

# 2022 | 4<sup>th</sup> QUARTER REPORT



Webcast presentation for M Vest Water 4<sup>th</sup> Quarter Report is held on 14 February 2023 at 10:00 AM, Central European Time (CET).

Register here: [https://us06web.zoom.us/webinar/register/WN\\_X576gE7sTsOKTP6BW0ltFg](https://us06web.zoom.us/webinar/register/WN_X576gE7sTsOKTP6BW0ltFg)

# MVEST WATER AS – 4<sup>th</sup> QUARTER 2022 REPORT

BERGEN, NORWAY, 14 FEBRUARY 2023.

M VEST WATER AS (MVW) TODAY ANNOUNCED ITS Q4 2022 REPORT AND FINANCIAL RESULTS FOR THE FOURTH QUARTER, ENDING 31 DECEMBER 2022.

M Vest Water is a global Greentech company with offices in Norway and Germany. MVW develops products and technologies enabling environmentally responsible and highly efficient water treatment for a wide array of industries worldwide. MVW has a singular and clear-cut mission: to realize a zero-discharge future. With its disruptive technology, the company is already making significant strides towards achieving this goal. The technology is well protected under a family of patents in applicable states and regions.

## Highlights Q4 2022

Events Q4	Subsequent events
<p><b>Proof of technology - NORWAFLOC®</b> Field proven to the dredging / sludge dewatering industry in full scale at the by far largest mechanical dredging sludge dewatering plant in Germany (2000 m3/h treated)</p>	<p><b>Contract awarded – NORWAPOL®, Aquaculture</b> NORWAPOL® solution to the Erko Settefisk AS Intake water at RAS facility - Norway</p>
<p><b>Successful development of product- and process technology for NORWAFLOC® applications:</b></p> <ul style="list-style-type: none"> <li>- Dewatering of digistate from biogas plants</li> <li>- Dewatering of bio sludge from municipal / industrial plants</li> </ul>	<p><b>Contract awarded – NORWAFLOC®, Oil &amp; Gas</b> 2 months full-scale water treatment (ongoing), with possibility of extension Slopwater - Norway</p>
	<p><b>NORWAPOL® and NORWAFLOC® in full scale operation</b> – Produced Water at a Norwegian oil terminal</p>

- Ongoing key projects**

  - Municipal sewage Norway and Germany
  - Dredging Industry Germany
  - Aquaculture Industry Norway
    - Salmon slaughterhouse
    - RAS facility
  - Oil & Gas Industry US and Norway
  - Biogas Industry
    - Dewatering of digistate

# Financial Review

## Key figures

All figures in NOK 1000	4Q 2022 (IFRS)	YTD 2022 (IFRS)	4Q 2021 (NGAAP)	FY 2021(NGAAP)
Revenues	706	1 818	131	436
EBIT	(7 796)	(28 321)	(7 251)	(26 891)
EBITDA	(7 284)	(26 425)	(7 151)	(26 705)
Profit/(loss) before tax	(7 848)	(28 923)	(7 356)	(27 176)
Cash flow operating activities	(5 635)	(33 983)	-	(19 242)
Total assets	66 708	66 707	97 801	97 801
Interest bearing debt (excl. leasing)	3 039	3 039	4 424	4 424
Cash and cash equivalents	34 823	34 823	80 369	80 369
Equity ratio	82%	82%	85%	85 %

Paid test programs and sale of NORWAFLOC® resulted in a turnover of NOK 0.7 million in Q4 2022. Total operating expenses were NOK 8.5 million. The operating expenses are mainly staff and project related costs. As of 31 December 2022, the company had NOK 34.8 million in cash. Cash burn for the quarter amounted to NOK 9 million, hereof cashflow from operating activities NOK 5,6 million. The equity ratio at the end of the quarter was 82%.

## Business update and outlook

MVW has made significant technological advances in Q4 2022. We receive an increasing number of inquiries, paid projects, and firm requests from larger corporations within MVW's 4 targeted markets.

### Oil & Gas

MVW supplies two wastewater treatment plants in Norway with NORWAFLOC® for treatment of highly oil-contaminated water (produced water and slop water) related to oil production in the North Sea.

