FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

M VEST ENERGY AS

TABLE OF CONTENTS

1. BOARD OF DIRECTOR'S REPORT

The board of directors

Lars Moldestad – chairman of the board
25 years management and project experience from Norway and internationally. CEO Petrolia Drilling with operations for Petrobras Brazil, PEMEX in Mexico and Exxon in South Africa. Finance Manager in Odfjell Drilling. Project leader for construction of four jack-ups and three semi jack-up rigs at Jurong Shipyard (today owned by Seadrill and Maersk). Finance manager for DNO during acquisition of UNOCAL. Financial project leader for DNOs UK approval process with Department of Trade and Industry. Numerous board member positions (Bergens Rederiforening, KS Deepsea Bergen, Eurotrans, Neumann and several oil and gas service companies). Participated in the establishment and qualification of M Vest Energy.

Johan Kr. Mikkelsen – board member
23 years drilling and production experience, including Oseberg-Sture pipeline and terminal operations responsibility. Mainly with Norsk Hydro (now Equinor), and mainly in Norway, but also UK, Canada and Brazil. Asset Owner and Senior Vice President (SVP) for Norsk Hydro platforms and fields. SVP for 8 years for all Hydro drilling operations on the NCS and Internationally. Country manager Canada, including partner operation of two fields offshore East Canada (Hibernia, Terra Nova). Project Director and later Production Director for Statoil Brazil Peregrino Project, including 2 production platforms and one FPSO. Headed Statoil Sub Sea Improvement Project SIP with corporate steering committee. Several board positions (ie BoD Songa Offshore, latest as Chairman in EMGS).

Jonny Hesthammer – board member
30 years E&P experience. Solid production and exploration experience from Canada (1yr) and Norway (29yrs). 11 years in Statoil working with production on Gullfaks and redetermination of Statfjord. Strong scientific and commercial track record. Top management experience from, and founder of, several oil companies (Rocksource, Emergy Exploration, Atlantic Petroleum Norge, M Vest Energy). Strong subsurface knowledge with numerous peer-reviewed scientific publications.

Board of directors' report

About M Vest Energy

M Vest Energy is based in Bergen and was founded in 2015. In 2016 the company acquired assets and staff from Atlantic Petroleum Norge AS. In December 2016, the new energy business was approved as a license holder on The Norwegian Continental Shelf (NCS), and in January 2017 M Vest Energy was awarded its first license by the Ministry of petroleum and energy in the licensing round. By year end 2020 the company held a 5% ownership in Polarled Joint Venture, and various ownerships in exploration licenses. See note 18 for details.

Our strategy is to optimise and develop the existing portfolio within the frameworks available. Further, the company is actively working to uncover the new opportunities that arise as a result of rapid changes in the sector. M Vest Energy aims at always being ahead of technology development, particularly the utilisation of digital technology.

The company shall conduct its business in a way that minimises footprint on the climate and environment, and especially be in the forefront when it comes to reducing emissions to air and water. ESG will be central in the day-to-day operations.

Key events in 2020

In June 2020, the company acquired a 5% working interest in the Polarled gas pipeline. The purchase was approved by the Ministry of Finance in August 2020 and the Ministry of Petroleum and Energy in November 2020. In addition to M Vest Energy (5.000%), the partnership in the Polarled Joint Venture consists of Equinor (37.076%), CapeOmega (28.271%), Sval Energi (13.255%), Petoro (11.946%) and ConocoPhillips (4.452%).

Polarled performance

Polarled did not experience any critical incidents or leakages in 2020. The production availability for the period was 100%.

Financial review

M Vest Energy prepares and presents its accounts in accordance with simplified IFRS. It is the opinion of the board that the annual accounts give a true and fair view of M Vest Energy's assets and liabilities, financial position and results. The board is not aware of any factors that materially affect the assessment of M Vest Energy's financial position as of 31 December 2020, or the result for 2020, other than those presented in the board of directors' report or that otherwise follow from the financial statements.

Total revenues were MNOK 5.6, (0.1 in 2019). The increase is due to the acquisition of a 5% share in the Polarled gas pipeline. Although the effective date for the transaction was 1.1.2020, only income post completion 30.11.2020 adds to the revenue, totalling 31 days of the year. Operating loss for the year was MNOK 53.6 (95.5 MNOK in 2019), where the improvement from 2019 was caused by an increase in revenues and a reduction in exploration expenses. The total operating expenses amounted to MNOK 59.2 (95.6 MNOK in 2019).

Finance income amounted to MNOK 1.0 (0.5 MNOK in 2019), and finance cost amounted to MNOK 8.6 (MNOK 6.8 in 2019).

Profit/loss (-) before income tax was MNOK -61,1 (-101,7 in 2019). Tax income/expense (+) amounted to MNOK 44.2 (75.1 in 2019), whereof tax refund/payable (-) amounted to MNOK 40.2 (72.6 in 2019). The effective tax rate of 72.3% (73.8%) deviates from the standard tax rate of 78% mainly due to financial items which are deducted with a lower tax rate.

Net profit/loss (-) was MNOK -16.9 (-26.7 in 2019).

Total assets at year-end amounted to MNOK 341.8 (104.4 in 2019). The main reason for the increase is the acquisition of the 5% interest in Polarled Joint Venture.

M Vest Energy has recognised tax refund of 40.2 (72.6 in 2019) whereof 37.9 (72.6 in 2019) is the tax value of exploration costs, and MNOK 2.3 (0 in 2019) is remaining value of tax losses for 2020 which are receivable due to temporary changes in tax regulations.

The equity by year end was 20.3 MNOK, (6%), up from -60.9 MNOK by year end 2019. The positive change is driven by the conversion of 98 MNOK of debt to equity that took place in October 2020.

The interest-bearing debt was MNOK 310.4 in 2020, compared to 154.4 MNOK in 2019. The net increase in interest-bearing debt is related to a bond issue of MNOK 275, a conversion of debt to equity of MNOK 98, and a reduced need for financing under the exploration financing facility with SEB.

