

 Pareto

Pareto Annual Report 2024

CONTENTS

This is the Pareto group	3	Pareto Bank	23
The Pareto group in 2024	4	Optimism and resilience	24
Financial markets and the economy in 2024	6	Financial Statements 2024	25
Pareto Securities	14	Directors' Report	26
Pareto Asset Management	16	Income Statement	28
Pareto Alternative Investments	18	Balance Sheet	29
Pareto Shipbrokers	19	Cash Flow Statement	31
Pareto Bassøe Shipbrokers	20	Notes to the accounts	32
Pareto Forsikringsmegling	21	Auditor's report	39
Eiendomsmegler Krogsveen AS	22		

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 987 employees and shareholders' equity of some NOK 6.6 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 sale and purchase of 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. 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 to be innovative, creative and different.

The Pareto group - what we do

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

THE PARETO GROUP IN 2024

A SOLID YEAR FOR PARETO

The year 2024 was marked by continued geopolitical uncertainty and volatile financial markets. Even so, 2024 turned out to be a positive year for most financial markets and a strong year for the Pareto group. Consolidated revenues amounted to NOK 4.7 billion (2023: 3.8 billion). Profit before tax totalled NOK 2 044 million (1 356 million). Profit for the year amounted to NOK 1 685 million (1 099 million), an all-time high for the group.

Activity and productivity levels were high and the results for the group must be described as very satisfactory. At year-end, consolidated book equity amounted to NOK 6.6 billion and the personnel count stood at 987.

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 2024 gained market share and registered revenues of approximately NOK 2.9 billion (2.3 billion) and a profit before tax of NOK 1 071 million (813 million).

The bond market in particular was active, with Pareto Securities as the undisputed market leader in the Nordic high yield market. Pareto Securities was involved in 114 DCM transactions raising EUR 11.5 billion during 2024.

Pareto Securities was furthermore involved in more than 75 equity capital market transactions in 2024, with a combined value of NOK 26.4 billion. Pareto Securities also acted as advisor on several large and prominent M&A transactions in 2024, including acting as M&A advisor for Sparebanken Sør in the largest merger on Oslo Børs in 2024.

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 and real estate transactions with a value of NOK 8.1 billion.

During 2024, Pareto Wealth Management AS was successfully integrated into Pareto Securities through a merger strengthening and complementing the company's services, particularly within fund products.

ASSET MANAGEMENT

For Pareto Asset Management, 2024 was a year of strong growth. Including our Stockholm-based subsidiary Pareto Asset Management AB, total assets under management reached the equivalent of more than NOK 110 billion.

In parent company Pareto Asset Management AS, assets under management grew to NOK 95 billion from NOK 64 billion at the end of the previous year. While returns contributed close to NOK 10 billion and net subscriptions more than NOK 3 billion, the company also assumed the responsibility for a large discretionary management mandate from Pareto Wealth Management.

The shares in Pareto Wealth Management, which had been acquired as of 1 January 2024, were sold to sister company Pareto Securities as of 1 July the same year. As a result of these transactions, however, a number of well-qualified personnel, primarily in sales, found employment in Pareto Asset Management.

In equities, Pareto Nordic Equity delivered a return of 19.3% (share class I), against a return of 7.4% for the VINX benchmark Cap Net Index.

Good relative return was also the case for Enter Micro Cap, which returned 17.4% for both share classes, versus 7.9% for its CMCRX benchmark index.

Our fixed-income funds all recorded very satisfactory returns, with Pareto Nordic Corporate Bond at 9.1% (share class B) providing the best absolute return. Pareto Obligasjon, alone amongst our Norwegian-managed fixed-income funds in having a benchmark, delivered a return (share class C) of 7.5%, vs. 5.8% for the NORM123FRN benchmark.

Pareto Alternative Investments' (PAI) 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. Since its inception in 2010, our logistics fund Pareto Eiendomsfelleskap has delivered an unleveraged yearly return (IRR) of 7.3%.

PAI's focus on ESG has shown results in 2024. 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 50 MWp of photovoltaic systems, corresponding to an annual production of 40 GWh, or the annual consumption of approximately 2 500 households. PSF is Pareto Alternative Investments' first fund in the renewables sector. At year-end, the firm managed NOK 26.5 billion allocated to real estate, credit, renewables, and infrastructure investments.

In total, operating revenues from asset management operations amounted to NOK 807 million (733 million) and the profit before tax was NOK 259 million (206 million). Net assets under management for these companies amounted to NOK 136.5 billion at year-end.

SHIP/RIG, REAL ESTATE AND INSURANCE BROKERAGE

The offshore and renewable energy markets showed significant strength in 2024. The markets maintained confidence and good performance, resulting in increased vessel day rates and utilisation, particularly in the subsea sector. The Brazilian market made a positive contribution with a healthy 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.

The dry bulk segment started 2024 on a strong note, with favourable rates across all segments. The first three quarters showed solid performance. However, the traditionally strong fourth quarter fell short of expectations. Rates ended the year under significant pressure due to a major imbalance between supply and demand. Overall, Pareto Dry Cargo achieved satisfactory results for the year. Looking ahead, we expect 2025 to be influenced by macroeconomic factors and geopolitical disruptions, which could lead to higher volatility than in 2024.

P.F. Bassøe saw less tonnage in the spot market for normal trading. The market uncertainty continues into 2025 as US President Donald Trump's erratic foreign policy has discouraged oil traders from signing long-term charter contracts for tankers.

Real estate agent Krogsveen experienced a strong housing market in 2024. Despite high interest rates and economic challenges in Norway, Norwegian housing prices increased by 6.4%. Nearly 100 000 used homes were sold in Norway in 2024, which is close to a record. Krogsveen reported a significant

increase in activity and results compared to 2023, with a 15% increase in the number of properties sold. The real estate agent sold around 7 600 properties worth NOK 38 billion in 2024.

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 2024.

Revenues from these companies amounted to NOK 963 million (798 million). Profits before tax were NOK 137 million (57 million).

PARETO BANK

Pareto Bank's post-tax profits ended the year at NOK 687.3 million, up from the NOK 605.5 million reported in the previous year. Return on equity was 13.6% (13.8%). The cost/income ratio was 18.0%, demonstrating a high level of cost efficiency. Total lending grew by NOK 2.2 billion (1.2 billion) and amounted to NOK 20.7 billion (18.5 billion) at year-end.

In sum, 2024 was the best year in Pareto Bank's history. Appropriations were higher than ever before at a record high NOK 18.2 billion (15.4 billion). Pareto Bank has secured a solid position in its market segments and sees profitable, long-term growth opportunities. The bank has adopted a long-term approach, prioritising credit quality above growth.

At year-end, 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 1 413 million (808 million). This includes distributions received from the subsidiaries. Retained earnings are applied to strategic investment opportunities or invested in the financial market.

At year-end, equity in the parent company stood at NOK 6.1 billion, up from NOK 4.7 billion in 2023.

FINANCIAL MARKETS AND THE ECONOMY IN 2024

Paradox and profitability

Lessons from 2024 and selected updates: be skeptical about intuition, rules of thumb, financial orthodoxy, and textbooks.

At the outset of 2024, interest rates were still the main concern in financial markets, with expectations of rate cuts totalling 125 basis points from the US Federal Reserve and up to 150 basis points from the European Central Bank (ECB). There were also expectations of rate cuts in Norway, albeit more modest – around 50 basis points.

Throughout 2024, inflation rates fell, as expected, clearing the way for rate cuts. By the end of the year, both the Federal Reserve and the ECB had cut their key rates by 100 basis points. The Swedish Riksbank cut as much as 125 basis points (and a further 25 basis points just after year-end), while Norges Bank, as an exception, left its key interest rate unchanged at 4.5%.

Market rates followed suit, but only at the very short end. The yield on 2-year US government bonds hardly budged. And the world's presumably most important interest rate, the yield on 10-year US government bonds, instead rose from 3.88% to 4.54%. This was about one percentage point higher than

expectations at the start of the year – despite monetary policy expectations in general being met.

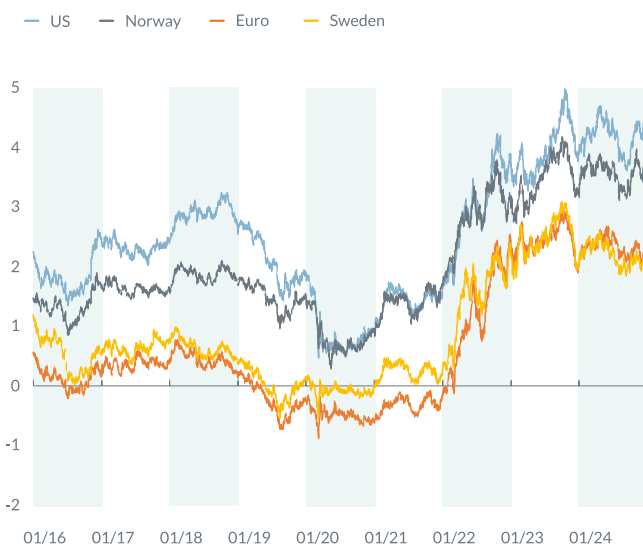
Getting your expectations right does not guarantee that you are right about the consequences.

THE FOOLPROOF INDICATOR THAT FAILED

The fixed income market also heralded a real risk of recession in the foreseeable future for the US economy, which because of its economic weight is central to all such analyses. Upon entering 2024, the yield curve had been inverted for a year and a half, and many considered an inverted yield curve to be a sure sign – practically foolproof – of an impending recession.

