interests	0	0	-7 366	-4 228
Deferred tax assets	0	0	0	0
Intangible assets	-2 893	-4 147	-17 038	-19 612
Value adjustments (prudent valuation)	-14	-1 088	-1 142	-1 107
Own funds	589 187	599 045	728 812	741 357
Initial capital requirement (EUR 730 000)	7 675	7 292	7 675	7 292
Spesification of capital adequacy				
Capital adequacy of credit- and counterparty risk	821 980	983 143	791 238	1 075 394
Capital adequacy of position- and currency risk	490 590	534 722	768 021	1 193 746
Capital adequacy of operational risk	2 757 657	2 621 232	4 990 140	4 834 285
Total capital adequacy	4 070 228	4 139 096	6 549 399	7 103 426
Total capital adequacy ratio	14,48 %	14,47 %	11,13 %	10,44 %
Number of times regulatory minimum (8 %)	1.8x	1.8x	1.4x	1.3x

Operational risk is calculated using the following amounts (revenues and net financials):

	Company		Group	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
2022	1 206 724		2 049 970	
2021	1 951 793	1 951 793	3 647 100	3 647 100
2020	1 253 734	1 253 734	2 287 154	2 287 154
2019		988 444		1 800 602
Capital adequacy of operational risk	2 757 657	2 621 232	4 990 140	4 834 285

NOTE 19 RELATED PARTIES

The company is a part of the Pareto Group. Transactions with related parties are based on market terms and conditions. Pareto AS holds 64.95% of the shares of the company. Svein Støle is the 100% owner of Pareto AS. There are no transactions with the controlling owner Svein Støle.

The company's transactions with related parties:	2022	2021
Parent company (Pareto AS)	322	393
Other group companies	129 065	127 445
Total allocation of external costs and sale of internal services	129 387	127 838
Parent company (Pareto AS)	4 488	3 615
Other group companies	8 692	11 800
Total allocation of external costs and purchase of internal services	13 180	15 415

NOTE 20 LIQUIDITY RISK (GROUP)

Agreed residual maturity of assets	1-30 days	30 days-1 year	1-5 years	Total value
Receivables from clients	2 055 371			2 055 371
Receivables from financial institutions	61 384			61 384
Other receivables	309 640	128 401		438 041
Financial instruments	1 138 526			1 138 526
Bank deposits	1 151 890			1 151 890
Total	4 716 811	128 401	0	4 845 212

Agreed residual maturity of liabilities	1-30 days	30 days-1 year	1-5 years	Total value
Pension liabilities	40	440	872	1 352
Deposits from silent partners			23 790	23 790
Payables to financial institutions	452 405			452 405
Payables to clients	2 227 593			2 227 593
Income tax payable		168 383		168 383
Public dues payable		34 474		34 474
Proposed dividends		472 753		472 753
Other liabilities	334 498	426 738	20 656	781 892
Total	3 014 536	1 102 788	45 318	4 162 642

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Svein Støle

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To the General Meeting of Pareto Securities AS

INDEPENDENT AUDITOR'S REPORT

Opinion

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

- The financial statements of the parent company Pareto Securities AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Pareto Securities AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement 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 2022, 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 2022, 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. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. 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.

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. The financial statements use 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 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, 22 March 2023
Deloitte AS

Roger Furholm
State Authorised Public Accountant

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Roger Furholm

Statsautorisert revisor

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