MAGNORA ASA

2023

ANNUAL REPORT

28 February 2024

ELECTRIC

Future

Magnora creates, develops, and invests in clean energy companies that benefit from our combination of funding and development support. We look across segments and markets for early-stage opportunities and we aim to sell when a project is ready to build.

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CEO AND CHAIRMAN'S

Statement

Measures that Matter - 2023 was a transformational year for Magnora

The year started with a NOK 77 million legacy payment from Shell and large handovers of projects in Sweden to Solgrid and Nordic Solar.

The **second quarter** was all about value creation with further growth in our landbank and the sale of Evolar AB to the global leader in solar manufacturing, First Solar, based in Tempe, Arizona. Less than three years after making the initial 2.5 MNOK seed investments, Magnora got an exit value of NOK 314 million before potential earn-out payments. The sale of Evolar streamlined our organisation further, making us an even stronger developer of solar, wind and battery storage projects.

Later in the second quarter, Magnora raised its 2025 target for its development portfolio further to 9.000 MW by 2025 and re-initiated our capital distribution and share buyback program. The same quarter, Helios (Magnora owns 40%) closed the books for 2022/23 with SEK 102.5 million in net profit. These results materialised less than 2.5 years after our initial investment.

The **third quarter** saw the first project sale in South Africa, a 153 MW battery project with the potential to add PV. The project was acquired by Globeleq, a leading African independent power producer owned by the Norwegian and British governments. Furthermore, the Board engaged a financial advisor to streamline the company, maximise value and further cement the company's standing as a pure-play renewable energy developer facing external interest for multiple parts of the company and the company.

Fourth quarter continued with rapid development of the company's landbank, handover of a project to Solgrid by Helios and our second sale of a 125 MW solar PV project to Globeleq in South Africa. In addition, Magnora announced a significant redeployment agreement for our legacy business.

Magnora's **offshore wind assets went through a cycle.** In January, the Scotwind-Talisk operation received a boost with indications of an early grid connection, then the industry suffered in the face of bad news about industry costs. Finally, in November, the UK offshore wind industry got another boost with excellent news about the forthcoming "contracting for difference" auctions where electricity generated from floating wind can achieve a price of 3.26 NOK/KWh as opposed to 0.66 NOK/KWh offered by the Norwegian government for bottom fixed wind in Sørlige Nordsjø II.

The year 2023 was **fabulous for** our **onshore renewables** with progress on a broad front. Magnora's onshore "land bank" more than doubled from 3GW to 7GW. More projects are matured to a point where we can expect sales. Magnora beat its 195-325 MW sales guiding and ended the year selling 420MW with a particular uptick in the second half of the year. Two early sales in South Africa have repaid most of our costs to date with more good news expected in 2024.

The success of onshore renewables is mainly driven by excellent teams, but also by **favorable and sustainable market conditions**. Demand for green electricity remains high (expect multiple decades of growth for green electricity) and supply remains constrained; the costs for solar panels and batteries are in a sustained decline causing a surge in demand for ready-to-build assets. Utilities, meanwhile, have realized that early-stage development involves considerable risk and specialised skills, and a corresponding price tag for projects and portfolios.

Entering 2024 we are proud to expect sales in multiple markets such as Sweden, South Africa, UK, Finland and potentially Norway. All this has happened less than four years after we started in 2020 with our strategy note Electric Future with 50 MNOK in cash and a team of four people. At the end of 2023 the portfolio consists of sixty people working out of five countries, repeat customers and partners, NOK 347.6 million in cash, zero debt and low operating expenses.

The future is bright

Torstein Sanness
Executive chairman

Erik Sneve
CEO

KEY

Portfolio Figures

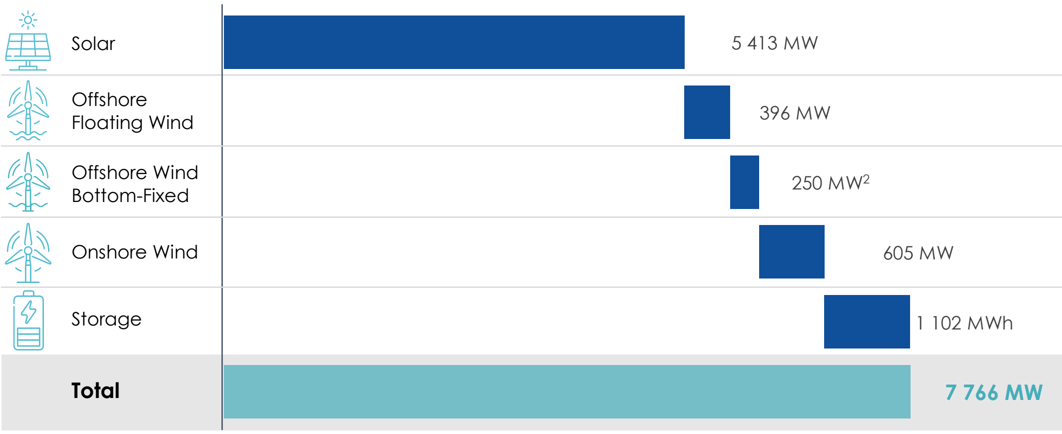
PORTFOLIO COMPANIES

Portfolio Company	Ownership %*	Technology	Location	Potential capacity (MW) in development*	Capacity (MW) sold**
Helios	40		Sweden/Finland	3 399	309
MAGNORA OFFSHORE WIND	80		Scotland	396	0
MAGNORA SOUTH AFRICA	100		South Africa	2 455	278
MAGNORA PV UK	50		England	288	0
Hafslund Magnora Sol	48		Norway	391	0
kustvind	46		Sweden	250	0
Total				**7 179**	**587**
Total portfolio				**7 766**	

** Figures are net to Magnora based on ownership rate as of balance sheet date.*
*** Projects sold to external investors with significant future revenue potential through milestone payments*

PORTFOLIO BY TECHNOLOGY

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



MARKET PRESENCE

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

Market	Net share of project capacity (MW)	Technology
Sweden	3 655 MW	
Scotland	396 MW	
England	288 MW	
Norway	391 MW	
South Africa	2 733 MW	
Finland	303 MW	
Total	**7 766 MW**	

1) *Total capacity in MW x Magnora ownership share = Net share*

2) *Economic interest, as of 31 December 2023 own 46% with option to increase to 50%*

Market Cap*	Share Price*	Total Shares
MNOK 2 205	NOK 33.00	66 822 679

*As of market close 29 December 2023

BOARD OF

Directors' Report

Magnora is a renewable project development and investment company with a portfolio of companies in the Nordics, UK, Baltics, and South Africa. The Group is a public limited liability company incorporated and domiciled in Oslo, Norway, and listed on the main list on Oslo Stock Exchange.

MAIN EVENTS IN 2023

Figures for 2022 are presented in parentheses.

The following significant events occurred during the year:

» On 12 May 2023, Magnora sold all its holdings in Evolar to First Solar, Inc. for approximately USD 29 million (NOK 314 million) and additional milestone payments of up to USD 24 million (NOK 256 million with 10.65 USD/NOK rate).

» On 21 June 2023, the annual general meeting of Helios approved SEK 60 million (NOK 59.9 million) in dividends to the shareholders. Magnora holds 40 percent of the shares in Helios and received approximately NOK 24 million.

» On 12 July 2023, Magnora sold its first project in South Africa to Globeleq, one of the leading IPPs in Africa owned by Norfund and British International Investment. The agreement provided for an upfront payment and additional payments subject to the project reaching certain commercial and technical milestones. The project is a 153 MW battery storage project with the potential to add solar PV to make it a hybrid project.

» On 26 July 2023, Helios divested seven projects with combined capacity of 252 MW to Hafslund. This transaction is Helios's seventh and largest in terms of size and value to date, and the price per MW for the projects sold is in the high end of Magnora's price guiding. Hafslund is a leading European utility producing 21 TWh annually. Hafslund is also an owner in Magnora ASA.

» Magnora continued buying back its own shares and held 1,070,854 treasury shares at the balance sheet date. The maximum consideration set for shares acquired under the buyback program is NOK 45 per share and NOK 50 million in aggregate.

» On 23 August and 2 November, Magnora made a capital distribution of NOK 0.187 per share. Technically, Magnora repays paid-in capital in excess of the share's par value, which can offer a tax advantage for some shareholders in certain jurisdictions.

» On 28 August, Magnora issued a press release regarding evaluation of corporate structure and the hiring of Pareto Securities to assist in the process of enhancing shareholder value. The restructuring process has progressed and is expected to be implemented during the first half of 2024.

» On 20 October, Magnora sold its second project in South Africa to Globeleq. The project is a solar PV project in an area with several potential industrial customers that have expressed an interest in private power purchase agreements (PPAs). The project was on 4 December expanded from 90 to 125 MW, releasing additional payment to Magnora.

» On 31 October, Magnora sold all its shares in the Neptun Tromsø project to a project partner. The agreement provided for a cash payment, yielding a profit on invested capital for Magnora.

» On 16 November, Magnora reached an agreement with NEO Energy and Dana Petroleum for redeployment of the Western Isles FPSO to the Greater Buchan Area ("GBA") where start-up is expected in 2026.

» Net cash generated from disposals and other investment activities was NOK 304.9 million (negative NOK 125.3 million).

» Net profit was NOK 178.9 million (NOK 3.9 million). The increase was mainly driven by the disposal of Evolar and two SPVs in South Africa, coupled with positive results from associated companies in the Group.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR- END

On 17 January 2024, the Magnora board of directors decided to move the licensing contract with Dana into a separate company organised under Magnora Legacy Holding AS.

OUTLOOK

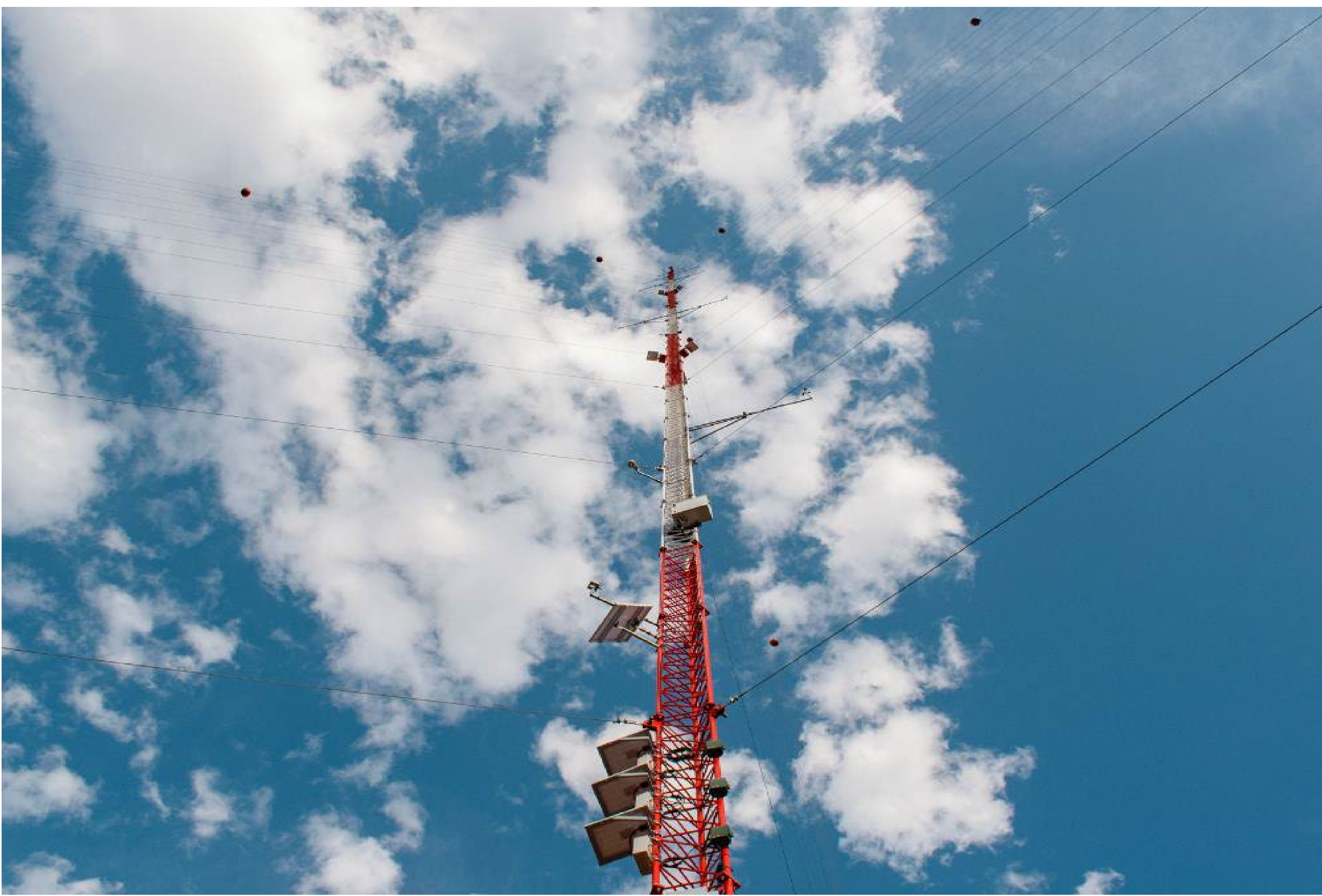
The Group continues to grow its portfolio of renewable energy companies and projects. New markets and investments are evaluated continuously. The fast-moving market for utility-scale battery storage projects is a particular interest despite the profound variations and fluctuations in this emerging field.

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. We see an increasing appetite for our portfolio companies and projects from leading energy companies and infrastructure funds.

The board and management recognize that Magnora's various segments involve unequal risks and rewards. In the markets for onshore renewables, speed and market adjustment is of the essence. Offshore renewables remain a political market with emphasis on careful planning and alliance building. Magnora's legacy business, meanwhile, provides long-term, predictable income, and the Group is in the process of organising this in a separate company. Various investors may have an unequal appetite for each constituent part of the Group. The Group changed during the year with a few exits, and heads into 2024 with an organisational structure that reflects its focus areas.

PORTFOLIO COMPANIES

Magnora provides capital, management, and strategic support to its portfolio companies to help them develop and grow. We look for companies with result-oriented and humble teams, with high integrity and a proven track record. Below is an overview for each company or investment group within the Magnora Group.

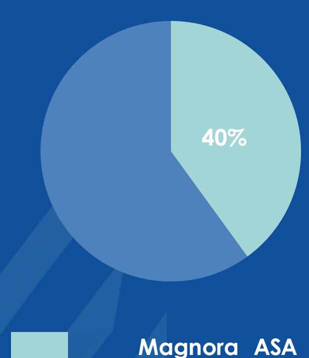


Helios

Greenfield developer of large-scale solar PV projects in the Nordics and Baltics

- 140+ ongoing projects with total capacity of above 9 GW
- A history of success with very few projects being shelved
- Sold projects with a total installed capacity of more than 950 MW
- Growing revenue streams from an expanding landbank and subsequent technical management services
- Strong risk management focus

OWNERSHIP



www.heliosnordic.com

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

Helios is a greenfield developer of large-scale PV projects in the Nordics and Baltics, headquartered in Stockholm, Sweden. The company has developed a project portfolio by signing options for land leases in well suited locations and subsequently obtained grid connection agreements and building permits to install utility scale PV plants. The company has land lease agreements for 140+ projects with a total installed capacity potential of more than 9 GW.

During 2023, the company closed transactions with Hafslund and Nordic Solar, selling a total of 335 MW at very satisfying rates. Out of 24 sold projects, 5 have reached ready-to-build status and handover to customer completed. In total, 165 MW has been handed over to customers so far.

Helios has maintained a high throughput of projects having sold more than 950MW to date with a steady uptick of projects being delivered to customers. Such deliveries trigger revenue recognition.

Helios has an in-house business unit tasked with constructing and operating solar pv assets. On 25 October, at Kungsåra south of Västerås, Sweden's largest solar park was connected to the grid showcasing Helios's ability to deliver turnkey solutions.

In 2023, Helios established Sunbeam, a subsidiary to handle projects below 10 MW, and a subsidiary in Finland. Each has gone to market rapidly with Sunbeam securing early sales and Helios Nordic Energy Finland Oy building a portfolio of projects the surpassed 800 MW at the end of 2023.

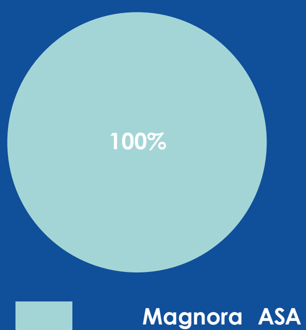
More details are available on Helios's home page: www.heliosnordic.com.

Magnora South Africa

Magnora South Africa Projects AS – Solar, wind and storage project company

- Combined greenfield portfolio of 2,733 MW solar PV, onshore wind and battery storage projects
- 278 MW of projects sold
- 100 percent ownership

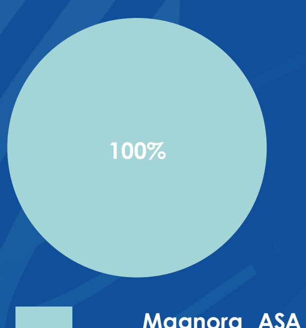
OWNERSHIP



Magnora South Africa Development AS – Renewable development company; African Green Ventures (AGV)

- Development arm in Magnora South Africa. AGV project team of eleven people in Cape Town specialized in renewable project development in the South African market
- 100 percent ownership

OWNERSHIP



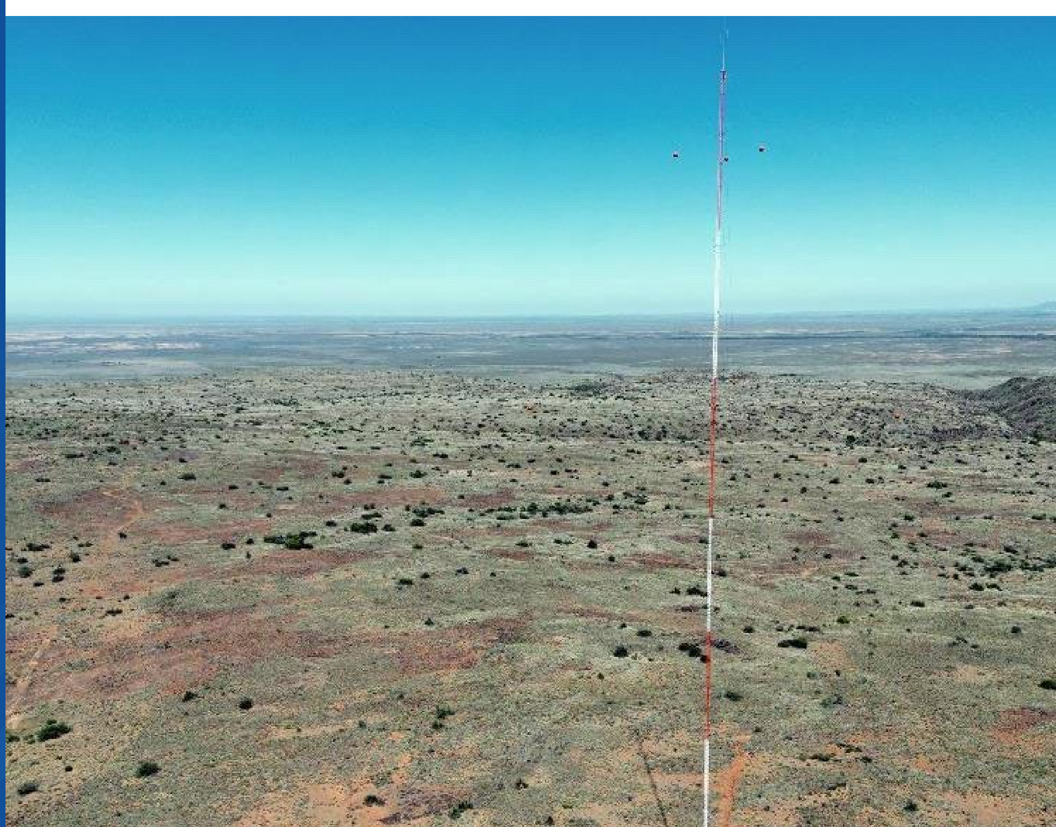
Magnora entered the South African market in 2021 by acquiring 100 percent of the shares in a South African company with an early-stage development portfolio consisting of approximately 450 MW wind power and 400 MW solar PV. In 2022, Magnora acquired African Green Ventures (AGV), a renewable energy development company located in Cape Town, South Africa, focused on origination and development of solar PV, onshore wind and battery storage projects.

During 2023, significant milestones have been reached with the sale of two projects to Globeleq, one of the leading IPPs in Africa owned by Norfund and British International Investment (BII). A battery storage project of 153 MW, and a solar PV project of 125 MW, in total 278 MW. The agreements provided for upfront payments and additional payments subject to the project reaching certain commercial milestones, resulting in a significant milestone payment potential.

As of the end of 2023, the unsold project portfolio under active development has grown to 2,455 MW. The total portfolio including order book is 2,733 MW.

The projects in the portfolio are in different stages of development, with the most mature having received Environmental Authorization. The strategy for commercialization of these projects includes both the public tender rounds ("REIPPP & ESIPPP") and potential C&I (Commercial & Industrial) power purchasing agreements (PPAs) through direct connection or wheeling arrangements.

The local team has been significantly strengthened during 2023 to build a robust organization for further growth.

