

QUARTERLY FINANCIAL REPORT Q1 2022

M VEST ENERGY AS

03/06/2022



M VEST ENERGY

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. FINANCIAL REPORTS.....	6
3. NOTES TO THE INTERIM FINANCIAL STATEMENTS.....	11
Note 1 Accounting principles	11
Note 2 Tangible fixed assets and intangible assets	12
Note 2 Tangible fixed assets and intangible assets conf.....	13
Note 3 Leasing	14
Note 4 Financial items.....	15
Note 5 Tax.....	16
Note 6 Trade and other receivables.....	17
Note 7 Trade, other payables and provisions	17
Note 8 Bonds.....	17
Note 9 Other Interest-bearing debt	18
Note 10 Equity and shareholders.....	18
Note 11 Cash and cash equivalents.....	19
Note 12 Asset retirement obligations	19
Note 13 Earnings per share.....	19
Note 14 Related party transactions	20
Note 15 Subsequent events	20

1. EXECUTIVE SUMMARY

Highlights M Vest Energy 1st quarter

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 was completed on 31 March 2022, and effective from 1.1.2022, and will give M Vest Energy estimated revenues for 2022 of around NOK 600 mill, compared to NOK 63 mill in 2021. For 2022 the expected production is 1,700 – 1,800 barrels of oil equivalents per day. The income between effective date and completion date is not reflected in the profit and loss statement for Q1 due to accounting principles.

Operations prior to completion has been executed by Neptune, and for the first quarter sales of oil and gas on our behalf amounted to MNOK 156. The Q1 production of oil on the Draugen field was lifted and sold by M Vest Energy in April and will be recognized as revenue in Q2 2022 with an amount of MNOK 102. Revenues and costs for the period prior to completion is for accounting purposes not recognized in the income statement, but as an adjustment to booked asset value in the balance sheet. The net profit from the fields in for the period does for that reason not affect the company's income statement, nor does it contribute to the equity.

Through the transaction, and as of 1 January 2022, M Vest Energy AS is now 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 was founded in 2015, and 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.

In June 2020, the company acquired a 5% working interest in the Polarled gas pipeline, and in March 2022 the acquisition of working interests in Draugen (7,56%), Brage (4,4424%) and Ivar Aasen (0,8%) was completed.

The company's strategy is to optimize 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. This includes investment in production and infrastructure opportunities. M Vest Energy aims at always being ahead of technology development, particularly the utilization of digital technology.

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

Financial review

In Q1 2022 M Vest Energy has received revenues of MNOK 156 from Draugen, Brage and Ivar Aasen. Due to IFRS accounting principles this income is not included in the income statement for the first quarter.

Total booked income in the first quarter 2022 amounted to MNOK 16.5, (15.4 in 2021). Operating profit for the period was MNOK 0.2 (-5.9 MNOK in 2021), where the improvement from 2021 was caused by an increase in revenues and decrease in exploration costs. The total operating expenses amounted to MNOK 16.3 (21.3 MNOK in 2021). The difference is due to lower exploration costs.

Net financial items amounted to MNOK -4.1 (-5.5 MNOK in 2021).

Profit/loss (-) before income tax was MNOK -3,9 (-11,4 in 2020). Tax income/expense (+) amounted to MNOK 0.9 (-4.3 in 2021), whereof net tax refund/payable (+) amounted to MNOK 1.2 (-46.2 in 2021).

Net profit/loss (-) was MNOK -4.8 (-7.0 in 2021), not including profit from the Neptune transaction.

Total assets at period-end amounted to MNOK 868.5 (331.2 in 2021). The main reason for the increase is the acquisition of producing assets from Neptune.

M Vest Energy has recognised tax refund of MNOK 17.8 (46.2 in 2021).

The interest-bearing debt was MNOK 477.9 in Q1 2022, compared to 310.2 MNOK in 2021. The net increase in interest-bearing debt is mainly due to the financing of the acquisition of producing assets.

