



Annual report 2020

Contents

North Energy at a glance.....	3
CEO's statement.....	4
Directors' report.....	7
Board of Director and CEO.....	16
Corporate Governance.....	17
Financial Statements & Notes - North Energy Group.....	23
Financial Statements & Notes - North Energy ASA.....	50
Responsibility Statement.....	66
Shareholder information.....	67
Auditor's report.....	68

North Energy at a glance



North Energy ASA (“North Energy” or “The 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 2020 the main investments of North Energy have been shares in Reach Subsea AS (“REACH”) and shares in Touchstone Exploration Inc (“TXP”). All investments are held directly under North Energy. During 2020 the subsidiaries North E&P AS was liquidated, and North Energy Capital AS was merged with North Energy ASA.

At the end of 2020, the Company counted 2 full time employees. In addition, the Company has ongoing consultancy agreements with 2 senior advisors. 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

MNOK	2020	2019
Earnings before tax	138.2	-13.0
Tax	-17.8	-3.1
Net result	120.4	-16.1
Total Assets	424.1	309.1
Equity	401.9	302.7
Equity %	95%	98%
Market capitalisation 31.12	303.6	177.4

Dear Shareholders!

- Strong results in a turbulent year
- Cautious investment strategy
- Successful year for main investments
- Tax issues closed
- Dividend proposed

At the time of our previous shareholder's letter, we saw the beginning of the Covid-19 situation with a prediction that 2020 would be a year with many challenges. In hindsight the prediction came true as the situation developed into a global pandemic with dramatic economic and social consequences. During the first half of 2020, the global economy was significantly impacted by severe restrictions on both travel and commerce. However, as evidence emerged of strong government and central bank support, as well as companies managing to adapt to a new reality through innovation and digital processes, the financial markets recovered rapidly during the last two quarters of 2020.

The year was also a year of unprecedented volatility for energy prices, with oil prices turning massively negative in H1 2020, and both natural gas and electricity prices across the globe seeing multi-decade lows. During the year energy prices

rebounded strongly and ended the year close to where they began.

Despite extreme levels of volatility, the year 2020 was a very successful year for North Energy with the company recording a record net profit as the company's investments developed strongly. During the year, our net asset value increased by NOK 123.1 million, an increase of 40% compared to the end of 2019. The company's share price appreciated by 65.6% while the OSEBX index generated an average return of 4.6% in the same period, while the Oslo Stock Exchange Energy Index yielded a negative return of 19.4% in 2020. Our strong performance for the year is closely related to Touchstone Exploration announcing several significant natural gas discoveries onshore Trinidad resulting in a share price increase in 2020 of 450%. In addition, we saw strong performance from Reach Subsea which, despite challenging market conditions, recorded



record high results for the year with high utilization and excellent project execution. The Reach Subsea share price appreciated by 40% in 2020.

Other key developments for the year:

- In April 2020, North Energy received a letter from the Petroleum Taxation Office ("OTO") informing that all outstanding tax issues were closed and that the tax returns as originally submitted by the Company were accepted without any changes.
- North Energy entered in July 2020 into new advisory agreements in replacement of the previous agreement with North Advisors AS to provide strategic and financial advisory services to the Company.
- In order to simplify the corporate structure, North Energy merged North Energy Capital with North Energy, and dissolved North E&P.

- North Energy participated in a private placement in Touchstone Exploration in February and November 2020. Due to the volatility and uncertainty caused primarily by the pandemic, North Energy decided to realize some profits by reducing its shareholding in H1 2020. Our ownership in Touchstone Exploration was reduced from 11.0% to 6.0% during the year through a combination of sales and dilution from private placements of new shares.
- In November, North Energy acquired 25.3 % of the shares in Wind Catching Systems AS, which holds an innovative technology for floating offshore wind systems (“WCS technology”). Together with its key technology partner Aibel AS, and with support from Innovasjon Norge, the company intends to finalize and commercialize the WCS technology.
- Based on the record high results for 2020 and a strong balance sheet, the Board of Directors proposed in February 2021 a dividend of NOK 0.45 per share.

For the year 2021 we intend to further develop our two main industrial investments Reach Subsea and Wind Catching Systems. In addition, we expect to continue as a significant shareholder in Touchstone Exploration, our key financial investment. Our current investments all have an exciting pipeline of growth opportunities that we intend to develop further.

In the first quarter of 2021 Reach Subsea announced its new concept Reach Remote, which is an ambitious fleet renewal program intended to replace its existing leased vessels with new fully autonomous and remotely operated vessels. The Reach Remote concept has potential to substantially lower both operational costs and environmental footprint of subsea operations.

Wind Catching Systems is continuing to develop its concept for floating offshore wind production in partnership with Aibel. We are very encouraged by recent developments and expect further test results during 2021 to demonstrate the commercial potential of the concept. The cost of floating offshore energy based on current technological solutions is substantially higher than bottom fixed solutions, as well as alternative energy sources. These factors currently limit its commercial attractiveness in the short term. However, as the potential for energy production from floating wind energy is vast, there is clear

commercial potential if cost effective solutions can be found. We are encouraged by the preliminary results from engineering studies performed by Wind Catching Systems which indicate a substantially lower levelized cost of energy compared to any existing floating wind concepts. Further studies and tests are needed to validate commercial potential and the coming year will be very exciting.

In addition, Touchstone Exploration is performing well, and the company has a multi-year backlog of attractive natural gas development wells and exploration targets in the Ortoire block. As evidenced by the multi-billion dollar natural gas sales contract entered into with the Natural Gas Company of Trinidad and Tobago, the demand for natural gas in Trinidad is strong and underpinned by a large domestic downstream sector and substantial LNG production.

North Energy was established in 2007 as an oil exploration company, and has its roots firmly placed in the traditional oil and gas industry. While we believe the world’s consumption of fossil fuels will continue for decades, North Energy fully supports the goal of a decarbonized society, and we intend to both adapt and invest in the energy transition where we find attractive opportunities for our shareholders. There is a strong push from society to decarbonize

and the energy sector is an important part of this. Further, government policies aimed at supporting the economic recovery in the coming years are likely to be targeted towards reaching the sustainable development goals as set forth in the Paris Agreement.

This transformation has already begun for North Energy with Reach Subsea seeing substantial increased volume of business related to the offshore wind industry. In addition, we have taken a further step in support of the energy transition with our investment in Wind Catching Systems. Offshore wind is a structurally attractive long-term growth story and likely to form an important part of the future electricity production mix. Through our investment in Touchstone Exploration, we are also exposed to demand for natural gas which we believe will be supported for a long time by its role as a transition fuel, as feedstock for the petrochemical industry and by its potential increased use as decarbonized gas through the production of blue hydrogen.

Going forward, we expect to see increased technological risk for North Energy related to the energy transition. Any major transformation involves a degree of technological uncertainty and predicting which technologies will ultimately succeed is inherently difficult. History is rife with examples of technological and commercial

failures in periods of major changes.

As we generally seek to avoid early phase investments with substantial technological risk attached, the energy transition presents certain dilemmas. The global push to decarbonize energy markets has major policy implications, and therefore requires energy investors to form updated views on the future of energy markets. As there are still major unresolved questions in respect of this, we will almost certainly need to accept a higher degree of technological risk in the coming years compared to the relatively stable situation over the last few decades. We intend to manage this increased technological risk prudently and will patiently await opportunities as technological solutions mature and focus on opportunities we believe are supported by robust project economics and attractive risk/reward.

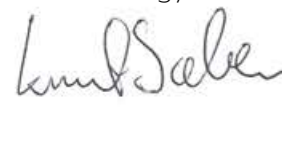
To decarbonize the energy sector, a wide range of energy sources and technologies will likely be needed. As growth in global energy consumption is primarily driven by the middle classes in emerging economies, our view is that for the energy transition to succeed we need energy to be both practical and affordable, as well as being sustainable. We firmly believe that any technology and projects not supported by user affordability, robust returns and sound economics will ultimately fail, and thereby undermine the sustainability goals society is

trying to achieve. In addition to our increased focus on offshore wind, we have ongoing initiatives to evaluate opportunities related to a wide range of decarbonized energy solutions, including natural gas and LNG, electricity, hydrogen, green chemistry, biobased fuels and carbon capture solutions. We expect to further develop these initiatives over the coming years as we continue to grow our portfolio of investments.

Knut Sæberg

CEO

North Energy



Directors' report



Board of Directors' Report 2020

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 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 was put on hold due to a tax dispute with the Petroleum Taxation Office ("OTO") regarding the tax returns for 2014 and 2015. In April 2020, North Energy received a letter from OTO informing that the tax returns were accepted as originally submitted, and the dispute was closed. Subsequently, the closure of North E&P was completed.

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. After the completion of the merger in August 2020 between North Energy and the subsidiary North Energy Capital, the Company's operating and investment activities are held directly in the parent company, North Energy.

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 challenging market conditions for some of North Energy's investment segments, as well as accounting losses due to safeguarding of cash, the investment portfolio has as a total increased substantially in value during the year. In particular, this relates to Touchstone Exploration, who have made several significant gas discoveries onshore Trinidad during the year. In addition, Reach Subsea delivered record results in 2020, mainly due to high utilization and successful project execution.

At the end of the year, North Energy had 2 full-time employees, a reduction from 3 employees at the end of 2019.

