



MAGNORA ASA

# Q2/H1 REPORT 2021

16 August 2021



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## ABOUT MAGNORA

After two decades in the oil and gas industry, the Group sold all its assets and intellectual property rights and restarted as a renewable energy development group in 2018. After 2018, the focus has been on building a diversified group with activities within a wide spectrum of renewable segments and markets. We are now pleased to have more than a handful of development companies under our umbrella. The Group is now developing both onshore and offshore wind energy plants, as well as solar PV energy plants, and has concentrated on projects in greenfield to ready-to-build phase. Additionally, the Group has added a unique perovskite solar cell technology company to its portfolio. 2020 was a year of transformation for the Group and we are now in a phase where we can start to focus on harvesting from some of our investments through farm-downs, sale, or inviting partners in our companies and projects.

In addition to creating a diversified portfolio of renewable energy companies, Magnora is building its core team of specialists while maintaining a lean overhead. Our strategy is to partner, invest and develop the right projects and companies to generate long term shareholder value.





# SECOND QUARTER IN BRIEF

## KEY HIGHLIGHTS FROM Q2 2021

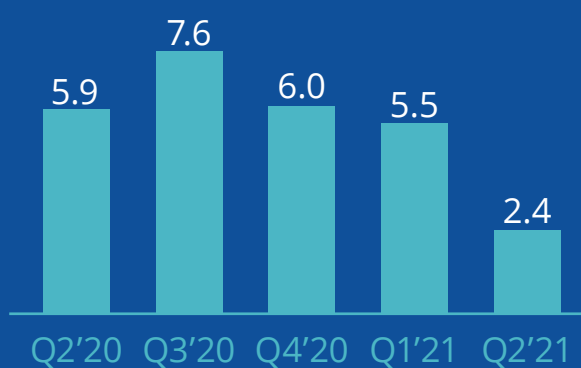
- » Magnora has matured its portfolio and made several follow-up investments in its portfolio companies in line with achieved business plan milestones
- » We are in discussions with potential partners and investors across our portfolio companies and projects regarding farm-down and sale processes
- » Magnora Offshore Wind AS was established as a strategic partnership company together with TechnipFMC, and submitted applications to the ScotWind licensing round for two areas in Scotland with an asset light business model
- » Magnora's SPV in South Africa progressed with early phase land surveys and discussions with potential local partners during the quarter
- » As planned, Magnora increased its ownership share in Kustvind AB and Evolar AB to 24 percent and 41 percent respectively. Kustvind has met key milestones, which includes survey of the local opinion with very encouraging results, and environmental and wildlife related surveys that so far has provided expected results. Similarly, Evolar has continued to progress with its tandem cell efficiency development ahead of its original schedule.
- » Trond Gärtner joins Magnora from Statkraft and has been appointed Senior Vice President Offshore Wind Projects, and Emilie Schjøtt Brackman joins Magnora from DNV and has been appointed Manager Offshore Wind Projects. Both will have a central role in the development of Magnora Offshore Wind AS
- » This quarter had slightly higher operating costs than the previous one, largely due to business development activities and development of Magnora Offshore Wind AS and the Magnora SPV in South Africa
- » Adjusted EBITDA\* for first half of 2021 was negative NOK 2.9 million
- » Magnora renegotiated a new agreement with RWE Renewables for development of the Oddeheia and Bjelkeberget onshore wind farms and we have taken a more active part in the project
- » In addition, we see interest from institutional investors to establish partnerships for third party asset management opportunities with Magnora as an originator and manager

\* See definition in note 1

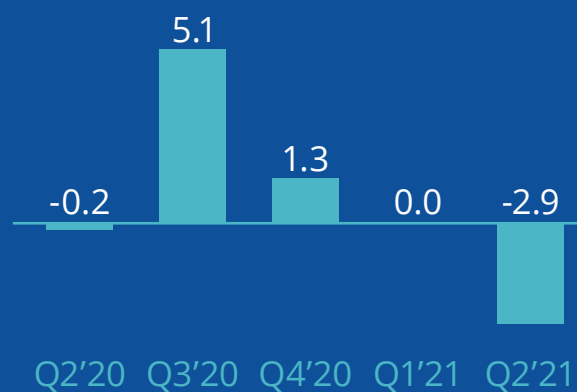


# KEY FIGURES

## REVENUES MNOK



## ADJUSTED EBITDA\* MNOK



\* See definition in note 1



## NET CASH FROM OPERATING ACTIVITIES

**-5.7** MNOK

-1.6 Q2 2020 (-3.5 Q1 2021)



## CASH

**120.3** MNOK

45.7 Q2 2020 (150.2 Q1 2021)



## EQUITY RATIO %

**96%** MNOK

93% Q2 2020 (89% Q1 2021)

# DEVELOPMENTS DURING THE QUARTER

## OPERATIONAL REVIEW

Figures in brackets relate to first quarter 2021. The figures are unaudited.

Magnora and its portfolio companies made good progress during the second quarter of 2021, which resulted in an increase in ownerships and increased resources spent on several of the portfolio companies as well as the incorporation of Magnora Offshore Wind AS ("MOW").

