



MAGNORA ASA

# Q4 and annual report

CEO Erik Sneve, 29 February 2024

# A pure play, “asset-light” renewables developer with greenfield origination



Growing an **asset-light development portfolio** of renewable energy projects with **strict capital discipline** in high-growth global market



Highly **experienced team** from investments and renewable energy development – **operating leverage**



Landbank growing rapidly – in Q4 we reached 7.7 GW – **aiming for 11 GW<sup>1</sup> of renewables in 2025 and new sales of 500-625 MW in 2024**



**Zero debt, low burn, solid cash position** and **near-term cash flow** from project sales, legacy business and dividends



Listed on the main board of **Oslo Stock Exchange** with ~7,500 shareholders<sup>2</sup>

(1) GW x Magnora ownership = Net share; (2) As of February 2024

# FY 2023 and subsequent events

## An eventful year of growth and harvesting

2023 →

**FEBRUARY**

Received USD 7.5 million license fees from Shell

**FEBRUARY/MARCH**

126 MW handed over from Helios

**MAY**

Sold shares in Evolar to First Solar for NOK 314 million and additional milestone payments up to NOK 256 million<sup>1</sup>

**JUNE**

Resumed return of capital to shareholders through dividends and share buy-back<sup>2</sup>

**JUNE**

Reached portfolio goal two years ahead of time

**JUNE**

Received ~NOK 24 million in dividends paid by Helios (second dividend from Helios)

**JULY**

First sale in South Africa: 153 MW battery storage to Globeleq

**JULY**

Helios divested 7 projects totaling 252 MW to Hafslund

**AUGUST**

Returned NOK 0.187 per share to shareholders<sup>3</sup>

**AUGUST**

Evaluated corporate structure and engaged Pareto Securities

**OCTOBER**

Second sale in South Africa: solar PV project sold to Globeleq (later expanded to 125MW)

**NOVEMBER**

Returned NOK 0.187 per share to shareholders<sup>3</sup>

**NOVEMBER**

Agreement with NEO and Dana Petroleum to redeploy the Western Isles FPSO to the Greater Buchan Area

2024 →

**JANUARY**

Decided to demerge legacy business aiming for OSE listing in 1H24

**FEBRUARY**

Additional handover from Helios to Nordic Solar

(1) Applying 10.65 USD/NOK rate; (2) Share buy-back at max. NOK 45 per share and NOK 50 million in aggregate; (3) Technically, Magnora returns paid-in capital in excess of the share's par value which can offer a tax advantage for some shareholders in certain jurisdictions.

# 2023 in numbers

## Solid origination, sales and finances

Figures as of 31 December 2023



**420 MW**

**Net sales**

Above 200-325 MW guiding

**7.7 GW**

**Portfolio size**

2022: 3.7 GW

**347.6 MNOK**

**Cash and cash equivalents**

2022: 171.9 MNOK

**168 MNOK**

**EBITDA**

2022: 12

**56.8 MNOK**

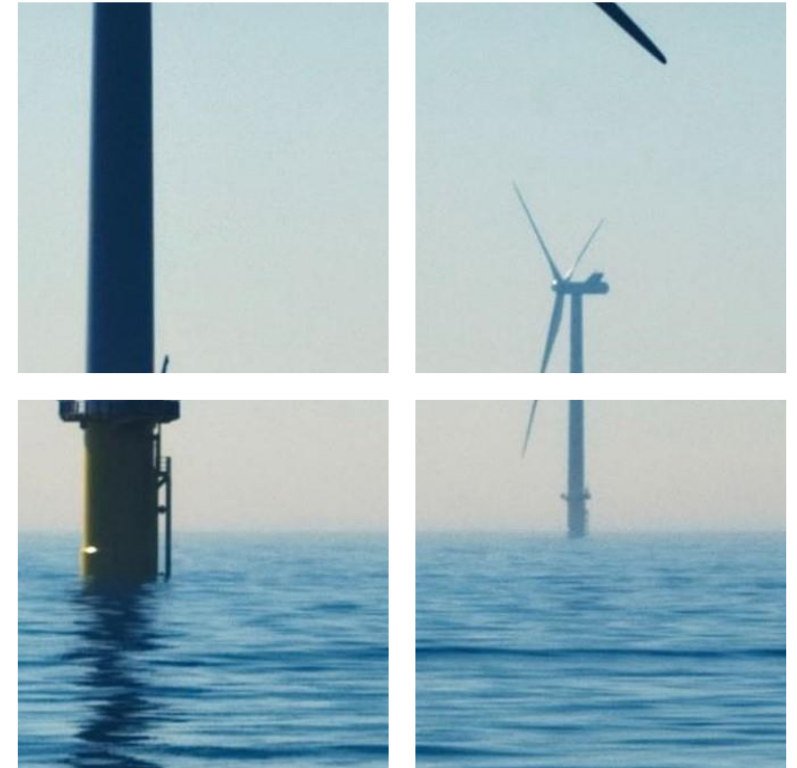
**Capital returned**

since June 2023 including  
share buy-back

**0 NOK**

**Bank debt**

2022: 76.3 MNOK

















# Sustained portfolio growth of ~100% annually: Magnora's portfolio typically grows ~20% per quarter

**Development portfolio last 11 quarters**  
MW net to Magnora



# A portfolio diversified across technologies and regions

All figures in MW net to Magnora<sup>1</sup> as of 31 December 2023

	 Solar PV	 Offshore floating wind	 Offshore bottom-fixed	 Onshore wind	 Storage	 Under development
 Sweden	2,716		250		689	3,655
 Finland <sup>2</sup>	303					303
 Scotland		396				396
 England	128				160	288
 Norway	391					391
 South Africa	1,875			605	253	2,733
<b>Development portfolio</b>	<b>5,413</b>	<b>396</b>	<b>250</b>	<b>605</b>	<b>1,102</b>	<b>7,766</b>

(1) Figures includes some volumes that have been transferred to customer – these are strictly speaking not in the portfolio but may trigger future milestone payments.