Important events

COVID-19

In despite the ongoing challenges as a result of COVID-19, the Company continued to manage the business prudently during the year. 2020 has been a year with great volatility and uncertainty caused by the pandemic and political turmoil. This has affected North Energy's most important investment segments through lower oil price and reduced demand in the subsea market. North Energy has, however, a healthy balance sheet with no interest-bearing debt and have

met the challenges by safeguarding current assets and continued with a careful investment strategy. As a result of this, North Energy have during 2020 reduced its shareholdings in Touchstone Exploration from 11% to 6%, sold shares in certain investments and redeemed bond funds.

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

Tax claim from Petroleum Taxation Office (“OTO”) closed

In October 2018 North Energy received a notice from the OTO of possible changes of the Company’s tax returns from the years 2014 and 2015. For these two years North Energy’s total expenses eligible for refund amounted to NOK 970 million. OTO challenged NOK 146 million of these expenses, with a corresponding exploration tax refund of around NOK 114 million. OTO claimed that the expenses were incurred primarily to optimize the Company’s financial situation and not for adequate operational reasons.

North Energy strongly disputed both the content and the conclusion of the notice and submitted a comprehensive response in March 2019. However, the Company took necessary

measures to ensure adequate financial cover of a potential future tax claim. In April 2020, North Energy received a letter from OTO informing that all outstanding tax issues were closed and that the tax returns as originally submitted by the Company were accepted without any changes. Subsequently, restrictions on cash previously held to cover the former claim were removed.

Corporate matters

In the Interim Report for the second quarter of 2020 (www.northenergy.no) the Board of North Energy outlined the strategy for the Company, including a new dividend policy. As an industrial investment company, North Energy seeks to provide shareholders with an attractive return on its shares based on a strategy of active ownership. The Company generally expect its investment returns to be based on the value creation derived from the operating activities of its investments. The Board resolved a regular dividend policy to be 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. The new dividend policy will be in effect from fiscal year 2020 with the first dividend expected to be paid out after the next annual general meeting to be held in 2021. Following the resolution of the outstanding tax matters, 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.

North Energy entered in July 2020 into new advisory agreements with Isfjorden AS (owned by Didrik Leikvang) and Celisa Capital AS (owned by Rachid Bendriss) in replacement of the previous agreement with North Advisors AS to provide strategic and financial advisory services to the Company. Anders Onarheim, who previously was an advisor to the Company through his role in North Advisors, continues 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.

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 despite challenging market conditions. The result is driven by higher utilization and successful project execution. Reach reports that the company is in the process of developing new innovative solutions for providing subsea services, a concept named Reach Remote,

reducing cost and eliminating carbon footprint. The market value of the Reach-share has during the year increased by 40%. North Energy has a shareholding of 32% in Reach and is represented in the board of the company.

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 2019 and 2020 completed 4 wells in a 5 well exploration programme on the Ortoire Block on shore Trinidad. The results from all wells have exceeded the company's expectations and have, combined with considerable future exploration opportunities, demonstrated a significant growth potential for TXP. The first well is expected to be on stream during first half of 2021.

North Energy participated in a private placement in TXP in February 2020 with GBP 1.5 million and in November 2020 with GBP 0.4 million. Due to the volatility and uncertainty caused primarily by the pandemic, North Energy decided to realize some profit by selling 10.1 million TXP-shares securing NOK 41.9 million of cash and a net profit of NOK 26.3 million. The market value of the TXP-share has during the year appreciated by 450%. The Company's shareholdings in TXP have during the year been reduced from 11.0% to 6.0%.

Other investments

In November 2020, North Energy announced an investment of NOK 5.0 million in Wind Catching Systems AS (WCS), which holds a new innovative technology for floating offshore wind systems (WCS technology). Together with its key technology partner Aibel AS, and with support from Innovasjon Norge, the company intends to finalize and commercialize the WCS technology.

North Energy has during the year partly converted its Interoil bonds to 1.869 million Interoil shares. Remaining number of bonds owned by North Energy are 0.8 million. Furthermore, North Energy has sold all Polarcus shares resulting in an accumulated net loss of NOK 3.7 million. To safeguard the Company's cash position in a period with market turbulence, low risk investments of NOK 123.0 million were sold during first half of 2020 resulting in a loss of NOK 9.7 million.

As per year-end 2020, North Energy had NOK 305.8 million in total investments measured at market value. In addition, the Company had a cash position of NOK 119.3 million. The corresponding figures from 2019 were NOK 275.5 million in investments and NOK 28.0 million in cash. From this, the increase in investment and cash from 2019 to 2020 can be calculated to NOK 121.6 million, equalling a value increase of 40%.

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 2021 and the period thereafter.

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. The Board is not aware of any significant considerations that affect the assessment of the Group's position as of December 31, 2020, or the net result for the year, other than those presented in the Directors' report and the financial statements.

Financial statements for the North Energy Group

Revenues reported in 2020 was NOK 0.1 million while the revenues reported in 2019 was NOK 0.9 million. The revenue for 2020 is related



to consultancy services. Payroll and related expenses in 2020 were NOK 4.2 million, down from NOK 4.8 million in 2019. Other operating expenses in 2020 were NOK 12.2 million, down from NOK 15.1 million in 2019. The reduction in payroll expenses as well as other operating expenses are the result of less employees and other cost savings initiatives.

EBITDA for 2020 was positive at NOK 137.0 million, versus a negative NOK 12.3 million for 2019. The improvement is mainly the result of increased market value of investments and net realized gain on disposals as well as lower operating expenses. The market value of the investment in Touchstone Exploration increased by NOK 136.6 million through the year, while the investment in the associated company Reach Subsea increased by NOK 26.2 million during the year.

Net financial items for 2020 were positive at NOK 2.7 million, versus NOK 1.0 million for 2019. The positive figure this year, as well as last year, is related to interest income. The result before tax in 2020 is an income of NOK 138.2 million compared to a loss of NOK 13.0 million reported last year. The improvement is mainly due to a positive change in fair value of investments of NOK 126.9 million and a positive result from investments in associates of NOK 26.4 million.

Income tax expense in 2020 is reported at NOK 17.8 million, while 2019 was NOK 3.1 million. The amount this year includes 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. The vast majority of the income tax expense for 2020 is a deferred tax expense related to the unrealized gain on our investment in Touchstone Exploration.

Comprehensive income for 2020 was NOK 120.4 million, compared to a comprehensive loss in 2019 of NOK 16.1 million. The comprehensive income amounts to both basic and diluted earnings per share of a NOK 1.04, versus a negative NOK 0.13 per share in 2019.

Total assets at year-end were NOK 424.1 million, up from NOK 309.1 million at year-end 2019. The increase is mainly due to increased value of investments and cash.

Total equity at the end of the year was NOK 401.9 million, up from NOK 302.7 million at the end of 2019. The increase is explained by total comprehensive income of NOK 120.4 million last twelve months offset by dividend paid from subsidiary to non-controlling interests of NOK 21.3 million. The Company's equity ratio stood at 94.8 per cent at the end of the year.

The company has no interest-bearing debt at the end of the year.

North Energy recorded NOK 119.3 million in cash and cash equivalents at the end of the year, up from NOK 28.0 million at year-end 2019. The increase is mainly due to disposal of bond funds, offset by some new investments, and operational expenses.

Net cash flow was positive by NOK 91.3 million in 2020, compared to a negative NOK 220.4 million for 2019. The main reason for the positive cash flow for this year is the net proceed from sale and purchase of financial investments for NOK 129.4 million partly offset by the dividend of NOK 21.3 million paid from a subsidiary to non-controlling interests and a negative cash flow of NOK 16.8 million from the operating activities. The operating profit is materially higher than cash flow from operating activities due to unrealized gain on investments.

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

Financial statements for North Energy ASA

The parent company reported an income of NOK 215.7 million for the year compared to an income of NOK 83.0 million last year. The profit this year is mainly due to the increased market value of the investments as well as dividend of

NOK 85.1 million received from the subsidiary North Energy Capital AS.

Net cash flow for the parent company was positive by NOK 86.8 million this year compared to NOK 21.0 million last year. The positive cash flow this year is mainly driven by the dividend of NOK 85.1 million received from subsidiary as well as proceeds of NOK 46.2 million from sales of financial investments. This is partly offset by purchase of financial investments for NOK 25.3 million and negative cash from operating activities of NOK 15.5 million.

At year end, North Energy ASA is the only remaining company in the group, hence the financial position at year end is equal to the financial position for the group as commented on above.

Based on the positive results and in accordance with the new dividend policy, the Board proposes to distribute a cash dividend of NOK 0.45 per share to shareholders. The proposed dividend is subject to approval on the Annual General Meeting.

The Board regards the Company's financial position as of end 2020 as strong. However, the coronavirus pandemic still represents a significant uncertainty to the global economy. The Board expects that the uncertainty will linger into 2021 and that full economic

normalisation will take several quarters yet, although the capital markets seem to have already discounted a full recovery.

Allocation of net profit

The Board of North Energy proposes that the net profit of NOK 215.7million in the parent company is transferred to other equity.

Future developments

The year 2020 has been challenging given the unprecedented and unpredictable pandemic that resulted in a large global recession. As long as an effective vaccine is not readily available for the large majority of the people, uncertainty will linger into 2021 and full economic normalisation is expected to take some time.

Looking into 2021 the Board does not expect a short-term full recovery of the oil and gas market, where North Energy has its main exposure. Companies across the value chain face the pressure of several evolving threats and opportunities, while navigating current market volatility. The industry is working to balance short-term commercial tactics with strategic business transformation to ensure long-term competitiveness.