The company's cash flow from operating activities was MNOK 9.9 (-28.6 in 2019). The main reason for the difference between the operating loss and the cash flow from operating activities is the tax refund of MNOK 72.6 that increase cash flow from operations but is not included in the operating result. Cash flow from investing activities was negative by NOK 243.2 (0.5 in 2019). The increase in negative cash flow from investing activities is due to the acquisition of Polarled.

Net cash flow from financing activities was MNOK 248.0 (35.4 in 2019), mainly related to the proceeds of the bond issue, and net repayment of Financing Facility debt.

Cash and cash equivalents at the beginning of the year was MNOK 11.5 (5.3 in 2019). At balance sheet date, cash and cash equivalents amounted to MNOK 26.3 (11.5 in 2019), giving a net increase during the year of MNOK 14.8 (6.2 in 2019.)

Operational review

The company currently holds ownership in five exploration licenses on the NCS. Two of these, PL 972 (Vette) and PL 528 (Ivory), are currently being evaluated for development and operation (PDO), while three are being evaluated for their exploration potential. In addition, the company holds a 5% ownership in the Polarled pipeline that transports gas from Aasta Hansteen and surrounding areas to the Nyhamna gas processing plant. The participating interest was acquired in 2020, with effective date 01.01.2020, and closing of the transaction 30.11.2020. The ownership in Polarled is estimated to cover the company's operational expenses.

Going concern and liquidity

Pursuant to §3-3 of the Norwegian Accounting Act, the board confirms that conditions for continued operation as a going concern are present for the company, and that the annual financial statements for 2020 have been prepared under this assumption.

The board considers the financial position and liquidity to be healthy. The acquisition of Polarled will provide steady cash flow to the company, as the efforts to continue to create value through exploration activities and through M&A-activities continue. The cash balance by year end, combined with operational cash flow from operations and other available sources of financing are expected to be sufficient to finance the company's commitments in 2021.

Organisation

At the end of 2020, the company consisted of seventeen people, four women and thirteen men. The management team consisted of two men and one woman. The sickness absence rate was 0.4%, and no injuries are recorded. The sickness absence rate is considered low. The working environment is perceived as good. During 2020 the opportunities for socialisation has been drastically reduced due to covid-19, but the management have catered for unformal Teams-meetings where the management share company information, and the employees share what they have been working on. This provides a space where colleagues can meet and discuss, also when isolated at home. Nevertheless, the board and management look forward to arranging activities to promote an even better working environment when the pandemic situation allows for it.

The company strive to provide equal opportunities for all based on qualifications, where gender, ethnicity, sexual orientation or disabilities are not relevant factors. This applies both to existing employees, as well as for potential candidates to vacant positions.

The company operates in an industry where the operations could potentially pollute the external environment. The company works actively together with license partners to reduce any such negative impact on the environment.

Corporate social responsibility

The company's management system has defined processes for procurement, employee rights, employee conduct and anti-corruption practices. Our ability to create sustainable value in the long term, fully depends on our ability to apply high ethical standards in all that we do. This is the basis for a trust-based and binding relationship with the community, our owners, employees, partners, customers and suppliers.

Subsequent events and outlook

The oil and gas industry is associated with risks related to fluctuating oil and gas prices as well as operational issues. The company currently has no production of oil and gas, and the income from Polarled is tariff based and determined by the Norwegian Authorities. The company is thus not affected from fluctuating gas prices.

In January 2021, the company was awarded participating interests in two licenses on the NCS by the Ministry of Petroleum and Energy under the Award in Pre-defined Areas (APA) for 2020. PL1116 will be operated by OKEA, and PL1130 will be operated by Inpex. PL1019 has been relinquished in 2021.

Board of directors, Bergen, 30 April 2021

Lars Moldestad	Johan Kr. Mikkelsen	Jonny Hesthammer
Chairman of the board	Board member	Board member

2. FINANCIAL REPORTS

INCOME STATEMENT

PROFIT/LOSS STATEMENT

NOK	Note	2020	2019
Tariff revenue	2	5 507 984	-
Other income	2	57 850	59 800
REVENUE AND OTHER INCOME		**5 565 834**	**59 800**
Production costs		202 426	-
Exploration expenses		20 265 496	57 743 521
Depreciations	3	2 260 814	1 232 728
Payroll expenses	4	27 880 849	25 744 274
Other general and administrative costs	5	8 558 848	10 862 520
Total operating expenses		**59 168 434**	**95 583 043**
Operating loss		**(53 602 600)**	**(95 523 243)**
Finance income	7	1 033 675	546 898
Finance cost	6,7	8 556 206	6 768 557
Loss before taxes		**(61 125 131)**	**(101 744 902)**
Tax expense (+)/income (-)	8	(44 182 147)	(75 075 809)
NET LOSS		**(16 942 984)**	**(26 669 093)**
Other comprehensive income		-	-
Total comprehensive loss		**(16 942 984)**	**(26 669 093)**

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET - ASSETS

NOK		31.12.2020	31.12.2019	01.01.2019
	Note	2020	2019	2019
ASSETS				
Intangible assets				
Deferred tax assets	8	16 730 539	12 717 562	10 290 588
Other intangible assets	3	1 079 184	377 778	-
Tangible fixed assets				
Property, plant and equipment	3	241 398 485	93 453	120 134
Right-of-use assets	3	2 596 536	3 689 814	4 783 093
Total non-current assets		**261 804 744**	**16 878 607**	**15 193 814**
Receivables				
Trade and other receivables	9,13	13 508 825	3 336 875	7 498 772
Tax receivable from exploration refund	8	40 169 171	72 648 835	54 514 456
Cash and cash equivalents				
Cash and cash equivalents	15,13	26 313 840	11 507 645	5 288 732
Total current assets		**79 991 835**	**87 493 354**	**67 301 961**
TOTAL ASSETS		**341 796 578**	**104 371 961**	**82 495 775**

