

# INTERIM REPORT

for the second quarter  
and first half year 2023



**north**  
energy

## Quarterly highlights

- North Energy reports comprehensive income of NOK 39.7 million.** Positive change of NOK 28.3 million in fair value of financial investments combined with net result of NOK 15.3 from associated companies is the main driver for the income. On 12<sup>th</sup> of June North Energy distributed a dividend of NOK 11.7 million to shareholders.
- Reach Subsea reports record high results for second quarter and distributes dividend.** Reported EBIT of NOK 148.2 million compared with NOK 49.8 million last year. On 8<sup>th</sup> of June 2023, Reach distributed a dividend of NOK 0.18 per share and North Energy received a total dividend of NOK 9.1 million.
- Wind Catching Systems applied for acreage to demonstrate the technology.** In April, WCS filed an application for opening of acreage with the Ministry of Petroleum and Energy in Norway, with the purpose of demonstrating the Wind Catching technology.
- Touchstone Exploration working towards production start at the Cascadura facility.** Touchstone Exploration continue to focus their efforts on the commissioning of the Cascadura facility and completing production testing at Royston-1X.
- Nordic Nanovector approves acquisition and renames the company to Thor Medical.** In June, the AGM of Nordic Nanovector approved the transaction to acquire Thor Medical, a producer of alpha-emitters for radio-pharmaceuticals to treat cancer. Scatec Innovation AS became the largest shareholder with approximately 24.5% of the shares while North Energy's ownership has been reduced to 7.86%.

## Key figures

NOK mIn	Q2 2023	Q2 2022	Year 2022
Operating profit	39,7	22,9	-14,0
Comprehensive income	39,7	23,0	-13,1
Investments	345,9	279,4	314,7
Total assets	360,2	343,7	327,6
Equity ratio	95	96	94
Interest bearing debt	8,9	0,0	7,7

## Financial information

Figures for Q2 2023 represent the consolidated financials for the Group consisting of North Energy ASA and the new subsidiaries North Industries 1 AS and North Industries 2 AS established towards the end of last year. Comparison figures for 2022 are the figures for North Energy ASA, (which included the investments transferred to the new subsidiaries)

North Energy recorded a comprehensive income of NOK 39.7 million in the second quarter of 2023, compared with a comprehensive income of NOK 23.0 million in the corresponding quarter of 2022. The income reported in second quarter this year is mainly driven by the positive change in fair value of financial investments of NOK 28.3 million and the company's share of net result from associated companies of NOK 15.3 million. Operating expense was reported at NOK 3.9 million compared with NOK 4.0 million in the same quarter last year. The income in the second quarter last year was driven by the company's share of net result from associated companies of NOK 37.9 million, while the change in value of financial investments was a loss of NOK 11.0 million.

Payroll and related expenses in the second quarter were NOK 2.5 million, compared with NOK 2.1 million in the same quarter last year. The increase is due to reclassification of board fees from other operating expenses to payroll and related expenses as from 2023.

Other operating expenses are reported at NOK 1.0 million, which is down from NOK 1.4 million in the same quarter last year. The decrease is due to reclassification of board fees from other operating

expenses to payroll and related expenses as from 2023.

Change in fair value of financial investments amounted to NOK 28.3 million, compared with negative NOK 11.0 million in the same quarter last year. The key reason is the share price increase in Thor Medical (prev. Nordic Nanovector) in the second quarter.

Net result from investments in associates were NOK 15.3 million, which is down from NOK 37.9 million in the same quarter last year. North Energy's share of the net results in second quarter this year from Reach was NOK 17.2 million and from WCS negative NOK 2.0 million. Last years figure was impacted by gain from dilution of ownership in both Reach and WCS, in total NOK 29.3 million.

Net financial items were NOK 0.0 million in the second quarter 2023, compared to NOK 0.1 million same quarter last year. Financial items consist mainly of interest received on bonds and interest paid on short term borrowing.

Total assets at the end of the quarter were NOK 360.2 million, up from NOK 343.7 million at the end of the same quarter last year. An increase in investment in associates of NOK 39.6 million and an increase in financial investment of NOK 24.8 million are offset by a decrease in cash of NOK 48.2 million.