(2) Indirect ownership through Helios Nordic Energy AB.

# Both our clean energy projects and our business are built in a sustainable way

## 2024 Outlook: **Scaling and harvesting**

- **Separating legacy from renewable**

Large potential “dividend” in Q2 ‘24, utility index, shareholder push, strong organic cashflow from both fossil and renewables, mutual funds, split of deferred assets, M&A and more. “Magnora 2.0”

- **Revenue recognition**

More businesses shifting from origination to sales, or from sales to delivery. Magnora more than Helios and Evolar in 2024.

- **Organic growth**

Strong organic growth and cashflow across geographies and products/technologies. New business development.

- **Milestones payments**

Multiple milestone payments from previous sales as well as legacy business.

- **Farm-downs and alliances**

Remain a very real prospects short to mid term.

- **Capital allocation**

Dividend and buybacks as we receive more cash

2018-2020

### **New strategy established**

- Returned 517 MNOK to shareholders
- Four employees and 50 MNOK cash
- Focus on renewables with support from top shareholders

2020-2021

### **Building business**

- Diversification to various segments
- Investments in Helios, South Africa
- ScotWind application
- Kustvind, Evolar

2022

### **Operational and financial excellence**

- First dividend from portfolio company
- Hafslund becoming largest shareholder
- New mutual funds top 20 shareholders

2023

### **“Go-to-market”**

- Exit from Evolar at up to 10x multiple
- Sold 420 MW net: 3 to Globeleq + Hafslund, Commerz etc.
- Growth and return of capital
- Legacy contract extension

# Business model





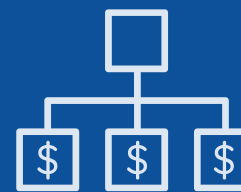
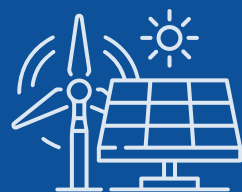
# We are developing renewable projects to the Ready-to-Build phase

## Early-stage investments

## Cooperating with partners

## De-risking, farm-down and sale

Continuous project monitoring and selection

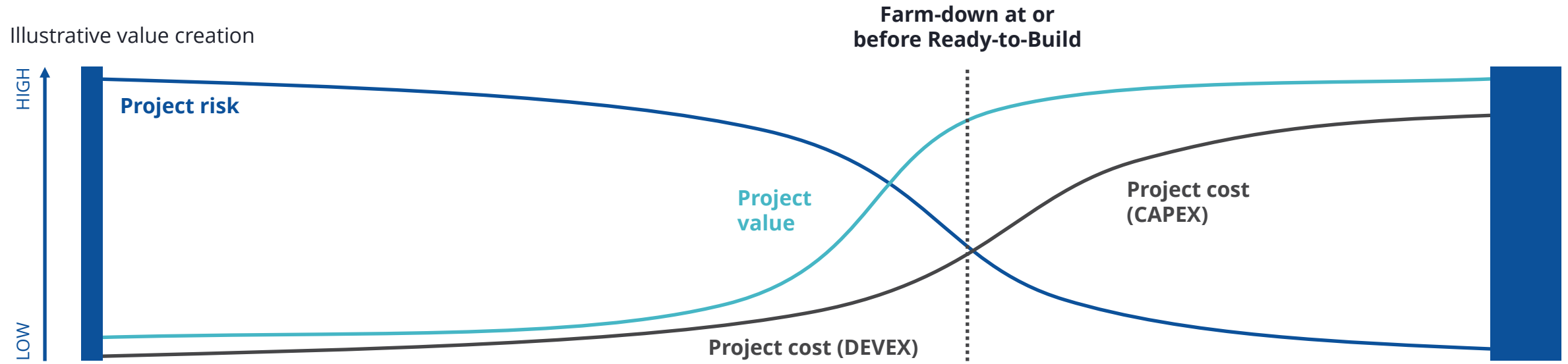


Ownership optimization at Ready-to-Build

Criteria: Small initial investment (2-20 MNOK)

