



MAGNORA ASA

Q4 REPORT 2021

14 February 2022



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ABOUT MAGNORA

After two decades in the oil and gas industry, the Group sold all its assets and intellectual property rights and restarted as a renewable energy development group in 2018. After 2018, the focus has been on building a diversified group with activities within a wide spectrum of renewable segments and markets. We are now pleased to have more than a handful of development companies under our umbrella. The Group is now developing both onshore and offshore wind energy projects, as well as solar PV energy projects, and has concentrated on projects in greenfield to ready-to-build phase. Additionally, the Group has added a unique perovskite solar cell technology company to its portfolio.

2021 was another transformational year for the Group and we are now in a phase where we can start to focus on harvesting from some of our investments through farm-downs, sale, or inviting partners in our companies and projects. In addition to creating a diversified portfolio of renewable energy companies, Magnora is building its core team of specialists while maintaining a lean overhead. Our strategy is to partner, invest and develop the right projects and companies to generate long term shareholder value.



FOURTH QUARTER IN BRIEF

KEY HIGHLIGHTS FROM Q4 2021

Our portfolio companies continued to show positive progress in the fourth quarter, ending 2021 with a strong momentum and great potential for the years to come. We have managed to build a strong organisation, with competencies that support our investments and their respective developments. The high business and development activities in the quarter is reflected in good progress in our portfolio companies.

OPERATIONAL HIGHLIGHTS

- » Magnora increased its ownership in Evolar AB to 50 percent according to business plan milestones, and Evolar continues to stay on track with all aspects of its business plan. Evolar has also entered into its second joint development agreement with an Indian solar module manufacturer backed by government funding. Evolar is experiencing strong interest for its products and services from small and large industry players and the business plan is developing according to plans.
- » Magnora's SPV in South Africa progressed with the ongoing wind measurement campaign showing promising wind conditions at the planned site.
- » Helios' project portfolio has reached 1.3 GW over 29 solar PV projects in the Nordics and has sold two projects totaling 45 MW to OX2. Helios has also received good interest for two other projects of combined 68 MW from potential buyers and expect to close soon. We note an increasing interest for several other projects in Helios' development pipeline.
- » The Penguins FPSO is, according to media articles, scheduled for sail-away in March which will release the three remaining license payments from Shell.
- » Ending cash balance as of 31 December was NOK 96.9 million, mainly due to a positive cash flow from the Vindr Group re-organisation.
- » The NOK 50 million credit facility secured in the third quarter 2021 remains undrawn in the fourth quarter 2021.

SUBSEQUENT EVENTS

- » Magnora Offshore Wind was offered the opportunity to enter into an Option Agreement for area N3 last month by the Crown Estate Scotland in the ScotWind leasing round. The planned development will have a total capacity of approximately 500 MW, with estimated production start in 2030.
- » Magnora Offshore Wind entered into a cooperation agreement with Hiraeth Energy for the development of two floating offshore wind projects in the Celtic Sea with a total capacity of approximately 700 MW.
- » Magnora and Vindr have decided to split the Nordic and South African activities and discontinue the development of Vindr Group. The original Vindr founders will continue development of the Nordic business as a separate entity outside of Magnora, and Magnora will further develop its South African business by acquiring 92 percent of African Green Venture (AGV) together with the local AGV team and continue developing its wind and solar PV projects in the region. Peter Nygren will join the AGV team as an active owner and leave his position as EVP Strategies. The team is very excited about the opportunities in South Africa on the back of the PPA market opening up in the country.

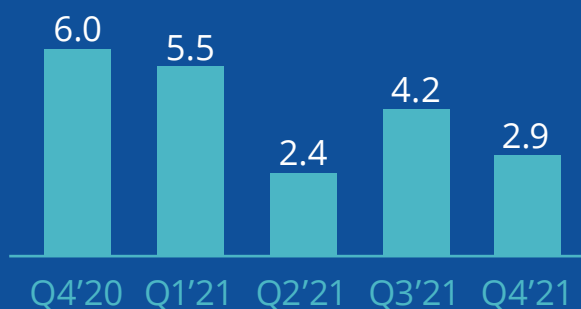
FINANCIAL HIGHLIGHTS

- » Adjusted EBITDA* for fourth quarter 2021 was negative NOK 6.3 million. EBITDA was impacted by slightly higher costs and less offloading during the quarter.
- » Higher operating expenses is in large due to increased one-off bonus payments, audit fees, option costs adjustments (IFRS), and costs associated with re-organisation of the Vindr Group. Business development activities were also slightly higher due to due diligence associated with a few potential transactions in the fourth quarter of 2021.

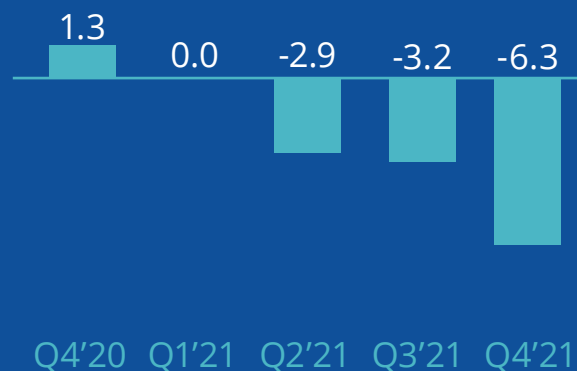
* See definition in note 1

KEY FIGURES

REVENUES MNOK



ADJUSTED EBITDA* MNOK



* See definition in note 1

NET CASH FROM OPERATING ACTIVITIES

-3.0 MNOK

1.5 Q4 2020 (-11.6 Q3 2021)

CASH

96.9 MNOK

44.8 Q4 2020 (92.3 Q3 2021)

EQUITY RATIO %

89%

95% Q4 2020 (95% Q3 2021)

DEVELOPMENTS DURING THE QUARTER

OPERATIONAL REVIEW

The figures are unaudited.

