ANNUAL REPORT 2021

MVEST ENERGY

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1. BOARD OF DIRECTOR'S REPORT

Board of directors' report

Key events in 2021

On 12 November 2021 M Vest Energy announced the purchase of 7.56% working interest (WI) in Draugen, 4.4424% WI in Brage, and 0.8% WI in Ivar Aasen from Neptune Energy Norge AS ("Neptune"). In addition to the oil and gas producing fields, the transaction includes a 1.2092% WI in Edvard Grieg oil pipeline and 1.8138% WI in Utsira High gas pipeline.

The transaction will give M Vest Energy estimated revenues for 2022 of around NOK 500 mill, compared to NOK 63 mill in 2021. For 2022 the expected production is 1,700 – 1,800 barrels of oil equivalents per day.

Effective date for the transaction is 01.01.2022, and government approval was received in March 2022.

Through the transaction, and as of 1 January 2022, M Vest Energy AS will become a fully integrated E&P company with oil and gas production, exploration activity, infrastructure ownership and potential development projects. With high oil and gas prices driven by strong demand and a supply side that suffer from years of under investments, M Vest Energy is well positioned for the future.

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 2021 the company held a 5% ownership in Polarled Joint Venture, and various ownerships in exploration licenses. An agreement to acquire working interests in three producing fields effective from 1 January 2022 had also been signed in 2021.

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. In the producing assets we work towards implementing less CO2-intensive sources of energy for the platforms, as power from shore on Draugen, and floating windmills on Brage. Ivar Aasen will be powered with electricity from shore, expected from Q4 2022. M Vest Energy will also introduce green chemicals for cleaning produced water. If implemented, this will reduce the amount of oil in water, and less red listed chemicals will be released to sea.

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 2021, or the result for 2021, other than those presented in the board of directors' report or that otherwise follow from the financial statements.

Total revenues were MNOK 63.3, (5.6 in 2020). The increase is due to the acquisition of a 5% share in the Polarled gas pipeline in Q4 2020. Operating loss for the year was MNOK 14.7 (53.6 MNOK in 2020), where the improvement from 2020 was caused by an increase in revenues. The total operating expenses amounted to MNOK 78.0 (59.2 MNOK in 2020).

Finance income amounted to MNOK 0.0 (1.0 MNOK in 2020), and finance cost amounted to MNOK 23.2 (MNOK 8.6 in 2020).

Profit/loss (-) before income tax was MNOK -37,9 (-61,1 in 2020). Tax income/expense (+) amounted to MNOK 10.5 (44.2 in 2020), whereof tax refund/payable (-) amounted to MNOK 17.6 (40.2 in 2020). The effective tax rate of 27.8% (72.3%) 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 -27.4 (-16.9 in 2020).

Total assets at year-end amounted to MNOK 300.2 (341.8 in 2020). The main reason for the decrease is reduction in tax receivables, deferred tax assets, and depreciation of assets.

M Vest Energy has recognised tax refund of MNOK 17.6 (40.2 in 2020).

The equity by year end was -7.1 MNOK, (-2.4%), down from 20.3 MNOK by year end 2020.

The interest-bearing debt was MNOK 294.1 in 2021, compared to 310.4 MNOK in 2020. The net decrease in interest-bearing debt is due to a net decrease of the exploration financing facility with SEB.

The company's cash flow from operating activities was MNOK 39.4 (9.9 in 2020). The main reason for the difference between the operating loss and the cash flow from operating activities is the tax refund of MNOK 40.1 that increase cash flow from operations but is not included in the operating result. Cash flow from investment activities was negative by NOK 2.6 (243.2 in 2020).

Net cash flow from financing activities was MNOK -39.4 (248.0 in 2020), mainly related to interest paid and net repayment of Financing Facility debt.

Cash and cash equivalents at the beginning of the year was MNOK 26.3 (11.5 in 2020). At balance sheet date, cash and cash equivalents amounted to MNOK 23.7 (26.3 in 2020), giving a net change for the year of MNOK -2.6 (14.8 in 2020.)

Operational review

The company currently holds ownership in seven exploration licenses on the NCS. One of these, PL 528 (Ivory), are currently being evaluated for development and operation (PDO), four are being evaluated for their exploration potential, and in the last two a decision to drop the license is taken. 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 ownership in Polarled is estimated to cover the company's operational expenses.