Criteria: Minimum 5x return potential

# Developing projects to Ready-to-Build phase (“asset-light”) with limited balance sheet risk



Feasibility and conceptual

Design development/permitting

Procurement and construction

**Development phase**

**Construction phase**

Landowner agreement

Grid connection

Environmental assessment/concession

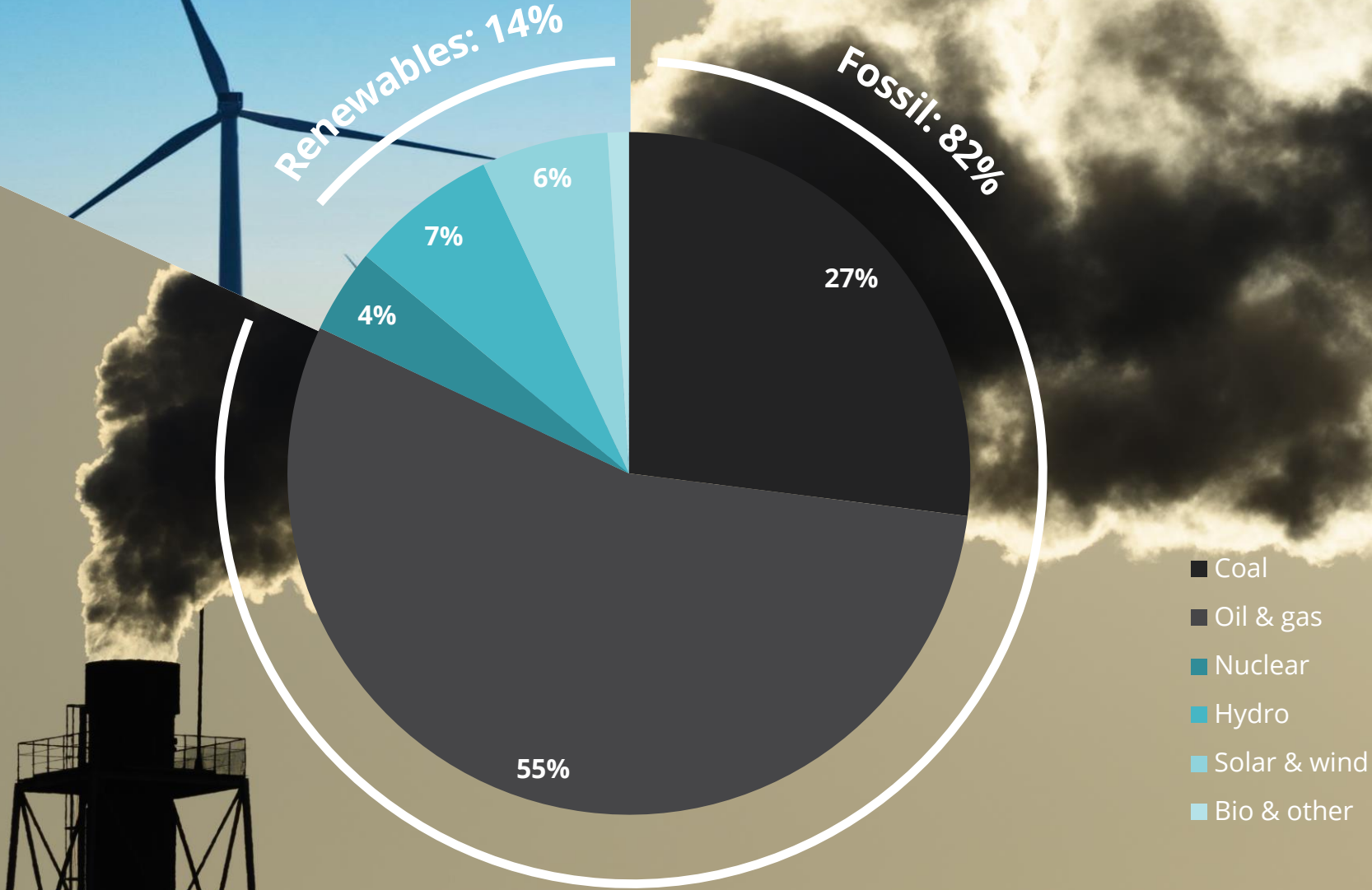
Technical management

Project management

# Basic economics ensure that Ready-to-Build projects will remain in high demand with limited new supply









# The global energy market is only starting to shift



Source: BP statistical review 2022

# Our customers are leaders in their respective markets with low risk and high future potential for Magnora

Globeleq	Our first customer in South Africa - is owned by the Norwegian and UK governments and is an ambitious and respected developer	
Commerz Real AG	A Helios customer and a leading European bank and infrastructure investor	
Hafslund	Leading European utility Hafslund produces 21 TWh year in green energy: a Helios customer and a partner in Hafslund Magnora Sol AS	
Nordic Solar	Leading European Solar Independent power producers (IPP) and Helios customer	
Solgrid	Owned by some of the largest utilities in Norway, Helios customer	
First Solar Inc.	America's leading manufacturer of Solar PV, and the most valuable solar PV company anywhere, acquired Evolar AB from Magnora	

Business update



# Revenues from a diversified business, with long-term growth prospects,\* give a bright outlook across all our segments

## Onshore

### Self-sustained, accelerating, profitable growth

- Rapid growth in origination – above 20% quarterly
- Increase emphasis on diversification
- Increased emphasis on harvesting
- A large portion of the landbank is marketable – timing the sales is key

## Offshore

### Cyclical – starting high, going low, and rising again

- Kustvind: Arguably the most cost-efficient offshore wind project in Sweden
- Talisk: The best wind resource in Europe with potential for early grid connection
- Very supportive regulatory environment in the UK\*\*
- Revenue potential from farm-downs

