



MVEST WATER



2023

**ANNUAL
REPORT**

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Letter from CEO

In 2023, our primary focus has been on a growth strategy aimed at expanding our operations and establishing M Vest Water as a competitive Greentech provider in aquaculture, oil and gas, and the municipal sector. We have strategically positioned ourselves by implementing a series of measures, including full-scale projects. This effort has led to several contract awards in 2023 within both the oil & gas and aquaculture markets. As a result, we commence 2024 with a robust order backlog, significantly contributing to our ongoing growth.

The 5-year contract in oil and gas waste (slop) waters, awarded by the SAR Group in Norway, confirmed that our products not only perform well but are also the best available for such challenging waters. The ongoing deliveries to their facilities have increased over the last half-year, and we are pleased to continue serving a satisfied client. These successes are spreading quickly, and we are now exploring potential deliveries to similar wastewater treatment companies.

In the Norwegian salmon breeding industry, we have experienced a year during which the sector actively sought reliable methods to adhere to new regulations imposed last December by the EU, subsequently followed by Norway. Marketing campaigns and positive engagement from major process plants in Aquaculture have resulted in successful deliveries for several customers. This trend is continuing into 2024, with more contracted deliveries and a growing backlog.

Internationally, we are witnessing substantial technological advancements and increased recognition of our environmentally friendly solutions. In Q3 2023, we successfully completed a twelve-month technology qualification at an oil field in the United States. The project was conducted in collaboration with one of the world's largest oil operators. Subsequently, their technical committee has qualified M Vest Water's NORWAFLOC® and NORWAPOL® technology as operationally high performing with a positive environmental impact. The results have generated significant interest in the oil industry, and we are currently extending our solutions to numerous projects, not only in the US but also in the Middle East.

In Germany, we are experiencing significant interest driven by the environmental advantages offered by our products. The dredging and municipal wastewater industries are facing increasingly stringent regulations, providing them with strong incentives to replace the currently used synthetic and environmentally harmful chemicals with natural green alternatives, such as NORWAFLOC®.

We are well-positioned to meet the demand for competitive and environmentally friendly treatment products for water and sludge in these large markets. As our activities now expand across continents, this emphasizes the significance of patents and their role in driving our company's success, as well as our commitment to innovation and sustainability.



In 2023, we were granted patents in Brazil, Japan, Canada, and Oman. At present, we have secured a portfolio of 47 patent grants in 24 countries. This includes patents in North and South America, Australia, Middle East, and Europe. The patents protect our unique technology and not only serve as guardians of our intellectual property but also to enhance our competitive edge in the market.

We look forward to 2024 as a year of continued expansion in key markets and further commercialization and upscaling of our products and services.

In closing, I would like to express my appreciation to our dedicated team, collaborators, and shareholders for their invaluable support. We are grateful for your ongoing support and trust in our vision.



A handwritten signature in black ink, appearing to read 'Stein Edvard Giljarhus'.

Stein Edvard Giljarhus, CEO

Board of Directors' Report

M Vest Water (MVW) 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.

MVW commenced its operations in 2017 and was listed on the Euronext Growth Oslo in 2021.

Operations and development

MVW currently has 13 employees in Norway and Germany, and 550 sqm of storage and production facilities at the head office in Bergen-Norway. NORWAFLOC®, the company's patented bio-flocculant and coagulant is today produced at our production facility in Bergen, Norway. Business Expansion to Central Europe via outsourcing of production is in progress according to plan, as we see synergies providing significant cost savings.

The company made important technological advances in the past years, 2021 and 2022. To take the company fully into the commercialisation phase, it has been necessary to invest in further onsite verification and pilot programmes for several clients in 2023. This has resulted in technological advancements and breakthroughs in the targeted market segments Oil & Gas, Aquaculture and Municipal sludge treatment. In addition, considerable resources have been invested in marketing and safeguarding the company's intellectual property rights.

In June 2023, SAR Gruppen awarded MVW a long-term agreement following a successful pilot at SAR Mongstad, treating slop water from offshore oil production. MVW has supplied SAR Mongstad with NORWAFLOC® since June 2023, demonstrating a substantial improvement in water treatment efficiency.

MVW's patented NORWAPOL® technology was in Q3 2023 qualified for produced water from onshore oil production in USA, after a 12-month technology qualification, confirming the MVW technology as disruptive. The technological breakthrough has garnered significant interest among several major international operator companies, as it has shown great potential to be a solution to the numerous water purification challenges that the industry faces in maintaining sustainable oil production.



Our German subsidiary has made great progress developing two methods for sludge dewatering for municipal wastewater using NORWAFLOC®. M Vest Water GmbH was awarded pilot access to six large municipal treatment plants, collectively serving a population of 1,500,000. MVW's products and technology is now commercially qualified for municipal sludge de-watering.

In August, MVW launched a complete Best-Available-Technology for treatment of water and sludge management for salmon slaughterhouses in partnership with Bioretur and Downstream Marine. To the best of our knowledge, MVW are the pioneering company that has discovered a sustainable solution to the challenges faced by salmon slaughterhouses as new discharge requirements are enforced. MVW has been awarded contracts for delivering process equipment to 4 slaughterhouses in Norway. Additionally, the first order for supply of NORWAFLOC® to this industry was received in first quarter 2024.

The relationships with distributors and complementary partners are developing positively with MVW's technology and products in several markets and business segments.



Comments related to the financial statements

The below information describes the operations of the consolidated group (parent company) in 2023.

The revenues increased from NOK 1 818 000 (NOK 1 818 000) last year to NOK 11 008 000 (NOK 10 833 000) in 2023. Loss for 2023 was NOK – 28 317 000 (NOK -25 346 000), as last year, NOK -28 903 000 (NOK -28 410 000)

During 2023 development costs amounted to NOK 2 684 000 (NOK 2 684 000), whilst costs related to patents and trademarks amounted to NOK 1 349 000 (NOK 1 349 000).

Total assets at year-end amounted to NOK 42 675 000 (NOK 44 762 000), compared to NOK 67 221 000 (NOK 67 479 000) last year. The equity ratio was 63 % (68%) as of 31.12.2023, compared to 81 % (81%) the year before.

Total net cash flow from operating activities was NOK 25 661 000 (NOK 22 323 000) in 2023. The capital investments during 2023 amounted to NOK 358 000 (NOK 295 000).

The liquidity reserve as of 31.12.2023 amounts to NOK 4 684 000 (NOK 4 630 000).

Throughout 2023, MVW has invested in qualifying the company's technology towards several industry segments. This has reduced the liquidity reserves. During 2023 the company has prepared the basis for commercialization of technology and products within Oil & Gas, Aquaculture, Municipal- and Dredging sludge treatment. The Board is of the opinion that the annual accounts provide a true and fair picture of the company's financial position at the end of the year.

The net loss ended at NOK 28 343 000 (NOK 25 346 000). The allocation of the net loss for the year is shown in the Annual Financial Statement.

Going concern

The Board of Directors confirms that the annual financial statement for 2023 has been prepared under the assumption that MVW is a going concern.

At end of 2023, the equity was NOK 27 000 000, and the free cash was NOK 4 700 000. The company has an unutilized overdraft facility of NOK 5 000 000 issued by DNB that can be used to finance inventories and trade receivables. In addition, the company has entered into a loan agreement with the company's main shareholders, with a loan limit of NOK 12 000 000, of which NOK 10 000 000 is unutilized and will be disbursed in 5 tranches by 30.6.2024.

The company's strategy includes significant growth over the next years. Successful technological advancements and market acceptance in 2023 give the company a good foundation for 2024. Cash burn was reduced in 2023 compared to the previous year, and the company expects a further reduction in 2024. The company has secured a substantial order reserve for 2024 and expects increased sales in 2024 within the company's priority industry segments.