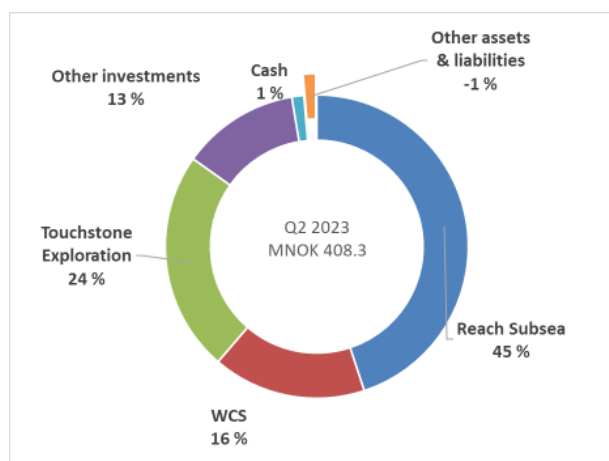
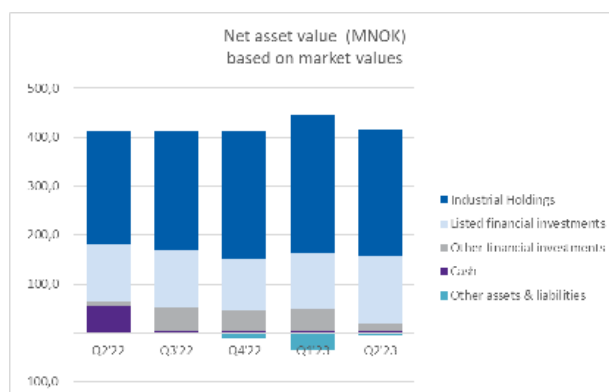
Total equity at the end of the quarter was NOK 343.4 million, up from NOK 331.7 million at the second quarter last year. The increase is explained by total comprehensive income of NOK 23.5 million during the last twelve months offset by distributed dividend of NOK 11.7 million. The Company's equity ratio stood at 95.3 percent at the end of the second quarter.

The Company established a new multicurrency credit facility with DNB last year for a total amount of NOK 49 million where the Company uses listed financial investments as collateral. This gives the Company more flexibility when it comes to liquidity management.

As of quarter end the current borrowing was NOK 8.9 million while available liquidity was NOK 45.5 million, which includes cash and unutilized credit facilities.

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

## Net asset value composition

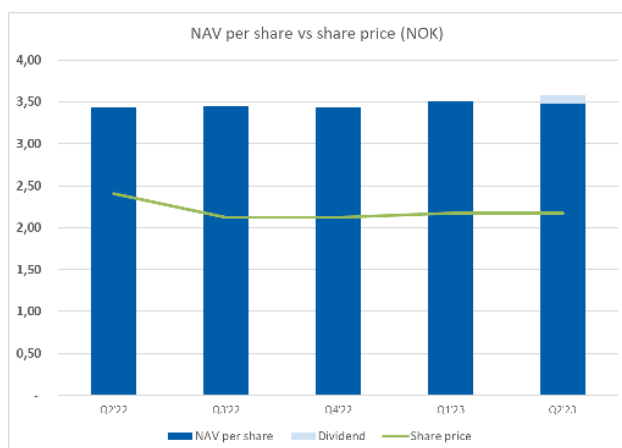


At the end of the quarter, total market value of investments amounted to NOK 408.7 million, compared to NOK 357.1 million at the end of second quarter last year. The increase in investments compared to same quarter last year is due to increase in the market value of Reach combined with new investment in Reach, an increase in the market value of Touchstone Exploration, and in addition, the new investment in Thor Medical.

Including cash of NOK 5.4 million and net other assets and liabilities of negative NOK 5.7 million the net asset value for the company was NOK 408.3 million at the end of the quarter.

## NAV per share vs. share price

The net asset value per share was NOK 3.48 while the share price at the end of the quarter was NOK 2.18, representing a discount of 38% compared to the net asset value per share.



## Investments

### Industrial holdings

#### Reach Subsea ASA

The main industrial investment is the shareholding in Reach Subsea ASA where North Energy has two representatives on the Board of Directors. The investment was moved from the parent Company North Energy ASA to the newly created subsidiary North Industries 1 AS by the end of last year.

Following the private placement completed in March 2023, where North Energy contributed with NOK 20 million, the ownership for North Energy was reduced to 19.9%. The ownership in Reach is still reported as an associated company.

The Group expects to continue as a major shareholder in Reach Subsea ASA and further develop the company as a leading subsea service provider, offering solutions to gather and deliver subsea data and solutions for maintaining the integrity of the client's subsurface equipment and infrastructure.

The market value of North Energy's investment in Reach Subsea decreased by NOK 24.9 million (from NOK 213.5 million to NOK 188.6 million) in the second quarter of 2023.

As of the end of second quarter 2023, the investment in Reach is accounted for at a book value of NOK 167.9 million, up from NOK 159.8 million last quarter. The increase is driven by North Energy's share of comprehensive income of NOK 17.2 million offset by dividend received from Reach of NOK 9.1 million.

