Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	983 218 180
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	MAGNORA ASA
Forretningsadresse:	Karenslyst allé 6 0278 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Torstein Sanness
Dato for fastsettelse av årsregnskapet:	20.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert

År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 14.08.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Driftsinntekter		100 000 000	30 000 000
Sum inntekter		**100 000 000**	**30 000 000**
Kostnader			
Lønnskostnad		25 000 000	20 000 000
Annen driftskostnad		15 000 000	27 000 000
Sum kostnader		**40 000 000**	**47 000 000**
Driftsresultat		**60 000 000**	**-17 000 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		19 000 000	-5 000 000
Sum finansinntekter		**19 000 000**	**-5 000 000**
Netto finans		**19 000 000**	**-5 000 000**
Ordinært resultat før skattekostnad		**79 000 000**	**-22 000 000**
Skattekostnad		8 000 000	8 000 000
Ordinært resultat etter skattekostnad		**71 000 000**	**-30 000 000**
Årsresultat		**71 000 000**	**-30 000 000**
Overføringer og disponeringer			
Overført til annen EK		71 000 000	-30 000 000
Sum overføringer og disponeringer		**71 000 000**	**-30 000 000**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		15 000 000	23 000 000
Sum immaterielle eiendeler		**15 000 000**	**23 000 000**
Finansielle anleggsmidler			
Investering i datterselskap		73 000 000	2 000 000
Investeringer i tilknyttet selskap		41 000 000	76 000 000
Lån til tilknyttet selskap og felles kontrollert virksomhet		182 000 000	11 000 000
Aksjer i andre selskaper			1 000 000
Sum finansielle anleggsmidler		**296 000 000**	**90 000 000**
Sum anleggsmidler		**311 000 000**	**113 000 000**
Omløpsmidler			
Varer			
Fordringer			
Kundeforderinger og andre fordringer		87 000 000	21 000 000
Sum fordringer		**87 000 000**	**21 000 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd		167 000 000	94 000 000
Sum bankinnskudd, kontanter og lignende		**167 000 000**	**94 000 000**
Sum omløpsmidler		**254 000 000**	**115 000 000**
SUM EIENDELER		**565 000 000**	**228 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		33 000 000	28 000 000

Balanse

Beløp i: NOK	Note	2022	2021
Sum innskutt egenkapital		**33 000 000**	**28 000 000**
Opptjent egenkapital			
Annen egenkapital		449 000 000	183 000 000
Sum opptjent egenkapital		**449 000 000**	**183 000 000**
Sum egenkapital		**482 000 000**	**211 000 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Kassekreditt		76 000 000	
Leverandørgjeld		2 000 000	1 000 000
Avsetninger		1 000 000	2 000 000
Annen kortsiktig gjeld		4 000 000	16 000 000
Sum kortsiktig gjeld		**83 000 000**	**19 000 000**
Sum gjeld		**83 000 000**	**19 000 000**
SUM EGENKAPITAL OG GJELD		**565 000 000**	**230 000 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Driftsinntekter		92 000 000	15 000 000
Sum inntekter		**92 000 000**	**15 000 000**
Kostnader			
Lønnskostnad		32 000 000	20 000 000
Avskrivning		2 000 000	
Annen driftskostnad		47 000 000	33 000 000
Sum kostnader		**81 000 000**	**53 000 000**
Driftsresultat		**11 000 000**	**-38 000 000**
Finansinntekter og finanskostnader			
Resultat tilknyttede selskaper		-4 000 000	-22 000 000
Annen finansinntekt		-2 000 000	5 000 000
Valutaeffekter på finansposter		7 000 000	
Sum finansinntekter		**1 000 000**	**-17 000 000**
Netto finans		**1 000 000**	**-17 000 000**
Ordinært resultat før skattekostnad		**12 000 000**	**-55 000 000**
Skattekostnad på ordinært resultat		8 000 000	8 000 000
Ordinært resultat etter skattekostnad		**4 000 000**	**-63 000 000**
Årsresultat		**4 000 000**	**-63 000 000**
Minoritetsinteresser		-9 000 000	
Årsresultat etter minoritetsinteresser		**13 000 000**	
Overføringer og disponeringer			
Overført til annen EK		4 000 000	-63 000 000
Sum overføringer og disponeringer		**4 000 000**	**-63 000 000**

Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Patenter		9 000 000	
Annen immateriell eiendel		171 000 000	1 000 000
Utsatt skattefordel		15 000 000	23 000 000
Goodwill		34 000 000	2 000 000
Sum immaterielle eiendeler		**229 000 000**	**26 000 000**
Varige driftsmidler			
Produksjonsutstyr		15 000 000	
Sum varige driftsmidler		**15 000 000**	
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap		26 000 000	61 000 000
Lån til tilknyttet selskap og felles kontrollert virksomhet		6 000 000	
Sum finansielle anleggsmidler		**32 000 000**	**61 000 000**
Sum anleggsmidler		**276 000 000**	**87 000 000**
Omløpsmidler			
Varer			
Fordringer			
Kundeforderinger og andre fordringer		92 000 000	7 000 000
Sum fordringer		**92 000 000**	**7 000 000**
Investeringer			
Aksjer i andre selskaper		24 000 000	1 000 000
Sum investeringer		**24 000 000**	**1 000 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd		172 000 000	97 000 000
Sum bankinnskudd, kontanter og lignende		**172 000 000**	**97 000 000**
Sum omløpsmidler		**288 000 000**	**105 000 000**

Konsernets balanse

Beløp i: NOK	Note	2022	2021
SUM EIENDELER		**564 000 000**	**192 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		33 000 000	28 000 000
Sum innskutt egenkapital		**33 000 000**	**28 000 000**
Opptjent egenkapital			
Annen egenkapital		353 000 000	144 000 000
Sum opptjent egenkapital		**353 000 000**	**144 000 000**
Minoritetsinteresser		46 000 000	
Sum egenkapital		**432 000 000**	**172 000 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt		5 000 000	
Andre avsetninger		5 000 000	
Sum avsetninger for forpliktelser		**10 000 000**	
Annen langsiktig gjeld			
Sum langsiktig gjeld		**10 000 000**	**0**
Kortsiktig gjeld			
Kassekreditt		76 000 000	
Leverandørgjeld		6 000 000	2 000 000
Avsetninger		1 000 000	2 000 000
Annen kortsiktig gjeld		39 000 000	17 000 000
Sum kortsiktig gjeld		**122 000 000**	**21 000 000**
Sum gjeld		**132 000 000**	**21 000 000**
SUM EGENKAPITAL OG GJELD		**564 000 000**	**193 000 000**

Konsernets balanse

Beløp i: NOK	Note	2022	2021

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	13.03.2012	19.03.2012
Telefon	Deres referanse	Vår referanse
22078139	Johan Bringsverd	2012/198337

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Sevan Marine ASA, org. nr. 983 218 180

Det vises til deres brev av 13. mars 2012 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk Sevan Marine ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Sevan Marine ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn
Sevan Marine ASA er et oljeservice teknologiselskap som er spesialist på design, engineering og prosjektgjennomføring for bygging av flytende offshoreenheter, med hovedfokus på enheter for flytende enheter for produksjon, lagring og lasting av olje og gass (FPSOer) og opererer således i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk.

Selskapet rapporterer således all informasjon på engelsk. Selskapets største aksjonær, Teekay Corporation med en eierandel på 40 % er basert i Canada. Andel utenlandske aksjonærer er i overkant av 60 %. De fleste av selskapets kontraktsparter er utenlandske eller har engelsk som arbeidsspråk. Alle vesentlige kunder er utenlandske og målgruppen er internasjonal. Selskapet er i hovedsak finansiert fra utenlandske kredittinstitusjoner og internasjonale obligasjonslån. Selskapet er notert på Oslo Børs og har dispensasjon fra vphl § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal "*årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

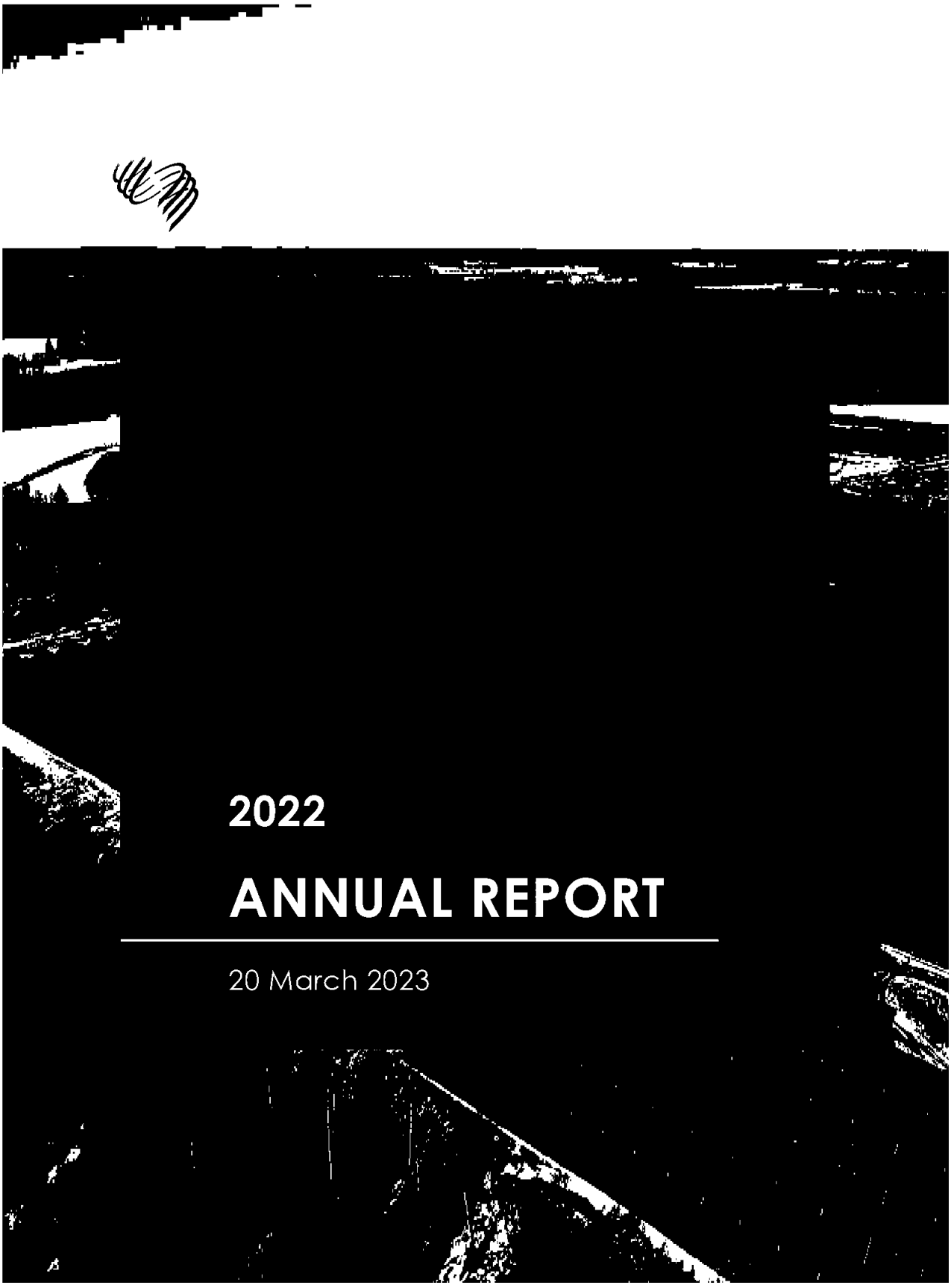
Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at hovedaksjonær er hjemmehørende i Canada og at over 60 % er eiet av utenlandske aksjonærer. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Videre er det vektlagt at selskapet i hovedsak er finansiert fra utenlandske kredittinstitusjoner og internasjonale obligasjonslån.

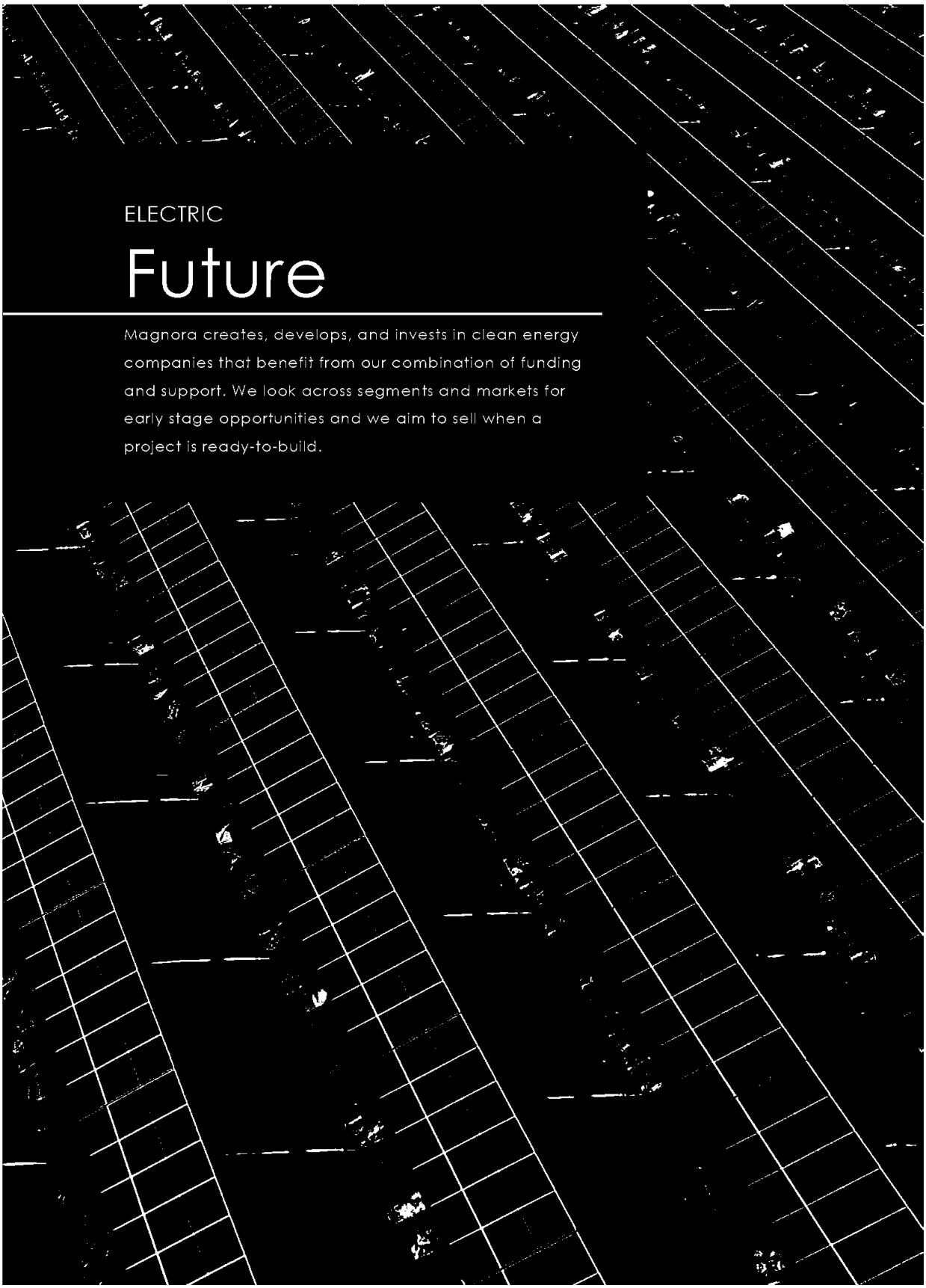
Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland


2022
ANNUAL REPORT
20 March 2023


ELECTRIC
Future
Magnora creates, develops, and invests in clean energy companies that benefit from our combination of funding and 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

A year of marvel

Looking back at 2022, it is easy to feel energised. Our optimism relates back to five rapid changes that have proven our strategy and business model.

