

INNOVATION NORWAY
Board of Directors' annual report 2025



Innovation Norway's statutory objective is to be the policy instrument of the Norwegian State and the county councils for achieving value-creating business development throughout the country. The goals of more good entrepreneurs, more growth companies, and more innovative business clusters across the whole of Norway remain unchanged. The Board of Directors notes that the company has had a high degree of goal attainment, despite challenging times for Norwegian industry and commerce and Innovation Norway as an organisation.

In 2025, approximately 10,000 Norwegian companies received a service provided by Innovation Norway. Deliveries from Innovation Norway to Norwegian businesses have resulted in greater growth in sales revenues, value creation and productivity, compared with businesses that have not received assistance. The services are thus having their intended effect.

A report published by Innovation Norway in 2025 stated that Norway has over 5,000 high-growth companies. High-growth companies are the most productive, and in 2025 Innovation Norway started systematic work to measure the number of deliveries to potential high-growth companies, with the aim of increasing the number of high-growth companies in Norway and in the portfolio. This is important for the transformation of the Norwegian economy and in line with Innovation Norway's strategy of making businesses more productive.

Early-stage enterprises receive loans that they would not otherwise have received, also through Innovation Norway's partnerships with banks. Many enterprises have the ability to service a loan, but lack the required security. This year, companies have received more than NOK 1 billion in loans and credit facilities through the Growth Guarantee Scheme. The Growth Guarantee Scheme is the result of a collaboration with the European Investment Fund (EIF).

Innovation Norway granted a total of NOK 9.4 billion in loans, grants and guarantees to Norwegian businesses in 2025, with strong growth in loans in the high-risk portfolio, partly as a result of payments related to Green Industry Financing.

After several years of decline in Innovation Norway's international presence, the ambition is to reverse this trend. At the same time, Norway's National Budget for 2026 entails a significant tightening of the framework conditions for work to promote exports, meaning it will not be possible to strengthen Innovation Norway's international presence in 2026. Export businesses are generally significantly more productive than other companies, and to increase productivity in Norway, it ought therefore to be a goal to develop more successful export businesses.

The services provided to Norwegian agriculture have continued to increase, and Bionova has strengthened its position. There has been a steady decline in the policy instruments available to Innovation Norway to promote development in rural areas since 2005. The significance of tourism as both an export business and a local industry in rural areas makes promotion of Norway as a travel destination particularly central to Innovation Norway's work. 2025 was a strong year for Norwegian tourism with high volumes of international traffic, but many operators are still experiencing challenges related to profitability, seasonal fluctuations, access to the necessary expertise, and growing pressure at certain destinations.

In 2025, Innovation Norway has drawn up a new action plan to boost sustainability and profitability in the tourism industry. Through strategic marketing, improved insight data and support for development of destinations and products, efforts are being made to improve the spread of visitors throughout the year and across the country.

In the current challenging global trade situation, Norwegian companies need more support to succeed internationally. At the same time, it is becoming increasingly difficult for businesses to find risk capital from private investors. Innovation Norway's financing and advisory services are designed to assist companies in this challenging growth journey. As a result of the current geopolitical situation, there has been a greater focus on Innovation Norway's work on business development in the High North, related to defence and in Ukraine. The Board of Directors finds that the company's toolbox for contributing in these key areas needs strengthening.

The framework for Innovation Norway's activities is subject to a political decision and is communicated in the letters of assignment from the principals. The company's activities must continuously be adapted to the assignments. Innovation Norway has been subject to some debate in 2025. The Board of Directors welcomes discussion about business policy goals and instruments, but would also like to emphasise the importance of a long-term perspective and that the debate must be based on facts. The Board would also like to stress the importance of predictability for Innovation Norway's customers, i.e. businesses throughout the whole of Norway. In a situation where the Norwegian economy needs restructuring and where our neighbouring countries are increasing their investments in research, innovation and business development, it seems rather paradoxical that Norway is reducing its efforts in these areas.

BUSINESS ACTIVITIES

Innovation Norway's objective is to trigger business development that is profitable from both a commercial and a socioeconomic perspective, based on the commercial opportunities in the different regions. Innovation Norway offers services within financing, consultancy, expertise, networking and promotion to a wide range of Norwegian businesses.

Innovation Norway was formed on 19 December 2003. The company is headquartered in Oslo. Innovation Norway has offices all over Norway, and at 31 December 2025 had a presence in 23 countries. Innovation Norway is organised as a company established pursuant to special legislation and is jointly owned by the Norwegian State through the Ministry of Trade, Industry and Fisheries (NFD) (51 per cent) and the county councils (49 per cent).

HIGHLIGHTS IN 2025

A challenging year for international trade

2025 has been a challenging year in international trade, as changes in the framework conditions have made it more difficult for companies to succeed with their export ambitions. The start of the year was affected by statements from the US government, threatening huge tariffs and other trade barriers. As a consequence, the EU is also shifting towards increased protectionism. One example is

the introduction of quotas to restrict imports of ferroalloys. This has led to greater uncertainty for Norwegian industry.

At the same time, new trade agreements with India, Malaysia, Thailand and the Mercosur countries have opened up new opportunities in emerging markets. In an increasingly unpredictable world where rules-based trade is under pressure, these trade agreements contribute to lower tariffs and predictable framework conditions. It is important that the Norwegian authorities make good plans for the follow-up of these agreements. Innovation Norway advises companies on the opportunities that these trade agreements provide and actively paves the way for efforts to enter these markets, including through assistance from the international offices, delegation trips and participation in trade fairs.

Solid deliveries from the international offices

Challenging international framework conditions are increasing the need for advice and networks from the markets, and Innovation Norway's international offices have delivered good results in 2025. Self-payment by customers was 27 per cent, indicating that businesses are making use of Innovation Norway's paid advisory services. Contracts worth NOK 6 billion were signed by Norwegian companies that have received assistance from the international offices. Impact measurements show that companies that have used Innovation Norway's advisory services internationally have had 13.4 percentage points more growth in sales revenue than the control group, and 8 percentage points more growth in value creation. The Board of Directors finds that these figures reflect excellent deliveries and visibly demonstrate Innovation Norway's relevance and contribution to increased value creation.

In 2025, Innovation Norway established a presence in Kyiv, Ukraine, and has been contacted by a large number of Norwegian companies wishing to supply the Ukrainian market. Around a third of the companies that have contacted Innovation Norway in Ukraine are defence companies, but there is also a large portion of companies in energy and energy systems, construction, and health and health technology.

In addition, Innovation Norway has a newly established office in Sydney, Australia, which has a special advisor for the defence industry.

Delegations

Innovation Norway is responsible for a number of business delegations to promote Norwegian companies internationally. The business delegation in connection with the official visit to Minneapolis and New York in October 2025 brought together a wide range of Norwegian and American stakeholders. The delegation played a key role in marking 200 years of Norwegian emigration to the USA. Innovation Norway was also responsible for Norway's contribution to EXPO 2025 in Osaka, Japan, where almost 1.7 million people visited the joint Nordic pavilion.

In 2025, Innovation Norway has established the "Trade missions" programme for organised delegation trips, where Innovation Norway takes a group of Norwegian companies to an international market to give the participants better insight into that market, networking opportunities and direct meetings with potential customers, partners and other relevant

stakeholders. A total of 20 trade missions have been conducted to different markets, with good results and satisfied customers. Trade missions are primarily used within the thematic areas for the export programmes.

Record-high use of the growth guarantee scheme

The Growth Guarantee Scheme is a collaboration with selected banks in Norway where innovative and fast-growing companies that have the capacity to service a loan, but lack collateral, can apply for a loan from their bank. Through this scheme, Innovation Norway guarantees 75 per cent of the loan. Innovation Norway has entered into a partnership with 13 banks, and in 2025, for the first time, the value of guaranteed loans and credits passed NOK 1 billion. The scheme is highly effective and helps increase access to capital for companies in a growth phase.

Innovation Norway in the public eye

At times, 2025 has been a demanding year for Innovation Norway in the public discourse. The company's role and priorities have been subject to considerable scrutiny and debate – both before and after the general election. The Board of Directors recognises that much of the debate is not based on facts. The Board of Directors holds that transparency, accountability and continuous improvement are essential to maintain the public's trust in the face of negative attention. The Board would also like to emphasise the importance of a serious debate based on facts and up-to-date knowledge on the role of the public business support system in the development of Norwegian industry and commerce.

Strategy

At the end of 2024, the Board of Directors adopted a new strategy for the period 2025–2030. During this strategy period, Innovation Norway will work to help make Norway's business sector more productive and ensure that more companies are able to grow internationally. This will be achieved through three customer pledges, whereby Innovation Norway will be: a preferred advisor, a bank that challenges, and a partner that unleashes capital and opens doors to new markets. The Board is satisfied with the operationalisation of the new strategy and how it has been implemented in the organisation to date, including through a modified system for management by objectives. Despite a turbulent macro-economic situation and significant changes in the company's framework conditions towards the end of the year, the strategy remains unchanged.

GOALS AND DELIVERIES

Innovation Norway's objective is to contribute to the establishment of more successful entrepreneurs, more companies with growth potential, and innovative business clusters throughout the whole of Norway. The Board notes that the effects and goal achievement have been high for all the sub-goals.

The Storting (Norwegian Parliament) and the county councils allocated a total of NOK 5.8 billion to Innovation Norway in 2025, and Innovation Norway awarded grants, loans and guarantees totalling NOK 9.4 billion, compared with NOK 9.8 billion in 2024. Loan approvals totalled NOK 4.2 billion in 2025, which is NOK 600 million lower than the previous year, while the use of guarantees increased

from NOK 600 million to NOK 800 million. Total grants amounted to NOK 4.4 billion in 2025, unchanged from 2024.

Innovation grants decreased by more than NOK 500 million from 2024 to 2025. The reason for this is that the level of grants was unusually high in 2024, because Innovation Norway awarded NOK 1 billion for battery projects through Norway's participation in IPCEI EuBatIn – a joint European initiative to build a competitive and sustainable European battery value chain. The so-called “battery billion” will be paid out to customers over a period of five years. Although grants through the Environmental Technology Scheme and Green Platform increased in 2025, total innovation grants decreased compared with 2024.

There was a significant increase in regional development grants and, in particular, agricultural grants, meaning the total grants from Innovation Norway remained about the same in 2025 as in 2024.

The financial allocations also serve to trigger capital from other sources, and the total amount invested in projects funded by Innovation Norway was NOK 23.6 billion, of which total deliveries (financing and other services) from Innovation Norway amounted to NOK 10.0 billion. Each krone in funding from Innovation Norway thus triggered an average of NOK 1.4 from other sources, mainly private organisations.

In the customer satisfaction surveys, a large proportion of companies that receive support from Innovation Norway systematically report that the support is decisive for the realisation of the project. Of the companies that have received services or funds from Innovation Norway, 96 per cent report that the support was, to a high or medium degree, decisive for them actually realising the project. This is on a par with previous years.

The impact of the measures implemented by Innovation Norway is gauged by measuring the impact on the companies' financial development. The impact analysis is an econometric study that examines the degree to which the companies that have received a service from Innovation Norway have different developments in the first three years after the support, compared with similar companies that did not receive support. This analysis is carried out once a year. The main source of the data is the companies' accounting figures. The latest analysis was conducted using data from the period 2015–2024. According to this analysis, the companies that received support from Innovation Norway had significantly stronger growth than comparable companies that did not receive support. The additional growth was 17.4 percentage points on sales revenue, 12.8 percentage points on value creation and 5.6 percentage points in terms of productivity.

The Board would emphasise that these results are an average over a number of years and cannot be used to analyse developments from one year to the next. The results also prove that Innovation Norway's instruments, procedures and systems contribute to increased value creation in Norway as a whole, in line with the company's mission.

An important milestone was reached in 2025 with a total of 10,000 customer enquiries to the business support system through the centralised access point “One Way In”. “One Way In” is a digital single point of entry where companies and people wanting to start a business can get prompt

guidance and advice. The solution provides users of the business support system with a single, coordinated interface, making it easier to navigate and more accessible.

Innovation policy adviser

Innovation Norway plays an active role as a knowledge-based innovation policy adviser to the owners and principals. The owners and principals are informed on an ongoing basis about the status of the Norwegian business sector through the so-called “sounding board reports”, in addition to knowledge-based input to larger processes such as the national budgets, political strategies and white papers. Innovation Norway uses qualitative and quantitative methods to provide sound, knowledge-based advice. This includes methodological approaches for selecting strategic focus areas and making greater use of the knowledge that is available throughout the entire organisation.

The Board is pleased to note that the company has contributed to a number of these kinds of endeavours in 2025, including input related to the national budget, innovation in the defence sector, and the government’s strategies on quantum technology and digitalisation. In 2025, work also began on input related to the EU’s new framework programme and competitiveness fund. The Board recommends that Norway embraces the opportunities offered by these programmes and fully participates in them. At the same time, it is important that this does not happen at the expense of the national funding frameworks, because participation in EU programmes both builds on and requires national investments in R&D.

FINANCIAL DEVELOPMENTS

The company’s profit for 2025 was NOK 162 million, compared with NOK 235 million for 2024. Profit before losses was NOK 121 million in 2025, compared with NOK 165 million in 2024. Write-downs for losses in the loan portfolio showed an increase for the part of the portfolio most exposed to risk, with the bulk of the increase related to the growth guarantees.

The National Budget for 2026 entails cuts in the financing and expertise Innovation Norway will be able to offer businesses. As a result of the reduced budget, the company will carry out a restructuring process, downsizing by a total of 100–110 fulltime equivalents. In December 2025, Innovation Norway received additional funding of NOK 125 million to cover the restructuring costs. A corresponding amount has been set aside in the accounts for 2025 for restructuring costs in 2026. The net effect on earnings in the accounts is zero. The Board is concerned about the mismatch between the reduced financial framework and the principals’ expectations.

Net interest income was NOK 516 million in 2025, compared with NOK 541 million the previous year.

Total other operating revenue in 2025 amounted to NOK 1,735 million, compared with NOK 1,556 million in 2024.

Operating revenues were positively impacted by an additional appropriation from the Ministry of Trade, Industry and Fisheries of NOK 125 million to cover costs related to restructuring as a result of the upcoming downsizing and reorganisation in 2026. In addition, Innovation Norway has recognised an allocation of NOK 45 million from the Ministry of Trade, Industry and Fisheries, related to extraordinary costs as a result of changes to the contractual early retirement pension (AFP) scheme.

Adjusted for these effects, total other operating revenue is on a par with 2024. There was an increase in external revenue of NOK 13 million as a result of revenue related to EXPO 2025 in Japan.

Total operating expenses ended the year at NOK 2,131 million, compared with NOK 1,889 million in 2024, which represents an increase of NOK 242 million. Most of the increase is in payroll and personnel expenses, which totalled NOK 1,220 million in 2025, compared with NOK 1,000 million in 2024. The increase is attributable to restructuring costs of NOK 91 million and the expensing of the non-recurring effect of the change to the contractual early retirement (AFP) pension plan of NOK 74 million. In addition, there will be a slight increase in payroll expenses as a result of the general wage growth in 2025, as well as a slightly higher number of full-time equivalents than in 2024. Direct project costs have been reduced by NOK 22 million from 2024, while other operating costs are up NOK 45 from last year, of which NOK 34 million is related to restructuring costs.

Losses on loans consist of recognised losses, as well as the change in write-downs related to expected losses compared with the previous year. The low-risk loans have an accounting effect on Innovation Norway's results, and recognised losses relating to this scheme amounted to NOK 18 million in 2025 compared with NOK 1 million in 2024. As a result of the reversal of previous write-downs for losses, net losses had revenues of NOK 41 million in 2025. Losses on loans related to high-risk loan schemes (high-risk loans and guarantees) are covered by loss reserves, and are therefore not reflected in financial performance figures. Losses on high-risk loans and guarantee schemes amounted to NOK 568 million in 2025, compared with NOK 451 million in 2024. These lending activities have a higher risk profile than the low-risk loan scheme. Losses in 2025 amounted to 8.6 per cent of the portfolio. See Note 16 for more detailed information about losses on loans.

Through the Growth Guarantee Scheme, Innovation Norway partners with 13 different Norwegian banks, where Innovation Norway provides portfolio guarantees for loans to innovative and rapidly growing small and medium-sized companies. Through the scheme, guarantees are provided for 75 per cent of the individual commitment, limited to 20 per cent of the lending volume agreed to with the individual bank. At year-end 2025, Innovation Norway had guarantees for total loans of NOK 3.2 billion, with total guarantee liabilities of NOK 733 million.

At the end of 2025, Innovation Norway's balance sheet total was NOK 29.2 billion, unchanged from the close of 2024. Net lending amounted to NOK 17.1 billion at 31 December 2025, unchanged from 2024. NOK 3.7 billion in new loans was disbursed in 2025 (NOK 2.4 billion in 2024) and NOK 3.7 billion in grants (NOK 5.9 billion in 2024).

The liquidity situation at 31 December 2025 was considered good, with bank deposits of NOK 11.6 billion (NOK 11.6 billion at 31 December 2024). Innovation Norway borrows from the Norwegian State to finance the company's lending activities. A large part of the borrowings for lending activities is refinanced approximately every three months, and a gross amount of NOK 63 billion was rolled over in 2025. Net cash flow from operations was NOK -286 billion in 2025 (NOK -2.5 million in 2024). The main reason for the difference is a one-off payment to the loss fund related to the Green Industry Financing scheme in 2024. The discrepancy between the operating result for the year and cash flow from operational activities is primarily due to payments received and disbursed for loans

and grants. Net change in liquidity for the year ended at NOK -42 billion (NOK 2.3 million in 2024). See Note 21 for more detailed information about liquidity risk.

The company incurred no costs and made no investments related to R&D in 2025.

In 2025, Innovation Norway implemented a plan change related to the introduction of a new lifelong contractual early retirement (AFP) scheme for employees born in or after 1963. The extraordinary cost of NOK 74 million has been recognised in 2025, in line with the requirements of the Norwegian Accounting Act. See Notes 31 and 37 for a more detailed description of the calculated pension expenses.

Regarding the sub-account “Service deliveries and grant administration” (TLT), the Board of Directors finds that the company has adequate equity as per 31 December 2025, providing sufficient coverage for the ongoing financial operating risk. However, the level is still below the risk tolerance level adopted by the Board of Directors, which is 8–12 per cent of annual public and external revenues. The company is in dialogue with the owners about the future development of equity.

The annual accounts have been prepared on the basis of the going-concern assumption. The accounts provide a true, fair and complete view of the company’s assets, liabilities and results. No circumstances have arisen after the close of the financial year that are of significance to the evaluation of the company and that have not been mentioned in the annual report and notes.

The 2025 accounts show a profit of NOK 162 million, of which dividends of NOK 182.5 million were paid to the Ministry of Trade, Industry and Fisheries and NOK 6.3 million to the county councils. Dividends are calculated on the basis of separate rules for each sub-account, and the dividend comes in its entirety from the loan schemes. The schemes for service deliveries and grant administration returned a deficit for 2025 and have not been included in the basis for calculation of dividends. This is the reason why the dividend for the year is greater than the profit for the year. A complete overview of the Board’s proposal for allocation of the profit can be found in Note 35.

COST-EFFECTIVENESS

Innovation Norway defines cost-effectiveness as the ratio between deliveries measured in NOK and the company’s total expenses. The company monitors developments in expenses on an ongoing basis and assesses cost-effectiveness at the company level, for the loan schemes, and for the largest and most established grant schemes.

In 2025, 94 per cent of all deliveries were included in the assessment of cost-effectiveness. Total deliveries (financing and other services) fell from NOK 10.6 billion in 2024 to NOK 10.0 billion in 2025, while operating expenses rose by 12.8 per cent. The latter is due to a number of factors, including increased pension expenses and restructuring costs as a result of reduced funding in the National Budget for 2026. This resulted in an overall cost-effectiveness of 21.4 per cent in 2025, and a four-year rolling rate of 19.7 per cent, which is weaker than in previous years. The 2025 figures show lower cost-effectiveness on the loan schemes than in 2024, mainly as a result of lower lending

volumes and longer processing times. The expenses related to financing activities are around 7 per cent.

