



MVEST WATER



2021

**ANNUAL
REPORT**

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Message from the Chairman

It is my pleasure to introduce M Vest Water's Annual Report for 2021, a year in which the company made significant strides forward. These accomplishments are the result of the foresight, skills, and dedication of its growing team, partners, and advisors as well as the support of its investors, long-term shareholders, and owners.

A major highlight was the listing of M Vest Water on the Euronext Growth Oslo in May. An important step to finance the company's continued growth in the global water treatment market.

M Vest Water reached another milestone last year in bringing to market its revolutionary, green NorwaFloc® product. The successful, ongoing development and commercialization of this highly effective, environmentally significant and cost-competitive product is key in ensuring the company's goal of becoming a global leader in water treatment. It is highly distinct from other technical solutions and takes sharp aim at addressing the growing problems of water scarcity and lack of access to clean water around the globe.

2021 was also marked by many achievements, including the signing of partner agreements with leading industrial players.

I am happy to note that the marketplace has responded well to our breakthrough product offering, and following protocol, M Vest Water is currently engaged in rigorous three-step verification tests for more than a dozen projects.

We look forward to the successful completion of full-scale testing, to be followed by deliveries and adoption of M Vest Water's game-changing products and equipment in a variety of industries and applications.

We live in a world affected by the growing impacts of climate change. It is a world where environmental, social and governance (ESG) criteria are increasingly being applied to investment decisions, and companies are instituting their own sustainability goals to comply with regulatory requirements as well as

their customer's growing expectations. M Vest Water is positioned to help meet these challenges with solutions based on non-synthetic, natural products that are environmentally friendly and in compliance with future regulations. We strongly identify with eight of the UN's Sustainable Development Goals, notably Clean Water and Sanitation (6), Life Below Water (14) and Life on Land (15). These are goals that M Vest Water can have a direct impact on through our disruptive technology and innovative solutions. We are excited to be part of the solution for a more sustainable world.

Company culture is key, and I am proud to act as Chairman of the Board for a company that has such a purposeful mission and shows such steady growth on its way to becoming a key player in solving the world's need for clean water.



A handwritten signature in dark ink, reading "Johan Kr. Mikkelsen".

Johan Kr. Mikkelsen


The year 2021 in brief

M Vest Water successfully completed a MNOK 115 private placement and had its first trading day at Euronext Growth on May 28th, under the ticker MVW. Since the listing, our operational implementation has been in accordance with our strategy. We have focused on building our growth platform by recruiting and forming a skilled organization in Norway and Germany, while also establishing a state-of-the-art laboratory, setting up new verification tests in various European and Middle Eastern markets as well as developing strong collaborations with distributors and complementary partners. In the second half of 2021 significant effort has been made to implement M Vest Water's products and solutions in partner's business structures. The partnerships are of strategic importance for the continuing expansion of our business internationally.

Testing and verification activities combined with R&D in 2021 have resulted in technological advances that now enable us to offer commercialized water treatment solutions for several industries, such as:

 **Municipal wastewater**

 **Aquaculture**

 **Oil and Gas**

Verification activities and R&D are ongoing as we prepare to expand our offerings to other industrial segments.

We are uniquely positioned to meet the growing demand as new regulations come into effect from 2022 and onwards, with increased production capacity for our product applications and verification testing of challenging wastewaters. This validates our solutions as market-leading and cost-effective.

Highlights 2021

Q2 - 21



MAY Capital raise MNOK 115 Private placement



MAY Listed on Euronext Growth Oslo under the ticker MVW



JUN Development, improved results from side-steam test from Norwegian oil and gas facility



JUN Further patents granted for US and Europe

Q3 - 21



JUL LOI NOS Chemicals – distribution partnership



JUL LOI Nijhuis – distribution partnership



AUG Development, improved results from final full-scale phase at Norwegian oil and gas facility



SEP Further patents granted for US and Europe



SEP New HQ in Bergen



SEP Collaboration agreement Dryden Aqua - Distribution of Dryden product AFM®

Q4 - 21



OCT NORWAMIX – Mobile test unit



NOV LOI Downstream Marine



DEC State-of-the-art laboratory



OCT - DEC Commercialized applications and products for several industries



This is M Vest Water

Our mission

We are pioneering the future of water treatment, reducing pollution to zero and enabling discharge waters completely free of microplastics, micro- and even nano pollutants using processes and products that are environmentally friendly and non-toxic. We are disrupting the market with unique technologies and creating a new generation of water treatment products that many industries and market segments have been calling for.

We have a singular and clear-cut mission: to realize a zero-discharge future.

Zero-discharge is an ambitious goal, but one we are committed to realize through the development of innovative and cutting-edge technologies that will help secure access to clean water across the globe.

It is easy to take water as a resource for granted, especially in the developed world, but it is very much a finite and precious resource.

Water scarcity is a real and present threat, and its effect is already being felt around the globe. The consequences of rapidly accelerating urbanization, climate change and a growing global population are already putting a strain on the world's water resources, and in the coming years this effect will be felt in even greater measure.

Improved reuse of water is also becoming an increasingly important measure to combat water scarcity around the world. For many industries and municipal services, water reuse has become a mandatory requirement due to strengthening regulations.

In addition to mandatory requirements related to water treatment, industries, both new and existing, are demanding water in ever greater quantities and thus require better and more efficient tools for minimizing their environmental impact and maximizing the utilization of available water.

At M Vest Water, we have those tools. Tools that can be used to reduce the climate impact of industries and cities. Tools that will help us secure and conserve our most precious of resources: clean water.

Technology innovation and zero discharge

M Vest Water's development of natural polymers for use in wastewater treatment is a significant step forward regarding environmental responsibility. Most water treatment products used today are synthetic, polyacrylamide-based chemicals that are non-biodegradable and ultimately result in microplastics left in nature which propagate into the food chain for both animals and people. NorwaFloc® eliminates this problem completely and helps industries in significantly reducing their environmental impact while also allowing service operators and nations to utilize the discharge for valuable purposes such as, e.g., producing fertilizers to improve food yields. The effects of natural, biodegradable water treatment are thus felt not only in the water treatment process, but also throughout other value chains.

NorwaFloc®, in combination with the unique NorwaPol polishing reactor technology, provides a last stage polishing process to wastewaters, separating micro and nano particles from discharged water using AFM® as filter medium. AFM® (Activated Filter Media) is a direct replacement for sand, doubling the performance of sand filters without the need for additional investments in infrastructure. Additionally, AFM has a lifetime of four times that of traditional sand filters. It also requires 50% less water for backflushing, which is especially important for conserving clean water.