First, the **fundamental outlook** on energy has shifted. A few years ago, renewable energy was the right thing to do, but not necessarily a profitable proposal. During 2022, carbon free energy came five years closer. Renewable assets turned out to be profitable and the influx of professional money grew. Magnora benefitted through a healthy capital increase, but also from a new sense of urgency among regulators. In Norway, solar power is no longer a far-fetched idea and Hafslund Magnora Sol saw a marked shift in the willingness to offer land in return for a future cut of revenues. Energy is no longer just energy – it matters where the energy comes from and how it was produced.

Gradually at first, then rapidly, an **industry architecture** has emerged that greatly benefit Magnora. A decade ago, renewable energy was mostly a play inside vertically integrated companies. In recent years, these giants have increasingly come to rely on specialists in the entrepreneurial early stages of a project. A market has emerged for ready-to-build projects with observable standards and price levels. Hence, our portfolio companies spend less time educating the market and more time creating value. Helios Nordic Energy AB, our Swedish solar PV project developer for example, delivered beyond expectation.
Thirdly, we experience an **entrepreneurial shift** in the outlook of energy majors. The large companies that dominate energy supply are capable of running large and complex projects, but may not master the high-speed, high-risk business of sorting out early-stage renewable projects. Frequently, such projects require a speed of execution beyond the capacity of a major corporation. Magnora has become a partner in demand. In 2022 Hafslund Vekst took an ownership stake in the Group. TechnipFMC and Magnora won the ScotWind N3 495 MW floating wind license (aka "Talisk") in early 2022. Our portfolio company Evolar AB (enhancing solar cells) is also meeting increased interest from much larger partners.

At the end of 2022, our risk profile looks very different from previous years. Magnora is no longer dependent on the performance of individual ventures or key individuals. Rather, we see a **diversified portfolio logic** at work. Magnora may shift attention onto businesses that face challenges and shift resources onto those that face opportunities. Geographical risk is also diversified through our presence in South Africa, Norway, Sweden, Scotland and England. We have a portfolio of battery storage, solar and wind assets, some offshore and some onshore. No single segment or market can risk the health of the business.

A final shift is internal to Magnora: the shift **to pure play green electricity**. Since 2019, Magnora has invested and operated exclusively in renewable energy, as the oil and gas business with all technology rights was sold in 2018. Two license agreements remain in the Group, providing late revenues from a proprietary design. From 2022 onward, however, renewable portfolio is also generating cash. We expect green revenues to exceed legacy revenue during 2023.

Finally, we would like to underpin that we depend on, and have been very fortunate to attract, a team of industry-leading experts from the renewable industry, which has allowed us to select the right investments and manage them efficiently and in a competitive way. Diversification coupled with a professional team is what allows us to quickly choose the best project opportunities and to create value.

On our way to a carbon neutral Europe, we believe green energy prices will stay higher than in the previous decades for many years to come.

The future is bright and green.

Torstein Sanness
Executive chairman

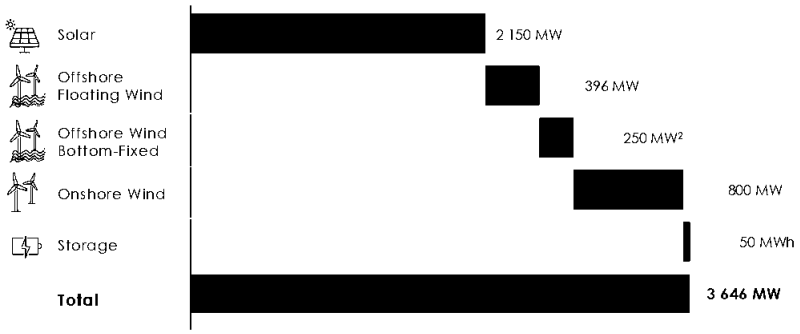
Erik Sneve
CEO

KEY

Portfolio Figures

PORTFOLIO BY TECHNOLOGY

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



MARKET PRESENCE

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

Market		Net share of project capacity (MW)	Technology
	Sweden	1 170 MW	
	Scotland	396 MW	
	England	80 MW	
	Norway	1 000 MW ambition	
	South Africa	2 000 MW	

1) MW x Magnora Ownership = Net share
2) Economic interest, at end of 2022 owned 37.5% with option to increase to 50%

Market Cap*	Share Price*	Total Shares
MNOK 1 417	NOK 21.20	66 822 679

*As of market close 30 December 2022

BOARD OF

Directors' Report

MAIN EVENTS IN 2022

Figures for 2021 are presented in parenthesis.

The Group continued to grow in 2022. During the year, a series of significant events played out:

- On 17 January 2022, Crown Estate Scotland offered Magnora Offshore Wind (MOW) an Option Agreement for area N3 (part of ScotWind). MOW plans to establish approximately 495 MW of capacity and start production in 2030. The agreement was signed in early April 2022. In December 2022, the Office of Gas and Electricity Market published a proposal for a link to Beauly by 2030 that would greatly benefit the Magnora Offshore Wind project now named Talisk.

- In February 2022, the Group acquired 92 percent of African Green Venture (AGV), a company developing renewable projects in South Africa. The local AGV team is constantly seeking to expand its portfolio of project sites.

- In March 2022, the Group partnered with an experienced local developer to enter the UK Solar PV and battery storage market.

- In April 2022, the Group exercised its option to increase ownership in Evolar to 63.5%. Evolar has kept reaching its cell efficiency targets, while negotiating business opportunities with industrial partners and customers. Interest from external financial and industrial investors has allowed Evolar to consider various financial alternatives with a focus both on return for Magnora's shareholders and continued industrial progress.

- In July 2022, the Group secured NOK 100 million in longer term financing through two top tier Nordic banks. This replaced a facility of NOK 50 million, while the other loan facility of NOK 50 million was maintained. Total loan facility is NOK 150 million.

- In August 2022, the Group and its partners in Neptun Tromsø decided to move forward with developing a green maritime fuel production facility in Tromsø. The company has signed LOIs with Posten Bring (national postal company) and other potential customers for the green ammonia from the planned facility.

- The Group received its first dividend from Helios in August. This significant milestone came less than 18 months after our first investment into Helios. Helios closed its last transaction for the year in December having sold projects with a future capacity of 577 MW in 2022. The company continued to grow its portfolio, which totaled 82 projects and 2.3 GW at the end of 2022. Potential new sales can be expected in the near term.

- In September 2022, the Group raised a total of NOK 200 million at a price of NOK 22.35 per share, of which NOK 100 million was pre-allocated to Hafslund. The private placement was seven times oversubscribed.

- In September 2022, the Group also concluded an agreement with Hafslund and Helios to establish a solar PV development company for the Norwegian market.

- In December 2022, a vessel based on a legacy Magnora design left the yard, triggering recognition of USD 7.5 million milestone revenues for our legacy design. The revenue is reflected as a receivable as of the end of the year and was received in February 2023. This was the second of four milestone payments. The remaining are expected in 2023 or early 2024.

- Increase in operating revenue combined with a slight increase in corporate operating expenses gave an EBITDA of NOK 10.5 million (negative NOK 38.5 million).

- Net profit was NOK 3.9 million (negative NOK 62.8 million). The increase was mainly driven by higher operating revenues. Expenses from project development and M&A activities also increased during the year and a reduction in the deferred tax asset was recognised at year end in line with IFRS rules. The entry has no effect on our cash position. Not including the non-cash expenses of options, write-down of deferred tax asset, and profit/loss from associated companies, the net profit was NOK 21.7 million for 2022.

SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Hafslund Magnora Sol AS has entered into multiple option agreements with landowners to develop solar PV parks in Norway.

BUSINESS AND STRATEGY

The Group continues to grow its portfolio of renewable energy companies and projects and has over the past year expanded its portfolio within solar PV, offshore wind, onshore wind and solar PV enhancing technology market across the Nordics, UK and South Africa. New markets and investments are evaluated continuously.

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.

Resistance against onshore wind remains high in Norway and Sweden but attitudes are changing gradually against a backdrop of record-high electricity prices in the region. EU has continued to press hard for increased production of renewable energy to secure future needs and stabilise energy prices at acceptable levels. Such pressure from regulators helps the Group, creates licensing opportunities for areas to develop and increases the pot of available capital from investors that seek out green and sustainable investments.

The Group continues to build a portfolio of offshore wind projects through its cooperation with TechnipFMC in Magnora Offshore Wind. The Talisk (ScotWind) project is in early development phase, and additional projects are planned for or licensing application under development. The Scottish authorities are determined to achieve the goals they have set, and the Office of Gas and Electricity Market has already published a proposal for a link to Beauly by 2030, which is expected to have a significant impact on our Talisk project. We see floating wind as a more attractive supply of green energy with also better wind resources in Europe as there is still local opposition against onshore wind in many countries.

Although all associated companies are in an early phase of executing their business plans, there is an increasing interest from industrial and institutional investors to invest prior to Ready-to-Build phase. Helios's divestment of several projects totaling 577 MW during 2022 illustrates this market interest.

The Group used its last option to increase ownership in Evolar during 2022 and owned 63.5% at year end. In addition to equity increases, the Group has funded Evolar through convertible loans while Evolar continues to consider IPO and other financial alternatives. Evolar has several ongoing discussions with investors and companies interested in the perovskite technology. Three joint development agreements have been secured so far. We believe solar PV has significantly increased in importance within the renewable power production mix, and we are increasingly focusing on near term development opportunities within this segment which also has a shorter time-to-market.

In addition to the general interest in renewable energy projects, we see a growing interest from institutional investors and energy companies to invest in platforms capable of developing and operating renewable energy power plants. Although we have on-going negotiations, this type of partnership requires a strategic alignment and a more comprehensive due diligence process by both parties, which normally takes longer than project divestments.

With tumultuous markets in 2022, we focused on a closer cooperation with our banking partners to provide the funding needed during the past year. In addition to this, the private placement in September 2022 strengthened our balance sheet for investments ahead.

FINANCIAL TARGETS

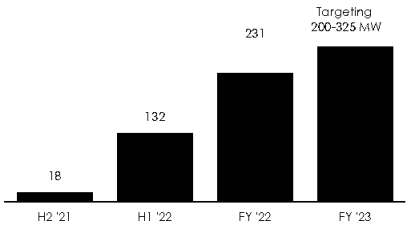
The Q2 2022 targets (below) on net share from the portfolio companies are due for revision in Q2 2023 following the strong growth achieved during 2022:

- 5 GW of development projects by 2025
- Asset sales of 150-250* MW in 2022 (231MW was achieved)
- Asset sales of 200-325* MW for the full year 2023
- Sales price of above NOK 0.5 to above NOK 1.5 million per MW for solar PV and onshore wind projects, subject to risk, unit economics and other factors
- Legacy revenues of minimum USD 10 million over the next 9-18 months from our legacy design business
- The Group continues to see compelling investment opportunities and will call for dividend in portfolio companies with excess cash
- Magnora will suggest that excess cash is distributed as return of capital or dividends if we are unable to find profitable growth opportunities and/or buy-backs

*Sales to Earnings Per Share Conversion is subject to IFRS, size of upfront payment, grid connection, all permits in place etc. Sales targets are subject to potential delays due to high volumes and complex negotiations, which could affect timing of closing.

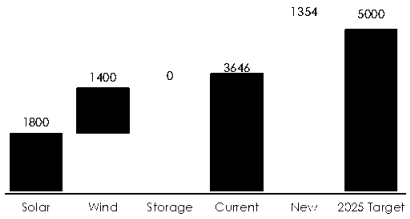
PROJECTS SOLD & GUIDANCE

MW, net share of project capacity [1]



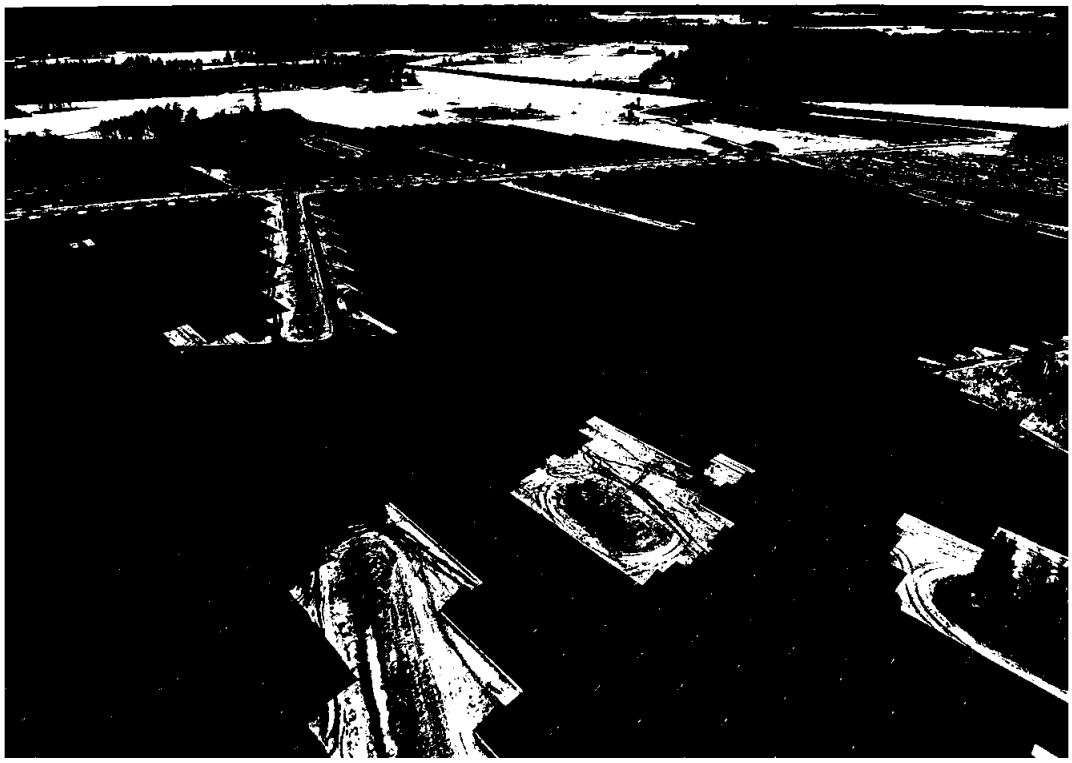
DEVELOPMENT PORTFOLIO AMBITION 2025

GW, net share of project capacity [1]



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.



Evolar

Commercialising a disruptive turn-key solution that enhances efficiency in solar PV by way of perovskite technology

- As of January 2023. Perovskite is the only material that may increase outputs from PV in the short term
- Efficiency gains of +25% by adding a perovskite layer to conventional solar panels
- Commercializing equipment and processes for enhancing conventional solar panels
- Ambition to sell turn-key solutions to solar cell manufacturers
- 31 FTE

OWNERSHIP

Magnora ASA

www.evolarab.se

Magnora acquired 28.44 percent of the shares in Evolar through a share issue in the fourth quarter of 2020 and has since increased its ownership to 63.5 percent through additional share issues.

Evolar is developing a perovskite-based PV power booster technology with a potential to increase the efficiency of conventional silicon-based solar panels at low cost. The investment in Evolar gives Magnora access to a unique technology in a growing market. The Evolar team has led the world in developing thin film solutions such as a copper indium gallium selenide (CIGS) solar cell delivering an efficiency of 24 percent and a thin film module record of 21 percent efficiency. The Evolar team has previously developed multiple factories in Germany and China and sold solar cells directly in Europe through IKEA.