Magnora maintained a high activity level throughout the fourth quarter, progressing development of its portfolio companies. Efficient collaboration in partnerships, increased ownerships in portfolio companies, and a new development agreement increased the use of development resources.

On 17 January 2022, subsequent to the fourth quarter, Magnora Offshore Wind was awarded an option agreement in the ScotWind leasing round to develop approximately 500 MW of offshore wind capacity. The successful application was a result of the combined strong competencies of TechnipFMC and Magnora.

Magnora has continued to allocate resources to develop applications for additional offshore areas in the UK and in Norway, in collaboration with TechnipFMC. This includes the recently announced cooperation between Magnora Offshore Wind and Hiraeth Energy for the development of two floating offshore wind projects in the Celtic Sea with a total capacity of approximately 700 MW.

During the quarter, Magnora has worked to sharpen its focus in South Africa for the development of wind and solar PV projects. Subsequent to the fourth quarter, this resulted in Magnora acquiring 92 percent of African Green Ventures (AGV) and simultaneously discontinuing development of Vindr Group together with Vindr.

Adding to this, Magnora increased its ownership in Evolar to 50 percent in the fourth quarter. The transaction follows strong progress in Evolar, developing and commercialising its unique efficiency enhancing technology for conventional solar cells.

Prime Capital, Troms Kraft and Magnora entered during the third quarter into a collaboration agreement for the development of a large-scale production of green hydrogen and further processing into green ammonia (NH₃) and/ or liquid organic hydrogen carriers (LOHC). The project later qualified for Enova funding for a pre-feasibility study which is currently ongoing and planned completed within Q2 2022. The feasibility study focuses on market assessment, technical and financial feasibility, safety and access to grid. The project has signed a letter of intent (LoI) with a potential significant off-taker.

To meet the increasing demand from activities in projects and portfolio companies, Magnora has strengthened its team adding new members bringing in valuable new and complementary competences. Magnora will continue to grow its team as the portfolio of investments matures.

Trond Gärtner started as the new SVP Business Development during the quarter, and there was no new hires during the quarter. The Group has been successful in attracting and retaining highly qualified personnel, which will enable further successful development of Magnora and its portfolio companies.

Higher operating costs in the fourth quarter, was mainly due to higher than usual development costs.

Note that Magnora recognises its share of the financial results from each of the portfolio companies according to its ownership share in accordance with IFRS. The development costs in these companies are expensed and not capitalised, as they are in an early development phase.

Portfolio companies

Magnora takes an active role in the development of its portfolio companies, and provides support within due diligence, bank and project finance, equity, environmental impact assessments, grid studies, procurement, governmental approval, energy yield assessments, construction, operations, farm-downs and exits.

We favor companies with high integrity, humbleness, and a result-oriented drive, and look for qualified teams with a proven track-record which in combination with our resources can create long-term value.

Evolar

During the second quarter, Magnora increased its ownership in Evolar AB (Evolar) to 50 percent. Magnora initially acquired 28.44 percent of the shares in Evolar through a share issue in the fourth quarter of 2020 and has an option to further increase its ownership in Evolar to 63.5 percent.

Evolar is developing a unique perovskite-based PV power booster technology that has the potential to increase efficiency of conventional silicon-based solar panels at low cost. The investment in Evolar gives Magnora access to a unique technology in a growing solar cell market that is due for efficiency innovation. The Evolar team holds several world records within its niche such as a copper indium gallium selenide (CIGS) solar cell with an efficiency of 24 percent and a thin film module record of 21 percent efficiency. The company has unique industrial scale R&D prototype production line, which is fully operational in Evolar's manufacturing facilities in Uppsala, Sweden. This allows the team to quickly scale and test solar cells and modules and thereby shorten the time-to-market. Perovskite can have a transformational effect on the solar cell market as well as the green transition due to its potential disruptive performance compared with conventional solar cells.

The Evolar team is in discussions with several industry players across the value chain who are eager to investigate the use of the perovskite technology for potential cooperation, testing, and scale-up of the technology to capitalise on the USD multi-billion solar cell market.

Evolar's organisation is growing according to their strategy, with key personnel successfully hired during the fourth quarter. In addition, the Dean of Uppsala University, Anders Hagfeldt, has joined Evolar's Advisory Board. Hagfeldt is widely known as a leading expert within the global perovskite community.

More details are available on Evolar's home page: www.evolarab.se.

Helios

Magnora increased its ownership in Helios AB (Helios) to 40 percent in the third quarter 2021. Magnora participated in a share issue acquiring 25 percent of Helios Nordic Energy AB (Helios) in February 2021.

Helios is a greenfield developer of large-scale PV projects in the Nordics. The company has developed a project portfolio by signing options for land leases in well suited locations in southern Sweden and has land lease agreements for 29 projects with a total installed capacity potential of approximately 1.3 GW.

Helios has sold two projects totaling 45 MW to OX2,

and has received good interest from potential buyers for two other projects of combined 68 MW. We note an increasing interest for several other projects in Helios' development pipeline and expect additional transactions are closed during 2022.

More details are available on Helios' home page: www.heliosnordic.com.

Kustvind

Magnora increased its ownership in Kustvind AB (Kustvind) to 30 percent in the third quarter 2021 and has an option to acquire up to 50 percent of the company.

Kustvind is a 500 MW shallow water offshore wind project located in an area with very attractive wind conditions 8 - 15 km offshore the southern coast of Sweden. The wind park has a potential to produce 2 TWh annual green electricity and can potentially serve 250 000 homes with electricity.