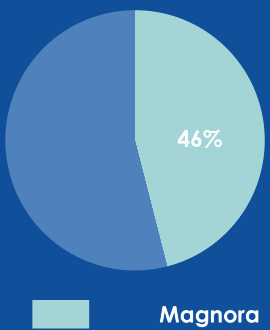


Kustvind

Shallow water offshore wind project of 500 MW located in southern Sweden

- 8 – 15 km from shore
- 25 – 30-meter water depth
- Wind speed 9.5 m/s at 170 m
- 500 MW, 2 TWh/y
- 25 – 33 WTGs to be installed

OWNERSHIP



*Option to increase ownership to 50%

www.kustvind.se

Magnora had a 46 percent ownership stake in Kustvind AB (Kustvind) at the end of 2023 and has an exclusive 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 attractive wind conditions 8 – 15 km off the southern coast of Sweden. The project team is decentralized, with project manager and accountant located in Trelleborg, Sweden. The wind farm has the potential to produce 2 TWh annually and can potentially provide 250,000 homes with electricity.

The project is close to relevant infrastructure and in an area of Sweden with very attractive electricity prices both historically and recently. Environmental impact assessment was finalized during 2023 without any red flags.

Development work for the grid connection route is also progressing according to plan. There are several ongoing inquiries initiated by the Swedish government that could improve the benefits for municipalities hosting offshore wind farms and impact the permitting process for offshore wind in the territorial sea of Sweden. Kustvind will wait for these processes to progress further before submitting the permit application. In the meantime, the project is maintaining the dialogue with key stakeholders to look for further improvements and is completing the grid connection works.

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

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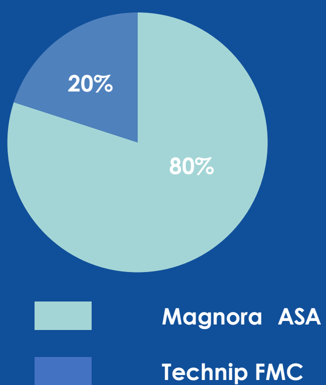
Magnora Offshore Wind

Offshore Wind development company in collaboration with TechnipFMC

- Developing 495 MW Offshore Wind capacity in Scotland, project Talisk (ScotWind, N3 area)
- Exploring new markets for development of offshore wind

OWNERSHIP



www.magnoraoffshorewind.com

Magnora 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 in 2021.

In April 2022, Magnora Offshore Wind signed an Option Lease Agreement with the Crown Estate Scotland for area N3. The planned development will have a total capacity of 495 MW which is estimated to produce 2.4 TWh per year. The Project is named *Talisk*, and the project team is decentralized with part of the team in Oslo, Norway, and part of the team at various locations in Scotland.

Talisk is targeting consent in 2027, first production in 2030 and commercial operation in 2031. The project is progressing according to plan and will in early 2024 complete the two-year bird and mammal survey required for the Environmental Impact Assessment. Further, a metocean and LIDAR buoy contractor has been secured and is planned to be installed during the spring of 2024.

In addition to the development of project Talisk, Magnora Offshore Wind has evaluated additional upcoming leasing rounds for floating offshore wind projects but have not yet decided to participate.

The partnership with TechnipFMC has already provided several synergies in the ScotWind project. TechnipFMC has over 4,500 employees in England, Scotland, and Norway, with several of the key resources available locally.

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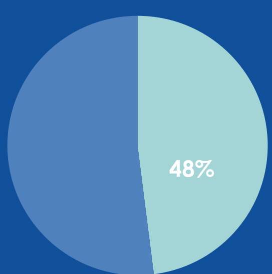
Hafslund Magnora Sol

Solar PV development company established in Norway

- Ambition to develop 1,000 MW
- Option agreements for land lease corresponding to a technical capacity of 815 MW signed in 2023
- First permit applications on track for 2024
- Successful recruitment of CEO and two project developers

OWNERSHIP



Magnora ASA

*Indirect ownership of 8% through Helios's 20% ownership

www.hafslundmagnorasol.no

Magnora has established Hafslund Magnora Sol AS with Hafslund and Helios to develop large-scale solar farms in Norway. Magnora and Hafslund own 40 percent each, and Helios holds the remaining 20 percent.

The company aims to develop 1,000 MW of solar power in Norway and will develop projects from the start and until they are ready for construction. The company is co-located with Magnora ASA in Oslo, Norway.

Hafslund is one of Europe's largest and Norway's second largest producer of renewable power, and wholly or partially owns more than 80 hydropower plants in Norway. The company's own power production is approximately 18 TWh and in total the group operates a production of over 21 TWh. Hafslund has more than 100 years of experience in hydropower, owns half of Norway's largest grid company, Elvia, and invests heavily in heating, cooling, carbon capture and offshore wind.

During 2023, Hafslund Magnora Sol signed landowner agreements for projects with a technical capacity of more than 815 MW. Dialogue with host municipalities and other stakeholders was initiated to secure local support for the developments. Environmental surveys, permit processes and work to secure grid connections have also taken place. The first permit applications are on track to be submitted in 2024.

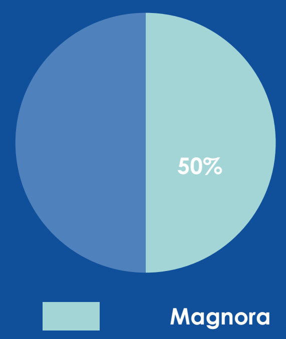
The company employed a CEO and two project developers during the year, who constitute a strong and experienced development team in cooperation with seconded resources from the owners.

Magnora UK Solar PV

Storage and solar PV development company established in UK

- Ambition to develop 1,000 MW of solar PV and battery storage with local developer in the UK
- Active portfolio of 575 MW at different stages of development
- First project expected ready for sale in Q1 2024

OWNERSHIP



Magnora and its UK partner, Gamcap, established Gamcap Magnora Development Company Ltd (GMDC) in Q4 2022. This vehicle enabled Magnora to expand their solar PV and BESS development activities in the UK, working with this well-established UK focused project developer. The project team is in London, UK.

The UK market continues to present significant development opportunities with political consensus to attain Net Zero by 2050 and reduce the UK's reliance on imported energy. The UK has set a target of 70 GW of solar PV to be achieved by 2035 and, with just 14.3 GW installed as of end of 2022, the UK government has enacted a policy to give impetus to more renewables being connected to the electricity grid. Installed BESS will be at about 4GW by the end of 2023 with an estimated 24GW targeted by 2030 (Rystad Energy) and onshore wind is now back on the UK energy agenda.

With pressure in the UK on oil companies and utilities to own and generate renewable energy, together with investment companies seeking these assets, there is a significant opportunity for GMDC to continue developing and selling projects in a market with restricted supply due to continuing consolidation of developers as large investors seek to secure pipelines of projects. GMDC has originated a pipeline of 575 MW of solar PV and BESS projects that are in various stages of development towards "ready to build". GMDC's pipeline is attracting the attention of utilities and corporates looking to secure a supply of projects across the UK.

GMDC has formed strategic relationships with best-in-class service providers that deliver market advantages on land identification and grid connections, key to originating new projects. Also, the key to ensuring robust growth of the pipeline is GMDC's internal project management and tracking system that is supported by specialist project managers. In addition, GMDC is currently developing bespoke software to give better intelligence on grid capacity which will give further impetus to their origination of new projects and pipeline growth.

GMDC has secured all necessary project rights for an 80MW/160 MWh BESS project and is set to finalise the permitting for a 60MW dc solar PV plant with a co-located 20MW/40MWh BESS project in Q2 2024. The plan is to sell these projects at "ready to build" stage, and the first sale is expected in the first half of 2024. The company is owned 50/50 between the partners.

OTHER ASSETS:

License & Royalty Agreements for Design Services

The Group sold its assets and intellectual property rights to cylinder vessel design to Sembcorp Marine Integrated Yard Pte. Ltd. (SMIY) in 2018. Magnora retained the rights to financial benefits from two licensing agreements.

Dana – Western Isles

Magnora is entitled to a performance-based license fee from Dana for the lifetime of the vessel. The associated license income for 2023 was NOK 10.3 million (NOK 13.5 million in 2022).

On 16 November 2023, Magnora reached an agreement with NEO Energy and Dana Petroleum for redeployment of the Western Isles FPSO to the Greater Buchan Area ("GBA") where start-up is expected in 2026. The FPSO will prior to start-up have a period at yard for adjustment of equipment before moving to the Buchan field. This process is expected to take 12-18 months and no revenues will be earned from the FPSO during this period.

The agreement is still expected to generate revenue for Magnora for two more decades. As this is a valuable long term asset, the Group is considering various exit strategies to maximise value through a sale.

Shell – Penguins

Magnora is entitled to license fees from the use of a proprietary circular hull design and received payment for the first milestone of USD 2,625 million in Q1 2018, and t he second milestone of USD 7.5 million in Q1 2023.

The remaining license income of the Penguins agreement is approximately USD 8.5 million and subject to milestone achievements when the vessel enters active service and operates as intended.

FINANCIALS

Figures for 2022 are presented in parentheses.

The Group operates with two segments: corporate and project. Revenues and expenses from their respective business activities are tracked separately.

Magnora's share of the financial results from each portfolio company is recognized in proportion to 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 are in general expensed, reflecting their 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 and other income for the corporate segment was NOK 44.9 million (NOK 102.6 million) and operating expenses NOK 31.5 million (NOK 30.6 million). The decrease in operating revenue is mainly due to the Penguins revenue in 2022 lifting the revenues in the corporate segment that year. EBITDA was NOK 13.4 million (NOK 72 million) for 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.

There was NOK 249.3 million (NOK 0.3 million) from subsidiaries in operating revenues and other income in the project segment. The increase is mainly due to the disposal of Evolar and two SPVs in South Africa. Most projects are early-phase and have until now not generated revenues. Operating expense was NOK 0.7 million (NOK 1.2 million), and development and M&A expense was NOK 94 million (NOK 60.6 million) in the project segment. The increase in development and M&A expense is mainly due to higher ownership and increased activity level in subsidiaries. EBITDA was 154.6 million (negative NOK 61.5 million) for the project segment.

CONSOLIDATED

Operating revenues and other income for the year ended at NOK 273.8 million, up from NOK 91.7 million last year, mainly due to the gain from the divestment of Evolar.

EBITDA ended at NOK 168 million (NOK 12 million). EBITDA results have been positively affected by disposal of investments as noted above, although development and M&A expense has increased significantly due to higher activity level in the subsidiaries than in previous years. As the Group invests in more companies and projects and increases its ownership share in existing investments, the Group's share in the negative financial results from the investments will increase. This is only accounting effects but does affect the financial results of the Group. The accumulated expenses for each investment are expected to be recovered when the companies are sold.

Net profit for 2023 was NOK 178.9 million (NOK 3.9 million). Earnings per share was NOK 2.88 (NOK 0.21).

Profit before tax was NOK 178.8 million (NOK 12 million), mainly affected by higher gains from divestments as noted above.

The Group has accumulated tax losses of over NOK 3.5 billion. Most of this is not recognised due to uncertainty of future tax positions.

CASH FLOW

As of 31 December 2023, cash and cash equivalents amounted to NOK 347.6 million (NOK 171.9 million). Net cash from operating activities was 3.0 million. Net cash from investment activities was NOK 304.9 million, and net cash from financing activities was negative NOK 132.2 million. The net cash flow for the year was NOK 175.7 million. The positive cash flow was mainly due to the disposal of Evolar, Neptun, and South African SPVs, and operating revenues from the Dana contract.

FINANCING AND FINANCIAL POSITION

As of year-end 2023, total assets amounted to NOK 604.6 million (NOK 564.2 million) whereof cash and cash equivalents amounted to NOK 347.6 million (NOK 171.9 million). Total equity as of 31 December 2023 amounted to NOK 552.4 million (NOK 431.8 million), and the equity ratio was 91 percent (77 percent).

The Group had NOK 0 million (NOK 76.3) in interest-bearing debt as of 31 December 2023.

SHARE BUYBACK AND DIVIDENDS

Distribution of quarterly dividends to shareholders was approved at the annual general meeting held on 25 April 2023.

Distribution of quarterly dividends in form of repayment of capital to shareholders was performed in August and November 2023. Both payments were based on an annual amount of NOK 0.75 per share.

Magnora has approximately NOK 8.4 billion (NOK 159 per share) of paid-in capital in excess of par value available for distribution of equity back to its shareholders.

On 16 January 2019, Magnora initiated a share buyback program. The buyback program is carried out by market purchases in accordance with the authorisation granted by the extraordinary general meeting to the Board of directors on 18 December 2018.

Buyback transactions are executed according to the market price on the Oslo Stock Exchange. Extension of the share buyback program was approved by shareholders at the annual general meeting held on 25 April 2023. Magnora may at any time without further notice close or suspend the program. The maximum number of shares which may be purchased in any one day is limited to 50 percent of the average weighted daily volume of Magnora shares traded in the 20 trading days preceding the day of purchase. 1,048,988 Magnora shares were purchased during 2023, and as of the date of this report, Magnora owns 1,070,854 shares or 1.6 percent of total shares outstanding.

GOING CONCERN

In accordance with section 3-3(a) of the Norwegian Accounting Act, the Board confirms that the annual accounts have been prepared on a going concern assumption, which the Board believes is appropriate based on the company's strategic plans and financial prognosis.

MAGNORA ASA

Magnora ASA is the parent company in the Magnora group and supplies and performs services for the group's other companies. In 2023, Magnora ASA delivered profit after tax of NOK 248.4 million (NOK 70.5 million). At year end, Magnora ASA had assets totaling NOK 692.5 million (NOK 565.2 million). The equity ratio was 98% (85%).

ANNUAL RESULTS AND YEAR- END APPROPRIATIONS

The Board proposes the following appropriation of the annual profit of NOK 248.4 million in the parent company Magnora ASA:

» Transfer to other equity at end of year Balance Sheet 31 December 2023: NOK 248.4 million

» Total appropriation: NOK 248.4 million

The Board of Directors has determined that Magnora ASA had adequate equity and liquidity at the end of 2023. The Board of Directors proposes to continue to pay an ordinary dividend of NOK 0.75 per share based on the 2023 financial year results, and to be distributed quarterly.

RISK AND UNCERTAINTY FACTORS

Magnora is exposed to market risk, electricity price risk, in-direct equipment price risk, customer risk, project 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 indirect risks. The Group'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 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 optimised 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 the shutting down of 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 our legacy design is employed by customers in the oil and gas industry. The company and its group companies may sell projects prior to ready to build status is achieved, and there is a risk that projects will never receive all permits needed to be realised, which may require a new project to be delivered to the customer.

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 Covid-19 or similar virus could potentially affect the Group's operations and revenues for a short period. For instance, the crew on vessels involved in the use of our legacy design could be dismissed due to infection risk or similar, and construction of solar and wind parks can be affected of similar reasons.

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. The Group has evaluated climate risk and concluded that the overall effect on the Group's financial results is positive as the value of assets increases due to the increased demand for renewable energy.

Regulatory risks can be changes in the regulatory environment that have a material adverse effect on Magnora's operations and financial performance. There 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. As a mitigating measure, the Group has replaced a shorter-term overdraft facility with a NOK 100 million loan facility with longer term and has a total of NOK 150 million in loan facilities. Loss of key personnel is a risk to the Group as it operates 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.

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. Failure by the customer to pay results in the project returning to the Group. 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.

The profitability and viability of projects can be influenced by outside factors, such as global transportation constraints, conflicts and wars.

Sustainability

At Magnora, our business is directly linked with the green transition. Every successful project provides clean, renewable energy to thousands of households. If we run our business effective and efficient, we can provide more projects in shorter time for the numerous utilities and independent power producers that hope to add wind power, solar pv and battery storage to the grids in Europe and South Africa. We draw great comfort and considerable support from the fact various governments support the same ambitions. The EU aims for a carbon neutral economy by 2050 and a 32% share for renewables in 2030.

The Magnora Group operates in the Nordics, UK, and South Africa within several renewable energy segments. The Group focuses on early phase development of renewable production facilities, but is also involved in the construction and operation phase of some of the plants it develops. As part of the Groups Governance system, Management and the Board perform an annual risk assessment, and the governance framework is subsequently updated to support the organization with processes and controls.

Regulatory requirements for corporate responsibility sets out specific requirements for managing the following risk areas:

- Working environment for employees, including equal opportunity and discrimination
- Human rights and working conditions for people outside the Group
- Corruption and trading in influence

The above risks are discussed in the annual risk assessments and managed with processes and controls in the policy framework of the Group. The working environment, equal opportunity and non-discrimination is managed through maintaining an inclusive culture, as well as the annual performance process and salary review where the Board also is involved. The Group aims to employ an equal number of males and females, and has six male and two female employees in Magnora ASA as of the balance sheet date.

At the balance sheet date, the risk for breach of human rights and lack of decent working conditions are considered low, as it is limited to the construction phase, where sub-suppliers of the Group could be forcing its employees or contractors to perform work under forced situations and for unfair low wages. As set out in the Group's Modern Slavery Statement, processes are in place for managing human rights and labor conditions in the supply chain. The approach is the same across the Group and targets the selection, qualification, and follow-up of suppliers and partners invited to invest or work with the Group.

At the balance sheet date, the risk of corruption and trading in influence is considered low, both due to the limited exposure to those risks and the processes implemented to address those risks. Most of the government-facing activities are managed by employees or legal counsels, all of which have received ethics and compliance training annually. The supplier selection process also screens new suppliers to identify red flags before suppliers are engaged by the Group.

More information about Magnora's sustainable development goals can be found on page 29 of this report and on the Group's website: www.magnoraasa.com

CORPORATE GOVERNANCE

The Group aims at maintaining sound corporate governance routines that provide the basis for long-term value creation benefiting shareholders, employees, other stakeholders and society at large.

As a guiding basis for its conduct of corporate governance, the Group uses the national Norwegian Code of Practice for Corporate Governance, of 14 October 2021. The status of corporate governance is addressed on page 22 of this report.

THE BOARD OF DIRECTORS

Magnora had its annual general meeting on 25 April 2023, and the annual general meeting elected the following members to the Board of Directors: Torstein Sanness (Chairperson, re-elected), John Hamilton (Director, re-elected), Hilde Ådland (Director, re-elected). Presentations of the Directors are available in a separate chapter in this Annual Report and on the Group's website: www.magnoraasa.com

CORPORATE SOCIAL RESPONSIBILITY

HEALTH, SAFETY AND ENVIRONMENT

Sound health, safety and environment (HSE) principles contribute to the success of the Group and is regulated through the HSSE Policy and HSSE Procedure. The policy and procedure is implemented through each managing director introducing the documents to his or her team, and through annual compliance training. Due to the limited size of each portfolio company, implementation and follow up the effectiveness of the process is part of the daily interaction in each portfolio company.

The Group has identified the following risks related to health, safety, and environment:

» The Group has a high activity level compared with the number of employees and there is a risk of overloading the employees. This risk is managed by closely monitoring the situation, using outside support, and hiring more employees when sufficient work for an additional employee is reached.

» Employees occasionally travel to locations with higher safety risk than they are familiar with. All transportation at locations with higher safety risk is therefore managed by the local Magnora office or with assistance from local partners.

» As the Group's business model currently is limited to developing renewable projects during the early phases and divesting before the construction phase of the plants is started, the Group has not identified any activities that may have negative environmental impact. However, there may be potential environmental risks relevant to the Group in the future. One potential future risk is that changes in regulatory requirements could make it more difficult or impossible to develop some of the projects in the Group's portfolio. This could also be an opportunity if changes to regulatory requirements make it easier or more cost-effective to develop the projects.

» The Group is also exposed to potential future reputational risks related to the impact each plant may have on the local environment. If electric power production plants developed by the Group has a negative environmental impact not identified during the environmental impact assessment, this could cause negative media coverage and reputational damage to the Group.

The Group has the following KPIs to follow up these areas:

» Annual risk assessment involving all employees, where all relevant risks are discussed, and governance framework subsequently updated and communicated internally and externally.

» Annual ethics and compliance training for all employees where governance and significant risks areas are included.

» Monthly management reports with status update for operations in each portfolio company and its projects.

» Valuation models for each portfolio company and its projects, with milestone and risk updates.

Sick leave was 0% (2022: 1.18%) for the Group for the year. No serious work incidents or accidents resulting in personal injuries or damage to materials or equipment occurred in 2023. There were no Lost Time Incidents (LTI) during 2023.

The Board and management continue to focus on equal opportunities for men and women. One of three Board members at year-end was female. The Group strives to ensure that there is no discrimination due to gender, ethnicity, national origin, descent, race, religion or functional disability. The Group has implemented an equality and diversity policy and includes this topic in the annual ethics and compliance training for all employees to meet the objective of the Discrimination Act and of the Anti-discrimination and Accessibility Act. More importantly, the Group's intention of increasing diversity is reflected in the hiring of new personnel.

ANTI-CORRUPTION

The Group has implemented a code of conduct, anti-corruption policy, and business ethics policy to manage the risk of corruption in Magnora and its subsidiaries. The Group has limited exposure to corruption risks, but has identified the following two risks:

- Risk of kickbacks when selecting suppliers. This risk is managed through a rigid supplier qualification process, where a minimum of two people are involved in the selection process and the Group CFO is consulted in the selection process.

- Risk of facilitation payment to obtain a license, permit, or concession. This risk is managed through including more than one person in the process and through managing the process without outside service providers interacting with government personnel involved in the decision-making process.

The Group has the following KPIs to follow up these areas:

- Annual risk assessment involving all employees, where all relevant risks are discussed, and governance framework subsequently updated.

- Annual ethics and compliance training for all employees where these specific risks are discussed with illustrative cases.

