

INTERIM REPORT

for the third quarter 2020



north
energy

Quarterly highlights

North Energy reports result of NOK 52.9 million.

North Energy recorded a result of NOK 52.9 million in the quarter mainly due to the positive development seen in the market value of the company's main investments, Touchstone Exploration and Reach Subsea. The cash position remains high at NOK 132.8 million as no major change to the investment portfolio has taken place.

Reach Subsea reports all-time high result.

Reach Subsea recorded a record high comprehensive income of 33.3 million in the third quarter, despite the challenging market conditions, mainly due to high utilization and successful project execution. North Energy consolidates NOK 10.7 million of the result in its financial figures.

Touchstone Exploration continues exploration success.

The company reports a net loss in the third quarter of USD 0.7 million compared to a net loss of USD 1.1 million in the corresponding quarter in 2019. Net loss is reduced despite a 47 percent reduction in petroleum revenues between the corresponding periods.

In July the company announced results of an independent reserves evaluation of the Cascadura Assessment Area confirming the significant potential of the Ortoire exploration block.

After quarter end the company announced another significant natural gas discovery with Chinook 1 exceeding pre-drill expectations, and also raised USD 30 million in a private placement to further develop the Ortoire license.

Simplification of the corporate structure completed.

In April 2020, a merger plan was signed by the Board of Directors in North Energy ASA and North Energy Capital AS. The merger was completed in August 2020. All of North Energy Capital AS' remaining assets, rights and obligations was transferred to North Energy ASA without consideration and North Energy Capital AS has been dissolved. The merger was conducted as a parent company merger pursuant to the simplified rules for intra-group mergers as set out in Section 13-24 of the Public Limited Companies Act. After completion of the intra-group merger, North Energy ASA is the only remaining Company in the former Group.

Key figures

NOK mln	Q3 2020	Q3 2019	Year 2019
Operating profit	54.7	-17.7	-14.0
Profit/loss after tax	52.9	-17.6	-16.1
Investments	202.2	261.1	275.5
Total assets	337.4	296.4	309.1
Equity ratio (%)	98 %	98 %	98 %
Interest bearing debt	0	0	0

Financial information

After completion of the intra-group merger between North Energy ASA and North Energy Capital AS in the third quarter 2020, North Energy ASA is the only remaining Company in the former Group. Figures presented for 2019 is the consolidated figures for the Group. Figures presented in the income statement for 2020 is the consolidated figures for the Group up until the merger, and the figures for North Energy ASA for the period after the merger.

North Energy recorded a comprehensive income of NOK 52.9 million in the third quarter of 2020, compared with a comprehensive loss of NOK 17.7 million in the corresponding quarter of 2019. The income reported this quarter is driven by a significant increase of NOK 59.0 million in the valuation of the investments in Touchstone Exploration and Reach Subsea.

Payroll and related expenses in the third quarter were NOK 1.0 million, which is down from NOK 1.4 million in the same quarter last year. The saving is due to a reduction in staff with 1 FTE.

Other operating expenses was reported at NOK 3.0 million, which is down from NOK 3.2 million in the same quarter last year.

Net financial items in the third quarter consist mainly of interest on bank accounts and interest received on bonds.

At the end of the quarter, total investments amounted to NOK 202.2 million, compared to NOK 261.1 million at the end of the third quarter 2019 and NOK 143.0 million last quarter. The decrease in investments compared to last year is mainly due to the sale of bond funds in the first quarter this year, being compensated by a

corresponding increase in cash. The increase in investments from last quarter is due to higher market values of the investments in Reach Subsea and Touchstone Exploration.