Short-term this might affect some of the current investments of the Company, however, with a sound financial situation the Board also sees opportunities for North Energy in this picture. Forward-looking statements reflect current views



about future events, and are, by their nature, subject to significant risks and uncertainties as they are contingent on circumstances and events that have yet to occur.

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.

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. The Company therefore devotes attention to developing its expertise and organisation, 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, and terrorist attacks. During 2020, the coronavirus has spread throughout the world. Many countries, including Norway, have been "closed down" and in others the business and social activities have been reduced significantly. The Norwegian

government is offering 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. It is uncertain when the virus effects will abate and when the markets will recover.

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. Due to the uncertainty caused primarily by the coronavirus-situation North Energy has decided to secure the Company's cash position. 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, might affect North Energy's liquidity longer term.

Interest rate risk

As of year-end 2020 the Company is debt free and is, therefore, not directly exposed to interest rate changes. Fluctuations in interest rates may, however, affect investment opportunities in the future.

Credit risk

The Company's receivables are as of end 2020 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 shares where the securities 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 2020. 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 do damage to 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 consists of 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 May 2020, the Board of Directors were re-elected. Out of the three directors elected, one is female.

The rate of absence due to illness during 2020 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.

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 parent 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 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, have recently launched Reach Remote. This is an innovative service solution which will virtually eliminate carbon footprint when brought to market in 2022.

North Energy has developed a policy statement which further describes its commitment to CSR. The document is published on www.northenergy.no.

Ownership

North Energy had 1505 shareholders at year-end 2020 and the top 20 owners together held 58.7 per cent of the shares in the North Energy. The share price on the last day of trading in 2020 was NOK 2.55, while on the last day of trading in 2019 the share price was NOK 1.54. The share price peaked at NOK 2.55 on 30 December, while the lowest price in 2020 was NOK 0.91 on 16 March. As per the 11 March 2021, the share price was NOK 3.65 representing a market capitalisation of North Energy of approximately NOK 435 million.

Outlook

North Energy's main involvement is within the oil and gas industry, which in many ways is characterized by uncertainty and growing complexity. With North Energy's strong financial position, current management setup and lean organisation, the Board is of the opinion that there are business opportunities for the Company in this picture. Furthermore, the Board sees a stronger focus and involvement for North Energy outside the oil and gas segment in the years to come. Going forward, the coronavirus outbreak, combined with the unstable oil price, represents a major uncertainty for the Company and its investment

portfolio. However, short term fluctuations in the market can provide opportunities for value-creating investments. As an industrial investment company, North Energy will contribute to developing the portfolio companies and to consider new investments.

Board of Directors and CEO

Oslo, 17th of March 2021



A stylized, handwritten signature in black ink.

Anders Onarheim, Chair



A handwritten signature in black ink.

Jogeir Romestrand, Director



A handwritten signature in black ink.

Elin Karfjell, Director



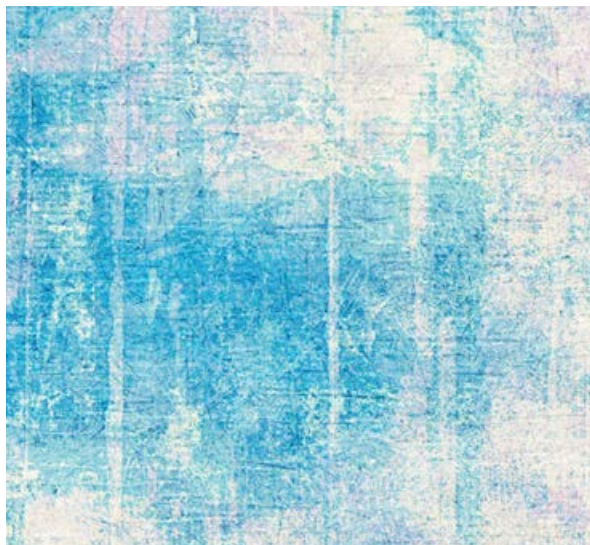
A handwritten signature in black ink.

Knut Sæberg, 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. 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 Oslo Stock Exchange requires that listed companies provide an explanation of their corporate governance policy annually. Current requirements for companies listed on the Oslo Stock Exchange can be found at www.oslobors.no.



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.

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.

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 will be in effect from fiscal year 2020 with the first dividend expected to be paid out after the next annual general meeting to be held in 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, 2020 was NOK 402 million, compared with NOK 303 million at year-end 2019, giving an equity ratio of 95 per cent, up from 79 per cent at year-end 2019. Liquidity

is regarded as satisfactory in relation to the Company's future obligations.

Cash and cash equivalents totaled NOK 119 million as of December 31st. The Company has no interest-bearing debt as per year end.

In the AGM on May 27, 2020, 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 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 the 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 2020 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 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. Corporate assembly and Board of Directors: composition and independence

North Energy has chosen not to have a corporate assembly.

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-specific professional expertise and experience from national and international companies. More information on each Director is available at 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 of its services, North Advisors

received a fee equivalent to 2 per cent per year on the consolidated book equity of North Energy. As of 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 AS to provide strategic and financial advisory services to the Company.

The new agreements, which have been approved by the Board of Directors, are based on a fixed annual fee where the net remuneration per advisor is at approximately the same level as the average yearly fee under the old advisory agreement. The total advisory fee paid by the Company will be reduced compared to the average annual costs under the previous agreement with North Advisors AS. The new advisory agreement can be terminated by either party with 3 months written notice.

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

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.

Nine board meetings were held in 2020, out of which six meetings were conducted as video/ audio conferences while three meetings were held physical. In average, the attendance at the meetings from the Board members were 96%.

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

The executive management follows regularly up conditions which present the Company with a financial risk, 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 considers 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 is also presented at regular intervals with the auditor's assessments of financial risk.

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 taken and the complexity of the business.

Directors' fees are not profit-related. North Energy has not issued any options to its shareholder-elected Directors.

Apart from Mr. Onarheim's assignment in North Advisors which was terminated by 1 July 2020 and is described above, 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. Remuneration of executive personnel

The Board determines the remuneration of the Chief Executive, considering the responsibility involved, qualifications, the complexity of the work and the results achieved. Furthermore, the Board determines the principles for remuneration of other senior executives in the Company, which are outlined in the Annual Report. Further information is provided in the notes section of the annual financial statements.

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 are made available on the Company's website

simultaneously. Stock exchange announcements are distributed through 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. Quarterly presentations are transmitted directly over the internet. North Energy publishes an annual financial calendar which is available on the Oslo Stock Exchange website. 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.



Anders Onarheim
Chair

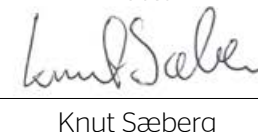


Jogeir Romestrand
Director

Oslo, 17th of March 2021



Elin Karijell
Director



Knut Sæberg
CEO

Financial Statements & Notes



Financial Statements – North Energy Group

Consolidated income statement

<i>(NOK 1 000)</i>	Note	2020	2019
Sales		112	883
Payroll and related expenses	5	(4 207)	(4 828)
Depreciation and amortisation	11, 16	(1 466)	(1 748)
Other operating expenses	6	(12 223)	(15 100)
Change in fair value of financial investments	21, 2	126 883	30 222
Net result from investments in associates	19	26 391	(23 462)
OPERATING PROFIT/(LOSS)		135 490	(14 033)
Financial income	17	2 931	1 647
Financial expenses	17	(210)	(600)
Net financial items		2 720	1 046
Profit/(loss) before income tax		138 210	(12 986)
Income tax	15	(17 783)	(3 131)
Profit/(loss) for the year		120 427	(16 117)
Attributable to:			
Owners of North Energy ASA		122 048	(15 413)
Non-controlling interests		(1 621)	(704)
		120 427	(16 117)
Earnings per share (NOK per share)			
- Basic	13	1,04	(0,13)
- Diluted	13	1,04	(0,13)

Consolidated statement of comprehensive income

<i>(NOK 1 000)</i>	Note	2020	2019
PROFIT/(LOSS) FOR THE YEAR		120 427	(16 117)
Other comprehensive income, net of tax:			
Total other comprehensive income, net of tax		0	0
Total comprehensive income/(loss) for the year		120 427	(16 117)
Attributable to:			
Owners of North Energy ASA		122 048	(15 413)
Non-controlling interests		(1 621)	(704)
		120 427	(16 117)

Consolidated financial position

ASSETS

(NOK 1 000)

	Note	31.12.20	31.12.19
ASSETS			
Non-current assets			
Property, plant and equipment	16	131	0
Right-of-use assets	11	1 374	3 752
Investment in associates	19	111 369	80 733
Other receivables	7	258	350
TOTAL NON-CURRENT ASSETS		113 132	84 836
CURRENT ASSETS			
Trade and other receivables	8	181	1 422
Financial investments, current	21	191 422	194 791
Cash and cash equivalents	9	119 332	28 013
TOTAL CURRENT ASSETS		310 935	224 226
TOTAL ASSETS		424 067	309 061

Consolidated financial position

EQUITY AND LIABILITIES

(NOK 1 000)

