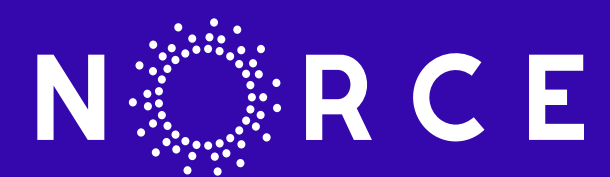


Annual and sustainability- report | 2023



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Dorinde Kleinegris researches microalgae.

COVER PHOTO ANDREAS R. GRAVEN | NORCE



How do you use the navigation?

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01 Passion for knowledge – working together for sustainability

This is NORCE's vision. A vision that caught my interest and made me curious about the company that I became the CEO of in October 2023. There can often be quite a gap between vision and reality, but I see the passion my colleagues at NORCE have for knowledge every day.

NORCE turned 5 years old in 2023, although our history and experience stretch back a hundred years.

For all these decades, a passion for knowledge has been a prerequisite when it comes to solving major social challenges. This will also be true in the future. The solutions needed for the climate have not been fully developed. There are a number of technical, environmental and financial challenges that we will have to address on the

road to a low emission society. We need to find solutions that include more people in education and employment, and that result in good health and a sustainable health service. We need to deal with a challenging geopolitical situation that is impacting us, and we need to develop the knowledge necessary to deal with crises that, as yet, we do not know the shape of.

In the annual report, you can read about some of the solutions we have developed through research in 2023 – in Norway and abroad. Our research is carried out in collaboration with other research institutes and private and public actors.

We work closely with our clients across the country – with those who need knowledge and innovation and with those who will use that knowledge. NORCE carries out extensive



Camilla Stoltenberg was a member of the Men's Equality Commission, which delivered a report on the gender equality challenges faced by boys and men in Norway. Here, she is attending a seminar on the role of men at UiT The Arctic University of Norway.

PHOTO ANNE INGEBORG MYHR | NORCE

research activities within the areas of energy, technology, health, society, climate and the environment. Overall, this means we can look at the major social challenges from different scientific perspectives, from national and international perspectives and with the perspectives of our partners in mind.

However, NORCE does not exist in a vacuum. If we are to solve major social challenges going forward, we need a strong research system. The government's white paper on the research system needs to strengthen the role of institutes as contributors in the transition of public and private sectors.

The white paper must look at all levels of the research system and analyse important trends and the consequences of implemented policies. The research system is closely intertwined, and policies for one part of the system can have major knock-on effects in other parts of the system. The government must avoid changes that have unintended negative impacts.

Research and technology development will be essential in the huge transition Norway and the rest of the world must implement. At NORCE, we look forward to contributing to this. With a passion for knowledge, we will stand together for sustainability.



Camilla Stoltenberg | CEO

PHOTO RUNE ROLVSJORD | NORCE

02

NORCE in a nutshell

NORCE is an independent research institute, which carries out research, development and innovation in collaboration with the public and private sectors such that smart, sustainable choices can be made for the future.





NORCE's full corporate management team meets with the senior management of the Research Council of Norway.

PHOTO CAMILLA AADLAND | NORCE

We have extensive activities within the areas of energy, health, climate, the environment, society and technology. We aim to be a leader in Norway and Europe in our chosen focus areas.

NORCE has offices in Alta, Tromsø, Bergen, Haugesund, Stavanger, Kristiansand, Grimstad, Oslo and Brussels. We have 806 employees in total.

We are organised as follows:

Energy & Technology

This division has 15 research groups and four departments: Energy, Enabling Technologies, Observing Systems, and R&D Infrastructure. Its main research areas include subsurface understanding, drilling and well technology, carbon storage, remote sensing, measurement technology and artificial intelligence.

Health & Social Sciences

This division has 13 research groups and three departments: RKBU Vest - Regional Centre for Child and Youth Mental Health and Child Welfare, Welfare, Labour and Health, and Sustainability and Renewal. Its main research areas include youth exclusion, democracy under pressure, innovation in municipal services and a fair transition.

Climate & Environment

This division has 11 research groups and three departments: Climate, Biotechnology and Circular Economy, and Ocean and Environment. Its main research areas include climate and environmental research, biotechnology, the circular economy and the environmental status of the ocean.

Commercialisation

This division comprises seven people who are affiliated with NORCE TTO and who work closely with the subsidiary NORCE Innovation. The division helps further develop spin-off companies with significant potential in order to create new jobs and realise financial gains for NORCE.

CEO's staff

Consists of the General Counsel, EVP External Relations and the CEO's PA.

The EVP External Relations is responsible for the International Unit, which works on, for example, NORCE's international strategy and developing EU applications. The International Unit comprises five people.

Finance

The division is headed by the Chief Financial Officer and consists of the Accounting and Salaries, Research Support, Procurement and Contract, and Controlling and Reporting departments.

Organisation

Headed by the Chief Operations Officer and comprises HR, HSE, Communication, IT, Quality, Property Management, Safety, Information Security and Contingency departments.



Employees at the Tromsø office bidding farewell to the sun and welcoming the polar night on 24.11.2023.

PHOTO RUNE STORVOLD | NORCE



Important infrastructure:

Ullrigg Test Centre (UTC)

The centre is a unique and complete full-scale test and piloting centre for technology, system, methods and solutions in drilling and well activities. Ullrigg is located in Stavanger.

NORCE Technology Park Risavika

The park is a 14 000 square metre industrial area with unique buildings and facilities for testing and upscaling green technology. The facility was specifically designed for industrial biotechnology, as well as for handling, producing and using natural gas, CO₂, and hydrogen

OpenLab Drilling

This is an advanced simulator for training and technology development within digital well drilling for oil and gas wells. The simulator is available online and in NORCE's premises in Stavanger.

NORCE Marine Research Centre

The centre was specifically designed to conduct studies targeted at a variety of marine conditions. It has 620 square metres of laboratories, all with access to seawater from a depth of 80 metres. The research centre is located in Mekjarvik outside Stavanger.

Research aircraft

Stationed in Tromsø, it can be used for mapping sea colour and algae blooms, emergency preparedness in case of flooding, and mapping plant and forest diseases.

See <https://www.norceresearch.no/en/testcentres-and-labs> for a full overview.

→ Ullrigg Test Centre (UTC) is located in Ullandhaug in Stavanger.

PHOTO KATRINE JAKLIN | NORCE





Humans and robots with artificial intelligence need to work together better



If humans and robots with artificial intelligence can work together better, it could increase the efficiency of European industry. The EU project COGNIMAN, with NORCE at the forefront, aims to help make this happen.

– Some manufacturing processes are difficult to automate and therefore require a lot of human labour. But with the aid of smarter robots, and better collaboration between robots and humans, we can streamline these manufacturing processes as well, says Nabil Belbachir.

The Director of Research at NORCE is currently the coordinator of COGNIMAN, a 4-year project that has received EUR 11 million in funding from the European Commission.

The project consortium includes 16 partners from seven countries.

– Our overall objective is to strengthen European competitiveness by contributing to smarter manufacturing in various European industries. In this case, smarter manufacturing

includes a higher degree of automation in those difficult-to-automate processes, says Belbachir.

By integrating simulations, digital twins, advanced sensing, machine learning and cognitive robotics, COGNIMAN aims to develop and demonstrate a new concept for digital, cognitive, smart manufacturing. The concept will make manufacturing more cost-effective, but also safer, more flexible, and more sustainable.

Expanding the use of robots

At the core of the project are these difficult-to-automate processes – those that employ many people, but still often involve robots. The robots do the dirtiest, most dangerous, and boring jobs, and increasingly work side by side with their flesh and blood co-workers.



Research Director Nabil Belbachir coordinates the EU-project COGNIMAN.

PHOTO LIV UNNI TVEITANE | SCREEN STORY



Co-funded by the
European Union



Before, industrial robots typically worked separately from humans, often cordoned off in separate cages for safety reasons. In recent years, more collaborative robots (cobots) have been developed. These are located in the working environment together with humans. More cognitive robots programmed to anticipate human behaviour and teach themselves how to better relate to and help people are now being developed.

– Safe interaction between robots and humans is crucial for increasing automation. We need people who understand how robots can best be used, and we need robots that teach

themselves how to interact better with humans, says Belbachir.

Greater efficiency

Robots have improved efficiency and safety in factories around the world – from the automotive industry, which has the highest number of robots, to electronics, pharmaceuticals and several other industries. Robots are perfect for – indeed, they are actually designed for – tasks that are repeated thousands or millions of times, and for work in areas where people really should not be present.

– COGNIMAN focuses on processes that are less repetitive and human labour intensive, but still well suited for automation and robotics if done right, says Belbachir.

Integrating the physical and digital worlds is not an easy task he admits.

– Automated processes that include human activity are always challenging. Sometimes, it boils down to whether robots are accepted

or not. The robot may be very effective, but if people don't feel safe around it, they will not use it. If the technology is widely accepted, even incremental technology development can have a huge impact on an industry, says Belbachir.

The fact that COGNIMAN has a special focus on the human aspects of automation is confirmed by the research team including an expert on human and ethical issues.

Four pilots

COGNIMAN comprises companies and researchers from Norway, Ireland, France, Germany, Spain, Belgium, and Italy. The project has pilots in four targeted manufacturing processes: glass fibre production (3B Fibreglass in Norway), precision machining for large parts (Goimek in Spain), additive manufacturing of medical implants (Croom medical in Ireland), and steel production (ABS in Italy).

All four pilot sites have been visited in order to gain insights and conceptualise the solutions.

Some of our projects in 2023

NORCE leads the **Centre for Sustainable Subsurface Resources**, which wants to develop new subsurface understanding and digital solutions that drastically reduce Norway's offshore emissions.

NORCE leads the **SFI DigiWells** research centre, which is developing new knowledge, methods and innovative solutions in order to optimise the well delivery process.

NORCE leads the **P&A Innovation Programme**, which supports operators and the service industry through projects targeted at operational challenges, field-relevant conditions, and full-scale testing.

NORCE leads the **HyValue Norwegian research centre**, which is tasked with developing the role of hydrogen and hydrogen-based energy carriers in order to achieve a zero emission energy economy and further support implementation in society.

NORCE is a partner in **SFI Smart Ocean**, which is developing a wireless observation system and associated cloud services. This could provide valuable environmental data, as well as monitor locations on and around subsea installations.

The new SAR Queen search and rescue helicopters were linked to the **SARA project** in autumn 2023. SARA is the Joint Rescue Coordination Centres' decision support tool, built and operated by experts at NORCE.

M4Mining is a Horizon Europe project for more efficient and sustainable mining.

The Multiphase Fluid Analyser (MuFA) is a concept developed by NORCE and Equinor. MuFA aims to deliver real-time measurements of the fluid properties of subsea multiphase flow, which will be used to improve the accuracy of multiphase flow meters (MPFMs).

RAIDAR is developing the world's first system for accurately predicting ocean waves, wave forces and vessel motions in the next few minutes.

MarTERA UNDINA aims to provide a reliable, compact, plug-and-play communication, networking and positioning system designed for use on underwater drones that are easily manoeuvrable, lightweight, small and have low operating costs.

NORCE wants to help ensure that **Vianode's factory**, which produces anode graphite materials for use in electric car batteries, becomes fully digital, and also help to decarbonise the value chain for batteries and electric cars.

Optimising the maintenance and repair of floating offshore wind turbines: The project, led by Nekkar, has received funding from the **Research Council of Norway's Green Platform programme**. NORCE is contributing both knowledge about decision support and to the development of new technology designed to make the maintenance of fixed and floating offshore wind turbines cheaper and safer.



Bespoke enzymes open the door to improving the smell of fish protein powders





After the fish has been filleted, you are left with nutritious residual raw materials.

PHOTO VIPAVLENKOFF | ADOBESTOCK

Biotechnology is offering seafood producers new ways of better exploiting their byproducts. In a new study, NORCE researchers show that a chemical which causes the fishy odour can be removed. The path to a protein powder – based on fish residual raw materials – goes through improving the properties of molecular precision tools, what we call enzymes.

Finding and developing enzymes

Biotechnologists at NORCE find and develop enzymes with particularly good properties so

Our ambition is to design an enzyme process that makes production more profitable, and where as much of the biomass as possible remains food-grade,” says Rasmus Ree, a researcher at NORCE..

PHOTO ANDREAS R. GRAVEN | NORCE



Climate and Environment

Menu

Fish proteins could be added to protein shakes for athletes or meal replacements for the elderly.

that byproducts from fish farming and similar industries can be utilised better.

Enzymes are, in essence, catalysts. They accelerate chemical reactions without being consumed themselves. They can be incredibly precise and selective with respect to which reactions they catalyse. This is very useful. However, many enzymes are quite sensitive to temperature and lose their abilities at around 40°C or above.

In the project preceding this study, aMASE, researchers found an enzyme that could eliminate the fishy odour. Taking their research one step further, they recently published an article in the journal Applied and Environmental Microbiology, demonstrating an enzyme

variant called mFMO_20, which has greatly improved properties.

– We started with an enzyme that worked well but could not withstand high temperatures. Now, we have an enzyme which works better at processing temperatures. We hope such an enzyme will be of use to seafood producers who want to exploit their byproducts even better, to increase their profitability, says Rasmus Ree, a researcher at NORCE.

The work has been done under the EU project OXIPRO. Ree is a coauthor of the study, which was conducted in collaboration with researchers at CSIC in Madrid. The other NORCE researchers involved in the new study were

Marianne Goris, Pål Puntervoll and research director Gro Bjerga.

– Our ambition is to design an enzyme process which seafood producers can use to make their business more profitable, and where as much of the biomass as possible remains food-grade, points out Ree.

Fish proteins

When fish are slaughtered, they are usually filleted and the fillets sent to shops and sold. You are then left with the head, spine and guts. These byproducts are also called residual raw materials. These include proteins with excellent nutritional value and that could have a higher economic value if a way was found of making them more suitable as food.

– The way these byproducts are handled now is that they are ground and treated with a special type of enzyme, called a protease. A protease cuts the fish proteins into smaller pieces. This process is called enzymatic hydrolysis, and what we are left with is a hydrolysate, says the NORCE researcher.

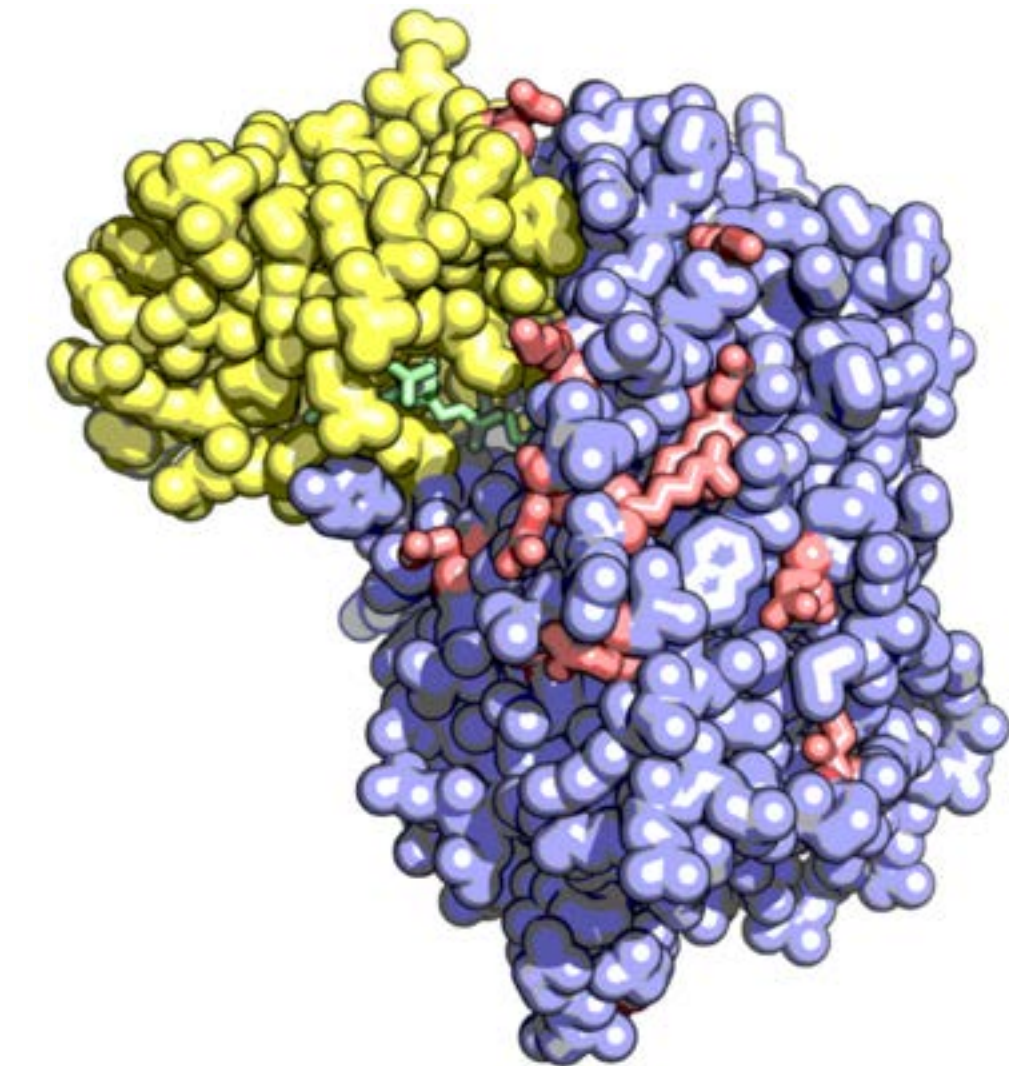
– After the hydrolysis is complete, the proteins are dried and you are left with a protein powder. This protein powder naturally tastes and smells like fish, and for that reason, it is not used much for human food. It is used for animal feed instead. If we could make a protein powder with a neutral flavour, we could use the fish protein for things like protein shakes for athletes or meal replacements for the elderly or others who need protein supplements. This is more economically and environmentally sustainable than removing it from the food chain for other purposes, says Ree.

For this reason, the purpose of this project has been to find an enzyme which not only eliminated the fish odour, but also can work in an industrial process which takes place at a relatively high temperature.

– We know that a compound called trimethylamine (TMA) causes a large part of the fish odour. So the strategy we have chosen is to use an enzyme which converts TMA into trimethylamine-N-oxide (TMAO), since TMAO is odourless. TMAO naturally exists in fish anyway, and TMA occurs because bacteria convert the

naturally occurring TMAO into TMA after the fish is slaughtered.”

In 2020, Bjerga’s research group published a study showing that a natural enzyme called flavin-containing monooxygenase (mFMO), isolated from a methane-consuming bacterium, can be used to convert TMA into TMAO in a fish protein hydrolysate.



A model of the enzyme mFMO_20 (yellow and blue) showing where some of the altered amino acids are on the surface (red). The green is a cofactor necessary for the enzyme to function. Figure by Rasmus Ree. The structure can be seen at: <https://www.rcsb.org/structure/8B2D>

– However, the hydrolysis process happens at quite a high temperature, 50-60°C, for hygiene reasons. mFMO is not stable at that high a temperature. We have made some changes to the enzyme mFMO using an advanced algorithm which looks at the shape and properties of a protein and suggests modifications we can make to make the enzyme more heat resistant, says Ree.

Solved the structure of one of the enzyme variants

In collaboration with researchers at CSIC the NORCE scientists solved the structure of one of the enzyme variants. The molecular structure of a protein can tell us a lot about the function of the protein, and in this case, we could see that the variant had experienced some small but important changes in the enzyme, which could explain why it could withstand the higher temperatures better.

– In the end, we were able to show that we can use the improved enzyme in a hydrolysate made from salmon protein. When we increased the heat up to the process temperature, only the new enzyme variant could perform. Not only that, but it worked better at higher temperatures than at lower ones! This told us that the new enzyme variant can withstand being used under industrial conditions, says Ree. “Now we want to test it on other raw materials, such as cod and pelagic fish, while we continue optimising the enzyme.”

M. Goris et. al. Increased Thermostability of an Engineered Flavin-Containing Monooxygenase to Remediate Trimethylamine in Fish Protein Hydrolysates. Applied and Environmental Microbiology, Vol. 89, No. 6. DOI: <https://doi.org/10.1128/aem.00390-23>

Some of our projects in 2023

The **Climate Futures** research centre is striving to develop and improve the usefulness of climate forecasts ranging from 10-day to 10-year forecasts.

In the **EU CONFER project**, NORCE is coordinating a number of international partners, who together are working to mitigate climate risk in East Africa.

The **BIOSIRKEL** project aims to help Western Norway successfully transition to the more efficient use of industrial side streams.

NORCE leads the **North Atlantic Microplastic Centre (NAMC)**.

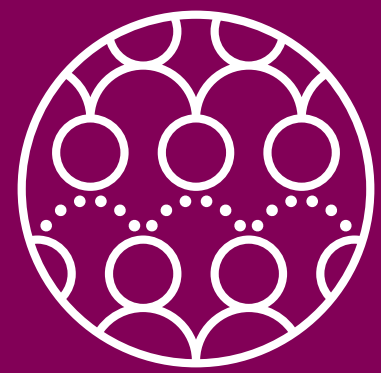
The **EU INNOAQUA project** focuses on the industrial production of microalgae for sustainable feed and food.

In the **i2B – Into the Blue project**, a group of international scientists is investigating the melting of ice in the Arctic.

LFI (Laboratory for Fresh Water Ecology and Inland Fisheries) has a number of projects within monitoring, initiatives and studies related to fresh water ecology and salmonids.

The EU project **TiPACCs (Tipping Points in Antarctic Climate Components)** has carried out research into whether there are tipping points in the Antarctic climate system.

