



# Annual report 2021

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# North Energy at a glance

North Energy ASA (“North Energy” or “Company”) is an industrial investment company seeking to provide shareholders with an attractive return on its shares based on a strategy of active ownership. The Company is investing within the energy value chain and other industries and its vision is to be a successful and respected investment company with focus on long term value creation.

In 2021 the main investments of North Energy have been shares in Reach Subsea ASA (“REACH”) and shares in Touchstone Exploration Inc (“TXP”). In addition, the Company made its first investment within the renewable sector represented by the ownership in Wind Catching Systems AS. All investments are held directly under North Energy.

At the end of 2021, the Company counted 2 full time employees. In addition, the Company had ongoing consultancy agreements with 2 senior advisors. From 1st of January 2022 the senior advisors have been employed by the Company in the roles as co-CEO. North Energy’s head office is in Oslo. The Company is listed on the Euronext Expand Oslo Stock Exchange with the ticker “NORTH”.



## Key figures

<b>MNOK</b>	<b>2021</b>	<b>2020</b>
Earnings before tax	-46.2	138.2
Tax	18.4	-17.8
Net result	-27.8	120.4
Total Assets	339.0	424.1
Equity	321.3	401.9
Equity %	95%	95%
Market capitalisation 31.12	319.0	303.6

# Dear Shareholders!

## The year 2021 in brief:

- Comprehensive income of -27.8 MNOK
- Paid dividends of NOK 52.8 MNOK (NOK 0.45 per share)
- New team of co-CEOs appointed in December 2021
- Continued work on developing our portfolio of investments

## Global economy

The year 2021 has been a year of continued strong performance in global financial markets. The Oslo Stock Exchange (OSEBX) benchmark index appreciated by 24.3% in 2021, continuing its strong performance in the aftermath of the spring 2020 stock market correction. Other international indices have also performed strongly with the S&P 500 index rising by 27.2%. Despite the Covid-19 pandemic continuing to affect the global economy, global GDP growth for 2021 is estimated by IMF at 5.9% which is the strongest year since the global financial crisis in 2008. Both monetary and fiscal policies globally continue to be highly accommodative despite indications of reduced quantitative easing and higher interest rates from global central banks. Inflation across the global economy rose rapidly in 2021 and is becoming an increasing source of concern.

## Energy markets in 2021

Energy markets also continued their recovery in the aftermath of the Covid-19 shock with favorable developments seen across both crude oil, electricity, and natural gas. The European electricity markets were particularly dramatic with extreme levels of volatility and electricity prices rising to unprecedented levels in H2 2021 across many parts of Europe.

Brent crude oil benchmark rose from \$51/bbl to \$79/bbl through 2021 and have continued to increase in early 2022 to levels not seen since 2014. Natural gas prices were also very strong, particularly in Europe, with Dutch TTF natural gas prices increasing from €18/MWh to a peak of €180/MWh towards late 2021. US natural gas prices rose from \$2.5/MMBtu to \$3.5/MMBtu with periodic spikes above \$6/MMBtu. Global regional spreads in natural gas markets continue to be very high with Asian prices ending the year above \$30/MMBtu and European prices



in H2 2021 rising to as much as \$60/MMBtu. In absolute terms, prices for natural gas reached historically high levels in many parts of the world and spread to per barrel equivalents with crude oil have also been extraordinary with natural gas trading at substantial premiums to crude oil.

The year 2021 has also been a year of heightened volatility in energy markets as wind and solar production form a greater part of the electric production mix. Production of energy from renewable sources, with variable output depending on weather conditions, has underlined the need for increased investments in clean base load and/or storage solutions to align greener forms of electricity production with demand. Given price developments in electricity and natural gas markets, major imbalances in global energy infrastructure are emerging and becoming increasingly evident as the world transitions towards cleaner sources of energy.

## Energy investments

Investments in conventional oil and gas markets are recovering but continue to be at low levels compared to the historical highs reached in the years 2012-14. Regardless of ongoing efforts to transition global energy supply towards sustainable solutions, conventional energy such as coal, natural gas and crude oil continue to form the backbone of global energy supply. Investments in renewable energy reached a new all-time high in 2021 and the outlook for increased investments in renewable energy is still favorable.

Increased investments in energy are required to meet increasing energy demand, particularly from the middle class in emerging economies. While the higher energy prices we have seen in 2021 are likely to stimulate increased investments, energy prices may stay elevated for some time both due to regulatory developments and the generally long lead time on new investments. We also expect that elevated energy prices could have an impact on both consumer and business behavior. Although mitigating actions have been taken by many governments to dampen the effect of higher energy prices, the feedthrough effects of sustained higher energy prices may have significant impacts on both inflation and global GDP growth in the coming years.

The backdrop of higher energy prices has been good for the company's portfolio of investments with underlying operations in Reach Subsea, Touchstone Exploration and Wind Catching Systems all developing favorably in 2021. Despite significant share price volatility, particularly in Touchstone Exploration, we believe significant progress has been made towards becoming a leading oil and natural gas producer in Trinidad.

## Perspectives on the future

Innovation in energy technology continues to be a focus for North Energy. We are continuously searching for investment opportunities that provide energy solutions in a more cost-effective way with a reduced carbon emission footprint. This applies both to developing our existing portfolio of investments as well as new opportunities.

Through a combination of robotic technology and autonomous operations, Reach Subsea intends to significantly lower the cost, eliminate the operational risk to offshore personnel, and reduce the carbon footprint of subsea services. At current European electricity prices, the competitiveness of floating offshore wind solutions is increasing rapidly and if current electricity prices are sustained, many applications of floating offshore wind have likely reached grid parity levels already. This would be a true game changer in terms of technology adaptation.

As previously stated, our strategy has generally been to avoid early phase, venture, or similar types of companies with significant technological risks and unproven business models. We continue to have a clear preference for companies with established business models, revenue generation and potential for high return on capital. Despite this, we completed our first early phase investment in late 2020 through investing in Wind Catching Systems. We are pleased with our investment in Wind Catching Systems which has also provided the company with valuable insights in respect of investing in early phase companies.

In our 2020 Annual Report we highlighted the increased technological risks related to the energy transition as the long-term demand outlook for carbon intensive energy sources such as oil and gas is uncertain. Despite high profitability in the short term, demand for conventional energy will ultimately start to decline at some point as the world transition towards a decarbonized society. Being energy investors with a long-term perspective, this implies that we are forced to adapt and form views on the future of energy technology. High prices for conventional energy sources are also likely to accelerate the transition towards decarbonized solutions and as the political pressure to decarbonize increases this will become increasingly evident.

The key enabler for new technology adaptation will generally either be solutions that are more cost effective, better, or more readily available than existing solutions. In respect of energy markets, we believe the sustainable transition is closely related to the cost and regulatory environment of CO2 emissions. Both through government subsidies and regulations, the absolute and relative cost of higher CO2 emissions will rise over time, and ultimately translate into increased attractiveness of decarbonized alternatives, both in terms of user affordability and availability. As we have previously highlighted, new sources of energy need to be both cost effective and practical for the transition to a sustainable society to succeed.

Within this strategic backdrop we intend to develop our portfolio of industrial holdings in accordance with our stated philosophy as value oriented and contrarian investors. Our view is that there is inherently no conflict between 'growth' and 'value' based investing, as value is always a function of both existing cash flows and projected growth in future cash flows. Although most of our investments will continue to be cash generative businesses, we also intend to increase our focus on growth-oriented technology opportunities. The key criteria being i) we believe these offer an attractive risk/return, ii) they have understandable technological risks, and iii) we

see a clear path towards commercial adaptation of new technology.

Wind Catching Systems is a good example of this, being an innovative solution for floating wind turbines that is mostly based on conventional technology. The company has further development work to complete before it is ready for commercial adaptation, however we see a clear path towards commerciality as both regulatory developments and higher energy prices is rapidly making floating wind cost competitive. We also believe Wind Catching Systems has a strong competitive advantage being approximately 5 times more efficient in use of maritime acreage compared to competing solutions. Acreage efficiency is already becoming a topic of political interest as the offshore wind industry increasingly competes for coastal acreage with other maritime industries and stakeholders.

Through our active ownership, we also seek out new technology initiatives within our existing portfolio of industrial holdings. Reach Subsea has strengthened its technological footprint and in-house data management capabilities, both through the Reach Remote project as well as the acquisition of Octio, MonViro and iSurvey. Our active ownership strategy also involves bringing in strategic partners that can help unleash the inherent potential in our holdings. As such, the

entry of Wilhelmsen New Energy as a major co-shareholder in Reach Subsea complete the strategic building blocks surrounding Reach Remote, further strengthening the commercial potential. These initiatives will give Reach Subsea access to cutting edge proprietary technology, strengthen its competitive position through offering clients better and more cost-effective solutions, and access to a broader network.

Although a certain level of normality has returned to the valuation of newly established companies, valuations continue to be quite elevated and discount likelihoods of commercial success we mostly find unrealistic. In general, stock market valuations are elevated, and we will continue to take a cautious approach in terms of new investments while working on developing our existing holdings.

**Rachid Bendriss**  
co-CEO

**Didrik Leikvang**  
co-CEO



# Directors' report





# Board of Directors' Report 2021

## The business

North Energy ASA ("North Energy" or "Company") was established in 2007 with the goal of exploring commercial accumulations of oil and gas on the Norwegian Continental Shelf ("NCS"). The Company's business is conducted from its offices located in Oslo. In May 2016, an extraordinary general meeting resolved a new strategy and business model whereby North Energy would become an industrial holding company pursuing investment opportunities in the energy sector. In July 2017, the Board of Directors of North Energy decided to discontinue the Company's petroleum activities on the Norwegian Continental Shelf ("NCS") and to close the subsidiary North E&P, which was the base for all petroleum activities in North Energy. The closure of North E&P and the simplification of the Company's legal structure was completed in 2020, resulting in a structure with only one legal entity, North Energy, holding all investments and carrying out business activities.

North Energy's current mandate from shareholders is to own, manage and provide financing for activities within the energy industry, and other industries where the company has relevant competence. The Company is an industrial holding company with a portfolio of independent investments, both listed and unlisted.

The Board has considered whether North Energy can be classified as an alternative investment fund (AIF) subject to regulation by

the Financial Supervisory Authority of Norway (Finanstilsynet). North Energy's main strategy as an industrial holding company is through its ownership to exercise significant influence in the various investment objects. The main purpose is to get a return through owning companies that generate value from their operations, and not through buying and selling companies and financial instruments. Against this background, it is thus the Board's conclusion that North Energy can not be classified as an AIF.

