Third Quarter

Report

2024

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Third Quarter
in Brief

Key Highlights

- The Group had its first day trading on the main list of Oslo Stock Exchange under the ticker HERMA on 18 June 2024. Shareholders of Magnora ASA received one share in Hermana Holding ASA for each of their Magnora ASA shares on 18 June 2024.

- The demerger from Magnora ASA was part of a restructuring process in Magnora, finalised during the second quarter, with transfer of the legacy agreement with Dana Petroleum Ltd. for the Western Isles FPSO as part of the demerger. As the licensing business including the Western Isles agreement is a carve- out of Magnora ASA, the expected value of the agreement is not reflected in the balance sheet of the Group.

- The Group also holds a receivable from Magnora ASA for the cash to be received from the Shell Penguins license agreement, totaling USD 8.6 million. The latest news coverage about the vessel states that it was installed at the field location in July 2024. Based on this information, the first oil milestone could be achieved before the end of 2024.

- According to Dana Petroleum, the Western Isle FPSO ceased production on the Harris and Barra oil fields on 6 May 2024. The latest news coverage about the vessel confirms that it arrived in Scapa Flow, Orkney Islands at the end of July 2024. The vessel will undergo necessary preparations there before redeployment to the Greater Buchan Area.

- The Group inherited a share of Magnora's deferred tax losses and carries forward NOK 417.4 million of deferred tax and paid-in capital of more than NOK 1.7 billion.

- There was no revenue, and no cash generated from operating activities during the third quarter. The Group plans to make additional investments with available funds from its cash assets and revenues from the licensing business. The operating expense has been forecasted to stay in the NOK 7.5-10 million range per year, but the Group has flexibility to bring this down considerably if revenues are delayed and activity levels low.

- At the end of September 2024, cash and cash equivalents were NOK 18.8 million.

Subsequent Events

- There are no subsequent events.

Outlook

- The group has an asset light business model with low operating costs and are expecting additional funds from the demerger receivable in late 2024 or early 2025. These funds allow for patient target search in 2024 and 2025.

- During Q3 additional resources have been hired to secure sufficient capacity to implement the Group's business plan and build the foundations for client dialogues and assessing opportunities and new investments. The Group also have discussions with a few interesting transformational targets for Hermana. With additional management capacity we can increase our efforts in order to secure further value creation for Hermana shareholders.

Developments During **the Quarter**

Financial Review

(Figures in brackets relate to second quarter 2024)
Numbers are unaudited.

Hermana Holding ASA was demerged from Magnora ASA during the second quarter and started trading on the main board of Oslo Stock Exchange under the ticker HERMA on 18 June 2024. The Group's business activity consists of holding, managing and operating a license agreement transferred from Magnora ASA. The license agreement was originally with Dana Petroleum, established during the period Magnora ASA operated in the oil and gas industry. On 16 November 2023, Magnora reached an agreement with NEO Energy and Dana Petroleum for redeployment of the Western Isles FPSO to the Greater Buchan Area ("GBA"). Based on the latest information available in the media, first oil is expected in late 2027. The new agreement is expected to generate income to the Group for several years. The vessel's production depends on weather, maintenance, pressure decline, timing of production drilling, discoveries and more.

The license agreement with NEO Energy entitles the Group to receive a license fee of USD 0.50 per barrel produced and offloaded from the Western Isles FPSO (the "FPSO") for the lifetime of the vessel. The associated license income for the first half 2024 was NOK 3.9 million (NOK 4.8 million for the first half 2023).

The Western Isles FPSO was completed and put in operation during Q4 2017 and has a production capacity of 44,000 barrels per day. The Group´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.

In addition to the license agreement, the Group may make additional investments with available funds from its cash assets and revenues from the licensing business, with a focus on royalties and similar revenue streams. Hermana is open to deals beneficial for shareholders in Hermana.

The Magnora Group's original business consisted of the design and construction of cylindrical vessels known as floating production, storage and offloading units (FPSOs) and drilling vessels. In 2018, Magnora sold its patents and related technology rights linked to the FPSO business but retained the right to use the technology under two existing agreements for two FPSOs, 1) Western Isles FPSO and 2) Shell Penguins FPSO, one of which was already in operation and another under construction.