In July MOW submitted two applications to the ScotWind licensing process, which required significant resources from both the Magnora and TechnipFMC teams preparing the application.

We increased our ownership in portfolio companies during the second quarter due to positive development in key performance indicators and according to the business plan, with an increase of ownership in Kustvind AB to 24 percent and in Evolar AB to 41 percent.

Magnora re-negotiated its agreement with RWE Renewables for development of the Oddeheia and Bjelkeberget onshore wind farms in Agder county in Norway during the second quarter. As part of the new agreement, Magnora will take a more active part in the dialogue with the local municipality and businesses to agree on common goals and priorities related to the project.

Magnora is continuously adjusting its team to meet the demands of its development. Development of an offshore wind branch, increasing activities in projects and portfolio companies, combined with the significant workload required for applications in offshore licensing has created a need for more manpower. Magnora strengthened the Management Team with the appointment of Trond Gärtner as Senior Vice President Offshore Wind Projects. Gärtner joins Magnora from Statkraft and will have a central role in the development of Magnora Offshore Wind. Furthermore, Emilie Schjøtt Brackman joins Magnora from DNV and was appointed Manager Offshore Wind Projects and will also have a key role in current and future offshore wind projects in Magnora. The Group has so far been able to attract highly qualified personnel to its team with key specialties and experience, which enables further development of the Group and its portfolio companies and projects.

Operating costs in Q2 were higher than the previous quarter, impacted by higher than usual operating costs connected to numerous business development activities and transactions in the quarter and higher ownership in two of the portfolio companies. Note that Magnora recognises its share of the financial results from each of the portfolio companies according to its ownership share in accordance with IFRS. The development costs in these companies are expensed and not capitalised, as they are in an early development phase.

## Portfolio companies

Magnora practices active ownership to develop the portfolio businesses, and provides support within due diligence, bank and project finance, equity, environmental impact assessments, grid studies, procurement, governmental approval, energy yield assessments, construction, operations, farm-down and exits. We favour companies with teams with integrity, humbleness, drive, honesty, result-orientation, and fun. We also look for teams with a proven track-record.

## Evolar

During the second quarter, Magnora increased its ownership in Evolar AB (Evolar) to 40.7 percent. Magnora initially acquired 28.44 percent of the shares in Evolar through a share issue in the fourth quarter of 2020, and has options to increase its ownership in Evolar to 63.5 percent.

Evolar is developing a unique perovskite-based PV power booster technology that can add power to conventional silicon-based solar panels at a very low cost. The investment in Evolar gives Magnora access to a premium product in a growing solar cell market that is ripe for efficiency innovation. The Evolar team has achieved several world records within its niche such as a CIGS solar cell with an efficiency of 24 percent and a thin film module record of 21 percent efficiency. The company has unique industrial size R&D prototype line equipment, which is fully operational in Evolar's manufacturing facilities. This allows the team to quickly scale and test solar cells and modules and thereby shorten the time-to-market.

The Evolar team is in discussions with industry players across the value chain who are all eager to investigate the use of Perovskite technology to cooperate, test, and scale up the technology to rapidly capitalise on the USD multi-billion solar cell market. The organisation

is also steadily growing according to the strategy with key personnel successfully hired during the quarter. In addition, the Dean of Uppsala University, Anders Hagfeldt, has joined Evolar's Advisory Board. More details are available on Evolar's home page <https://www.evolarab.se/>.

### Helios

Magnora participated in a share issue acquiring 25 percent of Helios Nordic Energy AB (Helios) in February 2021. Helios is a greenfield developer of large-scale PV projects in the Nordics. The company has developed a project portfolio by signing options for land leases in well suited locations in southern Sweden and has land lease agreements for 20 projects with a total of approximately 1 GW potential installed capacity. Magnora has an option of acquiring an additional 15 percent of Helios by mid-September 2021. More details are available on Helios' home page <https://www.heliosnordic.com/>.

### Vindr

Vindr is a developer of small and medium sized onshore wind and solar PV. Magnora initially acquired 25 percent of Vindr in March 2020. Vindr has progressed during the quarter and is building an early phase pipeline in the Nordics and South Africa.

Along with building the pipeline, emphasis has been put on further developing the company's methodology and tools to enable effective site identification and development. In February 2021, Vindr merged with a South African wind and solar PV consultancy and project developer, and Magnora will own 50 percent of the newly established group when the transaction is finalised. Vindr South Africa has worked closely with Magnora during the second quarter to continue developing Magnora's separately held project portfolio in South Africa. More details about Vindr are available on Vindr's home page <https://www.vindr.no/>.

### Kustvind

Magnora increased its ownership in Kustvind AB to 24 percent in the second quarter. Magnora has an option to acquire up to 50 percent of the company. Kustvind is a 500 MW shallow water offshore wind project located in an area with very attractive wind conditions approximately 8 km offshore the southern coast of Sweden. The wind park has a potential to produce 2 TWh annual green electricity and can potentially serve 250.000 homes with electricity.

