

QUARTERLY FINANCIAL REPORT Q1 2024

M VEST ENERGY AS

31/05/2024



M VEST ENERGY

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1. EXECUTIVE SUMMARY

Highlights M Vest Energy 1st quarter

In the 1st quarter M Vest Energy had revenues of 244 MNOK from its licenses, Polarled (5%), Draugen (7,56%), Brage (4,4424%) and Ivar Aasen (0,8%).

EBITDA for the quarter was 152 MNOK.

Profit before tax was 52 MNOK.

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 first quarter 2024 amounted to MNOK 244.3, (201.0 in 2023). Operating profit for the period was MNOK 76.8 (77.2 MNOK in 2023). The total operating expenses amounted to MNOK 167.5 (123.8 MNOK in 2023). Increase in operating expenses is in large caused by increased production as the fields in production are depreciated using the unit-of-production method.

Net financial items amounted to MNOK -25.3 (-30.7 MNOK in 2023), where costs of 5.5 MNOK are noncash items related to accretion expenses of asset retirement obligations on the producing assets.

Profit before income tax was MNOK 51.5 (46.5 in 2023). Tax expense amounted to MNOK 53.4 (36.8 in 2023).

Net profit was MNOK -1.9 (9.7 in 2023).

Total assets at period-end amounted to MNOK 1 388.1 (1 354.7 in 2023). The main reason for the increase is investments on producing assets, partly offset by depreciations.

The interest-bearing debt was MNOK 392.8 in Q1 2024, compared to 461.1 MNOK in 2023. The decrease is due to the seller's credit to Neptune being settled in Q4 2023.

The company's cash flow from operating activities was MNOK 94.9 (80.8 in 2023). Cash flow from investing activities was NOK -56.0 (-19.6 in 2023).

Net cash flow from financing activities was MNOK -15.0 (-32.0 in 2023).

Cash and cash equivalents at the beginning of the period was MNOK 69.0 (43.0 in 2023). At balance sheet date, cash and cash equivalents amounted to MNOK 92.9 (72.2 in 2023), giving a net increase of MNOK 23.9 (29.2 in 2023.)

Operational review

Draugen (partner 7.56%)

Net production for the first quarter was 1 618 boepd. Production efficiency was 90%. A planned six-day production stop for modification of the Draugen gas export pig receiver was completed in January.

In March The Ministry of Energy approved the extension of the Draugen production license until 31 December 2040. This is a result of a License Extension program that reflects the partnership's positive view on Draugen's current and future potential.

Offshore topside modifications and installation work for the power from shore project and carry-over scope from Hasselmus project is ongoing as planned. By operating Draugen with power from shore the partnership expects a reduction in CO2 emissions of 200,000 tons pr. year.

Brage (partner 4.4424 %)

Net production for the first quarter was 967 boepd. Production efficiency was 96%.

A water injector well in Talisker started up in the first quarter, this is the longest well drilled and completed on Brage and could open for business opportunities in further distance from the Brage Platform. Drilling activities continued during the quarter of which one well is expected to commence production in the second quarter.

A Sognefjord East project has been established to mature development of the Kim discovery and appraisal strategy for the area. An exempt for development and operation (PDO) will be submitted to the authorities in the second quarter.

The Brage license approved the tie-in agreement for Brasse in March and is ready to commence the project execution of the topside modifications project.

Ivar Aasen (partner 0.8 %)

Net estimated production for the quarter was 239 boepd.

Production efficiency was 99%. Preparation for a potential IOR 2026 campaign is ongoing. A planned well intervention campaign was completed in the first quarter, slightly increasing oil production rate.

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.

2. FINANCIAL REPORTS

INCOME STATEMENT (UNAUDITED)

Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.
	Note	2024	2023
Revenues from crude oil and gas sales		220 744	182 823
Tariff revenues		23 506	18 143
Other income		4	50
TOTAL INCOME		244 253	201 016
Production expenses		58 916	46 105
Changes in over/under lift positions		9 179	24 592
Exploration expenses		11 600	3 372
Depreciations	2	74 784	34 353
Other operating expenses		12 989	15 366
Total operating expenses		167 469	123 787
Operating profit/loss		76 784	77 229
Net financial items	4	(25 261)	(30 686)
Profit/loss before taxes		51 523	46 543
Tax expense (+)/income (-)	5	53 442	36 835
NET PROFIT/LOSS		(1 919)	9 708

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	Note	2024	2023	2023
ASSETS				
Intangible assets				
Other intangible assets	2	1 338	1 681	1 525
Tangible fixed assets				
Property, plant and equipment	2	1 115 998	1 143 526	1 143 086
Right-of-use assets	2,3	5 125	5 624	5 439
Financial investments		17 229	5 010	11 523
Total non-current assets		1 139 690	1 155 842	1 161 573
Receivables				
Trade and other receivables	6	117 069	88 709	111 365
Stock from joint operations		38 447	52 287	45 006
Cash and cash equivalents				
Cash and cash equivalents	11	92 851	57 867	68 989
Total current assets		248 367	198 863	225 360
TOTAL ASSETS		1 388 058	1 354 705	1 386 933