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET - EQUITY AND LIABILITIES

NOK		31.12.2020	31.12.2019	01.01.2019
	Note	2020	2019	2019
EQUITY AND LIABILITIES				
Equity				
Share capital	14	75 750	30 000	30 000
Share premium		98 137 410	-	-
Accumulated loss		(77 873 713)	(60 930 729)	(34 261 635)
Total equity	14	**20 339 447**	**(60 900 729)**	**(34 231 635)**
Non-current liabilities				
Long term bonds	11	275 000 000	-	-
Exploration financing facility	12	32 734 643	65 912 000	48 000 000
Other borrowings	12,17	-	84 732 202	59 588 194
Long-term lease debt	6,12	1 585 139	2 662 525	3 660 533
Total non-current liabilities		**309 319 782**	**153 306 727**	**111 248 727**
Current liabilities				
Trade, other payables and provisions	10,13	11 014 789	10 843 403	4 356 124
Short-term lease debt	6,12	1 122 560	1 122 560	1 122 560
Total current liabilities		**12 137 349**	**11 965 963**	**5 478 684**
Total liabilities		**321 457 131**	**165 272 690**	**116 727 411**
TOTAL EQUITY AND LIABILITIES		**341 796 578**	**104 371 961**	**82 495 775**

Board of directors, Bergen, 30 April 2021

Lars Moldestad	Johan Kr. Mikkelsen	Jonny Hesthammer
Chairman of the board	Board member	Board member

STATEMENT OF CASH FLOW

CASH FLOW STATEMENT

NOK	Note	2020	2019
Profit/loss before taxes		(61 125 131)	(101 744 902)
Depreciation	3	2 260 814	1 232 728
Tax refund	8	72 648 835	54 514 456
Interest expenses and interest on lease debt	7	8 144 587	6 704 135
Changes in inventories, accounts payable and receivables		(11 989 605)	10 649 176
Net cash flow from operating activities		**9 939 501**	**(31 565 645)**
Capital expenditures	3	(243 173 974)	(490 547)
Net cash flow from investment activities		**(243 173 974)**	**(490 547)**
Drawdown on exploration facility	12	40 457 000	72 800 000
Repayment of exploration facility	12	-73 634 357	-54 888 000
Net proceeds from bond issue	11	275 000 000	-
Net proceeds from other debt	12	10 000 000	21 500 000
Interest paid	7	(2 600 812)	(2 921 239)
Payments on lease debt	6	(1 181 162)	(1 136 896)
Net cash flow from financing activities		**248 040 669**	**38 275 104**
Net change in cash and cash equivalents		**14 806 195**	**6 218 912**
Cash and cash equivalents at start of period	**15**	**11 507 645**	**5 288 732**
Cash and cash equivalents at end of period	**15**	**26 313 840**	**11 507 645**

STATEMENT OF CHANGES IN EQUITY

NOK	Share capital	Share premium	Retained earnings	Total equity
Shareholders' equity at 1 January 2020	**30 000**	**-**	**(60 930 729)**	**(60 900 729)**
Net income for the period	-	-	(16 942 984)	(16 942 984)
Share capital increase*	45 750	98 137 410	-	98 183 160
Shareholders' equity at 31 December 2020	**75 750**	**98 137 410**	**(77 873 713)**	**20 339 447**
Shareholders' equity at 1 January 2019	**30 000**	**-**	**(34 261 635)**	**(34 231 635)**
Net income for the period	-	-	(26 573 823)	(26 573 823)
Implementation of IFRS 16	-	-	(95 271)	(95 271)
Shareholders' equity at 31 December 2019	**30 000**	**-**	**(60 930 729)**	**(60 900 729)**

*See note 12 for details concerning the share capital increase.

3. NOTES TO THE FINANCIAL STATEMENTS

Note 1 Accounting principles

1.1 Basis of preparation
M Vest Energy AS' financial statements have been prepared in accordance with simplified IFRS according to the Norwegian Accounting Act § 3-9, and regulations regarding simplified application of IFRS issued by the Ministry of Finance. These annual accounts are the first prepared by the company in accordance with simplified IFRS. Compared to historical accounts prepared according to NGAAP, no other items than lease items (IFRS 16) constitute a difference between the methods of accounting. Comparable balance sheets as of 01.01.2019 and 31.12.2019 are prepared with the implementation of IFRS 16 effective from 01.01.2019.

The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and periods presented.

The Covid-19 pandemic has had a negative impact on demand for oil and gas, and on the prices achieved for these products. M Vest Energy currently have no producing fields in its portfolio, and the infrastructure asset is not significantly affected by the pandemic. Budget cuts from operators of licenses where we are partners have contributed to lower costs in license budgets. No impairments are recognised in 2020 as a result of Covid-19.

The financial statements were authorized for issuance by the Board of Directors and the Chief Executive Officer (CEO) on 30 April 2021. The financial statements will be presented for approval at the Annual General Meeting on 28 May 2021. Until this date the Board of Directors have the authority to amend the financial statements.

1.2 Balance sheet classification
Current assets and current liabilities include items due less than one year from the balance sheet date. Assets and liabilities due more than one year from the balance sheet date are classified as non-current. The current portion of long-term debt is classified as current liabilities.

1.3 Acquisitions
Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting. The acquired identifiable tangible and intangible assets, liabilities and contingent liabilities are measured at their fair values at the date of the acquisition. Acquisition costs incurred are expensed under Selling, general and administrative expenses. When entering into an arrangement to acquire interests in licenses the company evaluates whether the acquisition should be treated as a business combination or an asset acquisition. The definition of a business combination requires that the assets acquired, and liabilities assumed constitutes a business. If the asset acquired and liabilities assumed do not constitute a business, the transaction is to be accounted for as an asset acquisition. For accounting purpose, the main difference between a business combination and an asset acquisition is that a business acquisition will result in deferred tax liabilities and goodwill that will not arise in an asset acquisition. Management believes that the accounting guidelines are unclear for how to account for acquisitions of interests in licenses that are not within the scope of IFRS 11, and has developed an accounting policy to account for such transactions as asset acquisitions.