The company has secured access to cash in the short term, and there is currently adequate liquidity. However, as of the reporting date, there is no financing solution in place to cover operational risks as well as debt maturing on 31.12.2024. The Board of Directors and management closely monitor the liquidity situation to ensure further adequate liquidity in the company and are exploring means of financing, which may include external financing or refinancing of the existing loan facility from shareholders. If the board and management do not succeed with the plans, there will be uncertainty associated with the company's ability to continue as a going concern.

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 group's debt was in NOK with floating interest rates. Shareholder loan is unsecured. The group'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

Managing liquidity risk is a high priority. The group will have negative cash flow into the year 2024. Cash burn was significantly reduced in 2023 compared to the previous year and the company expects a further and similar reduction in 2024. In 2023 the group secured a loan facility from DNB of NOK 5 000 000 and a loan from its major shareholders of NOK 12 000 000. For further comments related to liquidity, see the going concern section.

Working environment and equality

Zero incidents or reports of work-related accidents resulting in significant personal injury or material damage occurred during the year. The organization continuously strive to improve quality and prevent any negative incident or damage.

Number of employees is currently 13. The company is satisfied with the working environment, and continuously strives to further improve the working environment. Leave of absence due to illness in 2023 is insignificant. MVW offers occupational health service to the employees in addition to offers of physical treatment through health insurance.

MVW provides equal employment opportunities to all qualified candidates and employees. MVW 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

MVW 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. The limit of the liability is NOK 25 000 000 per claim and in the aggregate for the policy.

The insured under this policy is any past, present or future individual member of the Board of Directors and/or executive Board or similar executive body of the company as well as any past, present or future officer, de facto director, shadow director or employee of the company who is capable of incurring personal managerial liability.

Corporate governance

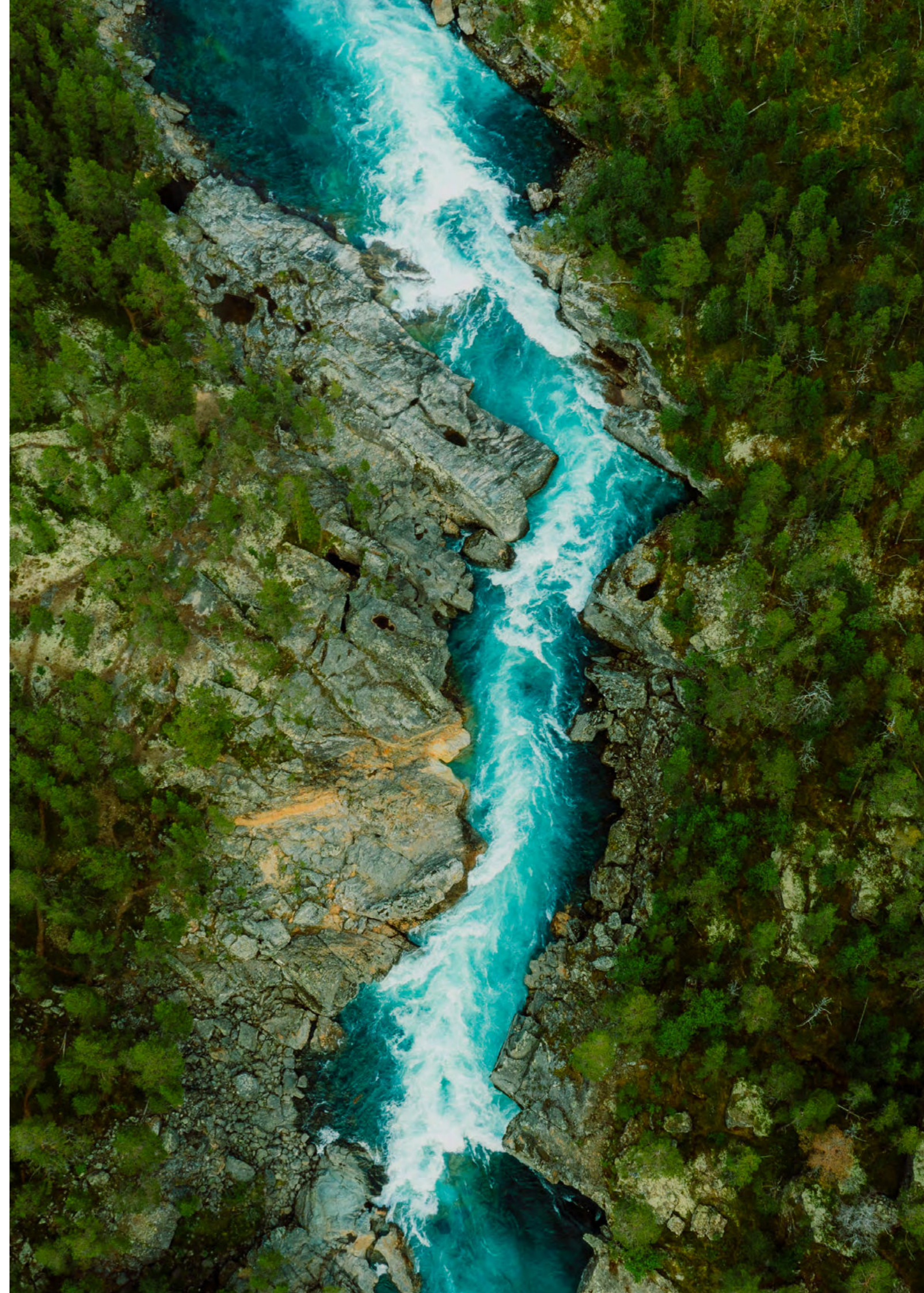
MVW considers good corporate governance to be a prerequisite for trustworthiness, value creation, and access to capital. To secure strong and sustainable corporate governance, it is important that MVW ensures good and healthy business practices, reliable financial reporting, and an environment of compliance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

MVW is incorporated and registered in Norway and is subject to Norwegian law. The shares of MVW are listed on Euronext Growth. As a Norwegian public limited liability company, MVW 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

- MVW is committed to grow responsibly for the well-being of the people and the planet.
- MVW supports the UN's 17 Sustainable Development Goals (SDGs).
- MVW's technology addresses in particular the 8 SDGs listed below.
- Using biodegradable materials instead of polymer-based coagulants and flocculants helps eliminate microplastic pollution. MVW's products meet ECHA's recommendations for restrictions on intentional use of microplastics within the European Union. MVW'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. MVW's operations are not regulated by licenses or impositions.



Equity and shareholder issues

As of December 31, 2023, MVW had 29,200,000 shares issued, all of which are of the same class and carry equal voting and dividend rights. Each share has a nominal value of NOK 0,002277. M Vest Water's ordinary shares are listed on the Euronext Growth Oslo (ticker: MVW) and denominated in Norwegian kroner.

In accordance with the Board authorization granted by the Annual General Meeting on 27 April 2023, the Board of Directors of MVW has on January 31, 2024, awarded a total of 585,000 options to executive management and key employees. Following the grant, the total number of outstanding options in the company is 935,000.

Outlook

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.

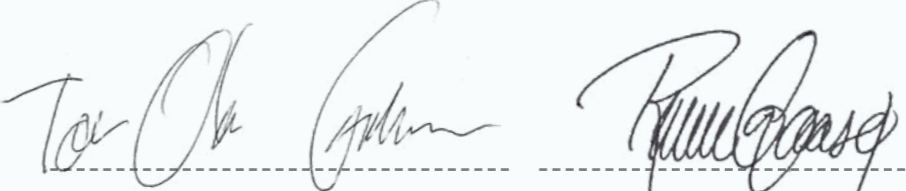
Within the overall global water treatment market, MVW targets the flocculant/coagulant segment and the advanced/combined filtration segments, which had a combined market size of USD 20 billion in 2020 and is expected to grow 6-7% annually to USD 30 billion in 2027. The company's products are well suited 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.