HUMAN RIGHTS

The Group has implemented a human rights policy and has implemented processes in its due diligence process for acquisitions and partnerships, as well as in its supplier management processes with related tools and procedures. The Group has limited exposure to human rights related risks, but has identified the following risks:

- Contractors or sub-contractors of the Group could be forcing its employees or contractors to perform work in forced situations with unsafe working conditions, indecent living quarters, or unfair low wages. For instance, the Group requires to manage the living quarters for personnel working on construction sites owned by the Group or managed for a customer of the Group. This was done at the Kungsåra project.

The Group has the following KPIs to follow up these areas:

- Site visits to suppliers identified with potential exposure

- Annual risk assessment involving all employees, where all relevant risks are discussed, and governance framework subsequently updated.

- Annual ethics and compliance training for all employees where these specific risks are discussed with illustrative cases.

THE NORWEGIAN TRANSPARENCY ACT

The Group has implemented formal guidelines, procedures, standards, and routines for due diligence as required by the OECD Guidelines for Multinational Enterprises. Further information about this is available on the Group's website: www.magnoraasa.com

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness	Hilde Ådland	John Hamilton	Erik Sneve
Chairman	Board member	Board member	CEO

BOARD OF DIRECTORS' STATEMENT OF POLICY FOR

Corporate Governance

CORPORATE GOVERNANCEIN MAGNORA

As a listed company on the main board of Oslo Stock Exchange (Oslo Børs), the Group aims to conduct its business in accordance with the Norwegian Code of Practice for Corporate Governance of 14 October 2021 (the "Code of Practice"). The Company's principles of corporate governance are in addition to the Code of Practice based on the Continuing Obligations of stock exchange listed companies from the Oslo Børs and relevant Norwegian background laws such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice may be found at www. nues.no and the Continuing Obligations of stock exchange listed companies may be found at www. euronext.com/en/markets/oslo.

In addition to this foundation, the Company has established a set of principles (see www.magnoraasa.com) aimed at ensuring openness, integrity, and equal treatment of its shareholders. By practicing good corporate governance, appropriate division of roles between shareholders, the Board of Directors and Senior Management will be secured, thereby contributing to reduced business risk and better shareholder value over time.

The Group is committed to high ethical standards in its business dealings to ensure that the integrity of its employees and the organisation is maintained. Corporate social responsibility for the Group is an extension of the way the Group conducts its business.

In accordance with section 3-3 b of the Norwegian Accounting Act, the Group shall in connection with its annual financial statements provide a statement on how the Group has implemented the principles of, and account for any deviations from, the Code of Practice. Below is an outline of the Group's principles for corporate governance, in accordance with the categories listed in the Code of Practice.

BUSINESS

The Group's objective, as set out in § 3 of the Group's articles of association (the "Articles"), 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".

The Board of Directors is of the opinion that the business objectives laid down in the Articles provide predictability and direction for the Group's business strategy and the activities that it may conduct, acquire, or initiate. The Articles are available at the Group's website.

The Board of Directors has defined clear objectives, strategies and risk profiles for the Group's business activities to create value for its shareholders in a sustainable manner. Financial, social and environmental considerations are made when the Board of Directors evaluates the Group's objectives, strategies and risk profiles annually.

EQUITY AND DIVIDEND

The Group seeks to maintain a healthy financial structure which is adjusted to its business as well as the duration of its contract portfolio. As of 31 December 2023, the Group had an equity share ratio of 91 percent.
The Board of Directors continuously reviews and ensures that the Group has a capital structure that is appropriate to the Group's objectives, strategies, and risk profile. The Board of Directors has established and disclosed a dividend policy, which is considered clear and predictable.

Authorisations granted to the Board of Directors to increase the Company's share capital will normally be restricted to defined purposes and will in general be limited in time to no later than the date of the next Annual General Meeting. The background to any proposal for the Board of Directors to be given authorisation to approve the distribution of dividends is explained below.

At the annual general meeting held on 25 April 2023, shareholders approved capital distribution to shareholders. The Group made a capital distribution of NOK 0.187 per share on 23 August and 2 November 2023.

On 16 January 2019, Magnora initiated a share buyback program. The buyback program is carried out by market purchases in accordance with the authorisations granted by the general meeting.

Buyback transactions are executed according to the market price on the Oslo Stock Exchange. Extension of the share buyback program was approved by shareholders at the annual general meeting held on 21 May 2019, and again at each annual general meeting since. Magnora may at any time without further notice close or suspend the program. 1,048,988 Magnora shares were purchased during 2023, and as of the date of this report, Magnora owns 1,070,854 shares or 1.6 percent of total shares outstanding. Please also see "equal treatment of shareholders" below.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Group has one class of shares only and each share entitles the holder to one vote at the Group's annual general meetings.

All shareholders shall be treated on an equal basis unless there is a just cause for treating them differently in accordance with applicable laws and regulations. In the event of an increase in share capital of the Company through issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares shall be justified. If the Board of Directors resolves to issue new shares and waive the pre-emptive rights of existing shareholders pursuant to a Board authorisation granted by the general meeting, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the shares issue. The reasons for any deviation from equal treatment of all shareholders in capital transactions will be included in the stock exchange announcement made in connection with the transaction.
Any transactions carried out by the Company in the Company's own shares shall be carried out through Oslo Børs and in any case at prevailing stock exchange prices. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of shareholders.
Any transactions in own shares will be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, the requirement for equal treatment of all shareholders, and the prohibition of unreasonable business methods.

TRANSACTION WITH CLOSE ASSOCIATES

Transactions with close associates shall be on arm's-length basis and always in compliance with the Norwegian Public Limited Liability Companies Act. The Board of Directors will arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is immaterial or covered by the provisions of section 3-16 of the Norwegian Public Limited Liability Companies Act.

The Group may engage in business activities with or in cooperation with its shareholders. Such activities shall be handled at the board level, with a view of securing a foreseeable and consistent practice which prevents potential conflict of interest situations, arm's- length treatment, and sound governance.

Directors, the CEO, and members of Senior Management shall notify the Board of Directors in advance if they have a significant interest in any agreement which may or is to be entered into by the Group.

For more information about transactions with related parties, please refer to note 23 of the consolidated financial statements of this report.

FREELY NEGOTIABLE SHARES

The Group's shares are listed on Oslo Børs and are freely negotiable. There are no restrictions on transferability of shares pursuant to the Articles.

GENERAL MEETINGS

The annual general meeting is the Group's supreme corporate body. The Articles and the Norwegian Public Limited Liability Companies Act set out the authority and mandate of the annual general meeting.
Among other things, the annual general meeting approves the Group's annual financial statements, elects the Directors and the auditor, and functions as a forum for presentation and discussion of other issues of general interest to shareholders. The calling notice for the annual general meeting will ensure that the resolutions and supporting information distributed are sufficiently detailed, comprehensive, and specific to allow shareholders to form a view on all matters to be considered at the meeting.

All shareholders of the Group have the right to attend the annual general meetings. Shareholders will normally be able to vote on each individual matter, including each individual candidate nominated for election to the Board of Directors, the Nomination Committee and any other corporate bodies to which members are elected by the general meeting.

The Board of Directors ensures that the members of the Board of Directors and the chairperson of the Nomination Committee attend the annual general meeting. Further, the Board of Directors ensures that the annual general meeting can elect an independent chairperson for the general meeting. The date of the annual general meeting is published in the Group's financial calendar for the year, which is also posted on the Group's website. Notice of annual general meetings, including documentation relating to the items on the agenda and the recommendation of the Group's nomination committee, is in accordance with the Articles published at the Group's website no later than 21 days before the annual general meeting is to be held. Individual shareholders are entitled to have the documents sent to them free of charge, upon request to the Group. The annual general meetings of the Group may be held in Oslo or Bærum, Norway.

Attendance forms for the annual general meeting may be sent to the Group up to the day before such annual general meeting to enable as many shareholders as possible to attend. Shareholders who are unable to attend in person may attend by proxy, and the Group provides the shareholders with proxy forms which enable the relevant shareholder to instruct its representative on each individual item on the agenda.

The shareholders may decide between granting proxy to a representative of their own choice, or to the Chairperson of the Board. The minutes from the annual general meeting are published on the Group's website as soon as possible following the annual general meeting.

NOMINATION COMMITTEE

The Nomination Committee is elected by the general meeting and currently consists of three members.

The Nomination Committee works under the mandate and authority of the annual general meeting, prepares, and recommends candidates for the annual general meeting's election of members of the Board of Directors and members of the Nomination Committee.

The Nomination Committee is encouraged to have contact with shareholders, the Board of Directors and the Company's executive team as part of its work proposing candidates for election to the Board of Directors. Its recommendations will normally be explained. It also proposes remuneration to the Directors.
The Nomination Committee is governed by a provision in the Articles and Guidelines for the Nomination Committee adopted by the annual general meeting.
The annual general meeting has guidelines for the duties of the Nomination Committee, which includes election of the chairperson and members, and remuneration of the members of the Nomination Committee. Information regarding the composition of the Nomination Committee, which members are up for election and how input and proposals can be submitted to the Nomination Committee is posted on the Group's website prior to the annual general meeting.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS

As of the date hereof, the Group is not required to and does not have a Corporate Assembly.

The Board of Directors is composed in a way that meets the Group's need for expertise, capacity, and diversity, and with the aim of ensuring that the Board of Directors can attend to the common interests of all shareholders and operate independently of any special interests and function effectively as a collegial body. The principles for diversification of the board is set out in the Group's equality and diversity policy. The Group has not made any changes to its board since 2019. The main goals of the Group for equality and diversity are to develop a diverse team based on gender and cultural background at all levels of the Group and ensure that employees at the same experience and position level receive equal remuneration. These goals are achieved through the recruitment processes and the annual performance review with pay adjustments where the board approves the final pay adjustments for the corporate team.

The Board of Directors shall pursuant to the Articles consist of three to seven members. All members shall be elected by the annual general meeting. The Chairperson is elected by the annual general meeting. The Board of Directors currently consists of three members: Torstein Sanness (Chairperson), John Hamilton and Hilde Ådland. Presentations of the Directors are available in a separate chapter in this Annual Report and on the Group's website. Members of the Board of Directors serve for a two-year period, or such shorter period as decided by the General Meeting, but directors may be re-elected.

The directors are deemed to be independent of the Group's main shareholders and material business contacts. At least two of the shareholder-elected members of the Board of Directors shall be independent of the Company's main shareholder(s). The Board of Directors does not include members of the executive team.

The members of the Board of Directors are encouraged to own shares in the Company. Information on the Directors' shareholdings in the Group, their expertise and information regarding board meeting attendance is detailed in note 18 of the Consolidated Financial Statements. In addition, the Consolidated Financial Statement identifies which members are considered independent.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors is ultimately responsible for administering the Group's affairs and ensuring the Group's operations are organised in a satisfactory manner.

Moreover, the Board of Directors is responsible for establishing supervisory systems and for overseeing that the business is run in accordance with the Group's core values and ethical guidelines.

The Board of Directors prepares an annual plan for its work, with emphasis on objectives, strategies, and implementation. Furthermore, the Board of Directors approves the budget for the Group.

The Group maintains a directors and officers liability insurance policy (D&O) for a maximum liability of USD 10 million.
The Board of Directors meets a minimum of six times a year and more frequently if required. The Board of Directors held 12 board meetings in 2023, of which 4 were physical board meetings and the rest were held online. The average participation level was 100%. To ensure a more independent consideration of matters of a material character in which the Chairman of the Board of Directors is, or has been, personally involved, such matters will be chaired by some other member of the Board of Directors.
The Board of Directors will consider appointing a Remuneration Committee to ensure thorough and independent preparation of matters relating to compensation paid to the executive team. Membership of such committee will be restricted to members of the Board who are independent of the Company's executive team. The Board of Directors evaluates its performance and expertise annually.

AUDIT COMMITTEE

The Board of Directors established an Audit Committee in 2010, which acts as a preparatory and advisory working committee regarding the financials of the Group. The Audit Committee further assists the Board of Directors in various matters relating to the Group's financial statements, financial reporting processes and internal controls, and the qualifications, independence, and performance of the external auditor. The members of the Audit Committee receive additional remuneration for duties relating to the committee responsibilities, such remuneration being subject to approval by the annual general meeting. Currently, the members of the audit committee are Torstein Sanness and John Hamilton.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ensures that the Group has sound internal control functions and appropriate systems for risk management tailored to the extent and nature of its operations and in accordance with the Group's core values, ethical guidelines and social responsibility policy. A review of the Group's most important risk areas and its internal control functions is conducted by the Board of Directors on an annual basis.

The Group is exposed to a variety of risks, including market risks, currency risks, financial risks, and operational risks. The Group's overall risk management programme seeks to minimise the potential adverse effects on the Group's financial performance likely to be caused by its exposure to such risk factors, including but not limited to the use of derivative financial instruments and development of sound health, safety, and environment (HSE) principles as well as prudent monitoring of activities. The Group prepares and publishes quarterly and annual financial statements. The Group's consolidated financial statements are prepared in accordance with IFRS and IFRIC interpretations as adopted by the EU.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the members of the Board of Directors reflects the Board's responsibilities, expertise, time commitment and the complexity of the Company's activities. The remuneration is determined on a yearly basis by the annual general meeting. The Directors are also reimbursed for travelling, hotel and other expenses incurred by them in attending board meetings or in connection with the business of the Group.

Remuneration of the Board of Directors, as proposed by the Nomination Committee and approved by the annual general meeting, is not linked to the Group's performance. In accordance with approval by the Annual General Meeting of 25 April 2023, the Board of Magnora issued 375,000 options during 2023 to provide long-term incentives to the Board and the Management team.

The details regarding these awards are described in note 13 to the Group's consolidated financial statements.

Members of the Board of Directors and/or companies with which they are associated will normally not take on specific assignments for the Group in addition to their appointment as a member of the Board of Directors. If they nonetheless do take on such assignments, this must be disclosed to the full Board of Directors. The remuneration for such additional duties shall be approved by the Board of Directors. Details of the remuneration to the Board of Directors are disclosed in note 18 to the Group's consolidated financial statements, included in the 2023 Annual Report. Any remuneration in addition to normal director's fee is also specifically identified in the annual report.

REMUNERATION OF THE SENIOR MANAGEMENT

The Board of Directors has established guidelines for the remuneration of the members of Senior Management. These guidelines are presented to and approved by the annual general meeting and are described in the "Magnora Remuneration Report 2023" which is disclosed on page 94 of the 2023 Annual Report.

The guidelines on salary and other remuneration for the Senior Management are clear and easily understandable and they contribute to the Group's commercial strategy, long-term interests and financial viability.

The Group's arrangements in respect of salary and other remuneration shall help ensure the Senior Management and shareholders have convergent interests and are simple. The performance-related remuneration to executive personnel is subject to an absolute limit.

INFORMATION AND COMMUNICATION

The Board of Directors has established guidelines for the Group's reporting of financial and other information based on openness and consider the requirements for equal treatment of all participants in the securities market.

To ensure equal treatment of its shareholders, an important objective for the Group is to make sure the securities market is in possession of correct, clear and timely information about the Group's operations and condition at all times. This is essential for efficient pricing of the Group's shares and for the market's confidence in the Group. Initiatives taken to meet this equal treatment objective include timely and comprehensive reporting of the Group's interim results and publication of the annual and quarterly financial reports. In addition, information of significance for assessing the Group's underlying value and prospects is reported through Oslo Børs and are made available on the Group's website. Further details, such as contact details and general updates and news about the Group, are available on the Group's website.

The Group's CEO is responsible for investor relations and the Group seeks to provide relevant and updated information to its shareholders, Oslo Børs, analysts and investors in general. The Group seeks to clearly communicate its long-term potential, including its strategy, value drivers and risk factors. The Board of Directors has further established guidelines for the Company's contact with shareholders beyond the scope of General Meetings.

The Group's financial calendar is available on the Group's website. Updated shareholder information is also published on the website

TAKEOVERS

The Board of Directors will handle any possible takeover in accordance with Norwegian corporate law and its fiduciary duties. Neither the Articles of Association nor any underlying steering document prevent or limit the opportunity for investors to acquire shares in the Group, nor do they impose restrictions relative to takeover attempts or authorise measures to be taken by the Board of Directors to interfere.

The Board of Directors will not seek to hinder or obstruct an offer for the Group's activities or shares unless there are reasons for this. In case of a takeover situation the Board will act in accordance with the provisions of the Norwegian Securities Trading Act and the Code, to ensure that the best interests of the Company and its shareholders are safeguarded.

AUDITOR

Deloitte AS was elected external auditor in 2023. The auditor participates regularly in meetings with the Audit Committee throughout the year. In addition, the Board of Directors meets with the auditor, without any member of the Group being present, at least once a year to discuss the annual accounts.

The Board of Directors makes sure the auditor submits the main features of the audit plan to the Audit Committee annually. The auditor presents at least annually a review of the Group's internal control procedures, including identifying weaknesses and proposals for improvement to the Board of Directors.

In connection with the issue of the auditor's report, the auditor provides the Board of Directors with a declaration of independence and objectivity, and the auditor participates in the board meeting in which the annual financial statements are approved. The proposal for approval of the remuneration of the auditor provides a breakdown of remuneration relating to statutory audit tasks and other assignments and is reported to the annual general meeting.

At meetings where the annual accounts are dealt with, the auditor shall report on any material changes in the Group's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company.

The Board of Directors has established guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness Chairman	**Hilde Ådland** Board member	**John Hamilton** Board member	**Erik Sneve** CEO

BOARD OF

Directors

Torstein Sanness

EXECUTIVE CHAIRMAN

Mr. Sanness is a Norwegian citizen residing in Norway, with extensive experience and technical expertise in the oil and gas industry. Mr. Sanness served as managing director of Lundin Petroleum Norway from 2004 to April 2015, whereafter he was elected Chairman of the same company until March 2017 when he moved to the board of International Petroleum Corp., another Lundin Group company.

Under his leadership Lundin Norway turned into one of the most successful players on the Norwegian Continental Shelf and added net discovered resources of close to a billion boe to its portfolio. Before joining Lundin Norway, Mr. Sanness was Managing Director of Det Norske Oljeselskap AS.

From 1975 to 2000, Mr. Sanness was at Saga Petroleum where he held executive positions in Norway, and the US, including responsibility for Saga's international operations and entry into Libya, Angola, Namibia, and Indonesia.

Mr. Sanness is a graduate of the Norwegian Institute of Technology in Trondheim where he obtained a master's degree in engineering (geology, geophysics, and mining engineering).

Mr. Sanness also serves as a board member for Aquila Holdings ASA, and Panoro Energy ASA.

Hilde Ådland

BOARD MEMBER

Mrs. Ådland holds a bachelor's degree in chemical engineering and a master's in Process Engineering has extensive experience from various technical, operational, and leadership positions onshore and offshore in Kværner, Statoil and Gas de France/GDF Suez/ Engie/Neptune.

Mrs. Ådland is currently working in Vår Energi as Vice President of Norwegian Sea Area. In addition, Mrs. Ådland serves as the chairman of the board of NOFO (the Norwegian Clean Seas Association for Operating Companies).

Mrs. Ådland has previously served as board member of Panoro Energy ASA and as Chair of the Operation Committee in Norwegian Oil and Gas (Now Offshore Norge).

John Hamilton

BOARD MEMBER

Mr. Hamilton has considerable experience from various positions in the international oil and gas industry. Most recently, John was Chief Executive Officer of UK AIM listed President Energy PLC, a Latin American focused exploration company, which opened a new onshore basin in Paraguay.

Before joining President, John was Managing Director of Levine Capital Management, an oil and gas investment fund. He was also Chief Financial Officer of UK FTSE 250 listed Imperial Energy PLC, until its sale for over US$ 2 billion in 2008.

John spent 15 years with ABN AMRO Bank in Europe, Africa, and the Middle East. Most of his time with ABN AMRO was spent in the energy group, with a principal focus on financing upstream oil and gas.

John has a BA from Hamilton College in New York, and an MBA from the Rotterdam School of Management and New York University. Today, John holds the position as CEO of Panoro Energy ASA.

SENIOR

Management

Erik Sneve | CEO

Mr. Sneve has considerable experience from various positions in the in the investment industry and renewable industry in Norway and abroad. Mr. Sneve has worked 25 years with investments and operationally in the VC industry, renewable industrial and in a family office in various positions and support services.

His experience from working as an analyst, consultant, COO and investment director is from EY, DnB Markets, Energy Future Invest (EFI – a Statkraft, Hafslund and Eidsiva Energi joint-venture) and for Fram. He has worked internationally in the US, Sweden, Germany and opened offices in the UK and Sri Lanka. He was also responsible for the Solibro AB (a Swedish solar technology company) development and sale to Q-cells AG, a Euro 84 million exit as an Investment Director in EFI.

Mr. Sneve has also worked as a COO in an early-stage 3D software company building an international organisation working within the mobile telephony and health care industries. Mr. Sneve holds a B.Sc. in finance from Arizona State University with Summa Cum Laude (Dean's List).

Bård Olsen | CFO

Bård Olsen has several years of experience from various controller positions in the US. He has also worked as an external auditor at Henry & Horne, and internal auditor and responsible for regional SOX compliance at the NYSE listed dealership group Auto Nation.

Mr. Olsen has also worked at EY in a risk and internal control advisory role for banks and financial institutions in Oslo, Norway. Before joining Magnora, Mr. Olsen was Vice President of Global Compliance at MHWirth, a drilling equipment company within the Aker Group, and held various positions within the group during the nine years there, including Head of Internal Audit at Aker Solutions corporate. Mr. Olsen holds a B.Sc. in Finance and an MBA from Arizona State University.