The company has a unique industrial scale R&D prototype production line, which is fully operational in Evolar's manufacturing facilities in Uppsala, Sweden. This allows the team to quickly scale and test solar cells and modules and thereby shorten the time-to-market. Perovskite can have a transformational effect on the solar cell market as well as the green transition due to its potential disruptive performance compared to conventional solar cells. Evolar's business model is to develop and sell design, hardware, software and consumables for solar cell manufacturers which want to implement Perovskite tandem technologies to their current offerings.

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

Evolar's organisation is growing in line with its strategy. The company maintains an advisory board that includes the Dean of Uppsala University, Anders Hagfeldt, a recognized expert in the global perovskite community.

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

Helios

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

- 82 ongoing projects with total capacity of above 2.3 GW
- 3,122 hectare land lease agreements
- ~80% of landbank has positive grid indication
- Sold projects with a total installed capacity of more than 600 MW
- Growing revenue streams from an expanding landbank and subsequent technical management services
- Strong risk management focus

OWNERSHIP

Magnora ASA

www.heliosnordic.com

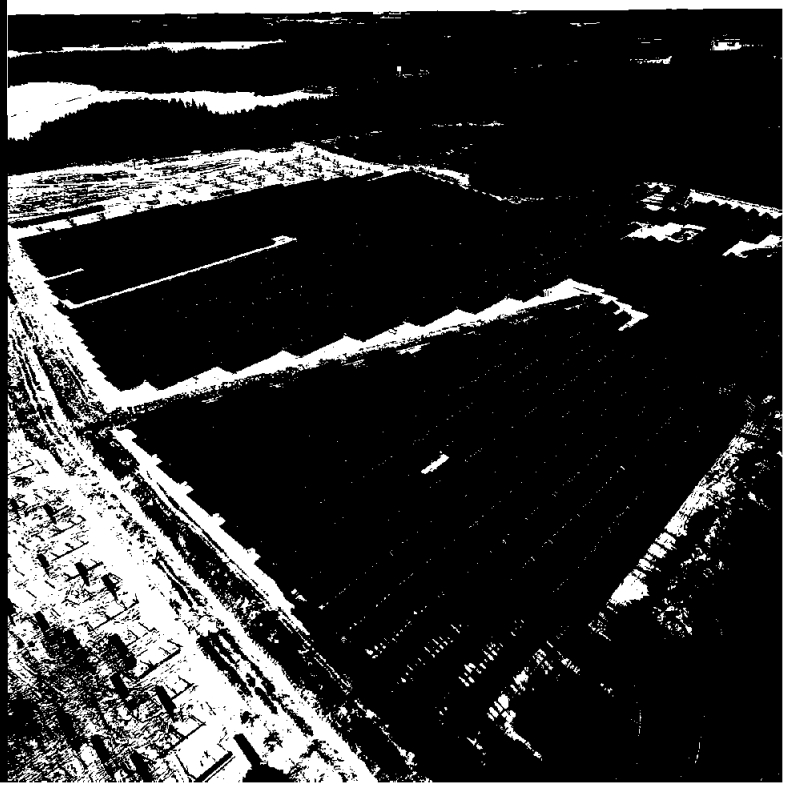
Magnora participated in a share issue acquiring 25 percent of Helios Nordic Energy AB (Helios) in February 2021 and increased its ownership to 40 percent in the third quarter of 2021.

Helios is a greenfield developer of large-scale PV projects in the Nordics and Baltics. 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 82 projects with a total installed capacity potential of approximately 2.3 GW.

During the fourth quarter 2022, the company closed yet another transaction with Commerz Real for divestment of five projects. Helios has so far divested more than 600 MW to reputable takers such as OX2, Commerz Real, Nordic Solar, and Solgrid.

We note a significant interest in the marketplace for solar PV projects and expect several projects in.

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

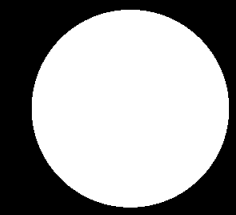


Magnora South Africa

Magnora South Africa Projects AS - Solar and wind project company

- Combined greenfield portfolio of 1.950 MW solar PV and onshore wind
- 63.700 hectares of land secured by leasing contracts
- 100 percent ownership

OWNERSHIP

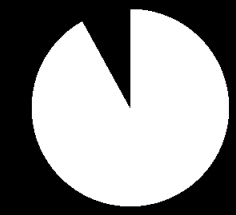


Magnora ASA

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

- AGV project team of eight people in Cape Town specialized in renewable project development in the South African market
- 92 percent ownership

OWNERSHIP



Magnora ASA

Magnora entered the South African market in 2021, acquiring 100 percent of the shares in a South African company with a development portfolio consisting of approximately 450 MW wind power and 400 MW solar PV.

In Q1 2022, Magnora acquired 92 percent of African Green Ventures (AGV), a renewable energy development company. With the acquisition, Magnora has a local team in South Africa to develop existing projects and expand the portfolio of wind and solar PV projects in South Africa. At the end of 2022, the potential generating capacity of its portfolio was approximately 1,950 MW.

South Africa plans to source minimum 20-30 GW of renewable projects over the next decade to address and acute power shortage. The government has removed a previous 100 MW limit for corporate and industry (C&I) projects and is aiming to make the approval processes more efficient.

Magnora considers options for South Africa that are driven in part by interest from investors. Management is continuing commercial discussions with potential partners, investors and PPA customers.

In South Africa, grid is a significant constraint that requires constant risk management. Several projects are applying for permits. One solar PV project was granted Environmental Authorisation in the second half of 2022. All projects under development are expected to meet the criteria needed in public tender rounds ("REIPPP") and potential C&I power purchasing agreements (PPAs).

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 (170 m)
- 500 MW, 2 TWh/y
- 25 – 33 WTGs to be installed

OWNERSHIP

Magnora ASA

*Option to increase ownership to 50%

www.kustvind.se

Magnora had a 37.5 percent ownership stake in Kustvind AB (Kustvind) at the end of 2022 and has an option to acquire up to 50 percent of the company.

Kustvind is a 500 MW shallow-water offshore wind project located in an area with attractive wind conditions 8 - 15 km off the southern coast of Sweden. The wind farm has a 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. The project is about to finalise environmental impact assessments and technical design. The work is progressing as planned, with results from wildlife and marine environmental studies as expected so far and without red flags. Permit application is anticipated to be ready for submission shortly. Development work for the grid connection route is also progressing according to plan.

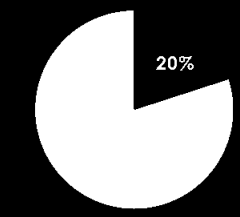
More details are available on the project's home page: www.kustvind.se.

Magnora Offshore Wind

Offshore Wind development company in collaboration with TechnipFMC

- Developing 495 MW Offshore Wind capacity in Scotland (ScotWind, N3 area)
- Preparing for UK and Norwegian leasing rounds
- Exploring new markets for development of offshore wind

OWNERSHIP



Magnora ASA
Technip FMC

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 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. In Q4, this initiative was named *Talisk*.

Magnora Offshore Wind has also entered into a cooperation agreement with Hiraeth Energy for participation in the upcoming leasing round for floating offshore wind projects in the Celtic Sea, targeting exclusivity for a 1000 MW project.

The company plans to participate in the first offshore wind application round in Norway, and other markets are under consideration. TechnipFMC has already played a key role in the floating wind industry since inception and has participated in developments such as the Hywind projects.

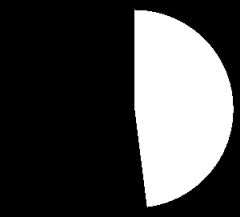
The partnership with TechnipFMC has already provided several synergies in the ScotWind project. TechnipFMC has over 4,500 employees in England, Scotland, and Norway, with several of the key resources available locally.

Hafslund Magnora Sol

Solar PV development company established in Norway

- Ambition to develop 1.000 MW
- Dialogues with several landowners
- 6 option agreements signed totaling 150 MW
- Recruiting for growth

OWNERSHIP



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

www.hafslundmagnorasol.no

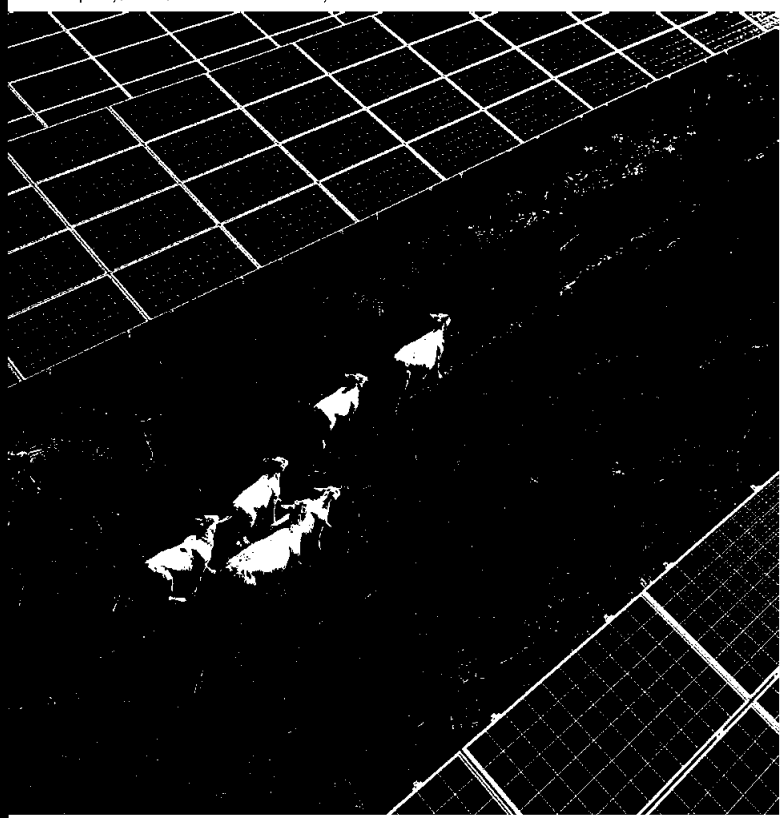
Magnora has established Hafslund Magnora Sol AS with Hafslund and Helios to develop large-scale solar parks in Norway. Magnora and Hafslund own 40 percent each, and Helios holds the remaining 20 percent.

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, after which Hafslund will have a first right to buy the projects.

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 approx. 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.

In early 2023, the company signed landowner agreements and kicked off projects totaling 150 MW. Environmental surveys and permit processes are initiated on the projects.

The company is in the process of building its own organization and has launched a recruiting process.



Neptun Tromsø

Large-scale production facility for green ammonia to be established in Tromsø, Norway.

- Tromsø major Norwegian port and marine hub
- Local access to renewable and clean energy
- Electricity prices favourable
- Location suitable for exports

OWNERSHIP

Magnora ASA

www.neptuntromso.no

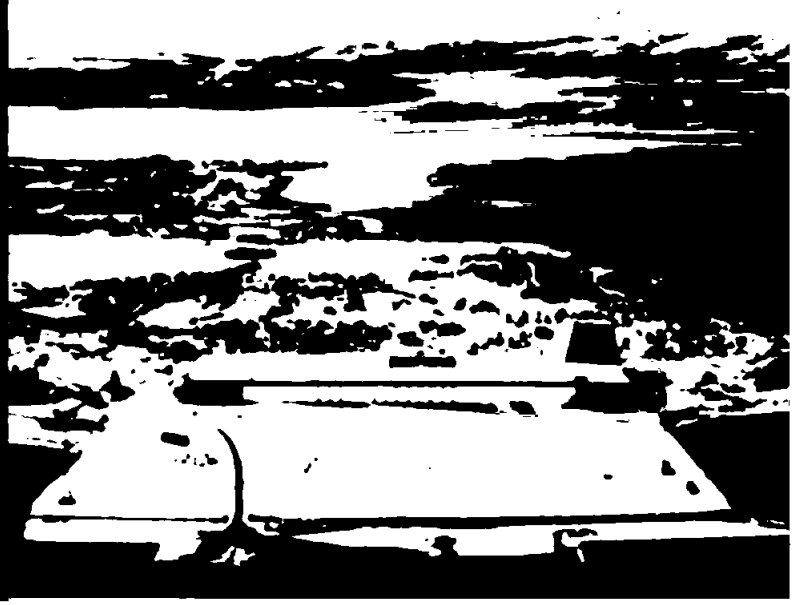
Magnora holds 33 percent ownership in Neptun Tromsø AS which develop a large-scale facility for production of green ammonia in Tromsø, Norway. The green ammonia will be supplied to the maritime industry as green fuel. We see the Neptun project as a significant effort towards the green shift.

The carbon-free ammonia is produced by capturing nitrogen from the air and combining it with green hydrogen. The energy used in the hydrogen (H2) and ammonia (NH3) production processes is supplied from regional hydro and wind power plants providing reliable renewable and clean energy.

Tromsø is an ideal location for the production of green maritime fuels, benefitting from a strong power surplus from local wind and hydropower plants which gives favourable electricity rates and green energy. It is also Northern Norway's main transport hub with 8,500 annual ship calls. Moreover, the port of Tromsø is Norway's largest fishing port, and has an increasing number of cruise ship calls.

The planned site for the facility is 10 kilometres from Tromsø city centre and located along the main shipping lane into the port of Tromsø. Port of Tromsø (No: Tromsø Havn) has developed and owns the area, which is regulated for industry. The existing quay at the location offers deep-sea quay and logistic facilities, and it is therefore a natural location for the bunkering of green fuels. The green ammonia can be easily shipped from the production facility to locations in Norway and Europe or loaded on bunkering ships, either for maritime use or to chemical industry.

The project is currently planning for ready to build milestone in phase 1 of the project and has signed LOIs with Posten Bring (national postal service) and other potential off-takers for the green ammonia to be produced by the planned facility. These are being matured, with expectation to agree on off-take agreements during H1 2023. The project has also initiated dialogue with potential suppliers for the project, gaining significant interest.



OTHER ASSETS:

License and 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 financial benefits from two licensing agreements.

