MAGNORA ASA

2023
Q1 REPORT

15 May 2023

CONTENT

FIRST QUARTER

In Brief

KEY HIGHLIGHTS

- Helios handed over 126 MW in the quarter transferring two completed projects to Nordic Solar and one to Solgrid. Helios had SEK 145 million of cash at the end of April. In Q2, Helios annual meeting will approve the 2022 accounts and pave the way for a second round of dividends soon.

- Helios added substantial capacity to its portfolio of projects and reached 5.5 GW capacity during the quarter – two years ahead of schedule. New guiding significantly above existing goal will be published soon.

- Profit from associated companies was NOK 26.6 million. We are in sales and/or farm-down discussions for most of our portfolio companies.

- Hafslund Magnora Sol, our Norwegian solar PV joint venture, signed several option agreements to lease land for large scale solar PV plants in Norway, and consenting activities have started. The company already has a 250 MW project portfolio at the end of the quarter. Magnora's net share of the portfolio is 120 MW.

- Magnora received USD 7.5 million in license fees in February 2023 related to our legacy design business.

- Operating profit for the first quarter was NOK 17.8 million due to the positive contribution from associated companies. Adjusted EBITDA* for the first quarter 2023 was NOK 9.4 million after adjusting for development and M&A expenses as well as option expenses. Net profit (NOK 10.8 million) is lower due to an advance sale of USD to de-risk future legacy business payments of USD 8.6 million). Future payments of USD 4.3 plus 4.3 million expected short to midterm.

- In Q1, Magnora repaid NOK 76 million that was drawn on the loan facility. The Group does not have any debt outside of related party and intercompany balances as of 31 March 2023. The Group has credit lines available with two tier one banks totaling NOK 150 million.

- As of 31 March 2023, cash and cash equivalents amounted to NOK 121.4 million.

** See definition in note 1*

SUBSEQUENT EVENTS

- On 12 May 2023, Magnora sold all its holdings in Evolar to First Solar, Inc. for approximately USD 29 million (NOK 310 million) and additional milestone payments of up to USD 24 million (NOK 265 million).

- On 3 April 2023, Kustvind performed a share issue in which Magnora increased its ownership share to 44 percent.

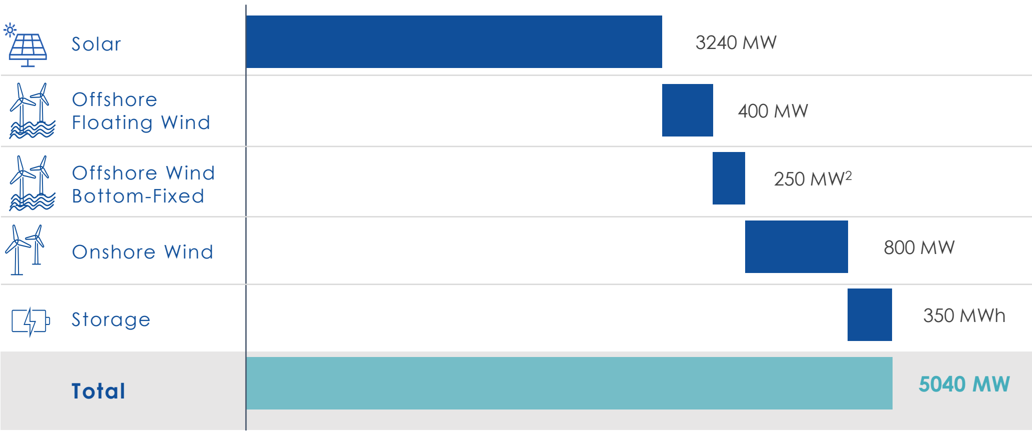
- Magnora's Board has initiated a review of the right return of capital (divided), share buy-back and expected cash from our business as well as cash for further growth. The Group's current cash holding as of the reporting date is above NOK 400 million.

KEY

Portfolio Figures

PORTFOLIO BY TECHNOLOGY

MW, net share of project capacity [1] for projects under development



MARKET PRESENCE

MW, net share of project capacity [1] for projects under development

Market	Net share of project capacity (MW)	Technology
Sweden	2 440 MW	
Scotland	400 MW	
England	80 MW	
Norway	120 MW [3]	
South Africa	2 000 MW	

1) Total capacity in MW x Magnora ownership share = Net share
2) Economic interest, as of 31 March 2023 own 40% with option to increase to 50%
3) Option leases signed after 31 March 2023

Market Cap*	Share Price*	Total Shares
MNOK 1 430	NOK 21.40	66 822 679

*As of market close 31 March 2023

DEVELOPMENTS DURING

The Quarter

INVESTMENT PORTFOLIO

Figures are unaudited.