## Legacy – Royalty

### Long-term, low-risk revenue – a foundation for new business

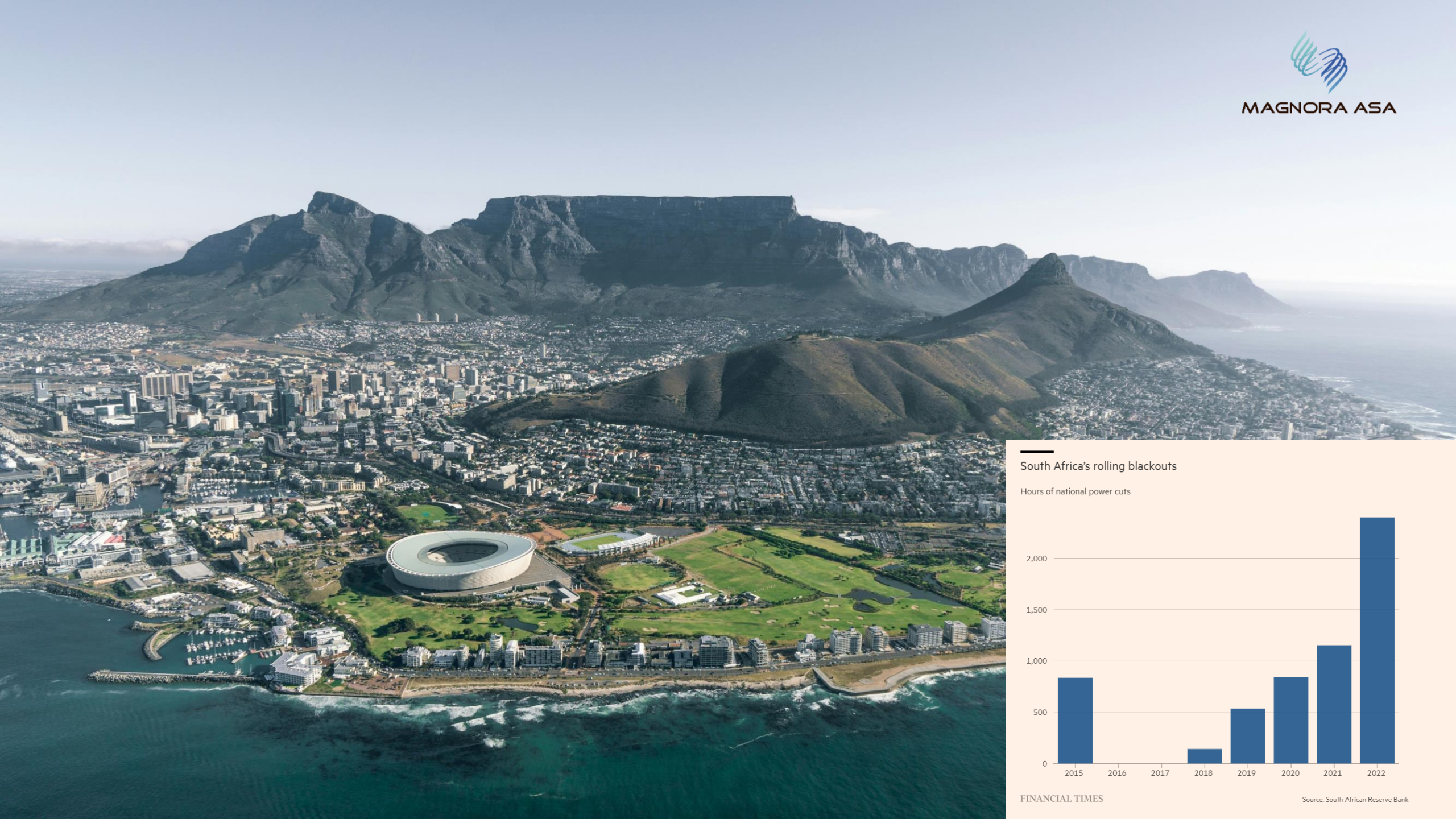
- Established as a separate legal entity heading for the Oslo Stock Exchange
- A secure revenue stream coupled with deferred tax assets and an ability to return cash to shareholders
- Near and mid-term revenue at USD 8.6 million from Shell Penguins
- Legacy extension securing long term revenues of 50 cent per barrel in years to come

(\*) Note, the disclaimer on the final page applies fully to these forward-looking statements;

(\*\*) CfD levels soared in UK for floating wind to NOK 3.25 KWh versus NOK 0.66 KWh for bottom fixed at in Sørlig Nordsjø 2

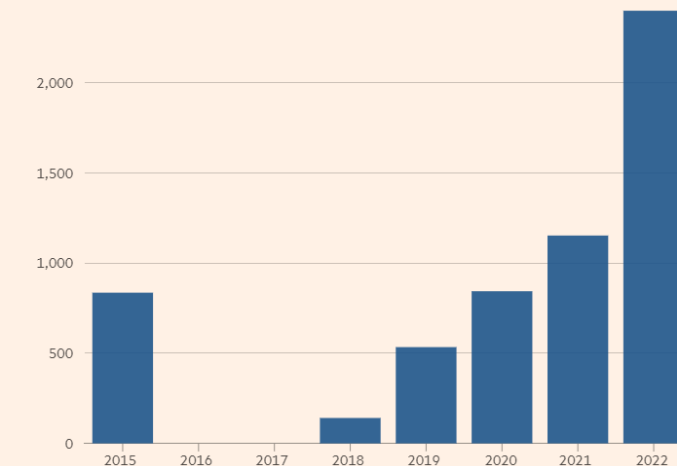


MAGNORA ASA



### South Africa's rolling blackouts

Hours of national power cuts





# South Africa has huge potential and a growing urgency to sort out the electricity crisis

## Renewables are entering the scene...

- Coal fired power plant account for ca 50.000 MW installed effect. But...
- Some 60 million customers in a potential mid-income market – with rolling black-outs
- A power-consuming and export-oriented industry that needs secure, green power supply
- A well-established system of gov auctions (REIPPP)
- Ambition is to secure another 20-30 GW in a decade from private suppliers
- Abundant land, best-in-class sun resources and stable wind resources

## ...while coal power is collapsing

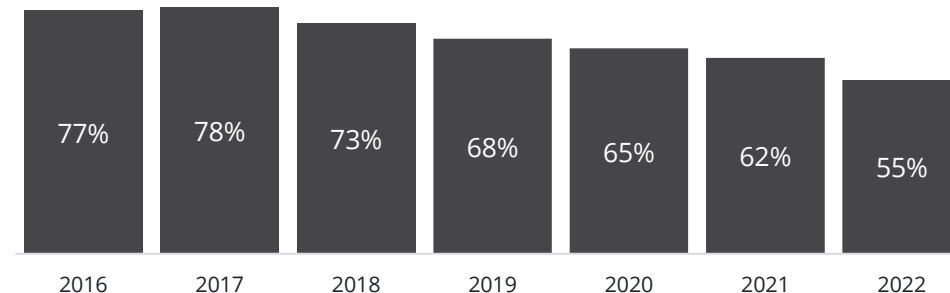


Figure: Avg. annual energy availability factor for Eskom fleet, 2013-2022

- A run-down power system where coal contributes to 80-85% of the current electricity supply
- Rolling shut-downs drives strong interest from corporate and industrial customers bypassing the government auction system