The initial budgets for Polarled presented by the operator included tariff income from the Dvalin gas field in 2021. Test production on Dvalin showed elevated levels of mercury. These are levels that do not compromise the Polarled pipeline, but are too high for the Nyhamna Gas Plant where mercury filters need to be installed. M Vest Energy estimate a negative impact on the revenues for 2021 of approximately 18 MNOK due to the delayed start-up. Planned start-up on Dvalin is Q1 2023.

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 2021 have been prepared under this assumption.

The company's equity is lost, and negative by 7 MNOK by the end of 2021. The equity has decreased each quarter of 2021, and to mitigate this, and to improve the financial position of the company, the board approved the acquisition of three producing fields on the NCS, including two pipelines. The expected effect of this acquisition is positive contribution to the equity, and a positive contribution to the liquidity. A shareholder loan of MNOK 120 is obtained to finance the acquisition from Neptune. In light of this transaction, that was completed 31/3-2022, the board considers the financial position and liquidity going forward to be adequate, as 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 2022. However, as the profit and cash flow from producing fields are highly dependent on oil and natural gas prices that now are on high levels, but with high volatility, there is risk related to a potential drop in oil and gas prices as well as risk related to timing of liftings of oil, that could lead to a need for further liquidity. No such arrangements are in place at report date.

Organisation
At the end of 2021, the company consisted of thirteen people, two women and eleven men. The management team consisted of two men and one woman. The sickness absence rate was 1.4%, and no injuries are recorded. The sickness absence rate is considered low. The working environment is perceived as good. During 2021 the opportunities for socialising has continued to be reduced due to covid-19, but the management have catered for informal 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 in 2022.

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.

Insurance for board members and officers
The company has an insurance policy for the board members and the officers for potential liability to the company and third parties. The board considers the coverage to be reasonable.

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 will from 2022 have a production of around 1800 boed, and the level of revenues from this production will fluctuate with market pricing of oil ang gas. The management team is exploring opportunities to reduce risk related to such revenue fluctuations. The income from Polarled is tariff based and determined by the Norwegian Authorities and is thus not affected from fluctuating gas prices.

In January 2022, 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 2021. PL1156 and PL1161 will both be operated by OKEA. PL972 has been relinquished in 2021.

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
Working with Norsk Hydro, Mr. Mikkelsen has 45 years refining, offshore drilling production and project experience. Mainly in Norway, but also for 12 years in UK, Canada and Brazil. He has held positions as Asset Owner and Senior Vice President (SVP) for Oseberg, Troll, Brage, Njord and Fram fields and SVP for 8 years for all Hydro drilling operations on the NCS and Internationally. In Canada he was Country manager for Norsk Hydro Oil and Gas, responsible for partner operation offshore East Canada (Hibernia, Terra Nova). In Brazil he held positions as Project Director and later Production Director for Statoil Brazil Peregrino Project, constructing 2 production/drilling platforms and one FPSO worldwide, before hook up and commission in Brazil. He later headed Statoil Sub Sea Improvement Project SIP with corporate steering committee. He retired from Equinor in 2014 and continued as CTO in Perestroika AS up to 2020. Several board positions (ie BoD Songa Offshore, Chairman and BoD EMGS, Chairman M Vest Water).

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, Bergen, 29 April 2022

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

2. FINANCIAL REPORTS

INCOME STATEMENT

PROFIT/LOSS STATEMENT

NOK		**31.12.2021**	**31.12.2020**
	Note	**2021**	**2020**
Tariff revenue	2	62 545 319	5 507 984
Other income	2	731 250	57 850
REVENUE AND OTHER INCOME		**63 276 569**	**5 565 834**
Production costs		2 246 772	202 426
Exploration expenses		27 448 774	20 265 496
Depreciations	3	13 128 627	2 260 814
Payroll expenses	4	25 714 418	27 880 849
Other general and administrative costs	5	9 442 469	8 558 848
Total operating expenses		**77 981 060**	**59 168 434**
Operating loss		**(14 704 491)**	**(53 602 600)**
Finance income	7	30 470	1 033 675
Finance cost	6,7	23 195 074	8 556 206
Loss before taxes		**(37 869 096)**	**(61 125 131)**
Tax expense (+)/income (-)	8	(10 459 076)	(44 182 147)
NET LOSS		**(27 410 020)**	**(16 942 984)**
Other comprehensive income		-	-
Total comprehensive loss		**(27 410 020)**	**(16 942 984)**