HELIOS (40% ownership)

Helios Nordic Energy AB continued to grow its portfolio. As of Q1 2023, Helios has handed over a total of 147 MWp to customers. The hand-over is the last of 2-3 milestones defined in most of the project sales made by Helios. Additional project deliveries and sales are expected in the near term. Helios combines project development with Engineering, Procurement and Construction (EPC) services and several after-market services. Revenue from such services will be reflected in the statements of Helios upon delivery. If electricity prices remain at current levels, there is an upside to developer margins.

EVOLAR (Sold 12 May 2023)

Evolar applies a thin layer of perovskite to solar PV. The process greatly enhances the efficiency of thin film cells and is becoming increasingly durable and easy to apply. While still not commercially available, Evolar has nevertheless created excitement among customers and investors. Evolar's technology can be used directly on the glass on the modules as well as directly on silicone solar cells.

MAGNORA SOUTH AFRICA (100% ownership) *

Magnora South Africa continues to explore expansion opportunities and has several commercial discussions. Independent power producers have no easy access to the grid, but there is momentum on corporate and industrial (C&I) deals to supply major customers. Some projects may be ready for sale by the second half of 2023.

MAGNORA OFFSHORE WIND (80% ownership)

Magnora Offshore Wind is progressing with its ScotWind project, named Talisk, and is conducting bird and mammal aerial surveys and several flights have been completed since it started in the spring of 2022. The project team is actively working with UK grid authorities to ensure grid connection to the project. The company is also working closely with the local community to investigate how a local supply chain can be developed.

KUSTVIND (40% ownership)

Kustvind filed the application for consent for the wind farm in March 2023, and is now preparing for further dialogue with the local community.

HAFSLUND MAGNORA SOL (48% ownership)

Hafslund Magnora Sol signed several land lease option agreements and kicked off development activities for large scale solar PV plants in Norway. Near term focus is consenting and grid agreements, in addition to further expansion of the pipeline.

NEPTUN TROMSØ (33.3% ownership)

Neptun Tromsø AS is working on design and procurement, consent application and off-take of ammonia while clarifying the conditions that can secure grid connection.

MAGNORA UK SOLAR PV (50% ownership)

Magnora and its partner Gamcap established Gamcap Magnora Development Company Ltd as a vehicle to expand their solar PV and BESS development activities in the UK. In Q1, the company filed consent application for a 60MW solar PV project and a 40MWh BESS project was filed while a second 80MW/160MWh BESS project progressed according to plan. The first projects will likely be ready-to-build in late 2023.

**Ownership share in Projects division is 100% and economic interest in Development division is 92%*

FINANCIAL REVIEW

The Group operates with the two segments Corporate and Projects. Both segments engage in business activities with revenues and expenses which are followed up separately.

Magnora recognises its share of the financial results from each of the portfolio companies according to its ownership share in accordance with IFRS. For subsidiaries, the full net profit/loss is recognised as these companies are consolidated into the Group's financial reports. The development costs in these companies are expensed and not capitalised, as they are in early development phase.

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 21.5 million (NOK 3.1 million from license income and NOK 18.4 million from services tendered to subsidiaries and associated companies), and the operating expense was NOK 7.4 million in the first quarter. EBITDA in the corporate segment in Q1 was NOK 14.1 million.

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 first quarter, there was no operating revenue, and the operating expense was NOK 0.5 million from subsidiaries in the project segment. The development and M&A expense was NOK 22.5 million. EBITDA in the segment was negative NOK 23 million.

CONSOLIDATED

Operating revenue in the first quarter 2023 was NOK 16.4 million, NOK 63.5 million lower than the previous quarter. The operating revenue is mainly from the license agreement with Dana and revenue from providing services to subsidiaries and associate companies. The license income from Dana was NOK 0.3 million higher than the previous quarter due to higher currency rate for the USD. EBITDA was negative with NOK 8.9 million (NOK 65.5 million) mainly driven by operating and development costs in Evolar, Magnora Offshore Wind, and Magnora South Africa. EBITDA included NOK 2.2 million of non-cash option expenses for Q1 2023. See note 3 for further details.