The share price of Reach ended the quarter at NOK 1.62, which gives North Energy's shareholding a market value of NOK 74.7 million. The investment in Reach is accounted for as an associated company. Thus, North Energy consolidates its share of the net result from Reach, adjusted for any impairment or reversal of impairment due to share price fluctuations. The NOK 24.9 million result effect in the third quarter consist of NOK 10.7 million as share of Reach Subsea's result, and a NOK 14.2 million partial reversal of previous impairments. As the market value is lower than the book value (defined as the sum of historical cost plus our share of accumulated result since investment) at the end of the third quarter, the investment is reported at market value.

Total assets at the end of the quarter were NOK 337.4 million, up from NOK 296.4 million at the end of the same quarter last year. The increase is mainly due to higher value of the investments and higher cash balance.

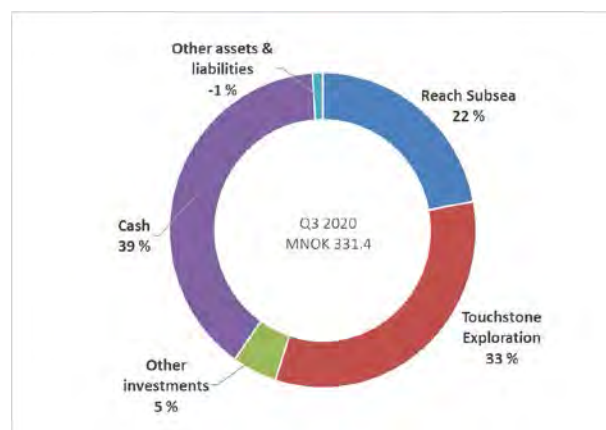
Total equity at the end of the third quarter was NOK 331.4 million, up from NOK 290.0 million at the end of the same quarter last year. The increase is explained by total comprehensive income of NOK 62.6 last twelve months offset by dividend paid from subsidiary to non-controlling interests of NOK 21.3 million. The Company's equity ratio stood at 98 percent at the end of the quarter.

The Company has no interest-bearing debt.

North Energy recorded NOK 132.8 million in cash and cash equivalents at the end of the third quarter. The decrease in cash of NOK 3.7 million from last quarter is due to operating expenses in the quarter.

The Board regards the Company's financial position as strong.

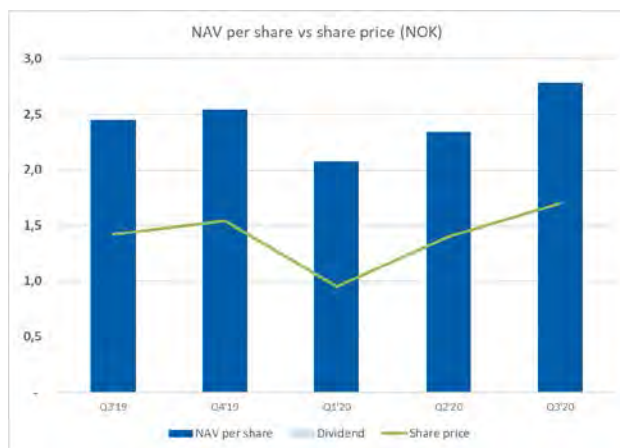
Net asset value composition



Total market value of the investment portfolio was NOK 202.2 million at the end of the third quarter. Including cash of NOK 132.8 million and other assets and liabilities of negative NOK 3.6 million the net asset value was NOK 331.4 million at the end of the quarter.

The net asset value per share was NOK 2.8 while the share price at the end of the quarter was NOK 1.7, representing a discount of 39% compared to the net asset value per share.

NAV per share vs. share price



Simplification of the corporate structure

Closure of the outstanding tax issues enabled the Company to continue the simplification of the corporate structure. On the 28th of May 2020, a merger plan was approved by the Board of Directors in North Energy ASA and North Energy Capital AS. The merger provided that all of North Energy Capital AS' remaining assets, rights and obligations was to be transferred to North Energy ASA without consideration and North Energy Capital AS was thereafter to be dissolved. The completion of the merger was announced on 29th of July 2020 and accounted for as from 1st of August 2020. The merger was completed as a parent company merger pursuant to the simplified rules for intra-group mergers as set out in Section 13-24 of the Public Limited Companies Act.