The Group is also entitled to a receivable from Magnora ASA tied to revenue from an agreement with Shell UK Ltd. for the Shell Penguins FPSO. A demerger receivable was established to entitle Hermana to the funds from the last two milestone payments related to this agreement. The last two milestones are expected within the next few months, and will be transferred from Magnora ASA to the Group as soon as funds are received from Shell UK Ltd.

On 18 June 2024, Hermana Holding ASA started trading on the main list of Oslo Stock Exchange. Although Magnora holds 30% of the shares and is supporting operations through a management support agreement, the Group is now fully separated from Magnora.

Results for the quarter

There was no operating revenue in the third quarter 2024 (NOK 1.3 million in Q2). The operating expense for the quarter was NOK 2.3 million (NOK 6.6 million), mainly consisting of support services from Magnora ASA and expenses from legal advisors and auditors.

Cash Flow

As of 30 September 2024, cash and cash equivalents was NOK 18.8 million. Cash generated from operating activities was negative NOK 4.6 million, due to IPO related expenses incurred in the second quarter and paid in the third quarter. Additionally, there was no revenue from the Western Isles FPSO as it is located at a yard. Cash generated from financing activities was NOK 0.

Financial Position

The equity ratio was 99.6 percent as of 30 September

2024. The Group has no debt, and total assets are NOK 117.4 million.

Risk And Uncertainty Factors

The Group is exposed to market risk, political 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 minimise potential adverse effects on its financial performance.

The Group's new customers, NEO Energy Ltd. and Jersey Petroleum Ltd., are 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 the Group.

The Group is also subject to currency risk as the license fee from the Western Isles FPSO is paid in USD. The licensing agreement also makes the Group subject to field development and reservoir risk as the license fee is tied to actual production and lifting. Until additional investments are made, the Group relies heavily on its customer, now NEO Energy, for its revenues and is therefore more exposed to the above risks. The planned mitigation for these risks is to diversify the investment portfolio.

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 may affect the Group's income from the oil and gas industry.

Regulatory risks can be changes in the regulatory environment that have a material adverse effect on the Group's operations and financial performance. This could be changes in 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.

Liquidity and access to capital is a risk now that the Group is separated from Magnora and has a less diversified revenue stream. This is managed through close dialogues with financial institutions and a strict timeline for cash flow that matches future investment payments with revenues.

Loss of key personnel is a risk to the Group as it operates with a staff of highly specialised professionals from Magnora ASA that may take time to replace if needed. Mitigation of this risk is a management agreement securing adequate resources to the Group, and an ongoing process of identifying outsourcing alternatives and potential recruitment to cover the resource needs of the Group.

The Hermana Share

As of the date of this report, the Group does not own any of its own shares. The Group has 93,931,178 shares outstanding as of 30 September 2024.

Oslo, Norway, 14 October 2024

The Board of Directors of Hermana Holding ASA

Erik Sneve
Chairman

Hilde Ådland
Board Member

Torstein Sanness
Board Member

Nina Skage
Board Member

Lars Ørving Eriksen,
Board Member

Stein Bjørnstad
CEO

Interim Financial
Statements

Numbers are unaudited.

Condensed and Carve-Out Consolidated Income Statement

NOK million	Note	Q3 2024	Q2 2024	YTD 2024	Q3 2023 (Carve-Out)	YTD 2023 (Carve-Out)	2023 (Carve-Out)
Operations							
Operating revenue	4	0.0	1.3	3.9	3.7	8.5	10.3
Operating expense		-2.3	-6.6	-10.4	-2.0	-5.3	-7.2
EBITDA		**-2.3**	**-5.3**	**-6.5**	**1.7**	**3.2**	**3.1**
Operating profit/(loss)		**-2.3**	**-5.3**	**-6.5**	**1.7**	**3.2**	**3.1**
Financial income/(expense)		0.0	0.0	0.0	0.0	0.0	0.0
FX gain/(loss)		-1.2.	4.1	2.9	0.0	3.1	3.1
Net financial items		**-1.2**	**4.1**	**2.9**	**0.0**	**3.1**	**3.1**
Profit/(loss) before tax		**-3.5**	**-1.2**	**-3.6**	**1.7**	**6.3**	**6.2**
Tax income/(expense)		-1.0	1.9	0.9	0.0	-1.3	-1.4
Net profit/(loss)		-4.5	0.7	-2.7	1.7	5.0	4.9

Numbers are unaudited.