1.4 Interest in joint arrangements
According to IFRS 11 a joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements in accordance with IFRS 11 can be either joint operations or joint ventures, depending on the contractual rights and obligations of each investor.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The company has evaluated its investment in its joint arrangements and concluded that these investments should be accounted for similar to joint operations, as the company has the right to its share of the respective assets and an obligation for its share of the liabilities.

The Company recognises, in connection with these joint arrangements, its share of the joint operations' individual revenue and expenses, as well as the assets, liabilities and cash flows of the joint operations, on a line-by-line basis with similar items in the company's financial statements.

1.5 Functional currency and presentation currency

The functional and reporting currency of M Vest Energy is Norwegian Kroner. Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items are translated into Norwegian Kroner using the exchange rate of the balance date. Gains and losses from foreign currency transactions, or translation of monetary assets or liabilities are recognised in the income statement net as a financial item.

1.6 Property, plant, and equipment

Property, plant, and equipment acquired are recorded at historical cost, less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Depreciation is recognised rateably over the useful lives of the assets.

Depreciation is calculated on a straight-line basis over its expected useful lives.

1.7 Exploration costs

Expenses relating to the drilling of exploration wells are temporarily recognised in the Statement of financial position as capitalised exploration expenditures, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells are expensed. Judgments as to whether this expenditure should remain capitalised or be expensed at the reporting date may materially affect the operating result for the period.

1.8 Impairment of assets

Property, plant, equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired. At each reporting date, the company assess whether there is an indication that the assets may be impaired. If any indications exist, an impairment test is conducted where the company estimates the recoverable amount of the asset.

Recoverable amount is the higher of fair value less cost to sell the asset, and present value of future cash flow from use of the asset. If the carrying amount is higher than he recoverable amount, an impairment loss is recognised in the income statement. Prior year impairments are reviewed for potential reversal at each financial reporting date.

1.9 Right-of-use assets

The Company measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the company. An estimate of the costs to be incurred by the company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The company applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.
The company applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

1.10 Trade receivables
Trade and other receivables are recognized at the initial invoiced amount, less any impairment losses. The invoiced amount is approximately equal to the value derived if the amortized cost method would have been used. Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9. Credit risk on the trade receivables is evaluated as very low.

1.11 Cash and cash equivalents
Cash and cash equivalents include cash in hand, current balances with banks and similar institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in fair value and have a maturity of three months or less from the acquisition date.

1.12 Revenue recognition
The company recognises revenue at the point in time when the company's contractual performance obligations has been fulfilled and control is transferred to the customer, which will ordinarily be at the point of delivery when title passes. There is no significant judgement applying IFRS 15 'Revenue from contracts with customers' to the company's revenue generating contracts. Revenue is measured at fair value and represents amounts receivable from gas transportation in line with underlying agreements with the users of the gas pipeline ("the Shippers"). Tariff income from gas transportation is recognised when the contractual obligations are fulfilled, which is when the gas has been transported. The operator, Gassco, invoice the shippers for the tariff revenue on a monthly basis. The cash receipt of tariff revenue is normally within one month after the month of the actual gas transport. Tariff levels are determined by the Norwegian Authorities.

1.13 Research and development
Research consists of original, planned studies carried out with a view to achieving new scientific or technical knowledge or understanding, and the associated costs are expensed as incurred. Development consists of the application of information gained through research, or of other knowledge, to a plan or design for the production of new or significantly improved materials, facilities, products, processes, systems or services before commercial production or use commences. Development costs are capitalized when the underlying project is technically feasible.

1.14 Leases
At the inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease liability is recognized at the commencement date and measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate at the commencement date. The borrowing rate is derived from the terms of the company's existing credit facilities. RoU assets are depreciated over the lease term as this is ordinarily shorter than the useful life of the assets. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the company is reasonably certain to exercise this option.

The company applies the exemption for short term leases (12 months or less) and low value leases. As such, related lease payments are not recognized in the balance sheet, but expensed or capitalised in line with the accounting treatment for other non-lease expenses.

1.15 Tax
Tax consists of tax payable and changes in deferred tax. Deferred tax/tax benefits are calculated on the basis of the differences between book value and tax basis values of assets and liabilities, with the exception

of temporary differences on acquisition of licenses that are defined as asset purchases. Deferred tax is measured using the expected tax rate when the tax benefit is realised or the tax liability is met, based on tax rates and tax regulations that have been enacted or substantively enacted at the reporting date.

Tax payable and deferred tax is recognised directly against equity or other comprehensive income insofar as the tax items are related to equity transactions or items of other comprehensive income.
Deferred tax and tax benefits are presented net, where netting is legally permitted, and the deferred tax benefit and liability are related to the same tax subject and are payable to the same tax authorities.

Petroleum taxation
As an exploration and production company, M Vest Energy is subject to the special provisions of the Petroleum Taxation Act. Taxable profits from activities on the Norwegian Continental Shelf are liable to ordinary company tax and special tax. The tax rate for general corporate tax was 22 percent in 2019 and was unchanged in 2020. The rate for special tax was 56% for both years.

Tax depreciation
Pipelines and production facilities can be depreciated by up to 16 2/3 percent annually, i.e., using the straight-line method over six years. Tax depreciation commences when the expenses are incurred. When a field stops producing, any remaining tax values (except for future uplift) may be deducted in that year.

The company is granted a special allowance against the special tax base called Uplift, which is calculated as 20,8 percent on existing qualifying offshore assets. The Uplift is allocated on a linear basis against the special tax base over 4 years.

Certain temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. The changes in tax law included a temporary rule for depreciation and uplift, whereby all investments incurred for the income years 2020 and 2021including 24% uplift can be deducted for special tax (56%) in the year of investment. The temporary changes will also be applicable for investments up to and including year of production start in accordance with new PDOs delivered within 31 December 2022 and approved within 31 December 2023.

1.16 Employee benefits
Pension schemes
The company complies with the requirement to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The company makes contributions to the pension plan for full-time employees equal to 7% for salary up to 7.1 G and 25.1% between 7.1 and 12 G. The pension premiums are charged to expenses as they are incurred.

