MAGNORA ASA

Magnora ASA
Third quarter 2020 report

23 November 2020

MAGNORA ASA

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KEY HIGHLIGHTS FROM THIRD QUARTER

- Solid financial performance in the third quarter driven both by increased operating revenue and gains from investments, delivering a profit before tax of NOK 9.4 million* (up from NOK 6.2 million in Q3 2019), and an ending cash balance of NOK 62.6 million

- The 500 MW “Sydkustens Vind” project offshore Sweden continues to progress ahead of original schedule, and application for subsea studies has been submitted to the Swedish authorities

- Land lease application for the 50 MW UK onshore wind development project is still being processed by the UK authorities

- The Vindr team has secured property rights for a new industrial wind project within its geographical focus area with 15-25 MW potential, and the company now has a “sales” pipeline of above 300 MW of small to medium sized projects with local production of renewable energy

- Continued high deal-flow has triggered several discussions with potential industrial partners, utilities, offshore wind companies and project developers, and if realised, the projects currently being discussed will add a considerable amount of additional renewable power to our portfolio

*The Company has a deferred tax asset of over NOK 3.5 billion and therefore not paying tax on this profit. See note 2.

EVENTS SUBSEQUENT TO THE QUARTER

- On 16 November 2020 Magnora entered into an agreement to participate in a share issue in Evolar AB. Magnora will initially own 28.44 percent of the shares in Evolar AB (Evolar) after the first share issue, with options to increase Magnora’s ownership in Evolar to 63.5 percent ownership. Evolar is developing a unique perovskite-based PV power booster technology that potentially adds 25 percent power to conventional solar panels. Evolar will advance discussions with potential partners and customers in 2021 and is also considering an IPO in the future.

KEY FIGURES

Continued operation (NOK million)	*Q3 2020*	*Q2 2020*	*YTD 2020*	*Q3 2019*	*YTD 2019*	*2019*
Revenues	7.6	5.9	22.4	9.6	32.8	41.6
EBITDA	4.1	-2.3	6.9	6.4	18.5	23.1
Net Profit	7.3	12.1	21.8	4.8	15.0	20.2
EPS (NOK)	0.14	0.23	0.41	0.09	0.28	0.38
*Operating cost excluding one-off items**	-2.0	-2.7	-7.4	-2.2	-13.1	-15.9
*Adjusted EBITDA**	5.6	3.2	15.0	7.5	19.7	25.7
Cash	62.6	45.7	62.6	54.6	54.6	58.3
Equity ratio (%)	96%	93%	96%	93%	91%	93%
Number of shares outstanding	52.6	52.6	52.6	52.6	52.6	52.6

** See definition of Alternative Performance Measures in Note 1.*

OPERATIONAL REVIEW

(Figures in brackets relate to second quarter 2020. The figures are unaudited.)

Magnora (or "the Company") continued to add capacity during the third quarter by hiring Espen Erdal from DNV-GL as a new Asset Manager. The Company has also engaged Trine Dalsgaard and Kenneth Kolvits, who both have long previous experience from Vestas in Denmark and Europe. Furthermore, Tor Ottar Karlsen has also joined the Magnora team as external advisor to assist with the planned expansion. Combined with the teams in Kustvind and Vindr, Magnora has an expanded team of 17 professionals with considerable experience from the wind project development market in Norway, Sweden, Germany, Poland, Scotland, England, Wales, USA, and the Baltics.