- Produced water: In addition to continued NORWAFLOC® supplies, MVW's NORWAPOL® solution was implemented in January 2023, operations will commence in February.
- Slop water: Increased supply – MVW is awarded contract for full supply of treatment chemicals to a larger slop water terminal in Norway. Duration is a qualification period of 2 months, with possibility for long term contract.

A highlight of our investment in the Oil & Gas Industry is a strategic important project involving one of the major global US oil operators. Our NORWAPOL® technology has been successfully field proven at a heavy oil producing field in the US. NORWAPOL® is now proven to be a more efficient replacement for current filter solutions such as walnut shell filters, the most widely used method globally for polishing oily produced water. Extended testing with the major oil operator has now successfully proved a whole set of new major application areas in produced water treatment for

MVW's NORWAPOL® technology. As a consequence MVW is now participating in several quotations to the US produced water treatment market.

This breakthrough brings our NORWAPOL® and NORWAFLOC® technology into commercial phase in the global onshore Oil & Gas market. MVW's green and disruptive solution gives robust and cost efficient operations for the clients as well as contributing to circular economy.

## Aquaculture

### Smolt facilities

MVW has been awarded a contract for treatment of intake water for Erko Settefisk's RAS facility in Norway. The contract includes delivery of MVW's NORWAPOL® technology. NORWAPOL® was chosen in competition with established solutions in this market segment due to superior technical treatment efficiency. This achievement states the start of MVW's commercial entrance in this market.

The company has completed a pilot test for one of the major salmon farming companies with NORWAPOL® technology at a smolt facility in Norway. The test documented satisfying results for the various water treatment steps at the plant as well as for the discharged wastewater. The customer wants to proceed with the cooperation with MVW. A test is now planned for Q3 2023 that will allow the customer to face the greatest challenges with water treatment.

### Salmon slaughterhouses - wastewater

Following the Q3 report MVW has done piloting at 2 salmon slaughterhouses confirming improved and successful solutions with regards to competitiveness and technical results. Meaning that MVW now has products and solutions ready to be launched. In collaboration with our business partner Downstream Services AS, who has supplied 70% of the Norwegian market with disinfection systems, MVW now actively approaches these customers.

Salmon slaughterhouses must meet new and stricter discharge requirements that will come into force from December 2023, which means that the industry must introduce modifications or chemical treatment.

## Municipal wastewater and sludge dewatering

This market accounts for 60% of the total flocculants and coagulants market globally. MVW is involved in municipal wastewater projects in both Norway and Germany. MVW sees strong synergies working with Norway and Germany in parallel with ongoing projects in both countries and are working towards commercialization in this major industry segment throughout 1H 2023.

A full-scale project is running in Germany at a smaller municipal treatment plant to document the savings and benefits by using NORWAFLOC®. Through this project substantial product- and process improvement has been obtained in Q4. MVW has now processes and products able to completely replace synthetic polymers in this industry. The verifications continue in 1H 2023 towards commercialization at several municipal wastewater treatment plants in Germany.

MVW are now in the process of planning implementation of the technological advancements from Germany into the ongoing project at a Norwegian municipal wastewater treatment plant.

## Dredging water treatment and sludge dewatering

MVW has, at one of the very largest European mechanical dredging sludge dewatering sites, in a full-scale qualification, successfully treated 2000 m<sup>3</sup>/h dredging sludge for dewatering. Currently used flocculants in sludge dewatering are synthetic. These are targeted and set to be reduced in general by legislation and operators, due to negative environmental impact.

In total the qualification test duly verified cost saving potential and environmental gain for the client and the industry in general by obtaining large reduction in use of unwanted synthetic chemicals, cleaner water discharge and substantially more dry sludge for transport to land fill with 25% less synthetic flocculant polymers in this sludge.

Prior to entering commercial phase in the dredging market segment, a repeated full-scale verification under winter conditions is planned for early March 2023.

In parallel MVW has performed four successful small scale pilots in collaboration with a dredging operator operating eleven dredging plants in Germany. Over the next months MVW expects continued full-scale piloting prior to commercial entry.

Important milestones has now been achieved and the company is entering the large sludge dewatering markets in Europe with NORWAFLOC® products attractive to clients' needs for cost and process optimization and reduced environmental impact of discharges and disposal.