Stricter emission requirements and scarcity of raw materials have a positive impact on our operations. MVW's products and solutions gain even stronger interest as we can substantiate significant operational improvements, increased efficiency in water- and sludge treatment processes, in addition to reduced costs for the customers. This is what we've experienced and implemented across several of our key areas the last quarters, reinforcing our confidence in MVW's products and services.


MVW's resources are now entirely dedicated to full-scale qualifications, sales activities, and contract signings. Based on our current business plans and ongoing commercial processes, we anticipate sustained revenue growth in the forthcoming period.

Distribution partnerships are important strategic targets to boost our business. We are in promising dialogues with strategically positioned and potential partners and will announce new key collaborations and partnerships whenever they occur.

The Board of Directors would like to extend our appreciation to the MVW workforce for their contributions during 2023.



Tor Olav Gabrielsen (Chairman) Rune Aslak Gaasø (Board member)



Atle Mundheim (Board member) Stein Edvard Giljarhus (CEO)

Bergen, March 6th, 2024



Responsibility Statement

The Board and CEO have today considered and approved the Directors' Report and Annual Financial Statements for M Vest Water AS as of December 31, 2023 (Annual Report 2023).

To the best of our knowledge:

- The consolidated financial statements for 2023 have been prepared in English and in accordance with Section 3-9 of the Accounting Act (Norway) and the Regulations on Simplified IFRS enacted by the Norwegian Ministry of Finance on 21 January 2008.
- The information in the consolidated financial statements gives a true and fair view of the assets, liabilities, financial position and overall results as of December 31, 2023.
- 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, 6 March 2024

The Board of Directors and CEO – M Vest Water AS

Tor Olav Gabrielsen (Chairman)

Rune Aslak Gaasø (Board member)

Atle Mundheim (Board member)

Stein Edvard Giljarhus (CEO)

Annual Financial Statement

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Consolidated income statement and other comprehensive income

M Vest Water Group

Operating income and expenses (all figures in NOK)	Note	2023	2022
Sales revenue	1	11 007 916	1 817 590
Total revenue		11 007 916	1 817 590
Cost of goods sold	3	6 552 339	755 403
Change in inventory	3	18 611	-380 191
Employee benefits expense	4, 5	21 252 039	17 980 600
Capitalized employee benefits expense	4	-1 963 881	-3 556 426
Depreciation	6, 7	2 664 629	1 896 583
Impairment loss	7	227 611	0
Other operating expenses	4	10 428 492	13 738 361
Total expenses		39 179 840	30 434 330
Operating profit		-28 171 924	-28 616 740
Financial income and expenses			
Other interest income		465 195	300 759
Other financial income		94 279	27 391
Other interest expenses	6	378 404	355 503
Other financial expenses		326 501	259 306
Net financial items		-145 431	-286 659
Net profit before tax		-28 317 355	-28 903 399
Income tax expense	8	0	0
Net profit after tax	8	-28 317 355	-28 903 399
Net profit or loss	9	-28 317 355	-28 903 399
Other comprehensive income			
Component of OCI			
Exchange differences on translation	9	-25 834	12 585
Total comprehensive income	10	-28 343 189	-28 890 814
Attributable to			
Other equity	9	-28 343 189	-28 890 814
Total		-28 343 189	-28 890 814
Earnings per share (diluted and basis):		-0,9707	-0,9894

M Vest Water Group

Consolidated balance sheet

M Vest Water Group

Assets	Note	2023	2022
Non-current assets			
Intangible assets			
Capitalized development costs	7	10 212 195	7 527 900
Patents and trademarks	7	6 927 010	5 914 081
Total intangible assets		17 139 205	13 441 981
Machinery and equipment	7	5 788 742	6 396 066
Equipment and other movables	7	4 841 543	5 531 577
Office facilities (Right of use Asset)	6, 7	3 857 740	3 794 542
Total property, plant and equipment		14 488 025	15 722 185
Other long-term receivables	12	1 728 370	0
Total non-current financial assets		1 728 370	0
Total non-current assets		33 355 600	29 164 166
Current assets			
Inventories	3	740 796	1 250 559
Debtors			
Accounts receivables	13	1 698 153	595 742
Other short-term receivables		1 399 407	1 388 084
Total receivables		3 097 560	1 983 826
Cash and cash equivalents	14	5 480 842	34 822 667
Total current assets		9 319 198	38 057 052
Total assets		42 674 798	67 221 218

M Vest Water Group

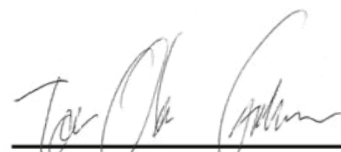
Consolidated balance sheet

M Vest Water Group

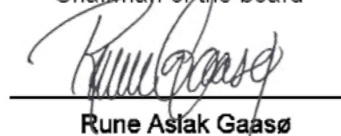
Equity and liabilities	Note	2023	2022
Equity			
Paid-in capital			
Share capital	9, 15	66 475	66 475
Share premium reserve	5, 9	26 104 460	54 447 650
Share option based plan	9	843 854	0
Total paid-up equity		27 014 789	54 514 125
Reserve for valuation variances		13 249	-12 585
Total retained earnings		13 249	-12 585
Total equity	10, 16, 20	27 028 038	54 501 540
Liabilities			
Liabilities to financial institutions	13	750 013	1 750 017
Other non-current liabilities	6	2 573 268	2 770 021
Total non-current liabilities		3 323 281	4 520 038
Current liabilities			
Liabilities to financial institutions	13	999 996	1 288 743
Trade payables		1 413 653	2 216 812
Public duties payable		2 132 036	1 092 947
Other current liabilities	6, 13	7 777 794	3 601 138
Total current liabilities		12 323 479	8 199 640
Total liabilities		15 646 760	12 719 678
Total equity and liabilities		42 674 798	67 221 218

Bergen, 6.mars 2024

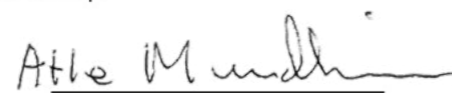
The Board of M Vest Water Group



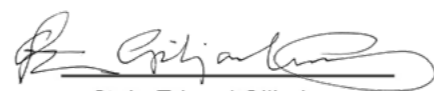
Tor Olav Gabrielsen
Chairman of the board



Rune Aslak Gaasø
Member of the board



Atle Mundheim
Member of the board



Stein Edvard Giljarhus
General Manager

M Vest Water Group

Group cash flow statement

	2023	2022
Cash flow from operating activities		
Profit/(loss) before income tax	-28 317 356	-28 903 399
+ Depreciation, amortization	2 664 629	1 896 583
+ Impairment	227 611	0
+ Share based payment expenses	843 854	0
+/- (Increase)/decrease in inventories	509 763	-719 051
+/- (Increase)/decrease in trade receivables	-1 102 411	-594 720
+/- (Increase)/decrease in other receivables	-1 739 693	-206 584
+/- Increase/(decrease) in other liabilities	477 741	-2 033 930
+/- Increase/(decrease) in trade and other payables	235 930	-4 239 416
+/- Changes in other accruals	538 487	-72 362
= Net cash flow from operating activities	-25 661 445	-34 872 284
Cash flow from investment activities		
+ Capital expenditures PPE	-358 271	-5 133 590
- Capital expenditures patents, R&D	-4 033 361	-5 175 401
= Net cash flow from investment activities	-4 391 632	-10 308 991
Cash flow from financing activities		
- Installments borrowings credit institutions	-1 288 751	-1 384 992
+/- Loan from owners	2 000 000	0
+ Grants from Innovation Norway	0	1 020 000
= Net cash flow from financing activities	711 249	-364 992
= Net (decrease)/increase in cash and cash equivalents	-29 341 828	-45 546 267
+ Cash and equivalents at beginning of the period	34 822 667	80 368 933
= Cash and equivalents at end of the period	5 480 842	34 822 667