# Magnora South Africa today resembles Sweden 18 months ago, with the perfect foundation for rapid growth



## Right market

A huge electricity demand & excellent wind/sun resources

- A huge shortfall in energy generation
- Power intensive export industries
- High electricity prices
- Large tracts of available land with windy hills and 2,500 sun hours/year

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**Renewables by far the cheapest way to meet electricity demand**



## Right team

A dozen incentivized, battle-hardened people

- Extensive industry experience
- Mature 2.7 GW portfolio with wind, solar PV and BESS
- Culture: No bragging, no nonsense, just getting projects to market!

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**Growing portfolio with maybe 1GW ready to market in 2024**



## Right business model

Emerging market for Ready-to-Build renewables projects

- Various investors and IPPs are flocking to the South African energy market
- Improving deal flow
- Customers knows who brags and who delivers

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**Three projects sold – a total of 278 MW to a satisfied customer**



## Right timing

Not an easy market, but with an urgency to improve

- No spot market, but aiming for deregulation
- Grid being separated from production
- The auction system works – private funding required for renewables
- 60 TWh of renewables replacing coal

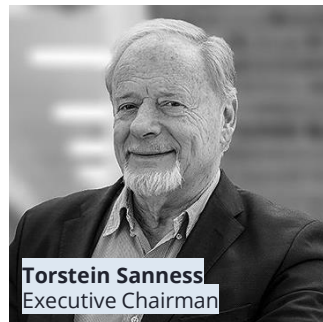
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**Every year has been better than the previous**

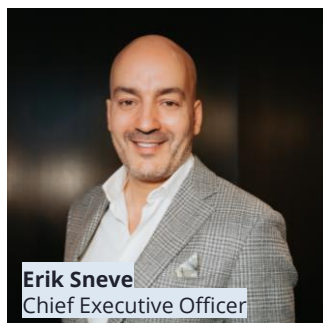
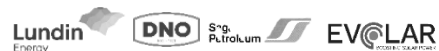
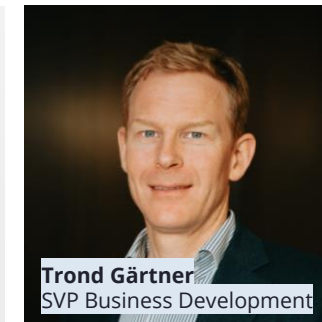
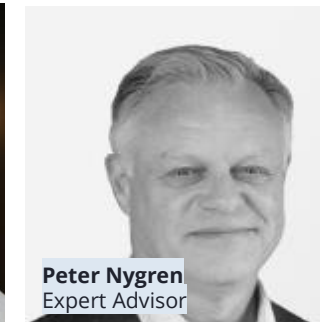
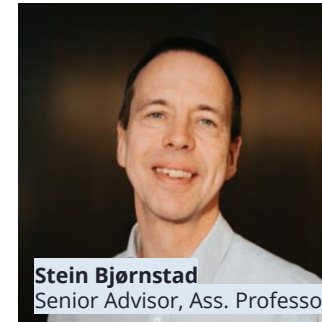
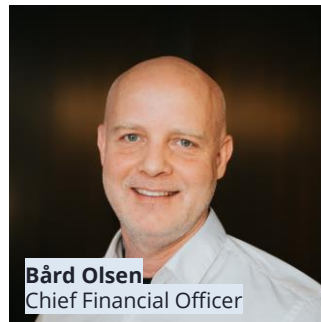
Organization



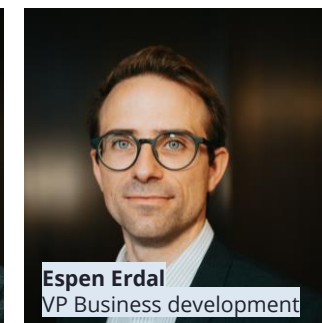
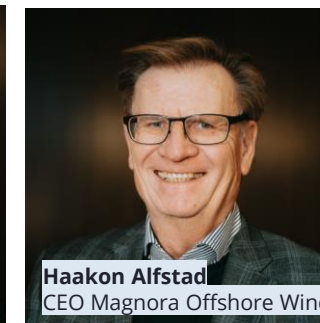
# Hand-picked management supporting strong local teams with experience and entrepreneurial approach



- Co-founder of Lundin Petroleum Norway and DNO
- Held several executive positions during his 25 years at Saga Petroleum
- Board member IPC, Panoro Energy, Carbon Transition, previously Chairman of Lundin Petroleum Norway
- Master's degree in Engineering (geology, geophysics and mining engineering) from NTH



- 25 years' experience from investment and renewables
- Worked with EY, DnB Markets, Energy Future Invest,\* Tore Tønne and Torstein Tvenge
- COO in a software company – built business in Norway, the UK, Romania and Sri Lanka
- Work experience from Norway, the US, Sweden and Germany
- Has twice done profitable exits from Swedish solar technology company Solibro AB (Evolar AB) first to Qcells, then to First Solar
- B.Sc. in Finance from Arizona State University with Summa Cum Laude (Dean's list)