Portfolio companies

Subsequent to the third quarter, on 16 November 2020, Magnora entered into an agreement to participate in a share issue in Evolar AB. Magnora will initially own 28.44 percent of the shares in Evolar AB (Evolar) after the first share issue, with options to increase Magnora's ownership in Evolar to 63.5 percent ownership. The potential commitments are fully financed by Magnora's existing cash holdings. Evolar is developing a unique perovskite-based PV power booster technology that adds 25 percent power to conventional silicon-based solar panels as the latter technology has stagnated performance wise over last decade. The company is based in Uppsala in Sweden and currently consists of five founding scientists with 20-40 years of experience from thin film solar cell development. The investment in Evolar gives Magnora instant access to a premium product in a growing solar cell market that is ripe for efficiency innovation. The Evolar team has achieved several world records within its niche such as a CIGS -solar cell with an efficiency of 24 percent and a thin film module record of 21 percent efficiency, and the company has unique industrial size R&D prototype line equipment, which is fully operational in Evolar's manufacturing facilities. It allows the team to quickly scale and test solar cells and modules and thereby shorten time-to-market. The Evolar team also plans to cooperate with several leading players to test and scale up the technology to rapidly capitalise on the USD multi-billion solar cell market.

Since Magnora acquired part of Vindr in March this year, the company has progressed according to its business plan, and has built an early phase pipeline of more than 300 MW viable wind projects. In addition, approximately 1.200 MW of potential projects have been identified that meets the company's defined project criteria. Vindr is a developer of small and medium sized onshore wind projects in areas with already cultivated land and is experiencing high demand for its business model. Along with building the pipeline, emphasis has been put on further developing the company's methodology and tools to enable effective site identification and development. Vindr's concept and business development is now ready to be tested outside its core focus areas in Scandinavia and the team is advancing market analysis regarding entry into new markets.

Magnora also acquired part of Kustvind AB in March this year. Kustvind is a 500 MW shallow water offshore wind project located in an area with very attractive wind conditions approximately 8 km offshore the southern coast of Sweden. The wind park will have a potential 2 TWh annual electricity production and can potentially serve 250.000 homes with electricity. The project is close to relevant infrastructure and an area of Sweden that has had very attractive electricity prices both historically and recently. The project continues to progress ahead of its original schedule and has entered the concession phase with significant studies and assessments required for the concession application. An application for subsea studies has been submitted to the Swedish authorities for required permits to start subsea surveys. The project has engaged a project manager and is now building up the project team.

Magnora signed a letter of intent last quarter to invest in a UK onshore wind development project, and the feasibility study was concluded during this quarter, resulting in submission of an application for land lease to UK authorities. The project site is close to infrastructure and has good wind conditions. The Company expects to receive a decision from the UK authorities on its application before the end of 2020.

Magnora previously also signed a letter of intent to invest in a potential 60 MW onshore wind development project in the northern part of Scandinavia. This project has since been cancelled due to limitations caused by proximity to private housing and the topography of the area.

License agreements

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

Magnora is entitled to a license fee of USD 0.50 per barrel produced and offloaded from the Dana FPSO (the "FPSO") for the lifetime of the vessel. The associated license income for the third quarter 2020 was NOK 6.8 million (NOK 5.9 million). The

FPSO was completed in 2017 and production started in Q4 2017. The FPSO has a production capacity of 44,000 barrels per day. The FPSO is expected to have a design life of 20 to 25 years. Magnora´s right to payments is tied to the FPSO, irrespective of operating location and field. Any potential field tied-back to the FPSO or any redeployment, irrespective of location, will also be subject to the payment obligations under the agreement. The Dana agreement is expected to generate income for Magnora for several years. The vessel's production depends on weather, maintenance, decline, timing of production drilling, discoveries and more.

Magnora is also entitled to license fees from a license agreement with Shell for the Shell Penguins FPSO. The remaining license income of the Penguins agreement is approximately USD 16 million and subject to milestone achievements. The final investment decision regarding the Shell Penguins Redevelopment project was taken in January 2018. Magnora received payment for the first milestone of USD 2.625 million (NOK 20.7 million) under the license agreement in Q1 2018. Further payments under the license agreement are subject to three milestones: 1) the completion and sail away of the Penguins FPSO from the construction yard, 2) the installation of the Penguins FPSO at the field and production started, and 3) the successful production, offloading and gas export of 4 million barrels which is estimated to be approximately 6 months after successful start-up. It is anticipated that the construction of the Penguins FPSO will be completed in Asia during mid-2021 with further milestones achieved thereafter. The Penguins field is currently producing and is hooked up to the last of the remaining Brent platforms.