Income statement and other comprehensive income

M Vest Water AS

Operating income and expenses (all figures in NOK)	Note	2023	2022
Revenue	1, 2	10 833 417	1 817 157
Total revenue		10 833 417	1 817 157
Cost of goods sold	3	6 409 967	755 403
Change in inventory	3	18 611	-380 191
Employee benefits expense	4, 5	19 445 570	17 716 058
Capitalized employee benefits expense	4	-1 963 881	-3 556 426
Depreciation and amortization	6, 7	2 325 061	1 892 435
Impairment loss	6	227 611	0
Other operating expenses	4	9 771 597	13 502 378
Total expenses		36 234 537	29 929 657
Operating profit		-25 401 120	-28 112 500
Financial income and expenses			
Interest income from group companies	2	137 161	2 600
Other interest income		459 052	287 405
Other financial income		76 984	27 391
Other interest expenses	7	318 369	355 603
Other financial expenses		299 730	259 192
Net financial items		55 097	-297 399
Net profit before tax		-25 346 023	-28 409 899
Income tax expense	8	0	0
Net profit after tax		-25 346 023	-28 409 899
Net profit or loss	9, 10	-25 346 023	-28 409 899
Other comprehensive income			
Total other comprehensive income		0	0
Total comprehensive income	11	-25 346 023	-28 409 899
Attributable to			
Uncovered loss against share premium		25 346 023	28 409 899
Total		-25 346 023	-28 409 899

M Vest Water AS

Balance sheet

M Vest Water AS

Assets	Note	2023	2022
Non-current assets			
Intangible assets			
Capitalized development costs	6	10 212 195	7 527 900
Patents and trademarks	6	6 927 010	5 914 081
Total intangible assets		17 139 205	13 441 981
Machinery and equipment	6	5 788 742	6 396 066
Equipment and other movables	6	4 507 274	5 185 676
Office facilities (Right of use Asset)	6, 7	2 626 990	3 794 542
Total property, plant and equipment		12 923 006	15 376 283
Investments in subsidiaries	11	254 963	254 963
Non-current receivables to group companies	2, 12	3 841 478	0
Other non-current receivables	12	1 660 621	0
Total non-current financial assets		5 757 061	254 963
Total non-current assets		35 819 272	29 073 227
Current assets			
Inventories	3	740 796	1 250 559
Debtors			
Accounts receivables	13	1 536 910	595 742
Other current receivables		1 239 040	1 351 812
Receivables from group companies	2	0	722 567
Total receivables		2 775 950	2 670 122
Cash and cash equivalents	14	5 426 278	34 485 045
Total current assets		8 943 025	38 405 726
Total assets		44 762 297	67 478 952

M Vest Water AS

Balance sheet

M Vest Water AS

Equity and liabilities	Note	2023	2022
Equity			
Paid-in capital			
Share capital	9, 10, 15	66 475	66 475
Share premium reserve	9	29 582 542	54 928 565
Share option based plan	9	843 854	0
Total paid-up equity		30 492 871	54 995 039
Total equity	9, 11, 16	30 492 871	54 995 039
Liabilities			
Liabilities to financial institutions	13	750 013	1 750 017
Other non-current liabilities	7	1 569 243	2 770 021
Total non-current liabilities		2 319 256	4 520 038
Current liabilities			
Liabilities to financial institutions	13	999 996	1 288 743
Trade payables		1 312 380	2 068 329
Public duties payable		2 112 841	1 005 665
Other current liabilities	7, 13	7 524 952	3 601 138
Total current liabilities		11 950 170	7 963 875
Total liabilities		14 269 426	12 483 913
Total equity and liabilities		44 762 297	67 478 952

M Vest Water AS

M Vest Water AS

Standalone cash flow statement

	2023	2022
Cash flow from operating activities		
Profit/(loss) before income tax	-25 346 023	-28 409 899
- Periods paid tax		
-/+ Profit/loss sale plant and equipment		
+ Depreciation, amortization	2 325 061	1 892 435
+ Impairment	227 611	0
+ Share based payment expenses	843 854	0
+/- (Increase)/decrease in inventories	509 763	-719 051
+/- (Increase)/decrease in trade receivables	-941 168	-594 720
+/- (Increase)/decrease in other receivables	-1 547 849	146 827
+/- (Increase)/decrease in group receivables *recl. to non-current in 23	0	-722 567
+/- Increase/(decrease) in other liabilities	723 036	-2 033 930
+/- Increase/(decrease) in trade and other payables	351 227	-4 864 087
+/- Changes in other accruals etc.	531 447	0
= Net cash flow from operating activities	-22 323 041	-35 304 992
Cash flow from investment activities		
+ Capital expenditures PPE	-294 704	-4 783 539
- Capital expenditures patents, R&D	-4 033 361	-5 175 401
- Investment in subsidiary	0	-254 963
= Net cash flow from investment activities	-4 328 065	-10 213 903
Cash flow from financing activities		
- Installments borrowings credit institutions	-1 288 751	-1 384 992
- Loan to group company *ref. recl. group receivables in 22 above	-3 118 911	0
+/- Loan from owners	2 000 000	0
+ Grants from Innovation Norway	0	1 020 000
= Net cash flow from financing activities	-2 407 662	-364 992
= Net (decrease)/increase in cash and cash equivalents	-29 058 768	-45 883 887
+ Cash and equivalents at beginning of the period	34 485 046	80 368 933
= Cash and equivalents at end of the period	5 426 278	34 485 046

Note Summary of significant accounting policies

M Vest Water AS (MVW), was founded in 2014 and is incorporated and domiciled in Bergen, Norway. The address of its registered office is Espehaugen 54, 5258 Blomsterdalen. MVW 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. The 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.

Basis for preparation of the financial statements

The MVW's consolidated financial statements have been prepared in accordance with Section 3-9 of the Accounting Act (Norway) and the Regulations on Simplified IFRS enacted by the Norwegian Ministry of Finance on 21 January 2008. This primarily means that recognition and measurement follow international accounting standards (IFRS) while the presentation of the accounts and the information provided in the notes are in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway. The consolidated financial statements of MVW for the fiscal year 2023 were authorized for issue by the Board of Directors on the 6th of March 2024.

Please note: If not otherwise stated, the principles for 'group and parent' apply throughout, even when 'group' is referenced.

Functional currency and presentation currency

The functional currency is determined in each entity in the group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction.

The group's presentation currency is NOK. This is also the parent company's functional currency. The subsidiary balance sheet in a different functional currency are translated at the exchange rate prevailing at the end of the reporting period, and the exchange rate at the date of the transaction for profit and loss items.

Consolidation principles

The group's consolidated financial statements comprise the parent company and its subsidiary as of December 31, 2023. An entity has been assessed as being controlled by the group when the group is exposed for or have the rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the amount of the group's returns.

Thus, the group controls an entity if and only if the group has all the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the group's returns. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

The use of estimates and assessment of accounting policies when preparing the financial statements

The management has used estimates and assumptions that have affected assets, liabilities, incomes, and expenses. This particularly applies to the depreciation and valuation of tangible and intangible fixed assets.

Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience.

The management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

The main areas where judgements and estimates have been made are described in each of the following notes:

Note 8 Tax

Note 6 Intangible assets, machinery, equipment/other movables and right of use assets

Note 7 Leasing

Note 5 Share option based plan

Current versus non-current classification

The group presents assets and liabilities in the consolidated statement of financial position as either current or non-current. Current assets and liabilities normally include items that fall due for payment within one year of the balance sheet date. All other liabilities are classified as non-current, including deferred tax.

Interest-bearing debt

Interest-bearing debt are recognized initially at fair value less transaction costs.

Subsequent to initial recognition, interest-bearing debts are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the debt on an effective interest basis.