In the period 2015-2023, **SFI CtrlAQUA** contributed to research-driven innovation within farming in closed systems, both onshore and offshore.



The electric car policy has undermined the road toll policy





Einar Leknes is one of the authors behind the report on travel habits and attitudes.

PHOTO ANDREAS R. GRAVEN | NORCE

Traffic has increased despite the efforts of the big cities to achieve zero growth in car traffic.

This is shown by a report produced by NORCE from a project that compares the impact of measures implemented as part of urban environment packages in Bergen, Trondheim and Nord-Jæren.

The new report shows that the proportion of electrified transport is growing. The numbers of electric cars and electric bikes have increased at the expense of public transport. The report is based on a survey of the public’s travel habits and attitudes towards private car use. The analyses indicate potential for a sustainable change in travel habits. The findings for all three urban areas were similar.

All of the urban areas have taken fairly tough measures in relation to road tolls

and have encouraged travel by public transport. Researchers predicted that this would result in a decrease in private car traffic, but this has not happened. The proportion of trips by car in which a toll was charged increased from 30 per cent to 50 per cent in Bergen and Nord-Jæren, and the price increased in Trondheim.

The proportion of respondents who commute to work by electric car increased by 2-4 percentage points between 2018 and 2022. The figures are now 20 per cent for Bergen, 19 per cent for Nord-Jæren and 15 per cent for Trondheim. Road tolls have had remarkably little effect on the proportion of trips by car. Road tolls have only led to less traffic in city centres.



Few people in Bergen cycle. No fewer than 42 per cent do not own their own bike.

PHOTO MARCEL ARDIVAN | UNSPLASH

– We were surprised that the measures have had no effect. What we found was that it had led to people buying electric cars. There have been subsidies for electric cars and lower taxes. What we did not foresee was that the national electric car policy would undermine the road toll policy in urban areas, says Einar Leknes, head of research in Climate, Environment and Sustainable Development at NORCE.

He points out that the growth in electric car traffic has been huge and that electric cars pay less in road tolls. This weakens the funding basis for the road toll package, especially when the municipalities do not charge rush hour surcharges.

– The national electric car policy has undermined the agreements on urban growth, said Leknes.

But having an electric car is eco-friendly is it not?

Well, there are fewer emissions when you drive an electric car but they are just as much a burden on traffic systems in urban areas as other cars, explains Leknes. Electric car owners drive to work more often than those with fossil cars and they use public transport less.

They take up just as much space, and there are other environmental disadvantages besides emissions, such as noise and dust. They cause

traffic jams and make it harder for the necessary transport to get through.

Of the three places the researchers looked at, Bergen had the highest proportion of electric car ownership (28 per cent of the population).

– If we're going to add even more electric cars, we need to continue developing the road network. So there are drawbacks with that, says Leknes.

Are there not alternatives to traveling by private car?

– One positive finding is that a survey of motorists showed that they believe they have alternative means of travel. This varies between the urban areas. In Bergen, 70 per cent can travel via public transport, 23 per cent can cycle and 11 per cent can walk. Only 22 per cent say that they have no alternatives. In addition, 27-30 per cent of people who use cars say that they would like to change their means of travel.

This report contains a survey on the public’s travel habits and attitudes towards private car use among employees in selected districts of Nord-Jæren, Bergen and Trondheim.



NORCE Norwegian Research Centre AS
www.norce-research.no

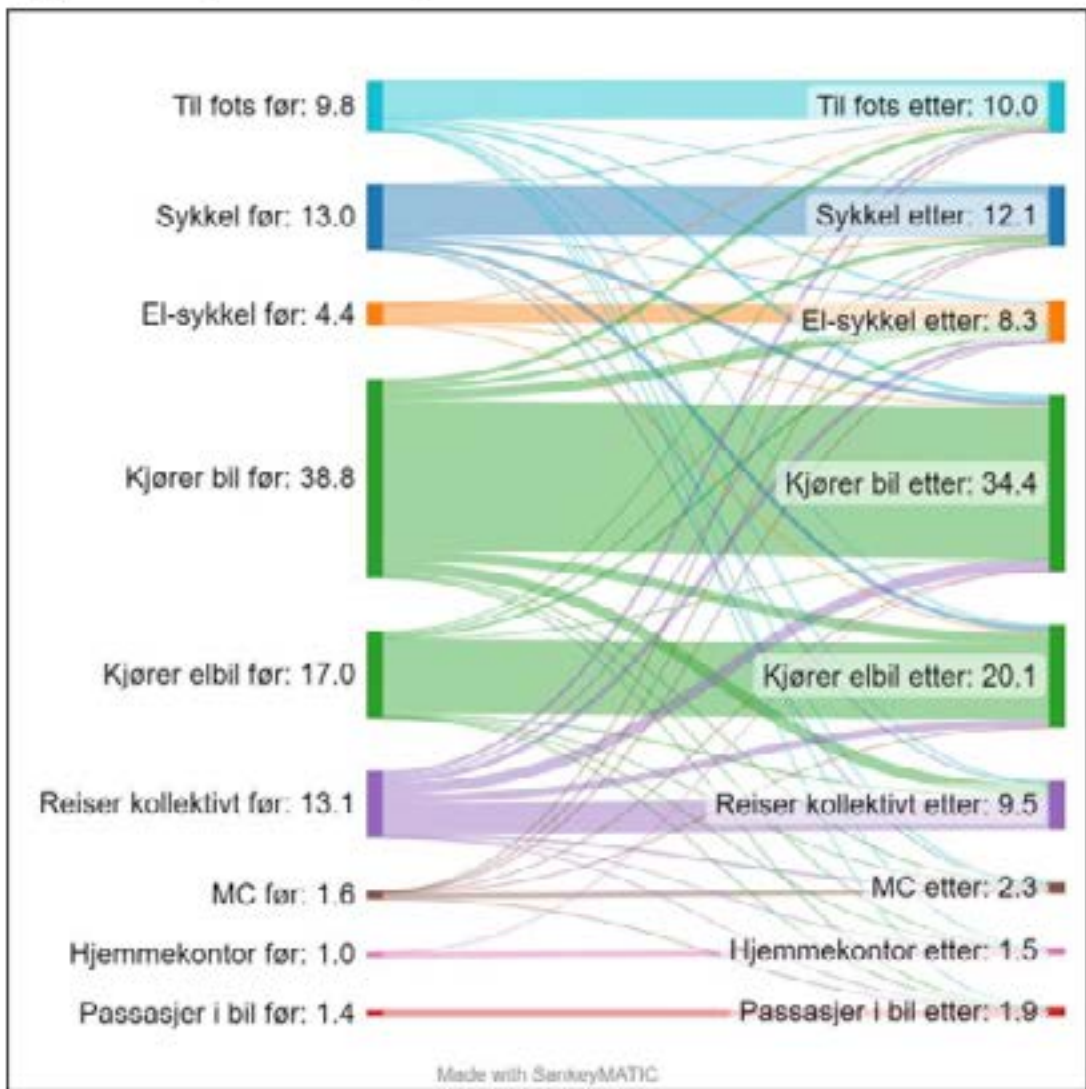
Reisevaner og holdninger

En befolkningsundersøkelse om reisevaner og holdninger til privatbilbruk blant yrkesaktive i utvalgte bydeler på Nord-Jæren, i Bergen og i Trondheim

Forfattere:

Helga Birgit Bjørnå, Einar Leknes, Ray Pritchard og Stian Brosvik Bayer

Rapport 8-2023, NORCE Helse og samfunn



There were many similarities between Bergen, Trondheim and Nord-Jæren, but what surprised Leknes most was that there were so few bikes in Bergen and that no less than 42 per cent do not even have a bike.

– Cycling is not the thing in Bergen,” says Leknes.

This is surprising because there are so many students here. He points out that infrastructure is crucial. The most important infrastructure is safe bike paths. Bergen, in particular, has to a lot to do in this area, thinks Leknes.

Stavanger has expanded its public transport services, and you can rent an electric bike if you have a subscription. Bikes are available, meaning that you can complete the last part of your journey on an electric bike. Objectively speaking, based on Leknes’s findings, cycling is best in Nord-Jæren. It is the flattest and it has the least wintry conditions, although it is a bit windier. Trondheim and Bergen are hillier.

Some advice for politicians

– Politicians should help make driving an electric car more expensive, says Leknes. Many people think the benefits associated with electric cars result in unreasonably unequal treatment. He recommends considering various means of reducing the benefits associated with electric cars in urban areas, such as higher road toll rates, more expensive parking, and losing the ability to drive in bus lanes.

Leknes also thinks there should be more benefits for cyclists. One national measure might be to waive VAT when buying an electric bike. Locally, you could introduce leasing and rental schemes for electric bikes. Another proposal would be to provide a mileage allowance of, for example, NOK 2.5 per km (like the “indemnité vélo” in Belgium) for employees who commute to work by bike. This is up to employers of course, although local politicians can encourage workplaces to consider such

initiatives. This helps to encourage the use of bikes in everyday life.

Although public transport services are fairly well developed in most cities, especially in Bergen, the pandemic has had a major impact. Fewer people are traveling by public transport, and it is uncertain whether numbers will return to pre-pandemic levels,” says Leknes. On 22.05.2023, it was announced that public transport in Stavanger would be free. Leknes believes this could have a positive impact on travel habits.

Public transport services are used more frequently in Bergen than in Trondheim and Nord-Jæren. Public transport operators could do a bit more work on pricing their services such there is greater flexibility that suits those who don’t use it as often,” says Leknes. There are also proposals on looking at how leasing and rental schemes for electric bikes can be integrated.

– If a season ticket costs a lot, it is reasonable to use an electric car. We have to look at the arrangements in relation to this,” recommends Leknes.

Some of our projects in 2023

SURIMI – Integration of innovative and reliable socio-ecological models and user-controlled solutions in a **digital twin of the ocean** for use in scenario testing and decision support systems.

The main goal of the DIGcapabilities project is to identify **how social backgrounds and factors that increase the likelihood of being disconnected** from education and employment impact digital practices, strategies and challenges among young people with a migration background.

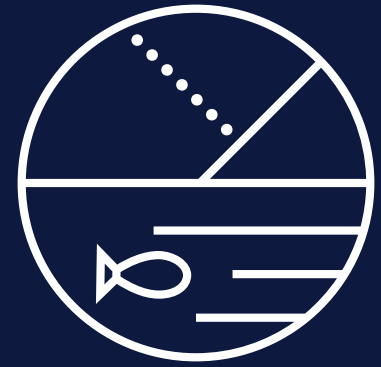
Randomly selected residents of Bergen were invited to discuss local political issues. The method is called **deliberative polling** and has not been tested out in Norway before. In 2023, we handed over the manual “Hvordan gjennomføre borgerpanel” [“How to conduct a citizen panel”] to the chief executive of Bergen City Council, Rune Bakervik (Labour).

Menopause related problems can result in long bouts of sickness absence and needing to go on disability benefit. The MenoWork: Women’s Health, Menopause and Work Life project will investigate how menopause impacts women in the workplace.

In the **Together against bullying**/Be-Prox project, we want to investigate whether a bullying prevention initiative is helping to prevent, identify and manage bullying in Norwegian kindergartens.

NORCE researchers have evaluated the **framework plan for kindergartens** that came into effect on 01.08.2017. The evaluation is the most comprehensive evaluation of kindergartens ever carried out. The final report was published in 2023.

About half of the labour force has jobs that, in principle, can be done anywhere. Could this help to reverse centralisation? The research project on **working from home** is about identifying and proposing measures that can be implemented by municipalities in the Hardanger region.



The year in photos

Here is some of what happened in 2023.





The oil and gas industry and research environments have tested new drilling technology at Ullrigg for 40 years. The anniversary was celebrated on Thursday 28.09.2023. From the left: Steinar Lomeland, Manager, Ullrigg Test Centre, Rune Volla, Director, Research Council of Norway, Andreas Bjelland Eriksen, the then state secretary at the Ministry of Petroleum and Energy, and Oddvar Skjæveland, SVP R&D Infrastructure, NORCE.

PHOTO RUNE ROLVSJORD | NORCE

The year in photos

Menu



Collaboration agreement. Dag Rune Olsen and Thor Arne Håverstad sign a collaboration agreement between UiT The Arctic University of Norway and NORCE. UiT is one of NORCE's owner universities.

PHOTO KJETIL RYDLAND | UIT

Sveinung Arnesen handed over the manual “Hvordan gjennomføre borgerpanel” [“How to conduct a citizen panel”] to the chief executive of Bergen City Council, Rune Bakervik (Labour). From the left: Rune Bakervik, Sveinung Arnesen and Anne Lise Fimreite, professor at the University of Bergen.



PHOTO THOMAS HOVMØLLER RIIS | NORCE





NORCE event at One Ocean Week 2023. Hans Petter Klohs from Adepth Minerals (from the left), Elisabeth Birkeland from Equinor, Nina Jensen from REV Ocean, Hans Kleivdal from NORCE and Camilla Aadland from NORCE in a panel discussion.

PHOTO ANDREAS R. GRAVEN | NORCE



The microplastics centre NAMC receives NOK 11 million from Agenda Vestlandet. From the left: CEO of Agenda Vestlandet, Frode Nergaard Fjeldstad, centre manager at NAMC, Gunhild Bødtker, scientific coordinator at NAMC, Alessio Gomiero, and chair of the board at NAMC and Deputy EVP NORCE Climate & Environment, Hans Kleivdal.

PHOTO RUNE ROLVSJORD | NORCE



Participants in the ELEXIA project visiting the dam heat storage facility owned by Vestegnens Kraftvarmeselskab (VEKS) outside Copenhagen. Finn Bruus from VEKS explains how it works.

PHOTO RUNE ROLVSJORD | NORCE



Deputy CEO Thor Arne Håverstad and Chair of the Board Marianne Marthinsen test NORCE's research aircraft, with pilot Andreas Tøllefsen (left) and Rune Storvold.

PHOTO KATRINE JAKLIN | NORCE



NORCE hosted a debate on geothermal heating at Arendal Week 2023. From the left: moderator Camilla Aadland, county council candidate Lisbeth Raanes Hansen (Red), member of parliament Linda Monsen Merkesdal (Labour) and member of parliament Marius Arion Nilsen (Progress).

PHOTO RUNE ROLVSJORD | NORCE



NORCE took part in Aquanor 2023 with presentations and stands. From the left: NORCE researchers Neda Gilannejad, Ursula Landazuri-Tveteraas and I-Hao Chen.

PHOTO KATRINE JAKLIN | NORCE

03

About NORCE

The following chapters constitute the official annual report of NORCE, signed by the Board of Directors.





The BIOSIRKEL workshop at VilVite, with project manager Gro Bjerga from NORCE in the centre of the photo.

PHOTO ANDREAS R. GRAVEN | NORCE

The consolidated financial statements for 2023 were prepared at the level of NORCE Holding AS.

This annual report mainly comments on the primary operating company in the Group, NORCE Norwegian Research Centre AS. It also includes some supplementary information about the parent company NORCE Holding AS and the rest of the Group.



↑ **NORCE convened a regional council for Vestlandet** in November in Bergen. The meeting was held at Vestlandshuset, with magnificent views from the 11th floor.

PHOTO ANDREAS R. GRAVEN | NORCE

NORCE Norwegian Research Centre (NORCE) is a leading research institute with wide-ranging scientific expertise and solid knowledge environments. Our vision “Passion for knowledge – working together for sustainability” obliges us to be future-oriented and committed to promoting sustainable development and the green transition.

Our activities are centred around research and innovation within energy, health, climate, the environment, society, and technology, and we focus heavily on the UN Sustainable Development Goals as a critical part of our strategy. Through our network of researchers, experts and partners, we seek to address the key challenges faced by society and contribute to value creation, locally, nationally and globally.

NORCE has established offices in several regions in order to serve different communities and sectors. NORCE’s head office is in Bergen and we also have offices in Tromsø, Haugesund, Stavanger, Kristiansand, Grimstad and Oslo. We also operate internationally through a variety of projects and partnerships. Our main

owners, who are often also our partners, are the University of Bergen (UiB), the University of Stavanger (UiS), the University of Agder (UiA) and UiT The Arctic University of Norway (UiT).

Our diverse workforce consists of employees from around 50 different nations, which enriches our research and perspectives. With an annual turnover of more than NOK 1 billion, NORCE plays a significant role in the research and innovation landscape, both nationally and internationally.

NORCE Norwegian Research Centre AS used to be the Group’s parent company. NORCE Holding AS was established in 2023, with NORCE Norwegian Research Centre AS as a wholly owned subsidiary. Ownership of the companies NORCE Innovation AS and NORCE Risavika Eiendom AS was always transferred to NORCE Holding AS. The owners of, and stakes in, NORCE Holding AS remain unchanged from what they were in NORCE Norwegian Research Centre AS. The reorganisation is justified from a business perspective in line with the principles of good corporate governance.

04

Corporate social responsibility

Our work involves delivering important research and innovation for society. This is achieved through close collaboration with our partners. We employ our multidisciplinary expertise to work on various social challenges in an integrated manner.



The comments in this chapter concern the largest operating company in the Group, NORCE Norwegian Research Centre AS.

Sustainability

Transitioning to a sustainable society with a fair distribution of benefits and burdens is the greatest challenge of our time. One of NORCE's stated ambitions is to contribute knowledge and solutions that can accelerate this green transition. At the same time, we focus on ensuring that we run the company in a way that results in the smallest possible climate footprint.

Climate accounting

The work on reducing NORCE's carbon footprint took a step forward in 2023 when we achieved a benchmark level in our climate accounting. This benchmark level will serve as an important basis for setting targets in the process of becoming carbon neutral. We are committed to reducing our impact on the climate and will take a results-oriented approach to achieving this goal.

We used Klimakost's climate accounting software in 2023. This software allows us to

report on our carbon footprint in more detail and with greater transparency. Using Klimakost has enabled us to analyse and document our emissions more accurately.

Travel policy

In line with our focus on sustainability, we updated our travel policy in 2023. This policy takes a broader approach to sustainability and encourages the greater use of eco-friendly transport alternatives and minimising unnecessary travel in order to reduce our carbon footprint.

A survey was conducted of employees' travel habits. The results will be used to understand how employees commute to and from work, and whether it is possible to establish initiatives that facilitate more eco-friendly options.

The Corporate Sustainability Reporting Directive (CSRD)

In 2026, NORCE will have to report in line with the Corporate Sustainability Reporting Directive (CSRD) for 2025. We have started this process early to ensure that we are able to meet the



At Arendal Week 2023, Eugene Guribye took part in a debate on foreign workers' conditions in Norway.

PHOTO THOMAS HOVMØLLER RIS | NORCE

requirements in a satisfactory manner. This includes identifying and collaborating with key stakeholders, defining clear targets and focus areas via a double materiality analysis, and establishing solid benchmarks for our sustainability reporting.

We have also begun to investigate the EU Taxonomy for sustainability and what it means for NORCE. This framework identifies which economic activities are classified as sustainable. We are working on how to collect information about all of our research activities in order to evaluate how our activities match these criteria.

There will be a strong and dedicated focus on the CSRD in 2024.

Dissemination

Communicating research results is a key part of NORCE's social mission. We must actively communicate our research and disseminate our results to relevant scientific environments, users of the research and a wider audience. We make use of a number of different channels to reach our target groups, such as scientific publications, conferences, webinars, meetings, etc.

The aim is for our research to maintain a high international level. NORCE wants to actively participate in public debates based on knowledge gained from research. In 2023, NORCE was quoted in the media around 1 250 times. This figure is from the Retriever media monitoring service, which captures instances in which NORCE is mentioned in online articles NORCE. We also work through our own channels, such as websites, social media and newsletters.

In terms of social media, in 2023, NORCE saw the greatest growth on LinkedIn, where we gained around 5 500 new followers during the year. NORCE also gained 500 new followers on Facebook. In 2023, we decided to prioritise Twitter/X less and Instagram more. In 2023, we gained 225 new followers on Instagram. We also sent out eleven newsletters to our subscribers in 2023. In addition to disseminating our research via various channels, we conducted three campaigns in 2023. Over a period of several weeks, we demonstrated the breadth of our expertise on the topics of democracy, infrastructure and climate change.

Research ethics

NORCE complies with national and international guidelines on research ethics to ensure that NORCE conducts its activities in line with the highest ethical standards. The company also has its own guidelines for research ethics and a dedicated integrity committee.



Media training in Stavanger. Senior Communications Adviser Andreas Graven interviews Special Adviser Ying Guo.

PHOTO CAMILLA AADLAND | NORCE

05

Group companies

The NORCE Group consists of a number of companies. Some of the largest are highlighted below.





→ NORCE Holding AS

NORCE Holding is the parent company of the NORCE Group. The company owns stakes in group companies. The company also manages a financial portfolio. The portfolio's risk profile and composition are based on the fund being "perpetual" and the expected return being used for strategic initiatives in the Group.

The company aims to invest in businesses that promote externally funded, high quality and highly relevant research that can be used within business, public administration and society in general. The companies the company is involved in should promote innovation and new ideas in partnership with society and business, or contribute to this in some other manner. The company can, directly or through subsidiaries, invest in activities that own real estate. Surplus liquidity in the company can be invested in a well-diversified asset management portfolio, and be used to fund projects or finance investments in group companies. No dividends are paid to shareholders.

→ NORCE Norwegian Research Centre AS

The company (NORCE) is the largest in the Group and is where the majority of employees work and research activities take place. The descriptions of activities in this annual report primarily concern this entity, unless otherwise specified. NORCE is a wholly owned subsidiary of NORCE Holding AS.