The project is close to relevant infrastructure and in an area of Sweden that has had very attractive electricity prices both historically and recently. The project has entered the concession phase with significant studies and assessments required for the concession application. The impact assessment is progressing as planned, an energy yield report has been completed and park layout adjusted accordingly. Wildlife and marine environmental studies are ongoing. The local grid operator is investigating the capacity to determine alternative connection points to be proposed in the application for concession.

More details are available on the project's home page: www.kustvind.se.

Magnora South Africa

Magnora has entered the South African market by acquiring 100 percent of the shares in a South African company with a potential 850 MW greenfield renewable development portfolio consisting of approximately 550 MW wind and 300 MW solar PV. Subsequent to the fourth quarter, Magnora has further acquired 92 percent of African Green Ventures (AGV) as part of an agreement with Vindr to separate the entity from the Vindr Group that has been under establishment since February 2021. With the acquisition, Magnora has a total 1.7 GW development portfolio in South Africa, and will together with the original founder of AGV continue

to develop existing and future wind and solar PV projects as part of the Magnora team in South Africa. The projects in South Africa have made good progress during the quarter, with favorable wind data registered from the wind measurement campaign. The supply of electric power in South Africa is inadequate, and there is a particularly high demand for renewable electric energy. The country plans to develop 20-30 GW of renewable projects over the next decade.

South Africa has a very advanced and professional renewable market and Eskom, the public national grid and power generating company, is being de-bundled to create opportunities for the private sector. Magnora's South African company has commenced development of renewable projects with preparation for wind measurements and other early phase activities, such as business planning, meetings with industrial companies, equipment manufacturers, local and governmental banks, and potential investors. The renewable projects are expected to meet the criteria needed in public tender rounds ("REIPPP"), potential corporate power purchasing agreements (PPAs), and to serve local municipalities directly with electricity from renewable sources.

Magnora Offshore Wind

Magnora has established Magnora Offshore Wind in partnership with TechnipFMC, and the company submitted its first applications for licenses to develop offshore wind farms in the ScotWind leasing round.

On 17 January 2022 Magnora Offshore Wind was offered the opportunity to enter into an Option Agreement for area N3 by the Crown Estate Scotland. The planned development will have a total capacity of approximately 500 MW which is estimated to produce 2.4 TWh per year.

In addition, the company will participate in the first offshore wind application round in Norway, and other markets are under consideration. TechnipFMC has played a key role in floating wind industry since inception and has participated in developments such as the Hywind projects. The partnership with TechnipFMC has already provided several synergies through the ScotWind projects. TechnipFMC has over 4,500 employees in England, Scotland, and Norway.

License agreements

After selling its assets, rights, and intellectual property

rights of cylinder vessel design to Sembcorp Marine Integrated Yard Pte. Ltd. (SMIY) in 2018, Magnora retained the financial benefits from the two licensing agreements detailed below.

Magnora is entitled to a license fee of USD 0.50 per barrel produced and offloaded from the Dana FPSO (the "FPSO") for the lifetime of the vessel. The associated license income for the fourth quarter 2021 was NOK 2.9 million (NOK 4.2 million). The FPSO was completed in 2017 and production started in Q4 2017.

The FPSO has a production capacity of 44,000 barrels per day. The FPSO is expected to have a design life of 20 to 25 years. Magnora's right to payments is tied to the FPSO, irrespective of operating location and field. Any potential field tied-back to the FPSO or any redeployment, irrespective of location, will also be subject to the payment obligations under the agreement. The Dana agreement is expected to generate income for Magnora for several years. The vessel's production depends on weather, maintenance, decline, timing of production drilling, discoveries and more.

During the quarter, Magnora learned that Dana has planned to increase activity, and this can potentially increase our legacy revenues modestly going forward.

Magnora is also entitled to license fees from a license agreement with Shell for the Shell Penguins FPSO. The remaining license income of the Penguins agreement is approximately USD 16 million and subject to milestone achievements. The final investment decision regarding the Shell Penguins Redevelopment project was taken in January 2018. Magnora received payment for the first milestone of USD 2.625 million (NOK 20.7 million) under the license agreement in Q1 2018. Further payments under the license agreement are subject to three milestones: 1) the completion and sail away of the Penguins FPSO from the construction yard, 2) the installation of the Penguins FPSO at the field and production started, and 3) the successful production, offloading and gas export of 4 million barrels which is estimated to be approximately 6 months after successful start-up. It is currently anticipated that the sail-away of the Penguins FPSO will take place in the first quarter of 2022 according to industry journals and with further milestones achieved thereafter. The Penguins field is currently producing and is hooked up to the last of the remaining Brent platforms.

FINANCIAL REVIEW

As the Group has grown, it has implemented an updated operating model to manage its increasing portfolio. As part of the new operating model, corporate and project related activities and expenses are followed up and reported separately in segments. Currently the Group operates with the two segments Corporate and Projects. Both segments engage in business activities with revenues and expenses.

The Group recognises the complexity for investors to assess the changes in the Group's asset values as its portfolio companies are developed and business models matured. The reporting of asset values is currently being considered to improve the financial reports for the investors.

Corporate

The corporate segment consists of the corporate staff and represents the cost base of the Group. All licensing revenues from legacy oil and gas contracts are managed and reported as part of the corporate segment.

Operating revenue for the corporate segment was NOK 4.7 million (2.9 million NOK from license income and 1.8 million NOK operating income from associated companies), and the operating expense was NOK 10.2 million in the fourth quarter. EBITDA in the corporate segment in Q4 was negative NOK 5.4 million. The year-to-date operating revenues were NOK 18.7 million and operating expenses NOK 30.8 million in the corporate segment.