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET - ASSETS

NOK		31.12.2021	31.12.2020
	Note	**2021**	**2020**
ASSETS			
Intangible assets			
Deferred tax assets	8	9 450 523	16 730 539
Other intangible assets	3	1 422 252	1 079 184
Tangible fixed assets			
Property, plant and equipment	3	231 632 110	241 398 485
Right-of-use assets	3	1 503 258	2 596 536
Total non-current assets		**244 008 142**	**261 804 744**
Receivables			
Trade and other receivables	9,13	14 686 257	13 508 825
Tax receivable from exploration refund	8	17 762 046	40 169 171
Cash and cash equivalents			
Cash and cash equivalents	15,13	23 701 454	26 313 840
Total current assets		**56 149 758**	**79 991 835**
TOTAL ASSETS		**300 157 900**	**341 796 578**

STATEMENT OF FINANCIAL POSITION

BALANCE SHEET - EQUITY AND LIABILITIES

NOK		31.12.2021	31.12.2020
	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	14	75 750	75 750
Share premium		98 137 410	98 137 410
Accumulated loss		(105 283 732)	(77 873 713)
Total equity	14	**(7 070 572)**	**20 339 447**
Non-current liabilities			
Long term bonds	11	275 000 000	275 000 000
Long-term lease debt	6,12	478 189	1 585 139
Total non-current liabilities		**275 478 189**	**276 585 139**
Current liabilities			
Trade, other payables and provisions	10,13	13 127 724	11 014 789
Exploration financing facility	12	17 500 000	32 734 643
Short-term lease debt	6,12	1 122 560	1 122 560
Total current liabilities		**31 750 283**	**44 871 992**
Total liabilities		**307 228 472**	**321 457 131**
TOTAL EQUITY AND LIABILITIES		**300 157 900**	**341 796 578**

Board of directors, Bergen, 29 April 2022

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

STATEMENT OF CASH FLOW

CASH FLOW STATEMENT

NOK	Note	2021	2020
Profit/loss before taxes		(37 869 096	(61 125 131)
Depreciation	3	13 128 627	2 260 814
Tax refund	8	40 146 217	72 648 835
Interest expenses and interest on lease debt	7	23 084 956	8 144 587
Changes in inventories, accounts payable and receivables		935 502	(11 989 605)
Net cash flow from operating activities		**39 426 205**	**9 939 501**
Capital expenditures	3	(2 612 041)	(243 173 974)
Net cash flow from investment activities		**(2 612 041)**	**(243 173 974)**
Drawdown on exploration facility	12	17 500 000	40 457 000
Repayment of exploration facility	12	-32 734 643	-73 634 357
Net proceeds from bond issue	11	-	275 000 000
Net proceeds from other debt	12	-	10 000 000
Interest paid	7	(23 017 750)	(2 600 812)
Payments on lease debt	6	(1 174 157)	(1 181 162)
Net cash flow from financing activities		**(39 426 550)**	**248 040 669**
Net change in cash and cash equivalents		**(2 612 385)**	**14 806 195**
Cash and cash equivalents at start of period	**15**	**26 313 840**	**11 507 645**
Cash and cash equivalents at end of period	**15**	**23 701 454**	**26 313 840**

STATEMENT OF CHANGES IN EQUITY

NOK	Share capital	Share premium	Retained earnings	Total equity
Shareholders' equity at 1 January 2021	**75 750**	**98 137 410**	**(77 873 713)**	**20 339 447**
Net income for the period	-	-	(27 410 020)	(27 410 020)
Share capital increase	-	-	-	-
Shareholders' equity at 31 December 2021	**75 750**	**98 137 410**	**(105 283 732)**	**(7 070 572)**
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)**

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.

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 financial statements were authorized for issuance by the Board of Directors and the Chief Executive Officer (CEO) on 29 April 2022. The financial statements will be presented for approval at the Annual General Meeting on 30 June 2022. 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.

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 2020 and was unchanged in 2021. 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.

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 2021

NOK	Less than a year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Exploration financing facility	17 500 000	-	-	-	**17 500 000**
Senior secured bond 8.000% (20/30)	-	-	118 200 000	156 800 000	**275 000 000**
Trade and other payables	13 127 724	-	-	-	**13 127 724**
Lease debt	1 122 560	478 189	-	-	**1 600 749**
Total at 31 December 2021	**31 750 284**	**478 189**	**118 200 000**	**156 800 000**	**307 228 473**

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 2021 with material impact to the group accounts. Certain new accounting standards and interpretations are issued, but not yet effective as of 31 December 2021. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

1.25 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 2021 have been prepared under this assumption.