In addition, materiality considerations would be relevant in assessing any recalculation of debt from nominal value to amortized cost.

Tax

The tax expense consists of the tax payable and changes to deferred tax.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset.

Deferred tax and deferred tax assets are measured on the basis of the enacted or substantively enacted tax rates applicable to the companies in the group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Research and development

Expenses relating to development activities are capitalized to the extent that the product or process is technically and commercially viable and the group has sufficient resources to complete the development work. Development expenses that are capitalized include the costs of materials, direct wage costs and a share of the directly attributable common expenses. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenses relating to research, together with development activities that do not identify a future financial advantage for the group, are recognized in the statement of comprehensive income as they incur.

Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the asset.

Intangible assets

Intangible assets that have been acquired separately are recognized at cost. Capitalized intangible assets are recognized at cost less any amortization and impairment losses. Internal generated intangible assets, excluding capitalized development costs, are not capitalized but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortized over their economic life and tested for impairment if there are any indications. The amortization method and period are assessed at least once a year. Changes to the amortization method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Classification and valuation of fixed assets

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation. When assets are sold or disposed of, the carrying amount is de-recognized and any gain or loss is recognized in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognized in the statement of comprehensive income, while other costs that are expected to provide future financial benefits are capitalized.

Machinery and equipment are depreciated over the asset's economic lifetime. The depreciation period and method are assessed each year. Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed.

Assets under construction are not depreciated until the asset is taken into use. Property, 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.

Leases

At the inception of a contract, The group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less).
- Low value leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the group is reasonably certain to exercise this option.

The group presents its lease liabilities under other (non-)current liabilities in the balance sheet.

Share option based plan

Key employees receive share options as part of their compensation. The fair value at the grant date is recognized as equity-settled share-based payment (IFRS 2).

Right-of-use assets

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Revenue

The Group recognizes revenue from the sale of goods at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognized on delivery of the goods.

The Group provides services that are sold separately or bundled together with the sale of goods to a customer. Contracts for the bundled sale of goods and services that comprise of two performance obligations where each performance obligation constitute the sale of goods and services are recognised according to the relevant IFRS principles. The transaction price determined in the contract is allocated to the two performance obligations based on the relative stand-alone selling prices.

Government 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). The conditions for the grant has been fulfilled.

Shares in subsidiaries

Investment in subsidiaries are valued in accordance with the cost method of accounting, and an impairment is recorded if the carrying amount exceeds the investments fair value.

Inventories

Inventories are recognized at the lowest of cost or net realisable value. The net realisable value is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. In-house produced goods include variable costs and fixed costs that can be allocated based on normal capacity utilization.

Accounts receivables

Accounts receivable arise from the sale of goods and services that are within the normal operating cycle. If collection is expected in one year or less, the receivables are classified as current assets, otherwise as financial assets. Trade receivables which do not contain a significant financing element are measured at transaction price at the time of initial recognition. Trade receivables which contain a significant financing component are measured at fair value on initial recognition.

Defined contribution plan

The Group has a defined contribution pension plan for its employees which satisfies statutory requirements. The scheme is a defined contribution plan where contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

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.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Note 1 Revenue

M Vest Water offers a wide range of products for water treatment that remove oil and suspended particles from water.

Parent

By business area	2023	2022
Oil and Gas	2 305 776	1 251 855
Aquaculture	7 309 395	217 855
Municipal	29 174	24 174
Other	1 189 072	323 273
Total	10 833 417	1 817 157

Geographic breakdown

Norway	10 781 402	1 817 157
Tyskland	29 174	0
Danmark	22 841	0
Total	10 833 417	1 817 157

Group

By business area	2 023	2 022
Oil and Gas	2 305 776	1 251 855
Aquaculture	7 309 395	217 855
Municipal	203 673	24 174
Other	1 189 072	323 706
Total	11 007 916	1 817 590

Geographic breakdown

Norway	10 781 402	1 817 590
Danmark	22 841	0
Germany	203 673	0
Total	11 007 916	1 817 590

Note 2 Intercompany balances

Parent

The following internal transactions have taken place in 2023:

	Amount	Internal gain/loss
Sale of goods to M Vest Water GmbH	29 174	0
Interests on Loan to M Vest Water GmbH	137 161	2 600
	2023	2022
Loan to M Vest Water GmbH	3 841 478	0

There are no fixed terms for the repayment of loans between the parties. Interests are at arm's length.

Group

Balances and transactions between the parent and its subsidiary has been eliminated in consolidation.

Note 3 Inventory

Parent/Group

Goods and materials	2023	2022
Raw materials	472 870	1 001 242
Finished self-produced and purchased goods for sale	267 927	249 316
Total	740 796	1 250 559

Out of the total inventory value of the group as at 31.12.2023 NOK 740 796 has been valued at acquisition cost.

Note 4 Employee benefits and expenses and auditor's remuneration

Parent

	2023	2022
Salaries	14 841 851	14 424 412
Payroll tax	2 524 581	2 186 748
Pensions	885 617	843 240
Other benefits	1 193 521	261 658
Total employee expenses	19 445 570	17 716 058
Capitalized employee expense	-1 963 881	-3 556 426

Man-years	12,15	12,9
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Group

	2023	2022
Salaries	16 506 530	14 660 128
Payroll tax	2 727 932	2 215 574
Pension	885 617	843 240
Other benefits	1 131 960	261 658
Total employee expenses	21 252 039	17 980 600
Capitalized employee expense	-1 963 881	-3 556 426

Man-years	13,15	13
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Employee benefits expense and capitalized employee expense are presented in gross numbers in the Income statement.

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. Twelve employees are covered by the scheme in 2023.

Remuneration to leading personnel	Chief Executive officer	Board
Salaries	2 000 838	1 055 959
Other remuneration	15 874	0
Total	2 016 712	1 055 959

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.

Share option based plan

MVV has granted share options to key employees in January 2023 (more info in note 5).

Auditor

Audit fees expensed for 2023 amount to 757 798. The amounts are exclusive of VAT.

Note 5 Share based option plan

Parent/Group

MVV has granted share options to key employees in January 2023 *).

Each option, when exercised, give the right to subscribe for one share in the company at an exercise price defined in the option plan. As of 31.12.2023, six employees held share options.

The options are granted under the plan for no consideration and carry no dividend or voting rights before exercise of the options.

The value of the options is determined at grant dates. The expected number of options exercised is estimated and adjusted for expected turnover. The estimated cost is expensed over the vesting period.

NOK 843 854 have been expensed in 2023.

Movements during the year	2023 Average exercise price per share option	2023 Number of options
As at 1 January	0	0
Granted in January 2023	15	400 000
Exercised during the year	0	0
Forfeited during the year	0	-50 000
Expired during the year	0	0
As at 31 December	15	350 000

Shares options held by group management and board members:

	Number of options per 31.12.2023	Number of options per 31.01.2024 *)
Atle Mundheim (Board member and CTO)	80 000	100 000
Morten Hilton Thomassen (CFO)	70 000	100 000
Total	150 000	200 000

The options granted shall vest with 1/3 upon the first anniversary of the grant date (31.1.2024), 1/3 on the second anniversary of the grant date (31.1.2025) and 1/3 on the third anniversary of the grant date (31.1.2026). Each option expires on the third anniversary of its vesting date.

Applied assumptions and inputs in the valuation of the options

The value of the options is determined at the grant dates by applying the Black-Scholes option pricing model. The Black-Scholes model considers the share price at the grant date, time until execution, exercise price, risk-free interest rate and volatility. In addition, the value is adjusted with respect to expected turnover, as share options which belongs to employees who resigns will be terminated.