1.17 Borrowings and borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.18 Financial liabilities

Financial liabilities, other than those recognised at fair value through profit and loss, are initially recognised at fair value less direct transaction costs. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost with any difference between cost and redemption being recognised in the statement of income over the expected duration of the loan.

1.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

1.20 Cash flow statement

The Statement of Cash Flows is prepared using the indirect method.

1.21 Segment

The company is involved in exploration for, production and transportation of, oil and gas on the Norwegian Continental Shelf, and this is the sole segment identified by the company.

1.22 Critical accounting judgements and the sources of estimation uncertainty

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The following critical judgements have been made by the management.

a) Acquisition accounting

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case-by-case basis. Acquisitions are assessed under the relevant IFRS criteria to establish whether the transaction represents a business combination or an asset purchase, and the conclusion may materially affect the financial statements both in the transaction period and in terms of future periods' operating income. The amendments to IFRS 3, effective from 1 January 2020 and implemented by M Vest Energy, provide clarification to the definition of a business, but do not diminish the fact that critical judgements apply when deciding on whether a transaction is a business combination. M Vest Energy AS has assessed the investment in 5 % interest in Polarled in 2020 and concluded it represents an asset acquisition and not a business combination.

b) Infrastructure assets

Impairment. Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the asset may be impaired. At each reporting date the company assess whether there is an indication that the assets may be impaired. If any indications exist, an impairment test I performed, i.e. the company estimates the recoverable amount of the asset.

The recoverable amount is the higher of fair value and less expected cost to sell and value in use (present value based on the future use of the asset). If the carrying amount of an asset is higher than the recoverable amount, an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset.

There was no indication of impairments in the periods presented. However, changes to the model estimates as discussed above, in particular changes to forecasted tariff revenues and the weighted average cost of capital, could have a significant impact on such conclusions and the amounts recognised in these and future financial statements.

Depreciation. The depreciation recognised in the Statement of Profit or Loss and Other Comprehensive Income depends on the estimated useful lives of the assets, the usage pattern of the assets within individual periods and residual values at the end of useful lives. The estimated useful lives are based on contractual periods of the agreements governing the use and operation of the assets and the assets are considered to be consumed linearly over their lives. This is based on current practice on the Norwegian Continental Shelf, together with previous experience and knowledge of the manner in which those assets will be used and retired from use. Changes in the pattern of use or other variations from the pattern of expected use from these estimates would significantly impact such conclusions and the amounts recognised in these financial statements, and future changes may lead to adjustments in the carrying value or estimated lives of the assets.

The acquired infrastructure asset is under a license agreement expiring in 2041. The license agreement may or may not be extended beyond this period. The company has decided to depreciate all of the infrastructure assets on a straight-line basis over the period to 2041. Capitalised expenditures are depreciated over the expected useful life of the assets acquired. Any changes to the expected remaining useful life of the assets would significantly affect depreciation.

Depreciation on other non-Polarled assets is calculated using the straight-line method to allocate their cost less residual values over their estimated useful lives. Changes in the pattern of use or other variations from the expected pattern of use from these estimates would significantly impact such conclusions and the amounts recognised in these financial statements, and future changes may lead to adjustments in the carrying value or estimated lives of the assets.

1.23 Financial risks and risk management

In order to support the financing of business operations and acquisitions, the company utilises external financing.

The following forms of financing have been obtained:

- Bond financing – funding to finance the acquisition of the company's stake in Polarled
- Exploration Financing Facility - Bank loan to fund exploration activities.

a) Liquidity risk and cash management

The company's strategy is at all times to have access to sufficient liquidity to meet anticipated cash needs, through detailed liquidity forecasts and utilisation of available free-cash resources, or available credit line headroom, with an acceptable "liquidity margin".

Any excess liquidity is utilised to best effect, either to repay/offset borrowings, to reduce interest costs or is invested in "risk free" instruments with an acceptable rate of return.

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2020

NOK	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Exploration financing facility	32 734 643	-	-	-	**32 734 643**
Senior secured bond 8.000% (20/30)	-	-	78 800 000	196 200 000	**275 000 000**
Trade and other payables	11 014 789	-	-	-	**11 014 789**
Lease debt	1 122 560	1 585 139	-	-	**2 707 699**
Total at 31 December 2020	**44 871 992**	**1 585 139**	**78 800 000**	**196 200 000**	**321 457 131**

b) Market risk: Interest risk

Interest rate risk is the risk of potential reduction in asset value and profitability arising through adverse variations in interest rates. The company is exposed to interest rate risk, primarily as a consequence of its third-party bank debt that is offered partially on floating rate terms.

c) Market risk: Exchange rate risk

The company is exposed to a limited degree of currency exchange risk, due to payments for certain of its operating expenses and investments being paid in EUR and USD. Given the anticipated relatively modest nature of non-NOK denominated operational cash flows as a whole, the company have not recognised a need to hedge net-exposures.

As the company's exposure to changes in foreign currencies is limited, the impact on full year post tax result of a 10% movement in any foreign currency exchange rate will not have material effect on the company's financial statements.

As the company's borrowing facilities are NOK-denominated there is no currency risk related to borrowings.

d) Credit risk

Credit risk is the risk of potential loss arising when a counterparty is unable to fulfil its obligations. The company has assessed that it is exposed to credit risk in relation to:

- Payment of tariff revenues - This risk is considered to be low, given the state-owned nature of Gassco and the financial status of the underlying gas shipper companies.
- Obligations due from other third parties, e.g. payment of insurance proceeds - This risk is considered to be low given the financial standing of the financial institutions with which insurance contracts are undertaken, however, periodic monitoring of these institutions' credit worthiness is undertaken.

The company monitors credit risk by periodic assessments of the credit worthiness of its counterparties and considers adequate corrective actions in case of negative developments in credit worthiness.

