

# INTERIM REPORT

for the second quarter  
and first half year 2024



**north**  
energy

## Quarterly highlights

- **Substantial increase in Net Asset Value (NAV).** NAV of NOK 588.8 million at the end of the quarter. Adjusted for dividends paid, NAV increased by NOK 110.5 million (+23%) from last quarter and NOK 192.2 million (+47%) from same quarter last year.
- **North Energy reports comprehensive loss of NOK 1.7 million and distributes dividend.** Negative change of NOK 13.2 million in fair value of financial investments, operating expenses of NOK 4.5 million offset by net positive result of NOK 14.9 from associated companies is the main driver for the loss. In April, North Energy distributed a dividend of NOK 11.7 million to shareholders.
- **Reach Subsea reports results for second quarter of NOK 89 million and distributes dividend.** Reported EBIT of NOK 121.1 million compared with NOK 148.2 million last year. In June, Reach distributed a dividend of NOK 0.36 per share and North Energy received a total dividend of NOK 18.3 million.
- **Wind Catching Systems received Approval in Principle from DNV.** DNV issued an Approval in Principle (AIP) of the 40MW structure confirming that the design is feasible, and no significant obstacles exist to prevent the concept from being realized.

## Key figures

NOK mln	Q2 2024	Q2 2023	Year 2023
Operating profit	-2,8	39,7	24,0
Comprehensive income	-1,7	39,7	24,6
Investments	324,5	343,9	327,9
Total assets	334,8	360,2	342,3
Equity ratio	96	95	94
Interest bearing debt	7,1	8,9	13,6

## Financial information

The figures represent the consolidated financials for the Group consisting of North Energy ASA and the subsidiaries North Industries 1 AS and North Industries 2 AS.

North Energy recorded a comprehensive loss of NOK 1.7 million in the second quarter of 2024, compared with a comprehensive income of NOK 39.7 million in the corresponding quarter of 2023. The loss reported in second quarter this year is mainly driven by the negative change in fair value of financial investments of NOK 13.2 million offset by the company's share of net result from associated companies of NOK 14.9 million. The income in the second quarter last year was driven by the change in value of financial investments of NOK 28.3 and the company's share of net result from associated companies of NOK 15.3 million.

Operating expenses this quarter was reported at NOK 4.5 million compared with NOK 3.9 million in the same quarter last year. Payroll and related expenses in the second quarter were NOK 2.5 million, which is at the same level as last year. Other operating expenses are reported at NOK 1.6 million, which is up from NOK 1.0 million in the same quarter last year. The increase is due to general inflationary pressure on administrative expenses.

Change in fair value of financial investments amounted to negative NOK 13.2 million, compared with NOK 28.3 million in the same quarter last year. The reasons for the reduced value this quarter are mainly the share price decrease in Touchstone Exploration partly offset by gain on sale of investments in the second quarter.

Net result from investments in associates were NOK 14.9 million, which is slightly down from NOK 15.3 million in the same quarter last year. North Energy's share of the net results in second quarter this year from Reach was NOK 16.1 million and from WCS negative NOK 1.3 million while last year figures from Reach was NOK 17.2 million and from WCS negative NOK 2.0 million.

Net financial items were NOK 1.1 million in the second quarter 2024, compared to NOK 0.0 million same quarter last year. Financial items this year consist of interest received on bonds offset by interest paid on short term borrowing.

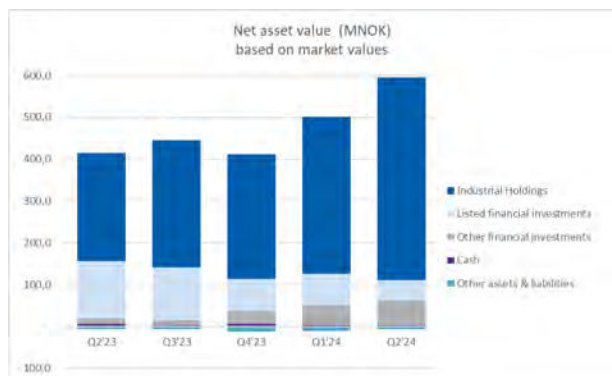
Total assets at the end of the quarter were NOK 334.8 million, down from NOK 360.2 million at the end of the same quarter last year. A decrease in financial investment of NOK 42.4 million and decrease in cash of NOK 3.2 million, is offset by an increase in investment in associates of NOK 23.2 million.

