

# INTERIM REPORT

for the third quarter 2023



**north**  
energy

## Quarterly highlights

- **North Energy reports comprehensive loss of NOK 1.3 million.** Net result of NOK 13.9 from associated companies offset by negative change of NOK 10.8 million in fair value of financial investments is the main driver for the result.
- **Reach Subsea reports high net result for third quarter with NOK 77.8 million.** Reported EBIT of NOK 112.4 million compared with NOK 58.4 million last year.
- **Wind Catching Systems received approval for R&D tax refund in Norway (Skattefunn).** Pre-Concept engineering phase for multi-turbine pilot completed during Q3. Study started on a 40 MW demonstrator design. Cooperation with both enBW and Norsk Hydro ASA.
- **Touchstone Exploration reached target production at Cascadura facility.** Touchstone Exploration achieved its forecasted natural gas production rate of 60 million cubic feet per day on 15 September.
- **Thor Medical ASA published results for first half 2023.** In August, Thor Medical reported a loss of NOK 26.5 million for first half year. Financial position is still good with available cash of NOK 50.2 million.
- **New investment in Chariot Ltd through a private placement.** The company raised GBP 14.8 million in a private placement to be used for near term onshore drilling and development planning on a new onshore Moroccan License, expected to be awarded imminently. North Energy got allocated shares worth GBP 0.8 million, equivalent to NOK 10.2 million.

## Key figures

NOK mln	Q3 2023	Q3 2022	Year 2022
Operating profit	-0,9	0,4	-14,0
Comprehensive income	-1,3	0,9	-13,1
Investments	345,3	330,1	314,7
Total assets	356,8	343,5	327,6
Equity ratio	96	97	94
Interest bearing debt	7,6	0	7,7

## Financial information

The financial figures for 2023 represent the consolidated financials for the Group consisting of North Energy ASA and the subsidiaries North Industries 1 AS and North Industries 2 AS which were 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 loss of NOK 1.3 million in the third quarter of 2023, compared with a comprehensive income of NOK 0.9 million in the corresponding quarter of 2022. The income reported in third quarter this year is mainly driven by the company's share of net result from associated companies of NOK 13.9 million offset by the negative change in fair value of financial investments of NOK 10.8 million and operating expenses. Operating expense was reported at NOK 4.1 million compared with NOK 3.6 million in the same quarter last year. The low income in the third quarter last year was driven by the company's share of net result from associated companies of NOK 9.8 million offset by a negative change of NOK 5.9 million in the value of financial investments, and operating expenses of NOK 3.6 million.

Payroll and related expenses in the third quarter were NOK 3.1 million, compared with NOK 2.4 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 in 2023.

Other operating expenses are reported at NOK 0.6 million, which is down from NOK 0.8 million in the same quarter last year. The decrease is partly due to

reclassification of board fees from other operating expenses to payroll and related expenses in 2023.

Change in fair value of financial investments amounted to negative NOK 10.8 million, compared with negative NOK 5.9 million in the same quarter last year. The key reason for the drop in value is reduced share price of the investments in Touchstone Exploration and Thor Medical during the third quarter.

Net result from investments in associates were NOK 13.9 million, which is up from NOK 9.8 million in the same quarter last year. North Energy's share of the net results in third quarter this year from Reach was NOK 15.5 million and from WCS negative NOK 1.6 million. Last year the corresponding figures from Reach was NOK 10.6 million and from WCS negative NOK 0.8 million.

Net financial items were negative NOK 0.4 million in the third quarter 2023, compared to positive NOK 0.5 million in the 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 356.8 million, up from NOK 343.5 million at the end of the same quarter last year. An increase in investment in associates of NOK 43.7 million, offset by a decrease in financial investment of NOK 28.6 million are the main drivers for the increased total assets.