The market value is still higher than the book value. Thus, the decrease in market value is not recognized in

the income statement as the investment in Reach is accounted for as an associated company.

The company is well positioned for the future, with key strategic capabilities in place, a solid plan in place for reshaping the delivery model, with a strong market outlook, and backed by a strong financial position with NOK 373 million in cash and working capital and limited financial debt.

The company is listed on the Oslo Stock Exchange and as of the end of the second quarter, the company had a market capitalization of NOK 947 million.

#### Wind Catching Systems AS

Wind Catching Systems holds a new innovative technology for floating offshore wind systems ("WCS technology"). The wind turbines are designed for all weather conditions, with the potential to produce electricity at a significantly lower cost and with substantially less use of space than any other known technology today. Together with its key technology partner Aibel AS and IFE (Institute for Energy Technology), and with support from Innovasjon Norge, the company intends to finalize and commercialize the WCS technology.

In April, WCS filed an application for opening of acreage with the Ministry of Petroleum and Energy in Norway, with the purpose of demonstrating the Wind Catching technology.

The company has previously received grant of NOK 22 million from ENOVA to support the design, construction and testing of a wind turbine pilot planned at Mehuken wind park on the West Coast of Norway. The turbine is planned to be installed in 2023 for testing and verification. In addition, they have received a second grant of NOK 9.3 million to support the implementation of a full-scale Windcatcher.

The company continues to develop its organization in parallel with maturing the technology and concept together with its key technology partners Aibel and IFE.

Further engineering work continues in 2023 with key areas of focus being marine engineering and equipment design in partnership with Tier 1 equipment providers to optimize the operating performance of the unit. Discussions are also ongoing with respect to strategic partnerships and future client adoption for the WCS concept.

WCS is accounted for as an associated company, hence North Energy consolidates its share of the net result from WCS. For the second quarter 2023 North Energy has consolidated a loss of NOK 2.0 million in the result. At the end of the second quarter, book value of the investment was NOK 24.7 million. The estimated market value of the investment was NOK 68.7 million and is based on the share price used in the latest private placement completed in October 2022.

## Financial investments

### Touchstone Exploration Inc.

The Company's key financial investment is in Touchstone Exploration with an ownership interest of 5.1 per cent by the end of the quarter. After the quarter end the ownership has dropped to just below 5%.

On June 13, Touchstone announced that the fully owned subsidiary Primera Oil and Gas Limited was awarded the Cipero onshore block in the bid round by the Trinidad and Tobago Ministry of Energy and Energy Industries and that they will go into discussions for the grant of an Exploration and Production Licence for the Cipero block.

On July 31, the company announced Ortoire operational updates. The Cascadura facility is mechanically complete and from July 28 the facility is undergoing pressure testing. Meanwhile they will finalize the electrical and instrumentation connections required to link the facility to the National Gas Company of Trinidad and Tobago pipeline tie-in point. Final inspections are scheduled prior to the introduction of initial natural gas in the system.

Production testing at Royston-1X is ongoing and the company will update the market when testing has concluded.

On August 11, Touchstone announced the first half and second quarter results. The report shows a comprehensive loss YTD of USD 0.4 million compared to a loss of USD 0.5 million same period last year. Revenues for the first half was USD 15.7 million, compared to USD 23.1 million last year. The decline is due to lower oil prices.

### Other financial investments

As of second quarter 2023 the Company has several minor investments in shares and bonds as part of its

liquidity management, with a total market value of NOK 52.5 million.

North Energy has an investment in Thor Medical, former Nordic Nanovector, with a market value of NOK 39.8 million equivalent to an ownership at the end of the quarter of 7.8% percent.

## Strategy and outlook

During the first half year of 2023, central banks have continued on their path of monetary tightening, while the global economy has slowed down and the rise in inflation has subsided. Financial markets appear to have discounted a soft landing and that central banks are nearing the end of the tightening cycle. Consequently, markets have recovered with major stock market indices up in the order of 5-15%. The overall recovery has been driven by interest rate sensitive sectors, partly offset by a decline in cyclical sectors.

North Energy intends to further develop the company in accordance with its strategy and will seek to maintain optionality in order to successfully execute its long-term strategy and actively seek opportunities to develop and expand the industrial portfolio.

For further elaboration of the Company's strategy, reference is made to the Company's webpage: [www.northenergy.no](http://www.northenergy.no)

# Report for the first half 2023

## Review

During the first half year of 2023, central banks have continued on their path of monetary tightening, while the global economy has slowed down and the rise in inflation has subsided. Financial markets appear to have discounted a soft landing and that central banks are nearing the end of the tightening cycle. Consequently, markets have recovered with major stock market indices up in the order of 5-15%. The overall recovery has been driven by interest rate sensitive sectors, partly offset by a decline in cyclical sectors.