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	Note	2024	2023	2023
EQUITY AND LIABILITIES				
Equity				
Share capital	10	76	76	76
Share premium		98 137	98 137	98 137
Other equity		(177 176)	(133 525)	(175 257)
Total equity		(78 963)	(35 312)	(77 044)
Non-current liabilities				
Deferred tax	5	154 829	70 307	169 341
Asset retirement obligations	12	683 321	743 139	680 910
Long term bonds	8	387 548	380 215	385 715
Other borrowings	9	-	75 258	-
Long-term lease debt	3,9	3 899	4 346	4 193
Total non-current liabilities		1 229 598	1 273 266	1 240 159
Current liabilities				
Trade, other payables and provisions	7	111 987	50 049	138 987
Income tax payable	5	122 218	65 416	83 414
Financial instruments		1 868	-	68
Short-term lease debt	3,9	1 350	1 287	1 350
Total current liabilities		237 423	116 752	223 818
Total liabilities		1 467 021	1 390 018	1 463 977
TOTAL EQUITY AND LIABILITIES		1 388 058	1 354 705	1 386 933

STATEMENT OF CASH FLOW (UNAUDITED)

Amounts in NOK '000		01.01.-31.03.	01.01.-31.03.	01.01.-31.12.
	Note	2024	2023	2023
Profit/loss before taxes		51 523	46 543	148 708
Depreciation	2	74 784	34 353	171 536
Income tax paid	5	(29 150)	(9 282)	(36 433)
Interest expenses	4	22 127	30 188	97 425
Changes in inventories, accounts payable and receivables		(24 344)	(21 030)	52 648
Net cash flow from operating activities		94 940	80 771	433 884
Disbursements on investments in fixed assets	2	-	(200)	-
Disbursements on investments in licenses	2	(47 195)	(50 166)	(252 576)
Payment for removal and decommissioning of oil fields	12	(3 128)	(366)	(16 586)
Cash used on (-)/received from financial investments		(5 706)	-	(6 513)
Net cash flow from investment activities		(56 029)	(50 733)	(275 676)
Interest paid	4	(14 711)	(14 836)	(61 669)
Repayment of seller's credit		-	-	(69 196)
Payments on lease debt	3	(337)	(324)	(1 296)
Net cash flow from financing activities		(15 048)	(15 160)	(132 161)
Net change in cash and cash equivalents		23 862	14 878	26 048
Cash and cash equivalents at start of period		68 989	42 989	42 989
Net currency translation effect		-	-	(48)
Cash and cash equivalents at end of period	11	92 851	57 867	68 989

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Amounts in NOK '000	Share capital	Share premium	Retained earnings	Total equity
Shareholders' equity at 1 January 2024	76	98 137	(175 257)	(77 044)
Net income for the period	-	-	(1 919)	(1 919)
Shareholders' equity at 31 March 2024	76	98 137	(177 176)	(78 963)
Shareholders' equity at 1 January 2023	76	98 137	(143 233)	(45 020)
Net income for the period	-	-	9 708	9 708
Shareholders' equity at 31 March 2023	76	98 137	(133 525)	(35 312)
Shareholders' equity at 1 January 2023	76	98 137	(143 233)	(45 020)
Net income for the period	-	-	(32 023)	(32 023)
Shareholders' equity at 31 December 2023	76	98 137	(175 257)	(77 044)

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 2023. 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 31 May 2024.

Note 1 Accounting principles

The accounting principles used for this interim report are consistent with the principles used in the company's 2023 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
2024				
Cost at 1 January 2024	246 190	1 212 649	693	10 176
Additions	551	46 644	-	-
Disposals	-	-	-	-
Cost at 31 March 2024	246 742	1 259 293	693	10 176
Accumulated depreciation and impairment at 1 January 2024	(84 797)	(233 448)	(532)	(4 738)
Depreciation for the period	(2 331)	(71 926)	(27)	(314)
Disposals	-	-	-	-
Accumulated depreciation and impairment at 31 March 2024	(84 797)	(305 374)	(558)	(5 051)
Carrying amount at 31 March 2024	161 944	953 919	135	5 125

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.

Note 2 Tangible fixed assets and intangible assets cont.