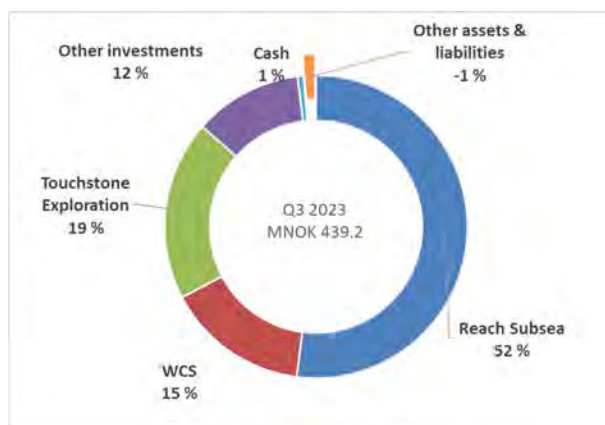
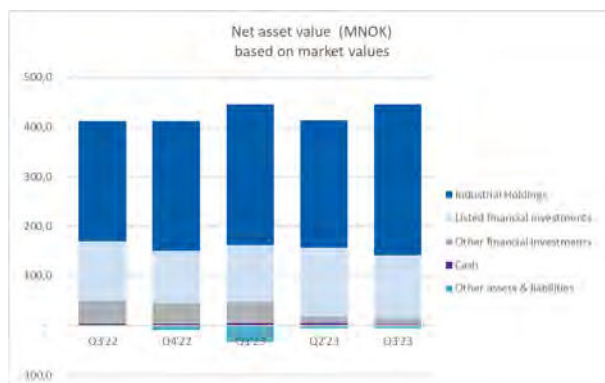
Total equity at the end of the quarter was NOK 342.1 million, up from NOK 332.5 million at the third quarter last year. The increase is explained by total comprehensive income of NOK 21.3 million during the last twelve months offset by distributed dividend of NOK 11.7 million. The Company's equity ratio stood at 95.9 percent at the end of the third quarter.

The Company established a new multicurrency credit facility with DNB in the third quarter 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 this quarter end the current borrowing was NOK 7.6 million while available liquidity was NOK 44.2 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 the investment portfolio amounted to NOK 442.4 million, compared to NOK 409.1 million at the end of third 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 combined with new investment in Thor Medical, and in addition, the new investment in Chariot Ltd. This is offset by a reduced value combined with sale of the investment in Touchstone Exploration.

Including cash of NOK 2.8 million and net other assets and liabilities of negative NOK 6.0 million the net asset value for the company was NOK 439.2 million at the end of the quarter.

## NAV per share vs. share price

The net asset value per share was NOK 3.75 while the share price at the end of the quarter was NOK 2.16, representing a discount of 42% 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 increased by NOK 46.3 million (from NOK 188.6 million to NOK 234.8 million) in the third quarter of 2023.

As of the end of third quarter 2023, the investment in Reach is accounted for at a book value of NOK 183.3 million, up from NOK 167.9 million last quarter. The increase is driven by North Energy's share of comprehensive income of NOK 15.5 million.

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

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

In October, Reach announced the signing of a survey contract with the major Scottish energy firm SSEN Transmission, the transmission network operator responsible for the high voltage electricity transmission network in the north of Scotland. The contract constitutes a detailed corridor survey for the Spittal to Peterhead HVDC power cable. The data will be used for detailed engineering and environmental assessment of potential cable routes with the survey corridor. The work is scheduled for execution in the fourth quarter of 2023, with a duration of approximately 75 vessel days. The ROV survey vessel Viking Reach with its permanently mobilized high-speed Surveyor Interceptor ROV will be utilized.

Further in October, Reach announces that they have obtained strong Australian market access and world-leading capabilities by entering into an agreement to acquire 100 percent of the shares of the Australian marine survey company Guardian Geomatics PTY. LTD. The company will serve as an enabler for launching the unmanned Reach Remote platform in Australia and other global markets.

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 386 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 third quarter, the company had a market capitalization of NOK 1,180 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 2024 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 has been performed 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 third quarter 2023 North Energy has consolidated a loss of NOK 1.6 million in the result. At the end of the third quarter, book value of the investment was NOK 23.1 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 4.6 per cent by the end of the quarter.

In September, Touchstone announced that it has reached a target production rate at the Cascadura project within a week of the project coming online by achieving its forecasted Cascadura gross natural gas production rate of 60 million cubic feet per day (MMcf/d) on 15 September. The Cascadura-1ST1 well is currently contributing approximately 40 MMcf/d while the Cascadura Deep-1 well is contributing approximately 20 MMcf/d. Together the two wells are

also producing 1,400 barrels of natural gas liquids per day.