The company's cash flow from operating activities was MNOK -19.8 (2.4 in 2021). Cash flow from investing activities was NOK -166.4 (-8.1 in 2021).

Net cash flow from financing activities was MNOK 171.1 (-6.0 in 2021).

Cash and cash equivalents at the beginning of the period was MNOK 23.7 (26.3 in 2021). At balance sheet date, cash and cash equivalents amounted to MNOK 8.4 (22.0 in 2021), giving a net decrease of MNOK 15.3 (4.3 in 2021.)

Operational review

The company currently holds ownership in five exploration licenses on the NCS. One of these, PL 528 (Ivory), are currently being evaluated for development and operation (PDO), and four 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.

Risks and uncertainty

As an oil and gas company operating on the Norwegian Continental Shelf, exploration results, reserve and resource estimates and estimates for capital and operating expenditures are associated with uncertainty. The production performance of oil and gas fields may be variable over time, and this also effects the tariff income from infrastructure assets. Oil and gas prices are volatile, currently at high levels, but there is risk of reduced prices in the future.

The company is exposed to various forms of financial risks, including, but not limited to, fluctuation in oil prices, exchange rates, interest rates and capital requirements; these are described in the company's annual report and accounts.

The COVID-19 pandemic has caused significant business disruption globally and may impact the longer-term demand for oil and gas. This represents a risk to the company's future price realisations, results from operations, cash flows, financial condition, and access to capital.

2. FINANCIAL REPORTS

INCOME STATEMENT

	Amounts in NOK '000	Note	01.01.-31.03.	01.01.-31.03.
			2022	2021
PROFIT/LOSS STATEMENT	Tariff revenues		16 464	15 406
	Other income		-	-
	TOTAL INCOME		16 464	15 406
	Production costs		521	410
	Exploration expenses		2 818	7 878
	Depreciations	2	3 282	3 218
	Other operating costs		9 674	9 767
	Total operating expenses		16 294	21 273
	Operating profit/loss		170	(5 866)
	Net financial items	4	(4 097)	(5 514)
	Profit/loss before taxes		(3 927)	(11 380)
	Tax expense (+)/income (-)	5	863	(4 337)
	NET PROFIT/LOSS		(4 790)	(7 043)

STATEMENT OF FINANCIAL POSITION

	Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.	31.12.
		Note	2022	2021	2021
BALANCE SHEET - ASSETS	ASSETS				
	Intangible assets				
	Deferred tax assets	5	23 341	14 996	9 451
	Other intangible assets	2	1 516	1 806	1 422
	Tangible fixed assets				
	Property, plant and equipment	2	766 515	238 504	231 632
	Right-of-use assets	2,3	1 230	2 323	1 503
	Total non-current assets		792 601	257 630	244 008
	Receivables				
	Trade and other receivables	6	49 722	5 383	14 686
	Tax receivable from exploration refund	5	17 762	46 241	17 762
	Cash and cash equivalents				
	Cash and cash equivalents	11	8 383	21 991	23 701
	Total current assets		75 867	73 615	56 150
	TOTAL ASSETS		868 468	331 245	300 158

STATEMENT OF FINANCIAL POSITION

Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.	31.12.
	Note	2022	2021	2021
EQUITY AND LIABILITIES				
Equity				
Share capital	10	76	76	76
Share premium		98 137	98 137	98 137
Other equity		(110 073)	(84 917)	(105 284)
Total equity		(11 860)	13 296	(7 071)
Non-current liabilities				
Asset retirement obligations	12	367 085	-	-
Long term bonds	8	275 000	275 000	275 000
Exploration financing facility	9	-	32 735	-
Other borrowings	9	177 124	-	-
Long-term lease debt	3	187	1 310	478
Total non-current liabilities		819 396	309 045	275 478
Current liabilities				
Trade, other payables and provisions	7	23 328	7 781	13 128
Income tax payable	5	18 982	-	*
Exploration financing facility	9	17 500	-	17 500
Short-term lease debt	3	1 123	1 123	1 123
Total current liabilities		60 933	8 904	31 750
Total liabilities		880 328	317 949	307 228
TOTAL EQUITY AND LIABILITIES		868 468	331 245	300 158

