

QUARTERLY FINANCIAL REPORT Q4 2022

M VEST ENERGY AS

28/02/2023



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 cont.....	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	18
Note 9 Other Interest-bearing debt	19
Note 10 Equity and shareholders.....	19
Note 11 Cash and cash equivalents.....	20
Note 12 Asset retirement obligations	20
Note 13 Earnings per share.....	20
Note 14 Related party transactions	21
Note 15 Subsequent events	21

1. EXECUTIVE SUMMARY

Highlights M Vest Energy 4th quarter

M Vest Energy AS has during this year become a fully integrated E&P company with oil and gas production, exploration activity, infrastructure ownership and potential development projects.

In March 2022 the acquisition of working interests in Draugen (7,56%), Brage (4,4424%) and Ivar Aasen (0,8%) was completed.

In the 4th quarter M Vest Energy had revenues of 136 MNOK from its licenses.

EBITDA for the quarter was 65 MNOK, and 310 MNOK for the full year.

In December M Vest Energy successfully refinanced existing debt and issued a 400 MNOK bond maturing in December 2025.

No serious incidents occurred at any of our assets.

About M Vest Energy

M Vest Energy was founded in 2015. In December 2016, the new energy business was approved as a license holder on The Norwegian Continental Shelf (NCS).

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 new opportunities as a result of rapid changes in the sector. This includes investment in production and infrastructure opportunities. M Vest Energy aims at always being in the forefront of technology development, particularly the utilization of the digital arena.

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

Total income in the fourth quarter 2022 amounted to MNOK 135.7, (16.3 in 2021). Operating profit for the period was MNOK 21.5 (-5.5 MNOK in 2021), where the improvement from 2021 was due to the contribution from acquired assets. The total operating expenses amounted to MNOK 114.2 (21.7 MNOK in 2021). The increase is due to the acquisition of producing assets.

Net financial items amounted to MNOK -35.3 (-6.1 MNOK in 2021), where costs of 22.4 MNOK is a noncash item related to accretion expenses of asset retirement obligations on the acquired assets.

Profit/loss (-) before income tax was MNOK -13.8 (-11.6 in 2021). Tax income/expense (+) amounted to MNOK -23.0 (-4.3 in 2021).

Net profit/loss (-) was MNOK 9.2 (-7.2 in 2021).

Total assets at period-end amounted to MNOK 1 232.4 (300.2 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 0.0 (17.8 in 2021).

The total equity was 73.6 MNOK, up from -7.1 MNOK in Q4 2021. The positive change is driven by profits from producing assets.

The interest-bearing debt was MNOK 453.5 in Q4 2022, compared to 294.1 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 41.4 (37.7 in 2021). Cash flow from investing activities was NOK -37.6 (-2.1 in 2021).

Net cash flow from financing activities was MNOK -47.3 (-21.4 in 2021).

Cash and cash equivalents at the beginning of the period was MNOK 86.4 (9.5 in 2021). At balance sheet date, cash and cash equivalents amounted to MNOK 43.0 (23.7 in 2021), giving a net decrease of MNOK 43.4 (increase of 14.2 in 2021.)

Operational review

Draugen (partner 7.56%)

Net production for the fourth quarter was 1 151 boed. Production availability was 92 %

Reliability and performance increased in the fourth quarter due to successful scale squeeze in Q3 and increased subsea pump pressure.

Exploration/Appraisal wells for Springmus and Garn West South was sanctioned in November. The wells are planned to be drilled 2023 or 2024.

The Hasselmus development project is moving forward as planned with startup of gas export in Q4 2023. The Power from Shore project was sanctioned in December and the plan for development and operations (PDO) was submitted to the Authorities.

Brage (partner 4.4424 %)

Net production in the fourth quarter was 276 boed. Production availability was 95%

The planned turnaround was completed in September and impacted the production also in October. Drilling of a new producer in the Talisker structure in the Northern part of the Brage field commenced in the quarter and will be completed January. A geo-pilot section drilled as part of the producer proved hydrocarbons in Cook and Brent. The next well to be drilled on Brage is a gas producer in Sognefjord.

Ivar Aasen (partner 0.8 %)

Net production in the fourth quarter was 297 boed. Production availability was 98%

An Increased Oil Recovery (IOR) drilling campaign was completed. Three new infill wells were drilled, and the first well was put on production late December. This well is currently the best producer at the field. The Power from shore project started up in December as planned.