Sustainability

Magnora's core business is to facilitate renewable energy. We create value by helping de-risk and speed up renewable energy solutions, such as wind -and solar power. Our strategy is to develop projects from early phase greenfield to ready-to-build. Our contribution is through developing renewable energy projects through the early stages to de-risk the projects and get all necessary permits and licenses in place as efficiently as possible. This allows larger and established energy companies to move swiftly into renewables and quickly enter construction phase.

We are fortunate to have a core business with a direct and positive impact on some essential sustainable development goals (SDGs). Our team is focused on growing our portfolio and managing our resources through channeling funds to projects generating more megawatts for customers needing green energy. Avoiding bottlenecks and finding locations without serious environmental impact is also key. We do this because it is profitable, but also because it has a material and positive impact on our environment.

Our team brings decades of experience with proven operating and project execution models, leveraged as we support our portfolio companies building a presence within the wind and solar power industries. We strive to educate a wide network of partners making our model useful in various geographical markets.

We operate in countries and environments where focus on ethical business is essential. The risk of fraud and unethical practices are higher in some jurisdictions. We mitigate such practices through risk assessments, standards, extensive due diligence work, and a strong commitment to local stakeholders of our projects. It is critical for the long-term value of all projects that trust and mutual benefits are built with landowners, local and national authorities, local communities and NGOs.

Magnora supports the UN Sustainable Development Goals (SDGs) and has identified three goals where we can make a difference:

SDG 7

Ensure access to affordable, reliable, sustainable and modern energy for all. According to the UN, an estimated 789 million people lacked electricity in 2018. Solutions for generating more electricity is viewed as important for developing better living conditions and better opportunities for a large group of people. Moreover, the need for renewable energy is of course important to lower global emissions.

SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. Building new infrastructure for generation of renewable energy will enable existing industry to become more sustainable by replacing fossil and nuclear energy sources with renewable energy. Some of our power generation facilities are likely to be located closer to the end consumer, which will increase efficiency as less energy is lost in transmission.

SDG 13

Take urgent action to combat climate change and its impacts.
By investing in renewable energy solutions that support the drop in global emissions, Magnora makes a positive contribution to combat climate change.

Magnora has developed a governance framework to ensure our expectations to our stakeholders are communicated clearly through all relevant channels. Implementation of our governance framework includes training for our board and employees, as well as implementation of specific guidance and tools. We hire people based on our assessment of their experience and attitude to ensure they will promote our values and safety mechanisms that ensures the well-being of our employees, partners, and contractors.

Although challenging with a small team and specialist-focused hiring, we are actively pursuing gender diversity when hiring and promoting, and we have a zero tolerance for any form of discrimination. Our whistleblowing channel is established to ensure employees, partners, and contractors can report their concerns if violation of our code of conduct is suspected.

Although our current environmental impact is primarily through our investment choices, we believe our values will have long- term effects on the projects we build and invest in throughout their lifecycles.

Magnora's web pages includes a section on sustainability that specifically cover questions asked by investors that aim to assess Magnora's business from environmental, social and governance (ESG) perspectives.

ALTERNATIVE

Performance Measures

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.

NOK million	2023	2022
Operations		
Total operating revenue and other income	273.8	91.7
Employee benefit expense	-44.4	-32.1
Other operating expense	-61.4	-47.5
EBITDA	168.0	12.0

MAGNORA GROUP CONSOLIDATED STATEMENT OF

Profit or Loss

NOK million	Note	2023	2022
Operating revenue	24	24.6	91.1
Other income	31	249.2	0.6
Total income		**273.8**	**91.7**
Depreciation and amortization	6, 25, 29	-1.9	-1.6
Employee benefit expense	18	-44.4	-32.1
Profit/loss from associated companies	7	10.5	-3.9
Other operating expense	26	-61.4	-47.4
Total operating expense		**-97.2**	**-85.0**
Operating profit/(loss)		**176.6**	**6.7**
Financial income	19	15.3	8.1
Financial expense	19	-13.5	-10.2
Foreign exchange gain/(loss)		0.4	7.4
Net financial profit/(loss)		**2.2**	**5.3**
Profit/(loss) before tax		**178.8**	**12.0**
Tax income/(expense)	15	0.1	-8.1
Annual net profit/(loss)		**178.9**	**3.9**

Profit attributable to:	Note	2023	2022
Net profit/(loss) attributable to equity holders		192.5	12.5
Net profit/(loss) attributable to non-controlling interests		-13.6	-8.6

Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (NOK per share):

Basic	20	2.88	0.21
Diluted	20	2.86	0.21

MAGNORA GROUP CONSOLIDATED STATEMENT OF

Comprehensive Income

NOK million	2023	2022
Net profit/(loss)	178.9	3.9
Foreign currency translation to be classified to profit or loss in subsequent period	11.3	1.9
Total comprehensive income	**190.2**	**5.8**
Total comprehensive income attributable to equity holders	202.3	13.5
Total comprehensive income attributable to non-controlling interest	-12.1	-7.7

MAGNORA GROUP CONSOLIDATED STATEMENT OF

Financial Position

NOK million	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	29	8.4	34.1
Deferred tax assets	15	15.1	15.1
Fixed assets	6	0.3	15.3
Intangible assets	29	135.2	170.9
Right-of-use assets	25	1.1	9.0
Investment in associated companies	7	41.3	26.4
Loan to associates	7	19.5	6.3
Other non-current assets		3.4	0.0
Total non-current assets		**224.3**	**277.1**
Current assets			
Trade and other receivables	10	7.3	91.5
Other current financial assets	28,8	25.4	23.7
Cash and cash equivalents	8,9,11	347.6	171.9
Total current assets		**380.3**	**287.1**
Total assets		**604.6**	**564.2**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	32.7	32.7
Treasury shares		-0.5	-0.0
Other reserves		8.6	-1.3
Other equity		497.5	354.1
Total shareholder equity		**538.3**	**385.5**
Non-controlling interest		14.0	46.3
Total Equity		**552.3**	**431.8**
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	0.4	4.9
Other non-current liabilities	25	0.9	5.2
Total non-current liabilities		**1.3**	**10.1**
Current liabilities			
Trade payables		6.3	6.2
Overdraft facility	8	0.0	76.3
Provisions	17	4.0	0.6
Other current liabilities	14, 25	40.7	39.1
Total current liabilities		**51.0**	**122.3**
Total liabilities		**52.3**	**132.4**
Total equity and liabilities		**604.6**	**564.2**

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness Chairman	**Hilde Ådland** Board member	**John Hamilton** Board member	**Erik Sneve** CEO

MAGNORA GROUP CONSOLIDATED 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	32.7	-0.0	354.1	-1.3	46.3	431.8
Total comprehensive income for the period			192.5	9.9	-12.1	190.2
Disposal of companies with non-controlling interests (Note 31)					-19.8	-19.8
Transactions with non-controlling interests			-1.7		-0.4	-2.1
Acquired treasury shares		-0.5	-31.7			-32.2
Dividend declared (Note 21)			-24.6			-24.6
Capital increase			0.6			0.6
Share based payments (Note 13)			8.4	0.0		8.4
Total changes in equity	0.0	-0.5	143.4	9.9	-32.3	120.5
Equity as of 31 December 2023	32.7	-0.5	497.5	8.6	14.0	552.3

* As of 31 December 2023, Magnora owned 1,070,854 shares or 1.6 percent of total shares outstanding through the share buyback program.
** Other equity includes accumulated share-based payments reserve of NOK 21.9 million.

NOK million	Share capital	Treasury Shares	Other equity	Currency transl. reserve	Non-controlling interest	Total equity
Equity as of 1 January 2022	27.9	-0.0	146.2	-2.3		171.8
Total comprehensive income for the period			12.5	1.0	-7.7	5.8
Capital increase non-controlling interest				0.0	54.0	54.0
Capital increase	4.8	0.0	189.7	0.0		194.4
Share based payments (Note 13)			5.8	0.0		5.8
Total changes in equity	4.8	0.0	208.0	1.0	46.3	260.0
Equity as of 31 December 2022	32.7	-0.0*	354.1**	-1.3	46.3	431.8

* As of 31 December 2022, Magnora owned 21,866 shares or 0.03 percent of total shares outstanding through the share buyback program.
** Other equity includes accumulated share-based payments reserve of NOK 13.6 million.

MAGNORA GROUP CONSOLIDATED

Cash Flow Statement

NOK million		2023	2022
Cash flow from operating activities			
Cash from operations	22	3.0	-67.7
Net cash generated from operating activities		**3.0**	**-67.7**
Cash flows from investment activities			
Investments in associated companies	7	-39.7	-22.7
Investment in fixed assets	6	-5.5	-8.7
Dividend received	7	24.1	6.1
Divestment of subsidiaries	31	326.0	0.0
Investment in subsidiary net of cash acquired		0.0	-6.7
Scotwind lease option	29	0.0	-118.3
Received loan related to Scotwind lease option		0.0	23.7
Purchase/sale of marketable securities	27	0.0	1.3
Net cash from investment activities		**304.9**	**-125.3**
Cash flow from financing activities			
Overdraft facility drawn	8	-76.3	76.3
Purchase of own shares	12	-32.2	0.0
Lease payment	25	-2.2	-2.7
Project Loan		3.1	0.0
Capital increase	12	0.0	194.4
Dividend paid out	21	-24.6	0.0
Net cash from financing activities		**-132.2**	**268.0**
Net cash flow from the period		**175.7**	**75.0**
Cash balance at beginning of period		171.9	96.9
Cash balance at end of period*		**347.6**	**171.9**

* Restricted cash is NOK 1.3 million as of 31 December 2023.

MAGNORA GROUP: NOTES TO THE CONSOLIDATED

Financial Statement

NOTE 1. CORPORATE INFORMATION

The Group is a renewable energy development company, focusing on development of wind and Solar PV projects from early phase greenfield to ready-to-build.

The objectives of the Group as set out in the Articles of Association 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. The Group continuously considers potential organic growth and investment opportunities with the objective of generating further shareholder value.

The Group is a public limited liability company incorporated and domiciled in Norway and with its shares listed on the Oslo Stock Exchange. The address of its registered office is Karenslyst Allé 6, 0278 Oslo. These consolidated financial statements were approved by the Board of Directors on 28 February 2024.

Overview of Group structure as of 31 December 2023:

Subsidiaries	Registered office	Shareholder	Shareholder interest 31.12.2022	Shareholder interest 31.12.2023	Ownership account method	Equity	Profit/ (loss) 2023
Magnora Legacy Holding AS	Norway	Magnora ASA	N/A	100%	Consolidating	0.0	0.0
Magnora Renewable Holding AS	Norway	Magnora ASA	N/A	100%	Consolidating	0.0	0.0
Magnora Offshore Wind Holding AS	Norway	Magnora ASA	N/A	100%	Consolidating	0.0	0.0
Magnora Holding AS	Norway	Magnora ASA	100%	100%	Consolidating	-5.0	0.2
Magnora Utvikling AS	Norway	Magnora ASA	N/A	100%	Consolidating	-1.7	-1.7
Magnora Offshore Wind AS	Norway	Magnora ASA	80%	80%	Consolidating	0.3	-18.9
Magnora South Africa Projects AS	Norway/ South Africa	Magnora ASA	100%	100%	Consolidating	-3.1	3.1
Magnora South Africa Development AS	Norway/ South Africa	Magnora ASA	92%	100%	Consolidating	9.9	-0.2
African Green Ventures (pty) Ltd	South Africa	Magnora ASA	92%	100%	Consolidating	0.8	-0.4
Magnora UK PV Holding AS	Norway/ UK	Magnora ASA	100%	100%	Consolidating	-4. 2	-3.4
Gamcap Magnora Development Company	UK	Magnora UK PV Holding AS	50%	50%	Equity Method	-6.0	-6.0
Magnora Offshore Wind Holding Ltd	UK	Magnora Offshore Wind AS	100%	100%	Consolidating	-0.2	-0.2
Magnora Offshore Wind N3 Ltd	UK	Magnora Offshore Wind AS	100%	100%	Consolidating	-86.9	-38.2
Hafslund Magnora Sol AS	Norway	Magnora ASA	48%*	48%*	Equity Method	1.0	-34.8
Helios Nordic Energy AB	Sweden	Magnora ASA	40%	40%	Equity Method	27.1	79.3
Kustvind AB	Sweden	Magnora ASA	37.5%	46%	Equity Method	14.7	-6.2

Amounts in the table above are prepared in local GAAP and presented in NOK million.
*Including indirect ownership through Helios Nordic Energy
Voting rights equals shareholding rights for all Group investments.

Subsidiaries listed above of which the Group has a shareholder interest per 31.12.2023, are included in Magnora ASA's consolidated financial statements, as the control criteria in IFRS 10 are met.

NOTE 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All numbers are in NOK million unless otherwise stated. Some totals may appear inconsistent due to rounding.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union (EU) and valid as of 31 December 2023. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 CHANGE IN ACCOUNTING POLICIES

The IASB has also adopted several minor changes and clarifications in several different standards. It is not expected that any of these changes will have considerable effect for the Group. The Group has not chosen to adopt early any standards, interpretations or amendments that have been issued but are not yet effective.

2.1.2 FUTURE CHANGES IN STANDARDS

The Group is not aware of any future IFRS changes that could affect the consolidated financial statements.

2.2 CONSOLIDATION

Subsidiaries

Subsidiaries comprise all entities over which the Group has the power to control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
» Power over the investee
» Exposure, or rights, to variable returns from its involvement with the investee, and
» The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting rights of an investee, the Group consider all relevant facts and circumstances in assessing whether it has power over an investee, including:
» The contractual arrangement with the other vote holders of the investee
» Rights arising from other contractual arrangements
» The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee and if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The Group applies the acquisition method to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued, and liabilities incurred assumed at the date of exchange. Acquisition- related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities incurred in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement immediately.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

The share of associates are companies where Magnora has considerable, but not controlling influence. Normally, considerable influence is defined as having ownership between 20 % and 50 % of the voting rights.

Ownership in associates are accounted for using the equity method of accounting.

Disposal of Subsidiaries

When a business is divested, the gain is measured as the difference between the fair value of the consideration received and the company's booked equity, minus any remaining excess value related to the business. Any sales expenses incurred will reduce the gain/increase the loss. Accumulated translation differences and related to the divested business will be recognised in the income statement as part of the gain/loss, with a corresponding contra entry in "Other items in comprehensive income".

Contingent consideration

Any contingent consideration received when the group loses control of a subsidiary is recognized at fair value. In the case of contingent consideration, fair value represents the present value of the probability-weighted expected amount of the future payments. Any changes in the fair value of the contingent consideration in future periods will be accounted for as other income in the consolidated statement of profit or loss.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in NOK, which is the Group's presentation currency. The functional currency for the parent company is NOK.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions (realised items) and from translation at exchange rates prevailing at balance sheet date of monetary assets and liabilities denominated in foreign currencies (unrealised items) are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

Assets and liabilities are translated at exchange rates prevailing at balance sheet date.

Income and expenses are translated at average exchange rates. All resulting exchange differences are recognised in Other Comprehensive Income.

Upon consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non- current assets. Trade receivables and other financial assets are recognised initially at transaction price according to IFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss (e.g., trade receivables). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash

flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision for impairment of trade receivables is recognised in the income statement as 'other operating expense'. The provision for impairment of other financial assets is recognised in the income statement as 'financial expense'.
Hedge accounting has not been applied in 2023 or 2022.

The Group measures financial assets at amortised cost if both of the following conditions are met:
» The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and, » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost include trade receivables and other short-term receivables. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial assets are included in current assets, except for those with maturities greater than 12 months after balance sheet date, in which case they are classified as non-current assets.

Financial assets also include marketable securities classified as other current financial assets. All securities acquired are sufficiently liquid shares to allow trading on short notice in case additional funds are needed for working capital. Furthermore, all securities are shares traded on the Oslo, Stockholm, or other major international stock exchanges, and as such, subject to market risks in addition to the specific risks relevant for the company each security represents. Risks related to marketable securities are managed by daily monitoring, weekly update of the portfolio overview, and through trading shares not meeting the risk tolerance set by the Group.

As further detailed in note 27 below, these items are in accordance with IFRS 9 adjusted to reflect the current market value of each security at the reporting date. Purchases and sales of marketable securities are accounted for at trade date. Marketable securities are accounted for at fair value and reflected in the Income Statement as financial gain or loss.

2.5 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flow, cash and cash equivalents includes cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less.

2.6 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares is shown in equity as a deduction, net of tax, from the proceeds. Where any Group company acquires the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable cost (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued, or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable transaction cost and income tax, is included in equity attributable to the Group's equity holders.

2.7 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and changes in deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income.
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and legislation) that have been enacted or substantially enacted by balance sheet date and are expected to apply when the deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. 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. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. The tax base included in the calculation of deferred income tax is calculated in local currency and translated into NOK at foreign exchange rates prevailing at balance sheet date. Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8 EMPLOYEE BENEFITS

Pension Obligations

As of year-end 2023 the Group operates a defined contribution plan. The plan is funded through payments to the pension company, and the Group has no further payment obligations once the contribution is paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Profit-Sharing, Retention and Bonus Plans

The Group recognises a provision where contractually obliged or where there is a constructive obligation. The provision considers the incurred portion of the measurement period and shall be based on a 'best estimate' of the expected achievements of the key performance indicators as set out in the actual bonus program.

Share-Based Payments

The Group has share-based payment programs to management and employees. Bonus shares in these programs are awarded net after tax. The Group is obliged to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. These share-based payment programs, including tax, are considered as equity-settled share-based payments. In addition, the Group is obliged to make a provision for social security tax related to these programs, to be transferred to the tax authority, normally in cash. This part of the share-based payment arrangements is recognised as a cash-settled share-based payment. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market based vesting conditions. Cash-settled share-based payments are measured at fair value of the liability. The liability is measured at each reporting date.

2.9 PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate that accounts for time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.10 REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised as follows:

» The Group receives royalty in exchange for the license of intellectual property (design fees). The royalty received is recognised at the later of when:
  - the subsequent sale or usage occurs; and
  - the performance obligation to which some or all the sales-based or usage-based royalty has been allocated is satisfied

The royalty is based on production and offloading of oil barrels and the revenue is recognised as the offloading occurs.

» The Group provides administrative and project development services to associated companies on an hourly basis. Revenue is recognised as the work is performed.

» Dividend income is recognised when the right to receive payment is established

» Interest income is recognised on a time-proportion basis using the effective interest method

2.11 LEASES IFRS 16

The Group recognizes the lease liability and the associated "right-of-use asset" for the use of the underlying asset over the lease term. All leases that transfer the right to control the use of an identifiable asset (the lessee decides the use and receives the financial (dis-) advantages) are recognized. The lease liability is measured as present value of future fixed lease payments. For lease agreements entered, the discount rate equivalent to the interest rate in the lease agreement is used, if present. Alternatively, the marginal loan rate will be used. The Group has chosen to apply the exemption rule for short-term leases up to 12 months durations and leases for which the underlying asset is of low value, as these contracts are expensed directly in the income statement. For contracts that also include other product or service deliveries, the Group has chosen to use the main rule where "non-lease components" are expensed as operating expenses separately from the lease component. In determining the lease period, the regular lease period is adjusted for extension options and termination rights, which with reasonable certainty is assessed that the Group will exercise.

2.12 ACQUISITIONS

The acquisition method of accounting applies to business combinations. Compensation is measured at fair value on the transaction date which is when risk and control is transferred and will normally coincide with the implementation date. An allocation of the acquisition price is based on fair value of assets and liabilities acquired. Additional value that cannot be allocated to identifiable assets and liabilities are allocated to goodwill. If fair value of identifiable assets and liabilities is higher than consideration given, the excess is charged to income. Investments in associates are accounted for using the equity method after initially being recognised at cost.

2.13 INTANGIBLE ASSETS

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognized at their fair value in the Group's opening balance sheet. Capitalized intangible assets are recognized at cost less any amortization and impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized but are expensed as occurred. The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortized over their economic life and tested for impairment if there are any indications. The amortization method and period are assessed at least once a year. Changes to the amortization method and/or period are accounted for as a change in estimate. Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized. Economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

2.14 RESEARCH AND DEVELOPMENT

Expenses relating to research activities are recognised in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. After the divestment of Evolar, the Group does not currently capitalize development costs.

2.15 IMPAIRMENT

Depreciable intangible assets as well as property, plant and equipment are considered for impairment when there are indications that future earnings cannot justify balance sheet value. Goodwill and intangible assets with indefinite useful life are not subject to depreciation but are tested annually for impairment. Impairment is recognized if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). At each reporting date, one considers the possibilities for a reversal of prior impairments (except goodwill).

2.16 DIVIDEND DISTRIBUTION

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Group's shareholders.

2.17 TRADE PAYABLES

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with the direct method.

NOTE 3. FINANCIAL RISK MANAGEMENT

3.1. FINANCIAL RISK FACTORS

The Group is exposed to market risk, credit risk, currency risk, interest rate risk, inflation risk, liquidity risk. 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 Group 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.

3.1.1. MARKET RISK

INTEREST RATE RISK

The Group has limited debt at the balance sheet date and has thus limited exposure to interest rate risk but could in the future have loan facilities making the Group sensitive to fluctuations in interest rates.