Dana – Western Isles

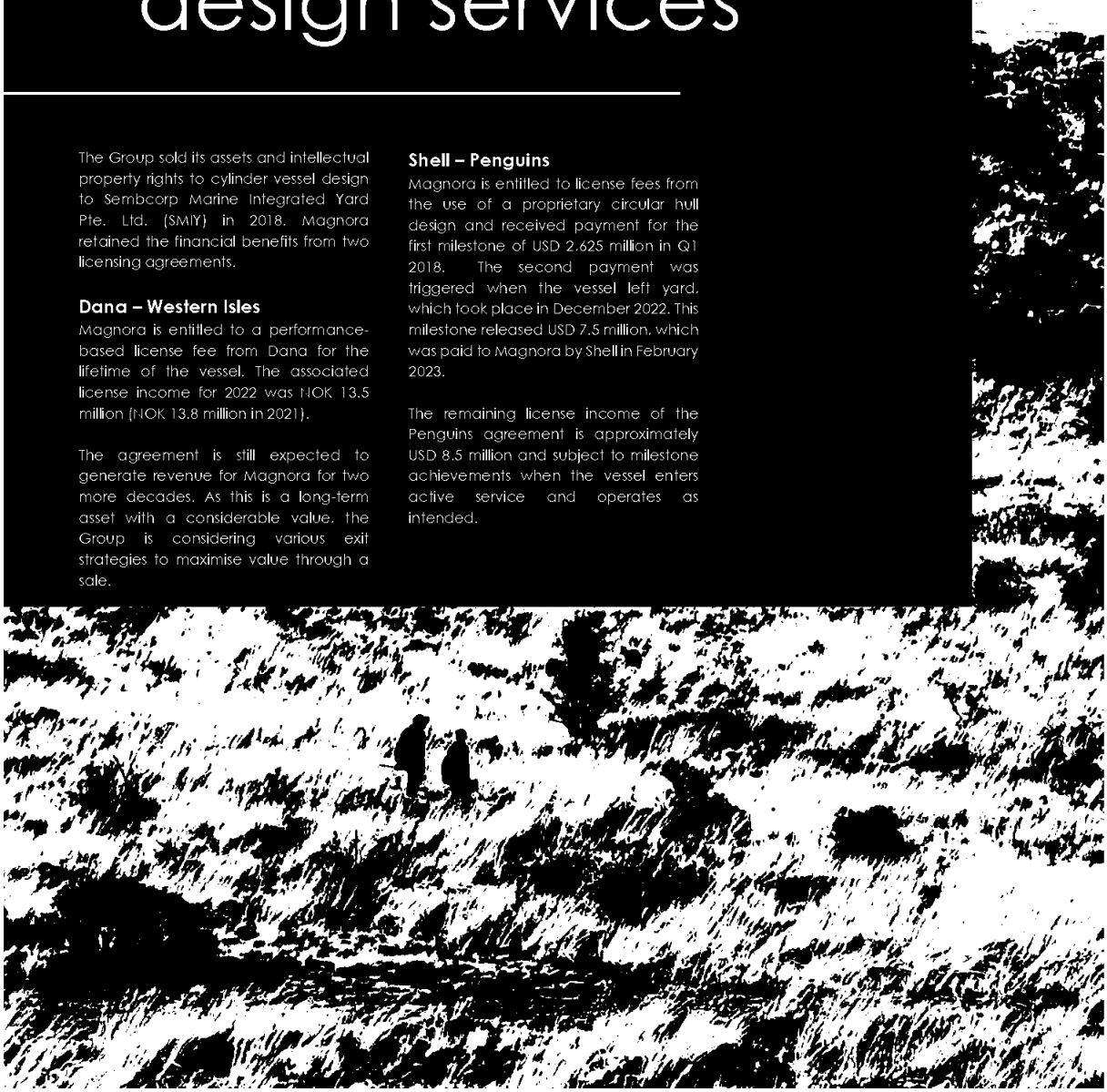
Magnora is entitled to a performance-based license fee from Dana for the lifetime of the vessel. The associated license income for 2022 was NOK 13.5 million (NOK 13.8 million in 2021).

The agreement is still expected to generate revenue for Magnora for two more decades. As this is a long-term asset with a considerable value, 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. The second payment was triggered when the vessel left yard, which took place in December 2022. This milestone released USD 7.5 million, which was paid to Magnora by Shell in February 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 2021 are presented in parentheses.

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

Magnora 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 in these companies are expensed, not capitalised, 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 for the corporate segment was NOK 102.6 million (NOK 18.7 million) and operating expenses NOK 30.6 million (NOK 30.8 million). The increase in operating revenue is mainly due to the milestone payment of USD 7.5 million from the Shell Penguins project. EBITDA was NOK 72 million (negative NOK 12.5 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 0.3 million from subsidiaries in operating revenues in the project segments. Most projects are early-phase and not yet generating revenues. Operating expense was NOK 1.2 million (NOK 3.5 million), and development and M&A expense was NOK 60.6 million (NOK 22.4 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 and associated companies. EBITDA was negative 61.5 million (negative NOK 26 million) for the project segment.

CONSOLIDATED

Operating revenues for the year ended at NOK 91.7 million, up from NOK 15.2 million last year, mainly due to achievement of the second milestone of USD 7.5 million in the Shell Penguins project. Future revenues from our license agreements will depend on the timing of production drilling, currency rates, maintenance, uptime and more.

Adjusted EBITDA ended at NOK 10.5 million (negative NOK 38.5 million). EBITDA result has been positively affected by higher operating revenues as noted above, although development and M&A expense has increased significantly due to higher activity level and consolidating more entities than in 2021. 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. Net profit for 2022 was NOK 3.9 million (negative NOK 62.8 million). Not including the non-cash expenses of options, write-down of deferred tax asset, and profit/loss from associated companies, net profit was NOK 21.7 million for 2022. Earnings per share was negative NOK 0.02 (negative NOK 1.11 in 2021).

Profit before tax was NOK 12 million (negative NOK 55.1 million), mainly affected by higher operating revenues as noted above.

The Group has accumulated tax losses of over NOK 3.5 billion.

CASH FLOW

As of 31 December 2022, cash and cash equivalents amounted to NOK 171.9 million (NOK 96.9 million). Net cash from operating activities was negative NOK 67.7 million. Net cash from investment activities was negative NOK 125.3 million, and net cash from financing activities was NOK 268.0 million. The net cash flow for the year was NOK 75 million. The positive cash flow was mainly due to the equity private placement and operating revenues from the Dana contract, reduced by the investments and loans to subsidiaries and associated companies.

FINANCING AND FINANCIAL POSITION

As of year-end 2022, total assets amounted to NOK 564.2 million (NOK 192.7 million) whereof cash and cash equivalents amounted to NOK 171.9 million (NOK 96.9 million). Total equity as of 31 December 2022 amounted to NOK 431.8 million (NOK 171.8 million), and the equity ratio was 77 percent (89 percent).

The Group had NOK 76.3 million (NOK 0) in interest-bearing debt as of 31 December 2022.

SHARE BUYBACK AND DIVIDENDS

Distribution of quarterly dividends to shareholders was approved at the annual general meeting held on 26 April 2022.

Distribution of quarterly dividends to shareholders has been halted to conserve cash for investments in line with the Group's near-term strategy.

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 26 April 2022. 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. No Magnora shares were purchased during 2022, and as of the date of this report, Magnora owns 21,866 shares or 0.03 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.

ANNUAL RESULTS AND YEAR-END APPROPRIATIONS

The Board proposes the following appropriation of the annual profit of NOK 70.5 million in the parent company Magnora ASA:

- Transfer from other equity at end of year Balance Sheet 31 December 2022: NOK 70.5 million
- Total appropriation: NOK 70.5 million

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 take over for the use of 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 project prior to ready to build, there is a risk that projects will never receive all permits needed to be finalised and customers might require a new project delivered. If not possible, we may need to return part of pre-payments.

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 recent Covid-19 virus could potentially affect revenues for a short period if the crew on vessels involved in the use of our legacy design is dismissed due to infection risk or similar.

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.

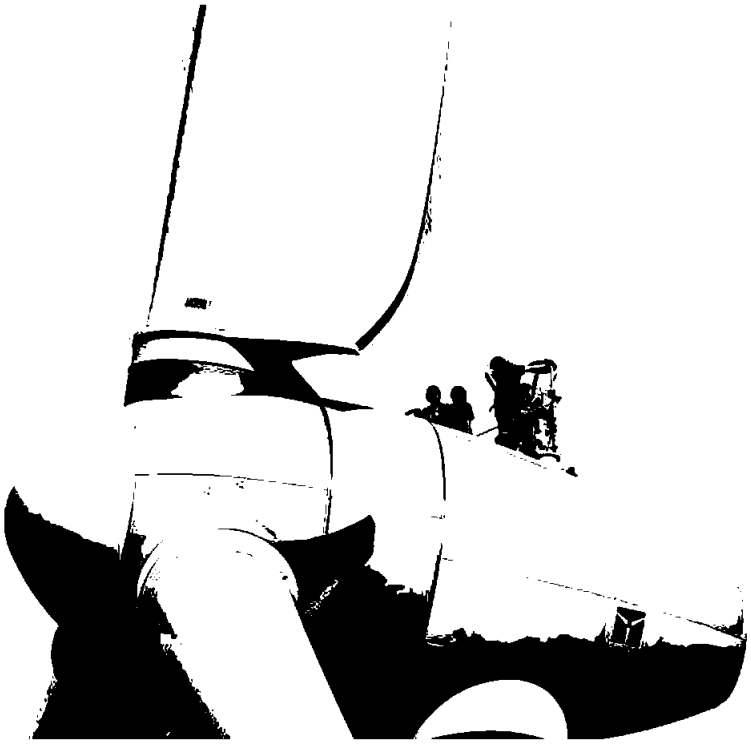
Regulatory risks can be changes in the regulatory environment that have a material adverse effect on Magnora's operations and financial performance. This could be changes in renewable energy policies, tax policies, or the regulatory environment that could affect the industries the Group operates in.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

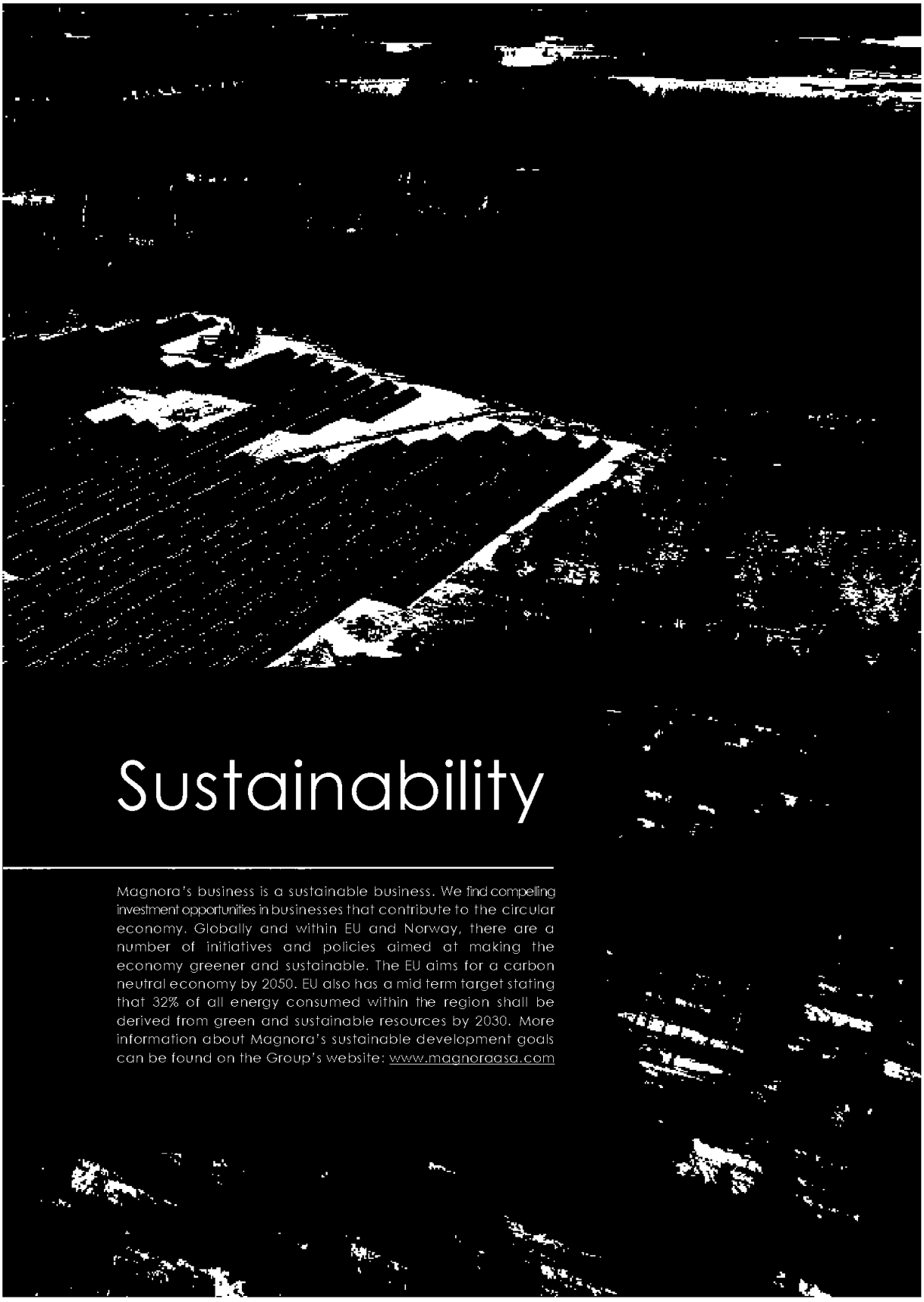
The Group derive all its cash flow from financial investments, two legacy agreements and its subsidiaries and associated companies. Negative cash flow and lack of financial performance from those companies therefore affects the Group. The exposure is limited to the Group's invested amount in those companies 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. 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.




Sustainability
Magnora's business is a sustainable business. We find compelling investment opportunities in businesses that contribute to the circular economy. Globally and within EU and Norway, there are a number of initiatives and policies aimed at making the economy greener and sustainable. The EU aims for a carbon neutral economy by 2050. EU also has a mid term target stating that 32% of all energy consumed within the region shall be derived from green and sustainable resources by 2030. More information about Magnora's sustainable development goals can be found 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 to the benefit of 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 23 of this report.

THE BOARD OF DIRECTORS

Magnora had its annual general meeting on 26 April 2022, 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

Developing sound health, safety and environment (HSE) principles is a critical success factor for the Group.

Sick leave was 1.18% (2021: 0%) for the Group for the year. No serious work incidents or accidents resulting in personal injuries or damages to materials or equipment occurred in 2022. There were no Lost Time Incidents (LTI) during 2022.

The work environment is positive, and 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. Currently, the Group has not implemented any specific measures in order to meet the objective of the Discrimination Act and of the Anti-discrimination and Accessibility Act. The need for specific measures in this respect is continuously considered by the Board and management.

ANTI-CORRUPTION

The Group has implemented formal guidelines, procedures, standards and routines in relation to anti- bribery and corruption in Magnora and its portfolio companies.

HUMAN RIGHTS

The Group has implemented formal guidelines, procedures, standards or routines regarding human rights.

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, 20 March 2023

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 ON POLICY FOR

Corporate Governance

CORPORATE GOVERNANCE IN 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 on the Group's principles for corporate governance, in accordance with the categories listed in the Code of Practice. At the turn of the year 2022/23, the Group deviates from the Code of Practice on the following point:
» The Board of Directors has so far chosen not to adopt or publish any explicit guiding principles for how it will act in the event of a takeover bid (Section 14; Takeovers).

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 such that the Group creates value for shareholders in a sustainable manner. The Board of Directors considered financial, social and environmental consideration when they carried out this work. The Board of Directors annually evaluates the Group's objectives, strategies and risk profiles.

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 2022, the Group had an equity share ratio of 77 percent.

The Board of Directors continually 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 an authorization to approve the distribution of dividends will be explained.

At the annual general meeting held on 26 April 2022, shareholders approved capital distribution to shareholders. No distributions were performed in 2022 as capital distributions have been halted to retain funds needed for additional investments and development of

the Group's portfolio of companies and projects.

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 on 26 May 2020, 27 April 2021, and 26 April 2022. Magnora may at any time without further notice close or suspend the program. No Magnora shares were purchased during 2022 and as of the date of this report Magnora owns 21,866 shares, or 0.03 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 authorization 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 posted at 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 personnel as part of its work on proposing candidates for election to the Board of Directors. Its recommendations will normally be explained. It also proposes the 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 stipulated guidelines for the duties of the Nomination Committee, elects the chairperson and members of the Nomination Committee and determines the 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 are 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 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 executive personnel.

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 on their attendance at board meetings is set out on the Group's website and 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 for ensuring that 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 NOK 75 million.

The Board of Directors meets minimum six times a year and more frequently if required. The Board of Directors held 16 board meetings in 2022, 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 personnel. Membership of such committee will be restricted to members of the Board who are independent of the Company's executive personnel.
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 26 April 2022, the Board of Magnora issued 475,000 options during 2022 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. The Company currently does not grant share options to the members of the Board of Directors.

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 2022 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 2022" which is disclosed on page 87 of the 2022 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.