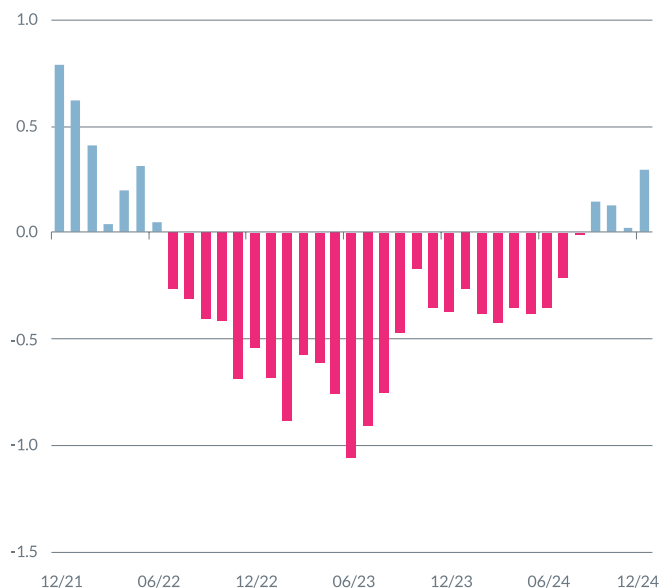
An inverted yield curve means that short-term interest rates are higher than long-term interest rates. As short-term interest rates are traditionally considered to be more influenced by monetary policy, while long-term interest rates are set in the market, an inverted yield curve can be understood to mean that monetary policy brakes are applied more forcefully than economic fundamentals warrant.

No sign of cuts in long market rates



Per cent yield, 10-year government bonds. Source: FactSet

26 cries of wolf



US term premium: yield on US 10-year Treasuries less yield on 2-year US Treasuries. Source: FactSet

In fact, the market managed to rack up a total of 26 months with an inverted yield curve before it started to slope upwards again. By then, it was clear that the US economy, instead of entering a recession, was in fact alive and kicking. It is now estimated that US GDP grew by 2.8 per cent in 2024.

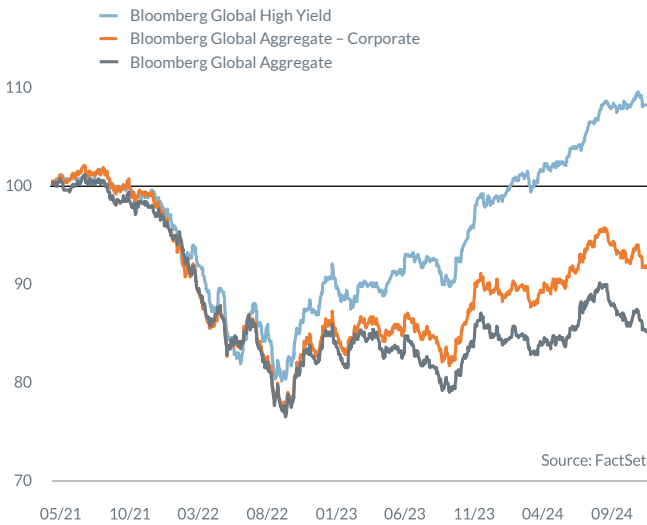
As for the yield curve, it had then been inverted for so long that, whatever happens going forward, I suggest we can agree that the indicator failed this time. One cannot stretch the outlook period indefinitely.

LARGE INVESTMENT GRADE LOSSES

Due to the rising long rates, global investment grade bonds had another year of failing returns. The key Bloomberg Global Aggregate index, which covers investment grade globally and now has a duration of approximately 6.5 years, delivered a return of minus 1.6 per cent this year. The bonds in this index account for almost half of the global bond market, and this year's decline thus represents a total loss of approximately one trillion US dollars.

If we start counting when this index peaked in 2021 (it's a total return index), the total decline amounts to almost 16 per cent. Hence, as a rough estimate, aggregate losses are approaching 10 trillion US dollars.

Long-duration roller coaster (season 4, episode 12)



More than half of this index is made up of sovereign bonds, a large share of which from the US. According to Wikipedia, US Treasury bonds are often assumed to be risk-free bonds. This, I may add, presupposes that they are held to maturity. In the meantime, as this index demonstrates, the risk can be substantial.

I don't have a textbook reference here, but in my view, interest rate risk constitutes a form of systematic risk. It can be reduced by reducing duration, like systematic risk in stocks can be reduced by reducing beta, but it cannot be diversified away. Diversification can instead be used to reduce credit risk, which, accordingly, is a form of idiosyncratic risk.

As it happens, credit risk was not in focus this year. High-yield spreads fell again in 2024, boosting prices of high-yield bonds. The related Bloomberg Global High Yield index returned 9.2 per cent in 2024, following 14 per cent the previous year. This was the bond market's way of stating that the market sentiment was clearly risk-on.

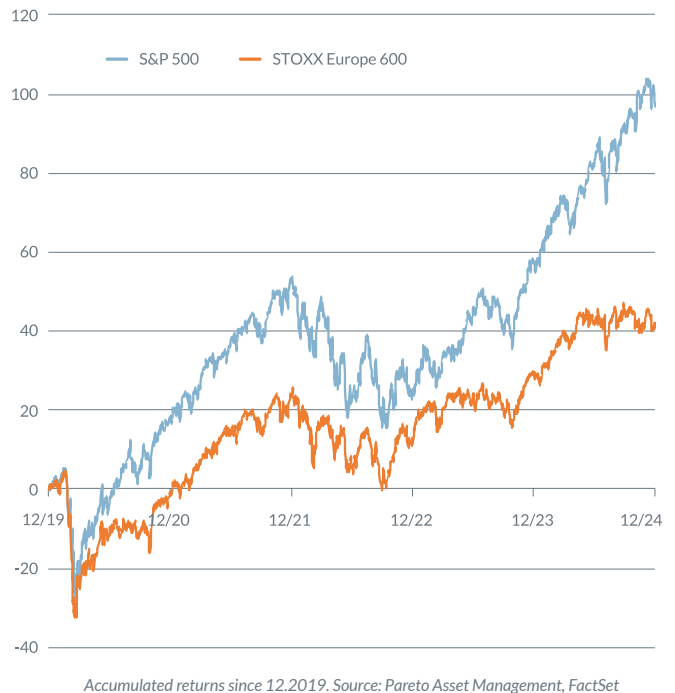
Two years of steadily falling risk aversion



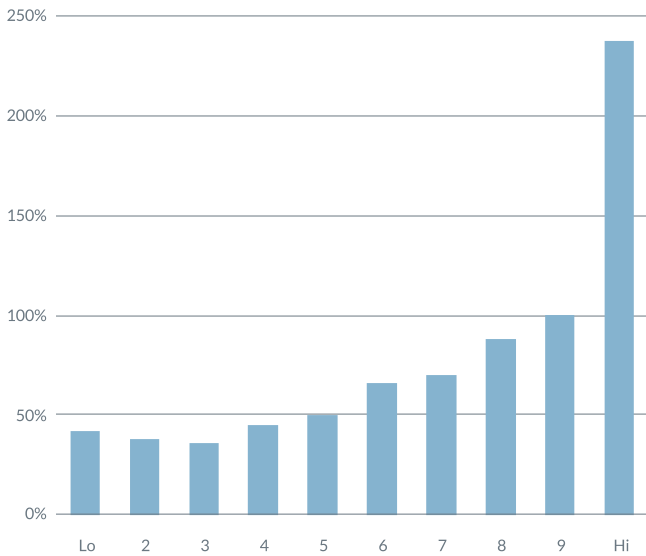
US EXUBERANCE

The sentiment was no less risk-on in the stock market, at least in the US. The S&P 500 concluded the year with a total return of 25 per cent, pulled up of course by strong returns from the Magnificent Seven: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Atlantic divide



All pricing increases are not created equal



Per cent, increase in current P/E multiples 2009-2024 by decile, value-weighted. Source: Kenneth French Data Library, Pareto Asset Management

By contrast, European stock markets were a lot less exuberant. The STOXX Europe 600 rose by 9.5 per cent, while the MSCI Nordic Countries index hardly budged (+0.6 per cent). Admittedly, the latter was pulled down by a very weak December for heavyweight Novo Nordisk, but the difference was still striking.

Part of the strong returns in the US was due to higher pricing, as the next 12 months' P/E multiple increased by almost 10 per cent. The increase was more pronounced for the most expensive stocks, as has been the case for a number of years: In the US stock market, multiples have risen the most for the stocks with the highest multiples to begin with. These stocks, which also tend to have a higher market capitalisation, must have inspired analysts to hold sunny expectations of future earnings.

We can see this clearly from another pair of indices: The MSCI World Growth index returned 28.7 per cent last year, as opposed to the notably more modest 14.5 per cent returned by the MSCI World Value index. This came on the back of an even more pronounced difference the preceding year.

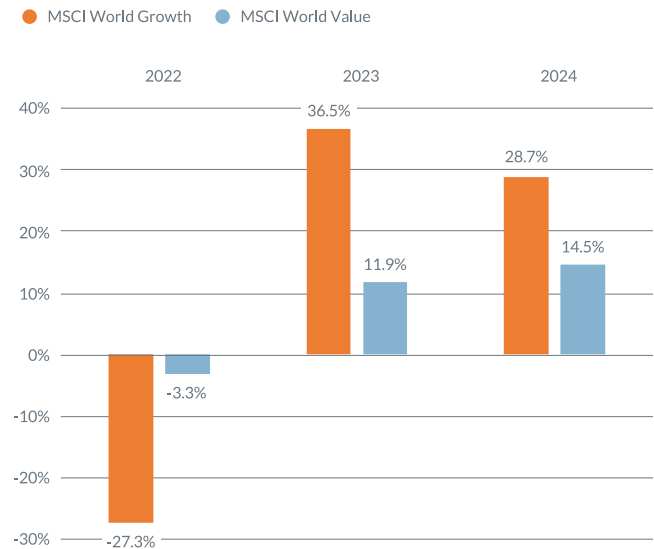
Considering that growth stocks have more of their earnings further into the future, and thus a higher implied duration, this is not what you would expect knowing that long-term interest rates rose this year.