Cost-effectiveness varies between Innovation Norway's offices. Measured as the ratio of operating expenses to gross lending volume, the average in 2025 is 1.93 per cent, while the level at individual offices ranges from 1.39 per cent to 2.35 per cent. The differences largely reflect volumes, as larger loan portfolios result in relatively lower expenses. In addition, the regions serve different customer categories, and the relationship between loan size and resource requirements is not proportional. Small cases may require almost as extensive assessments as larger cases, impacting the relative cost burden.

It is methodologically challenging to make direct comparisons with other organisations, as Innovation Norway does not have any fully comparable equivalents. While it must be taken into account that for banks, the cost ratio will include a retail market segment that is far more cost-effective than the corporate market, banks may nevertheless constitute an indicative reference. Two of Norway's largest private banks have cost ratios (operating expenses as a percentage of lending volume) of 1.36 per cent and 1.02 per cent respectively in 2025, compared with Innovation Norway's 1.93 per cent. Innovation Norway works with a large proportion of new and unknown customers, often entrepreneurs and first-time applicants, and almost exclusively with project financing. This requires more thorough assessments, resulting in longer case processing times compared with banks, which to a greater extent handle established customers with a known history and risk profile. In addition, the company's distribution of funding through many local offices with relatively small portfolios of individual products is a costly model.

Innovation Norway's digital transformation work continued in 2025. The old case management system SOPP was discontinued, and all financing cases are now processed using the new system INFlow. The Board of Directors is pleased that the company has upgraded its digital systems and that they are now better aligned with applicants' expectations regarding user-friendliness and efficiency. The Board is keen to ensure that the investments in digital systems yield benefits that can be used to counteract the consequences of the cuts in the National Budget.

RISK MANAGEMENT

The Board works systematically throughout the year to ensure that Innovation Norway has effective governance and controls. Innovation Norway's system for risk management and internal control is based on the methodology for risk management in the central government and the COSO Enterprise Risk Management framework. Risk management and internal control are an integrated part of Innovation Norway's corporate governance and are intended to underpin the company's attainment of its strategic goals, as well as provide sufficient assurance that the company is operating within the risk tolerance levels that the Board has stipulated.

The Board of Directors receives regular reports on the developments in significant risks from the administration and through the Board's risk committee. The risk committee acts prepares matters for the Board and supports the Board in its exercise of internal control and risk management. The internal audit is outsourced to an external provider whose main task is to assess and make

recommendations related to the company's risk management, internal control and governance processes. The internal auditor reports directly to the Board of Directors.

In 2025, the internal audit encompassed an audit of the financing area and an audit of impartiality and time off in lieu of payment in line with the internal audit plan and the Board's resolution. The annual report from the internal audit shows that no serious non-conformities were found.

Innovation Norway's risk universe is divided into strategic risk, financial risk and operational risk, and 11 risk areas under these three main categories. During the course of 2025, Innovation Norway has carried out a comprehensive assessment of the company's risk profile, with particular focus on factors that can affect goal attainment, ability to deliver and reputation.

The Board of Directors has considered the overall risk assessments, where two risk areas related to strategic risk (delivery risk and reputational risk) and one risk area related to operational risk (financial management and efficiency) were assessed as high risk (red). The assessments take into account both the probability of the identified risk actually occurring and the consequences it would have, as well as relevant changes in internal and external framework conditions. Against this background, the Board would highlight the following main risks and the actions taken to mitigate them in 2025.

A significant risk in 2025 has been the discontinuation of and cuts in certain tasks that may weaken Innovation Norway's ability to deliver comprehensive services and document its impact for society. A fragmented or reduced portfolio of assignments weakens the company's capacity to deliver and legitimacy, and may affect future funding. Innovation Norway is involved a very broad spectrum of assignments, and the risk of a mismatch between political expectations and capacity has increased, as a result of sudden changes in the framework conditions. Innovation Norway's measures to mitigate this include close dialogue with the owners, ensuring clearer links between assignments and internal goals, and preparing action plans, with goals to increase sources of funding and partnerships. The Board regards this as a significant risk for 2026 as well, and would underscore the need for precise clarification of expectations and clear communication about the consequences of political priorities.

The company's reputational risk may increase as a result of negative developments in the size of the loan portfolio, long case processing times or externally generated misinformation about Innovation Norway's effectiveness and impact. At the same time, the company's reputation impacts other risk areas such as trust, capability and relevance. The Board therefore considers reputation to be a significant risk factor and has established measures to strengthen fact-based communication, improve dialogue with stakeholders, and systematically monitor factors related to reputation.

In connection with financial solidity, the low equity ratio was identified as a risk area. Section 7a of the Act relating to Innovation Norway stipulates that the company must at all times have equity that is adequate given the risk and scale of its activities. The Board's risk tolerance defines this as an equity ratio of 8–12 per cent of annual public and external revenues. As a result of increased pension costs related to the changes to the lifelong early retirement pension (AFP) scheme and the lack of mechanisms for building up equity, among other things, the equity ratio has decreased from 8.1 per cent at the end of 2024 to 5.6 per cent at the end of 2025. This is below the threshold set by the

Board of Directors for the amount of equity that is considered necessary to ensure sufficient freedom of action while maintaining the company's ability to cope with unforeseen operating expenses. Risk-reducing measures have been discussed in the dialogue with the owners regarding the financing of the extraordinary costs related to pensions. The final cost of the changes was lower than originally estimated, which together with the additional appropriation from the Ministry of Trade, Industry and Fisheries to cover the extraordinary cost, helped reduce the risk during the year. It is emphasised that the company as a whole has solid equity, including restricted equity earmarked for Innovation Norway's financing activities.

Financial risk is clearly defined in Innovation Norway's risk universe and comprises credit risk, interest rate risk, currency risk and liquidity risk. Credit risk associated with lending activities has been identified as one of Innovation Norway's main risk areas. Developments in the lending portfolio are reported to the Board of Directors on a quarterly basis, and no significant negative factors affecting the risk profile have been registered in 2025. A review of the most significant loan commitments, including loss events, is presented to the Board on an annual basis. The Board of Directors finds that the level of losses on loans is within the established risk tolerance framework. Interest rate risk, currency risk and liquidity risk are monitored through established models and defined risk tolerance levels.

ORGANISATION AND WORKING ENVIRONMENT

At year-end, Innovation Norway had 748 employees. This figure includes permanent employees, temporary employees and contract staff. The corresponding figure for 2024 was 761. Employee turnover totalled 6 per cent in 2025. This includes temporary employees and contract staff. Turnover among permanent employees (excluding retirements) was 4.6 per cent, compared with 5.0 per cent in 2024.

Working environment

Innovation Norway works systematically to nurture a health-promoting and inclusive working environment. Good collaboration on issues pertaining to the working environment is crucial for success, and collaboration between the management and the employee organisations is therefore firmly integrated into Innovation Norway's way of working. The management, employee representatives and safety representatives work together to foster a good working environment and efficient operations. Good functional physical working conditions are ensured through targeted work, while the psychosocial aspects of work, such as well-being, collegiality, workload etc., are also monitored and addressed as necessary. The company has a contract with an external occupational health service as a professional partner in this work.

The tripartite collaboration between employers, unions and the government is anchored in established structures such as works councils and working environment committees, the Workplace Advisory Centre for issues relating to alcohol, drugs and addictive gambling (AKAN), and arenas for the inclusion of the safety representatives and Eco-Lighthouse representatives, both centrally and at the regional offices in Norway. At the offices abroad, the working environment is safeguarded through co-operation between the regional safety representatives and the management, locally and centrally.

Diversity is viewed as a strength, both for Innovation Norway as an organisation and for our customers. It provides broader perspectives, increases our capacity to innovate and makes us better equipped to deliver on our social mission. The work on diversity, gender equality and inclusion has been incorporated into Innovation Norway's guidelines. The ambitions for the life-phase policies are intended to help ensure that the workplace has employees with a broad range of expertise and that is highly diverse in terms of age and phase of life.

Innovation Norway is committed to developing a positive working environment that promotes well-being, commitment and good results. The employee satisfaction survey is an important tool for gaining insight into individual employees' well-being at work – what works well and where the company has room for improvement. The survey is closely linked to Innovation Norway's strategic work and is intended to help ensure that the company's culture and working environment support the defined goals and priorities. In autumn 2025, 89 per cent of the employees responded to the survey. The survey showed that Innovation Norway has motivated employees who are happy in their jobs. Factors such as opportunities to exert influence, a good work–life balance, and managerial support were rated as strengths. Both central and local safety representatives have contributed to the follow-up of the survey through status briefings and dialogue, centrally and regionally.

Absence due to illness and injuries

Absence due to illness was 4.0 per cent in 2025, compared with 3.5 per cent in 2024. These figures are for employees in Norway. By comparison, according to Statistics Norway (SSB), absence due to illness in the public administration and armed forces, including National Insurance schemes under public administration, was 4.7 per cent in the third quarter of 2025. One injury was reported in 2025.

Gender equality

In terms of gender distribution, 54 per cent of Innovation Norway's employees at year-end were women. At year-end 2025, the executive management team consisted of five women and three men. In accordance with the employer's activity and reporting obligation (ARP), a separate gender equality statement was prepared for 2025, which has been published on the company's website.

Remuneration of senior executives

In accordance with the guidelines for remuneration of senior executives in companies with State ownership, the Board of Innovation Norway has prepared guidelines on the fixing of salaries and other remuneration to the managing director and other executive personnel. A remuneration report for executive personnel is also prepared, which is presented at the company's annual general meeting, after which it is published on the company's website.

RESPONSIBLE BUSINESS CONDUCT AND SUSTAINABILITY

During 2025, Innovation Norway worked actively to promote responsible business conduct and sustainability, both within the company and among the company's customers, suppliers and partners. Innovation Norway's ambitions and work on responsible business conduct and sustainability are clearly established in the business activities. The company conducted a

comprehensive double materiality analysis in line with the EU Corporate Sustainability Reporting Directive (CSRD) in 2024 and has prioritised activities in line with this in 2025.

Innovation Norway bases its work on responsible business conduct on the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. In line with these, Innovation Norway has prepared a risk map for sustainability and conducted due diligence assessments on individual markets, activities, services and purchases. Due diligence assessments, in the form of an Integrity Due Diligence, are also incorporated into the case processing for financing cases in line with given threshold values.

Innovation Norway is governed by the Norwegian Transparency Act and in 2025 conducted due diligence assessments to identify, assess and address actual and potential adverse impacts on fundamental human rights and decent working conditions in the supply chain. The 2025 due diligence report is available on Innovation Norway's website.

Responsible business conduct is an integral part of Innovation Norway's services. It is a requirement that all parties that receive services from Innovation Norway must comply with principles for responsible business conduct, and it is a condition that customers and partners themselves conduct due diligence assessments and initiate measures to manage risk. Provisions concerning this are established in Innovation Norway's standard terms and conditions for the various services we offer. Innovation Norway also follows the guidelines for conduct and product-based exclusions that the Ministry of Finance has set for the Government Pension Fund Global. This means that the company does not support projects or companies with an unacceptably high risk of causing adverse impacts for people, society or the environment. Innovation Norway's expectations and requirements for its own employees and elected representatives are described in the company's ethical guidelines and anti-corruption policy, as well as in other guidelines. The company also has a whistleblowing channel that is available to both internal and external whistleblowers.

Based on the findings of the double materiality analysis, Innovation Norway has the greatest impact in the following areas, both positive and negative:

- *Climate change* – Innovation Norway plays a key role in financing the green transition, including through the increased framework for Green Industry Financing.
- *Circular economy and value chains* – Innovation Norway works systematically to promote sustainable business models that safeguard resource use and concern for nature, through both advice and targeted financing schemes.
- *Responsible business conduct* – Risks associated with financial crime and human rights violations in international markets are on the rise.

Innovation Norway's climate accounts cover the most significant direct and indirect emissions. Innovation Norway's activities have little direct impact on the external environment. The company's risk exposure and impact on the climate and nature arise in its own operations, primarily through travel and acquisitions. Innovation Norway's offices in Norway are Eco-Lighthouse (*Miljøfyrtårn*) certified, and sustainable operating principles are incorporated into the company's operations and activities.

The company's risk exposure and impact on climate and nature also occur through the projects we finance, including projects that consume natural resources, materials and land. Back in 2023, the Board of Directors set a goal of documenting Innovation Norway's contribution to the green shift and setting emission targets that are science-based and in line with the Paris Agreement. In this connection, assessments have been made to identify relevant methodologies and an appropriate scope. In 2025, Innovation Norway has not given priority to continuing the work to implement climate targets for the financing portfolio. Relevant methodologies for collecting data and setting science-based climate targets remain limited for financing portfolios largely composed of funding for projects, including grant funding for early-stage projects. The company will assess climate targets for relevant parts of the loan portfolio where this is considered to have a meaningful impact on supporting the climate transition.

THE BOARD OF DIRECTORS

At the end of 2025, Innovation Norway's Board of Directors consisted of Ola H. Strand (Chair), Kristin Misund (Deputy Chair), Liv Dingsør, Kristine Falkgård, Arvid Gusland, Arne Ingebrigtsen, Merete Nygaard Kristiansen, Kristine Nore, Heine Østby, Tim Genge (Employee Representative) and Mari Dorte Jønland Michaelsen (Employee Representative).

Nine board meetings were held in 2025. In 2024, the Board established an audit and risk committee consisting of Kristine Falkgård (chair), Arvid Gusland and Mari Dorte Jønland Michaelsen. The committee started working in 2025 and prepares matters for the Board and supports the Board in exercising its responsibilities for financial reporting, internal control and risk management. Innovation Norway has taken out insurance for the members of the Board and the CEO for their potential liability to the company and third parties. The insurance coverage is NOK 50 million per claim, which is also the total insurance amount per year.

OUTLOOK

The National Budget for 2026 includes a number of cuts to several of Innovation Norway's frameworks. This will have consequences for various parts of the organisation and will curb Innovation Norway's ability to finance projects and provide services. The cuts affect both grants and loans, and especially instruments for green transition, innovation and start-ups. At the same time, the Siva business garden and incubation programmes are going to be transferred to Innovation Norway in April 2026. This will enable better coordination of services.

In addition, the National Budget includes cuts in work to promote exports and tourism of NOK 70 and 30 million respectively. As a result of the reduced number of assignments, it has been decided that the company must downsize by up to 110 full-time equivalents. Innovation Norway is also going to conduct a comprehensive review of its services and presence to adapt the company to this reduced offering. Innovation Norway aims to maintain a presence throughout the whole of Norway, close to the companies we assist, and close to our county owners. This is still a priority, but Innovation Norway must now ensure proximity to regional businesses in new ways. 2026 will therefore be a year of demanding prioritisations.

Innovation is crucial for increased productivity and economic growth. Without public intervention, too little is invested in innovation in relation to society's needs. Innovation Norway is the government's main tool for promoting investment in innovation and the development of new start-ups and growth companies. The Board therefore finds it worrying that innovation is being given lower priority in Norway, while our neighbouring countries and the EU are investing heavily in R&D and measures to improve competitiveness.

Norway is a small market, and if companies are to grow, they must also succeed internationally. In light of the current widespread geopolitical turmoil in trade policy, it has not become easier for companies to export to new markets. This is why it is so important that Innovation Norway can assist companies in the market and help remove barriers to make it easier for Norwegian companies to succeed. There is good demand for Innovation Norway's services in international markets. The Board is concerned about a development whereby the capacity to assist Norwegian companies internationally is significantly reduced over time. This is a trend that must be reversed.

In 2026, the Board will have a particular focus on the restructuring process in the company and the integration of Siva's business gardens and incubators into the organisation. Dialogue with our owners continues to be good, particularly in relation to the export assignment, risk and digitalisation work.

The Board of Directors would like to thank all our employees for their hard work in the past year, and thank our customers, principals and partners for their trust and fruitful cooperation in 2025.

Oslo, Norway, 12 March 2026

The Board of Directors of Innovation Norway

Ola H. Strand
Chair

Kristin Misund
Deputy Chair

Arvid Gusland

Arne Ingebrigtsen

Merete Nygaard Kristiansen

Kristine Falkgård

Heine Østby

Kristine Nore

Liv Dingsør

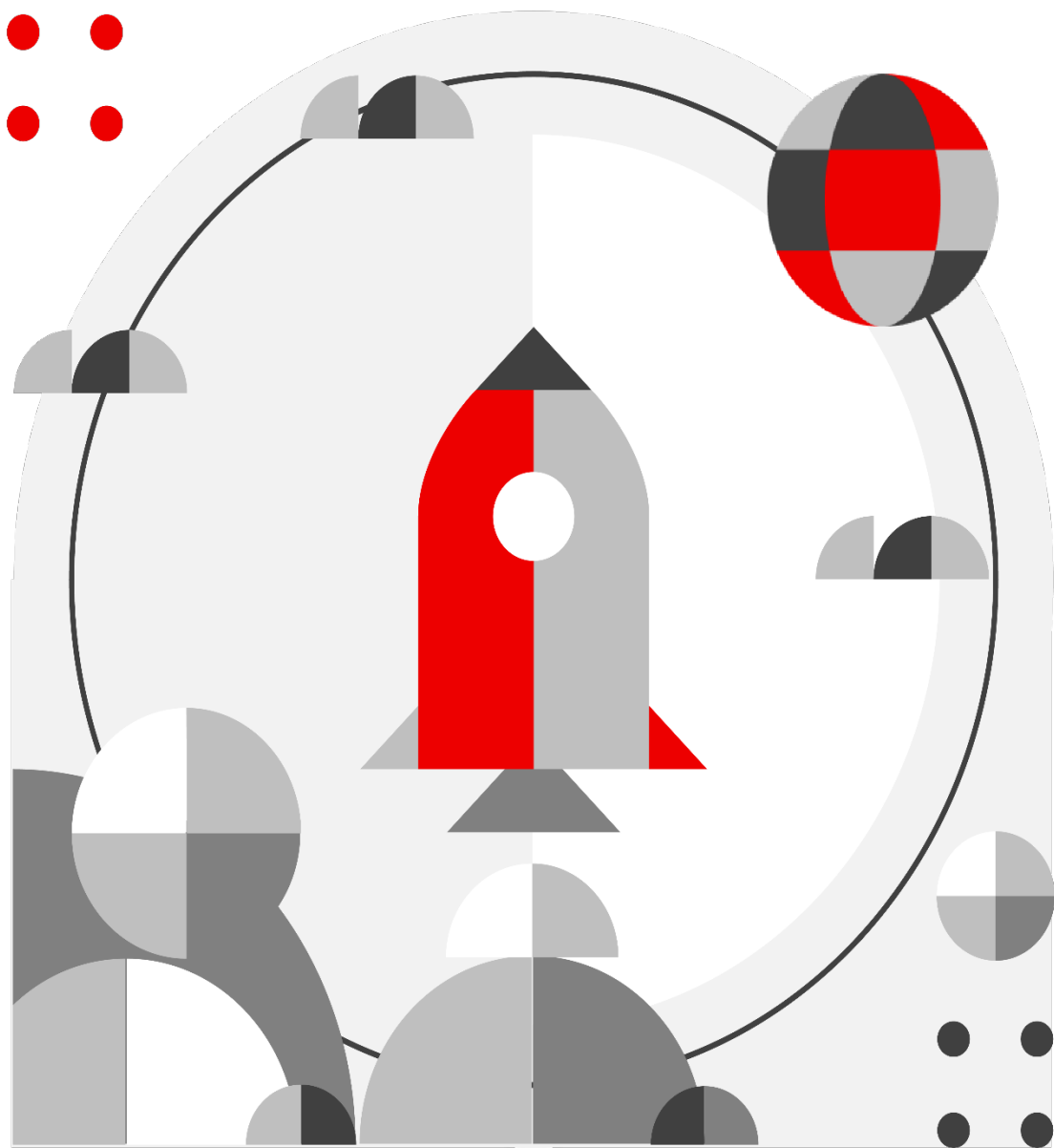
Mari Dorte Jønland Michaelsen
Employee Representative