In March 2023 North Energy contributed with NOK 20 million in a private placement in Reach Subsea. Following the placement, the ownership for North Energy was reduced to 19.9%. The ownership in Reach is still reported as an associated company.

In May 2023 the General Assembly of Reach Subsea approved the proposal from the Board of Directors to distribute a dividend of NOK 0.18 per share. The dividend was paid to shareholders in June, whereof North Energy, based on its ownership, received NOK 9.1 million.

In April, Wind Catching Systems filed an application for opening of acreage with the Ministry of Petroleum and Energy in Norway, with the purpose of demonstrating the Wind Catching technology.

The company has previously received grants of NOK 22 million from ENOVA to support the design, construction and testing of a wind turbine pilot planned at Mehuken wind park on the West Coast of Norway. The turbine is planned to be installed in 2023 for testing and verification. In addition, they have received a second grant of NOK 9.3 million to support the implementation of a full-scale Windcatcher.

Touchstone Exploration announced in June that the fully owned subsidiary Primera Oil and Gas Limited was awarded the Cipero onshore block in the bid round by the Trinidad and Tobago Ministry of Energy and Energy Industries and that they will go into discussions for the grant of an Exploration and Production Licence for the Cipero block.

Touchstone is currently focusing their efforts on the commissioning of the Cascadura facility and completing

production testing at Royston-1X. The company expects production from the Ortoire block to increase cash flow significantly and contribute to a substantial reduction in volatility of future earnings. Based on the natural gas sales agreement with the National Gas Company of Trinidad and Tobago, Touchstone has secured offtake for all natural gas produced from the Ortoire license.

North Energy's investment portfolio has at the end of June 2023 a market value of NOK 408.7 million. The Company's main investments are a 19.9 percent ownership in Reach Subsea with a market value of NOK 188.6 million and a 5.0 per cent ownership in Touchstone Exploration with a market value of NOK 98.7 million at the end of June 2023.

## Financial

As per first half 2023, North Energy reported comprehensive income of NOK 46.9 million compared to an income in the first half of 2022 of NOK 10.4 million. The income this year derives mainly from positive change in fair value of financial investments of NOK 42.6 million and positive result from investment in associates of NOK 14.5 million offset by operating expenses of NOK 10.6 million. The income last year was mainly derived from an income from associated companies of NOK 25.0 million, offset by a negative change in fair value of financial investment of NOK 7.7 million and operating expenses of NOK 7.4 million.

Payroll and related expenses were NOK 7.8 million in first half of 2023, which is up from NOK 4.3 million in the corresponding period in 2022. The increase is partly due to performance bonuses to the management of NOK 2.5 million and partly due to reclassification of board fees of NOK 0.6 million from other operating expenses to payroll and related expenses. A corresponding offset for the board fees is seen in other operating expenses.

Other operating expenses were NOK 2.0 million in first half of 2023, which is down from NOK 2.3 million in the corresponding period in 2022. The decrease is partly due to the reclassification of board fees to payroll and related expenses as explained above.

As per 30 June 2023, North Energy reported total assets of NOK 360.2 million. This includes financial investments of NOK 343.9 million as well as cash of NOK 5.4 million and other assets of NOK 10.9 million.

The assets are financed by 95.3 percent equity. Last year the Company established a new multicurrency credit facility with DNB for a total amount of NOK 49 million. The Company uses listed financial investments as collateral. This gives the Company more flexibility when it comes to liquidity management. As of the end of the first half 2023 the current borrowing was NOK 8.9 million while available liquidity was NOK 45.5 million, which includes cash and unutilized credit facilities.

North Energy reported cash of NOK 5.4 million at the end of the first half year. This is down from NOK 53.6 million at the end of first half last year. The decrease is explained by net proceeds from sale/purchase of shares and bonds of NOK 34.1 million, cash used in operation of NOK 20.6 million and dividend payment of NOK 11.7 million offset by dividend received from Reach Subsea of NOK 9.1 million and increase in the utilization of the credit facility of NOK 9.0 million.

## Risk assessment

North Energy's financial risk management is intended to ensure that risks of significance for the Company's goals are identified, analyzed and managed in a systematic and cost-efficient manner. The Company is exposed to risk in various areas, as described below.

Monitoring of risk exposure and assessment of the need to deploy financial instruments are pursued continuously.