Total equity at the end of the quarter was NOK 320.8 million, down from NOK 343.4 million at the second quarter last year. The decrease is explained by total comprehensive loss of NOK 10.9 million during the last twelve months and distributed dividend of NOK 11.7 million. The Company's equity ratio stood at 95.6 percent at the end of the second quarter.

North Energy recorded NOK 2.2 million in cash at the end of the quarter. This is down from NOK 5.4 million at the end of the same quarter last year. Current borrowing was NOK 7.1 million while available liquidity was NOK 44.1 million, which includes cash and unutilized credit facilities.

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

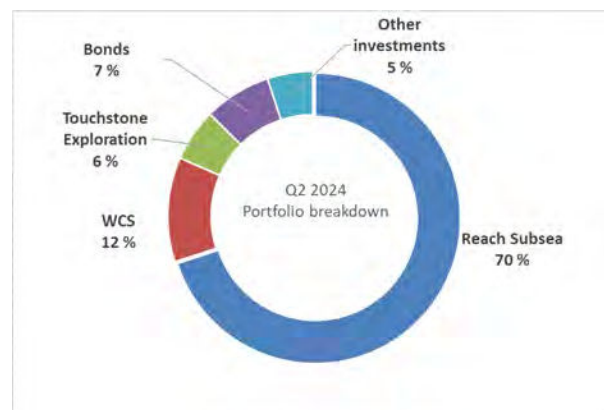
### Net asset value composition



At the end of the quarter, the total market value of our investments amounted to NOK 592.6 million, compared to NOK 408.7 million at the end of second quarter last year, an increase of NOK 184.0 million. The value of our shareholding in Reach Subsea has increased by NOK 226.2 million. In addition, we hold bonds issued by Heimstaden AB with a total market value NOK 44.2 million. The value of our Touchstone Exploration shareholding has decreased with NOK 63.9 million including disposals of NOK 25 million and the value of our Thor Medical holding has decreased with NOK 26.3 million including disposal of 8.5 million.

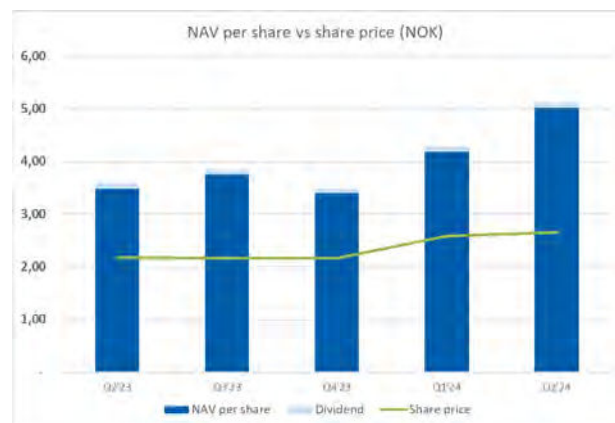
Including cash of NOK 2.2 million, and net other assets and liabilities of negative NOK 6.1 million, the net asset

value for the company was NOK 588.8 million at the end of the quarter.



### NAV per share vs. share price

The net asset value per share was NOK 5.02 while the share price at the end of the quarter was NOK 2.65, representing a discount of 47% 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 is held by the subsidiary North Industries 1 AS. The ownership for North Energy is 18.7% and the investment is 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.