Tim Genge
Employee Representative

Håkon Haugli
CEO

INNOVATION NORWAY *

Annual Accounts 2025



* Innovation Norway is a translation of Innovasjon Norge

Innovation Norway

Income statement

(Amounts in NOK 1,000)

	Notes	2025	2024
Interest on loans	3	1 195 912	1 247 094
Interest on bank deposits		42 549	62 869
Total interest income		1 238 461	1 309 963
Interest on borrowings	4	654 090	700 194
Borrowing commission	5	68 157	69 024
Total interest expenses		722 247	769 218
Net interest income		516 215	540 745
Realised loss on shares	6	-	-42 325
Income from public sources	7	1 556 544	1 391 335
External revenues	8	151 298	138 419
Miscellaneous operating income		27 437	26 191
Total operating income		1 735 280	1 555 944
Payroll expenses	9, 10	1 220 267	999 973
Depreciation on tangible fixed assets and intangible assets	11, 12	22 952	24 490
Direct project costs	13	503 937	525 532
Other operating expenses	10, 14, 15	383 684	338 961
Total operating expenses		2 130 840	1 888 956
Profit before losses		120 655	165 408
Losses on loans and guarantees	16	526 947	381 244
Coverage of losses	16, 17	-568 402	-450 892
Total net loss/profit on loans and guarantees		-41 455	-69 648
Profit (loss) for the year		162 111	235 057
Dividends and transfers to owners	35	188 753	283 618
Transferred from retained earnings	35	-28 814	-
Transferred from retained earnings in loan and investment funds	35	-	-42 325
Transferred from/to uncovered losses	35	2 172	-6 236
Total transfers and allocations		162 111	235 057

Innovation Norway

Assets

(Amounts in NOK 1,000)

	Notes	2025	2024
Ordinary bank deposits	18, 21	2 028 364	1 965 125
Locked-in deposits at Norges Bank	18, 21	9 554 460	9 660 104
Total bank deposits		11 582 824	11 625 230
Low-risk loans	19, 21, 23, 27	12 202 442	12 717 579
Innovation and high-risk loans	19, 21, 23, 27	5 891 654	5 455 415
Other loans	20, 21	8 912	54 886
Total gross lending		18 103 008	18 227 880
- Write-downs on individual loans	16	-769 467	-828 756
- Write-downs on groups of loans	16	-215 000	-298 000
Total net lending		17 118 541	17 101 124
Shares and units	24	-	-
Ownership interests in group companies	25	300	300
Intangible assets	11	21 685	30 632
Tangible fixed assets	12	23 079	30 502
Other assets	26	225 446	178 428
Costs not yet incurred and earned income not yet received	27	253 680	263 464
Total assets		29 225 555	29 229 680

Innovation Norway
Liabilities and equity
(Amounts in NOK 1,000)

	Notes	2025	2024
Borrowings from the Norwegian State, low-risk loans	21, 28	10 785 000	11 155 000
Borrowings from the Norwegian State, innovation and high-risk loans	21, 28	6 210 000	5 590 000
Total borrowings from the Norwegian State		16 995 000	16 745 000
Other liabilities	10, 29	1 031 128	1 138 399
Costs incurred and unearned income received	30	697 826	748 104
Pension liabilities	31	8 793	-43 548
Write-downs on guarantees	16	299 758	156 050
Loss reserves	32	6 198 802	6 739 773
Interest support funds	33	96 773	126 065
Grant funds	34	2 328 837	2 024 560
Total provisions for liabilities and charges		8 932 964	9 002 900
Paid-up equity	35, 36	665 645	665 645
Retained earnings	35	902 991	929 632
Total equity	35	1 568 636	1 595 278
Total liabilities and equity		29 225 555	29 229 680

Oslo, Norway, 12 March 2026
The Board of Directors of Innovation Norway

Ola H. Strand
Chair

Kristin Misund
Deputy Chair

Kristine Nore

Merete Nygaard Kristiansen

Heine Østby

Kristine Falkgård

Arne Ingebrigtsen

Arvid Gusland

Liv Dingsør

Mari Dorte Jønland Michaelsen
Employee Representative

Tim-Christoph Genge
Employee Representative

Håkon Haugli
CEO

Innovation Norway
Cash flow statement
(Amounts in NOK 1,000)

	2025	2024
Profit (loss) for the year	162 111	235 057
Ordinary depreciation	22 952	24 490
Loss/-profit on sales of tangible fixed assets	18	-29
Change in write-downs for losses on loans	-142 288	120 648
Loss on realisation of shares	-	42 325
Change in expensed pensions	52 341	-37 376
Change in other accruals	409 712	3 466 746
Amounts received on loans	3 429 514	3 099 923
Amounts paid on loans	-3 680 341	-2 435 363
Amounts received from principals for grant activities	3 167 761	3 956 749
Grants disbursed	-3 707 585	-5 936 331
A – Net cash flow from operations	-285 806	2 536 840
B – Net cash flow from loan and investment funds	-	-62
Payments received on amounts borrowed	62 740 000	61 570 000
Payments made for amounts borrowed	-62 490 000	-61 755 000
C – Net cash flow from financing activities	250 000	-185 000
Amounts received from sales of tangible fixed assets	-	118
Amounts paid for the purchase of tangible fixed assets	-6 600	-21 786
D – Net cash flow from investment activities	-6 600	-21 668
A+B+C+D+E = net change in liquidity	-42 406	2 330 110
Liquidity at 1 Jan.	11 625 230	9 295 120
Liquidity at 31 Dec.	11 582 824	11 625 230

Innovation Norway

Notes to the 2025 financial statements

NOTE 1

ACCOUNTING POLICIES

Company information

Innovation Norway is an enterprise established by special legislation. Its purpose is to be the State and the county councils' instrument for promoting value-creating business development throughout the whole of Norway. The company's main objective is to trigger business development that is profitable from both a commercial and socio-economic perspective, to help the regions realise their commercial potential.

Innovation Norway offers services and programmes within the following areas:

- Financing
- Consultancy and advice
- Expertise
- Networking
- Promotion
- Export and internationalisation
- Sustainability and the green transition

The Ministry of Trade, Industry and Fisheries is the principal owner with a stake of 51 per cent, while the county councils own 49 per cent. Innovation Norway receives funding from the Ministry of Trade, Industry and Fisheries, the Ministry of Agriculture and Food, the Ministry of Local Government and Regional Development, the Ministry of Foreign Affairs, the Ministry of Transport and Communications, the Ministry of Digitalisation and Public Governance, the Ministry of Defence, the Ministry of Health and Care Services and the county councils.

Innovation Norway's head office is located at Grev Wedels plass 9, Oslo, Norway.

Basis for the preparation of the annual statement

The annual accounts have been prepared in accordance with the Norwegian Accounting Act, generally accepted accounting principles, the Regulation on annual financial statements for banks, credit institutions and finance companies ("the Banking Regulation") and the Act relating to Innovation Norway.

Use of estimates and discretionary assessments

When preparing the annual accounts, estimates and discretionary assessments are used for items with uncertain amounts.

The estimates and discretionary assessments are based on the best possible information and assessments on the date the accounts are submitted. The actual results may differ from the estimates.

Innovation Norway's most important estimates and assessments relate to the assessment of write-downs on loans and guarantees, contingent and uncertain liabilities, and pension commitments for own employees.

Consolidation

No consolidated accounts are prepared for Innovation Norway and its subsidiary pursuant to the exemption rule in Section 3-8 of the Norwegian Accounting Act. This is based on the subsidiary not being deemed to be of importance when assessing Innovation Norway's financial position and result.

Currency

The company's functional currency and reporting currency is Norwegian kroner (NOK). Transactions in foreign currencies are converted at the exchange rate on the transaction date. Monetary items in foreign currencies are translated into Norwegian kroner at the end of the financial year using the exchange rate on 31 December. Changes in exchange rates are recognised on an ongoing basis during the accounting period.

Most of the transactions and liquidity at Innovation Norway are in Norwegian kroner. Both foreign exchange risk and exposure are considered low.

INCOME STATEMENT

Income from public sources

Public appropriations from the Norwegian State are recognised as income using the matching principle, i.e. in line with the costs accrued for the objectives the appropriations are intended to cover. Funds that are unused at the end of the year are recognised in the balance sheet as deferred income and carried forward to the next financial year.

Interest and expenses

In accordance with the matching principle, income and expenses are recognised in the same period.

Costs related to cloud-based solutions (SaaS)

The company uses cloud-based software solutions delivered as a service (Software as a Service – SaaS). The agreements do not give the company control over the software, only the right to use it during the contract period. In

ACCOUNTING POLICIES

accordance with generally accepted accounting principles, these kinds of agreements are treated as purchases of services.

- Licensing and subscription costs are expensed on an ongoing basis in the income statement over the contract period.
- Implementation costs, including configuration and customisation, are expensed when the service is received, unless the cost entails the development of a separate intangible asset that the company controls. These kinds of assets are capitalised and depreciated over their expected useful life in accordance with NRS 19.
- Advance payments for services are recognised in the balance sheet as prepaid expenses and expensed when the service is delivered.

The company finds that SaaS agreements do not normally meet the criteria for recognition in the balance sheet as an intangible asset, as there is no control over the software. Any proprietary modules or customisations that provide lasting value and control are capitalised in accordance with applicable standards.

Interest income and expenses

Interest income and interest expenses are recognised when they are earned as income or incurred as expenses.

BALANCE SHEET

Bank deposits

The company's bank deposits comprise accounts in the Norwegian State's group account scheme and ordinary deposits in banks in Norway and abroad. Bank deposits are presented at their nominal value.

Deposits in bank accounts linked to the central government's group account scheme are tied up for various specific purposes in line with guidelines in the letters of assignment from the individual ministries. The funds are held in Norges Bank, and the majority of the deposits are tied to grant and loss reserves.

Receivables

Accounts receivable are recognised at their nominal value less provisions for expected losses. Provisions for losses are based on individual assessments of the individual receivables. In addition, a collective provision is made for losses on accounts receivable based on historical losses, the age of the outstanding receivables, and known risk factors such as debt collection proceedings and risk of the debt becoming statute-barred.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet at acquisition cost less accumulated depreciation and any write-downs. Acquisition cost includes the purchase price and directly attributable costs until the assets are ready for use. Fixed assets are depreciated on a straight-line basis over their estimated useful life, based on the asset's expected use, wear and tear and technological development. The depreciation plan and useful life are reviewed annually and modified in the event of a significant change in the underlying assumptions.

If there are indications of a decline in value, for example due to a change in use or level of utilisation, the recoverable amount of the asset is assessed. The asset is written down if the book value exceeds the recoverable amount. Write-downs are reversed if the reason for the write-down subsequently ceases to exist.

Intangible assets

Intangible assets consist of acquired rights, software, development projects and other identifiable assets without physical substance that are expected to provide the company with future financial benefits.

Intangible assets are recognised in the balance sheet when the criteria in the Norwegian Accounting Act and generally accepted accounting principles are met, including that:

- the asset is **identifiable**,
- the company has **control** over the asset,
- it is **probable that future financial benefits** associated with the asset will flow to the company, and
- the acquisition cost of the asset can be **measured reliably**

Intangible assets are appraised at acquisition cost and written down to fair value if this is lower than the book value and the decline in value is not expected to be temporary. Intangible assets with a limited useful life are depreciated over the expected period of use.

Shares in subsidiaries and associated companies

Investments in subsidiaries are recognised in the accounts using the cost method. The investment is recognised in the balance sheet at acquisition cost, unless it has been written down. The company continuously assesses whether there are any indications of a decline in value. The asset is written down if the book value exceeds the recoverable amount. Write-downs are reversed when the basis for the write-down is no longer present. Dividends received are recognised as income in the period in which they are approved.

Shares in associated companies (where the company has significant influence, normally 20–50% ownership) are recognised in the accounts using the cost method. Acquisition cost comprises the purchase price and all attributable transaction costs. Decline in value is assessed according to the same principles as for subsidiaries. Any write-downs are reversed if the decline in value is no longer present. Dividends from associated companies are recognised as income when the right to receive the dividend arises.

Loans and borrowings from the State – recognition and derecognition

Loans and borrowings from the State are recognised in the balance sheet when Innovation Norway becomes a party to the contractual provisions of the instrument.

Loans are derecognised when the contractual rights to the cash flows from the financial asset expire.

Borrowings from the Norwegian State are derecognised from the balance sheet when they have ceased, i.e. when the obligation stipulated in the contract has been satisfied, cancelled or has expired.

Loans and borrowings from the State, including all directly attributable costs, are recognised at fair value on disbursement and are subsequently measured at amortised cost. Interest income is accrued using the effective interest method.

Definition of amortised cost

After initial recognition, loans and borrowings from the State are measured at amortised cost using the effective interest method. When calculating the effective interest rate, cash flows are estimated.

Decline in value of loans

On the balance sheet date, an assessment is made of whether there are objective indications of loans having declined in value.

Examples of loss events are the debtor having serious financial problems, such as:

- weak finances
- negative financial development
- payment default
- significant changes in terms and conditions
- negative changes in internal and external factors
- bankruptcy
- debt settlement proceedings or liquidation

Individual write-downs

If objective indications exist, the loan is written down. The write-down is measured as the difference between the capitalised value of the loan and the present value of the estimated future cash flows discounted by the effective interest rate on the financial asset.

Guaranteed liabilities are written down if it is probable that the liability will be settled. Growth guarantees are written down on the basis of historical realised losses for the scheme.

Collective write-downs

Collective write-downs are also made for the low-risk loans. The portfolio is divided into groups with similar risk factors. Loans individually assessed for write-down, but for which there is no objective evidence of a decline in value, are included in the collective assessment of loans. Collective write-downs are determined on the basis of the risk classification system whereby calculated risk is calculated as the product of the expected operational risk and risk of inadequate security coverage.

Loans

Innovation Norway's lending operations are divided into three main categories:

- Low-risk loans
- High-risk loans
- Guarantees

The establishment fee upon disbursement of high-risk loans is entered as income on the disbursement date when the fee does not exceed the direct costs. The other loan schemes do not have an establishment fee.

Low-risk loans

Low-risk loans are an offer to companies that need financing for a long-term capital requirement. Low-risk loans are granted to companies with robust finances and adequate security, at market interest rates.

There is no limit in terms of the size of the company, but the loans are primarily given to small and medium-sized enterprises in all sectors all over Norway. Innovation Norway has a special responsibility for financing of companies in the fisheries industry, agriculture and in rural areas. Priority is given to providing low-risk loans to companies and

projects where the availability of loans from other banks is limited. Many projects are financed through a partnership between a local bank and Innovation Norway.

Innovation Norway's loans are financed with interest-bearing borrowings from the Norwegian State. Losses on low-risk loans are covered by the interest margin and have an accounting effect on earnings. Innovation Norway bears the financial risk for these loans. Annual losses in the low-risk loan scheme over a 10-year period must not exceed 0.5 per cent of the portfolio. Any surplus from the scheme is repaid to the Norwegian State as a dividend given that the equity ratio of the scheme equals 10.5 per cent.

Low-risk loans are provided with both fixed and variable interest rates. To minimise the interest rate risk, the borrowing portfolio is adapted to reflect the distribution between floating and fixed interest rates on the loans. Innovation Norway uses hedge accounting in accordance with the Norwegian Accounting Act and generally accepted accounting principles, whereby both lendings (the hedging object) and borrowings (the hedging instrument) are recorded in the accounts at cost price. The fixed-rate portfolio is not hedged directly on a one-to-one basis. Any unhedged portion of the fixed-rate portfolio is funded through floating-rate borrowing. Hedge ineffectiveness is recognised if the hedge effectiveness falls outside the accepted range of 80–120%. Changes in value that arise in the hedging relationship are not recognised on an ongoing basis, and fair value is not presented in the balance sheet or income statement.

High-risk loans

Innovation Norway has a variety of high-risk loans for financing the various development phases of a company, including start-up loans, innovation loans, growth loans, green risk loans, green industrial financing and high-risk loans for regional development.

High-risk loans are a form of top-up financing for projects involving starting up, innovation, restructuring, internationalisation and development and for which it can be difficult to find sufficient venture capital in the private market. The projects must be commercially and socio-economically profitable, and Innovation Norway's involvement must have a "triggering effect" on the realisation of the project. The target group is companies throughout the whole of Norway and in all industries.

High-risk loans offer favourable interest rates and repayment terms in relation to the project risk. The loans must normally be secured by collateral, but with flexible requirements for guarantee coverage.

In 2024, Innovation Norway entered into a new agreement with the European Investment Fund (EIF) for risk sharing on loans granted under this scheme. Through this agreement, the EIF provides a guarantee as additional security for the individual loan. In the event of a loss, the EIF guarantee will cover part of this in accordance with the approved guarantee share.

The high-risk loans are financed with interest-bearing borrowings from the Norwegian State. Losses on the loans are financed via reserves for losses. This means that losses on high-risk loans do not have an effect on earnings and Innovation Norway does not bear the financial risk for these loans. Annual losses on high-risk loans must not exceed 5 per cent of the portfolio over a 10-year period. Losses with associated coverage of losses are shown as a gross amount in the accounts. Profits from the scheme are repaid in full to the State and county councils, as principals for various types of high-risk loans.

Guarantees

Innovation Norway's guarantee schemes are primarily aimed at entrepreneurs and growth enterprises that have problems obtaining sufficient funding from private banks. Most of the guarantees are portfolio guarantees through the Growth Guarantee Scheme. Together, Innovation Norway and the European Investment Fund (EIF) provide guarantees for individual commitments with banks. The guarantee is for 75 per cent of the bank's credit to its customer. The liability for the guarantee is shared between the EIF and Innovation Norway, and limited upwards to maximum 20 per cent of the contractual portfolio volume.

Losses on guarantees are covered by the loss reserves and are recognised in the balance sheet. Consequently, Innovation Norway does not bear the financial risk for the guarantees.

Loss reserves

Loss reserves have been established for high-risk loans and guarantees. The term "loss reserve" refers to funds that are intended to cover expected losses on these schemes. The funds are included in appropriations from the Norwegian State and county councils as principals, either as separate appropriations or as part of the grant funds.

The funds are set aside as a liability in the balance sheet. When a loan is written-down in a scheme that has a loss reserve, a corresponding income entry is made from the loss reserve. Write-downs and income recognition from the loss reserve are presented as gross amounts in the items "Losses on loans and guarantees" and "Coverage of losses" in the income statement. Write-downs within the balance of the loss reserve will not have a net effect on earnings for Innovation Norway. Any losses that exceed the loss reserve are covered by the principal in the form of additional appropriations.

Interest support funds

Interest support funds are funds to cover interest on high-risk loans that have been granted interest-free. The allocated monies are set aside as a liability in the balance sheet. When an interest-free loan is granted, the liability that is equal to the lost income is recognised as income.

The interest support fund is financed by allocating grant monies to ourselves in order to transfer liquidity from the relevant grant fund to the interest support fund. The subsidy limits are defined annually by the county councils for the high-risk loan scheme for regional development and by the Ministry of Trade, Industry and Fisheries for nationwide high-risk loans. Each year, sufficient funds must be set aside to cover the granted exemptions from paying interest during the current year if there are not already sufficient funds in the interest support fund.

Grant funds

Innovation Norway manages the grant scheme for the Norwegian State and county councils. The scheme is an important instrument for supporting innovation and development in Norway. Innovation Norway has annual commitment budgets for grant schemes for various purposes.

The following rules apply to grant schemes that are organised as funds:

- Until they are disbursed, grant monies that are appropriated through the National Budget are placed in earmarked accounts at Norges Bank that do not earn interest for Innovation Norway. The grant monies are recognised in the balance sheet and classified as bank deposits with the contra entry being the liability item "Grant funds".
- As a general rule, the commitments for the grant schemes will lapse if the monies are not used at the latest three years after the year in which they were granted. Unused grant monies for these schemes will be returned to the budget for the following year or to the Norwegian State, depending on the rules for the specific grant scheme.
- Grant monies that are disbursed to customers have no effect on Innovation Norway's earnings and are therefore not recognised as income or expensed in the income statement. Costs associated with services provided under the direction of Innovation Norway are expensed in the income statement, and the associated cost coverage from grant monies is entered in the income statement under "Income from public sources".