#### Evolar AB

Ownership	40.7 %
Ownership option	63.50%
Output	Development of perovskite technology for solar cells

#### Helios Nordic Energy AB

Ownership	25.00 %
Ownership option	40.00%
Output	800 MW landowner agreement signed

#### Vindr Group AS

Ownership	50.00 %
Output	120 MW landowner agreements signed / 1200 MW landowner agreements under negotiation

#### Kustvind AB

Ownership	24.00 %
Ownership option	50.00%
Output	500 MW offshore wind

#### South Africa

Ownership	100.00 %
Output	550 MW onshore wind / 300 MW solar PV landowner agreements signed

The project is close to relevant infrastructure and in an area of Sweden that has had very attractive electricity prices both historically and recently. The project has entered the concession phase with significant studies and assessments required for the concession application. The impact assessment is progressing as planned, an energy yield report has been completed and park layout adjusted accordingly. Wildlife and marine environmental studies are ongoing. The local grid operator is investigating the capacity to determine alternative connection points to be proposed in the application for concession. More details regarding the project are available in local language on the project's home page <https://www.kustvind.se/>.

### South Africa

Magnora has entered the South African market by acquiring 100 percent of the shares in a South African company with a potential 850 MW greenfield renewable development portfolio consisting of approximately 550 MW wind and 300 MW solar PV. Magnora is integrating the company into Magnora's operations and working with Vindr's subsidiary in South Africa to develop the renewable projects in this company. The supply of electric power in South Africa is inadequate. There is a particularly high demand for renewable electric energy and the country plans to develop 10.000s of MW of renewable projects over the next decade.

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

### Magnora Offshore Wind

Magnora has established Magnora Offshore Wind, where TechnipFMC is a strategic partner, and Magnora aims to hold majority of the shares in the company. Magnora Offshore Wind has submitted its first

applications for licenses to develop offshore wind farms in the ScotWind licensing round in Scotland, UK. In addition, the company will participate in the first offshore wind application round in Norway and is considering additional markets. TechnipFMC has played a key role within floating wind since the birth of the industry and has participated in developments such as the Hywind projects. The partnership with TechnipFMC has already provided several synergies through the ScotWind projects. TechnipFMC has over 3 000 employees in England, Scotland, and Norway.

### License agreements

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

Magnora is entitled to a license fee of USD 0.50 per barrel produced and offloaded from the Dana FPSO (the "FPSO") for the lifetime of the vessel. The associated license income for the second quarter 2021 was NOK 2.4 million (NOK 4.2 million). The FPSO was completed in 2017 and production started in Q4 2017. The FPSO has a production capacity of 44,000 barrels per day. The FPSO is expected to have a design life of 20 to 25 years. Magnora's right to payments is tied to the FPSO, irrespective of operating location and field. Any potential field tied-back to the FPSO or any redeployment, irrespective of location, will also be subject to the payment obligations under the agreement. The Dana agreement is expected to generate income for Magnora for several years. The vessel's production depends on weather, maintenance, decline, timing of production drilling, discoveries and more.

Magnora is also entitled to license fees from a license agreement with Shell for the Shell Penguins FPSO. The remaining license income of the Penguins agreement is approximately USD 16 million and subject to milestone achievements. The final investment decision regarding the Shell Penguins Redevelopment project was taken in January 2018. Magnora received payment for the first milestone of USD 2.625 million (NOK 20.7 million) under the license agreement in Q1 2018. Further payments under the license agreement are subject to three milestones: 1) the completion and sail away of the Penguins FPSO from the construction yard, 2) the installation of the Penguins FPSO at the field and



production started, and 3) the successful production, offloading and gas export of 4 million barrels which is estimated to be approximately 6 months after successful start-up. It is currently anticipated that the sail-away of the Penguins FPSO will take place in January 2022 according to industry journals and with further milestones achieved thereafter. The Penguins field is currently producing and is hooked up to the last of the remaining Brent platforms.

## FINANCIAL REVIEW

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

### Corporate

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

Operating revenue for the corporate segment was NOK 2.4 million, and the operating expense was NOK 6.1 million in the second quarter. EBITDA in the corporate segment in Q2 was negative NOK 2.7 million. For the first half of 2021, operating revenues were NOK 6.6 million and operating expenses NOK 12.3 million in the corporate segment.

### Project

The project segment consists of the portfolio companies and projects and all activities related to those. All development and M&A related expenses are assigned to this segment, except M&A related expenses for acquisitions that have not materialised and therefore assigned to the corporate segment.

There was no operating revenue for the project segment, the operating expense was NOK 1 million, and the development and M&A expense was NOK 5.4 million in the second quarter. EBITDA in the project segment in Q2 was negative NOK 9.3 million.

For the first half of 2021, there was no operating revenue, operating expense was NOK 1.6 million, and development and M&A expense was NOK 9.3 million in the project segment.