FINANCIAL REVIEW

Results for the quarter

Operating revenue in the third quarter 2020 was NOK 7.6 million, NOK 1.7 million higher than the previous quarter. As mentioned above, the license income from the agreement with Dana was NOK 6.8 million for the quarter, and the additional NOK 0.8 million is from consulting services provided for the portfolio companies.

EBITDA was NOK 4.1 million (negative NOK 2.3 million) due to the higher operating revenue and decreased operating costs from the last quarter. The increase in operating revenue was mainly due to higher offloading and therefore higher license revenues from the Dana contract. The operating expense was NOK 3.5 million, and removing the costs of external advisors, additional legal fees related to new investments and due diligence of new investments considered, as well as bonus paid to management, the core operating costs were NOK 2 million and adjusted EBITDA NOK 5.6 million. The core costs exclude costs associated with the Company's growth plans, annual bonus payments and certain one-off costs that are expected to occur less frequently.

Net profit for the quarter was NOK 7.3 million, a decrease of NOK 4.8 million compared to the previous quarter (NOK 12.1 million). This decrease was mainly due to a lower net gain in financial items. The net gain in financial items was mainly from an increase in the value of marketable securities held or settled during the quarter.

Cash flow

As of 30 September 2020, cash and cash equivalents amounted to NOK 62.6 million (NOK 45.7 million). The cash flow in the quarter was mainly affected by 1) capital distribution, and 2) purchase and sale of marketable securities for cash management purposes.

Financial position

The equity ratio was 96 percent as of 30 September 2020.

RISK AND UNCERTAINTY FACTORS

Magnora is exposed to market risk, project risk, reservoir risk, credit risk, currency risk and liquidity risk. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on its financial performance.

Magnora's remaining customers are two major companies 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 Magnora.

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

The project development process for wind parks is also exposed to risks. The process for obtaining concession from relevant authorities can vary in different countries, but most countries has required local acceptance, and in some countries the local municipality has veto rights. The public opinion has in some countries caused changes to the political process determining the regulatory framework for obtaining concession for building and operating wind parks. These uncertainties can cause delays and rejection of the concession applications, and it can cause the economics of the projects to be worsened as the approved size of turbines may not be sufficient for an optimized wind park.

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

OUTLOOK AND STRATEGY

Magnora has successfully transitioned into a renewable energy investment company, and its initial investments in the wind energy segment are progressing according to plan. The initial focus area was set on development of wind projects in Scandinavia and abroad from early phase greenfield to ready-to-build, however, the Company is also considering projects under construction as well as operational wind parks.

Vindr was Magnora's first investment under its new strategy, and the company has already in place a pipeline of more than 300 MW of viable wind power projects. Kustvind is also progressing according to plan and is now in the concession phase. Both legacy projects are continuing to provide revenues that the Company can invest in renewable energy projects.

We have a close dialogue with our shareholders and based on on-going discussions and progress with implementation of the new strategy, we have fine-tuned and updated our strategy and investment approach. Some of the investment opportunities we have received so far appear to be a good fit with Magnora's culture and strategy. We are continuously evaluating and investigating a significant volume of deals introduced to us and are planning to add additional investments to our portfolio. We are looking for investments where we can both help develop the company's business case and assist with the financing.

SHARE BUYBACK, CAPITAL REDUCTION AND DIVIDENDS

The board of directors launched a new share buyback programme based on authorisation from the annual general meeting ("AGM") held on 21 May 2019, and as of the date of this report, Magnora owns 76,175 of its own shares. The authorisation was renewed by the AGM held on 26 May 2020.

Based on the acceleration of our investments and letters of intent as part of our new strategic direction, the quarterly return was reduced to NOK 0.08, which was distributed to shareholders on 23 July 2020. The reduction was encouraged and supported by our largest shareholders to enable the acceleration of our investments and new strategic direction. The Company has now made a significant investment into Evolar AB and is further considering additional investments that are key to the Company's strategic development and that will require additional funding. Quarterly return to shareholders has therefore been halted.