	Note	31.12.20	31.12.19
EQUITY			
Share capital	10	119 047	119 047
Treasury shares	10	(3 411)	(3 411)
Share premium		903 141	903 141
Other paid-in capital		30 691	30 691
Retained earnings		(647 575)	(732 070)
Non-controlling interests		0	(14 653)
Total equity		401 893	302 746
LIABILITIES			
Non-current liabilities			
Deferred tax liability	15	18 383	600
Leasing liabilities	11	304	2 068
Total non-current liabilities		18 687	2 668
Current liabilities			
Leasing liabilities, current	11	1 163	1 805
Trade creditors		30	48
Other current liabilities	12	2 296	1 795
Total current liabilities		3 488	3 648
Total liabilities		22 175	6 316
Total equity and liabilities		424 067	309 061



Anders Onarheim
Chair

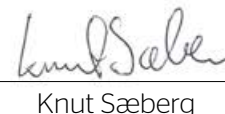


Jogeir Romestrand
Director

Oslo, 17th of March 2021



Elin Karfjell
Director



Knut Sæberg
CEO

Consolidated 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 2019	119 047	0	936 010	30 691	(709 227)	8 476	384 997
Acquired treasury shares		(18 020)					(18 020)
Paid dividend from North Energy ASA		14 608	(32 869)		(2 307)		(20 567)
Paid dividend from subsidiary to non-controlling interests						(17 000)	(17 000)
Paid dividend from liquidated subsidiary to non-controlling interests						(10 605)	(10 605)
Change in non-controlling interests					(5 123)	5 123	0
Share issue in subsidiary						57	57
Total comprehensive income for 2019					(15 413)	(704)	(16 117)
Equity at 31 December 2019	119 047	(3 411)	903 141	30 691	(732 070)	(14 653)	302 746
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
Equity at 31 December 2020	119 047	(3 411)	903 141	30 691	(647 575)	0	401 893

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

Consolidated cash flows statement

<i>(NOK 1 000)</i>	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		138 210	(12 986)
Adjustments:			
<i>Depreciation</i>	11, 16	1 466	1 748
<i>Pensions</i>		92	148
<i>Change in fair value of financial investments</i>	21	(126 883)	(30 222)
<i>Net result from investments in associates</i>	19	(26 391)	23 462
<i>Changes in trade creditors</i>		(18)	(2 794)
<i>Changes in other accruals</i>		(3 277)	(947)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(16 800)	(21 591)
Cash flows from investing activities			
Investments in associates	19	(5 045)	(8 971)
Dividends from associates	19	800	3 229
Purchase of financial investments	21	(25 285)	(176 135)
Proceeds from sales of financial investments	18	158 930	47 757
Proceeds/payments from other non-current receivables	7	0	1 417
NET CASH FLOWS FROM INVESTING ACTIVITIES		129 399	(132 703)

(NOK 1 000)

	Note	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid from North Energy ASA	10	0	(20 567)
Dividends paid from subsidiary to non-controlling interests	14	(21 280)	(17 000)
Dividends paid from liquidated subsidiary to non-controlling interests		0	(10 605)
Purchase of treasury shares	10	0	(18 020)
Share issues in subsidiary, contribution from non-controlling interests		0	57
Net cash flows from financing activities		(21 280)	(66 134)
NET CHANGE IN CASH AND CASH EQUIVALENTS		91 319	(220 428)
Cash and cash equivalents at 1 January	9	28 013	248 441
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	119 332	28 013

NOTE 1 General information

The consolidated financial statements of North Energy were approved by the Board of Directors and CEO on March 17, 2021.

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 Oslo Axess, an exchange regulated by the 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 2020, North Energy ASA is the only remaining Company in the former Group. Figures presented for 2019 is the consolidated figures for the Group. Figures presented in the income statement for 2020 is the consolidated figures for the Group up until the merger, in addition to the figures for North Energy ASA for the period after the merger.

NOTE 2 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 Basis of consolidation

The consolidated financial statements comprise the financial statements of North Energy ASA and its subsidiaries. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies (control), generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The excess of the consideration transferred over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. Each acquisition is considered individually, to determine whether the acquisition should be deemed to be a business combination or an asset acquisition. When acquisitions are deemed to be asset acquisitions, no deferred tax on initial differences between carrying values and tax bases are recorded.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

2.3 Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group 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 Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group'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.

2.4 Foreign currency

Functional currency and presentation currency

The Group's presentation currency is Norwegian kroner (NOK). This is also the parent company and the subsidiaries' functional currency.

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.

2.5 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.

2.6 Leases (as lessee)

The Group 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.

2.7 Financial assets

The Group'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 Group 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 Group 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 Group's 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.

2.8 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.

2.9 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.

2.10 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.

2.11 Defined contribution pension plans

The Group'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.

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

The Group 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.

2.13 Trade creditors

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

2.14 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.

2.15 Revenue recognition

Revenues from sales of services are recorded over time when the service are performed. There were no receivables or other contract assets at 31 December 2020.

2.16 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.

2.17 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the parent 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.

2.18 Segment reporting

The Group 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.

2.19 Cost of equity transactions

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

2.20 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 Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

2.21 Cash Flows Statement

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

2.22 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.

2.23 Changes in accounting policies and disclosures

(a) New and amended standards and interpretations adopted by the Group

New standards, amendments and interpretations to existing standards effective from 1 January 2020 did not have any significant impact on the financial statements.

(b) New and amended standards and interpretations issued but not adopted by the Group

A number of new standards or amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021 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 Group's financial statements.

NOTE 3 [Financial risk management](#)

3.1 Financial risks

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

(a) 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, and terrorist attacks. During 2020, the coronavirus has spread throughout the world. Many countries, including Norway, has been "closed down" and in others the business and social activities have been reduced significantly. It is uncertain when the virus effects will abate and when the markets will recover.

(b) Credit risk

The Group 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 2020 and 2019 the Group has no interest-bearing borrowings with floating interest rate conditions and is consequently not exposed to interest rate risk.

(d) Liquidity risk

The Group's liquidity risk is the risk that it will not be able to pay its financial liabilities as they fall due. The Group'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 Group'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 Group's financial liabilities are short-term and fall due within 12 months.

(e) Currency risk

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

3.2 Capital management

The Group'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 Group can pay dividends to its shareholders, issue new shares or sell assets to reduce debt. The Group may buy its own shares. The point of time for this is dependent on changes in market prices.

The Group monitors its capital structure using an equity ratio, which is total equity divided by total assets. As of December 31, 2020, the equity ratio was 94.8% (98.0% as of December 31, 2019).

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 Group's most important accounting estimates are related to the following items:

a) Deferred tax/tax assets

See note 15 for information about possible tax implications in connection with ongoing control 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>	2020	2019
Salaries	3 473	3 917
Payroll tax	561	670
Pension costs	161	141
Other benefits	12	99
Total	4 207	4 828
Average number of employees	2,3	3,0

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 2020:

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

* Other includes 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 CEO has an agreement with an annual salary of NOK 2,0 million. Other benefits include regular allowances to cover telephone, internet, pension, group life insurance and travel insurance. In addition, he is included in the general employee bonus programme as determined by the board of directors. The bonus is limited to 4 months of salary. The bonus is 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 has a right to a severance payment equivalent to two years of gross fixed salary. If CEO resigns, there is no severance payment.

Remuneration to directors and management in 2019:

<i>Amounts in NOK 1 000</i>	Directors' fees	Salaries	Pension	Other *
Management **				
Knut Sæberg (CEO)		2 023	77	29
Board of directors				
Anders Onarheim (chair)	225			
Elin Karfjell (director)	225			
Jogeir Romestrand (director)	225			
Total	675	2 023	77	29

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

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

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

The board of directors' declaration regarding determination of salary and other remuneration to management employees

The board of directors shall prepare a declaration in accordance with the Norwegian Public Limited Liability Companies Act (Allmennaksjeloven) §6-16a. In accordance with the Norwegian Accounting Act §7-31b, the content of this declaration is presented.

The main principle for the company is that remuneration to management is competitive in a way that the company is able to attract and retain competent management employees. The remuneration shall primarily be based on achievement of results but also on individual criteria such as experience and area of responsibility. The remuneration system for management employees shall further encourage a strong and lasting profit oriented organisation which contributes to increasing the shareholder value.

Total remuneration to management employees includes:

(1) Market-based fixed salary.

(2) Bonus. The CEO is included in the general employee bonus programme. The bonus is limited to 4 months of salary. The bonus is linked to the achievement of specified parameters. Both financial and non-financial parameters are used.

(3) Pension and insurance. The CEO is included in the general pension and insurance scheme.

(4) Severance payment. The CEO has agreement covering severance payment. In the event of resignation at the request of the board of directors, he has the right to a severance payment equivalent to two years of gross fixed salary.

(5) Other benefits such as regular allowances to cover telephone, internet and travel insurance.

NOTE 6 Other operating expenses and remuneration to auditor

Other operating expenses consist of:

<i>Amounts in NOK 1 000</i>	2020	2019
Travelling expenses	103	290
Consultant and other fees	11 451	13 488
Other administrative expenses	669	1 322
Total	12 223	15 100

Remuneration to auditor is allocated as specified below:

<i>Amounts in NOK 1 000</i>	2020	2019
Audit	556	440
Attestations	0	164
Other assistance	257	174
Total, excl. VAT	813	778

NOTE 7 Other non-current receivables

Other non-current receivables consist of:

<i>Amounts in NOK 1 000</i>	2020	2019
Premium fund pensions (prepaid premium)	258	350
Total	258	350

NOTE 8 Trade and other receivables

Trade and other receivables consist of:

<i>Amounts in NOK 1 000</i>	2020	2019
Prepaid expenses	49	12
Premium fund pensions (prepaid premium)	132	182
Receivable from sale of shares	-	1 228
VAT receivable	-	1
Total	181	1 422

NOTE 9 Cash and cash equivalents

Cash and cash equivalents:

<i>Amounts in NOK 1 000</i>	2020	2019
Bank deposits	119 332	28 013
Total cash and cash equivalents	119 332	28 013
Of this:		
Restricted cash for withheld taxes from employees salaries	181	217

NOTE 10 Share capital and shareholder information

	2020	2019
Number of outstanding shares at 1 January	119 047 065	119 047 065
New shares issued during the year:		
Issued in exchange for cash	0	0
Number of outstanding shares at 31 December *	119 047 065	119 047 065
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.