Intangible assets - amounts in NOK '000	Software
2024	
Cost at 1 January 2024	3 518
Additions	-
Disposals	-
Cost at 31 March 2024	3 518
Accumulated depreciation and impairment at 1 January 2024	(1 993)
Depreciation for the period	(187)
Disposals	-
Accumulated depreciation and impairment at 31 March 2024	(2 180)
Carrying amount at 31 March 2024	1 338
2023	
Cost at 1 January 2023	2 828
Additions	690
Disposals	-
Cost at 31 December 2023	3 518
Accumulated depreciation and impairment at 1 January 2023	(1 032)
Depreciation for the year	(961)
Disposals	-
Accumulated depreciation and impairment at 31 December 2023	(1 993)
Carrying amount at 31 December 2023	1 525

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.-31.03.	01.01.-31.03.
	2024	2023
Lease debt at beginning of period	5 543	5 954
New lease debt recognized in the period	-	-
Payments of lease debt	(337)	(324)
Interest expense on lease debt	44	4
Total lease debt	5 249	5 633
Short-term lease debt	1 350	1 287
Long-term lease debt	3 899	4 346
Total lease debt	5 249	5 633
Lease debt maturity breakdown (NOK)		
Within one year	1 350	1 287
Two to five years	3 899	4 346
After five years	-	-
Total	5 249	5 633

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 March 2024.

Note 4 Financial items

Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2024	2023
Interest income	305	129
Currency gains	4 396	2 310
Total financial income	4 700	2 439
Interest expenses	20 250	22 289
Interest on lease debt	44	4
Accretion expense on asset retirement obligation	1 833	1 833
Exchange rate losses	8 115	8 609
Financial items from billing	(316)	(111)
Other financial items	35	501
Total financial expenses	29 961	33 124
Net financial items	(25 261)	(30 686)

Note 5 Tax

Tax for the period – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2024	2023
Current year tax payable/receivable	67 954	38 538
Change in previous year tax payable/receivable	-	(4 101)
Change in current year deferred tax	(14 511)	2 398
Tax expense (+)/income (-)	53 442	36 835

Calculated tax payable (-)/tax receivable (+) – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2024	2023
Tax payable/receivable at beginning of period	(83 414)	(74 830)
Current year tax payable/receivable	(67 954)	(38 538)
Tax paid	29 150	43 851
Change in previous year tax	-	4 101
Net tax payable (-)/receivable (+)	(122 218)	(65 416)
Tax receivable included as current assets (+)	-	-
Tax payable included as current liability (-)	(122 218)	(65 416)

Specification of deferred tax liability (-)/asset (+) – Amounts in NOK '000	01.01.-31.03.	01.01.-31.03.
	2024	2023
Deferred tax liability (-)/asset (+) at beginning of period	(169 341)	(67 910)
Change in current year deferred tax	14 511	(2 398)
Net deferred tax liability (-)/asset (+)	(154 829)	(70 307)

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.
	2024	2023	2023
Accounts receivables	25 559	71 036	30 630
Accrued revenue	17 816	8 215	19 892
Prepayments	11 274	4 773	14 760
VAT receivables	795	-	5 215
Other receivables, including balances with license partners	61 626	4 684	40 868
Totals	117 069	88 709	111 365

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.-31.12.
	2024	2023	2023
Accounts payable	20 358	2 978	30 352
Accrued public charges and indirect taxes	(2 033)	498	3 298
Payroll liabilities	5 223	4 347	9 836
Accrued interest	2 945	3 001	2 975
Share of other current liabilities in licenses	82 970	33 810	90 204
Other provisions	2 525	5 415	2 323
Totals	111 987	50 049	138 987

The payables all mature within one year.

Note 8 Bonds

Amounts in NOK '000	Maturity	31.03.2024	31.03.2023	31.12.2023
Senior secured bond 8.000% (20/30)	Nov 2030	387 548	380 215	385 715

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 1 116.

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	31.03.2024	31.03.2023	31.12.2023
Long-term lease debt	3 899	4 346	4 193
Short-term lease debt	1 350	1 287	1 350
Deferred payment of asset acquisitions ¹	-	75 258	-
Total	5 249	80 891	5 543

¹The acquisition of assets from Neptune Energy was partly financed by deferred payments. The consideration was paid in December 2023.

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	31.03.2024	31.03.2023	31.12.2023
Bank deposits, unrestricted	91 947	57 056	62 784
Bank deposit, employee taxes, restricted	904	811	6 205
Total cash and cash equivalents	92 851	57 867	68 989

Note 12 Asset retirement obligations

Amounts in NOK '000	31.03.2024	31.03.2023	31.12.2023
Provision at 1 January 2024	680 910	736 053	736 053
Changes in provision	-	-	(55 497)
Effects of change in the discount rate	-	-	(6 201)
Incurred removal cost	(3 128)	(366)	(16 586)
Accretion expenses	5 539	7 453	23 142
Asset retirement obligations at 31 March 2024	683 321	743 139	683 321

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 nominal discount rate of 3.254%. 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 -1 919 254 (NOK 9 708 041 in 2023) by the period's weighted average number of outstanding ordinary shares, which was 75,750 (75,750 in 2023). 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	31.03.2024	31.03.2023
Profit for the period attributable to ordinary equity holders	(1 919 254)	9 708 041
The period's average number of ordinary shares	75 750	75 750
Earnings per share in NOK	(25)	128

Note 14 Related party transactions

Expenses to related parties

Related party	Relation	Q1
Molasset AS	MVE's chair of board is chair of board and owner of Molasset AS	1 139 500

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.