Project

The project segment consists of the portfolio companies, projects, and all related activities. Development and M&A related expenses are assigned to the project segment, excluding M&A related expenses for acquisitions that have not materialised. These expenses are assigned to the corporate segment.

In the fourth quarter, there was as expected no operating revenue for the project segment. The operating expense was NOK 1.8 million, and the development and M&A expense was NOK 7.2 million, impacted by a 1.6 MNOK write-down due to the Vindr Group re-organisation. EBITDA in the segment was negative NOK 9 million.

Year-to-date, there was no operating revenue in the project segment as all projects are early-phase and not yet generating revenues. Operating expense was NOK 3.5 million, and development and M&A expense was NOK 22.4 million in the project segment.

Consolidated

Operating revenue in the fourth quarter 2021 was NOK 2.9 million, NOK 1.3 million lower than the previous quarter. The current operating revenue mainly reflects license income from the agreement with Dana, and the decrease from the previous quarter was largely due to lower off-loading volumes. EBITDA was negative NOK 14.4 million (negative NOK 10 million) due to low operating revenues and slightly increased operating costs compared to the previous quarter. EBITDA included NOK 1 million of non-cash option expenses for Q4 2021. See note 3 for further details.

Adjusted EBITDA was negative NOK 6.3 million. The operating expense was NOK 10.2 million. Development and M&A costs were NOK 7.2 million, mainly driven by development of the projects in South Africa and Magnora Offshore Wind, as well as a write-down due to the Vindr Group re-organisation.

Financial results from associated companies continued to be negative, as all associated companies are in the early phase of executing their business plans.

As Magnora is increasing its ownership share in the portfolio companies, it is also recognising an increasing share of the negative financial results for the reporting periods.

Financial results reflect the activity level and progress in the portfolio companies. Net profit for the quarter was negative NOK 29.1 million, a decrease of NOK 13.5 million compared to the previous quarter (NOK 15.6 million). In addition to the NOK 1 million non-cash option expense, this contains a non-cash tax expense from reducing the deferred tax asset by NOK 7.7 million.

This decrease was mainly due to the increase in business development activities, as well as an increased share of negative financial results from the portfolio companies as explained above.

2021 results

Operating revenues for the year ended at NOK 15.2 million, down from NOK 28.4 million last year, due to lower revenues from our license agreements. Revenue streams from our license agreements will depend on timing of production drilling, currency rates, maintenance, uptime and more.

EBITDA ended at negative NOK 38.5 million (which included NOK 3.4 million non-cash options expenses), versus NOK 7 million last year. The adjusted EBITDA ended at negative NOK 12.2 million for 2021, versus NOK 12.9 million for 2020. This year's EBITDA result has been negatively affected by higher operating and project related costs from a higher activity level with more external costs, higher personnel expenses, and higher legal fees related to new investments. As specified in note 2, EBITDA for 2021 was negative NOK 12.5 million for the corporate segment of the Group, and negative NOK 26 million for the project segment.

Net profit for 2021 was negative NOK 62.8 million, versus NOK 28.5 million last year. Earnings per share was negative NOK 1.10 in 2021, versus NOK 0.54 in 2020.

Cash flow

As of 31 December 2021, cash and cash equivalents amounted to NOK 96.9 million (NOK 92.3 million). The cash flow in the quarter was mainly affected by 1) the reversal of the establishment of Vindr Group, and 2) continued investments in projects in Magnora Offshore Wind and Magnora South Africa.

Financial position

The equity ratio was 89 percent as of 31 December 2021. The Group established during the previous quarter a credit facility of NOK 50 million with its main bank connection. The facility remains undrawn.

Financial reporting

The Group is evaluating its ability to present its financial results as an investment entity and whether it qualifies within IFRS rules to report its financial results in this format. Management believes that preparing the financial statements as an investment entity instead of consolidating the investments will provide more useful information to investors trying to determine the value of the Group's investments and the value creation that has taken place during the quarter since this is not reflected by an operating revenue amount.

RISK AND UNCERTAINTY FACTORS

Magnora is exposed to market risk, project risk, reservoir risk, credit risk, currency risk, renewable license risk, concession risk, interest rate risk, inflation risk, liquidity risk, climate risks, and regulatory risks. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on its financial performance.

The Company selects its portfolio projects and companies with emphasis on diversification to mitigate the various inherent risks in each segment of the renewable energy production industry. This does not reduce the individual risks below but makes the Company less vulnerable to the effects of those risks.

The project development process for renewable energy plants is also exposed to risks. The process for obtaining concession from relevant authorities can vary in different countries, but most countries have required local acceptance, and in some countries the local municipality has veto rights. The public opinion and local municipality veto rights can affect the licensing decisions and has in some countries caused changes to the political process determining the regulatory framework for obtaining concession for building and operating renewable energy plants. These uncertainties can cause delays and rejection of the concession applications, and it can cause the economics of the projects to be worsened as the approved size of turbines may not be sufficient for an optimised wind park. There is also risk related to military installations and training areas in addition to wildlife risks.

Market price of electricity can influence the profitability and value of Magnora's investments, and the price of electricity is influenced by government subsidies, supply and demand, availability of alternative energy sources (oil, coal, natural gas, nuclear plants, etc.), development cost and cost of equipment for power plants, and efficiency improvements within renewable energy plants (wind and solar for Magnora). One significant influencing factor in electricity prices is the political developments pushing for renewable energy to take over for the use of fossil fuels and the shutting down of nuclear plants.

Although Magnora's remaining customers are two major companies with a strong financial basis, as with

suppliers and customers in general, there is a risk that unforeseen financial difficulties on the counterparty's side may arise and cause material adverse effects on the financial condition, cash flows and/or prospects of Magnora.

