Annual Report 2021

NORCE

Annual Report 2021

Contents

1

Introduction

Kristin Wallevik took over the position of CEO of NORCE on 1 August 2021.

NORCE (Norwegian Research Centre AS) is an independent research institute that engages in research, development and innovation in collaboration with both the public and the private sector. We have extensive operations spanning energy, health, climate, environment, society and technology. Our ambition is to be a national and European leader in our chosen areas of focus.

NORCE provides solutions to key societal challenges and contributes to value creation on a local, national and global basis. We deliver research, innovation and skills development for key topics in policy formulation, administration, business and civil society. NORCE contributes to the adaptation of industry and business – in conjunction with businesses and universities, clusters and centres. In addition, NORCE has an important role in research-based renewal of the public sector.

NORCE is an institute with local roots and a global perspective. We can be found in locations from Alta and Tromsø in the north, Bergen, Haugesund and Stavanger in the west and Kristiansand and Grimstad in the south and in Oslo to the east. This means that at NORCE, we have a strong presence and good interaction with customers and partners through our many locations.

The NORCE Group also includes a number of wholly and partly owned subsidiaries. Only the biggest subsidiaries are mentioned in this annual report for the parent company.

The largest owners in NORCE are the four universities in Bergen, Stavanger, Agder and Tromsø, either as direct owners or through regional holding companies. Other owners are local authorities, research foundations and companies in industry and finance.

The research centre, the GenØk Centre for Biosafety in Tromsø became part of NORCE in December 2021. GenØk is a national centre for biosafety and conducts research on environmental, health and societal consequences of the use of genetic engineering and genetic modification. The centre focuses on the safe use of biotechnology.

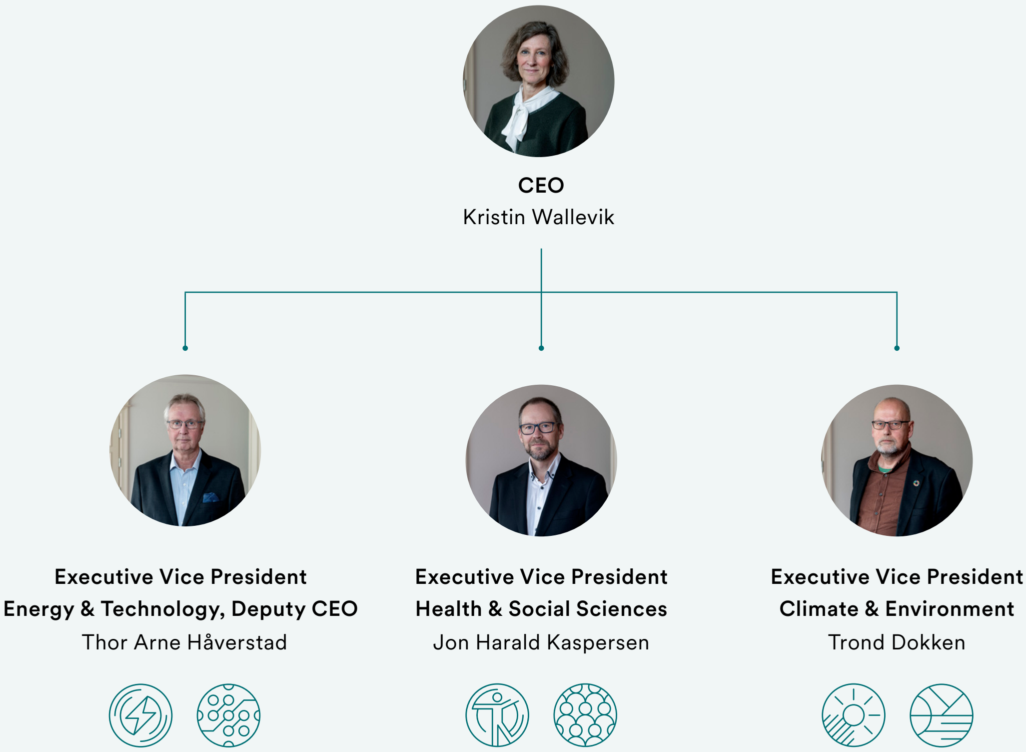
In 2021, there were some changes made to the management and organisation of NORCE. Elisabeth Maråk Støle resigned from the position as CEO in January. Thor Arne Håverstad was appointed acting CEO until Kristin Wallevik took over as new CEO on 1 August. In 2021, we reorganised from six research departments into three divisions and three new executive vice presidents were recruited.

The new divisions are Energy & Technology led by Thor Arne Håverstad, Health & Society led by Jon Harald Kaspersen and Climate & Environment led by Trond Dokken. The administration has also undergone a reorganisation. It is divided into two equal divisions, Organization and Finance.

After several years of weak financial results, 2021 is the first year of positive operating results for NORCE and we are starting to see the intended synergies of standing together as a large institute. Since its establishment, NORCE has sold several subsidiaries that have been started on the basis of results and innovations from our research. This has meant good liquidity for NORCE and we are well equipped for new research and innovative initiatives. Two of these companies, Gexcon and Prototech, were sold in 2021.

The allocation of centres and awarding of EU projects and projects in green platform initiatives allows us to work with a more long-term and strategic focus to solve major global societal challenges. We will contribute to green restructuring of the energy sector through a Petrosenter that we manage and as a partner in another. For the EU projects, we will contribute to new knowledge on the climate of the future in polar regions and for the green platform project, we will contribute to a sustainable aquaculture industry through new knowledge and technology.

Reorganisation of NORCE into three divisions in 2021



2
Corporate social responsibility

Corporate social responsibility is one of the cornerstones of the work conducted by NORCE and is reflected in our vision, *Passion for knowledge – together for sustainability.* Cultivating knowledge to promote sustainability is the driving force behind our research. We want to contribute relevant and socially useful research concentrated on what needs to be in place in order to bring about the change to green. We are doing this in close collaboration with our clients and partners.

Sustainability

The transition to a sustainable society with a fair distribution of benefits and burdens is the greatest challenge of our time. An expressed ambition for NORCE is to contribute knowledge and solutions that can increase the tempo of the shift to green. At the same time, we are concerned that the way in which we run the company has the smallest possible climate footprint. The company published its first sustainability report in 2021.

Hiring a Sustainability Manager
In 2022, we established a sustainability manager position at NORCE and the position will be filled from June. The Sustainability Manager has strategic responsibility for holistic thinking and ensuring that sustainability becomes an integral part of our mindset and is included in our plans, goals, processes and systems. The Sustainability Manager will also be responsible for further development and preparation of the annual sustainability report for NORCE. It will be available on *norceresearch.no*.

Communication

Communication of research results is a key part of the NORCE social mandate. We will actively communicate our research and convey our results to relevant scientific environments, to users of the research and to a wider audience.

In order to reach our target groups, we use a number of different channels, such as scientific publications, conferences, webinars, meetings, panel debates, websites, social media and newsletters.

The ambition is for our research to maintain a profile at a high international level. In 2021, NORCE represented 474 scientific publications, which amounts to 427.7 publication points and 0.95 publication points per research man-year. Having one publication point per full-time equivalent researcher is a goal for NORCE. Publication points are an indicator of the scope and quality of our scientific publication.

Active participation in public debate with research-based knowledge is a goal for NORCE. We arranged several debates in 2021. In connection with the Storting elections, we arranged a debate on the role of the petroleum industry in the shift to green. Several of our researchers also had central roles in The Plastic Sea, a documentary about the plastic problem in the ocean that was broadcast on NRK.

In 2021, NORCE received approximately 2,600 media mentions. We also work through our own channels, such as websites, social media and newsletters. The biggest growth for NORCE during 2021 was on LinkedIn with almost 2,700 new followers during the year. In 2021, NORCE also gained nearly 500 new followers on Facebook and nearly 400 new followers on Twitter. In addition, we distributed eight newsletters to our subscribers in 2021.

Research ethics

NORCE follows national and international guidelines on research ethics to ensure that NORCE conducts its business in accordance with the highest ethical standards. The company also has its own guidelines for research ethics and a separate integrity committee.

Scientific quality 2021

474
Scientific publications

427,7
Publication points

0,95
Publication points per research man-year

New social media followers during 2021

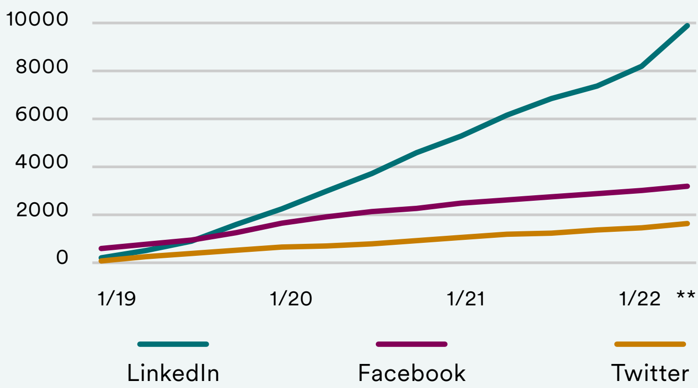
+ 2700 (LinkedIn)

+ 500 (Facebook)

+ 400 (Twitter)