→ The Norwegian Center for Child Behavioral Development

The Norwegian Center for Child Behavioral Development (NUBU) focuses on integrating research into practice in order to support children and young people with behavioural problems. Its work includes extensive research projects, such as "Children's Social Development", which has followed around 1 100 children and their families since 2006 in order to understand the development of social skills and behavioural problems. NUBU is also involved in developing methods and measures designed to improve the mental health and welfare of children and young people. NUBU is a wholly owned subsidiary of NORCE. For more detailed information, see their website: www.nubu.no.

Violence researcher Per Moum Hellevik at NKVTS taking part in a debate at Arendal Week, the theme of which was "How can we improve the safety of children and young people online?" To the left, the moderator, Tone Foss Aspevoll, and on the right, Barnevakten's technical director, Kjellaug Torheim.

PHOTO NKVTS



NUBU's conference highlights topics within research-based prevention and treatment of behavioural issues among children and young people. The conference brings together researchers and professionals who work with, for example, child welfare, mental health and schools.

PHOTO NUBU

→ Norwegian Centre for Violence and Traumatic Stress Studies

The Norwegian Centre for Violence and Traumatic Stress Studies (NKVTS) focuses on developing knowledge about violence and sexual abuse, disasters, terrorism, and stress management, as well as forced migration and refugee health. Its work contributes to more knowledge and better measures that can be used to address these complex and complicated issues. NKVTS is a wholly owned subsidiary of NORCE. For more detailed information, see their website: www.nkvts.no.

→ NORCE Innovation AS

NORCE Innovation helps to commercialise the results from NORCE's research through underlying subsidiaries, associated companies and other ownership interests. The company hires in resources from NORCE-TTO, a division of NORCE Norwegian Research Centre AS, to manage the portfolio. NORCE Innovation AS is a wholly owned subsidiary of NORCE Holding AS.

→ Nordisk institutt for odontologiske materialer AS (NIOM - Nordic Institute of Dental Materials)

The Nordic Institute of Dental Materials (NIOM) ensures that dental biomaterials are both safe and effective. They undertake research, participate in standardisation and provide clinically relevant advice to the dental health services and health authorities in the Nordic countries.

NIOM also offers research-based consultancy and accredited testing according to international standards, where their independent test laboratory delivers accurate and independent data accepted for third-party evaluations of dental materials and instruments. NORCE owns 51 per cent of the company, and the Ministry of Health and Care Services owns 49 per cent. For more information, visit NIOM's website at www.niom.no.

→ NORCE Risavika Eiendom AS

The company's sole purpose is to own the property Energiveien 16 in Tananger in Stavanger. The property is leased to NORCE Norwegian Research Centre AS on a barehouse contract. The property is home to NORCE Technology Park Risavika (NTR).

NTR's mission is to facilitate the transition to new forms of energy and a circular economy by providing infrastructure for piloting technologies within industrial biotechnology, as well as for the production and use of hydrogen and related energy carriers. Customers and clients can verify, improve and streamline their technology, which is scaled up to medium scale. NTR offers specialised spaces and facilities that can be adapted to the customer's piloting needs, as well as all the processes, expertise and experience necessary for successful piloting. NORCE Risavika Eiendom AS is a wholly owned subsidiary of NORCE Holding AS.

06

Commercialisation

Commercialising our research findings forms an important part of NORCE's activities. The group company NORCE Innovation AS plays a key role in transforming research-based ideas, that have often emerged over several years in NORCE's scientific environments, into viable companies.





Demonstration, training on and testing of NORCE's unmanned autonomous surface vessel (U-ASV) in Haugesund.

PHOTO ANJA M. RENNESTRAUM | NORCE

In 2023, we paid extra attention to the development of spin-off companies with the potential to create new jobs and provide a financial profit for NORCE. These companies included Xsens AS, Offshore Sensing AS and Gas2feed AS.

Xsens AS

Xsens AS specialises in the production and delivery of advanced measurement technology designed to be mounted externally on process pipes in use and that enable the precise measurement of flow rates and specific properties for liquid flows.

The company is based on a robust platform of innovation, backed by five patent families, which guarantees exclusive rights to its groundbreaking solutions across a broad geographical area. NORCE's 48 per cent stake in Xsens AS reflects its strong belief

in the company's potential and helps ensure leadership in the development of the next generation of measurement technology. For more detailed information about their products and services, see their website: www.xsensflow.com.

Offshore Sensing AS

Offshore Sensing AS delivers groundbreaking innovation with its production and delivery of autonomous ocean-going sail drones, which can be adapted with a wide range of sensors for various purposes and controlled remotely via satellite. These rugged sail drones are designed to withstand extreme sea conditions, including hurricane-strength winds and waves up to 14 metres, making them ideal for long missions in challenging environments such as polar areas. With solar panels integrated into their decks, sail drones can operate independently for months at a



Fermentor at NORCE Technology Park Risavika. ↑

PHOTO CAMILLA AADLAND | NORCE

time, offering a unique capacity for ocean monitoring and data collection. NORCE's 87 per cent stake demonstrates our commitment to driving forward innovation within maritime technology. For more detailed information about their groundbreaking solutions, see their website: www.sailbuoy.no.

Gas2feed AS

Gas2feed AS is playing a leading role in revolutionising the production of sustainable protein using an innovative process that combines carbon recycling and green hydrogen in microbiological fermentation. This process, which

has already shown promising results at laboratory level, represents a significant step forward towards more eco-friendly solutions in feed production, especially for aquaculture.

Gas2feed AS is at the start of an exciting phase of upscaling and testing in larger tanks. NORCE, which owns 36 per cent of Gas2feed AS, supports this groundbreaking approach as part of its broader commitment to innovation and sustainability. For more detailed information, see their website: www.g2f.no.

Kari-Anne Jønnes (centre), member of parliament (Conservative) and the Parliamentary Standing Committee on Education and Research visiting NORCE in Bergen. Here, together with Monika Sandnesmo (left), EVP External Relations, and political adviser to the Conservative Party's education and research section, André Almås Christiansen, they are learning about Sailbuoy.



PHOTO CAMILLA AADLAND | NORCE



07 Health, safety and the environment

NORCE's main objective is to ensure that all of our activities are carried out without harm to people, the external environment or assets.



TABLE I

Overview of incidents and near misses

År	Adverse incidents	Near misses	Incidents resulting in personal injury	Incidents resulting in sickness absence
2023	16	38	6	2
2022	30	23	15	1

The parent company, NORCE Holding AS, has no employees and thus no direct impact on HSE. Important parameters and events relating to the largest subsidiary, NORCE Norwegian Research Centre AS, are commented on below.

HSE policy

NORCE’s main objective is to ensure that all of our activities are carried out without harm to people, the external environment or assets. We want to foster a safe and inclusive corporate culture and maintain a safe and healthy working environment that promotes employee well-being. NORCE takes a systematic approach to HSE and our work complies with regulatory requirements and internal procedures.

HSE targets

NORCE takes a systematic and targeted approach to HSE throughout the year. The priorities in 2023 were ISO 45001 certification and the implementation of new risk management tools, as well as transitioning to a new chemical index. HSE status and updates are reviewed in regular meetings with corporate management and middle managers, trade unions, work safety service and working environment committees. HSE statistics and shared experiences from incidents are available to all employees on NORCE’s intranet.

HSE incidents and near misses

The HSE statistics for 2022 and 2023 are provided in the table above. In 2023, we saw a positive trend in which the number of reported

near misses increased, while the number of actual HSE incidents decreased significantly. It is not good that incidents resulting in sickness absence have increased, but it is positive that there were fewer personal injuries overall. Two personal injuries resulted in sickness absence in 2023: a fractured finger sustained while working in a laboratory and a fractured wrist and ribs sustained when the employee tripped on a cable and fell. Four injuries requiring first aid were also reported. Several of the near misses registered involved material damage that occurred due to storms.

Emissions to the external environment

NORCE’s goal is to have zero emissions to the external environment. Two minor emissions to the external environment occurred in 2023.



NORCE has its own bike for local errands.

PHOTO PER GUNNAR LUNDE | NORCE

One emission involved 800 litres of microalgae pulp, which drained into gravel outdoors. Some 300 litres of sucrose (sugary water) were also discharged into sewer drains. The environmental impact was assessed as minimal in both cases, and corrective and preventive measures were taken.

Safety organisation and working environment committee

NORCE held four ordinary, and one extraordinary, working environment committee meetings in 2023. Minutes from all the meetings are made available to all employees via the NORCE intranet. The committee was chaired by the employer side this year. NORCE has 19 protective zones with their own safety representatives and a common chief safety representative. Safety rounds are conducted on a regular basis. Elections were held to elect working environment committee members, safety representatives and the chief safety representative in 2023, all of whom were offered statutory training. The chief safety representative is a permanent member of the working environment committee. Regular meetings are arranged

between corporate management and the chief safety representative.

Environmental factors

The most significant environmental factors in NORCE are chemical consumption and hazardous waste. The amounts consumed and level of activity are relatively low, and overall the company's adverse impact on nature and the environment is minor. NORCE carries out many research projects that are viewed as making a positive contribution to reducing future environmental impacts. The environmental factors are updated annually. In 2023, we started using the Klimakost tool for NORCE's climate accounting work. The climate report shows our overall climate footprint and provides NORCE with insights into which sources contribute to it most, making it easier for us to implement effective measures that cut greenhouse gas emissions.

Security and emergency preparedness

The security management system is under development and is continuously adjusted to meet the requirements and guidelines issued by public agencies. NORCE has developed policies,

procedures and routines for personnel security, physical security and information security. By the end of 2024, we hope to have attained ISO 27001 certification and to have implemented the policy and guidelines.

NORCE must have a trained and proactive risk and emergency preparedness team that is able to identify risks and manage adverse incidents – including near misses.

Rune Storvold in Antarctica in connection with the TONe project and the establishment of drone monitoring infrastructure.

↓ PHOTO RUNE STORVOLD | NORCE



In 2023, NORCE acquired its own crisis management tool – RAYVN – which enabled us to improve as emergency preparedness organisation.

In 2023, emergency preparedness training was systemised with fixed assembly points for operational crisis teams in cooperation with strategic crisis managers.

Quality

Quality policy

NORCE must deliver services and products of the agreed quality on time and on budget, while simultaneously maintaining a good, safe working environment that promotes employee well-being and their physical and mental health. We aim to carry out research and related activities of high scientific quality and in accordance with recognised scientific methods, as well as to comply with the statutory requirements and ethical research principles.

Internal audits and corporate management's reviews

Corporate management's reviews were carried out as planned in April and October. Internal audits were carried out in line with the audit plan. We conducted 28 internal audits in 2023.

Management system

In 2023, we further developed NORCE's management system, MAPS, based on submitted suggestions concerning improvements and systematic non-conformance management. The system was also expanded to satisfy the requirements of ISO 45001:2018 Occupational Health and Safety Management Systems. Certification was attained in May 2023. All new employees receive training in MAPS in their first 2 weeks after starting work at NORCE. This is reviewed and repeated in research groups as required.

Certifications

NORCE is certified in accordance with ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. NORCE's listing in the Magnet JQS and Achilles

supplier databases has been continued. NORCE is in the process of being certified in accordance with ISO 27001.

The Transparency Act

In 2023, assessments were conducted of suppliers in connection with purchases and of partners in connection with the conclusion of agreements in line with the expectations of the Transparency Act. No major non-conformances were identified in relation to any of them. In autumn 2023, NORCE decided to establish a due diligence committee that could assist with due diligence and follow up NORCE's work on this. The committee held its first meeting in the first quarter of 2024 and will meet at least quarterly going forward and otherwise as required.



Read more about NORCE's work on the Transparency Act here.

<https://www.norceresearch.no/om-oss/slik-arbeider-norce-med-apenhetsloven>

08

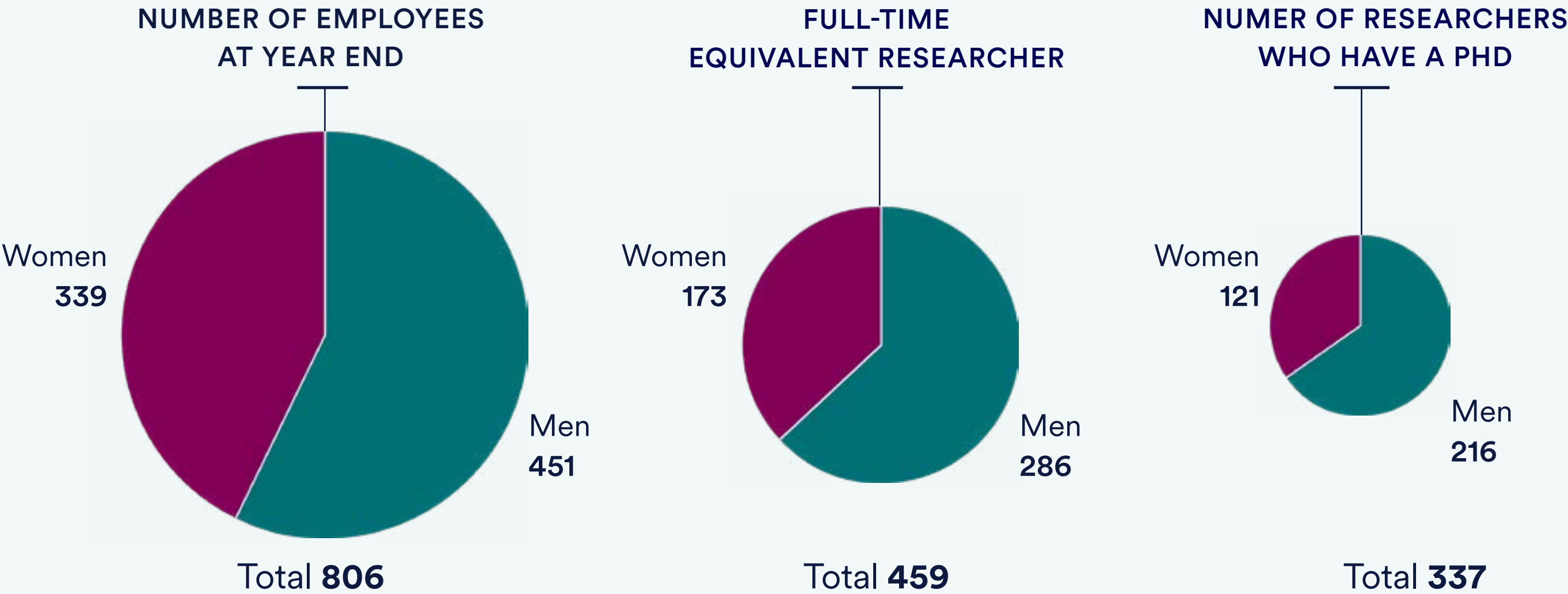
People

NORCE has an important and meaningful social mission and has to attract and retain highly skilled employees in order to deliver high-quality applied research.



FIGURE I

People in NORCE



The parent company, NORCE Holding AS, has no employees. Important parameters relating to the largest subsidiary, NORCE Norwegian Research Centre AS (NORCE), are commented on below. See the note in the consolidated financial statements for the number of employees in the Group.

NORCE: an attractive, innovative and sustainable organisation

NORCE has an important and meaningful social mission and has to attract and retain highly skilled employees in order to deliver high-quality applied research. Therefore, NORCE needs to be a preferred, flexible and inclusive employer, where people thrive and have good development opportunities.

NORCE had 806 employees at the end of 2023, 42 per cent of whom were women. Most of our employees work in the research divisions



HR Adviser Johan Maximilian Matre at an administration seminar in autumn 2023.

PHOTO RUNE ROLVSJORD | NORCE

(719), of whom 40 per cent are women. These represented 459 full-time equivalent researchers in 2023, and a female proportion of 38 per cent. The Energy & Technology division has the lowest proportion of women (22 per cent). The number of researchers in a full-time post with a PhD was 337, of whom 36 per cent were women. The number of employees in administration was 151, of whom 57 per cent were women.

Corporate management

NORCE believes that achieving good gender balances in both management and senior scientific positions is an important goal. The corporate management team has ten members, of whom 40 per cent are women. The research divisions have 70 managers (research managers), of whom 40 per cent are women. Some 26 managers work in administration, of whom 58 per cent are women. There were 101 scientists in senior positions (research professors, chief

scientists and specialist scientists), of whom 23 per cent were women. The work on achieving good gender balances, especially in senior scientific positions, must be continued. More women must be encouraged to choose to take on such positions and it must be possible for them to do so.

The Board of Directors

The Board of Directors has eleven members, of whom seven are women and four are men. The boards of NORCE Holding AS and NORCE Norwegian Research Centre AS are identical. Since its establishment, NORCE Holding AS has held one board meeting and considered three matters. NORCE Norwegian Research Centre AS held ten board meetings and dealt with 73 matters.

Recruitment

A total of 47 posts were advertised in 2023, and 73 new appointments were made to permanent positions. In NORCE's experience, we are an attractive employer for applicants both in Norway and abroad. We generally receive a high number of applicants for the vast majority of positions, although in fields

where highly specialised and rare expertise is required, the market for candidates is somewhat more challenging. NORCE is an international organisation. Our employees represent 49 different nations and we have staff in 15 different countries. This means the organisation must manage our diverse workforce well and have good inclusive procedures.

Sickness absence

The average sickness absence rate was 4.8 per cent in 2023. This represents a slight increase on the previous year (4.7 per cent). We take a results-oriented approach to preventing and following up sickness absences. HR provides support for management, as does the occupational health service. NORCE is flexible and makes accommodations in line with the principles for an inclusive working life.

Working environment

A comprehensive working environment survey was conducted in 2022 in order to evaluate satisfaction, well-being and areas requiring improvement in the company. The results showed solid improvements in key areas. Employees responded that they were

happy and would recommend NORCE as a workplace to others. Action plans were systematically followed up throughout 2023. HR has professional resources that directly assist managers with team and working environment



Work on the new intranet started at pace in 2023. Bouvet helped us identify the organisation's needs. From the left: Camilla Aadland and Irene Husa from NORCE, Regine Sagstad, Hedvig Myklebust, Renate Svenheim and Caroline Power from Bouvet, and Elin Hovda Hageberg from NORCE. Rune Rolvsjord was also involved.

PHOTO RUNE ROLVSJORD | NORCE

development as needed, and we also use external organisational and management development consultants for more extensive projects.

Upskilling

Systematic upskilling is crucial for employee well-being and career development, as well as when it comes to NORCE being able to deliver on our social mission. With the NORCE Academy, HR has established a strategic upskilling tool for NORCE managers and employees.

The NORCE Academy contributes to employees' professional development through internal courses, workshops and digital training. Ensuring that research relevant courses are primarily developed by internal contributors who are very familiar with the role of researcher in NORCE is an important goal. This applies to both project manager courses and

the professional courses a researcher needs to be as successful as possible.

Good leadership is crucial for developing NORCE as an attractive workplace with a good working environment. Good managers are also essential for building the desired corporate culture, developing the company and realising strategic goals. NORCE is, therefore, committed to developing a good management team.

NORCE has several ongoing management development programmes, and in 2023 a new cohort started NORCE's main programme. This programme lasts for a year and has four modules. The topics covered include leadership development, diversity-based management and conflict resolution.

An onboarding programme for new managers was conducted for the first time in October 2023. The feedback on this was good,

especially in relation to the opportunities participation provided for connecting with other new managers and increasing one's contextual knowledge and understanding of management processes. The programme is designed to help new managers settle into their new leadership roles faster.

The management forum was established in autumn 2023. This is a digital forum for managers and is held on the first Friday of every month. Its purpose is to offer managers an arena for professional input and sharing experiences. Prior to this, we have used mainly external providers. The offer has been welcomed and the participation rate is high.

By facilitating individual and collective upskilling, NORCE is building a corporate culture that supports research, innovation, collaboration and continuous learning, as well as one that strengthens the company's position as a preferred employer in the sector.

Digitalisation

In 2023, a substantial effort was made to automate several of the preboarding and onboarding processes in HR. This was done for a number of reasons, including to comply with the GDPR rules on personal data. We also want new employees to feel included and taken care of from the day they accept a position at NORCE. Employees who experience good preboarding and onboarding will see NORCE as a professional and caring employer. This also facilitates contact between managers and their new employees well before the new employees start working at NORCE.

HR receives a large number of enquiries from the rest of the organisation concerning areas managed by HR. These are often complex questions that require specialist expertise in a variety of disciplines. In autumn 2023, HR introduced the Pure Service system to ensure that enquiries are answered by HR staff with expertise in the various disciplines.

The role of HR is constantly changing and HR is increasingly expected to have the knowledge and base data necessary to help both the Board and corporate management with management data. Digitalisation is also providing great opportunities for improving, renewing and streamlining both HR processes and development initiatives in the organisation.

Work on purchasing a human resources management (HRM) system has therefore started. This will provide both efficiency gains and better access to data, both for managers and for the company's employees.

The HRM system will also enable us to take a more strategic approach to developing the skills of NORCE's employees. The system will help identify trends, strengths and areas requiring improvement, thus allowing NORCE to adapt its upskilling work in the form of training, talent programmes and performance evaluations more precisely.



The canteen was full of people at our 5th anniversary celebration on 02.10.2023. Here they were served cake and listened to a speech from the new CEO, Camilla Stoltenberg, on her first day at NORCE.

PHOTO ANDREAS R. GRAVEN | NORCE

Gender equality and diversity

NORCE wants to be an inclusive workplace with a good working environment and good development opportunities for everyone. NORCE has many employees who work from abroad, although many also move to Norway. Moving to a new country and joining a new organisation in a new position is challenging. Therefore, it is important that these employees also experience a sense of belonging at NORCE. This makes a good onboarding process even more important for this group of employees. A major project is underway that is designed to ensure that new International employees experience a good onboarding process and reception, and we are working to ensure that information, governance documents and employee handbooks are available in English.