Investments

During the first half year this year, the global economy has been significantly impacted by the Covid-19 pandemic and the dramatic drop in oil prices. However, financial markets recovered rapidly during the third quarter with market values coming back to levels seen before these two events. This has partly impacted North Energy's investment portfolio. However, there are other, more direct events that have a bigger impact on the company's investments.

Industrial holdings - Reach Subsea ASA

The industrial investment activities are currently limited to the 32% shareholding in Reach Subsea ASA where North is represented on the Board of Directors. The Company expects to continue as the largest

shareholder in Reach Subsea ASA and further develop the company as a leading subsea service provider, offering solutions to survey the seabed and solutions for maintaining the integrity of the client's subsurface equipment and infrastructure.

As of the third quarter 2020, the investment in Reach is accounted for at a value of NOK 74.7 million, up from NOK 49.8 million last quarter. The increase is due to Reach's positive third quarter result, as well as a higher share price, resulting in a partial reversal of previous impairments.

For the third quarter, Reach reported comprehensive income of NOK 33.3 million, an all-time high result, despite the challenging market conditions. The result is driven by high utilization and successful project execution. Contracting activity has been high both during and after the quarter end and the company has secured 430 project days for the fourth quarter and 470 project days for 2021.

Reach has alone and together with its partner MMT Sweden AB secured several smaller contracts for the winter season, and has now fully covered its vessel charter commitments. Overall, Reach sees that its capacity is well booked for the fourth quarter, while three of the subsea spreads have a good schedule for the first quarter 2021.

Reach also reports that it is in the process of developing new innovative solutions for providing subsea services. The company highlight that this solution is expected to significantly reduce the cost, and virtually eliminate the carbon footprint, associated with subsea services. Reach plans to announce the new solution in the first part of 2021 and bring it to market in 2022.

The company is listed on the Oslo Stock Exchange and as of the end of the third quarter, the company had a market capitalization of NOK 232.5.0 million.

Financial investments - Touchstone Exploration Inc.

The Company's key financial investment is in Touchstone Exploration with an ownership interest of 6.6 per cent by the end of the third quarter.

On the 20th of July the company announced results of an independent reserves evaluation of the Cascadura Assessment Area confirming the significant potential of the Ortoire exploration block.

In October 2020 the company announced the completion of their latest exploration well, Chinook-1, with a significant natural gas discovery exceeding the pre-drill expectations. Further testing is required to determine the economic viability and potential of the well, and Touchstone plans to commence completion and production testing operations during the first quarter of 2021.

Touchstone is continuing its exploration programme in the Ortoire Block and spudded the Cascadura Deep well on 27 October 2020. The Cascadura Deep well will target a deeper zone located in proximity to the Cascadura 1-ST1 well. The deeper zone was the original target of the first Cascadura well, however as a significant natural gas discovery was made in the shallower zones, the well was never completed to its target depth.

In H1 2021 the company plans to drill the Royston well located further east in the Ortoire block. The structure targeted by the Royston well is a legacy natural gas discovery, which was drilled in 1965 but never tested. Royston is the last well to be drilled in the current 5 well programme on the Ortoire Block, where the 3 completed wells have all been discoveries.

Touchstone intends to finalize a natural gas marketing contract for the Ortoire Block within 2020. Furthermore, the company aims to bring the Coho-1 discovery onto production late Q1 2021. Coho-1 was the first well drilled in the 5 well programme on the Ortoire Block. The company estimates the gross future production rate from Coho-1 to be in the range from 1,300 - 1,600 barrels of oil equivalent (boe) per day. Touchstone expects this to increase cash flow significantly and contribute to a substantial reduction in volatility to future earnings.