\* A joint venture of Statkraft, Hafslund and Eidsiva Energi

# Board and management exposure

## Skin in the game

### Board and management exposure

Person		Number of shares	Number of options
Erik Sneve	CEO	1,173,871	450,000
Torstein Sanness	Chairman	629,442	325,000
Haakon Alfstad	CEO Magnora Offshore Wind	111,177	200,000
Hilde Ådland	Board Member	39,011	10,000
Bård Olsen	CFO	75,000	125,000
John Hamilton	Board Member	33,837	40,000
Espen Erdal	VP Business Development	17,174	125,000
Trond Gärtner	SVP Business Development	7,000	100,000
Emilie Brackman	VP Wind & Solar	2,600	75,000
Hanne Wiger	Business Controller	4,474	50,000
Stein Bjørnstad	Head Advisor	15,000	50,000
<b>Total</b>		<b>2,108,586</b>	<b>1,550,000</b>
% of shares outstanding		3.16 %	

### Ownership structure as of 27 February 2024

Shareholder	Shares	% of total
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	1 806 870	2,70
F2 FUNDS AS	1 688 249	2,53
PHILIP HOLDING AS	1 648 377	2,47
CARE HOLDING AS	1 500 000	2,24
JPMORGAN CHASE BANK	1 434 742	2,15
DNB BANK ASA	1 415 085	2,12
MP PENSJON PK	1 242 732	1,86
NORDNET LIVSFORSIKRING AS	1 215 971	1,82
ALTEA AS	1 154 944	1,73
MAGNORA ASA	1 070 854	1,60
AARSKOG PHILIP GEORGE	1 000 000	1,50
MORGAN STANLEY & CO.	795 260	1,19
BALLISTA AS	760 372	1,14
BAKLIEN ÅSMUND	756 100	1,13
DANSKE BANK	695 758	1,04
CLEARSTREAM BANKING S.A.	695 157	1,04
<b>Total number owned by top 20</b>	<b>30 712 707</b>	<b>45,96</b>
<b>Total number of shares</b>	<b>66 822 679</b>	<b>100,00</b>

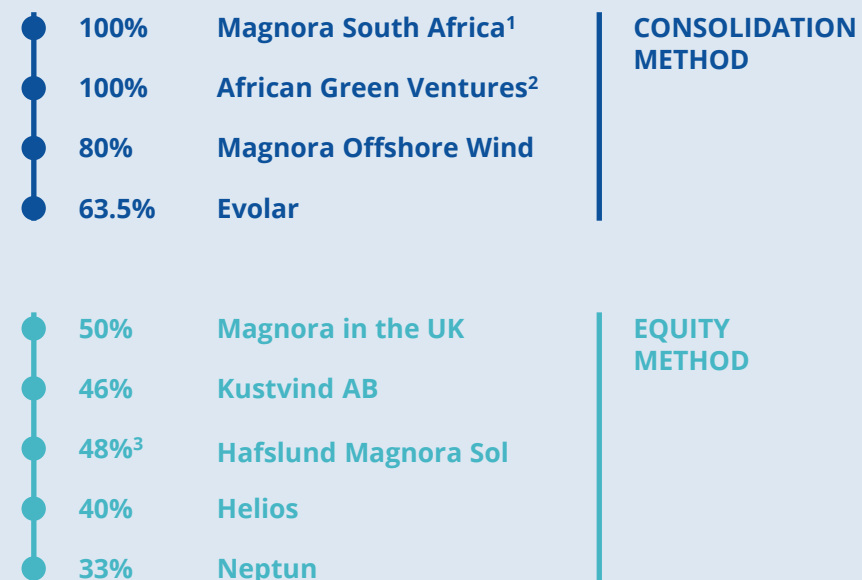
Financials



# Consolidation of portfolio companies

- Companies with a shareholder interest of more than 50% are accounted by the consolidation method
  - The full net profit/loss is recognized
- Companies with a shareholder interest of less or equal to 50% and more than 20% are accounted by the equity method
  - The Group recognizes its share of the financial results according to its ownership share
- Typically, sales convert to revenues from 0-24 months from signing based on maturity of projects and “ready-to-build” status depending on multiple factors
- Helios – local GAAP
- Helios reporting year from 1<sup>st</sup> May to 30<sup>th</sup> of April
- Remaining companies IFRS

## MAGNORA ASA



(1) Through Magnora South Africa Projects AS; (2) Through Magnora South Africa Development AS; (3) 8% indirect ownership through Helios’s ownership share.

# Condensed profit and loss

## Q4 2023, NOK million

- EBITDA of negative NOK 13.9m vs. negative NOK 15.3m in Q3 '23
  - Mainly due to divestment of SPV in South Africa and higher costs
  - Slightly higher development and M&A expense compared with prior quarter due to higher activity level in South Africa and ScotWind
- Operating loss of NOK 17m vs. loss of NOK 23.5m in Q3 '23
  - Loss from associated companies was NOK 3m vs NOK 8.1m in Q3
- Tax not payable due to accumulated tax losses of over NOK 3.5 billion from legacy business
- Paid in capital of NOK 8.4 billion

	Q4 '23	Q3 '23	Q4 '22
Operating revenue	1.9	3.9	79.9
Other income	9.4	10.2	0.0
Operating expense (ex. non-cash)	-5.1	-9.3	-7.2
<b>EBITDA</b>	<b>-13.9</b>	<b>-15.3</b>	<b>65.5</b>
Option expense (opex non-cash)	-3.5	-1.4	-2.9
Development and M&A expense	-20.2	-18.8	-4.3
Profit/loss from associated companies	-3.0	-8.1	-4.5
<b>Operating profit/loss</b>	<b>-17.0</b>	<b>-23.5</b>	<b>61.0</b>
Net financial items	1.1	4.5	1.6
<b>Profit/loss before tax</b>	<b>-15.9</b>	<b>-19.0</b>	<b>62.6</b>