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD as all operating revenues are in USD. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities, and net investments in foreign operations when such transactions, assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is also exposed to foreign exchange risk related to GBP, SEK and ZAR when assets in the UK, Sweden, and South Africa are divested. As most of the Group's revenue is in USD, the Group has sold USD during 2023 to reduce this currency risk.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's revenue and future earn-outs for divested entities. Any annualised increase or decrease in the USD/NOK foreign exchange by 10 percent would have increased or decreased the Group's 2023 profit before tax by NOK 17.9 million (2022: NOK 1.2 million).

ENERGY PRICE RISK

The Group divests its projects and portfolio companies, and the price achieved is dependent on the prevailing and expected future energy prices. A significant decrease of the energy price could cause the internal rate of return for some projects to become negative and the project will therefore not be an attractive investment.

3.1.2. CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as loans and credit exposures to customers. The Group has one main banking relationship with a financial institution that is currently rated Aa3.

The Group's major customers are renewable energy operators and investment companies, oil companies, and global marine contractors with a strong financial basis, but, as with suppliers and customers in general, there is a risk that unforeseen financial difficulties on the counterparty's side may arise which could have material adverse effects on the financial condition, the cash flows and/or the prospects of the Group.

3.1.3. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The Group has implemented routines to continuously update its cash flow forecast with changes to main assumptions relating to payment schedules, license milestone payments etc. and to be able to foresee the necessary actions required to rectify any potential adverse effects on its future liquidity position.

The Group is 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/NEO and Shell, for most of its operating revenues over the next years.

The Group derives all its cash flow from disposal of portfolio companies and projects, two legacy agreements and dividends from subsidiaries and associated companies. Negative cash flow and lack of financial performance from portfolio 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. Dialogue with potential investors has revealed that the Group's income from the legacy business limits or prohibits some investors from investing in Magnora, as their investment mandate is limited to renewable investments. The legacy income thus limits the Group's access to capital, which is part of the background for the current restructuring process announced in January 2024.

At the balance sheet date, the Group has only the overdraft facility and no other borrowings, and both Trade receivable and payable mature within a normal 30-day cycle, except for some receivables towards the associated companies.

There were no significant overdue receivables as of 31 December 2023.

Magnora is in a solid liquidity position with a cash balance of NOK 347.7 million at balance sheet date.

3.1.4. COVENANT

The Group has NOK 100 million and NOK 50 million overdraft facilities with two top tier Nordic banks, and no funds were drawn as of 31 December 2023. The facilities have the following financial covenants:

- Loan to value must be more than 35 percent
- Book Equity must be more than NOK 100 million
- Minimum liquidity of NOK 25 million

3.1.5. CAPITAL MANAGEMENT

For the Group's capital management, capital means total equity and cash balance. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital through budgeting and cost monitoring.

The Group has exercised conservative capital and cash management during 2022 and 2023. A sound financial position, with limited interest-bearing debt and an asset light balance sheet reduces the capital and cash management risks.

3.1.6. CLIMATE CHANGES

The Group has limited physical assets, and other than IT and office equipment, only a few wind measurement masts at some of its project sites in South Africa. The masts are insured, and the value of the masts is not material. Future climate changes may change political decisions related to renewable energy priorities, which could have a negative or positive impact on some projects. The Group's portfolio is diversified across renewable technologies and geographical areas to limit the impact of this type of risk. Financial loss due to climate change is thus considered low. At the same time, an increase in climate changes may increase the attractiveness of renewable investments and therefore improve the Group's access to capital and lower the cost of capital.

NOTE 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are assumed to be reasonable under current circumstances.

4.1. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

VALUATION CONSIDERATION

The Scotwind lease option signed by Magnora with The Crown Estate Scotland is an intangible asset in the statement of financial position. If climate changes cause energy prices to decrease significantly, the project may not be realised and the value of the lease option agreement would need to be written down. Based on price forecasts and other data accessible to the Group, the need for renewable energy will continue to increase over the next decades.

CONTINGENT CONSIDERATION

Divestment of companies may include holdback or earnout amounts. These contingent considerations are measured at fair value to reflect the amount the reporting entity would have to pay a hypothetical counterparty to transfer responsibility for paying the contingent liability. This amount is the present value of the probability-weighted expected amount of the future payment. The amount of contingent considerations recognised during the reporting period is set out in the Divestment section below.

TAXES

Judgment is required in determining the provision for income taxes. During the ordinary course of business, transactions and calculations occur for which the ultimate tax effect is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting for deferred income tax assets relies upon management's judgment of the Group's ability to generate future positive taxable income in each respective jurisdiction. Deferred tax assets are recognised in relation to the carry forward of 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 companies within the Magnora Group have in sum material deductible temporary differences (reference note 15) which, dependent on meeting the recognition requirements according to IAS 12, could result in recognition of deferred tax assets in the balance sheet.

The deferred tax asset has been updated as of December 31, 2023, based on the expected revenues and expenses for the next five years. The recognised deferred tax asset is most sensitive to expected future royalty revenue from the production and offloading of the Dana Western Isles FPSO, and the Group's operating cost level going forward. An assumption has been made that the FPSO will produce according to the expected production profile based on field reserves and lifetime estimates, and that the cost level will continue based on current structure and activities of the Group. The deferred tax asset recognised is expected to be utilised within the next 5 years based on the Group'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.

4.2. JUDGEMENTS

Consolidation of portfolio companies

The Group has a portfolio of companies 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 46 percent ownership at the balance sheet date. Magnora 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 an equal number of the remaining shares in the company. Magnora has three out of five board members, and the founders have the remaining two members. The other shareholders have the right to elect its third board member at any time, and it is expected that they will do so. 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 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.

Divestments

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). The profit and loss effects of the Evolar ownership is reflected in the Group's financial results up until 30 April 2023. The scope of the divestment transaction includes Evolar reaching certain milestones developing its perovskite solar cell technology. The gain of NOK 310 million from the sale of Evolar AB is netted against the initial investment and subsequent loans issued to fund Evolar, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with First Solar, Inc. The net gain of NOK 229.6 million was recognised as other income in the second quarter, of which NOK 4.9 million did not have a cash effect as it is subject to certain future contingent events and reflects a best estimate at the transaction date. The Contingent considerations were reassessed as of 31 December 2023 and the fair value of the gain is reflected in the profit and loss statement as other income. The first potential milestone payment for the earnout must be achieved before 12 May 2024, and the remaining milestones must be achieved before 12 May 2029.

On 12 July 2023, Magnora sold all its shares in one of its South African SPVs to Globeleq Africa Limited for approximately NOK 8.9 million, with additional milestone payments of up to NOK 51 million as the project progresses towards ready-to-build (RTB) status. The profit and loss effects of the SPV ownership is reflected in the Group's financial results up until 30 June 2023. The scope of the divestment transaction includes Globeleq reaching certain milestones developing the project of the SPV. The gain from the sale of the SPV is netted against the initial investment and subsequent loans issued to fund the SPV, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with Globeleq. The net gain of NOK 10.7 million is recognised as other income, of which NOK 3 million is subject to certain future contingent events and reflects a best estimate at the transaction date. The milestone payments are expected to be achieved within the next 18 months.

On 20 October 2023, Magnora closed its second transaction in South Africa, where it sold all its shares in one of its South African SPVs to Globeleq Africa Limited for approximately NOK 6.2 million, with additional milestone payments of up to NOK 34 million as the project progresses towards ready-to-build (RTB) status. The profit and loss effects of the SPV ownership is reflected in the Group's financial results up until 31 December 2023. The scope of the divestment transaction includes Globeleq reaching certain milestones developing the project of the SPV. The gain from the sale of the SPV is netted against the initial investment and subsequent loans issued to fund the SPV, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with Globeleq. The net gain of NOK 10.3 million is recognised as other income, of which NOK 1.7 million is subject to certain future contingent events and reflects a best estimate as of 31 December 2023. The milestone payments are expected to be achieved within the next 18 months.

Option lease agreement

The Scotwind lease option signed by Magnora with The Crown Estate Scotland is an intangible asset in the statement of financial position. The agreement gives Magnora the exclusive right to perform environmental studies in 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.

NOTE 5. 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 earns revenues when portfolio companies are disposed. 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 2023

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue		44.9	0.0	-20.3	24.6
Other income		0.0	249.2	0.0	249.2
Operating expense		-31.5	-0.7	0.0	-32.2
Development and M&A expense		0.0	-93.9	20.3	-73.6
EBITDA		**13.4**	**154.6**	**0.0**	**168.0**
Depreciations		-0.9	-1.0	0.0	-1.9
Profit/loss from associated companies		10.5	0.0	0.0	10.5
Operating profit/(loss)		**23.0**	**153.6**	**0.0**	**176.6**

SEGMENT FINANCIALS 2022

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue		91.1	0.0	0.0	91.1
Other operating revenue		11.6	0.3	-11.2	0.6
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**

NOTE 6. FIXED ASSETS

2023	Machinery and equipment	Assets under construction	Total
Opening net book value	4.3	11.0	15.3
Additions	0.2	5.3	5.5
Depreciations*	-0.6	0.0	-0.6
Currency translation	0.6	1.0	1.6
Sale of business	-4.2	-17.3	-21.5
Total	**0.3**	**0.0**	**0.3**

*0.1 MNOK of depreciation is capitalized in the financial statements.

As of 31 December 2023			
Accumulated acquisition cost	0.5	0.0	0.5
Accumulated depreciation	-0.2	0.0	-0.2
Total	0.3	0.0	0.3
Depreciation method	Linear	N/A	

2022	Machinery and equipment	Assets under construction	Total
Opening net book value	0.0	0.0	0.0
Acquisition of subsidiaries	2.7	5.0	7,7
Acc depr acq. of subsidiary	-0.9	0.0	-0,9
Additions	2.7	6.0	8.7
Depreciations	-0.2	0.0	-0.2
Total	**4.3**	**11.0**	**15.3**

As of 31 December 2022			
Accumulated acquisition cost	5.6	11.0	16.6
Accumulated depreciation	-1.3	0.0	-1.3
Total	4.3	11.0	15.3
Depreciation method	Linear	N/A	

NOTE 7. ASSOCIATED COMPANIES

Associated company	Registered office	Shareholder	Shareholder interest 01.01.2021	Shareholder interest 31.12.2021	Shareholder interest 31.12.2022	Shareholder interest 31.12.2023
Kustvind AB	Sweden	Magnora ASA	15%	30%	37.5%	46%
Helios AB	Sweden	Magnora ASA	0%	40%	40%	40%
Hafslund Magnora Sol AS	Norway	Magnora ASA	0%	0%	48%	48%
Gamcap Magnora Development Company Ltd*	United Kingdom	Mangora UK PV Holding	0%	0%	50%	50%

*Magnora has provided a loan of 22.5 MNOK to Gamcap Magnora Development Company Ltd as of 31 December 2023. This is a part of the net investment in the company and the Magnora part of the loss is netted against the loan. Hence the net value of the loan is 19.5 MNOK.
Interest held equals the voting rights in the associated companies. The interests in the associated companies are accounted for using the equity method.

2023	Registered office	Assets	Liabilities	Revenues	Profit/loss	% interest held
Gamcap Magnora Development Company Ltd	United Kingdom	20.3	26.3	0.0	-6.0	50%
Hafslund Magnora Sol	Norway	6.4	5.4	0.0	-34.8	48%
Kustvind AB	Sweden	14.5	0.2	-	-6.2	46%
Helios Nordic Energy AB	Sweden	101.3	74.6	28.1	83.7	40%
Total		**142.5**	**106.5**	**28.1**	**36.7**	

2022	Registered office	Assets	Liabilities	Revenues	Profit/loss	% interest held
Arendal Brygge AS	Norway	49.5	54.3	3.8	0.5	50%
Kustvind AB	Sweden	7.0	0.1	-	-5.6	37.5%
Helios Nordic Energy AB	Sweden	24.7	27.4	9.4	-3.7	40%
Total		**81.2**	**81.8**	**13.2**	**-8.8**	

Amounts in the tables above are presented in NOK million.

Associated companies (NOK million)	2023	2022
Book value 1 January	26.4	61.4
Acquisition of associates	22.4	6.8
Disposals/ -sale of associates	0.0	0.0
Share of profit/loss	10.5	-3.9
Dividend received	-24.1	-6.1
Loss accounted for as part of net investment	3.0	0.0
Currency translation difference	3.0	-2.2
Realization due to gain of control	0.0	-29.6
Net book value 31 December	41.3	26.4

Magnora invested in Kustvind AB in March 2020 and owns 46% as of 31 December 2023. The following table illustrates the summarised financial information for Magnora's investment in Kustvind AB:

Kustvind (NOK million)	2023	2022
Current assets	1.0	0.5
Non-current assets	13.9	7.3
Current liabilities	0.2	0.1
Equity	**14.7**	**7.7**
Magnora's share in equity	**6.8**	**2.9**
Currency translation difference	**0.6**	**-0.6**
Goodwill	**12.2**	**11.4**
Magnora's carrying amount of investment	**19.6**	**13.7**
Profit/(loss) before tax	**-6.0**	**-5.6**
Total comprehensive income for the year	**-6.0**	**-5.6**
Magnora's share of profit/(loss) for the year	**-2.6**	**-2.0**

Magnora invested in Helios Nordic Energy AB in February 2021 and owns 40 percent of the company as of 31 December 2023. The following table illustrates the summarised financial information for Magnora's investment in Helios:

Helios Nordic Energy (NOK million)	2023	2022
Current assets	76.1	24.1
Non-current assets	19.4	0.6
Current liabilities	75.6	27.4
Non-current liabilities	0.0	0.0
Equity	**19.9**	**-2.7**
Magnora's share in equity	**7.9**	**-1.1**
Currency translation difference	**0.2**	**-1.3**
Goodwill	**11.5**	**13.8**
Magnora's carrying amount of investment	**19.6**	**11.4**
Profit/(loss) before tax	**83.8**	**-3.5**
Total comprehensive income for the year	**83.8**	**-3.5**
Magnora's share of profit/(loss) for the year	**33.5**	**-1.4**

See note 3.1 above regarding development risks of the portfolio companies.

Impairment of associated companies is evaluated annually after year-end, and for financial year 2023 the Group has assessed if there are indicators for impairment. No indicators for impairment were identified as all associated companies are in an early phase of their development and progressing as planned.

NOTE 8. FINANCIAL INSTRUMENTS BY CATEGORY

Accounting principles for financial instruments were applied to the line items below as indicated:

Financial assets

NOK million		2023	2022
Category:	**Asset:**		
Financial assets at amortised cost	Trade receivables	7.3	91.5
Financial assets at amortised cost	Other financial assets	25.4	23.7
Fair value through profit and loss	Cash and cash equivalents	347.6	171.9
Total financial assets		**380.3**	**287.1**

Financial liabilities

NOK million		2023	2022
Category:	**Liabilities:**		
Fair value through profit and loss	Overdraft facility	0.0	76.3
Financial liabilities at amortised cost	Leasing debt	1.2	8.7
Financial liabilities at amortised cost	Other payables	34.9	28.6
Financial liabilities at amortised cost	Trade payables	6.3	6.2
Total financial liabilities		42.4	119.8

Fair Value Estimation

Management has determined that the fair values of cash, short-term deposits, trade receivables, trade payables, bank overdrafts, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Overdraft facility

The Group has a total available overdraft facility of NOK 150 million. As of 31 December 2023, none of the overdraft facility has been drawn. See note 3.1.5 for covenants related to the overdraft facility.

NOTE 9. CREDIT QUALITY OF TRADE RECEIVABLES AND CASH

The credit quality of trade receivables and cash that were neither past due nor impaired was assessed by reference to external credit ratings (where available) and by analysis of historical information about counterparty default rates:

Trade receivables

NOK million	2023	2022
No external rating	3.5	3.7
AA-	0	75.3
Total trade receivable and accrued income	3.5	**79.0**

Cash and cash equivalents

NOK million	2023	2022
Aa3	347.6	171.9
Total cash and cash equivalents	**347.6**	**171.9**

NOTE 10. TRADE AND OTHER RECEIVABLES

Specification of trade and other receivables

NOK million	2023	2022
Trade receivables	3.5	3.7
Loss allowance	0.0	0.0
Accrued income*	0.0	75.3
Other receivables	3.8	12.5
Trade and other receivables	**7.3**	**91.5**

*Mainly related to milestone payments from Shell Penguins FPSO for 2022. Payment received in Q1 2023.

Aging of trade receivables

NOK million	2023	2022
Not Due	0.1	2.8
Due	3.4	0.9
Total trade receivables	**3.5**	**3.7**

At balance sheet date, NOK 3.4 million was past due in 2023 (2022: NOK 0.9 million).

Currency denomination of trade receivables, carrying amounts

NOK million	2023	2022
SEK	0.0	1.0
NOK	3.5	2.7
Total trade receivables	**3.5**	**3.7**

NOTE 11. CASH AND CASH EQUIVALENTS

Specification of cash

NOK million	2023	2022
Cash at bank and in hand	346.3	170.2
Restricted short-term bank deposits	1.3	1.7
Total cash and cash equivalents	**347.6**	**171.9**

NOTE 12. SHARE CAPITAL

The total authorised number of ordinary shares was 66.8 million (2022: 66.8 million) with a par value of NOK 0.49 (2022: NOK 0.49) per share. All issued shares were fully paid at the balance sheet date. As of 31 December 2023, Magnora owned 1,070,854 shares or 1.6 percent of total shares outstanding through the share buyback program approved by the annual general meeting. As of 31 December 2022, Magnora owned 21,866 shares or 0.03 percent of the total shares outstanding.

NOK million	Number of shares	Share capital	Share premium	Total
1 January 2023	66,822,679	32.7	0.0	32.7
31 December 2023	66,822,679	32.7	0.0	32.7

NOK million	Number of shares	Share capital	Share premium	Total
1 January 2022	57,072,679	28.0	0.0	28.0
Capital increase	9,750,000	4.7	0.0	4.7
31 December 2022	66,822,679	32.7	0.0	32.7

During 2022, Magnora closed an equity private placement of 8,950,000 new shares with a subscription price per share of NOK 22.35 and a total offer size of NOK 200 million. Hafslund was pre-allocated 100 MNOK in the share issue and the remaining 100 MNOK was seven times oversubscribed by mutual funds and reputable investors. Hafslund effectively became Magnora's largest single shareholder. Magnora also issued 800,000 shares during 2022 to exchange options exercised.

20 largest shareholder accounts 31 December 2023 (source: VPS)	Number of shares	Percent ownership
HAFSLUND VEKST AS	4,474,272	6.70
KING KONG INVEST AS	2,670,995	4.00
GINNY INVEST AS	2,469,144	3.70
ALDEN AS	2,217,825	3.32
F1 FUNDS AS	1,747,870	2.62
PHILIP HOLDING AS	1,648,377	2.47
F2 FUNDS AS	1,630,000	2.44
CARE HOLDING AS	1,500,000	2.25
JP MORGAN CHASE BANK	1,434,742	2.15
DNB BANK ASA	1,345,000	2.02
MP PENSJON PK	1,242,732	1.86
NORDNET LIVSFORSIKRING AS	1,166,413	1.75
ALTEA AS	1,154,944	1.73
MAGNORA ASA	1,070,854	1.60
AARSKOG, PHILLIP GEORGE	1,000,000	1.50
MORGAN STANLEY & CO.	995,839	1.49
BALLISTA AS	760,372	1.14
BAKLIEN, ÅSMUND	756,100	1.13
CLEARSTREAM BANKING S.A.	751,448	1.13
DANSKE BANK	696,752	1.04
Total, 20 largest shareholders	**30,733,679**	**45.99**

Other shareholder accounts	36,089,087	54.01
Total number of shares	**66,822,766**	**100.00**
Foreign ownership	10,154,098	15.20

NOTE 13. SHARE-BASED PAYMENTS

In accordance with approval by the Annual General Meeting of 26 April 2022 and 25 April 2023, the Board of Magnora issued 375,000 options during 2023 to provide long-term incentives to the Board and employees. The options were awarded as follows:

	Options awarded
Torstein Sanness, Executive Chairman	75,000
Erik Sneve, CEO	100,000
Haakon Alfstad, CEO Magnora Offshore Wind	50,000
Espen Erdal, VP Business Development	50,000
Emilie Brackman, VP Wind and Solar	50,000
Hanne Wiger, Business Controller	50,000
Total options awarded	**375,000**

All options issued in 2023 have a three-year vesting period and all options must be exercised within five years after vested.

This is an equity-settled share-based payment, and in accordance with IFRS 2, the value is determined as of the grant date. At balance sheet date there are 1,750,000 options (2022: 1,475,000). The cost of the options is recorded monthly over the vesting (service) period. See note 18 for expensed amount related to share-based payments.

The employee or board member receiving the options must stay in his or her position until vesting date to exercise the options. The options are expected to have limited value at the time they become vested, and therefore more likely to be exercised towards the end of the period exercisable. The Black-Scholes model is used to calculate the value of the options. The risk-free rate is set from the rate of five-year treasury bonds at the time of grant date, and this matches the full length of the options once vested. Volatility rate is derived from the daily share prices from 1 January 2019, and then annualised. Share prices from prior periods are considered irrelevant, as the Group significantly changed in Q4 2018 with the sale of its prior business to Sembcorp.

	Exercise price (NOK/Share) 2023	Number of options 2023	Exercise price (NOK/Share) 2022	Number of options 2022
1 January				
Granted	22.41	200,000	19.03	100,000
Granted	22.62	75,000	23.70	200,000
Granted	24.96	100,000	22.22	175,000
Granted				
Granted				
Granted				
Exercised			6.5	900,000
Outstanding 31 December		**1,750,000**		**1,475,000**
Exercisable 31 December		**533,335**		**166,668**

The weighted average remaining contractual life for the share options outstanding as of 31 December 2023 was 5.9 years (2022: 6.7 years). The weighted average fair value of options granted during the year was NOK 15.57 (2022: NOK 13.76). The range of exercise prices for options outstanding at the end of the year was NOK 7.92 to NOK 26.65 (2022: NOK 7.92 to NOK 26.65).