**Operational risk.** North Energy is an enterprise where operational risk is closely related to its expertise. The Company therefore devotes attention to developing its expertise and organisation, and to its management systems.

**Market risk.** With the investment portfolio, North Energy is exposed to market risk involving the risk of changing conditions in the specific marketplace in which the Company makes investments. Sources of market risk include changes in market sentiment as well as recessions, political turmoil, changes in interest rates, natural disasters and terrorist attacks.

**Liquidity risk.** The Group's ongoing financing needs are forecasted on a continuous basis, and the level of activity is tailored to liquidity. The Company's primary source of funding has traditionally been equity. However, during last year, the company established a

new multicurrency credit facility with DNB to give the Company more flexibility when it comes to liquidity management.

**Interest rate risk.** The Company is only to some extent exposed to interest rate changes as the majority of the assets are financed through equity. However, fluctuations in interest rates does affect the utilized amount of the credit facility with DNB.

**Credit risk.** The risk of bad debts is considered very low, since the Company's total outstanding receivables are at a very low level.

**Foreign exchange.** The Company is exposed to foreign exchange risk through its investments in foreign currency denominated securities. Foreign exchange risk related to the Company's operations is limited as there are limited operating expenses in foreign currencies compared to the past. North Energy does not use currency hedges for its investments in foreign currency denominated securities.

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## Statement from the Board of Directors and Chief Executive Officer

We confirm, to the best of our knowledge, that the unaudited condensed set of financial statements for the first half of 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the Group's assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Oslo, 23 August 2023

**Anders Onarheim**  
Chairman

**Jogeir Romestrand**  
Director

**Elin Karfjell**  
Director

**Didrik Leikvang**  
Co-CEO

**Rachid Bendriss**  
Co-CEO

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# Financial statements second quarter 2023

## CONSOLIDATED INCOME STATEMENT

NOK 1 000	Note	Q2 2023 (unaudited)	Q2 2022 (unaudited)	YTD Q2 2023 (unaudited)	YTD Q2 2022 (unaudited)	Year 2022 (audited)
Sales		0	32	0	82	113
					0	
Payroll and related expenses		(2 543)	(2 070)	(7 856)	(4 309)	(9 252)
Depreciation and amortisation		( 362)	( 560)	( 729)	( 792)	(1 537)
Other operating expenses		(1 018)	(1 396)	(2 044)	(2 317)	(4 273)
Change in fair value of financial investments		28 280	(11 012)	42 594	(7 742)	(37 526)
Net result from investments in associates	11	15 297	37 923	14 546	24 990	38 435
<b>Operating profit/(loss)</b>		<b>39 654</b>	<b>22 917</b>	<b>46 512</b>	<b>9 911</b>	<b>(14 041)</b>
Financial income		359	160	1 083	553	1 308
Financial costs		( 341)	( 105)	( 686)	( 114)	( 339)
<b>Net financial items</b>		<b>18</b>	<b>55</b>	<b>398</b>	<b>439</b>	<b>969</b>
<b>Profit/(loss) before income tax</b>		<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>
Income taxes	8	0	0	0	0	0
<b>Profit/(loss) for the period</b>		<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>
Attributable to:						
Owners of North Energy ASA		39 672	22 971	46 909	10 350	(13 072)
		<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>
Earnings per share (NOK per share)						
- Basic		0,33	0,20	0,39	0,09	-0,11
- Diluted		0,33	0,20	0,39	0,09	-0,11