International employees are important for NORCE because they give us access to cutting-edge research expertise. NORCE offers employees who move to Norway a digital

course in “Norwegian culture and what it is like working with colleagues in Norway’s working culture.” With inclusion in mind, NORCE also pays for up to three Norwegian language courses for employees who move to Norway. Diversity-based management is the subject of a 2-day seminar in NORCE’s main management development programme.

NORCE has committed itself to a corporate action plan on gender equality and diversity that has been approved by the Board. NORCE also produces annual gender equality statements that report on the status of the work on gender equality and diversity, with statistics. These are available from our website.

Directors’ and officers’ liability insurance

Directors’ and officers’ liability insurance has been taken out for board members and the CEOs of the parent company and subsidiaries in the Group. This covers up to NOK 50 million per insurance case per year.



Christina Brunner and Johan Maximilian Matre talked about stress at the administration seminar in NORCE.

PHOTO RUNE ROLVSJORD | NORCE

09

Finance

Operationally speaking, NORCE developed well throughout 2023. The Group made good progress on ongoing projects, had a solid order book and achieved a good rate of success in application processes, especially within the EU's framework programmes for research and innovation.





NORCE's administration gathered at a joint seminar in autumn 2023.

PHOTO RUNE ROLVSJORD | NORCE

The global economy is still being impacted by political unrest, conflicts, wars, high inflation and high interest rates. This is putting pressure on the business sector and affecting demand for contract projects.

The institute sector is, in many ways, balanced on a knife edge: a large proportion of funding sources cover costs (e.g. basic grants and projects with the Research Council of Norway), others require partial self-funding (EU projects), while contract projects with the business sector can be carried out at market price. Overall, this results in limited opportunities to achieve a positive margin and build up equity from ordinary operations. Therefore, small negative changes in conditions can quickly lead to poorer results.

After several years of surpluses from operations, NORCE posted an operating loss for 2023. This was due in part to a combination of great success with respect to EU projects that are not fully funded, the self-financing of several strategic initiatives such as NORCE Technology Park Risavika, and some extraordinary costs. Nevertheless, NORCE's overall result was positive. This was mainly due to gains from asset management.

Gains from successful commercialisation processes have over a number of years provided NORCE with a substantial capital base. In 2022, this was invested in a well-diversified financial portfolio with a "perpetual" perspective, and the return in 2023 was good. The plan is to use the expected annual return on the portfolio to finance strategic projects in NORCE via the parent company, NORCE Holding AS.

The year in numbers

The parent company, NORCE Holding AS, reported operating income of NOK 0.0 million in 2023. The operating profit for 2023 was NOK 0.0 million. The net financial result was NOK 43.9 million. The ordinary profit before tax was NOK 43.9 million. The company has total assets of NOK 670 million, of which equity accounts for NOK 670 million (100 per cent) and liabilities for NOK 0 million.

It is proposed that NORCE Holding AS's profit for the year be transferred to other equity. The company's liquidity at the end of 2023 was satisfactory. The company's annual financial statements have been prepared based on the assumption that it is a going concern.

The research company, NORCE Norwegian Research Centre AS, reported operating income of NOK 1 179 million for 2023, compared with NOK 1 082 million for 2022. The operating result for 2023 was NOK -26.0 million, compared with NOK 10.5 million for 2022. The net financial result was NOK 60.8 million for 2023, compared with NOK 59.9 million for 2022. The ordinary profit before tax was NOK 34.8 million for 2023, compared with NOK 70.4 million for 2022. As at 31.12.2023, the company had total assets of NOK 745 million, of which equity accounted for NOK 111 million (15 per cent) and liabilities NOK 634 million. In comparison, equity totalled NOK 626 million (47 per cent) as at 31.12.2022.

The change in equity was mainly due to the restructuring of the Group, where ownership of NORCE Innovation AS, NORCE Risavika Eiendom AS and most of the financial portfolio was transferred to NORCE Holding AS with effect from 29.12.2023. It is proposed that the profit for the year in NORCE Norwegian Research Centre AS be transferred to other equity. The company's liquidity at the end of

2023 was satisfactory. The company's annual financial statements have been prepared based on the assumption that it is a going concern.

The Group as a whole reported operating income of NOK 1 402 million for 2023, compared with NOK 1 313 million for 2022.

NOK 73.0 million, compared with NOK -6.2 million the year before. The ordinary profit before tax was NOK 58.6 million for 2023, compared with NOK -6.4 million for 2022. The company has total assets of NOK 1 410 million, of which equity accounts for NOK 572 million (41 per cent) and liabilities for NOK 838 million.

TABLE I

Financial key figures 2023

	NORCE Norwegian Research Centre	NORCE Holding (parent)	Group
Operating income	NOK 1 178 million	NOK 0,0 million	NOK 1 402 million
Operating profit	NOK -26,0 million	NOK 0,0 million	NOK -14,4 million
Profit before tax	NOK 34,8 million	NOK 43,9 million	NOK 58,6 million
Equity	NOK 111 million	NOK 670 million*	NOK 572 million*
Equity ratio	15 %	100 %	41 %

*The Group companies, NKVTS and NUBU have net unfunded pension liabilities of NOK 67 million and NOK 54 million, respectively, totalling NOK 121 million. NKVTS now has a state grant structure in place in which, over time, one can set aside funds and build up a capital base that balances the unmet liabilities. NUBU's grants have also been increased and it plans to make similar provisions. Corrected for unfunded pension liabilities, equity in the Group would increase from the posted NOK 572 million (41 per cent) to an adjusted NOK 693 million (45 per cent).

10

Risk and risk management

The board has established guidelines to mitigate and manage risk, and management has implemented these within the organization.



Robert Ewald, a researcher at NORCE, works on simulating drilling operations in our OpenLab infrastructure in Stavanger.

PHOTO NORCE



Primary objectives and strategy

NORCE is exposed to both operational and financial risk in different areas. The goal is to mitigate the risk such that it is at an acceptable level. The Board has adopted guidelines for reducing and managing risk, and corporate management has implemented these in the organisation.

Operational risk

There is a general operational risk that projects may not generate sufficient income to cover all costs. NORCE has established organisational structures, control routines and authority matrices to ensure proper risk assessment before new contracts are entered into. An insufficient number of projects for the company represents another operational risk. The company constantly strives to develop market opportunities, which reduces this risk in the short and long term. In 2023, NORCE started using the tool Anaplan for a number of analysis and planning purposes. For example, it will be used for planning project staffing, which will

provide a better overview of the order book and contribute to its better utilisation and highlight where application/sales activities should be focused to make the best use of one's capacity.

NORCE is also exposed to operational risks related to the operation of infrastructure such as laboratories and testing facilities. The company has established procedures, including certification, to ensure that these risks are subject to adequate control. NORCE also has employees doing fieldwork in local and far more distant places who require special follow-up.

The company worked on establishing NORCE Technology Park Risavika throughout 2023. This is a complex project and involves a number of different disciplines in NORCE. NORCE is in the process of establishing new procedures to better manage risk in projects of similar complexity going forward.

Financial risk

NORCE aims to conduct its research and other activities with limited exposure to financial risk. The company's Board of Directors has adopted guidelines designed to reduce exposure to a manageable level, including an authority matrix, finance and asset management policy and foreign exchange policy.

The biggest financial risks to which NORCE is exposed are:

Investment risk (risk of losses from investments): The company has established a finance and asset management policy that provides guidelines for the management of liquidity and surplus liquidity. A distinction is made between liquidity capital, which is managed via banks and money market funds, and assets under management, which are managed via a diversified portfolio based on a long-term perspective. From 29.12.2023, almost all assets under management were held by NORCE Holding AS after being transferred from

NORCE Norwegian Research Centre AS as part of the restructuring of the Group.

The Board has approved the strategic allocation of assets under management and uses the following asset classes: money market funds, bonds, real estate, active equity funds, and hedge funds. The allocation was approved in order to generate a good risk-adjusted return. The agreed allocation between fixed income securities and equities/alternative investments is 30/70 per cent in NORCE Holding AS.

The time-weighted return on the assets under management in 2023 was 12.6 per cent, a gain of NOK 45 million. In 2023, this result was entirely recognised in NORCE Norwegian Research Centre AS. From 2024, most of the assets and return will be recognised in NORCE Holding AS.

Owner risk (risk of losses in subsidiaries):

NORCE commercialises research and innovation through subsidiaries owned and managed by the wholly owned subsidiary, NORCE Innovation AS. These investments are at various stages of

commercialisation and are exposed to different risks. Corporate governance guidelines have been established to mitigate the relevant risks.

Counterparty risk (risk of losses on receivables from clients):

Historically, the risk of losses on receivables has been low. Given the increased financial risk in society in general, the risk of losses on receivables as at 31.12.2023 and the start of 2024 is also higher. The company has evaluated and made provisions for potential losses in the existing project portfolio.

Foreign exchange risk in projects with foreign clients or in relation to foreign suppliers and partners:

NORCE's exposure to foreign exchange risk is limited. A foreign currency hedging procedure has been established for foreign currency based projects worth more than EUR 1 million to NORCE.

Liquidity risk (risk of being unable to meet commitments as they fall due):

The risk is considered low as NORCE has sufficient liquidity capital.

Several factors could increase the need for working capital and liquidity in the sector going forward. The Research Council of Norway's payment terms will change over time from in advance per 4-month period to in arrears based on invoiced time spent. The EU is transitioning to more lump sum projects and invoicing upon reaching milestones. Both of these will reduce liquidity and increase the need for working capital. NORCE is aware of this and will take measures if necessary, for example by making transfers from assets under management to liquidity capital.

Pension liabilities NKVTS and NUBU have substantial pension liabilities. NKVTS now has a state grant structure in place in which, over time, one can set aside funds and build up a capital base that balances the unmet liabilities. NUBU's grants have also been increased and it plans to make similar provisions. The pension liabilities of both NUBU and NKVTS are included in full in the consolidated financial statements.

11

Future prospects

NORCE is well positioned and has great scientific breadth, outstanding researchers in a range of fields, and a good local presence in a number of regions along the Norwegian coast.



NORCE strengthened its presence in Oslo in 2023. We have a solid order book and our success rate for applications is high. After 5 years as a unified NORCE, we are beginning to become a familiar name, which also benefits from the almost one hundred-year history of the institutes that are now part of NORCE. Positive liquidity capital and assets under management, largely as a result of successful commercialisations and sales of enterprises, contribute to financial security and flexibility in the Group. This suggests that NORCE is well positioned in the sector.

Nevertheless, a number of short- and medium-term risk increasing factors require attention. These are primarily related to the framework conditions for the institute sector in Norway, where public funds for the sector have currently stagnated at 2019 levels, and, not least, to the uncertainty associated with the continuation and level of Retur-EU support. The institute sector in

Norway has enjoyed a high rate of success in EU research programmes, despite the fact that the projects do not cover their own costs, even with Retur-EU included. The continuation of Retur-EU, and preferably the expansion and strengthening of this scheme, is absolutely essential for further growth in the sector, and is, not least, a highly effective means of ensuring that Norway gets a lot of research out of each penny of funding. Another trend is that the competition from the higher education sector is growing, and they are taking an increasing share of the total research funds available in Norway.

We also believe that the contract market is changing. The trend is that private and public actors are seeking risk mitigation in the form of public funding and are less willing to fund research projects themselves. There is also a trend in which public actors are building their own knowledge environments and carrying out assignments themselves.



Tonje Fyhn debating in Kanalplassen during Arendal Week 2023.

The debate was about what works best from the perspectives of young people, employers and research, and what barriers need to be eliminated to get more young people into work.

PHOTO ANDREAS R. GRAVEN | NORCE



Kirsti Midttømme in Nygårdspporten, Bergen, at the kick-off for the RamonCO project, which will be led by NORCE.

PHOTO ANDREAS R. GRAVEN | NORCE



↑ **Erik Kolstad** gave a talk on input seminars for the government's upcoming Africa strategy. The open seminar was organised by the Chr. Michelsen institute.

PHOTO RUNE ROLVSJORD | NORCE

The Board is focused on efficient operations and costs in NORCE, and corporate management is working on measures designed both to increase invoicing rates and optimise costs combined with ensuring we get the most relevant research out of each penny. The operating profit for 2023 was weaker than expected, and steps will be taken in 2024 to improve it.

The Ministry of Health and Care Services (HOD) has commenced an evaluation and potential reorganisation of central health administration. All of the centres of knowledge and excellence, apart from the specialist health services, which are mainly funded by HOD, could be affected by this reorganisation. NORCE Norwegian Research Centre operates four such centres and has three subsidiaries subject to this process. NORCE has communicated to HOD that it sees mutual benefits from linking consulting and research. In this way, consulting can be based on the latest research and research can get closer to society through the consulting activities. Therefore, NORCE is ready to assume greater responsibility with respect to the operation of centres of knowledge and excellence. The outcome of this potential reorganisation could thus have a significant impact on our activities in the area of health.

Another important area for NORCE is research infrastructure. NORCE has significant research infrastructure today, such as Ullrigg, which in 2023 celebrated its anniversary and has been a successful investment for 40 years. We are also working on developing new infrastructure in the form of both having a research aircraft in Tromsø and NORCE Technology Park Risavika in Stavanger. Our research infrastructure represents both great opportunities for increased research and innovation, but also a risk during its establishment and operational phases. NORCE is striving to improve its processes for establishing and operating this type of infrastructure, which includes realising synergies as part of the operation of facilities.

<p>The need for working capital in the sector will probably increase going forward due to the structural changes mentioned in the chapter on risk management. The Board and corporate management team are aware of this and will take action if necessary.</p> <p>For many years, NORCE has also been able to point to successful commercialisations and gains from this work through NORCE Innovation AS.</p>	<p>This work continues and will be an important factor for the Group when it comes to ensuring healthy and profitable operations.</p> <p>In conclusion, the Board and corporate management team are optimistic about the future, but recognise that some challenging trends are emerging, that the competition for research funding is getting tougher, and that one must always strive to stay in front in order</p>	<p>to succeed. NORCE has the resources and expertise to make our mark in the future as well.</p> <p>The Board would like to thank all of our employees, managers and elected representatives for their great teamwork and efforts in 2023. The Board also wishes to thank all of our partners for the year just ended.</p>
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The Board, 17 April 2024

Marianne Marthinsen Chair	Robert Bjerknes Deputy Chair	Marte Indregard Board Member	Hege Indresand Board Member
Aslaug Mikkelsen Board Member	Eva S. Dugstad Board Member	Erlend Randeberg Board Member	Heidi Hindberg Board Member
Lisbet K. Nærø Board Member	Harald Furre Board Member	Gisle Andersen Board Member	Camilla Stoltenberg CEO

12

How do we contribute to the Sustainable Development Goals?



Senior Researcher Svein Østerhus pictured in connection with recording footage for 12 – Sustainable Development Goals and the film “Weddel Watch” about NORCE’s observatories in the Antarctic. 

PHOTO ANDREAS R. GRAVEN | NORCE




 **Helena Hauss, Research Director Marine Ecology, and research assistant Marius Nilsen** checking fish as part of the Spiny Dogfish project.

PHOTO CAMILLA AADLAND | NORCE

How do we contribute to the Sustainable Development Goals?

The majority of our projects fall within the scope of Goal 9: Industry, Innovation and Infrastructure. We have no fewer than 70 projects that are contributing towards this goal. This shows NORCE’s strong commitment to promoting sustainable industrial development and innovation.

One of these contributions comes from HyValue, led by NORCE, which promotes sustainability by developing value chains for hydrogen-based energy carriers. The centre is very important in our work on achieving the goals of cutting emissions by 2030 and climate neutrality by 2050.

HyValue aims to overcome hydrogen-related challenges by developing new production

methods, improving risk assessments and analysing social anchoring. The centre integrates technical solutions, financial incentives, regulatory frameworks, social and environmental impact, and risk management to ensure a comprehensive approach to sustainable energy development.

Hydrogen intended for maritime use is an important component of this. This includes shipping hydrogen safely and efficiently and using it to fuel ferries. Its work is helping to make hydrogen a reliable option for maritime transport, which could significantly reduce emissions.

HyValue collaborates with national partners such as the Fridtjof Nansen Institute (FNI), the



Institute of Transport Economics (TØI), the Norwegian School of Economics (NHH), the University of Bergen (UiB), the Western Norway University of Applied Sciences (HVL) and international partners such as the Massachusetts Institute of Technology (MIT) and Forschungszentrum Jülich. These collaborations boost the centre’s ability to develop innovative solutions and share knowledge on a global basis.

HyValue has several specific goals in relation to sustainability: developing hydrogen and ammonia production methods that reduce energy loss and costs; transport and storage solutions for hydrogen-based fuels; and analysing maritime value chains. It is also developing a risk assessment framework for hydrogen and ammonia systems and methods for increasing the hydrogen sector’s social anchoring.

Through its work, HyValue is helping the hydrogen sector to mature as a sociotechnical

system, document greenhouse gas emissions in hydrogen and ammonia value chains, and promote sustainable energy use.

In second place comes Goal 13: Climate Action, with 67 registered projects. This reflects the significant effort NORCE is making to combat climate change and cut greenhouse gas emissions.

One example of this is SFI Climate Futures, which is tasked with providing more reliable warnings of extreme weather events such as flooding, droughts and torrential rain. Climate Futures is led by NORCE and based at the Bjerknes Centre for Climate Research. Its other research partners are UiB, the Centre for Applied Research at NHH, the Norwegian Computing Centre, the Norwegian Meteorological Institute, the Nansen Centre and Statistics Norway. One of the centre’s key goals is to produce new and innovative solutions for predicting and managing all of the centre’s “nodes”, which are sustainable food production,



Can we adapt to climate change without sacrificing nature? This was the topic of one of the debates organised by NORCE at Arendal Week 2023. From the left: Ulrich Pulg, researcher at NORCE, Ingrid Nergaard Fjeldstad (Liberal), city councillor for the climate, environment and urban development in Bergen, and Ragnhild Sjoner Syrstad (Labour), State Secretary in the Ministry of Climate and Environment.

PHOTO RUNE ROLVSJORD | NORCE



renewable energy, smart shipping and resilient communities.

Sustainability

The nodes represent sectors such as agriculture, renewable energy, disaster preparedness, shipping, insurance, finance, risk management services, and public agencies. Improving our understanding of the interplay between climate variables like precipitation, wind and temperature, and using this knowledge to make better use of the physical models in order to promote sustainability, will be key. Better climate services for vulnerable industries will be important in tackling climate change.

In third place we find Goal 14: Life Below Water, with 55 registered projects. This reflects NORCE's dedication to preserving and protecting marine life, which is essential for ecosystems and humanity as a whole.

PolarRES focuses on climate change in the polar regions, and the environmental and social impacts on the Arctic and Antarctica. Using the innovative 'Storylines' approach, PolarRES wants to pave the way for pathways and solutions for climate change in the polar regions. This EU project is tasked with developing new knowledge about the key processes in the polar regions that underlie global and polar climate change.

The project is also working on delivering advanced climate forecasts for the polar regions in support of impact assessments, and updated assessments of the effects climate change is having on activities in the Arctic. Specifically, PolarRES wants to deliver new knowledge about the impact climate change is having on permafrost and coastal erosion, forest fires, polar marine ecosystems, trans-Arctic navigation, and the spread of radionuclides in the Arctic.

The aim is to report on political measures that can protect and develop natural and cultural assets. PolarRES wants to enable Arctic communities to respond to future changes in the polar climate system better through better climate forecasts for the polar regions.

This is closely followed by Goal 7: Affordable Clean Energy, with 54 projects that are helping to promote clean, sustainable energy. This underlines NORCE's role as an important actor in the transition to renewable energy and cutting greenhouse gas emissions.

It is also worth mentioning that NORCE makes significant contributions to Goal 8: Decent Work and Economic Growth, with 41 registered projects, and Goal 15: Life on Land, with 40 registered projects. This demonstrates NORCE's wide-ranging commitment to contributing to a more sustainable future in all areas.

13

Climate accounting

As a leading research institute, NORCE is constantly striving to achieve its ambition of becoming a carbon neutral organisation by 2040, while exploring new pathways and initiatives in order to reduce our climate footprint.





NORCE's main office in Bergen, Norway.

PHOTO PER GUNNAR LUNDE | NORCE

2023 represented an important chapter in both NORCE's commitment to sustainable social development and our obligation to contribute to the green transition through new knowledge and information-based decisions. As a leading research institute, NORCE wants to become a carbon neutral organisation by 2040, while exploring new pathways and initiatives in order to reduce our climate footprint.

NORCE's climate report for 2023 is presented here in line with this objective. It includes an analysis based on the information available about the organisation's emissions and climate impact. The report is based on last year's reporting and takes account of changes in the organisation's activities and investments.

By evaluating NORCE's climate performance in 2023 compared with previous years, and in light of our ambitious goal of achieving climate neutrality by 2040, the report provides insights into the organisation's progress and challenges on the pathway to a more sustainable future. An

overview is also provided of new factors that are included in this year's report, as is an account of the investment activities that have affected the organisation's CO₂ emissions.

Climate accounting is an important tool in relation to NORCE's commitment to transparency and accountability, and it helps inform decision makers and stakeholders about the organisation's efforts to reduce our environmental footprint and contribute to a more sustainable future. The full climate report for 2023 is appended to this report.

NORCE's climate report for 2023

NORCE's climate report has been prepared in accordance with the Greenhouse Gas Protocol (GHG), where emissions are divided into three scopes with their own subcategories. The three "scopes" are: Scope 1: Direct emissions, Scope 2: Indirect emissions from purchased energy, and Scope 3: Purchased goods and services.