Touchstone announced 3 November a private placement of 24.3 million new shares at a price of 95 pence per share resulting in a capital raise of approximately USD 30.0 million. The placing will allow the company to continue their exploration and development activities planned for the Ortoire block. North Energy took part in the placement with 404,858 shares resulting in a total ownership in Touchstone Exploration Inc. of 6.0 per cent post transaction.



New investment in Wind Catching Systems AS

After the end of the quarter, North Energy has signed an agreement to invest 5 MNOK in Wind Catching Systems AS, which holds a new innovative technology for floating offshore wind systems ("WCS technology"). Together with its key technology partner Aibel AS, and with support from Innovasjon Norge, the company intends to finalize and commercialize the WCS technology.

Subject to technical and commercial milestones being met, the WCS technology has substantial potential for reducing the cost of floating offshore wind systems. North Energy and Ferd AS each hold approximately 25 % of Wind Catching Systems AS, and an option to invest an additional 10 MNOK each.

In line with its stated investment policy, North Energy generally seeks to avoid early phase or venture type companies. Although Wind Catching Systems AS is an early phase company, North has decided to invest in the company based on certain factors such as i) the WCS technology being based on standard components for wind systems deployed in an innovative manner, ii) the construction of floating units with the WCS technology being closely related to the offshore oil service industry, which North Energy has substantial knowledge of, and iii) co-operating with strong industrial and financial partners in Ferd AS and Aibel AS.

Financial investments - other

As of third quarter 2020 the Company has minor investments in shares and bonds issued by InterOil E&P ASA, Polarcus Ltd and Tyveholmen AS with a total value of NOK 16.0 million.

New advisory agreement

From 1st of July, North Energy has entered into new advisory agreements with Isfjorden AS (owned by Didrik Leikvang) and Celisa Capital AS (owned by Rachid Bendriss) in replacement of the previous agreement with North Advisors AS to provide strategic and financial advisory services to the Company. The new agreements, which have been approved by the Board of Directors, are based on a fixed annual fee where the net remuneration per advisor is at approximately the same level as the average yearly fee under the old advisory agreement. The total advisory fee paid by the Company will be reduced compared to the average annual costs under the previous agreement with North

Advisors AS. The new advisory agreement can be terminated by either party with 3 months written notice.

Anders Onarheim continues his role as Chairman of the Board of North Energy but is no longer an advisor for the Company and has no common business interest with the new advisors other than being shareholders of North Energy ASA.

Strategy and outlook

The market for oil and oil services continues to be demanding especially due to the decline in the crude oil prices seen during last quarters. The Company seeks to further develop the portfolio in order to achieve positive long-term financial returns.

For further elaboration of the Company's strategy, reference is made to the quarterly report from Q2 2020 and to the Company's webpage: www.northenergy.no