The Board of Directors of North Energy ASA has decided to propose a cash dividend of NOK 0.45 per share for the financial year 2020 to the Annual General Meeting.

In February 2019 the Company announced a share buy-back program where the shareholders were offered to sell the higher of 2,000 shares and 15% of their individual shareholding. The buy-back price was set to NOK 1.9 per share which represented a premium of approximately 4 per cent compared to the closing price on Oslo Børs 19 February 2019. The offer was well received, and the Company purchased in total 9,484,038 own shares from shareholders. The shares was to be used in connection with the dividend distribution described below.

On 28 May 2019 the Annual General Meeting (AGM) approved the Board's proposal for dividend distribution to the shareholders of NOK 0.3 per share, amounting to a total of NOK 32.9 million. The dividend decision included an option for shareholders to subscribe for new shares using the dividend

amount. A subscription period took place after the AGM and in June a total number of 7,688,566 shares were distributed as dividend, while NOK 20.6 million was distributed as cash dividend. After the distribution of new shares as dividend the company have a remaining number of 1,795,472 own shares.

Main shareholders as of 31 December 2020:

Shareholder	Number of shares	% share
AB INVESTMENT AS	21 753 776	18,3%
CELISA CAPITAL AS	10 603 145	8,9%
ISFJORDEN AS	8 465 651	7,1%
TRIOMAR AS	3 103 000	2,6%
JPB AS	2 946 875	2,5%
CORUNA AS	2 750 000	2,3%
SALTEN KRAFTSAMBAND AS	2 467 723	2,1%
ARNT HAGEN HOLDING AS	1 991 926	1,7%
TAJ HOLDING AS	1 917 812	1,6%
NORTH ENERGY ASA	1 795 472	1,5%
BAKKANE ARVID	1 700 000	1,4%
BOYE HANS JØRGEN	1 400 000	1,2%
ORIGO KAPITAL AS	1 343 569	1,1%
ROME AS	1 300 000	1,1%
KG26 EIENDOM AS	1 200 000	1,0%
NORDNET LIVSFORSIKRING AS	1 159 824	1,0%
REYNOLDS DAG WILFRED	1 050 000	0,9%
SÆBERG KNUT	1 002 352	0,8%
PEDERSEN ROLF IVAR	1 000 000	0,8%
SPITSBERGEN AS	975 939	0,8%
Total 20 largest shareholders	69 927 064	58,7%
Other shareholders	49 120 001	41,3%
Total	119 047 065	100,0%

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

Management

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%

Board of Directors

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

Number of shares owned by management and directors at 31 December 2019:

Management

Knut Sæberg (CEO)	972 352	0,8%
Didrik Leikvang (partner in North Advisors AS)	6 521 803	5,5%
Rachid Bendriss (partner in North Advisors AS)	8 659 300	7,3%

Board of Directors

Anders Onarheim (chairman and partner in North Advisors AS), through AB Investment AS, Liju Invest AS and Spitsbergen AS	22 318 465	18,7%
Jogeir Romestrand (director), through Rome AS	1 300 000	1,1%
Elin Karfjell (director), through Elika AS	267 700	0,2%
Total	40 039 620	33,6%

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
2020	
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)
Carrying amount of right-of-use assets 31 December 2020	1 374
2019	
Acquisition cost at initial application 1 January 2019	5 420
Addition of right-of-use assets	0
Acquisition cost 31 December 2019	5 420
Accumulated depreciation and impairment 1 January 2019	0
Depreciation	(1 668)
Impairment	0
Accumulated depreciation and impairment 31 December 2019	(1 668)

Carrying amount of right-of-use assets 31 December 2019	3 752
--	--------------

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

Leasing liabilities:	2020	2019
Lease liabilities at 1 January	3 873	5 420
Additions new lease contracts	0	0
Disposals lease contracts	(782)	0
Accretion lease liabilities	(135)	217
Payments of lease liabilities	(1 490)	(1 763)
Total leasing liabilities 31 December	1 466	3 873

Break down of lease debt:

Short-term	1 163	1 805
Long-term	304	2 068
Total lease debt	1 466	3 873

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

	2020	2019
Within 1 year	1 221	1 808
1 to 5 years	313	2 327
After 5 years	-	-
Total	1 534	4 135

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

NOTE 12 Other current liabilities

<i>Amounts in NOK 1 000</i>	2020	2019
Public duties payable	306	373
Holiday pay	349	446
VAT payable	15	1
Other accruals for incurred costs	1 625	975
Total	2 296	1 795

NOTE 13 Earnings per share

<i>Amounts in NOK 1 000</i>	2020	2019
Profit/(loss) for the year attributable to owners of North Energy ASA (NOK 1 000)	122 048	(15 413)
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)	(3 547 753)
Weighted average number of shares outstanding excluding treasury shares	117 251 593	115 499 312
Earnings per share (NOK per share)		
- Basic	1,04	(0,13)
- Diluted	1,04	(0,13)

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	2020	2019
North Advisors AS	Consultancy services	3 705	8 501
Celisa Capital AS	Consultancy services	1 875	0
Isfjorden AS	Consultancy services	1 875	0

On 1st of July 2020, North Energy ASA entered into new advisory agreements with Isfjorden AS (owned by Didrik Leikvang) and Celisa Capital AS (owned by Rachid Bendriss) in replacement of the previous agreement with North Advisors AS to provide strategic and financial advisory services to North Energy ASA. The new agreements, which have been approved by the Board of Directors, are based on a fixed annual fee where the net remuneration per advisor is at approximately the same level as the average yearly fee under the old advisory agreement. As the number of advisors is reduced from three to two, the total advisory fee paid by the Company is less than the average annual costs under the previous agreement with North Advisors AS. The new advisory agreement can be terminated by either party with 3 months written notice.

(b) Remuneration to management and directors

Refer to note 5.

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

North E&P AS (former owned 100% by North Energy Capital AS) has been liquidated in 2020.

North Energy Capital AS (former owned 80% by North Energy ASA) has been merged with North Energy ASA in 2020. On 8 April 2020 the General Meeting in North Energy Capital AS approved a proposal for distribution of dividend of NOK 106.4 million, representing the total available equity in the company, of which NOK 21.28 million was paid to non-controlling interest North Advisors AS and NOK 85.12 million was paid to North Energy ASA. 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 and there are no non-controlling interests in the Group. 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

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

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. The control is currently ongoing and North Energy has not received any report nor any claim from the Tax administration. To conservatively cover possible tax implications a minor provision is made in the accounts.

Specification of income tax:

<i>Amounts in NOK 1 000</i>	2020	2019
Tax payable	0	0
Change deferred tax	(17 783)	(3 131)
Total income tax credit	(17 783)	(3 131)

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

<i>Amounts in NOK 1 000</i>	2020	2019
Property, plant and equipment and Right-of-use assets	1 116	3 427
Pensions	390	532
Leasing liabilities	(1 466)	(3 873)
Financial investments	151 220	30 523
Tax losses carried forward, onshore	(67 701)	(75 777)
Total basis for deferred tax asset	83 559	(45 169)
Deferred tax asset before valuation allowance	(18 383)	9 937
Uncapitalised deferred tax asset (valuation allowance)	0	(10 537)
Deferred tax asset/(liability)	(18 383)	(600)

The financial investments in Touxhstone 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 Explotration is located in Canada with operation in Trinidad.