In October, Touchstone reported they have picked up onshore and nearshore acreage in the last year licensing round while the Trinidad and Tobago's energy minister has opened a new licensing round for shallow water acreage.

### Other financial investments

As of third 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 52.1 million.

North Energy has an investment in Thor Medical, with a market value of NOK 27.4 million equivalent to an ownership at the end of the quarter of 7.4 percent.

In July, Chariot Ltd. raised a total of GBP 14.8 million in a private placement. North Energy subscribed for and got allocated shares worth GBP 0.8 million, equivalent to NOK 10.2 million. The proceed from the placement is to be used for near term onshore drilling and development planning on a new onshore Moroccan License, expected to be awarded imminently.

## Strategy and outlook

During the first nine months of 2023, central banks have continued their path of monetary tightening and global inflation rates have come down and are now again approaching central bank targets. Global economic growth in Q3 has been mixed, with certain clear pockets of strength most likely driven by strong consumer spending over the summer months.

The substantial rise in global interest rates is still working its way through the global economy and although we are most likely at (or near) a short-term peak in interest rates, we continue to expect slower growth as well as a volatile macroeconomic backdrop for the remainder of 2023 and into 2024.

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)

# Financial statements third quarter 2023

## CONSOLIDATED INCOME STATEMENT

NOK 1 000	Note	Q3 2023 (unaudited)	Q3 2022 (unaudited)	YTD Q3 2023 (unaudited)	YTD Q3 2022 (unaudited)	Year 2022 (audited)
Sales		36	32	36	113	113
Payroll and related expenses		(3 097)	(2 402)	(10 953)	(6 711)	(9 252)
Depreciation and amortisation		( 354)	( 366)	(1 083)	(1 158)	(1 537)
Other operating expenses		( 611)	( 815)	(2 655)	(3 131)	(4 273)
Change in fair value of financial investments		(10 786)	(5 875)	31 808	(13 618)	(37 526)
Net result from investments in associates	10	13 917	9 818	28 463	34 808	38 435
<b>Operating profit/(loss)</b>		<b>( 895)</b>	<b>391</b>	<b>45 616</b>	<b>10 302</b>	<b>(14 041)</b>
Financial income		305	558	1 388	1 111	1 308
Financial costs		( 679)	( 71)	(1 365)	( 185)	( 339)
<b>Net financial items</b>		<b>( 374)</b>	<b>487</b>	<b>23</b>	<b>926</b>	<b>969</b>
<b>Profit/(loss) before income tax</b>		<b>(1 270)</b>	<b>878</b>	<b>45 640</b>	<b>11 228</b>	<b>(13 072)</b>
Income taxes	7	0	0	0	0	0
<b>Profit/(loss) for the period</b>		<b>(1 270)</b>	<b>878</b>	<b>45 640</b>	<b>11 228</b>	<b>(13 072)</b>
Attributable to:						
Owners of North Energy ASA		(1 270)	878	45 640	11 228	(13 072)
		(1 270)	878	45 640	11 228	(13 072)
Earnings per share (NOK per share)						
- Basic		-0,01	0,01	0,39	0,09	-0,11
- Diluted		-0,01	0,01	0,39	0,09	-0,11