Innovation Norway has established routines for reconciling that there is a match between the aggregate total of payment obligations linked to given commitments, internal projects and available limits in the framework management system on the one hand and available monies in the grant funds on the other.

Risk management

Innovation Norway has frameworks for managing credit risk, currency risk, liquidity risk and interest rate risk that meet the requirements regarding disclosure stipulated in the Banking Regulation. Relevant principles, key figures (defaults, provisions, maturity profiles) and methods for calculating fair value are presented in the separate notes on risk.

Pensions

Innovation Norway has both defined-contribution and defined-benefit pension schemes. Innovation Norway recognises pension expenses and pension commitments in accordance with the Norwegian Accounting Standard NRS 6 Pension Costs.

Defined-contribution pensions

Defined-contribution pension schemes entail that the company does not make any pledges regarding future pensions of a specific amount, but rather makes annual payments into the employees' collective pension savings fund. Future pensions depend on contributions and the return, and the company has no further obligations after the annual contribution has been paid. Pension costs are recognised in the income statement in the period in which the contribution is earned.

Defined-benefit pensions

Defined-benefit pension schemes are expensed over the earnings period in accordance with the plan's earnings formula. If a significant portion of the earnings occur towards the end of the earnings period, the straight-line earnings method is used, including for schemes covered by the Act relating to mandatory occupational pensions. The pension commitment is measured as the present value of earned pension rights, while the pension assets are measured at fair value. Pension commitments and pension assets are both measured on the balance sheet date. The net pension commitment includes employers' National Insurance contributions.

Discrepancies in estimates and the effect of changed assumptions are amortised over the expected remaining period of service for the portion that exceeds 10 per cent of the greater of the pension commitment or the pension assets (the corridor method).

Contractual early retirement (AFP) pension

Innovation Norway is covered by the Basic Agreement between the employers' association Spekter and the Norwegian Confederation of Trade Unions (LO), the Norwegian Confederation of Vocational Unions (YS), and the employees' association SAN. Employees who are 62 years of age or older and who meet the other terms of the

ACCOUNTING POLICIES

agreement are entitled to a contractual early-retirement (AFP) pension in the private sector. This early-retirement scheme is a defined-benefit, multi-employer pension scheme but is recognised as a defined-contribution scheme because the company's share of the commitment cannot be calculated reliably.

The company also has a limited group of employees with previously earned AFP rights in public schemes managed by the Norwegian Public Service Pension Fund (SPK) and Gabler Pensjonstjenester AS. This only applies to employees who were a member of the schemes before 1 January 2020, and the schemes are closed. The rights relate to early retirement and any lifelong benefits linked to previous membership.

New rules for contractual early retirement (AFP) schemes have resulted in a plan change in the pension commitment. The plan change has been expensed with effect from 1 January 2025. The plan change is conditional on employees being in work and having earned rights.

Cash flow statement

Liquidity reserves include cash and bank deposits. The cash flow statement has been prepared using the indirect method and is adapted to the company's areas of operation in order to provide the most accurate and clear presentation of cash flows.

NOTE 2

SUB-ACCOUNTS – INCOME STATEMENT

(Amounts in NOK 1,000,000)

Innovation Norway has seven sub-accounts, in accordance with rules set by principals and owners. Each sub-account has a separate income statement and balance sheet, as well as separate rules regarding equity and application of profit. See Note 35.

	Low-risk lending schemes		High-risk loans for regional development		Innovation and high-risk loans and other schemes		Green Industry Financing		Service deliveries and grant administration		Investment Fund for Northwest Russia and Eastern Europe		Joint equity		Total	
	Accounts		Accounts		Accounts		Accounts		Accounts		Accounts		Accounts		Accounts	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest on loans	739	796	77	93	336	355	42		2	3					1 196	1 247
Interest on bank deposits	12	13	2	2	8	9	0		20	38					43	63
Total interest income	751	809	79	95	344	364	42		22	41					1 238	1 310
Interest on borrowings	410	447	39	45	192	205	14		-2	3					654	700
Borrowing commission	43	45	4	4	20	20	1		-						68	69
Total interest expenses	453	491	43	50	212	225	15		-2	3					722	769
Net interest income	298	318	36	46	132	139	27		24	38					516	541
Income from public sources									1 557	1 391					1 557	1 391
External revenues etc.					22	17			156	147		-42			178	122
Total operating income					22	17			1 713	1 538		-42			1 735	1 513
Total operating expenses	166	134	30	31	146	141	24	6	1 765	1 577					2 131	1 889
Profit before losses	132	184	6	15	9	15	2	6	-29	-		-42			120	165
Losses on loans and guarantees	-41	-70	7	-23	561	-428									527	-521
Coverage of losses			-7	23	-561	428									-568	451
Total net loss/profit on loans and guarantees	-41	-70	-	-	-	-									-41	-70
Profit (loss) for the year	174	254	6	15	9	15	2	-6	-29			-42			162	235
Transfers and allocation of profit:																
Dividends and transfers to owners	174	254	6	15	9	15									189	284
Transferred from retained earnings									-29						-29	-
Transferred from retained earnings in loan and investment funds												-42				-42
Transferred from/to uncovered losses							2	-6							2	-6
Total transfers and allocations	174	254	6	15	9	15	2	-6	-29			-42			162	235

NOTE 2

SUB-ACCOUNTS – CONTINUED, BALANCE SHEET

(Amounts in NOK 1,000,000)

	Low-risk lending schemes		High-risk loans for regional development		Innovation and high-risk loans and other schemes		Green Industry Financing		Service deliveries and grant administration		Investment Fund for Northwest Russia and Eastern Europe		Joint equity		Total	
	Accounts		Accounts		Accounts		Accounts		Accounts		Accounts		Accounts		Accounts	
	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24	31/12/25	31/12/24
Assets																
Bank deposits	552	522	958	970	4 672	4 564	1 763	2 246	3 639	3 324					11 583	11 625
Gross lending	12 202	12 718	944	1 047	4 137	4 408	811		9	55					18 103	18 228
Write-downs for losses	-293	-352	-102	-147	-589	-628									-984	-1 127
Net lending	11 909	12 365	841	901	3 548	3 780	811		9	55					17 119	17 101
Ownership interests in group companies																
Intangible assets	22	31													22	31
Tangible fixed assets	23	31													23	31
Other assets			16	17	270	190			103	115			20	20	408	342
Costs not yet incurred and earned income not yet received	112	135	9	11	32	40	14		87	78					254	263
Total assets	12 618	13 083	1 824	1 899	8 521	8 573	2 587	2 246	3 838	3 572			20	20	29 408	29 393
Liabilities and equity																
Borrowings from the State	10 785	11 155	914	1 013	4 466	4 577	830								16 995	16 745
Other liabilities	356	455	119	89	98	112	11	12	1 206	1 368					1 791	2 036
Provisions for liabilities	1	-3	791	796	3 957	3 885	1 750	2 240	2 555	2 098					9 054	9 016
Loan and investment funds																
Equity	1 476	1 476					-4	-6	77	106			20	20	1 569	1 595
Total liabilities and equity	12 618	13 083	1 824	1 899	8 521	8 573	2 587	2 246	3 838	3 572			20	20	29 408	29 393

Explanation of the difference between the annual accounts and the combined sub-accounts:

Balance sheet total – sub-accounts	29 408	29 393
Balance sheet total – annual accounts	29 226	29 230
Difference	182	163
An internal receivable presented under other assets and other liabilities has been entered as the net amount in the annual accounts, but not in the sub-accounts.	-67	-76
Reclassification between other assets and other liabilities in the sub-accounts.	-115	-87
Total	-	-

NOTE 3**INTEREST ON LENDING**

(Amounts in NOK 1,000)

	2025	2024
Interest on ordinary low-risk loans	213 086	215 082
Interest on fishing vessel loans	360 245	384 628
Interest on agricultural loans	165 452	196 578
Interest support for and interest on innovation and high-risk loans	454 963	447 899
Interest on other loans	2 166	2 907
Total	1 195 912	1 247 094

NOTE 4**INTEREST ON BORROWINGS**

(Amounts in NOK 1,000)

	2025	2024
Interest on borrowings for low-risk loans	410 151	446 749
Interest on borrowings for innovation and high-risk loans	245 543	250 688
Other interest expenses	-1 604	2 757
Total	654 090	700 194

NOTE 5**BORROWING COMMISSION**

(Amounts in NOK 1,000)

	2025	2024
Borrowing commission for low-risk loans	42 953	44 656
Borrowing commission for innovation and high-risk loans	23 275	22 632
Total borrowing commission to the Norwegian State	66 228	67 288
Commission on the growth guarantee loan scheme – EIF	1 929	1 736
Total	68 157	69 024

Innovation Norway pays a 0.4% commission to the State for all borrowings.

Innovation Norway pays a 0.5% commission to the European Investment Fund (EIF) on loans to SMEs and a 0.8% commission on loans to larger enterprises. Using this commission, the EIF provides a guarantee for 50% of the average loan.

For EIF loans granted from the fourth quarter of 2024 and in 2025, Innovation Norway pays 0.75% commission on the guarantee. The guarantee can be for 30%, 50% or 70% of the total loan sum. This is not linked to the size of the company.

NOTE 6**REALISED LOSSES ON SHARES**

(Amounts in NOK 1,000)

	2025	2024
Realised loss on disposal of shares	-	-42 325
Total	-	-42 325

Innovation Norway owned 100 per cent of the investment fund company Investeringsfond for Nordvest-Russland og Øst-Europa AS. In line with the Storting's resolution of 16 June 2023, it was decided to discontinue the fund. Ownership was transferred to Investinor AS on 28 June 2024.

NOTE 7

INCOME FROM PUBLIC SOURCES

(Amounts in NOK 1,000)

Specification of recognised income from public sources:

Ministry, chapter and item in the National Budget	2025	2024
Ministry of Trade, Industry and Fisheries		
Chapter 2421 Item 50 Grants to entrepreneurs and companies, including provisions for losses	111 013	91 108
Chapter 2421 Item 70 Basic costs	334 463	130 254
Chapter 2421 Item 71 Innovative business clusters	14 893	14 681
Chapter 2421 Item 72 Research and development contracts	-	896
Chapter 2421 Item 74 Tourism, promotion and expertise	574 730	615 153
Chapter 2421 Item 75 Green platform	10 034	3 743
Chapter 2421 Item 76 Environmental technology	28 675	23 322
Chapter 940 Item 70 Export-promoting measures	97 488	83 572
Ministry of Local Government and Regional Development		
Chapter 550 Item 62 Business-oriented loans and grants for regional development	332	2 342
Chapter 550 Item 70 Business-oriented programmes in regional areas	2 649	3 765
Chapter 551 Item 60 Grants to county councils for regional development	2 937	306
Chapter 552 Item 72 National initiatives for regional development	542	618
Chapter 553 Item 61 Mobilising and qualifying business development	102 944	115 130
Chapter 553 Item 63 Arctic 2030	2 301	1 966
Chapter 553 Item 65 Restructuring programme in connection with changes in the labour market	8 633	11 438
Chapter 553 Item 74 Measures for clusters and innovation environments	950	3 998
Ministry of Agriculture and Food		
Chapter 1149 Item 72 Grants for increased use of wood	183	693
Chapter 1150 Item 50 For implementing the agricultural agreement	118 360	118 645
Chapter 1151 Item 51 For implementing the reindeer husbandry agreement	2 799	3 007
Chapter 1152 Item 70 Bionova – grant for bioeconomy and climate measures in agriculture	18 088	20 935
Ministry of Foreign Affairs		
Chapter 115 Item 22 Expo 2025	4 000	4 000
Chapter 117 Item 76 EEA financing schemes	20 523	29 599
Chapter 140 Item 21 Humanitarian Innovation Programme – admin. hours (direct transfer)	6 758	6 710
Chapter 150 Item 70 Humanitarian Innovation Programme – direct project costs (direct transfer)	5 014	5 275
Chapter 160 Item 70 Health	-	463
Chapter 161 Item 70 Education	-	119
Ministry of Education and Research		
Chapter 285 Item 53 Strategic initiatives	2 583	1 879
Ministry of Culture and Equality		
Chapter 325 Item 71 Cultural and creative industries	10 906	6 582
Ministry of Digitalisation and Public Governance		
Chapter 1541.22 Development, implementation and coordination of IT and electronic communications pol	183	989
Chapter 1542.70 International Programme – DIGITAL	251	1 749
Chapter 1542.71 National co-financing and mobilisation	647	-
Ministry of Transport and Communications		
Chapter 1301 Item 50 Pilot-T	772	2 041
Other income from public sources	72 893	86 357
Total recognised income from public sources	1 556 544	1 391 335

Other public revenue consists of revenue from the EU and the county councils.

NOTE 7

INCOME FROM PUBLIC SOURCES – CONTINUED

(Amounts in NOK 1,000)

Specification of available budgets and appropriations:

Ministry, chapter and item in the National Budget	2025	2024
Ministry of Trade, Industry and Fisheries		
Chapter 2421 Item 50 Grants to entrepreneurs and companies, including provisions for losses	1 067 550	1 111 800
Chapter 2421 Item 55 Green Industry Financing	-	1 750 000
Chapter 2421 Item 70 Basic costs *	357 600	260 336
Chapter 2421 Item 71 Innovative business clusters	125 700	161 320
Chapter 2421 Item 74 Tourism, promotion and expertise	596 200	576 429
Chapter 2421 Item 75 Green platform, can be used under items 50, 71 and 76	311 400	245 795
Chapter 2421 Item 76 Environmental technology	431 900	415 900
Chapter 900 Item 21 Special operating expenses	14 500	24 000
Chapter 940 Item 21 Internationalisation measures – special operating expenses	4 500	10 000
Chapter 940 Item 70 Export-promoting measures	60 799	108 000
Ministry of Local Government and Regional Development		
Chapter 553 Item 65 Restructuring programme in connection with critical changes in the labour market	13 000	12 000
Chapter 553 Item 71 Investment grants for large green investments	65 000	101 528
Chapter 553 Item 74 Measures for clusters and innovation environments	-	28 322
Ministry of Agriculture and Food		
Chapter 1142 Item 78 Restructuring funds for the fur-farming industry	-	33 150
Chapter 1142 Item 81 Grants for food companies in Troms and Finnmark	7 000	-
Chapter 1150 Item 50 For implementing the agricultural agreement	1 864 500	1 526 800
Chapter 1151 Item 51 For implementing the reindeer husbandry agreement	8 200	8 200
Chapter 1152 Item 70 Bionova – grant for bioeconomy and climate measures in agriculture	61 350	171 184
Ministry of Foreign Affairs		
Chapter 115 Item 22 EXPO 2025	4 000	4 000
Chapter 140 Item 21 Administration and implementation costs for HIP	6 858	6 710
Chapter 150 Item 70 Humanitarian Innovation Programme (HIP)	105 000	105 000
Ministry of Digitalisation and Public Governance		
Chapter 1541 Item 22 Development, implementation and coordination of IT and electronic communications policy	1 000	1 000
Chapter 1542 Item 70 International Programme – DIGITAL	-	22 000
Chapter 1542 Item 71 National co-financing and mobilisation	20 000	-
Ministry of Transport and Communications		
Chapter 1301 Item 50 Transport and Communications Research (Pilot-T)	-	34 000
Chapter 1301 Item 73 Grant to Innovation Norway (Pilot-T)	35 000	-
Ministry of Defence		
Chapter 1760 Item 45 Major equipment purchases and maintenance	3 000	200
Chapter 1700 Item 52 Transfers to State administrative bodies	6 008	5 000
Ministry of Health and Care Services		
Chapter 781 Item 79 Trials and development etc. – grants	4 000	-
The county councils		
Chapter 553 Item 61 Mobilising and qualifying business development	548 390	543 073
Chapter 553 Item 63 Arctic 2030	20 000	20 000
County development funds for other special initiatives	51 613	7 359
Total	5 794 068	7 293 106

Available budgets and appropriations will be higher than recognised income from public sources in the table above because the available amount also includes funding that goes directly to customers and that is not recognised as income by Innovation Norway. * Basic costs for 2025 include coverage of extraordinary restructuring costs of NOK 125 million and changes to the contractual early retirement (AFP) scheme in the sum of NOK 49.6 million.

NOTE 8**EXTERNAL REVENUES**

(Amounts in NOK 1,000)

	2025	2024
User fees – promotion of Norway as a travel destination	30 583	26 807
User fees – Joint Norwegian stands abroad	57 482	49 410
International market advisory services	24 798	23 264
Revenue from partners and other user fees	38 435	38 937
Total	151 298	138 419

Geographical distribution

	2025	2024
Norway	2 348	22 669
Europe	107 363	68 445
America	18 026	26 682
Asia	23 113	20 097
Africa	449	525
Total	151 298	138 419

NOTE 9

PAYROLL EXPENSES

(Amounts in NOK 1,000)

	2025	2024
Wages	812 369	699 074
Employers' National Insurance contributions	104 780	103 968
Pension expenses	205 002	113 148
Other benefits	98 115	83 783
Total	1 220 267	999 973

Payroll expenses for 2025 include costs related to the 2026 restructuring process. Wages, employers' National Insurance contributions and pension expenses have been adjusted for costs related to the 2022–2025 restructuring programme. There was an increase in pension costs from 2024 due to changes in the contractual early retirement (AFP) schemes. For more detailed information, see Note 10 and Note 31.

Loans to employees	822	583
Average number of full-time equivalents	742	733

Innovation Norway does not offer ordinary loans to its employees, the CEO or the Board. For the item "Advance payment upon work commencement", the company follows the Ministry of Foreign Affairs' special agreement in connection with secondments. An advance payment upon work commencement is an advance on foreign allowances and can be applied for upon departure. The advance is treated as a "low-interest loan from employer" and is taxed accordingly. The benefit from a low-interest loan is taxed at the normal interest rate, which is set by the Norwegian Directorate of Taxes. These loans are repaid over two years.

The CEO has an agreement for compensation for loss of office. The payment is six months of fixed salary from the date employment was terminated.

The company has no bonus, stock or option programmes for its managers. Senior employees are covered by the same pension schemes as all other employees in the company.

Payments to senior employees:	Number of months		Wages/fees		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
<u>The management team:</u>								
Håkon Haugli, CEO	12	12	2 781	2 660	13	12	2 794	2 672
Leon Bakkebø	12	12	1 816	1 731	13	12	1 830	1 743
Elisabeth Svanholm Meyer	12	12	1 709	1 634	16	12	1 725	1 646
Helle Øverbye	12	12	1 991	1 952	13	12	2 004	1 964
Eva Camerer	12	12	1 838	1 685	13	12	1 851	1 697
Siv Merethe Skorpen	12	12	1 730	1 589	13	12	1 744	1 601
Tina Stiegler	12	8	2 070	1 209	13	8	2 083	1 218
Christian Valdes Carter	7	-	762	-	8	-	769	-
Per Eckehard Niederbach	5	12	794	1 895	6	12	800	1 908
Total			15 491	14 354	109	94	15 601	14 448

	Directors' fees*	
	2025	2024
<u>The Board of Directors:</u>		
Ola Henrik Strand, Chair	395	318
Kristin Misund, Deputy Chair	236	244
Merete Nygaard Kristiansen	197	187
Kristine Falkgård	197	187
Heine Østby	197	187
Kristine Nore	197	187
Arne Ingebrigtsen	197	187
Liv Dingsør	197	111
Arvid Gusland	197	111
Mari Dorte Jønland Michaelsen, Employee Representative	127	120
Tim-Christoph Genge Employee Representative	127	120
Ann Kristin Gjølsten, Deputy Employee Representative	-	6
Anita Hager	-	75
Arvid Andenæs	-	91
Total directors' remuneration paid	2 262	2 131

*The overview only shows paid directors' fees. Other remuneration is stated in the remuneration report.