In order 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 an 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 are reported through Oslo Børs and are made available at the corporate website. Further details, such as contact details and general updates and news about the Group, are available at 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 contract with shareholders beyond the scope of General Meetings.

The Group's financial calendar is available at the Group's website. Updated shareholder information is published at 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. The Board of Directors has so far chosen not to adopt or publish any explicit guiding principles for how it will act in the event of a takeover bid.

AUDITOR

Ernst & Young AS (EY) was elected external auditor in 2013. 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 deal with the annual accounts.

The Board of Directors makes sure that the auditor submits the main features of the plan for the audit 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

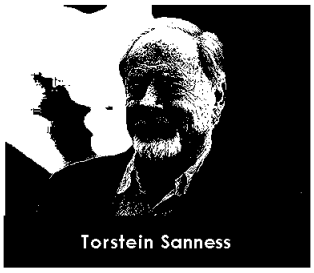
Oslo, Norway, 20 March 2023

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

Hilde Ådland

John Hamilton

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 International Petroleum Corp., Lundin Energy AB, Carbon Transition ASA, and Panoro Energy ASA.

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 and operational positions 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. Mrs. Ådland is also a board member of Panoro Energy ASA and serves as the chairman of the board of NOFO (the Norwegian Clean Seas Association for Operating Companies).

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 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 organization 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 the 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 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. According to the UN, investment in fossil fuels continues to be higher than investment in climate activities. By investing in renewable energy solutions that support the drop in global emissions, Magnora makes a positive contribution to combat the climate change. This is important as climate change continues to exacerbate the frequency and severity of natural disasters, and according to the UN, affected more than 39 million people in 2018.

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.

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.

ADJUSTED EBITDA

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

NOK million	2022	2021
Operations		
Total operating revenue	91.7	15.2
Employee benefit expense	-32.1	-20.4
Other operating expense	-47.5	-33.3
EBITDA	12.0	-38.5
Development and M&A expense	49.4	22.9
Share-based payments (non-cash)	5.8	3.4
Adjusted EBITDA	67.2	-12.2

MAGNORA GROUP CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NOK million	Note	2022	2021
Operating revenue	24	91.1	13.8
Other operating revenue	24	0.6	1.4
Total operating revenue		**91.7**	**15.2**
Depreciation, amortization and impairment		-1.6	0.0
Employee benefit expense	18	-32.1	-20.4
Profit/loss from associated companies	7	-3.9	-21.6
Other operating expense	26	-47.4	-33.3
Total operating expense		**-85.0**	**-75.3**
Operating profit/(loss)		**6.7**	**-60.1**
Financial income	19	8.1	22.4
Financial expense	19	-10.2	-17.4
Foreign exchange gain/(loss)		7.4	0.0
Net financial profit/(loss)		**5.3**	**5.0**
Profit/(loss) before tax		**12.0**	**-55.1**
Tax income/(expense)	15	-8.1	-7.7
Annual net profit/(loss)		**3.9**	**-62.8**

Profit attributable to:	Note	2022	2021
Net profit/(loss) attributable to equity holders		12.5	-62.8
Net profit/(loss) attributable to non-controlling interests		-8.6	0.0

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

Basic	20	0.21	-1.11
Diluted	20	0.21	-1.11

MAGNORA GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK million	2022	2021
Net profit/(loss)	3.9	-62.8
Foreign currency translation to be classified to profit or loss in subsequent period	1.9	-2.3
Total comprehensive income	**5.8**	**-65.1**
Total comprehensive income attributable to equity holders	13.5	-65.1
Total comprehensive income attributable to non-controlling interest	-7.7	0.0

MAGNORA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK million	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Goodwill	29	34.1	0.0
Deferred tax assets	15	15.1	23.4
Fixed assets	6	15.3	0.0
Intangible assets	29	170.9	2.0
Right-of-use assets	25	9.0	0.0
Investment in associated companies	7	26.4	61.4
Loan to associates		6.3	0.0
Other non-current assets		0.0	1.3
Total non-current assets		**277.1**	**88.1**
Current assets			
Trade and other receivables	10	91.5	6.8
Other current financial assets	28, 8	23.7	0.9
Cash and cash equivalents	11, 8	171.9	96.9
Total current assets		**287.1**	**104.6**
Total assets		**564.2**	**192.7**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		32.8	28.0
Treasury shares		-0.1	-0.1
Other equity		352.8	143.9
Total shareholder equity		**385.5**	**171.8**
Non-controlling interest		46.3	0.0
Total Equity		**431.8**	**171.8**
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	4.9	0.0
Other non-current liabilities	25	5.2	0.0
Total non-current liabilities		**10.1**	**0.0**
Current liabilities			
Trade payables		6.2	1.9
Overdraft facility	8	76.3	0.0
Provisions	17	0.6	2.3
Other current liabilities	14,25	39.1	16.7
Total current liabilities		**122.3**	**20.9**
Total liabilities		**132.4**	**20.9**
Total equity and liabilities		**564.2**	**192.7**

Oslo, Norway, 20 March 2023

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 2022	28.0	-0.1	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	32.8	-0.1*	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.

NOK million	Share capital	Treasury Shares	Other equity	Currency transl. reserve	Total equity
Equity as of 1 January 2021	25.8	-0.1	92.4	0.0	118.1
Total comprehensive income for the period			-62.8	-2.3	-65.1
Capital increase	2.2		113.2	0.0	115.4
Share based payments (Note 11)			3.4	0.0	3.4
Total changes in equity	2.2	0.0	53.9	-2.3	53.7
Equity as of 31 December 2021	28.0	-0.1*	146.2	-2.3	171.8

* As of 31 December 2021, Magnora owned 63,540 shares or 0.11 percent of total shares outstanding through the share buyback program.

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MAGNORA GROUP CONSOLIDATED CASH FLOW STATEMENT

NOK million		2022	2021
Cash flow from operating activities			
Cash from operations	22	-67.7	-23.7
Net cash generated from operating activities		**-67.7**	**-23.7**
Cash flows from investment activities			
Investments in associated companies		-22.7	-77.4
Investment in fixed assets	6	-8.7	0.0
Dividend received		6.1	0.0
Sale of associated companies		0.0	20.0
Investment in subsidiary net of cash acquired		-6.7	0.0
Scotwind lease option	29	-118.3	0.0
Received loan related to Scotwind lease option		23.7	0.0
Purchase/sale of marketable securities	27	1.3	18.9
Loan to Arendal Brygge AS		0.0	-1.2
Net cash from investment activities		**-125.3**	**-39.7**
Cash flow from financing activities			
Overdraft facility drawn		76.3	0.0
Lease payment	25	-2.7	0.0
Capital increase		194.4	115.4
Net cash from financing activities		**268.0**	**115.4**
Net cash flow from the period		**75.0**	**52.0**
Cash balance at beginning of period		96.9	44.8
Cash balance at end of period*		**171.9**	**96.9**

* Restricted cash is NOK 1.7 million as of 31 December 2022.

MAGNORA GROUP NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

At the general meeting held on 21 May 2019, it was approved to amend the objectives of the company as set out in the Articles of Association to reflect that the objective of the Group 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, 0277 Oslo. These consolidated financial statements were approved by the Board of Directors on 20 March 2023.

Overview of Group structure as of 31 December 2022:

Subsidiaries	Registered office	Shareholder	Shareholder interest 31.12.2021	Shareholder interest 31.12.2022	Ownership account method	Equity	Profit/ (loss) 2022
Magnora Holding AS	Norway	Magnora ASA	100%	100%	Consolidating	-4.8	0.5
Magnora Offshore Wind AS	Norway	Magnora ASA	100%*	80%	Consolidating	18.6	4.4
Magnora South Africa Projects AS	Norway/ South Africa	Magnora ASA	100%	100%	Consolidating	-6.2	-6.3
Magnora South Africa Development AS	Norway/ South Africa	Magnora ASA	N/A	92%**	Consolidating	0.1	0.0
African Green Ventures (pty) Ltd	South Africa	Magnora ASA	N/A	92%	Consolidating	2.5	-3.0
Magnora UK PV Holding AS	Norway/ UK	Magnora ASA	N/A	100%	Consolidating	-0.8	-0.8
AGV Projects (PTY) Ltd	South Africa	Magnora ASA	100%	100%	Consolidating	-11.1	-2.9
Magnora Offshore Wind Holding Ltd	UK	Magnora Offshore Wind AS	N/A	100%	Consolidating	-35.6	-35.6
Magnora Offshore Wind N3 Ltd	UK	Magnora Offshore Wind AS	N/A	100%	Consolidating	0.0	0.0
Hafslund Magnora Sol AS	Norway	Magnora ASA	N/A	48%***	Equity Method	-1.7	-1.7
Neptun Tromsø AS	Norway	Magnora ASA	N/A	33.33%	Equity Method	0.0	0.0
Arendal Brygge AS	Norway	Magnora ASA	50%	50%	Equity Method	-5.4	0.5
Evolar AB	Sweden	Magnora ASA	50%	63.5%	Consolidating	19.9	-11.1
Helios Nordic Energy AB	Sweden	Magnora ASA	40%	40%	Equity Method	-2.7	-3.5
Kustvind AB	Sweden	Magnora ASA	30%	37.5%	Equity Method	7.7	-5.6

Amounts in the table above are prepared in local GAAP and presented in NOK million.
* TechnipFMC ownership of 20% not yet registered in the Corporate Register as of 31 December 2021.
**Holding company in Norway is owned 100%
***Including indirect ownership through Helios Nordic Energy

Subsidiaries listed above of which the Group has a shareholder interest per 31.12.2022, are included in Magnora ASA's consolidated financial statements, as the control criteria in IFRS 10 are met.

NOTE 2. SUMMARY OF SIGNIFICANT 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 2022. 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.

Joint Ventures and Associates

Joint ventures are companies or entities where Magnora has joint control with one or several other investors.

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

Ownership in both joint ventures and associates are accounted for using the equity method of accounting.

Disposal of Subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is re measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to 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 2022 or 2021.

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 includes 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 2022 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 the 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 remeasured 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 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.

- 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. The principles on how to recognize acquisition of associates and joint ventures are the same as for acquisition of subsidiaries.

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. The 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.

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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (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 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 is 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 bulks of USD during 2022 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. Any annualised increase or decrease in the USD/NOK foreign exchange by 10 percent would have increased or decreased the Group's 2022 profit before tax by NOK 1.2 million (2021: NOK 1.4 million).

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 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 and Shell for most of its operating revenues over the next three to four years.

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

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

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, with exception of some receivables towards the associated companies.

There were no significant overdue receivables as of 31 December 2022.

Magnora is in a solid liquidity position with a cash balance of NOK 171.9 million at balance sheet date.

3.1.4. COVENANT

The Group has NOK 100 million and NOK 50 million overdraft facility with two top tier Nordic banks, and NOK 76.3 million was drawn as of 31 December 2022. The facilities has 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 a conservative capital and cash management during 2021 and 2022. A sound financial position, with limited interest-bearing debt and an asset light balance sheet reduces the capital and cash management risks.

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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed 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, 2022, 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 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. 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 - INVESTMENT IN ASSOCIATED COMPANIES AND OPTION LEASE

Associated companies

The Group invested in Kustvind AB in March 2020 through a share issue and currently has 37.5 percent ownership. Magnora further has the right to increase its ownership to 50% according to a budget and milestone plan. The option to increase ownership is currently not exercisable, as the increase in ownership must come from a capital call from the Kustvind board due to a capital need in the project. The three founders of Kustvind own equal shares of the remaining shares in the company. Magnora has three out of five board members, and the founders have the remaining two members of the board. The other shareholders have the right to elect its third board member at any time, and it is expected that they will do so shortly. Magnora is a minority owner with three other owners and has significant influence of the company. Hence its ownership is accounted for using the equity method as an associated company.

The Group invested in Evolar AB in November 2020 through a share issue for 28.44 percent ownership, which was increased to 40.7 in June 2021 and to 50 percent in December 2021. The five founders of the company own equal shares of the remaining shares in the company. Magnora has two out of five board members, and the founders have the remaining three members of the board. Significant decisions (e.g., Issues of new shares, mergers or demergers, sale of all or substantially all the assets of a member of the group, amendments and revisions of the business plan) shall always require the consent and approval by the Board members nominated by Magnora. For other decisions Magnora did not have the majority of the votes and not significant control as of 31 December 2021. Magnora ASA acquired an additional 13.5% of the shares in April 2022 and owns a total of 63.5% of the company. As of 1 April 2022, the ownership in Evolar has been fully consolidated in the financial statements.

The Group invested in Helios AB in February 2021 through a share issue and owns 40 percent of the company at the balance sheet date. The remaining ownership of Helios is divided between the three founders of the company and other early investors. Magnora has one out of five board members, and the founders and other shareholders have the remaining four members of the board. Although Magnora is a majority owner, it exerts no strategic or operational influence on this company, as Helios operates in a segment Magnora has not explored prior to this investment. This company operates fully independent of Magnora. For up to two years after the First Investment from Magnora, significant resolutions (e.g. Annual budgets, amendments in the business plan, any merger/ demerger and so on) must be approved by the Board and supported by the director appointed by Magnora.
Magnora has significant influence in the company and its ownership is accounted for using the equity method as an associated company.

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

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

SEGMENT FINANCIALS 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**

SEGMENT FINANCIALS 2021

NOK million	Note	Corporate	Projects	Elimination	Consolidated
Operations					
Operating revenue	24	13.8	0.0	0.0	13.8
Other operating revenue	24	4.9	0.0	-3.5	1.4
Operating expense	26	-30.8	-3.5	3.5	-30.8
Development and M&A expense	26	-0.5	-22.4	0.0	-22.9
EBITDA		-12.6	-25.9	0.0	-38.5
Profit/loss from associated companies		0.0	-21.6	0.0	-21.6
Operating profit/(loss)		-12.6	-47.5	0.0	-60.1

NOTE 6. FIXED ASSETS

	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**

NOTE 7. ASSOCIATED COMPANIES

Associated company	Registered office	Shareholder	Shareholder interest 01.01.2021	Shareholder interest 31.12.2021	Shareholder interest 31.12.2022
Arendal Brygge AS	Norway	Magnora ASA	50%	50%	50%
Kustvind AB	Sweden	Magnora ASA	15%	30%	37.5%
Helios AB	Sweden	Magnora ASA	0%	40%	40%

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 prepared in local GAAP and presented in NOK million.

Associated companies (NOK million)	2022	2021
Book value 1 January	61.4	24.5
Acquisition of associates	6.8	80.7
Disposals/ -sale of associates	0.0	-20.0
Share of profit/loss	-3.9	-13.8
Dividen received	-6.1	0.0
Impairment	0.0	-7.7
Currency translation difference	-2.2	-2.2
Realization due to gain of control	-29.6	0.0
Net book value 31 December	26.4	61.4

Magnora owns 50% of the shares in Arendal Brygge AS, and the regional bank Sparebanken Sør owns the other 50% of the shares. Arendal Brygge is classified as an associated company as Magnora does not exercise control over the activities of Arendal Brygge AS and therefore accounts for its shareholding in Arendal Brygge using the equity method. The book value of the investment has been written down to zero due to large losses incurred by Arendal Brygge AS, and the operating results of Arendal Brygge is therefore not accounted for. Arendal Brygge is part of Magnora's legacy business. Arendal Brygge was the Company's headquarter until it sold its previous business to Sembcorp Marine. Sparebanken Sør and Arendal Brygge is investigating possibilities for developing the Arendal Brygge waterfront property.