Adjusted EBITDA was NOK 10.7 million. The operating expense was NOK 7.9 million. Development and M&A costs were NOK 17.4 million for 2023. Development and M&A costs were also affected by the expenses from development of the projects in South Africa, and the ScotWind project in Magnora Offshore Wind.

With the exception of Helios, financial results from subsidiaries and associated companies continued to be negative, as the companies are in early phase of executing their business plans. Helios has over the last months progressed significantly ahead of its business plan and sold several projects, which will be reflected in its financial reports when the projects reach ready-to-build (RTB) status.

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. Portfolio companies are classified as subsidiaries when the Group has more than 50 percent ownership and/or considers it has control of the entity as majority shareholder. For subsidiaries, the full net profit/loss is recognised and their balance sheet as these companies are consolidated into the Group's financial reports.

Financial results reflect the activity level and progress in the portfolio companies. Net profit for the quarter was NOK 10.8 million, a decrease of NOK 43.6 million compared to the previous quarter (NOK 54.4 million). This decrease was mainly due to the absence of significant milestone payments from legacy business and the weakening of NOK against USD.

CASH FLOW

As of 31 March 2023, cash and cash equivalents was NOK 121.4 (NOK 171.9 million). Net cash generated from operating activities was NOK 42 million for the Group. The cash flow in the quarter was mainly affected by a milestone payment of USD 7.5 million, repayment of loan facility, and development costs in Evolar and Magnora Offshore Wind.

FINANCIAL POSITION

The equity ratio was 88 percent as of 31 March 2023. The Group has loan facilities of NOK 150 million. As of 31 March 2023, there was no draw from the loan facility, leaving the full NOK 150 million loan facility available.

RISK AND UNCERTAINTY FACTORS

Magnora is exposed to market risk, electricity price risk, in-direct equipment price risk, customer risk, project risk, land lease risk, reservoir risk, credit risk, currency risk, renewable license risk, concession risk, interest rate risk, inflation risk, liquidity risk, climate risks, regulatory risks, and other risk factors. The Group's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimize 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 Group 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 optimized wind park. There are also risks related to military installations and training areas in addition to wildlife risks.

The profitability and viability of projects can be influenced by outside factors, such as the global transportation constraints during the past months, and the war in Ukraine.

These types of events can have various effects on project costs, access to materials, transportation, and other goods and services relying on the same.

Market price of electricity can influence the profitability and value of Magnora's investments. 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 replace fossil fuels and nuclear plants.

Although Magnora's remaining legacy 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 Group 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 two years.

Competition is significant as companies in other industries are trying to benefit from the positive policy support from governments pushing for improvements in CO_2 emissions. Several companies Magnora competes with are parts of larger groups, with better access to key personnel and funding.

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 Group operates in. Changes in the licensing regulations can for instance cause delays in development and construction of projects.

The Group derives all its cash flow from financial investments, two legacy agreements and its subsidiaries and 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 companies' ability to execute its strategy and manage risk. Magnora is represented on all boards of its subsidiaries and associated companies and mitigates risks through normal governance processes.

Liquidity and 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 operates with a staff of highly specialized 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.

Sales of projects prior to the ready-to-build phase and final payments are typically closed when all permits, grid connections and/or equipment and long lead items are secured. The full payment of a project sale might be at risk depending on the exact contract terms. Lack of progress in a project can lead to a project sale being cancelled if we or a group company are unable to replace it with an alternative project.

OUTLOOK AND STRATEGY

Magnora continues to grow its portfolio of renewable energy companies and projects and has expanded into solar PV, offshore wind, onshore wind and solar PV enhancing technology market across the Nordics, UK and South Africa. Our focus is to shorten lead time on our onshore wind, solar PV, and battery projects in South Africa.

The Group is experiencing strong interest in projects and portfolio companies and is considering various financial alternatives for our business. We also notice and experience industrial interest for our various platforms and Magnora ASA. Furthermore, we have good relationships with Nordic banks who have contributed with competitive loan facilities. The Board has also noticed high pricing for private renewable platforms in various transactions over the last few years. Magnora's Board will continue to consider various financial alternatives for the group and our portfolio companies going forward. Magnora continues to see compelling business opportunities in our core markets due to energy prices, energy security, the green transition, high CO2 prices, CO2 footprint and many other factors. The price range per MW is NOK 0.5 to above 1.5 million depending on the risk profile and unit economics in the project. In certain segments and private platform transactions we have seen prices above the levels indicated above.