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1 000	Q2 2023 (unaudited)	Q2 2022 (unaudited)	YTD Q2 2023 (unaudited)	YTD Q2 2022 (unaudited)	Year 2022 (audited)
<b>Profit/(loss) for the period</b>	<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>
Other comprehensive income, net of tax					
<b>Total other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>
Attributable to:					
Owners of North Energy ASA	39 672	22 971	46 909	10 350	(13 072)
	<b>39 672</b>	<b>22 971</b>	<b>46 909</b>	<b>10 350</b>	<b>(13 072)</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.06.2023 (unaudited)	30.06.2022 (unaudited)	31.12.2022 (audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		169	213	189
Right-of-use assets	3,11	5 303	6 732	6 011
Other receivables		0	0	0
Investments in associates	10	197 007	157 360	171 610
Deferred tax asset	7	0	0	0
<b>Total non-current assets</b>		<b>202 478</b>	<b>164 305</b>	<b>177 810</b>
<b>Current assets</b>				
Trade and other receivables	12	5 441	3 733	3 645
Financial investments, current	8,9	146 881	122 049	143 069
Cash and cash equivalents		5 388	53 634	3 056
<b>Total current assets</b>		<b>157 710</b>	<b>179 416</b>	<b>149 770</b>
<b>Total assets</b>		<b>360 188</b>	<b>343 721</b>	<b>327 580</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	5	119 047	119 047	119 047
Treasury shares	5	(3 411)	(3 411)	(3 411)
Share premium		838 653	850 378	850 378
Other paid-in capital		30 691	30 691	30 691
Retained earnings		(641 567)	(665 054)	(688 476)
<b>Total equity</b>		<b>343 413</b>	<b>331 651</b>	<b>308 229</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	7	0	0	0
Leasing liabilities	3,11	4 124	5 483	4 802
Other non-current liabilities		0	0	0
<b>Total non-current liabilities</b>		<b>4 124</b>	<b>5 483</b>	<b>4 802</b>
<b>Current liabilities</b>				
Leasing liabilities, current	3,11	1 325	1 283	1 325
Trade creditors		211	745	46
Tax payable	7	0	0	0
Other current liabilities	13	2 204	4 560	5 455
Current borrowings	14	8 911		7 723
<b>Total current liabilities</b>		<b>12 651</b>	<b>6 587</b>	<b>14 549</b>
<b>Total liabilities</b>		<b>16 776</b>	<b>12 070</b>	<b>19 351</b>
<b>Total equity and liabilities</b>		<b>360 188</b>	<b>343 721</b>	<b>327 580</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Share capital	Treasury Shares	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2022	119 047	(3 411)	850 378	30 691	(675 404)	321 301
Total comprehensive income for 01.01.22-30.06.22					10 350	10 350
<b>Equity at 30 June 2022</b>	<b>119 047</b>	<b>(3 411)</b>	<b>850 378</b>	<b>30 691</b>	<b>(665 054)</b>	<b>331 651</b>
Total comprehensive income for 01.07.22-31.12.22					(23 422)	(23 422)
<b>Equity at 31 December 2022</b>	<b>119 047</b>	<b>(3 411)</b>	<b>850 378</b>	<b>30 691</b>	<b>(688 476)</b>	<b>308 229</b>
Total comprehensive income for 01.01.23-30.06.23					46 909	46 909
Paid dividend			(11 725)			(11 725)
<b>Equity at 30 June 2023</b>	<b>119 047</b>	<b>(3 411)</b>	<b>838 653</b>	<b>30 691</b>	<b>(641 567)</b>	<b>343 413</b>

## CONSOLIDATED CASH FLOW STATEMENT

NOK 1 000	Q2 2023 (unaudited)	Q2 2022 (unaudited)	YTD Q2 2023 (unaudited)	YTD Q2 2021 (unaudited)	Year 2022 (audited)
<b>Cash flow from operating activities</b>					
Profit/(loss) before income tax	39 672	22 971	46 909	10 350	(13 072)
Adjustments:					
Depreciation	362	560	729	792	1 537
Pensions	0	0		258	258
Change in fair value of financial investments	(28 280)	11 012	(42 594)	7 742	37 526
Net result from investments in associates	(15 297)	(37 923)	(14 546)	(24 990)	(38 435)
Changes in trade creditors	4	0	165		16
Changes in other accruals	(3 874)	(10 746)	(8 269)	(13 735)	(15 159)
<b>Net cash flow from operating activities</b>	<b>(7 413)</b>	<b>(14 125)</b>	<b>(17 606)</b>	<b>(19 583)</b>	<b>(27 328)</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant, and equipment	0	0	0	( 49)	( 84)
Investments in associates	0	639	(20 000)	639	(3 167)
Dividends from associates	9 150	8 303	9 150	8 303	0
Distribution from associates	0		0		8 303
Purchase of financial investments	0	(9 679)	(4 839)	(14 631)	3 000
Proceeds from sales of financial investments	33 966	38 381	46 166	38 969	(89 472)
Proceeds/payments from other non-current receivables	0	138	0	0	64 094
<b>Net cash flow from investing activities</b>	<b>43 116</b>	<b>37 782</b>	<b>30 476</b>	<b>33 230</b>	<b>(17 326)</b>
<b>Cash flow from financing activities</b>					
Dividends paid from North Energy ASA	(11 725)	0	(11 725)	0	0
Increase/decrease bank facility	(23 943)		1 188		7 723
<b>Net cash flow from financing activities</b>	<b>(35 669)</b>	<b>0</b>	<b>(10 537)</b>	<b>0</b>	<b>7 723</b>
<b>Net change in cash and cash equivalents</b>	<b>35</b>	<b>23 657</b>	<b>2 333</b>	<b>13 648</b>	<b>(36 931)</b>
Cash and cash equivalents at beginning of the period	5 353	29 977	3 056	39 986	39 987
<b>Cash and cash equivalents at end of the period</b>	<b>5 388</b>	<b>53 634</b>	<b>5 388</b>	<b>53 634</b>	<b>3 056</b>

# Notes to the interim consolidated financial statements second quarter 2023

## 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 second quarter of 2023. 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 (now Euronext Expand), an exchange regulated by the Euronext Stock Exchange, on 5 February 2010. The company's ticker is NORTH.