Again: Markets don't adhere to rules of thumb. They're more complicated than that (which is what makes this business so fun).

RISING STOCK PRICES BECAUSE OF INDEXING?

Let me just point to an alternative explanation of appreciating heavyweights. It so happens that in 2024, a lot of research was published on the concept of stock market elasticity.

A whole nother market



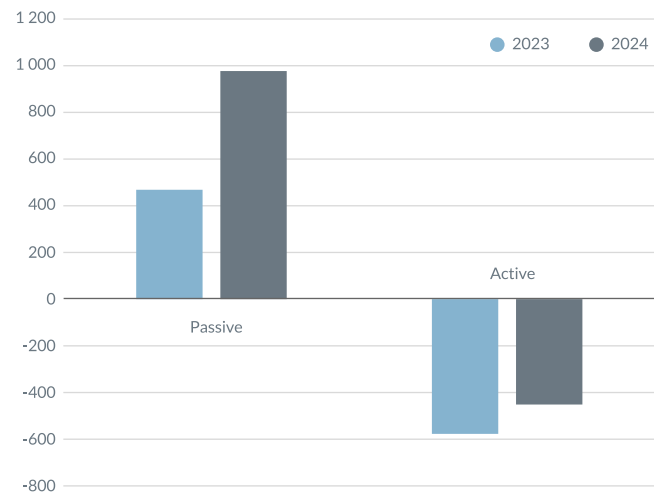
Total return indices in local currency. Source: FactSet

In basic economics, we talk about price elasticity. If a price rise of 1% lowers the volume of goods sold by 5%, demand is highly elastic – meaning it is very sensitive to changes in price.

In finance, the concept is turned on its head: We want to know the sensitivity of the stock price to changes in capital invested through mutual funds, pension funds etc. If the market is elastic, it can absorb this supply of capital without really changing the price. Given a price elasticity of 5 (a multiplier of just 0.2), an inflow of 5% would only increase the price level by 1%.

In standard models, the market is even more elastic. When prices rise, more investors find stocks expensive and decide to sell. There's perfect competition and a given price in a perfect market.

More dumb money



Net flows into mutual funds globally in USD billion. Source: Lipper, Morningstar

Not so in real life. What if investors don't find the new price level expensive? What if they actually don't care about the price?

This is the case for investors with a fixed mandate, most notably passive investors like index funds. If they have an inflow of a billion dollars, this capital must be invested in the index. If that makes prices rise, so be it.

And they certainly do. According to research now gaining traction in the financial community, the stock market is highly inelastic: 1 dollar invested in the stock market makes the aggregate market value rise by as much as 5 dollars (a multiplier of 5). The rising share of passive investment means that fewer investors now find the new price level too high. There are simply more investors for whom the price level is irrelevant.

This applies primarily to index stocks, which explains why many active investors have struggled over the past 15 or so years. Large fund flows into passive funds have pushed up the prices of index stocks. And research indicates that the effect is disproportionately more powerful for larger stocks. It also increases with the share of passive ownership.

The good news, of sorts, is that it has lifted stock prices. The bad news is that it will not go on forever.

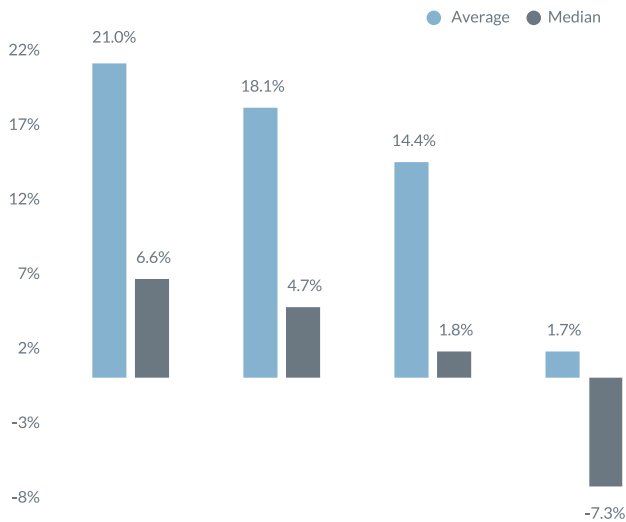
NEGATIVE REWARDS TO RISK

Here's another example of financial heresy, updated with 2024 figures. To the best of my knowledge, every investment textbook in the world states that you should expect higher returns from higher beta stocks. In the real world, higher beta stocks have instead delivered conspicuously lower returns. We really need to question the logic of expecting to see something totally opposite going forward.

Don't take my word for it; take my numbers. The idea is that on every New Year's Eve, you sort stocks according to their beta in the year just ended. You then invest in the quartile with the highest beta and repeat this exercise every year. If you did this in Norway, starting with beta figures at the end of 2000, you would have reaped a compound return of a meagre 1.7 per cent. If, on the other hand, you picked the lowest-beta quartile, your compound return would be a full 21.0 per cent.

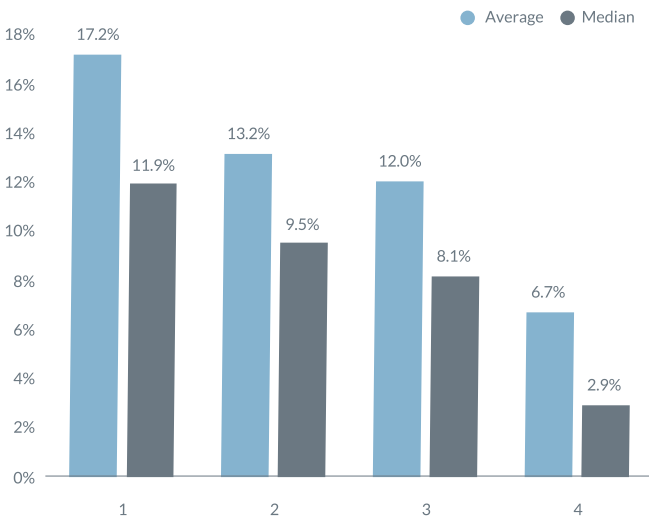
We find the very same pattern in the Nordic market, although with slightly less spectacular differences. And for both markets, the relationship is monotonic, meaning that as we move to quartiles with higher beta, returns are lower. In papers demonstrating the same pattern in US stocks, I've seen this referred to as the world's biggest anomaly. For some of us, it may also be a lucrative hint at where you should put your money.

Negative returns to beta in Norway



Average compound return 2001-2024 sorted by previous year's beta for stocks in the OSEAX. Source: Pareto Asset Management, FactSet

Negative returns to beta in the Nordics



Average compound return 2001-2024 sorted by previous year's beta for stocks in the VINX Benchmark index. Source: Pareto Asset Management, Bloomberg

BE PATIENT ...

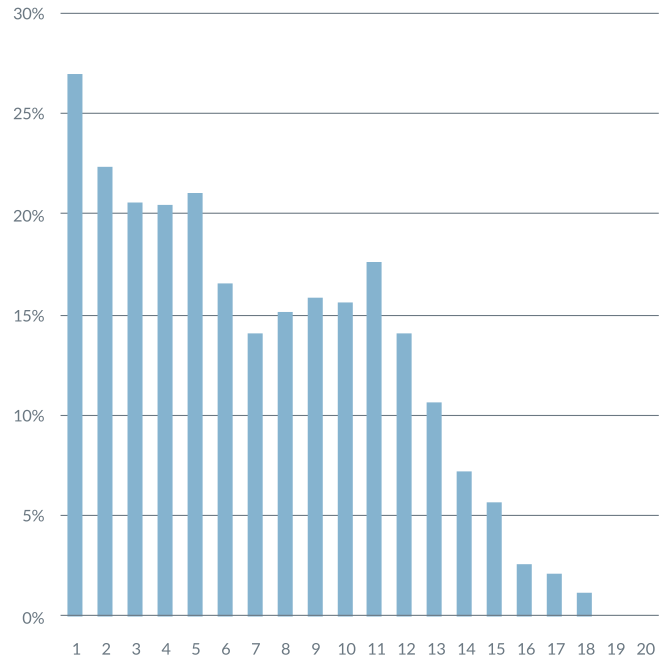
Weather forecasts for the next couple of days are fairly accurate. Further into the future, it gets blurrier. For the stock market, it's the other way around. The next few days' development is anybody's guess. Looking further into the future, we can say something about expected returns with far more certainty.

Let's first look at the S&P 500, limiting ourselves to the post World War II period for reasons of representativeness (although figures dating back to 1871 paint a very similar picture). With a bit of luck and a 12-month horizon, you could have gotten a return of almost 57 per cent. If instead you were really unlucky with your starting month, you could have lost more than 41 per cent. Note, however, that if we extend the horizon, the range of outcomes becomes successively narrower. If you had stayed put for 20 years, your compound return would be somewhere between 0.4 and 13.7 per cent.

Yes, that's right, it would have been impossible to lose money. Oh, and I must add that these are real returns, after deducting inflation.