Reconciliation of effective tax rate:

Amounts in NOK 1 000	2020	2019
Profit/(loss) before income tax	138 210	(12 986)
Expected income tax 22%	(30 406)	2 857
Adjusted for tax effects (22%) of the following items:		
Permanent differences	4 586	(5 708)
Adjustments previous years	(2 500)	(1 924)
Changed tax rates	0	0
Change in valuation allowance for deferred tax assets	10 537	1 644
Total income tax credit	(17 783)	(3 131)

NOTE 16 Property, plant and equipment

Amounts in NOK 1 000	Equipment, office machines, etc
2020	
Cost:	
At 1.1.2020	434
Additions	0
Disposals	0
At 31.12.2020	434
Depreciation and impairment:	
At 1.1.2020	(434)
Depreciation this year	131
Impairment this year	0
Disposals	0
At 31.12.2020	(303)
Carrying amount at 31.12.2020	131

2019

Cost:	
At 1.1.2019	556
Additions	0
Disposals	(122)
At 31.12.2019	434

Depreciation and impairment:

At 1.1.2019	(474)
Depreciation this year	(80)
Impairment this year	
Disposals	120
At 31.12.2019	(434)

Carrying amount at 31.12.2019	0
--------------------------------------	----------

Economic life	3-10 years
Depreciation method	linear

NOTE 17 Finance income and costs

Finance income:

<i>Amounts in NOK 1 000</i>	2020	2019
Interest income bank deposits	119	892
Interest income on bonds	2 437	695
Foreign exchange gain	130	60
Other finance income	244	0
Total finance income	2 931	1 647

Finance costs:

<i>Amounts in NOK 1 000</i>	2020	2019
Other interest expenses	9	557
Foreign exchange loss	65	43
Other finance costs	137	0
Total finance costs	210	600

NOTE 18 Financial instruments

(a) Categories of financial instruments 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
Assets:		
Financial investments, current		191 422
Other current receivables (see note 8)	0	
Cash and cash equivalents	119 332	
Total	119 332	191 422

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

at 31 December 2019:

<i>Amounts in NOK 1 000</i>	Financial assets measured at amortised cost	Financial assets at fair value through profit and loss
Assets:		
Financial investments, current		194 791
Other current receivables (see note 8)	1 228	
Cash and cash equivalents	28 013	
Total	29 241	194 791

<i>Amounts in NOK 1 000</i>	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit and loss
Liabilities:		
Trade creditors	48	
Total	48	0

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 31.12.2020	Level 1	Level 2	Level 3	Total
Shares	185 572			185 572
Bonds		5 850		5 850
Total fair value	185 572	5 850	0	191 422

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

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

Fair Value 31.12.2019	Level 1	Level 2	Level 3	Total
Shares	61 749			61 749
Bonds		9 614		9 614
Bond funds		123 428		123 428
Total fair value	61 749	133 042	0	194 791

(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:

	2020	2019
Bank deposits:	119 332	28 013
<i>Amounts in NOK 1 000</i>		
No external credit rating		
A		
AA-	119 332	28 013
Total	119 332	28 013

(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>	2020	2019
Opening balance carrying amount of investments in associates	80 733	98 453
Acquisition cost additional shares acquired, Reach Subsea ASA	0	8 971
Acquisition cost shares acquired, Wind Catching Systems AS	5 045	
Impairment/reversal of impairment, Reach Subsea ASA	12 108	(12 108)
Share of net result in investment, Reach Subsea ASA	14 068	(11 698)
Share of net result in investment, Tyveholmen AS	215	344
Dividend received, Reach Subsea ASA	0	(3 229)
Dividend received, Tyveholmen AS	(800)	0
Total carrying amount of investments in associates at balance date	111 369	80 733
Consist of:		
Reach Subsea ASA	99 517	73 341
Tyveholmen AS	6 807	7 392
Wind Catching Systems AS	5 045	0
Total carrying amount of investments in associates at balance date	111 369	80 733

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

<i>Amounts in NOK 1 000</i>	2020	2019
Impairment/reversal of impairment, Reach Subsea ASA	12 108	(12 108)
Share of net result in investment, Reach Subsea ASA	14 068	(11 698)
Share of net result in investment, Tyveholmen AS	215	344
Net result from investments in associates	26 391	(23 462)

Ownership interests in associates at 31 December:	2020	2019
Reach Subsea ASA	32,13 %	32,13 %
Tyveholmen AS	50,00 %	50,00 %
Wind Catching Systems AS	25,30 %	0,00 %

Financial figures for the associated company Reach Subsea ASA:

<i>Amounts in NOK 1 000 (100% basis, unaudited)</i>	2020	2019
Revenues	628 030	508 531
EBITDA	267 207	171 406
Pre-tax profit	43 103	(35 685)
Liquidity	105 396	38 657
Net working capital	25 079	32 445
Net interest bearing debt	(64 040)	143 862
Equity	210 154	165 831

The share price of Reach Subsea at year end was NOK 2.22 per share, equivalent to a market based value of NOK 318.8 million. North Energy's relative share of this was NOK 102.4 million, based on the ownership of 32.13%.

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 2019 was lower than the book value which resulted in an impairment of NOK 12.1 million. In 2020 the market value has increased, and at year end it was higher than the book value, hence the impairment from last year has been fully reversed.

Financial figures for the associated company Tyveholmen AS:

<i>Amounts in NOK 1 000 (100% basis, unaudited)</i>	2020	2019
Revenues	5 127	5 334
Operating profit	501	784
Profit after tax	430	687
Liquidity	2 328	2 877
Total assets	13 195	14 068
Equity	12 477	13 648

NOTE 20 [Contingent liabilities](#)

As of 31 December 2020 the company is not involved in any other legal or financial disputes.

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

<i>Amounts in NOK 1 000</i>	2020	2019
Stock exchange-listed shares	185 572	61 749
Bonds	5 850	9 614
Bond funds	0	123 428
Total carrying amount financial investments, current	191 422	194 791

The main investments at 31 December 2020 consist of shares in Touchstone Exploration and bonds in InterOil Exploration. The bond funds (DnB and Pareto funds) were sold in first quarter 2020, and the shares in Polarcus were sold in second quarter 2020.

The main investments at 31 December 2019 consisted of bond funds (DnB and Pareto funds), shares in Touchstone Exploration, shares in Polarcus and bonds in InterOil Exploration.

<i>Amounts in NOK 1 000</i>	2020	2019
Change in fair value recognised in income statement under operating items	126 883	30 222
Interest income bonds recognised as finance income	2 437	695

North Energy participated in a private placing in TXP in February 2020 with GBP 1.5 million and in November 2020 with GBP 0.4 million. Due to the volatility and uncertainty caused primarily by the pandemic, North Energy decided to realize some profit by selling 10.1 million TXP shares securing NOK 41.9 million of cash and a net profit of NOK 26.3 million. The market value of the TXP-share has during the year appreciated by 450%. The Company's shareholdings in TXP have during the year been reduced from 11.0% to 6.0%.

NOTE 22 [Covid-19](#)

The ongoing Covid-19 pandemic combined with the commodity price crash in the first quarter of 2020 has had a significant impact on the economy and the markets throughout 2020. The impact of these events on North Energy's investments are limited by year end 2020. After facing a significant value-reduction in the beginning of 2020, a recovery of market prices took place in the second half of the year.

NOTE 23 [Events after the balance sheet date](#)

The Board of Directors of North Energy ASA has decided to propose a cash dividend of NOK 0.45 per share for the financial year 2020 to the Annual General Meeting.

Financial Statements – North Energy ASA



Financial Statements – North Energy ASA

Income statement

<i>(NOK 1 000)</i>	Note	2020	2019
Sales		112	883
Payroll and related expenses	5	(4 207)	(3 047)
Depreciation and amortisation	15, 16	(1 677)	(1 690)
Other operating expenses	6	(11 912)	(12 337)
Change in fair value of financial investments	19	139 313	25 282
Net result from investments in associates	20	26 391	(32 268)
Operating profit/(loss)		148 020	(23 176)
Financial income	17	86 142	106 657
Financial expenses	17	(62)	(525)
Net financial items		86 080	106 133
Profit/(loss) before income tax		234 100	82 957
Income tax	14	(18 383)	0
Profit/(loss) for the year		215 717	82 957

Statement of comprehensive loss

<i>(NOK 1 000)</i>	Note	2020	2019
Profit/(loss) for the year		215 717	82 957
Other comprehensive income, net of tax:			
Total other comprehensive income, net of tax		0	0
Total comprehensive income/(loss) for the year		215 717	82 957

Statement of financial position

ASSETS

(NOK 1 000)

	Note	31.12.20	31.12.19
ASSETS			
Non-current assets			
Property, plant and equipment	15	131	211
Right-of-use assets	16	1 374	3 752
Investment in subsidiaries	12	0	1 028
Investment in associates	20	111 369	80 733
Other receivables	7	258	350
TOTAL NON-CURRENT ASSETS		113 132	86 075
CURRENT ASSETS			
Trade and other receivables	8	181	2 408
Financial investments, current	19	191 422	71 363
Cash and cash equivalents	9	119 332	32 918
TOTAL CURRENT ASSETS		310 935	106 688
TOTAL ASSETS		424 067	192 763

EQUITY AND LIABILITIES

EQUITY AND LIABILITIES			
Equity			
Share capital	10	119 047	119 047
Treasury shares	10	(3 411)	(3 411)
Share premium		903 141	903 141
Other paid-in capital		30 691	30 691
Retained earnings		(647 575)	(862 367)
Total equity		401 893	187 101
Liabilities			
NON-CURRENT LIABILITIES			
Deferred tax liability	14	18 383	0
Leasing liabilities	16	304	2 068
TOTAL NON-CURRENT LIABILITIES		18 687	2 068
Current liabilities			
Leasing liabilities, current	16	1 163	1 805
Trade creditors		30	44
Other current liabilities	11	2 296	1 745
TOTAL CURRENT LIABILITIES		3 488	3 594
TOTAL LIABILITIES		22 175	5 663
TOTAL EQUITY AND LIABILITIES		424 067	192 763

Oslo, 17 March 2021



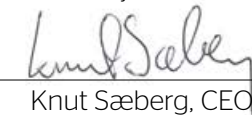
Anders Onarheim, Chair



Jogeir Romestrand, Director



Elin Karfjell, Director



Knut Sæberg, CEO

Statement of changes in equity

<i>(NOK 1 000)</i>	Share capital	Treasury shares	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2019	119 047	0	936 010	30 691	(942 657)	143 091
Acquired treasury shares		(18 020)				(18 020)
Paid dividend from North Energy ASA		14 608	(32 869)		(2 307)	(20 567)
Effect from merger with subsidiary, see note 1					(360)	(360)
Total comprehensive income for 2019					82 957	82 957
Equity at 31 December 2019	119 047	(3 411)	903 141	30 691	(862 367)	187 101
Equity at 1 January 2020	119 047	(3 411)	903 141	30 691	(862 367)	187 101
Effect from merger with subsidiary, see note 1					(925)	(925)
Total comprehensive income for 2020					215 717	215 717
Equity at 31 December 2020	119 047	(3 411)	903 141	30 691	(647 575)	401 893