NOTE 10**RESTRUCTURING**

(Amounts in NOK 1,000)

Restructuring 2021

As part of the work to improve efficiency and simplify the public business support system, in the 2022 National Budget Innovation Norway was set an efficiency improvement target of NOK 100 million by the end of 2024. NOK 25 million of this target had to be realised in 2022 and a further NOK 75 million phased in during 2023 and 2024. The cuts were to be permanent and include Innovation Norway's combined activities. At 31 December 2025, all the liabilities have been paid.

The final report for the restructuring programme was approved by the Ministry of Trade, Industry and Fisheries (NFD) in 2024. Reference is otherwise made to Proposition no. 27 to the Storting (2024), *Changes to the 2024 National Budget* under the Ministry of Trade, Industry and Fisheries.

	2025	2024
Total estimated restructuring costs related to the provision (2021–2024) at 31 Dec.	82 000	82 000
Restructuring costs incurred 2021	-2 210	-2 210
Restructuring costs incurred 2022	-26 563	-26 563
Restructuring costs incurred 2023	-24 126	-24 126
Restructuring costs incurred 2024	-10 952	-10 952
Restructuring costs incurred 2025	-6 766	-
Reversed unused provisions related to payroll expenses	-1 798	-
Reversed unused provisions related to external assistance	-9 585	-7 000
Remaining provisions for restructuring costs at 31 Dec.	-	11 149
Payroll expenses recognised against provisions	6 766	11 566
Reversed unused provisions related to payroll expenses	1 798	-
External assistance and other operating expenses recognised against provisions	-	-614
Reversed unused provisions related to external assistance and other operating expenses	2 585	7 000
Total recognised as income/expenses	11 149	17 952
Effect on earnings	11 149	17 952

Restructuring 2025

The National Budget for 2026 entails significant cuts in the financing and expertise Innovation Norway will be able to offer businesses. The company has identified actions to meet the requirements for cuts in its operating budget for 2026. In order to realise these actions, it will be necessary to carry out a major restructuring process. In the rebalancing of the 2025 National Budget, the Ministry of Trade, Industry and Fisheries has granted an additional NOK 125 million to cover restructuring costs, based on estimates from Innovation Norway. Any funds that are not used must be returned to the Treasury. A progress plan for the restructuring process has been submitted to the Ministry for approval, and the final report is scheduled to be delivered in autumn 2026.

	2025	2024
Total estimated restructuring costs related to the provisions at 31 Dec.	125 000	-
Restructuring costs incurred 2025	-5 473	-
Provisions for restructuring costs at 31 Dec.	119 527	-
Received (recognised as income) restructuring funds from the Ministry	125 000	-
Provisions for restructuring – payroll costs	-89 913	-
Provisions for restructuring – other operating expenses*	-29 614	-
Payroll expenses	-887	-
Other operating expenses	-4 586	-
Effect on earnings	-	-

NOTE 11**INTANGIBLE ASSETS**

(Amounts in NOK 1,000)

Intangible assets relate to licences and development of applications, i.e. expenses for system design, programming, installation and testing of systems. The development phase is complete and use of the application has commenced.

	Licences	Application development	Total
Acquisition cost at 1 Jan.	4 687	44 739	49 426
Additions	-	-	-
Disposals	-	-	-
Acquisition cost at 31 Dec.	4 687	44 739	49 426
Accumulated depreciation at 1 Jan.	4 687	14 107	18 794
Depreciation for the year	-	8 948	8 948
Accumulated depreciation on disposals	-	-	-
Accumulated depreciation at 31 Dec.	4 687	23 054	27 741
Book value at 31 Dec.	-	21 685	21 685

Rates of depreciation	33.33%	20%
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NOTE 12**TANGIBLE FIXED ASSETS**

(Amounts in NOK 1,000)

	IT equipment and fixtures	Remodelling of rented premises and cabin	Total
Acquisition cost at 1 Jan.	54 670	2 793	57 464
Additions	6 600	-	6 600
Disposals	8 563	-	8 563
Acquisition cost at 31 Dec.	52 707	2 793	55 500
Accumulated depreciation at 1 Jan.	24 520	2 442	26 961
Depreciation for the year	13 859	145	14 004
Accumulated depreciation on disposals	8 545	-	8 545
Accumulated depreciation at 31 Dec.	29 834	2 587	32 421
Book value at 31 Dec.	22 873	207	23 079

Rates of depreciation	20–33.33%	2–20%
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Investment profile

2025	6 600	-	6 600
2024	15 536	-	15 536
2023	24 827	4 731	29 558
2022	12 550	1 864	14 414
2021	8 706	139	8 845

NOTE 13**DIRECT PROJECT COSTS**

(Amounts in NOK 1,000)

	2025	2024
Promotion and marketing costs	225 361	246 367
External services	203 866	190 479
Office and communication expenses	36 758	45 506
Travel expenses	37 953	43 180
Total	503 937	525 532

NOTE 14**OTHER OPERATING EXPENSES**

(Amounts in NOK 1,000)

	2025	2024
Costs for premises	135 049	113 484
IT operations, maintenance, licences and IT consultants	126 152	94 326
External services	64 957	32 037
Miscellaneous operating expenses	57 527	99 114
Total	383 684	338 961

	2025	2024
Auditor's fees		
Statutory audit	1 135	1 349
Other certification services	113	223
Non-audit services	-	24
Total	1 248	1 596

NOTE 15**EXPENSED LEASE AGREEMENTS**

(Amounts in NOK 1,000)

	2025	2024
Rental of premises	121 276	109 836
Total	121 276	109 836

Innovation Norway has entered into lease agreements in Norway and abroad. The agreements are for the rental of office premises and housing. The rental expenses include a small portion of expenses relating to joint costs, electricity, cleaning, etc.

The lease agreements for office premises have a duration of 5 to 10 years with an option to extend for 3 to 5 years. The lease agreements for housing have a duration of 2 to 3 years, with an option to extend for 1 to 2 years, relating to the employment contracts of the employees stationed abroad.

NOTE 16

LOSSES ON LOANS AND GUARANTEES

When preparing the financial statements, the management makes estimates, discretionary assessments and assumptions that influence the effect of the application of the accounting policies. This will in turn influence the amounts recognised in the accounts that are linked to losses on loans and guarantees.

Individual write-downs were made on low-risk loans, high-risk loans and guarantees. Group write-downs are only made for low-risk loans, because high-risk loans and guarantees have loss reserves to cover future losses.

Growth in Norway's mainland economy has risen to a moderate level in 2025 from a weak level in 2024. Growth is expected to remain at the same level for the next few years. The situation is relatively similar among Norway's main trading partners. The outlook remains highly uncertain due to the current trade and geopolitical tensions. Innovation Norway does not consider this risk to be fully reflected in the risk coding in the risk classification system as per 31 December 2025. Therefore, when determining group write-downs, Innovation Norway also made a discretionary increase in the risk factor relative to the calculated factor shown in the risk classification system.

Innovation Norway's loan portfolio consists of companies in a number of different industries that have been affected in different ways by the current macroeconomic uncertainty. The assessments used as a basis for the group write-downs reflect a general risk in the portfolio.

NOTE 16

LOSSES ON LOANS AND GUARANTEES – CONTINUED

(Amounts in NOK 1,000)

All losses on innovation and high-risk loans, package tour operators, Rural Development Fund (BU) loans (with the exception of outlays) and guarantees are covered by loss reserves and have no effect on earnings. The low-risk loan schemes do not have coverage for losses. For more detailed information about the loss reserves, see Note 32.

	Low-risk lending schemes	Innovation and high-risk loans	Package tour operators and Rural Development Fund (BU) loans	Total loans	Guarantees	Total loans and guarantees
Write-downs						
Individual write-downs on loans at 1 Jan., principal amount	51 276	755 030	-	806 306	156 050	962 356
Increased and new, individual write-downs on principal amount	57 727	284 670	-	342 397	1 500	343 897
Reversed individual write-downs on principal amount	-23 691	-120 127	-	-143 818	-601	-144 419
Realised loss on principal amount with individual write-downs	-10 895	-254 914	-	-265 809	-274	-266 083
Increase in individual write-downs on principal amount, growth guarantees	-	-	-	-	143 083	143 083
Total individual write-downs on loans at 31 Dec. 2025, principal amount	74 417	664 658	-	739 075	299 758	1 038 834
Individual write-downs on loans at 1 Jan., interest owing and outlays	2 857	19 593	-	22 450	-	22 450
Change in individual write-downs on interest owing and outlays	949	6 993	-	7 942	-	7 942
Total individual write-downs on loans at 31 Dec. 2025, principal amount, interest owing and outlays	78 222	691 245	-	769 467	299 758	1 069 226
Collective write-downs at 1 Jan.	298 000	-	-	298 000	-	298 000
Change in collective write-downs	-83 000	-	-	-83 000	-	-83 000
Total collective write-downs at 31 Dec. 2025	215 000	-	-	215 000	-	215 000
Book loss						
Increased and new individual write-downs on principal amount	57 727	284 670	-	342 397	1 500	343 897
Reversed individual write-downs on principal amount	-23 691	-120 127	-	-143 818	-601	-144 419
Realised loss on principal amount with individual write-downs	-10 895	-254 914	-	-265 809	-274	-266 083
Individual write-downs on principal amount, growth guarantees	-	-	-	-	143 083	143 083
Total changes in individual write-downs on principal amount	23 141	-90 371	-	-67 231	143 708	76 477
Changes in individual write-downs on outlays	-33	-116	-	-149	-	-149
Change in collective write-downs	-83 000	-	-	-83 000	-	-83 000
Recognised loss on principal amount and outlays, including paid in for previous write-downs	18 436	372 130	161	390 726	274	391 001
Recognised loss on principal amount, including paid in for previous write-downs, growth guarantees	-	-	-	-	142 617	142 617
Total recognised losses on loans and guarantees	-41 456	281 642	161	240 347	286 599	526 946
For more detailed information about coverage of losses from loss reserves, see Note 17	-	-281 643	-160	-281 803	-286 599	-568 402
Net losses on loans 2025*	-41 456	-	1	-41 456	-	-41 456
Recognised loss on principal amount						
Recognised loss on principal amount without individual write-downs	-7 665	-124 856	-178	-132 699	-58 233	-190 933
Realised loss on principal amount with individual write-downs	-10 895	-254 914	-	-265 809	142 809	-123 000
Total recognised loss on principal amount	-18 560	-379 771	-178	-398 508	84 575	-313 933

*Net losses on loans linked to package tour operators and Rural Development Fund (BU) loans are due to there not being coverage of losses for outlays for BU loans.

Total provisions for guarantee obligations at 31 December 2025 are NOK 298,258,469.00, compared with NOK 155,175,490.00 for 2024. The change of NOK 143,082,979 has been expensed under losses on loans and guarantees with associated coverage of losses. Total recognised losses on guarantees in 2025 amounts to NOK 142,930,799.00. The total recognised losses on growth guarantees for the 2025 financial year is NOK 286,013,778.00.

NOTE 16

LOSSES ON LOANS AND GUARANTEES – CONTINUED

(Amounts in NOK 1,000)

Accounting figures for 2024

	Low-risk lending schemes	Innovation and high-risk loans	Package tour operators and Rural Development Fund (BU) loans	Total loans	Guarantees	Total loans and guarantees
Write-downs						
Individual write-downs on loans at 1 Jan., principal amount	120 903	574 591	-	695 495	107 871	803 366
Increased and new individual write-downs on principal amount	20 228	402 368	-	422 595	102 457	525 053
Reversed individual write-downs on principal amount	-89 184	-125 938	-	-215 122	-21 272	-236 394
Realised loss on principal amount with individual write-downs	-671	-95 991	-	-96 662	-33 006	-129 669
Total individual write-downs on loans at 31 Dec. 2024, principal amount	51 276	755 030	-	806 306	156 050	962 356
Individual write-downs on loans at 1 Jan., interest owing and outlays	1 698	10 915	-	12 613	-	12 613
Change in individual write-downs on interest owing and outlays	1 159	8 678	-	9 837	-	9 837
Total individual write-downs on loans at 31 Dec. 2024, principal amount, interest owing and outlays	54 133	774 623	-	828 756	156 050	984 806
Collective write-downs at 1 Jan.	298 000	-	-	298 000	-	298 000
Change in collective write-downs	-	-	-	-	-	-
Total collective write-downs at 31 Dec. 2024	298 000	-	-	298 000	-	298 000
Book loss						
Increased and new individual write-downs on principal amount	20 228	402 368	-	422 595	102 457	525 053
Reversed individual write-downs on principal amount	-89 184	-125 938	-	-215 122	-21 272	-236 394
Realised loss on principal amount with individual write-downs	-671	-95 991	-	-96 662	-33 006	-129 669
Total changes in individual write-downs on principal amount	-69 627	180 439	-	110 811	48 179	158 990
Changes in individual write-downs on outlays	46	278	-	324	-	324
Change in collective write-downs	-	-	-	-	-	-
Recognised loss on principal amount and outlays, including paid in for previous write-downs	-66	166 549	-8	166 475	55 455	221 930
Total recognised losses on loans and guarantees	-69 648	347 266	-8	277 609	103 634	381 244
For more detailed information about coverage of losses from loss reserves, see Note 17	-	-347 266	8	-347 258	-103 634	-450 892
Net losses on loans * 2024	-69 648	-0	-	-69 648	-	-69 648
Recognised loss on principal amount						
Recognised loss on principal amount without individual write-downs	-303	-76 289	-	-76 593	-26 563	-103 156
Realised loss on principal amount with individual write-downs	-671	-95 991	-	-96 662	-33 006	-129 669
Total recognised loss on principal amount	-974	-172 281	-	-173 255	-59 570	-232 825

*Net losses on loans linked to package tour operators and Rural Development Fund (BU) loans are due to there not being coverage of losses for outlays for BU loans.

NOTE 17**COVERAGE OF LOSSES**

(Amounts in NOK 1,000)

	2025	2024
Nationwide innovation loans	-273 384	-322 157
High-risk loans for regional development	-5 849	-23 299
Rural development high-risk loans for agriculture	-2 410	-1 810
Total innovation and high-risk loans	-281 643	-347 266
Loans to package tour operators	-178	-
Investment loans for agriculture (BU loans)	18	8
Total loans from Investment loans for agriculture and package tour operators	-160	8
Nationwide guarantees	-138 156	-21 309
Nationwide guarantees European Investment Fund	-146 943	-82 905
Guarantees for regional development	-1 500	579
Total guarantees	-286 599	-103 634
Total coverage of losses on loans and guarantees	-568 402	-450 892

Coverage of losses is the sum total of losses on loan and guarantee schemes that have loss reserves (cf. Note 16).

NOTE 18**LOCKED-IN BANK DEPOSITS**

(Amounts in NOK 1,000)

	2025	2024
For disbursement of grants	2 407 288	2 146 145
For coverage of loss on loans and guarantees	7 147 171	7 513 959
Total locked-in deposits at Norges Bank	9 554 460	9 660 104
Ordinary bank deposits, of which are locked-in:		
Tax withholding funds	42 842	41 010

Locked-in deposits at Norges Bank are earmarked funds for the various grant schemes and loss reserves.

NOTE 19**LOW-RISK LOANS AND INNOVATION AND HIGH-RISK LOANS**

(Amounts in NOK 1,000)

Low-risk loans	2025	2024
Ordinary low-risk loans	3 514 655	3 396 494
Loans for agriculture	2 500 606	3 014 074
Loans for fishing vessels	6 187 181	6 307 011
Total	12 202 442	12 717 579
Innovation and high-risk loans	2025	2024
Nationwide innovation loans	4 844 290	4 294 473
High-risk loans for regional development	943 807	1 047 499
High-risk loans for agriculture	103 557	113 442
Total	5 891 654	5 455 415

Of the total loans in the low-risk portfolio, 17.22% have fixed interest rates.

NOTE 20**OTHER LOANS**

(Amounts in NOK 1,000)

	2025	2024
Loan scheme for package tour operators	7 077	52 436
Rural development loans for agriculture	1 013	1 868
Other loans	822	583
Total	8 912	54 886

Rural development loans for agriculture are administered on behalf of the Agricultural Development Fund.
The loan scheme for package tour operators is part of the COVID-19 crisis packages in 2020.

NOTE 21**CURRENCY RISK AND LIQUIDITY RISK**

(Amounts in NOK 1,000)

Foreign exchange risk

Foreign exchange risk is the risk associated with Innovation Norway's trading in foreign currencies in connection with the operation of the company's overseas activities.

Most of the transactions and liquidity at Innovation Norway are in Norwegian kroner. Innovation Norway's foreign exchange risk is considered low.

Liquidity risk

Liquidity risk is the risk associated with Innovation Norway's ability to fund an increase in loans and ability to settle its obligations when these fall due. The size of borrowings and lendings is managed through letters of assignment from the Ministry of Trade, Industry and Fisheries. The Norwegian Ministry of Trade, Industry and Fisheries is the only lender and provides loans in accordance with the company's needs. Borrowings are adapted to lendings and secure the liquidity required for operational follow-up. The liquidity risk is therefore minimal. The agreed term has been used as a basis in the table below.

Liquidity maturity at 31 Dec. 2025	Undefined	Up to 1 month	From 1 to 3 months	From 3 to 12 months	More than 1 year	More than 5 years	Total
Ordinary bank deposits	2 028 364	-	-	-	-	-	2 028 364
Locked-in deposits at Norges Bank	9 554 460	-	-	-	-	-	9 554 460
Low-risk loans	14 099	2 411	1 244	38 049	366 688	11 779 951	12 202 442
Innovation and high-risk loans	173 889	5 207	42 487	165 732	2 575 352	2 928 986	5 891 654
Other loans	30	0	11	7 051	1 499	321	8 912
Total assets	11 770 843	7 618	43 742	210 833	2 943 540	14 709 257	29 685 832
Borrowings from the Norwegian State, low-risk I	-	3 600 000	6 435 000	-	750 000	-	10 785 000
Borrowings from the Norwegian State, innovatic	-	2 400 000	3 810 000	-	-	-	6 210 000
Total liabilities	-	6 000 000	10 245 000	-	750 000	-	16 995 000

Liquidity maturity at 31 Dec. 2024	Undefined	Up to 1 month	From 1 to 3 months	From 3 to 12 months	More than 1 year	More than 5 years	Total
Ordinary bank deposits	1 965 125	-	-	-	-	-	1 965 125
Locked-in deposits at Norges Bank	9 660 104	-	-	-	-	-	9 660 104
Low-risk loans	16 037	269	5 344	32 359	354 175	12 309 395	12 717 579
Innovation and high-risk loans	175 463	19 185	60 062	191 323	2 386 181	2 623 201	5 455 415
Other loans	45	19	91	474	53 823	434	54 886
Total assets	11 816 775	19 473	65 496	224 156	2 794 178	14 933 031	29 853 110
Borrowings from the Norwegian State, low-risk I	-	3 600 000	5 940 000	-	1 485 000	130 000	11 155 000
Borrowings from the Norwegian State, innovatic	-	2 000 000	3 260 000	330 000	-	-	5 590 000
Total liabilities	-	5 600 000	9 200 000	330 000	1 485 000	130 000	16 745 000

NOTE 22**INTEREST RATE RISK**

Interest rate risk is the risk of loss that arises from changes in the interest rate.

The majority of the borrowings are short-term loans (variable interest) with terms averaging three months. These finance lending to customers with loans that have variable conditions, i.e. loans with interest rates that can be changed with six months' notice. The interest rate risk on these loans is limited to the notice period and is considered to have a moderate effect on earnings. Interest on borrowings reflects the interest rate profile of the loan portfolio.

Innovation Norway hedges the interest rate risk. For long-term loans (fixed interest), the maturity structure of the borrowings is adjusted to the interest lock-in periods and the conditions for the loans. The term can be 1, 2, 3, 5 or 10 years. Approximately 17 per cent of the low-risk portfolio for lending has fixed interest rates. The proportion of borrowings with fixed interest rates is the same. This is a conscious choice, based on various assumptions.