### Consolidated

Operating revenue in the second quarter 2021 was NOK 2.4 million, NOK 1.8 million lower than the previous quarter. As mentioned above, the license income from the agreement with Dana was NOK 2.4 million for the quarter. The decrease in operating revenue was mainly due to fewer off-loadings which resulted in lower license revenues from the Dana contract. EBITDA was negative NOK 9.1 million (negative NOK 5.0) due to the lower operating revenue and increased operating costs from the previous quarter. EBITDA included NOK 0.8 million of non-cash option expenses for Q2 2021. See note 3 for further details.

Adjusted EBITDA was negative NOK 2.9 million. The operating expense was NOK 6.1 million. Development and M&A costs were NOK 5.4 million, mainly driven by development of the projects in South Africa and preparation of the ScotWind license applications.

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

Financial results reflect the activity level and progress in the portfolio companies. Net profit for the quarter was negative NOK 10 million, a decrease of NOK 1.9 million compared to the previous quarter (NOK 8.1 million). This decrease was mainly due to the increase in development and M&A related expenses as explained above.

### Half-year results 2021

For the first half of 2021, operating revenues ended at NOK 6.6 million, down from NOK 14.8 million in the same period of last year, due to lower revenues from our license agreements. Revenue streams from our license agreements will depend on timing of production drilling, currency rates, maintenance, uptime and more.

For the first six months of 2021, EBITDA ended at negative NOK 14.1 million (which included NOK 1.5 million non-cash options expenses), versus NOK 2.8 million last year. The adjusted EBITDA ended at negative NOK 2.9 million, versus NOK 6.1 million last

year. This year's EBITDA result has been negatively affected by higher operating and project related costs from a higher activity level with more external costs, higher personnel expenses, and higher legal fees related to new investments. As specified in note 2, EBITDA for first half of 2021 was negative NOK 3.3 million for the corporate segment of the Group, and negative NOK 10.9 million for the project segment.

Net profit for the first half of 2021 was negative NOK 18.2 million, versus NOK 14.5 million last year.

Earnings per share was negative NOK 0.32 in the first half of 2021, versus NOK 0.28 in the same period in 2020.

### Cash flow

As of 30 June 2021, cash and cash equivalents amounted to NOK 120.3 million (NOK 150.2 million). The cash flow in the quarter was mainly affected by 1) the increase in ownership in Evolar AB and Kustvind AB, 2) payment for the increase in ownership in Vindr, 3) divestment of marketable securities, and 4) deposits for option agreements.

### Financial position

The equity ratio was 96 percent as of 30 June 2021. The ratio was low last quarter mainly due to the NOK 20 million outstanding payment to be made related to the Vindr transaction, which was reflected in current liabilities in the first quarter.

## RISK AND UNCERTAINTY FACTORS

Magnora is exposed to market risk, project risk, reservoir risk, credit risk, currency risk, renewable license risk, concession risk, interest rate risk, inflation risk, liquidity risk, and regulatory risks. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company selects its portfolio projects and companies with emphasis on diversification to mitigate the various inherent risks in each segment of the renewable energy production industry. This does not reduce the individual risks below but makes the Company less vulnerable to the effects of those risks.

The project development process for renewable energy plants is also exposed to risks. The process for

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

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

Although Magnora's remaining customers are two major companies with a strong financial basis, as with suppliers and customers in general, there is a risk that unforeseen financial difficulties on the counterparty's side may arise and cause material adverse effects on the financial condition, cash flows and/or prospects of Magnora.

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

Competition is significant as companies in other industries are trying to benefit from the positive policy support from governments as they try to push for improvements in CO2 emissions, etc. Many of the companies Magnora competes with are parts of larger

groups and therefore may have better access to skilled personnel and funding.

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

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

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

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

## OUTLOOK AND STRATEGY

Magnora continues to grow its portfolio of renewable energy companies and projects and has over the past months been able to expand into the Solar PV segment and the South African renewable market.

Through establishing Magnora Offshore Wind together with TechnipFMC, the Group has also moved into the offshore wind segment and has submitted two applications in the ScotWind licensing process in Scotland.

The portfolio companies are implementing their business plans and progressing according to plan. As all associated companies are in the early phase of executing their business plans, there is interest from industrial and institutional investors to increasingly invest prior to Ready-to-Build phase. We are also investigating the possibility to manage investments on behalf of institutional investors for operating assets. Evolar will continue to consider IPO options and industrial partnerships as the company matures.

The original strategy of building a robust portfolio across several segments and geographical areas has proven effective, as it reduces political and country-specific risks. However, we see an increasing appetite for our portfolio companies and projects from leading energy companies and infrastructure funds. We also see interest from institutional investors and energy companies where Magnora originates various energy projects and manage their investments in a partnership. Magnora has established a deep and wide platform which can generate earnings beyond Penguins and the Western Isles revenues. Significant earnings from the Penguins and the Western Isles contract (16 MUSD in three installments) are expected in 2022 and 2023.

Over the past year, the Group has doubled the number of shareholders. Management maintains close dialogue with its shareholders regarding progress and fine-tuning of the Group's strategy.