Despite the continued uncertainty related to the covid pandemic, the global economy and stock markets performed well during 2021. The value of North Energy's investments, on the other hand, have in total remained fairly unchanged. Touchstone Exploration entered 2021 with high expectations, but covid-related delays in the start-up of production at Coho and Cascadura and the production test of the Chinook discovery deeming it non-commercial disappointed the market. Thus, the Touchstone share price depreciated by 28% during the year leading to a NOK 44.7 million value reduction for North Energy. This was compensated by our investment in Reach Subsea where a share price appreciation of 37% and dividends received gave North Energy a value contribution of NOK 44.7 million. The strong performance of the Reach Subsea share was fuelled by the company's record results for 2021, exceeding the previous record set in 2020.

At the end of the year, North Energy had 2 full-time employees, which is the same as at the end of 2020.

## Important events

### Market development

Despite the ongoing challenges as a result of COVID-19, the Company continued to manage the business prudently during the year. 2021 has been a year of contrasts with a boom and

following bust in energy transition related stocks, a surge in virtually all commodity prices, global central banks embarking on a path of monetary tightening, and supply chain bottle necks emerging in various pockets in a rebounding global economy. This has affected North Energy's most important investment segments through higher energy prices, increased demand for offshore subsea services, and increased demand for renewable energy production solutions. North Energy has a healthy balance sheet with no interest-bearing debt and has through 2021 remained cautious in its approach towards new investments.

North Energy will remain focused on protecting health of employees and communities and continue to follow advice from public health officials.

### **Corporate matters**

In December, the Board of North Energy announced the following changes in the Management team. Mr. Knut Sæberg retired from his position as CEO on 31 December 2021. Effective from 1 January 2022 Mr. Rachid Bendriss and Mr. Didrik Leikvang accepted roles as co-CEOs in the Company collectively responsible for managing the business. Both Mr. Bendriss and Mr. Leikvang have since 2016 been engaged as strategic and financial advisors for the company. Further, Mr. Rune Damm, Finance

manager since 2015, has from 1 January 2022 assumed the role as CFO.

### **Investment in Reach Subsea**

Reach Subsea ASA (Reach) is a company listed on Oslo Stock Exchange with the objective to become a leading subsea service provider, offering solutions to survey the seabed and solutions for maintaining the integrity of the client's subsurface equipment and infrastructure.

During the year, Reach has delivered record high results exceeding the previous record set in 2020. The result is driven by high utilization and successful project execution. Reach has continued the development of the Reach Remote project, a new innovative solution for providing subsea services on a remote and autonomous basis, reducing cost and risk to personnel and eliminating carbon footprint. The company states that it is on track for 2023 delivery of Reach Remote.

After year-end, Reach announced two major strategic initiatives with the acquisition of offshore survey specialist iSurvey Group AS, and the strategic co-operation with Wilhelmsen New Energy on Reach Remote. The agreement with Wilhelmsen New Energy involves a directed equity issue of NOK 150 million, providing equity funding for the first two Reach Remote unmanned service vehicles.

Through these initiatives, Reach will strengthen its in-house capabilities on data management and processing, an important feature of Reach Remote, and strengthen the set-up for commercialisation of Reach Remote.

The company is very well positioned for the future, with a financially well performing existing business, a solid plan in place for reshaping the delivery model and backed by a strong financial position with some NOK 350 million in cash and working capital following completion of the NOK 150 million equity injection from Wilhelmsen New Energy.

The Reach-share has during the year provided a total return, including dividends, of 44%. North Energy has a shareholding of 32% in Reach and is represented with two members in the board of the company. Upon completion of the two announced major strategic initiatives, North Energy and Wilhelmsen New Energy will be joint major shareholders of Reach with 21% each.

### **Investment in Touchstone Exploration**

Touchstone Exploration (TXP) is a Canadian based company, being listed both on the London and Toronto stock exchanges. The company has during 2021 completed its 5 well exploration programme on the Ortoire Block on shore Trinidad.

During the fourth quarter, the company announced the completion of drilling of the Royston-1 exploration well and the drilling results. The well, which is the deepest exploration well drilled by Touchstone to date, encountered substantial hydrocarbon accumulations. An aggregate of 393 gross feet of hydrocarbon pay was identified in two unique thrust sheets in the Herrera GR7 and GR7bc sands. The three planned production tests of Royston-1 confirmed a light oil discovery both in the lowermost section and the upper most section of the well. The company plans to perform an extended production test designed to assess optimal flowing conditions to maximize production and data collection. Additional information from the long-term production test is anticipated during the first quarter 2022.

Middle Miocene turbidite deposits have historically been prolific producers onshore Trinidad. As highlighted by the company, the Royston-1 well did not target the best sands in the lower intermediate Herrera GR7a sheet and future wells are likely to be optimized to target these sections. A light oil discovery in Royston-1 also bodes well for the Krakken well planned for 2022, in which the company intends to target a very large cretaceous turbidite play similar to the Guyana/Suriname discoveries.

The company aims to bring the Coho-1 discovery onto production during the first half of 2022.

Coho-1 was the first well drilled in the 5-well programme on the Ortoire Block. The company estimates the net future production rate from Coho-1 to be in the range from 1,300 - 1,600 barrels of oil equivalent (boe) per day, which will double the company's overall production. The two Cascadura wells are targeted for production in the third quarter of 2022. The company estimates the net future production rate from Cascadura to be in the range of 10,000 - 13,000 boe per day, with additional upside from future development wells.

Touchstone 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.

The Touchstone share has in 2021 depreciated by 24%, measured in NOK. North Energy has a shareholding of 6% in the company and is not represented in any of Touchstone's governing bodies.

#### **Investment in Wind Catching Systems AS**

In March 2021, North Energy declared its option to invest an additional NOK 10.0 million in Wind Catching Systems AS (WCS), which 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. The company continues to develop its organization in parallel with maturing the technology and concept together with its key technology partners Aibel and IFE.

The development of the Windcatching technology is progressing as expected. The first stage of the wind tunnel testing in Milano, aimed at verifying some of the key design features, was completed during the summer of 2021. The results were encouraging, and the company has now verified that the tested design features revealed results on par with, or better than, assumptions used in the wind energy model. Further engineering work will continue in 2022 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 future client adoption for the WCS concept.

North Energy has a shareholding of 31% in the company on an undiluted basis (26% on a fully diluted basis) and is represented on the board of directors with one member and one observer.

### **Other investments**

North Energy has several minor investments with a combined market value of approximately NOK 23 million at the end of 2021. During the year the Company sold InterOil shares that were received in 2020 in a partly conversion of InterOil bonds. Number of InterOil bonds owned by North Energy remains 0.8 million.

In December 2021, North Energy invested NOK 8.9 million in a private placement in Chariot Ltd. (Chariot), which is an Africa-based transitional energy company aiming to be a provider of cleaner energy across the African continent via its Transitional Gas and Transitional Power business streams. The company has a high value gas project in Morocco and an exciting new venture in renewable hybrid energy focused on Africa. Chariot Ltd.'s shares are traded on the London stock exchange.

Tyveholmen AS, which is 50% owned and accounted for as an associated company, contributed with a profit of NOK 0.3 million in 2021.

As per year-end 2021, North Energy had NOK 326.6 million in total investments measured at market value. In addition, the Company had a cash position of NOK 40.0 million. The corresponding figures from 2019 were NOK 305.8 million in investments and NOK 119.3 million in cash.

### **Going concern**

Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms the going concern assumption and that the financial statements are prepared on this basis. That assumption rests on the Company's financial position, as well as forecast for 2022.

### **Comments on the annual financial statements**

The financial statements of North Energy ASA have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the additional requirements pursuant to the Norwegian Accounting Act. After completion of the intra-group merger between North Energy ASA and North Energy Capital AS in the third quarter 2020, North Energy ASA is the only remaining Company in the Group. Comparison figures presented for 2020 are the consolidated figures for the former Group.

The Board is not aware of any significant considerations that affect the assessment of the Company's position as of December 31, 2021, or the net result for the year, other than those presented in the Directors' report and the financial statements.

Revenues reported in 2021 was NOK 0.2 million while the revenues reported in 2020 was NOK 0.1 million. The revenue for 2021 is related to consultancy services. Payroll and related expenses in 2021 were NOK 9.2 million, up from NOK 4.2 million in 2020. Other operating expenses in 2021 were NOK 18.4 million, up from NOK 12.2 million in 2020. The increase in payroll expenses is due to a severance compensation to the former CEO. The increase in other operating expenses is explained by the provision for potential liabilities.

Operating loss for 2021 was at NOK 46.7 million, versus an operating profit of NOK 135.5 million for 2020. The decrease is mainly the result of decreased market value of investments as well as higher operating expenses. The market value of the investment in Touchstone Exploration dropped by NOK 44.7 million through the year, while the investment in the associated company Reach Subsea contributed with an income through profit and loss of NOK 30.3 million for the year.

Net financial items for 2021 were positive at NOK 0.5 million, versus NOK 2.7 million for 2020. The positive figure this year, as well as last year, is related to interest income.

The result before tax in 2021 is a loss of NOK 46.2 million compared to an income of NOK 138.2 million reported last year. The loss is mainly due to a negative change in fair value of investments of NOK 45.2 million offset by a positive result from investments in associates of NOK 26.9 million.

Change in deferred tax in 2021 is reported as an income of NOK 18.4 million, while 2020 was an expense of NOK 17.8 million. The amount last year included a minor provision to cover possible tax implications regarding an ongoing control of the accounts covering the years 2016 up to and including 2019 from the Norwegian Tax Administration. This provision has been reversed in the 2021 tax figure. The company has deferred tax assets of NOK 0.5 million that are not recognised in the balance sheet at the end of the year.

Loss for the year 2021 was NOK 27.8 million, compared to an income for the year 2020 of NOK 120.4 million. The loss amounts to both basic and diluted earnings per share of negative NOK 0.24 this year, versus a positive NOK 1.04 per share in 2020.

Total assets at year-end were NOK 339.0 million, down from NOK 424.1 million at year-end 2020. The decrease is mainly due to a reduced book value of investments and the payment of NOK 52.8 million in dividends to shareholders.

Total equity at the end of the year was NOK 321.3 million, down from NOK 401.9 million at the end of 2020. The decrease is explained by total comprehensive loss of NOK 27.8 million last twelve months and by dividend payment to shareholders of NOK 52.8 million. The Company's equity ratio stood at 95.0 percent at the end of the year.