Grant date *)	31.01.2023
Dividend yield (%)	0 %
Volatility (%)	67,17 %
Risk free interest rate (%)	3,45 %
Share price (NOK)	10
Date of exercise	Latest possible
Benefit cap per option	100
Estimated fair value per option at grant date	4,42
Expected turnover ratio (%)	5 %

Dividend yield:

The company is assumed to not pay any dividends in the period until the exercise of the options.

Volatility:

The volatility is estimated by annualizing the daily standard deviation for the stock, from IPO to the grant date of each individual option.

Risk free interest rate:

The risk-free interest rate is set equal to the interest rate on government bonds at with corresponding duration at the grant date.

Date of exercise:

All options are assumed to be exercised at the latest possible date, as this maximizes the expected value.

Share price:

Latest available share price at the grant date.

Personell expenses - share based remuneration:

	2023
Share based remuneration (salary)	843 854
Share based remuneration (social security tax)	0

As of 31.12.23 none of the options are in the money. Due to this there has not been an accrual for social security tax in 2023.

***) Grants after the balance date**

In January 2024 (31.01.2024) the company has granted 585,000 new (in addition to the existing 350 000) share options to executive management and key employees.

Note 6 Intangible assets, machinery, equipment and right of use assets (ROA)**Parent**

	Capitalized development costs	Patents and trademarks	Machinery and equipment	Equipment and other movables	Right of use assets (IFRS 16)	Totals
Acquisition cost 01.01.2023	7 527 900	6 143 863	6 396 066	5 927 852	5 749 607	31 745 287
Additions salaries	2 684 295		0		0	2 684 295
Additions: invoice expenses		1 349 066	-394 121	294 704		1 249 649
Acquisition cost 31.12.2023	10 212 195	7 492 929	6 001 945	6 222 556	5 749 607	35 679 232
Acc. depreciation and amortization 31.12.2023	0	-338 310	-213 202	-1 715 281	-3 122 617	-5 389 410
Acc. Impairment 31.12.2023		-227 611				-227 611
Net booked amount 31.12.2023	10 212 195	6 927 010	5 788 742	4 507 274	2 626 990	30 062 211
This year's depreciation and amortization	-	-90 327	-213 202	-853 980	-1 167 552	-2 325 061
This year's impairment		-227 611				-227 611
Useful economic life	Indefinite	Indefinite/ 3 yrs 1)	15 yrs 2)	3-10 yrs	5 yrs	
Depreciation method	Annual impairment	Annual impairment /Linear	Linear	Linear	Linear	

Group

	Capitalized development costs	Patents and trademarks	Machinery and equipment	Equipment and other movables	Right of use assets (IFRS 16)	Totals
Acquisition cost 01.01.2023	7 527 900	6 143 863	6 396 066	6 277 902	5 749 607	32 095 338
Additions salaries	2 684 295		0		0	2 684 295
Additions: invoice expenses		1 349 066	-394 121	358 271	1 502 159	2 815 376
Acquisition cost 31.12.2023	10 212 195	7 492 929	6 001 945	6 636 173	7 251 766	37 595 009
Acc. depreciation and amortization 31.12.2023	0	-338 310	-213 202	-1 794 630	-3 394 026	-5 740 168
Acc. impairments 31.12.2023		-227 611				-227 611
Net booked amount 31.12.2023	10 212 195	6 927 010	5 788 742	4 841 543	3 857 740	31 627 230
This year's depreciation and amortization	-	-90 327	-213 202	-922 139	-1 438 961	-2 664 629
This year's impairment		-227 611				-227 611
Useful economic life	Indefinite	3 yrs 1) / Indefinite	15 yrs 2)	3-10 yrs	5 yrs	
Depreciation method	Annual impairment	Annual impairment/ Linear	Linear	Linear	Linear	

- 1) Capitalized website costs are depreciated on a straight-line basis over a period of 3 years.
- 2) The mobile container Norwamix has been fully delivered and depreciated starting from July 2023.

Research and development, patents and trademarks

Research and development in the company involve several innovative solutions that can be used for water treatment, including product, equipment, and process development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs include: costs of materials and services used or consumed in generating the intangible asset, costs of employee benefits (as defined in IAS 19) arising from the generation of the intangible asset, fees to register a legal right, and amortization of patents and licenses used to generate the intangible asset. Development costs recognized in the statement of comprehensive income in the period are estimated at 10 MNOK.

Plant and machinery

The company has received a total of 5.1 MNOK in grants from Innovation Norway to develop the Norwamix machine as of December 31, 2023. The current status of the project is that the machine has been delivered, tested, and successfully completed, with the completion reported at the first half of 2023. The useful life of the Norwamix is estimated to be 15 years, and depreciation started mid 2023.

Right of use assets (ROA) and lease liability (IFRS 16)

As a consequence of implementing simplified IFRS on January 1, 2021, MVW has recognized its office facilities as a lease contract according to IFRS 16. Further information is available in Note 5.

Depreciation, amortization and impairment

The Group employs a linear depreciation method for its machinery and equipment, spreading the depreciation expense over their anticipated lifetime.

Intangible assets within the Group are considered having an indefinite useful life (with exception of capitalized website costs), indicating no foreseeable limit to the period during which these assets are expected to yield economic benefits. Instead of depreciation, an annual impairment test (IAS 36) is conducted to assess the value of the intangible assets.

The impairment test for ongoing capitalized development was performed based on the 2024 budget, projecting future cash flows over a 10-year period. The budget accounts for both anticipated non-recurring and recurring revenues. The assessment assumes an annual increase in cash flows from recurring revenues with a diminishing growth rate. The discount rate utilized is set at 10 % post-tax (approximately 12,8 % pre-tax).

In this year's financial records, an impairment has been recorded for activated software that is no longer in use. Apart from this, no indications of an impairment for the company's machinery and assorted equipment have been observed.

The financial statements of previous years have not recorded any impairments, losses, or reversals of write-downs.

Note 7 Leases

Right of use assets (ROA) and lease liability (IFRS 16)

As a consequence of implementing simplified IFRS (with transition date 1st of January 2021) MVW has recognized its office facilities as a leasing contract according to IFRS 16.

Parent

Right of use assets	Office facilities	Total
Acquisition cost 01.01.2023	5 749 607	5 749 607
Additions	0	0
Acquisition cost 31.12.2023	5 749 607	5 749 607
Acc. amortization 31.12.2023	3 122 617	3 122 617
Net booked amount 31.12.2023	2 626 990	2 626 990
This year's amortization	1 167 552	1 167 552

Group

Right of use assets	Office facilities	Total
Acquisition cost 01.01.2023	5 749 607	5 749 607
Additions *)	1 502 159	0
Acquisition cost 31.12.2023	7 251 766	5 749 607
Acc. amortization 31.12.2023	3 394 026	3 394 026
Net booked amount 31.12.2023	3 857 740	3 857 740
This year's amortization	1 438 961	1 438 961

ROA is amortized over the lease term and is subject to impairment testing. The office-lease contains extension options or cancellation clauses. The non-cancellable lease period is basis for the lease liability.

*) Office lease in the Germany subsidiary is included from 01.01.2023.

Parent

Lease liabilities	Total
At initial application 01.01.2021	5 837 757
New lease liabilities recognised in the year	0
Principal portion of the lease liability	-3 544 035
Interest expense on lease liability	476 299
Net booked amount 31.12.2023	2 770 021

Lease liabilities maturity

< 1 year	1 200 778
1- 2 years	1 249 150
2 - 3 years	320 072
Total	2 770 021

Group

Lease liabilities	Total
At initial application 01.01.2021	5 837 757
New lease liabilities recognised in the year *)	1 502 159
Principal portion of the lease liability	-3 849 365
Interest expense on lease liability	536 314
Net booked amount 31.12.2023	4 026 885

Lease liabilities maturity	Amount
< 1 year	1 453 617
1- 2 years	1 512 174
2 - 3 years	593 688
3 - 4 years	284 636
>4 years	182 770
Total	4 026 885

*) Office lease in the Germany subsidiary is included from 01.01.2023.