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		01.01.-31.12.	01.01.-31.12.	Q4	Q4
		Note	2022	2021	2022	2021
PROFIT/LOSS STATEMENT	Revenues from crude oil and gas sales		473 918	-	117 368	-
	Tariff revenues		71 331	62 545	18 318	16 272
	Other income		500	731	-	-
	TOTAL INCOME		545 749	63 277	135 686	16 272
	Production expenses		153 815	2 247	58 298	406
	Changes in over/under lift positions		(18 364)	-	(19 721)	-
	Exploration expenses		37 534	27 449	4 262	6 156
	Depreciations	2	86 616	13 129	43 815	3 283
	Other operating expenses		62 862	35 157	27 525	11 876
	Total operating expenses		322 464	77 981	114 179	21 722
	Operating profit/loss		223 284	(14 704)	21 507	(5 450)
	Net financial items	4	(63 208)	(23 165)	(35 300)	(6 111)
	Profit/loss before taxes		160 077	(37 869)	(13 792)	(11 561)
	Tax expense (+)/income (-)	5	79 392	(10 459)	(22 954)	(4 316)
	NET PROFIT/LOSS		80 685	(27 410)	9 162	(7 245)

STATEMENT OF FINANCIAL POSITION

	Amounts in NOK '000		01.01.-31.12.	01.01.-31.12.
		Note	2022	2021
BALANCE SHEET - ASSETS	ASSETS			
	Intangible assets			
	Deferred tax assets	5	7 024	9 451
	Other intangible assets	2	1 796	1 422
	Tangible fixed assets			
	Property, plant and equipment	2	1 014 468	231 632
	Right-of-use assets	2,3	5 903	1 503
	Financial investments		5 010	-
	Total non-current assets		1 034 202	244 008
	Inventories			
	Inventories		26 517	-
	Receivables			
	Trade and other receivables	6	128 664	14 686
	Tax receivable from exploration refund	5	-	17 762
	Cash and cash equivalents			
	Cash and cash equivalents	11	42 989	23 701
	Total current assets		198 171	56 150
	TOTAL ASSETS		1 232 372	300 158

STATEMENT OF FINANCIAL POSITION

Amounts in NOK '000			01.01.-31.12.	01.01.-31.12.
	Note		2022	2021
EQUITY AND LIABILITIES				
Equity				
Share capital	10		76	76
Share premium			98 137	98 137
Other equity			(24 599)	(105 284)
Total equity			73 615	(7 071)
Non-current liabilities				
Deferred tax	5		-	-
Asset retirement obligations	12		574 402	-
Long term bonds	8		378 382	275 000
Other borrowings	9		69 196	-
Long-term lease debt	3		4 667	478
Total non-current liabilities			1 026 647	275 478
Current liabilities				
Trade, other payables and provisions	7		85 264	13 128
Income tax payable	5		45 560	-
Exploration financing facility	9		-	17 500
Short-term lease debt	3		1 287	1 123
Total current liabilities			132 111	31 750
Total liabilities			1 158 758	307 228
TOTAL EQUITY AND LIABILITIES			1 232 372	300 158

STATEMENT OF CASH FLOW

CASH FLOW STATEMENT

Amounts in NOK '000		01.01.-31.12.	01.01.-31.12.	Q4	Q4
	Note	2022	2021	2022	2021
Profit/loss before taxes		160 077	(37 869)	(13 792)	(11 561)
Depreciation	2	86 616	13 129	43 815	3 283
Tax refund	5	16 697	40 146	16 697	40 146
Income tax paid	5	(34 569)	-	(23 046)	-
Interest expenses	4	55 636	23 085	32 369	5 919
Asset retirement costs from billing	12	(18 998)	-	(534)	-
Changes in inventories, accounts payable and receivables		(68 359)	936	(14 068)	(52)
Net cash flow from operating activities		197 101	39 426	41 440	37 736
Disbursements on investments in fixed assets	2	(951)	(819)	(56)	-
Disbursements on investments in licenses	2	(292 482)	(1 793)	(37 530)	(2 139)
Cash used on (-)/received from financial investments		(5 010)	-	-	-
Net cash flow from investment activities		(298 443)	(2 612)	(37 586)	(2 139)
Net drawdown/repayment of exploration facility		(17 500)	(15 235)	(15 860)	(15 235)
Bond issue inflow	9	400 000	-	400 000	-
Bond issue outflow	9	(296 618)	-	(296 618)	-
Net proceeds from other debt	9	-	-	(120 000)	
Interest paid	4	(33 239)	(23 018)	(12 403)	(5 906)
Seller's credit		69 196	-	(2 068)	-
Payments on lease debt	3	(1 209)	(1 174)	(303)	(292)
Net cash flow from financing activities		120 630	(39 427)	(47 252)	(21 432)
Net change in cash and cash equivalents		19 288	(2 612)	(43 398)	14 164
Cash and cash equivalents at start of period		23 701	26 314	86 387	9 537
Cash and cash equivalents at end of period	11	42 989	23 701	42 989	23 701

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	-	-	80 685	80 685
Shareholders' equity at 31 December 2022	76	98 137	(24 599)	73 615
Shareholders' equity at 1 January 2021	76	98 137	(77 874)	20 339
Net income for the period	-	-	(27 410)	(27 410)
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 Simplified International Financial Reporting Standards, 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 28 February 2023.