As all subsidiaries and associated companies are in the early phase of executing their business plans, there is interest from industrial and institutional investors to invest prior to Ready-to-Build phase.

MAGNORA OFFSHORE WIND

The Group is considering a few interesting offshore wind projects to develop in cooperation with potential partners. The award of the ScotWind project has generated interest from the industry, banks and investors. Floating wind is becoming increasingly attractive with cost improvements identified in the industry, combined with avoiding the local opposition experienced in many regions against onshore wind installations. The ScotWind lease award achieved by Magnora Offshore Wind demonstrates our ability to select the right investments and provide the needed support for development and growth, with our investment philosophy and lean operating model.

HELIOS

Helios has received positive feedback for several projects from institutional investors. Magnora has noticed an increasing interest for European solar platform companies.

LEGACY

A vessel using the circular hull design developed by Magnora's legacy business, sailed from the construction yard in December 2022. This released a payment of USD 7.5 million to Magnora in Q1 2023. The two remaining license payments are USD 4.3 million at production and USD 4.3 million at 4 million barrels of oil offloaded. Both milestones are expected this year or in the first half of 2024.

MAGNORA GROUP

The Group has increased the number of projects with shorter development time, primarily within solar PV (shorter time-to-market) and expects to exit some investments already next year. Although political and public resistance remains high within onshore wind in Norway and Sweden, the sentiment is changing 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, with reduced exposure to political and country-specific risks. At the same time, we see an increasing appetite for our portfolio companies and projects from leading energy companies and infrastructure funds.

We also see increasing interests from investors and energy companies looking for construction management and operational management, as well as joint ownership structures. Magnora has established a wide platform which can generate earnings far beyond its license revenues.

Opportunities with shorter development cycles such as solar projects and license rounds will be prioritized going forward to maximize value creation in the Group. Solar PV is increasing in the region with less local resistance, as it appears to have less impact on wildlife and local citizens than onshore wind projects. We anticipate favorable developer margins for solar projects in the Nordpool area.

The Group continues to evaluate and investigate a significant volume of investment opportunities introduced, where assistance with funding and management support can help. We continue to receive a steady deal flow and expect to sign more new investments with compelling teams and companies in both the short and long term. We still believe 2023 will be a very exciting time for Magnora shareholders even after the disposal of Evolar and expect several positive developments within our portfolio going forward. Magnora will continuously consider the best financial alternatives for the portfolio companies and the group.

SHARE BUYBACK, CAPITAL REDUCTION AND DIVIDENDS

The board of directors launched a new share buyback programme based on authorization from the annual general meeting ("AGM") held on 21 May 2019 and renewed by the AGM held on 25 April 2023. As of the date of this report, Magnora owns 21,866 of its own shares. After a period of halt in dividends, the Board has initiated a review of the Group's dividend (return of capital) policy and share buyback. The Board continue to see several organic growth opportunities in the short to mid-term in line with our original growth strategy (NOK 2-20 million per project/portfolio company).

Oslo, Norway, 15 May 2023
The Board of Directors of Magnora ASA

Torstein Sanness
Chairman

Hilde Ådland
Board Member

John Hamilton
Board Member

Erik Sneve
CEO

INTERIM FINANCIAL

Statements

Numbers are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	Note	Q1 2023	Q4 2022	Q1 2022	2022
Operations					
Operating revenue	6	16.4	79.9	3.8	91.7
Operating expense		-7.9	-10.1	-7.9	-31.8
Development and M&A expense		-17.4	-4.3	-9.8	-49.4
EBITDA		-8.9	65.5	-14.0	10.5
Profit/loss from associated companies		26.6	-4.5	-4.7	-3.9
Operating profit/(loss)		17.8	61.0	-18.7	6.6
Financial income/(loss)		-0.5	-1.2	0.6	-2.1
FX gain/(loss)	12	-6.5	2.8	-0.6	7.4
Net financial items		-7.0	1.6	0.0	5.4
Profit/(loss) before tax		10.7	62.6	-18.7	12.0
Tax income/(expense)		0.1	-8.2	0.0	-8.1
Net profit/(loss)		10.8	54.4	-18.7	3.9