See Note 19 "Low-risk loans and innovation and high-risk loans" and Note 28 "Borrowings from the State".

NOTE 23**CREDIT RISK**

(Amounts in NOK 1,000)

Credit risk is the risk associated with a borrower failing to meet their obligations under an agreement and which could result in financial loss.

Innovation Norway's loan portfolio consists of various types of loans with different risk profiles and different levels of risk tolerance for loss. In the table below, the different types of loans are classified into the main groups of low-risk loans and high-risk loans.

Risk groups loans	Gross lending – principal amount*		Individual write-downs – principal amount *		Individual write-downs on gross lending as %		Group write-downs	
	2025	2024	2025	2024	2025	2024	2025	2024
Low-risk loans	12 188 782	12 702 255	74 417	51 276	0.6 %	0.4 %	215 000	298 000
High-risk loans	5 842 751	5 428 424	664 658	755 030	11.4%	13.9 %	-	-
Grand total	18 031 533	18 130 679	739 075	806 306	4.1 %	4.4 %	215 000	298 000

* does not include advance payments and interest owing.

Low-risk loans

Low-risk loans are provided to industry and service provision, fishing fleets and agriculture. These loans are granted to companies with robust finances and adequate security. Low-risk loans for industry and service provision are secured with collateral in the company's assets and are normally well-covered by a guarantee. Low risk loans for fishing fleets are secured with collateral in the fishing fleets and currently have good coverage in the collateral and quota values. Low-risk loans for agriculture are secured by collateral in property and agricultural equipment and are normally well-covered by a guarantee.

High-risk loans

High-risk loans are top-up financing to enable projects that will be commercially and socio-economically profitable, but that are unable to obtain adequate financing in the private credit market. The loans are normally secured by collateral, but with moderate requirements for guarantee coverage.

In 2024, Innovation Norway entered into a new agreement with the European Investment Fund (EIF) for risk sharing on loans granted under this scheme. Through this agreement, the EIF provides a guarantee as additional security for the individual loan. In the event of a loss, the EIF guarantee will cover part of this in accordance with the approved guarantee share. The EIF guarantee share is 30, 50 or 70 per cent, depending on the individual project.

Guarantees

Guarantees are an indirect measure that are distributed via the banks to their customers. Most of the guarantees are portfolio guarantees through the Growth Guarantee Scheme, whereby Innovation Norway, in partnership with the European Investment Fund (EIF), provides guarantees to individual banks for individual commitments within a defined contractual portfolio volume. Through the scheme, guarantees are provided for 75 per cent of the individual commitment, limited to 20 per cent of the lending volume agreed with the individual bank. At year-end 2025, Innovation Norway had provided guarantees for loans totalling NOK 3.2 billion, with combined guarantee liabilities of almost NOK 1 billion.

For high-risk loans and guarantees, provisions are made to the loss reserve to cover future losses. This enables greater risk to be assumed than is possible using low-risk loans. See Note 16 for information on individual write-downs, Note 32 for information on loss reserves, and Note 37 information on risk guarantees.

Loan with payment default exceeding 90 days

Default > 90 days	Low-risk loans		High-risk loans	
	NOK million	of gross portfolio	NOK million	of gross portfolio
31/12/2021	69	0.5%	152	2,6 %
31/12/2022	104	0.8%	193	3.3%
31/12/2023	122	0.9%	233	4.2%
31/12/2024	174	1.4%	400	7.3%
31/12/2025	237	1.9%	396	6.8%

NOTE 24**SHARES AND UNITS**

(Amounts in NOK 1,000)

Name of company	Ownership stake	Acquisition price	Write-down/change in value	Book value
Scandinavian Tourist Board Aps	50%	274	-274	-
Balance at 31 Dec. 2025		274	-274	-

NOTE 25**OWNERSHIP INTERESTS IN SUBSIDIARIES**

(Amounts in NOK 1,000)

Name of company	Acquired on	Office	Ownership stake	Acquisition price	Write-down/change in value	Book value
VisitNorway AS	1 July 1999	Oslo	100%	300	-	300
Balance at 31 Dec. 2025				300	-	300

Name of company	Share capital	Number of shares	Equity capital	Result
VisitNorway AS	300	300	402	9

NOTE 26**OTHER ASSETS**

(Amounts in NOK 1,000)

	2025	2024
Accounts receivable	46 262	45 931
Claims for coverage of losses from the European Investment Fund	169 747	119 339
Other receivables	9 438	13 157
Total	225 446	178 428

NOTE 27**COSTS NOT YET INCURRED AND EARNED INCOME NOT YET RECEIVED**

(Amounts in NOK 1,000)

	2025	2024
Accrued, unmatured interest on loans	166 476	185 732
Accrued, non-invoiced operating revenue	25 222	16 311
Non-accrued operating expenses (paid in advance)	61 982	61 421
Total	253 680	263 464

NOTE 28**BORROWINGS FROM THE STATE**

(Amounts in NOK 1,000)

	Year of mat	Borrowings	Effective interest rate		Year of m:	Borrowings	Effective interest rate
Low-risk loans	2026	10 035 000	3.9 %	Innovation and			
	2027	280 000	3.1 %	high-risk loans	2026	6 210 000	4.2 %
	2028	300 000	3.8 %				
	2029	40 000	3.7 %				
	2030	130 000	1.0 %				
Total		10 785 000	3.8 % *	Total		6 210 000	4.2 %

* Total effective interest rate represents the average interest rate. This is calculated as an average of the effective interest per year in relation to total borrowings as per 31 December 2025.

Innovation Norway has the option of renewing the borrowings upon maturity. This applies to borrowings with both variable and fixed interest rates. New borrowings are renewed to adapt to the loan portfolio. All innovation and high-risk loans mature in 2026 and have variable interest rates. Loans that fall due after 2026 have a fixed interest rate for a defined lock-in period as indicated by the year they mature.

Of the total borrowings in the low-risk portfolio, 17.2 per cent have fixed interest rates.

NOTE 29**OTHER LIABILITIES**

(Amounts in NOK 1,000)

	2025	2024
Accounts payable	117 407	87 330
Undisbursed grants	448 356	510 013
Allocated dividends	238 753	333 618
Liabilities to the Norwegian State	59 137	141 509
Public duties payable	40 804	47 437
Provisions for restructuring costs	120 785	11 150
Miscellaneous liabilities	5 887	7 343
Total	1 031 128	1 138 399

See Note 10 for information on provisions for restructuring costs.

NOTE 30**COSTS INCURRED AND UNEARNED INCOME RECEIVED**

(Amounts in NOK 1,000)

	2025	2024
Accrued, unmatured interest on borrowings	114 749	122 534
Accrued borrowing commission not due for payment	66 228	67 288
Accrued holiday pay	67 976	64 232
Accrued other operating expenses	74 639	79 536
Operational and grant appropriations not recognised as income	374 233	414 514
Total	697 826	748 104

NOTE 31

PENSION COMMITMENTS

(Amounts in NOK 1,000)

Pension commitments

Innovation Norway has four pension schemes that together cover active members, pensioners and people with deferred rights. It is not possible to make transfers between the schemes, and they are therefore not recorded as a net amount. Employees are also affiliated with the contractual early retirement (AFP) scheme.

Defined-contribution pension scheme

From 1 January 2020, a defined-contribution pension scheme has been established for new employees. The scheme has a contribution of 7 per cent of the individual's salary up to 7.1 x the National Insurance basic amount ("G") and 20 per cent of salary between 7.1 G and 12 G. At 31 December 2025, the scheme had 411 members. The scheme is covered through DNB Liv.

Defined-benefit pension schemes

At 31 December 2025, Innovation Norway's closed defined-benefit schemes comprise a total of 230 active members, 463 pensioners and 305 people with deferred rights. The commitments are mainly covered through the Norwegian Public Service Pension Fund (SPK) and Gabler Pensjonstjenester AS. The large number of members in these schemes entails financial risk related to changes in premium rates, actuarial assumptions, and other economic framework conditions.

Changes to the contractual early retirement (AFP) scheme

The contractual early retirement (AFP) scheme for employees in the public sector (for employees born after 1963) was changed with effect from 1 January 2025. The change comprises a lifelong contractual early retirement (AFP) pension and increases the company's financial risk. The estimated additional cost for Innovation Norway is NOK 74 million, and the amount has been expensed in 2025 in line with the accounting rules.

Defined-benefit pension schemes	2025	2024
Discount rate	3.90%	3.90%
Expected return on pension assets	5.60%	5.30%
Expected wage growth	4.00%	4.00%
Expected adjustment of pensions being paid, public scheme	2.75%	3.00%
Expected adjustment of pensions being paid, private scheme	3.75%	3.75%
Expected adjustment of National Insurance basic amount ("G")	3.75%	3.75%
<i>Demographic assumptions</i>		
Mortality table used	K2013	K2013
Disability rate used	200%*K63	200%*K63
Voluntary withdrawal	3% / 2%	6% / 5%
Likelihood of drawing on AFP early retirement pension	6.5% / 7.5%	10% / 4%
<i>The pension costs for the year are as follows:</i>		
Present value of current year's pension benefits earned	32 080	37 610
Interest expenses on pension liabilities	79 992	64 858
Return on pension assets	-85 458	-74 305
Administration costs	2 650	2 446
Employers' National Insurance contributions on pension costs	4 281	4 316
Recognised actuarial losses	64 388	61 106
Changes to pension scheme:		
Recognised in the income statement	63 788	-
Service costs and interest expenses	1 100	-
Employers' National Insurance contributions	8 994	-
Total net pension cost for the defined-benefit pension schemes	171 815	96 030
Assets < Assets <		
Commitments Commitments		
Pension commitments and pension assets are as follows:		
Accrued pension commitments	2 208 322	2 089 535
Value of pension assets	-1 674 266	-1 603 530
Accrued employers' National Insurance contributions	75 302	68 527
Unrecognised effect of actuarial gains/losses	-600 565	-598 080
Net capitalised pension commitments for the defined-benefit pension schemes	8 793	-43 548

NOTE 31**PENSION COMMITMENTS – CONTINUED****Actuarial and economic assumptions**

Pension commitments and pension costs are calculated in accordance with the Norwegian Accounting Standard, NRS 6 *Pension costs*. For 2025, the Norwegian Accounting Standards Board's guiding assumptions as per 31 December 2025 have been applied.

In addition, company-specific assessments have been made of demographic assumptions for the closed defined-benefit schemes in the Norwegian Public Service Pension Fund.

The unrecognised effect of actuarial gains/losses is accrued over 12 years or the remaining earnings period in the relevant scheme.

Pension assets

The pension assets for the scheme with Gabler Pensjonstjenester AS are managed with a moderate risk profile and mainly comprise bonds with high creditworthiness. For the Norwegian Public Service Pension Fund (SPK) scheme, returns are calculated based on a fictitious fund, as the scheme is financed directly via the National Budget.

Contractual early retirement (AFP) pensions

Innovation Norway is affiliated with the contractual early retirement (AFP) schemes for both the public sector (the Norwegian Public Service Pension Fund – SPK) and the private sector. The liability relating to contractual early retirement (AFP) pension in the Norwegian Public Service Pension Fund (SPK) has been included as a defined-benefit scheme and is calculated in accordance with NRS 6, while the contractual early retirement (AFP) scheme via Gabler Pensjonstjenester AS is treated as a defined-contribution plan, without capitalisation of liabilities, as these cannot be measured reliably.

NOTE 32

LOSS RESERVES

(Amounts in NOK 1,000)

Loan and guarantee schemes	2025			2024		
	Remaining loss reserve	Net lending and guarantees	Undisbursed commitments	Remaining loss reserve	Net lending and guarantees	Undisbursed commitments
Nationwide innovation loans	4 508 252	3 485 519	1 402 238	5 034 482	3 230 012	1 842 105
Nationwide guarantees, including growth guarantees without EIF	260 448	125 653	-	398 576	271 835	-
Nationwide innovation loans with EIF guarantee	348 796	755 469	511 290	205 840	438 823	311 800
Growth guarantees with EIF guarantee	173 772	315 141	10 800	190 821	253 832	-
High-risk loans for regional development, including loans with EIF guarantee	766 537	839 556	384 500	749 273	900 757	376 255
Guarantees for regional development	6 189	3 875	-	24 358	4 250	-
High-risk loans for agriculture	36 499	97 550	10 360	37 931	103 804	22 622
Package tour scheme	98 309	7 071	-	98 492	52 427	-
Total	6 198 802	5 629 834	2 319 188	6 739 773	5 255 738	2 552 782

Description of loss reserves for high-risk loans and guarantees

Loss reserves have been established for high-risk loans and guarantees. The purpose of loss reserves is to make it possible for Innovation Norway to mitigate risks for innovative projects with growth potential and thus contribute to the realisation of more profitable projects that would otherwise find it difficult to obtain sufficient venture capital in the market. This entails that Innovation Norway can provide loans and guarantees with better terms than the risks associated with the projects would otherwise warrant.

For commitments associated with high-risk loans and guarantees, allocations are made to the loss reserve to cover future losses. Confirmed losses are charged to the loss reserves, including lost interest and expenses, and changes in provisions for losses. The remaining loss reserves are to cover losses from net loans and approved, but not yet disbursed, commitments. Net loans/net guarantees are gross loans/guarantees reduced by write-downs for losses. The funds in the loss reserve are placed in earmarked accounts at Norges Bank and do not earn interest for Innovation Norway.

Innovation Norway must ensure that there is a reasonable ratio between the size of the loss reserve and the estimated risk in the portfolio, and is responsible for topping up the loss reserve if the calculated portfolio risk has a negative deviation of more than 10 percentage points from the loss reserve. As a basis for the assessment, the remaining loss reserve with potential loss (calculated risk) is compared with the remaining loss reserve in the part of the portfolio where individual write-downs and unpaid commitments are not made.

The Green Industry Financing (GIF) assignment is included in the item "Nationwide Innovation Loans". A dedicated loss reserve has been established for the GIF, with total provisions for losses of NOK 1.75 billion. The provisions for losses cover a total loan limit of up to NOK 5 billion, which is transferred from one year to the next. Proceeds from the GIF are added to the loss reserve. If the loss reserve exceeds NOK 1.75 billion, the excess is repaid to the State as a dividend.

In connection with parts of the high-risk loan scheme and portfolio guarantees, Innovation Norway entered into a guarantee agreement and a counter-guarantee agreement with the European Investment Fund (EIF) in 2024. These agreements provide risk mitigation and thus reduce the need for provisions for losses in connection with these schemes. The agreements are for three years, with the possibility of extension. In terms of Innovation Norway's own lending activities, the guarantees from the EIF serve as security for the loans in the same manner as any other forms of security. For portfolio guarantees (growth guarantees), the EIF covers part of the loss, limited upwards to a share of the total portfolio.

NOTE 33**INTEREST SUPPORT FUNDS**

(Amounts in NOK 1,000)

	2025	2024
Opening balance at 1 Jan.	126 065	164 728
Interest support recognised as income charged to fund	-29 292	-38 663
Closing balance at 31 Dec.	96 773	126 065

NOTE 34**GRANT FUNDS**

(Amounts in NOK 1,000)

	Appropriation	2025	2024
Ministry of Trade, Industry and Fisheries	Chapter 2421.50	687 187	325 098
Ministry of Local Government and Regional Development	Chapter 550.70	3 419	5 319
Ministry of Local Government and Regional Development	Chapter 552.72	107 751	124 278
Ministry of Local Government and Regional Development	Chapter 553.60	8 998	9 664
Ministry of Local Government and Regional Development	Chapter 553.65	12 695	11 263
Ministry of Local Government and Regional Development	Chapter 553.74	66 111	82 872
Ministry of Local Government and Regional Development	Chapter 553.71	33 480	203 664
Ministry of Local Government and Regional Development	Chapter 0553.61	26 414	1 079 851
County councils	Chapter 550.62	1 090 366	44 949
County councils	Chapter 551.60/61	39 372	32 963
County councils	Chapter 0553.63	219 664	29 269
Ministry of Agriculture and Food	Chapter 1150.50	33 381	75 368
Total		2 328 837	2 024 560

NOTE 35**EQUITY**

(Amounts in NOK 1,000)

The various schemes have different rules for equity and the allocation of profits. The ratio between the owners and the distribution of dividends is regulated in the ownership agreement.

High-risk loans and guarantees

The entire profit/loss is transferred to the owners. Dividends to the counties are based on the county councils' share of the loan portfolio relating to high-risk loans for regional development.

Low-risk lending scheme

Any profit from the scheme exceeding the equity capital requirement of 10.5% is distributed as dividends. The equity capital requirement is calculated as the ratio between net low-risk loans at 31 December and the equity in the scheme at 31 December.

Green Industry Financing

The scheme was established in 2024. Profits from the scheme are transferred in their entirety as dividends to the owners.

Service deliveries and grant administration

No dividend is paid for this scheme.

	Joint	High-risk loans, guarantees and other schemes	Low-risk lending scheme	Green industry financing	Service deliveries and grant administration	Total
Paid-up equity	19 600		619 788		26 257	665 645
Retained earnings			856 365		79 503	935 868
Uncovered losses				-6 236		-6 236
Total equity at 1 Jan.	19 600		1 476 154	-6 236	105 760	1 595 278
Share of the profit (loss) for the year		15 196	173 557	2 172	-28 814	162 111
Dividends to owners		-15 196	-173 557			-188 753
Transferred to uncovered losses				-2 172		-2 172
Transferred from retained earnings					28 814	28 814
Paid-up equity	19 600		619 788		26 257	665 645
Retained earnings			856 365		50 689	907 054
Uncovered losses				-4 064		-4 064
Total equity at 31 Dec.	19 600		1 476 154	-4 064	76 946	1 568 636

NOTE 35**EQUITY**

(Amounts in whole NOK)

	2025	2024
The profit for the year is allocated as follows:		
Dividend allocated to the State, represented by the Ministry of Trade, Industry and Fisheries, from the Low-Risk Loan scheme	173 556 818	254 012 002
Dividend allocated to the State, represented by the Ministry of Trade, Industry and Fisheries, from the Innovation Loans and the High-Risk Loan scheme	8 941 718	15 056 721
Dividend allocated to county councils from the loan schemes for regional development	6 254 008	14 548 810
Distributed as follows:		
Agder	171 767	525 781
Akershus	-	21 652
Buskerud	28 316	84 932
Finnmark	601 953	1 360 593
Innlandet	840 075	1 893 769
Møre og Romsdal	850 662	2 099 023
Nordland	962 178	2 361 199
Rogaland	17 867	39 886
Telemark	148 513	334 996
Troms	928 065	2 090 800
Trøndelag	653 468	1 479 958
Vestland	1 050 583	2 254 174
Østfold	561	2 047
Total transfers to county councils	6 254 008	14 548 810
Transferred from retained earnings in the Investment Fund for Northwest Russia and Eastern Europe		-42 325 177
Transferred from/to uncovered losses on Green Industry Financing	2 171 913	-6 235 829
Transferred from retained earnings on service deliveries and grant administration	-28 882 571	
Total transfers and allocations	162 041 886	235 056 528

NOTE 36**OWNERS**

Owner	Share of contributed capital
The State, represented by the Ministry of Trade, Industry and Fisheries	51.00%
Agder County Council	5.16%
Akershus County Council	2.58%
Buskerud County Council	2.58%
Finnmark County Council	2.58%
Innlandet County Council	5.16%
Møre og Romsdal County Council	2.58%
Nordland County Council	2.58%
The City of Oslo	2.58%
Rogaland County Council	2.58%
Telemark County Council	2.58%
Troms County Council	2.58%
Trøndelag County Council	5.16%
Vestfold County Council	2.58%
Vestland County Council	5.16%
Østfold County Council	2.58%
Total	100.00%

There is an ownership agreement dated 24 March 2010.