Statement of Comprehensive Income

Net profit/(loss)	-4.5	0.7	-2.7	1.7	5.0	4.9
Foreign currency translation	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income	-4.5	0.7	-2.7	1.7	5.0	4.9
Profit/(loss) attributable to:						
Equity holders of the company	-4.5	0.7	-2.7	1.7	5.0	4.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income attributable to:						
Equity holders of the company	-4.5	0.7	-2.7	1.7	5.0	4.9
Non-controlling interest	0.0	0.0	0.0	0.0	0.0	0.0

Numbers are unaudited.

Earnings Per Share

	Q3 2024	Q2 2024	YTD 2024	Q3 2023	YTD 2023	2023
Earnings per share for profit/(loss) attributable to the equity holders of the company during the year (NOK per share):						
-Basic	-0.05	0.01	-0.03	0.02	0.05	0.05
-Diluted	-0.05	0.01	-0.03	0.02	0.05	0.05
Weighted average number of shares outstanding	93 931 178	93 931 178	93 931 178	93 931 178	93 931 178	93 931 178
Weighted average number of shares outstanding (diluted)	93 931 178	93 931 178	93 931 178	93 931 178	93 931 178	93 931 178

**Earnings per share is pro forma and based on the number of shares issued at the balance sheet date although this denominator was not available at the earlier periods presented.*

Numbers are unaudited.

Condensed and Carve-Out Statement of Financial Position

NOK million	Note	30.09.24	30.06.24	31.12.23
Deferred tax assets	2	7.8	8.8	0.0
Total non-current assets		**7.8**	**8.8**	**0.0**
Trade and other receivables	5	90.7	93.0	0.0
Cash and cash equivalents		18.8	23.4	0.0
Total current assets		**109.6**	**116.4**	**0.0**
Total assets		**117.4**	**125.2**	**0.0**
Share capital		9.5	9.5	0.0
Other equity		107.4	112.6	0.0
Total equity		**116.9**	**122.1**	**0.0**
Total non-current liabilities		**0.0**	**0.0**	**0.0**
Trade payables		0.4	2.7	0.0
Tax payable		0.0	0.0	0.0
Other current liabilities		0.1	0.4	0.0
Total current liabilities		**0.5**	**3.1**	**0.0**
Total liabilities		**0.5**	**3.1**	**0.0**
Total equity and liabilities		**117.4**	**125.2**	**0.0**

Numbers are unaudited.

Condensed and Carve-Outstatement of Changes In Equity

NOK million	Note	Share capital	Other equity	Total equity
Equity as of 1 January 2024		**0.0**	**0.0**	**0.0**
Total comprehensive income for the period		0.0	-2.7	-2.7
Capital increase		1.0	0.0	1.0
Contribution in kind	3	2.9	32.4	35.3
Capital decrease		-1.0	0.0	-1.0
Capital increase demerger from Magnora ASA	3	6.7	77.7	84.4
Equity as of 30 September 2024		**9.5**	**107.4**	**116.9**
Equity as of 1 January 2023		**0.0**	**73.9**	**73.9**
Total comprehensive income for the period		0.0	4.9	4.9
Changes in parent's investment		0.0	-78.8	-78.8
Equity as of 31 December 2023		**0.0**	**0.0**	**0.0**

Numbers are unaudited.