Financial statements third quarter 2020

CONSOLIDATED INCOME STATEMENT

NOK 1 000	Note	Q3 2020 (unaudited)	Q3 2019 (unaudited)	YTD Q3 2020 (unaudited)	YTD Q3 2019 (unaudited)	Year 2019 (audited)
Sales		35	0	43	883	883
Payroll and related expenses		(1 046)	(1 370)	(3 204)	(3 553)	(4 828)
Depreciation and amortisation		(212)	(444)	(1 046)	(1 331)	(1 748)
Other operating expenses		(3 027)	(3 218)	(9 047)	(12 448)	(15 100)
Change in fair value of financial investments		34 051	(158)	61 061	8 143	30 222
Net result from investments in associates	11	24 908	(12 558)	1 384	(18 270)	(23 462)
Operating profit/(loss)		54 708	(17 747)	49 190	(26 576)	(14 033)
Financial income		525	496	2 675	1 516	1 647
Financial costs		(47)	(84)	(215)	(483)	(600)
Net financial items		478	413	2 460	1 032	1 046
Profit/(loss) before income tax		55 186	(17 334)	51 650	(25 544)	(12 986)
Income taxes	8	(2 333)	(238)	(1 732)	(3 253)	(3 131)
Profit/(loss) for the period		52 854	(17 573)	49 918	(28 797)	(16 117)
Attributable to:						
Owners of North Energy ASA		52 854	(17 707)	51 538	(27 945)	(15 413)
Non-controlling interests		0	134	(1 621)	(853)	(704)
		52 854	(17 573)	49 918	(28 797)	(16 117)
Earnings per share (NOK per share)						
- Basic		0,45	(0,15)	0,44	(0,24)	(0,13)
- Diluted		0,45	(0,15)	0,44	(0,24)	(0,13)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1 000	Q3 2020 (unaudited)	Q3 2019 (unaudited)	YTD Q3 2020 (unaudited)	YTD Q3 2019 (unaudited)	Year 2019 (audited)
Profit/(loss) for the period	52 854	(17 573)	49 918	(28 797)	(16 117)
Other comprehensive income, net of tax					
Total other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income/(loss) for the period	52 854	(17 573)	49 918	(28 797)	(16 117)
Attributable to:					
Owners of North Energy ASA	52 854	(17 707)	51 538	(27 945)	(15 413)
Non-controlling interests	0	134	(1 621)	(853)	(704)
	52 854	(17 573)	49 918	(28 797)	(16 117)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.09.2020 (unaudited)	30.09.2019 (unaudited)	31.12.2019 (audited)
ASSETS				
Non-current assets				
Property, plant and equipment		138	0	0
Right-of-use assets	3,12	1 787	4 169	3 752
Other receivables		292	453	350
Investments in associates	11	81 317	85 925	80 733
Deferred tax asset	8	0	0	0
Total non-current assets		83 533	90 547	84 836
Current assets				
Trade and other receivables		239	140	1 422
Financial investments, current	9	120 882	175 126	194 791
Cash and cash equivalents		132 787	30 615	28 013
Total current assets		253 908	205 881	224 226
Total assets		337 441	296 428	309 061
EQUITY AND LIABILITIES				
Equity				
Share capital	5	119 047	119 047	119 047
Treasury shares	5	(3 411)	(3 411)	(3 411)
Share premium		903 141	903 141	903 141
Other paid-in capital		30 691	30 691	30 691
Retained earnings		(718 085)	(744 601)	(732 070)
Non-controlling interests		0	(14 859)	(14 653)
Total equity		331 383	290 008	302 746
Liabilities				
Non-current liabilities				
Deferred tax liability	8	2 333	608	600
Leasing liabilities	3,12	754	2 455	2 068
Total non-current liabilities		3 087	3 063	2 668
Current liabilities				
Leasing liabilities, current	3,12	1 296	1 805	1 805
Trade creditors		136	41	48
Tax payable	8	0	114	0
Other current liabilities		1 539	1 396	1 795
Total current liabilities		2 971	3 356	3 648
Total liabilities		6 058	6 420	6 316
Total equity and liabilities		337 441	296 428	309 061

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Treasury Shares	Share premium	Other paid-in capital	Retained earnings	Non-controlling interests	Total equity
Equity at 1 January 2019	119 047	0	936 010	30 691	(709 227)	8 476	384 997
Acquired treasury shares		(18 020)					(18 020)
Paid dividend from North Energy ASA		14 608	(32 869)		(2 307)		(20 567)
Paid dividend from subsidiary to non-controlling interests						(17 000)	(17 000)
Paid dividend from liquidated subsidiary to non-controlling interests						(10 605)	(10 605)
Change in non-controlling interests					(5 123)	5 123	0
Total comprehensive income for 01.01.19-30.09.19					(27 945)	(853)	(28 797)
Equity at 30 September 2019	119 047	(3 411)	903 141	30 691	(744 601)	(14 859)	290 008
Share issue in subsidiary						57	57
Total comprehensive income for 01.10.19-31.12.19					12 531	149	12 680
Equity at 31 December 2019	119 047	(3 411)	903 141	30 691	(732 070)	(14 653)	302 746
Paid dividend from subsidiary to non-controlling interests *						(21 280)	(21 280)
Change in non-controlling interests *					(37 553)	37 553	0
Total comprehensive income for 01.01.20-30.09.20					51 538	(1 621)	49 918
Equity at 30 September 2020	119 047	(3 411)	903 141	30 691	(718 085)	0	331 383