*** Last data entry in the diagram: April 2022.*

Development in social media followers 2019–2022



Dissemination in the media

2600 media quotes *

8 newsletters

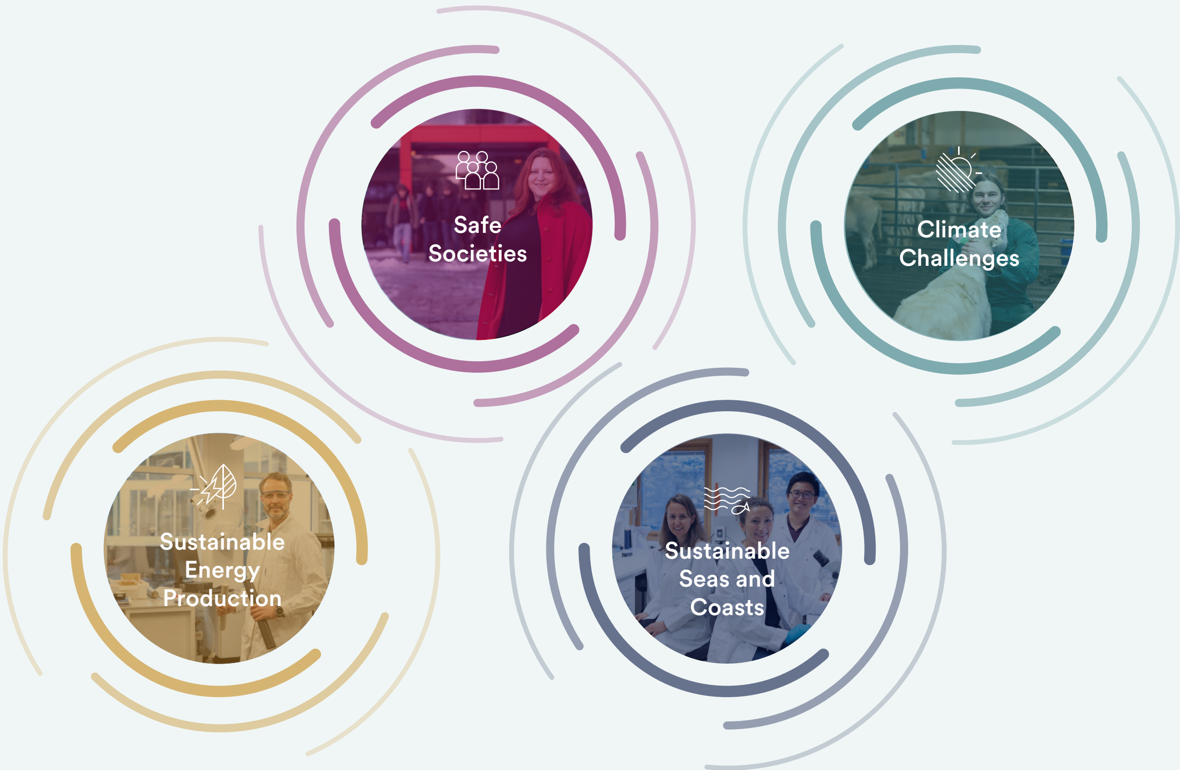
** Media monitoring is provided by Infomedia. Monitoring covers news and industry media, online and in print. TV and radio shows are not included.*

3

Research in NORCE

The research conducted by NORCE will contribute to addressing societal issues and to increasing sustainable value creation at the local, national and global level. NORCE has identified four strategic priority areas for the period up to 2025, where we are gathering strength across the breadth of our research areas to enable good choices to be made for the future. The priority areas are: *Safe Societies, Sustainable Energy Production, Climate Challenges and Sustainable Seas and Coasts.*

Our priority areas



Sustainable Energy Production

Awarded two Petrocentres
The IOR centre was ended at the end of 2021/ beginning of 2022 but research in the field sub-surface understanding will continue in two new petroleum research centres that were granted funding in December 2021. One is the NORCE-led Centre for Sustainable Subsurface Resorces (CSSR) and the other is the National Centre for Sustainable Utilisation of Energy Resources on the Norwegian Shelf (NCS2030), which is led by UiS and in which we are a partner. In CSSR, we will develop knowledge about how the subsurface can be used in the shift to green over the next eight years. And in NCS2030 over the next eight years, we will research energy systems, low emissions and digitalisation of the Shelf.

Faster physical development of offshore wind
It is a political goal to develop offshore wind on the Norwegian Shelf off Agder, Rogaland and Vestland but the process from decision to final construction of the wind turbines can often be long and ineffective. To facilitate faster physical development of offshore wind in the ImpactWind Southwest capacity lifting project, NORCE will develop more efficient and thorough application processes in conjunction with research and industry partners.

First in the world
In 2021, NORCE pioneered the demonstration of autonomous drilling in the DADPC project. The demonstration was carried out on our full-scale drilling rig, Ullrigg, using digital tools developed in the research environment for drilling and wells. The project was supported by Demo2000 and several industry operators.

Opening of DigiWells
In 2021, SFI-DigiWells was officially opened. NORCE is also leading SFI DigiWells, where researchers and industry partners are developing more efficient oil and gas well drilling through increased digitalisation and automation.

Climate Challenges

As a result of climate change, we are expecting wilder, warmer and wetter weather conditions. More extreme weather events and phenomena resulting from climate change pose a serious threat to the economy, to our wellbeing and to society as a whole. This is an important area of research for NORCE and we are seeing an increasing need to know more about what we will be faced with and how to handle it effectively.

Climate in polar regions
Both the Arctic and Antarctica are undergoing dramatic changes. There is a great need to understand the scope of these changes and the climate processes that are causing them. The EU project, Polar Regions in the Earth System (PolarRES) will achieve just this, as well as provide more secure information about the future climate in the polar regions. The project is coordinated by NORCE and funded by the EU Horizon 2020 research and innovation programme, and will contribute important knowledge to the EU strategy for climate adaptations.

Data from Antarctica
NORCE is a partner in the Troll Observing Network (TONe) project where researchers will send up drones and study and monitor the atmosphere, cryosphere and marine environment in Dronning Mauds Land in Antarctica. This will provide data from an area that is otherwise little explored. The knowledge will contribute to answering questions related to changes in climate and sea level.

Climate forecasts
In the NORCE-led Climate Futures SFI, we provide more certain warnings of extreme weather events such as floods, droughts and torrential rain. Using weather forecasting models and historical data, climate forecasts are developed from 10 days to 10 years ahead for managing climate risk. An important part of the work at the centre is warning when there is an increased likelihood of extreme weather events and phenomena, which pose a serious threat to the economy, our welfare and society as a whole.

1.

2.

3.

4.

1. **In the ImpactWind Southwest project, NORCE will enable faster physical development of offshore wind in conjunction with research and industry partners.** From the left: Senior Researcher at NORCE, Atle Blomgren, Professor Muk Chen Ong, University of Stavanger, Associate Professor Silje Haus-Reve, University of Stavanger and NORCE, Deputy Executive Vice President, Climate & Environment at NORCE, Hans Kleivdal. *Photo: Bjarne Log.*

2. **Minister of Research and Higher Education, Ola Borten Moe announced that NORCE will be a research partner for the new national centre for sustainable utilisation of energy resources on the Norwegian shelf.** Present from NORCE were Oddvar Skjæveland (left), from the University of Stavanger, Rector Klaus Mohn and Prorector, Merete Vadla Madland. *Photo: Johanne Severinsen.*

3. **The debate outside Ullrigg** - From left: Tom Hetland, commentator and former editor-in-chief of Stavanger Aftenblad, Tina Bru (Conservative Party), Iselin Nybø (Liberal Party), Geir Pollestad (Centre Party), Torstein Tvedt Solberg (Labour Party).

4. **SFI DigiWells was opened in Stavanger in association with great partners.** From the left: Johan Kverneland from Total Energies and Chair of the Board of SFI DigiWells, Aina Berg, Head of Energy Department and Erlend Vefring, Head of SFI DigiWells. *Photo: Veronica Helle.*

Safe Societies

Cohesion, stability and preparedness in Norwegian society are being challenged. These challenges need to be addressed at the same time as government revenues from oil and gas are in decline. Safe Societies is about the knowledge and solutions society needs to reduce inequality, safeguard public health, maintain trust in public institutions, stop exclusion and address natural disasters.

Marginalised youth
Between 6 and 10 per cent of young people aged 15–29 are without employment, education or training. During Arendal Week 2021, we launched a knowledge summary with analysis of the children and adolescents who remain marginalised. An important finding is that the lives of the young people who fall outside are often characterised by fragile relationships and that relational quality to the "helpers" in the system is of great importance. The report was commissioned by the Norwegian Association of Local and Regional Authorities (KS), which uses it as a knowledge base for innovation in the municipal sector.

Research Manager, Tonje Fyhn presented a knowledge summary on Marginalised Youth during Arendal Week 2021.

Same GP over time
Much of our health research investigates Norwegian conditions but also gets a lot of international attention. One study shows that patients who have had the same GP for more than 15 years have a lower risk of premature death than those who have had the same GP for one year or less. This study generated a lot of attention in a number of countries around the world. One of our researchers behind the study was in the British Parliament as an expert witness. The researcher from NORCE was invited to revise the legislation for general practice in association with the British Health Committee.

Strengthens local democracy
At a time when democracy is being tested, research into democratic processes is perhaps more important than ever. For the first time, researchers from NORCE have used the deliberative opinion polling method in Norway. 90 inhabitants of Bergen municipality spent six hours discussing important political issues and responding to opinion polls. The results were included as input for the politicians. This type of democratic event has the potential to lead to better decisions and can strengthen citizens' perceptions that the (local) democratic process is fair and takes the views of citizens into account. Experience from Bergen may be useful to other Norwegian municipalities. The researchers behind the project are in the process of creating a handbook and showing the way for other municipalities.

What do the people think?
In our experience, it is not enough to develop new green technological solutions if the population does not welcome the new solutions. The aim of the project is to store both Norwegian CO_2 and carbon captured in other European countries under the seabed in the North Sea. Carbon capture and storage may become a very important technology for achieving the goal of limiting global warming to 1.5 °C. However, a new research project from NORCE shows that Norwegians are critical when it comes to storing CO_2 from other countries in the Norwegian Shelf.

Sustainable Seas and Coasts

Our seas and coasts are the most important arena for new business, new bioindustry and sustainable value creation as oil and gas production decline. Climate change, ocean acidification, environmental contaminants and plastic waste are changing the oceans. To be able to utilise marine resources for generations to come, we need the necessary knowledge to support sustainable seafood production while also maintaining good environmental conditions in the ocean.

Circular bioeconomy in Western Norway

Increased recycling of resources, reduction of CO_2 emissions from fish farming and more biogas facilities are some of the keywords in the work on developing a circular bioeconomy in Western Norway. There are increasingly stringent sustainability requirements but often the solutions within circular bioeconomy are not transferred to and adopted by the industries. Researchers at NORCE will help to change this. Reducing raw material use through recycling and reuse of organic waste is one example. In this way, resources remain in a cycle for a longer period of time. One contribution to the marine sector may be a reduced footprint from feed, which currently accounts for 77% of the carbon footprint with the farming of salmon and trout. A regional competence platform will be built up for circular innovation and interaction between research, business and industry, the public sector and education. The operators will be part of a larger network that will increase expertise in circular bioeconomy in the business sector, as well as stimulate increased interdisciplinary collaboration.

Unique opportunity to investigate the sea

The circumnavigation of the world of the sailing ship, Statsraad Lehmkuhl started in August 2021 and will continue until April 2023.

Research and education are central to this large scale project in which NORCE is among the partners that will conduct research during the voyage. One goal is to create awareness – and share new knowledge – about the critically important role the ocean plays in sustainable development. Researchers and students will take a number of samples on the journey across the oceans of the world. NORCE will research microplastics and environmental DNA in the bodies of water.

Aquaculture ensures food

Aquaculture can play a critical role in ensuring food availability for the world's population, which will exceed nine billion in 2050. NORCE was awarded the main project, "Low emission value chain for offshore aquaculture" in the Government's Green Platform initiative. The goal is to deliver new knowledge and technology so that offshore aquaculture contributes to reduced greenhouse gas emissions, achieves a lower environmental footprint and good fish welfare.