Condensed and Carve-Out Statement of Cash Flow

NOK million	Q3 2024	Q2 2024	YTD 2024	Q3 2023 (Carve-Out)	YTD 2023 (Carve-Out)	2023 (Carve-Out)
Cash flow from operating activities						
Profit before tax	-3.5	-1.2	-3.6	1.7	6.3	6.2
Changes in net operating working capital	-1.1	-2.0	-2.6	0.0	73.9	73.9
Net cash generated from operating activities	**-4.6**	**-3.2**	**-6.2**	1.7	80.2	**80.1**
Net cash from investment activities	**0.0**	**0.0**	**0.0**	0.0	0.0	**0.0**
Cash flow from financing activities						
Capital distribution	0.0	-1.0	-1.0	0.0	0.0	0.0
Capital increase	0.0	0.0	1.0	0.0	0.0	0.0
Net contribution from parent	0.0	25.0	25.0	-1.7	-80.2	-80.1
Net cash from financing activities	**0.0**	**24.0**	**25.0**	-1.7	-80.2	**-80.1**
Net cash flow from the period	**-4.6**	**20.8**	**18.8**	0.0	0.0	**0.0**
Cash balance at beginning of period	23.4	2.6	0.0	0.0	0.0	0.0
Cash balance at end of period	**18.8**	**23.4**	**18.8**	0.0	0.0	**0.0**

Selected Notes to the
Financial Statement

1. General Information and Accounting Policies

Hermana Holding ASA's objective is the conduct of industry, trade and business associated with energy, intellectual property rights and commodities, and sectors directly or indirectly related to these, including investing in licenses, 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.

Hermana Holding 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 subsidiaries.

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and these financial statements have been prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34). As the company is carved out from Magnora ASA, only carve-out financial statements for the year end balances 2021-2023 are available. The interim financial statements do not include the full information and disclosures as required in the annual financial statements and should therefore be read in connection with the Carve-Out Annual Financial Statements for 2021-2023.

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

EBITDA: EBITDA, as defined by Hermana, includes total operating revenue and expense, and excludes, depreciation, amortization, and impairment loss.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Carve-Out Annual Financial Statements for the year ended 31 December 2023.

2. Accounting Estimates

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

The deferred tax asset recognised is expected to be utilised within the next 5 years based on the company's contract portfolio and cost base as of today. The book value of the deferred tax asset represents a minor part of the total accumulated tax losses carried forward of NOK 417.4 million allocated to Hermana Group as part of the demerger from Magnora ASA.

3. Demerger

Hermana Holding ASA (previously named Project Tripartite 3 AS and Magnora Legacy Holding AS) was incorporated 23 August 2023 as a subsidiary of Magnora ASA. Prior to the process of listing the company on the Oslo Stock Exchange, it was converted into a public liability company and renamed Hermana Holding ASA as the holding company of the Hermana Holding group.

The Group's business activities consist of holding, managing and operating a license agreement transferred from Magnora ASA, which was established during the period Magnora ASA operated in the oil and gas industry. In addition, the Group will invest available funds from its cash assets and revenues from the licensing business. The investments will be focused on royalties and revenue streams.

The historical background of the Magnora Group's original business consisted of the design and construction of cylindrical vessels known as floating production, storage and offloading units (FPSOs) and drilling vessels. In 2018, Magnora sold its patents and related technology rights linked to the FPSO business but retained the right to use the technology under two existing agreements for two FPSOs, 1) Western Isles FPSO and 2) Shell Penguins FPSO, one of which was already in operation and another under construction. The amount of royalty payments varies depending on the level of production and offloading of the Western Isles FPSO owned and used by the license holder.

Magnora carved out the license business, transferring the license agreement with Dana Petroleum into an existing and wholly owned subsidiary, Western Isles Holding AS. The carve out was implemented by means of a demerger of Magnora, where the license business was transferred to a wholly owned subsidiary of Magnora.

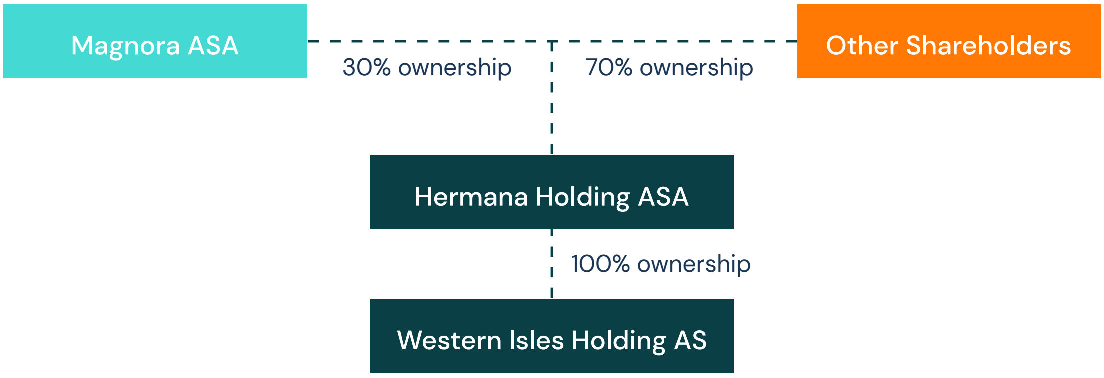
The purpose of carving out the license business into another entity was to separate the income related to oil production into a stand-alone business model, making Magnora more attractive for investors whose investment mandates are limited to renewable energy companies.