The company's equity is lost, and negative by 7 MNOK by the end of 2021. The equity has decreased each quarter of 2021, and to mitigate this, and to improve the financial position of the company, the board approved the acquisition of three producing fields on the NCS, including two pipelines. The expected effect of this acquisition is positive contribution to the equity, and a positive contribution to the liquidity. A shareholder loan of MNOK 120 is obtained to finance the acquisition from Neptune. In light of this transaction, that was completed 31/3-2022, the board considers the financial position and liquidity going forward to be adequate, as 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 2022. However, as the profit and cash flow from producing fields are highly dependent on oil and natural gas prices that now are on high levels, but with high volatility, there is risk related to a potential drop in oil and gas prices as well as risk related to timing of liftings of oil, that could lead to a need for further liquidity. No such arrangements are in place at report date.

Note 2 Income

Breakdown of revenues (NOK)	2021	2020
Tariff income*	62 545 319	5 507 984
Other income**	731 250	57 850
Total income	**63 276 569**	**5 565 834**

*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 in 2020 include sales of administrative services. In 2021 Other income is from work in the exploration licenses that is paid by the license partners.

Note 3 Tangible fixed assets and intangible assets

Tangible fixed assets - amounts in NOK	Gas transportation facilities	Production facilities	Office machinery, furniture and fixtures	Right-of-use assets
2021				
Cost at 1 January 2021	**242 235 177**	**-**	**468 230**	**4 783 093**
Additions	291 837	1 501 500	49 627	-
Disposals	-	-	-	-
Cost at 31 December 2021	**242 527 013**	**1 501 500**	**517 857**	**4 783 093**
Accumulated depreciation and impairment at 1 January 2021	(957 451)	-	(347 470)	(2 186 557)
Depreciation for the year	(11 545 843)	-	(63 496)	(1 093 278)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2021	**(12 503 294)**	**-**	**(410 966)**	**(3 279 835)**
Carrying amount at 31 December 2021	**230 023 719**	**1 501 500**	**106 891**	**1 503 257**
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**

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.

Production facilities include acquisition costs accrued in 2021 related to the acquisition of working interests in Draugen, Brage and Ivar Aasen. The transaction was completed in Q1 2022.

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 2021 or 2020. 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
2021	
Cost at 1 January 2021	**1 258 950**
Additions	769 077
Disposals	-
Cost at 31 December 2021	**2 028 028**
Accumulated depreciation and impairment at 1 January 2021	(179 767)
Depreciation for the year	(426 009)
Disposals	-
Accumulated depreciation and impairment at 31 December 2021	**(605 776)**
Carrying amount at 31 December 2021	**1 422 252**
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**

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

Note 4 Payroll expenses and remuneration

NOK	2021	2020
Payroll expenses	20 354 162	22 285 295
Pension	1 679 711	1 784 097
Social security tax	3 153 401	3 286 873
Other personnel costs	527 144	524 584
Total payroll expenses	**25 714 418**	**27 880 849**

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	2021	2020
Norway	11	13
Total	**11**	**13**

Remuneration to CEO and board of directors

Remuneration to CEO in 2021	Salary	Bonus	Total remuneration	Pension costs	Number of shares	Owning interest
Jonny Hesthammer	3 945 219	1 500 000	5 445 219	204 153	6 000	7,9 %

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 %

Fee to Board of Directors in 2021	Fee
Board of Directors	1 400 000

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

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 2021 and 2020. There is no share based renumeration agreements.

Note 5 Auditors fee

NOK (excluding VAT)	2021	2020
Fee for statutory audit services	248 575	160 000
Fee technical services	258 475	50 000
Free other	73 700	
Total auditor's fee	**580 750**	**210 000**

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 1,206,181.

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

Leasing liabilities (NOK)	01.01.-31.12.	01.01.-31.12.
	2021	**2020**
Lease debt at beginning of period	**2 707 699**	**3 785 085**
New lease debt recognised in the period	-	-
Payments of lease debt	(1 174 157)	(1 181 162)
Interest expense on lease debt	67 206	103 776
Total lease debt	**1 600 749**	**2 707 699**
Short-term lease debt	1 122 560	1 122 560
Long-term lease debt	478 189	1 585 139
Total lease debt	**1 600 749**	**2 707 699**
Lease debt maturity breakdown (NOK)	**2021**	**2020**
Within one year	1 122 560	1 122 560
Two to five years	478 189	1 585 139
After five years	-	-
Total	**1 600 749**	**2 707 699**

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 2021.