Untreated water



Fast separation



Treated water



Letter from CEO

Founded just five years ago, M Vest Water is well on its way to establishing a well-earned reputation as a pioneer in the development of high performance and environmentally responsible “green” water and wastewater treatment solutions. In 2021, the company broke new ground with the commercialization of its line of natural polymer flocculants called NorwaFloc®. In addition to offering significant advantages in terms of performance and positive environmental impact, our nature-based polymer products are successfully meeting the market’s additional requirements of efficiency and cost-competitiveness. These benefits are proving to make NorwaFloc® an attractive offering to companies in a wide array of industries across the world.

Meeting key organizational goals

From an organizational standpoint, we have met a key objective in establishing a structure that puts in place the resources needed to take us forward.

In September, we moved to modern and well-equipped new offices and production facilities in Bergen, Norway.

We built a state-of-the-art laboratory – an asset that is essential for verification testing and ongoing product development. This was a critical need, as use of sufficient lab services was scarce through 2020 and early 2021 as the Covid pandemic put a restriction on the availability of other labs rented by M Vest Water.

While we now have a well-functioning mobile production- and test unit in place, we are also working on establishing a fixed and firm production line for our NorwaFloc® products.

We expanded our team from four staff members to 14 during the last half of 2021, adding additional expertise and experience to our team.

Going forward, we are establishing an efficient distribution structure within different industries in Norway, parts of Europe and the Middle East.

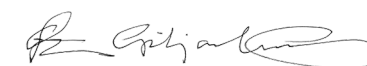
Expanding our focus and reach

While our initial focus in 2021 was establishing project activity in Norway and Germany, we also expanded our geographic reach to other parts of the world. As a result, we are now doing early-stage verification testing in the Middle East and in three countries in Asia: China, Japan, and Malaysia – where we entered first stage verification tests on different wastewaters near the end of 2021. While our roots are in Norway, we are very mindful of our goal to become a global leader over the next three to five years, and we are incredibly pleased to see an accelerating interest in our breakthrough products and equipment in other parts of the world.

Commitment to sustainability and action

M Vest Water is committed to sustainability, working to secure cleaner waters and preserving nature. We are already helping other companies in different industries to be more sustainable. We were founded at a time when the world began to change, requiring a different approach, and now, more than ever, we see a growing sense of urgency.

While it is important to reflect on what we have accomplished to date, it is more important to look ahead to the future. As 2022 unfolds, we will continue to accelerate our growth and bring our game-changing and disruptive solutions to customers around the world.



Stein E. Giljarhus, CEO



Business Expansion

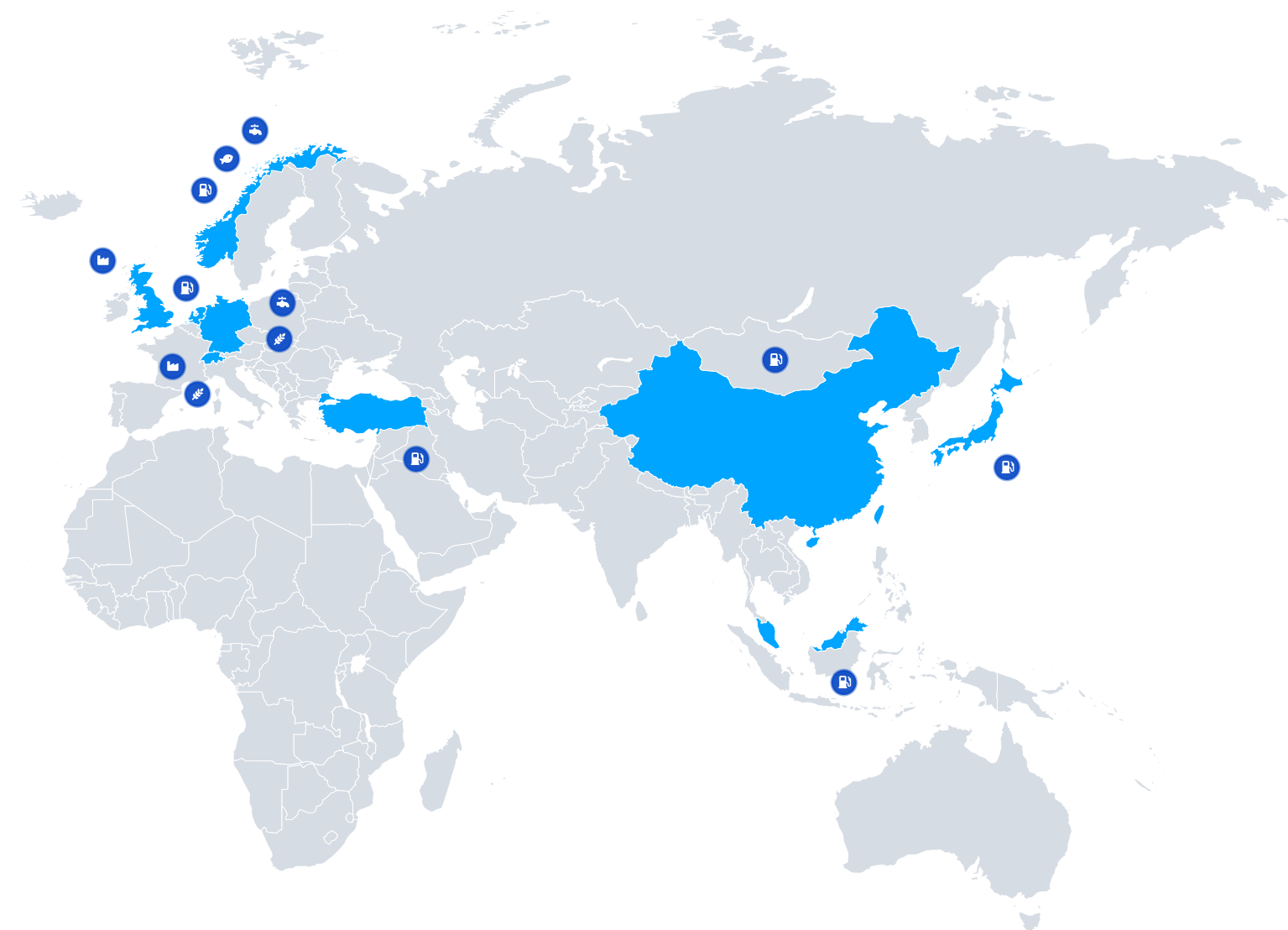
M Vest Water's products and solutions are targeted to substitute global multibillion USD use of synthetic chemicals in water treatment with natural biodegradable products. Sales are divided into process equipment in the form of one-time installation and sales and combined with the green chemical NorwaFloc®, which will be delivered on a continuous basis and secure recurring revenues.