Lease liabilities according to IFRS 16 are measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of commencement. 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').

Note 8 Tax

Parent

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Tax expense on ordinary profit/loss	0	0

Taxable income:		
Ordinary result before tax	-25 346 023	-28 409 899
Permanent differences	93 425	6 096
Changes in temporary differences	-835 042	-455 637
Taxable income	-26 087 639	-28 859 440

Changes in deferred tax assets		
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 that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences.

	2023	2022	Difference
Tangible assets	1 169 162	320 847	-848 315
Lease agreements brought to the balance	-143 031	-129 758	13 273
Total	1 026 131	191 089	-835 042

Accumulated loss to be brought forward	-83 655 294	-57 567 655	26 087 639
Not included in the deferred tax calculation	82 629 163	57 376 565	-25 252 596

Deferred tax assets (22 %)	0	0	0
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Group

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Tax expense on ordinary profit/loss	0	0

Taxable income:		
Ordinary result before tax	-28 317 355	-28 903 399
Permanent differences	93 425	6 096
Changes in temporary differences	-835 042	-455 637
Taxable income	-29 058 972	-29 352 940

Changes in deferred tax assets		
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 that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2023	2022	Difference
Tangible assets	1 169 162	320 847	-848 315
Lease agreements brought to the balance	-143 031	-129 758	13 273
Total	1 026 131	191 089	-835 042

Accumulated loss to be brought forward	-87 120 127	-58 061 155	29 058 972
Not included in the deferred tax calculation	86 093 996	57 870 066	-28 223 930

Deferred tax assets (22 %)	0	0	0
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Note 9 Equity

Parent

	Share capital	Share premium	Share option based plan	Total equity
As at 31.12.2022	66 475	54 928 565	0	54 995 039
As at 01.01.2023	66 475	54 928 565	0	54 995 040
Share option program *)			843 854	
Total comprehensive income		-25 346 023		-25 346 023
As at 31.12.2023	66 475	29 582 542	843 854	30 492 871

Group

	Share capital	Share premium	Translation reserve	Share option based plan	Total equity
As at 31.12.2022*	66 475	54 447 650	-12 585	0	54 501 540
As at 01.01.2023	66 475	54 447 650	-12 585	0	54 501 540
Share option program *)				843 854	
Total comprehensive income		-28 343 189			-28 343 189
Translation reserve **)			25 834		25 834
As at 31.12.2023	66 475	26 104 461	13 249	843 854	27 028 038

*) 31.01.23 MWW granted share options to key employees. More info in note 5.

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

Note 10 Earnings per share

Group

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year (note 15).

	2023	2022
Basic earnings per share continuing operations		
Profit/(loss) attributable to equity holders of the company	-28 343 189	-28 890 814
Weighted average number of ordinary share in issue	29 200 000	29 200 000
Basic earnings per share (NOK per share)	-0,9707	-0,9894

The total outstanding amount of shares in the company was 29,200,000 common shares at 31 December 2023 with a nominal value of 0,002277 per share. There are only one share class.

Note 11 Investment in subsidiaries

Parent

Investment in subsidiary	Net book value
M Vest Water GmbH	254 963

M Vest Water AS owns 100% of the shares in M Vest Water GmbH, which gives M Vest Water AS 100 % of the votes in the company.

M Vest Water GmbH was founded in the second quarter of 2022, and has its registered office in the Bavaria region in Germany.

The annual result of the subsidiary in 2023 was NOK -2 997 166. The book value of equity capital as at 31.12.2023 was NOK -3 209 870.

Note 12 Non-current receivables

Parent

Other non-current receivables	2023	2022
Amount maturing in 1-2 years	415 155	0
Amount maturing in 2-3 years	415 155	0
Amount maturing in 4-5 years	415 155	0
Amount maturing in > 5 years	415 155	0
Total	1 660 621	0

Non-current receivables to group companies	2023	2022
Repayment as liquidity permits, no fixed repayment terms (ref. note 2)	3 841 478	0
Total	3 841 478	0

Group

	2023	2022
Amount maturing in 1-2 years	415 155	0
Amount maturing in 2-3 years	415 155	0
Amount maturing in 4-5 years	415 155	0
Amount maturing in > 5 years	482 904	0
Total	1 728 370	0

Note 13 Liabilities to financial institutions and owners

Group/Parent:

Liabilities to credit institution:

	Effective interest rate	Maturity date	31.12.2023	31.12.2022
Liabilities secured by mortgages and guarantees				
Non-current loan to credit institutions (5 years)	4,5 %	Oct 25	-1 750 009	-2 903 755
Non-current loan to credit institutions (3 years)	2,3 %	Oct 23	0	-135 000
Total non-current liabilities excl. lease liability			-1 750 009	-3 038 755

Liabilities to credit institutions are secured by the following assets:

Customer receivables	1 536 910	595 742
Total	1 536 910	595 742

Changes in liabilities to credit institutions from last year consist exclusively of monthly installments of TNOK 83 and TNOK 32, respectively. The 3-year loan was paid in full by October 2023.

One-year installments are reclassified to current liabilities in the annual accounts.

A guarantee from Innovation Norway has been secured, covering 75% of the credit, adjusted for other collateral (loss guarantee).

Unutilized cash credit:

In addition, the company has an unutilized overdraft facility of MNOK 5 issued by the bank, secured by inventory (MNOK 10), operating equipment (MNOK 10), and accounts receivable (MNOK 10). The loan draw-down cannot exceed 60 % of the value of executed contracts, accounts receivable, and inventory.

All bank loans/cash credits are granted against a mortgage with a nominal value of MNOK 5 in accounts receivable.

There are no other pledges, collateral, or guarantees associated with the company's debt to credit institutions.

Loan facility from owners:

Unsecured debt	Maturity date	31.12.2023	31.12.2022
Loan facility from owners	Dec 24	-2 000 000	0
Total current liabilities from owners		-2 000 000	0

In December 2023, the company entered into a loan agreement with the company's main shareholders, with a loan limit of MNOK 12, of which MNOK 10 is unutilized and will be disbursed in 5 tranches by 30.6.2024.

The facility is unsecured and will not be amortizing; any drawn amounts are to be repaid before or on December 31, 2024.

Amounts drawn under the facility will carry interest rate of NIBOR 3M + 6% per annum and a commitment fee of 1,5% per annum on any undrawn part of the facility.

Liabilities due in > 5 years:

	2023	2022
Liabilities due in > 5 years:	0	0
Total	0	0

Note 14 Restricted funds, deduction facility

Parent/Group

Cash and cash equivalents includes restricted bank deposits of NOK 796 760.

In 2023, M Vest Water AS established a tax deduction guarantee.

Note 15 Shareholders

Parent

The total number of shares in MVW at 31 Dec 2023

Ordinary shares	29 200 000	0,002277	66 475
Total	29 200 000	0,002277	66 475

Ownership structure

Largest shareholders per 31 Dec 2023

	Number of shares	Owner interest	Share of votes
M VEST INVEST AS	9 933 333	34,0 %	34,0 %
HAUGLAND GRUPPEN AS	4 739 145	16,2 %	16,2 %
J.P. MORGAN SE	2 400 000	8,2 %	8,2 %
Atlichka Holding AS *)	1 908 019	6,5 %	6,5 %
M VEST ENERGY AS	1 366 667	4,7 %	4,7 %
SLOTHE-HOLDING AS	1 141 767	3,9 %	3,9 %
SK TUFTA HOLDING AS	952 000	3,3 %	3,3 %
JARB HOLDING AS	420 639	1,5 %	1,5 %
Bank Pictet & Cie (Europe) AS	430 615	1,5 %	1,5 %
GALLARDO HOLDINGS AS	412 000	1,4 %	1,4 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	400 000	1,4 %	1,4 %
GREEN WATER AS	399 976	1,4 %	1,4 %
NORDNES LIVSFORSIKRING AS	370 899	1,3 %	1,3 %
STATTHAV AS	364 074	1,2 %	1,2 %
SILVERCOIN INDUSTRIES AS	347 063	1,2 %	1,2 %
Other ownership < 1 %	3 613 803	12,0 %	12,0 %
	29 200 000	100	100

*) Board member and CTO Atle Mundheim has 100 % ownership in Atlichka Holding AS.