ABOUT MAGNORA

After selling its assets, rights, and intellectual property rights of cylinder vessel design to Sembcorp Marine Integrated Yard Pte. Ltd. (SMIY) in 2018, Magnora retained the financial benefits from the Dana license agreement and the Shell Penguins license agreement. The Company is now a renewable energy investment company, and the initial focus area has been set on development of wind projects in Europe 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 company 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 Company continuously considers potential organic growth and investment opportunities with the objective of generating further shareholder value.

Oslo, Norway, 23 November 2020

The Board of Directors of Magnora ASA

Torstein Sanness Chairman	Hilde Ådland Board member	John Hamilton Board member

Erik Sneve
CEO

MAGNORA ASA

INTERIM FINANCIAL STATEMENTS (IFRS) (QUARTERLY NUMBERS ARE UNAUDITED)

Condensed consolidated income statement

NOK million	*Note*	*Q3 2020*	*Q2 2020*	*YTD 2020*	*Q3 2019*	*YTD 2019*	*2019*
Continued operations							
Operating revenue	4	7.6	5.9	22.4	9.6	32.8	41.6
Operating expense		-3.5	-8.2	-15.5	-3.2	-14.4	-18.5
EBITDA		4.1	-2.3	6.9	6.4	18.4	23.1
Operating Profit/(loss)		4.1	-2.3	6.9	6.4	18.4	23.1
Financial income/(loss)	6	5.0	14.1	10.6	0.4	1.3	1.5
FX gain/(loss)		0.3	0.5	7.3	-0.5	-0.3	-1.5
Net financial items		5.3	14.6	17.9	-0.1	1.0	0.0
Profit/(loss) before tax		9.4	12.3	24.8	6.2	19.4	23.1
Tax income/(expense)		-2.1	-0.2	-3.0	-1.4	-4.3	-2.9
Net profit/(loss) continued operations		7.3	12.1	21.8	4.8	15.1	20.2
Net Profit/(loss)		7.3	12.1	21.8	4.8	15.1	20.2

Statement of comprehensive income

NOK million	*Q3 2020*	*Q2 2020*	*YTD 2020*	*Q3 2019*	*YTD 2019*	*2019*
Net profit/(loss)	7.3	12.1	21.8	4.8	11.4	20.2
Foreign currency translation	0.0	0.0	0.0	0.2	0.6	0.0
Total comprehensive income	7.3	12.1	21.8	5.0	11.9	20.2

Condensed statement of financial position

NOK million	*Note*	*30.09.20*	*30.06.20*	*31.12.19*
Deferred tax assets	2	33.7	35.8	39.9
Investment in associates	7	9.3	10.0	0.0
Total non-current assets		**45.4**	**45.8**	**39.9**
Trade and other receivables		1.8	1.7	2.5
Other current financial assets	6	8.7	22.4	12.5
Cash and cash equivalents		62.6	45.7	58.3
Total current assets		**70.7**	**69.8**	**73.3**
Total assets		**116.1**	**115.6**	**113.2**
Share capital		25.8	25.8	25.8
Treasury shares		-0.1	-0.1	0.0
Other equity		85.4	82.3	79.8
Total shareholders' equity		**111.1**	**108.0**	**105.6**
Total equity		**111.1**	**108.0**	**105.6**
Other non-current liabilities		3.8	3.8	0.0
Total non-current liabilities		**3.8**	**3.8**	**0.0**
Current liabilities		1.1	3.8	7.6
Total current liabilities		**1.1**	**3.8**	**7.6**
Total liabilities		**4.9**	**7.6**	**7.6**
Total equity and liabilities		**116.1**	**115.6**	**113.2**