Numbers are unaudited

STATEMENT OF COMPREHENSIVE INCOME

Net profit/(loss)	10.8	54.4	-18.7	3.9
Foreign currency translation	16.1	-3.5	-2.2	1.9
Total comprehensive income	26.9	50.9	-20.9	5.8
Profit/(loss) attributable to:				
Equity holders of the company	14.8	54.3	-18.1	12.5
Non-controlling interest	-4.0	0.1	-0.6	-8.6
Total comprehensive income attributable to:				
Equity holders of the company	27.6	51.5	-20.3	13.5
Non-controlling interest	-0,7	-0.6	-0.6	-7.7

Numbers are unaudited

EARNINGS PER SHARE

	Q1 2023	Q4 2022	Q1 2022	2022
Earnings per share for profit/(loss) attributable to the equity holders of the company during the year (NOK per share):				
- Basic	0.22	0.81	-0.32	0.21
- Diluted	0.22	0.81	-0.32	0.21
Weighted average number of shares outstanding	66 822 679	66 822 679	57 072 679	59 510 179
Weighted average number of shares outstanding (diluted)	67 024 873	67 022 296	57 072 679	59 695 017

Numbers are unaudited

CONDENSED STATEMENT OF FINANCIAL POSITION

NOK million	Note	31.03.23	31.03.22	31.12.22
Deferred tax assets	4	15.1	23.4	15.1
Intangible assets		193.7	10.2	170.9
Right-of-use assets		8.7	0.0	9.0
Fixed assets		19.8	0.0	15.3
Goodwill		35.7	4.8	34.1
Investment in associates	9	86.0	57.4	26.4
Total non-current assets		**359.1**	**95.8**	**270.9**
Trade and other receivables		19.7	9.4	97.7
Other current financial assets		22.2	25.0	23.7
Cash and cash equivalents		121.4	61.2	171.9
Total current assets		**163.4**	**95.6**	**293.3**
Total assets		**522.4**	**191.4**	**564.2**
Share capital		32.7	27.9	32.7
Treasury shares		0.0	0.0	0.0
Other equity		382.6	124.5	353.3
Total shareholders' equity		**415.3**	**152.4**	**386.0**
Non-controlling interest		45.6	27.1	45.8
Total equity		**460.9**	**179.5**	**431.8**
Deferred tax liability		5.2	2.8	4.9
Non-current liabilities		5.9	0.0	5.2
Total non-current liabilities		**11.0**	**2.8**	**10.1**
Overdraft facility*		0.0	0.0	76.3
Current liabilities	11	50.5	9.1	46.0
Total current liabilities		**50.5**	**9.1**	**122.3**
Total liabilities		**61.5**	**11.9**	**132.4**
Total equity and liabilities		**522.4**	**191.4**	**564.2**

* As of 31 March 2023, there was no draw on the loan facility, leaving the full NOK 150 million loan facility available.

CONDENSED STATEMENT OF CHANGES IN EQUITY

NOK million	Share capital	Treasury Shares	Other equity	Currency transl. reserve	Non-controlling interest	Total equity
Equity as of 1 January 2023	32.8	-0.1	354.1	-1.2	46.3	431.8
Total comprehensive income for the period	0.0	0.0	14.8	12.8	-0.7	26.9
Acquired treasury shares*	0.0	0.0	0.0	0.0	0.0	0.0
Share based payments	0.0	0.0	2.2	0.0	0.0	2.2
Equity as of 31 March 2023	**32.8**	**-0.1**	**371.0**	**11.6**	**45.6**	**460.9**
Equity as of 1 January 2022	**28.0**	**-0.1**	**146.2**	**-2.3**	**0.0**	**171.8**
Total comprehensive income for the period	0.0	0.0	12.5	1.0	-7.7	5.8
Acquired treasury shares*	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase non-controlling interest	0.0	0.0	0.0	0.0	54.0	54.0
Share based payments	0.0	0.0	5.8	0.0	0.0	5.8
Capital increase	4.8	0.0	189.7	0.0	0.0	194.4
Equity as of 31 December 2022	**32.8**	**-0.1***	**354.1**	**-1.3**	**46.3**	**431.8**

** As of 31 March 2023, Magnora owned 21,866 shares or 0.03 percent of total shares outstanding through the share buyback programme*
***Capital increase due to board and management exercising options and share issue in September 2022.*
****Minority interest Evolar.*
*****Non-controlling interest Magnora Offshore Wind.*