Our goal is to develop sustainable and proven products for a broad range of industries, establishing commercial agreements on deliveries to projects with demand for environmentally friendly water treatment solutions. This applies firstly to Norway, but expansion to Europe, the Middle East, and selected Asian countries is already ongoing.

Our business model entails distributing our green labelled products such as NorwaFloc® (patented, chemical additive water clarifier) and NorwaPol (polishing reactors) through larger distributors with major market shares, while simultaneously establishing a strong and widespread presence in several industries and geographical regions. M Vest Water is also prepared to sell solutions and products directly to end-clients where applicable.

M Vest Water offers products and solutions for water and sludge treatment to a wide range of industries.

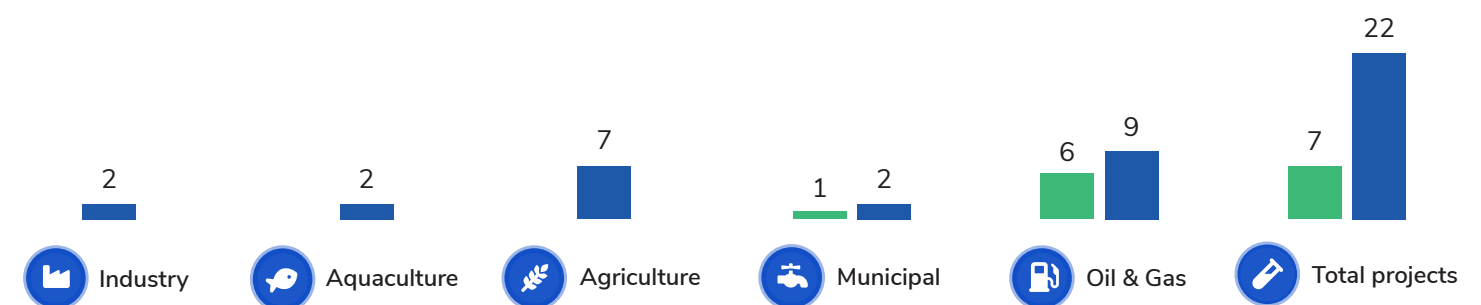
Our main product NorwaFloc® was originally developed for water treatment in Oil & Gas. Research, development and testing in 2021 has proven that our products and solutions are highly applicable in a variety of additional markets. These technological advancements are reflected in the current project portfolio growing from 7 leads in May 2021, to 22 projects, within a wide range of industries, at year end.



Project growth May - Dec 2021

May 2021: ●

Des 2021: ●



Board of Directors Report

M Vest Water has developed and currently offers products and technology that meet future environmental requirements and regulations, using this as a spearhead in the European markets together with solid partners. It is a disruptive technology, well protected under a family of patents in applicable states and regions. The value added by this novel technology means that clients can improve the cost-benefit ratio relating to both CAPEX and OPEX during operations, thanks to the reduced need for equipment, sustainability in equipment processes and consumables used in addition to less transport and logistics required for the water treatment operations.

Operations and locations

M Vest Water has had an exciting and eventful year. M Vest Water was listed on Euronext Growth Oslo in May 2021 and raised capital of MNOK 115, enabling scale-up of business to meet the significant interest from the market.

On September 1st, the company moved into new office and production facilities in Bergen, Norway. Our laboratory for testing and analysing water samples became operative in Q4.

Our organization has grown from four to fourteen highly qualified personnel in Norway and Europe in accordance with our strategy. These new employees cover sales and business developments as well as operational support and consists of technical project engineers and chemical specialists.

Collaboration agreements and LOIs with distributors and complementary partners have been signed, and testing and verification of our technology is ongoing with projects within Oil & Gas, Agriculture, Aquaculture and Municipal wastewaters.

M Vest Water currently has 550 sqm of storage and production facilities at its disposal. The premises are also being refurbished to facilitate the production of up to 50.000 litres of NorwaFloc® per day. With this greatly expanded production capacity, we can meet the growing demand for deliveries to the market in Norway and parts of Europe over the next 2-3 years.

Comments related to the financial statements

The company's revenues decreased from NOK 4 022 000 last year to NOK 436 000 in 2021. Loss for 2021 was – 27 176 000, as last year, NOK -391 000. The financial result in 2021 is due to the scale-up of business. Adjusted for listing costs related to the IPO and extraordinary costs the EBITDA for 2021 is NOK – 17 407 000.

During 2021 research and development costs amounted to NOK 851 000, whilst costs related to patents and trademarks amounted to NOK 1 135 000.

Total assets at year-end amounted to NOK 97 801 000, compared to NOK 16 789 000 last year. The equity ratio was 85 % as of 31.12.2021, compared to 5 % the year before.

Total net cash flow from operating activities was NOK -19 242 000 in 2021. The company's capital investments during 2021 amounted to NOK 7 191 380. The private placement in May contributed to a net cash flow from financing activities of NOK 102 981 000.

The company's liquidity reserve as of 31.12.2021 amounts to NOK 80 369 000. The Company's ability to self-finance investments is good.

In the opinion of the Board, the Annual Financial Statements provide a true and fair view of the company's financial position at the end of the year. The Board deems the company's liquidity and financing to be satisfactory and views the Annual Financial Statements and the company's performance as a basis for the company to continue as a going concern.

The accounting net loss ended at NOK 27 100 000. The allocation of the net loss for the year is shown in the Annual Financial Statement.



Risk and risk management

Risk management is a continuous process and an integrated part of the business and the company's QHSE system. Key risks are commented below.

Interest rate

The company's debt was in NOK. The company's debt ratio is low, hence low risk.

Foreign currency

The company is exposed to currency fluctuations due to the international nature of its operations. Fluctuations in euro constitute a risk, as most of the company's purchases come from suppliers who invoice in euro. Currently, there is no currency hedging.