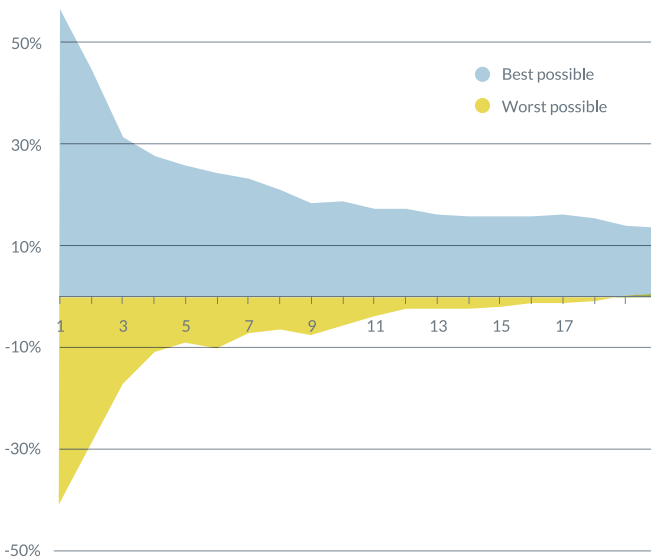
The same pattern holds for the Norwegian stock market. Since the introduction of modern indices upon entering 1983, it has simply not been possible to lose money – after inflation – with a holding period of 10 years or more. And in this case, I have data covering every possible day and not just months.

Getting less risky with patience



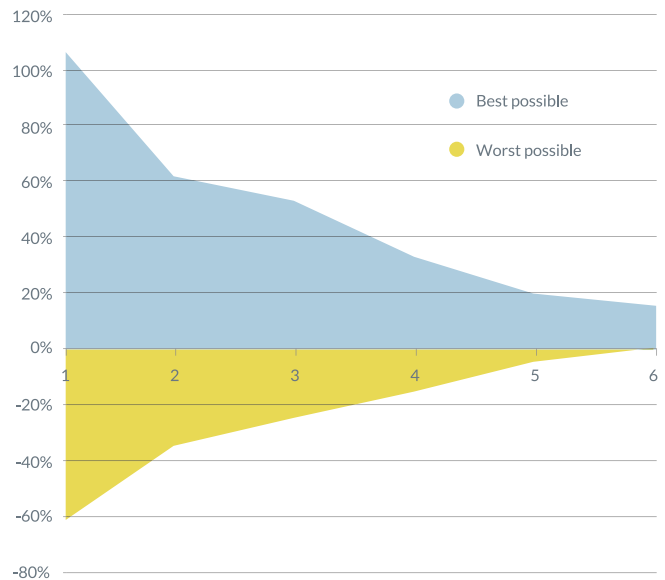
Probability of real loss in the S&P 500 given length of investment period in years, 1946-2024. Source: Robert Shiller, Pareto Asset Management

Getting clearer with patience



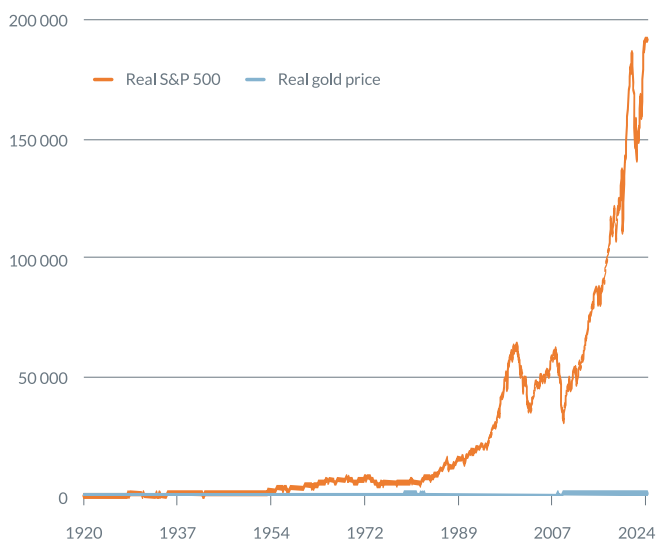
The best and worst possible annualised real returns in the S&P 500 depending on investment period (in years, starting in any month), 1946-2024. Source: Robert Shiller, Pareto Asset Management

It gets a lot more boring with time



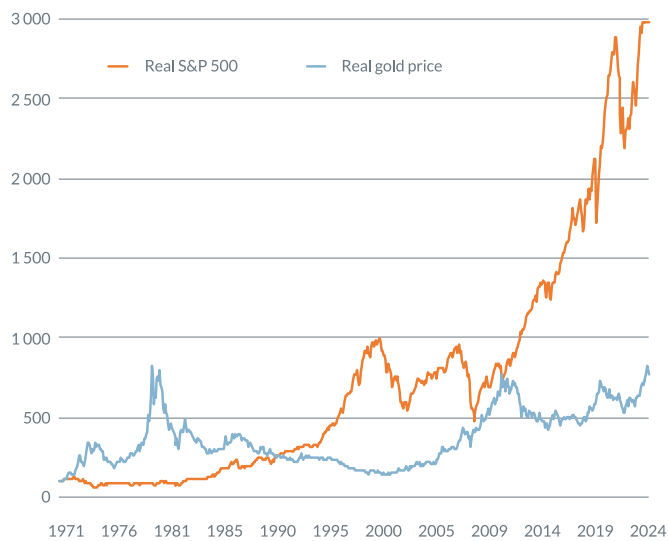
The very best/worst annualised real return possible in OSEBX 1983-2024 regardless of day of investment. Scaled by number of years invested. Source: Oslo Børs, SSB, Pareto Asset Management

Can you discover gold in this chart?



Rebased, January 1920 = 100. Source: FactSet, Robert Shiller, Pareto Asset Management

Behind inflation since January 1980



Rebased, August 1971 = 100. Source: FactSet, Pareto Asset Management

... AND BE IN THE RIGHT MARKET

Here's another long-term perspective of interest. I have compiled gold prices since 1920 and compared them with the development of the S&P 500. Gold is supposed to be a safe haven for long-term investments and a good inflationary hedge, so I've deducted inflation in this case as well.

As you can easily see from the chart, the stock market return truly dwarfs the appreciation in the gold price. I may add that the stock market return includes dividends. Gold, of course, has no dividends.

Let's fast forward from 1920 to August 1971, when US President Nixon suspended the dollar's convertibility into gold (it was later cancelled indefinitely). Over the next eight plus years, until early 1980, the dollar lost a lot of value through inflation that peaked at almost 15%, while gold increased by more than 1,800%. In real terms, the gold price rose eightfold. No wonder gold acquired a reputation for inflation protection.

Do note, however, that as of December 2024, the real price of gold had never managed to surpass its January 1980 apex. A few weeks into 2025 it did indeed set a new all-time high in real terms, but in the meantime the real value of the S&P 500 had increased by a factor of 30 since 1980. The stock market not only preserved the real value of your money but also increased it on a scale gold has never been able to reach.

OIL DEPENDENCY?

Natural gas for European delivery also rose in 2024, fuelled by a still tight market balance after the destruction of the Baltic Sea pipelines in 2022 and an announced cessation of a Ukrainian transit contract on January 1, 2025. After a colder-than-expected start to this year, natural gas prices kept rising

until the second week of February 2025, having more than doubled since the bottom in 2024.

The oil price moved very little in 2024, but this question resurfaced recently: Are we underestimating the impact of the petroleum sector on the Norwegian mainland economy? I'm inclined to answer in the affirmative.

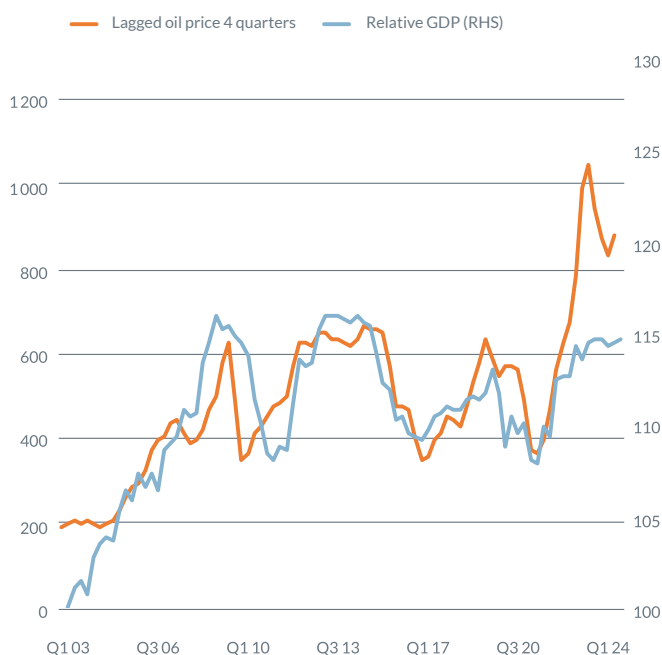
According to the government report on long-term economic perspectives, demand from the petroleum sector last year was equivalent to roughly nine per cent of mainland GDP. For the mainland economy, then, the North Sea is a slightly larger export market than the entire Nordic region.

This of course is just the immediate demand. Multipliers may be difficult to quantify, but pricing towards a sector with fluctuating resource rents logically has a greater impact on value than on volume, which is what we measure in the national accounts. We have seen for years that some of the resource rent is flowing to the supplier industry - through an increase in the cost level on the Norwegian continental shelf. Profitability is generally conducive to technological development and productivity growth, and I doubt the petroleum supplier industry is an exception.

The North Sea is a volatile market, however. After rising by more than 60 per cent from 2004 to 2014, demand from the petroleum sector fell by about one third in the following decade.