* On 8 April 2020 the General Meeting in North Energy Capital AS, a company owned 80% by North Energy ASA, approved a proposal for distribution of dividend of NOK 106.4 million, representing the total available equity in the company. Subsequent to the dividend distribution, an agreement was signed where North Energy ASA acquired the remaining 20% interest in North Energy Capital AS. From this date North Energy Capital AS was owned 100% by North Energy ASA. In August 2020 North Energy Capital AS was merged with North Energy ASA.

CONSOLIDATED CASH FLOW STATEMENT

NOK 1 000	Q3 2020 (unaudited)	Q3 2019 (unaudited)	YTD Q3 2020 (unaudited)	YTD Q3 2019 (unaudited)	Year 2019 (audited)
Cash flow from operating activities					
Profit/(loss) before income tax	55 186	(17 334)	51 650	(25 544)	(12 986)
Adjustments:					
Tax refunded/paid	0	0	0	0	0
Depreciation	212	444	1 046	1 331	1 748
Pensions	33	15	59	46	148
Change in fair value of financial investments	(34 051)	158	(61 061)	(8 143)	(30 222)
Net result from investments in associates	(24 908)	12 558	(1 384)	18 270	23 462
Changes in current payables, receivables and other accruals	(151)	109	(3 419)	(3 705)	(3 740)
Net cash flow from operating activities	(3 680)	(4 051)	(13 109)	(17 746)	(21 591)
Cash flow from investing activities					
Purchase of property, plant and equipment	0	0	0	0	0
Proceeds from sales of property, plant and equipment	0	0	0	0	0
Investments in associates	0	0	0	(8 971)	(8 971)
Dividends from associates	0	0	800	3 229	3 229
Purchase of financial investments	0	0	(20 562)	(130 435)	(176 135)
Proceeds from sales of financial investments	10	841	158 924	871	47 757
Proceeds/payments from other non-current receivables	0	0	0	1 417	1 417
Net cash flow from investing activities	10	841	139 162	(133 889)	(132 703)
Cash flow from financing activities					
Dividends paid from North Energy ASA	0	0	0	(20 567)	(20 567)
Dividends paid from subsidiary to non-controlling interests	0	0	(21 280)	(17 000)	(17 000)
Dividends paid from liquidated subsidiary to non-controlling interests	0	0	0	(10 605)	(10 605)
Purchase of treasury shares	0	0	0	(18 020)	(18 020)
Net proceeds from share issues	0	0	0	0	0
Share issues in subsidiary, contribution from non-controlling interests	0	0	0	0	57
Net cash flow from financing activities	0	0	(21 280)	(66 192)	(66 134)
Net change in cash and cash equivalents	(3 669)	(3 210)	104 774	(217 826)	(220 428)
Cash and cash equivalents at beginning of the period	136 456	33 824	28 013	248 441	248 441
Cash and cash equivalents at end of the period	132 787	30 615	132 787	30 615	28 013

Notes to the interim consolidated financial statements third quarter 2020

Note 1 - General and corporate information

These financial statements are the unaudited interim condensed consolidated financial statements of North Energy ASA and its subsidiaries (hereafter "the Group") for the third quarter of 2020. North Energy ASA is a public limited company incorporated and domiciled in Norway, with its main office located in Oslo. North Energy ASA's shares were listed on Oslo Axess, an exchange regulated by the Oslo Stock Exchange, on 5 February 2010. The company's ticker is NORTH.