For the second quarter, Reach reported an EBIT of NOK 121.1 million, which is down from NOK 148.2 million the same quarter last year. In the second quarter last year Reach recorded a gain of NOK 30 million on an asset sale. Thus, underlying EBIT showed a marginal improvement from last year.

Reach announces that it is seeing strong demand across all sectors going forward, driven by higher oil & gas prices as well as increasing demand from the renewable energy sector. This is supported by the order backlog growing from NOK 590 million at the same time last year to NOK 1,600 million now. Furthermore, outstanding tender value stands at NOK 11 billion, up from NOK 5 billion the same time last year.

The AGM on 31 May 2024, approved a dividend of NOK 0.36 per share, in line with the company's communication in connection with release of the fourth quarter 2023 report. The dividend was paid to shareholders in June 2024, whereas North Energy ASA received NOK 18.3 million.

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.

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 2 218 million.

As of the end of the second quarter 2024, the investment in Reach is accounted for at a book value of NOK 194.9 million, up from NOK 167.9 million in the same quarter last year. The year-over-year increase in book value is driven by North Energy's share of comprehensive income of NOK 43.3 million, gain on deemed disposal of NOK 2.0 million, offset by dividend received of NOK 18.3 million. The share price of Reach Subsea ended the quarter at NOK 8.16, which gives North Energy's shareholding a market value of NOK 414.8 million.

The market value is 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.

## Wind Catching Systems AS

Wind Catching Systems holds a new innovative technology for floating offshore wind systems ("WCS technology"). The WCS units 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 March WCS submitted a draft Environmental Impact Assessment (EIA) to the Norwegian Ministry of Energy for a license for up to 250 MW and four units outside Øygarden on the West Coast of Norway. The application is currently under review by The Norwegian Water Resources and Energy Directorate (NVE). WCS has a close dialogue with NVE, and the next step of the process is that the EIA program is sent out for public consultation.

In May, ENOVA announced the second round of their "Floating offshore wind - competition for the demonstration of cost-effective concepts". This is a competition that will award up to NOK 2 billion to floating offshore wind demonstration projects to be installed in Norway. The deadline for filing an application is mid-September.

A significant technical milestone during the quarter was that DNV issued an Approval in Principle (AIP) of the 40MW structure. DNV is an international classification agency that has conducted an independent review of the WCS design. An AIP is an independent assessment of a concept within an agreed framework, confirming that the design is feasible, and no significant obstacles exist to prevent the concept from being realized.

WCS is accounted for as an associated company, hence North Energy consolidates its share of the net result from WCS. For the second quarter 2024 North Energy has consolidated a loss of NOK 1.3 million in its accounts. At the end of the second quarter, the book value of the investment was NOK 20.5 million while the estimated market value of the investment was NOK 68.7 million, based on the share price used in the latest private placement completed in October 2022.

## Financial investments

### Touchstone Exploration Inc.

The Company currently has an ownership interest in Touchstone Exploration of 3.5 per cent at the end of the quarter.

On August 1, Touchstone provided a new operational update to shareholders. The Cascadura natural gas facility expansion and construction of the flowline from the Cascadura C surface location to the facility are progressing as scheduled, and they continue to target initial production from our Cascadura-2ST1 and Cascadura-3ST1 wells prior to the end of September 2024

On August 13, Touchstone published the second quarter 2024 results with net earnings of USD 3.3 million. Touchstone achieved average net sales volumes of 5,432 boe/d in the second quarter of 2024. The current average net field estimated production is approximately 5,711 boe/d.

On May 1, Touchstone Exploration announced the proposed acquisition of Trinity Exploration and Production, aiming to consolidate its position in Trinidad. The combined company is expected to have a 2024 production of around 12,000 boe/d and reserves of 80.3 million boe. Touchstone Exploration shareholders will own 80% of the combined company, while Trinity Exploration and Production shareholders will own the remaining 20%.