To illustrate these fluctuations, I have created an index showing the relative development of mainland GDP to the GDP of neighbouring Sweden on a quarterly basis. Somewhat simplified, these economies are exposed to the

Mainland oil price effect?



Source: SSB, SCB, FactSet, Pareto Asset Management

same international business cycles – except for the uniquely Norwegian impulses from the petroleum sector. To the extent that the two economies develop differently, the North Sea is an obvious factor to credit or blame.

The level is unimportant here. The point is to highlight the fluctuations. We see that relative growth follows the oil price quite closely (correlation close to 0.8). The oil price is measured in Norwegian kroner, but it makes little difference if we use the dollar price or remove government GDP from the comparison. Since it takes time for changes in the oil price to have an impact, I've used a four-quarter lag. Consequently, the spike at the right end refers to the second quarter of 2022, when both oil and gas were boosted by the invasion of Ukraine. Demand from the petroleum industry fell that year, despite the price jump. Up until then, correlation was above 0.8.

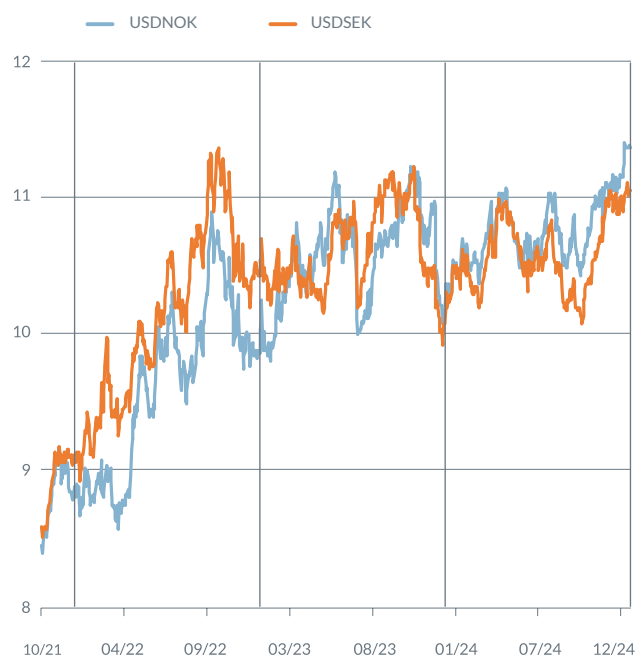
Of course, Norway has greater financial muscles to smooth the business cycle or even boost trend growth over time, by using steadily more oil money. But neither level nor trend is of interest here. The simple point is that the mainland economy's relative development varies with the oil price.

You'd be hard pressed to argue that this has nothing to do with the petroleum business.

ANOTHER NORWEGIAN EXCEPTION

In 2024, the primary relevance of inflation was its role in facilitating or preventing further rate cuts. After having fallen sharply through 2023, US CPI inflation declined more slowly in 2024, from 3.3% to 2.9%. Eurozone inflation was reduced by half a percentage point, to 2.4%.

A weak couple of years



Source: FactSet

Headline inflation had a more pronounced decline in Norway, from 4.8% to 2.2%, and core inflation fell even more, from 5.5% to 2.7%. Admittedly, the decline was just as large in Sweden, but the Riksbank implemented a number of rate cuts. Why was Norway alone in not cutting its key rate?

The answer is probably very simple: the exchange rate. After having slipped for a number of years, the Norwegian krone was at a level which might prevent inflation from being further reduced – or so it seemed that Norges Bank reasoned. It had actually stabilised during the past couple of years, but then slipped toward the end of 2024. CPI readings at the start of 2025 seem to vindicate this reasoning.

A TOO MIGHTY DOLLAR?

For the US, the situation is quite the opposite. A useful gauge is the effective exchange rate, which is measured against a basket of other currencies. If we also adjust this measure for differences in price levels, we get what is known as the real effective exchange rate. If the US real exchange rate rises, it tells us that US goods and services have become more expensive relative to goods and services from other countries. If it's unchanged, we have purchasing power parity.

On this measure, the real US dollar has appreciated by 50 per cent since 2011. It is now at a level not seen since 1985, when the US, the UK, France, West Germany and Japan signed the Plaza Accord, intended to depreciate the US dollar by currency market interventions. They certainly succeeded, as we can see from the chart here.

The incumbent US president certainly wants to reduce the large US current account deficit. While he erroneously attributes the blame to bilateral trade deficits with different trading partners, he also seems to blame the strong dollar. Let's look at the fundamentals here. The current account deficit is by definition equal to saving less investment. In the US, investment has exceeded saving for years. As saving is the sum of household saving, retained corporate profits (after dividends and buybacks), and government saving (imagine budget surpluses), there is no shortage of uniquely US factors inflating the US current account deficit.

As another accounting definition, the current account deficit must also equal the capital account surplus. Part of the blame may thus be directed at the very attractive US capital market, in both stocks and sovereign bonds.

All of this goes to show that efforts directed at reducing bilateral trade deficits are not likely to accomplish much. Attention may then be directed at the US dollar.

The traditional way of weakening a currency is through central bank interventions, which may be somewhat more effective for a country holding the international reserve currency. It may not have a lasting effect until other countries act accordingly, but President Trump is no big fan of concerted efforts. Instead, various fanciful ideas have circulated, some of them involving the US in effect reneging on part of its government debt (the Mar-a-Lago Accord). The general idea is to soften the burden of servicing the US government debt.

Judging by initial market reactions, none of these ideas are seen as very realistic. They don't need to be implemented to make an impact, however; a few startling White House statements may suffice. As there has been no dearth of such surprises lately, nothing can be ruled out completely. Little suggests that the near future will be less exciting. We know from experience, though, that strong, vibrant companies will prosper in the long run whatever happens in politics.

So stay tuned. And, if your investment horizon is long enough, stay invested.



Real effective USD rate, 2020 = 100. Source: BIS, FactSet

2024 in a nutshell

OSEBX	9.1%
S&P 500 return	25.0%
MSCI World net (USD)	18.7%
3-month NIBOR	from 4.73% to 4.68%
10-year Norwegian Treasury	from 3.25% to 3.86%
10-year Swedish Treasury	from 2.03% to 2.42%
10-year US Treasury	from 3.88% to 4.54%
10-year Euro Treasury	from 2.00% to 2.35%
Brent Blend	from USD 77.04 to USD 74.64
USD/NOK	from 10.16 to 11.36
EUR/NOK	from 11.22 to 11.76
USD/SEK	from 10.08 to 11.05
GDP growth, global	3.2%
GDP growth, Norway	2.1%
GDP growth, Sweden	1.0%
GDP growth, Mainland Norway	0.6%

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

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. In 2024, Pareto Wealth Management AS was successfully integrated into Pareto Securities through a merger strengthening and complementing our services, particularly within fund products.

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, in both equities and fixed income.

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 about 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 11 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 held in 2024 for the 31st time. The 2024 conference attracted 2 000 participants and 162 presenting companies, while we scheduled a record-high 1 800 investor meetings in two days.

Other notable conferences include our 13th annual Nordic corporate bond conference in Stockholm, our 26th 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 10 conferences and 517 road shows in 2024.

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. In 2024 alone, Pareto Securities was involved in 114 DCM transactions raising approximately USD 12 billion.

The investment banking team is made up of more than 145 professionals with backgrounds 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 it 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 44 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 2024 we carried out 23 transactions across several sectors with a total transaction value of approximately NOK 7 billion.

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's activities in Norway, Sweden and Denmark have management responsibilities for approximately 100 investment companies with a combined value of about NOK 48 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

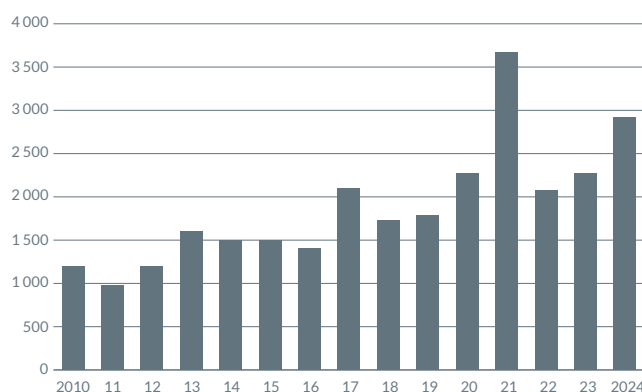
At the outset of the year, the personnel count was 433, compared with 460 at the end of the year.

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 2024: NOK 2 916 million
Income before tax 2024: NOK 1 071 million
Equity 2024: NOK 765 million
Number of employees: 460
CEO: Christian Jomaas
Christian.jomaas@paretosec.com
Chair: 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.

For Pareto Asset Management, 2024 was a year of strong growth. Including our Stockholm-based subsidiary Pareto Asset Management AB, total assets under management reached the equivalent of more than NOK 110 billion.

In parent company Pareto Asset Management AS, assets under management grew to NOK 95 billion from NOK 64 billion at the end of the previous year. While returns contributed close to NOK 10 billion and net subscriptions more than NOK 3 billion, the company also assumed the responsibility for a large discretionary management mandate from Pareto Wealth Management.

The shares in Pareto Wealth Management, which had been acquired as of 1 January 2024, were sold to sister company Pareto Securities as of 1 July the same year. As a result of these transactions, however, a number of well-qualified personnel, primarily in sales, found employment in Pareto Asset Management.

As of year-end 2024, including our offices in Stockholm and Frankfurt, as well as a recently established office in Zurich, the Pareto Asset Management group has a staff of 90.

For the sixth year in a row, the company arranged summer internships for highly competent students. A previous summer intern started working as a full-time analyst.

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 roughly 30 per cent of our 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.