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1 000	Q3 2023 (unaudited)	Q3 2022 (unaudited)	YTD Q3 2023 (unaudited)	YTD Q3 2022 (unaudited)	Year 2022 (audited)
<b>Profit/(loss) for the period</b>	<b>(1 270)</b>	<b>878</b>	<b>45 640</b>	<b>11 228</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>(1 270)</b>	<b>878</b>	<b>45 640</b>	<b>11 228</b>	<b>(13 072)</b>
Attributable to:					
Owners of North Energy ASA	(1 270)	878	45 640	11 228	(13 072)
	(1 270)	878	45 640	11 228	(13 072)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.09.2023 (unaudited)	30.09.2022 (unaudited)	31.12.2022 (audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		186	201	189
Right-of-use assets	3,11	4 948	6 378	6 011
Other receivables		0	0	0
Investments in associates	10	210 924	167 178	171 610
Deferred tax asset	7	0	0	0
<b>Total non-current assets</b>		<b>216 058</b>	<b>173 756</b>	<b>177 810</b>
<b>Current assets</b>				
Trade and other receivables	12	3 594	3 609	3 645
Financial investments, current	8,9	134 384	162 962	143 069
Cash and cash equivalents		2 804	3 159	3 056
<b>Total current assets</b>		<b>140 782</b>	<b>169 730</b>	<b>149 770</b>
<b>Total assets</b>		<b>356 839</b>	<b>343 486</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		(642 837)	(664 176)	(688 476)
<b>Total equity</b>		<b>342 143</b>	<b>332 529</b>	<b>308 229</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	7	0	0	0
Leasing liabilities	3,11	3 767	5 162	4 802
Other non-current liabilities		0	0	0
<b>Total non-current liabilities</b>		<b>3 767</b>	<b>5 162</b>	<b>4 802</b>
<b>Current liabilities</b>				
Leasing liabilities, current	3,11	1 325	1 283	1 325
Trade creditors		80	144	46
Tax payable	7	0	0	0
Other current liabilities	13	1 904	4 368	5 455
Current borrowings	14	7 620	0	7 723
<b>Total current liabilities</b>		<b>10 929</b>	<b>5 795</b>	<b>14 549</b>
<b>Total liabilities</b>		<b>14 696</b>	<b>10 957</b>	<b>19 351</b>
<b>Total equity and liabilities</b>		<b>356 839</b>	<b>343 486</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 on 1 January 2022	119 047	(3 411)	850 378	30 691	(675 404)	321 301
Total comprehensive income for 01.01.22-30.09.22					11 228	11 228
<b>Equity on 30 September 2022</b>	<b>119 047</b>	<b>(3 411)</b>	<b>850 378</b>	<b>30 691</b>	<b>(664 176)</b>	<b>332 529</b>
Total comprehensive income for 01.09.22-31.12.22					(24 300)	(24 300)
<b>Equity on 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 01.01.23-30.09.23					45 640	45 640
Paid dividend			(11 725)			(11 725)
<b>Equity on 30 September 2023</b>	<b>119 047</b>	<b>(3 411)</b>	<b>838 653</b>	<b>30 691</b>	<b>(642 837)</b>	<b>342 143</b>



## CONSOLIDATED CASH FLOW STATEMENT

NOK 1 000	Q3 2023 (unaudited)	Q3 2022 (unaudited)	YTD Q3 2023 (unaudited)	YTD Q3 2022 (unaudited)	Year 2022 (audited)
<b>Cash flow from operating activities</b>					
Profit/(loss) before income tax	(1 270)	878	45 640	11 228	(13 072)
Adjustments:					
Depreciation	354	366	1 083	1 158	1 537
Pensions	0	0	0	258	258
Change in fair value of financial investments	10 786	5 875	(31 808)	13 618	37 526
Net result from investments in associates	(13 917)	(9 818)	(28 463)	(34 808)	(38 435)
Interest costs on lease debt	57	81	185	180	263
Changes in trade creditors	(131)	0	34		16
Changes in other accruals	3 851	(848)	(3 740)	(13 853)	(13 789)
<b>Net cash flow from operating activities</b>	<b>(270)</b>	<b>(3 465)</b>	<b>(17 070)</b>	<b>(22 218)</b>	<b>(25 696)</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant, and equipment	(17)	0	(17)	(49)	(84)
Investments in associates	0	0	(20 000)	(2 361)	(3 167)
Dividends from associates	0	0	9 150	8 303	8 303
Distribution from associates	0	0	0	3 000	3 000
Purchase of financial investments	(10 200)	(55 486)	(15 040)	(70 117)	(89 472)
Proceeds from sales of financial investments	9 607	8 877	55 773	47 846	64 094
<b>Net cash flow from investing activities</b>	<b>(610)</b>	<b>(46 609)</b>	<b>29 866</b>	<b>(13 379)</b>	<b>(17 326)</b>
<b>Cash flow from financing activities</b>					
Dividends paid from North Energy ASA	0	0	(11 725)	0	0
Increase/decrease bank facility	(1 291)	0	(103)	0	7 723
Payments of lease debt*	(414)	(401)	(1 220)	(1 231)	(1 633)
<b>Net cash flow from financing activities</b>	<b>(1 705)</b>	<b>(401)</b>	<b>(13 047)</b>	<b>(1 231)</b>	<b>6 090</b>
<b>Net change in cash and cash equivalents</b>	<b>(2 585)</b>	<b>(50 476)</b>	<b>(252)</b>	<b>(36 828)</b>	<b>(36 931)</b>
Cash and cash equivalents at beginning of the period	5 388	53 634	3 056	39 986	39 987
<b>Cash and cash equivalents at end of the period</b>	<b>2 804</b>	<b>3 159</b>	<b>2 804</b>	<b>3 159</b>	<b>3 056</b>

\* The cash flow related to payments of lease debt is reclassified to financing activities for presentation purposes.