The private share issue performed during the first quarter was oversubscribed several times, which confirms Management's alignment with the shareholders. The additional funding was needed to execute the Group's strategy and secure adequate funding for the financial commitments already made in the portfolio companies. The Group continues to evaluate and investigate a significant volume of deals introduced, where Magnora can both help develop the companies' business case and assist with financing.



## SHARE BUYBACK, CAPITAL REDUCTION AND DIVIDENDS

The board of directors launched a new share buyback programme based on authorisation from the annual general meeting ("AGM") held on 21 May 2019, and as of the date of this report, Magnora owns 76,175 of its own shares. The authorisation was renewed by the AGM held on 27 April 2021.

Quarterly dividends have been halted to conserve cash for investments needed as part of the Company's strategy in the short term.

Oslo, Norway, 16 August 2021  
The Board of Directors of Magnora ASA



Torstein Sanness  
Chairman



Hilde Ådland  
Board Member



John Hamilton  
Board Member



Erik Sneve  
CEO

# INTERIM FINANCIAL STATEMENTS

Numbers are unaudited

## CONDENSED CONSOLIDATED INCOME STATEMENT

NOK million	Note	Q2 2021	Q1 2021	YTD 2021	Q2 2020*	YTD 2020*	2020*
<b>Operations</b>							
Operating revenue	7	2.4	4.2	6.6	5.9	14.8	27.1
Other operating revenue	7, 11	0.0	1.3	1.3	0.0	0.0	1.3
Operating expense		-6.1	-6.2	-12.3	-6.7	-10.3	-17.8
Development and M&A expense	2	-5.4	-4.4	-9.7	-1.5	-1.7	-3.6
<b>EBITDA</b>		<b>-9.1</b>	<b>-5.0</b>	<b>-14.1</b>	<b>-2.3</b>	<b>2.8</b>	<b>7.0</b>
Profit/loss from associated companies		-2.9	-6.6	-9.5	0.0	0.0	-0.9
<b>Operating profit/(loss)</b>		<b>-12.0</b>	<b>-11.6</b>	<b>-23.6</b>	<b>-2.3</b>	<b>2.8</b>	<b>6.1</b>
Financial income/(loss)	9	2.2	3.4	5.6	14.1	5.6	20.2
FX gain/(loss)		-0.3	0.1	-0.2	0.5	7.0	7.8
<b>Net financial items</b>		<b>1.9</b>	<b>3.5</b>	<b>5.4</b>	<b>14.6</b>	<b>12.6</b>	<b>28.0</b>
<b>Profit/(loss) before tax</b>		<b>-10.0</b>	<b>-8.1</b>	<b>-18.2</b>	<b>12.3</b>	<b>15.3</b>	<b>34.1</b>
Tax income/(expense)	4	0.0	0.0	0.0	-0.2	-0.8	-5.6
<b>Net profit/(loss) continued operations</b>		<b>-10.0</b>	<b>-8.1</b>	<b>-18.2</b>	<b>12.1</b>	<b>14.5</b>	<b>28.5</b>
<b>Net profit/(loss)</b>		<b>-10.0</b>	<b>-8.1</b>	<b>-18.2</b>	<b>12.1</b>	<b>14.5</b>	<b>28.5</b>

\* The Group has continued to successfully develop its portfolio of projects and has therefore during Q2 implemented a new operating model where corporate and project related activities are followed up and reported separately. Due to the new segment reporting, development and M&A expenses are presented separately from ordinary operating expenses.

Numbers are unaudited

## STATEMENT OF COMPREHENSIVE INCOME

NOK million	Q2 2021	Q1 2021	YTD 2021	Q2 2020	YTD 2020	2020
Net profit/(loss)	-10.0	-8.1	-18.2	12.1	14.5	28.5
Foreign currency translation	-0.4	0.0	-0.4	0.0	0.0	0.0
<b>Total comprehensive income</b>	<b>-10.4</b>	<b>-8.1</b>	<b>-18.5</b>	<b>12.1</b>	<b>14.5</b>	<b>28.5</b>

Numbers are unaudited

**CONDENSED STATEMENT OF FINANCIAL POSITION**

NOK million	Note	30.06.21	31.03.21	31.12.20
Deferred tax assets	4	31.1	31.1	31.1
Goodwill		2.0	0.0	0.0
Investment in associates	5, 10	66.7	50.0	24.5
<b>Total non-current assets</b>		<b>99.8</b>	<b>81.1</b>	<b>55.6</b>
Trade and other receivables		3.2	5.0	4.0
Other current financial assets	9	1.4	17.9	19.6
Cash and cash equivalents		120.3	150.2	44.8
<b>Total current assets</b>		<b>124.9</b>	<b>173.1</b>	<b>68.4</b>
<b>Total assets</b>		<b>224.8</b>	<b>254.2</b>	<b>124.1</b>
Share capital		27.9	28.0	25.8
Treasury shares		0.0	0.0	0.0
Other equity		188.6	198.1	92.4
<b>Total shareholders' equity</b>		<b>216.5</b>	<b>226.1</b>	<b>118.1</b>
<b>Total equity</b>		<b>216.5</b>	<b>226.1</b>	<b>118.1</b>
Current liabilities		8.3	28.1	6.0
<b>Total current liabilities</b>		<b>8.3</b>	<b>28.1</b>	<b>6.0</b>
<b>Total liabilities</b>		<b>8.3</b>	<b>28.1</b>	<b>6.0</b>
<b>Total equity and liabilities</b>		<b>224.8</b>	<b>254.2</b>	<b>124.1</b>