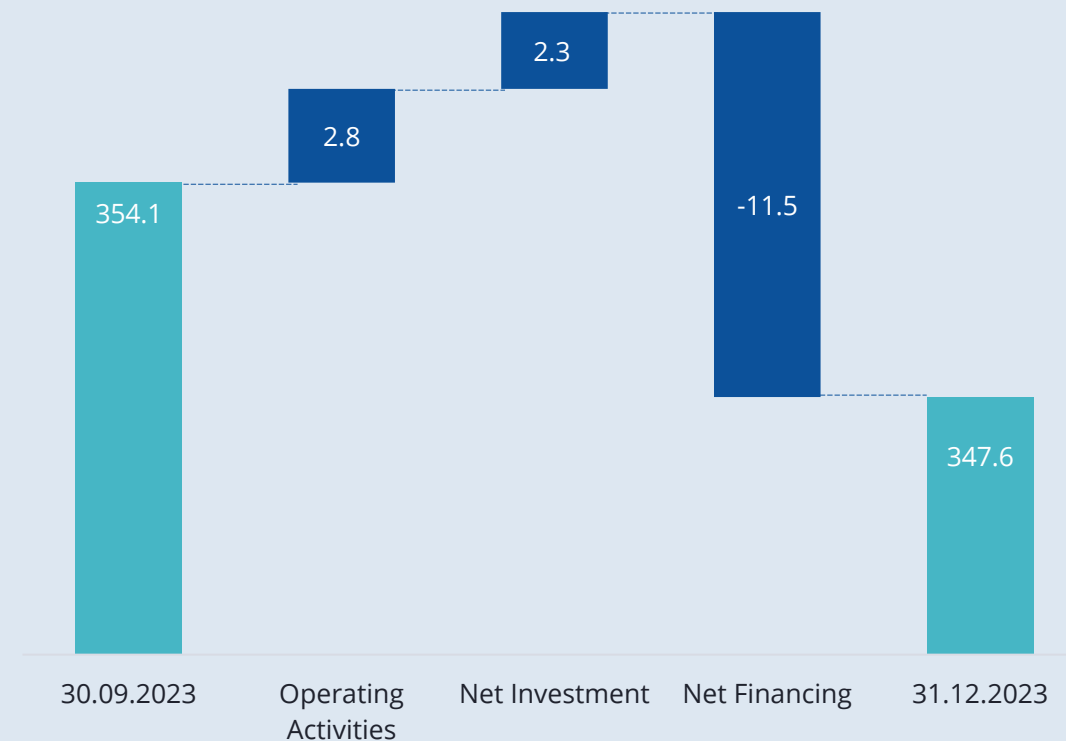


# Cash flow

## Q4 2023, NOK million

Cashflow from:

- Operating activities: NOK 2.8m
  - Impacted by project sales in South Africa and development costs in Magnora UK, Magnora Offshore Wind, and Magnora South Africa
- Investment activities: NOK 2.3m
  - SPV divestment
  - Purchase of assets and associated companies
- Financing activities of negative: NOK 11.5m
  - Mainly capital distribution to shareholders
- Ending cash balance: NOK 347.6m
  - The Group's cash and available credit facilities was NOK 497.6 million as of 31 December 2023



Outlook



# Updated guiding

**PORTFOLIO**

**11 GW in 2025**

(+2 GW)

**SALES**

**500-625 MW in 2024**

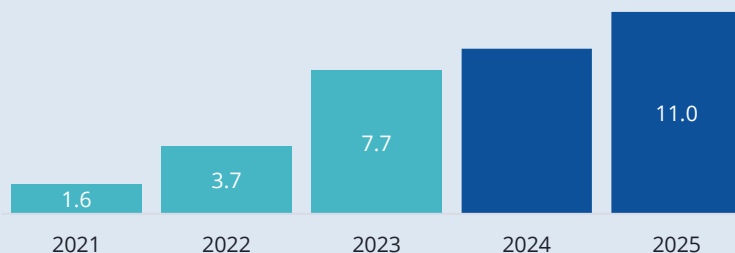
(+300 MW)

**PRICE**

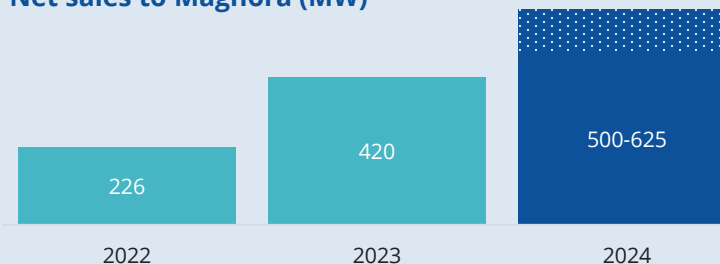
**0.5-1.5 MNOK/MW**

(unchanged<sup>\*\*\*</sup>)

Portfolio size (GW)



Net sales to Magnora (MW)



Illustrative



- Figures net to Magnora, that is ownership share x capacity of a given asset
- We strive to be conservative in portfolio estimates, counting assets with signed land agreements and a reasonable prospect for grid connection
- In 2024, deliveries and sales have even higher priority than origination in most markets

- ~2 GW of portfolio is “marketable” – a lot towards EOY – a full 1 GW can be put to market in SA, but the timing is contingent on finding an available window of opportunity (typically announcement of a PEIPPP auction or grid availability)
- Sales are frequently closed early, combining up-front and milestone payments\*

- Prices differ between markets with e.g. high prices in the UK and lower prices in South Africa due to historical auctions. Deregulation drive prices.
- In 2023, the mid price range provided an accurate picture of average asset value when Ready-to-Build\*
- As previously, outliers are excluded\*\*

(\*) Most sales occur pre “ready-to-build” with significant advance payments and subsequent payments subject to milestones. We recognize revenue when these milestones are met; (\*\*) E.g. stand-alone solar PV in South Africa is unlikely to fetch premium prices. Prices for certain markets and projects may also be above this range; (\*\*\*) A sustained fall in the prices of solar PV and batteries serve to improve or maintain the pricing power of developers with mature projects.