**Stein E. Giljarhus, CEO**

# Interim financial statement

## Consolidated Interim Income statement

All figures in NOK 1000	4Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	4Q 2021 (NGAAP) (Unaudited)
Sales revenue	706	1 818	131
<b>Total income</b>	<b>706</b>	<b>1 818</b>	<b>131</b>
Cost of goods sold	261	754	211
Change in inventory	(111)	(380)	20
Employee benefits expense	5 546	17 981	4 371
Capitalized employee expense	(1 365)	(3 556)	(810)
Depreciation	220	729	100
Amortization ROA	292	1 168	-
Other operating expenses	3 777	13 562	3 491
<b>Total expenses</b>	<b>8 620</b>	<b>30 257</b>	<b>7 382</b>
<b>Operating profit (loss) / EBIT</b>	<b>(7 914)</b>	<b>(28 439)</b>	<b>(7 251)</b>
Other interest income	108	287	-
Intercompany interest revenue	-	-	-
Intercompany interest cost	-	-	-
Other financial income	14	27	40
Other interest expenses	89	356	-
Other financial expenses	85	561	145
<b>Net financials</b>	<b>(52)</b>	<b>(602)</b>	<b>(105)</b>
<b>Profit/(loss) before income tax</b>	<b>(7 966)</b>	<b>(29 041)</b>	<b>(7 356)</b>
<b>Income tax</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Profit/(loss)</b>	<b>(7 966)</b>	<b>(29 041)</b>	<b>(7 356)</b>
<b>Earnings per share (basic)</b>	<b>(0,27)</b>	<b>(0,99)</b>	<b>(0,25)</b>

## Consolidated Interim Balance sheet

All figures in NOK 1000	4Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	4Q/YE 2021(NGAAP) (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Research and development	7 528	7 528	4 051
Patents and trademarks	5 914	5 914	4 336
Deferred tax assets	-	-	-
<b>Total intangible assets</b>	<b>13 442</b>	<b>13 442</b>	<b>8 387</b>
Plant and machinery	6 396	6 396	5 562
Equipment and other mov ables	5 526	5 526	1 840
Right-of-use asset	3 795	3 795	-
<b>Total property, plant and equipment</b>	<b>15 718</b>	<b>15 718</b>	<b>7 403</b>
Inv estment in subsidiaries	(0)	(0)	-
<b>Total long-term financial investments</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>
<b>Total non-current assets</b>	<b>29 159</b>	<b>29 161</b>	<b>15 790</b>
<b>Current assets</b>			
Inventories	1 357	1 357	532
Accounts receiv ables	596	596	1
Intercompany receiv ables	-	-	-
Other short-term receiv ables	771	771	1 110
<b>Total receivables</b>	<b>2 723</b>	<b>2 723</b>	<b>1 643</b>
Cash and cash equiv alents	34 823	34 823	80 369
<b>Total current assets</b>	<b>37 546</b>	<b>37 546</b>	<b>82 012</b>
<b>Total assets</b>	<b>66 708</b>	<b>66 708</b>	<b>97 801</b>
<b>EQUITY</b>			
Issued non-registered share capital			-
Share capital	66	66	66
Share premium reserv e	111 783	111 783	110 586
Accumulated loss	(28 445)	(28 445)	-
Profit/(loss) before income tax YTD	(29 041)	(29 041)	(27 176)
Translation reserv e subsidiaries	14	14	-
<b>Total equity</b>	<b>54 377</b>	<b>54 377</b>	<b>83 476</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Liabilities to financial institutions	1 654	1 654	3 039
Other non-current liabilities	-	-	-
Financial lease long term	2 636	2 636	-
<b>Total non-current liabilities</b>	<b>4 289</b>	<b>4 289</b>	<b>3 039</b>
<b>Current liabilities</b>			
Borrowing one year installments	1 385	1 385	1 385
Trade payables	2 217	2 217	3 153
Intercompany debt	-	-	-
Public duties payable	899	899	4 396
Financial lease one year installments	1 289	1 289	-
Other current liabilities	2 252	2 252	2 351
<b>Total current liabilities</b>	<b>8 041</b>	<b>8 041</b>	<b>11 285</b>
<b>Total liabilities</b>	<b>12 331</b>	<b>12 331</b>	<b>14 324</b>
<b>Total equity and liabilities</b>	<b>66 708</b>	<b>66 708</b>	<b>97 800</b>