Numbers are unaudited

## CONDENSED STATEMENT OF CHANGES IN EQUITY

NOK million	Share capital	Treasury Shares	Other equity	Total equity
<b>Equity as of 1 January 2021</b>	<b>25.8</b>	<b>-0.1</b>	<b>92.4</b>	<b>118.1</b>
Total comprehensive income for the period	0.0	0.0	-18.5	-18.5
Share based payments	0.0	0.0	1.5	1.5
Capital increase	2.2	0.0	113.2	115.4
<b>Equity as of 30 June 2021</b>	<b>28.0</b>	<b>-0.1</b>	<b>188.6</b>	<b>216.5</b>
<b>Equity as of 1 January 2020</b>	<b>25.8</b>	<b>0.0</b>	<b>79.8</b>	<b>105.6</b>
Total comprehensive income for the period	0.0	0.0	28.5	28.5
Acquired treasury shares*	0.0	-0.1	-0.5	-0.6
Share based payments	0.0	0.0	1.9	1.9
Capital reduction and distribution	0.0	0.0	-17.4	-17.4
<b>Equity as of 31 December 2020</b>	<b>25.8</b>	<b>-0.1</b>	<b>92.4</b>	<b>118.1</b>

\* Through the share buyback program, Magnora owns 76,175 shares or 0.15 percent of total shares outstanding.

Numbers are unaudited

## CONDENSED STATEMENT OF CASH FLOW

NOK million	Q2 2021	Q1 2021	YTD 2021	Q2 2020	YTD 2020	2020
<b>Cash flow from operating activities</b>						
Cash from operations	-5.7	-3.5	-9.1	-1.6	11.3	18.5
Taxes paid/repaid	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash generated from operating activities</b>	<b>-5.7</b>	<b>-3.5</b>	<b>-9.1</b>	<b>-1.6</b>	<b>11.3</b>	<b>18.5</b>
<b>Cash flow from investment activities</b>						
Net purchase of marketable securities	13.6	5.6	19.2	-7.4	-10.7	16.3
Net purchase of associated companies	-37.9	-12.2	-50.0	0.0	0.0	-30.9
<b>Net cash from investment activities</b>	<b>-24.3</b>	<b>-6.6</b>	<b>-30.9</b>	<b>-7.4</b>	<b>-10.7</b>	<b>-14.6</b>
<b>Cash flow from financing activities</b>						
Capital distribution/increase	0.0	115.4	115.4	0.0	-13.1	-17.3
<b>Net cash from financing activities</b>	<b>0.0</b>	<b>115.4</b>	<b>115.4</b>	<b>0.0</b>	<b>-13.1</b>	<b>-17.3</b>
<b>Net cash flow from the period</b>	<b>-29.9</b>	<b>105.3</b>	<b>75.4</b>	<b>-9.1</b>	<b>-12.6</b>	<b>-13.5</b>
Cash balance at beginning of period	150.2	44.8	44.8	54.8	58.3	58.3
<b>Cash balance at end of period</b>	<b>120.3</b>	<b>150.2</b>	<b>120.3</b>	<b>45.7</b>	<b>45.7</b>	<b>44.8</b>

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION AND ACCOUNTING POLICIES

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

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

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

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

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

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

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

## 2 SEGMENT FINANCIALS

The Group has developed from being a former oil and gas engineering company with license revenues and transforming 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. 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 to be allocated to the segment and assess its performance. Segment performance is evaluated based on EBITDA and operating profit/loss.

## Segment financials YTD 2021:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	6.6	0.0	0.0	6.6
Other operating revenue	7, 11	2.9	0.0	-1.6	1.3
Operating expense	2	-12.3	-1.6	1.6	-12.3
Development and M&A expense	2	-0.5	-9.3	0.0	-9.7
<b>EBITDA</b>		<b>-3.3</b>	<b>-10.9</b>	<b>0.0</b>	<b>-14.1</b>
Profit/loss from associated companies		0.0	-9.5	0.0	-9.5
<b>Operating profit/(loss)</b>		<b>-3.3</b>	<b>-20.3</b>	<b>0.0</b>	<b>-23.6</b>

## Segment financials Q2 2021:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	2.4	0.0	0.0	2.4
Other operating revenue	7,11	1.0	0.0	-1.0	0.0
Operating expense	2	-6.1	-1.0	1.0	-6.1
Development and M&A expense	2	0.0	-5.4	0.0	-5.4
<b>EBITDA</b>		<b>-2.7</b>	<b>-6.4</b>	<b>0.0</b>	<b>-9.1</b>
Profit/loss from associated companies		0.0	-2.9	0.0	-2.9
<b>Operating profit/(loss)</b>		<b>-2.7</b>	<b>-9.3</b>	<b>0.0</b>	<b>-12.0</b>