NOTE 37**UNCERTAIN LIABILITIES AND CONTINGENT ASSETS****(Amounts in NOK 1,000)****Guarantees**

	2025	2024
High-risk guarantees for regional development	5 375	4 250
Nationwide high-risk guarantees	6 250	13 750
Nationwide guarantees without partnership with the European Investment Fund ¹	251 510	289 537
Nationwide guarantees with partnership with the European Investment Fund ¹	481 293	378 430
Total	744 428	685 968

¹ The guarantee commitment is contractual, meaning that Innovation Norway must cover the entire guarantee commitment in relation to the banks that have entered into an agreement linked to the scheme. In the scheme with partnership, Innovation Norway can make a request to the European Investment Fund for coverage of some of the disbursed guarantee amount. In the scheme without partnership, Innovation Norway is responsible for the entire guarantee amount.

The stated guarantee amount is the maximum commitment that can be paid.

Losses on guarantees are covered by the loss reserves for each of the schemes (cf. Note 32).

Loans and guarantees

Innovation Norway had NOK 2.3 billion in approved loans that had not yet been disbursed at 31 December 2025.

The corresponding amount at 31 December 2024 was NOK 2.6 billion.

Clarification of the rules for deduction for input VAT for grant-funded activities

Most activities carried out under the direction of Innovation Norway are activities which, by their nature, are covered by the Norwegian VAT Act. Back in 2011, Innovation Norway submitted a request to its State owner (the Ministry of Trade, Industry and Fisheries) for clarification of the principles concerning the right of deduction. This was never finally clarified by the Ministry of Finance. The Norwegian Tax Administration commenced its audit of the VAT return for the 6th term of 2021 in February 2022, and in February 2024 handed down a decision stating that Innovation Norway does not have the right to deduct input VAT on purchases and procurements that are fully financed by grants. The company disagrees with the Norwegian Tax Administration's explanation of the reason for the decision and lodged an appeal on 23 March 2024. On 3 October 2024, the Norwegian Tax Administration found partly in favour of Innovation Norway in the appeal. The appeal is currently being considered by the Tax Appeals Board (Skatteklagenemda). The appeal process is not expected to be concluded until sometime in 2026.

Negative consequences of the decision were expensed in the accounts for 2024 in the sum of NOK 69 million. This amount includes excess input VAT deducted for the 6th term of 2021 and corrective adjustments to the tax treatments for 2022, 2023 and 2024. Requirements for corrective adjustments were stipulated in the decision by the Norwegian Tax Administration. At year-end 2024, the company was transferred a financial contribution of NOK 42 million from the owner, the Ministry of Trade, Industry and Fisheries, to cover the additional cost. An amount equal to the additional cost was recognised as income in 2024, and the company therefore bears no financial risk related to this.

If the Norwegian Tax Administration partly or fully accepts the company's appeal, the excess part of the funds must be repaid to the State Treasury.

Innovation Norway considers the risk associated with this unresolved situation to be relatively low, with no accounting effect in 2025.

Financing of additional costs related to the changes to the contractual early retirement (AFP) schemes

The transition to a lifelong contractual early retirement (AFP) scheme from 2025 entails increased future commitments for the company and has resulted in an additional cost that has been expensed in 2025. The State's share of the liability of NOK 45 million has been covered by payments from the Ministry of Trade, Industry and Fisheries (NFD) and has been recognised as income. The county councils' share of the liability of NOK 29 million had not been satisfactorily confirmed at 31 December 2025 and could therefore not be recognised in the balance sheet as a receivable or recognised as income in 2025.

INNOVATION NORWAY

Board of Directors' annual report 2025



Innovation Norway's statutory objective is to be the policy instrument of the Norwegian State and the county councils for achieving value-creating business development throughout the country. The goals of more good entrepreneurs, more growth companies, and more innovative business clusters across the whole of Norway remain unchanged. The Board of Directors notes that the company has had a high degree of goal attainment, despite challenging times for Norwegian industry and commerce and Innovation Norway as an organisation.

In 2025, approximately 10,000 Norwegian companies received a service provided by Innovation Norway. Deliveries from Innovation Norway to Norwegian businesses have resulted in greater growth in sales revenues, value creation and productivity, compared with businesses that have not received assistance. The services are thus having their intended effect.

A report published by Innovation Norway in 2025 stated that Norway has over 5,000 high-growth companies. High-growth companies are the most productive, and in 2025 Innovation Norway started systematic work to measure the number of deliveries to potential high-growth companies, with the aim of increasing the number of high-growth companies in Norway and in the portfolio. This is important for the transformation of the Norwegian economy and in line with Innovation Norway's strategy of making businesses more productive.

Early-stage enterprises receive loans that they would not otherwise have received, also through Innovation Norway's partnerships with banks. Many enterprises have the ability to service a loan, but lack the required security. This year, companies have received more than NOK 1 billion in loans and credit facilities through the Growth Guarantee Scheme. The Growth Guarantee Scheme is the result of a collaboration with the European Investment Fund (EIF).

Innovation Norway granted a total of NOK 9.4 billion in loans, grants and guarantees to Norwegian businesses in 2025, with strong growth in loans in the high-risk portfolio, partly as a result of payments related to Green Industry Financing.

After several years of decline in Innovation Norway's international presence, the ambition is to reverse this trend. At the same time, Norway's National Budget for 2026 entails a significant tightening of the framework conditions for work to promote exports, meaning it will not be possible to strengthen Innovation Norway's international presence in 2026. Export businesses are generally significantly more productive than other companies, and to increase productivity in Norway, it ought therefore to be a goal to develop more successful export businesses.

The services provided to Norwegian agriculture have continued to increase, and Bionova has strengthened its position. There has been a steady decline in the policy instruments available to Innovation Norway to promote development in rural areas since 2005. The significance of tourism as both an export business and a local industry in rural areas makes promotion of Norway as a travel destination particularly central to Innovation Norway's work. 2025 was a strong year for Norwegian tourism with high volumes of international traffic, but many operators are still experiencing challenges related to profitability, seasonal fluctuations, access to the necessary expertise, and growing pressure at certain destinations.

In 2025, Innovation Norway has drawn up a new action plan to boost sustainability and profitability in the tourism industry. Through strategic marketing, improved insight data and support for development of destinations and products, efforts are being made to improve the spread of visitors throughout the year and across the country.

In the current challenging global trade situation, Norwegian companies need more support to succeed internationally. At the same time, it is becoming increasingly difficult for businesses to find risk capital from private investors. Innovation Norway's financing and advisory services are designed to assist companies in this challenging growth journey. As a result of the current geopolitical situation, there has been a greater focus on Innovation Norway's work on business development in the High North, related to defence and in Ukraine. The Board of Directors finds that the company's toolbox for contributing in these key areas needs strengthening.

The framework for Innovation Norway's activities is subject to a political decision and is communicated in the letters of assignment from the principals. The company's activities must continuously be adapted to the assignments. Innovation Norway has been subject to some debate in 2025. The Board of Directors welcomes discussion about business policy goals and instruments, but would also like to emphasise the importance of a long-term perspective and that the debate must be based on facts. The Board would also like to stress the importance of predictability for Innovation Norway's customers, i.e. businesses throughout the whole of Norway. In a situation where the Norwegian economy needs restructuring and where our neighbouring countries are increasing their investments in research, innovation and business development, it seems rather paradoxical that Norway is reducing its efforts in these areas.

BUSINESS ACTIVITIES

Innovation Norway's objective is to trigger business development that is profitable from both a commercial and a socioeconomic perspective, based on the commercial opportunities in the different regions. Innovation Norway offers services within financing, consultancy, expertise, networking and promotion to a wide range of Norwegian businesses.

Innovation Norway was formed on 19 December 2003. The company is headquartered in Oslo. Innovation Norway has offices all over Norway, and at 31 December 2025 had a presence in 23 countries. Innovation Norway is organised as a company established pursuant to special legislation and is jointly owned by the Norwegian State through the Ministry of Trade, Industry and Fisheries (NFD) (51 per cent) and the county councils (49 per cent).

HIGHLIGHTS IN 2025

A challenging year for international trade

2025 has been a challenging year in international trade, as changes in the framework conditions have made it more difficult for companies to succeed with their export ambitions. The start of the year was affected by statements from the US government, threatening huge tariffs and other trade barriers. As a consequence, the EU is also shifting towards increased protectionism. One example is

the introduction of quotas to restrict imports of ferroalloys. This has led to greater uncertainty for Norwegian industry.

At the same time, new trade agreements with India, Malaysia, Thailand and the Mercosur countries have opened up new opportunities in emerging markets. In an increasingly unpredictable world where rules-based trade is under pressure, these trade agreements contribute to lower tariffs and predictable framework conditions. It is important that the Norwegian authorities make good plans for the follow-up of these agreements. Innovation Norway advises companies on the opportunities that these trade agreements provide and actively paves the way for efforts to enter these markets, including through assistance from the international offices, delegation trips and participation in trade fairs.

Solid deliveries from the international offices

Challenging international framework conditions are increasing the need for advice and networks from the markets, and Innovation Norway's international offices have delivered good results in 2025. Self-payment by customers was 27 per cent, indicating that businesses are making use of Innovation Norway's paid advisory services. Contracts worth NOK 6 billion were signed by Norwegian companies that have received assistance from the international offices. Impact measurements show that companies that have used Innovation Norway's advisory services internationally have had 13.4 percentage points more growth in sales revenue than the control group, and 8 percentage points more growth in value creation. The Board of Directors finds that these figures reflect excellent deliveries and visibly demonstrate Innovation Norway's relevance and contribution to increased value creation.

In 2025, Innovation Norway established a presence in Kyiv, Ukraine, and has been contacted by a large number of Norwegian companies wishing to supply the Ukrainian market. Around a third of the companies that have contacted Innovation Norway in Ukraine are defence companies, but there is also a large portion of companies in energy and energy systems, construction, and health and health technology.

In addition, Innovation Norway has a newly established office in Sydney, Australia, which has a special advisor for the defence industry.

Delegations

Innovation Norway is responsible for a number of business delegations to promote Norwegian companies internationally. The business delegation in connection with the official visit to Minneapolis and New York in October 2025 brought together a wide range of Norwegian and American stakeholders. The delegation played a key role in marking 200 years of Norwegian emigration to the USA. Innovation Norway was also responsible for Norway's contribution to EXPO 2025 in Osaka, Japan, where almost 1.7 million people visited the joint Nordic pavilion.

In 2025, Innovation Norway has established the "Trade missions" programme for organised delegation trips, where Innovation Norway takes a group of Norwegian companies to an international market to give the participants better insight into that market, networking opportunities and direct meetings with potential customers, partners and other relevant

stakeholders. A total of 20 trade missions have been conducted to different markets, with good results and satisfied customers. Trade missions are primarily used within the thematic areas for the export programmes.

Record-high use of the growth guarantee scheme

The Growth Guarantee Scheme is a collaboration with selected banks in Norway where innovative and fast-growing companies that have the capacity to service a loan, but lack collateral, can apply for a loan from their bank. Through this scheme, Innovation Norway guarantees 75 per cent of the loan. Innovation Norway has entered into a partnership with 13 banks, and in 2025, for the first time, the value of guaranteed loans and credits passed NOK 1 billion. The scheme is highly effective and helps increase access to capital for companies in a growth phase.

Innovation Norway in the public eye

At times, 2025 has been a demanding year for Innovation Norway in the public discourse. The company's role and priorities have been subject to considerable scrutiny and debate – both before and after the general election. The Board of Directors recognises that much of the debate is not based on facts. The Board of Directors holds that transparency, accountability and continuous improvement are essential to maintain the public's trust in the face of negative attention. The Board would also like to emphasise the importance of a serious debate based on facts and up-to-date knowledge on the role of the public business support system in the development of Norwegian industry and commerce.

Strategy

At the end of 2024, the Board of Directors adopted a new strategy for the period 2025–2030. During this strategy period, Innovation Norway will work to help make Norway's business sector more productive and ensure that more companies are able to grow internationally. This will be achieved through three customer pledges, whereby Innovation Norway will be: a preferred advisor, a bank that challenges, and a partner that unleashes capital and opens doors to new markets. The Board is satisfied with the operationalisation of the new strategy and how it has been implemented in the organisation to date, including through a modified system for management by objectives. Despite a turbulent macro-economic situation and significant changes in the company's framework conditions towards the end of the year, the strategy remains unchanged.

GOALS AND DELIVERIES

Innovation Norway's objective is to contribute to the establishment of more successful entrepreneurs, more companies with growth potential, and innovative business clusters throughout the whole of Norway. The Board notes that the effects and goal achievement have been high for all the sub-goals.

The Storting (Norwegian Parliament) and the county councils allocated a total of NOK 5.8 billion to Innovation Norway in 2025, and Innovation Norway awarded grants, loans and guarantees totalling NOK 9.4 billion, compared with NOK 9.8 billion in 2024. Loan approvals totalled NOK 4.2 billion in 2025, which is NOK 600 million lower than the previous year, while the use of guarantees increased

from NOK 600 million to NOK 800 million. Total grants amounted to NOK 4.4 billion in 2025, unchanged from 2024.

Innovation grants decreased by more than NOK 500 million from 2024 to 2025. The reason for this is that the level of grants was unusually high in 2024, because Innovation Norway awarded NOK 1 billion for battery projects through Norway's participation in IPCEI EuBatIn – a joint European initiative to build a competitive and sustainable European battery value chain. The so-called “battery billion” will be paid out to customers over a period of five years. Although grants through the Environmental Technology Scheme and Green Platform increased in 2025, total innovation grants decreased compared with 2024.

There was a significant increase in regional development grants and, in particular, agricultural grants, meaning the total grants from Innovation Norway remained about the same in 2025 as in 2024.

The financial allocations also serve to trigger capital from other sources, and the total amount invested in projects funded by Innovation Norway was NOK 23.6 billion, of which total deliveries (financing and other services) from Innovation Norway amounted to NOK 10.0 billion. Each krone in funding from Innovation Norway thus triggered an average of NOK 1.4 from other sources, mainly private organisations.

In the customer satisfaction surveys, a large proportion of companies that receive support from Innovation Norway systematically report that the support is decisive for the realisation of the project. Of the companies that have received services or funds from Innovation Norway, 96 per cent report that the support was, to a high or medium degree, decisive for them actually realising the project. This is on a par with previous years.

The impact of the measures implemented by Innovation Norway is gauged by measuring the impact on the companies' financial development. The impact analysis is an econometric study that examines the degree to which the companies that have received a service from Innovation Norway have different developments in the first three years after the support, compared with similar companies that did not receive support. This analysis is carried out once a year. The main source of the data is the companies' accounting figures. The latest analysis was conducted using data from the period 2015–2024. According to this analysis, the companies that received support from Innovation Norway had significantly stronger growth than comparable companies that did not receive support. The additional growth was 17.4 percentage points on sales revenue, 12.8 percentage points on value creation and 5.6 percentage points in terms of productivity.

The Board would emphasise that these results are an average over a number of years and cannot be used to analyse developments from one year to the next. The results also prove that Innovation Norway's instruments, procedures and systems contribute to increased value creation in Norway as a whole, in line with the company's mission.

An important milestone was reached in 2025 with a total of 10,000 customer enquiries to the business support system through the centralised access point “One Way In”. “One Way In” is a digital single point of entry where companies and people wanting to start a business can get prompt

guidance and advice. The solution provides users of the business support system with a single, coordinated interface, making it easier to navigate and more accessible.

Innovation policy adviser

Innovation Norway plays an active role as a knowledge-based innovation policy adviser to the owners and principals. The owners and principals are informed on an ongoing basis about the status of the Norwegian business sector through the so-called “sounding board reports”, in addition to knowledge-based input to larger processes such as the national budgets, political strategies and white papers. Innovation Norway uses qualitative and quantitative methods to provide sound, knowledge-based advice. This includes methodological approaches for selecting strategic focus areas and making greater use of the knowledge that is available throughout the entire organisation.

The Board is pleased to note that the company has contributed to a number of these kinds of endeavours in 2025, including input related to the national budget, innovation in the defence sector, and the government’s strategies on quantum technology and digitalisation. In 2025, work also began on input related to the EU’s new framework programme and competitiveness fund. The Board recommends that Norway embraces the opportunities offered by these programmes and fully participates in them. At the same time, it is important that this does not happen at the expense of the national funding frameworks, because participation in EU programmes both builds on and requires national investments in R&D.

FINANCIAL DEVELOPMENTS

The company’s profit for 2025 was NOK 162 million, compared with NOK 235 million for 2024. Profit before losses was NOK 121 million in 2025, compared with NOK 165 million in 2024. Write-downs for losses in the loan portfolio showed an increase for the part of the portfolio most exposed to risk, with the bulk of the increase related to the growth guarantees.

The National Budget for 2026 entails cuts in the financing and expertise Innovation Norway will be able to offer businesses. As a result of the reduced budget, the company will carry out a restructuring process, downsizing by a total of 100–110 fulltime equivalents. In December 2025, Innovation Norway received additional funding of NOK 125 million to cover the restructuring costs. A corresponding amount has been set aside in the accounts for 2025 for restructuring costs in 2026. The net effect on earnings in the accounts is zero. The Board is concerned about the mismatch between the reduced financial framework and the principals’ expectations.

Net interest income was NOK 516 million in 2025, compared with NOK 541 million the previous year.

Total other operating revenue in 2025 amounted to NOK 1,735 million, compared with NOK 1,556 million in 2024.

Operating revenues were positively impacted by an additional appropriation from the Ministry of Trade, Industry and Fisheries of NOK 125 million to cover costs related to restructuring as a result of the upcoming downsizing and reorganisation in 2026. In addition, Innovation Norway has recognised an allocation of NOK 45 million from the Ministry of Trade, Industry and Fisheries, related to extraordinary costs as a result of changes to the contractual early retirement pension (AFP) scheme.

Adjusted for these effects, total other operating revenue is on a par with 2024. There was an increase in external revenue of NOK 13 million as a result of revenue related to EXPO 2025 in Japan.

Total operating expenses ended the year at NOK 2,131 million, compared with NOK 1,889 million in 2024, which represents an increase of NOK 242 million. Most of the increase is in payroll and personnel expenses, which totalled NOK 1,220 million in 2025, compared with NOK 1,000 million in 2024. The increase is attributable to restructuring costs of NOK 91 million and the expensing of the non-recurring effect of the change to the contractual early retirement (AFP) pension plan of NOK 74 million. In addition, there will be a slight increase in payroll expenses as a result of the general wage growth in 2025, as well as a slightly higher number of full-time equivalents than in 2024. Direct project costs have been reduced by NOK 22 million from 2024, while other operating costs are up NOK 45 from last year, of which NOK 34 million is related to restructuring costs.

Losses on loans consist of recognised losses, as well as the change in write-downs related to expected losses compared with the previous year. The low-risk loans have an accounting effect on Innovation Norway's results, and recognised losses relating to this scheme amounted to NOK 18 million in 2025 compared with NOK 1 million in 2024. As a result of the reversal of previous write-downs for losses, net losses had revenues of NOK 41 million in 2025. Losses on loans related to high-risk loan schemes (high-risk loans and guarantees) are covered by loss reserves, and are therefore not reflected in financial performance figures. Losses on high-risk loans and guarantee schemes amounted to NOK 568 million in 2025, compared with NOK 451 million in 2024. These lending activities have a higher risk profile than the low-risk loan scheme. Losses in 2025 amounted to 8.6 per cent of the portfolio. See Note 16 for more detailed information about losses on loans.

Through the Growth Guarantee Scheme, Innovation Norway partners with 13 different Norwegian banks, where Innovation Norway provides portfolio guarantees for loans to innovative and rapidly growing small and medium-sized companies. Through the scheme, guarantees are provided for 75 per cent of the individual commitment, limited to 20 per cent of the lending volume agreed to with the individual bank. At year-end 2025, Innovation Norway had guarantees for total loans of NOK 3.2 billion, with total guarantee liabilities of NOK 733 million.

At the end of 2025, Innovation Norway's balance sheet total was NOK 29.2 billion, unchanged from the close of 2024. Net lending amounted to NOK 17.1 billion at 31 December 2025, unchanged from 2024. NOK 3.7 billion in new loans was disbursed in 2025 (NOK 2.4 billion in 2024) and NOK 3.7 billion in grants (NOK 5.9 billion in 2024).