Pareto Asset Management AB, 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 AS publishes two semi-annual reports on responsible investments.

In adapting to the European regulation on sustainability-related disclosures in the financial services sector (SFDR), Pareto ESG Global Corporate Bond and Enter Klimatfokus Rånta 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 29 years. Over these years, an average annual return of 12.4 per cent has compounded to a total return of 3 003 per cent, delivering an excess return of 3.2 percentage points

annually and – through the powerful force of compounding – a total excess return of 1 784 percentage points (the 0.75 per cent fee class).

The related portfolio in Pareto Aksje Norge, our largest equity fund, recorded a return in 2024 of 14.8 per cent (share class I), well ahead of the Oslo Børs Mutual Fund Index (11.3 per cent).

The best relative return was recorded by Pareto Nordic Equity, which delivered a return of 19.3 per cent (share class I), against a return of 7.4 per cent for the VINX benchmark Cap Net Index. The best absolute return was recorded by Pareto Global, at 27.6 per cent (share class I), which incidentally also turned out to yield the weakest relative return this year – the MSCI World Index delivered 32.4 per cent in NOK.

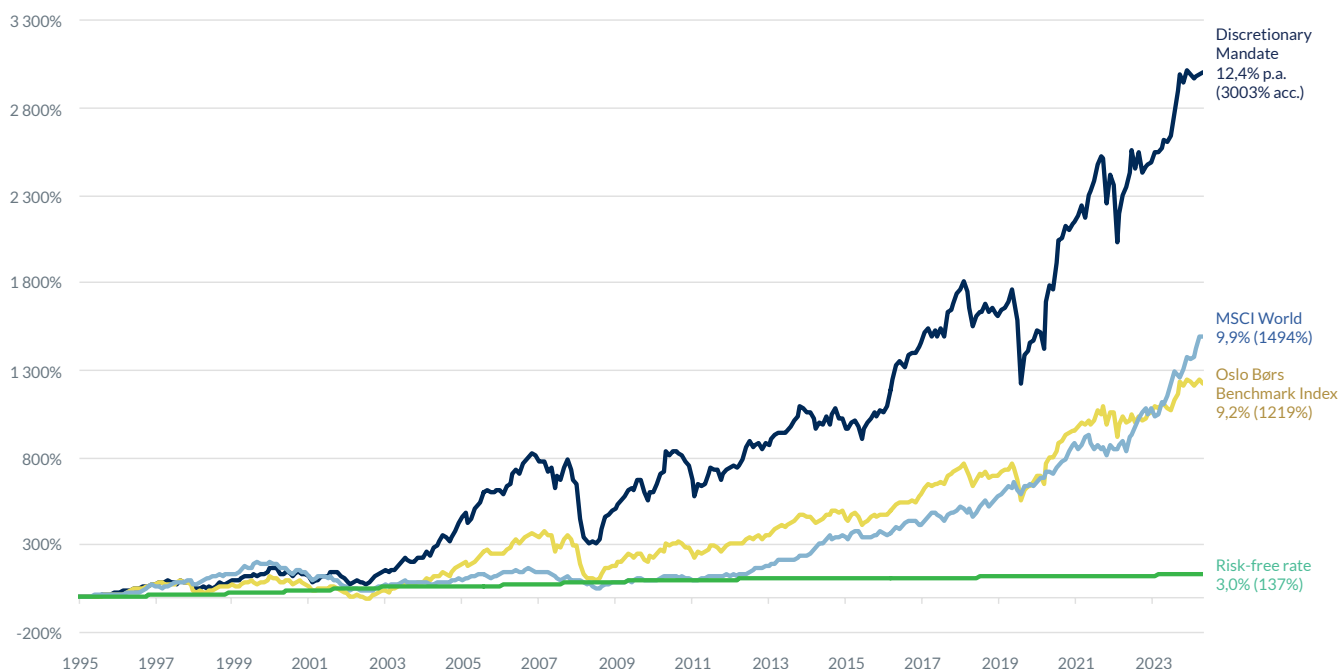
Good relative return was also the case for Enter Micro Cap, which returned 17.4 per cent for both share classes, versus 7.9 per cent for its CMCRX benchmark index.

Our fixed-income funds all recorded very satisfactory returns, with Pareto Nordic Corporate Bond at 9.1 per cent (share class B) providing the best absolute return. Pareto Obligasjon, alone amongst our Norwegian-managed fixed-income funds in having a benchmark, delivered a return (share class C) of 7.5 per cent, vs. 5.8 per cent for the NORM123FRN benchmark.

Pareto Asset Management AS

Dronning Mauds gate 3
 P.O. Box 1810 Vika
 0123 Oslo, Norway
 Telephone: +47 22 87 87 00
 Turnover 2024: NOK 687 million
 Income before tax 2024: NOK 213 million
 Equity 2024: NOK 49 million
 Number of personnel: 90
 CEO: Eric von Koss Torkildsen
 Eric.Torkildsen@paretoam.com
 Chair: Rune Selmar
paretoam.com

Long-term excess return



**Before 31.12.01, OSEBX is chained with former TOTX. The graph shows the return from the discretionary mandate after 0,75% in annual management fee. Returns can differ as a result of individual fee structures. 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 year-end, PAI had assets under management totalling NOK 26.5 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.

The year 2024 continued to be somewhat challenging for the real estate market, following the significant interest rate increases through 2022 and 2023. While the decline in market values has levelled off and values have been more stable in 2024, the transaction market remains somewhat limited. Nevertheless, PAI had a good year with strong results and the company raised significant new equity for its mandates. A conservative approach to real estate investments with low or no leverage, combined with higher activity in the credit market and an increase in assets under management, contributed to the results. Net revenues recorded by the company in 2024 amounted to NOK 98 million, up from NOK 95 million in 2023.

The company had a total of 19 employees at year-end, 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 2024, PAI raised more than NOK 5 billion in equity for its mandates

RETURNS

Expected returns will depend to a considerable degree on the investment profiles of the funds/mandates, and accordingly returns will 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.

In 2024 the credit mandates Pareto Obligasjonsfelleskap Eiendom, Pareto Eiendomskreditt and Pareto Real Estate Credit Fund SCSp delivered annual returns of 5.6 per cent, 7.2 per cent and 7.4 per cent, respectively, while our unleveraged real estate funds Pareto Eiendomsfelleskap og Pareto Eiendomsfelleskap II delivered annual returns of 11.1 per cent and 7.6 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 2024: NOK 98 million
Income before tax 2024: NOK 37 million
Equity 2024: NOK 27 million
Number of employees: 19
CEO: Johan Anker-Rasch
johan.anker-rasch@pareto.no
Chair: Elin Mack Løvdal
www.paretoai.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.

PSAS' 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. Over the years, the offshore brokerage business increased significantly, establishing 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 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 expanding our market presence in these markets. This includes brokering of maintenance and support vessels, crew change vessels and various service vessels. Brokering of newbuild vessel projects continues to be an important part of our business even in the current market. We have managed to conclude a significant number of sales of vessels during the year. Valuation of individual vessels and fleets in addition to market intelligence 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 by 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 2024: NOK 126 million
Income before tax 2024: NOK 40 million
Equity 2024: NOK 27 million
Number of employees: 25
CEO: Karsten Christensen
karsten@paretoship.no
Chair: 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 2024: NOK 24.5 million
Income before tax 2024: NOK 6 million
Equity 2024: NOK 13 million
Number of employees: 7
CEO: Hans Martin Lie / Bjørn Erik Løkken
dry@pareto.no / crude@pfbassoe.no
Chair: 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. We purchase insurance cover worth over NOK 2.3 billion annually 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 28 employees: 22 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.

LIFE AND PENSION INSURANCE

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

pension insurance market is currently characterised by increased premium costs. Therefore, we need to actively use our bargaining power with providers 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 favorable terms. However, although there are still a number of semi-public organisations with 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 that 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, we provide advice on damage prevention. Upon request, we can act as a collaboration partner in connection with risk assessment and evaluation, as well as define measures to improve risk management. This reduces risk and claims costs, and ensures optimal premium pricing for insurance solutions. Our damage prevention concept includes 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 2024: NOK 87 million
Income before tax 2024: NOK 22 million
Equity 2024: NOK 25 million
Number of employees: 28
CEO: Vegard Mjelva Finsæther
vmf@pareto.no
Chair: 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 2024, Krogsveen sold 7 600 homes and vacation homes worth NOK 38 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 quality and professional expertise, indicating that Krogsveen is perceived as a specialist real estate brokerage. 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 356 employees, most of whom work at one of the company's 49 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 34 offices, 11 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 6.3 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 2024: NOK 726 million
Income before tax 2024: NOK 68 million
Equity 2024: NOK 99 million
Number of employees: 356
CEO: Stian Kløfta
Stian.klofta@krogsveen.no
Chair: Elin Mack Løvdal
www.krogsveen.no

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 2024 due to a combination of loan growth, stable net interest margin and high operational efficiency. Profitability was somewhat lower than the long-term ambition of 15 per cent, as the bank operated with more than targeted capital and higher than normal impairments.

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

Pareto Bank has established a solid position in its market segments and sees profitable growth opportunities. The work with building a Swedish presence continues according to plan. The bank has 10 years of experience in Sweden and profitability above its target in this market.

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

OPERATIONS IN 2024

Pareto Bank had after-tax profits in 2024 of NOK 687.3 million (NOK 605.5 million in 2023), corresponding to a return on equity of 13.6 per cent (13.8 per cent).

The bank's net interest income increased to NOK 1 227.3 million in 2024 (NOK 1 112.6 million), and the weighted interest margin was stable at 4.6 per cent for the year overall. Lending volume grew by NOK 2.2 billion to a record-high NOK 20.7 billion (NOK 18.5 billion).