1.24 New IFRS standards and standards issued but not yet effective

There has not been any new or amended IFRS standards effective from 2020 with material impact to the group accounts. Certain new accounting standards and interpretations are issued, but not yet effective as of 31 December 2020. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

Note 2 Income

Breakdown of revenues (NOK)	2020	2019
Tariff income*	5 507 984	-
Other income**	57 850	59 800
Total income	**5 565 834**	**59 800**

*Tariff income is solely related to the company's 5% operating interest in the Polarled JV. The operator of Polarled, Gassco, is responsible for collecting tariff revenue from the shippers. Currently, only gas from Aasta Hansteen flows through Polarled.
** The amounts include sales of administrative services.
All revenue is generated from activities on the Norwegian Continental Shelf.

Note 3 Tangible fixed assets and intangible assets

Tangible fixed assets - amounts in NOK	Gas transportation facilities	Office machinery, furniture and fixtures	Right-of-use assets
2020			
Cost at 1 January 2020	**-**	**388 383**	**4 783 093**
Additions	242 235 177	79 847	-
Disposals	-	-	-
Cost at 31 December 2020	**242 235 177**	**468 230**	**4 783 093**
Accumulated depreciation and impairment at 1 January 2020	-	(294 930)	(1 093 278)
Depreciation for the year	(957 451)	(52 540)	(1 093 278)
Disposals	-	-	-
Accumulated depreciation and impairment at 31 December 2020	**(957 451)**	**(347 470)**	**(2 186 557)**
Carrying amount at 31 December 2020	**241 277 725**	**120 760**	**2 596 536**
2019			
Cost at 1 January 2019	**-**	**297 836**	**4 783 093**
Additions	-	90 547	-
Disposals	-	-	-
Cost at 31 December 2019	**-**	**388 383**	**4 783 093**
Accumulated depreciation and impairment at 1 January 2019	-	(177 702)	-
Depreciation for the year	-	(117 228)	(1 093 278)
Disposals	-	-	-
Accumulated depreciation and impairment at 31 December 2019	**-**	**(294 930)**	**(1 093 278)**
Carrying amount at 31 December 2019	-	**93 453**	**3 689 814**

Gas transportation facilities are depreciated over the license period using the straight-line method. Office machinery etc. are depreciated over their useful life, 3-5 years. Right-of-use assets are depreciated over the contractual obligation period. The acquisition of a 5% share of Polarled JV is considered an asset acquisition, and the consideration for the interest is allocated to individual assets and liabilities acquired. Polarled is depreciated over the remaining useful life, which is considered to be the same as the license period that expires in 2041.

The interest in Polarled JV is pledged as security for the bond issue.

Infrastructure assets are reviewed for impairment on a regular basis. There is no impairment loss recognised on infrastructure assets in 2020 or 2019. See note 1 for a discussion of the critical accounting judgements related to infrastructure assets.

Note 3 Tangible fixed assets and intangible assets cont.

Intangible assets - amounts in NOK	Software
2020	
Cost at 1 January 2020	**400 000**
Additions	858 950
Disposals	-
Cost at 31 December 2020	**1 258 950**
Accumulated depreciation and impairment at 1 January 2020	(22 222)
Depreciation for the year	(157 545)
Disposals	-
Accumulated depreciation and impairment at 31 December 2020	**(179 767)**
Carrying amount at 31 December 2020	**1 079 184**
2019	
Cost at 1 January 2019	**-**
Additions	400 000
Disposals	-
Cost at 31 December 2019	**400 000**
Accumulated depreciation and impairment at 1 January 2019	-
Depreciation for the year	(22 222)
Disposals	-
Accumulated depreciation and impairment at 31 December 2019	**(22 222)**
Carrying amount at 31 December 2019	**377 778**

Software is depreciated over its useful life, 3 years, using the straight-line method.

Note 4 Payroll expenses and remuneration

NOK	2020	2019
Payroll expenses	22 285 295	20 315 970
Pension	1 784 097	1 746 506
Social security tax	3 286 873	3 157 876
Other personnel costs	524 584	523 922
Total payroll expenses	**27 880 849**	**25 744 274**

Pensions
The company complies with the requirement to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The company makes contributions to the pension plan for full-time employees equal to 7% for salary up to 7.1 G and 25.1% between 7.1 and 12 G. The pension premiums are charged to expenses as they are incurred.

Average full-time man-years

Average full-time man-years	2020	2019
Norway	13	13
Total	**13**	**13**

Remuneration to CEO and board of directors

Remuneration to CEO in 2020	Salary	Bonus	Total remuneration	Pension costs	Number of shares	Owning interest
Jonny Hesthammer	3 795 378	1 250 000	5 045 378	195 940	6 000	7,9 %

Remuneration to CEO in 2019	Salary	Bonus	Total remuneration	Pension costs	Number of shares	Owning interest
Jonny Hesthammer	3 783 324	-	3 783 324	190 595	6 000	20 %

Fee to Board of Directors in 2020	Fee
Board of Directors	1 400 000

Fee to Board of Directors in 2019	Fee
Board of Directors	1 150 000

When notice is given by the Company, the CEO is, in addition to pay in the notice period, entitled to pay after termination of employment equal to 6 months' salary as this is at the time of notice, to be paid on the first ordinary pay day after the date when the MD resigns.

There are no fixed agreements relating to bonuses. Bonus has been paid in 2020, but not in 2019. There is no share based renumeration agreements.

Note 5 Auditors fee

NOK (excluding VAT)	2020	2019
Fee for statutory audit services	160 000	135 000
Fee technical services	50 000	161 000
Total auditor's fee	**210 000**	**296 000**

Note 6 Leasing

The company has entered into leases for office premises and parking spaces. This is the only significant lease agreement identified by the company. The current office lease agreement terminates 14.05.2023, and the annual lease cost is NOK 1,181,162.