After completion of the intra-group merger between North Energy ASA and North Energy Capital AS in third quarter 2020, North Energy ASA is the only remaining Company in the former Group. Figures presented for 2019 is the consolidated figures for the Group. Figures presented in the income statement for 2020 is the consolidated figures for the Group up until the merger, in addition to the figures for North Energy ASA for the period after the merger.

Note 2 - Basis of preparation

The interim accounts have been prepared in accordance with IAS 34 Interim Financial Reporting and the supplementary requirements in the Norwegian Securities Trading Act (Verdipapirhandelloven). The interim accounts do not include all the information required in the annual accounts and should therefore be read in conjunction with the annual accounts for 2019. The annual accounts for 2019 were prepared in accordance with the EU's approved IFRS.

Note 3 - Accounting policies

The accounting policies adopted in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2019. New standards, amendments and interpretations to existing standards effective from 1 January 2020 did not have any significant impact on the financial statements.

Note 4 - Critical accounting estimates and judgements

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2019.

Note 5 - Share capital

Number of outstanding shares at 1 January 2019	119 047 065
New shares issued during the period	0
Number of outstanding shares at 30 September 2020 *	119 047 065
Nominal value NOK per share at 30 September 2020	1
Share capital NOK at 30 September 2020	119 047 065

* Inclusive 1,795,472 treasury shares.

Note 6 - Business segments

The Group reports only one business segment which includes the investment activities.

Note 7 - Related parties

The company's transactions with related parties:

Purchase of services from	Description of services	YTD Q3 2020	YTD Q3 2019	Year 2019
North Advisors AS	Consultancy services	3 705	6 579	8 501
Celisa Capital AS	Consultancy services	938	0	0
Isfjorden AS	Consultancy services	938	0	0

Note 8 - Income taxes

On 2 April 2020 North Energy received a letter from the Petroleum Taxation Office ("OTO") informing that all outstanding tax issues related to possible changes of North E&P AS' tax returns from the years 2014 and 2015 are closed, and that the tax returns as originally submitted by North E&P AS are accepted without any changes. Based on this the subsidiary North E&P AS has been liquidated in second quarter 2020.

Specification of income tax	YTD Q3 2020	YTD Q3 2019	Year 2019
Tax payable	0	(114)	0
Change deferred tax	(1 732)	(3 139)	(3 131)
Of this, deferred tax asset related to equity transactions recognised directly in equity	0	0	0
Total income tax credit	(1 732)	(3 253)	(3 131)

Specification of temporary differences, tax losses carried forward, deferred tax	30.09.2020	30.09.2019	31.12.2019
Property, plant and equipment and Right-of-use assets	1 499	3 818	3 427
Pensions	424	525	532
Leasing liabilities	(2 051)	(4 260)	(3 873)
Financial investments	85 382	11 936	30 523
Tax losses carried forward, onshore	(74 652)	(73 802)	(75 777)
Total basis for deferred tax asset	10 603	(61 782)	(45 169)
Deferred tax asset/(liability) before valuation allowance	(2 333)	13 592	9 937
Not capitalised deferred tax asset (valuation allowance)	0	(14 200)	(10 537)
Deferred tax asset/(liability)	(2 333)	(608)	(600)

Reconciliation of effective tax rate	YTD Q3 2020	YTD Q3 2019	Year 2019
Profit/(loss) before income tax	51 650	(25 544)	(12 986)
Expected income tax 22%	(11 363)	5 620	2 857
Adjusted for tax effects (22%) of the following items:			
Permanent differences	(907)	(4 930)	(5 708)
Adjustments previous years	0	(1 924)	(1 924)
Changed tax rates	0	0	0
Change in valuation allowance for deferred tax assets	10 537	(2 019)	1 644
Total income taxes	(1 732)	(3 253)	(3 131)

Note 9 - Financial investments

Financial investments are investments in shares and bonds. The main investments at 30 September 2020 consist of shares in Touchstone Exploration and bonds in InterOil Exploration. The bond funds (DnB and Pareto funds) were sold in first quarter 2020, and the shares in Polarcus were sold in second quarter 2020.

