2025-05-22

Zenith Energy

Foundation for Favorable Outcomes in Arbitrations and Expansion

Zenith Energy ("Zenith" or "the Company") has a long history of well-timed acquisitions at attractive valuations, demonstrated by acquisitions of oil assets in Tunisia during COVID-19. The Company relies on two key pillars: electricity production in Italy, a country with favorable high energy prices due to its high dependence on imports, benefiting Zenith as a domestic producer with scale-up potential. Secondly, ongoing claims in two separate arbitrations at ICC and ICSID, related to the Company's Tunisian operations during 2021–2022, where statistical analysis of past arbitration outcomes supports a strong probability of success. With an estimated cash injection of USD 143.7m in year 2026, based on a probability-weighted approach, and core operations valued at USD 12.3m applying a DCF methodology, this justifies a potential present value of NOK 3.4 per share in a Base scenario.

- **High Probability of Favorable Ruling in ICC and ICSID**

Analyst Group estimates a 71% probability of a favorable outcome for Zenith in the ongoing ICC and ICSID arbitrations, whether through direct victory or settlement. This assessment is supported by the strength of Zenith's case, with an already secured favorable arbitration court ruling under the International Chamber of Commerce ("ICC")[1] in 2024, which presents clear evidence of obstructive treatment, and statistical data on arbitration outcomes in Africa for arbitration court cases. Based on these factors, Analyst Group anticipates that Zenith could recover up to USD 143.7m by 2026 after tax, potentially enabling the Company to distribute an extraordinary dividend to its shareholders and expand its core operations.

- **Exposure to Italian Electricity Market**

Zenith capitalizes on Italy's elevated domestic electricity prices through two cash-generative segments, gas-to-electricity and solar, expected to deliver an estimated free cash flow (FCF) of USD 2.3m in 2028. Italy's reliance on natural gas for ~44% of electricity generation, coupled with a surge in its domestic consumption-to-domestic production ratio from 9x to 21x between 2013 and 2023, has amplified local electricity prices. The situation was further intensified after Russia's invasion of Ukraine, which forced Italy to shift to longer, costlier import routes, such as via Qatar, benefiting domestic producers like Zenith.

- **Leadership With Proven Track Record**

Zenith's leadership has consistently demonstrated exceptional timing in acquisitions, securing Tunisian assets during the COVID-19 period when oil prices were low, with acquisitions made at a fraction of its subsequent valuation by third-party experts. Similarly, the Company acquired gas assets in Italy ahead of the energy crisis, which later drove up electricity prices. This strong track record is expected to fuel future growth by expanding existing profitable gas- and solar operations in Italy and exploring new high-return opportunities, supported by anticipated funds from the arbitration outcome.

Valuation Range

Bear	Base	Bull
NOK 1.1	NOK 3.4	NOK 7.3

Key Information

Share Price (2025-05-21) NOK	1.69
Shares Outstanding	477 270 954
Market Cap (NOKm)	811
Net cash(-)/debt(+) (NOKm)	584
Enterprise Value (NOKm)	1390
List	Main Market London Stock Exchange, Euronext Oslo Børs
Annual Report 2025 FY	2025-08-03

Share Price Development

Management and Board	Role
Andrea Cattaneo	CEO
Luca Benedetto	CFO
Dr. José Ramón López-Portillo	Chairman
Dr. Dario E. Sodero	Board member
Sergey Borovskiy	Board member

[1]: Defined by Zenith as "ICC-1"

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Other
This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, **Zenith Energy** (furthermore” the Company”) has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The analyst does not own shares in the Company.