Note 7 Financial items

Specification of financial items

Financial items (NOK)	01.01.-31.12.	01.01.-31.12.
	2021	**2020**
Interest income	245	987 055
Currency gains	30 225	46 619
Total financial income	**30 470**	**1 033 675**
Interest expenses	23 017 750	8 040 811
Interest on lease debt	67 206	103 776
Currency loss	82 857	327 375
Financial items from billing	27 262	84 243
Total financial expenses	**23 195 074**	**8 556 206**
Net financial items	**(23 164 605)**	**(7 522 531)**

Interest paid in 2021

Paid interests (NOK)	2021	2020
Exploration Financing Facility	1 017 750	2 600 812
Long term bonds	22 000 000	-
Total paid interests	**23 017 750**	**2 600 812**

Note 8 Tax

Tax for the period (NOK)	01.01.-31.12.	01.01.-31.12.
	2021	2020
Current year tax payable/receivable	(17 739 092)	(40 169 170)
Change in current year deferred tax	7 280 016	(4 012 977)
Tax expense (+)/income (-)	**(10 459 076)**	**(44 182 147)**

Calculated tax payable (-)/tax receivable (+) (NOK)	01.01.-31.12.	01.01.-31.12.
	2021	2020
Tax payable/receivable at beginning of period	40 169 171	72 648 835
Current year tax payable/receivable	17 739 092	40 169 170
Net tax payment/refund	(40 146 217)	(72 648 835)
Net tax payable (-)/receivable (+)	**17 762 046**	**40 169 171**
Tax receivable included as current assets (+)	17 762 046	40 169 171

Specification of deferred tax asset (NOK)	01.01.-31.12.	01.01.-31.12.
	2021	2020
Property, plant and equipment	(847 798)	6 642 976
Capitalised financial items	(2 037 313)	(2 139 605)
Tax losses carried forward	12 335 634	12 262 062
Prior year adjustment	-	(34 894)
Total deferred tax assets	**9 450 523**	**16 730 539**

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.
	2021	2020
78% tax rate on profit/loss before tax	(29 537 895)	(47 677 602)
Other non-deductible costs	8 020 324	3 493 091
Tax effect of uplift	(621 418)	(1 442 594)
Effect of temporary tax changes	(800 111)	(183 900)
Interest lease	(37 636)	(58 115)
Tax effect of financial and other 22% items	12 972 179	2 280 081
Net financials deductible 56%	(403 902)	(361 754)
Interest on losses carried forward	(44 248)	(157 361)
Prior period adjustment	(6 370)	(73 993)
Tax expense (+)/income (-)	**(10 459 077)**	**(44 182 147)**

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.
	2021	2020
Accounts receivables	6 336 920	5 580 296
Receivables related to license acquisitions (pro&contra)	-	4 787 221
Prepayments	2 086 782	1 900 267
Other receivables, including balances with license partners	6 262 555	1 241 040
Totals	**14 686 257**	**13 508 825**

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.
	2021	2020
Accounts payable	1 864 880	3 486 975
Accrued public charges and indirect taxes	1 105 275	1 038 941
Payroll liabilities	4 223 375	4 030 270
Accrued interest	1 989 041	1 989 041
Other accruals	-	-
Share of other current liabilities in licenses	3 945 152	469 562
Totals	**13 127 724**	**11 014 789**

Note 11 Bonds

Bonds (NOK)	Maturity	31.12.2021	31.12.2020
Senior secured bond 8.000% (20/30)	Nov 2030	275 000 000	275 000 000

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

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 230.0.

Note 12 Other Interest- bearing debt

Other interest-bearing debt (NOK)	31.12.2021	31.12.2020
Exploration Financing Facility	17 500 000	32 734 643
Long-term lease debt	478 189	1 585 139
Short-term lease debt	1 122 560	1 122 560
Total	**19 100 749**	**35 442 342**

Exploration Financing Facility cash movements (NOK)	31.12.2021	31.12.2020
Exploration Financing Facility at the start of the period	**32 734 643**	**65 912 000**
Utilisation of facility in the period	17 500 000	40 457 000
Repayment of loan in the period	(32 734 643)	(73 634 357)
Exploration Financing Facility at the end of the period	**17 500 000**	**32 734 643**

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, 2020 and 2021. After the amendment in 2021 the limit is reduced to 17.5 MNOK. The facility period ended 31.12.2021, with termination date 31.12.2022, 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 2021, the company have outstanding loan that correspond to 99% of exploration tax refund. The loan amount that exceeds the eligible loan amount will be repaid in Q2 2022. The tax refund is pledged as security under the Exploration Financing Facility.