Note 10 - Fair value of financial instruments

The carrying amount of cash and cash equivalents and other current receivables is approximately equal to fair value, since these instruments have a short term to maturity. Similarly, the carrying amount of trade creditors and other current liabilities is approximately equal to fair value, since the effect of discounting is not significant, due to short term to maturity.

Fair value of the stock exchange-listed shares is the stock market price at the balance sheet date (level 1 in the fair value hierarchy). Fair value of bonds is based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). Fair value of other non-listed investments is valued using the best information available in the circumstances including the entities' own data. (level 3 in the fair value hierarchy).

Specification of financial instruments based on level in the fair value hierarchy

Fair Value 30.09.2020	Level 1	Level 2	Level 3	Total
Shares	113 910		0	113 910
Bonds		6 972		6 972
Total fair value	113 910	6 972	0	120 882

There has been no transfer between level 1 and level 2 during 2020.

Reconciliation of level 3 in the fair value hierarchy	Level 3
Opening balance	0
Movement during the quarter	0
Closing balance	0

Note 11 - Investment in an associate

Reconciliation and specification of carrying amount of investment in associates:

	30.09.2020	30.09.2019	31.12.2019
Opening balance carrying amount of investments in associates	80 733	98 453	98 453
Acquisition cost additional shares acquired, Reach Subsea	0	8 971	8 971
Impairment of investment, Reach Subsea	(8 234)	(15 146)	(12 108)
Share of net result in investment, Reach Subsea	9 618	(3 124)	(11 698)
Share of net result in investment, Tyveholmen AS	0	0	344
Dividend received, Reach Subsea	0	(3 229)	(3 229)
Dividend received, Tyveholmen AS	(800)	0	0
Total carrying amount of investments in associates at balance date	81 317	85 925	80 733

Specification of net result from investment in an associate recognised in the income statement:

	YTD Q3 2020	YTD Q3 2019	Year 2019
Impairment / reversal of impairment of investment, Reach Subsea	(8 234)	(15 146)	(12 108)
Share of net result in investment, Reach Subsea	9 618	(3 124)	(11 698)
Share of net result in investment, Tyveholmen	0	0	344
Net result from investments in associates	1 384	(18 270)	(23 462)

Note 12 - Leases

Right-of-use assets:

The Group leases office facilities. The Group's right-of-use assets are categorised and presented in the table below:

Right-of-use assets	Office facilities
Acquisition cost at initial application 1 January 2020	5 420
Addition of right-of-use assets	0
Disposals of right-of-use assets	(782)
Acquisition cost 30 September 2020	4 638
Accumulated depreciation and impairment 1 January 2020	(1 668)
Depreciation	(1 184)
Impairment	0
Accumulated depreciation and impairment 30 September 2020	(2 852)
Carrying amount of right-of-use assets 30 September 2020	1 787

Lower of remaining lease term or economic life	3.25 years
Depreciation method	Linear

Leasing liabilities:

Lease liabilities at initial application 1 January 2020	3 873
Additions new lease contracts	0
Disposals lease contracts	(782)
Accretion lease liabilities	154
Payments of lease liabilities	(1 195)
Total leasing liabilities 30 September 2020	2 051
Break down of lease debt:	
Short-term	1 296
Long-term	754
Total lease debt	2 051

Maturity of future undiscounted lease payments under non-cancellable lease agreements:

	30.09.2020
Within 1 year	1 348
1 to 5 years	776
After 5 years	-
Total	2 124

The leases do not impose any restrictions on the Company's dividend policy or financing opportunities.

Note 13 - Events after the balance sheet date

There are no subsequent events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report that are not already reflected or disclosed in these interim financial statements.

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