NORCE's emissions are distributed as follows: 1 per cent in Scope 1; 3 per cent in Scope 2; and 96 per cent in Scope 3. The report for 2023 shows that NORCE's greenhouse gas emissions totalled 6 589 tonnes of CO₂ equivalents (tCO₂e), equivalent to 9 503 tCO₂e per FTE. This represents a slight decrease of around 539 tCO₂e compared with 2022,1 ref. Table 1.

An overview of NORCE's emissions for the period 2022-2023 is provided in Table 1.

Scope 1: Direct Emissions

The direct greenhouse gas emissions in Scope 1 totalled 55.92 tCO₂e. Most of this contribution came from NORCE's vehicles and aircraft. NORCE had eleven vehicles at the end of 2023. These are used, for example, in fieldwork where equipment and personnel must be transported to take measurements and conduct studies.

TABLE I

NORCE’s documented greenhouse gas emissions 2022 – 2023 (numbers in tCO₂e)

Figures in tCO ₂ e	2022	2023
Scope 1 – Direct emissions		
Combustion, own vehicles	44.79	55.92
Scope 2 – Indirect emissions from the purchase of energy		
Power consumption	70.65	88.14
District heating consumption	138.22 ²	108.16
Scope 3 – Other indirect emissions		
Purchase of goods and services	5050.4	4630
Waste handling	51.80 ³	43
Business travel	887.38	1095
Buildings	772 ⁴	568 ⁵
Total carbon footprint	7128	6589.3
Emissions per full-time equivalent	10.949	9.503

One option for reducing emissions from our vehicles would be to renew the fleet, which in 2023 consisted of two electric vehicles and nine fossil vehicles. Sometimes these vehicles have to travel long distances and in places with poor charging opportunities. Given advances in battery technology and an expanded

charging network, in the future it will be possible to replace the vehicles with electric vehicles.

NORCE uses car sharing services for other purposes.

Footnotes

¹ The climate report for 2022 has been updated to include more figures than were registered in the published version from 2022. This was done to ensure comparability between the years, and therefore the 2022 report has been adjusted with figures that correspond to those used in 2023

² Updated figures. 258.7 tCO₂3 was reported in error in 2022.

³ Updated reporting following new information about waste from SAR.

- Reduction in emissions due to how emission intensity is calculated in this category. Several factors affect this:
- Prices: The emissions model has a time lag of ² years in relation to the financial year, and emission factors are adjusted in line with the consumer price index. Therefore, inflation affects the factors on an annual basis. Direct emissions and factor inputs are divided by total income, and major changes in turnover can affect the emissions footprint per NOK. Rapid price changes over short periods of time increase uncertainty.
- Changes in the background economy: Emissions vary between sectors and affect emission factors. When sectors produce more NOK per emission, the factors go down. Long-term price agreements can increase uncertainty. Uncertain data in emissions model: For sectors with low direct emissions, emissions statistics can be more uncertain and vary more than in sectors where direct emissions are reported, which has a big impact on the factors.

⁴ Updated figures. Emissions related to “operation and maintenance costs for leased buildings” have been included that refer to higher emissions than reported.

⁵ In total, NORCE used more kWh in 2023 than in 2022. The decrease in tCo₂e can be explained by a decrease in intensity for district heating in Risavika from 0.164 in 2022 to 0.040 in 2023.

Scope 2: Purchased electricity and district heating

Scope 2 includes emissions from purchased electricity and district heating. The magnitude of emissions that should be calculated per kilowatt hour of consumption is a matter of contention for both of these energy carriers, and different assumptions can produce very large differences in results. Given the assumptions made in the location-based principle for emissions on which the GHG Protocol is based, the total emissions from energy were 196 tCO₂e in 2023. Of this, 88.14 tCO₂e were from electricity and 108.16 tCO₂e were from district heating (2.85 tCO₂e from district cooling). This represents a slight decrease of 18.57 tCO₂e compared with 2022.⁵

NORCE has activities spread across a number of cities in Norway, with various buildings and facilities. We lease premises from various landlords who are the actual electricity customers and manage the power consumption in the premises. Our buildings, which mainly consist of offices, laboratories and test facilities, require a considerable amount of energy. We have collected energy consumption data for all

of the larger buildings, although a few individual offices and storage premises have not been counted.

Emissions from different energy sources vary considerably. Electricity generation in Norway has a very low climate footprint compared with other countries, which means that the physical electricity we use produces low emissions. On the other hand, we are part of a larger electricity market in which electricity guarantees are traded between all EU and EEA member states. Some of Norway's clean electricity is exported to international customers, while Norwegian customers who do not buy guarantees of origin receive electricity from fossil energy sources and nuclear power. The proportion of NORCE's consumption with a guarantee of origin is 88 per cent.

When we lease premises, the company cannot buy electricity directly, instead it has to deal with the landlord. We constantly strive to reduce our energy consumption and increase the proportion of district heating in our buildings. Slightly less energy was consumed in 2023

than in 2022. In 2024, we started investigating energy-efficient solutions.

Scope 3: Purchased goods and services

The largest proportion of NORCE's greenhouse gas emissions is in Scope 3. In 2023, emissions in this category amounted to 6 337 tCO₂e. Most of this was related to the large general category of "purchased goods", which has been assessed as totalling 4 458.3 tCO₂e. Emissions are mainly estimated based on detailed accounting data concerning all purchases made during 2023.

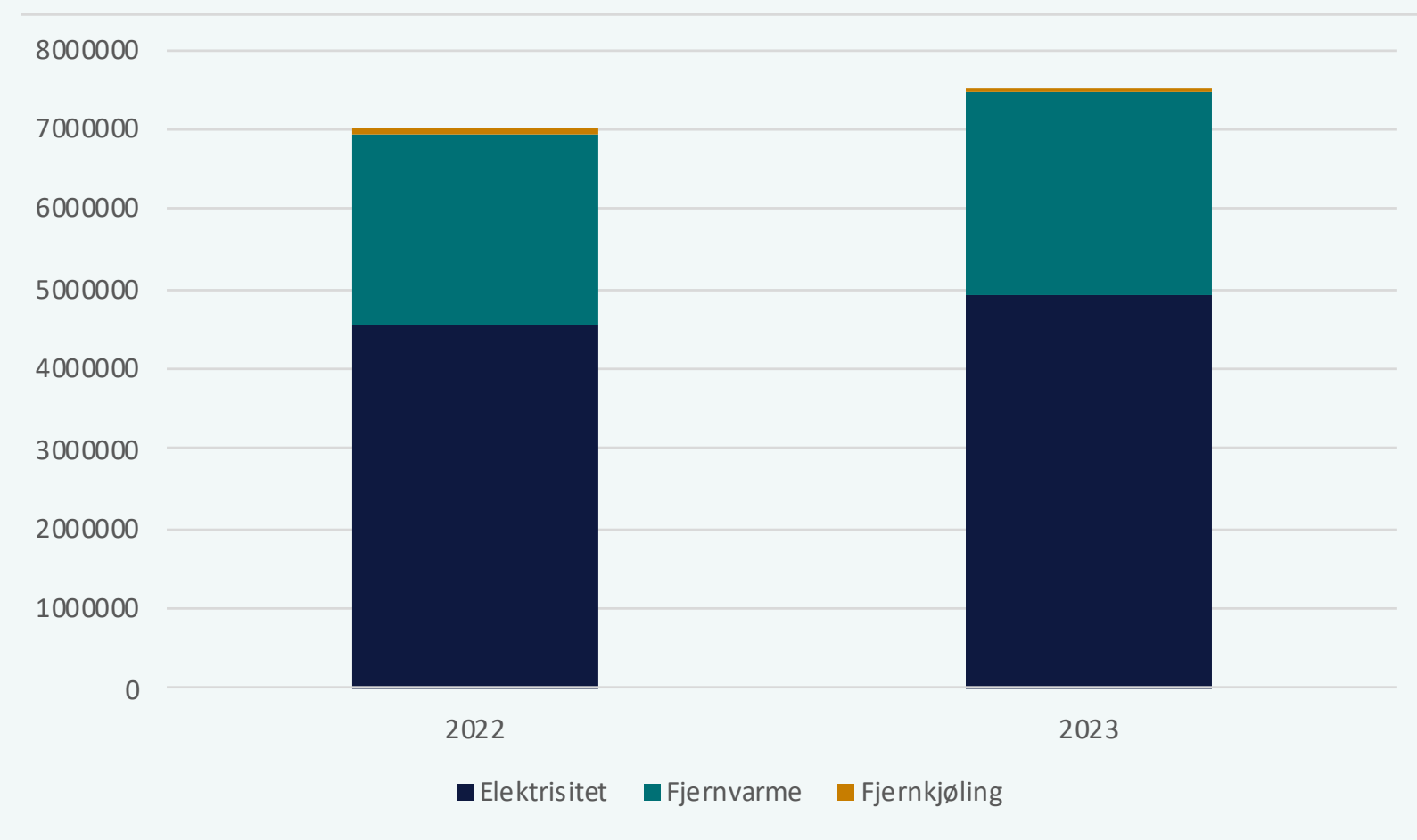


The EU's ELEXIA project's third consortium seminar in Sines, Portugal. The meeting was chaired by Peter Breuhaus.

PHOTO RUNE ROLVSJORD | NORCE

FIGURE I

Energy consumption (kWh)



A detailed overview is provided in Table 3. The emission factors in the accounts are based on Asplan Viak’s Klimakost model. In line with this, an emission factor is estimated for each account type in NORCE’s report. Total emissions are then arrived at by multiplying the emission factor by total income per account type.

One disadvantage of this method that is based on financial data – without supplementary indicators – is that it generally only creates incentives to cut costs and not greenhouse gas emissions. At some point in the future, we will analyse larger purchases based on physical data

(primary data). In connection with this, we will focus on requesting data from suppliers in order to quantify emissions more accurately.

The aim of this is to ensure that, in the long term, we can produce a more accurate result than we would get if we only used financial emission factors. At the same time, it will make the replacement of products with more climate-friendly variants more visible in the climate report. If you only use financial emission factors and the more climate-friendly variant is more expensive, changes like this can make it look like the emissions linked to the purchase have increased.

Please also note that in 2023 major investments were made in new servers for storage. Extensive work was also done in connection with building infrastructure for Risavika and other large projects.

Green IT

As far as IT equipment is concerned, NORCE has a reuse and recycling agreement with an external company.

NORCE receives reports from this service provider listing the reuse and recycling rates for waste equipment. NORCE has also established a procedure in which the internal reuse of IT equipment in the organisation is assessed before it is sent to an external supplier for further recycling and reuse.

TABELL II

Air travel

	2022	2023
Norway	437.20	503.01
Nordic countries	3.41	2.11
Europe	173.42	260,61
Intercontinentalt	258.82	282.94
Total	872.85	1048.66

Travel

New guidelines for travel were adopted in 2023. These focus heavily on promoting more sustainable travel practices. However, despite the new travel guidelines, NORCE’s travel activities increased in 2023. This can partly be attributed to the fact that the new guidelines had not yet come into effect and had, therefore, not fully influenced people’s travel habits. The increase should be seen in the context of a transition period as we move towards more eco-friendly practices.

If we are to achieve the goal of cutting emissions from travel from a longer term perspective as well, it is important to enhance and continue to use digital tools for videoconferencing and digital meetings. Principles must also be established for when videoconferences can replace travel, and for prioritising which trips must be made or can be made in a more sustainable manner.

In 2023, NORCE conducted a travel habit survey to identify how employees commute to and from NORCE’s offices. The data from this survey must be reviewed before we can report the results.

Emissions from goods and services

Compared with the updated report for 2022, NORCE saw a slight decrease in its climate footprint for 2023. The largest proportion of the climate footprint is still attributable to “goods purchases”. The largest single source of emissions in 2023 was investments related to machinery and furniture and fittings.

NORCE also focused on infrastructure development, especially through the establishment of the research and infrastructure centre, NORCE Technology Park Risavika. This centre, which is a leading national and international hub for industrial biotechnology, carbon capture and storage (CCS) and the circular carbon economy, also contributed to the bigger climate footprint.

“Leasing of IT systems” accounted for a significant proportion of the climate footprint in 2023 and was the second largest source of impact for NORCE. Given the large amounts of data we have to store, we need to develop a plan to improve the management and storage of this data in the future.

This category, which is assessed using financial emission factors, accounts for a significant proportion of the climate footprint. Obtaining good insights into this area involves a lot of work, mainly because reliable emission factors (LCA data and EPDs) have yet to be fully clarified. A project to identify the largest investments and areas within office supplies will be started, and life cycle analyses (LCAs) will be produced to provide more information on the climate impact of these investments.

Buildings

As previously mentioned, NORCE’s premises are spread across several cities throughout Norway, with various buildings and facilities. As far as the buildings NORCE leases are concerned, the impact we can have on energy consumption is limited. A process covering energy efficiency and assessments of sustainability and efficiency in relation to renovations and negotiations on agreements is ongoing.

NORCE will systematically reduce energy consumption in our premises. In the coming years, we plan to implement various measures that will help cut NORCE’s total energy consumption by 2040. These measures will mainly include:

- Increasing area efficiency and rehabilitating building stock.
- Implementing renewable energy solutions, like having solar panels on our own buildings.
- Implementing a number of energy efficiency measures, both major and minor.

TABLE III

Goods and services	tCO ₂ e 2023
Investments in machinery, inventory and transport equipment	2421.86
Rental of machinery and inventory	266.63
Fixtures and fittings, tools and operating materials	70.41
Computer equipment	23.65
Software	23.63
Supplies	536.41
Workwear and protective equipment	16.44
Repair and maintenance of equipment	107.04
Repair and maintenance, other	18.99
Office supplies	12.02
Subsistence allowance	69.18
Dues and gifts	95.34
Rental of computer systems	796.68
Total	4458.29

NORCE leases many office premises and currently finds itself in a situation where we have barely any vacant offices but many vacant rooms. By introducing more flexible use, we can avoid having to lease more space for expansions or reduce our space needs with better office solutions. NORCE is in the process of assessing the current office solution, with a focus on optimising space.

Waste

NORCE reports estimated figures for waste and source separation rates based on information we receive from landlords. Since we lease some premises, we rely on figures reported by our landlords to provide an accurate overview of waste management.

EU Taxonomy

NORCE has a dedicated working group, chaired by NORCE’s sustainability manager, that is actively working on mapping which of NORCE’s research activities can be classified as sustainable activities as defined by the EU Taxonomy. A large proportion of the topics in NORCE’s active project portfolio involve sustainability. Examples of these include technical solutions, opportunities in the circular economy, using waste as raw materials, reducing emissions to air and water, and social impact.

Much of NORCE’s research is directly related to the green transition and contributes to this necessary process. The EU Taxonomy will help us to illustrate this. This work is taking place in parallel with the work designed to make the organisation carbon neutral.

TABLE IV

Buildings

	tCO ₂ e 2023
Investments in building and real estate	51.45
Leases, premises	404.68
Repair and maintenance of buildings	46.97
Total	503.10

Comments from corporate management

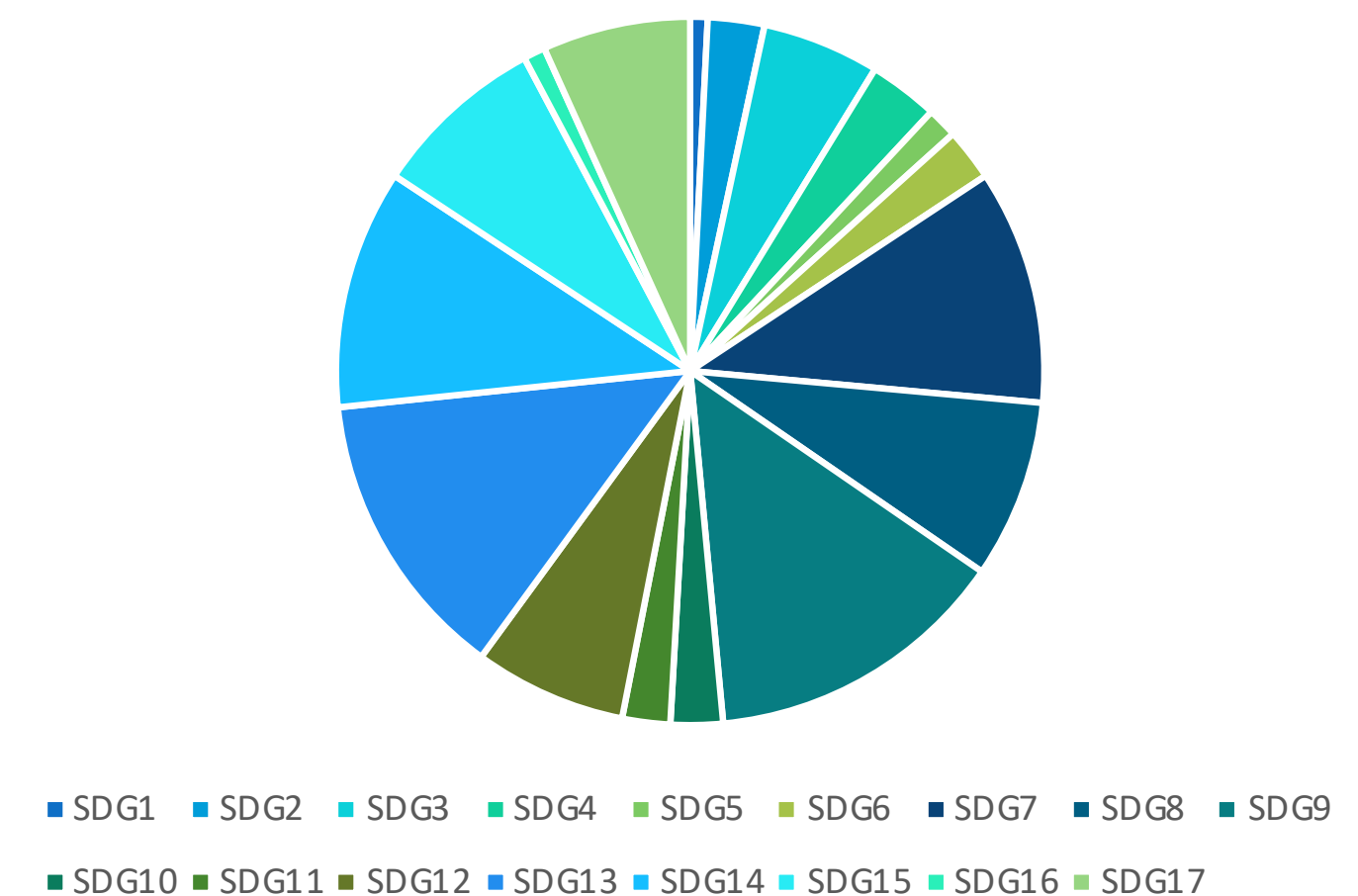
The climate report for 2023 provides us with a valuable overview of NORCE’s greenhouse gas emissions, both direct and indirect, and shows the impact we have on the climate. This report also provides us with insights into the key areas we need to focus on further in our climate work.

Going forward, the focus will be on identifying areas where we can make simple changes that have a significant impact, while gradually introducing measures for more longer-term solutions.

We believe area efficiency and purchasing are especially important because these areas offer significant potential for cutting emissions. We will focus here on reuse, extending service life and using the available resources better. More efficient energy use will also form a key part of our strategy.

While NORCE is an important contributor to the green transition thanks to our research, it is equally important for us to understand our organisation’s direct impact on the climate. Climate accounting allows us to plan our activities and collaborations with external stakeholders more efficiently and continue our efforts for a sustainable future.

At the same time, we are working on implementing the EU’s new Sustainability Directive, formally known as the Corporate Sustainability Reporting Directive (CSRD). In 2024, we will conduct a double materiality analysis in order to identify NORCE’s material topics within sustainability. Once these have been clarified, we will set goals and KPIs to ensure continuous improvements and sustainable practices.



The Sustainability Goals

This figure provides a detailed overview of how NORCE’s projects contribute to the various Sustainable Development Goals. Of the 1 619 active registered projects in 2023, 503 projects have registered the goals to which they contribute.



The majority of the projects fall within the scope of Goal 9: Industry, Innovation and Infrastructure, with a total of 70 projects contributing towards this goal. This shows NORCE's strong commitment to promoting sustainable industrial development and innovation.



In second place comes Goal 13: Climate Action, with 67 registered projects. This reflects the significant effort NORCE is making to combat climate change and cut greenhouse gas emissions.



In third place we find Goal 14: Life Below Water, with 55 registered projects. This reflects NORCE's dedication to preserving and protecting marine life, which is essential for ecosystems and humanity as a whole.



This is closely followed by Goal 7: Affordable Clean Energy, with 54 projects that are helping to promote clean, sustainable energy. This underlines NORCE's role as an important actor in the transition to renewable energy and cutting greenhouse gas emissions.



It is also worth mentioning that NORCE makes significant contributions to Goal 8: Decent Work and Economic Growth, with 41 registered projects, and Goal 15: Life on Land, with 40 registered projects. This demonstrates NORCE's wide-ranging commitment to contributing to a more sustainable future in all areas.





Annual accounts

NORCE Holding AS

NORCE Norwegian Research Centre AS

2023.