## Segment financials 2020:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	7	27.1	0.0	0.0	27.1
Other operating revenue	7,11	1.6	0.0	-0.3	1.3
Operating expense	2	-17.8	-0.3	0.3	-17.8
Development and M&A expense	2	-0.2	-3.4	0.0	-3.6
<b>EBITDA</b>		<b>10.8</b>	<b>-3.8</b>	<b>0.0</b>	<b>7.0</b>
Profit/loss from associated companies		0.0	-0.9	0.0	-0.9
<b>Operating profit/(loss)</b>		<b>10.8</b>	<b>-4.7</b>	<b>0.0</b>	<b>6.1</b>



## Segment financials YTD 2020:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
<b>Operations</b>					
Operating revenue	7	14.8	0.0	0.0	14.8
Other operating revenue	7,11	0.0	0.0	0.0	0.0
Operating expense	2	-10.3	0.0	0.0	-10.3
Development and M&A expense	2	0.0	-1.7	0.0	-1.7
<b>EBITDA</b>		<b>4.5</b>	<b>-1.7</b>	<b>0.0</b>	<b>2.8</b>
Profit/loss from associated companies		0.0	0.0	0.0	0.0
<b>Operating profit/(loss)</b>		<b>4.5</b>	<b>-1.7</b>	<b>0.0</b>	<b>2.8</b>

## Segment financials Q2 2020:

NOK million	Note	Corporate	Projects	Elimination	Consolidated
<b>Operations</b>					
Operating revenue	7	5.9	0.0	0.0	5.9
Other operating revenue	7,11	0.0	0.0	0.0	0.0
Operating expense	2	-6.7	0.0	0.0	-6.7
Development and M&A expense	2	0.0	-1.5	0.0	-1.5
<b>EBITDA</b>		<b>-0.8</b>	<b>-1.5</b>	<b>0.0</b>	<b>-2.3</b>
Profit/loss from associated companies		0.0	0.0	0.0	0.0
<b>Operating profit/(loss)</b>		<b>-0.8</b>	<b>-1.5</b>	<b>0.0</b>	<b>-2.3</b>

### 3 ADJUSTED EBITDA

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

NOK million	Note	Q2 2021	Q1 2021	YTD 2021	Q2 2020	YTD 2020	2020
<b>Operations</b>							
EBITDA		-9.1	-5.0	-14.1	-2.3	2.8	7.0
Development and M&A expense		5.4	4.4	9.7	1.5	1.7	3.6
Option expense (non-cash)		0.8	0.7	1.5	0.6	1.6	1.9
<b>Adjusted EBITDA</b>		<b>-2.9</b>	<b>0.0</b>	<b>-2.9</b>	<b>-0.2</b>	<b>6.1</b>	<b>12.5</b>

## 4 ACCOUNTING ESTIMATES

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

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

## 5 JUDGEMENTS

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

The Group invested in Vindr AS in March 2020 through a share issue for 25 percent ownership. In February 2021, the Group established the Vindr Group and increased its ownership in Vindr to 50 percent (subject to close of the transaction). Magnora continues to have two out of five board members. The remaining part of the company ownership is divided between the five founders of the company. The five founders also have two out of five board members, and the founders have selected the independent board member that holds the last seat on the board. Magnora is not involved in the daily business and is only participating through its appointed directors on the board. The Group has significant influence in the company and its ownership is accounted for using the equity method as an associated company.

The Group invested in Kustvind AB in March 2020 through a share issue and currently has 24 percent ownership. Magnora further has the right to increase its ownership to 50% according to a budget and milestone plan. The three founders of the company own equal shares of the remaining shares in the company. Magnora has three out of five board members, and the founders have the remaining two members of the board. The other shareholders have the right to elect its third board member at any time, and it is expected that they will do so shortly. Magnora is a minority owner with three other owners and has significant influence of the company. Hence its ownership is accounted for using the equity method as an associated company.

The Group invested in Evolar AB in November 2020 through a share issue for 28.44 percent ownership, which was increased to 41 percent in June 2021. The five founders of the company own equal shares of the remaining shares in the company. Magnora has two out of five board members and the founders have the remaining three members of the board. Significant decisions (e.g. Issues of new shares, mergers or demergers, sale of all or substantially all of the assets of a member of the group, amendments and revisions of the business plan) shall always require the consent and approval by the Board members nominated by Magnora. The Group determines it does not have significant control, but does have significant influence in Evolar. Magnora invested in this company with the intention of providing financing, strategic advice, and assistance with a potential stock exchange listing when the R&D has developed to an adequate stage but does not interfere in operations of the company. Magnora ASA has options to acquire a total of 63.5% of the company, but these options are not currently exercisable. Hence its ownership is accounted for using the equity method as an associated company. At the balance sheet date, the book value of the investment has been adjusted for the Company's share of the negative operating results in the period.