The company has no interest-bearing debt beyond IFRS 16 related lease liabilities at the end of the year.

North Energy recorded NOK 40.0 million in cash at the end of the year. This is down from NOK 119.3 million at the end of last year mainly due to dividend payment of NOK 52.8 million, cash outflow from investing activities of NOK 11 million and operating expenses.

Net cash flow was negative by NOK 79.3 million in 2021, compared to a positive NOK 91.3 million for 2020. The main reason for the negative cash flow for this year is the payment of dividend to shareholders of NOK 52.8 million, the net proceeds from sale and purchase of financial

investments for NOK 11.0 million, and a negative cash flow of NOK 15.6 million from the operating activities.

The operating profit before tax is lower than cash flow from operating activities mainly due to unrealized loss on financial investments partly offset by income from associated companies.

The Company has no costs and no activities related to research and development.

The Board regards the Company's financial position as of end 2021 as solid. The coronavirus pandemic represented a continued uncertainty to the global economy, although developments in global capital markets have been strong in 2021. The Board expects that full economic normalisation will still take time for many sectors with particularly high uncertainty related to supply chain challenges and normalization of interest rate policies globally.

### **Allocation of net profit**

The Board of North Energy proposes that the net loss of NOK 27.8 million in the company is transferred to other equity.

### **Corporate governance**

Corporate governance in North Energy is based on the Norwegian code of practice for corporate governance. A separate status report related



to the code has been included in this Annual Report. Any non-compliance with the code is specified and explained in the status report.

The Board intends to take account of all factors relevant to the Company's overall risk picture. By doing so, it aims to ensure that the collective operational and financial exposure is at a satisfactory level. In accordance with market practice for listed companies the Company has purchased liability insurance to cover individual and collective liability exposure for the board members and CEO.

North Energy's Articles of Association contain no provisions which wholly or partly exceed or restrict the provisions in chapter 5 of the Norwegian Public Companies Act.

Several considerations, which collectively ensure a good and broad composition, have been considered when electing the Board. These include an appropriate gender distribution, good strategic, industry competence and accounting expertise, a good division between owner-based and independent candidates. The Board functions collectively as an Audit Committee.

Instructions have been developed and adopted for the CEO, the Board and the Company's Nomination Committee. The instructions for the Board specify its principal duties and the responsibilities of the CEO towards the Board, as well as guidelines for handling matters between the Board and the executive management. The instructions for the Nomination Committee specify its mandate and provide guidelines on its composition and mode of working.

The Company's Articles of Association provide no guidance on the composition of the Board, other than that it must comprise of three to nine Directors. The articles do not authorise the Board to purchase the Company's own shares or to issue shares.

### **Risk assessment**

#### **Overall objectives and strategy**

North Energy's financial risk management is intended to ensure that risks of significance for the Company's goals are identified, analysed,

and managed in a systematic and cost-efficient manner. The Company is exposed to financial 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 and the integrity of our IT systems. The Company therefore devotes attention to developing its expertise and organisation, ensuring that measures for cyber security are up to date, and to its management systems.

#### **Market risk**

With a growing investment business, 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, climate changes and regulatory changes related to climate, and terrorist attacks. During 2021, the Covid-19 pandemic has continued to spread throughout the world. Many countries, including Norway, have had a number of restrictions towards the inhabitants leading to significantly reducing business and social activities. The Norwegian

government has offered financial rescue packages to stabilize the economy; however, many industrial segments are still in a disarray with a potential value-reducing effect also for North Energy's investments. Although we have seen relief in the restrictions, it is still uncertain when the pandemic effects will abate and when the markets will be fully recovered.

### **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 is equity.

North Energy has a solid balance sheet and a sound financial situation with limited liabilities. Also, it is North Energy's assessment that the main investments have sound financial positions, limiting the risk of unforeseen requirements for liquidity contributions from North Energy. However, the fact that many business markets are still in a disorder because of the virus and that the time for full recovery is uncertain, this might affect North Energy's liquidity longer term.

### **Interest rate risk**

As of year-end 2021 the Company is debt free and is, therefore, not directly exposed to interest rate changes. Fluctuations in interest rates may, however, affect the financial position of and the market valuation of our investments and

through that affect our equity.

### **Credit risk**

The Company's receivables are as of end 2021 marginal and the risk of bad debts is, therefore, considered low.

### **Foreign exchange**

The foreign exchange risk through transactions is low due to limited volumes. However, the Company invest in securities that are registered in foreign currencies and are through these investments exposed to exchange rate fluctuations.

### **HSE and the natural environment**

The work environment in North Energy is regarded as satisfactory. No incidents or accidents relating to North Energy's activities were reported in 2021. North Energy's goal is to prevent any incidents or accidents to employees or partners working with the Company and to conduct business in a way that will not damage the environment. Based on best judgement, the Company's employees will conduct their operations in a safe, environmentally responsible, and ethically sound manner. North Energy will remain focused on protecting health of employees and communities and continue to follow advice from public health officials.

### **Human resources and equal opportunities**

North Energy had at the end of the year two

employees, and the Company office is in Oslo. North Energy aims to have a good gender balance and is an equal opportunity employer. Currently there are only male employees, however, future recruitments will be based on the principle of equal opportunity.

At the Company's General Meeting in April 2021, the Board of Directors were re-elected. Out of the three directors elected, one is female.

The rate of absence due to illness during 2021 was below 1 per cent of total hours worked. The Board considers it to be of importance that employees regard North Energy as a safe and motivating workplace.

Remuneration is determined in accordance with the content of the work and the employee's qualifications. The remuneration of the executive management is described in the notes to the financial statements. Also, in accordance with the Public Limited Liability Companies Act § 6-16, the guidelines for remuneration to senior executives in North Energy ASA was adopted by the Annual General Meeting in 2021. The signed remuneration report for 2021 will be put forth the Annual General Meeting in 2022 and is published together with the annual report. The remuneration report can be found on [www.northenergy.no](http://www.northenergy.no)



### **Corporate social responsibility (“CSR”)**

North Energy’s vision is to be a successful and respected investment company with focus on long term value creation. North Energy’s most important contribution to society is to create value and invest in forward looking companies that operate in an environmentally, ethically, and socially responsible manner. The Board of North Energy gives emphasis to a positive contribution being made by the Company to those sections of society affected by its operations, while simultaneously looking after the interests of its owners. The Company follows this up by integrating social and environmental considerations in its strategy and day-to-day operations. The operations of the company North Energy ASA have negligible effect on the external environment. As a significant shareholder in several companies, North Energy works to promote businesses that are responsible and sustainable, including the financial, social, and environmental consequences of the operations. This is demonstrated by the Company’s main financial investment, Touchstone Exploration, which emphasizes recruiting local staff and have a high degree of female employees. Touchstone is committed to working with partners both at national and local levels to ensure high environmental standards in Trinidad. Furthermore, Reach Subsea, which is North Energy’s main industrial investment, launched the Reach Remote solution. This is an innovative service



solution which will virtually eliminate carbon footprint when brought to market later in 2022.

North Energy has developed a policy statement which further describes its commitment to CSR. The document is published on [www.northenergy.no](http://www.northenergy.no).

### Ownership

North Energy had 2202 shareholders at year-end 2021 and the top 20 owners together held 62.7 percent of the shares in the North Energy. The share price on the last day of trading in 2021 was NOK 2.68, while on the last day of trading in 2020 the share price was NOK 2.55. The share price peaked at NOK 4 on 19 March, while the lowest price in 2021 was NOK 2.14 on 20 August.

### Outlook

Although developments in global capital markets have been strong in 2021, the Board expects that full economic normalisation will still take time for many sectors with particularly high uncertainty related to supply chain challenges and normalization of interest rate policies globally. Also, elevated long term valuation levels leave less room for future returns to be derived from yield compression and multiple expansion.

Energy market balances have been tight in 2021 resulting in rising prices for both crude oil, natural gas and electricity. The Board believes the outlook for energy prices to be good due to significant underinvestments in conventional energy supply over the last few years. Despite a clear global trend towards cleaner energy sources, the demand for conventional energy continues to be strong, which will likely support high prices going forward.

North Energy intends to further develop the company in accordance with its strategy, balancing investments in conventional energy markets with renewable energy opportunities. Through its holdings in Reach Subsea, Touchstone Exploration and Wind Catching Systems the Board believes the company is well positioned to take advantage of continued strong demand for energy from both conventional and renewable sources.

The Company 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. However, in light of the significant uncertainties the Board still expect to take a cautious approach in the time to come. North Energy will remain focused on protecting health of employees and communities and continue to follow advice from public health officials.

Oslo, 24th of March 2022

Anders Onarheim  
Chair

Elin Karfjell  
Director

Jogeir Romestrand  
Director

Rachid Bendriss  
co-CEO

Didrik Leikvang  
co-CEO

# Corporate Governance

Pursuant to section 3, sub-section 3b of the Norwegian Accounting Act, North Energy is required to include a description of its principles for good corporate governance in the Directors' report of its Annual Report or, alternatively, refer to where this information can be found. The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code), which can be found at [www.nues.no](http://www.nues.no). Observance of the code is based on the "comply or explain" principle, which means that companies must explain either how they comply with each of the recommendations in the code or why they have chosen an alternative approach.

The Euronext Oslo Stock Exchange requires that listed companies on Oslo Børs and Euronext Expand provide an explanation of their corporate governance policy annually. Current requirements for companies listed on the Oslo Stock Exchange can be found at <https://www.euronext.com/en/markets/oslo>.



The following information is presented according to the same structure as the code and contains the same 15 main elements.

## **1. Implementation and reporting on corporate governance**

It is the executive management's job to ensure that the areas of responsibility, individually and collectively, are prioritized according to the Company's values and business codes. The Company has established clear guidelines for corporate social responsibility. These can be found on the Company's website, [www.northenergy.no](http://www.northenergy.no).

## **2. The business**

North Energy's business purpose is to directly or indirectly own, manage and provide financing for activities within the energy industry, and other industries where the company has relevant competence.

North Energy targets to become a successful and respected investment company. The Company will achieve this through solid fundamental analysis and a focus on long-term value creation. Where relevant, the company seeks to create value for the shareholders in a sustainable manner.

North Energy's Articles of Association specify clear parameters for its operations, while its vision, goals and strategies are at the core of its management philosophy and operations.