## Consolidated Interim Cash flow statement

	4Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	YTD 2021 (NGAAP) (Audited)
<i>All figures in NOK 1,000</i>			
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax	(7 848)	(28 923)	(27 176)
Adjustments for:			
+ Depreciation, amortization and impairment	512	1 896	186
(Increase)/decrease in inventories	(144)	(825)	(322)
(Increase)/decrease in trade receivables	(589)	(595)	1 851
(Increase)/decrease in other receivables	381	339	1 012
Increase/(decrease) in short term liabilities	725	(1 580)	2 336
Increase/(decrease) in trade and other payables	1 614	(4 433)	2 870
Changes in other operating activities	(285)	139	-
<b>Net cash from operating activities</b>	<b>(5 635)</b>	<b>(33 983)</b>	<b>(19 242)</b>
<b>Cash flows from investing activities</b>			
Capital expenditures PPE	(1 578)	(5 175)	(5 205)
Capital expenditures patents, R&D etc.	(1 240)	(5 003)	(1 986)
<b>Net cash used in investing activities</b>	<b>(2 818)</b>	<b>(10 179)</b>	<b>(7 191)</b>
<b>Cash flows from financing activities</b>			
Increase in paid-in share capital (non-registered)	-	-	115 000
Transaction costs share capital increase	-	-	(5 109)
Increase/(decrease) in long-term liabilities	-	-	(6 563)
Increase/(decrease) in borrowings credit institutions	(346)	(1 385)	(346)
<b>Net cash from financing activities</b>	<b>(346)</b>	<b>(1 385)</b>	<b>102 982</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8 799)</b>	<b>(45 546)</b>	<b>76 549</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>43 622</b>	<b>80 369</b>	<b>3 821</b>
<b>Cash and cash equivalents at end of the period</b>	<b>34 823</b>	<b>34 823</b>	<b>80 369</b>



# Notes to the Condensed Interim Financial Statements

## 1 Organization and basis of preparation

MVW's condensed consolidated interim financial statements for the fourth quarter of 2022 were authorized for issue by the Board of Directors on the 13<sup>th</sup> of February 2022.

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.

1st of January 2022 is the company's implementation date for conversion to simplified International Financial Reporting Standards (IFRS) from NGAAP. More information on the opening balance as of January 1st, 2021, comparative balance as of 31 December 2021, and the effects of the transition to IFRS in the first quarterly report of 2022.

The company has chosen not to recalculate comparative figures of the quarterly report in accordance with § 9-2 of the regulations. Comparative figures for the fourth quarter of 2021 have thus not been restated and are in accordance with NGAAP.

In the third quarter of 2022 MVW has registered a 100 % owned subsidiary in Germany under the company name M Vest Water GmbH. The financial statements and disclosures as of 31 December 2022 are consolidated and include the activity in the subsidiary in the period.

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The condensed interim financial statements do not include all the information and disclosures required by IFRS. For a complete set of financial statements, these condensed interim financial statements should be read in conjunction with the annual statement of 2021 (NGAAP).

The condensed interim financial statements are unaudited. The audit will be carried out in connection with the 2022 year-end closing.

### **Fair Value:**

The condensed interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period.

### **Use of estimates:**

The preparation of financial statements in conformity with simplified IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, considering current and expected future market conditions.

## 2. Intangible assets, plant, equipment and ROA

All figures in NOK 1000

	Research and development	Patents and trademarks	Plant and machinery	Equipment and other movables	Right of use assets (IFRS 16)	YTD 2022
						<b>Total</b>
<b>Accumulated cost 31 December 2021</b>	4 051	4 336	5 563	1 839	4 962	20 751
Additions	3 477	1 698	833	4 295	0	10 304
Depreciation	0	-120	0	-609	-1 168	-1 896
<b>Closing net book amount 31 Dec 2022</b>	<b>7 527</b>	<b>5 914</b>	<b>6 396</b>	<b>5 526</b>	<b>3 795</b>	<b>29 160</b>
<b>As at January 1 2022</b>						
Acquisition cost	4 051	4 446	5 563	1 977	5 838	21 875
Accumulated depreciation and write downs	0	-110	0	-138	-876	-1 124
<b>Net book amount</b>	<b>4 051</b>	<b>4 336</b>	<b>5 563</b>	<b>1 839</b>	<b>4 962</b>	<b>20 751</b>
<b>As at Dec 31 2022</b>						
Acquisition cost	7 528	6 144	6 396	6 272	5 838	32 179
Accumulated depreciation and write downs	0	-230	0	-747	-2 044	-3 020
<b>Net book amount</b>	<b>7 528</b>	<b>5 914</b>	<b>6 396</b>	<b>5 526</b>	<b>3 794</b>	<b>29 160</b>
<b>Economic life</b>	<b>1) 3 years/ 1)/2)</b>		<b>3)</b>	<b>3-10 years</b>	<b>5 years/ 4)</b>	
<b>Depreciation method</b>	<b>1) Linear/ 1)/ 2)</b>		<b>3)</b>	<b>Linear</b>	<b>Linear/ 4)</b>	