Magnora invested in Kustvind AB in March 2020 and owns 37.5% as of 31 December 2022. The following table illustrates the summarised financial information for Magnora's investment in Kustvind AB:

Kustvind (NOK million)	2022	2021
Current assets	0.5	2.0
Non-current assets	7.3	0.5
Current liabilities	0.1	0.0
Equity	**7.7**	**1.9**
Magnora's share in equity	**2.9**	**0.6**
Goodwill	**10.8**	**10.7**
Magnora's carrying amount of investment	**13.7**	**11.3**
Profit/(loss) before tax	**-5.6**	**-9.0**
Total comprehensive income for the year	**-5.6**	**-9.0**
Magnora's share of profit/(loss) for the year	**-2.0**	**-1.6**

Magnora invested in Helios Nordic Energy AB in February 2021 and owns 40 percent of the company as of 31 December 2022. The following table illustrates the summarised financial information for Magnora's investment in Helios:

Helios Nordic Energy (NOK million)	2022	2021
Current assets	24.1	6.3
Non-current assets	0.6	15.2
Current liabilities	27.4	1.8
Non-current liabilities	0.0	0.7
Equity	**-2.7**	**16.4**
Magnora's share in equity	**-1.1**	**6.6**
Goodwill	**12.5**	**12.9**
Magnora's carrying amount of investment	**11.4**	**19.5**
Profit/(loss) before tax	**-3.5**	**-8.2**
Total comprehensive income for the year	**-3.5**	**-8.2**
Magnora's share of profit/(loss) for the year	**-1.4**	**-2.5**

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 2022 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		2022	2021
Category:	**Asset:**		
Financial assets at amortised cost	Trade receivables	91.5	6.8
Financial assets at amortised cost	Other financial assets	23.7	0.4
Financial assets at fair value through profit/loss	Listed equity investments	0.0	0.5
Fair value through profit and loss	Cash and cash equivalents	171.9	96.9
Total financial assets		**287.1**	**104.6**

Financial liabilities

NOK million		2022	2021
Category:	**Asset:**		
Fair value through profit and loss	Overdraft facility	76.3	0.0
Financial liabilities at amortised cost	Trade payables	6.2	1.9
Total financial liabilities		82.5	1.9

Set out below is a comparison, by class, of the carrying amounts and fair values of Magnora's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2022		2021	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Non-listed equity investments	0.0	0.0	0.0	0.0
Listed equity investments	0.0	0.0	0.5	0.5

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.

The following methods and assumptions were used to estimate the fair values:
» There is an active market for the Group's listed equity investments

Overdraft facility

The Group has a total available overdraft facility of NOK 150 million. As of 31 December 2022, NOK 76.3 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	2022	2021
No external rating	3.7	1.1
AA-	75.3	0.0
Total trade receivable and accrued income	**79.0**	**1.1**

Cash and cash equivalents

NOK million	2022	2021
Aa3	171.9	96.9
Total cash and cash equivalents	**171.9**	**96.9**

NOTE 10. TRADE AND OTHER RECEIVABLES

Specification of trade and other receivables

NOK million	2022	2021
Trade receivables	3.7	1.1
Contract Assets (accrued income)*	75.3	0.0
Other receivables	12.5	5.7
Trade and other receivables	**91.5**	**6.8**

*Mainly related to Shell Penguins FPSO

Aging of trade receivables

NOK million	2022	2021
Not Due	2.8	1.1
Due	0.9	0.0
Total trade receivables	**3.7**	**1.1**

At balance sheet date, NOK 0.9 million was past due in 2022 (2021: NOK 0.0 million).

Currency denomination of trade receivables, carrying amounts

NOK million	2022	2021
SEK	1.0	0.0
NOK	2.7	1.1
Total trade receivables	**3.7**	**1.1**

NOTE 11. CASH AND CASH EQUIVALENTS

Specification of trade and other receivables

NOK million	2022	2021
Cash at bank and in hand	170.2	95.9
Restricted short-term bank deposits	1.7	1.0
Total cash and cash equivalents	**171.9**	**96.9**

NOTE 12. SHARE CAPITAL

The total authorised number of ordinary shares was 66.8 million (2021: 57.1 million) with a par value of NOK 0.49 (2021: NOK 0.49) per share. All issued shares were fully paid at balance sheet date.

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

NOK million	Number of shares	Share capital	Share premium	Total
1 January 2021	52,586,698	25.8	0.0	25.8
Capital increase	4,485,981	2.2	0.0	2.2
31 December 2021	57,072,679	28.0	0.0	28.0

20 largest shareholder accounts 3 February 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
BEKKESTUA EIENDOM AS	1,881,860	2.82
CARE HOLDING AS	1,750,000	2.62
ALDEN AS	1,729,829	2.59
PHILIP HOLDING AS	1,648,377	2.47
F2 FUNDS AS	1,585,000	2.37
F1 FUNDS AS	1,503,121	2.25
ANDENERGY AS	1,468,140	2.20
INTERACTIVE BROKERS LLC	1,371,482	2.05
MP PENSJON PK	1,327,138	1.99
CLEARSTREAM BANKING S.A.	1,319,078	1.97
NORDNET LIVSFORSIKRING AS	1,281,560	1.92
ALTEA AS	1,154,944	1.73
AARSKOG, PHILLIP GEORGE	1,000,000	1.50
DNB BANK ASA	878,137	1.31
DANSKE BANK AS	781,492	1.17
BALLISTA AS	760,372	1.14
BAKLIEN, ÅSMUND	756,100	1.13
Total, 20 largest shareholders	**31,811,041**	**47.61**
Other shareholder accounts	35,011,725	52.39
Total number of shares	**66,822,766**	**100.00**
Foreign ownership	9,926,510	14.86

NOTE 13. SHARE-BASED PAYMENTS

In accordance with approval by the Annual General Meeting of 26 May 2020, 27 April 2021, and 26 April 2022, the Board of Magnora issued 475,000 options during 2022 to provide long-term incentives to the Board and employees. The options were awarded as follows:

	Options awarded
Torstein Sanness, Executive Chairman	100,000
Erik Sneve, CEO	200,000
Bård Olsen, CFO	50,000
Haakon Alfstad, CEO Magnora Offshore Wind	50,000
Trond Gärtner, SVP, Business development	75,000
Total options awarded	**475,000**

375,000 of the options issued in 2022 have a three-year vesting period and remaining 100,000 have a two-year vesting period. 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 1,475,000 options (2021: 1,900,000). 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 main business to Sembcorp.

	Exercise price (NOK/Share) 2022	Number of options 2022	Exercise price (NOK/Share) 2021	Number of options 2021
1 January				
Granted	19.03	100,000	24.39	125,000
Granted	23.70	200,000	26.47	300,000
Granted	22.22	175,000	25.68	100,000
Granted			26.65	125,000
Granted			18.27	25,000
Granted			17.56	50,000
Exercised	6.5	900,000		
Outstanding 31 December		**1,475,000**		**725,000**
Exercisable 31 December		**166,668**		**900,000**

The weighted average remaining contractual life for the share options outstanding as of 31 December 2022 was 6.7 years (2021: 5.5 years). The weighted average fair value of options granted during the year was NOK 13.76 (2020: NOK 17.14). The range of exercise prices for options outstanding at the end of the year was NOK 7.92 to NOK 26.65 (2021: NOK 6.5 to NOK 26.65).

The following table lists the inputs to the models used for the plans for the years ended 31 December 2021 and 2020, respectively:

NOK million	2022	2021
Weighted average fair values at the measurement date	13.76	17.14
Risk free interest	2.83% / 3.13% / 3.13%	0.82% / 1.42% / 1.47% / 1.47% / 1.36% / 1.47%
Volatility	64% / 61% / 61%	69% / 68% / 68% / 68% / 67% / 65%
Exercise price	19.03 / 23.70 / 22.22	24.39 / 26.47 / 25.68 / 26.65 / 19.17 / 17.56
Model for estimation of fair value	Black-Scholes model	Black-Scholes model

NOTE 14. OTHER CURRENT LIABILITIES

NOK million	2022	2021
Payroll liabilities	2.7	0.9
Employer's contribution tax and other taxes	4.3	2.1
Other payables	32.1	13.7
Total other current liabilities	**39.1**	**16.7**

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 2022 a tax rate of 22% has been used when calculating the deferred tax assets and liabilities (2021: 22%).

Specification of booked deferred tax assets/ (liabilities)

(NOK million)	2022	2021
Specification net deferred tax assets/(liabilities):		
Deferred tax asset to be reversed after more than 12 months	784.1	784.1
Deferred tax liabilities to be reversed after more than 12 months	-4.9	0.0
Net deferred tax asset/(liabilities)	**769.0**	**784.1**
Deferred tax assets not recognised in the balance sheet	-758.8	-760.7
Net deferred tax assets recognised in the balance sheet	**15.1**	**23.4**
Net deferred tax (liabilities) recognised in the balance sheet*	**-4.9**	**0.0**

*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	23.4	31.1
Income statement charge relating to deferred tax assets	-8.3	-7.7
Book value 31 December	**15.1**	**23.4**

Reconciliation of deferred tax liabilities:		
Book value 1 January	0.0	0.0
Intangible assets from acquisition of subsidiaries	-5.1	0.0
Tax income related to depreciation of intangible assets	0.2	0.0
Book value 31 December	**-4.9**	**0.0**

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

(NOK million)	**2022**	**2021**
Deferred tax assets:		
Investments and receivables	0.5	0.5
Fixed assets	0.4	0.4
Intangible assets	-4.9	0.0
Losses carry forward	773.1	783.2
Deferred tax assets	**769.0**	**784.1**

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)	**2022**	**2021**
Recognition of deferred tax asset	-8.3	-7.7
Tax income related to depreciation of intangible assets	0.2	0.0
Net tax income/(expense)	**-8.1**	**-7.7**

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

(NOK million)	**2022**	**2021**
Profit/(loss) before tax:	12.0	-55.1
Tax calculated (22%)	-2.6	12.1
Income not subject to tax	0.2	4.9
Expenses not deductible	-0.2	-3.6
Results from associated companies	-0.9	-4.8
Tax losses for which no deferred income tax asset was recognised	-4.6	-16.3
Tax income/(expense)	**-8.1**	**-7.7**

For 2022 a tax rate of 22% has been used when calculating the tax income / (expense), (2021: 22%).

NOTE 16. RETIREMENT BENEFIT OBLIGATIONS

Pension cost charged to the income statement in 2022 was NOK 2.4 million (2021: NOK 0.7 million). The defined contribution plan had 41 participants at 31.12.2022 (2021: 6 participants).

NOTE 17. PROVISIONS

NOK million	Payroll	Additional tax	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	0.0
31 December 2022	**0.6**	**0.0**	**0.6**

NOK million	Payroll	Additional tax	Total
1 January 2021	**0.6**	**3.3**	**3.9**
Arising during the year	1.7	0.0	1.7
Reversed during the year	0.0	-3.3	-3.3
31 December 2021	**2.3**	**0.0**	**2.3**

All provisions in 2022 and 2021 are current in nature.

Payroll

Provision for 2022 and 2021 is for employment tax (AGA) for the options issued.

Additional tax

Provision for potential additional tax on adjustment to the 2014 tax assessment. This additional tax was settled in 2021.

NOTE 18. EMPLOYEE BENEFIT EXPENSE

Specification of employee expense:

(NOK million)	2022	2021
Salaries and vacation pay	24.1	11.3
Employer's contribution tax	6.4	1.9
Pension costs	2.4	0.7
Bonus	3.0	2.9
Share based payments	6.3	3.4
Other employee benefit expense	0.4	0.2
Capitalized development costs	-10.4	0.0
Total employee benefit expense	**32.1**	**20.4**
Average number of man-years	**46**	**5**

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**

2021 remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement benefits	Other benefits
Erik Sneve, CEO	2,027	2,559	176	17
Bård Olsen, CFO	1,538	284	168	17
Total remuneration paid	**3,565**	**2,843**	**344**	**34**

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 2022 and 2021.

At the balance sheet date there were 1,475,000 options held by the Board of Directors and Senior Management (2021: 1,900,000 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:	2022*	2021
Torstein Sanness, Executive Chairman	24 May 2017		5,716	924
Hilde Ådland, Board Member	24 May 2018		707	280
John Hamilton, Board Member	18 Dec 2018		765	330
Total remuneration paid			**7,188**	**1,534**

*Significant increase due to the board exercising options awarded in 2019.

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

As of 31 December 2022, 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	250,000	594,442
Hilde Ådland, Board member	10,000	39,011
John Hamilton, Board member	40,000	33,837
Erik Sneve, CEO	350,000	1,173,871
Bård Olsen, CFO	150,000	50,000
Total remuneration paid	800,000	

Reference is made to the 'Magnora Remuneration Report 2022' for further details of remuneration of Senior Management.

NOTE 19. FINANCIAL INCOME

Financial income:

NOK million	2022	2021
Interest income	7.2	0.3
Gains from investments in marketable securities	0.8	22.1
Total financial income	**8.1**	**22.4**

Financial expense:

NOK million	2022	2021
Interest cost	-9.7	-0.4
Losses from investments in marketable securities	-0.5	-17.0
Total financial expense	**-10.2**	**-17.4**

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.

	2022	2021
Net profit/(loss) attributable to equity holders (NOK million)	12.5	-62.8
Weighted avg. no. of ordinary shares on issue (thousands)	59,510	56,669
Basic earnings per share for continued operations (NOK per share)	0.21	-1.11

Diluted earnings per share

	2022	2021
Net profit/(loss) attributable to equity holders (NOK million)	12.5	-62.8
Weighted avg. no. of ordinary shares for diluted earnings per share (thousands)	59,695	56,669
Basic earnings per share for continued operations (NOK per share)	0.21	-1.11

NOTE 21. DIVIDEND AND REPAYMENT OF CAPITAL

There were no distributions in 2022 and 2021.

NOTE 22. CASH GENERATED FROM OPERATIONS

NOK million	2022	2021
Cash flow from operating activities		
Profit/(loss) before tax	12.0	-55.1
Adjustment for:		
Depreciations	1.6	0.0
Share of associated companies' financial results	3.9	21.6
Share based payments	6.3	3.4
Change in marketable securities and forwards	-0.8	-5.6
Change in working capital:		
Capitalization of development costs	-19.4	0.0
Trade and other receivables	-106.0	-2.7
Trade and other payables	1.2	1.1
Other liabilities, provisions and charges	32.5	13.6
Cash generated from operations	-67.7	-23.7

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 2022 was NOK 0.6 million (2021: NOK 1.4 million).

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

NOK million	2022	2021
Operating revenue from associated companies	0.6	1.4
Total operating revenue	**0.6**	**1.4**

NOK million	2022	2021
Operating expenses from associated companies	0.0	0.0
Operating expenses paid to other related parties	0.0	0.5
Total operating expense	**0.0**	**0.5**

Magnora ASA and Sparebanken Sør each provided NOK 1 million in shareholder loan to Arendal Brygge in 2019 to support Arendal Brygge's liquidity needs related to needed investments and working cash. The book value of the loan was written down to zero in 2019 due to large losses incurred by Arendal Brygge AS, and a provision was made. In 2021 Magnora ASA provided NOK 1.4 million in a shareholder loan and received NOK 0.2 million in down payment in 2021 and NOK 0.1 million in 2022. The loan has a book value of NOK 1.1 million as of 31 December 2022 (NOK 1.2 million). Magnora does not exercise control over the activities of Arendal Brygge AS and accounts for its shareholding in Arendal Brygge using the equity method.

NOTE 24. REVENUE

Operating revenue in 2022 consisted mainly of license revenue related to the Shell Penguins FPSO project and royalty income from the Dana Western Isles FPSO. The Group also had other revenue from Evolar in addition to operating revenue from providing services to associated companies. Royalty from the Dana Western Isles FPSO constitutes 15% (100%) of total external customer revenues. License revenue related to the Shell Penguins FPSO project constitutes 85% (0%) of total external customer revenues.