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	3 690
Additions	236	867 516	151	5 842
Disposals	-	-	-	-
Cost at 31 December 2022	242 763	869 017	669	9 531
Accumulated depreciation and impairment at 1 January 2022	(12 503)	-	(411)	(2 187)
Depreciation for the period	(11 553)	(73 430)	(83)	(1 441)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2022	(24 056)	(73 430)	(494)	(3 628)
Carrying amount at 31 December 2022	218 707	795 587	175	5 903
2021				
Cost at 1 January 2021	242 235	-	468	3 690
Additions	292	1 502	50	-
Disposals	-	-	-	-
Cost at 31 December 2021	242 527	1 502	518	3 690
Accumulated depreciation and impairment at 1 January 2021	(957)	-	(347)	(1 093)
Depreciation for the period	(11 546)	-	(63)	(1 093)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 December 2021	(12 503)	-	(411)	(2 187)
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. Capitalised costs for oil and gas fields in production are depreciated individually using the unit-of-production method. Office machinery etc. are depreciated over their useful life, 3-5 years. Right-of-use assets are depreciated over the contractual obligation period. Polarled is depreciated over the remaining useful life, which is considered to be the same as the license period that expires in 2041.

The interests in infrastructure and production licenses are pledged as security for the bond issue.

There is no impairment loss recognised in 2021 or 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	800
Disposals	-
Cost at 31 December 2022	2 828
Accumulated depreciation and impairment at 1 January 2022	(606)
Depreciation for the period	(426)
Disposals	-
Accumulated depreciation and impairment at 31 December 2022	(1 032)
Carrying amount at 31 December 2022	1 796
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 14.05.2028, and the annual lease cost is NOK 1 208 984.

The incremental borrowing rate applied in discounting the lease debt is 6,19%.

Leasing liabilities – amounts in NOK '000	01.01.-31.12.	01.01.-31.12.
	2022	2021
Lease debt at beginning of period	1 601	2 708
New lease debt recognized in the period	5 524	-
Payments of lease debt	(1 209)	(1 174)
Interest expense on lease debt	39	67
Total lease debt	5 954	1 601
Short-term lease debt	1 287	1 123
Long-term lease debt	4 667	478
Total lease debt	5 954	1 601
Lease debt maturity breakdown (NOK)	2022	2021
Within one year	1 287	1 123
Two to five years	4 667	478
After five years	-	-
Total	5 954	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 of 31 December 2022.

Note 4 Financial items

Amounts in NOK '000	01.01.-31.12.	01.01.-31.12.	Q4	Q4
	2022	2021	2022	2021
Interest income	133	-	109	-
Currency gains	18 617	30	2 883	-
Gains from investments	144	-	144	-
Total financial income	18 894	30	3 137	-
Interest expenses	33 239	23 018	9 997	5 906
Interest on lease debt	39	67	13	13
Accretion expense on asset retirement obligation	22 359	-	22 359	-
Currency loss	26 595	83	5 534	-
Financial items from billing	(663)	27	-	192
Other financial items	534	-	534	-
Total financial expenses	82 102	23 195	38 436	6 111
Net financial items	(63 208)	(23 165)	(35 300)	(6 111)

Note 5 Tax

Tax for the period – Amounts in NOK '000	01.01.-31.12.	01.01.-31.12.	Q4	Q4
	2022	2021	2022	2021
Current year tax payable/receivable	80 129	(17 739)	(6 985)	(4 349)
Change in previous year tax payable/receivable	1 065	-	-	-
Change in current year deferred tax	2 427	7 280	(15 969)	32
Capitalized costs	(4 228)	-	-	-
Tax expense (+)/income (-)	79 392	(10 459)	(22 954)	(4 316)

Calculated tax payable (-)/tax receivable (+) – Amounts in NOK '000	01.01.-31.12.	01.01.-31.12.	Q4	Q4
	2022	2021	2022	2021
Tax payable/receivable at beginning of period	17 762	40 169	(58 894)	53 559
Current year tax payable/receivable	(80 129)	17 739	6 985	4 349
Tax paid	34 569	-	23 046	-
Net tax payment/refund	(17 762)	(40 146)	(16 697)	(40 146)
Net tax payable (-)/receivable (+)	(45 560)	17 762	(45 560)	17 762
Tax receivable included as current assets (+)	-	17 762	-	17 762
Tax payable included as current liability (-)	(45 560)	-	(45 560)	-