1.

2.

1. **Minister of Trade and Industry, Iselin Nybø at Skretting to announce that the Green Platform project, Low Emission Value Chain for offshore aquaculture has been awarded NOK 96 million.** *Photo: Blue Planet.*

2. **Students and researchers ensure collection of data during the voyage. Plastic diary work here.** *Photo: Ingrid Wollberg.*

4
Commercialisation

Commercialisation of research is an important priority area for NORCE and we are constantly working to strengthen collaborations with the specialist departments in this area. Commercialisation currently consists of functions that are followed up by the NORCE Group executive management and functions covered by the investment and management company, NORCE Innovation AS. The main task of NORCE Innovation AS is the development and realisation of values in research-based limited companies, which are usually based on ideas and research results that have been developed in the academic communities at NORCE over several years.

Sale of Gexcon and Prototech

In February 2021 Gexcon AS including ten foreign offices, was sold after more than a year of planning and contact with many stakeholders from home and abroad. In early 2021, a process was also initiated to sell Prototech AS, which led to the sale of this company taking place in June 2021.

Quality assurance of commercialisation

In 2021, new work processes for commercialisation and patenting have been put into operation through the NORCE management system, called MAPS. This is important for managing commercialisation in a structured way and to safeguard the rights to inventions produced by researchers at NORCE.

In the last two years, great work has been carried out on moving ownership interests in limited companies to NORCE Innovation AS. This work was completed in 2021. In the time ahead, NORCE Innovation AS will manage the ownership interests of NORCE in limited companies, distributed across two different portfolios. The commercial portfolio includes ownership interests in research-based spinoff companies and the administrative portfolio includes ownership interests in infrastructure companies that support the NORCE research activities.

Through its commercialisation activity, NORCE is building expertise that is complementary in relation to the research divisions and at the same time is very relevant for NORCE to be able to achieve awards for new future innovation projects and innovation centres. Therefore, in 2021 work was therefore started on stimulating collaboration between the research divisions on applications and commercialisation in order to better exploit this potential. It is planned for the work to continue in the years ahead to strengthen the overall competitiveness of NORCE.

Developing the management strategy

NORCE is a non-profit company and all gains are fed back into the development of the NORCE organisation, investment in new initiatives and training and research in new priority areas.

The establishment of research-based limited companies is a natural extension of the NORCE value chain, where the research departments and limited companies collaborate on the establishment of joint industrial research and innovation projects. Over the last two years, NORCE has shown good results from the sale of limited companies and will continue to work on a management strategy for the funds that are realised.

5

Subsidiaries

At the end of 2021, the largest subsidiaries in the NORCE Group were:

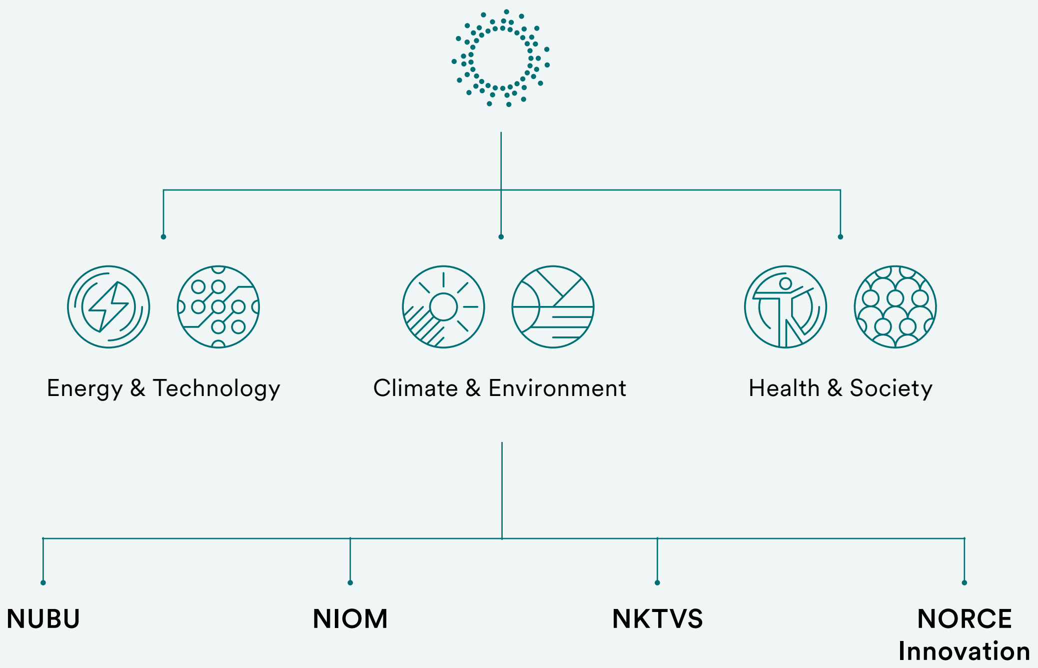
The Norwegian Center for Child Behavioral Development (NUBU)
Helps children and young people with severe behavioural problems, their families, kindergartens and schools to get research-based, relevant, individually tailored and effective help.

The Norwegian Centre for Violence and Traumatic Stress Studies (NKVTS)
Develops and disseminates knowledge and expertise on violence and traumatic stress.

Nordic Institute of Dental Materials (NIOM)
Contributes to safe and effective dental materials.

NORCE Innovation AS
Contributes to the commercialisation of results from NORCE research through underlying subsidiaries, affiliates and other ownership interests.

NORCE and subsidiaries



6

Finance

The operating income for 2021 for the parent company, NORCE totalled MNOK 976. The operating profit for 2021 was MNOK 9.8, which is an improvement from -1.2 MNOK in 2020. Ordinary profit before tax was MNOK 130.3, where the difference to operating profit is primarily due to gains on business sales. For the Group as a whole, revenue totalled MNOK 1,411 and operating profit was MNOK 217.6. Ordinary profit before tax was MNOK 214.8. Gains on the sale of businesses are classified as financial income in the parent company and operating income in the Group.

Like 2020, 2021 was characterised by COVID-19, with public infection control measures that among other things, made it difficult to conduct gatherings, cruises and physical meetings as planned. This resulted in some change in activity but extensive use of digital collaboration tools contributed to ensuring that to a large extent, operations could be carried out properly.

It is proposed that the profit for the year in the parent company is carried forward to other equity. The parent company has satisfactory liquidity at the end of 2021. The annual accounts for the company have been prepared on the condition of continued operations.

Financial KPI

	Parent company	Group
Operating income	**976** MNOK	**1 411** MNOK
Operating profit	**9,8** MNOK	**217,6** MNOK
Profit before tax	**130,3** MNOK	**214,8** MNOK
Equity	**553** MNOK	**514** MNOK
Equity ratio	**52 %**	**41 %**

**The Group companies, NKVTS and NUBU have net uncovered pension obligations of MNOK 90 and MNOK 60 respectively, totalling MNOK 150. NORCE is working on and expects to put a solution in place in which the uncovered liabilities are covered over time with government grants, in a combination of one-off payments and annual grants. Based on the nominal value of this, the Group equity would increase from a posted value of MNOK 514 (41%) to an adjusted value of MNOK 664 (53%).*

7

Health, environment, safety, security and quality

Number of reported incidents and near misses in 2020 and 2021

Year	Adverse events	Near misses	Incidents causing personal injury	Incidents causing sickness absence
2021	37	27	8	0
2020	45	32	8	1

Health, safety and environment

HSE policy

The overall objective at NORCE is for all activities to be conducted without harm to people and property and with the least possible negative impact on our surrounding environment.

HSE targets

The targeted and systematic HSE work was the main focus at NORCE in 2021. HSE targets and status for 2021 were followed up in the departments and at central level.

HSE incidents and near misses

Reported HSE statistics for 2020 and 2021 are in the table above.

We registered eight personal injuries in NORCE in 2021. A large majority of them are pinch injuries to fingers. One incident led to an employee requiring stitches. All other injuries were first aid injuries and none led to absence.

Emissions to the external environment.

In 2021, we had a serious discharge of bentonite-based drilling fluid. The drilling fluid was discharged to the stormwater network and was taken out to Grannesbukta, which is a protected area. Internal investigations were carried out and several measures were implemented.

An improvement project has also been carried out on the reporting of HSE incidents and near misses. This has led to better quality of categorisation and case management of the reports.

Safety Service and Working Environment Committee

In 2021, we conducted five Working Environment Committee meetings. Minutes from all the meetings and any attachments are made available to all employees via the NORCE intranet. The Committee was chaired by the employer side this year.

Due to COVID-19 and extensive use of home offices, a number of safety rounds were postponed until 2022. Most safety rounds in laboratories were carried out as normal. Regular meetings were held between the safety delegate service and management.

COVID-19
NORCE has followed the guidelines of the authorities regarding COVID-19. Many have been working from a home office for much of 2021. We have had some infection among employees and at times the infection pressure has had an effect on deliveries. We have been concerned with informing and facilitating and have used both the intranet and email as information channels.

External environment
Given the nature of the company, there are relatively few activities in NORCE that are linked to critical environmental aspects and overall, the negative impact of the company on nature and the environment is therefore small. Some of our larger infrastructure projects are more exposed to adverse incidents and the company is working systematically on work processes for reducing risk for such units.

Security and emergency preparedness

In autumn 2021, NORCE conducted a security analysis to map the vulnerabilities to our values. This work was conducted by an external provider and resulted in a vulnerabilities report with associated recommended measures. These measures will continue to be worked on in 2022.

In 2021, we conducted two emergency preparedness exercises in the form of discussion exercises for both IT and Group management. We trained on crisis understanding, crisis communications and role understanding. HR has conducted an emergency preparedness seminar to build skills.

Quality

Quality policy
NORCE aims to deliver services and products at the agreed time and price and of the agreed quality. We aim to carry out research and research-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 Management reviews
The Management reviews were carried out as planned in April and October. Internal audits have been carried out in accordance with the audit plan. We conducted 24 internal audits in 2021.

Management system
The NORCE MAPS management system was put into operation in 2020. In 2021, we upgraded the system and further developed processes. All new employees receive training.