# Notes to the interim consolidated financial statements third 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 third 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 on 1 January 2023	119 047 065
New shares issued during the period	0
<b>Number of outstanding shares on 30 September 2023 *</b>	<b>119 047 065</b>
Nominal value NOK per share on 30 September 2023	1
Share capital NOK on 30 September 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 Q3 2023	YTD Q3 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	30.09.2023	30.09.2022	31.12.2022
Property, plant and equipment	4 836	6 292	5 914
Pensions	0	135	21
Leasing liabilities	(5 092)	(6 445)	(6 127)
Financial investments	58 454	76 863	51 119
Provisions	0	0	0
Tax losses carried forward	(115 258)	(113 995)	(118 168)
<b>Total basis for deferred tax asset</b>	<b>(57 060)</b>	<b>(37 150)</b>	<b>(67 240)</b>
Deferred tax asset/(liability) before valuation allowance	12 553	8 173	14 793
Not capitalised deferred tax asset/(liability) (valuation allowance)	(12 553)	(8 173)	(14 793)
<b>Deferred tax asset/(liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of effective tax rate	YTD Q3 2023	YTD Q3 2022	Year 2022
Profit/(loss) before income tax	45 640	11 228	(13 072)
Expected income tax 22%	10 041	(2 470)	2 876
Adjusted for tax effects (22%) of the following items:			
Permanent differences	(7 861)	10 793	11 463
Adjustments previous years	0	( 604)	0
Changed tax rates	0	0	0
Change in valuation allowance for deferred tax assets	(2 180)	(7 719)	(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 September 2023 consist of shares in Touchstone Exploration, Thor Medical, and Chariot Ltd. 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 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 30.09.2023	Level 1	Level 2	Level 3	Total
Shares	126 522		0	126 522
Bonds		7 862		7 862
<b>Total fair value</b>	<b>126 522</b>	<b>7 862</b>	<b>0</b>	<b>134 384</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:

	30.09.2023	30.09.2022	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	33 470	8 131	10 597
Share of net result in investment, Wind Catching Systems AS	(5 141)	(2 839)	(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>210 924</b>	<b>167 178</b>	<b>171 610</b>

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

	Q3 YTD 2023	Q3 YTD 2022	Year 2022
Share of net result in investment, Reach Subsea ASA	33 470	8 131	10 597
Share of net result in investment, Wind Catching Systems AS	(5 141)	(2 839)	(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>28 463</b>	<b>34 808</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 on 1 January 2023	11 840
Addition of right-of-use assets	0
Disposals of right-of-use assets	0
<b>Acquisition cost on 30 September 2023</b>	<b>11 840</b>
Accumulated depreciation and impairment on 1 January 2023	(5 829)
Depreciation	(1 063)
Impairment	0
<b>Accumulated depreciation and impairment on 30 June 2023</b>	<b>(6 892)</b>
<b>Carrying amount of right-of-use assets on 30 June 2023</b>	<b>4 948</b>

Lower of remaining lease term or economic life 3.5 years

Depreciation method Linear

### Leasing liabilities:

Lease liabilities on 1 January 2023	6 127
Additions lease contracts	0
Disposals lease contracts	0
Accretion lease liabilities	185
Payments of lease liabilities	(1 220)
<b>Total leasing liabilities on 30 June 2023</b>	<b>5 092</b>

Breakdown of lease debt:	
Short-term	1 325
Long-term	3 767
<b>Total lease debt</b>	<b>5 092</b>

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

	30.09.2023
Within 1 year	1 566
1 to 5 years	3 915
After 5 years	0
<b>Total</b>	<b>5 481</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 third quarter 2023 the Company has utilized NOK 7.6 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

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