## 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 2022. The annual accounts for 2022 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 2022. New standards, amendments, and interpretations to existing standards effective from 1 January 2023 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 2022.

## Note 5 - Share capital

Number of outstanding shares at 1 January 2023	119 047 065
New shares issued during the period	0
<b>Number of outstanding shares at 30 June 2023 *</b>	<b>119 047 065</b>
<hr/>	
Nominal value NOK per share at 30 June 2023	1
Share capital NOK at 30 June 2023	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 - Income taxes

Specification of income tax	YTD Q2 2023	YTD Q2 2022	Year 2022
Tax payable	0	0	0
Change deferred tax asset	0	0	0
<b>Total income taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>

Specification of temporary differences, tax losses carried forward, deferred tax	30.06.2023	30.06.2022	31.12.2022
Property, plant and equipment	5 206	6 633	5 914
Pensions	0	135	21
Leasing liabilities	(5 449)	(6 766)	(6 127)
Financial investments	92 349	79 134	51 119
Provisions	0	0	0
Tax losses carried forward	(119 926)	(111 276)	(118 168)
<b>Total basis for deferred tax asset</b>	<b>(27 820)</b>	<b>(32 139)</b>	<b>(67 240)</b>
Deferred tax asset/(liability) before valuation allowance	6 120	7 071	14 793
Not capitalised deferred tax asset/(liability) (valuation allowance)	(6 120)	(7 071)	(14 793)
<b>Deferred tax asset/(liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of effective tax rate	YTD Q2 2023	YTD Q2 2022	Year 2022
Profit/(loss) before income tax	46 909	10 350	(13 072)
Expected income tax 22%	10 320	(2 277)	2 876
Adjusted for tax effects (22%) of the following items:			
Permanent differences	(1 707)	9 425	11 463
Adjustments previous years	0	( 531)	0
Changed tax rates	0	0	0
Change in valuation allowance for deferred tax assets	(8 613)	(6 617)	(14 339)
<b>Total income taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 8 - Financial investments

Financial investments are investments in shares and bonds. The main investments at 30 June 2023 consist of shares in Touchstone Exploration and Thor Medical as well as bonds in Interoil Exploration.

## Note 9 - 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 are 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 30.06.2023	Level 1	Level 2	Level 3	Total
Shares	139 041		0	139 041
Bonds		7 840		7 840
<b>Total fair value</b>	<b>139 041</b>	<b>36 867</b>	<b>0</b>	<b>146 881</b>

There has been no transfer between level 1 and level 2 during 2023.

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

## Note 10 - Investment in an associate

Reconciliation and specification of carrying amount of investment in associates:

	30.06.2023	30.06.2022	31.12.2022
Opening balance carrying amount of investments in associates	171 610	141 312	141 312
Gain on dilution of ownership, Reach Subsea ASA*	0	13 842	13 842
Gain on dilution of ownership Wind Catching Systems AS*	0	15 444	18 325
Acquisition cost shares acquired, Reach Subsea ASA	20 000	0	0
Acquisition cost shares acquired, Wind Catching Systems AS	0	2 361	3 167
Repayment of capital, Tyveholmen AS	0	(3 000)	(3 000)
Share of net result in investment, Reach Subsea ASA	17 996	(2 472)	10 597
Share of net result in investment, Wind Catching Systems AS	(3 584)	(2 054)	(4 552)
Share of net result in investment, Tyveholmen AS	134	230	222
Dividend received, Reach Subsea ASA	(9 150)	(8 303)	(8 303)
<b>Total carrying amount of investments in associates at balance date</b>	<b>197 007</b>	<b>157 360</b>	<b>171 610</b>

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

	YTD Q2 2023	YTD Q2 2022	Year 2022
Share of net result in investment, Reach Subsea ASA	17 996	(2 472)	10 597
Share of net result in investment, Wind Catching Systems AS	(3 584)	(2 054)	(4 552)
Share of net result in investment, Tyveholmen AS	134	230	222
Gain on dilution of ownership, Wind Catching Systems AS*	0	15 444	18 325
Gain on dilution of ownership, Reach Subsea ASA*	0	13 842	13 842
<b>Net result from investments in associates</b>	<b>14 546</b>	<b>24 990</b>	<b>38 435</b>

\* The gain on dilution of ownership is an accounting effect triggered by private placements resulting in increased equity in the associated companies. North Energy participated in the private placements but with a lower share than the original ownership, hence North Energy's ownership percentage has been reduced while the value of the investment has increased. A gain on the deemed disposal arises because the amount per share subscribed by the third party was greater than North Energy's carrying value per share prior to the event.