STATEMENT OF CASH FLOW

	Amounts in NOK '000	Note	01.01.-31.03.	01.01.-31.03.
			2022	2021
	Profit/loss before taxes		(3 926)	(11 380)
	Depreciation	2	3 282	3 218
	Tax refund	5	-	-
	Interest expenses	4	5 685	5 709
	Changes in inventories, accounts payable and receivables		(24 835)	4 892
	Net cash flow from operating activities		(19 795)	2 439
	Disbursements on investments in fixed assets	2	(280)	(769)
	Disbursements on investments in licenses	2	(166 391)	(8)
	Net cash flow from investment activities		(166 671)	(777)
	Net drawdown/repayment of exploration facility		-	-
	Net proceeds from other debt	9	120 000	-
	Interest paid	4	(5 674)	(5 689)
	Payments on lease debt	3	(302)	(295)
	Net cash flow from financing activities		171 148	(5 984)
	Net change in cash and cash equivalents		(15 318)	(4 323)
	Cash and cash equivalents at start of period		23 701	26 314
	Cash and cash equivalents at end of period	11	8 383	21 991

CASH FLOW STATEMENT

Statement of changes in equity

Amounts in NOK '000	Share capital	Share premium	Retained earnings	Total equity
Shareholders' equity at 1 January 2022	76	98 137	(105 284)	(7 071)
Net income for the period	-	-	(4 790)	(4 790)
Share capital increase	-	-	-	-
Shareholders' equity at 31 March 2022	76	98 137	(110 073)	(11 860)
Shareholders' equity at 1 January 2021	76	98 137	(77 874)	(20 339)
Net income for the period	-	-	(27 410)	(27 410)
Share capital increase	-	-	-	-
Shareholders' equity at 31 December 2021	76	98 137	(105 284)	(7 071)

3. NOTES TO THE INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements ("interim financial statements") have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS") IAS34 "Interim Financial Reporting", thus the interim statements do not include all information required by IFRS and should be read in conjunction with the annual financial statements for 2021. The interim 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 interim periods presented. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorized for issue by the company's Board of Directors on 03 June 2022.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the company's 2021 annual financial statements.

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.

Note 2 Tangible fixed assets and intangible assets

Tangible fixed assets - amounts in NOK '000	Gas transportation facilities	Production facilities	Office machinery, furniture, and fixtures	Right-of-use assets
2022				
Cost at 1 January 2022	242 527	1 502	518	4 783
Additions	2 035	535 669	80	-
Disposals	-	-	-	-
Cost at 31 March 2022	244 562	537 170	598	4 783
Accumulated depreciation and impairment at 1 January 2022	(12 503)	-	(411)	(3 280)
Depreciation for the period	(2 887)	-	(15)	(273)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 March 2022	(15 390)	-	(426)	(3 553)
Carrying amount at 31 March 2022	229 173	537 170	172	1 230
2021				
Cost at 1 January 2021	242 235	-	468	4 783
Additions	292	1 502	50	-
Disposals	-	-	-	-
Cost at 31 December 2021	242 527	-	518	4 783
Accumulated depreciation and impairment at 1 January 2021	(957)	-	(347)	(2 187)
Depreciation for the period	(11 546)	-	(63)	(1 093)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2021	(12 503)	-	(411)	(3 280)
Carrying amount at 31 December 2021	230 024	1 502	107	1 503

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.

There is no impairment loss recognised on infrastructure assets in 2021 or 2022.

Completion of the acquisition of production facilities was 31 March 2022. The assets will be subject to depreciation from Q2 2022.

Note 2 Tangible fixed assets and intangible assets cont.