On August 5, Touchstone Exploration published a statement regarding Lease Operators Limited offer for Trinity Exploration & Production Plc and update on Irrevocable Undertakings and Letter of Intent. Lease Operators and Trinity recommend an offer by Lease Operators for the entire issued and to be issued share capital of Trinity, which is intended to be implemented by way of a court sanctioned Scheme of Arrangement pursuant to Part 26 of the Companies Act. Touchstone is considering its position and urges Trinity Shareholders to take no action in response to the announcement by Lease Operators and Trinity.

### Other financial investments

As of second quarter 2024 the Company has several minor investments in shares and bonds as part of its liquidity management, with a total market value of NOK 69.6 million.

The investment in Thor Medical has a market value of NOK 13.5 million at quarter end, equivalent to an ownership of 5.5 percent.

The investment in bonds issued by Heimstaden AB has a market value of NOK 44.2 million at the end of the second quarter and is split equally between the senior unsecured EUR denominated bond maturing in 2027 and the SEK denominated hybrid bond.

## Strategy and outlook

During the second quarter 2024, global inflation has moderated as interest rate increases over the last few years have started to take effect. These developments have tempered market expectations for further rate rises, as well as provided central banks with the flexibility to start reducing interest rates. Several central banks, including ECB and Riksbanken have already done so.

Looking ahead for the rest of the year, global growth is projected to remain moderate but positive. However, the continued effect of higher interest rates, escalating trade tensions, global supply side constraints and increased policy uncertainty pose downside risks to growth, as well as medium term long-upside risks to inflation. The economic landscape in the second half of 2024 will require adaptability and resilience by policymakers to address potential risks. This is complicated by fiscal balances that are already stretched across most OECD countries which may limit their room to support markets in any significant economic downturn. We continue to take a cautious approach in terms of any new investments as the markets face a period of significant uncertainty.

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 2024

## Review

During the second quarter 2024, global inflation has moderated, with core inflation showing signs of stabilization. Looking ahead for the rest of the year, global growth is projected to remain around 3.2% in 2024. However, escalating trade tensions and increased policy uncertainty constitute an upside risk to inflation, potentially leading to higher interest rates. The economic landscape in the second half of 2024 will require adaptability and resilience by policymakers to address potential risks and seize opportunities.

In May 2024 the General Assembly of Reach Subsea approved the proposal from the Board of Directors to distribute a dividend of NOK 0.36 per share. The dividend was paid to shareholders in June, whereof North Energy, based on its ownership, received NOK 18.3 million.

In March 2024, WCS submitted a draft Environmental Impact Assessment (EIA) to the Norwegian Ministry of Energy for a license for up to 250 MW and four units outside Øygarden on the West Coast of Norway. The application is currently under review by The Norwegian Water Resources and Energy Directorate (NVE). WCS has a close dialogue with NVE, and the next step of the process is that the EIA program is sent out for public consultation.

A significant technical milestone during the quarter was that DNV issued an Approval in Principle (AIP) of the 40MW structure. DNV is an international classification agency that has conducted an independent review of the WCS design. An AIP is an independent assessment of a concept within an agreed framework, confirming that the design is feasible, and no significant obstacles exist to prevent the concept from being realized.

In May 2024, Touchstone Exploration announced the proposed acquisition of Trinity Exploration and Production, aiming to consolidate its position in Trinidad. The combined company is expected to have a 2024 production of around 12,000 boe/d and reserves of 80.3 million boe. Touchstone Exploration shareholders will own 80% of the combined company, while Trinity Exploration and Production shareholders will own the remaining 20%.

In August 2024, Touchstone Exploration published a statement regarding Lease Operators Limited offer for Trinity Exploration & Production Plc and update on Irrevocable Undertakings and Letter of Intent. Lease Operators and Trinity recommend an offer by Lease Operators for the entire issued and to be issued share capital of Trinity, which is intended to be implemented by way of a Court-sanctioned scheme of arrangement pursuant to Part 26 of the Companies Act. Touchstone is considering its position and urges Trinity Shareholders to take no action in response to the announcement by Lease Operators and Trinity

North Energy's investment portfolio has at the end of June 2024 a market value of NOK 592.6 million. The Company's main investments are an 18.7 percent ownership in Reach Subsea with a market value of NOK 414.8 million and a 3.5 per cent ownership in Touchstone Exploration with a market value of NOK 34.9 million at the end of second quarter 2024.