The dilution of ownership in Reach Subsea took place 25 March 2022 and the dilution of ownership in Wind Catching Systems took place 9 June and 28 October 2022.

## Note 11 – 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 1 January 2023	11 840
Addition of right-of-use assets	0
Disposals of right-of-use assets	0
<b>Acquisition cost at 30 June 2023</b>	<b>11 840</b>
Accumulated depreciation and impairment 1 January 2023	(5 829)
Depreciation	( 709)
Impairment	0
<b>Accumulated depreciation and impairment 30 June 2023</b>	<b>(6 537)</b>
<b>Carrying amount of right-of-use assets 30 June 2023</b>	<b>5 303</b>

Lower of remaining lease term or economic life 3.75 years

Depreciation method Linear

### Leasing liabilities:

Lease liabilities at 1 January 2023	6 127
Additions lease contracts	0
Disposals lease contracts	0
Accretion lease liabilities	128
Payments of lease liabilities	( 806)
<b>Total leasing liabilities 30 June 2023</b>	<b>5 449</b>
Breakdown of lease debt:	
Short-term	1 325
Long-term	4 124
<b>Total lease debt</b>	<b>5 449</b>

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

	30.06.2023
Within 1 year	1 566
1 to 5 years	4 307
After 5 years	0
<b>Total</b>	<b>5 873</b>

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

## Note 12 - Other current receivables

In May 2020 North Energy received a notice from the Norwegian Tax Administration informing that they started a control of North Energy ASA's accounts for the years 2016 up to and including 2019. In December 2021, the company received the report from the control together with a notification of changes of VAT from the control period. In February 2022, the company submitted their response to the notification expressing the company's view regarding the treatment of VAT during the control period which deviates from the view of the tax administration. In April 2022, the tax administration issued their final decision after the control resulting in a claim of NOK 12.9 million which consist of NOK 10.1 million of reclassifying deducted VAT to non-deductible VAT over the four-years period, interests of NOK 0.8 million and additional tax of NOK 2.0 million which is 20 % of the reclassified VAT. The VAT and the interests were settled with NOK 10.9 million in May 2022. The company does not agree with the conclusion from the tax administration and has submitted a complaint to the Tax administration. The additional tax will not fall due until the complaint has been processed and a final decision has been reached. To cover for the claim a provision of total NOK 7.5 million was made during 2021. The excess cash paid of NOK 3.4 million compared to our original provision has been accounted for as a short-term receivable.

## Note 13 - Other current liabilities

In December 2021, the Board of North Energy announced that Mr. Knut Sæberg would retire from his position as CEO on 31 December 2021 and the Company made a provision of NOK 5.0 million (including employment tax) to cover for a severance payment to the former CEO. Half of the provision was paid in January 2022 while the rest of the provision, NOK 2.5 million, was paid in January 2023. The closing balance this quarter consist mainly of withholding tax and other employer's taxes as well as provisions for incurred costs.

## Note 14 - Current borrowings

In the third quarter of 2022 the Company established a new multicurrency credit facility with DNB for a total amount of NOK 49 million. The Company uses listed financial investments as collateral for the credit facility. At the end of the second quarter 2023 the Company has utilized NOK 8.9 million of the facility.

## Note 15 - 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.

# North Energy ASA

**Address:**

Tjuvholmen allé 19  
0252 Oslo

Telephone +47 22 01 79 50

Website: [www.northenergy.no](http://www.northenergy.no)

Business register number:  
NO 891797702 MVA

**Board of Directors**

Anders Onarheim (Chairman)  
Jogeir Romestrand  
Elin Karfjell

**Management**

Rachid Bendriss, co-CEO  
Didrik Leikvang, co-CEO

**Investor Relations**

Rachid Bendriss, co-CEO  
+47 926 60 603,  
[rb@northenergy.no](mailto:rb@northenergy.no)

Rune Damm, CFO  
+47 416 66 685,  
[rune.damm@northenergy.no](mailto:rune.damm@northenergy.no)

Annual and quarterly reports are  
available on our website: **[www.northenergy.no](http://www.northenergy.no)**