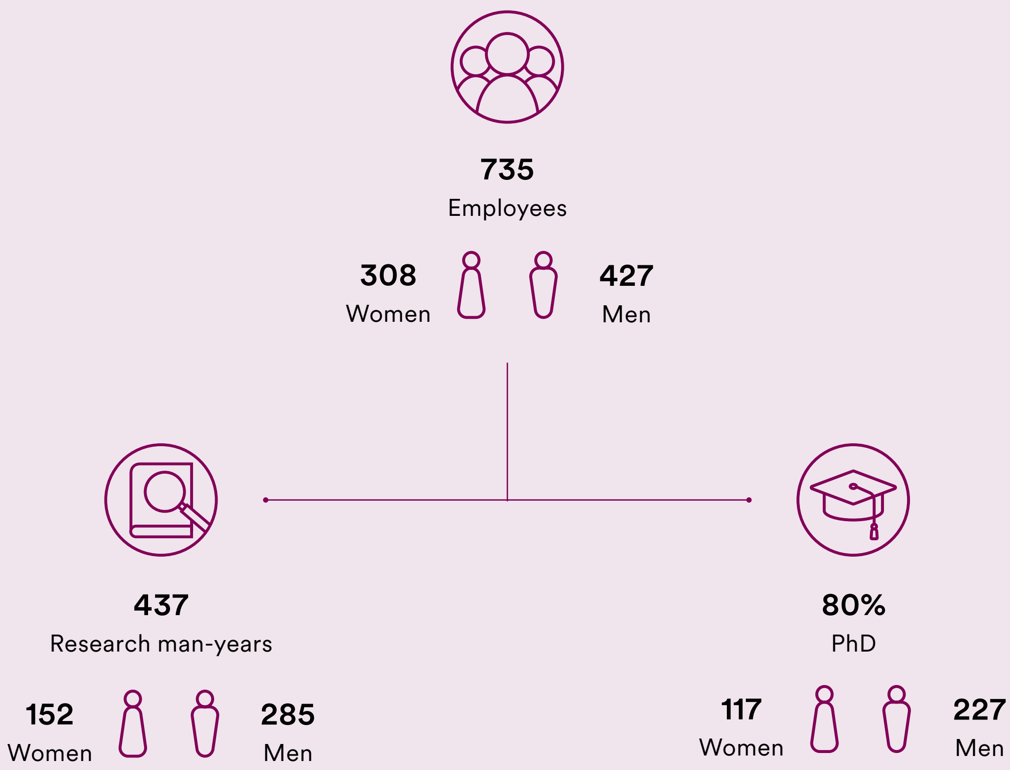
Certification
NORCE is certified in accordance with ISO9001:2015 and ISO 14001:2015. Entry in the Magnet JQS and Achilles supplier databases has been continued.

8

People

At year-end NORCE had 735 employees, 308 women and 427 men. There is a total of 437 research man-years, of which 151.9 are women and 285.1 men. There are 344 researchers at NORCE who have a PhD, of which 117 are women and 227 men.

Year-end employee overview 2021/2022



Gender equality and diversity

NORCE endeavours to actively work for gender equality and against discrimination, in accordance with Chapter 4 of the Equality and Anti-Discrimination Act. NORCE will be a workplace with a good working environment and good development opportunities for all employees. This requires us to attract and retain a diversity of colleagues with high professional competence.

In 2021, a working group looked at how NORCE can best work for gender equality and against discrimination. The working group has prepared a policy and action plan for gender equality and diversity. We also established a committee for gender equality and diversity with representatives from employers, employees and elected representatives.

In its ethical guidelines, NORCE has made clear its desire to meet the diversity in society in a good way: “In employment situations, no one is to be excluded on the basis of gender, sexual orientation, ethnic affiliation or religion.” NORCE has employees with backgrounds from 53 different nations from around the world. This is a strength and a sign that NORCE is also an attractive employer beyond the country's borders.

A report on gender equality work in NORCE in 2021 will be available on our website.

Skills development

Systematic skills development in the company is organised through NORCE School. NORCE School was properly started in autumn 2021 with a modular management development programme, project training and other relevant day courses. The courses are arranged in different ways, through gatherings, day courses with physical attendance or digital courses. In addition, employees have the opportunity to develop their skills through individual courses as needed.

Reorganising processes

NORCE carried out and concluded the reorganisation process of the research divisions in 2021. The research activity is now organised into three research divisions, Health & Society, Energy & Technology and Climate & Environment. The administration also underwent a process of reorganisation. The administration was divided into two equal divisions, Organization and Finance.

Working environment survey

NORCE conducted its first working environment survey at the end of 2020. In 2021, we have worked on the review and follow-up of the survey. There is a new working environment survey scheduled to be conducted in autumn 2022

Sickness absence

Average sickness absence was 3.4 per cent in 2021. This is a decrease from the previous year. We have a good culture and good procedures for following up on sick leave.

Board liability insurance

The company has taken out board liability insurance that applies to the boards of the parent company and Group subsidiaries. The insurance covers up to MNOK 50 per injury per year.

9

Risk and risk management

Overall objectives and strategy

NORCE is exposed to both operational and financial risk in different areas. The goal is to manage the risk down to an acceptable level. The Board has adopted guidelines for reducing and managing risk and the administration has implemented these in the businesses.

Operational risk

Like most businesses, NORCE was also affected by COVID-19 in 2021. Some projects were postponed and it was difficult to carry out assignments that required travel on cruises. Using video meetings for digital collaboration reduced the negative effects and has also brought employees closer across locations. This is learning that we are taking with us after the pandemic.

There is a general operational risk that assignments may not generate sufficient revenue to cover project costs. The company has established organisational structures, control processes and authority matrices to ensure proper risk assessment before new contracts are concluded.

A lack of sufficient assignments for the company poses another operational risk. The company is continuously working on developing market opportunities for NORCE, which reduces this risk in the short and long term.

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 on cruises and working in locations that require special monitoring.

Financial risk

NORCE aims to conduct research activities and other activities with limited exposure to financial risk. The Company Board has adopted guidelines for reducing exposure to a manageable level, including authority matrix, financial and management policy and currency policy.

The biggest financial risks to which NORCE is exposed are:

Risk of loss of value of financial investments
This risk was limited in 2021, as the company financial assets were invested in bank deposits or low-risk fixed income funds. In December 2021, the Board adopted a new Financial and Management Policy where implementation of a new asset management policy began in February 2022. A distinction is made between Liquidity Capital, which will be managed in banking and money market funds and Assets Under

Management, which will be managed in a diversified portfolio with a long-term perspective. Thus, from 2022 the Assets Under Management will be exposed to market fluctuations to a greater extent and may also be partially invested in less liquid assets.

Risk of loss of value in subsidiaries
NORCE works on commercialising research and innovation through subsidiaries owned and managed by the wholly-owned subsidiary, NORCE Innovation AS. These investments are at different stages of commercialisation and exposed to different risks. Guidelines have been established for corporate governance to mitigate the relevant risks.

Counterparty risk
(risk of loss on claims against clients)
The risk of losses on receivables has been historically low and is considered small. The company has made provisions for potential losses.

Foreign exchange risk in projects with foreign clients or with foreign suppliers and partners
NORCE is only exposed to currency risk to a limited extent. In projects that have significant earnings in foreign currencies, a procedure for currency hedging has been established.

Liquidity risk (risk of not being able to meet payment obligations when they fall due)
The risk is considered low as NORCE has sufficient liquidity capital.

There is still an unresolved future pension obligation of significant size for two subsidiaries (NKVTS and NUBU), where the dialogue with the authorities to find a solution to the matter is ongoing. In the consolidated annual accounts, this obligation is included in full, although it is expected that a solution will be found in association with the authorities.

10

Future prospects

After several years of negative operating results, 2021 ended positively. NORCE is also budgeting in 2022 with a positive result from operations. Finances are thus considered to be stable. Positive liquidity capital and assets under management largely as a result of successful work on commercialisation and sale of enterprises are contributing to financial security. The Board has decided that under the new finance and management policy, the expected annual nominal return on assets under management will be used for strategic development of the company, primarily for research infrastructure structure, skills building within strategic initiatives, and new investments in its own commercialisation opportunities.

The company is adversely affected by several national and global conditions in spring 2022. The war in Ukraine is affecting global financial markets, high inflation is putting pressure on wage settlements and financial conditions in the economy of the Research Council of Norway are creating uncertainty around important sources of funding for the company, such as the RES-EU. However, the company is well equipped to manage different situations both financially and operationally.

The Board thanks all employees, owners and partners for their efforts in 2021. Thanks also to employees, managers, directors and colleagues in subsidiaries and affiliates.

Bergen, 7 June 2022

Robert Bjerknes
Chair of the Board

Aslaug Mikkelsen
Board member

Hege Indresand
Board member

Lisbet K. Nærø
Deputy board member

Anita Andersen Stenhaug
Board member

Heidi Hindberg
Board member

Erlend Randeberg
Board member

Harald Furre
Board member

Eva Karin Sandanger Dugstad
Board member

Gisle Andersen
Board member

Kristin Wallevik
CEO

11

Annual accounts

Profit and Loss Statement

(All figures in kNOK)

Parent company				Group	
2020	**2021**		**Note**	**2021**	**2020**
734,172	776,635	Sales revenue, project revenue	14, 16	864,161	1,024,608
212,743	184,146	Base grants, framework grants, etc.	14	326,470	354,910
12,559	14,825	Other operating income	14, 16	220,368	12,617
959,473	**975,607**	**Total operating income**		**1,410,999**	**1,392,135**
182,629	195,128	Project costs, cost of goods	16	200,270	215,740
776,844	**780,478**	**Net operating income**		**1,210,729**	**1,176,395**
599,184	601,905	Payroll cost	11, 15	750,445	877,128
27,453	25,349	Depreciation of tangible fixed assets and intangible assets	1, 2	26,510	35,950
0	0	Impairment of tangible fixed assets and intangible assets	1, 2	57	0
151,453	143,453	Other operating costs	15, 16	216,106	257,309
778,090	**770,708**	**Total operating costs**		**993,118**	**1,170,386**
-1,246	**9,771**	**Operating profit**		**217,611**	**6,008**
19,707	118,738	Income from investments in subsidiaries and affiliated companies	3	-6,725	-5,389
0	0	Income from other investments	4	250	6,894
296	39	Interest income from companies in the same group		0	0
5,352	5,894	Other interest and financial income		8,494	13,785
39	0	Change in the value of financial instruments at fair value	7	-422	551
0	0	Impairment of financial assets/Reversal of previous impairment		0	-6 093
0	0	Interest costs to companies in the same group		0	0
-1,664	-4,150	Other interest and financial costs		-4,372	-9,618
23,730	**120,521**	**Net financial income**		**-2,775**	**130**
22,484	**130,292**	**Ordinary profit before tax**		**214,836**	**6,139**
0	0	Tax on ordinary profit	12	174	-2,080
22,484	**130,292**	**Profit/loss for the year**		**214,662**	**8,219**
		Of which for minority interests		22	2,013
		Profit/loss for the year for majority interests		214,641	6,205
		TRANSFERS			
22,484	130,292	Allocated to/covered from other equity			
22,484	**130,292**	**Total transfers**			

Balance Sheet as at 31.12.