Condensed statement of changes in equity

NOK million	*Share capital*	*Other equity*	*Total equity*
Equity as of 1 January 2020	**25.8**	**79.8**	**105.6**
Total comprehensive income for the period		21.8	21.8
*Acquired treasury shares**		-0.6	-0.6
Share based payments		1.7	1.7
Capital distribution		-17.4	-17.4
Equity as of 30 September 2020	**25.8**	**85.4**	**111.2**
Equity as of 1 January 2019	**78.4**	**57.4**	**135.8**
Total comprehensive income for the period		20.2	20.2
Acquired treasury shares		0.1	0.1
Deletion of treasury shares		-0.1	-0.1
Share based payments		2.3	2.3
Capital reduction and distribution	-52.6		-52.6
Equity as of 31 December 2019	**25.8**	**79.8**	**105.6**

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

Condensed statement of cash flow

NOK million	*Q3 2020*	*Q2 2020*	*YTD 2020*	*Q3 2019*	*YTD 2019*	*2019*
Cash flow from operating activities						
Cash from operations	5.7	-1.6	17.0	4.3	7.7	25.5
Taxes paid/repaid	0.0	0.0	0.0	0.0	0.0	0.0
Net cash generated from operating activities	**5.7**	**-1.6**	**17.0**	**4.3**	**7.7**	**25.5**
Cash flow from investment activities						
Net purchase of marketable securities	15.4	-7.4	4.7	0.0	0.0	-14.1
Loan to Arendal Brygge AS	0.0	0.0	0.0	-0.5	-1.0	-0.9
Net cash from investment activities	**15.4**	**-7.4**	**4.7**	**-0.5**	**-1.0**	**-15.0**
Cash flow from financing activities						
Capital distribution	-4.2	0.0	-17.3	0.0	0.0	0.0
Capital reduction paid out	0.0	0.0	0.0	-52.6	-52.6	-52.6
Net cash from financing activities	**-4.2**	**0.0**	**-17.3**	**-52.6**	**-52.6**	**-52.6**
Net cash flow from the period	**16.9**	**-9.1**	**4.3**	**-48.7**	**-45.9**	**-42.0**
Cash balance at beginning of period	45.7	54.8	58.3	103.3	100.3	100.3
Cash balance at end of period	**62.6**	**45.7**	**62.6**	**54.6**	**54.6**	**58.3**

SELECTED NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

1 General information and accounting policies

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

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

The company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). As the interim financial statements do not include the full information and disclosures as required in the annual financial statements, it should be read in connection with the Annual Financial Statements for 2019.

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:

> Operating cost, excluding one-off items: Management believes that core "Operating cost, excluding one-off items" which excludes costs associated with the Company's growth plans is a useful measure because it provides an indication of the company's operating cost base for the period without regard to the growth related expenses. It also excludes significant historical, non-operational, or other events that are expected to occur less frequently. The cost of options, bonus payments to the management and board, and payments to outside personnel for ad hoc assistance with strategy and M&A activities are deducted to provide a consistent measure of the company's cost base.
>
> Adjusted EBITDA: Management believes that "Adjusted EBITDA" which excludes "one-off items" and the expenses excluded from operating cost as defined above, is a useful measure because it provides an indication of the profitability of the company's operating activities for the period without regard to significant historical and non-operational events that are expected to occur less frequently.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Annual Financial Statements for the year ended 31 December 2019.

The company implemented IFRS 16 as of 1 January 2019 and there have been no changes to the company's financial statements as a result.

2 Accounting estimates and judgements

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised in the future. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The recognised deferred tax asset is most sensitive to expected future taxable profits. The deferred tax asset recognized is expected to be utilised within the next 5 years based upon on the company's contract portfolio and cost base as of today. The book value of the deferred tax asset represents a minor part of the total accumulated tax losses of over NOK 3.5 billion.