## Financial

As per first half 2024, North Energy reported comprehensive income of NOK 11.4 million compared to an income in the first half of 2023 of NOK 46.9 million. The income this year derives mainly from positive change in fair value of financial investments of NOK 8.3 million and positive result from investment in associates of NOK 13.5 million offset by operating expenses of NOK 12.2 million. The income last year was mainly derived from a positive change in fair value of financial investment of NOK 42.6 million combined with an income from associated companies of NOK 14.5 million, offset by operating expenses of NOK 10.6 million.

Payroll and related expenses were NOK 8.8 million in first half of 2024, which is up from NOK 7.8 million in the corresponding period in 2023. The increase is due to an increase in bonuses and remuneration of employees.

Other operating expenses were NOK 2.7 million in first half of 2024, which is up from NOK 2.0 million in the corresponding period in 2023. The increase is mainly due to increased administrative expenses.

As per 30 June 2024, North Energy reported total assets of NOK 334.8 million. This includes financial investments of NOK 324.7 million as well as cash of NOK 2.2 million and other assets of NOK 7.9 million.

The assets are financed by 95.6 percent equity. As of the end of the first half 2024 the current borrowing was NOK 7.1 million while available liquidity was NOK 42.6 million, which includes cash and unutilized credit facilities.

North Energy reported cash of NOK 2.2 million at the end of the first half year. This is down from NOK 5.4 million at the end of first half last year. The reduction of 3.1 million is explained by cash used in operation of NOK 21.5 million, dividend payment of NOK 11.7 million and decrease in the utilization of the credit facility of NOK 1.9 million, offset by positive net proceeds from sale/purchase of shares and bonds of NOK 13.7 million and dividend received from Reach Subsea of NOK 18.3 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, in 2022, the company established a multicurrency credit facility with DNB which gives 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.

---

## 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 2024 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, 28 August 2024

**Anders Onarheim**  
Chairman

**Jogeir Rømestrand**  
Director

**Ein Karfjell**  
Director

**Didrik Leikvang**  
Co-CEO

**Rachid Bendriss**  
Co-CEO

---



# Financial statements second quarter 2024

## CONSOLIDATED INCOME STATEMENT

NOK 1 000	Note	Q2 2024 (unaudited)	Q2 2023 (unaudited)	YTD Q2 2024 (unaudited)	YTD Q2 2023 (unaudited)	Year 2023 (audited)
Sales		45	0	45	0	72
Payroll and related expenses		(2 506)	(2 543)	(8 763)	(7 856)	(14 078)
Depreciation and amortisation		( 379)	( 362)	( 761)	( 729)	(1 467)
Other operating expenses		(1 596)	(1 018)	(2 691)	(2 044)	(3 319)
Change in fair value of financial investments		(13 194)	28 280	8 337	42 594	245
Net result from investments in associates	11	14 872	15 297	13 507	14 546	42 521
<b>Operating profit/(loss)</b>		<b>(2 758)</b>	<b>39 654</b>	<b>9 673</b>	<b>46 512</b>	<b>23 974</b>
Financial income		1 849	359	3 129	1 083	2 347
Financial costs		( 791)	( 341)	(1 385)	( 686)	(1 697)
<b>Net financial items</b>		<b>1 058</b>	<b>18</b>	<b>1 745</b>	<b>398</b>	<b>650</b>
<b>Profit/(loss) before income tax</b>		<b>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</b>
Income taxes	8	0	0	0	0	0
<b>Profit/(loss) for the period</b>		<b>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</b>
Attributable to:						
Owners of North Energy ASA		(1 700)	39 672	11 418	46 909	24 624
		<b>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</b>
Earnings per share (NOK per share)						
- Basic		-0,01	0,33	0,10	0,39	0,21
- Diluted		-0,01	0,33	0,10	0,39	0,21