# 2024 outlook

## Scaling and harvesting



### Separating legacy from renewable

Attractive stock for impact investors and funds tracking the utility index



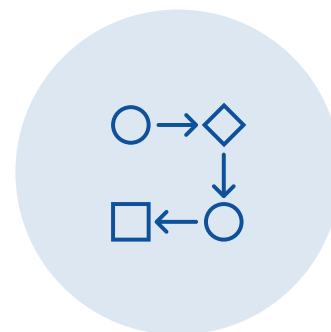
### Revenue recognition and new sales

More businesses shifting from origination to sales, or from sales to delivery



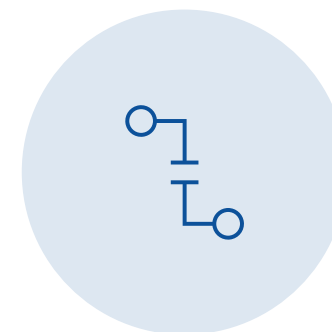
### Organic growth

Across geographies and products/technologies



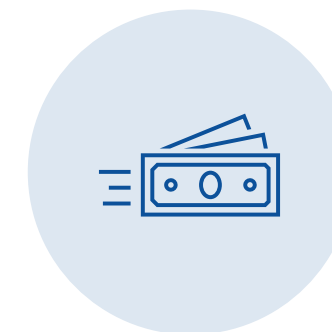
### Milestone payments

Milestone payments from multiple sources



### Farm-downs and alliances

Farm-downs and alliance both remain very real prospects in 2024



### Capital allocation

Dividend and buyback as we receive more cash

# Outlook

2023 was about going to market, 2024 will be cash and profits

## 2023

Development portfolio of 7,7 GW  
Sold 420 MW



## 2024

- Continue growing the portfolio
- Farm-down 500-625 MW typically at NOK 0.5m to 1.5m or more per MW\*



## Mid-term

2025 development portfolio target of 11 GW

Sold net cash position- funds from Evolar and Helios - began returning capital to shareholders



- Listing our legacy business and its deferred assets implies a large dividend, a place on the utility index, attractive position for new investor groups, and M&A options for "Magnora 2.0"
- Strong organic cashflow, accelerating sales from onshore and renewable businesses, milestone payments and dividends

Maturing investment portfolio



More businesses reaching the market, more farm down opportunities and opportunities for partnering. A broad focus aiming for deliveries and sales, but also a growing land bank

Board initiated an evaluation of corporate structure and engaged Pareto Securities to assist in the process of enhancing shareholder value based on interest for the group and group companies









(\* ) Outliers are excluded: stand-alone solar PV in South Africa is unlikely to fetch premium prices while certain projects in certain markets sell above this range.

# Appendices



# Gross numbers per December 2023

## Broad portfolio of attractive companies and projects

Ownership	40%	100%	100%	80%	46% Option 50%	50%	50%	48%
								
Segment	Solar & Energy Storage	Onshore Wind & Solar		Offshore Wind	Offshore Wind Shallow Water	Energy Storage	Solar	Solar
Gross Capacity	9,210 MW	2,733 MW		495 MW	500 MW	320 MWh	255 MW	815 MW
Location	Sweden, Finland, Baltics	South Africa		Scotland	Sweden	UK	UK	Norway

# Reported financials

## Condensed consolidated income statement

NOK million	Note	2023	2022
Operating revenue	24	24.6	91.1
Other income	31	249.2	0.6
<b>Total income</b>		<b>273.8</b>	<b>91.7</b>
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
<b>Total operating expense</b>		<b>-97.2</b>	<b>-85.0</b>
<b>Operating profit/(loss)</b>		<b>176.6</b>	<b>6.7</b>
Financial income	19	15.3	8.1
Financial expense	19	-13.5	-10.2
Foreign exchange gain/(loss)		0.4	7.4
<b>Net financial profit/(loss)</b>		<b>2.2</b>	<b>5.3</b>
<b>Profit/(loss) before tax</b>		<b>178.8</b>	<b>12.0</b>
Tax income/(expense)	15	0.1	-8.1
<b>Annual net profit/(loss)</b>		<b>178.9</b>	<b>3.9</b>



# Reported financials

## Condensed statement of financial position

NOK million	Note	31.12.2023	31.12.2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>224.3</b>	<b>277.1</b>
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>380.3</b>	<b>287.1</b>
<b>Total assets</b>		<b>604.6</b>	<b>564.2</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
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
<b>Total shareholder equity</b>		<b>538.3</b>	<b>385.5</b>
Non-controlling interest		14.0	46.3
<b>Total Equity</b>		<b>552.3</b>	<b>431.8</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	15	0.4	4.9
Other non-current liabilities	25	0.9	5.2
<b>Total non-current liabilities</b>		<b>1.3</b>	<b>10.1</b>
<b>Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>51.0</b>	<b>122.3</b>
<b>Total liabilities</b>		<b>52.3</b>	<b>132.4</b>
<b>Total equity and liabilities</b>		<b>604.6</b>	<b>564.2</b>

For further details see annual report for 2023 (magnoraasa.com)

# Reported financials

## Condensed statement of cash flow

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

For further details see annual report for 2023 ([magnoraasa.com](http://magnoraasa.com))

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