(All figures in kNOK)

Parent company				Group	
31.12.2020	**31.12.2021**	**ASSETS**	**Note**	**31.12.2021**	**31.12.2020**
8,984	8,078	Concessions, patents, licenses, trademarks and similar, rights	1	8,495	10,018
0	0	Deferred tax asset	12	0	6,905
8,984	**8,078**	**Total intangible assets**		**8,495**	**16,923**
15,167	17,153	Sites, buildings and other real estate	2	17,153	30,320
68,185	70,910	Operating equipment, fixtures and fittings, tools, office machinery and similar	2	77,834	100,118
83,353	**88,063**	**Total fixed assets**		**94,987**	**130,438**
168,439	128,686	Investments in subsidiaries	3, 17	0	0
3,800	0	Loans to companies in the same group	5, 6	0	0
0	0	Investments in affiliated companies	3	26,415	18,213
0	0	Loans to affiliated companies		0	0
2,837	2,452	Investments in shares and interests	4	14,925	16,215
4,524	4,524	Other receivables	5, 11	4,524	6,350
179,600	**135,662**	**Other financial fixed assets**		**45,865**	**40,778**
271,937	**231,803**	**TOTAL FIXED ASSETS**		**149,346**	**188,138**
0	**0**	**Goods**		**625**	**967**
169,381	137,304	Accounts receivable	5, 6, 16	136,268	179,448
112,898	115,102	Earned, non-invoiced income		116,612	118,642
43,262	22,783	Other receivables	6	28,819	53,711
325,541	**275,190**	**Total receivables**		**281,699**	**351,801**
94,234	345,141	Share of market-based equity, bond and fixed income funds	7	388,776	148,615
94,234	345,141	**Total investments**		**388,776**	**148,615**
188,752	**220,334**	**Bank deposits, cash and cash equivalents**	8	**429,285**	**397,958**
608,527	**840,666**	**TOTAL CURRENT ASSETS**		**1,100,386**	**899,341**
880,464	**1,072,469**	**TOTAL ASSETS**		**1,249,732**	**1,087,480**

Parent company				Group	
31.12.2020	**31.12.2021**	**EQUITY AND LIABILITIES**	**Note**	**31.12.2021**	**31.12.2020**
2,160	2,160	Share capital	9, 10	2,160	2,160
349,214	349,214	Share premium	9, 10	349,214	349,214
351,374	**351,374**	**Total paid up capital**		**351,374**	**351,374**
68,276	202,089	Other equity	9	152,786	-16,937
68,276	**202,089**	**Total retained earnings**		**152,786**	**-16,937**
		Minority interests	9	10,101	10,079
419,650	**553,463**	**TOTAL EQUITY**		**514,261**	**344,516**
35,081	20,383	Pension liabilities	11	170,823	139,191
0	0	Deferred tax	12	0	0
27,096	24,650	Other provisions for liabilities	13	24,650	33,638
62,178	**45,032**	**Total provisions for liabilities**		**195,473**	**172,829**
0	0	Liabilities to financial institutions	5	0	0
2,949	2,795	Other long-term liabilities	6	3,318	4,613
2,949	**2,795**	**Total other long-term liabilities**		**3,318**	**4,613**
0	0	Liabilities to financial institutions	5, 8	0	25,370
46,572	62,265	Accounts payable	6, 16	73,305	58,248
0	0	Tax payable	12	174	419
57,403	56,704	Public duties payable		67,378	78,246
196,779	246,337	Advances from clients		271,499	241,501
94,933	105,872	Other current liabilities	6	124,324	161,736
395,687	**471,179**	**Total current liabilities**		**536,680**	**565,521**
460,814	**519,006**	**Total liabilities**		**735,471**	**742,963**
880,464	**1,072,469**	**TOTAL EQUITY AND LIABILITIES**		**1,249,732**	**1,087,480**

Bergen, 7. June 2022

Robert Bjerknes
Chair of the Board

Anita Andersen Stenhaug
Board member

Harald Furre
Board member

Lisbet K. Nærø
Deputy board member

Aslaug Mikkelsen
Board member

Heidi Hindberg
Board member

Eva Karin Sandanger Dugstad
Board member

Kristin Wallevik
CEO

Hege Indresand
Board member

Erlend Randeberg
Board member

Gisle Andersen
Board member

Cash flow statement

(All figures in kNOK)

Parent company 2020	Parent company 2021	CASH FLOWS FROM OPERATING ACTIVITIES	Group 2021	Group 2020
22,484	130,292	Ordinary profit before tax	214,662	6,139
0	0	Tax paid for the period	0	-443
27,453	25,350	Ordinary depreciation	26,510	35,950
0	0	Impairment	57	0
99	0	Change in inventories	-275	-501
65,586	29,872	Change in Accounts receivable and earned, non-invoiced income	-1,580	113,123
-3,728	15,693	Change in Accounts payable	25,897	-10,689
4,943	49,559	Change in Advances from clients	47,009	42,031
0	0	Repayment of income from investment in associated companies (equity method)	6,725	5,389
0	118,738	Items classified as inv/fin activities	-213,089	0
-26,635	-1,560	Change in other accrual accounting, including unbilled accrued income	16,772	-34,552
90,201	**130,468**	**Net cash flow from operational activities**	**122,688**	**156,447**
		CASH FLOW FROM INVESTMENT ACTIVITIES		
-10,389	0	Invested in shares	-14,927	0
2,761	0	Liquidation of companies	0	0
0	159,117	Proceeds from sale of shares and interests	195,533	0
0	0	Proceeds from sale of tangible fixed assets and intangible assets	0	16,897
0	-1,956	Payments for purchase of intangible assets	-1,956	-256
-1,443	-5,042	Payments for purchase of buildings and other real estate	-5,042	-4,047
-14,889	-22,155	Payments for purchase of operating assets	-24,780	-41,689
-1,729	-250,907	Net liquidity change for investing in market-based equity, bonds and fixed income funds	-240,161	-6,163
30,000	20,000	Payment of dividends	0	0
4,311	**-100,943**	**Net cash flow from investment activities**	**-91,333**	**-35,258**
		CASH FLOW FROM FINANCING ACTIVITIES		
-1,391	0	Change in liabilities to credit institutions (short-term)	0	-3,978
0	-154	Payments on repayment of long-term liabilities	-27	0
3,800	3,800	Instalment payments on long-term claims from group companies	0	0
-3 150	0	Instalment payments on long-term liabilities to credit institutions	0	-24,483
0	-1,588	Liquidity added with mergers	0	0
-741	**2,058**	**Net cash flow from financing activities**	**-27**	**-28,461**
0		**Effect of exchange rate changes**		**0**
93,771	31,582	Net cash flow for the period	31,327	92,728
94,981	188,752	Cash holdings and cash equivalents and similar as at 01.01. including merged companies	397,958	305,230
188,752	**220,334**	**Cash holdings and cash equivalents and similar as at 31.12.**	**429,285**	**397,958**

Accounting principles

The accounts are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Amounts in the notes are in kNOK unless stated otherwise.

Use of estimates

In accordance with the Norwegian Accounting Act, the preparation of the annual accounts requires the use of estimates. Furthermore, the application of the company accounting principles requires management to exercise discretion. Areas that largely contain such discretionary assessments, a high degree of complexity or areas in which assumptions and estimates are essential for the annual accounts are described in the notes.

Shares in subsidiaries and affiliated 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 % ownership of voting capital and considerable influence are defined as affiliated companies.

Investment in subsidiaries is recognised according to the cost method

Investments in affiliated companies and joint ventures are recognised using the equity method. See Note 3 for an overview of subsidiaries and second-tier subsidiaries included in the Group on 31/12 and affiliated companies as at 31/12.

Accounting principles for shares in subsidiaries and affiliated companies

The cost method is used as an accounting principle for investments in subsidiaries and affiliated companies in the company accounts. 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 adopted. For the parent company, the sale of subsidiaries or affiliated companies is classified as Income from investment in subsidiaries and affiliates.

In the consolidated financial statements, the equity method is used as an accounting principle for investments in affiliated companies. The application of the method means that the book value on the balance sheet corresponds to the share of equity in the affiliated company, adjusted for any remaining added values from the purchase and unrealised internal gains. The profit and loss share in the profit and loss statement is based on the share of the net income in the affiliated company and is adjusted for any depreciation of added values and unrealised gains. In the profit and loss statement, the profit and loss share is shown under financial items. As 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 Group accounts, the item investments in subsidiaries is replaced with the subsidiary's assets and liabilities. The Group accounts are prepared as if the Group is a single economic entity. Transactions, unrealized earnings and outstanding accounts between the companies in the group are eliminated.

Purchased subsidiaries are recognized in the Group accounts based upon the parent company's acquisition cost. The acquisition cost is allocated to identifiable property and liabilities in the subsidiary which is entered in the group accounts as true value at the time of acquisition. Potential added value beyond what can be entered as identifiable property and liability are recognised on the balance sheet as goodwill. Goodwill is treated as a residual and is recognised on the balance sheet at the share observed in the acquisition transaction. Added value in the consolidated accounts is depreciated over the expected lifetime of the acquired property.

Conversion of foreign subsidiaries occurs through conversion of the balance sheet at the exchange rate on the balance sheet date and conversion of the profit and loss 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.

Changes in the Group are discussed in Note 17.

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 immediately expensed.

Retained, non-invoiced project revenue is classified as assets on the balance sheet, while prepayments/ unearned income from clients is classified as liabilities on the balance sheet. If a project has both earned, non-invoiced income and has received prepayments, this is presented net as assets or liabilities on the balance sheet.

In some cases, the company receives so-called throughput funds. These are cases in which 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 as gross in the profit with the exception of EU projects, for which the funds are recognised only on the balance sheet. Income and costs related to throughput assets are accrued to the same accounting period.

Base grants, framework grants

The company receives base grants from the Research Council of Norway in three arenas – technical-industrial, social sciences and the environment. Grants from RES-EU - EU results-based base grants for research institutes - is 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 revenue

Other operating revenue includes rental income and other administrative services, as well as funds for the continuation of Institute Merger and Cooperation (INSTFUS).

Classification of balance sheet entries

Property determined as for permanent ownership or use is classified as fixed assets. Property connected to commodity flows is classified as liquid assets. Receivables are otherwise classified as current assets if they are to be repaid within one year. For debt, analogue criteria are used as a basis. However, first year payments on long-term receivables and long-term liabilities are not classified as current assets and current liabilities.

Acquisition cost
Asset acquisition costs include the purchase price of the asset, with deductions for bonuses, discounts and similar and with 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 on the balance sheet to the extent that a future economic benefit related to the development of an identifiable intangible asset 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.