The Company is also subject to currency, field development and reservoir risk in situations where the license fee is tied to the field development and production such as the Dana income and Shell Penguins license fee income paid in USD. The company also relies heavily on two customers, Dana Petroleum and Shell for most of its operating revenues over the next three to four years.

Competition is significant as companies in other industries are trying to benefit from the positive policy support from governments as they try to push for improvements in CO2 emissions, etc. Many of the companies Magnora competes with are parts of larger groups and therefore may have better access to skilled personnel and funding.

The recent Covid-19 virus could potentially affect revenues for a short period if the crew on the Western Isles FPSO is dismissed due to infection risk or similar. Magnora could then experience a period without revenues if the Dana FPSO halts production due to the Covid-19 virus. Furthermore, the virus could also delay the construction and commissioning of the Shell Penguins vessel currently being built in China, which would then delay the milestone payments from Shell.

The global climate appears to be changing, and the average temperature is predicted to rise globally, causing more extreme weather conditions, and impacting habitat. Governments are now focusing on reaching a net zero world, which is aligned with the Group's strategy of investing in renewable energy projects and companies developed in a sustainable way.

Regulatory risks can be changes in the regulatory environment that have a material adverse effect on Magnora's operations and financial performance. This could be changes in renewable energy policies, tax policies, or the regulatory environment that could affect the industries the Company is operating in. Changes in the licensing regulations can for instance cause delays in development and construction of projects.

The Group derive all its cash flow from financial investments, two legacy agreements and its associated companies. Negative cash flow and lack of financial performance from those companies therefore affects the Group. The exposure is limited to the Group's invested amount in those companies and is closely linked to the associated companies' ability to execute its strategy and manage risks it is exposed to. Magnora is represented on all the boards of its associated companies and mitigates risks through normal governance processes.

Access to capital is a risk now that the Group is investing in more capital-intensive projects. This is managed through close dialogues with financial institutions and a strict timeline for cash flow that matches future investment payments with investment gains from farm-downs and exits.

Loss of key personnel is a risk to the Group as it is operating with a staff of highly specialised professionals that may take time to replace if needed. Mitigation of this risk is an ongoing process of identifying outsourcing alternatives and potential recruitment to cover the resource needs of the Group.

OUTLOOK AND STRATEGY

Magnora continues to grow its portfolio of renewable energy companies and projects and has over the past year been able to expand into solar PV, offshore wind, onshore wind and solar PC enhancing technology market across the Nordics, UK and South Africa.

Through the establishment of Magnora Offshore Wind with TechnipFMC, already rewarded with an option agreement in the ScotWind leasing round, the group is continuing its focus to further develop other offshore wind projects which looks very promising. Magnora has received a lot of interest from the industry, banks and investors on back of the award. In Europe floating wind is currently a more attractive supply of green energy as there is significant local opposition against onshore wind in many countries.

As all associated companies are in the early phase of executing their business plans, there is interest from industrial and institutional investors to increasingly invest prior to Ready-to-Build phase. Helios has received good attention for multiple projects by

institutional investors and larger companies that want to invest in a holding company structure with Magnora and the founders. We have also received interest from larger wind developers who are interested in investing in Helios at holding company level.

Evolar will continue to consider IPO options going forward, as well as other ways of creating value for Magnora's shareholders. Evolar is continuously working on industrial partnerships and development of a strategic customer base. The company has two joint development agreements in place; one with a global glass manufacturer and the other agreement with an Indian module manufacturer. The latter agreement is backed by government funding. Evolar has several ongoing discussions with other players who are interested in perovskite on their products.

Magnora is increasingly focusing on near-term development opportunities which for the most part is located within solar and offshore wind (shorter time-to-market). Political resistance remains high within onshore wind in Norway and Sweden. However, the political landscape is changing quickly on the back of record high electricity prices in the region. The Group is following developments in the region closely.

The original strategy of building a robust portfolio across several segments and geographical areas has proven effective, as it reduces political and country-specific risks. However, we see an increasing appetite for our portfolio companies and projects from leading energy companies and infrastructure funds.

We also see interest from institutional investors and energy companies where Magnora originates various energy projects and manage their investments in a partnership. Magnora has established a deep and wide platform which can generate earnings beyond Penguins and the Western Isles revenues. Significant earnings from the Penguins (16 MUSD in three installments) and the Western Isles contract are expected in 2022 and 2023.

Going forward our focus will increasingly be opportunities with shorter development cycles such as solar projects and license rounds. There has been growing resistance for onshore wind projects in Norway and Sweden lately, but rising electricity prices might change policy or consumer sentiment quickly. The popularity of solar PV is increasing in the region on the back of rising and volatile electricity prices. We anticipate favorable developer margins for solar projects in the Nordpool area.

The Group continues to evaluate and investigate a significant volume of deals introduced, where Magnora can both help develop the companies' business case and assist with financing.

Helios' sale of a project to OX2 and the ScotWind lease award to Magnora Offshore Wind shows that our team is able to generate value on behalf of our shareholders with our lean operating model and our "joint venture" development philosophy. We continue to have a steady dealflow and expect to sign more new deals with compelling teams and companies in both the short term and the long term.

We believe 2022 will be a very exciting year for Magnora shareholders and expect positive developments within onshore and offshore wind, solar, as well as storage solutions within battery, green hydrogen and green ammonia.

SHARE BUYBACK, CAPITAL REDUCTION AND DIVIDENDS

The board of directors launched a new share buyback programme based on authorisation from the annual general meeting ("AGM") held on 21 May 2019, and as of the date of this report, Magnora owns 63,540 of its own shares. The authorisation was renewed by the AGM held on 27 April 2021. Quarterly dividends have been halted to conserve cash for investments needed as part of the Company's strategy in the short term.