Cash flows statement

(NOK 1 000)	Note	2020	2019
Cash flows from operating activities			
Income before income tax		234 100	82 957
Adjustments:			
Depreciation	15, 16	1 677	1 690
Pensions		92	148
Change in fair value of financial investments	19	(139 313)	(25 282)
Net result from investments in associates	20	(26 391)	32 268
Dividend from subsidiaries in income statement	17	(85 120)	(105 288)
Changes in trade creditors		(17)	(1 564)
Changes in other accruals		(510)	213
Net cash flows from operating activities		(15 482)	(14 860)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	0	0
Proceeds from sales of property, plant and equipment		0	0
Investment in associates	20	(5 045)	0
Dividends from associates	20	800	3 229
Purchase of financial investments	19	(25 285)	0
Proceeds from sales of financial investments	19	46 166	2 049
Investment in subsidiaries	12	0	(228)
Dividend from subsidiaries	17	85 120	68 000
Proceeds/payments from other non-current receivables	7	0	1 417
Net cash flow from merger with subsidiary	1	140	27
Net cash flows from investing activities		101 896	74 493
Cash flows from financing activities			
Dividends paid	10	0	(20 567)
Purchase of treasury shares	10	0	(18 020)
Proceeds from share issues		0	0
Net cash flows from financing activities		0	(38 587)
Net change in cash and cash equivalents		86 414	21 047
Cash and cash equivalents at 1 January	9	32 918	11 871
Cash and cash equivalents at 31 December	9	119 332	32 918

NOTE 1 General information

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 Oslo Axess, an exchange regulated by the Oslo Stock Exchange, on 5 February 2010. The company's ticker is NORTH.

The financial statements were approved by the board of directors and CEO on March 17, 2021.

Mergers with subsidiaries:

In 2020 the former wholly owned subsidiary North Energy Capital AS was merged into North Energy ASA. The merger, which has been accounted for based on continuity, was carried out for accounting purposes as of 1 August 2020. As a result of the merger the net equity of the Company was reduced with NOK 925 thousand. The merger was conducted as a parent company merger pursuant to the simplified rules for intra-group mergers as set out in Section 13-24 of the Public Limited Companies Act. All of North Energy Capital AS' assets, rights and obligations have been transferred to North Energy ASA without consideration.

In 2019 the former wholly owned subsidiary North Energy Norge AS was merged into North Energy ASA. The merger, which has been accounted for based on continuity, was carried out for accounting purposes as of 1 November 2019. As a result of the merger the net equity of the Company was reduced with NOK 360 thousand. The merger was conducted as a parent company merger pursuant to the simplified rules for intra-group mergers as set out in Section 13-24 of the Public Limited Companies Act. All of North Energy Norge AS' employees, assets, rights and obligations have been transferred to North Energy ASA without consideration.

NOTE 2 Summary of significant accounting policies

2.1 Basis for preparation

The financial statements of North Energy ASA 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.

2.2 Accounting policies

Accounting policies described in the consolidated financial statements of North Energy Group also applies for North Energy ASA. See description of accounting policies in note 2 to the consolidated financial statements of North Energy Group. Investment in subsidiaries are in the financial statements of North Energy ASA (parent company) valued at cost, less any necessary impairment. Impairment to recoverable amount will be carried out if impairment indicators are present and recoverable amount is less than book value. Recoverable amount is the higher of the asset's fair value less costs required to sell the asset and its value in use. Impairments are reversed when the cause and basis of the initial impairment is no longer present. After completion of the intra-group merger between North Energy ASA and North Energy Capital AS in 2020, the Company has no investment in subsidiaries.

NOTE 3 Financial risk management

See note 3 in the consolidated financial statements.

NOTE 4 Critical accounting estimates and judgements

See note 4 in the consolidated financial statements.

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

Payroll and related expenses:

<i>Amounts in NOK 1 000</i>	2020	2019
Salaries	3 473	2 352
Payroll tax	561	440
Pension costs	161	52
Other benefits	12	23
Net payroll and related expenses charged from/(to) subsidiaries	0	179
Total	4 207	3 047
Average number of employees	2,3	1,3

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:

See note 5 in the consolidated financial statements.

The board of directors' declaration regarding determination of salary and other remuneration to management employees

See note 5 in the consolidated financial statements.

NOTE 6 Other operating expenses and remuneration to auditor

Other operating expenses:

<i>Amounts in NOK 1 000</i>	2020	2019
Travelling expenses	103	56
Consultant and other fees	11 140	11 056
Other administrative expenses	669	1 224
Total	11 912	12 337

Remuneration to auditor is allocated as specified below:

<i>Amounts in NOK 1 000</i>	2020	2019
Audit	412	318
Attestations	0	164
Other assistance	211	0
Total, excl. VAT	623	482

NOTE 7 Other non-current receivables

See note 7 in the consolidated financial statements.

NOTE 8 Trade and other receivables

Prepayments and other receivables consist of:

<i>Amounts in NOK 1 000</i>	2020	2019
Prepaid expenses	49	12
Premium fund pensions (prepaid premium)	132	182
Receivable from sale of shares	0	1 228
Receivables from subsidiaries	0	986
Total	181	2 408

NOTE 9 Cash and cash equivalents

Cash and cash equivalents:

<i>Amounts in NOK 1 000</i>	2020	2019
Bank deposits	119 332	32 918
Total cash and cash equivalents	119 332	32 918
Of this:		
Restricted cash for withheld taxes from employees salaries	181	217

NOTE 10 Share capital and shareholder information

See note 10 in the consolidated financial statements.

NOTE 11 Other current liabilities

<i>Amounts in NOK 1 000</i>	2020	2019
Public duties payable	306	373
Holiday pay	349	446
VAT payable	15	1
Other accruals for incurred costs	1 625	925
Total	2 296	1 745

NOTE 12 Investment in subsidiaries

Amounts in NOK 1 000

Company	Location	Equity and voting share	Book value 31.12.2020	Book value 31.12.2019
North Energy Capital AS	Norway	80 %	0	1 028
Total			0	1 028

2020:

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. After completion of this intra-group merger between North Energy ASA and North Energy Capital AS, the Company has no investment in subsidiaries.

2019:

In 2019, North Energy Capital AS repaid to North Energy ASA the preference capital, including accumulated return, in a total amount of NOK 148.3 million. The amount was settled with shares in Reach Subsea ASA, shares in Touchstone Exploration and shares in Polarcus, as described below:

Shares in Reach Subsea	109 182
Shares in Touchstone Exploration	25 418
Shares in Polarcus	14 224
Other	(535)
Total payment	148 288
Of this:	
Repayment of preference capital recognised as a reduction of investment in the subsidiary	111 000
Preference dividend recognised in the income statement under finance items	37 288
Total payment	148 288

The former preference capital of MNOK 111 was established in June 2016 as part of a restructuring of the North Energy group of companies and was agreed to be settled, including preference return, by way of dividend payments during a 3 years period.

Received repayment of preference capital from North Energy Capital in 2018 of NOK 25 million was recognised as a reduction of investment in the subsidiary in 2018.

Following the settlement of the preference capital, North Energy ASA has contributed with NOK 228 thousand (80%) in connection with a share issue in North Energy Capital AS in 2019.

NOTE 13 Related parties

See 14 in the consolidated financial statements for further information.

During 2019 North Energy ASA has charged salary related expenses to subsidiaries of NOK 2.48 million, and subsidiaries have charged salary related expenses to North Energy ASA of NOK 2.66 million.

NOTE 14 Tax

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. The control is currently ongoing and North Energy has not received any report nor any claim from the Tax administration. To conservatively cover possible tax implications a minor provision is made in the accounts.

Specification of income tax:

<i>Amounts in NOK 1 000</i>	2020	2019
Change deferred tax	(18 383)	0
Tax payable	0	0
Total income tax	(18 383)	0

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

<i>Amounts in NOK 1 000</i>	2020	2019
Property, plant and equipment and Right-of-use assets	1 116	3 427
Pensions	390	532
Leasing liabilities	(1 466)	(3 873)
Financial investments	151 220	27 796
Tax losses carried forward, onshore	(67 701)	(71 179)
Total basis for deferred tax	83 559	(43 298)
Deferred tax liability (-) / tax asset (+)	(18 383)	9 526
Uncapitalised deferred tax asset (valuation allowance)	0	(9 526)
Deferred tax liability (-) / tax asset (+) in balance	(18 383)	0

Reconciliation of effective tax rate:

<i>Amounts in NOK 1 000</i>	2020	2019
Profit/(loss) before income tax	234 100	82 957
Expected income tax 22%	(51 502)	(18 250)
Adjusted for tax effects of the following items:		
Permanent differences	26 094	16 526
Adjustments previous years	(2 500)	0
Changed tax rates	0	0
Effect from merger with subsidiary, see note 1	0	2 165
Change in valuation allowance for deferred tax assets	9 526	(440)
Total income tax	(18 383)	(0)

NOTE 15 Property, plant and equipment

<i>Amounts in NOK 1 000</i>	Equipment, office machines, etc
2020	
Cost:	
At 1.1.2020	434
Additions	0
Disposals	0
At 31.12.2020	434
Depreciation and impairment:	
At 1.1.2020	(223)
Depreciation this year	(80)
Impairment this year	0
Disposals	0
At 31.12.2020	(303)
Carrying amount at 31.12.2020	131
2019	
Cost:	
At 1.1.2019	28
Additions through merger with subsidiary, see note 1	524
Disposals	(118)
At 31.12.2019	434
Depreciation and impairment:	
At 1.1.2019	(0)
Additions through merger with subsidiary, see note 1	(318)
Depreciation this year	(22)
Impairment this year	0
Disposals	118
At 31.12.2019	(223)
Carrying amount at 31.12.2019	211
Economic life	3-10 years
Depreciation method	linear

NOTE 16 Leases

See note 11 in the consolidated financial statements.