Specification of deferred tax liability (-)/asset (+) – Amounts in NOK '000	01.01.-31.12.	01.01.-31.12.
	2022	2021
Deferred tax liability (-)/asset (+) at beginning of period	9 451	16 731
Change in current year deferred tax	(2 427)	(7 280)
Net deferred tax liability (-)/asset (+)	7 024	9 451

Note 6 Trade and other receivables

Specification of trade and other receivables

Amounts in NOK '000	01.01.-31.12.	01.01.-31.12.
	2022	2021
Accounts receivables	21 884	6 337
Accrued revenue	1 487	-
Underlift	49 651	-
Prepayments	12 616	2 087
Other receivables, including balances with license partners	43 026	6 263
Totals	128 664	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.-31.12.	01.01.-31.12.
	2022	2021
Accounts payable	3 275	1 865
Accrued public charges and indirect taxes	2 997	1 105
Payroll liabilities	8 574	4 223
Accrued interest	2 858	1 989
Share of other current liabilities in licenses	65 594	3 945
Other provisions	1 966	-
Totals	85 264	13 128

The payables all mature within one year.

Note 8 Bonds

Amounts in NOK '000	Maturity	31.12.2022	31.12.2021	31.12.2021
Senior secured bond 8.000% (20/30)	Nov 2030	-	275 000	275 000

The bond of MNOK 275 issued in 2020 was repaid in December 2022.

Amounts in NOK '000	Maturity	31.12.2022	31.12.2021	31.12.2021
Senior secured bond (22/25)	Dec 2025	378 382	-	-

Interest is paid on a quarterly basis. The working interests in infrastructure and production assets are pledged as security for the bond issue. Book value of pledged assets is MNOK 954.7.

The financial covenants comprise of:

- (i) Minimum liquidity of 5% of outstanding Financial Indebtedness
- (ii) Net leverage ratio of maximum 2.5

Note 9 Other Interest-bearing debt

Amounts in NOK '000	31.12.2022	31.12.2021
Exploration Financing Facility ¹	-	17 500
Long-term lease debt	4 667	478
Short-term lease debt	1 287	1 123
Deferred payment of asset acquisitions ²	69 196	-
Total	75 150	19 101

¹The Exploration Financing Facility agreement with Svenska Enskilda Banken (SEB) expired in 2022, and debt related to exploration tax refund for 2021 was settled in Q4 2022.

²The acquisition of assets from Neptune Energy was partly financed by deferred payments, recognised as long-term liabilities. The amount matures 1/1-2024.

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	31.12.2022	31.12.2021
Bank deposits, unrestricted	37 346	21 387
Bank deposit, employee taxes, restricted	5 643	2 314
Total cash and cash equivalents	42 989	23 701

Note 12 Asset retirement obligations

Amounts in NOK '000	
Provision at 1 January 2022	-
Additions	571 041
Incurring removal cost	(18 998)
Accretion expenses	22 359
Asset retirement obligations at 31 December 2022	574 402

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 5.19%. Future annual inflation of 2% is assumed. 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 80 685 080 (NOK -27 410 020 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	31.12.2022	31.12.2021	Q4 2022	Q4 2021
Profit for the period attributable to ordinary equity holders	80 685 080	(27 410 020)	9 161 925	(7 244 941)
The period's average number of ordinary shares	75 750	75 750	75 750	75 750
Earnings per share in NOK	1 065	(362)	121	(96)

Note 14 Related party transactions

Expenses to related parties

Related party	Relation	Q1	Q2	Q3	Q4
Nord Advisors AS	MVE's chair of board is chair of board and owner of Nord Advisors AS	400 425	133 475	-	-
Molasset AS	MVE's chair of board is chair of board and owner of Nord Advisors AS	-	148 500	429 000	1 237 500

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.

Alternative performance measures

M Vest Energy may disclose alternative performance measures as part of its financial reporting as a supplement to the interim financial statements prepared in accordance with simplified IFRS and believes that the alternative performance measures provide useful supplemental information to stakeholders.

Adjusted EBITDA	Earnings before interest, tax, depreciation, amortization and impairment, adjusted for certain lifting delays, first oil effects and M&A-effects.
EBITDA	Is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortisation, and impairments.
Net leverage ratio	Is the ratio of Total net debt to adjusted EBITDA.
Total net debt	Total interest-bearing financial indebtedness less liquidity.