NOK million	2022	2021
License fee (see also note 10)	87.6	13.8
Other revenue	3.5	0.0
Other operating revenue	0.6	1.4
Total operating revenue	**91.7**	**15.2**

Operating revenue from a geographic perspective

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

NOK million	2022	2021
Norway	0.6	0.0
Sweden	3.5	1.4
UK	87.6	13.8
Total operating revenue	**91.7**	**15.2**

NOTE 25. LEASES

The Group has office rental agreements for its offices in Oslo as of 31 December 2022. The agreements can be terminated with six month's termination notice period. The Group has elected to apply the recognitions exemption in IFRS 16 for short term leases, therefore, the lease is expensed as other operating expense over the lease term.

The Group expensed NOK 1.4 million in lease and rental cost for 2022 (2021: 0.5).

The Group also has rental agreements in Sweden which are accounted for according to IFRS 16.

Specification of changes in the period:

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 0.2 million in 2022.

Liabilities (NOK million)	2022	2021
Short-term liability	3.5	0.0
Long-term liability	5.2	0.0
Total closing balance as of 31 December 2022	**8.7**	**0.0**

NOTE 26. OTHER OPERATING EXPENSE

(NOK million)	2022	2021
Office cost (rental etc)	3.4	1.4
Consultancy (audit, tax and legal) *	38.6	15.4
Travel expenses	0.9	0.2
Other	4.5	16.3
Total other operating expense	**47.4**	**33.3**

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

Statutory audit	0.9	0.7
Other services	0.3	0.2
Other certification services	0.1	0.1
Total auditor's fees	**1.3**	**1.0**

NOTE 27. MARKETABLE SECURITIES

In accordance with authorisation from the Board of Directors, Magnora sold marketable securities during 2022 with a net gain of NOK 0.8 million (2021: NOK 5.6 million). The total value of other current financial assets held on the balance sheet is NOK 23.7 million at yearend. On 31 December 2022, the value of the marketable securities was NOK 0.0 million (2021: NOK 0.5 million).

(NOK million)	2022	2021
Marketable securities	0.0	0.5
Total value	**0.0**	**0.5**

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).

NOTE 28. OTHER CURRENT FINANCIAL ASSETS

(NOK million)	2022	2021
Marketable securities	0.0	0.5
Other current financial assets	23.7	0.4
Total value	**23.7**	**0.9**

NOTE 29. INTANGIBLE ASSETS

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

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 allocated to Evolar amounts to NOK 23,7 million as of 31 December 2022. For Evolar, liquidity prognosis based on budgets approved by leadership for the next nine-year period, are used for the discounted cashflow analysis. There are no cash flow allocated beyond the forcasted period. The key assumptions on which the management has based its cash flow projections are launch year per production line (which corresponds to the expected commercialization of the product), price per production line and the SEK/EUR exchange rate. Launch year per production line is based on development progress so far and managements best estimate and price per production line are based on discussion with key market players and managements best estimate. The cash flow is discounted based on a WACC of 19.7%. The WACC is calculated based on a set of comparable listed companies identified by management. Magnora gained control of the company in April 2022 and the progress of the product development does not significantly divide from the plan. The company is in a development phase, and there will always be risk involved until commercialization has taken place. 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 carrying amount of goodwill allocated to the South African operations amounts to NOK 10,4 million as of 31 December 2022. For African Green Venture in South Africa 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). 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 vary between the different CGU's and the discount rates take into account the specific risk connected to each 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 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 2022.

Technology

Technology is capitalized development related to the development of Evolar's photovoltaic technology, PV Power Booster. The development is according to plan and there are no indications of impairment related to the capitalized development costs as of 31 December 2022.

NOTE 30. BUSINESS COMBINATIONS

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 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 is 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. EVENTS AFTER BALANCE SHEET DATE

Hafslund Magnora Sol AS has entered into option agreement contracts with landowners to develop solar PV parks in Norway.

MAGNORA ASA INCOME STATEMENT

NOK million	Note	2022	2021
Operating revenue	1, 10	87.7	13.8
Other operating revenue		11.9	16.4
Total operating revenue		**99.6**	**30.2**
Employee benefit expense	2	-24.6	-20.4
Other operating expense	4	-15.1	-27.1
Total operating expense		**-39.7**	**-47.5**
Operating Profit/(loss)		**59.9**	**-17.3**
Financial income	6	17.3	22.4
Financial expense	6	-4.6	-27.4
Foreign exchange gain/(loss) related to financing & operating revenue		6.2	0.0
Net financial profit/(loss)		**18.9**	**-5.0**
Profit/(loss) before tax		**78.8**	**-22.3**
Tax expense/(income)	7	-8.3	-7.7
Annual net Profit/(loss)		**70.5**	**-30.0**

Attributable to:		
Equity holders of the Company	70.5	-30.0
Distribution of net profit/(loss):		
Capital distribution	0.0	0.0
Transfer to/from equity	70.5	-30.0
Annual net profit/(loss)	70.5	-30.0

Earnings per share for profit/(loss) attributable to the equity holders of the Company during the year (NOK per share):			
Basic	8	1.18	-0.53
Diluted	8	1.18	-0.53

MAGNORA ASA BALANCE SHEET

NOK million	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Deferred income tax assets	7	15.1	23.4
Investment in Subsidiaries	9	72.7	2.1
Investment in associated companies		40.9	76.2
Loan to associated companies and subsidiaries		182.1	11.2
Other non-current assets		0.0	0.0
Total non-current assets		310.7	112.9
Current assets			
Trade and other receivables	11	87.2	21.4
Other current financial assets		0.0	0.7
Cash and cash equivalents	13	167.3	94.3
Total current assets		254.5	116.4
Total assets		**565.2**	**229.4**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	32.8	28.0
Treasury shares	16	-0.1	-0.1
Other equity	16	448.7	182.8
Total equity		**481.5**	**210.7**
LIABILITIES			
Current liabilities			
Overdraft facility		76.3	0.0
Trade payables		2.3	0.6
Provisions	14	0.6	2.3
Other current liabilities	15	4.5	15.8
Total current liabilities		**83.7**	**18.7**
Total liabilities		**83.7**	**18.7**
Total equity and liabilities		**565.2**	**229.4**

Oslo, Norway, 20 March 2023

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	2022	2021
Cash flow from operating activities		
Profit/(loss) before tax	78.8	-22.3
Adjustment for:		
Items classified as investing and financing activities	5.8	-5.6
Value change marketable securities and forwards	-0.8	0.0
Write down of non-current assets	0.0	10.0
Trade and other receivable	-65.5	-17.3
Trade payables	1.8	-0.2
Other liabilities, provisions, and charges	-12.9	16.1
Cash generated from operations	**7.1**	**-16.0**
Cash flow from investment activities		
Net purchase of investment shares	1.3	18.9
Acquisition of associated companies	-35.1	-77.4
Sale of associated companies	0.0	20.0
Loan to subsidiaries	-170.9	-11.2
Net cash from investment activities	**-204.8**	**-49.7**
Cash flow from financing activities		
Overdraft facility drawn	76.3	0.0
Capital increase/(distribution)	194.1	115.4
Treasury shares	0.4	0.0
Net cash from financing activities	**270.7**	**115.4**
Net cash flow from the period	**73.1**	**49.7**
Cash balance at beginning of period	94.3	44.6
Cash balance at end of period	**167.4**	**94.3**

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 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 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 on the basis of 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 as a result 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 a number of 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 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 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 2022 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 the 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 carry 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 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 2022 (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 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	2022	2021
License fee	87.7	13.8
Other revenue	11.9	16.4
Total operating revenue	**99.6**	**30.2**

Operating revenue from a geographic perspective

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

NOK million	2022	2021
Norway	8.6	8.0
Sweden	1.2	0.2
South Africa	2.1	8.2
UK	87.7	13.8
Total operating revenue	**99.6**	**30.2**

NOTE 2. EMPLOYEE BENEFIT EXPENSE

Specification of employee expense:		
(NOK million)	**2022**	**2021**
Salaries and vacation pay	10.0	11.3
Employer`s contribution tax	4.1	1.9
Pension costs	1.1	0.7
Bonus	3.0	2.9
Option cost	5.8	3.4
Other employee benefit expense	0.6	0.2
Total employee benefit expense	**24.6**	**20.4**
Average number of man-years	**7**	**5**

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**

2021 remuneration of Senior Management:

NOK thousand	Salaries	Bonus	Retirement benefits	Other benefits
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Bård Olsen, CFO	1,538	284	168	17
Total remuneration paid	**3,565**	**2,843**	**344**	**34**

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 2022 and 2021.

At the balance sheet date there were 1,475,000 options held by the Board of Directors and Senior Management (2021: 1,900,000 options). See note 20 for more information.

Reference is made to the 'Magnora Remuneration Report 2022' for further details of remuneration of Senior Management.

NOK Thousand	Member from:	Member to:	2022*	2021
Torstein Sanness, Chairman	24 May 2017		5,716	924
Hilde Ådland	24 May 2018		707	280
John Hamilton	18 Dec 2018		765	330
Total remuneration paid			**7,188**	**1,534**

*Significant increase due to the board exercising options issued in 2019.

NOTE 3. RETIREMENT BENEFIT OBLIGATIONS

The Company is required to maintain a pension plan for its employees, as minimum two persons are employed in positions of more than 75% of a fulltime position. Pension cost charged to the income statement in 2022 was NOK 1.1 million (2021: NOK 0.7 million). The defined contribution plan had 8 participants at 31.12.2022 (2021: 6 participants).

NOTE 4. OTHER OPERATING EXPENSE

(NOK million)	2022	2021
Office cost (rental etc)	2.6	1.2
Consultancy (audit, tax and legal) *	8.4	10.9
Travel expenses	0.6	0.2
Other	3.6	14.8
Total other operating expense	**15.1**	**27.1**
* Specification of auditor's fee (excl. VAT):		
Statutory audit	0.8	0.7
Other services	0.3	0.2
Other certification services	0.1	0.1
Total auditor's fees	**1.2**	**1.0**

NOTE 5. LEASE AGREEMENTS

The Company has office rental agreements for its offices in Oslo as of 31 December 2022. The agreements are total NOK 0.9 million per year and with six month's termination notice period. The Company expensed NOK 1.4 million in lease and rental cost for 2022 (2021: 0.5).

NOTE 6. FINANCIAL INCOME AND FINANCIAL EXPENSE

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

Financial income:

NOK million	2022	2021
Interest income	10.3	0.3
Dividend received	6.1	0.0
Other financial income	0.8	22.1
Total financial income	**17.3**	**22.4**

Financial expense:

NOK million	2022	2021
Interest cost	-4.6	-0.4
Write-down investment in associate	0.0	-10.0
Other financial expenses	0.0	-17.0
Total financial expense	**-4.6**	**-27.4**

NOTE 7. TAXES

Specification of booked deferred tax assets/ (liabilities)

(NOK million)	2022	2021
Specification net deferred tax assets/(liabilities):		
Deferred tax asset to be reversed after more than 12 months	201.5	217.3
Deferred tax asset/(liability) to be reversed after more than 12 months	0.0	0.0
Net deferred tax asset/(liabilities)	**201.5**	**217.3**
Deferred tax assets not recognised in the balance sheet	-186.4	-193.9
Net deferred tax assets/(liabilities) recognised in the balance sheet	**15.1**	**23.4**

Specification of deferred tax assets/ (liabilities)

(NOK million)	2022	2021
Deferred tax assets:		
Investments and receivables	0.5	0.5
Fixed assets	0.3	0.4
Losses carry forward	200.7	216.4
Deferred tax assets	**201.5**	**217.3**

Specification of tax income/(expense)

(NOK million)	2022	2021
Recognition of deferred tax asset	-8.3	-7.7
Net tax income/(expense)	**-8.3**	**-7.7**

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

(NOK million)	2022	2021
Profit/(loss) before tax:	78.8	-22.3
Tax calculated (22%)	-17.3	4.9
Income not subject to tax	1.5	4.9
Expenses not deductible	0.0	-5.8
Tax losses/gains for which no deferred income tax asset was recognised	7.5	-11.7
Tax income/(expense)	**-8.3**	**-7.7**

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 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.

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.

	2022	2021
Net profit/(loss) (NOK million)	-70.5	-30.0
Earnings per share (NOK)	1.18	-0.53
Earnings per share diluted (NOK)	1.18	-0.53
Average no. of outstanding shares (thousands)	59,510	56,699
Weighted avg. no. of ordinary shares for diluted earnings per share (thousands)	59,695	56,699

NOTE 9. INVESTMENTS IN SUBSIDIARIES

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 reversal of the book value write down.

Investment in subsidiaries as of 31 December 2021:

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	-4.3	0.0	0.0	100%
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	-6.5	0.1	-6.4	100%
Total book value					**2.1**		

NOTE 10. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Associated companies	Registered office	Cost price	No. of shares	Equity	Book value	Profit/ (loss)	Shareholder interest
Kustvind AB	Sweden	18.0	4,500	8.3	18.0	-5.6	37.5%
Helios Nordic Energy AB	Sweden	22.9	1,333,334	-2.8	22.9	-3.5	40%
Hafslund Magnora Sol AS	Norway	0.0	12,000	-1.7	0.0	-1.7	40%
Total book value					**40.9**		

Magnora has also invested NOK 22.9 million in Helios Nordic Energy AB for 40.00% ownership. As of 31 December 2022, the investment is accounted for using the cost method.

In addition to this, Magnora has invested NOK 18 million in Kustvind AB for 37.50% ownership. As of 31 December 2022, the investment is accounted for using the cost method.
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 2022 was NOK 11.9 million (NOK 16.4 million).

NOK million	2022	2021
Operating revenue from associated companies	0.6	0.0
Operating revenue from subsidiaries	10.9	16.4
Total operating revenue	**11.5**	**16.4**

NOK million	2022	2021
Operating expenses from associated companies	0.0	0.4
Operating expenses paid to other related parties	0.0	0.0
Total operating expense	**0.0**	**0.4**

Receivables from companies in the Group:

(NOK million)	2022	2021
Magnora Holding AS	3.7	3.2
Magnora UK PV Holding AS	6.0	0.0
Kustvind AB	0.9	0.8
Magnora South Africa Projects AS	6.3	0.0
AGV Projects Ltd	11.1	8.2
Hafslund Magnora Sol	1.7	0.0
Magnora Offshore Wind AS	142.0	10.5
Evolar AB	20.3	0.2
Receivables from companies in the Group	**192.0***	**19.7**

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

Magnora ASA also owns 50% of the shares in Arendal Brygge AS, and Sparebanken Sør owns the other 50% of the shares. Magnora ASA and Sparebanken Sør each provided NOK 1 million in shareholder loan to Arendal Brygge in 2019 to support Arendal Brygge's liquidity needs related to needed investments and working cash. The book value of the loan was written down to zero in 2019 due to large losses incurred by Arendal Brygge AS, and a provision was made. In 2021 Magnora ASA has provided NOK 1.4 MNOK in a shareholder loan and received NOK 0.2 MNOK in down payment in 2021 and 0.1 in 2022. The loan has a book value of NOK 1.1 MNOK as of 31 December 2022.

NOTE 11. TRADE AND OTHER RECEIVABLES

NOK million	2022	2021
Trade receivables	11.2	19.7
Accrued income, not invoiced	75.4	1.2
Prepayment	0.6	0.5
Total trade and other current receivables	**87.2**	**21.4**

NOTE 12. FINANCIAL ASSETS

In accordance with authorisation from the Board of Directors, Magnora ASA sold marketable securities during 2022 with a net gain of NOK 0.8 million (NOK 5.6 million). The value of the marketable securities was NOK 0.0 million on 31 December 2022. The total value of other current financial assets held on the balance sheet is NOK 0.0 million (NOK 0.7 million) at year end.