Credit risk

The risk for losses on receivables is low, however, it can be expected to increase as the company grows. The company has not yet experienced any losses on receivables.

Liquidity risk

Management of liquidity risk is accorded high priority. Due to the private placement completed in May 2021, the company has significant liquid assets (bank deposits) and as such the liquidity risk is deemed to be low.

Working environment and equality

We increased our employment from four staff members to 14 during the last half of 2021, adding expertise and experience to our team. The company is satisfied with the working environment, and continuously strives to further improve the working environment. Leave of absence due to illness in 2021 is insignificant. As the number of employees is increasing, MVW has started additional initiatives such as occupational health service in addition to offers of physical treatment through health insurance.

No incidents or reports of work-related accidents resulting in significant material damage or personal injury occurred during the year.

M Vest Water provides equal employment opportunities to all qualified candidates and employees. M Vest Water actively creates and promotes an environment that is inclusive of all people and their unique abilities, strengths and differences. We do not tolerate discrimination against any employee based on age, gender, sexual orientation, disability, race, nationality, political opinions, religion or ethnic background, or any other basis prohibited by law.

As we continue to grow, we believe that embracing diversity and equal opportunities in every aspect of our business is vital to long-term success. We respect diversity in each other, our customers and suppliers and all others with whom we interact.

Insurance for board members and executive management

M Vest Water has liability insurance for the board and executive management covering any indemnity for financial loss arising from personal managerial liability, including personal liability for the company's debts, arising out of any claim first made against the company.

Corporate governance

M Vest Water considers good corporate governance to be a prerequisite for trustworthiness, value creation, and access to capital. To secure strong and sustainable corporate governance, it is important that M Vest Water ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations.

M Vest Water is incorporated and registered in Norway and is subject to Norwegian law. The shares of M Vest Water are listed on Euronext Growth. As a Norwegian public limited liability company, M Vest Water must comply with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Euronext Growth, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations.

In accordance with the Company's adopted Code of Conduct we strive to operate our business in a way that will provide lasting benefits to all stakeholders, customers, partners, shareholders, employees and suppliers in addition to the communities in which we operate.

Corporate Social Responsibility Statement

In accordance with the company's adopted code of conduct, we strive to conduct our business in a way that facilitates the proper consideration of the working environment, social conditions, human rights, workplace health, safety, diversity and inclusion.



Sustainability

M Vest Water is committed to grow responsibly for the well-being of the people and the planet.

M Vest Water supports the UN's 17 Sustainable Development Goals (SDGs).

M Vest Water's products and technologies provide environmental benefits and support at least 8 of the 17 SDGs.

Using biodegradable materials instead of polymer-based coagulants and flocculants helps eliminate microplastic pollution. M Vest Water's products meet ECHA's recommendations for restrictions on intentional use of microplastics within the European Union. M Vest Water's products also help reduce final discharge levels, contributing to lower CO2 emissions and greater re-use of water and sludge.



Waste from our own production facilities, including waste considered harmful to the environment, is within regulatory limitations. M Vest Water's operations are not regulated by licenses or impositions.

Equity and shareholder issues

In 2021, M Vest Water increased its share capital by NOK 20 944,4674 to NOK 66 474,4647 allocated to 29 200 000 shares, each with a nominal value of NOK 0,002277. The increase was due to a private placement of NOK 115 000 000 - raising growth capital.

The Extraordinary General Meeting on May 10. 2021 authorized the board of directors to increase the share capital by up to NOK 69 789,47. The authorization is valid until the earliest of the Annual General Meeting in 2023 and May 9th, 2023. The purpose of the increase of the share capital is due to issuance of shares to the Company's employees in connection with option and incentive programs determined by the Board of Directors.

Future outlook and events after end of 2021

Within the overall global water treatment market, M Vest Water targets the flocculant/coagulant segment and the advanced/combined filtration segments, which had a combined market size of USD 20 billion in 2020 and is expected to grow 6-7% annually to USD 30 billion in 2027. The Company's products are well suited for both municipal and industrial water treatment applications, including all sub-segments within the broad industrial segment. The growth of the market can be attributed to tighter restrictions for discharge into seas, rivers, and nature. We are faced with considerable changes in legislation in Europe, and other regions will surely follow. The European Chemicals Agency's (ECHA) proposal for new legislation for wastewater treatment in Europe has boosted the interest for our venture considerably, benefitting the planet as well as being a solid foundation for a profitable business. Our technology meets every requirement in ECHA's proposal, which is a strong driver for M Vest Water. Increasing investments in the research and development to generate more efficient water treatment technology is expected to drive the demand for the industry.

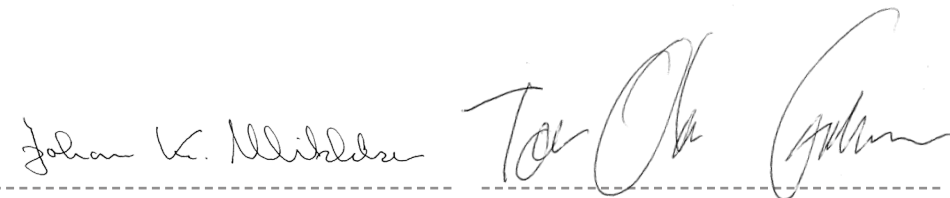
The Company has solid financial strength and is positioned to realize the Company's growth strategy. The Company owns patents to protect its products and technology. The Company has a solid project portfolio of potential customers internationally, within a wide range of businesses and regions. Distribution partnerships are important strategic targets to boost our business. The LOIs with NOS Chemicals, Nijhuis Saur Industries and Downstream Marine are of particular importance due to significant business potential.

The company's products and technologies are the subject of great interest in the market. We are in continuous dialogue with potential partners and will announce new key collaborations, LOIs and partnerships whenever they occur. The forementioned imminent regulatory change in Europe will have a meaningful impact on the use of flocculants. A decision in the European Union is pending and expected to be in force in 2022.

At the date of this report, all employees are safe and remain productive. COVID-19 may still impact timelines and operations internationally.


The Board emphasizes that forward looking statements contained in this report are based on various assumptions and forecasts that, by their nature, involve risk and uncertainty. Accordingly, actual results may differ materially. The board of directors would like to extend our appreciation to the M Vest Water workforce for their contributions during 2021.