The following table lists the inputs to the models used for the plans for the years ended 31 December 2023 and 2022, respectively:

NOK million	2023	2022
Weighted average fair values at the measurement date	15.57	13.76
Risk free interest	3.09% / 3.32% / 3.32%	2.83% / 3.13% / 3.13%
Volatility	62% / 59% / 59%	64% / 61% / 61%
Exercise price	22.41 / 22.10 / 24.96	19.03 / 23.70 / 22.22
Model for estimation of fair value	Black-Scholes model	Black-Scholes model

NOTE 14. OTHER CURRENT LIABILITIES

NOK million	2023	2022
Payroll liabilities	2.1	2.7
Employer's contribution tax and other taxes	3.4	4.3
Other payables	34.9	28.6
Leasing debt	0.3	3.5
Total other current liabilities	**40.7**	**39.1**

NOTE 15. TAXES

Deferred income tax assets and liabilities are offset when a legally enforceable right to offset current tax assets against current tax liabilities exists. For 2023 a tax rate of 22% has been used when calculating the deferred tax assets and liabilities (2022: 22%). The Group is not affected by Pillar 2.

Specification of booked deferred tax assets/ (liabilities)

(NOK million)	2023	2022
Specification net deferred tax assets/(liabilities):		
Deferred tax asset to be reversed after more than 12 months	768.8	784.1
Deferred tax liabilities to be reversed after more than 12 months	-0.4	-4.9
Net deferred tax asset/(liabilities)	**768.4**	**769.0**
Deferred tax assets not recognised in the balance sheet	-753.7	-758.8
Net deferred tax assets recognised in the balance sheet	**15.1**	**15.1**
Net deferred tax (liabilities) recognised in the balance sheet*	**-0.4**	**-4.9**

*Deferred tax assets and liabilities are not offset as it is related to different tax jurisdictions.

Reconciliation of deferred tax assets:		
Book value 1 January	15.1	23.4
Income statement charge relating to deferred tax assets	0.0	-8.3
Book value 31 December	**15.1**	**15.1**
Reconciliation of deferred tax liabilities:		
Book value 1 January	-4.9	0.0
Intangible assets from acquisition of subsidiaries	0.0	-5.1
Disposal of intangible assets	4.8	0.0
Currency translation	-0.4	0.0
Tax income related to depreciation of intangible assets	0.1	0.2
Book value 31 December	**-0.4**	**-4.9**

Specification of deferred tax assets/ (liabilities) booked and not booked

(NOK million)	**2023**	**2022**
Deferred tax assets:		
Investments and receivables	0.3	0.5
Fixed assets	0.3	0.4
Intangible assets	-0.4	-4.9
Losses carry forward	768.2	773.1
Deferred tax assets	**768.4**	**769.0**

Deferred income tax assets are recognised for tax losses carried forward and deductible temporary differences to the extent that the realisation of the tax benefit through future taxable profits is probable.

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.

At balance sheet date, the recognition criteria in IAS 12 were met. The deferred tax asset recognised is expected to be utilised within the next 5 years based upon on the Group'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. Reference is made to Note 4.1 for further information.

Specification of tax income/(expense)

(NOK million)	2023	2022
Recognition of deferred tax asset	0.0	-8.3
Tax income related to depreciation of intangible assets	0.1	0.2
Net tax income/(expense)	**0.1**	**-8.1**

Reconciliation between tax charge based on the nominal statutory and actual tax rate

(NOK million)	2023	2022
Profit/(loss) before tax:	178.8	12.0
Tax calculated (22%)	-39.3	-2.6
Income not subject to tax	51.8	0.2
Expenses not deductible	-0.1	-0.2
Results from associated companies	2.3	-0.9
Tax losses for which no deferred income tax asset was recognised	-14.6	-4.6
Tax income/(expense)	**0.1**	**-8.1**

For 2023 a tax rate of 22% has been used when calculating the tax income / (expense), (2022: 22%).

NOTE 16. RETIREMENT BENEFIT OBLIGATIONS

Pension cost charged to the income statement in 2023 was NOK 2.1 million (2022: NOK 2.4 million). The defined contribution plan had 8 participants at 31.12.2023 (2022: 41 participants).

NOTE 17. PROVISIONS

NOK million	Payroll	Bonus	Total
1 January 2023	**0.6**	**0.0**	**0.6**
Arising during the year	1.5	1.9	3.4
Reversed during the year	0.0	0.0	0.0
31 December 2023	**2.1**	**1.9**	**4.0**

NOK million	Payroll	Bonus	Total
1 January 2022	**2.3**	**0.0**	**2.3**
Arising during the year	0.0	0.0	0.0
Reversed during the year	-1.7	0.0	-1.7
31 December 2022	**0.6**	**0.0**	**0.6**

All provisions in 2023 and 2022 are current in nature.

Payroll

Provision for 2023 is for bonus awarded, not paid, and employment tax (AGA) for the options issued. Provision for 2022 is for employment tax.

NOTE 18. EMPLOYEE BENEFIT EXPENSE

Specification of employee expense:

(NOK million)	2023	2022
Salaries and vacation pay	23.6	24.1
Employer's contribution tax	5.5	6.4
Pension costs	2.1	2.4
Bonus	9.0	3.0
Share based payments	8.4	6.3
Other employee benefit expense	1.3	0.4
Capitalized development costs	-5.4	-10.4
Total employee benefit expense	**44.4**	**32.1**
Average number of man-years	**19**	**46**

2023 Remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement benefits	Other benefits
Erik Sneve, CEO	2,890	4,189	194	18
Bård Olsen, CFO	1,724	937	194	524*
Total remuneration paid	**4,614**	**5,126**	**388**	**542**

*NOK 507,000 due to exercising options.

2022 remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement benefits	Other benefits
Erik Sneve, CEO	2,150	2,290	184	18
Bård Olsen, CFO	1,652	147	184	18
Total remuneration paid	**3,802**	**2,437**	**368**	**36**

Retirement benefit plan was established in 2020 for the management team. No loans, pre-payments, or security were granted to current Senior Management or any member of the Board of Directors in 2023 and 2022.

At the balance sheet date there were 1,750,000 options held by the Board of Directors and Senior Management (2022: 1,475,000 options). See note 13 for more information.

Reference is made to the 'Statement regarding establishment of salary and other benefits for Senior Management' for further details of remuneration of Senior Management. Remuneration of the Board of Directors:

NOK Thousand	Member from	Member to	2023	2022*
Torstein Sanness, Executive Chairman	24 May 2017		1,210	6,919 (5,716)
Hilde Ådland, Board Member	24 May 2018		310	777 (472)
John Hamilton, Board Member	18 Dec 2018		370	835 (472)
Total remuneration paid			**1,890**	**8,531 (6,660)**

*Significant increase due to the board exercising options awarded in 2019 (option related amounts in parentheses).

Shares and options owned or controlled by the Board of Directors and Senior Management:

As of 31 December 2023, the Board members and Senior Management owned or controlled the following shares in the Company:

	Options owned or controlled	Shares owned or controlled
Torstein Sanness, Executive Chairman	325,000	629,442
Hilde Ådland, Board member	10,000	39,011
John Hamilton, Board member	40,000	33,837
Erik Sneve, CEO	450,000	1,173,871
Bård Olsen, CFO	125,000	75,000
Total remuneration paid	950,000	

Reference is made to the 'Magnora Remuneration Report 2023' for further details of remuneration of Senior Management.

NOTE 19. FINANCIAL INCOME

Financial income:

NOK million	2023	2022
Interest income	15.3	7.2
Gains from investments in marketable securities	0.0	0.8
Total financial income	**15.3**	**8.1**

Financial expense:

NOK million	2023	2022
Interest cost	-12.6	-9.7
Losses from investments in marketable securities	-0.9	-0.5
Total financial expense	**-13.5**	**-10.2**

NOTE 20. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share were calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares on issue during the year.

	2023	2022
Net profit/(loss) attributable to equity holders (NOK million)	192.5	12.5
Weighted avg. no. of ordinary shares on issue (thousands)	66,823	59,510
Basic earnings per share for continued operations (NOK per share)	2.88	0.21

Diluted earnings per share

	2023	2022
Net profit/(loss) attributable to equity holders (NOK million)	192.5	12.5
Weighted avg. no. of ordinary shares for diluted earnings per share (thousands)	67,194	59,695
Basic earnings per share for continued operations (NOK per share)	2.86	0.21

NOTE 21. DIVIDEND AND REPAYMENT OF CAPITAL

The annual general meeting and the Board authorised capital distribution of NOK 0.187 per share to be paid quarterly (NOK 0.75 annually). There were two capital distributions totaling NOK 24.6 million in 2023. Capital distribution of NOK 0.187 per share was approved by the board to be paid in early March 2024. There was no capital distribution in 2022.

NOTE 22. CASH GENERATED FROM OPERATIONS

NOK million		2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		178.8	12.0
Adjustment for:			
Depreciations	6, 25, 29	1.9	1.6
Gain sale of subsidiaries	31	-249.2	
Share of associated companies' financial results	7	-10.5	3.9
Share based payments	13	8.4	6.3
Change in marketable securities and forwards		0.0	-0.8
Change in working capital:			
Capitalization of development costs	29	-9.7	-19.4
Trade and other receivables	10	78.4	-106.0
Trade and other payables		1.3	1.2
Other liabilities, provisions and charges	17	3.7	32.5
Cash generated from operations		3.0	-67.7

NOTE 23. 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 had both operating revenues and expenses from services provided between the companies that are related parties to Magnora. The total operating revenues from associated companies in 2023 was NOK 11.8 million (2022: NOK 0.6 million).

Specification of sale to and purchases from related parties in the period:

NOK million	2023	2022
Operating revenue from associated companies	11.8	0.6
Total operating revenue	**11.8**	**0.6**

NOK million	2023	2022
Operating expenses from associated companies	0.0	0.0
Operating expenses paid to other related parties	0.0	0.0
Total operating expense	**0.0**	**0.0**

NOTE 24. REVENUE

Operating revenue in 2023 consisted mainly of revenue from services provided to associated companies and royalty income from the Dana Western Isles FPSO. Royalty from the Dana Western Isles FPSO constitutes 51% (15%) of total operating revenue. Revenue from services provided to associated companies constitutes 49% (0%) of total operating revenue.

NOK million	2023	2022
License fee (see also note 10)	12.5	87.6
Other revenue	12.1	3.5
Other operating revenue	0.0	0.6
Total operating revenue	**24.6**	**91.7**

Operating revenue from a geographic perspective:

The revenue split, based on customer location was as follows:

NOK million	2023	2022
Norway	12	0.6
Sweden	0.2	3.5
UK	12.5	87.6
Total operating revenue	**24.6**	**91.7**

NOTE 25. LEASES

The Group has office rental agreements for its offices in Oslo as of 31 December 2023 which is included as a right-of-use asset in the financial statement.

The Group expensed NOK 0.2 million in lease and rental cost for 2023 (2022: 1.4).

Specification of changes in the period of the right-of-use assets and the lease liability:

NOK million	Liability	Assets
Total opening balance right-to-use-assets/lease obligations as per 1 January 2023	8.7	9.0
Addition	2.0	2.0
Depreciations*	-	-2.1
Lease payments	-2.2	-
Other/currency effects	1.2	0.8
Realization due to sale of subsidiary	-8.6	-8.6
Total closing balance as of 31 December 2023	**1.1**	**1.1**

*1.1 MNOK of depreciations are capitalized in the financial statements.

NOK million	Liability	Assets
Total opening balance right-to-use-assets/lease obligations as per 1 January 2022	0.0	0.0
Addition due to acquisition of subsidiary	11.3	11.6
Depreciations	-	-2.7
Lease payments	-2.6	-
Other/currency effects	0.0	0.1
Total closing balance as of 31 December 2022	**8.7**	**9.0**

Interest expenses on the leasing obligation amounted to NOK 0.1 million in 2023 (0.2 million in 2022).

Liabilities (NOK million)	2023	2022
Short-term liability	0.9	3.5
Long-term liability	0.3	5.2
Total closing balance as of 31 December	**1.2**	**8.7**

NOTE 26. OTHER OPERATING EXPENSE

(NOK million)	2023	2022
Office cost (rental etc)	3.2	3.4
Consultancy (audit, tax and legal) *	53.8	38.6
Travel expenses	1.0	0.9
Other	3.4	4.5
Total other operating expense	**61.4**	**47.4**

* Specification of auditor's fee (excl. VAT):

Statutory audit	1.5	0.9
Other services	0.1	0.3
Other certification services	0.0	0.1
Total auditor's fees	**1.6**	**1.3**

NOTE 27. MARKETABLE SECURITIES

No marketable securities were sold or held in 2023. In accordance with authorisation from the Board of Directors, Magnora sold marketable securities during 2022 with a net gain of NOK 0.8 million.

NOTE 28. OTHER CURRENT FINANCIAL ASSETS

(NOK million)	2023	2022
Other current financial assets	25.4	23.7
Total value	**25.4**	**23.7**

NOTE 29. INTANGIBLE ASSETS

NOK million	Goodwill	Option lease	Technology	Total
Book value 1 January 2023	34.1	124.1	46.8	205.0
Additions	0.0	0.0	10.8	10.8
Realization due to sale of subsidiary	-28.0	0.0	-62.4	-90.4
Amortization	0.0	0.0	-0.4	-0.4
Currency translation	2.3	11.1	5.1	18.5
Book value 31 December 2023	**8.4**	**135.2**	**0.0**	**143.6**
Depreciation method	Infinite	Linear	Linear	

NOK million	Goodwill	Option lease	Technology	Total
Book value 1 January 2022	2.0	0.0	0.0	2.0
Additions	0.0	120.3	0.0	120.3
Acquisitions	31.9	0.0	47.7	79.6
Amortization	0.0	0.0	-0.9	-0.9
Currency translation	0.2	3.8	0.0	4.0
Book value 31 December 2022	**34.1**	**124.1**	**46.8**	**205.0**
Depreciation method	Infinite	Linear	Linear	

Impairment testing of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment by comparing the carrying amount with the recoverable amount. The ratio is monitored based on what is considered as the natural cash-generating unit (CGU) associated with each acquisition. The recoverable amount is calculated based on the value the asset will add to it's CGU.

The carrying amount of goodwill is allocated to the South African operations and amounts to NOK 8.4 million as of 31 December 2023. The CGU is valued based on sum value of the project portfolio. In the project portfolio, each project is valued based on a milestone matrix which includes capacity, price per MW and completion status. The key assumptions on which the management has based its project valuation are price per MW (based on discussion with players in the market), capacity per project and remaining risk per project (incl. grid connection). Fair value of the portfolio is significantly higher than the carrying value. No reasonably possible change in key assumptions on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

The assumptions used for calculating value in use and the discount rates take into account the specific risk connected to the CGU.

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 the 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. There are no indications of impairment related to the option lease agreement as of 31 December 2023.

NOTE 30. BUSINESS COMBINATIONS

The Group acquired the non-controlling interest in African Green Venture Ltd in 2023 and now holds 100% of the shares in the company. In 2022, the Group acquired the following:

ACQUISITION OF SOUTH AFRICAN SPV

Magnora and Vindr decided to split the Nordic and South African activities and discontinue the development of Vindr Group. As part of this decision Magnora acquired African Green Venture (AGV) in January 2022 together with the local AGV team and continue developing its wind and solar PV projects in the region. Goodwill in the transaction is mainly related to synergies and competence of the staff, which do not qualify for separate recognition. Goodwill will not be tax deductible. The company's operating revenue for the period 1 February to 31 December 2022 is NOK 0.0 million and the loss after tax is NOK -3.0 million. If the acquisition had happened 1 January 2022, operating revenue would have been NOK 0.0 million and the loss after tax NOK -3.2 million. See portfolio section in Board of Directors Report above for more details.

Cash flow regarding acquisition	2022
Consideration paid	10.5
Cash and bank deposit in the company at acquisition date	-
Net cashflow regarding acquisition	10.5
Minority share	0.5
Total value of acquired company	**11**

Identified assets and liabilities on the balance sheet recognized from the acquisition:	2022
Current assets	0.3
Property, plant and equipment	0.2
Current liabilities	0.7
Borrowings	-0.2
Total net identifiable assets	1.0
Intangible assets	2.0
Deferred tax regarding intangible assets	-0.4
Goodwill	8.4
Total	**11.0**

ACQUISITION OF EVOLAR AB

The Group acquired in April 2022 13.5% of the shares in Evolar AB, making the total Magnora ownership 63.5%. As of this transaction the ownership is fully consolidated in Group financial statements. Until 31 March 2022 Evolar AB was accounted for as an associated company in the Group accounts. The allocation of intangible assets in the transaction is based on the cost approach according to IFRS 13. Goodwill in the transaction is mainly related to the competence of the staff, which do not qualify for separate recognition. Goodwill from this transaction will not be tax deductible. The company's operating revenue for the period 1 April to 31 December 2022 was NOK 3.1 million and the loss after tax is NOK -10.4 million. If the acquisition had happened 1 January 2022, operating revenue would have been NOK 4.3 million and the loss after tax NOK -11.8 million.

Cash flow regarding acquisition	2022
Consideration paid on 100% basis	75.3
Total value of acquired company	**75.3**

Identified assets and liabilities on the balance sheet recognized from the acquisition:	2022
Cash and bank deposits	20.2
Right-of-use-assets	12.3
Capitalized development costs	5.5
Financial assets	2.1
Trade and other receivables	2.2
Property, plant and equipment	7.4
Trade and other payables	-10.5
Borrowings / lease liabilities	-8.4
Total net identifiable assets	30.7
Intangible assets	24.5
Deferred tax regarding intangible assets	-5.1
Goodwill	25.0
Total	**75.3**
Non-controlling interests	**27.5**
Majority interest	47.8
Book value of Magnora's share before the transaction	43.9
Gain/loss related to realization of the associated company	**3.9**

NOTE 31. DIVESTMENTS

On 12 May 2023, Magnora sold all its holdings in Evolar to First Solar, Inc. for approximately USD 29 million (NOK 314 million) and additional milestone payments of up to USD 24 million (NOK 256 million based on 10.65 USD/NOK rate). The profit and loss effects of the Evolar ownership is reflected in the Group's financial results up until 30 April 2023. The scope of the divestment transaction includes Evolar reaching certain milestones developing its perovskite solar cell technology. The gain of NOK 314 million from the sale of Evolar AB is netted against the initial investment and subsequent loans issued to fund Evolar, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with First Solar, Inc. The net gain of NOK 229.6 million was recognised as other income in the second quarter, of which NOK 4.9 million did not have a cash effect as it is subject to certain future contingent events and reflects a best estimate at the transaction date. The Contingent considerations were reassessed as of 31 December 2023 and the fair value of the gain is reflected in the profit and loss statement as other income.

The net assets of Evolar at the date of disposal were as follows:	2023
Property, plant and equipment	21.5
Technology	62.4
Right-of-use assets	8.6
Trade receivables	3.9
Bank balances and cash	1.5
Deferred tax liability	-4.8
Leasing debt	-6.1
Current liabilities	-8.7
Attributable goodwill	26.0
Disposal non-controlling interests	-19.9
Currency translation	-3.6
Net assets disposed of	80.7

Gain on disposal	229.6

Total consideration	
Cash and cash equivalents	**314.0**
Short term financing until close of transaction	-8.7
Net cash received	305.4
Deferred consideration	4.9
Total consideration transferred	**310.3**

Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	305.4
Less: cash and cash equivalents disposed of	-1.5
Net cash inflow	**303.9**

The impact of Evolar on the group's results in the current year was a negative result of 7,5 MNOK and a negative result of 10,4 MNOK for the prior year.

The gain from disposal is included in operating income for the year.

On 12 July 2023, Magnora sold all its shares in one of its South African SPVs to Globeleq Africa Limited for approximately NOK 8.9 million, with additional milestone payments of up to NOK 51 million as the project progresses towards ready-to-build (RTB) status. The profit and loss effects of the SPV ownership is reflected in the Group's financial results up until 30 June 2023. The scope of the divestment transaction includes Globeleq reaching certain milestones developing the project of the SPV. The gain from the sale of the SPV is netted against the initial investment and subsequent loans issued to fund the SPV, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with Globeleq. The net gain of NOK 11.1 million is recognised as other income, of which NOK 3 million is subject to certain future contingent events and reflects a best estimate as of 31 December 2023.

On 20 October 2023, Magnora closed its second transaction in South Africa, where it sold all its shares in one of its South African SPVs to Globeleq Africa Limited for approximately NOK 6.2 million, with additional milestone payments of up to NOK 34 million as the project progresses towards ready-to-build (RTB) status. The profit and loss effects of the SPV ownership is reflected in the Group's financial results up until 31 December 2023. The scope of the divestment transaction includes Globeleq reaching certain milestones developing the project of the SPV. The gain from the sale of the SPV is netted against the initial investment and subsequent loans issued to fund the SPV, as well as any intercompany balances and other closing related costs that were covered by Magnora as part of the sales agreement with Globeleq. The net gain of NOK 7 million is recognised as other income, of which NOK 1.7 million is subject to certain future contingent events and reflects a best estimate as of 31 December 2023.