### **3. Equity and dividends**

The Company's dividend policy, outlined on its website, states that any payment of dividends is based on the annual profits generated by the operating activities of the Company. Subject to available liquidity and financial position, the Company intends to distribute an annual dividend in an amount equal to 40-60% of net profits. This dividend policy has been in effect from fiscal year 2020 with the first dividend of NOK 53 million resolved by the annual general meeting held on April 14, 2021. The Company has a strong financial platform and a solid foundation for executing its strategy as an industrial investment company. Going forward, available financial funds are expected to be deployed to support this core strategy.

All proposals from the Board concerning dividends must be approved by shareholders at the General Meeting to ensure that the Company's equity and dividend are consistent with its objectives, strategies, and risk profile.

Equity as of December 31, 2021, was NOK 321 million, compared with NOK 402 million at year-end 2020, giving an equity ratio of 95 per cent, which

is at the same level as year-end 2020. Liquidity is regarded as satisfactory in relation to the Company's future obligations.

Cash and cash equivalents totaled NOK 40 million as of December 31st. The Company has no interest-bearing debt as per year end.

At the AGM on April 14, 2021, the Company's Board was granted authorization to increase the share capital with 11,904,706 shares, equaling an increase of 10 per cent. At present, this authorization is not used.

### **4. Equal treatment of shareholders and transactions with close associates**

Should North Energy be a party to any transaction that may involve a close associate of the Company or other companies that Directors, senior executives or their close associates have a significant interest in, whether directly or indirectly, the parties concerned must immediately notify the Board. All such transactions must be approved by the Chief Executive Officer and the Board and, where required, a market notification must be sent.

### **5. Freely negotiable shares**

The North Energy share is listed on the Euronext Expand Oslo exchange. All shares are freely negotiable. The Articles of Association impose no restrictions on the negotiability of the share.

### **6. General Meetings**

The AGM is North Energy's highest authority. The Company's AGM in 2021 were held in accordance with the Public Companies Act.

The Board endeavors to ensure that the General Meeting is an effective forum for communication between the Board and the Company's shareholders. Thus, the Board makes provision for the highest possible participation by the Company's owners at the General Meeting. Notice of the meeting and supporting documentation for items on the agenda are made available on the Company's website no later than 21 days before the General Meeting. Provision is also made for shareholders to vote in advance of the Company's General Meeting, and elections are organized such that it is possible to vote individually for candidates nominated to serve in the Company's elected bodies. Shareholders who cannot attend the General Meeting in person are able to appoint a proxy to vote on their behalf. Proxy forms are provided that allow the proxy to be instructed how to vote on each agenda item.

The Board determines the agenda for the General Meeting. However, the most important items on the agenda are dictated by the Public Companies Act and the Company's Articles of Association. Meeting minutes are published on the Company's website the day after the General Meetings, at latest.



## **7. Nomination Committee**

The Nomination Committee submits recommendations for candidates to be elected, along with a justification, to the General Meeting, as well as nominates the Chair of the Board. Furthermore, the Committee will submit substantiated proposals for the remuneration of Directors and recommend Committee members. Establishment of the Committee is stipulated by the Articles of Association, and its work is regulated by instructions adopted by the General Meeting.

Nomination Committee members serve independently of the Board, and the Company's executive management. Members of the Committee receive a fixed remuneration which is not dependent on results. The General Meeting decides on all recommendations made by the Committee.

The members of the Nomination Committee are Hans Kristian Rød (Head), and Merete Haugli.

## **8. Board of Directors: composition and independence**

Following the recommendation from the Nomination Committee approved at the AGM, the Board consists of two men and one woman who serve as shareholder-elected Directors. All have broad experience. Two of these Directors are elected independently by the Company's shareholders. The Directors provide industry-spe-

cific professional expertise and experience from national and international companies. More information on each Director is available at [www.northenergy.no](http://www.northenergy.no).

Shareholder-elected Directors are elected for two-year terms. Elections are conducted in such a way that new directors can join the board every year.

Apart from Chairman Anders Onarheim, North Energy regards its Directors as independent of the Company's executive management and significant business partners. At present, all three Directors own shares directly or indirectly in North Energy. No director holds options to buy further shares.

As a key part of its business strategy, North Energy has elected to strengthen its management resources. The Company negotiated in 2016 an advisory agreement whereby North Energy outsourced certain strategic, financial and business advisory services to North Advisors AS ("North Advisors"), an advisory company owned by a group of key stakeholders of North Energy, including Anders Onarheim, Didrik Leikvang and Rachid Bendriss. As remuneration for its services, North Advisors received a fee equivalent to 2 per cent per year on the consolidated book equity of North Energy.

On 1 July 2020, North Energy entered into new advisory agreements with Isfjorden AS (owned by Didrik Leikvang) and Celisa Capital AS (owned by Rachid Bendriss) in replacement of the previous agreement with North Advisors to provide strategic and financial advisory services to the Company.

The new agreements, which were approved by the Board of Directors, were based on a fixed annual fee where the net remuneration per advisor was at approximately the same level as the average yearly fee under the old advisory agreement. However, the total advisory fee paid by the Company was reduced compared to the average annual costs under the previous agreement with North Advisors. Anders Onarheim continued in his role as Chairman of the Board of North Energy but is no longer an advisor for the Company and has no common business interest with the new advisors other than being shareholders of North Energy ASA.

On December 8, 2021, the company announced changes to the management whereas Mr. Knut Sæberg retires from his position as CEO on December 31, 2021. As of January 1, 2022, Mr. Rachid Bendriss and Mr. Didrik Leikvang have accepted roles as co-CEO in the company. At the same date the advisory agreements have been terminated.

## **9. The work of the Board of Directors**

The Board's work is regulated by instructions. Its duties consist primarily of managing North Energy, which includes determining the Company's strategy and overall goals, approving its action program, and ensuring an acceptable organization of the business in line with the Company's Articles of Association. The Board can also determine guidelines for the business and issue orders in specific cases. The Board must look after North Energy's interests, and not act as individual shareholders.

A clear division of responsibility has been established between the Board and the executive management. The Chief Executive is responsible for operational management of the Company and reports regularly to the Board. The administration is responsible for preparing matters for board meetings. Ensuring that the work of the Board is conducted in an efficient and correct manner in accordance with relevant legislation is the responsibility of the Chair. The Board ensures that the auditor fulfils a satisfactory and independent control function. It presents the auditor's report to the General Meeting, which also approves the remuneration of the auditor. It was resolved in 2014 that the Audit Committee's duties would be discharged directly by the Board. Likewise, the duties of the Compensation Committee, established by the Board in 2014, is now handled directly by the Board following

a resolution in a Board meeting in 2017. The objective of the Compensation Committee is to ensure that compensation arrangements support the Company's strategy and enable it to recruit, motivate and retain managers of a high standard, while complying with requirements set by governing bodies, fulfilling shareholder expectations and being in line with the expectations of the rest of the workforce. The Board conducts an annual evaluation of its work, competence, and performance.

Six board meetings were held in 2021, out of which five meetings were conducted as video/audio conferences while one meeting was conducted physically. The attendance at the meetings from the Board members were 100%.

#### **10. Risk management and internal control**

Strict standards are set for the Company's internal control and management system. Work on further development and improvement of North Energy's management system and associated documentation is a priority job in the Company's corporate governance and risk management. Emphasis have been put on developing risk systems and internal control procedures adapted to the Company's strategy as an investment company. The Company's management system is a good tool for the executive management and the workforce and reduces the risk of errors and misunderstandings. The system fa-

cilitates collaboration and learning and ensures continuity in the execution of the company's processes.

The executive management regularly follow up conditions which could pose a financial risk to the Company, and reports these to the Board. Reporting to the Board by the Company gives emphasis both to the on-going risk in daily operations and to risk associated with the investment opportunities presented. In addition, the Board carry out an overall risk assessment at least twice a year which takes account of all the Company's activities and the exposure these involve. The Board does also at regular intervals have the auditor's assessments of financial risk presented.

#### **11. Remuneration of the Board of Directors**

The Nomination Committee recommends the Directors' fees to the General Meeting, and takes account of their responsibility, qualifications, time spent and the complexity of the business. Directors' fees are not profit-related. North Energy has not issued any options to its shareholder-elected Directors.

None of the shareholder-elected Directors have undertaken special assignments for North Energy other than those presented in this report, and none have received compensation from the Company other than normal Directors' fees.

#### **12. Salary and other remuneration of executive personnel**

On the 14 April 2021 the AGM adopted the proposal from the Board of Directors for new guidelines for remuneration to senior executive in North Energy ASA. The guidelines are compliant with the requirements as set out in the Public Limited Liability Companies Act § 6-16 a, and the Regulations on guidelines and report on remuneration for senior executives.

The Board determines the remuneration of the senior executives, and the remuneration is determined on the basis of an overall assessment where the main emphasis in the variable part of the remuneration is based on achieved results and implementation of the strategy plan based on the company's values and ethical guidelines. The Board is also considering the responsibility involved, qualifications, the complexity of the work and the results achieved.

The Board issues a yearly remuneration report according to the requirements as set out in the Public Limited Liability Companies Act § 6-16 b, and the Regulations on guidelines and report on remuneration for senior executives § 6. The report should be approved at the Annual General Meeting.

#### **13. Information and communications**

North Energy keeps its shareholders and investors regularly informed about its commercial and financial status. The Board is conscientious that

all stakeholders shall receive the same information at the same time, and all financial and commercial information is made available on the Company's website simultaneously. Stock exchange announcements are distributed through [www.newsweb.no](http://www.newsweb.no) and made available on the Company's website.

The annual financial statements for North Energy are made available on its website at least three weeks before the General Meeting. Interim reports are published within two months after the end of each quarter. North Energy publishes an annual financial calendar which is available on the Oslo Stock Exchange website and on [www.northenergy.no](http://www.northenergy.no). The Board emphasizes openness and equal treatment in relation to all relevant parties in the market and strives always

to provide as correct a picture as possible of the Company's financial position.

#### **14. Takeovers**

North Energy's Articles of Association contain no restrictions on or defense mechanisms against the acquisition of the Company's shares. In accordance with its general responsibility for the management of North Energy, the Board will act in the best interests of all the Company's shareholders in such an event. Unless special grounds exist, the Board will not seek to prevent takeover offers for the Company's business or shares. Should an offer be made for the shares of North Energy, the Board will issue a statement with its recommendation as to whether shareholders should accept it.

#### **15. Auditor**

The annual financial statements are audited by PricewaterhouseCoopers AS. The Board receives and considers the auditor's report after the financial statements for the relevant year have been audited. The auditor submits an annual plan for the conduct of audit work and attends board meetings when the consideration of accounting matters requires their presence. In at least one of these meetings, the auditor makes a presentation to the Board without the executive management being present. The auditor presents a declaration of independence and objectivity. Relations with the auditor are regularly reviewed by the Board to ensure that the auditor exercises an independent and satisfactory control function. The Board presents the auditor's fee to the General Meeting for approval by the shareholders.