Intangible assets - amounts in NOK '000	Software
2022	
Cost at 1 January 2022	2 028
Additions	200
Disposals	-
Cost at 31 March 2022	2 228
Accumulated depreciation and impairment at 1 January 2022	(606)
Depreciation for the period	(107)
Disposals	-
Accumulated depreciation and impairment at 31 March 2022	(712)
Carrying amount at 31 March 2022	1 516
2021	
Cost at 1 January 2021	1 259
Additions	769
Disposals	-
Cost at 31 December 2021	2 028
Accumulated depreciation and impairment at 1 January 2021	(180)
Depreciation for the year	(426)
Disposals	-
Accumulated depreciation and impairment at 31 December 2021	(606)
Carrying amount at 31 December 2021	1 422

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

Note 3 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 1,190,703.

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

Leasing liabilities – amounts in NOK '000	01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	2022	2021	2021
Lease debt at beginning of period	1 601	2 708	2 708
New lease debt recognized in the period	-	-	-
Payments of lease debt	(302)	(295)	(1 174)
Interest expense on lease debt	11	20	67
Total lease debt	1 310	2 433	1 601
Short-term lease debt	1 123	1 123	1 123
Long-term lease debt	187	1 310	478
Total lease debt	1 310	2 433	1 601
Lease debt maturity breakdown (NOK)	2022	2021	2021
Within one year	1 123	1 123	1 123
Two to five years	187	1 310	478
After five years	-	-	-
Total	1 310	2 433	1 601

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 March 2022.

Note 4 Financial items

Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2022	2021
Interest income	5	-
Currency gains	1 593	26
Total financial income	1 599	26
Interest expenses	5 674	5 689
Interest on lease debt	11	20
Currency loss	-	14
Financial items from billing	10	(183)
Total financial expenses	5 695	5 540
Net financial items	(4 097)	(5 514)

Interest paid

Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2022	2021
Exploration Financing Facility	174	189
Long term bonds	5 500	5 500
Total paid interests	5 674	5 689

Note 5 Tax

Tax for the period – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2022	2021
Current year tax payable/receivable	18 982	(6 071)
Change in current year deferred tax	(13 890)	1 735
Capitalized tax costs	(4 228 465)	
Tax expense (+)/income (-)	863	(4 337)

Calculated tax payable (-)/tax receivable (+) – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2022	2021
Tax payable/receivable at beginning of period	17 762	40 169
Current year tax payable/receivable	(18 982)	6 071
Net tax payment/refund	-	-
Net tax payable (-)/receivable (+)	(1 220)	46 241
Tax receivable included as current assets (+)	17 762	46 241
Tax payable included as current liability (-)	(18 982)	-

Specification of deferred tax asset – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	2022	2021	2021
Deferred tax liability/asset at beginning of period	9 451	16 731	16 731
Change in current year deferred tax	13 890	(1 735)	(7 280)
Net deferred tax liability (-)/asset (+)	23 341	14 996	9 451

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 – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2022	2021
78% tax rate on profit/loss before tax	(3 063)	(8 877)
Other non-deductible costs	1 979	1 982
Tax effect of uplift	(69)	(381)
Effect of temporary tax changes	25	(4)
Interest on lease liabilities	(6)	(11)
Tax effect of financial and other 22% items	2 294	3 088
Net financials deductible 56%	(103)	(60)
Interest on losses carried forward		(74)
Prior period adjustment	(194)	
Tax expense (+)/income (-)	863	(4 337)

Note 6 Trade and other receivables

Specification of trade and other receivables

Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	2022	2021	2021
Accounts receivables	5 434	4 980	6 337
Underlift	31 170	-	-
Receivables related to license acquisitions	452	2	-
Prepayments	1 836	1 260	2 087
Other receivables, including balances with license partners	10 831	(859)	6 263
Totals	49 722	5 383	14 686

The receivables all mature within one year.