Total other income recognised from divestments for the year:

Other income	
Evolar	229,6
AGV Projects	11,1
Steelport	7.0
Neptun	1.5
Total other income	**249.2**

NOTE 32. EVENTS AFTER BALANCE SHEET DATE

On 17 January 2024, the Magnora board of directors decided to move the licensing contract with Dana into a separate company organised under Magnora Legacy Holding AS.

Capital distribution of NOK 0.187 per share was approved by the board to be paid in early March 2024.

Income Statements

NOK million	Note	2023	2022
Operating revenue	1.10	51.0	99.6
Total operating revenue		**51.0**	**99.6**
Employee benefit expense	2	-40.2	-24.6
Other operating expense	4	-24.1	-15.1
Total operating expense		**-64.3**	**-39.7**
Operating Profit/(loss)		**-13.3**	**59.9**
Financial income	6	270.1	17.3
Financial expense	6	-10.2	-4.6
Foreign exchange gain/(loss) related to financing & operating revenue		1.8	6.2
Net financial profit/(loss)		**261.7**	**18.9**
Profit/(loss) before tax		**248.4**	**78.8**
Tax expense/(income)	7	0.0	-8.3
Annual net Profit/(loss)		**248.4**	**70.5**

Attributable to:		
Equity holders of the Company	248.4	70.5
Distribution of net profit/(loss):		
Capital distribution	0.0	0.0
Transfer to equity	248.4	70.5
Annual net profit/(loss)	248.4	70.5

Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (NOK per share):			
Basic	8	3.72	1.18
Diluted	8	3.70	1.18

MAGNORA ASA

Balance Sheet

NOK million	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Deferred income tax assets	7	15.1	15.1
Investment in Subsidiaries	9	10.5	72.7
Investment in associated companies	10	63.3	40.9
Loan to associated companies and subsidiaries	10	266.7	182.1
Other non-current assets		0.5	0.0
Total non-current assets		**356.1**	**310.7**
Current assets			
Trade and other receivables	11	7.5	87.2
Cash and cash equivalents	13	328.9	167.3
Total current assets		**336.4**	**254.5**
Total assets		**692.5**	**565.2**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	32.7	32.8
Treasury shares	16	-0.5	-0.1
Other equity	16	649.5	448.7
Total equity		**681.7**	**481.5**
LIABILITIES			
Current liabilities			
Overdraft facility		0.0	76.3
Trade payables		1.3	2.3
Payroll Liabilities		1.2	0.0
Provisions	14	4.0	0.6
Other current liabilities	15	4.3	4.5
Total current liabilities		**10.8**	**83.7**
Total liabilities		**10.8**	**83.7**
Total equity and liabilities		**692.5**	**565.2**

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness	Hilde Ådland	John Hamilton	Erik Sneve
Chairman	Board member	Board member	CEO

MAGNORA ASA

Cash Flow Statement

NOK million		2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		248.4	78.8
Adjustment for:			
Items classified as investing and financing activities		8.2	5.8
Value change marketable securities and forwards		0.0	-0.8
Write down of non-current assets		0.0	0.0
Net gain sale of subsidiary	6	-211.6	0.0
Trade and other receivable		78.3	-65.5
Trade payables		-1.0	1.8
Other liabilities, provisions, and charges		4.3	-12.9
Cash generated from operations		**126.6**	**7.1**
Cash flow from investment activities			
Net purchase of investment shares		0.0	1.3
Acquisition of associated companies		-27.4	-35.1
Proceeds from sale of subsidiaries and associated companies	6	318.8	0.0
Loan to subsidiaries		-125.1	-170.9
Repayment of intercompany loans		2.0	0.0
Net cash from investment activities		**168.3**	**-204.8**
Cash flow from financing activities			
Overdraft facility drawn		-76.3	76.3
Capital increase/(distribution)		-24.6	194.1
Purchase of own shares		-32.5	0.0
Treasury shares		0.0	0.4
Net cash from financing activities		**-133.3**	**270.7**
Net cash flow from the period		**161.6**	**73.1**
Cash balance at beginning of period		167.3	94.3
Cash balance at end of period		**328.9**	**167.3**

MAGNORA ASA: NOTES TO THE

Financial Statements

ACCOUNTING POLICIES

Magnora ASA's ('the Company') financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway.

Magnora ASA is the parent company of the Magnora Group ('the Group').

The Company's functional currency is NOK. All numbers in the financial statements are in NOK 1,000,000 unless otherwise stated.

Principal Rule for Evaluation and Classification of Assets and Liabilities

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the balance sheet date. Equivalent criteria apply to liabilities.

Current assets are valued at the lower of purchase cost and net realisable value. Current liabilities are reflected in the balance sheet at nominal value at the establishment date.

Fixed assets are valued at purchase cost. Fixed assets whose value will decline are depreciated on a straight-line basis over the asset's estimated useful life. Fixed assets are written down to net realisable value if a value reduction occurs that is expected to be permanent. Long-term liabilities are reflected in the balance sheet at nominal value on establishment date.

Trade Receivables and Other Receivables

Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses. Estimated losses are provided for based on an individual assessment of each debtor.

Trade payables

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation because of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognised for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate that accounts for time value of money and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Tangible Fixed Assets

Fixed assets are reflected in the balance sheet and depreciated over the assets expected useful life on a straight- line basis. Maintenance cost is expensed as incurred. Additions or improvements are added to the asset's cost price and depreciated with the asset. When changes in circumstances indicate that the carrying value of an asset may not be recoverable, an impairment charge is recognised, and the asset is written down to a recoverable amount (being the highest of net sales value and value in use). Value in use is the net present value of the expected future cash flows generated from the asset.

Financial Assets

Financial assets also include marketable securities classified as other current financial assets. All securities acquired are sufficiently liquid shares to allow trading on short notice in case additional funds are needed for working capital. Furthermore, all securities are shares traded on the Oslo, Stockholm, or other major international stock exchanges, and as such, subject to market risks in addition to the specific risks relevant for the company each security represents. Risks related to marketable securities are managed by daily monitoring, weekly update of the portfolio overview, and through trading shares not meeting the risk tolerance set by the Company. Purchases and sales of marketable securities are accounted for at trade date, and the assets are adjusted to reflect the current market value of each security at the reporting date. Marketable securities are accounted for at fair value and reflected in the Income Statement as financial gain or loss.

Shares in Subsidiaries and Associated Companies

In the parent company's accounts, investments in subsidiaries and associated companies are recorded under the cost method. Investments are written down to fair value when a reduction in value is expected to be permanent.

Dividend is recognised as income in the year the provision is made in the subsidiary. If the dividend exceeds retained earnings, the excess represents repayment of invested capital, and dividend is deducted from the book value of the investment in the balance sheet.

Cash and Bank Deposits

Cash and bank deposits include cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

Currency

Cash and bank deposits, current assets, and current liabilities nominated in foreign currencies are converted to exchange rates prevailing at balance sheet date. Realised and unrealised exchange gains and losses on assets and liabilities in foreign currencies are included as financial items in the income statement.

Pension Plans

As of year-end 2023 the Company operates a defined contribution plan. The plan is funded through payments to the pension company, and the Company has no further payment obligations once the contribution is paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Taxes

Deferred income taxes is provided using the liability method on temporary difference at balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purpose. Tax- reducing temporary differences and losses carried forward are offset against tax-increasing temporary differences that are reversed in the same time intervals. Taxes consist of taxes payable (taxes on current year taxable income) and change in net deferred taxes.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The book value of the deferred tax asset represents a minor part of the total accumulated tax losses of approximately NOK 1.0 billion.

Earnings per Share

Earnings per share are calculated by dividing net profit/loss by the weighted average of the number of outstanding shares. Shares issued during the year are weighted in relation to the period they have been outstanding.

Cash Flow Statement

The cash flow statement is prepared in accordance with the indirect method.

Revenue Recognition

Revenue comprises the fair value of the consideration receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of value-added tax and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured and in accordance with the underlying contracts.

License revenue:	License revenue is recognised in accordance with the underlying contracts.
Interest income:	Interest income is recognised on a time-proportion basis using the effective interest method.
Sales of services:	Service income is recognised in line with the underlying contracts and the amount of work executed.

Operating lease

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The Company has office rental agreements for its offices in Oslo as of 31 December 2023 (see note 5).

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to use estimates and assumptions that impact the value of assets and liabilities as well as disclosure notes. Such estimates and assumptions may have a significant impact on reported revenue and cost for a specific reporting period. Actual amounts may therefore deviate from the estimates.

Contingent losses, which are likely to occur as well as quantifiable, are expensed when incurred.

NOTE 1. OPERATING REVENUE

NOK million	2023	2022
License fee	12.5	87.7
Other revenue	38.4	11.9
Total operating revenue	**51.0**	**99.6**

Operating revenue from a geographic perspective

The revenue split, based on customer location was as follows:

NOK million	2023	2022
Norway	32.8	8.6
Sweden	1.8	1.2
South Africa	3.8	2.1
UK	12.5	87.7
Total operating revenue	**51.0**	**99.6**

NOTE 2. EMPLOYEE BENEFIT EXPENSE

Specification of employee expense:		
(NOK million)	**2023**	**2022**
Salaries and vacation pay	16.2	10.0
Employer`s contribution tax	4.3	4.1
Pension costs	1.4	1.1
Bonus	9.0	3.0
Option cost	8.2	5.8
Other employee benefit expense	1.1	0.6
Total employee benefit expense	**40.2**	**24.6**
Average number of man-years	8	**7**

2023 remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement Benefits	Other Benefits
Erik Sneve, CEO	2,890	4,189	194	18
Bård Olsen, CFO	1,724	937	194	524*
Total remuneration paid	**4,614**	**5,126**	**388**	**542**

*NOK 507,000 due to exercising options.

2022 remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement Benefits	Other Benefits
Erik Sneve, CEO	2,150	2,290	184	18
Bård Olsen, CFO	1,652	147	184	18
Total remuneration paid	**3,802**	**2,437**	**368**	**36**

The Group has a retirement benefit plan for all employees. No loans, prepayments or security were granted to a member of Management or any member of the Board of Directors in 2023 and 2022.

At the balance sheet date there were 1,750,000 options held by the Board of Directors and Senior Management (2022: 1,475,000 options). See note 20 for more information.

Reference is made to the 'Magnora Remuneration Report 2023' for further details of remuneration of Senior Management.

NOK Thousand	Member from:	Member to:	2023	2022*
Torstein Sanness, Chairman	24 May 2017		1,210	6,919 (5,716)
Hilde Ådland	24 May 2018		310	777 (472)
John Hamilton	18 Dec 2018		370	835 (472)
Total remuneration paid			**1,890**	**8,531 (6,660)**

*Significant increase due to the board exercising options issued in 2019(option related amounts in parentheses).

NOTE 3. RETIREMENT BENEFIT OBLIGATIONS

The Company is required to maintain a pension plan for its employees, as a minimum of two persons are employed in positions of more than 75% of a fulltime position. Pension cost charged to the income statement in 2023 was NOK 1.4 million (2022: NOK 1.1 million). The defined contribution plan had 8 participants at 31.12.2023 (2022: 8 participants).

NOTE 4. OTHER OPERATING EXPENSE

(NOK million)	2023	2022
Office cost (rental etc)	3.3	2.6
Consultancy (audit, tax and legal) *	13.4	8.4
Travel expenses	0.9	0.6
Other expense	6.5	3.6
Total other operating expense	**24.1**	**15.1**
* Specification of auditor's fee (excl. VAT):		
Statutory audit	1.4	0.8
Other services	0.1	0.3
Other certification services	0.0	0.1
Total auditor's fees	**1.5**	**1.2**

NOTE 5. LEASE AGREEMENTS

The Company has office rental agreements for its offices in Oslo as of 31 December 2023. The agreements are a total of NOK 0.9 million per year. The Company expensed NOK 1.1 million in lease and rental cost for 2023 (2022: 1.4).

NOTE 6. FINANCIAL INCOME AND FINANCIAL EXPENSE

Currency gains and losses relating to financing activities were presented as separate line items as a financial income/(expense) in the Income Statement.

Financial income:

NOK million	2023	2022
Interest income	33.9	10.3
Dividend received	24.1	6.1
Gain sale of shares in subsidiaries	212.1	0.8
Total financial income	**270.1**	**17.3**

Gain from sale of shares in subsidiaries are mainly related to the sale of Magnora's 63.5% of Evolar AB, resulting in a gain of NOK 203.3 million and the sale of AGV Projects, resulting in a gain of NOK 6.9 million. Cash received from sales of subsidiaries in 2023 amounts to NOK 318.8 million.

Financial expense:

NOK million	2023	2022
Interest cost	-9.7	-4.6
Loss sale of shares in subsidiaries	-0.5	0.0
Total financial expense	**-10.2**	**-4.6**

NOTE 7. TAXES

Specification of booked deferred tax assets/ (liabilities)

(NOK million)	2023	2022
Specification net deferred tax assets/(liabilities):		
Deferred tax asset to be reversed after more than 12 months	198.1	201.5
Deferred tax asset/(liability) to be reversed after more than 12 Months	0.0	0.0
Net deferred tax asset/(liabilities)	**198.1**	**201.5**
Deferred tax assets not recognised in the balance sheet	-183.0	-186.4
Net deferred tax assets/(liabilities) recognised in the balance Sheet	**15.1**	**15.1**

Specification of deferred tax assets/ (liabilities)

(NOK million)	2023	2022
Deferred tax assets:		
Investments and receivables	0.3	0.5
Fixed assets	0.2	0.3
Losses carry forward	197.6	200.7
Deferred tax assets	**198.1**	**201.5**

Specification of tax income/(expense)

(NOK million)	2023	2022
Recognition of deferred tax asset	0.0	-8.3
Net tax income/(expense)	**0.0**	**-8.3**

Reconciliation between tax charge based on the nominal statutory and actual tax rate

(NOK million)	2023	2022
Profit/(loss) before tax:	248.4	78.8
Tax calculated (22%)	-54.6	-17.3
Income not subject to tax	51.8	1.5
Expenses not deductible	-0.1	0.0
Tax losses/gains for which no deferred income tax asset was recognised	2.9	7.5
Tax income/(expense)	**0.0**	**-8.3**

Deferred tax assets are recognised for unused tax losses only to the extent it is probable 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 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.

NOTE 8. EARNINGS PER SHARE

Earnings per share were calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year.8

	2023	2022
Net profit/(loss) (NOK million)	248.4	-70.5
Earnings per share (NOK)	3.72	1.18
Earnings per share diluted (NOK)	3.70	1.18
Average no. of outstanding shares (thousands)	66,823	59,510
Weighted avg. no. of ordinary shares for diluted earnings per share (thousands)	67,194	59,695

NOTE 9. INVESTMENTS IN SUBSIDIARIES

Investment in subsidiaries as of 31 December 2023:

Subsidiaries/ associated companies	Registered office	Cost price	No. of shares	Equity	Book value	Profit/ (loss)	Shareholder interest
Magnora Holding AS	Norway	2,099.8	10,000	-5.0	0.0	-0.2	100%
Magnora Utvikling AS	Norway	0.0	3.000	-1.7	0.0	-1.7	100%
Magnora Offshore Wind AS	Norway	0.1	1,000	-0.3	0.1	-18.9	80%
Magnora Offshore Wind Holding Limited	Scotland	0.0	1,000	-0.2	0.0	-0.2	80%
Magnora Offshore Wind N3 Limited	Scotland	0.0	1,000	-86.9	0.0	-38.2	80%
Magnora South Africa Projects AS	Norway	0.1	1,000	-3.1	0.1	3.1	100%
Magnora South Africa Development AS	Norway	0.1	1,000	9.9	10.1	-0.2	100%
Magnora UK PV Holding AS	Norway	0.0	30,000	-4.2	0.0	-3.4	100%
Total book value					**10.3***		

*Other subsidiaries with no operations have a total book value of NOK 0.2 MNOK

Investment in subsidiaries as of 31 December 2022:

Subsidiaries/ associated companies	Registered office	Cost price	No. of shares	Equity	Book value	Profit/ (loss)	Shareholder interest
Magnora Holding AS	Norway	2,099.8	10,000	-4.8	0.0	-0.5	100%
African Green Ventures (pty) Ltd	South Africa	14.9	920	2.5	15.0	-3.0	92%
AGV Projects Limited	South Africa	2.0	1,000	0.0	2.0	0.0	100%
Magnora Offshore Wind AS	Norway	0.1	1,000	18.6	0.1	4.4	80%
Magnora Offshore Wind Holding Limited	UK	0.0	1,000	0.0	0.0	0.0	80%
Magnora Offshore Wind N3 Limited	UK	0.0	1,000	0.0	0.0	0.0	80%
Evolar AB	Sweden	55.3	1,043,836	19.9	55.3	-11.1	63.5%
Magnora South Africa Projects AS	Norway	0.1	1,000	-6.2	0.1	-6.3	100%
Magnora South Africa Development AS	Norway	0.1	1,000	0.1	0.1	-0.0	100%
Magnora UK PV Holding AS	Norway	0.0	30,000	-0.8	0.1	-0.8	100%
Total book value					**72.7**		

The book value of Magnora Holding AS was written down to zero in 2016. The company has a negative equity balance and a result of -0.5 for the year 2022 which does not cause a reversal of the book value write down. For sale of subsidiaries, see note 6.

NOTE 10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Associated companies	Registered office	Cost price	No. of shares	Equity	Book Value 31.12.23	Book Value 31.12.22	Profit/ (loss)	Shareholder interest
Kustvind AB	Sweden	25.4	6,375	14.7	25.4	18.0	-6.2	46%
Helios Nordic Energy AB	Sweden	22.9	1,333,334	27.1	22.9	22.9	79.3	40%
Hafslund Magnora Sol AS	Norway	0.0	12,000	1.0	15.0	0.0	-34.8	40%
Total book value					**63.3**	**40.9**		

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 had both operating revenues and expenses from services provided between the companies that are related parties to Magnora. The total operating revenues from subsidiaries and associated companies in 2023 was NOK 38.4 million (NOK 11.5 million).

NOK million	2023	2022
Operating revenue from associated companies	13.7	0.6
Operating revenue from subsidiaries	24.7	10.9
Total operating revenue	**38.4**	**11.5**

NOK million	2023	2022
Operating expenses from associated companies	0.0	0.0
Operating expenses paid to other related parties	0.0	0.0
Total operating expense	**0.0**	**0.0**

Receivables from companies in the Group:

(NOK million)	2023	2022
Magnora Holding AS	3.7	3.7
Magnora Legacy Holding AS	1.2	0.0
Magnora Utvikling AS	1.8	0.0
Magnora UK PV Holding AS	27.4	6.0
Kustvind AB	0.9	0.9
Magnora South Africa Projects AS	40.2	6.3
Magnora South Africa Development AS	5.8	0.0
AGV Projects Ltd	0.0	11.1
Hafslund Magnora Sol	2.5	1.7
Magnora Offshore Wind AS	185.9	142.0
Magnora Offshore Wind Holding AS	2.3	0.0
Evolar AB	0.0	20.3
Receivables from companies in the Group	**271.6***	**192.0***

*The receivables from companies in the Group are split into NOK 266.7 million (NOK 182.1 million) loan to related parties and NOK 4.9 million (NOK 9.9 million) other receivables.

NOTE 11. TRADE AND OTHER RECEIVABLES

NOK million	2023	2022
Trade receivables	5.0	11.2
Accrued income, not invoiced	0.0	75.4
Accrued interest	1.9	0.0
Prepayment	0.6	0.6
Total trade and other current receivables	**7.5**	**87.2**

NOTE 12. FINANCIAL ASSETS

No marketable securities were sold in 2023. In accordance with authorisation from the Board of Directors, Magnora sold marketable securities during 2022 with a net gain of NOK 0.8 million. On 31 December 2023, the value of other current financial assets held on the balance sheet was NOK 0 (2022: NOK 0).

NOTE 13. CASH AND CASH EQUIVALENTS

(NOK million)	2023	2022
Cash at bank and in hand	327.7	165.7
Restricted employees' tax deduction fund	1.2	1.6
Total cash and cash equivalents	**328.9**	**167.3**

As of December 31, 2023, NOK 1.2 million was restricted cash (2022: 1.6).

NOTE 14. PROVISIONS

NOK million	Payroll	Bonus	Total
1 January 2023	0.6	0.0	0.6
Arising during the year	1.5	1.9	3.4
Reversed during the year	0.0	0.0	0.0
31 December 2023	**2.1**	**1.9**	**4.0**

NOK million	Payroll	Bonus	Total
1 January 2022	2.3	0.0	2.3
Arising during the year	0.0	0.0	0.0
Reversed during the year	-1.7	0.0	-1.7
31 December 2022	**0.6**	**0.0**	**0,6**

All provisions in 2022 and 2023 are current in nature.

Payroll

Provision for 2023 is for bonus awarded, not paid, and employment tax (AGA) for the options issued. Provision for 2022 is for employment tax (AGA) for the options issued.

NOTE 15. OTHER CURRENT LIABILITIES

NOK million	Note	2023	2022
Payroll liabilities		2.0	1.2
Employer's contribution tax and other taxes		2.2	2.7
Other payables		0.1	0.6
Total other current liabilities		**4.3**	**4.5**

NOTE 16. EQUITY

NOK million	Share Capital	Treasury Shares	Other Equity	Total Equity
Equity as of 1 January 2023	32.7	-0.0	448.8	481.5
Annual profit for the period			248.4	248.4
Share based payments			8.1	8.1
Dividend declared			-24.6	-24.6
Repurchase of shares*		-0.5	-31.7	-32.2
Capital increase			0.6	0.6
Equity as of 31 December 2023	**32.7**	**-0.5**	**649.5**	**681.7**

NOK million	Share Capital	Treasury Shares	Other Equity	Total Equity
Equity as of 1 January 2022	27.9	-0.0	182.8	210.7
Annual profit for the period			70.5	70.5
Share based payments			5.8	5.8
Capital increase	4.8	0.0	189.7	194.5
Equity as of 31 December 2022	**32.7**	**-0.0***	**448.8**	**481.5**

* As of 31 December 2023, Magnora owned 1,070,854 shares or 1.6 percent of total shares outstanding through the share buyback program approved by the annual general meeting.