NOTE 17 Finance income and costs

Finance income:

<i>Amounts in NOK 1 000</i>	2020	2019
Interest income bank deposits	110	624
Interest income on bonds	671	692
Dividend from subsidiary *	85 120	105 288
Foreign exchange gain	115	53
Other finance income	127	0
Total finance income	86 142	106 657

Finance costs:

<i>Amounts in NOK 1 000</i>	2020	2019
Other interest expenses	0	486
Foreign exchange loss	62	38
Other finance costs	0	0
Total finance costs	62	525

* Dividend from subsidiary:
Dividend from subsidiary North Energy Capital AS in 2020 of NOK 85.12 million consist of cash dividend (see note 12).

Dividend from subsidiary North Energy Capital AS in 2019 of NOK 105.3 million consist of non-cash transfer of preference dividend of NOK 37.3 million in connection with repayment of preference capital (see note 12), and NOK 68 million in cash dividend.

NOTE 18 Financial instruments

(a) Categories of financial instruments 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
Assets:		
Financial investments, current		191 422
Other current receivables (see note 8)	0	
Cash and cash equivalents	119 332	
Total	119 332	191 422

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

at 31 December 2019:

<i>Amounts in NOK 1 000</i>	Financial assets measured at amortised cost	Financial assets at fair value through profit and loss
Assets:		
Financial investments, current		71 363
Other current receivables (see note 8) 1	2 214	
Cash and cash equivalents	32 918	
Total	35 132	71 363

<i>Amounts in NOK 1 000</i>	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss
Liabilities:		
Trade creditors	44	
Total	44	0

(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 31.12.2020	Level 1	Level 2	Level 3	Total
Shares	185 572			185 572
Bonds		5 850		5 850
Total fair value	185 572	5 850	0	191 422

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

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

NOTE 18 Financial instruments (continued)

Fair Value 31.12.2019	Level 1	Level 2	Level 3	Total
Shares	61 749			61 749
Bonds		9 614		9 614
Total fair value	61 749	9 614	0	71 363

(c) Creditworthiness of financial assets

The company 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:

	2020	2019
Bank deposits:	119 332	32 918
<i>Amounts in NOK 1 000</i>		
No external credit rating	0	0
A	0	0
AA-	119 332	32 918
Total	119 332	32 918

(d) Financial risk factors

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

NOTE 19 Financial investments, current

<i>Amounts in NOK 1 000</i>	2020	2019
Stock exchange-listed shares	185 572	61 749
Bonds	5 850	9 614
Total carrying amount financial investments, current	191 422	71 363

The main investments at 31 December 2020 consist of shares in Touchstone Exploration and bonds in Interoil Exploration. The shares in Polarcus were sold in second quarter 2020.

The main investments at 31 December 2019 consisted of shares in Touchstone Exploration, shares in Polarcus and bonds in Interoil Exploration.

<i>Amounts in NOK 1 000</i>	2020	2019
Change in fair value recognised in income statement under operating items	139 313	25 282
Interest income bonds recognised as finance income	671	692
Total carrying amount financial investments, current	71 363	887

NOTE 20 Investment in associates

Reconciliation and specification of carrying amount of investments in associates:

<i>Amounts in NOK 1 000</i>	2020	2019
Opening balance carrying amount of investments in associates	80 733	7 048
Addition through settlement preference capital, Reach Subsea ASA, see note 12	0	109 182
Acquisition cost shares acquired, Wind Catching Systems AS	5 045	0
Impairment/reversal of impairment, Reach Subsea ASA	12 108	(20 914)
Share of net result in investment, Reach Subsea ASA	14 068	(11 698)
Share of net result in investment, Tyveholmen AS	215	344
Dividend received, Reach Subsea ASA	0	(3 229)
Dividend received, Tyveholmen AS	(800)	0
Total carrying amount of investments in associates at balance date	111 369	80 733
Consist of:		
Reach Subsea ASA	99 517	73 341
Tyveholmen AS	6 807	7 392
Wind Catching Systems AS	5 045	0
Total carrying amount of investments in associates at balance date	111 369	80 733

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

<i>Amounts in NOK 1 000</i>	2020	2019
Impairment/reversal of impairment, Reach Subsea ASA	12 108	(20 914)
Share of net result in investment, Reach Subsea ASA	14 068	(11 698)
Share of net result in investment, Tyveholmen AS	215	344
Net result from investments in associates	26 391	(32 268)

Ownership interests in associates at 31 December:	2020	2019
Reach Subsea ASA	32,13 %	32,13 %
Tyveholmen AS	50,00 %	50,00 %
Wind Catching Systems AS	25,30 %	0,00 %

Financial figures for the associated companies:

See note 19 in the consolidated financial statements.

NOTE 21 Contingent liabilities

See note 20 in the consolidated financial statements.

NOTE 22 Covid-19

See note 22 in the consolidated financial statements.

NOTE 23 Events after the balance sheet date

See note 23 in the consolidated 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 2020 have been prepared in accordance with the applicable accounting standards, and that the information in the accounts fairly reflects the Company's and Group'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 and Group.

Oslo, 17 March 2021



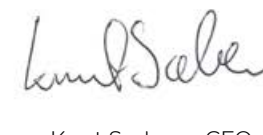
Anders Onarheim, Chair



Jogeir Romestrand, Director



Elin Karfjell, Director



Knut Sæberg, 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.

Top 20 shareholders as of 16 March 2021

Investor	No. of shares	% of total shares
AB INVESTMENT AS	21 753 776	18,27 %
CELISA CAPITAL AS	10 603 145	8,91 %
ISFJORDEN AS	8 465 651	7,11 %
TRIOMAR AS	3 000 000	2,52 %
JPB AS	2 946 875	2,48 %
CORUNA AS	2 750 000	2,31 %
INTERTRADE SHIPPING AS	2 607 267	2,19 %
SALTEN KRAFTSAMBAND AS	2 467 723	2,07 %
ARNT HAGEN HOLDING AS	2 175 993	1,83 %
TAJ HOLDING AS	1 917 812	1,61 %
BOYE HANS JØRGEN	1 831 002	1,54 %
BAKKANE ARVID	1 820 047	1,53 %
NORTH ENERGY ASA	1 795 472	1,51 %
ORIGO KAPITAL AS	1 343 569	1,13 %
ROME AS	1 300 000	1,09 %
KG26 EIENDOM AS	1 200 000	1,01 %
NORDNET LIVSFORSIKRING AS	1 137 410	0,96 %
REYNOLDS DAG WILFRED	1 050 000	0,88 %
SÆBERG KNUT	1 002 352	0,84 %
SPITSBERGEN AS	975 939	0,82 %
<i>Total number owned by top 20</i>	<i>72 144 033</i>	<i>60,60 %</i>
Total number of shares	119 047 065	100,0 %

In 2020, the North Energy share price increased with around 65.6 per cent compared with the end share price of 2019. In comparison, an investment in the Oslo Børs Bench-mark Index over the same period provided a positive return of 4.6 per cent, while the energy index yielded a negative return of 19.4 per cent in 2020. During the year, 474 million North Energy shares changed hands on the Oslo Stock Exchange, up from 21.5 million in 2019, representing a daily average trading volume of 188,200 shares.

Ownership structure

At the end of 2020 North Energy had 1,505 shareholders, up from 1,386 shareholders at the end of 2019. Approximately 4.6 per cent of the Company's shares were owned by foreign investors at the end of 2020, which is up from 3.5 per cent last year.

The Company's employees, management, Board and financial advisors hold in total 37.7 per cent of the shares in the Company.

North Energy's 20 largest shareholders held 58.7 per cent of the shares as of 31 December 2020

Share capital

North Energy's share capital at 31 December 2020 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, which comprise:

- The financial statements of the parent company North Energy ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of North Energy ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Independent Auditor's Report - North Energy ASA



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 and the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it

(2)



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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 or the Group'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 and the Group'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 and the Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Board of Directors 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.

(3)



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 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

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 17 March 2021

PricewaterhouseCoopers AS


Gunnar Slettebø
State Authorised Public Accountant

(4)



North Energy ASA- Financial Calendar for 2021

North Energy ASA will present financial statements on the following dates in 2021:

Q1 2021 interim financial report: 6 May 2021

Half-yearly 2021 interim financial report: 19 August 2021

Q3 2021 interim financial report: 11 November 2021

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 14 April 2021.



North Energy ASA
Address: Tjuvholmen allé 19, 0252 OSLO
E-mail: post@northenergy.no
Phone: +47 22 01 79 50
Legal Org. Number: NO 891 797 702 MVA