Tangible fixed assets
Land is not depreciated. Other fixed assets are recognised on the balance sheet and depreciated on a straight-line basis to 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 fixed assets is expensed as an ongoing expense under operating expenses. Additional costs and improvements are added to the cost of the fixed asset and depreciated in line with fixed assets. The distinction between maintenance and cost/improvement is calculated in relation to the condition of the fixed asset at the time of acquisition.

Leased fixed assets are recognised on the balance sheet as fixed assets if the lease is deemed financial.

Investment contributions
Assets are recognised at gross acquisition cost, independent of the contribution and are depreciated over the economic lifetime (gross recognition). Contributions are treated as deferred income recognition and recognised in line with the depreciation. The capitalised contribution is recognised as a long-term liability and income recognition is classified as operating income.

Other long-term equity investments
The cost method is used as the principle for investment in other equities, 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 that have independent cash flows. If the carrying amount is higher than both sales value and recoverable amount (present value for continued use/ownership), impairments are made to the sales value or recoverable amount, whichever is highest.

Previous impairments, with the exception of goodwill write-downs are reversed if the conditions for the impairment are no longer present.

Inventories
Goods are valued at the lowest cost between purchase cost (according to the FIFO principle) and the 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 deduction of 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 defaults in payments are considered indicators that accounts receivable must be impaired.

Other receivables, both current and capital receivables are recognised at the lowest 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 assessed in the same way as for accounts receivable.

Investments in market-based equity, bond and fixed income funds
The market value principle is used for short-term investments in equity, bond and fixed income funds. The value in the balance sheet corresponds to the market value of the investments at 31/12. 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. The investments are linked to unsecured pension obligations.

Other long-term shares and interests have been recognised according to the cost method.

Foreign currency
Receivables and liabilities in foreign currency are assessed at the exchange rate at the financial year-end. 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 company and the Group use futures contracts on foreign currency to hedge a future exchange rate on existing (recognised) receivables/liabilities (value hedging) or on assumed future payments in foreign currencies (cash flow hedging). In accounting terms, 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.

Debts
Debts with the exception of some provisions for liabilities are recognised on the balance sheet at nominal debt amount.

Pensions
The company has different pension schemes. The pension schemes are funded through payments to insurance companies, with the exception of the early retirement 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 payroll costs. Any prepaid deposits are recognised on the balance sheet as assets (pension funds) to the extent that the deposit can be reimbursed or reduce future payments.

The AFP scheme is an unsecured performance-based 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 obligation associated with defined benefit plans is the present value of the defined benefits on the balance sheet date minus the fair value of the pension funds (amounts paid to insurance companies), adjusted for non-recognised estimate deviations and non-recognised costs related to pension earnings for previous periods. The pension obligation is calculated annually by an independent actuary in accordance with IAS19, cf. NRS6 Pension Costs. Estimated deviations arising from changes in assumptions are recognised directly in equity after deduction of deferred tax.

Tax

Tax costs in the profit and loss statement include both the tax due and changes in deferred tax. Deferred tax is calculated based on the provisional differences which exist between accounting and fiscal values, as well as any tax related deficit presented at the end of the fiscal 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 deferred tax assets. 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 accounts and the consolidated financial statements is recognised at a nominal amount.

Cash flow statement

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

Numbers in kNOK

Note 1: Intangible assets

Parent company	Software	Website	Total
Acquisition cost 01/01.	12,582	7,805	20,387
Additions	120	1,836	1,956
Disposals	0	0	0
Acquisition cost 31.12.	12,702	9,641	22,343
Accumulated depreciation 31/12.	7,225	7,040	14,265
Carrying amount 31/12.	**5,478**	**2,601**	**8,078**
Depreciation for the year	2,537	325	2,862
Expected economic lifetime	5 years	5 years	
Depreciation plan	Linear	Linear	

Group	Software	Website	Patents	Total
Acquisition cost 01/01.	15,917	7,805	874	24,595
Additions	120	1,836	0	1,956
Disposals (1)	-3,335	0	-256	-3,591
Acquisition cost 31.12.	12,702	9,641	617	22,961
Accumulated depreciation 31/12.	7,225	7,040	201	14,465
Carrying amount 31/12.	**5,478**	**2,601**	**417**	**8,495**
Depreciation for the year	2,537	325	62	2,923
Expected economic lifetime	5 years	5 years	10 years	
Depreciation plan	Linear	Linear	Linear	

(1) R&D costs NOK 256,143 were misclassified as patent costs in the 2020 accounts. This has been corrected and expensed in 2021.

Note 2: Tangible fixed assets

Parent company	Cost rented building	Sites, buildings and other real estate	Total
Acquisition cost 01/01.	33,422	11,068	44,490
Additions	5,042	0	5,042
Disposals	0	0	0
Acquisition cost 31.12.	38,465	11,068	49,532
Accumulated depreciation 31/12.	27,229	5,149	32,378
Carrying amount 31/12.	**11,236**	**5,918**	**17,153**
Depreciation for the year	2,530	527	3,057
Expected economic lifetime	10 years	10-20 years	
Depreciation plan	Linear	Linear	

Annual rental of carrying amount fixed assets

Fixed assets	**Remaining rental period**	**Annual rent**
Miscellaneous lease contracts premises	1-9 years	52,316

Numbers in kNOK

Group

	Cost rented building	Sites, buildings and other real estate	Total
Acquisition cost 01/01.	33,422	30,251	63,674
Additions	5,042	0	5,042
Disposals	0	-19,183	-19,183
Acquisition cost 31.12.	38,465	11,068	49,533
Accumulated depreciation 31/12.	27,229	5,149	32,378
Carrying amount 31/12.	**11,236**	**5,919**	**17,153**
Depreciation for the year	2,530	527	3,057
Expected economic lifetime	10 years	10-20 years	
Depreciation plan	Linear	Linear	

Annual rental of carrying amount fixed assets

Fixed assets	**Remaining rental period**	**Annual rent**
Miscellaneous lease contracts premises	1-9 years	72,368

Operating equipment, fixtures and fittings, tools, office machinery and similar

Parent company

	Ships, rigs, aircraft and similar	Operating fixtures, equipment, tools, office machinery etc.	Ullrigg	Total
Acquisition cost 01/01.	0	340,480	105,770	446,250
Additions	6,461	15,694	0	22,155
Disposals	0	0	0	0
Acquisition cost 31.12.	6,461	356,174	105,770	468,405
Accumulated depreciation 31/12.	0	316,192	81,303	397,495
Carrying amount 31/12.	**6,461**	**39,982**	**24,467**	**70,910**
Depreciation for the year	0	17,431	2,000	19,431
Expected economic lifetime	15 years	3-10 years	10-20 years	
Depreciation plan	Linear	Linear	Linear	

Group

	Ships, rigs, aircraft and similar	Operating fixtures, equipment, tools, office machinery etc.	Ullrigg	Total
Acquisition cost 01/01.	477	430,475	105,770	536,722
Additions	6,461	18,319	0	24,780
Disposals	0	-47,102	0	-47,102
Impairment	0	-57		-57
Acquisition cost 31.12.	6,938	401,635	105,770	514,343
Accumulated depreciation 31/12.	277	353,825	81,303	435,405
Accumulated impairment 31.12.	0	1,104	0	1,104
Carrying amount 31/12.	**6,661**	**46,706**	**24,467**	**77,834**
Depreciation for the year	48	18,482	2,000	20,530
Expected economic lifetime	10-15 years	3-10 years	10-20 years	
Depreciation plan	Linear	Linear	Linear	

Numbers in kNOK

Note 3: Subsidiaries, affiliated companies and joint ventures

Parent company

Subsidiaries	Business office	Owner/ voting share	Equity last year (100%)	Profit/loss last year (100%)	Carrying amount 31.12.2021	Carrying amount 31.12.2020
Gexcon AS	Bergen	Sold	0	0	0	39,994
Barents Biocentre AS	Tromsø	Merger	0	0	0	0
NORCE Innovation AS	Stavanger	100 %	170,842	104,758	128,435	128,194
Nordisk Institutt for Odontologiske materialer AS (NIOM)	Oslo	51 %	18,821	99	51	51
Nasjonalt Utviklingssenter for Barn and Unge AS (NUBU)	Oslo	100 %	15,427	480	100	100
Nasjonalt Kunnskapssenter om Vold og Traumatisk Stress AS (NKTVS)	Oslo	100 %	10,657	260	100	100
Carrying amount 31/12.					**128,686**	**168,439**

Shares in Gexcon AS with subsidiaries (see overview below) were sold in 2021.

Second-tier subsidiary	Parent company	Business office	Owner/ voting share	Equity last year (100%)	Profit/loss last year (100%)
Gexcon UK Ltd	Gexcon AS	Lancashire	Sold	0	0
Gexcon US Inc	Gexcon AS	Washington/Hou	Sold	0	0
Gexcon Australia Pty Ltd	Gexcon AS	Perth	Sold	0	0
Gexcon Indonesia PT	Gexcon AS	Jakarta	Sold	0	0
Gexcon DMCC	Gexcon AS	Dubai	Sold	0	0
Gexcon India Pvt Ltd	Gexcon AS	New Dehli	Sold	0	0
Gexcon China	Gexcon AS	Shanghai	Sold	0	0
Gexcon Certification AS	Gexcon AS	Bergen	Sold	0	0
Gexcon Netherlands Ltd	Gexcon AS	Driebergen-Rijse	Sold	0	0
Gexcon France Ltd	Gexcon AS	Paris	Sold	0	0
Clara Venture Labs AS	NORCE Innovation AS	Bergen	Sold	0	0
Additech AS	Clara Venture Labs AS	Bergen	Sold	0	0
Clean Power AS	Clara Venture Labs AS	Bergen	Sold	0	0
Indikel AS	NORCE Innovation AS	Bergen	100 %	497	-1,735
Offshore Sensing AS	NORCE Innovation AS	Bergen	89 %	7,902	-143
Biosentrum AS	NORCE Innovation AS	Stavanger	100 %	-2,081	881
Hole In One Producer AS	NORCE Innovation AS	Stavanger	100 %	3,435	-255
Traction Tool AS	NORCE Innovation AS	Stavanger	95 %	183	-229
Xilentech AS	NORCE Innovation AS	Haugesund	100 %	9	-8
Digital Innovation Hub Oceanopolis AS	NORCE Innovation AS	Kristiansand	100 %	670	575

Shares in Clara Venture Labs AS (Formerly Prototech AS) and its subsidiaries, Additech AS and Clean Power AS were sold in 2021.