As a result of the spin-off demerger, the share capital in Magnora was reduced, and the shareholders in Magnora received 70% of the total number of shares in Hermana Holding ASA on completion of the spin-off demerger.

The demerger (reorganization) was carried out with tax continuity for Norwegian tax purposes pursuant to the provisions in Chapter 11 of the Norwegian Taxation Act. The demerger was also carried out with accounting continuity, so that book values of Magnora's assets and rights and obligations relating to the license business and transferred to Hermana Holding ASA are continued without any other changes than the transfer of ownership.

The demerger of Hermana Holding ASA from Magnora ASA achieved the following:
- (i) Hermana ceased to be a wholly owned subsidiary of Magnora,
- (ii) is owned 70% by the current shareholders of Magnora ASA and 30% directly by Magnora ASA,
- (iii) has become the parent company of the Hermana Group
- (iv) has become the sole owner of the shares in Western Isles Holding AS, which holds the license business including the license agreement with Dana Petroleum (E&P) Limited and NEO Energy.

Magnora and Hermana Group structures:



Group structure				
Legal entity	**Share-holding**	**Voting rights**	**Country of Incorporation**	**Description**
Hermana Holding ASA			Norway	Parent company
Western Isles Holding AS	100%	100%	Norway	Owner and operator of the License Business

4. Operating Revenue

NOK million	Q3 2024	Q2 2024	YTD 2024	Q3 2023 Carve-out	YTD 2023 Carve-out	2023 Carve-out
Operations						
License revenue	0.0	1.3	3.9	3.7	8.5	10.3
Operating revenue	**0.0**	**1.3**	**3.9**	**3.7**	**8.5**	**10.3**

Operating revenue in 2024 consists of royalty income from the Dana Western Isles FPSO.

5. Financial Assets

The Group holds no marketable securities as of 30 September 2024.

The Group has a receivable from Magnora ASA for the income from the two final milestone payments from Shell Penguins of about USD 8.6 million (approximately NOK 90 million), first expected to be paid from Shell Penguins to Magnora and second from Magnora to the Group.

6. Related Party Transactions

The Group has an administrative support service agreement with Magnora ASA for administration, back-office, and support functions within finance, accounting, treasury, tax, and insurance services to be provided by Magnora at agreed-upon hourly rates. The Group also has an agreement with Magnora ASA to provide Market analysis, business development, and transaction support services. Through these agreements the Group will have operating revenues and expenses from services provided between the companies that are considered to be related parties to the Group. There was NOK 0.4 million in operating expenses from support services provided by Magnora to the Group during the quarter. There were no support services provided by the Group to Magnora during the quarter. Other than the USD 8.6 million receivable from Magnora, there are no liabilities between the Group and Magnora at the balance sheet date.

7. Capital Management

As part of the demerger, Western Isles Holding AS was provided with a cash contribution of NOK 25 million from Magnora ASA, to ensure the Group has adequate working capital. This was a part of the demerger receivable established. The remaining balance of the demerger receivable from Magnora is expected to be paid to the Group during the next 12 months.

The Group is exposed to currency risk related to the remaining USD 8.6 million revenues from the Shell Penguins contract that it will receive from Magnora ASA. Note that the USD balance can result in FX losses or gains, but these gains and losses are non-cash effects as the account balances will be zero once the currency revenues are received.

8. Subsequent Events

There have been no events after the balance sheet date significantly affecting the Group's financial position.

HERMANA

Hermana ASA, Karenslyst Allé 6,
0278 Oslo, Norway
www.hermanaholding.com