Bergen, March 2nd, 2022



Johan Kr. Mikkelsen (Chairman)

Tor Olav Gabrielsen (Board member)



Atle Mundheim (Board member)

Stein E. Giljarhus (CEO)

M Vest Water

Statement of the Board and CEO

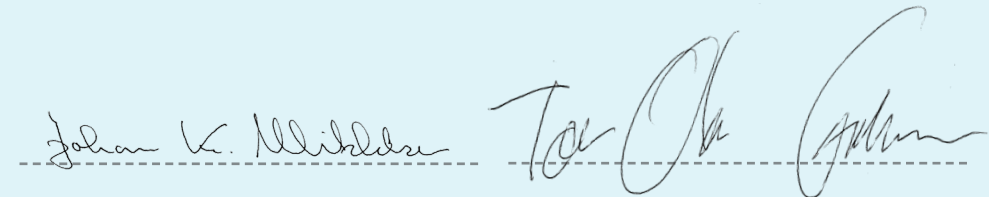
The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for M Vest Water AS as of December 31, 2021 (Annual Report 2021).

To the best of our knowledge:

- The Annual Financial Statements for 2021 have been prepared in English and in accordance with the Norwegian Accounting Act and generally accepted accounting practice for small entities in Norway (NRS 8).
- The information in the Annual Financial Statements gives a true and fair view of the assets, liabilities, financial position and overall results as of December 31, 2021.
- The Director's Report gives a true and fair view of:
 - The development, result and position of the company.
 - The principal risks and uncertainties faced by the company

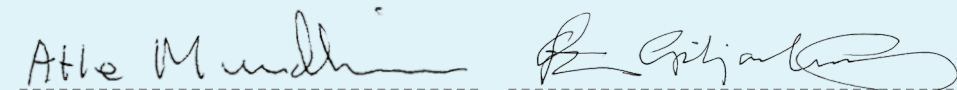
Bergen, 2 March 2022

The Board of Directors and CEO – M Vest Water AS



Johan Kr. Mikkelsen (Chairman)

Tor Olav Gabrielsen (Board member)



Atle Mundheim (Board member)

Stein E. Giljarhus (CEO)

Shareholder information

M Vest Water's objective is to provide positive value creation and long-term return to shareholders that reflects the inherent risk in the company. The Company plans to achieve this by delivering on its business plan and through precise communication ensuring that the share price accurately reflects the value, and growth prospects, of the Company.

Investor relations

Communicating with investors and analysts, both in Norway and internationally, is a high priority for M Vest Water. The Company's objective is to ensure that investors, potential investors, the market in general and other stakeholders gain simultaneous access to accurate, clear, relevant, and up-to-date information about M Vest Water. To facilitate this, the company will hold quarterly presentations of its most recent quarterly results, with attendance from senior management. These presentations will be open to the investor community and the public and will also be available online. All investor relation activities are conducted in compliance with relevant rules, regulations, and recommended practices. M Vest Water continually provides its investors, Oslo Stock Exchange, the securities market and financial market in general, with timely and precise information about M Vest Water and its operations.

Corporate Governance

M Vest Water considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital. In order to secure strong and sustainable corporate governance, it is important that M Vest Water ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the company. M Vest Water has governance documents setting out principles for how its business should be conducted. References to certain more specific policies are included in this corporate governance policy, where relevant. M Vest Water's governance regime is approved by the board of directors of M Vest Water.

Share capital

On December 31, 2021, the share capital in the company was NOK 66 474,46, divided into 29 200 000 shares with a nominal value of NOK 0.002277 per share. M Vest Water has one class of shares, with each share carrying one vote. M Vest Invest AS was the largest share owner with 11 300 000, or 38.7%, of the share capital.

Shareholders	shares	Owership
M VEST INVEST AS	11 300 000	38,7 %
NORWEGIAN WATER TECHNOLOGIES AS	11 100 000	38,0 %
J.P. MORGAN BANK LUXEMBOURG S.A	2 400 000	8,2 %
CACEIS Bank	852 982	2,9 %
ALDEN AS	600 000	2,1 %
PESCARA INVEST AS	500 000	1,7 %
SULEFJELL AS	200 000	0,7 %
NORDNET LIVSFORSIKRING AS	194 357	0,3 %
NH KAPITAL AS	68 000	0,2 %
Holten, Jonas	64 148	0,2 %
STATTHAV AS	58 522	0,2 %
Theivendram, Kamalarany	40 000	0,1 %
M VEST AS	39 900	0,1 %
GAGNE AS	30 848	0,1 %
FLATEN INVEST AS	29 320	0,1 %
Jakobsen, Kevin	29 320	0,1 %
Mølmann, Odd Viggo	29 299	0,1 %
Aslam, Awais	27 389	0,1 %
WHN INVEST AS	25 000	0,1 %
OTHER	1 530 745	5,2 %
Total Shares	29 200 000	100 %

Financial Calendar

Quarterly Report Q1	02.05.2022
Half Yearly Report	14.09.2022
Quarterly Report Q3	14.11.2022

Analyst coverage

Fearnley Securities	Nils Olav Furre Thommesen	+47 22 93 63 99
Norne Securities	Rytis Mikelionis	+370 645 36 749

Annual financial statement

Financial summary

Income statement

Balance sheet

Cash flow statement

Notes to the financial statements



Financial summary

Key figures

All figures in NOK 1000	2021	2020
Revenues	436	4 022
EBITDA	(26 705)	(177)
EBIT	(26 891)	(214)
Profit/(loss)	(27 176)	(391)
Cash flow operating activities	(19 242)	(2 952)
Total assets	97 801	16 789
Interest bearing debt	4 424	6 563
Cash and cash equivalents	80 369	3 821
Equity ratio	85%	5%

Income statement

All figures in NOK 1000	2021	2020
Sales revenue	436	4 022
Total income	436	4 022
Cost of goods sold	489	3 030
Change in inventory	68	(113)
Employee benefits expense	1 19 218	2 442
Capitalized employee expense	1 (1 869)	(1 815)
Depreciation	3 186	37
Other operating expenses	1 9 235	655
Total expenses	27 327	4 237
Operating profit (loss) / EBIT	(26 891)	(214)
Other interest income	67	2
Other financial income	55	55
Other interest expenses	318	92
Other financial expenses	90	141
Net financial items	(285)	(177)
Profit/(loss) before income tax	(27 176)	(391)
Profit/(loss) after tax	(27 176)	(391)
Attributable to	-	
Uncovered loss against share premium	6 27 176	391
Total	(27 176)	(391)