Group

Affiliated company	Owner company	Business office	Shareholding/voting rights
Xsens AS	NORCE Innovation AS	Bergen	48%
Gas 2 Feed AS	NORCE Innovation AS	Stavanger	36 %

Numbers in kNOK

Calculation of profit share for the year	Gas 2 Feed AS	Xsens AS	2021	2020
Change in affiliated company 2019 after consolidated accounts	0	0	0	-2 704
Share of profit for the year	-860	-5 865	-6,725	-2 685
Profit share for the year	**-860**	**-5 865**	**-6,725**	**-5,389**

Calculation of Carrying amount 31/12.	Gas 2 Feed AS	Xsens AS	2021	2020
Carrying amount 01/01.	0	18,213	18,213	-23 602
Additions/disposals in the period	-3 071	11,857	14,927	0
Profit share for the year	-860	-5 865	-6,725	-5,389
Carrying amount 31/12.	**2,210**	**24,205**	**26,415**	**18,213**

Note 4: Other long-term shares and interests

Parent company	2021	2020
Other shares (1)	3	252
Other long-term units in equity, fixed income and bond funds	2,450	2,585
Carrying amount 31/12.	**2,452**	**2,837**

(1) Shares in BergenBio ASA, Lister Nyskaping AS, Marin Energi Testsenter AS, Valide Haugesundsregionen AS, AS Norrøna Barnehage AS and Studiesenteret Midt-Troms AS were transferred from NORCE to NORCE Innovation AS through non-cash contributions in 2021

Other interests in equity, fixed income and bond funds are recognised at market value. The investments are linked to unsecured pension obligations. Other long-term shares and interests have been recognised according to the cost method.

Group	Ownership share	2021	2020
Risavika Biopark AS	9.8 %	214	214
Stavanger Helseforskning AS	45.0 %	1,104	1,104
Machine Prognostics AS	Wound up	0	0
TuniChor AS	26.7 %	38	38
Sekal AS	2.4 %	3,859	3,859
Mechatronics Innovation Lab AS	14.3 %	136	136
JSC Petroleum Technologies Ltd	10.0 %	0	0
Nordic Edge AS	1.0 %	34	34
Co2Bio AS	12.5 %	231	231
GreenStat ASA	0.7 %	530	530
Marineholmen Raslab AS	11.8 %	694	694
Sustainable Energy AS	15.2 %	250	250
Valide AS	9.1 %	4,338	4,338
Other shares (1)		1,048	1,722
Other long-term interests in equity fixed income and bond funds		2,450	2,585
Share in KS AS Teknologisenteret I (2)	Sold	0	480
Carrying amount 31/12.		**14,925**	**16,215**

(1) Shares in BergenBio ASA, Lister Nyskaping AS, Marin Energi Testsenter AS, Valide Haugesundsregionen AS, AS Norrøna Barnehage AS and Studiesenteret Midt-Troms AS were transferred from NORCE to NORCE Innovation AS through non-cash contributions in 2021
2) Share in KS AS Technology Centre I/shares in AS Technology Centre I with 2.25% sold in 2021 at carrying amount

Other interests in equity, fixed income and bond funds are recognised at market value. The investments are linked to unsecured pension obligations. Other long-term shares and interests have been recognised according to the cost method.

Shares in affiliated companies between 20% and 50% above are not treated according to the equity method in the consolidated financial statements on the basis that the balance sheet and profit in the companies are immaterial to assessment of the Group position and profit and loss.

Numbers in kNOK

Note 5: Receivables and liabilities

Parent company			Group	
2020	2021	Accounts receivable	2021	2020
173,381	139,094	Accounts receivable at nominal value	138,086	184,031
-4,000	-1,790	Provision for loss on accounts receivable	-1,819	-4,583
169,381	**137,304**	**Accounts receivable on the balance sheet**	**136,268**	**179,448**
2020	**2021**	**Receivables due in more than one year**	**2021**	**2020**
4,357	4,357	Equity grant KLP	4,357	4,357
167	167	Subordinated loan capital	167	167
0	0	Other receivables	0	1,826
4,524	**4,524**	**Total**	**4,524**	**6,350**

2020	2021	Loans to companies in the same group	2021	2020
3,800	0	Loan to Gexcon AS	0	0
3,800	**0**	**Total**	**0**	**0**

2020	2021	Long-term debt due in more than 5 years	2021	2020
0	0	Liabilities to financial institutions	0	0
0	**0**	**Total**	**0**	**0**

2020	2021		2021	2020
0	**0**	**Debt secured by mortage**	0	**25,370**
		Carrying amount of pledged assets		
0	0	Tangible fixed assets	0	18,985
0	0	Accounts receivable	0	45,795
0	0	**Total**	0	**64,780**
0	**0**	The assets are also provided as collateral for Unused drawing rights	0	11,630
		Total	0	**11,630**

Note 6: Intra-group balances, etc.

	Accounts receivable		Other short-term receivables		Loans to companies in the same group	
	2021	2020	2021	2020	2021	2020
Companies in the same group, etc.	4,448	35,335	0	25,928	0	3,800
Total	**4,448**	**35,335**	**0**	**25,928**	**0**	**3,800**

	Accounts payable		Other current liabilities		Other long-term liabilities	
	2021	2020	2021	2020	2021	2020
Companies in the same group, etc.	750	4,860	0	0	0	0
Total	**750**	**4,860**	**0**	**0**	**0**	**0**

Note 7: Share of market-based equity, bond and fixed income funds

	Parent company		Group	
Parent company	Market value as at 31.12		Market value as at 31.12	
	2021	2020	2021	2020
Share investment funds	0	0	5,521	5,463
Bond funds	0	0	17,493	28,492
Money market funds	345,141	94,234	345,286	94,378
Fixed income funds	0	0	20,476	20,282
Total share of market-based equity, bond and fixed income funds	**345,141**	**94,234**	**388,776**	**148,615**

Numbers in kNOK

Note 8: Restricted bank deposits, drawing rights

Parent company			Group	
2020	2021	**Restricted bank deposits**	2021	2020
21,797	22,010	Withholding tax funds	27,534	31,125
		Drawing rights		
0	0	Drawing rights	0	37,000
0	0	Unused drawing rights	0	11,630

Note 9: Equity

Parent company

Change in equity for the year	Share capital	Share premium	Other equity	Total
Equity as at 01.01	2,160	349,214	68,276	419,650
Pension obligation - deviation estimate for the year			5,110	5,110
Merger effects			-1,589	-1,589
Profit/loss for the year			130,292	130,292
Equity 31/12.	2,160	349,214	**202,089**	**553,463**

On 21.01.22, it was resolved that an additional dividend would be awarded from the subsidiary NORCE Innovation AS to the parent company. The dividend is recognised in the parent company in 2022.

Group

Annual change in equity	Share capital	Share premium	Other equity	Minority interest	Total
Equity as at 01.01	**2,160**	**349,214**	**-16,937**	**10,079**	**344,516**
Pension obligation - deviation estimate for the year			-44,899		**-44,899**
Paid up capital in subsidiary			100		**100**
Change after consolidated financial statements 2020			-225		**-225**
Other changes			106		**106**
Profit for the year			214,640	22	**214,662**
Equity 31/12.	**2,160**	**349,214**	**152,786**	**10,101**	**514,261**

Note 10: Share capital and shareholder information

The share capital of NOK 2,160,000 consists of 1,080 shares of NOK 2,000.

Overview of the shareholders on 31/12.	Quantity	Ownership
University of Bergen	560	51.9 %
Stavanger Research Holding AS	340	31.5 %
Agder Research Holding AS	100	9.3 %
University of Tromsø – The Arctic University of Norway	35	3.2 %
Equinor Ventures AS	13	1.2 %
Sparebanken Vest	13	1.2 %
SIVA Industrial Development Corporation of Norway (SIVA)	12	1.1 %
Troms and Finnmark County Authority	3	0.3 %
Nordland County Municipality	2	0.2 %
Troms Kraft AS	2	0.2 %
Total number of shares	**1,080**	**100 %**

Note 11: Pensions

The company has a defined contribution scheme for all employees of the parent company and subsidiaries in Norway. Defined contribution schemes, including employer's contribution, are expensed on an ongoing basis.

The parent company has a collective closed defined benefit scheme from earlier, pursuant to the Defined Benefit Pensions Act. The liabilities related to the collective scheme are covered through an insurance company. The subsidiaries NIOM, NUBU and NKVTS have active public defined benefit pension schemes in the Norwegian Public Service Pension Fund. A small number of employees of the parent company and one of the subsidiaries have an additional pension scheme that is financed through the company operations.

The parent company also has a contractual early retirement plan (AFP). 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 funds in the scheme. The company's liabilities are thus not recognised in the balance sheet as debt.

The company's and the Group's pension schemes satisfy the requirements of the Act relating to mandatory occupational pensions.

People in the schemes	**Parent company**		**Group**	
	Active/Set up	**Pensioners**	**Active/Set up**	**Pensioners**
Defined contribution scheme	726	0	735	0
Additional pension scheme	17	0	18	0
Defined benefit scheme	232	86	462	114

Profit and Loss Statement	**Parent company**		**Group**	
	2021	**2020**	**2021**	**2020**
Present value of pension savings for the year	0	0	10,207	9,751
Interest costs for the pension obligation	4,965	6,057	9,336	11,040
Return on pension funds	-4,515	-5,567	-7,436	-10,207
Management and administration costs	401	689	669	943
Other pension costs	-101	120	1,847	2,387
Pension contributions from employees	0	0	-1,762	-2,171
Net pension cost defined benefit scheme	749	1,298	12,861	11,744
Costs of early retirement scheme	7,831	7,655	7,831	8,152
Costs of defined contribution scheme	36,830	38,231	37,520	45,545
Costs of additional pension schemes	0	-400	0	-400
Total net pension cost	45,410	46,784	58,212	65,041

Balance	**Parent company**		**Group**	
	2021	**2020**	**2021**	**2020**
Calculated gross pension obligation 31/12	310,490	295,325	621,115	553,235
Pension funds (at market value) 31/12.	-292,511	-264,460	-471,286	-431,318
Non-recognised deviation estimate/plan changes		0		0
Employer national insurance contributions	2,404	4,216	20,994	17,274
Net pension obligation/funds	**20,383**	**35,081**	**170,823**	**139,191**

Financial conditions	**2021**	**2020**
Discount rate	1.90 %	1.70 %
Expected pay adjustment	2.75 %	2.25 %
Expected pension increase (discontinued private YTP scheme)	Paid-up policy	Paid-up policy
Expected pension increase (completed scheme)	1.75 %	1.25 %
Expected adjustment (completed scheme: until retirement age)	2.25 %	1.75 %
Expected G adjustment	2.50 %	2.00 %
Expected return on fund assets	1.90 %	1.70 %
Life expectancy tariff/mortality scale	K2013BE	K2013BE

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

Pension obligation NKVTS AS and NUBU AS
The Group companies, NKVTS AS and NUBU AS have net uncovered pension obligations of NOK 89.8 million and NOK 60.6 million respectively, totalling NOK 150.4 million. NORCE is working on and expects to put a solution in place in which the uncovered liabilities are covered over time with government grants, in a combination of one-off payments and annual grants. Based on the value of this, the Group equity would increase from a book value of MNOK 514.3 (41.1%) to an adjusted value of MNOK 664.7 (53.2%).