Loan from owners:

In December 2023, the group secured a 12 MNOK shareholder loan facility from main shareholders (ref. note 13).

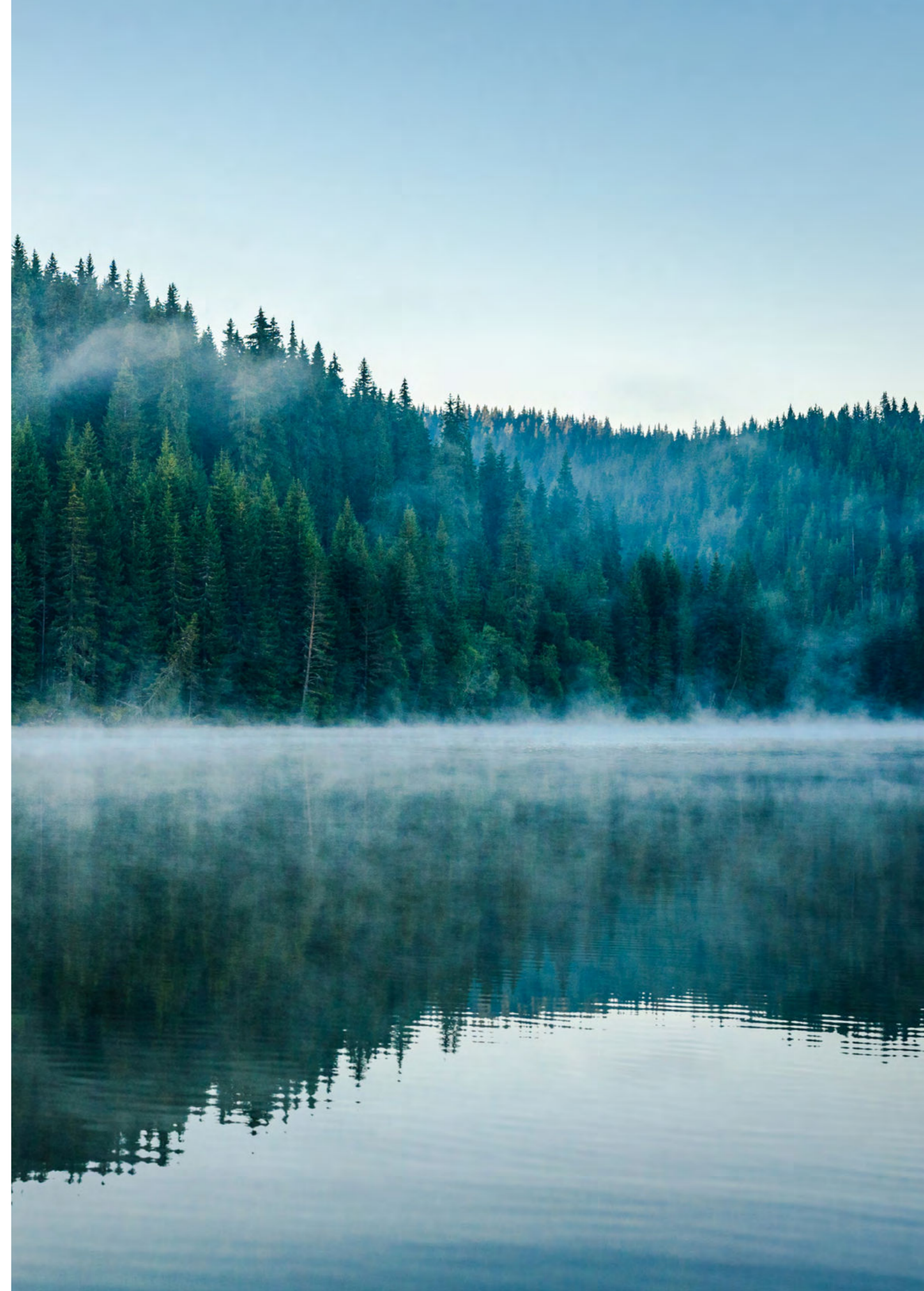
Note 16 Going concern

The Board of Directors confirms that the annual financial statement for 2023 has been prepared under the assumption that MVW is a going concern.

At end of 2023, the equity was MNOK 27, and the free cash was MNOK 4,7. The company has an unutilized overdraft facility of MNOK 5 issued by DNB that can be used to finance inventories and trade receivables. In addition, the company has entered into a loan agreement with the company's main shareholders, with a loan limit of MNOK 12, of which MNOK 10 is unutilized and will be disbursed in 5 tranches by 30.6.2024.

The company's strategy includes significant growth over the next years. Successful technological advancements and market acceptance in 2023 give the company a good foundation for 2024. Cash burn was reduced in 2023 compared to the previous year, and the company expects a further reduction in 2024. The company has secured a substantial order reserve for 2024 and expects increased sales in 2024 within the company's priority industry segments.

The company has secured access to cash in the short term, and there is currently adequate liquidity. However, as of the reporting date, there is no financing solution in place to cover operational risks as well as debt maturing on 31.12.2024. The Board of Directors and management closely monitor the liquidity situation to ensure further adequate liquidity in the company and are exploring means of financing, which may include external financing or refinancing of the existing loan facility from shareholders. If the board and management do not succeed with the plans, there will be uncertainty associated with the company's ability to continue as a going concern.



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, 2023, 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 9 933 333, or 34.0%, of the share capital.

Shareholders	Share	Owership
M VEST INVEST AS	9 933 333	34,0 %
HAUGLAND GRUPPEN AS	4 739 145	16,2 %
J.P. Morgan SE	2 400 000	8,2 %
Atlichka Holding AS	1 908 019	6,5 %
M VEST ENERGY AS	1 366 667	4,7 %
SLOTHE-HOLDING AS	1 141 767	3,9 %
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GALLARDO HOLDINGS AS	412 000	1,4 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	400 000	1,4 %
GREEN WATER AS	399 976	1,4 %
NORDNES LIVSFORSIKRING AS	370 899	1,3 %
STATTHAV AS	364 074	1,2 %
SILVERCOIN INDUSTRIES AS	347 063	1,2 %
M VEST AS	261 775	0,9 %
SULEFJELL AS	200 000	0,7 %
KINNA AS	178 281	0,6 %
VINTERSTUA AS	165 454	0,6 %
Ervik, Stig Tore	121 426	0,4 %
OTHER	2 676 868	9,2 %
Ending balance	29 200 000	100 %

Financial Calender

General Meeting 2024	20.03.2024
Quarterly Report Q1 2024	14.05.2024
Half Yearly Report 2024	13.09.2024
Quarterly Report Q3 2024	19.11.2024

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Material Uncertainty Related to Going Concern

We draw attention to Note 16 in the financial statements, which indicates that the Company does not have a financial solution in place to cover operational risk as well as debt maturing 31 December 2024. As stated in Note 16, these events or conditions, along with other matters as set forth in Note 16, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. 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 information accompanying the financial statements otherwise appear 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 statutory requirements.

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 simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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.

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, which comprise:

- the financial statements of the parent company M Vest Water AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of M Vest Water AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement of cash flows 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,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 and the Group as required by relevant laws and regulations in Norway 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.

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- 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 and the Group'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 and the Group'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 and the Group 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 6 March 2024

KPMG AS

Dejan Grahovac
State Authorised Public Accountant
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