Balance sheet

All figures in NOK 1000		2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Research and development	3	4 051	3 200
Patents and trademarks	3	4 336	3 249
Total intangible assets		8 387	6 449
Plant and machinery	3	5 563	2 335
Equipment and other movables	3	1 840	-
Total property, plant and equipment		7 403	2 335
Total non-current assets		15 790	8 785
Current assets			
Inventories		532	210
Accounts receivables	5	1	1 852
Other short-term receivables		1 110	2 122
Total receivables		1 111	3 974
Cash and cash equivalents	9	80 369	3 821
Total current assets		82 011	8 004
Total assets		97 801	16 789
EQUITY			
Share capital	6, 7	66	46
Share premium reserve	6	83 410	716
Total equity		83 477	761
LIABILITIES			
Non current liabilities			
Liabilities to financial institutions	4, 5	3 039	4 770
Other non-current liabilities	4, 5, 8	-	6 563
Total non-current liabilities		3 039	11 333
Current liabilities			
Borrowing one year installments	4	1 385	-
Trade payables		3 153	283
Public duties payable		4 396	176
Other current liabilities	3	2 351	4 235
Total current liabilities		11 285	4 694
Total liabilities		14 324	- 16 027
Total equity and liabilities		97 801	- 16 789

Cash flow statement

All figures in NOK 1000	2021	2020
Cash flows from operating activities:		
Profit / (loss) before income tax	- 27 176	- 391
Depreciation, amortization and impairment	186	37
(Increase)/decrease in inventories	- 322	- 113
(Increase)/decrease in trade receivables	1 851	- 1 366
(Increase)/decrease in other receivables	1 012	- 1 556
Increase/(decrease) in short term liabilities	2 336	378
Increase/(decrease) in trade and other payables	2 870	59
Net cash from operating activities	- 19 242	- 2 952
Cash flows from investing activities		
Capital expenditures PPE	- 5 205	- 1 630
Capital expenditures patents, R&D etc.	- 1 986	- 2 279
= Net cash used in investing activities	- 7 191	- 3 909
Cash flows from financing activities		
Increase in paid-in share capital	115 000	1 000
Transaction costs on share capital increase	- 5 109	-
Increase/(decrease) in long term liabilities	- 6 563	911
Increase/(decrease) in borrowings credit institutions	- 346	4 770
Grants from Innovation Norway	-	2 550
= Net cash from financing activities	102 982	9 231
= Net (decrease)/increase in cash and cash equivalents	76 548	2 371
+ Cash and cash equivalents at beginning of the period	3 821	1 450
= Cash and cash equivalents at end of the period	80 369	3 821



Notes to the Annual Financial Statements

General information

General information

M Vest Water AS is incorporated and domiciled in Norway. The address of its registered office is Espehaugen 54, 5258 Blomsterdalen-Bergen, Norway.

M Vest Water is an environmental technology company which has developed unique products and solutions for the water treatment industry, both for the industrial as well as the municipal markets. Our products are non-toxic, biodegradable and can be left in nature without any harm to the environment. They obtain the highest degree of purification in a cost-efficient arrangement.

The annual financial statements were approved by the Board of Directors on the 2nd of March 2022.

Financial statement

Accounting principles

The financial statements comprise income statement, balance sheet, cash flow statement and notes to the financial statements. The financial statements have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, with the exceptions that are generally accepted for small enterprises in Norway (NRS 8). The notes to the financial statements are more extensive than the minimum requirements for small enterprises.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments.

Operating revenues

Income from the sale of environmentally friendly chemicals and equipment for water treatment is recognized in the income statement once delivery has taken place and the risk and reward has been transferred.

Revenues from the sale of testing services are recognized in the income statement when the service is completed, and the transaction can be estimated reliably

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax.

Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. In accordance with good accounting practice for small enterprises (NRS 8) the company has chosen not to capitalize deferred tax assets.

Classification and valuation of fixed assets

Fixed assets include assets included for long-term ownership and use. Fixed assets are valued at acquisition cost.

Equipment and other movables are entered in the balance sheet and depreciated over the asset's economic lifetime. Plant and machinery will start depreciated over the the asset's economic lifetime when the machinery is fully developed, tested and ready to use.

Plant and equipment are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Write-downs are reversed when the basis for the write-down is no longer present.

Classification and valuation of intangible assets

Variable expenses related to intangible assets (development, patents and trademarks) are capitalized to the extent that a future financial advantage can be identified with the development of an identifiable intangible asset and the expenses can be reliably measured. This includes salaries and other expenses. Research costs is valued as an expense on an ongoing basis.

Inventory

Inventory are valued at the lower of acquisition cost and net sale value. Sale value is the estimated sale price in ordinary operations after deduction of estimated necessary expenses for completing the sale. Acquisition cost includes expenses incurred in acquiring goods and costs necessary to bring the goods to the present position and are attributed using the FIFO principle.

Classification and valuation of current assets

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Pension liabilities

Pension liabilities financed over operations are calculated and entered on the balance sheet under the provision for liabilities. Pension schemes financed through insured schemes are not entered on the balance sheet. The pension premium is treated in these cases as a pension cost and classified together with wage costs.

Grants

Innovation Norway grants are treated as advances in the balance sheet and are capitalized on the project under fixed assets in line with the progress of the project. The company has not received operating grants, and the grant received from Innovation Norway is an investment grant. More specifically, the grant (45 % of the investment) is deducted from the carrying amount of the asset. The investment itself is booked net (gross investment less share of grants corresponding to investment). It is probable that the conditions for the grant will be fulfilled.

Leasing

Office rent and other leasing agreements is expensed as an operating cost based on the invoiced lease rent.

Share value-based remuneration

Bonus agreement for the CEO is a share value-based payment. Payment in 2021 is expensed (cf. note 1). According to the exemption for small enterprises the company has chosen to not expense the remaining share value-based remuneration.

Currency

The functional currency is NOK and the financial statements are presented in NOK. Monetary items denominated in foreign currency are valued at the exchange rate as per the end of the financial year. Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Sales and purchases in foreign currencies are recognized to the currency at the date of the transaction. Exchange gains and losses relating to sales and purchases in foreign currencies are recognized as finance.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Note 1 Employee benefits and expenses and auditor fee`s

	2021	2020
Salaries	16 379 837	2 101 974
Payroll tax	2 356 398	287 908
Pension	341 079	46 967
Other benefits	140 620	5 402
Total employee expenses	19 217 934	2 442 251
Capitalized employee expense	-1 869 255	-1 814 785
Man-years	5,75	4

Employee benefits expense and capitalized employee expense are presented in gross numbers in the Income statement. The figures for 2020 is converted accordingly to ensure comparability.