The liquidity situation at 31 December 2025 was considered good, with bank deposits of NOK 11.6 billion (NOK 11.6 billion at 31 December 2024). Innovation Norway borrows from the Norwegian State to finance the company's lending activities. A large part of the borrowings for lending activities is refinanced approximately every three months, and a gross amount of NOK 63 billion was rolled over in 2025. Net cash flow from operations was NOK -286 billion in 2025 (NOK -2.5 million in 2024). The main reason for the difference is a one-off payment to the loss fund related to the Green Industry Financing scheme in 2024. The discrepancy between the operating result for the year and cash flow from operational activities is primarily due to payments received and disbursed for loans

and grants. Net change in liquidity for the year ended at NOK -42 billion (NOK 2.3 million in 2024). See Note 21 for more detailed information about liquidity risk.

The company incurred no costs and made no investments related to R&D in 2025.

In 2025, Innovation Norway implemented a plan change related to the introduction of a new lifelong contractual early retirement (AFP) scheme for employees born in or after 1963. The extraordinary cost of NOK 74 million has been recognised in 2025, in line with the requirements of the Norwegian Accounting Act. See Notes 31 and 37 for a more detailed description of the calculated pension expenses.

Regarding the sub-account “Service deliveries and grant administration” (TLT), the Board of Directors finds that the company has adequate equity as per 31 December 2025, providing sufficient coverage for the ongoing financial operating risk. However, the level is still below the risk tolerance level adopted by the Board of Directors, which is 8–12 per cent of annual public and external revenues. The company is in dialogue with the owners about the future development of equity.

The annual accounts have been prepared on the basis of the going-concern assumption. The accounts provide a true, fair and complete view of the company’s assets, liabilities and results. No circumstances have arisen after the close of the financial year that are of significance to the evaluation of the company and that have not been mentioned in the annual report and notes.

The 2025 accounts show a profit of NOK 162 million, of which dividends of NOK 182.5 million were paid to the Ministry of Trade, Industry and Fisheries and NOK 6.3 million to the county councils. Dividends are calculated on the basis of separate rules for each sub-account, and the dividend comes in its entirety from the loan schemes. The schemes for service deliveries and grant administration returned a deficit for 2025 and have not been included in the basis for calculation of dividends. This is the reason why the dividend for the year is greater than the profit for the year. A complete overview of the Board’s proposal for allocation of the profit can be found in Note 35.

COST-EFFECTIVENESS

Innovation Norway defines cost-effectiveness as the ratio between deliveries measured in NOK and the company’s total expenses. The company monitors developments in expenses on an ongoing basis and assesses cost-effectiveness at the company level, for the loan schemes, and for the largest and most established grant schemes.

In 2025, 94 per cent of all deliveries were included in the assessment of cost-effectiveness. Total deliveries (financing and other services) fell from NOK 10.6 billion in 2024 to NOK 10.0 billion in 2025, while operating expenses rose by 12.8 per cent. The latter is due to a number of factors, including increased pension expenses and restructuring costs as a result of reduced funding in the National Budget for 2026. This resulted in an overall cost-effectiveness of 21.4 per cent in 2025, and a four-year rolling rate of 19.7 per cent, which is weaker than in previous years. The 2025 figures show lower cost-effectiveness on the loan schemes than in 2024, mainly as a result of lower lending

volumes and longer processing times. The expenses related to financing activities are around 7 per cent.

Cost-effectiveness varies between Innovation Norway's offices. Measured as the ratio of operating expenses to gross lending volume, the average in 2025 is 1.93 per cent, while the level at individual offices ranges from 1.39 per cent to 2.35 per cent. The differences largely reflect volumes, as larger loan portfolios result in relatively lower expenses. In addition, the regions serve different customer categories, and the relationship between loan size and resource requirements is not proportional. Small cases may require almost as extensive assessments as larger cases, impacting the relative cost burden.

It is methodologically challenging to make direct comparisons with other organisations, as Innovation Norway does not have any fully comparable equivalents. While it must be taken into account that for banks, the cost ratio will include a retail market segment that is far more cost-effective than the corporate market, banks may nevertheless constitute an indicative reference. Two of Norway's largest private banks have cost ratios (operating expenses as a percentage of lending volume) of 1.36 per cent and 1.02 per cent respectively in 2025, compared with Innovation Norway's 1.93 per cent. Innovation Norway works with a large proportion of new and unknown customers, often entrepreneurs and first-time applicants, and almost exclusively with project financing. This requires more thorough assessments, resulting in longer case processing times compared with banks, which to a greater extent handle established customers with a known history and risk profile. In addition, the company's distribution of funding through many local offices with relatively small portfolios of individual products is a costly model.

Innovation Norway's digital transformation work continued in 2025. The old case management system SOPP was discontinued, and all financing cases are now processed using the new system INFlow. The Board of Directors is pleased that the company has upgraded its digital systems and that they are now better aligned with applicants' expectations regarding user-friendliness and efficiency. The Board is keen to ensure that the investments in digital systems yield benefits that can be used to counteract the consequences of the cuts in the National Budget.

RISK MANAGEMENT

The Board works systematically throughout the year to ensure that Innovation Norway has effective governance and controls. Innovation Norway's system for risk management and internal control is based on the methodology for risk management in the central government and the COSO Enterprise Risk Management framework. Risk management and internal control are an integrated part of Innovation Norway's corporate governance and are intended to underpin the company's attainment of its strategic goals, as well as provide sufficient assurance that the company is operating within the risk tolerance levels that the Board has stipulated.

The Board of Directors receives regular reports on the developments in significant risks from the administration and through the Board's risk committee. The risk committee acts prepares matters for the Board and supports the Board in its exercise of internal control and risk management. The internal audit is outsourced to an external provider whose main task is to assess and make

recommendations related to the company's risk management, internal control and governance processes. The internal auditor reports directly to the Board of Directors.

In 2025, the internal audit encompassed an audit of the financing area and an audit of impartiality and time off in lieu of payment in line with the internal audit plan and the Board's resolution. The annual report from the internal audit shows that no serious non-conformities were found.

Innovation Norway's risk universe is divided into strategic risk, financial risk and operational risk, and 11 risk areas under these three main categories. During the course of 2025, Innovation Norway has carried out a comprehensive assessment of the company's risk profile, with particular focus on factors that can affect goal attainment, ability to deliver and reputation.

The Board of Directors has considered the overall risk assessments, where two risk areas related to strategic risk (delivery risk and reputational risk) and one risk area related to operational risk (financial management and efficiency) were assessed as high risk (red). The assessments take into account both the probability of the identified risk actually occurring and the consequences it would have, as well as relevant changes in internal and external framework conditions. Against this background, the Board would highlight the following main risks and the actions taken to mitigate them in 2025.

A significant risk in 2025 has been the discontinuation of and cuts in certain tasks that may weaken Innovation Norway's ability to deliver comprehensive services and document its impact for society. A fragmented or reduced portfolio of assignments weakens the company's capacity to deliver and legitimacy, and may affect future funding. Innovation Norway is involved a very broad spectrum of assignments, and the risk of a mismatch between political expectations and capacity has increased, as a result of sudden changes in the framework conditions. Innovation Norway's measures to mitigate this include close dialogue with the owners, ensuring clearer links between assignments and internal goals, and preparing action plans, with goals to increase sources of funding and partnerships. The Board regards this as a significant risk for 2026 as well, and would underscore the need for precise clarification of expectations and clear communication about the consequences of political priorities.

The company's reputational risk may increase as a result of negative developments in the size of the loan portfolio, long case processing times or externally generated misinformation about Innovation Norway's effectiveness and impact. At the same time, the company's reputation impacts other risk areas such as trust, capability and relevance. The Board therefore considers reputation to be a significant risk factor and has established measures to strengthen fact-based communication, improve dialogue with stakeholders, and systematically monitor factors related to reputation.

In connection with financial solidity, the low equity ratio was identified as a risk area. Section 7a of the Act relating to Innovation Norway stipulates that the company must at all times have equity that is adequate given the risk and scale of its activities. The Board's risk tolerance defines this as an equity ratio of 8–12 per cent of annual public and external revenues. As a result of increased pension costs related to the changes to the lifelong early retirement pension (AFP) scheme and the lack of mechanisms for building up equity, among other things, the equity ratio has decreased from 8.1 per cent at the end of 2024 to 5.6 per cent at the end of 2025. This is below the threshold set by the

Board of Directors for the amount of equity that is considered necessary to ensure sufficient freedom of action while maintaining the company's ability to cope with unforeseen operating expenses. Risk-reducing measures have been discussed in the dialogue with the owners regarding the financing of the extraordinary costs related to pensions. The final cost of the changes was lower than originally estimated, which together with the additional appropriation from the Ministry of Trade, Industry and Fisheries to cover the extraordinary cost, helped reduce the risk during the year. It is emphasised that the company as a whole has solid equity, including restricted equity earmarked for Innovation Norway's financing activities.

Financial risk is clearly defined in Innovation Norway's risk universe and comprises credit risk, interest rate risk, currency risk and liquidity risk. Credit risk associated with lending activities has been identified as one of Innovation Norway's main risk areas. Developments in the lending portfolio are reported to the Board of Directors on a quarterly basis, and no significant negative factors affecting the risk profile have been registered in 2025. A review of the most significant loan commitments, including loss events, is presented to the Board on an annual basis. The Board of Directors finds that the level of losses on loans is within the established risk tolerance framework. Interest rate risk, currency risk and liquidity risk are monitored through established models and defined risk tolerance levels.

ORGANISATION AND WORKING ENVIRONMENT

At year-end, Innovation Norway had 748 employees. This figure includes permanent employees, temporary employees and contract staff. The corresponding figure for 2024 was 761. Employee turnover totalled 6 per cent in 2025. This includes temporary employees and contract staff. Turnover among permanent employees (excluding retirements) was 4.6 per cent, compared with 5.0 per cent in 2024.

Working environment

Innovation Norway works systematically to nurture a health-promoting and inclusive working environment. Good collaboration on issues pertaining to the working environment is crucial for success, and collaboration between the management and the employee organisations is therefore firmly integrated into Innovation Norway's way of working. The management, employee representatives and safety representatives work together to foster a good working environment and efficient operations. Good functional physical working conditions are ensured through targeted work, while the psychosocial aspects of work, such as well-being, collegiality, workload etc., are also monitored and addressed as necessary. The company has a contract with an external occupational health service as a professional partner in this work.

The tripartite collaboration between employers, unions and the government is anchored in established structures such as works councils and working environment committees, the Workplace Advisory Centre for issues relating to alcohol, drugs and addictive gambling (AKAN), and arenas for the inclusion of the safety representatives and Eco-Lighthouse representatives, both centrally and at the regional offices in Norway. At the offices abroad, the working environment is safeguarded through co-operation between the regional safety representatives and the management, locally and centrally.

Diversity is viewed as a strength, both for Innovation Norway as an organisation and for our customers. It provides broader perspectives, increases our capacity to innovate and makes us better equipped to deliver on our social mission. The work on diversity, gender equality and inclusion has been incorporated into Innovation Norway's guidelines. The ambitions for the life-phase policies are intended to help ensure that the workplace has employees with a broad range of expertise and that is highly diverse in terms of age and phase of life.

Innovation Norway is committed to developing a positive working environment that promotes well-being, commitment and good results. The employee satisfaction survey is an important tool for gaining insight into individual employees' well-being at work – what works well and where the company has room for improvement. The survey is closely linked to Innovation Norway's strategic work and is intended to help ensure that the company's culture and working environment support the defined goals and priorities. In autumn 2025, 89 per cent of the employees responded to the survey. The survey showed that Innovation Norway has motivated employees who are happy in their jobs. Factors such as opportunities to exert influence, a good work–life balance, and managerial support were rated as strengths. Both central and local safety representatives have contributed to the follow-up of the survey through status briefings and dialogue, centrally and regionally.

Absence due to illness and injuries

Absence due to illness was 4.0 per cent in 2025, compared with 3.5 per cent in 2024. These figures are for employees in Norway. By comparison, according to Statistics Norway (SSB), absence due to illness in the public administration and armed forces, including National Insurance schemes under public administration, was 4.7 per cent in the third quarter of 2025. One injury was reported in 2025.

Gender equality

In terms of gender distribution, 54 per cent of Innovation Norway's employees at year-end were women. At year-end 2025, the executive management team consisted of five women and three men. In accordance with the employer's activity and reporting obligation (ARP), a separate gender equality statement was prepared for 2025, which has been published on the company's website.

Remuneration of senior executives

In accordance with the guidelines for remuneration of senior executives in companies with State ownership, the Board of Innovation Norway has prepared guidelines on the fixing of salaries and other remuneration to the managing director and other executive personnel. A remuneration report for executive personnel is also prepared, which is presented at the company's annual general meeting, after which it is published on the company's website.

RESPONSIBLE BUSINESS CONDUCT AND SUSTAINABILITY

During 2025, Innovation Norway worked actively to promote responsible business conduct and sustainability, both within the company and among the company's customers, suppliers and partners. Innovation Norway's ambitions and work on responsible business conduct and sustainability are clearly established in the business activities. The company conducted a

comprehensive double materiality analysis in line with the EU Corporate Sustainability Reporting Directive (CSRD) in 2024 and has prioritised activities in line with this in 2025.

Innovation Norway bases its work on responsible business conduct on the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. In line with these, Innovation Norway has prepared a risk map for sustainability and conducted due diligence assessments on individual markets, activities, services and purchases. Due diligence assessments, in the form of an Integrity Due Diligence, are also incorporated into the case processing for financing cases in line with given threshold values.

Innovation Norway is governed by the Norwegian Transparency Act and in 2025 conducted due diligence assessments to identify, assess and address actual and potential adverse impacts on fundamental human rights and decent working conditions in the supply chain. The 2025 due diligence report is available on Innovation Norway's website.

Responsible business conduct is an integral part of Innovation Norway's services. It is a requirement that all parties that receive services from Innovation Norway must comply with principles for responsible business conduct, and it is a condition that customers and partners themselves conduct due diligence assessments and initiate measures to manage risk. Provisions concerning this are established in Innovation Norway's standard terms and conditions for the various services we offer. Innovation Norway also follows the guidelines for conduct and product-based exclusions that the Ministry of Finance has set for the Government Pension Fund Global. This means that the company does not support projects or companies with an unacceptably high risk of causing adverse impacts for people, society or the environment. Innovation Norway's expectations and requirements for its own employees and elected representatives are described in the company's ethical guidelines and anti-corruption policy, as well as in other guidelines. The company also has a whistleblowing channel that is available to both internal and external whistleblowers.

Based on the findings of the double materiality analysis, Innovation Norway has the greatest impact in the following areas, both positive and negative:

- *Climate change* – Innovation Norway plays a key role in financing the green transition, including through the increased framework for Green Industry Financing.
- *Circular economy and value chains* – Innovation Norway works systematically to promote sustainable business models that safeguard resource use and concern for nature, through both advice and targeted financing schemes.
- *Responsible business conduct* – Risks associated with financial crime and human rights violations in international markets are on the rise.

Innovation Norway's climate accounts cover the most significant direct and indirect emissions. Innovation Norway's activities have little direct impact on the external environment. The company's risk exposure and impact on the climate and nature arise in its own operations, primarily through travel and acquisitions. Innovation Norway's offices in Norway are Eco-Lighthouse (*Miljøfyrtårn*) certified, and sustainable operating principles are incorporated into the company's operations and activities.

The company's risk exposure and impact on climate and nature also occur through the projects we finance, including projects that consume natural resources, materials and land. Back in 2023, the Board of Directors set a goal of documenting Innovation Norway's contribution to the green shift and setting emission targets that are science-based and in line with the Paris Agreement. In this connection, assessments have been made to identify relevant methodologies and an appropriate scope. In 2025, Innovation Norway has not given priority to continuing the work to implement climate targets for the financing portfolio. Relevant methodologies for collecting data and setting science-based climate targets remain limited for financing portfolios largely composed of funding for projects, including grant funding for early-stage projects. The company will assess climate targets for relevant parts of the loan portfolio where this is considered to have a meaningful impact on supporting the climate transition.

THE BOARD OF DIRECTORS

At the end of 2025, Innovation Norway's Board of Directors consisted of Ola H. Strand (Chair), Kristin Misund (Deputy Chair), Liv Dingsør, Kristine Falkgård, Arvid Gusland, Arne Ingebrigtsen, Merete Nygaard Kristiansen, Kristine Nore, Heine Østby, Tim Genge (Employee Representative) and Mari Dorte Jønland Michaelsen (Employee Representative).

Nine board meetings were held in 2025. In 2024, the Board established an audit and risk committee consisting of Kristine Falkgård (chair), Arvid Gusland and Mari Dorte Jønland Michaelsen. The committee started working in 2025 and prepares matters for the Board and supports the Board in exercising its responsibilities for financial reporting, internal control and risk management. Innovation Norway has taken out insurance for the members of the Board and the CEO for their potential liability to the company and third parties. The insurance coverage is NOK 50 million per claim, which is also the total insurance amount per year.

OUTLOOK

The National Budget for 2026 includes a number of cuts to several of Innovation Norway's frameworks. This will have consequences for various parts of the organisation and will curb Innovation Norway's ability to finance projects and provide services. The cuts affect both grants and loans, and especially instruments for green transition, innovation and start-ups. At the same time, the Siva business garden and incubation programmes are going to be transferred to Innovation Norway in April 2026. This will enable better coordination of services.

In addition, the National Budget includes cuts in work to promote exports and tourism of NOK 70 and 30 million respectively. As a result of the reduced number of assignments, it has been decided that the company must downsize by up to 110 full-time equivalents. Innovation Norway is also going to conduct a comprehensive review of its services and presence to adapt the company to this reduced offering. Innovation Norway aims to maintain a presence throughout the whole of Norway, close to the companies we assist, and close to our county owners. This is still a priority, but Innovation Norway must now ensure proximity to regional businesses in new ways. 2026 will therefore be a year of demanding prioritisations.

Innovation is crucial for increased productivity and economic growth. Without public intervention, too little is invested in innovation in relation to society's needs. Innovation Norway is the government's main tool for promoting investment in innovation and the development of new start-ups and growth companies. The Board therefore finds it worrying that innovation is being given lower priority in Norway, while our neighbouring countries and the EU are investing heavily in R&D and measures to improve competitiveness.

Norway is a small market, and if companies are to grow, they must also succeed internationally. In light of the current widespread geopolitical turmoil in trade policy, it has not become easier for companies to export to new markets. This is why it is so important that Innovation Norway can assist companies in the market and help remove barriers to make it easier for Norwegian companies to succeed. There is good demand for Innovation Norway's services in international markets. The Board is concerned about a development whereby the capacity to assist Norwegian companies internationally is significantly reduced over time. This is a trend that must be reversed.

In 2026, the Board will have a particular focus on the restructuring process in the company and the integration of Siva's business gardens and incubators into the organisation. Dialogue with our owners continues to be good, particularly in relation to the export assignment, risk and digitalisation work.

The Board of Directors would like to thank all our employees for their hard work in the past year, and thank our customers, principals and partners for their trust and fruitful cooperation in 2025.

Oslo, Norway, 12 March 2026

The Board of Directors of Innovation Norway

Ola H. Strand
Chair

Kristin Misund
Deputy Chair

Arvid Gusland

Arne Ingebrigtsen

Merete Nygaard Kristiansen

Kristine Falkgård

Heine Østby

Kristine Nore

Liv Dingsør

Mari Dorte Jønland Michaelsen
Employee Representative

Tim Genge
Employee Representative

Håkon Haugli
CEO

To the General Meeting of Innovasjon Norge

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Innovasjon Norge (the Company), which comprise the balance sheet as at 31 December 2025, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as of 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. This includes other information, which we obtained prior to the date of this auditor's report. Additional other information in the annual report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

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

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

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

When we read the additional other information in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Oslo, March 12 2026
Deloitte AS

Eivind Bollum Berge
State Authorised Public Accountant
(electronically signed)

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