Numbers in kNOK

Note 12: Tax

Parent company

Calculation of deferred tax/deferred tax assets

Temporary differences	2021	2020	Change
Operating assets	-21,272	-19,626	1,646
Outstanding receivables	-1,790	-4,000	-2 210
Gains and loss account	90	113	23
Other provisions for obligations	-2,034	-642	1,391
Net pension obligation recognised on the balance sheet	-20,383	-35,081	-14,699
Net temporary differences	-45,388	-59,237	-13,849
Loss to be carried forward	-164,618	-158,722	5,896
Basis for deferred tax assets	**-210,006**	**-217,959**	**-7,953**
Deferred tax assets (22%)	-46,201	-47,951	-1,750
Of which is unrecognised deferred tax asset	46,201	47,951	1,750
Deferred tax assets on the balance sheet	**0**	**0**	**0**

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

Basis for tax, change in deferred tax and tax payable

Basis for tax payable	2021	2020
Profit before tax	130,292	22,484
Permanent differences	-118,632	-32,145
Basis for tax on profit for the year	11,660	-9,662
Change in temporary differences	-18,006	12,638
Utilisation of loss carried forward	0	-2,977
Basis for tax payable in the profit/loss accounts	**-6,346**	**0**
+/- Received/submitted group contribution	0	0
Taxable income (basis for tax payable on the balance sheet)	**-6,346**	**0**

Distribution of the tax cost	2021	2020
Tax payable	0	0
Too much, too little provisioned last year	0	0
Total tax payable	0	0
Change in deferred tax/tax assets	0	0
Tax expense	**0**	**0**

Tax payable on the balance sheet	2021	2020
Tax payable	0	0
Tax payable on the balance sheet	**0**	**0**

Group

Distribution of the tax cost	2021	2020
Tax expense	174	-2,080
Of which is tax payable outside Norway	0	417
Deferred tax asset	0	6,905
Deferred tax asset		
Tax payable on the balance sheet		
Tax payable	174	419
Tax payable on the balance sheet	**174**	**419**
Deficit carried forward on 31/12	**218,007**	**299,715**

Note 13: Other provisions for obligations

Parent company 2020	Parent company 2021		Group 2021	Group 2020
58,263	**58,263**	**Original infrastructure allocation**	**58,263**	**58,263**
-27,340	-31,166	Recognised in previous years	-31,166	-27,340
30,923	**27,097**	**Infrastructure support as at 1/1**	**27,097**	**30,923**
-3,826	-2,446	Income recognition/depreciation for the year	-2,446	-3,826
27,096	**24,650**	**Infrastructure support as at 31/12**	**24,650**	**27,096**
0	0	Other provisions for liabilities	0	6,542
27,096	**24,650**	**Other provisions for obligations**	**24,650**	**33,638**

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.

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.

Note 14: Operating income

Parent company 2020	Parent company 2021		Group 2021	Group 2020
734,172	776,635	Sales revenue, project revenue	864,161	1,024,608
212,743	184,146	Base grants, framework grants, etc.	326,470	354,910
12,559	14,825	Other operating income	220,368	12,617
959,473	**975,607**	**Total**	**1,410,999**	**1,392,135**

2020	2021	Distribution by business area	2021	2020
259,154	283,056	Energy	283,637	258,945
114,212	120,287	Health	319,418	302,553
126,899	142,360	Climate	142,360	126,899
150,308	139,369	Environment	140,838	152,596
125,194	119,421	Society	135,878	137,968
163,287	155,657	Technology	371,251	406,392
20,420	15,457	Other	17,617	6,782
959,473	**975,607**	**Total**	**1,410,999**	**1,392,135**

2020	2021	Geographical distribution	2021	2020
857,597	891,945	Norway	1,307,593	1,102,410
93,501	75,357	Europe	94,616	178,532
733	824	USA and Canada	824	44,669
5,510	3,898	South America	3,898	9,244
108	0	Africa	0	12,814
1,000	3,180	Asia	3,666	41,346
1,024	402	Australia	402	3,119
959,473	**975,607**	**Total**	**1,410,999**	**1,392,135**

Numbers in kNOK

Note 15: Payroll costs, number of employees, allowances, loans to employees, etc.

Parent company

2020	2021	Salaries and payroll costs	2021	2020
476,052	475,217	Salaries	588,658	698,964
67,149	73,060	Employer contributions	90,742	97,882
46,784	45,410	Pension costs	58,212	65,041
9,199	8,218	Other benefits	12,833	15,241
599,184	**601,905**	**Total**	**750,445**	**877,128**
730	745	Number of employees as at 31/12.	895	983

Benefits for senior staff	Chief Executive Officer 1.8-31.12	Chief Executive Officer 1.2-31.7	Chief Executive Officer 1.1-31.1	The Board
Salaries	875	973	1,837	1,575
Pension	54	66	11	-
Other allowances	12	6	4	-

The CEO has a general notice period of 6 months. In the event of termination by the employer,
the CEO will also receive an additional 3 months of salary compensation.
The CEO position is included in the current collective pension scheme for the company for salary up to 12 G.
Neither the Chair of the Board nor the CEO has any bonus agreements.
There have been no loans/guarantees given to the CEO, the chair of the board or other related parties.

Expensed remuneration to the auditor

Parent company	KPMG	Others Auditors	Total Parent
Statutory audit (incl. technical assistance with annual accounts)	1,373	0	1,373
Other certification services	524	0	524
Other assistance	925	0	925
Total	**2,822**	**0**	**2,822**

Group	KPMG	Others Auditors	Total Group
Statutory audit (incl. technical assistance with annual accounts)	2,010	0	2,010
Other certification services	506	0	506
Other assistance	1,906	0	1,906
Total	**4,422**	**0**	**4,422**

All amounts are excluding VAT.

Numbers in kNOK

Note 16: Transactions with related parties

Benefits for senior executives are discussed in Note 15 and the intra-group balances are discussed in Note 6.

The parent company transactions with related parties (companies/organisations with direct or indirect ownership interests and affiliates):

a) Sale of goods and services	Type	2021	2020
University of Bergen	Project revenue	23,890	31,454
University of Stavanger	Project revenue	19,313	19,868
University of Agder	Project revenue	4,733	3,899
UiT The Arctic University of Norway	Project revenue	5,604	6,827
Rogaland Research Foundation	Project revenue	0	199
Xsens AS	Project revenue	1,000	906
University of Bergen	Other operating income	259	519
University of Stavanger	Other operating income	414	190
University of Agder	Other operating income	24	0
Xsens AS	Other operating income	0	215
TOTAL		**55,237**	**64,077**

b) Purchase of goods and services	Type	2021	2020
University of Bergen	Project cost	17,439	21,969
University of Stavanger	Project cost	8,124	7,770
University of Agder	Project cost	31	90
UiT The Arctic University of Norway	Project cost	1,076	1,456
Gas 2 Feed AS	Project cost	167	0
University of Bergen	Other operating costs	11,270	13,209
University of Stavanger	Other operating costs	10	10
University of Agder	Other operating costs	2,153	2,054
UiT The Arctic University of Norway	Other operating costs	1	24
Rogaland Research Foundation	Other operating costs	8,970	8,924
Gas 2 Feed AS	Other operating costs	7	0
TOTAL		**49,246**	**55,507**

c) Accounts receivable	2021	2020
University of Bergen	5,021	6,122
University of Stavanger	2,415	4,587
University of Agder	2,408	3,019
UiT The Arctic University of Norway	0	443
Rogaland Research Foundation	0	199
Xsens AS	631	405
TOTAL	**10,475**	**14,774**

d) Accounts receivable	2021	2020
University of Bergen	8,416	6,620
University of Stavanger	932	4,591
University of Agder	31	51
UiT The Arctic University of Norway	214	5
Rogaland Research Foundation	33	0
Gas 2 Feed AS	9	0
TOTAL	**9,635**	**11,267**

Note 17: Reorganisation

Parent company

At the annual general meeting on 22.06.21, a resolution was adopted on the merger between NORCE Norwegian Research Centre AS and its wholly owned subsidiary Barents Biocentre AS. The merger was carried out with accounting and tax effect from 01.01.21. The merger was executed on 22.09.21.

GenØk - Transfer of foundation to NORCE Norwegian Research Centre AS
In 2021, the resolution was adopted to transfer the business to the Foundation GenØk - Cer og bakgrunn for overføringen Research Centre AS in 2021. NORCE has not paid consideration for the transfer of GenØk and the background to the transfer is that it is assumed to strengthen the activities of the foundation by becoming part of NORCE. For accounting purposes, the transfer is treated as a gift transfer, where the assets and liabilities of the foundation are recognised in NORCE at fair value and the transfer appears as other operating income in NORCE.

Gexcon
NORCE Norwegian Research Centre AS sold the shares in Gexcon AS at the beginning of 2021. The sale resulted in a substantial gain that has been incorporated in the company accounts under Income on investment in subsidiaries and associated companies.

Group

Gexcon
NORCE Norwegian Research Centre AS sold the shares in Gexcon AS at the beginning of 2021. The sale resulted in a substantial gain that has been incorporated in the company accounts under Income on investment in subsidiaries and associated companies.

Note 18: Events after the balance sheet date

Dividends from subsidiaries
On 21.01.2022, a resolution was adopted that an additional dividend of NOK 60,000, 000 would be paid by NORCE Innovation AS to NORCE Norwegian Research Centre AS. Additional dividends received are recognised in the accounts of NORCE Norwegian Research Centre AS for 2022.

Economic turmoil in Norway and internationally
In spring 2022, the company is adversely affected by several national and global conditions, where the war in Ukraine is affecting global financial markets, high inflation is putting pressure on wage settlements and financial conditions in the finances of the Research Council are creating uncertainty around important sources of funding for the company such as the RES-EU. However, the company is well equipped to manage different situations both financially and operationally.

KPMG AS
Kanalveien 11
Postboks 4 Kristianborg
5822 Bergen

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

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 financial statements of the parent company NORCE Norwegian Research Centre AS (the Company), which comprise the balance sheet as at 31 December 2021, 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, and
- The consolidated financial statements of NORCE Norwegian Research Centre AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, 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,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 legal 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 and the Group'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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Bergen, 13 June 2022
KPMG AS

Ståle Christensen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Design av Haltenbanken 2022