Income statement

NORCE Holding AS (All amounts in NOK thousands)

Parent company		Group		
20.04 - 31.12.2023		Note	2023	2022
-	Sales revenue, project revenue	13, 12	1 010 153	939 490
-	Basic grants, framework grants, etc.	13	376 663	363 959
-	Other operating income	13	15 177	9 820
-	Total operating income		1 401 993	1 313 269
-	Project costs, cost of goods		259 132	220 741
-	Net operating income		1 142 861	1 092 528
-	Payroll cost	10, 14	893 492	819 882
-	Depreciation of tangible fixed assets and intangible assets	1, 2	30 417	27 676
31	Other operating costs	14	233 319	245 221
31	Total operating costs		1 157 228	1 092 780
-31	Operating profit		-14 367	-252
44 110	Income from investments in subsidiaries and associated companies	3	-9 088	-7 461
-	Income from other investments	5	13 601	519
-	Other interest and financial income		28 209	9 742
-155	Change in the value of financial instruments at fair value	6	48 685	-3 712
-	Write-downs of financial assets/Reversal of previous write-downs		646	-512
-	Other interest and financial costs		-9 045	-4 741
43 955	Net financial income		73 007	-6 165
43 924	Ordinary profit before tax		58 641	-6 417
-	Tax on ordinary profit	11	855	548
43 924	Profit/loss for the year		57 786	-6 965
	Of which for minority interests	8	956	-1 263
	Profit/loss for the year for majority interests	8	56 829	-5 702
TRANSFERS				
43 924	Allocated to/covered from other equity	8		
43 924	Total transfers			

Balance Sheet as at 31.12

NORCE Holding AS (All amounts in NOK thousands)

Parent company			Group	
31/12/2023	ASSETS	Note	31/12/2023	31/12/2022
-	Concessions, patents, licenses, trademarks and similar, rights	1	8 900	10 214
-	Total intangible assets		8 900	10 214
-	Plots, buildings and other real estate	2	66 756	61 662
-	Operating chattels, fixtures and fittings, tools, office machinery and similar	2	100 821	84 369
-	Total tangible fixed assets		167 578	146 031
300 544	Investments in subsidiaries	3, 15	-	-
-	Loans to companies in the same group	4, 5	-	-
-	Investments in associated companies	3	24 232	21 082
-	Investments in equities and units	5	9 816	14 111
-	Other receivables	4	4 390	4 390
300 544	Other financial fixed assets		38 438	39 583
300 544	TOTAL FIXED ASSETS		214 916	195 829
-	Goods		1 322	3 628
-	Accounts receivable	4	190 761	148 813
-	Earned, non-invoiced income		150 431	140 429
-	Other receivables		32 130	29 502
-	Total receivables		373 323	318 744
369 909	Share of market-based equity, bond and fixed income funds	6, 15	490 884	452 300
369 909	Total investments		490 884	452 300
30	Bank deposits, cash and cash equivalents	7	329 638	477 332
369 939	TOTAL CURRENT ASSETS		1 195 166	1 252 003
670 483	TOTAL ASSETS		1 410 081	1 447 833

Balance Sheet as at 31.12

NORCE Holding AS (All amounts in NOK thousands)

Parent company			Group	
31/12/2023	EQUITY AND LIABILITIES	Note	31/12/2023	31/12/2022
2 160	Share capital	8, 9, 15	2 160	2 160
624 338	Share premium	8, 9, 15	558 850	349 214
626 498	Total paid up capital		561 010	351 374
43 924	Other equity	8	-	162 603
43 924	Total retained earnings		-	162 603
	Minority interests	8	11 145	8 857
670 422	TOTAL EQUITY		572 155	522 834
-	Pension liabilities	10	123 202	145 732
-	Deferred tax	11	1 046	1 306
-	Other provisions for obligations	12	20 479	22 539
-	Total provisions for liabilities		144 727	169 576
-	Other non-current liabilities		3 137	3 210
-	Total other non-current liabilities		3 137	3 210
31	Accounts payable		96 239	73 861
-	Tax payable	11	1 134	552
-	Public duties payable		77 140	76 160
-	Advances from clients		284 100	322 613
30	Other current liabilities		231 448	279 026
61	Total current liabilities		690 062	752 213
61	Total liabilities		837 926	924 999
670 483	TOTAL EQUITY AND LIABILITIES		1 410 081	1 447 833

Cash flow statement

NORCE Holding AS (All amounts in NOK thousands)

Parent company			Group	
2023	CASH FLOWS FROM OPERATING ACTIVITIES		2023	2022
43 924	Ordinary profit before tax		58 641	-6 965
-	Tax paid for the period		582	174
-	Ordinary depreciation		30 417	27 676
-	Write-downs		-	-
-	Change in inventories		2 306	-3 003
-	Change in accounts receivable and earned, non-invoiced income		-51 950	-36 362
31	Change in accounts payable		22 378	561
-	Change in Advances from clients		-38 512	51 114
-	Repayment of income from investment in associated companies (equity method)		9 088	7 461
-44 110	Reversal of recognised unrealised increase in value		-	-
185	Change in other time delimitations		-101 405	156 490
30,00	Net cash flows from operational activities		-68 456	197 145
	CASH FLOW FROM INVESTMENT ACTIVITIES			
-	Invested in shares		-15 777	-2 129
-	Receipts additions minority		2 000	-
-	Proceeds from sale of shares and interests		19 704	814
-	Receipts from sale of tangible fixed assets and intangible assets		-	-
-	Payments for purchase of intangible assets		-2 594	-5 008
-	Payments for purchase of buildings and other real estate		-8 698	-47 396
-	Payments for purchase of operating chattels		-39 356	-28 035
-	Net liquidity change for investing in market-based equity, bond and fixed income funds.		-34 443	-67 236
-	Net cash flow from investment activities		-79 164	-148 990
	CASH FLOW FROM FINANCING ACTIVITIES			
-	Payments on repayment of non-current liabilities		-73	-108
-	Net cash flow from financing activities		-73	-108
30	Net cash flow for the period		-147 693	48 048
-	Cash and cash equivalents as at 01.01, inclusive of merged companies		477 333	429 285
30	Cash and cash equivalents as at 31.12		329 638	477 333

Accounting principles

The annual financial statements are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Amounts in the notes are in NOK thousands unless otherwise stated.

Use of estimates

In accordance with the Norwegian Accounting Act, preparation of the annual financial statements requires the use of estimates. Furthermore, application of the company's accounting policies requires corporate management to use their discretion. Areas that largely contain such discretionary assessments, a high degree of complexity, or areas where assumptions and estimates are essential for the annual financial statements are described in the notes.

Shares in subsidiaries and associated companies

Subsidiaries are companies in which the parent company has control and thus has a controlling influence on the financial and operational strategy of the entity, usually through ownership of more than half of the voting capital. Investments with 20-50 per cent ownership of voting capital and considerable influence are defined as associated companies.

See Note 3 for an overview of subsidiaries and second-tier subsidiaries included in the Group on 31.12 and associated companies as at 31.12.

The cost method is used as an accounting principle for investments in subsidiaries and associated companies in the company financial statements. The cost price increases when funds are added in the event of an increase in capital or when group contributions are made to subsidiaries. Distributions received are initially recognised as income. Distributions that exceed the share of retained earnings after the purchase are recognised as a reduction in acquisition cost. Dividends/group contributions from subsidiaries are recognised in the same year that the subsidiary makes a provision for the amount. Dividends from subsidiaries and from other companies are recognised as financial income when the dividend is approved. For the parent company, the sale of subsidiaries or associated companies is classified as Income from investment in subsidiaries and associated companies.

In the consolidated financial statements, the equity method is used as an accounting principle for investments in associated companies. The use of the

method means that the book value in the balance sheet corresponds to the share of equity in the associated company, adjusted for any remaining added values from the purchase and unrealised internal gains. The profit and loss share in the income statement is based on the share of the net income in the associated company and is adjusted for any depreciation of added values and unrealised gains. In the income statement, the profit and loss share is shown under financial items. Given that part of the Group operational activities are to develop, commercialise and dispose of subsidiaries and associated companies, gains are classified upon exit from the Group and the sale of associated companies as other operating income in the consolidated financial statements.

Consolidation principles

Subsidiaries are consolidated from the time the control is transferred to the Group (the acquisition date).

In the consolidated financial statements, the item investments in subsidiaries is replaced with the subsidiary's assets and liabilities. The consolidated financial statements are prepared as if the Group were a single financial entity. Intragroup transactions, unrealised earnings and outstanding balances are eliminated.

Purchased subsidiaries are recognised in the consolidated financial statements based on the parent company's acquisition cost. The acquisition cost is allocated to identifiable assets and liabilities in the subsidiary which are entered in the consolidated financial statements at fair value at the time of acquisition. Potential added value beyond what can be entered as identifiable assets and liabilities are recognised on the balance sheet as goodwill. Goodwill is treated as a residual and is recognised in the balance sheet with the share observed in the acquisition transaction. Added value in the consolidated financial statements is depreciated over the expected lifetime of the acquired asset.

Conversion of foreign subsidiaries occurs by converting the balance sheet at the exchange rate of the balance sheet date and converting the income statement at an average exchange rate. Any significant transactions are converted at the exchange rate on the transaction date. All conversion differences are recognised directly in equity.

Sales revenue, project revenue

For project revenue, continuous revenue recognition is applied in line with the progress of the project.

The completion rate is normally calculated based on accrued project costs. The income is recognised at the fair value of the consideration at the time of the transaction, net after deduction of any VAT. In special cases, where uncertainty relates to estimated profit and/or the degree of completion, ongoing settlement without earnings is used. For projects that are assumed to result in losses, the entire estimated loss is expensed immediately.

Earned, non-invoiced project revenue is classified as an asset on the balance sheet, while advance payments/unearned income from clients are classified as liabilities on the balance sheet. If a project has both earned, non-invoiced income and has received advance payments, this is presented net as assets or liabilities in the balance sheet.

In some cases, companies in the Group receive so-called throughput funds. These are cases where the company is responsible for obtaining grants on behalf of other partners in a project. The company then receives payment from the grantee associated with the project. By agreement with the grantee, the funds from the company are paid to another project partner. Such throughput assets are recognised gross in the profit, with the exception of EU projects, where the funds are recognised only in the balance sheet. Income and costs related to throughput assets are accrued to the same accounting period.

Basic grants, framework grants

Companies in the Group receive basic grants from the Research Council of Norway in three areas – technical-industrial, social sciences and the environment. Grants from Retur-EU – the compensation scheme for participation in EU programmes/projects – are also included.

Framework grants mainly apply to the Norwegian Directorate of Health and the Directorate of Children, Youth and Family Affairs. Grants from the public sector are recognised in income during the period to which the grant applies.

Earmarked grants with clear guidelines for use are recognised in income together with the implementation of the activity covered by the grant. Grants without earmarking are recognised in income at the time of payment.

Other operating income

Other operating income includes rent income and other administrative services.

Classification of balance sheet entries

Assets acquired for permanent ownership or use is classified as fixed assets. Assets connected to commodity flows is classified as current assets.

Receivables are otherwise classified as current assets if they are to be repaid within 1 year. Analogue criteria are used as a basis for liabilities. However, first year payments on non-current receivables and non-current liabilities are not classified as current assets and current liabilities.

Acquisition cost

An assets acquisition cost includes the purchase price of the asset, with deductions for bonuses, discounts and similar and additions for purchase expenses (freight, customs duties, non-refundable government taxes and any other direct purchase expenses). When purchasing in foreign currency, the asset is recognised on the balance sheet at the exchange rate at the time of the transaction.

Intangible assets

Expenses for own R&D activities are expensed on an ongoing basis. Expenses for other intangible assets are recognised in the balance sheet to the extent that a future economic benefit related to the development of an identifiable intangible asset can be measured reliably. Otherwise, such expenses are expensed on an ongoing basis. Capitalised intangible assets are depreciated on a straight line basis over their service life.

Tangible fixed assets

Plots are not depreciated. Other tangible fixed assets are capitalised and depreciated on a straight line basis to their residual value over the expected useful life of the asset. When changing the depreciation plan, the effect is distributed over the remaining depreciation time (the "breakpoint method"). Maintenance of operating assets is expensed as an ongoing expense under operating expenses. Additional costs and improvements are added to the operating asset's cost and written off in line with operations. The distinction between maintenance and cost/improvement is calculated in relation to the condition of the operating asset at the time of acquisition. Leased operating assets are capitalised as operating assets if the lease is deemed financial.

Investment contributions

Assets are recognised at gross acquisition cost regardless of the grant and depreciated over the life expectancy (gross recognition). Grants are treated as deferred income recognition and recognised in line with depreciation. The capitalised contribution is recognised as a non-current liability and income recognition is classified as operating income.

Other non-current equity investments

The costing method is used as a principle for investments in other shares, etc. Distributions are initially recognised as financial income when the distribution is adopted. If the distributions significantly exceed the share of retained earnings after the purchase, the excess is recognised as a reduction in the cost price.

Write-down of fixed assets

If there is an indication that the carrying amount of a fixed asset is higher than the fair value, a loss of value test is performed. The test is performed for the lowest level of fixed assets with independent cash flows. If the carrying amount is higher than both the sales value and recoverable amount (present value for continued use/ownership), the higher of the sales value or recoverable amount is written down.

Previous write-downs, with the exception of goodwill write-downs are reversed if the conditions for the write-down no longer exist.

Inventories

Goods are measured at the lower of acquisition cost (based on the principle of FIFO) and fair value. Fair value is the estimated sales price less the necessary expenses for completion and sale.

Receivables

Accounts receivable are entered on the balance sheet after deductions for provisions for expected losses. Provisions for losses are made on the basis of individual assessment of the receivables and an additional provision that is to cover other foreseeable losses. Significant financial problems with the customer, the likelihood that the customer will go bankrupt or undergo financial restructuring, and deferrals and deficiencies in payments are considered indicators that trade receivables must be written down.

Other receivables, both current and capital receivables are recognised at the lower of nominal and fair value. Fair value is the present value of expected future

receipts. However, no discounting is carried out when the effect of discounting is immaterial to the accounts. Provisions for losses are measured in the same way as for accounts receivable.

Investments in market-based equity, bond and fixed income funds

Other non-current units in equity, bond and fixed income funds are recognised at market value. Dividends received and realised and unrealised gains/losses, are recognised in the profit and loss statement as financial items. Other interests in equity, fixed income and bond funds are recognised at market value. Investments are tied to unsecured pension liabilities.

Foreign currency

Receivables and liabilities in foreign currency are measured at the exchange rate at the end of the financial year. Exchange gains and exchange losses related to sales of goods and purchases of goods in foreign currencies are recognised as financial income and costs.

Futures contracts

The Group use futures contracts on foreign currency to hedge a future exchange rate on existing (capitalised) receivables/liabilities (value hedging) or on assumed future payments in foreign currencies (cash flow hedging). In terms of the accounts, futures contracts are classified as hedging instruments. Receivables/liabilities secured by futures contracts are recognised on the balance sheet at the forward exchange rate. Futures contracts that secure future payments are not recognised.

Liabilities

Liabilities, with the exception of some provisions for liabilities, are recognised on the balance sheet at their nominal amount.

Pensions

The company has different pension schemes. The pension schemes are funded through payments to insurance companies, with the exception of the contractual pension in the private sector (AFP) scheme. The company has both defined contribution schemes and defined benefit schemes.

Defined contribution schemes

In the case of defined contribution schemes, the company makes deposits to an insurance company. The company has no further payment obligation

after the deposits have been paid. The deposits are recognised as labour costs. Any prepaid deposits are recognised on the balance sheet as assets (pension assets) to the extent that the deposit can be reimbursed or reduce future payments.

The AFP scheme is an unsecured defined benefit multi-enterprise scheme. Such a scheme is actually a defined benefit scheme but for accounting purposes is treated as a defined contribution scheme as a result of the scheme administrator not providing sufficient information for reliable calculation of the liability.

Defined benefit schemes

A defined benefit scheme is a pension scheme that is not a defined contribution scheme. Typically, a defined benefit scheme is a pension scheme that defines a pension payment that an employee will receive upon retirement. Pension payments normally depend on several factors such as age, number of years in the company and salary. The capitalised liability relating to defined benefit schemes is the present value of the defined benefits on the balance sheet date minus the fair value of the pension assets (amounts paid to insurance companies), adjusted for non-recognised estimate deviations and non-recognised costs related to previous periods' earned pension. Pension liabilities are calculated annually by an independent actuary in accordance with IAS19, cf. NRS6 Pension Costs. Estimate deviations arising from changes in assumptions are recognised directly against.

Tax

Tax costs in the income statement include both the tax due and changes in deferred tax. Deferred tax is calculated based on the temporary differences which exist between accounting and fiscal values, as well as any tax related deficit presented at the end of the financial year. Temporary differences due to tax increases and tax reductions that reverse or might be reversed in the same period are offset. Entry of postponed tax benefit on net tax-reducing differences which are not offset and deficit for presentation, is justified by expected future earnings. Deferred tax and tax assets that can be recognised in the balance sheet are recognised net in the balance sheet. Due to uncertainty related to future application, the parent company has not recognised a deferred tax asset. Similarly, an independent assessment has been carried out for subsidiaries and second-tier subsidiaries.

Tax reductions on group contributions issued, and tax on group contributions received that are recognised as a reduction in the carrying amount of investment in subsidiaries, are recognised directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable, and against deferred tax if the group contribution has an effect on deferred tax). Deferred tax in both the company financial statements and the consolidated financial statements is recognised at a nominal amount.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments which can, without immaterial exchange risk, be converted to known cash amounts and with a due date less than 3 months from the creation date.

NORCE Holding AS Note 1 — Intangible assets

Amounts in NOK thousands

Group	Software	Website	Patents	Total
Acquisition cost 01.01	16 787	10 564	874	28 225
Additions	2 594	-	-	2 594
Disposals	-	-	-	-
Acquisition cost 31.12	19 381	10 564	874	30 819
Accumulated depreciation 31.12	12 874	8 645	401	21 919
Carrying amount 31.12	6 508	1 920	473	8 900
Depreciation for the year	3 230	822	87	4 139
Expected economic lifetime	5 years	5 years	10 years	
Depreciation plan	Straight line	Straight line	Straight line	

NORCE Holding AS Note 2 — Tangible fixed assets

	Expenditure on leased buildings	Plots, buildings and other real estate	Total
Acquisition cost 01.01	43 463	53 465	96 929
Additions	8 698	-	8 698
Disposals	-	-	-
Acquisition cost 31.12	52 162	53 465	105 627
Accumulated depreciation 31.12	30 811	8 060	38 871
Carrying amount 31.12	21 351	45 405	66 756
Depreciation for the year	1 843	1 594	3 437
Expected economic lifetime	5-10 years	10-20 years	
Depreciation plan	Straight line	Straight line	

Annual lease of non-capitalised operating assets

Operating assets	Remaining lease period	Annual rent
Miscellaneous lease contracts premises	1-11 years	78 157

Group	Ships, rigs, airplanes and similar	Operating chattels, fixtures and fittings, tools, office machinery and similar	Ullrigg	Total
Acquisition cost 01.01	10 733	425 721	105 770	542 224
Additions	129	39 227	-	39 356
Disposals	-	-	-	-
Acquisition cost 31.12	10 862	464 948	105 770	581 580
Accumulated depreciation 31.12	1 383	392 969	85 303	479 655
Accumulated write-downs 31.12	-	1 104	-	1 104
Carrying amount 31.12	9 479	70 875	20 467	100 821
Depreciation for the year	808	20 032	2 000	22 841
Expected economic lifetime	7-20 years	3-10 years	20 years	
Depreciation plan	Straight line	Straight line	Straight line	

NORCE Holding AS Note 3 — Subsidiaries and associated companies

Amounts in NOK thousands

Parent company

Investments in subsidiaries are recognised according to the cost method.

Subsidiaries	Business office	Owner/voting share	Equity last year (100%)	Profit last year (100%)	Carrying amount 2023	Carrying amount 2022
NORCE Norwegian Research Centre AS	Bergen	100%	111 025	35 279	129 554	-
NORCE Innovation AS	Stavanger	100%	108 486	9 388	128 435	-
NORCE Risavika Eiendom AS	Bergen	100%	30 214	1 706	42 554	-
Carrying amount 31.12					300 544	-

NORCE Risavika Eiendom AS rents out buildings/facilities in Risavika (Sola Municipality) to NORCE Norwegian Research Centre AS

Second-tier subsidiary	Parent company	Business office	Owner/voting share	Equity last year (100%)	Profit/loss last year (100%)
Indikel AS	NORCE Innovation AS	Bergen	100%	-1 163	-1 029
Offshore Sensing AS	NORCE Innovation AS	Bergen	82%	12 664	-848
Xilentech AS	NORCE Innovation AS	Haugesund	100%	3	-
Biosentrum AS	NORCE Innovation AS	Stavanger	100%	-2 676	-453
Hole In One Producer AS	NORCE Innovation AS	Stavanger	100%	3 189	-134
Digital Innovation Hub Oceanopolis AS	NORCE Innovation AS	Kristiansand	100%	-323	-182
Co2Bio AS	NORCE Innovation AS	Stavanger	100%	19	-5
Nordisk Institutt for Odontologiske Materialer AS (NIOM)	NORCE Norwegian Research Centre AS	Oslo	51%	18 197	2 257
Nasjonalt Utviklingssenter for Barn og Unge AS (NUBU)	NORCE Norwegian Research Centre AS	Oslo	100%	16 350	3 513
Nasjonalt Kunnskapssenter om Vold og Traumatisk Stress AS (NKTVS)	NORCE Norwegian Research Centre AS	Oslo	100%	12 350	2 669

The decision to wind up Xilentech AS was registered in the Register of Business Enterprises as at 23.06.2023. The company was deleted in the Register of Business Enterprises on

Group

Investments in associated companies and joint ventures are recognised using the equity method.