3 Shareholder structure

20 largest shareholder accounts 13 November 2020 (source: VPS)	*Number of shares*	*Percent ownership*
*DNB MARKETS AKSJEHANDEL/-ANALYSE**	9,664,009	18.38
KING KONG INVEST AS	2,343,795	4.46
CARE HOLDING AS	2,100,000	3.99
GINNY INVEST AS	2,096,966	3.99
PHILIP HOLDING AS	1,620,000	3.08
SUNDT AS	1,592,202	3.03
ANDENERGY AS	1,558,140	2.96
MP PENSJON PK	1,502,638	2.86
INTERACTIVE BROKERS LLC	1,406,307	2.67
ALDEN AS	1,395,416	2.65
BEKKESTUA EIENDOM AS	1,348,976	2.57
KLP AKSJENORGE INDEKS	1,200,000	2.28
DANSKE BANK AS	1,133,704	2.16
FINANCIAL FUNDS AS	1,087,000	2.07
ALTEA PROPERTY DEVELOPMENT AS	1,004,944	1.91
AARSKOG, PHILLIP GEORGE	1,000,000	1.90
F2 FUNDS AS	761,000	1.45
BAKLIEN, ÅSMUND	700,000	1.33
HANDELSBANKEN CAPITAL MARKETS DMA MARKET-MAKING	575,561	1.09
SJØLUND, STIAN	531,000	1.01
Total, 20 largest shareholders	**34,621,658**	**65.84**
Other shareholder accounts	17,965,040	34.16
Total number of shares	**52,586,698**	**100.00**
Foreign ownership	4,959,311	9.43

**Magnora's largest shareholder is Kistefos AS who owns shares held by DNB Markets Aksjehandel/-analyse and Skandinaviske. In total, Kistefos AS holds 10,942,314 shares in the company equal to 20.8% of shares outstanding.*

4 Operating revenue

NOK million	*Q3 2020*	*Q2 2020*	*YTD 2020*	*Q3 2019*	*YTD 2019*	*2019*
Continued operations						
License revenue	6.8	5.9	21.6	9.4	22.0	40.0
Other revenue	0.8	0.0	0.8	0.6	1.2	1.6
Operating revenue continued operations	**7.6**	**5.9**	**22.4**	**10.0**	**23.2**	**41.6**

5 Options

An options programme was approved at the AGM in 2019, and the cost of options awarded in 2019 has now been fully recognized in accordance with IFRS 2.

Additional awards of options were made during Q2 2020 in accordance with the options programme approved by the AGM in 2019. The CEO and the investment director were granted 50,000 options each. The CFO and the head of business development and strategy were both granted 25,000 options each. Additional options were also awarded to the board by the AGM held on 26 May 2020. The chairman of the Board of Directors was granted 50,000 options, the Audit Committee chair was granted 20,000 options, and the remaining independent director was granted 5,000 options. The cost of the options is recorded over the first 36 months following the grant date of 1 April 2020 for most of the options, as they will be fully vested on 1 April 2023.

Additional awards of options were made during Q3 2020 in accordance with the options programme approved by the AGM in 2019. The investment director was granted 50,000 options. The CFO and the head of business development and strategy were both granted 25,000 options each. The cost of the options is recorded over the first 36 months following the grant date for all options awarded during the quarter. The total cost of this batch of options was estimated to be NOK 1.3 million, mainly non-cash, and NOK 121,982 has been recognized for Q3 2020 in accordance with IFRS 2.

6 Financial assets

In accordance with authorisation from the Board of Directors, Magnora ASA both sold and purchased marketable securities during Q3 2020 with a net gain of NOK 5 million. The total value of other current financial assets held on the balance sheet is NOK 8.7 million at the end of the quarter. The company holds marketable securities as part of an effort to carefully increase the return on cash holdings. The shares are considered sufficiently liquid to allow Magnora ASA to sell the shares to meet short term working capital needs.

The investment in Kustvind AB is also included in the balance sheet under Other Current Financial Assets. After investing an additional NOK 1.9 million in Kustvind during the last quarter, Magnora has approximately 5% ownership in Kustvind. Magnora has invested a total of NOK 2.4 million in Kustvind and has a right to acquire up to 50% of the company in a gradual milestone-based investment plan.

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).

7 Investment in associates

The investment in associates represents the investment in Vindr Group, where the Company has invested NOK 10 million for 25% ownership. As Magnora does not have a controlling share and does not exercise control in Vindr, the investment is accounted for using the equity method. The value is adjusted for the Company's share of Vindr's operating results for the period.