Oslo, 24th of March 2022

Anders Onarheim  
Chair


Elin Karfjell  
Director

Jogeir Romestrand  
Director

Rachid Bendriss  
co-CEO

Didrik Leikvang  
co-CEO

# Financial Statements & Notes

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# Financial Statements

## Income statement

<i>(NOK 1 000)</i>	Note	2021	2020
Sales		178	112
Payroll and related expenses	5	(9 165)	(4 207)
Depreciation and amortisation	11, 16	(1 096)	(1 466)
Other operating expenses	6	(18 351)	(12 223)
Change in fair value of financial investments	21, 2	(45 152)	126 883
Net result from investments in associates	19	26 862	26 391
<b>Operating profit/(loss)</b>		<b>(46 724)</b>	<b>135 490</b>
Financial income	17	593	2 931
Financial expenses	17	(80)	(210)
<b>Net financial items</b>		<b>512</b>	<b>2 720</b>
<b>Profit/(loss) before income tax</b>		<b>(46 212)</b>	<b>138 210</b>
Income tax	15	18 383	(17 783)
<b>Profit/(loss) for the year</b>		<b>(27 829)</b>	<b>120 427</b>
Attributable to:			
Owners of North Energy ASA		(27 829)	122 048
Non-controlling interests		0	(1 621)
		(27 829)	120 427
Earnings per share (NOK per share)			
- Basic	13	(0,24)	1,04
- Diluted	13	(0,24)	1,04

# Statement of comprehensive income

<i>(NOK 1 000)</i>	Note	2021	2020
<b>Profit/(loss) for the year</b>		(27 829)	120 427
<b>Other comprehensive income, net of tax:</b>			
<b>Total other comprehensive income, net of tax</b>		0	0
<b>Total comprehensive income/(loss) for the year</b>		(27 829)	120 427
Attributable to:			
Owners of North Energy ASA		(27 829)	122 048
Non-controlling interests		0	(1 621)
		(27 829)	120 427

# Statement of financial position

## ASSETS

(NOK 1 000)

	Note	31.12.21	31.12.20
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	148	131
Right-of-use assets	11	3 103	1 374
Investments in associates	19	141 312	111 369
Other receivables	7	120	258
<b>TOTAL NON-CURRENT ASSETS</b>		<b>144 683</b>	<b>113 132</b>
<b>Current assets</b>			
Trade and other receivables	8	195	181
Financial investments at fair value through profit and loss	21	154 129	191 422
Cash and cash equivalents	9	39 986	119 332
<b>TOTAL CURRENT ASSETS</b>		<b>194 311</b>	<b>310 935</b>
<b>TOTAL ASSETS</b>		<b>338 993</b>	<b>424 067</b>

# Statement of financial position

## EQUITY AND LIABILITIES

<i>(NOK 1 000)</i>	Note	31.12.21	31.12.20
<b>EQUITY</b>			
Share capital	10	119 047	119 047
Treasury shares	10	(3 411)	(3 411)
Share premium		850 378	903 141
Other paid-in capital		30 691	30 691
Retained earnings		(675 404)	(647 575)
<b>Total equity</b>		<b>321 301</b>	<b>401 893</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	15	0	18 383
Leasing liabilities	11	2 531	304
Other non-current liabilities	12	2 513	0
<b>Total non-current liabilities</b>		<b>5 044</b>	<b>18 687</b>
<b>Current liabilities</b>			
Leasing liabilities, current	11	642	1 163
Trade creditors		30	30
Tax payable	15	0	0
Other current liabilities	12	11 977	2 296
<b>Total current liabilities</b>		<b>12 649</b>	<b>3 488</b>
<b>Total liabilities</b>		<b>17 693</b>	<b>22 175</b>
<b>Total equity and liabilities</b>		<b>338 993</b>	<b>424 067</b>

Oslo, 24th of March 2022

Anders Onarheim  
Chair

Elin Karfjell  
Director

Jogeir Romestrand  
Director

Rachid Bendriss  
co-CEO

Didrik Leikvang  
co-CEO

## Statement of changes in equity

<i>(NOK 1 000)</i>	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Non-controlling interests	Total equity
Equity at 1 January 2020	119 047	(3 411)	903 141	30 691	(732 070)	(14 653)	302 746
Paid dividend from subsidiary to non-controlling interests *						(21 280)	(21 280)
Change in non-controlling interests *					(37 553)	37 553	0
Total comprehensive income for 2020					122 048	(1 621)	120 427
<b>Equity at 31 December 2020</b>	<b>119 047</b>	<b>(3 411)</b>	<b>903 141</b>	<b>30 691</b>	<b>(647 575)</b>	<b>(0)</b>	<b>401 893</b>
Total comprehensive income for 01.01.21-31.12.21					(27 829)		(27 829)
Paid dividend			(52 763)				(52 763)
<b>Equity at 31 December 2021</b>	<b>119 047</b>	<b>(3 411)</b>	<b>850 378</b>	<b>30 691</b>	<b>(675 404)</b>	<b>0</b>	<b>321 301</b>

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

# Cash flows statement

(NOK 1 000)	Note	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		(46 212)	138 210
<b>Adjustments:</b>			
<i>Depreciation</i>	11,16	1 096	1 466
<i>Pensions</i>		138	92
<i>Change in fair value of financial investments</i>	21	45 152	(126 883)
<i>Net result from investments in associates</i>	19	(26 862)	(26 391)
<i>Changes in trade creditors</i>		0	(18)
<i>Changes in other accruals</i>	12	11 087	(3 277)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(15 600)</b>	<b>(16 800)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	16	(42)	0
Investment in associates	19	(10 000)	(5 045)
Dividends from associates	19	6 919	800
Purchase of financial investments	18	(13 385)	(25 285)
Proceeds from sales of financial investments	18	5 526	158 930
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(10 982)</b>	<b>129 399</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	10	(52 763)	0
Dividends paid from subsidiary to non-controlling interests		0	(21 280)
Net cash flows from financing activities		<b>(52 763)</b>	<b>(21 280)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(79 345)</b>	<b>91 319</b>
Cash and cash equivalents at 1 January	9	119 332	28 013
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>9</b>	<b>39 986</b>	<b>119 332</b>



## NOTE 1 General information

The financial statements of North Energy were approved by the Board of Directors and CEO on March 24, 2022.

North Energy ASA is a public limited company incorporated and domiciled in Norway, with its main office located in Oslo. The company's shares were listed on former Oslo Axess (now Euronext Expand), an exchange regulated by the Euronext Oslo Stock Exchange, on February 5, 2010. The company's ticker is NORTH.

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

## NOTE 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are laid out below. Unless otherwise stated, these policies have consistently been applied to all periods presented.

### 2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and in accordance with the additional requirements pursuant to the Norwegian Accounting Act.

The financial statements have been prepared on a historical cost basis.

### 2.2 Investment in associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the investment's fair value less costs of disposal and value in use.

### 2.3 Foreign currency

#### *Functional currency and presentation currency*

The Company's presentation currency is Norwegian kroner (NOK).

#### *Transactions in foreign currency*

Foreign currency transactions are translated into NOK using the exchange rates on the transaction date. Monetary balances in foreign currencies are translated into NOK at the exchange rates on the date of the balance sheet. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.



## 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment charges. Depreciation is calculated on a straight-line basis over the asset's expected useful life and adjusted for any impairment charges. Expected useful lives of long-lived assets are reviewed annually, and where they differ from previous estimates, depreciation periods are changed accordingly. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The costs of major renovations are included in the asset's carrying amount when it is probable that the company will derive future economic benefits. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components. Each component is depreciated on a straight-line basis over its expected useful life.

Property, plant and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs required to sell the asset and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. The difference between the asset's carrying amount and its recoverable amount is recognised in the income statement as impairment. Property, plant and equipment that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.5 Leases (as lessee)

The Company adopted IFRS 16 - Leases from 1 January 2019. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize

a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate.

## 2.6 Financial assets

The Company's financial assets are listed and non-listed equity instruments, receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Company classified its financial assets in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit and loss

### Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and

losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Groups financial assets at amortized cost includes trade receivables and other short-term deposits.

Receivables are initially recognised at fair value less impairment losses.

#### Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

### **2.7 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

### **2.8 Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction/issue costs associated with the borrowing. After initial recognition, interests-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the consideration received net of transaction/issue costs associated with the borrowing and the redemption value, is recognised in the income statement over the term of the loan.

### **2.9 Taxes**

Income taxes for the period comprises tax payable and changes in deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are calculated based on existing temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to exist when the assets are realised or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that the deferred tax asset can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### **2.10 Defined contribution pension plans**

The Company's payments under defined contribution pension plans are recognised in the income statement as employee benefits expense for the year to which the contribution applies.

## 2.11 Provisions

A provision is recognised when the company has a present legal or constructive obligation resulting from past events, it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision owing to passage of time is recognised as a financial cost.

The Company recognises a provision and an expense for severance payments when there exists a legal obligation to make severance payments.

The Company recognises a provision and an expense for bonuses to employees, when the company is contractually obliged or where there is a past practice that has created a constructive obligation.

## 2.12 Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.13 Financial investments

Financial investments are measured at fair value. Changes in fair value are recognized in profit and loss under operating items. The Board and management of the Company is following up all investments at fair value according to the business model of the Company.

## 2.14 Revenue recognition

Revenues from sales of services are recorded over time when the service are performed.

## 2.15 Contingent liabilities

Contingent liabilities are not recognised in the financial statements unless an outflow of resources embodying economic benefit has become probable. Significant contingent liabilities are disclosed, except for contingent liabilities where the probability of the liability occurring is remote.

## 2.16 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company using the weighted average number of ordinary shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but gives at the same time effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, i.e.:

- The profit/loss for the period is adjusted for changes in profit/loss that would result from the conversion of the dilutive potential ordinary shares.
- The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 2.17 Segment reporting

The Company reports only one business segment which includes the investment activities. Based on this, no segment note is presented, and this is in accordance with management's reporting.

## 2.18 Cost of equity transactions

Transaction costs directly linked to an equity transaction are recognised directly in equity, net after deducting tax.

## 2.19 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

## 2.20 Cash Flows Statement

The cash flow statement is prepared by using the indirect method.