Associated company	Owner company	Business office	Shareholding/voting rights			
Gas 2 Feed AS	NORCE Innovation AS	Stavanger	36%			
Xsens AS	NORCE Innovation AS	Bergen	48%			
Calculation of profit share for the year		Gas 2 Feed AS	Xsens AS	2023	2022	
Change in associated companies 2022 after preparation of the consolidated financial statement:		10	-117	-107	583	
Share of profit for the year		-1 742	-7 239	-8 981	-8 044	
Profit share for the year		-1 733	-7 356	-9 088	-7 461	
Calculation of carrying amount 31.12		Gas 2 Feed AS	Xsens AS	2023	2022	
Carrying amount 01.01		3 032	18 051	21 082	26 415	
Additions/disposals in the period		4 698	7 532	12 238	2 129	
Profit share for the year		-1 733	-7 356	-9 088	-7 461	
Carrying amount 31.12		5 996	18 227	24 232	21 082	

NORCE Holding AS Note 4 — Receivables and liabilities

Amounts in NOK thousands

Group	2023	2022
Accounts receivable		
Accounts receivable at nominal value	192 311	150 874
Provision for loss on accounts receivable	-1 550	-2 061
Accounts receivable on the balance sheet	190 761	148 813
Receivables due in more than one year	2023	2022
Equity grant	4 357	4 357
Other receivables	33	33
Total	4 390	4 390

NORCE Holding AS Note 5 — Other non-current equities and units

Group	Ownership share	2023	2022
Risavika Biopark AS	10%	152	152
Stavanger Helseforskning AS	45%	1 104	1 104
TuniChor AS	27%	14	19
Sekal AS	Sold	-	3 859
Mechatronics Innovation Lab AS	14%	136	136
JSC Petroleum Technologies Ltd	10%	-	-
Nordic Edge AS	1%	57	89
GreenStat ASA	1%	530	530
Marineholmen Raslab AS	Sold	-	303
Sustainable Energy AS	15%	250	250
Valide AS	9%	4 338	4 338
Marin Energi Testsenter AS	4%	122	122
Ullandhaug Energi AS	5%	725	725
Blue Planet AS	3%	50	50
Blue Research AS	50%	-	6
Other shares		121	145
Other non-current units in equity, fixed income and bond funds		2 217	2 283
Carrying amount 31.12		9 816	14 111

Other interests in equity, fixed income and bond funds are recognised at market value. The investments are linked to unsecured pension liabilities- Other equities and units are recognised using the cost method.

Shares in the above associated companies, between 20 per cent and 50 per cent, are not treated in line with the equity method in the consolidated financial statements because the companies' balance sheet and performance are immaterial in judging the Group's position and performance.

Write-downs/reversed write-downs of other equities and units for 2023 amounted to NOK 0.6 million.

NORCE Holding AS Note 6 — Share of marked-based equity, bond and fixed income funds

	Parent company		Group	
	Market value as at 31.12		Market value as at 31.12	
	2023	2022	2023	2022
Equity funds	21 712	-	45 490	215 598
Bond funds	93 347	-	114 657	61 916
Money market funds	254 850	-	301 007	157 602
Fixed income funds	-	-	29 729	17 184
Total share of market-based equity, bond and fixed income funds	369 909	-	490 884	452 300

All amounts in NOK thousands

NORCE Holding AS Note 7 — Restricted deposits, drawing rights

Parent company			Group	
2023	2022	Restricted deposits 31.12	2023	2022
-	-	Withholding tax funds	32 804	30 883

NORCE Holding AS Note 8 — Equity

Parent company				
Annual change in equity	Share capital	Share premium	Other equity	Total
Equity 01.01				
Foundation	30			30
Capital reduction	-30			-30
Capital increase	2 160	624 338		626 498
Profit/loss for the year			43 924	43 924
Equity 31.12	2 160	624 338	43 924	670 422

Group					
Annual change in equity	Share capital	Share premium	Other equity	Minority interest	Total
Equity 01.01	2 160	349 214	162 603	8 857	522 834
Pension liabilities - estimate deviation for the year			-10 881		-10 881
Capital contribution minority			669	1 331	2 000
Other changes			416		416
Profit/loss for the year			56 829	956	57 786
Internal restructuring Group		209 636	-209 636		
Equity 31.12	2 160	558 850	-	11 145	572 155

In 2023, the Group carried out a restructuring process in which NORCE Holding AS was established as a holding company. For further information, see note 15.

NORCE Holding AS Note 9 — Aksjekapital og aksjonærinformasjon

The share capital of NOK 2 160 000 consists of 1 080 shares with a face value of NOK 2000.

Overview of the shareholders on 31.12	Quantity	Ownership share
Universitetet i Bergen	560	51,9 %
Stavanger Research Holding AS	340	31,5 %
Agder Research Holding AS	100	9,3 %
Universitetet i Tromsø – Norges arktiske universitet	35	3,2 %
Equinor Ventures AS	13	1,2 %
Sparebanken Vest	13	1,2 %
SIVA – Selskapet for industrivekst SF	12	1,1 %
Troms og Finnmark fylkeskommune	3	0,3 %
Nordland fylkeskommune	2	0,2 %
Troms Kraft AS	2	0,2 %
Total number of shares	1 080	100%

NORCE Holding AS Note 10 — Pensions

Amounts in NOK thousands

The Group has various pension schemes in the form of both defined contribution plans and defined benefit plans. The pension schemes are funded through payments to insurance companies, with the exception of the contractual pension in the private sector (AFP) scheme and the pension scheme for a few employees funded through operations.

The subsidiary NORCE Norwegian Research Centre AS (NORCE) and one of its subsidiaries have an active defined contribution scheme for employees in Norway. The defined contribution pension is expensed on an ongoing basis based on the paid contributions. Separate pension schemes are established for employees who live and work abroad. NORCE has a collective defined benefit scheme in line with the Company Pensions Act that is now closed to new members. This is treated as a defined benefit plan in the accounts. A few employees in NORCE have an additional pension scheme that is financed through the company's operations.

NORCE is a member of the contractual pension in the private sector (AFP) scheme through Fellesordningen for Avtalefestet Pensjon. This is regarded as a defined benefit, multi-enterprise scheme, but is recognised as a defined contribution scheme until reliable and sufficient information is available so that the Group can account for its proportional share of the pension costs, pension liabilities and pension assets in the scheme. The Group's liabilities are thus not recognised on the balance sheet as liabilities.

The subsidiaries NUBU and NKVTS have a public defined benefit pension scheme in the Norwegian Public Service Pension Fund (SPK), which is treated as a defined benefit pension scheme in the accounts. The subsidiary NIOM has a defined benefit pension scheme in SPK that treated as a defined contribution pension scheme in the accounts.

The Group's pension schemes satisfy the requirements of the Mandatory Occupational Pensions Act.

People in the schemes	Parent company		Group	
	Active/ Set up	Pensioners	Active/Set up	Pensioners
Defined contribution scheme	-	-	798	
Additional pension scheme	-	-	15	
Defined benefit scheme	-	-	508	131
Profit and Loss Statement	Parent company		Group	
	2023	2022	2023	2022
Present value of earned pension for the year	-	-	11 087	11 664
Interest costs for pension liabilities	-	-	18 053	11 681
Return on pension assets	-	-	-14 897	-9 052
Management and administration costs	-	-	716	687
Other pension costs	-	-	3 883	2 741
Pension contributions from employees	-	-	-1 470	-2 201
Net pension cost defined benefit scheme	-	-	17 372	15 521
Cost of contractual pension in the private sector (AFP) scheme	-	-	9 654	8 877
Costs of defined contribution scheme	-	-	47 233	43 835
Pension costs, international	-	-	588	-
Total net pension cost	-	-	74 846	68 233
Balance	Parent company		Group	
	2023	2022	2023	2022
Calculated gross pension liabilities 31.12	-	-	633 819	609 116
Pension assets (at market value) 31.12.	-	-	-525 644	-481 287
Employer contributions	-	-	15 026	17 903
Net pension liabilities/assets	-	-	123 202	145 732
Financial conditions			2023	2022
Discount rate			3,10%	3,00%
Expected pay adjustment			3,50%	3,50%
Expected pension increase (closed private defined benefit scheme)			Paid-up policy	Paid-up policy
Expected pension increase (closed public defined benefit scheme)			2,80%	2,60%
Expected G adjustment			3,25%	3,25%
Expected return on fund assets			3,10%	3,00%
Life expectancy tariff/mortality scale			KB2013BE	KB2013BE

Commonly used assumptions within the insurance sector are used as a basis for actuary preconditions for demographic factors and departures.

Pension liabilities NKVTS AS and NUBU AS

The Group companies, NKVTS AS and NUBU AS have net unfunded pension liabilities of NOK 66.7 million and NOK 53.9 million, respectively, totalling NOK 120.6 million. NKVTS now has a state grant structure in place in which, over time, one can build up a capital base that balances the unmet liabilities. A similar solution is being worked on for NUBU. Corrected for unfunded pension liabilities, equity in the Group would increase from the posted NOK 572 million (41 per cent) to an adjusted NOK 693 million (49 per cent).

NORCE Holding AS Note 11 — Tax

Amounts in NOK thousands

Parent company

Calculation of deferred tax/deferred tax asset

Temporary differences	2023	2022	Change
Temporary differences	-	-	-
Loss to be carried forward	-31	-	31
Basis for deferred tax asset	-31	-	31
Deferred tax asset (22%)	-7	-	7
Of which is a non-capitalised deferred tax asset	7	-	-7
Deferred tax asset on the balance sheet	-	-	-

The company has chosen not to recognise a deferred tax asset on the balance sheet.

Net temporary differences	-	-	-
Change in temporary differences (included in basis for tax payable)	-	-	-

Basis for tax, change in deferred tax and tax payable

Basis for tax payable	2023	2022
Profit before tax	43 924	-
Permanent differences	-43 955	-
Basis for tax on profit for the year	-31	-
Change in temporary differences	-	-
Utilisation of loss carried forward	-	-
Basis for tax payable in the income statement	-31	-
+/- Received/submitted group contribution	-	-
Taxable income (basis for payable tax on the balance sheet)	-31	-
Tax payable on the balance sheet	2023	2022
Tax payable	-	-

Group

Distribution of the tax cost	2023	2022
Tax expense	855	548
Of which is tax payable outside Norway	-	-
Deferred tax asset on the balance sheet		
Deferred tax asset	-	-
Deferred tax on the balance sheet		
Deferred tax	1 046	1 306
Tax payable on the balance sheet		
Tax payable	1 134	552
Deficit carried forward as at 31.12	253 471	225 364

NORCE Holding AS Note 12 — Other provisions for liabilities

Amounts in NOK thousands

Group	2023	2022
Original infrastructure allocation	58 263	58 263
Recognised in previous years	-35 724	-33 613
Infrastructure support as at 1.1.	22 539	24 650
Incom recognition/depreciation for the year	-2 060	-2 111
Infrastructure support as at 31.12.	20 479	22 539
Other provisions for liabilities	-	-
Other provisions for obligations	20 479	22 539

Infrastructure support as at 31.12 applies to accrued income relating to infrastructure grants from the Research Council for a total of kNOK 58 263 related to upgrading equipment and facilities for NORCE Norwegian Research Centre AS.

Infrastructure support will be reduced annually corresponding to depreciation of equipment/construction investment. The recognised portion of infrastructure support is listed under sales revenues, project revenues.

NORCE Holding AS Note 13 — Operating income

Group	2023	2022
Sales revenue, project revenue	1 010 153	939 490
Base grants, framework grants etc.	376 663	363 959
Other operating income	15 177	9 820
Sum	1 401 993	1 313 269
Distribution by business area	2023	2022
Technology	495 293	456 026
Health & Social Sciences	502 436	491 286
Climate & Environment	392 858	355 095
Other	11 405	10 862
Total	1 401 993	1 313 269
Geographical distribution	2023	2022
Norway	1 279 287	1 144 427
Europe	115 744	163 758
United States and Canada	2 620	650
South America	3 657	3 239
Africa	-	228
Asia	519	837
Australia	165	130
Total	1 401 993	1 313 269
% Norway	91%	87%

NORCE Holding AS Note 14 — Payroll costs, number of employees, remuneration, loans to employees, etc.

All amounts in NOK thousands

Parent company		Payroll costs	Group	
2023	2022		2023	2022
-	-	Salaries	689 453	638 071
-	-	Employer's National Insurance contributions	113 587	98 004
-	-	Pension costs	74 846	68 233
-	-	Other benefits	15 606	15 575
-	-	Total	893 492	819 882
-	-	Employees as at 31.12.	985	943
			CEO	CEO
			01.01-30.09.	01.10-31.12
Benefits for executive personnel				The Board
Salary			1 592	600
Pension			114	38
Other allowances			16	4

The CEO has an ordinary notice period of 3 months. If terminated by the employer, the CEO will also receive an additional 6 months of salary compensation.
The CEO is covered by the company's current collective pension scheme for salary up to 12G.
Neither the Chair of the Board nor the CEO have bonus agreements.
No loans/guarantees have been granted to the CEO, the Chair of the Board or other associated parties.

Expensed remuneration to the auditor

Parent company	KPMG
Statutory audit	31
Total	31
Group	KPMG
Statutory audit (incl. Technical assistance with annual accounts)	2 123
Other certification services	668
Other assistance	1 371
Total	4 162

All amounts are exclusive of VAT.

NORCE Holding AS Note 15 — Restructuring

Establishment of NORCE TTO

In spring 2023, the employees of NORCE Innovation AS (five people) were transferred to the group NORCE TTO in the commercialisation division of NORCE Norwegian Research Centre AS. One of the reasons this was done was to ensure closer cooperation with the research divisions at NORCE Norwegian Research Centre AS. Therefore, NORCE Innovation AS is now just a holding company.

Restructuring

In 2023, the Group carried out a restructuring process in which NORCE Holding AS was established as a holding company. As part of this, NORCE Norwegian Research Centre AS's capital was reduced and contributed to NORCE Holding AS. Capital reduction with distribution includes all shares in the subsidiaries NORCE Risavika Eiendom AS and NORCE Norwegian Research Centre AS, as well as part of the financial instruments in the form of units in market-based equity, bond and fixed income funds.

The NOK 626 498 capital increase in NORCE Holding AS concerns a contribution in kind from NORCE Norwegian Research Centre AS. The shareholders of NORCE Norwegian Research Centre AS received the corresponding number of shares in NORCE Holding AS. The assets' carrying amount is used as the basis for distribution in accordance with Section 3-6(3) of the Limited Liability Companies Act.

The Group is being continued with continuity and comparison figures from 2022 have thus been used.

To the General Meeting of NORCE Holding AS

Independent Auditor's Report

Opinion

We have audited the financial statements of NORCE Holding AS which comprise:

- the financial statements, which comprise the statement of financial position as at 31 December 2023, the income statement and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- the consolidated financial statements give a true and fair view of the financial position of the group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Bergen,

KPMG AS

Ståle Christensen
State Authorised Public Accountant
(This document is signed electronically)

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Annual report

(Norwegian)

NORCE Holding AS
2023.

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Income statement

NORCE Norwegian Research Centre AS (All amounts in NOK thousands)

Operating income and operating costs	Note	2023	2022
Sales income, project income	1, 2, 3	950 165	851 531
Base grants, framework grants etc.	1	215 825	219 069
Other operating income	1, 3	13 027	11 884
Total operating income		1 179 017	1 082 484
Project costs, commodity costs	3	255 801	217 749
Net operating income		923 216	864 734
Payroll	4, 5	735 134	660 185
Depreciation of tangible fixed assets and intangible assets	6, 7	27 596	25 466
Other operating costs	3, 4	186 550	168 539
Total operating costs		949 279	854 190
		-26 063	10 544
Financial income and financial costs			
Income from investments in subsidiaries		1 896	60 000
Interest income from companies in the same group		51	-
Other interest and financial income		18 783	6 416
Value addition market-based current assets	8	48 831	-3 034
Write down of financial assets	8	-	167
Other interest and financial costs		-8 722	-3 287
Result of financial items		60 839	59 929
Profit/loss before tax expense		34 776	70 473
Tax on ordinary profit	9	-503	-
Annual result		35 279	70 473
Transfers			
Allocated to other equity	10	35 279	70 473
Total transfers		35 279	70 473

Balance sheet

NORCE Norwegian Research Centre AS (All amounts in NOK thousands)

	Note	2023	2022
Assets			
Intangible assets			
Research and development			
	6	1 586	-
Concessions, patents o.l.	6	8 427	9 885
Total intangible assets		10 013	9 885
Fixed assets			
Sites, buildings and other real estate			
	7	25 913	19 795
Movable assets, fixtures and fittings, tools etc.	7	94 656	77 797
Total fixed assets		120 569	97 592
Financial fixed assets			
Investments in subsidiary	10, 11	251	171 240
Investments in shares and interests	8	2 220	2 286
Other receivables	13	4 390	4 390
Total financial fixed assets		6 861	177 917
Total fixed assets		137 443	285 393

Balance sheet

NORCE Norwegian Research Centre AS (All amounts in NOK thousands)

	Note	2023	2022
Goods			
Receivables			
Accounts receivable			
Earned, non-invoiced income	3, 12, 13	189 640	146 090
Other current receivables		150 042	140 429
Other group receivables		24 638	23 959
	12	2 287	-
Total receivables		366 606	310 478
Investments			
Other financial instruments	8, 10	62 053	412 904
Total investments		62 053	412 904
Bank deposits, cash etc.	14	178 987	323 052
Total current assets		607 647	1 046 434
Total assets		745 090	1 331 827

Balance sheet

NORCE Norwegian Research Centre AS (All amounts in NOK thousands)

NORCE Norwegian Research Centre AS
(All amounts in NOK thousands)

Equity and liabilities	Note	2023	2022
Equity			
Contributed equity			
Share capital	10, 15	108	2 160
Premium	10	-	349 214
Other paid-in equity	10	1 784	-
Total contributed equity		1 892	351 374
Earned equity			
Other equity	10	109 133	275 124
Total earned equity		109 133	275 124
Total equity		111 025	626 498
Liabilities			
Provisions for liabilities			
Pension liabilities	5	2 592	10 381
Other provisions	2	20 479	22 539
Total provisions for liabilities		23 071	32 920
Other non-current liabilities			
Other non-current liabilities		2 530	2 605
Total other non-current liabilities		2 530	2 605
Current liabilities			
Accounts payable	3, 12	85 731	60 588
Public duties payable		65 111	64 596
Advances from clients		283 580	305 706
Other current liabilities		174 043	238 912
Total current liabilities		608 464	669 803
Total debt		634 065	705 329
Total equity and liabilities		745 090	1 331 827

Cash flow statement

NORCE Norwegian Research Centre AS (All amounts in NOK thousands)

	01.01 - 31.12	01.01 - 31.12
	2023	2022
Cash flows from operating activities		
Ordinary profit before tax	34 776	70 473
Ordinary depreciation	27 595	25 466
Change in accounts receivable and earned, non-invoiced income	-53 163	-34 112
Change in Accounts payable	25 143	-1 677
Change in advances from clients	-22 126	59 369
Added value when distributing financial instruments to parent	-44 110	0
Change in other time delimitations	-92 482	73 542
Net cash flow from operating activities	-124 366	193 061
Cash flows from investing activities		
Payments for purchases of intangible assets	-4 180	-5 008
Payments for purchases of buildings and other real estate	-8 476	-4 908
Payments for purchases of movable assets	-38 044	-26 886
Payments for purchases of shares/shares in other companies	0	-42 554
Payment of dividends	0	60 000
Net liquidity change for investments in market-based equity, bond and fixed income funds	29 182	-70 797
Net cash flow from investing activities	-21 518	-90 153
Cash flows from financing activities		
Payments on repayment of non-current liabilities	-76	-189
Receipts/disbursements of group contributions	1 896	0
Net cash flow from financing activities	1 820	-189
Net change in cash and cash equivalents	-144 064	102 718
Cash and cash equivalents 01.01	323 052	220 334
Cash and cash equivalents 31.12	178 987	323 052

Accounting Principles

Accounting Principles

The annual financial statements are prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles. Amounts in the notes are in NOK thousands unless otherwise stated.

Use of estimates

In preparing the annual financial statements, estimates and assumptions have been used that have affected the income statement and valuation of assets and liabilities, as well as uncertain assets and liabilities, on the balance sheet date in accordance with good accounting practice. Areas that largely contain such discretionary assessments, a high degree of complexity, or areas where assumptions and estimates are essential for the annual financial statements are described in the notes.

Currency

Transactions in foreign currency are converted at the exchange rate on the date of the transaction. Items in foreign currency are converted to Norwegian kroner using the exchange rate on the balance sheet date. Non-monetary items that are measured at the historic exchange rate and expressed in foreign currency are converted to Norwegian kroner using the exchange rate on the date of the transaction. Non-monetary items that are measured at fair value and expressed in foreign currency are converted using the exchange rate set on the date of measurement. Changes in exchange rate are recognised on an ongoing basis during the accounting period in other financial items.

Futures contracts

The company and the Group use futures contracts on foreign currency to hedge a future exchange rate on existing (capitalised) receivables/liabilities (value hedging) or on assumed future payments in foreign currencies (cash flow hedging). In terms of the accounts, futures contracts are classified as hedging instruments.

Receivables/liabilities secured by futures contracts are recognised on the balance sheet at the forward exchange rate. Futures contracts that secure future payments are not recognised.

Sales revenue and project revenue

For project revenue, continuous revenue recognition is applied in line with the progress of the project. The completion rate is normally calculated based on accrued project costs. The income is recognised at the fair value of the remuneration at the time of the transaction, net after deduction of any VAT. In special cases, where uncertainty relates to estimated profit and/or the degree of completion, ongoing settlement without earnings is used. For projects that are expected to see a loss, the entire calculated loss is expensed immediately.

Earned, non-invoiced project revenue is classified as an asset on the balance sheet, while advance payments/unearned income from clients are classified as liabilities on the balance sheet. If a project has both earned, non-invoiced income and has received advance payments, this is presented net as assets or liabilities in the balance sheet.