Note 7 Trade, other payables and provisions

Specification of trade, other payables and provisions

Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.	01.01.-31.03.
	2022	2021	2021
Accounts payable	3 991	1 295	1 865
Accrued public charges and indirect taxes	546	623	1 105
Payroll liabilities	2 976	3 404	4 223
Accrued interest	1 989	1 989	1 989
Share of other current liabilities in licenses	3 945	470	3 945
Overlift	6 998	-	-
Deferred payments	2 883	-	-
Totals	23 328	7 781	13 128

The payables all mature within one year.

Note 8 Bonds

Amounts in NOK '000	Maturity	31.03.2022	31.03.2021	31.12.2021
Senior secured bond 8.000% (20/30)	Nov 2030	275 000	275 000	275 000

The bond is carried at nominal value. Interest is paid on a quarterly basis. The bond does not have financial covenants. The 5% working interest in Polarled JV is pledged as security for the bond issue. Book value of pledged assets is MNOK 227.1.

Note 9 Other Interest-bearing debt

Amounts in NOK '000	31.03.2022	31.03.2021	31.12.2021
Exploration Financing Facility ¹	17 500	32 735	17 500
Loan from M Vest AS	120 000	-	-
Long-term lease debt	187	1 310	478
Short-term lease debt	1 123	1 123	1 123
Deferred payment of asset acquisitions ²	64 122	-	-
Total	202 932	35 167	19 101

¹The 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 facility was reduced to 17,5 MNOK. The facility period end 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 March 2022, the company have outstanding loan that correspond to 98.5% of exploration tax refund. The excess draw down will be repaid in 2022. The tax refund is pledged as security under the Exploration Financing Facility.

²The acquisition of assets from Neptune Energy was partly financed by deferred payments, recognised as long- and short-term liabilities.

Note 10 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.

Note 11 Cash and cash equivalents

Amounts in NOK '000	31.03.2022	31.03.2021	31.12.2021
Bank deposits, unrestricted	7 764	21 329	21 387
Bank deposit, employee taxes, restricted	619	662	2 314
Total cash and cash equivalents	8 383	21 991	23 701

Note 12 Asset retirement obligations

Amounts in NOK '000	
Provision at 1 January 2022	-
Additions	367 085
Asset retirement obligations at 31 March 2022	367 085

Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the company's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 7.54%. The assumptions are based on the economic environment at balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

Note 13 Earnings per share

Earnings per share is calculated by dividing the period's profit attributable to ordinary equity holders of the company, which was NOK -4 789 605 (NOK -7 043 495 in 2021) by the period's weighted average number of outstanding ordinary shares, which was 75,750 (75,750 in 2021). There are no option schemes or convertible bonds in the company, meaning there is no difference between the ordinary and diluted earnings per share.

Amounts in NOK	31.03.2022	31.03.2021
Loss for the period attributable to ordinary equity holders	(4 789 605)	(7 043 495)
The period's average number of ordinary shares	75 750	75 750
Earnings per share in NOK	(63)	(93)

Note 14 Related party transactions

Expenses to related parties

Related party	Relation	Q1
Nord Advisors AS	MVE's chair of board is chair of board and owner of Nord Advisors AS	400 425

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 15 Subsequent events

No material subsequent events have been identified.

Statement by the board of directors and chief executive officer

Pursuant to the Oslo Stock Exchange ABM-rules, we hereby confirm that, to the best of our knowledge, the company's interim financial statements for the period 1 January to 31 March 2022 have been prepared in accordance with IAS 34, as endorsed by the EU, and in accordance with the requirements for additional information provided by the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair picture of the company's liabilities, financial position and results overall.

To the best of our knowledge, the Board of Directors' half-yearly report together with the yearly report, gives a true and fair picture of the development, performance and financial position of the company, and includes a description of the principal risk and uncertainty factors facing the company.

The Board of Directors and the CEO of M Vest Energy AS
Bergen, 03 June 2022



Lars Moldestad
Chair of the board



Johan Kr. Mikkelsen
Board member



Johnny Hesthammer
Board member/CEO