Oslo, Norway, 14 February 2022
The Board of Directors of Magnora ASA



Torstein Sanness
Chairman



Hilde Ådland
Board Member



Erik Sneve
CEO



John Hamilton
Board Member

INTERIM FINANCIAL STATEMENTS

Numbers are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	Note	Q4 2021	Q3 2021	2021	Q4 2020*	2020*
Operations						
Operating revenue	7	2.9	4.2	13.8	5.5	27.1
Other operating revenue	7, 11	0.0	0.1	1.4	0.5	1.3
Operating expense		-10.2	-8.3	-30.8	-3.4	-17.8
Development and M&A expense	2	-7.2	-5.9	-22.9	-1.7	-3.6
EBITDA		-14.4	-10.0	-38.5	0.9	7.0
Profit/loss from associated companies		-6.5	-5.7	-21.6	-0.9	-0.9
Operating profit/(loss)		-20.9	-15.6	-60.1	0.0	6.1
Financial income/(loss)	9	-0.7	0.1	5.1	8.7	20.2
FX gain/(loss)		0.2	-0.1	-0.1	0.5	7.8
Net financial items		-0.5	0.0	5.0	9.2	28.0
Profit/(loss) before tax		-21.4	-15.6	-55.1	9.2	34.1
Tax income/(expense)	4	-7.7	0.0	-7.7	-2.6	-5.6
Net profit/(loss) continued operations		-29.1	-15.6	-62.8	6.6	28.5
Net profit/(loss)		-29.1	-15.6	-62.8	6.6	28.5

* The Group has continued to successfully develop its portfolio of projects and has therefore implemented a new operating model where corporate and project related activities are followed up and reported separately. Due to the new segment reporting, development and M&A expenses are presented separately from ordinary operating expenses.

Numbers are unaudited

STATEMENT OF COMPREHENSIVE INCOME

NOK million	Q4 2021	Q3 2021	2021	Q4 2020	2020
Net profit/(loss)	-29.1	-15.6	-62.8	6.6	28.5
Foreign currency translation	-1.4	-0.5	-2.3	0.0	0.0
Total comprehensive income	-30.5	-16.1	-65.1	6.6	28.5

Numbers are unaudited

CONDENSED STATEMENT OF FINANCIAL POSITION

NOK million	Note	31.12.21	30.09.21	31.12.20
Deferred tax assets	4	23.4	31.1	31.1
Goodwill		2.0	2.0	0.0
Investment in associates	5, 10	61.4	77.2	24.5
Total non-current assets		86.8	110.3	55.6
Trade and other receivables		6.8	7.4	4.0
Other current financial assets	9	2.1	2.7	19.6
Cash and cash equivalents		96.9	92.3	44.8
Total current assets		105.8	102.4	68.4
Total assets		192.7	212.7	124.1
Share capital		27.9	27.9	25.8
Treasury shares		0.0	0.0	0.0
Other equity		143.8	173.4	92.4
Total shareholders' equity		171.8	201.4	118.1
Total equity		171.8	201.4	118.1
Current liabilities		20.9	11.3	6.0
Total current liabilities		20.9	11.3	6.0
Total liabilities		20.9	11.3	6.0
Total equity and liabilities		192.7	212.7	124.1

Numbers are unaudited

CONDENSED STATEMENT OF CHANGES IN EQUITY

NOK million	Share capital	Treasury Shares	Other equity	Total equity
Equity as of 1 January 2021	25.8	-0.1	92.4	118.1
Total comprehensive income for the period	0.0	0.0	-65.1	-65.1
Share based payments	0.0	0.0	3.4	3.4
Capital increase	2.2	0.0	113.2	115.4
Equity as of 31 December 2021	28.0	-0.1	143.9	171.8
Equity as of 1 January 2020	25.8	0.0	79.8	105.6
Total comprehensive income for the period	0.0	0.0	28.5	28.5
Acquired treasury shares*	0.0	-0.1	-0.5	-0.6
Share based payments	0.0	0.0	1.9	1.9
Capital reduction and distribution	0.0	0.0	-17.4	-17.4
Equity as of 31 December 2020	25.8	-0.1	92.4	118.1

* Through the share buyback program, Magnora owns 63,540 shares or 0.11 percent of total shares outstanding.

Numbers are unaudited

CONDENSED STATEMENT OF CASH FLOW

NOK million	Q4 2021	Q3 2021	2021	Q4 2020	2020
Cash flow from operating activities					
Cash from operations	-3.0	-11.6	-23.7	1.5	18.5
Taxes paid/repaid	0.0	0.0	0.0	0.0	0.0
Net cash generated from operating activities	-3.0	-11.6	-23.7	1.5	18.5
Cash flow from investment activities					
Net purchase of marketable securities	-0.3	0.0	18.9	0.0	16.3
Net purchase of associated companies	7.9	-16.4	-58.6	-19.3	-30.9
Net cash from investment activities	7.6	-16.4	-39.6	-19.3	-14.6
Cash flow from financing activities					
Capital distribution/increase	0.0	0.0	115.4	0.0	-17.3
Net cash from financing activities	0.0	0.0	115.4	0.0	-17.3
Net cash flow from the period	4.6	-27.9	52.1	-17.8	-13.5
Cash balance at beginning of period	92.3	120.3	44.8	62.6	58.3
Cash balance at end of period	96.9	92.3	96.9	44.8	44.8

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

Magnora ASA's objective is the conduct of industry, trade and business associated with energy, IT and commodities, and sectors directly or indirectly related to these, in addition to investments in and acquisitions of businesses, securities, financial instruments and other assets, and participating in other businesses, directly or indirectly linked to these.