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1 000	Q2 2024 (unaudited)	Q2 2023 (unaudited)	YTD Q2 2024 (unaudited)	YTD Q2 2023 (unaudited)	Year 2023 (audited)
<b>Profit/(loss) for the period</b>	<b>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</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>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</b>
Attributable to:					
Owners of North Energy ASA	(1 700)	39 672	11 418	46 909	24 624
	<b>(1 700)</b>	<b>39 672</b>	<b>11 418</b>	<b>46 909</b>	<b>24 624</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.06.2024 (unaudited)	30.06.2023 (unaudited)	31.12.2023 (audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		134	169	155
Right-of-use assets	3,11	4 069	5 303	4 809
Other receivables		0	0	0
Investments in associates	10	220 189	197 007	224 982
Deferred tax asset	7	0	0	0
<b>Total non-current assets</b>		<b>224 392</b>	<b>202 478</b>	<b>229 946</b>
<b>Current assets</b>				
Trade and other receivables	12	3 648	5 441	3 483
Financial investments, current	8,9	104 487	146 881	102 962
Cash and cash equivalents		2 238	5 388	5 952
<b>Total current assets</b>		<b>110 373</b>	<b>157 710</b>	<b>112 397</b>
<b>Total assets</b>		<b>334 765</b>	<b>360 188</b>	<b>342 343</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		826 928	838 653	838 653
Other paid-in capital		30 691	30 691	30 691
Retained earnings		(652 434)	(641 567)	(663 852)
<b>Total equity</b>		<b>320 821</b>	<b>343 413</b>	<b>321 128</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	7	0	0	0
Leasing liabilities	3,11	2 717	4 124	3 492
Other non-current liabilities		0	0	0
<b>Total non-current liabilities</b>		<b>2 717</b>	<b>4 124</b>	<b>3 492</b>
<b>Current liabilities</b>				
Leasing liabilities, current	3,11	1 487	1 325	1 458
Trade creditors		275	211	103
Tax payable	7	0	0	0
Other current liabilities	13	2 365	2 204	2 587
Current borrowings	14	7 100	8 911	13 575
<b>Total current liabilities</b>		<b>11 227</b>	<b>12 651</b>	<b>17 723</b>
<b>Total liabilities</b>		<b>13 944</b>	<b>16 776</b>	<b>21 215</b>
<b>Total equity and liabilities</b>		<b>334 765</b>	<b>360 188</b>	<b>342 343</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 2023	119 047	(3 411)	850 378	30 691	(688 476)	308 229
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>
Total comprehensive income for 01.07.23-31.12.23					(22 285)	(22 285)
<b>Equity at 31 December 2023</b>	<b>119 047</b>	<b>(3 411)</b>	<b>838 653</b>	<b>30 691</b>	<b>(663 852)</b>	<b>321 128</b>
Total comprehensive income for 01.01.24-30.06.24					11 418	11 418
Paid dividend			(11 725)			(11 725)
<b>Equity at 30 June 2024</b>	<b>119 047</b>	<b>(3 411)</b>	<b>826 928</b>	<b>30 691</b>	<b>(652 434)</b>	<b>320 820</b>