## 2.21 Events after the balance sheet date

The financial statements are adjusted to reflect events after the balance sheet date that provide evidence of conditions that existed at the balance sheet date (adjusting events). The financial statements are not adjusted to reflect events after the balance sheet date that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Non-adjusting events are disclosed if significant.

## 2.22 Changes in accounting policies and disclosures

### ***(a) New and amended standards and interpretations adopted by the Company***

New standards, amendments and interpretations to existing standards effective from 1 January 2021 did not have any significant impact on the financial statements.

### ***(b) New and amended standards and interpretations issued but not adopted by the Company***

A number of new standards or amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Company's financial statements.

## NOTE 3 Financial risk management

### 3.1 Financial risks

The Company is exposed to a variety of risks, including market risk, credit risk, interest rate risk, liquidity risk and currency risk.

This note presents information about the Company's exposure to each of the aforementioned risks, and the Company's objectives, policies and processes for managing such risks. The note also presents the Company's objectives, policies and processes for managing capital.

#### ***(a) Market risk***

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. During 2021, the Covid-19 pandemic has continued to spread throughout the world. Many countries, including Norway, has been "closed down" and in others the business and social activities have been reduced significantly. Towards the end of the year many countries have lifted their restrictions and trades are back to a level comparable to before the pandemic outbreak.

#### ***(b) Credit risk***

The Company is mainly exposed to credit risk related to bank deposits. The exposure to credit risk is monitored on an ongoing basis. As all counterparties have a high credit rating, there are no expectations that any of the counterparties will not be able to fulfil their liabilities. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

### **(c) Interest rate risk**

At 31 December 2021 as well as 2020 the Company has no interest-bearing borrowings with floating interest rate conditions and is consequently not exposed to interest rate risk.

### **(d) Liquidity risk**

The Company's liquidity risk is the risk that it will not be able to pay its financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its financial liabilities as they fall due, under normal as well as extraordinary circumstances, without incurring unacceptable losses or risking damage to the Company's reputation. Sufficient liquidity will be held in regular bank accounts at all times to cover expected payments relating to operational activities and investment activities.

The Company's financial liabilities are short-term and fall due within 12 months.

### **(e) Currency risk**

The company's functional currency is the NOK, and the Company is exposed to foreign exchange rate risk related to the value of NOK relative to other currencies. The Company is exposed to currency risk related to its activities mainly because parts of the Company's investments are USD, CAD, and GBP-based. The Company has not entered into any agreements to reduce its exposure to foreign currencies.

## **3.2 Capital management**

The Company's aim for management of capital structure is to secure the business in order to yield profit to shareholders and contributions to other stakeholders. In addition, a capital structure at its optimum will reduce the costs of capital. To maintain or change the capital structure in the future, the Company can pay dividends to its shareholders, issue new shares or

sell assets to reduce debt. The Company may buy its own shares. The point of time for this is dependent on changes in market prices.

The Company monitors its capital structure using an equity ratio, which is total equity divided by total assets. As of December 31, 2021, the equity ratio was 94.8% which is at the same level as last year.

The company will handle any increased future capital requirements by selling assets, raising new capital, taking up loans, establishing strategic alliances or any combination of these, and by adjusting the company's activity level if necessary.

## **NOTE 4 Critical accounting estimates and judgements**

### **4.1 Critical accounting estimates and assumptions**

The preparation of the financial statements in accordance with IFRS requires management to make judgements and use estimates and assumptions that affect the reported amounts of assets and liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Currently, the Company's most important accounting estimates are related to the following items:

#### **a) Other current liabilities**

See note 21 for information about possible implications in connection with a control by the tax Administration of North Energy ASA's accounts for the years 2016 up to and including 2019.

## NOTE 5 Payroll and related expenses, remuneration of directors and management

<i>Amounts in NOK 1 000</i>	2021	2020
Salaries	3 293	3 473
Payroll tax	626	561
Pension costs	161	161
Other benefits	5 085	12
<b>Total</b>	<b>9 165</b>	<b>4 207</b>
Average number of employees	2,0	2,3

### Pensions

The company has a defined contribution pension plan. The pension arrangements fulfil the requirements of the Norwegian Act on mandatory occupational pensions.

### Remuneration to directors and management in 2021:

The board of directors shall prepare a declaration in accordance with the Norwegian Public Limited Liability Companies Act (Allmennaksjeloven) §6-16a.

The information in accordance with the Norwegian Accounting Act §7-31b are available in a separate report that is published on [www.northenergy.no](http://www.northenergy.no)

<i>Amounts in NOK 1 000</i>	Directors' fees	Salaries	Pension	Other *
<b>Management **</b>				
Knut Sæberg (CEO)		2 186	79	4 432
<b>Board of directors</b>				
Anders Onarheim (chair)	500			
Elin Karfjell (director)	250			
Jogeir Romestrand (director)	250			
<b>Total</b>	<b>1000</b>	<b>2 186</b>	<b>79</b>	<b>4432</b>

\* Other includes provision for severance payment, allowances to cover telephone and internet, group life insurance and travel insurance.

\*\* Figures for remuneration to management are exclusive payroll tax.

### Remuneration to CEO:

The company's former CEO had an agreement with an annual salary of NOK 2,0 million in 2021. Other benefits included regular allowances to cover telephone, internet, pension, group life insurance and travel insurance. In addition, he was included in the general employee bonus programme as determined by the board of directors. The bonus was limited to 4 months of salary. The bonus was linked to the achievement of specified parameters. Both financial and non-financial parameters are used. In the event of resignation at the request of the board of directors, the CEO had a right to a severance payment equivalent to two years of gross fixed salary. If the CEO resigns, there is no severance payment. In december the former CEO signed an agreement with the board regarding resignation by the end of the year, hence the company made a provision of NOK 5.0 million (including social securities taxes) for a severance payment to the CEO.

**NOTE 5** Payroll and related cost, remuneration to board of directors and management (continued)

**Remuneration to directors and management in 2020:**

<i>Amounts in NOK 1 000</i>	<b>Directors' fees</b>	<b>Salaries</b>	<b>Pension</b>	<b>Other *</b>
<b>Management **</b>				
Knut Sæberg (CEO)		2 053	78	22
<b>Board of directors</b>				
Anders Onarheim (chair)	225			
Elin Karfjell (director)	225			
Jogeir Romestrand (director)	225			
<b>Total</b>	<b>675</b>	<b>2 053</b>	<b>78</b>	<b>22</b>

\* Other includes allowances to cover telephone and internet, group life insurance and travel insurance.

\*\* Figures for remuneration to management are exclusive payroll tax.

**NOTE 6** Other operating expenses and remuneration to auditor

**Other operating expenses consist of:**

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Travelling expenses	12	103
Consultant and other fees	10 335	11 451
Other administrative expenses	8 004	669
<b>Total</b>	<b>18 351</b>	<b>12 223</b>

**Remuneration to auditor is allocated as specified below:**

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Audit	313	556
Attestations	0	0
Other assistance	270	257
<b>Total, incl. VAT</b>	<b>583</b>	<b>813</b>

**NOTE 7** Other non-current receivables

**Other non-current receivables consist of:**

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Premium fund pensions (prepaid premium)	120	258
<b>Total</b>	<b>120</b>	<b>258</b>

## NOTE 8 Trade and other receivables

### Trade and other receivables consist of:

<i>Amounts in NOK 1 000</i>	2021	2020
Prepaid expenses	63	49
Premium fund pensions (prepaid premium)	132	132
<b>Total</b>	<b>195</b>	<b>181</b>

## NOTE 9 Cash and cash equivalents

### Cash and cash equivalents:

<i>Amounts in NOK 1 000</i>	2021	2020
Bank deposits	39 986	119 332
Total cash and cash equivalents	39 986	119 332
<b>Of this:</b>		
Restricted cash for withheld taxes from employees salaries	185	181

## NOTE 10 Share capital and shareholder information

	2021	2020
Number of issued shares at 1 January	119 047 065	119 047 065
New shares issued during the year:		
Issued in exchange for cash	0	0
<b>Number of issued shares at 31 December *</b>	<b>119 047 065</b>	<b>119 047 065</b>
Nominal value NOK per share at 31 December	1,00	1,00
Share capital NOK at 31 December	119 047 065	119 047 065

\* Inclusive 1,795,472 treasury shares.

North Energy ASA has one share class with equal rights for all shares.



Main shareholders as of 31 December 2021:

Shareholder	Number of shares	% share
AB INVESTMENT AS	21 953 776	18,4%
CELISA CAPITAL AS	10 888 145	9,1%
ISFJORDEN AS	8 465 651	7,1%
INTERTRADE SHIPPING AS	3 500 000	2,9%
TRIOMAR AS	3 100 000	2,6%
CORUNA AS	3 000 000	2,5%
JPB AS	2 946 875	2,5%
SALTEN KRAFTSAMBAND AS	2 419 215	2,0%
ARNT HAGEN HOLDING AS	2 373 972	2,0%
BAKKANE ARVID	2 070 547	1,7%
BOYE HANS JØRGEN	1 797 828	1,5%
NORTH ENERGY ASA	1 795 472	1,5%
TAJ HOLDING AS	1 692 030	1,4%
Avanza Bank AB	1 570 226	1,3%
ROME AS	1 440 000	1,2%
ORIGO KAPITAL AS	1 343 569	1,1%
CLEARSTREAM BANKING S.A.	1 336 163	1,1%
HEDEN HOLDING AS	1 035 000	0,9%
SÆBERG KNUT	1 002 352	0,8%
Swedbank AB	997 556	0,8%
<b>Total 20 largest shareholders</b>	<b>74 728 377</b>	<b>62,8%</b>
<b>Other shareholders</b>	<b>44 318 688</b>	<b>37,2%</b>
<b>Total</b>	<b>119 047 065</b>	<b>100,0%</b>

**Number of shares owned by management and directors at 31 December 2021:**

<b>Management</b>		
Knut Sæberg (CEO up to 31.12.2021)	1 002 352	0,8%
Didrik Leikvang (Advisor up to 31.12.2021) through Isfjorden AS	8 750 651	7,4%
Rachid Bendriss (Advisor up to 31.12.2021), through Celisa Capital AS	10 888 145	9,1%
<b>Total</b>	<b>45 917 313</b>	<b>38,6%</b>

<b>Board of Directors</b>		
Anders Onarheim (chairman), through AB Investment AS, Spitsbergen AS and Liju Invest AS	23 428 465	19,7%
Jogeir Romestrاند (director), through Rome AS	1 440 000	1,2%
Elin Karfjell (director), through Elika AS	407 700	0,3%
<b>Total</b>	<b>45 917 313</b>	<b>38,6%</b>