Magnora ASA is a public limited company, incorporated and domiciled in Norway. The condensed consolidated interim financial statements consist of the company and the company's interests in associated companies.

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). As the interim financial statements do not include the full information and disclosures as required in the annual financial statements, it should be read in connection with the Annual Financial Statements for 2020.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. Magnora has defined and explained the purpose of the following APMs:

EBITDA: EBITDA, as defined by Magnora, includes total operating revenue, and excludes profit/loss from associated companies, depreciation, amortisation, and impairment loss.

Adjusted EBITDA: Adjusted EBITDA is a measurement used in internal reporting to management and is considered to also be relevant for external stakeholders. Adjusted EBITDA shows the corporate activities and related expenses to operate the Group. This has been referred to as the Groups' cost base in previous reports. Adjusted EBITDA, as defined by Magnora, excludes development and M&A related expenses, and non-cash items and adjustments, such as options related expenses. Development and M&A related expenses are expenses related to investment transactions and development of projects.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Annual Financial Statements for the year ended 31 December 2020.

2 SEGMENT FINANCIALS

The Group has developed from being a former oil and gas engineering company with license revenues and transformed into a renewable energy development company with several projects and investments in companies in its portfolio. As the Group has grown, it has implemented an updated operating model to manage its increasing portfolio. As part of the new operating model, corporate and project related activities and expenses are followed up and reported separately. This is reflected in the tables below.

Both the project and corporate segments engage in business activities where it earns revenues and incur expenses. The project segment has not earned any revenues yet as all projects are in early-phase development. All licensing revenues from legacy oil and gas contracts are managed and reported as part of the corporate segment, and the renewable activities and investments are reported in the project segment. M&A related expenses for projects and transactions that do not materialise, are reported as an expense in the corporate segment, which is shown separately to show the cost base of the Group. Operating results of the segments are regularly reviewed by the entity's chief operating decision maker, which is the Magnora board, to make decisions about resources allocated to the segment and assess its performance. Segment performance is evaluated based on EBITDA and operating profit/loss.

Segment financials 2021:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	13.8	0.0	0.0	13.8
Other operating revenue	7, 11	4.9	0.0	-3.5	1.4
Operating expense	2	-30.8	-3.5	3.5	-30.8
Development and M&A expense	2	-0.5	-22.4	0.0	-22.9
EBITDA		-12.5	-26.0	0.0	-38.5
Profit/loss from associated companies		0.0	-21.6	0.0	-21.6
Operating profit/(loss)		-12.5	-47.6	0.0	-60.1

Segment financials Q4 2021:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	2.9	0.0	0.0	2.9
Other operating revenue	7,11	1.8	0.0	-1.8	0.0
Operating expense	2	-10.2	-1.8	1.8	-10.2
Development and M&A expense	2	0.0	-7.2	0.0	-7.2
EBITDA		-5.4	-9.0	0.0	-14.4
Profit/loss from associated companies		0.0	-6.5	0.0	-6.5
Operating profit/(loss)		-5.4	-15.5	0.0	-20.9

Segment financials 2020:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	27.1	0.0	0.0	27.1
Other operating revenue	7,11	1.6	0.0	-0.3	1.3
Operating expense	2	-17.5	-0.3	0.3	-17.5
Development and M&A expense	2	0.0	-4.0	0.0	-4.0
EBITDA		11.3	-4.3	0.0	7.0
Profit/loss from associated companies		0.0	-0.9	0.0	-0.9
Operating profit/(loss)		11.3	-5.2	0.0	6.1

Segment financials Q4 2020:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	5.5	0.0	0.0	5.5
Other operating revenue	7,11	0.6	0.0	-0.1	0.5
Operating expense	2	-4.3	-0.1	0.1	-4.3
Development and M&A expense	2	0.0	-1.7	0.0	-1.7
EBITDA		1.8	-1.8	0.0	0.0
Profit/loss from associated companies		0.0	-0.9	0.0	-0.9
Operating profit/(loss)		1.8	-2.7	0.0	-0.9

3 ADJUSTED EBITDA

As noted in Note 1, adjusted EBITDA, as defined by Magnora, excludes M&A related expenses, expenses from consolidated entities, and non-cash items and adjustments, such as options related expenses. The purpose of this measure is to show the cost base of the Group for the reporting period.

NOK million	Note	Q4 2021	Q3 2021	2021	Q4 2020	2020
Operations						
EBITDA		-14.4	-10.0	-38.5	0.0	7.0
Development and M&A expense		7.2	5.9	22.9	1.7	4.0
Option expense (non-cash)		1.0	0.9	3.4	0.2	1.9
Adjusted EBITDA		-6.3	-3.2	-12.2	1.9	12.9

4 ACCOUNTING ESTIMATES

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised in the future. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The recognised deferred tax asset is most sensitive to expected future taxable profits.

The deferred tax asset recognised is expected to be utilised within the next 5 years based upon on the company's contract portfolio and cost base as of today. The book value of the deferred tax asset represents a minor part of the total accumulated tax losses of over NOK 3.5 billion.

5 JUDGEMENTS

The Group has a portfolio of companies it has invested in and evaluates each quarter whether it has control in accordance with IFRS 10.

The Group invested in Kustvind AB in March 2020 through a share issue and currently has 30 percent ownership. Magnora further has the right to increase its ownership to 50% according to a budget and milestone plan. The option to increase ownership is currently not exercisable, as the increase in ownership must come from a capital call from the Kustvind board due to a capital need in the project. The three founders of Kustvind own equal shares of the remaining shares in the company. Magnora has three out of five board members, and the founders have the remaining two members of the board. The other shareholders have the right to elect its third board member at any time, and it is expected that they will do so shortly. Magnora is a minority owner with three other owners and has significant influence of the company. Hence its ownership is accounted for using the equity method as an associated company.