## CONSOLIDATED CASH FLOW STATEMENT

NOK 1 000	Q2 2024 (unaudited)	Q2 2023 (unaudited)	YTD Q2 2024 (unaudited)	YTD Q2 2023 (unaudited)	Year 2023 (audited)
<b>Cash flow from operating activities</b>					
Profit/(loss) before income tax	(1 700)	39 672	11 418	46 909	24 624
Adjustments:					
Depreciation	379	362	761	729	1 467
Change in fair value of financial investments	13 194	(28 280)	(8 337)	(42 594)	( 245)
Net result from investments in associates	(14 872)	(15 297)	(13 507)	(14 546)	(42 521)
Interest costs on lease debt	49	57	99	128	241
Interest costs on bank facility	514	259	588	529	844
Changes in trade creditors	22	4	171	165	57
Changes in other accruals	(3 640)	(3 517)	(3 060)	(7 591)	(3 300)
<b>Net cash flow from operating activities</b>	<b>(6 054)</b>	<b>(6 740)</b>	<b>(11 866)</b>	<b>(16 271)</b>	<b>(18 831)</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant, and equipment	0	0	0	0	( 17)
Investments in associates	0	0	0	(20 000)	(20 000)
Dividends from associates	18 300	9 150	18 300	9 150	9 150
Purchase of financial investments	(19 469)	0	(38 695)	(4 839)	(41 826)
Proceeds from sales of financial investments	21 415	33 966	48 180	46 166	82 772
<b>Net cash flow from investing activities</b>	<b>20 247</b>	<b>43 116</b>	<b>27 785</b>	<b>30 476</b>	<b>30 078</b>
<b>Cash flow from financing activities</b>					
Dividends paid from North Energy ASA	(11 725)	(11 725)	(11 725)	(11 725)	(11 725)
Drawdown/payback bank facility	(2 401)	(23 943)	(6 475)	1 188	5 852
Interest costs on bank facility*	( 514)	( 259)	( 588)	( 529)	( 844)
Lease payments including interests*	( 430)	( 414)	( 844)	( 806)	(1 634)
<b>Net cash flow from financing activities</b>	<b>(15 070)</b>	<b>(36 341)</b>	<b>(19 632)</b>	<b>(11 872)</b>	<b>(8 351)</b>
<b>Net change in cash and cash equivalents</b>	<b>( 878)</b>	<b>35</b>	<b>(3 713)</b>	<b>2 333</b>	<b>2 896</b>
Cash and cash equivalents at beginning of the period	3 116	5 353	5 952	3 056	3 056
<b>Cash and cash equivalents at end of the period</b>	<b>2 239</b>	<b>5 388</b>	<b>2 239</b>	<b>5 388</b>	<b>5 952</b>

\* The cash flow related to interest costs on bank facility and lease payments including interests are reclassified to financing activities for presentation purposes.

# Notes to the interim consolidated financial statements second quarter 2024

## 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 2024. 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 were 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 2023. The annual accounts for 2023 were prepared in accordance with IFRS® Accounting Standards as adopted by the EU (IFRS) and certain requirements in the Norwegian Accounting Act.

## 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 2023. New standards, amendments, and interpretations to existing standards effective from 1 January 2024 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 2023.

## Note 5 - Share capital

Number of outstanding shares at 1 January 2024	119 047 065
New shares issued during the period	0
<b>Number of outstanding shares at 30 June 2024 *</b>	<b>119 047 065</b>
Nominal value NOK per share at 30 June 2024	1
Share capital NOK at 30 June 2024	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 2024	YTD Q2 2023	Year 2023
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	30.06.2024	30.06.2023	31.12.2023
Property, plant and equipment	4 015	5 206	4 746
Leasing liabilities	(4 204)	(5 449)	(4 950)
Financial investments	22 064	67 730	26 964
Tax losses carried forward	(96 660)	(119 926)	(98 160)
<b>Total basis for deferred tax asset</b>	<b>(74 786)</b>	<b>(52 439)</b>	<b>(71 400)</b>
Deferred tax asset/(liability) before valuation allowance	16 453	11 537	15 708
Not capitalised deferred tax asset/(liability) (valuation allowance)	(16 453)	(11 537)	(15 708)
<b>Deferred tax asset/(liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of effective tax rate	YTD Q2 2024	YTD Q2 2023	Year 2023
Profit/(loss) before income tax	11 418	46 909	24 624
Expected income tax 22%	2 512	10 320	5 417
Adjusted for tax effects (22%) of the following items:			
Permanent differences	(3 257)	(7 123)	(10 412)
Adjustments previous years	0	0	4 020
Change in valuation allowance for deferred tax assets	745	(3 197)	975
<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 on 30 June 2024 consist of shares in Touchstone Exploration and Thor Medical as well as bonds in Heimstaden AB and Interoil Exploration & Production.