The bank's total revenues amounted to NOK 1 253.2 million (NOK 1 119.4 million).

Total operating costs amounted to NOK 225.4 million (NOK 203.5 million) in 2024, corresponding to a cost/income ratio of 18.0 per cent (18.2 per cent).

Impairments amounted to NOK 127.5 million (NOK 121.7 million), corresponding to 0.65 per cent (0.68 per cent) of net lending by year-end.

CET1 at year-end 2023 was 17.2 per cent (18.6 per cent). The bank's leverage ratio stood at 17.1 per cent (17.1 per cent). The bank's long-term capital target for CET1 is 16.7 per cent.

The Board has proposed a dividend of NOK 4.15 per share, corresponding to a payout ratio of 50.0 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 2024:

Name	Stake
Pareto AS	20.0%
Société Générale	9.0%
AWC AS	6.8%
Hjellegjerde Invest AS	5.0%
Salt Value AS	3.1%
Holberg Norge	2.9%
Landkreditt Utbytte	2.7%
Rune Bentsen AS	2.7%
Kolberg Motors AS	2.5%

Top management in Pareto Bank owns 1.0 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 2024: NOK 27 237 million
Equity 2024: NOK 4 887 million
Number of employees: 68
CEO: Tiril Haug Villum tiril.villum@paretobank.no
Chair: Åsmund Skår
www.paretobank.no

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%
2024	4 686	1 685	6 605	9.1%

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.

FINANCIAL STATEMENTS 2024

Directors' Report	26
Income Statement	28
Balance Sheet	29
Cash Flow Statement	31
Notes to the accounts	32
Auditor's report	39

THE DIRECTORS' REPORT 2024

OUR BUSINESS OBJECTIVES

We will continue to 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 among the company's employees, partners, clients, competitors and 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 its operating companies: Pareto Securities AS and its subsidiaries, Pareto Asset Management AS and its subsidiary Pareto Asset Management AB, Pareto Alternative Investments AS, Pareto Shipbrokers AS, Pareto Bassøe Shipbrokers AS, Pareto Forsikringsmegling AS and Eiendomsmegler Krogsveen AS. Pareto Wealth Management AS merged with Pareto Securities on 1 July 2024. Pareto AS is the parent company of the group. Pareto's head office is located in Oslo, in addition, 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 2024 due to geopolitical uncertainty and volatile financial markets, the group delivered a solid profit. Compared to the year before, group profit increased by more than 53 per cent, ending the year at an all-time high. 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 2024 amounted to NOK 4 686 million, compared with NOK 3 798 million in 2023. Pre-tax profit totalled NOK 2 044 million, NOK 1 356 million in 2023. Profit after tax amounted to NOK 1 685 million in 2024, versus NOK 1 099 million in 2023.

The financial strength and liquidity of the group are good. Book equity at year-end stood at NOK 6 604 million, while bank deposits totalled NOK 2 378 million.

The parent company's profit after tax was NOK 1 413 million (NOK 808 million in 2023). At year-end 2024, equity in the parent company amounted to NOK 6 108 million, up from NOK 4 705 million in 2023.

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 evolve, Pareto has considerable potential for further 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.

Entering 2025, high geopolitical and macroeconomic uncertainty continue to cause capital market volatility. Ongoing geopolitical tensions, trade disputes, and regional conflicts pose risks 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 revenue – including energy transition and renewables – that offer a greater level of stability. Even so, we remain vulnerable to major, long-term fluctuations in oil prices and to the development of the Scandinavian economies in general.

While fully aware of these challenges, the Directors maintain 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.

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. 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 supervised by Finanstilsynet (The Financial Supervisory Authority of Norway).

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

The working environment in group companies is good. Work commitment and productivity remained high throughout the year. The level of sickness-related absence within the group is low and no injuries or accidents were reported during the reporting period.

The group upholds the principle of equal 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 subject to the Norwegian Transparency Act (Norwegian: Åpenhetsloven), will conduct an annual due diligence assessment, which will be published on the websites of the respective group companies by 30 June.

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

The Annual Report and Accounts are prepared on the going-concern assumption, which assumption still applies. The Directors consider that the accounts provide an accurate representation of the Pareto group's assets and liabilities, financial position, and profits.

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

Oslo, 28 April 2025

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)	
2023	2024		Notes	2024	2023
OPERATING REVENUES					
255	184	Operating revenues	2	4 685 715	3 798 073
255	184	Total operating revenues		4 685 715	3 798 073
OPERATING EXPENSES					
-9 468	-11 771	Personnel costs	3	-2 295 999	-1 906 590
-2 232	-2 517	Sundry other operating costs		-954 186	-909 322
-23	-24	Ordinary depreciation & amortisation	4	-21 516	-27 469
-11 723	-14 313	Total operating expenses		-3 271 701	-2 843 382
-11 468	-14 129	Operating profit/loss		1 414 014	954 691
FINANCIAL INCOME/EXPENSES					
128 363	628 324	Financial income		738 254	342 883
594 259	763 818	Share dividends		23 650	85 595
0	0	Adjustments, securities	5	-635	5 672
133 856	152 340	Share of associated companies	6	152 340	133 856
-7	-2	Interest paid		-41 718	-37 429
-11 926	-87 742	Other financial expenses		-241 842	-129 167
844 544	1 456 739	Total financial income/expenses		630 049	401 411
833 076	1 442 610	Income before tax		2 044 063	1 356 102
-24 923	-29 513	Tax expense	7	-358 885	-257 315
808 152	1 413 097	Profit for year		1 685 177	1 098 787
		Net profit attributable to owners of parent		1 356 056	835 093
		Net profit attributable to non-controlling interests		329 121	263 694
Allocation of net profit:					
0	0	- Provision for dividend			
-808 152	-1 413 097	- Transferred to other equity			
-808 152	-1 413 097	Total allocations			

BALANCE SHEET

ASSETS

Parent company (NOK '000)				Group (NOK '000)	
31.12.2023	31.12.2024		Notes	31.12.2024	31.12.2023
FIXED ASSETS					
Intangible assets					
0	0	Goodwill acquired	4	1 052	-778
0	0	Deferred tax assets	7	60 273	61 973
0	0	Total intangible assets		61 325	61 195
Property, plant & equipment					
723	699	Fixtures, fittings, machinery etc.	4	35 137	47 050
Financial fixed assets					
574 538	509 799	Shares in subsidiaries	6	0	0
944 982	1 021 303	Shares in associated companies	6	1 021 303	944 982
284	211 479	Other securities	8	238 847	23 568
0	0	Other non-current receivables		286	286
54	38	Premium fund	9	297	312
1 519 857	1 742 618	Total financial fixed assets		1 260 733	969 148
1 520 581	1 743 317	Total fixed assets		1 357 196	1 077 393
CURRENT ASSETS					
Receivables					
58	0	Trade receivables		2 409 703	2 357 008
605 709	865 751	Other receivables	10, 11	675 986	669 585
605 767	865 751	Total receivables		3 085 689	3 026 593
Investments					
2 093 423	3 352 424	Securities	5	4 197 419	3 003 102
2 093 423	3 352 424	Total investments		4 197 419	3 003 102
507 820	183 777	Bank deposits	12	2 378 415	2 076 958
3 207 009	4 401 951	Total current assets		9 661 523	8 106 652
4 727 590	6 145 268	Total assets		11 018 719	9 184 045

BALANCE SHEET

EQUITY AND LIABILITIES

Parent company (NOK '000)			Group (NOK '000)	
31.12.2023	31.12.2024	Notes	31.12.2024	31.12.2023
EQUITY				
Paid-in capital				
5 548	5 548		5 548	5 548
7 096	7 096		0	0
12 644	12 644		5 548	5 548
Retained earnings				
523 514	591 926		591 926	523 514
4 168 607	5 503 461		5 702 442	4 379 791
4 692 121	6 095 386		6 294 368	4 903 305
Non-controlling interests				
			304 205	303 540
4 704 765	6 108 030	13	6 604 121	5 212 392
LIABILITIES				
Provision for commitments				
0	0		1 286	1 363
66	141		158	86
66	141		1 445	1 449
Non-current liabilities				
0	0		62 673	62 600
0	0		43 148	40 763
0	0		105 821	103 363
Current liabilities				
6 888	8 371		3 543 955	3 297 216
15 385	28 166		329 623	206 043
0	0		335 267	272 001
485	560		98 487	91 580
22 759	37 096		4 307 332	3 866 840
22 825	37 238		4 414 598	3 971 653
4 727 590	6 145 268		11 018 719	9 184 045

Oslo, 28 April 2025

Sign.
Svein Støle
(Chair)

Sign.
Bjørn Gabriel Reed

Sign.
Elin Mack Løvdal

Sign.
Christian Jomaas

Sign.
Siri Johanne Krafft

Sign.
Trine C. Høgås-Ellingsen
(CEO)

CASH FLOW STATEMENT

Parent company (NOK '000)			Group (NOK '000)	
2023	2024		2024	2023
CASH FLOW FROM OPERATING ACTIVITIES				
833 076	1 442 610	Ordinary profit before tax expense	2 044 063	1 356 102
-31 457	-16 656	Tax paid in period	-235 305	-278 676
23	24	Ordinary depreciation and amortisation	23 347	27 625
0	0	Securities adjustments	635	-5 672
24	16	Net change in pensions without cash effect	-62	49
0	0	Other items without cash effect	21 572	26 027
-133 856	-152 340	Share of profits of associated company	-152 340	-133 856
-96 456	-259 984	Change in receivables	-59 096	-75 295
1 666	1 557	Change in other liability items	253 646	-561 459
573 020	1 015 227	Net cash flow from operating activities	1 896 458	354 844
CASH FLOW FROM INVESTMENT ACTIVITIES				
-16	0	Net cash from purchases/disposals/sale of tangible assets	-11 434	-4 341
-254 772	-1 259 001	Net cash flow, short-term investments	-1 194 952	80 788
-64 706	-146 456	Payments for purchases of financial fixed assets	-215 278	-58 822
64 991	66 187	Net cash flow, financial fixed assets	66 187	65 001
-254 502	-1 339 270	Net cash flow from investment activities	-1 355 478	82 627
CASH FLOW FROM FINANCING ACTIVITIES				
0	0	Dividend paid	-275 869	-182 051
0	0	Reduction of share capital	0	0
0	0	Payment purchase of treasury shares	0	-3 427
0	0	Change non-current commitments and liabilities	2 457	43 665
0	0	Payments of equity to/from minority interests	33 888	16 633
0	0	Net cash flow from financing activities	-239 524	-125 180
318 518	-324 043	Net change in bank deposits	301 457	312 291
189 302	507 820	Bank deposits in hand at 1 Jan.	2 076 958	1 764 667
507 820	183 777	Bank deposits in hand at 31 Dec.	2 378 415	2 076 958

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 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., 81.45% 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 Pareto Asset Management AB.