Pension liabilities

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Remuneration to leading personnel	Chief Executive officer	Board
Salaries	1 235 681	863 709
Bonus	8 169 406	0
Pension	31 100	0
Other remuneration	8 532	0
Total	9 444 719	863 709

The CEO has received a bonus in 2021 in accordance with a bonus agreement entered into before the IPO in May 2021. Of the total bonus limit, any payout of up to NOK 4.8 million remains. Any bonus depends on price developments in the share in the period up to 1.8.2022. According to the exemption for small enterprises the company has refrained from expensing the remaining share value-based remuneration as of 31.12.2021.

If the company requires that the CEO resigns immediately, the CEO is entitled to a severance pay equivalent to the CEO's fixed compensation salary for a period of three months. The company has no further commitments towards the CEO with regards to compensation after termination of employment.

Auditor

Audit fees expensed for 2021 amount to NOK 145 000.

In addition there is a fee for other services of NOK 647 680. Other services is related to assistance in connection with stock exchange listing, share capital increase etc.

The amounts are exclusive of VAT.

Note 2 Tax

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0

Taxable income:		
Ordinary result before tax	-27 175 764	-391 031
Permanent differences	1 843	-1 387
Changes in temporary differences	-285 372	16 935
Taxable income	27 459 292	-375 483

Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

	2021	2020	Difference
Tangible assets	-192 781	-478 153	-285 372
Total	-192 781	-478 153	-285 372

Accumulated loss to be brought forward	-28 708 215	-1 248 922	27 459 292
Basis for deferred tax assets	-28 900 996	-1 727 075	27 173 920
Deferred tax assets (22 %)	-6 358 219	-379 957	5 978 262

In accordance with good accounting practice for small enterprises (NRS 8) the company has chosen not to capitalize deferred tax assets.

Note 3 Intangible assets, plant and equipment

	Research and development	Patents and trademarks	Plant and machinery	Equipment and other movables	Totals
Acquisition cost 01.01.2021	3 200 066	3 310 064	2 335 228	0	8 845 358
Additions: salaries	827 648		1 041 607		1 869 255
Recognized part of investment grant			-462 737		-462 737
Additions: invoice expenses	23 105	1 135 478	2 648 856	1 977 423	5 784 862
Acquisition cost 31.12.2021	4 050 819	4 445 542	5 562 954	1 977 423	16 036 738
Acc. Depreciation 31.12.2021	0	-109 572	0	-137 503	-247 074
Net booked amount 31.12.2021	4 050 819	4 335 971	5 562 954	1 839 920	15 789 664
This year's depreciation	-	48 777	-	137 503	186 280
Straight-line depreciation		3 years *)	**)	5 years	

*) Capitalized website costs is depreciated on a straight-line basis over 3 years. **) The mobile container Norwamix, has been developed and delivered by the supplier, but it has not been fully tested. When the machine is ready for use, it will be depreciated over its expected life-time.

Research and development, patents and trademarks

Research and development in the company involves several innovative solutions that can be used for water treatment; products, equipment and process development. Variable expenses related to intangible assets (development, patents and trademarks) are capitalized to the extent that a future financial advantage can be identified with the development of an identifiable intangible asset. This includes salaries and other expenses. Fixed costs are treated as period costs, and research costs is valued as an expense on an ongoing basis.

Plant and machinery

The company has received a total of 5,1 MNOK in grants from Innovation Norway to develop the Norwamix machine. Of the total grant 4,1 MNOK was received as of 31.12.21. However, no grants were received in 2021. The grants are treated as an advance in the balance sheet and are capitalized on the project under fixed assets in line with the progress of the project. More specifically, the grant (45 % of the investment) is deducted from the carrying amount of the asset. The investment itself is booked net (gross investment less share of grants corresponding to investment).

At the end of 2021, approximately 0,2 MNOK has been treated as an advance in the balance sheet. The status of the project is that the machine has been delivered, but it has not been fully tested and is not ready to use. When the last part of the project has been completed and reported, it is expected that the remaining amounts from Innovation Norway will be paid out. If however, documented project costs are lower than assumed in the cost subsidy for the commitment, the basis for the payment from Innovation Norway is reduced accordingly. It is probable that the conditions for the grant will be fulfilled.

Depreciation and impairment

The company's intangible assets, including machinery, have not been fully developed and it is therefore not relevant with depreciation this year. When the products are completed, they will be depreciated in line with expected lifetime. There is a future expected earnings from ongoing research and development. It is expected that future earnings from ongoing research and development will correspond to expenses incurred. No impairment losses or reversals of write downs has been recognized in this or previous years accounts.

Note 4 Receivables and liabilities

The company has no receivables maturing later than one year or long-term debt maturing later than 5 years. One year instalments to credit institutions is reclassified to current liabilities in the annual accounts.

Note 5 Charges and guarantees

	31.12.2021	31.12.2020
Debt secured by charges, mortgages and guarantees		
Long-term debt to credit institutions	-4 423 752	-4 770 000
Total	-4 423 752	-4 770 000
Book value of charged assets		
Customer receivables	1 022	1 852 013
Total	1 022	1 852 013

It's been given a guarantee from Innovation Norway on 75 % of the credit adjusted for other collateral (loss guarantee).

The loan is granted against a mortgage with a nominal value of NOK 5 million in accounts receivable. There are no other pledge, collateral or guarantees associated with the company debt to credit institution.

Note 6 Equity

	Share capital	Share premium	Total equity capital
As at 31.12.2020	45 530	715 719	761 249
As at 01.01.2021	45 530	715 719	761 249
This year`s net result		-27 175 764	-27 175 764
Share capital increase 25.05.2021	18 212	99 981 788	100 000 000
Share capital increase 30.08.2021	2 732	14 997 268	15 000 000
Costs share capital increase		-5 108 780	-5 108 780
As at 31.12.2021	66 475	83 410 231	83 476 706

In 2021, M Vest Water increased its share capital by NOK 20 944,4674 to NOK 66 474,4647 allocated to 29 200 000 shares, each with a nominal value of NOK 0,002277. The increase was due to a private placement of NOK 115 000 000 - raising growth capital.