The Group invested in Helios AB in February 2021 through a share issue and owns 25 percent of the company at the balance sheet date. The remaining ownership of Helios is divided between the ten founders of the company. Magnora has one out of five board members, and the founders 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. Magnora ASA has an option to acquire a total of 40% of the company by September 2021, and this option is currently exercisable. For up to two years after the First Investment from Magnora, significant resolutions (eg. Annual budgets, amendments in the business plan, any merger/demerger and so on) must be approved by the Board and supported by the director appointed by Magnora. Magnora has significant influence in the company and its ownership is accounted for using the equity method as an associated company.

## 6 SHAREHOLDER STRUCTURE

20 largest shareholder accounts 11 August 2021 (source: VPS)	Number of shares	Percent ownership
GINNY INVEST AS	2,508,778	4.40
KING KONG INVEST AS	2,400,995	4.21
CARE HOLDING AS	2,000,000	3.50
BEKKESTUA EIENDOM AS	1,791,860	3.14
ALDEN AS	1,729,829	3.03
PHILIP HOLDING AS	1,690,000	2.96
ANDENERGY AS	1,558,140	2.73
INTERACTIVE BROKERS LLC	1,406,307	2.46
F1 FUNDS AS	1,341,300	2.35
F2 FUNDS AS	1,326,000	2.32
MP PENSJON PK	1,277,138	2.24
DANSKE BANK AS	1,150,804	2.02
NORDNET LIVSFORSIKRING AS	1,086,473	1.90
ALTEA PROPERTY DEVELOPMENT AS	1,054,944	1.85
AARSKOG, PHILLIP GEORGE	1,000,000	1.75
EUROCLEAR BANK S.A./N.V.	902,677	1.58
VERDIPAPIRFONDET DNB SMB	804,368	1.41
BAKLIEN, ÅSMUND	756,100	1.32
SJØLUND STIAN	551,000	0.97
BILL INVEST AS	520,156	0.91
<b>Total, 20 largest shareholders</b>	<b>26,856,869</b>	<b>47.06</b>
Other shareholder accounts	30,215,810	52.94
<b>Total number of shares</b>	<b>57,072,679</b>	<b>100.00</b>
Foreign ownership	8,758,295	15.35



## 7 OPERATING REVENUE

NOK million	Q2 2021	Q1 2021	YTD 2021	Q2 2020	YTD 2020	2020
Operations						
License revenue	2.4	4.2	6.6	5.9	14.8	27.1
Other revenue	0.0	1.3	1.3	0.0	0.0	1.3
Operating revenue operations	2.4	5.5	6.9	5.9	14.8	28.4

## 8 OPTIONS

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

The CEO, the EVP Operations, and the EVP Projects were each granted 100,000 options, and the CFO and the asset manager were each granted 50,000 options during Q2 2021. NOK 0.8 million has been recognised for Q2 2021 in accordance with IFRS 2.

## 9 FINANCIAL ASSETS

In accordance with authorisation from the Board of Directors, Magnora ASA held and traded marketable securities during Q2 2021 with a net gain of NOK 2.2 million. The total value of other current financial assets held on the balance sheet is NOK 1.4 million at the end of the quarter. The Group holds marketable securities as part of an effort to carefully increase the return on cash holdings. The shares are considered sufficiently liquid to allow Magnora ASA to sell the shares to meet short-term working capital needs.

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

## 10 INVESTMENT IN ASSOCIATES

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

The Group established the Vindr Group and increased its ownership in Vindr to 50 percent in February 2021. The initial investment was for 25 percent ownership and took place in March 2020. As noted in section three above, Magnora does not have a controlling share and does not exercise control in Vindr, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Vindr's operating results for the period.

The Group has 24 percent ownership in Kustvind AB and has a right to acquire up to 50 percent of the company. As of 30 June 2021, Magnora does not have a controlling share and does not exercise control in Kustvind, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Kustvind's operating results for the period.

The Group has 40.7 percent ownership in Evolar AB and has a right to acquire up to 63.5 percent of the company.

As of 30 June 2021, Magnora does not have a controlling share and does not exercise control in Evolar, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Evolar's operating results for the period.

The Group has 25 percent ownership in Helios and has a right to acquire up to 40 percent of the company. As of 30 June 2021, Magnora does not have a controlling share and does not exercise control in Helios, and the investment is accounted for using the equity method. The value is adjusted for the Group's share of Helios's operating results for the period.

## 11 RELATED PARTY TRANSACTIONS

Magnora ASA has an agreement with all subsidiaries and associated companies that allows services to be provided between the companies at agreed upon hourly rates. Magnora has both operating revenues and expenses from services provided between the companies that are considered to be related parties to Magnora. There were no operating revenues from associated companies in the second quarter.

# RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the interim consolidated financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 - Interim Financial Reporting and give the true and fair view of the Group's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the Interim Financial Report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, Norway, 16 August 2021  
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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