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	2024	2023
Brokerage/Corporate finance	3 793 754	2 983 953
Management/Business management	891 961	814 120
Total operating revenues	4 685 715	3 798 073

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

	Parent company		Consolidated	
	2024	2023	2024	2023
Wages and salaries, holiday pay, nat. insurance	11 613	9 281	2 194 637	1 811 725
Pensions and other personnel costs	158	187	101 362	94 865
Total	11 771	9 468	2 295 999	1 906 590
Number of man-years	2	2	944	966

Paid remuneration to the CEO in 2024 amounted to NOK 4 487, including bonus. Remuneration to the directors of the parent company amounted to NOK 875. A provision of NOK 3 340 has been made for fees for the directors of the group.

Deloitte AS received fees of NOK 240 (2023: 249) for auditing the parent company and NOK 7 222 (2023: 6 437) for the group. Payment for other assurance engagements totalled NOK 0 (2023: 0) for the parent company and NOK 2 390 (2023: 2 165) for the group. Payments to other auditors to the group amount to NOK 89. These figures are exclusive of VAT.

"Payments to Deloitte Advokatfirma DA for legal services amount to NOK 0 (2023: 0) for the parent company and NOK 638 (2023: 628) 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.	2 279	269 739	223 178
Additions in year	-	14 246	-
Disposals/sale	-	4 220	-
Acquisition cost 31.12.	2 279	279 766	223 178
Acc. depreciation 01.01.	1 556	223 056	223 956
Disposals/sale	-	1 774	-
Depreciation this year	24	23 347	-1 830
Acc. depreciation 31.12.	1 580	244 628	222 125
Book value 31.12.	699	35 137	1 052
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 52 million in 2024.

NOK '000

NOTE 5 | Securities

	Parent company		Group	
	Acquisition cost	Book value	Acquisition cost	Book value
Shares and partnership interests	123 815	123 815	170 697	168 826
Bonds and certificates			716 052	720 553
Fixed income funds			28 135	32 628
Equity funds	3 228 608	3 228 608	3 267 065	3 275 412
Total securities	3 352 424	3 352 424	4 181 949	4 197 419

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 Forsikringsmegling AS	Oslo	100%	20 423
Pareto Alternative Investments AS	Oslo	97.5%	73 543
Pareto Bolig	Oslo	100%	175 914
			509 799

Non-consolidated companies

Pareto AS owns 100% of Vilfredo Invest AS and 100% of Mandal Hotel Eiendom AS (MHE). MHE owns 51% of Mandal Hotel AS. Pareto has in accordance with Section 3-8 of the Norwegian Accounting Act not consolidated these subsidiaries in the consolidated financial statements as these are of no significance for the assessment of the group's financial position and performance.

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.	7 490	35 864	901 628	944 982
Acquisition in year	-	-	-	-
Share of year's profit	1 219	12 986	136 068	150 273
Equity adjustments	-	-	-9 832	-9 832
Write-down goodwill	-	-	2 066	2 066
Dividends received	-1 121	-5 175	-59 890	-66 187
Closing balance 31 Dec.	7 588	43 675	970 040	1 021 303

NOTE 7 | Taxes

Parent company			Group	
2023	2024		2024	2023
833 076	1 442 610	Profit before income tax	2 044 063	1 356 102
0	0	Group contribution	20 900	11 659
-771 413	-1 325 596	Permanent differences	-594 083	-286 420
-122	-302	Change in temporary differences	27 848	-17 004
0	0	Change in deficits carried forward	-18 144	29 279
61 541	116 712	Year's tax base	1 480 584	1 093 615
15 385	29 178	Tax payable	356 117	243 382
0	-1 012	Tax payable, withholding	-26 494	-37 340
15 385	28 166	Total tax payable	329 623	206 043
Specification of temporary differences				
0	0	Current assets	1 549	-9 957
43	50	Tangible fixed assets	-24 051	-23 996
0	0	Intangible assets	-181	-226
220	515	Other items	-151 053	-130 714
0	0	Remaining loss for carrying forward	-87 327	-104 836
263	565	Basis for calculating deferred tax benefit/tax	-261 062	-269 729
66	141	22 - 25% deferred tax benefit (-)/tax(+)	-60 115	-61 887
Year's tax expense				
15 385	29 178	Tax payable	356 117	243 382
146	240	Tax correction for earlier years	-640	8 194
30	76	Change in deferred tax benefit/tax	3 389	-3 623
15 562	29 493	Tax expense	358 866	247 953
9 361	19	Paid withholding tax	19	9 361
24 923	29 513	Total tax expense	358 885	257 315
3%	2%	Effective rate of taxation	17%	18%
Reconciliation from nominal to true tax expense				
208 269	360 652	Anticipated tax expense at nominal rate	485 843	319 638
-192 853	-331 399	Permanent differences	-148 089	-71 308
0	0	Change in tax rates	20 348	11 722
146	240	Correction previous year(s)	-640	146
0	0	Other items	1 403	-12 244
15 562	29 493	Tax expense	358 866	247 953
9 361	19	Paid withholding tax	19	9 361
24 923	29 513	Total tax expense	358 885	257 315

NOK '000

NOTE 8 | Other shares/bonds

	Acquisition cost	Book value
Other securities, parent company	211 479	211 479
Other securities, subsidiaries	27 368	27 368
Total other securities, group	238 847	238 847

NOTE 9 | Pensions

The group has a defined contribution pension scheme as required under the Norwegian Mandatory Occupational Pensions Act. Premium paid in 2024 totalled NOK 83 for the parent company and NOK 17 086 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 2024 at NOK 1 258 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 2024 is NOK 20 075.

NOTE 11 |

Receivables from group companies amounted to NOK 839 278 as at 31 December 2024. Other current liabilities to group companies as at 31 December 2024 amounted to NOK 294.

NOTE 12 | Bank deposits

The parent company has a non-distributable deposit of NOK 300 lodged in an account for tax withholdings. The group's bank deposits include NOK 301 093 in non-distributable accounts, of which NOK 26 358 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	523 514	4 168 607	4 704 765
Year's profit			78 244	1 334 853	1 413 097
Other adjustments			-9 832		-9 832
Total equity as of 31 Dec.	5 548	7 096	591 926	5 503 461	6 108 030

Group	Share capital	Share premium account	Reserve for valuation variations	Other equity	Non-controlling interests	Total
Equity at 1 Jan.	5 548	0	523 514	4 379 791	303 539	5 212 392
Other adjustments			-9 832	-6 454		-16 286
Currency translation				18 680	9 405	28 085
Year's profit after tax			78 244	1 277 812	329 121	1 685 177
Provision for dividends				0	-339 134	-339 134
Non-controlling interests				32 614	1 274	33 888
Total equity as of 31 Dec.	5 548	0	591 926	5 702 442	304 205	6 604 121

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

NOK '000

NOTE 13 | Equity, continued

		Number of shares	Stake and voting %
Svein Støle	A shares	35 000	92.1%
Svein Støle	B shares	3 000	7.9%
		38 000	100.0%

There are two classes of shares. B shares 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 Krogsveen 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	7 482
Purchases of services from other group companies	7 858

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.



Deloitte AS
Dronning Eufemias gate 14
Postboks 221
NO-0103 Oslo
Norway

+47 23 27 90 00
www.deloitte.no

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 2024, 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 2024, 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 2024, 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 2024, 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.

Deloitte AS and Deloitte Advokatfirma AS are the Norwegian affiliates of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Norway conducts business through two legally separate and independent limited liability companies; Deloitte AS, providing audit, consulting, financial advisory and risk management services, and Deloitte Advokatfirma AS, providing tax and legal services.

Registrert i Foretaksregisteret
Medlemmer av Den norske
Revisorforening
Organisasjonsnummer: 980 211 282

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 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 skepticism 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



Independent auditor's report
Pareto AS

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, 28 April 2025
Deloitte AS

Roger Furholm
State Authorised Public Accountant
(electronically signed)

Independent auditor's report

Name

Date

Furholm, Roger

2025-04-29

Identification

 Furholm, Roger



This document contains electronic signatures using EU-compliant PAdES - PDF Advanced Electronic Signatures (Regulation (EU) No 910/2014 (eIDAS))