The Group invested in Evolar AB in November 2020 through a share issue for 28.44 percent ownership, which was increased to 40.7 in June 2021 and to 50 percent in December 2021. The five founders of the company own equal shares of the remaining shares in the company. Magnora has two out of five board members, and the founders have the remaining three members of the board. Significant decisions (e.g., Issues of new shares, mergers or demergers, sale of all or substantially all the assets of a member of the group, amendments and revisions of the business plan) shall always require the consent and approval by the Board members nominated by Magnora.

The Group determines it does not have significant control but does have significant influence in Evolar. Magnora invested in this company with the intention of providing financing, strategic advice, and assistance with a potential stock exchange listing when the R&D has developed to an adequate stage but does not interfere in operations of the company. Magnora ASA has an option to acquire a total of 63.5% of the company, but this option is not currently exercisable. Hence its ownership is accounted for using the equity method as an associated company. At the balance sheet date, the book value of the investment has been adjusted for the Company's share of the negative operating results in the period.

The Group invested in Helios AB in February 2021 through a share issue and owns 40 percent of the company at the balance sheet date. The remaining ownership of Helios is divided between the three founders of the company and other early investors. Magnora has one out of five board members, and the founders and other shareholders have the remaining four members of the board.

Although Magnora is a majority owner, it exerts no strategic or operational influence on this company, as Helios operates in a segment Magnora has not explored prior to this investment. This company operates fully independent of Magnora. For up to two years after the First Investment from Magnora, significant resolutions (e.g. Annual budgets, amendments in the business plan, any merger/demerger and so on) must be approved by the Board and supported by the director appointed by Magnora. Magnora has significant influence in the company and its ownership is accounted for using the equity method as an associated company.

6 SHAREHOLDER STRUCTURE

20 largest shareholder accounts 27 January 2022 (source: VPS)	Number of shares	Percent ownership
GINNY INVEST AS	2,469,144	4.33
KING KONG INVEST AS	2,400,995	4.21
CARE HOLDING AS	2,000,000	3.50
BEKKESTUA EIENDOM AS	1,791,860	3.14
ALDEN AS	1,729,829	3.03
PHILIP HOLDING AS	1,648,377	2.89
ANDENERGY AS	1,558,140	2.73
F1 FUNDS AS	1,468,121	2.57
INTERACTIVE BROKERS LLC	1,406,307	2.46
NORDNET LIVSFORSIKRING AS	1,397,289	2.45
F2 FUNDS AS	1,374,000	2.41
DANSKE BANK AS	1,280,700	2.24
ALTEA PROPERTY DEVELOPMENT AS	1,054,944	1.85
AARSKOG, PHILLIP GEORGE	1,000,000	1.75
MP PENSJON PK	845,038	1.48
BAKLIEN, ÅSMUND	756,100	1.32
CLEARSTREAM BANKING S.A.	713,576	1.25
BILL INVEST AS	551,152	0.97
SJØLUND STIAN	551,000	0.97
THE NORTHERN TRUST COMP, LONDON BR	505,319	0.89
Total, 20 largest shareholders	26,501,891	46.44
Other shareholder accounts	30,570,788	53.56
Total number of shares	57,072,679	100.00
Foreign ownership	8,684,808	15.22

7 OPERATING REVENUE

NOK million	Q4 2021	Q3 2021	2021	Q4 2020	2020
Operations					
License revenue	2.9	4.2	13.8	5.5	27.1
Other revenue	0.0	0.1	1.4	0.5	1.3
Operating revenue operations	2.9	4.3	15.2	6.0	28.4

8 OPTIONS

Options have been awarded during 2020 and 2021 in accordance with the options programme approved by the AGM in 2019. Both members of the board and members of management have been granted options during 2020 and 2021, and the cost of the options is recorded over the first 36 months following the grant date.

The SVP Business Development and the VP Wind & Solar were each granted 25,000 options during Q4 2021. NOK 1 million has been recognised for Q4 2021 in accordance with IFRS 2.

9 FINANCIAL ASSETS

In accordance with authorisation from the Board of Directors, Magnora ASA held and traded marketable securities during Q4 2021 with a net loss of NOK 0.1 million. The total value of other current financial assets held on the balance sheet is NOK 2 million at the end of the quarter. The Group holds marketable securities as part of an effort to carefully increase the return on cash holdings. The shares are considered sufficiently liquid to allow Magnora ASA to sell the shares to meet short-term working capital needs.

The financial assets are recognised in the Balance Sheet at fair value. Unrealised fair value changes are recognised in the profit and loss as financial income/(expense).

10 INVESTMENT IN ASSOCIATES

The investment in associates represents the investment in Kustvind AB, Evolar AB, and Helios AB.

The Group has 30 percent ownership in Kustvind AB and has a right to acquire up to 50 percent of the company. As of 31 December 2021, Magnora does not have a controlling share and does not exercise control in Kustvind, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Kustvind's operating results for the period.

The Group has 50 percent ownership in Evolar AB and has a right to acquire up to 63.5 percent of the company.

As of 31 December 2021, Magnora does not have a controlling share and does not exercise control in Evolar, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Evolar's operating results for the period.

The Group has 40 percent ownership in Helios. As of 31 December 2021, Magnora does not have a controlling share and does not exercise control in Helios, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Helios's operating results for the period.

11 RELATED PARTY TRANSACTIONS

Magnora ASA has an agreement with all subsidiaries and associated companies that allows services to be provided between the companies at agreed upon hourly rates. Magnora has both operating revenues and expenses from services provided between the companies that are considered to be related parties to Magnora. There were NOK 1.8 million in operating revenues from associated companies in the fourth quarter.



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