The incremental borrowing rate applied in discounting the lease debt is 3,36%

Leasing liabilities (NOK)	**01.01.-31.12.**	**01.01.-31.12.**
	2020	**2019**
Lease debt at beginning of period	**3 785 085**	**4 783 093**
New lease debt recognised in the period	-	-
Payments of lease debt	(1 181 162)	(1 136 896)
Interest expense on lease debt	103 776	138 888
Total lease debt	**2 707 699**	**3 785 085**
Short-term lease debt	1 585 139	2 662 525
Long-term lease debt	1 122 560	1 122 560
Total lease debt	**2 707 699**	**3 785 085**
Lease debt maturity breakdown (NOK)	**2020**	**2019**
Within one year	1 181 162	1 181 162
Two to five years	1 624 097	2 805 259
After five years	-	-
Total	**2 805 259**	**3 986 421**

Extension options are included in the lease liability when, based on management's judgement, it is reasonably certain that an extension will be exercised. No such extension options are recognised as at 31 December 2020.

As these financial Statements are the first ones prepared in accordance with simplified IFRS, and thus these are the first Financial Statements where IFRS 16 is applied. Retrospective approach has been used, with the following changes being made to the 2019 figures.

IFRS 16 implementation implications on the 2019 accounts	Balance items as at 01.01.2019	Changes recorded through 2019
Right-of-use asset	4 783 093	-1 093 278
Leasing liabilities	-4 783 093	998 008
Depreciations		1 093 278
Reversed other operating costs		-1 136 896
Interest costs		138 888

The net effect on the Income Statement for 2019 was negative with NOK 95,271.

Note 7 Financial items

Specification of financial items

Financial items (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Interest income	987 055	375 145
Currency gains	46 619	171 752
Total financial income	**1 033 675**	**546 898**
Interest expenses	8 040 811	6 565 247
Interest on lease debt	103 776	138 888
Currency loss	327 375	132 113
Total financial expenses	**8 471 963**	**6 836 248**
Net financial items	**(7 438 288)**	**(6 289 351)**

Interest paid in 2020

Paid interests (NOK)	2020	2019
Exploration Financing Facility	2 600 812	2 921 239
Total paid interests	**2 600 812**	**2 921 239**

Note 8 Tax

Tax for the period (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Current year tax payable/receivable	(40 169 170)	(72 648 835)
Change in current year deferred tax	(4 012 977)	(2 426 974)
Tax expense (+)/income (-)	**(44 182 147)**	**(75 075 809)**

Calculated tax payable (-)/tax receivable (+) (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Tax payable/receivable at beginning of period	72 648 835	54 514 456
Current year tax payable/receivable	40 169 170	72 648 835
Net tax payment/refund	(72 648 835)	(54 514 456)
Net tax payable (-)/receivable (+)	**40 169 171**	**72 648 835**
Tax receivable included as current assets (+)	40 169 171	72 648 835

Specification of deferred tax asset (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Property, plant and equipment	6 642 976	612 551
Capitalised financial items	(2 139 605)	-
Tax losses carried forward	12 262 062	12 105 011
Prior year adjustment	(34 894)	-
Total deferred tax assets	**16 730 539**	**12 717 562**

Companies operating on the NCS under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore recognised in full.

Reconciliation of tax expense (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
78% tax rate on profit/loss before tax	(47 677 602)	(79 361 024)
Other non-deductible costs	3 493 091	3 004 425
Tax effect of uplift	(1 442 594)	-
Effect of temporary tax changes	(183 900)	-
Interest lease	(58 115)	-
Tax effect of financial and other 22% items	2 280 081	1 365 396
Net financials deductible 56%	(361 754)	
Interest on losses carried forward	(157 361)	
Prior period adjustment	(73 993)	(3)
Other permanent differences (§10)	-	(84 604)
Tax expense (+)/income (-)	**(44 182 147)**	**(75 075 809)**

Note 9 Trade and other receivables

Specification of trade and other receivables

Trade and other receivables (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Accounts receivables	5 580 296	74 750
Receivables related to license acquisitions (pro&contra)	4 787 221	-
Prepayments	1 900 267	42 664
Other receivables, including balances with license partners	1 241 040	3 219 461
Totals	**13 508 825**	**3 336 875**

The receivables all mature within one year.

Note 10 Trade, other payables and provisions

Specification of trade, other payables and provisions

Trade, other payables and provisions (NOK)	01.01.-31.12.	01.01.-31.12.
	2020	2019
Accounts payable	3 486 975	989 805
Accrued public charges and indirect taxes	1 038 941	805 042
Payroll liabilities	4 030 270	3 241 700
Accrued interest	1 989 041	-
Other accruals	-	3 602 693
Share of other current liabilities in licenses	469 562	2 204 164
Totals	**11 014 789**	**10 843 403**

Note 11 Bonds

Bonds (NOK)	Maturity	31.12.2020	31.12.2019
Senior secured bond 8.000% (20/30)	Nov 2030	275 000 000	-

The bond issue of MNOK 275 was effectuated in 2020, and the funds where paid to the company in November.

The bond is carried at nominal value. Interest is paid on a quarterly basis. The bond does not have financial covenants. See note 1.16 for the repayment schedule. The 5% working interest in Polarled JV is pledged as security for the bond issue. Book value of pledged assets is MNOK 241.3.

Note 12 Other Interest- bearing debt

Other interest-bearing debt (NOK)	31.12.2020	31.12.2019
Exploration Financing Facility	**32 734 643**	**65 912 000**
Loan from M Vest AS	**-**	**84 732 202**
Long-term lease debt	**1 585 139**	**2 662 525**
Short-term lease debt	**1 122 560**	**1 122 560**
Total	**35 442 342**	**154 429 287**

Exploration Financing Facility cash movements (NOK)	31.12.2020	31.12.2019
Exploration Financing Facility at the start of the period	**65 912 000**	**48 000 000**
Utilisation of facility in the period	40 457 000	72 800 000
Repayment of loan in the period	(73 634 357)	(54 888 000)
Exploration Financing Facility at the end of the period	**32 734 643**	**65 912 000**

The Exploration Financing Facility agreement for 150 MNOK with Svenska Enskilda Banken (SEB) was originally entered into 18.01.2017, and has been amended in 2018, 2019 and 2020. After the amendment in 2020 the limit is reduced to 130 MNOK. The facility period ended 31.12.2020, with termination date 31.12.2021, or when M Vest Energy receive the exploration tax refunds. The interest consists of Nibor + margin (2.00%). The Financing Facility is limited to 95% of the tax value of relevant exploration costs. As of 31 December 2020, the company have outstanding loan that correspond to 81% of exploration tax refund. The tax refund is pledged as security under the Exploration Financing Facility.