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).

NOTE 13. CASH AND CASH EQUIVALENTS

(NOK million)	2022	2021
Cash at bank and in hand	165.7	93.3
Restricted employees' tax deduction fund	1.6	1.0
Total cash and cash equivalents	**167.3**	**94.3**

As of December 31, 2022, NOK 1.6 million was restricted cash (2021: 1.0).

NOTE 14. PROVISIONS

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

NOK million	Payroll	Total
1 January 2021	0.6	0.6
Arising during the year	1.7	1.7
Reversed during the year	0.0	0.0
31 December 2021	**2.3**	**2.3**

All provisions in 2021 and 2022 are current in nature.

Payroll

Provision for 2021 and 2022 is for employment tax (AGA) for the options issued.

NOTE 15. OTHER CURRENT LIABILITIES

NOK million	Note	2022	2021
Payroll liabilities		1.2	0.9
Employer's contribution tax and other taxes		2.7	2.1
Other payables		0.6	12.8
Total other current liabilities		**4.5**	**15.8**

NOTE 16. EQUITY

NOK million	Share capital	Treasury Shares	Other equity	Total equity
Equity as of 1 January 2022	28.0	-0.1	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	**32.8**	**-0.1***	**448.8**	**481.5**

* As of 31 December 2022, Magnora owned 21,866 shares or 0.03 percent of total shares outstanding through the share buyback program.

NOK million	Share capital	Treasury Shares	Other equity	Total equity
Equity as of 1 January 2021	25.8	-0.1	96.3	122.0
Annual loss for the period			-30.0	-30.0
Acquired treasury shares*	0.0			
Share based payments			3.3	3.3
Capital increase	2.2		113.2	115.4
Equity as of 31 December 2021	**28.0**	**-0.1**	**182.8**	**210.7**

* As of 31 December 2021, Magnora owned 63,540 shares or 0.11 percent of total shares outstanding through the share buyback program.

NOTE 17. SHAREHOLDER INFORMATIONS

20 largest shareholder accounts 3 February 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
BEKKESTUA EIENDOM AS	1,881,860	2.82
CARE HOLDING AS	1,750,000	2.62
ALDEN AS	1,729,829	2.59
PHILIP HOLDING AS	1,648,377	2.47
F2 FUNDS AS	1,585,000	2.37
F1 FUNDS AS	1,503,121	2.25
ANDENERGY AS	1,468,140	2.20
INTERACTIVE BROKERS LLC	1,371,482	2.05
MP PENSJON PK	1,327,138	1.99
CLEARSTREAM BANKING S.A.	1,319,078	1.97
NORDNET LIVSFORSIKRING AS	1,281,560	1.92
ALTEA AS	1,154,944	1.73
AARSKOG, PHILLIP GEORGE	1,000,000	1.50
DNB BANK ASA	878,137	1.31
DANSKE BANK AS	781,492	1.17
BALLISTA AS	760,372	1.14
BAKLIEN, ÅSMUND	756,100	1.13
Total, 20 largest shareholders	**31,811,041**	**47.61**
Other shareholder accounts	35,011,725	52.39
Total number of shares	**66,822,766**	**100.00**
Foreign ownership	9,926,510	14.86

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 in bulks when rates were favourable.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures 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 171.9 million at the balance sheet date.

NOTE 19. SHARE-BASED PAYMENTS

At balance sheet date there are 1,475,000 options (2021: 1,900,000).

In accordance with approval by the Annual General Meeting of April 26, 2022, the Board of Magnora has issued 475,000 options during 2022 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 2022:

	Options owned or controlled	Shares owned or controlled
Torstein Sanness, Executive Chairman	250,000	594,442
Hilde Ådland, Board member	10,000	39,011
John Hamilton, Board member	40,000	33,837
Erik Sneve, CEO	350,000	1,173,871
Bård Olsen, CFO	150,000	50,000
Total options outstanding for the Board and Senior Management	**800,000**	

Reference is made to the 'Magnora Remuneration Report 2022' for further details of remuneration of Senior Management.

NOTE 21. DIVIDEND AND REPAYMENT OF CAPITAL

No distributions were made during 2022 and 2021.

NOTE 22. SUBSEQUENT EVENTS

Hafslund Magnora Sol AS has entered into option agreement contracts with landowners to develop solar PV parks in Norway.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Magnora ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Magnora ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as of 31 December 2022 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the balance sheet as of 31 December 2022, the statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company at31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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 in accordance with the requirements of the 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 the Company for 9 years from the election by the general meeting of the shareholders on 9 July 2013 for the accounting year 2013.

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 for 2022. 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

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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Purchase price allocations

Basis for the key audit matter

Magnora ASA increased its ownership in Evolar AB from 50% to 63,5 % in the second quarter of 2022, making Magnora ASA a controlling shareholder. The total consideration was NOK 75,3 million on a 100% basis.

Further, Magnora ASA acquired 95% of the shares in African Green Ventures Proprietary Limited (AGV) in the first quarter of 2022 with a total consideration of NOK 11,0 million on a 100% basis.

Based on the change of control management made a purchase price allocation in which the considerations were allocated to the identified assets and liabilities based on the evaluated fair values. The evaluation and identification of all assets and liabilities and the assumption used in the allocation of the purchase price requires significant judgement by management. The audit of the purchase price allocation is a key audit matter due to both the financial magnitude of the transactions and the significant judgments and assumptions involved in the recognition and measurement of the allocated values.

Our audit response

We, supported by valuation specialists, evaluated the documentation of management evaluation. We had meetings with management to understand their process, valuation methods and the assumption used for the allocation, including understanding their identification of and valuation of acquired assets and liabilities. Our audit procedures further included evaluation of the appropriateness of the acquisition accounting applied, including the management conclusion of when control was deemed to have passed,

We refer to note 30 in the consolidated financial statements related to the purchase price allocations.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information

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required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 the 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, 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.

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- 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 fair presentation.
- 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 requirement

Report on compliance with regulation 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-2022-12-31-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 accordance with the ESEF Regulation. We conduct our work in accordance 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 accordance with the ESEF Regulation.

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As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test 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.

Kristiansand, 20 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Espen Fyllingen
State Authorised Public Accountant (Norway)

Penneo dokumentnøgle: P07BE-MYCM2-2XY5T-7ZGK2-QVOP8-1XSH4

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MAGNORA REMUNERATION

REPORT 2022

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 2022 in line with the applicable requirements.

The Group considers the CEO and the CFO as its management team and to be comprised by the term leading personnel ("Directors") 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 several key personnel during 2022. The following key events during 2022 relates to the goals of the management team:

- Investment in African Green Ventures Ltd. (AGV)
- Award of option lease agreement for the N3 zone in the ScotWind licensing round
- Established Hafslund Magnora Sol AS jointly with Hafslund and Helios
- Private placement for additional funding of the Group
- Loan facility agreements of NOK 150 million established
- Close follow-up of investment portfolio and further increase in ownership as key milestones were achieved (achieved for Evolar AB, and Kustvind AB)
- Further development of the project and organisations in Magnora Offshore Wind, Hafslund Magnora Sol, and Magnora South Africa

The CEO remuneration for 2022 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 2022. In January 2022, Magnora awarded an area

to develop a floating wind park on the northside of Scotland, and the option lease agreement was signed in April 2022 with the Crown Estate Scotland.

In February 2022, Magnora acquired AGV. AGV is a greenfield developer of wind, large-scale PV, and battery projects in the South Africa. The company has developed a project portfolio by signing options for land leases in well suited locations in South Africa and has land lease agreements for projects with a total installed capacity potential of approximately 2 GW.

In March 2022, Magnora entered the UK market through partnering with a local developer. At the end of 2022, the portfolio consists of a 60 MW solar PV project, and two BESS projects totalling 200MWh. The 80MW/160MWh BESS project is located on brown field land in an industrial area.

In September 2022, Magnora closed an equity private placement of 8,950 new shares with a subscription price per share of NOK 22.35 and a total offer size of NOK 200 million. This funding was key to continue the investments and activities planned. The Group also secured NOK 150 million in loan facilities with tier one banks during 2022 to secure financial flexibility.

In September 2022, Magnora established Hafslund Magnora Sol AS with Hafslund and Helios for development of large-scale solar parks in Norway.

Kustvind AB has progressed according to the initial business plan, and Magnora has increased its ownership in the company to 37.5 percent during 2022.

The Group increased its ownership in Evolar AB to 63.5 percent during 2022. Evolar has a very disruptive technology which enables solar panel and glass manufacturers to boost performance on all solar cells at a very low cost with their tandem technology. Over the next decade Evolar can help the world develop solar cells with efficiency in the low-to- mid 30 percents.

2. TOTAL REMUNERATION FOR DIRECTORS

Introduction

The table in Section 2.2 below contains an overview of the total remuneration received by the Directors, as well as remuneration that were granted/awarded/due but not yet materialised, during the reported financial year. Only remuneration earned on the basis of the Directors' role as a leading person is comprised.

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

Remuneration of Directors for the reported financial year:

Fixed remuneration				Variable remuneration				
NOK thousand	Year	Salary	Other benefits	Bonus	Options	Pension	Total Remuneration	Proportion fixed/variable
Erik Sneve, CEO	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. 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	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. 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.

2.1 REMUNERATION OF DIRECTORS FOR THE REPORTED FINANCIAL YEAR FROM THE GROUP

None.

3. SHARE-BASED REMUNERATION

3.1 Introduction

The table(s) in Section 3.2 below contains information on the number of shares granted or offered to the Directors, whilst the table(s) in Section 3.3 below contains information on the number of share options granted or offered for the reported financial year. In both of the tables, the main conditions for the exercise of the rights including the exercise price and date and any change thereof appear.

3.2 Shares granted or offered to the Directors for the reported financial year

None.

3.3 Share options granted or offered to the Directors for the reported financial year

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	2019 Magnora ASA Share Option Plan	21/5/2019 - 21/5/2020	21/5/2019	21/5/2020	21/5/2025	21/5/2020 - 21/5/2025	6.5
	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

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	400,000		400,000		
	50,000				50,000
	100,000				100,000
		200,000			200,000
Total	**550,000**	**200,000**	**400,000**		**350,000**

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	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	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
Total							

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
	50,000				50,000
		50,000			50,000
Total	**100,000**	**50,000**			**150,000**

4. ANY USE OF THE RIGHT TO RECLAIM VARIABLE REMUNERATION

No variable remuneration was reclaimed during 2022.

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

Please find below an explanation on 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 2022 with the increased ownerships in Evolar AB and Kustvind AB, and the acquisition of the South African company, AGV, and further development of the projects in South Africa. The successful private placement in September 2022 was key to secure the needed funding to implement the strategy approved by the board. In addition to further expanding into South Africa, the Group expanded into UK in the solar PV and battery segments. Senior Management has made specific deliverables in these achievements that has 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. The 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 and 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: Identify 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 – 13% 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

6. 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 2022.

7. 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 Director, 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	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	4,642,000
Bård Olsen, CFO	1,610,000 VS 1,100,000	2,007,000 VS 1,610,000	2,001,000 VS 2,007,000	2,001,000
Company performance				
Financial metric A	Successful investments portfolio companies: 3 VS 0	5 VS 3	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	
Financial metric C**	MGN share price: 27.4 VS 7	18.78 VS 27.4	21.2 VS 18.78	
Non-financial metric D*	Developing organization: 4 VS 2	Developing organization: 10 VS 4	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	

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

** Share price as of 31 December.

Oslo, Norway, 20 March 2023

The Board of Directors of Magnora ASA

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

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Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Magnora ASA

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 2022 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 in accordance with the requirements of the 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. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and 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.

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Kristiansand, 20 March 2023
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Espen Fyllingen
State Authorised Public Accountant (Norway)

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RESPONSIBILITY STATEMENT

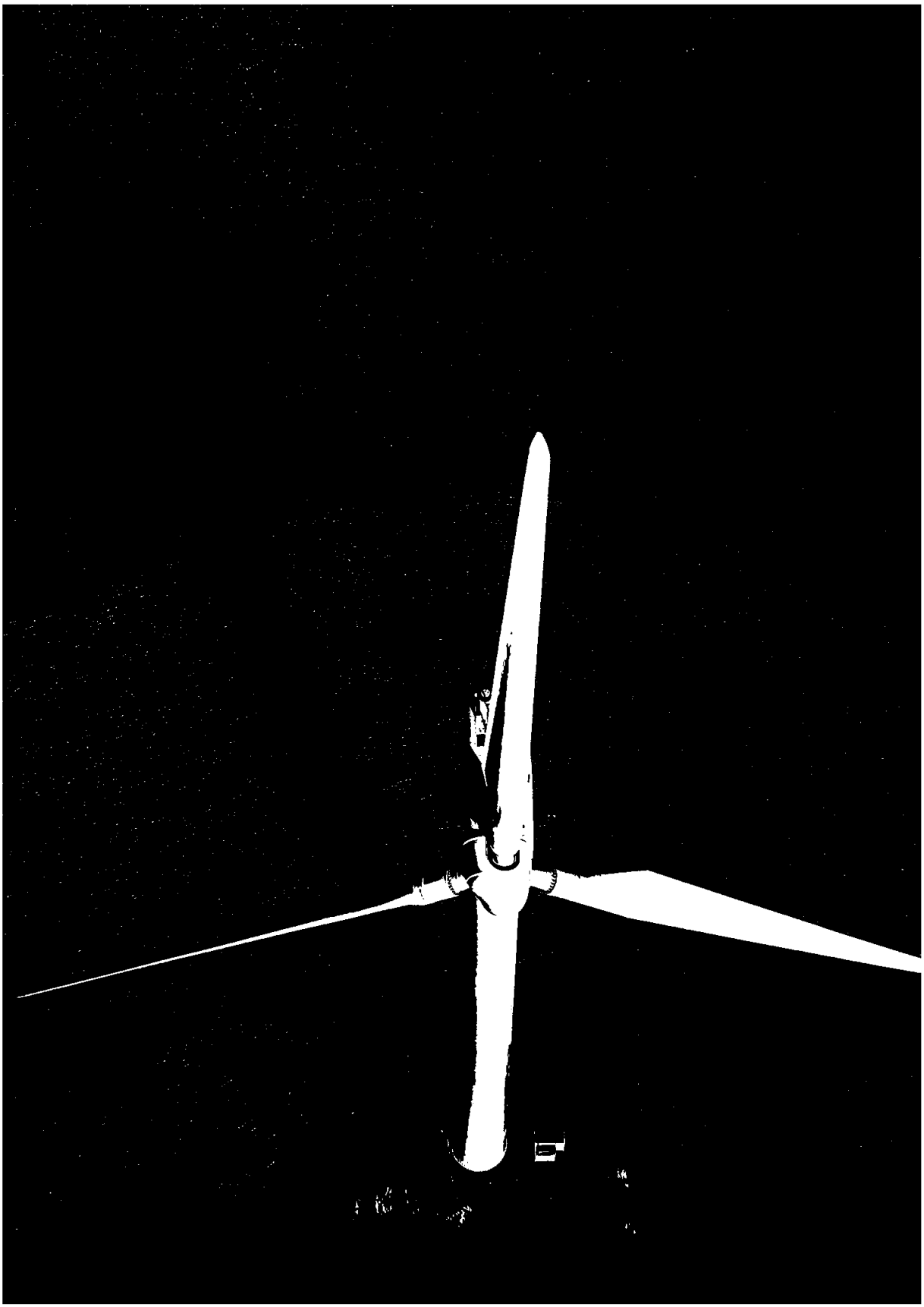
We confirm, to the best of our knowledge, that the financial statements for the period January 1 to December 31, 2022, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit and loss of Magnora 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, 20 March 2023

The Board of Directors of Magnora ASA

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



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