In some cases, the company receives so-called throughput funds. These are cases where the company is responsible for obtaining grants on behalf of other partners in a project. The company then receives payment from the grantee associated with the project. By agreement with the grantee, the funds from the company are paid to another project partner. Such throughput assets are recognised gross in the profit, with the exception of EU projects, where the assets are recognised only on the balance sheet. Income and costs related to throughput assets are accrued to the same accounting period.

Basic grants and framework grants

The company receives basic grants from the Research Council of Norway in three areas – technical-industrial, social sciences and the environment. Grants from Retur-EU – the compensation scheme for participation in EU programmes/projects – are also included.

Framework grants mainly concern the Norwegian Directorate of Health and the Directorate of Children, Youth and Family Affairs. Grants from the public sector are recognised in income during the period to which the grant applies.

Earmarked grants with clear guidelines for use are recognised in income together with the

implementation of the activity covered by the grant. Grants that are not earmarked are recognised in income at the time of payment.

Other operating income

Other operating income includes rental income and other administrative services.

Tax

Tax costs in the income statement include both the tax due and changes in deferred tax. Deferred tax is calculated at a rate of 22 per cent of the temporary differences that exist between accounting and fiscal values, as well as any tax related deficit presented at the end of the financial year. Temporary differences due to tax increases and tax reductions that reverse or might be reversed in the same period are offset and recognised net. Entry of postponed tax benefit on net tax-reducing differences which are not offset and deficit for presentation, is justified by expected future earnings. Deferred tax and any tax asset that can be capitalised are recognised at their net amount on the balance sheet. Due to uncertainty related to future application, the parent company has not capitalised deferred tax asset. Tax reductions on group contributions made, and tax on group contributions received that are recognised as a reduction in the carrying amount of investments in subsidiaries, are recognised directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable, and against deferred tax if the group contribution has an effect on deferred tax). Deferred tax in both the company financial statements and the consolidated financial statements is recognised at its nominal amount.

Leasing

Financial and operational leases are distinguished between. Operating assets financed by financial leasing are classified as tangible fixed assets. The cross entry is included as a non-current liability. Rent amounts are distributed between interest costs and repayments of debt. Operational leasing is expensed as an operating cost based on the invoiced rent amount.

Classification and measurement of fixed assets and non-current liabilities

Fixed assets include assets acquired for permanent ownership and use. Fixed assets are measured at

acquisition cost, less depreciation and write-downs. Non-current liabilities are capitalised at their nominal amounts on the date of the transaction. Tangible fixed assets are capitalised and depreciated over the financial life of the operating asset. Significant operating assets that consist of several significant components with different service lives are decomposed with different depreciation times for the different components. Direct maintenance of operating assets is expensed on an ongoing basis under operating costs, while embellishments or improvements are added to the cost price of the asset and depreciated in line with the operating asset. Tangible fixed assets are written down to their recoverable amounts in the event of a fall in value that is not expected to be temporary.

The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of future cash flows linked to the asset. A write-down is reversed when the basis for the write-down no longer exists. Plots are not depreciated.

Classification and measurement of current assets and current liabilities

Current assets and current liabilities normally include items that fall due for payment within 1 year of the balance sheet date, as well as items related to the circulation of goods. Current assets are assessed at the lower of acquisition cost and fair value. Current liabilities are capitalised at their nominal amounts on the date of the transaction.

Investment contributions

Assets are recognised at gross acquisition cost regardless of the grant and depreciated over the life expectancy (gross recognition). Grants are treated as deferred income recognition and recognised in line with depreciation. The capitalised contribution is recognised as a non-current liability and income recognition is classified as operating income.

Intangible assets

Costs related to self-development and other intangible assets are capitalised to the extent that a future financial benefit related to the development of an identifiable intangible asset can be identified and where the acquisition cost can be reliably measured. Otherwise, such expenses are expensed on an ongoing basis. The capitalised intangible asset is depreciated on a straight line basis over its economic life. Costs

related to own research are expensed on an ongoing basis.

Subsidiaries and associated companies

Subsidiaries and associated companies are measured using the cost method in the parent company's financial statements. Investments in shares are measured at acquisition cost unless a write-down has been necessary. Write-downs to fair value are carried out when a fall in value is due to reasons that cannot be expected to be temporary and this must be regarded as required according to good accounting practice. A write-down is reversed when the basis for the write-down no longer exists. Dividends, group contributions and other distributions from subsidiaries are recognised as income in the same year as set aside in the distributor's accounts. If the dividend/group contribution exceeds the share of earned profit after the acquisition date, the excess represents the repayment of invested capital, and the distributions are deducted from the investment's value on the parent company's balance sheet.

Receivables

Accounts receivable and other receivables are reported at their nominal value after deductions for provisions for expected losses.

Provisions for losses are made based on an individual assessment of the individual receivable. For other accounts receivable, an unspecified provision is made to cover expected losses on claims. Other receivables, both current and capital receivables are recognised at the lower of nominal and fair value. Fair value is the present value of expected future payments. However, no discounting is carried out when the effect of discounting is immaterial to the accounts. Provisions for losses are measured in the same way as for accounts receivable.

Pensions - defined benefit scheme

Pension liabilities funded through operations (defined benefit pension schemes) are measured at the present value of the future pension benefits that, in terms of the accounts, are considered to have been earned on the balance sheet date. Pension assets are measured at fair value. Pension schemes funded via secured schemes are not capitalised. In these cases, the pension premium is considered a pension cost and is classified together with payroll costs.

Pension costs and pension liabilities are calculated on the basis of linear accrual, based on assumptions about the discount rate, future adjustments of wages, pensions and benefits from the National Insurance Scheme, future returns on pension assets and actuarial assumptions about mortality, voluntary departure, etc. A corridor solution is used for estimate deviations. Estimate deviations that exceed 10 per cent of the higher of liability and assets are amortised over the average earning time. Pension assets are measured at fair value and deducted from net pension liabilities on the balance sheet. When accounting for pensions, the linear earning profile and expected final salary are used as the basis for accrual.

Pensions - defined contribution scheme

The cost of a defined contribution pension scheme equals the premium paid to the insurance company for the period.

Liabilities

Liabilities, with the exception of some provisions for liabilities, are recognised on the balance sheet at their nominal amount.

Investments in market-based equity, bond and fixed income funds

Short-term investments (equities and units measured as current assets) are measured at the lower of acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from the companies are recognised as other financial income. Dividends received and realised and unrealised gains/losses, are recognised in the profit and loss statement as financial items. Other interests in equity, fixed income and bond funds are recognised at market value. Investments are related to unsecured pension liabilities. Other non-current equities and units are recognised using the cost method. Provisions are made for expected guarantee costs. On the balance sheet, the provision for guarantees is posted in other current liabilities.

Cash flow statement

The cash flow statement was prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments.

NORCE Norwegian Research Centre AS Note 1 — Operating income

	2023	2022
Distribution of income		
Sales revenue, project revenue Basic	950 165	851 531
grants, framework grants, etc.	215 825	219 069
Other operating income	13 027	11 884
Total	1 179 017	1 082 484

	2023	2022
Allocated by research division		
Technology	489 358	448 899
Health and Society	277 531	265 262
Climate and Environment	392 678	354 561
Other	19 450	13 763
Total	1 179 017	1 082 485

	2023	2022
Geographical distribution		
Norway	1 078 526	933 875
Europe	93 961	144 221
United States and Canada	2 620	498
South-America	3 653	3 080
Africa	-	228
Asia	257	583
Total	1 179 017	1 082 485

NORCE Norwegian Research Centre AS Note 2 — Provisions for liabilities

	2023	2022
Original infrastructure grant	58 263	58 263
Recognised in previous years	-35 724	-33 613
Infrastructure support as at 1.1.	22 539	24 650
Income recognition/depreciation for the year	-2 060	-2 111
Infrastructure support as at 31.12.	20 479	22 539

Infrastructure support as at 31.12 applies to accrued income relating to infrastructure grants from the Research Council of Norway for a total of NOK 58 263 000 related to upgrading equipment and facilities.

Infrastructure support will be reduced annually by an amount corresponding to the depreciation of the equipment/construction investment. The recognised proportion of infrastructure support is listed under sales revenue, project revenue.

NORCE Norwegian Research Centre AS Note 3 — Transactions with associated partners

Benefits for executive personnel are discussed in note 4. Payroll costs and benefits, remuneration for the CEO, the Board and auditor, and intragroup balances are discussed in note 12. Outstanding intra-group balances

Sale of goods and services	Type	2023	2022
Universitetet i Bergen	Project revenue	29 879	32 458
Universitetet i Stavanger	Project revenue	15 105	10 508
Universitetet i Agder	Project revenue	3 636	3 370
Universitetet i Tromsø - Norges arktiske universitet	Project revenue	5 334	5 128
Stiftelsen Rogalandsforskning	Project revenue	948	169
Xsens AS	Project revenue	460	662
Gas 2 Feed AS	Project revenue	572	50
Universitetet i Stavanger	Other revenue	-	241
Universitetet i Tromsø - Norges arktiske universitet	Other revenue	3	-
Stiftelsen Rogalandsforskning	Other revenue	-	12
Gas 2 Feed AS	Other revenue	227	-
Total		56 164	52 598

Purchase of goods and services	Type	2023	2022
Universitetet i Bergen	Project costs	20 702	12 150
Universitetet i Stavanger	Project costs	16 305	13 011
Universitetet i Agder	Project costs	551	939
Universitetet i Tromsø - Norges arktiske universitet	Project costs	3 712	657
Gas 2 Feed AS	Project costs	309	73
Universitetet i Bergen	Other operating costs	9 803	10 406
Universitetet i Stavanger	Other operating costs	289	210
Universitetet i Agder	Other operating costs	2 491	2 305
Stiftelsen Rogalandsforskning	Other operating costs	9 588	9 227
Gas 2 Feed AS	Other operating costs	29	36
Total		63 779	49 014

Accounts receivable	2023	2022
Universitetet i Bergen	7 957	14 009
Universitetet i Stavanger	3 248	2 771
Universitetet i Agder	420	2 311
Universitetet i Tromsø - Norges arktiske universitet	361	845
Stiftelsen Rogalandsforskning	371	76
Xsens AS	141	400
Gas 2 Feed AS	284	63
Total	12 782	20 475

Accounts payable	2023	2022
Universitetet i Bergen	11 305	8 351
Universitetet i Stavanger	7 193	6 950
Universitetet i Agder	1 339	626
Universitetet i Tromsø - Norges arktiske universitet	559	34
Total	20 396	15 961

NORCE Norwegian Research Centre AS Note 4 — Payroll costs and benefits, remuneration for the CEO, the Board and auditor

Payroll costs

	2023	2022
Salaries	573 356	518 377
Employer's National Insurance contributions	90 041	78 997
Pension costs	59 295	52 576
Other benefits	12 441	10 235
Total	735 134	660 185
Number of employees as at 31.12.	806	787

Pension liabilities

The company is obliged to have an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act

Benefits for executive personnel

	CEO 1.1-30.09	CEO 1.10-31.12	The Board
Salaries	1 592	600	1 080
Pension costs	114	38	-
Other remuneration	16	4	-
Total	1 722	642	1 080

The CEO has an ordinary notice period of 3 months. If terminated by the employer, the CEO will also receive an additional 6 months of salary compensation. The CEO is covered by the company's current collective pension scheme for salary up to 12 G. No loans/guarantees have been granted to the CEO, the Chair of the Board or other associated parties.

Executive personnel do not have bonus agreements or receive share-based remuneration.

Expensed remuneration to the auditor

	KPMG
Statutory audit (incl. technical assistance with the annual financial statements)	1 167
Other certification services	668
Other assistance	799
Total	2 634

All amounts are exclusive of VAT.

NORCE Norwegian Research Centre Note 5 —Pensions

The company has an active defined contribution scheme for employees in Norway. Separate pension schemes are established for employees who live and work abroad. NORCE has a collective defined benefit scheme in line with the Company Pensions Act that is now closed to new members. The liabilities related to the collective scheme are covered through an insurance company. A few employees have an additional pension scheme that is funded through the company's operations.

NORCE also has a contractual pension in the private sector (AFP) scheme. This is regarded as a defined benefit multi-enterprise scheme, but is recognised as a defined contribution scheme until reliable and sufficient information is available so that the Group can account for its proportional share of the pension costs. Pension liabilities and pension assets in the scheme. The company's liabilities are thus not recognised in the balance sheet as liabilities.

The company's pension schemes satisfy the requirements of the Mandatory Occupational Pensions Act.

People in the schemes	Active/Set up	Pensioners
Defined contribution scheme	794	-
Additional pension scheme	15	-
Defined benefit scheme	217	99
Income statement	2023	2022
Present value of earned pension for the year	-	-
Interest costs for the pension liabilities	8 812	5 833
Return on pension assets	-8 815	-5 556
Management and administration costs	434	420
Other pension costs	1 733	-100
Net pension cost, defined benefit scheme	2 164	597
Cost of contractual pension in the private sector (AFP) scheme Costs	9 654	8 877
of defined contribution scheme	46 888	43 102
Pension costs, international	588	-
Total net	59 295	52 576
Balance sheet	2023	2022
Calculated gross pension liabilities 31.12	310 052	297 680
Pension assets (at market value) 31.12	-307 582	-288 476
Employer's National Insurance contributions	122	1 177
Net pension liabilities/assets	2 592	10 381
Financial assumptions	2023	2022
Discount rate	3,10 %	3,00 %
Expected wage adjustment	3,50 %	3,50 %
Expect. pension increase (closed private defined benefit scheme) Paid-up policyFripolise		Fripolise
Expected pension increase (closed public defined benefit scheme)	2,80 %	2,60 %
Expected G adjustment	3,25 %	3,25 %
Expected return on fund assets	3,10 %	3,00 %
Life expectancy tariff/mortality scale	KB2013BE	KB2013BE

Commonly used assumptions in the insurance sector are used as a basis for the actuarial assumptions concerning demographic factors and departures.

NORCE Norwegian Research Centre AS Note 6 — Intangible assets

	R&D	Software	Website	Total
Acquisition cost 01.01.2023	-	16 787	10 564	27 351
Additions	1 586	2 595	-	4 181
Acquisition cost 31.12.2023	1 586	19 382	10 564	31 532
Accumulated depreciation 31.12	-	12 874	8 645	21 519
Carrying amount 31.12.2023	1 586	6 508	1 919	10 013
Acc. depreciation and write-downs 01.01.2023	-	9 644	7 823	17 467
Depreciation for the year	-	3 230	822	4 052
Acc. depreciation and write-downs 31.12.2023	-	12 874	8 645	21 519
Service life	5 years	5 years	5 years	
Depreciation plan	Straight line	Straight line	Straight line	

NORCE Norwegian Research Centre AS Note 7 — Tangible fixed assets

Plots, buildings and other real estate	Expenditure rented buildings	Plots, buildings, other real estate	Total
Acquisition cost 01.01.2023	43 372	11 068	54 440
Additions	8 476	-	8 476
Acquisition cost 31.12.2023	51 848	11 068	62 916
Accumulated depreciation 31.12	30 708	6 295	37 003
Carrying amount 31.12.2023	21 140	4 773	25 913
Acc. depreciation and write-downs 01.01.2023	28 968	5 677	34 645
Reclassification	-91	91	-
Depreciation for the year	1 831	527	2 358
Acc. depreciation and write-downs 31.12.2023	30 708	6 295	37 003
Service life	5-10 years	10-20 years	
Depreciation plan	Straight line	Straight line	

Annual lease of non-capitalised operating assets	Remaining lease period	Annual rent
Miscellaneous leases for premises	1-8 years	56 763

Operating chattels, fixtures and fittings, tools, office machinery and similar	Ships, rigs, aircraft and similar	Operating fixtures, equipment, tools, office machinery etc.	Ulrigg	Total
Acquisition cost 01.01.2023	10 256	379 265	105 770	495 291
Additions	129	37 916	-	38 045
Aquisition cost 31.12.2023	10 385	417 181	105 770	533 336
Accumulated depreciation 31.12	1 010	352 367	85 303	438 680
Carrying amount 31.12.2023	9 375	64 814	20 467	94 656
Acc. depreciation and write-downs 01.01.2023	617	333 574	83 303	417 495
Reclassification	-368	368	-	-
Depreciation for the year	761	18 425	2 000	21 185
Acc.depreciation and write-downs 31.12	1 010	352 367	85 303	438 680
Service life	7-20 years	3-10 years	20 years	
Depreciation plan	Straight line	Straight line	Straight line	

NORCE Norwegian Research Centre AS Note 8 — Investments in equities and financial instruments

	Carrying amount 31.12.2023	Carrying amount 31.12.2022
Fixed assets		
Other shares	3	3
Other non-current units in equity, fixed income and bond funds	2 217	2 283
Total investments in equities and units	2 220	2 286
Current assets Equity funds		
Bond funds	11 344	210 502
Money market funds	6 285	44 800
Total financial instruments	62 053	412 904

Other market-based financial instruments in the trading portfolio measured at market value. Other interests in equity, fixed income and bond funds are recognised at market value. The investments are linked to unsecured pension liabilities. Other non-current equities and units are recognised using the cost method.

NORCE Norwegian Research Centre AS Note 9 — Tax

Tax cost for the year	2023	2022
Recognised tax on ordinary profit:		
Tax payable	-	-
Change in deferred tax asset	-503	-
Tax on ordinary profit	-503	-

Taxable income:		
Profit before tax	34 776	70 473
Permanent differences	-53 269	-48 165
Change in temporary differences	-16 851	-8 672
Group contributions received	2 287	1 896
Application of deficit carried forward	-	-15 531
Taxable income	-33 057	0

Tax payable on the balance sheet:		
Tax payable tax on the profit for the year	-503	-
Tax payable on group contributions received	503	-
Total tax payable on the balance sheet	-	-

Tax effect of temporary differences and deficits that can be carried forward and that have given rise to deferred tax and deferred tax asset, specified by type of temporary difference.

	2023	2022	Change
Tangible fixed assets	-19 836	-23 435	-3 599
Receivables	843	-2 032	-2 875
Gains and loss account	58	72	14
Provisions, etc.	-2 323	-4 925	-2 602
Pension premiums/liabilities	-2 592	-10 381	-7 789
Total	-23 850	-40 701	-16 851
Accumulated deficit carried forward	-185 658	-152 601	33 057
Not included in the calculation of deferred tax	209 508	193 302	-16 206
Deferred tax asset (22%)	-	-	-

In line with good accounting practice, the deferred tax asset is not capitalised.

Comparison figures for 2022 have been updated to reflect the final tax return.

NORCE Norwegian Research Centre AS Note 10 — Equity

	Share capital	Premium	Other paid in equity	Other equity	Total
As at 31.12.2022	2 160	349 214	-	275 124	626 498
As at 01.01.2023	2 160	349 214	-	275 124	626 498
Capital reduction and distribution of premium	-2 052	-349 214	-	-189 788	-541 054
Profit for the year				35 279	35 279
Group contributions received Pension liabilities - estimate deviation for the year	-	-	1 784	-	1 784
				-11 483	-11 483
As at 31.12.2023	108	-	1 784	109 133	111 025

In 2023, the company was part of a group restructuring process. As part of this, a reduction in capital was carried out with contributions to the shareholder NORCE Holding AS. Capital reduction with distribution includes all shares in the subsidiaries NORCE Risavika Eiendom AS and NORCE Innovation AS, as well as part of the financial instruments in the form of units in market-based equity, bond and fixed income funds.

The assets' carrying amount is used as the basis for distribution in accordance with Section 3-6(3) of the Limited Liability Companies Act.

NORCE Norwegian Research Centre AS Note 11 — Investments in subsidiaries

	Office municipality	Ownership/ votes	Carrying amount 31.12.2023	Share of equity	Proportion of profit
Nordisk institutt for odontologiske materialer AS (NIOM)	Oslo	51 %	51	9 280	1 151
Nasjonalt utviklingssenter for barn og unge AS (NUBU)	Oslo	100 %	100	16 350	3 513
Nasjonalt kunnskapssenter om vold og traumatisk stress AS (NKVTS)	Oslo	100 %	100	12 350	2 669
Total			251	37 981	7 334

Investments in subsidiaries are measured using the cost method.

NORCE Norwegian Research Centre AS Note 12 — Outstanding intra-group balances

	2023	2022
Receivables		
Accounts receivable	5 556	4 206
Other group receivables	2 287	-
Total	7 843	4 206
Liabilities		

NORCE Norwegian Research Centre AS Note 13 — Receivables

Accounts receivables	2023	2022
Accounts receivable at nominal value	191 186	148 122
Provisions for losses on accounts receivable	-1 546	-2 032
Accounts receivable on the balance sheet	189 640	146 090

Receivables due in more than 1 year	2023	2022
Equity grant KLP	4 357	4 357
Other receivables	33	33
Other non-current receivables on the balance sheet	4 390	4 390

NORCE Norwegian Research Centre AS Note 14 — Bank deposits

The balance on the tax withholding account (restricted funds) is in NOK thousands. 27 389.

NORCE Norwegian Research Centre AS Note 15 — Shareholders

As at 31.12, NORCE Norwegian Research Centre AS's share capital consists of:

	Quantity	Denominated	Recognised
		in NOK	
Ordinary shares	1 080	100	-108
Total	1 080	100	-108

The largest shareholders as at 31.12.2023 were:

	Ordinary	Stake	Voting share
NORCE Holding AS	1 080	100 %	100 %

NORCE Norwegian Research Centre AS's parent company is NORCE Holding AS, Nygårdsgaten 112, 5008 BERGEN, Norway. The consolidated financial statements can be obtained by contacting this address.

To the General Meeting of NORCE Norwegian Research Centre AS

Independent Auditor's Report

Opinion

We have audited the financial statements of NORCE Norwegian Research Centre AS, which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Bergen

Climate Accounting Report (Norwegian)

NORCE

Norwegian Research Centre AS
2023.

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