In 2020, the company borrowed 10 MNOK from M Vest AS, who own 80% of the shares in the company. Total loan excluding interest was then MNOK 87,5. Interest costs related to the loan was MNOK 3,5 in 2020. In October 2020, the loan (MNOK 87,5) and accrued interest of MNOK 10,7 was converted to equity. The company issued 45,750 new B-shares to M Vest AS for the conversion.

Note 13 Financial instruments

Financial instruments by category.

Year ended 31 December 2020

Financial assets	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables*	9 026 186	-	9 026 186
Cash and cash equivalents	26 313 840	-	26 313 840
Total	**35 340 026**	**-**	**35 340 026**

Financial liabilities	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other payables*	3 956 537	-	3 956 537
Interest bearing loans and borrowings	310 442 342	-	310 442 342
Total	**314 398 879**	**-**	**314 398 879**

*Prepayments, accrued receivables, VAT, public duties payable and accrue expenses are not included.

Year ended 31 December 2019

Financial assets	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables*	2 733 251	-	2 733 251
Cash and cash equivalents	11 507 645	-	11 507 645
Total	**14 240 896**	**-**	**14 240 896**

Financial liabilities	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other payables*	3 188 119	-	3 188 119
Interest bearing loans and borrowings	154 429 287	-	154 429 287
Total	**157 617 406**	**-**	**157 617 406**

*Prepayments, accrued receivables, VAT, public duties payable and accrue expenses are not included.

Note 14 Equity and shareholders

Shareholders	A-shares	B-shares	Total shares
M Vest AS	14 850	45 750	**60 600**
Jonny Hesthammer AS	6 000	-	**6 000**
Alpha Sigma AS	4 575	-	**4 575**
Buena Nieta AS	4 575	**-**	**4 575**
Total	**30 000**	**45 750**	**75 750**

The company has 30,000 A shares and 45,750 B shares, each with a nominal value of NOK 1.

The A shares carry full economic rights and full voting rights.

The B shares do not have voting rights in the General Assembly but have otherwise equal rights to the A shares.

Equity changes are found in the Statement of Changes in Equity.

Shares owned by members of the board and CEO

Chair of the board, Lars Moldestad, owns 20% of the shares in M Vest AS through Molasset AS. CEO and member of the board, Jonny Hesthammer, owns 90% of the shares in Jonny Hesthammer AS.

Note 15 Cash and cash equivalents

(NOK)	**31.12.2020**	**31.12.2019**
Bank deposits, unrestricted	**24 518 651**	**10 274 978**
Bank deposit, employee taxes, restricted	**1 795 189**	**1 232 667**
Total cash and cash equivalents	**26 313 840**	**11 507 645**

Note 16 Earnings per share

Earnings per share is calculated by dividing the year's profit attributable to ordinary equity holders of the company, which was NOK -16 942 984 (NOK -26 669 093 in 2019) by the year's weighted average number of outstanding ordinary shares, which was 40,875 (30,000 in 2019). There are no option schemes or convertible bonds in the company, meaning there is no difference between the ordinary and diluted earnings per share

Earnings per share (NOK)	**31.12.2020**	**31.12.2019**
Loss for the year attributable to ordinary equity holders	(16 942 984)	(26 669 093)
The year's average number of ordinary shares	40 875	30 000
Earnings per share in NOK	**(415)**	**(889)**

Note 17 Related party transactions

In 2020, the company borrowed 10 MNOK from M Vest AS, who is a shareholder in the company. Total loan excluding interest was then MNOK 87,5. Interest costs related to the loan was MNOK 3,5 in 2020. In October 2020, the loan (MNOK 87,5) and accrued interest of MNOK 10,7 was converted to equity. There were no outstanding loans to M Vest AS at balance date.

Note 18 Commitments and contingencies

Minimum work programme

The company is required to participate in the approved work programmes for the exploration licenses. For 2021 the license budgets amount to approximately NOK 28,500,000. No wells are committed for 2021.

Liability for damages/insurances

The company's operations involve risk for damages, including pollution. Installations and operations are covered by an Energy Package Insurance policy. The company also has in place a 12-month Loss of Tariff Income coverage.

Note 19 Ownership in Joint Operations

As at 31 December 20l20, the company was partner in the following licenses:

Licenses	Ownership	Operator	License period end
PL528 & PL528B	25%	Spirit	15.05.2047
PL959 & PL959B	10%	Equinor	22.06.2025
PL972	30%	OKEA	01.03.2022
PL1019	10%	Equinor	Relinquished 2021

Note 20 Subsequent events

In January 2021, the company was awarded participating interests in two licenses on the NCS by the Ministry of Petroleum and Energy under the Award in Pre-defined Areas (APA) for 2020. PL1116 will be operated by OKEA, and PL1130 will be operated by Inpex.

SIGNATURES ALLEKIRJOITUKSET UNDERSKRIFTER SIGNATURER UNDERSKRIFTER

This documents contains 31 pages before this page

Tämä asiakirja sisältää 31 sivua ennen tätä sivua

Detta dokument innehåller 31 sidor före denna sida

Dokumentet inneholder 31 sider før denne siden

Dette dokument indeholder 31 sider før denne side

authority to sign	asemavaltuutus	ställningsfullmakt	autoritet til å signere	myndighed til at underskrive
representative	nimenkirjoitusoikeus	firmateckningsrätt	representant	repræsentant
custodial	huoltaja/edunvalvoja	förvaltare	foresatte/verge	frihedsberøvende

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of M Vest Energy AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M Vest Energy AS, which comprise the statement of financial position as at 31 December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, 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

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

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

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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 those charged with governance 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.

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

Oslo, 30 April 2021
Deloitte AS

Mette Herdlevær

Mette Herdlevær
State Authorised Public Accountant (Norway)