Note 13 Financial instruments

Financial instruments by category.

Year ended 31 December 2021

Financial assets	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other receivables*	11 892 029	-	11 892 029
Cash and cash equivalents	23 701 454	-	23 701 454
Total	**35 593 483**	**-**	**35 593 483**

Financial liabilities	Loans and receivables	Fair value through profit or loss	Total carrying amount
Trade and other payables*	5 810 032	-	5 810 032
Interest bearing loans and borrowings	294 100 749	-	294 100 749
Total	**299 910 781**	**-**	**299 910 781**

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

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.

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 Vida 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)	**31.12.2021**	**31.12.2020**
Bank deposits, unrestricted	21 386 981	24 518 651
Bank deposit, employee taxes, restricted	2 314 473	1 795 189
Total cash and cash equivalents	**23 701 454**	**26 313 840**

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 -27 410 020 (NOK -16 942 984 in 2020) by the year's weighted average number of outstanding ordinary shares, which was 75,750 (40,875 in 2020). 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)	**31.12.2021**	**31.12.2020**
Loss for the year attributable to ordinary equity holders	(27 410 020)	(16 942 984)
The year's average number of ordinary shares	75 750	40 875
Earnings per share in NOK	**(362)**	**(415)**

Note 17 Related party transactions

Related party	Relation	2021	2020
Nord Advisors AS	MVE's chair of board is chair of board and owner of Nord Advisors AS	**1 961 700**	**1 562 400**

The remuneration is related to purchase of consulting services consisting of strategic support, opportunity analyses, financial advice, risk management and IR-services that is not covered by the permanent employees.

Note 18 Commitments and contingencies

Minimum work programme

The company is required to participate in the approved work programmes for the exploration licenses. For 2022 the license budgets amount to approximately NOK 22,500,000. No wells are committed for 2022.

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 2021, the company was partner in the following licenses:

Licenses	Ownership	Operator	License period end
PL528 & PL528B	25%	Spirit	15.05.2047
PL972	30%	OKEA	Relinquished 2021
PL 1116	40%	OKEA	19.02.2028
PL 1130	20%	Inpex	19.02.2029

Note 20 Subsequent events

On 31 March 2022 M Vest Energy announced completion of the acquisition of 7.56% working interest (WI) in Draugen, 4.4424% WI in Brage, and 0.8% WI in Ivar Aasen from Neptune Energy Norge AS ("Neptune"). In addition to the oil and gas producing fields, the transaction includes a 1.2092% WI in Edvard Grieg oil pipeline and 1.8138% WI in Utsira High gas pipeline. The consideration for the total transaction is MUSD 21.83.

The financial impact of the transaction is dependent on oil and gas prices that fluctuate based on global market conditions. The transaction will give M Vest Energy expected production of 1,700 – 1,800 barrels of oil equivalents per day. As part of the financing of the acquisition a shareholder loan of MNOK 120 was obtained in Q1 2022.

By year end 2021 the company's equity is negative by MNOK 7. Positive equity is expected for the next financial year as a result of the financial contributions from the above-mentioned transaction, and the financial accounts are prepared on a going concern basis. As the producing fields are expected to bring positive contributions to both equity and liquidity, the level of impact from these contributions are highly dependent on oil and natural gas prices that now are on high levels, but with high volatility. There is risk related to a potential drop in oil and gas prices that could lead to a need for further capital injection to the company. No such arrangements are in place at report date.

In January 2022, 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 2021. PL1156 and PL1130 will both be operated by OKEA.

In February 2022, Russia invaded Ukraine. M Vest Energy has not been directly impacted but following the invasion new challenges has been raised. Constrained market conditions in the supply chain may cause delays in both operating and development projects. The cyber risk has increased, and we see great volatility in prices, but at very high levels. The management is continuously monitoring and assessing the market, international sanctions and trade control legislation in order to mitigate potential impact of such risks.