**Number of shares owned by management and directors at 31 December 2020:**

<b>Management</b>		
Knut Sæberg (CEO)	1 002 352	0,8%
Didrik Leikvang (Advisor) through Isfjorden AS	8 465 651	7,1%
Rachid Bendriss (Advisor), through Celisa Capital AS	10 603 145	8,9%

<b>Board of Directors</b>		
Anders Onarheim (chairman), through AB Investment AS, Spitsbergen AS and Liju Invest AS	23 228 465	19,5%
Jogeir Romestrاند (director), through Rome AS	1 300 000	1,1%
Elin Karfjell (director), through Elika AS	267 700	0,2%
<b>Total</b>	<b>44 867 313</b>	<b>37,7%</b>

## NOTE 11 Leases

### Right-of-use assets:

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

Amounts in NOK 1 000

Right-of-use assets	Office facilities
<b>2021</b>	
Acquisition cost at 1 January 2021	4 638
Addition of right-of-use assets	3 046
Disposals of right-of-use assets	(246)
Acquisition cost 31 December 2021	7 438
Accumulated depreciation and impairment 1 January 2021	(3 264)
Depreciation	(1 071)
Impairment	0
Accumulated depreciation and impairment 31 December 2021	(4 335)
<b>Carrying amount of right-of-use assets 31 December 2021</b>	<b>3 103</b>
<b>2020</b>	
Acquisition cost at 1 January 2020	5 420
Addition of right-of-use assets	0
Disposals of right-of-use assets	(782)
Acquisition cost 31 December 2020	4 638
Accumulated depreciation and impairment 1 January 2020	(1 668)
Depreciation	(1 597)
Impairment	0
Accumulated depreciation and impairment 31 December 2020	(3 264)
<b>Carrying amount of right-of-use assets 31 December 2020</b>	<b>1 374</b>

Lower of remaining lease term or economic life	5.25 years
Depreciation method	Linear

Leasing liabilities:	2021	2020
Lease liabilities at 1 January	1 466	3 873
Additions new lease contracts	3 046	0
Disposals lease contracts	(296)	(782)
Accretion lease liabilities	78	(135)
Payments of lease liabilities	(1 122)	(1 490)
<b>Total leasing liabilities 31 December</b>	<b>3 173</b>	<b>1 466</b>

Break down of lease debt:		
Short-term	642	1 163
Long-term	2 531	304
<b>Total lease debt</b>	<b>3 173</b>	<b>1 466</b>

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

	2021	2020
Within 1 year	874	1 221
1 to 5 years	2 640	313
After 5 years	330	-
<b>Total</b>	<b>3 844</b>	<b>1 534</b>

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

## NOTE 12 Other current and non-current liabilities

### Other Current liabilities

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Public duties payable	368	306
Holiday pay	361	349
VAT payable	(46)	15
Other accruals for incurred costs	11 294	1 625
<b>Total</b>	<b>11 977</b>	<b>2 296</b>

### Other non-current liabilities

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Severance payment liability	2 513	0
<b>Total</b>	<b>2 513</b>	<b>0</b>

On 6 May 2020 North Energy received a notice from the Norwegian Tax Administration informing that they are starting a control of North Energy ASA's accounts for the years 2016 up to and including 2019. On 13 December 2021 the company received the report from the control together with a notification of changes of VAT from the control period. The company has submitted a response to the notification. To cover for a possible settlement of the claim a provision of NOK 7.5 million, as other operating expenses, has been made in 2021. The provision is included in Other current liabilities.

In December, the Board of North Energy announced that Mr. Knut Sæberg would retire from his position as CEO on 31 December 2021. The Company has made a provision of NOK 5.0 million (including employment tax) to cover for a severance payment to the former CEO. NOK 2.5 million of the provision is classified as current liabilities and NOK 2.5 million as non-current liabilities.

## NOTE 13 Earnings per share

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Profit/(loss) for the year attributable to owners of North Energy ASA (NOK 1 000)	(27 829)	122 048
Weighted average number of shares outstanding including treasury shares	119 047 065	119 047 065
Weighted average number of treasury shares outstanding	(1 795 472)	(1 795 472)
Weighted average number of shares outstanding excluding treasury shares	117 251 593	117 251 593
Earnings per share (NOK per share)		
- Basic	(0,24)	1,04
- Diluted	(0,24)	1,04

## NOTE 14 Related parties and non-controlling interests

The Company's transactions with related parties:

Amounts in NOK 1 000

### (a) Purchases of services

Purchase of services from	Description of services	2021	2020
North Advisors AS	Consultancy services		3 705
Celisa Capital AS	Consultancy services	3 750	1 875
Isfjorden AS	Consultancy services	3 750	1 875

On 1st of July 2020, North Energy ASA entered into advisory agreements with Isfjorden AS (owned by Didrik Leikvang) and Celisa Capital AS (owned by Rachid Bendriss) in replacement of the previous agreement with North Advisors AS to provide strategic and financial advisory services to North Energy ASA. The agreements were terminated by the end of 2021. Starting from 1st of January 2022, the advisors Didrik Leikvang and Rachid Bendriss have been appointed as co-CEOs in the Company.

### (b) Remuneration to management and directors

Refer to note 5.

### (c) Overview of subsidiaries and non-controlling interests in subsidiaries

In August 2020 North Energy Capital AS was merged with North Energy ASA. After completion of this intra-group merger between North Energy ASA and North Energy Capital AS, North Energy ASA is the only remaining Company in the former Group.

## NOTE 15 Tax

### Specification of income tax:

Amounts in NOK 1 000	2021	2020
Tax payable	0	0
Change deferred tax	18 383	(17 783)
<b>Total income tax credit</b>	<b>18 383</b>	<b>(17 783)</b>

### Specification of temporary differences, tax losses carried forward and deferred tax

Amounts in NOK 1 000	2021	2020
Property, plant and equipment and Right-of-use assets	2 939	1 116
Pensions	252	390
Leasing liabilities	(3 173)	(1 466)
Financial investments	104 448	151 220
Provisions	(7 500)	0
Tax losses carried forward, onshore	(99 029)	(67 701)
Total basis for deferred tax	(2 063)	83 559
Deferred tax asset/liability before valuation allowance	454	(18 383)
Uncapitalised deferred tax asset (valuation allowance)	(454)	0
<b>Deferred tax asset/(liability)</b>	<b>0</b>	<b>(18 383)</b>

The financial investments in Touchstone Exploration as well as certain bonds are treated outside of the exemption method used by the Norwegian Tax Administration and hence subject to tax. Touchstone Exploration has headquarters in Canada with operations in Trinidad.

The change in deferred tax is mainly due to a reduction in the unrealised gain on financial investments outside the exemption method and an increase in the tax losses carried forward due the current year loss.

**Reconciliation of effective tax rate:**

Amounts in NOK 1 000	2021	2020
Profit/(loss) before income tax	(46 212)	138 210
Expected income tax 22%	10 167	(30 406)
Adjusted for tax effects (22%) of the following items:		
Permanent differences	6 170	4 586
Adjustments previous years	2 500	(2 500)
Changed tax rates	0	0
Change in valuation allowance for deferred tax assets	(454)	10 537
<b>Total income tax credit</b>	<b>18 383</b>	<b>(17 783)</b>

**NOTE 16** Property, plant and equipment

Amounts in NOK 1 000	Equipment, office machines, etc
<b>2021</b>	
Cost:	
At 1.1.2021	434
Additions	42
Disposals	0
<b>At 31.12.2021</b>	<b>476</b>
<b>Depreciation and impairment:</b>	
At 1.1.2021	(303)
Depreciation this year	(25)
Impairment this year	0
Disposals	0
<b>At 31.12.2021</b>	<b>(328)</b>
<b>Carrying amount at 31.12.2021</b>	<b>148</b>

**2020**

Cost:	
At 1.1.2020	434
Additions	0
Disposals	0
<b>At 31.12.2020</b>	<b>434</b>

**Depreciation and impairment:**

At 1.1.2020	(223)
Depreciation this year	(80)
Impairment this year	0
Disposals	0
<b>At 31.12.2020</b>	<b>(303)</b>

<b>Carrying amount at 31.12.2020</b>	<b>131</b>
--------------------------------------	------------

Economic life	3-10 years
Depreciation method	linear

## NOTE 17 Finance income and costs

### Finance income:

<i>Amounts in NOK 1 000</i>	2021	2020
Interest income bank deposits	13	119
Interest income on bonds	572	2 437
Foreign exchange gain	7	130
Other finance income	0	244
<b>Total finance income</b>	<b>593</b>	<b>2 931</b>

### Finance costs:

<i>Amounts in NOK 1 000</i>	2021	2020
Other interest expenses	0	9
Foreign exchange loss	2	65
Other finance costs	78	137
<b>Total finance costs</b>	<b>80</b>	<b>210</b>

## NOTE 18 Financial instruments

### (a) Categories of financial instruments at 31 December 2021:

<i>Amounts in NOK 1 000</i>	Financial assets measured at amortised cost	Financial assets at fair value through profit and loss
<b>Assets:</b>		
Financial investments, current		154 129
Other current receivables (see note 8)	0	
Cash and cash equivalents	39 986	
<b>Total</b>	<b>39 986</b>	<b>154 129</b>

<i>Amounts in NOK 1 000</i>	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss
<b>Liabilities:</b>		
Trade creditors	30	
<b>Total</b>	<b>30</b>	<b>0</b>

### at 31 December 2020:

<i>Amounts in NOK 1 000</i>	Financial assets measured at amortised cost	Financial assets at fair value through profit and loss
<b>Assets:</b>		
Financial investments, current		191 422
Other current receivables (see note 8)	0	
Cash and cash equivalents	119 332	
<b>Total</b>	<b>119 332</b>	<b>191 422</b>

<i>Amounts in NOK 1 000</i>	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit and loss
<b>Liabilities:</b>		
Trade creditors	30	
<b>Total</b>	<b>30</b>	<b>0</b>

## NOTE 18 Financial instruments (continued)

### (b) 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 31.12.2021	Level 1	Level 2	Level 3	Total
Shares	147 956			147 956
Bonds		6 173		6 173
<b>Total fair value</b>	<b>147 956</b>	<b>6 173</b>	<b>0</b>	<b>154 129</b>

There has been no transfer between level 1 and level 2 during 2021.