Numbers are unaudited

CONDENSED STATEMENT OF CASH FLOW

NOK million	Q1 2023	Q4 2022	Q1 2022	2022
Cash flow from operating activities				
Cash from operations	42.0	-19.8	-10.2	-67.7
Taxes paid/repaid	0.0	0.0	0.0	0.0
Net cash generated from operating activities	**42.0**	**-19.8**	**-10.2**	**-67.7**
Cash flow from investment activities				
Net purchase of marketable securities	0.0	0.0	0.0	0.0
Investment in fixed assets	-3.7	-4.0	0.0	-8.7
Dividend received	0.0	0.0	0.0	6.1
Investment in subsidiary net of cash acquired	0.0	0.0	0.0	-6.7
Net purchase of associated companies	-11.5	-2.5	-25.5	-21.4
ScotWind lease option fee	0.0	0.0	0.0	-118.3
Received loan related to ScotWind lease option	0.0	0.0	0.0	23.7
Net cash from investment activities	**-15.2**	**-6.5**	**-25.5**	**-125.3**
Cash flow from financing activities				
Capital distribution/increase	0.0	0.0	0.0	194.4
Leasing payments	-1.0		0.0	-2.7
Overdraft facility drawn*	-76.3	1.7	0.0	76.3
Net cash from financing activities	**-77.3**	**1.7**	**0.0**	**268.0**
Net cash flow from the period	**-50.4**	**-24.6**	**-35.7**	**75.0**
Cash balance at beginning of period	171.9	196.4	96.9	96.9
Cash balance at end of period	**121.5**	**171.9**	**61.2**	**171.9**

* As of 31 March 2023, there was no draw on the loan facility, leaving the full NOK 150 million loan facility available.

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 subsidiaries and 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 2022.

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, amortization, 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 2022.

2 SEGMENT FINANCIALS

The Group has developed a portfolio of several projects and companies within renewable energy. As the Group has grown, it has implemented an operating model to manage its increasing portfolio of investments. As part of the 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 limited revenues as all projects are in early-phase development. All licensing revenues from legacy license agreements 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 YTD 2023:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue		21.5	0.0	-5.1	16.4
Operating expense		-7.4	-0.5	0.0	-7.9
Development and M&A expense		0.0	-22.5	5.1	-17.4
EBITDA		**14.1**	**-23.0**	**0.0**	**-8.9**
Profit/loss from associated companies		26.6	0.0	0.0	26.6
Operating profit/(loss)		**40.8**	**-23.0**	**0.0**	**17.8**

SEGMENT FINANCIALS 2022:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue		102.6	0.3	-11.2	91.7
Operating expense		-30.6	-1.2	0.0	-31.8
Development and M&A expense		0.0	-60.6	11.2	-49.4
EBITDA		**72.0**	**-61.5**	**0.0**	**10.5**
Profit/loss from associated companies		0.0	-3.9	0.0	-3.9
Operating profit/(loss)		**72.0**	**-65.4**	**0.0**	**6.6**

SEGMENT FINANCIALS Q1 2022:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue		5.6	0.0	-1.9	3.7
Operating expense		-7.9	-1.9	1.9	-7.9
Development and M&A expense		0.0	-9.8	0.0	-9.8
EBITDA		**-2.3**	**-11.7**	**0.0**	**-14.0**
Profit/loss from associated companies		0.0	-4.7	0.0	-4.7
Operating profit/(loss)		**-2.3**	**-16.4**	**0.0**	**-18.7**

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	Q1 2023	Q4 2022	Q1 2022	2022
EBITDA		-8.9	65.5	-14.0	10.5
Development and M&A expense		17.4	4.3	9.8	49.4
Option expense (non-cash)		2.2	2.9	1.0	5.8
Adjusted EBITDA		10.7	72.6	-3.2	65.7

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

Consolidation of portfolio companies

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 has 40 percent ownership as of 31 March 2023. 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, 50 percent in December 2021, and 63.5 percent in April 2022. The five founders of the company own equal shares of the remaining shares in the company. The Group determined it to have significant control in Evolar when the last ownership increase to 63.5 percent took place in April 2022. In the purchase price allocation as of April 2022, management has allocated 25 MSEK to goodwill and 24.5 MSEK to intangible assets. This allocation involves the use of judgement and best estimate. As of 31 March 2023, the ownership is unchanged and Evolar is therefore consolidated in the Group's financial statements.

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.