The Extraordinary General Meeting on May 10. 2021 authorized the board of directors to increase the share capital by up to NOK 69 789,47. The authorization is valid until the earliest of the Annual General Meeting in 2023 and May 9th, 2023. The purpose of the increase of the share capital is due to issuance of shares to the Company's employees in connection with option and incentive programs determined by the Board of Directors.

Note 7 Shareholders

The total number of shares in MVW at 31 Dec 2021

	Total	Face value	Entered
Ordinary shares	29 200 000	0,002277	66 475

Ownership structure

Largest shareholders per 31 Dec 2021

	Ordinary	Owner interest	Share of votes
M VEST INVEST AS	11 300 000	38,70 %	38,70 %
NORWEGIAN WATER TECHNOLOGIES AS	11 100 000	38,01 %	38,01 %
J.P. MORGAN BANK LUXEMBOURG S.A.	2 400 000	8,22 %	8,22 %
CECEIS Bank	852 982	2,92 %	2,92 %
ALDEN AS	600 000	2,05 %	2,05 %
PESCARA INVEST AS	500 000	1,71 %	1,71 %
Ownerships less than < 1 %	2 447 018	8,39 %	8,39 %
	29 200 000	100 %	100 %

Board member Atle Mundheim indirectly owns through Norwegian Water Technologies AS 12,3 % of the shares in the company.

Note 8 Intercompany balance and expenses

	2021	2020
Other long-term debt	0	6 563 328
Total	0	6 563 328

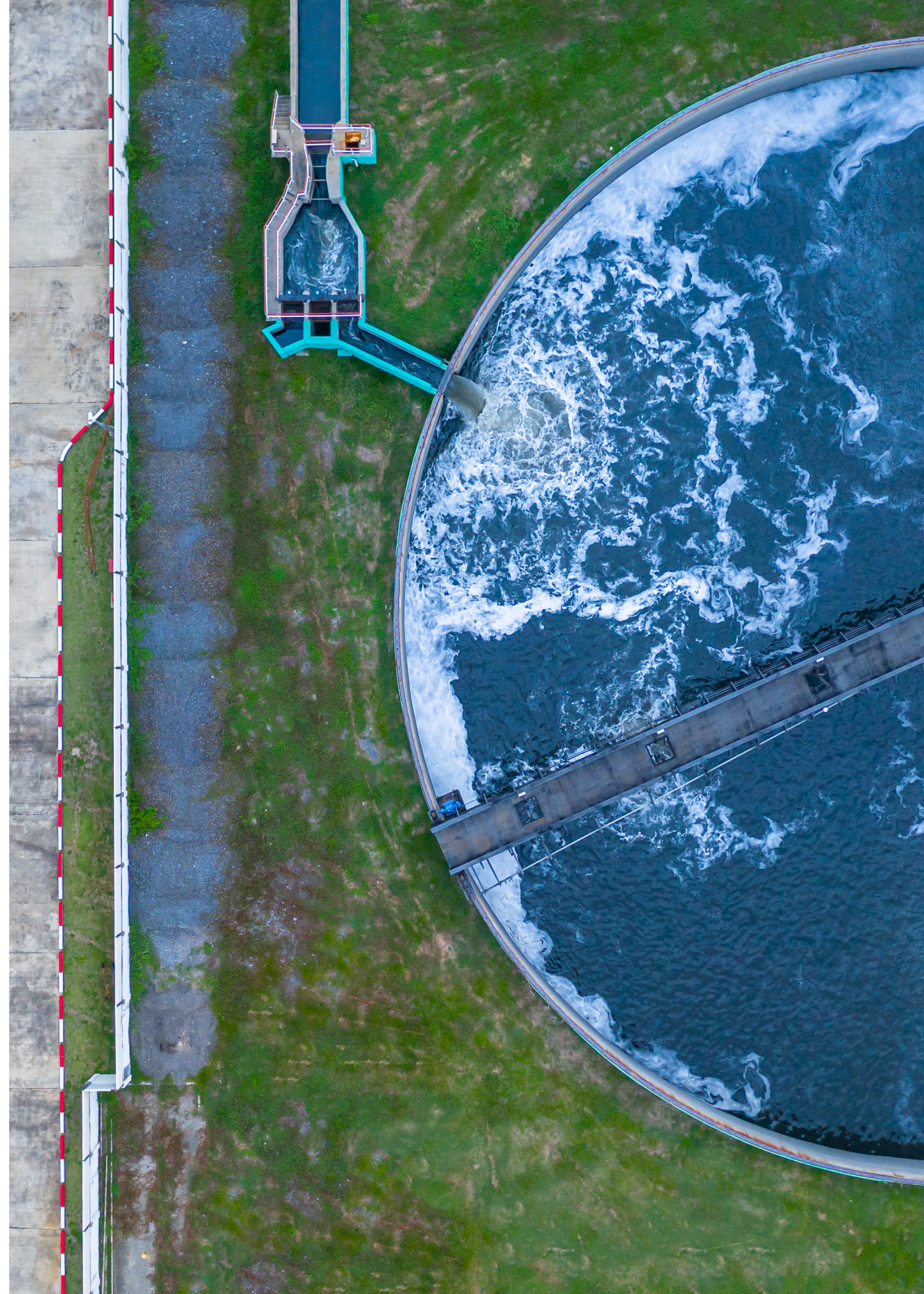
	2021	2020
Interest expenses	130 963	311 336
Sum	130 963	311 336

Intercompany debt to M Vest Invest AS has been repaid in full in this year's accounts.

Note 9 Restricted funds

The item includes restricted bank deposits in the form of debit deposits of NOK 2 960 641.

Tax deduction per 31.12.2021 is NOK 2 919 816.





KPMG AS
Kanalveien 11
Postboks 4 Kristianborg
5822 Bergen

Telephone +47 45 40 40 63
Fax +47 55 32 11 66
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of M Vest Water AS

Independent Auditor's Report

Opinion

We have audited the financial statements of M Vest Water AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. The Financial summary is a part of the other information. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodo	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



Independent Auditor's Report - M Vest Water AS

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bergen, 2 March 2022

KPMG

Elisabet Ekberg
State Authorised Public Accountant

Contact

Headquarters

Espehaugen 54
5258 Bergen, Norway

E-mail

For further information and general
inquiries please contact us at:
post@mvestwater.com