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

Fair Value 31.12.2020	Level 1	Level 2	Level 3	Total
Shares	185 572			185 572
Total fair value		5 850		5 850
<b>Total fair value</b>	<b>185 572</b>	<b>5 850</b>	<b>0</b>	<b>191 422</b>

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

### (c) Creditworthiness of financial assets

The group does not have a system that separates receivables and loans by counterparty credit rating. Cash and cash equivalents are receivables from banks, and Standard & Poor's credit rating of these banks is presented below:

	2021	2020
<b>Bank deposits:</b>	39 986	119 332
<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
No external credit rating		
A		
AA-	39 986	119 332
<b>Total</b>	<b>39 986</b>	<b>119 332</b>

### (d) Financial risk factors

See note 3 for financial risk factors and risk management, sensitivity analysis and capital management.

## NOTE 19 Investment in associates

### Reconciliation and specification of carrying amount of investments in associates:

<i>Amounts in NOK 1 000</i>	2021	2020
Opening balance carrying amount of investments in associates	111 369	80 733
Acquisition cost additional shares acquired, Reach Subsea ASA	0	0
Acquisition cost shares acquired, Wind Catching Systems AS	10 000	5 045
Impairment/reversal of impairment, Reach Subsea ASA	0	12 108
Share of net result in investment, Reach Subsea ASA	30 279	14 068
Share of net result in investment, Wind Catching Systems	(3 729)	0
Share of net result in investment, Tyveholmen AS	312	215
Dividend received, Reach Subsea ASA	(6 919)	0
Dividend received, Tyveholmen AS	0	(800)
Total carrying amount of investments in associates at balance date	141 312	111 369
Consist of:		
Reach Subsea ASA	122 877	99 517
Tyveholmen AS	7 119	6 807
Wind Catching Systems AS	11 316	5 045
Total carrying amount of investments in associates at balance date	141 312	111 369

### Specification of net result from investments in associates recognised in the income statement:

<i>Amounts in NOK 1 000</i>	2021	2020
Impairment/reversal of impairment, Reach Subsea ASA	0	12 108
Share of net result in investment, Reach Subsea ASA	30 279	14 068
Share of net result in investment, Wind Catching Systems	(3 729)	
Share of net result in investment, Tyveholmen AS	312	215
Net result from investments in associates	26 862	26 391

Ownership interests in associates at 31 December:	2021	2020
Reach Subsea ASA	31,82 %	32,13 %
Tyveholmen AS	50,00 %	50,00 %
Wind Catching Systems AS	30,47 %	25,30 %

### Financial figures for the associated company Reach Subsea ASA:

<i>Amounts in NOK 1 000 (100% basis, unaudited)</i>	2021	2020
Revenues	686 601	628 030
EBITDA	318 871	267 207
Pre-tax profit	73 046	43 103
Liquidity	149 035	105 396
Net working capital	57 746	25 079
Net interest bearing debt	(118 876)	(64 040)
Equity	286 806	210 154

The share price of Reach Subsea at year end was NOK 3.04 per share, equivalent to a market based value of NOK 439.5 million. North Energy's relative share of this was NOK 140.2 million, based on the ownership of 31.82% .

The investment in Reach is accounted for as an associated company, using the equity method. Thus, North Energy consolidates its share of the net result from Reach, adjusted for any impairment or reversal of impairment due to share price fluctuations. The market value of Reach Subsea at year end 2021 was higher than the book value, hence there was no need for any impairment.



**Financial figures for the associated company Tyveholmen AS:**

<i>Amounts in NOK 1 000 (100% basis, unaudited)</i>	<b>2021</b>	<b>2020</b>
Revenues	5 402	5 127
Operating profit	762	501
Profit after tax	625	430
Liquidity	2 853	2 328
Total assets	13 738	13 195
Equity	13 278	12 477

**Financial figures for the associated company Wind Catching Systems AS**

<i>Amounts in NOK 1 000 (100% basis, unaudited)</i>	<b>2021</b>	<b>2020</b>
Revenues	0	72
Operating profit	(12 260)	(1 103)
Profit after tax	(12 236)	(1 118)
Liquidity	16 634	9 593
Total assets	21 109	9 801
Equity	18 208	8 060

The figures for WCS includes adjustments necessary to transform the figure from NGAAP to IFRS.

**NOTE 20** [Contingent liabilities](#)

As of 31 December 2021 the company is not involved in any other legal or financial disputes. Please see note 12 for information on other current and non-current liabilities.

**NOTE 21** [Financial investments, current](#)**Financial investments include:**

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Stock exchange-listed shares	147 956	185 572
Bonds	6 173	5 850
Bond funds	0	0
Total carrying amount financial investments, current	154 129	191 422

The main investments at 31 December 2021 consist of shares in Touchstone Exploration and Chariot Ltd. as well as bonds in Interoil Exploration. The main investments at 31 December 2020 consisted of shares in Touchstone Exploration and bonds in Interoil Exploration.

<i>Amounts in NOK 1 000</i>	<b>2021</b>	<b>2020</b>
Change in fair value recognised in income statement under operating items	(45 152)	126 883
Interest income bonds recognised as finance income	572	2 437

**NOTE 22** [Covid-19](#)

The Covid-19 pandemic combined with increasing prices for energy like gas and electricity, has had a significant impact on the economy and the markets throughout 2021. After facing a significant value-reduction in the beginning of 2020, a recovery of market prices took place in the second half of 2020 and throughout 2021. The direct impact of Covid-19 on North Energy's investments are limited by year end 2021.

**NOTE 23** [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.

# Responsibility statement by the Board of Directors and CEO

We declare, to the best of our judgement, that the annual financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with the applicable accounting standards, and that the information in the accounts fairly reflects the Company's assets, liabilities, financial position, and results as a whole.

We also declare that the Directors' report provides a true and fair view of the Company's and Group's performance, results, and position, along with a description of the most important risk and uncertainty factors facing the Company.

Oslo, 24th of March 2022

Anders Onarheim  
Chair

Rachid Bendriss  
co-CEO

Elin Karfjell  
Director

Jogeir Romestrand  
Director

Didrik Leikvang  
co-CEO



# Shareholder information

North Energy is listed on the Euronext Expand Oslo marketplace. The Company has one share class, and each share carries one vote at the general meetings.

Table: Top 20 shareholder as of 16 March 2022

Investor	Number of shares	% of total	Type	Country
1 AB INVESTMENT AS	21 953 776	18,44 %	Ordinary	Norway
2 CELISA CAPITAL AS	10 888 145	9,15 %	Ordinary	Norway
3 ISFJORDEN AS	8 465 651	7,11 %	Ordinary	Norway
4 INTERTRADE SHIPPING AS	3 550 000	2,98 %	Ordinary	Norway
5 TRIOMAR AS	3 100 000	2,60 %	Ordinary	Norway
6 CORUNA AS	3 000 000	2,52 %	Ordinary	Norway
7 JPB AS	2 946 875	2,48 %	Ordinary	Norway
8 SALTEN KRAFTSAMBAND AS	2 419 215	2,03 %	Ordinary	Norway
9 ARNT HAGEN HOLDING AS	2 373 972	1,99 %	Ordinary	Norway
10 BAKKANE ARVID	2 090 276	1,76 %	Ordinary	Norway
11 BOYE HANS JØRGEN	1 797 828	1,51 %	Ordinary	Norway
12 NORTH ENERGY ASA	1 795 472	1,51 %	Ordinary	Norway
13 TAJ HOLDING AS	1 692 030	1,42 %	Ordinary	Norway
14 Avanza Bank AB	1 594 912	1,34 %	Nominee	Sweden
15 ROME AS	1 440 000	1,21 %	Ordinary	Norway
16 ORIGO KAPITAL AS	1 343 569	1,13 %	Ordinary	Norway
17 CLEARSTREAM BANKING S.A.	1 316 435	1,11 %	Nominee	Luxembourg
18 HEDEN HOLDING AS	1 284 211	1,08 %	Ordinary	Norway
19 PEDERSEN ROLF IVAR	1 007 598	0,85 %	Ordinary	Norway
20 SÆBERG KNUIT	1 002 352	0,84 %	Ordinary	Norway
<i>Total number owned by top 20</i>	<i>75 062 317</i>	<i>63,05 %</i>		
<b>Total number of shares</b>	<b>119 047 065</b>	<b>100,0 %</b>		

In 2021, the North Energy share price provided a total return, including dividends, of 22.7 per cent. In comparison, an investment in the Oslo Børs Benchmark Index over the same period provided a positive return of 24.8 per cent, while the energy index yielded a positive return of 50.7 per cent. During the year, 58.4 million North Energy shares changed hands on the Oslo Stock Exchange, up from 47.4 million in 2020, representing a daily average trading volume of 231,700 shares.

## Dividend policy

The Board of Directors have adopted a dividend policy which states that any payment of dividends is based on the annual profits generated by the operating activities of the Company. Subject to available liquidity and financial position, North Energy intends to distribute an annual dividend in an amount equal to 40-60% of net profits.

### **Ownership structure**

At the end of 2021 North Energy had 2,202 shareholders, up from 1,505 shareholders at the end of 2020. Approximately 6.1 per cent of the Company's shares were owned by foreign investors at the end of 2021, which is up from 4.6 per cent last year.

The Company's employees, management, Board, and financial advisors held in total 38.6 per cent of the shares in the Company by the end of the year.

North Energy's 20 largest shareholders held 62.8 per cent of the shares as of 31 December 2021.

### **Share capital**

North Energy's share capital on 31 December 2021 was NOK 119 047 065 divided into 119 047 065 shares, each with a nominal value of NOK 1. The Company holds 1,795,472 treasury shares equivalent to 1.5 per cent of the Company's total share capital.



# Auditors' report





To the General Meeting of North Energy ASA

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of North Energy ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 1 November 2007 for the accounting year 2007 with a renewed election on the 25 April 2014.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

## Independent Auditor's Report - North Energy ASA



#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Directors' report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

(2)



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the

(3)



key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### *Report on Other Legal and Regulatory Requirements*

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### *Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name NORTH-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

##### *Management's Responsibilities*

Management is responsible for preparing and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation and publication of the financial statements.

##### *Auditor's Responsibilities*

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>.

Stavanger, 24 March 2022  
**PricewaterhouseCoopers AS**

Tom Notland  
 State Authorised Public Accountant

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# North Energy ASA- Financial Calendar for 2022

North Energy ASA will present financial statements on the following dates in 2022:

Q1 2022 interim financial report: 10 May 2022

Half-yearly 2022 interim financial report: 25 August 2022

Q3 2022 interim financial report: 9 November 2022

Time and venue will be communicated at a later stage.  
All dates are subject to change.

The annual General Meeting is planned to be held on  
9 May 2022



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