Option lease agreement
The ScotWind lease option signed by Magnora with The Crown Estate Scotland is considered to be an intangible asset in the statement of financial position. The agreement gives Magnora exclusive right to perform environmental studies on the area awarded. When the requirements in the option lease agreement, including key project consent, are met, the land lease will commence. The intangible asset will start amortizing when the lease commences and will be amortized over the duration of the land lease.

6 OPERATING REVENUE

NOK million	Q1 2023	Q4 2022	Q1 2022	2022
Operations				
License revenue	7.6	79.9	3.4	91.1
Other revenue	8.8	0.0	0.4	0.6
Operating revenue	16.4	79.9	3.8	91.7

Other revenue consists of intercompany revenues from services provided to associated companies. The increase from prior quarter is mainly due to delayed invoicing to Hafslund Magnora Sol, as the company was not fully operational until Q1 2023.

7 OPTIONS

Options have been awarded regularly since 2019 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 this period, and the cost of the options is recorded over the first 36 months following the grant date.

The CEO of Magnora Offshore Wind was granted 50,000 options, the VP Business Development was granted 50,000 options, the VP Wind and Solar was granted 50,000 options, and the Business Controller was granted 50,000 options during Q1 2023. NOK 2.2 million has been recognised for Q1 2023 in accordance with IFRS 2.

8 FINANCIAL ASSETS

The Group has sold all shares and holds no marketable securities as of 31 March 2023.

The Group has a receivable of approximately NOK 19.9 million through its subsidiary Magnora Offshore Wind towards TechnipFMC for subscription contribution agreed to when Magnora Offshore Wind was established.

9 INVESTMENTS IN ASSOCIATES

The Group has 40 percent ownership in Kustvind AB and has a right to acquire up to 50 percent of the company. As of 31 March 2023, 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 40 percent ownership in Helios. As of 31 March 2023, 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.

10 INVESTMENT OVERVIEW

Subsidiaries/ associated companies	Registered Office	Shareholder interest	Ownership account method
Magnora Holding AS	Norway	100%	Consolidating
Magnora Offshore Wind AS	Norway	80%	Consolidating
Magnora South Africa Projects AS	Norway / South Africa	100%	Consolidating
Magnora South Africa Development AS (AGV)	Norway / South Africa	92%*	Consolidating
Evolar AB***	Sweden	63.5%	Consolidating
Hafslund Magnora Sol AS	Norway	48%**	Equity Method
Helios Nordic Energy AB	Sweden	40%	Equity Method
Kustvind AB	Sweden	40%	Equity Method
Neptun Tromsø AS	Norway	33.33%	Equity Method
Magnora UK PV Holding AS	Norway / UK	50%*	Equity Method
Arendal Brygge AS	Norway	50%	Equity Method

*Holding company in Norway is owned 100%
**Including indirect ownership through Helios Nordic Energy
***Sold 12 May 2023 to First Solar, Inc.

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 was NOK 6.3 million in operating revenues from subsidiaries and associated companies in the first quarter. TechnipFMC UK Ltd. invoiced Magnora Offshore Wind NOK 2.6 million for services performed during the first quarter. TechnipFMC UK Ltd. also has a loan of approximately NOK 26 million to Magnora Offshore Wind to cover its 20% ownership share of the ScotWind license fee.

12 CAPITAL MANAGEMENT

The Group manages short-term liquidity through loan facilities established with top-tier banks. The existing loan facilities have a maturity of one to three years.

Long-term liquidity is managed through a combination of loan facilities and share issues. The Group performs share issues when there are specific investments requiring capital exceeding the loan facilities. As some projects are entering phases with increasing funding requirements, the Group will also consider syndicated loans that can be held until exit. The Group's current liquidity situation is considered solid given the transactions and funding to our portfolio companies we expect in the near term.
The currency risk related to the remaining USD 8.6 million revenues from the Shell Penguins contract has been hedged by selling USD and buying NOK. Note that the negative USD balance has resulted in most of the FX losses for the quarter. This is a non-cash effect as the balance will be zero once the USD revenues are received.

13 SUBSEQUENT EVENTS

On 3 April 2023, Kustvind performed a share issue in which Magnora increased its ownership share to 44 percent.

On 12 May 2023, Magnora sold all its holdings in Evolar to First Solar, Inc. for approximately USD 29 million (NOK 310 million) and additional milestone payments of up to USD 24 million (NOK 265 million).

MAGNORA ASA

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