1) 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.

2) Capitalized website costs are depreciated on a straight-line basis over 3 years.

3) The company has received a total of 6.12 MNOK in grants from Innovation Norway to develop the Norwamix machine. 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). The 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 lifetime.

4) MVW has recognized its office facilities as a leasing contract according to IFRS 16. Lease liabilities according to IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Office rent due within 12 months are classified as short-term.

The company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets').

### 3 Loans and borrowings

All figures in NOK 1000

	Effective interest rate	Maturity date	YTD 2022 (IFRS)	YTD 2021 (NGAAP)
			As at 31.12.2022	As at 31.12.21
<b>Loan credit institutions</b>				
Bank loan (5 years)	4,50 %	October 2025	2 750	4 000
Bank loan (3 years)	2,30 %	October 2023	289	770
<b>Total secured long-term debt</b>			<b>3 038</b>	<b>4 770</b>
<b>Total other long-term debt</b>			<b>0</b>	<b>0</b>
<b>Total long-term debt</b>			<b>3 038</b>	<b>4 770</b>
1st year's principal repayments on non-current debt			1 385	923
<b>Total long-term debt excluding the 1st year's principal repayments and leasing</b>			<b>1 653</b>	<b>3 847</b>

Change in long-term interest-bearing debt to credit institutions in the third quarter of 2022 is equal to the company's installments during the period.

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 is no other pledge, collateral or guarantees associated with the company debt to credit institution.

### 4 Equity

All figures in NOK 1000

	YTD 2022 (IFRS) As at 31.12.2022	YTD 2021 (IFRS*) As at 31.12.2021
<b>Opening balance *</b>	<b>83 405</b>	<b>761</b>
Effect of transition to IFRS **	-	72
Costs share capital increase	-	(5 109)
Increase in share capital and share premium	-	115 000
Translation reserve ***	14	-
Net profit for the period	(29 041)	(27 176)
<b>Ending balance</b>	<b>54 377</b>	<b>83 405</b>

\*MWV has decided that, until commencement of sale/agreement has reached a profitable level, the group will not record any deferred tax assets related to its tax loss carried forward and other temporary differences. This represents a change from previous quarterly reports in 2022.

\*\* Effect of transition from NGAAP FY2021 to IFRS FY2021.

\*\*\* In 3Q22 the company has registered a 100 % owned subsidiary in Germany under the company name M Vest Water GmbH.

## 5 Shareholders

The total number of ordinary shares in MWV at 31 Dec 2022:

	<b>Total</b>	<b>Face value</b>	<b>Entered</b>
Ordinary shares	29 200 000	0,002277	66488,4

### Ownership structure

Largest shareholders per 31 Dec 2022

#### Name

NORWEGIAN WATER TECHNOLOGIES AS	11 100 000	38,0 %
M VEST INVEST AS	10 800 000	37,0 %
J.P Morgan AG	2 400 000	8,2 %
Pictet & Cie (Europe) S.A.	734 852	2,5 %
M VEST ENERGY AS	500 000	1,7 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	400 000	1,4 %
Other shareholders < 1 % ownership	3 265 148	11,2 %
<b>Ending balance</b>	<b>29 200 000</b>	<b>100,0 %</b>

Board member Atle Mundheim indirectly owns through Norwegian Water Technologies AS 11,5 % of the shares in the company.

As of 31.01.2023 the company has granted a total of 400,000 options to executive management and key employees.

<b>Shares options held by group management and board members:</b>	<b>Number of share options:</b>
Atle Mundheim (Board member and CTO)	80 000
Morten Hilton Thomassen (CFO)	70 000
<b>Total</b>	<b>150 000</b>



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