NOTE 17. SHAREHOLDER INFORMATIONS

20 largest shareholder accounts 31 December 2023 (source: VPS)	Number of shares	Percent ownership
HAFSLUND VEKST AS	4,474,272	6.70
KING KONG INVEST AS	2,670,995	4.00
GINNY INVEST AS	2,469,144	3.70
ALDEN AS	2,217,825	3.32
F1 FUNDS AS	1,747,870	2.62
PHILIP HOLDING AS	1,648,377	2.47
F2 FUNDS AS	1,630,000	2.44
CARE HOLDING AS	1,500,000	2.25
JP MORGAN CHASE BANK	1,434,742	2.15
DNB BANK ASA	1,345,000	2.02
MP PENSJON PK	1,242,732	1.86
NORDNET LIVSFORSIKRING AS	1,166,413	1.75
ALTEA AS	1,154,944	1.73
MAGNORA ASA	1,070,854	1.60
AARSKOG, PHILLIP GEORGE	1,000,000	1.50
MORGAN STANLEY & CO.	995,839	1.49
BALLISTA AS	760,372	1.14
BAKLIEN, ÅSMUND	756,100	1.13
CLEARSTREAM BANKING S.A.	751,448	1.13
DANSKE BANK	696,752	1.04
Total, 20 largest shareholders	**30,733,679**	**45.99**
Other shareholder accounts	36,089,087	54.01
Total number of shares	**66,822,766**	**100.00**
Foreign ownership	10,154,098	15.20

NOTE 18. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

MARKET RISK

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities, and net investments in foreign operations when such transactions, assets or liabilities are denominated in a currency that is not the entity's functional currency. Most of the Company's revenue is in USD. To reduce the currency risk, the Company hedged the exposure through selling USD when rates were favorable.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers. The Company has one main banking relationship with a financial institution that is currently rated Aa3, and two customers currently rated at BB and AA-.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The Company has implemented routines to continuously update its cash flow forecast, and the forecast is distributed and reviewed by the Board and Senior Management at minimum monthly to be able to foresee potential adverse effects on the liquidity and implement necessary actions to rectify the situation.

Magnora ASA is in a solid liquidity position with a cash balance of NOK 328.6 million at the balance sheet date.

NOTE 19. SHARE-BASED PAYMENTS

At balance sheet date there are 1,750,000 options (2022: 1,475,000).

In accordance with approval by the Annual General Meeting of April 25, 2023, the Board of Magnora has issued 375,000 options during 2023 to provide long-term incentives to the Board and the Management team.

NOTE 20. SHARES AND SHARE OPTIONS OWNED OR CONTROLLED BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board members and Senior Management ownership in the Company as of 31 December 2023:

	Options owned or controlled	Shares owned or controlled
Torstein Sanness, Executive Chairman	325,000	629,442
Hilde Ådland, Board member	10,000	39,011
John Hamilton, Board member	40,000	33,837
Erik Sneve, CEO	450,000	1,173,871
Bård Olsen, CFO	125,000	75,000
Total options outstanding for the Board and Senior Management	**950,000**	

Reference is made to the 'Magnora Remuneration Report 2023' for further details of remuneration of Senior Management.

NOTE 21. DIVIDEND AND REPAYMENT OF CAPITAL

There were two capital distributions totaling NOK 24.6 million in 2023. Capital distribution of NOK 0.187 per share was approved by the board to be paid in early March 2024. There was no capital distribution in 2022.

NOTE 22. SUBSEQUENT EVENTS

On 17 January 2024, the Magnora board of directors decided to move the licensing contract with Dana into a separate company organised under Magnora Legacy Holding AS.

Capital distribution of NOK 0.187 per share was approved by the board to be paid in early March 2024.

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To the General Meeting of Magnora ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Magnora ASA, which comprise:

- The financial statements of the parent company Magnora ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Magnora ASA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Magnora ASA for one year from the election by the general meeting of the shareholders on 27 April 2023 for the accounting year 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Gain from divestments

Key Audit Matter	How the matter was addressed in the audit
Refer to note 31 to the group financial statements for description of divestments made in the year. Refer also to note 4.2. for a description of judgements made. The total gain from divestments of subsidiaries amounts to NOK 249.2 million in 2023, which includes NOK 9.6 million of recognized milestone payments which are contingent on future events. In addition to the gain already recognized there are future potential milestone payments up to NOK 331.4 million not recognized as of 31 December 2023. The future potential milestone payments are recognized at fair value in the balance sheet as of 31 December 2023. As the future milestone payments are dependent on success in reaching certain development milestones, management judgement is involved when assessing the fair value of future milestone payments to be recognized. The gain from divestments of subsidiaries is considered a key audit matter in the audit due to the substantial effect of this year's net profit and due to the level of estimation uncertainty in determining the fair value of the future potential milestone payments.	We assessed Magnora's process for recognition of gains from divestments including the process for estimating the fair value of future potential milestone payments and tested the design and implementation of relevant key controls. We obtained the gain and loss calculation for the major subsidiaries disposed in 2023 and; • Reconciled the fixed prices to share purchase agreements and cash received. • Reconciled the potential milestone payments to the share purchase agreement. • Challenged the fair value of milestone payments that are recognized as part of the gain, including searching for contradicting evidences on public sources. • Obtained and assessed the appropriateness of management's valuation calculation for future potential milestone payments. • Understood and challenged the key assumptions used by management, especially the probability that development milestones will be met. • Assessed the completeness and accuracy of input to the calculation. • Reconciled the derecognized assets, liabilities, and non-controlling interests to the carrying amount at the dates when the control is lost. • Reconciled the recirculation of accumulated currency gains and losses previously recognized over other comprehensive income. We assessed the adequacy of the related disclosures in the financial statements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Magnora ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "Magnoraasa-2023-12-31-en.zip", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 February 2024
Deloitte AS

Lars Atle Lauvsnes

Lars Atle Lauvsnes
State Authorised Public Accountant

MAGNORA REMUNERATION

Report 2023

INTRODUCTION

1.1 Background

This remuneration report (the "Report") is prepared by the board of directors of Magnora ASA (the "Group") in accordance with the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16 b with regulations. The Report contains information regarding remuneration to previous, present and future leading personnel of the Group for the financial year of 2023 in line with the applicable requirements. The Group considers the CEO and the CFO as its executive management team and to be comprised by the term leading personnel ("managers") under the Companies Act. There are no employees who are members of the board of directors of the Group or the corporate assembly of the Group.

1.2 Highlights summary

The Group continued growing its investment portfolio and hired additional key personnel during 2023. The following key events during 2023 relates to the goals of the executive management team:

- Disposal of Evolar AB
- Disposal of two SPVs in South Africa, confirming the opportunities available in that market
- Established Magnora Utvikling AS
- Expanded cooperation with partner in UK, growing the UK solar PV and battery portfolio
- Negotiated an agreement with new ownership for the Western Isles to be moved to the Buchan field in the UK
- Close follow-up of investment portfolio and further increase in ownership and invested amount as key milestones were achieved
- Further development of the project and organisations in Magnora Offshore Wind, Hafslund Magnora Sol, and Magnora South Africa.

The CEO remuneration for 2023 was based on the following KPIs 1) manage and develop the organization, 2) financial performance of the Group, 3) manage and develop investment portfolio, 4) identify and close suitable acquisitions, and 5) share performance. The CFO remuneration was based on 1) development of finance function and support funding of Group, 2) follow-up of Group governance and internal control in the investment portfolio, 3) quality of financial reporting in the Group.

There was no deviation or derogation from the remuneration policy during the reported financial year.

1.3 Overview of the last financial year

The Group continued with significant growth and value creation in 2023.

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 21 June 2023, the annual general meeting of Helios approved SEK 60 million (NOK 59.9 million) in dividends to the shareholders. Magnora holds 40 percent of the shares in Helios.

The Group continued to develop its project portfolio in South Africa with additional land lease agreements for new projects signed. In addition, two project SPVs were sold during the year, confirming the opportunities available in the South African market, as well as the effectiveness of the Group's subsidiary in South Africa.

In March 2023, Magnora expanded its partnership in the UK to develop Solar PV and BESS projects. At the end of 2023, the portfolio consists of 1,000 MW solar PV and BESS projects.

Hafslund Magnora Sol AS has progressed during 2023 with development of large- scale solar parks in Norway and had at the end of the year a development team of 6 FTEs and a portfolio of 883 MW.

Kustvind AB has progressed according to the initial business plan, and Magnora has increased its ownership in the company to 46 percent during 2023.

2. REMUNERATION OF BOARD OF DIRECTORS

The General Meeting approves the salary and other remuneration of the Board of Directors. The directors hold no assignment in the Group other than the Board directorship and membership of committees to the Board. The Board of directors are not entitled to performance-related compensation. The Board members did not receive any compensation from the Group other than the remuneration for the directorship and remuneration for the Board committee work as described in this document. The compensation is paid quarterly. The remuneration of the Board consists of a fixed annual fee, and reimbursement of travel expenses. The Group also holds and covers the expense of directors' and officers' (D&O) insurance covering both employees and directors of the board for claims related to their directorships in any Group company. There were no claims against any board member in 2023. The general meeting in 2023 approved the following remuneration for the board members and members of board committees for the period from the ordinary general meeting in 2023 to the ordinary general meeting in 2024:

Board's Chairman: NOK 470,000
Independent Board members: NOK 310,000
Chair Audit Committee: NOK 60,000
Member Audit Committee: NOK 40,000

In addition, a fee of NOK 700,000 is paid out to the Chairman for extensive work done by him for the Company. The chairman of the board was also granted 75,000 options.

The tables below in this section contain an overview of the total remuneration received by the board of directors, as well as remuneration that was granted/awarded/due but not yet materialised, during the reported financial year and previous year.

NOK Thousand	Member from:	Member to:	2023	2022*
Torstein Sanness, Chairman	24 May 2017		1,210	6,919 (5,716)
Hilde Ådland	24 May 2018		310	777 (472)
John Hamilton	18 Dec 2018		370	835 (472)
Total remuneration paid			**1,890**	**8,531 (6,660)**

*Significant increase due to the board exercising options issued in 2019 (option related amounts in parentheses).

3. REMUNERATION OF EXECUTIVE MANAGEMENT

The tables below in this section contain an overview of the total remuneration received by the Executive Management, as well as remuneration that was granted/awarded/due but not yet materialised, during the reported financial year and the prior years of employment for each manager. Only remuneration earned based on the role as a leading person is comprised.

The managers have not received remuneration from other companies within the Group.

Fixed remuneration				Variable remuneration				
NOK thousand	**Year**	**Salary**	**Other benefits**	**Bonus**	**Options**	**Pension**	**Total Remuneration**	**Proportion fixed/variable**
Erik Sneve, CEO	2023	2,890	18	4,189	100,000	194	7,291	42%/58%
	2022	2,150	18	2,290	200,000	184	4,642	51%/49%
	2021	2,027	17	2,559	100,000	176	4,779	46%/54%
	2020	2,059	15	2,775	50,000	130	4,979	44%/56%
	2019*	1,727	0	0	400,000	0	1,727	100%/0%

* Employment with Magnora ASA started 2 January 2019 as a consultant and assumed CEO role 16 April 2019. The actual salary amount was 1,295,000 and has been adjusted to reflect what it would have been for the full year.

Fixed remuneration				Variable remuneration				
NOK thousand	**Year**	**Salary**	**Other benefits**	**Bonus**	**Options**	**Pension**	**Total Remuneration**	**Proportion fixed/variable**
Bård Olsen, CFO	2023	1,724	524**	937	0	194	3,379	72%/28%
	2022	1,652	18	147	50,000	184	2,001	93%/7%
	2021	1,538	17	284	50,000	168	2,007	86%/14%
	2020	1,250	15	216	50,000	129	1,610	87%/13%
	2019*	1,100	0	0	0	0	1,100	100%/0%

* Employment with Magnora ASA started 22 May 2019 with a three-month transition period with the former CFO and the two employees in the Finance Department that also were leaving the Company 31 August 2019. Position was not a full- time position in 2019. The actual salary amount was 381,000 and has been adjusted to reflect what it would have been for the full year if engaged full-time.

** NOK 507,000 due to exercising options.

3.1 SHARE-BASED REMUNERATION

The tables below contain information on the number of shares granted or offered to Executive Management for the reported financial year and the prior years of employment for each manager. The tables include the main conditions for the exercise of the rights including the exercise price and date and any change thereof appear.

The CEO received 100,000 options and the CFO did not receive any options during 2023.

The main conditions of share options plans

Name & position	Specification of plan	Performance period	Award date	Vesting date	End of holding period	Exercise period	Strike price of share
Erik Sneve, CEO	Magnora ASA Share Option Plan	1/4/2020 - 1/4/2023	1/4/2020	1/4/2023	1/4/2028	1/4/2023 - 1/4/2028	8
	Magnora ASA Share Option Plan	2/6/2021 - 2/6/2024	2/6/2021	2/6/2024	2/6/2029	2/6/2024 - 2/6/2029	25.68
	Magnora ASA Share Option Plan	27/11/2022 - 27/11/2025	27/11/2022	27/11/2025	27/11/2030	27/11/2025 - 27/11/2030	23.70
	Magnora ASA Share Option Plan	16/6/2023 - 16/6/2026	16/6/2023	16/6/2026	16/6/2031	16/6/2026 - 16/6/2031	24.96

Information regarding the reported financial year

	Opening balance	During the year		Closing balance	
Name & position	Share options awarded at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition	Share options awarded and unvested
Erik Sneve, CEO	50,000		50,000		
	100,000				100,000
	200,000				200,000
		100,000			100,000
Total	**350,000**	**100,000**	**50,000**		**400,000**

The main conditions of share options plans							
Name & position	**Specification of plan**	**Performance period**	**Award date**	**Vesting date**	**End of holding period**	**Exercise period**	**Strike price of share**
Bård Olsen, CFO	Magnora ASA Share Option Plan	25/8/2020 - 25/8/2023	25/8/2020	25/8/2023	25/8/2028	25/8/2023 - 25/8/2028	9.65
	Magnora ASA Share Option Plan	9/4/2021 - 9/4/2024	9/4/2021	9/4/2024	9/4/2029	9/4/2024 - 9/4/2029	26.47
	Magnora ASA Share Option Plan	27/12/2022 - 27/12/2025	27/12/2022	27/12/2025	27/12/2030	27/12/2025 -27/12/2030	22.22

Information regarding the reported financial year					
	Opening balance	**During the year**		**Closing balance**	
Name & position	**Share options awarded at the beginning of the year**	**Share options awarded**	**Share options vested**	**Share options subject to a performance condition**	**Share options awarded and unvested**
Bård Olsen, CFO	25,000		25,000		
	25,000		25,000	25,000	
	50,000		33,333	50,000	16,667
	50,000			50,000	50,000
Total	**150,000**		**83,333**	**125,000**	**66,667**

4. SHARES AND SHARE OPTIONS OWNED OR CONTROLLED BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board members and Executive Management ownership in the Company as of 31 December 2023:

	Options owned or controlled	Shares owned or controlled
Torstein Sanness, Executive Chairman	325,000	629,442
Hilde Ådland, Board member	10,000	39,011
John Hamilton, Board member	40,000	33,837
Erik Sneve, CEO	450,000	1,173,871
Bård Olsen, CFO	125,000	75,000
Total options outstanding for the Board and Senior Management	**950,000**	

5. ANY USE OF THE RIGHT TO RECLAIM VARIABLE REMUNERATION

No variable remuneration was reclaimed during 2023.

6. INFORMATION ON HOW THE REMUNERATION COMPLIES WITH THE REMUNERATION POLICY

Please find below an explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and information on how the performance criteria were applied.

The Group has grown during 2023 with the establishment of new projects, and further development of existing projects. The successful disposal of Evolar AB in May 2023 was key to secure the needed funding to implement the strategy approved by the board. In addition to further growth in South Africa, the Group expanded its partnership in UK in the solar PV and battery segments. Senior Management has made specific deliverables in these achievements that have been instrumental for the Group achieving its goals.

The investments made since the Group changed from the Oil and Gas sector to the renewable energy sector, each investment has been selected to form a diversified portfolio of companies and projects. Diversification has been a key selection criterion to secure long-term growth of the Group and reduce its sensitivity to the performance of each individual investment.

Information of performance targets					
Name & position	**Description of the performance criteria and type of applicable remuneration**	**Relative weighting of the performance criteria**	**a) Minimum target / threshold performance and b) Corresponding award**	**a) Minimum target / threshold performance and b) Corresponding award**	**a) Measured performance and b) actual award outcome**
Erik Sneve, CEO	Criterion A: Manage and develop Group	10%	Increase team to match increase in investments		Achieved – 10% awarded
	Criterion B: Financial performance of Group	15%	Maintain cost focus and ensure adequate funding		Achieved – 15% awarded
	Criterion C: Manage and develop investment portfolio	30%	Ensure progress according to business plan agreed at time of investment		Achieved – 30% awarded
	Criterion D: Identity and close new investments	25%	2-3 investments closed per year		Achieved – 25% awarded
	Criterion E: Share performance vs peers	20%	Match % change in share price with peers		Achieved – 20% awarded
Bård Olsen, CFO	Criterion A: Development of finance function and support Group funding	30%	Develop finance function as Group grows		Achieved – 30% awarded
	Criterion B: Group governance and internal control in portfolio companies	30%	Follow up portfolio companies to ensure key controls are implemented		Achieved – 30% awarded
	Criterion C: Quality of Group financial reporting	40%	Ensure accurate financial reporting		Achieved – 40% awarded

7. DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION POLICY FROM THE PROCEDURE FOR ITS IMPLEMENTATION

No deviations from the remuneration policy or the procedure for the implementation of the remuneration policy has been applied during 2023.

8. COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

The table below in this Section 7 contains information on the annual change of remuneration of each individual manager, of the performance of the Group and average remuneration on a full-time equivalent basis of employees of the Company other than Directors since the Group was reorganised in 2019.

Annual change	2020 VS 2019	2021 VS 2020	2022 VS 2021	2023 VS 2022	Information regarding the recent financial year (RFY)
Director's remuneration					
Erik Sneve, CEO	4,979,000 VS 1,727,000	4,779,000 VS 4,979,000	4,642,000 VS 4,779,000	7,291,000 VS 4,642,000	7,291,000
Bård Olsen, CFO	1,610,000 VS 1,100,000	2,007,000 VS 1,610,000	2,001,000 VS 2,007,000	3,379,000 VS 2,001,000	3,379,000
Company performance					
Financial metric A	Successful investments portfolio companies: 3 VS 0	5 VS 3	4 VS 5	4 VS 5	
Financial metric B	Income from investments in marketable securities: 20.2 MNOK VS 1.5 MNOK	4.9 MNOK VS 20.2 MNOK	0.6 MNOK (6.4 MNOK distribution from Helios) VS 4.9 MNOK	273.8 MNOK (Distribution from Helios and divestments) VS 0.6 MNOK	
Financial metric C**	MGN share price: 27.4 VS 7	18.78 VS 27.4	21.2 VS 18.78	33 VS 21.2	
Non-financial metric D*	Developing organization: 4 VS 2	Developing organization: 10 VS 4	10 VS 10	10 VS 10	
Average remuneration on a full-time equivalent basis of employees					
Employees of the Group	N/A – no other employees in Group until 2021	N/A – no other employees in Group until 2021	8 VS 6	9 VS 8	

* Reflects full-time resources of which some are hired-in consultants.

** Share price as of 31 December.

9. RECONCILIATION AGAINST ANNUAL REPORT 2023

Below is a reconciliation of total remuneration for executive management between this remuneration report and remuneration to management other than CEO in the Annual Report 2023.

NOK Thousand	2023	2022*
Board of Directors total remuneration	1,890	8,531
CEO fixed remuneration	2,890	2,150
CEO variable remuneration	4,189	2,290
CEO share-based remuneration (number of options)	100,000	200,000
CEO pension cost	194	184
CEO other remuneration	18	18
Management other than the CEO fixed remuneration	1,724	1,652
Management other than the CEO variable remuneration	937	147
Management other than the CEO share-based remuneration (number of options)	0	50,000
Management other than the CEO pension costs	194	184
Management other than the CEO other remuneration	18	18
Total	**12,036**	**15,156**

*Significant increase due to the board exercising options issued in 2019 (option related amounts in parentheses).

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness
Chairman

Hilde Ådland
Board member

John Hamilton
Board member

Erik Sneve
CEO

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To the General Meeting of Magnora ASA

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REPORT ON SALARY AND OTHER REMUNERATION TO DIRECTORS

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Magnora ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 February 2024
Deloitte AS

Lars Atle Lauvsnes

Lars Atle Lauvsnes
State Authorised Public Accountant

RESPONSIBILITY

Statement

We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2023, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit and loss of Magnora ASA as well as the consolidated group.

We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Oslo, Norway, 28 February 2024

The Board of Directors of Magnora ASA

Torstein Sanness Chairman	**Hilde Ådland** Board member	**John Hamilton** Board member	**Erik Sneve** CEO

MAGNORA ASA

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