## 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 30.06.2024	Level 1	Level 2	Level 3	Total
Shares	51 858		0	51 858
Bonds		52 629		52 629
<b>Total fair value</b>	<b>51 858</b>	<b>52 629</b>	<b>0</b>	<b>104 487</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:

	30.06.2024	30.06.2023	31.12.2023
Opening balance carrying amount of investments in associates	224 982	171 610	171 610
Gain on dilution of ownership, Reach Subsea ASA*	0	0	2 040
Gain on dilution of ownership Wind Catching Systems AS*	0	0	0
Acquisition cost shares acquired, Reach Subsea ASA	0	20 000	20 000
Acquisition cost shares acquired, Wind Catching Systems AS	0	0	0
Share of net result in investment, Reach Subsea ASA	16 879	17 996	44 395
Share of net result in investment, Wind Catching Systems AS	(3 504)	(3 584)	(4 213)
Share of net result in investment, Tyveholmen AS	132	134	299
Dividend received, Reach Subsea ASA	(18 300)	(9 150)	(9 150)
<b>Total carrying amount of investments in associates at balance date</b>	<b>220 189</b>	<b>197 007</b>	<b>224 982</b>

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

	YTD Q2 2024	YTD Q2 2023	Year 2023
Share of net result in investment, Reach Subsea ASA	16 879	17 996	44 395
Share of net result in investment, Wind Catching Systems AS	(3 504)	(3 584)	(4 213)
Share of net result in investment, Tyveholmen AS	132	134	299
Gain on dilution of ownership, Wind Catching Systems AS*	0	0	0
Gain on dilution of ownership, Reach Subsea ASA*	0	0	2 040
<b>Net result from investments in associates</b>	<b>13 507</b>	<b>14 546</b>	<b>42 521</b>

\* The gain on dilution of ownership is an accounting effect triggered by private placements and issuing of consideration shares resulting in increased equity in the associated companies. North Energy has in some private placements participated with a lower share than the original ownership and not participated in other private placements, hence North Energy's ownership percentage has been reduced while the value of the investment has increased. Gain on the deemed disposals 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 on 15 November 2023.

## 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 2024	12 055
Addition of right-of-use assets	
Disposals of right-of-use assets	
Changes in estimates	0
<b>Acquisition cost at 30 June 2024</b>	<b>12 055</b>
Accumulated depreciation and impairment 1 January 2024	(7 246)
Depreciation	( 740)
Impairment	
<b>Accumulated depreciation and impairment 30 June 2024</b>	<b>(7 986)</b>
<b>Carrying amount of right-of-use assets 30 June 2024</b>	<b>4 069</b>

Lower of remaining lease term or economic life 2.75 years  
Depreciation method Linear

### Leasing liabilities:

Lease liabilities at 1 January 2024	4 950
Additions lease contracts	0
Disposals lease contracts	0
Accretion lease liabilities	99
Payments of lease liabilities	( 844)
<b>Total leasing liabilities 30 June 2024</b>	<b>4 205</b>
Breakdown of lease debt:	
Short-term	1 487
Long-term	2 717
<b>Total lease debt</b>	<b>4 205</b>

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

	30.06.2024
Within 1 year	1 720
1 to 5 years	3 011
After 5 years	0
<b>Total</b>	<b>4 731</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 - Current borrowings

The Company has a 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 2024 the Company has utilized NOK 7.1 million of the facility.

### Note 14 - 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)

