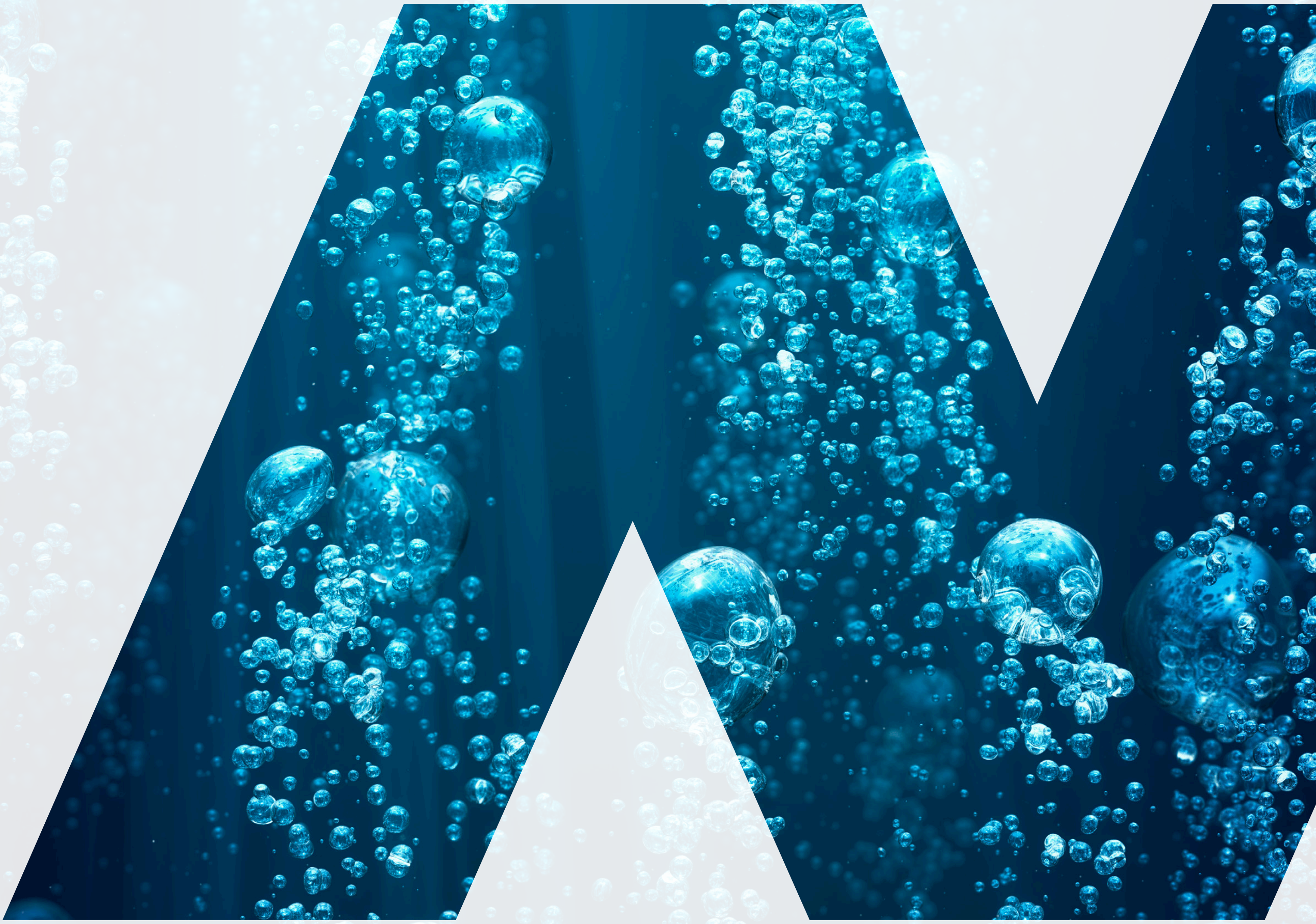
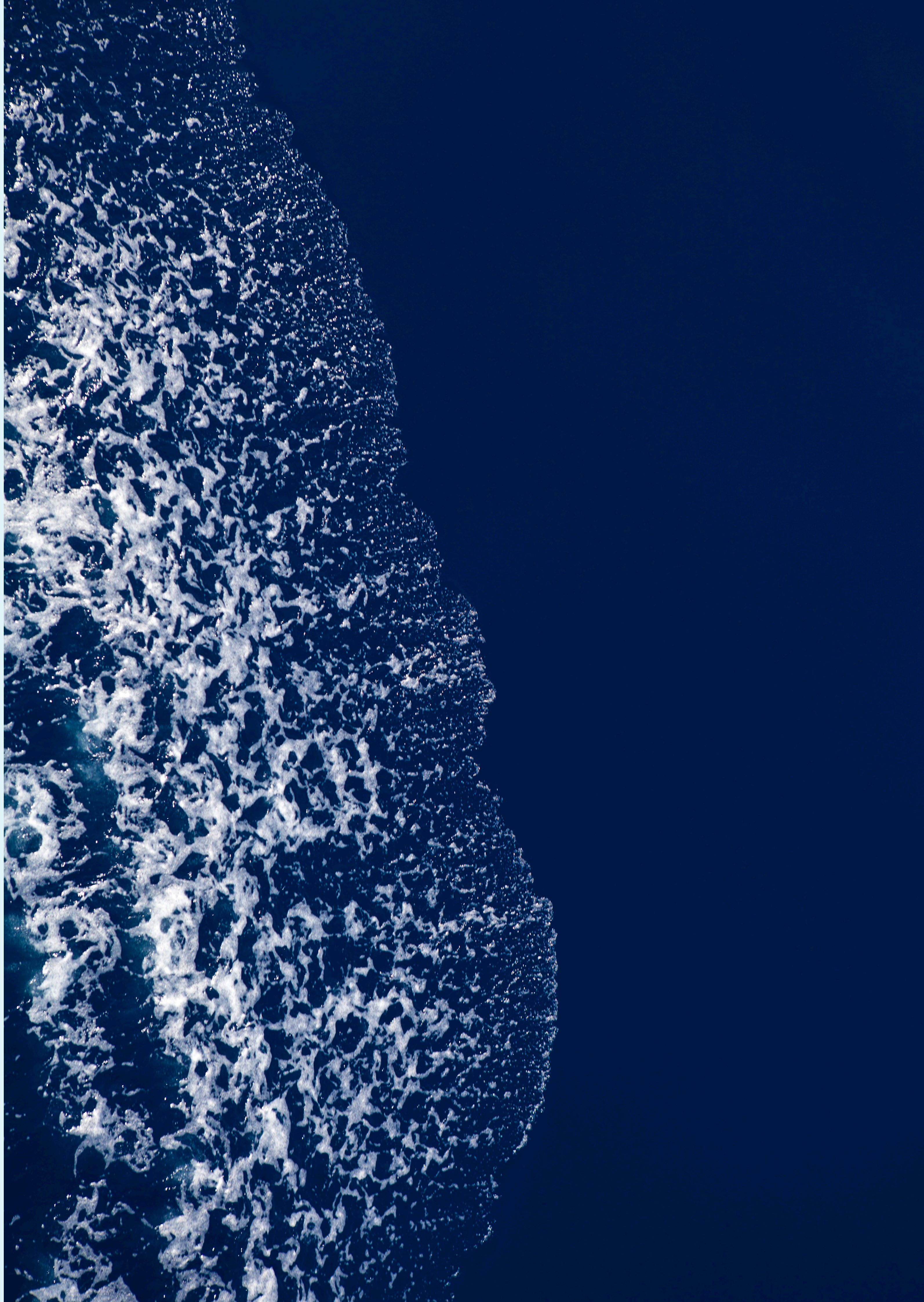
MVEST WATER



2022 ANNUAL REPORT

Content



Letter from CEO

2022 was an exciting and eventful year for M Vest Water. While we in 2021 focused on growing and scaling our organization, production and R&D capabilities, 2022 was a year focused on further strengthening our expertise, commercializing our unique products within specific industries through pilot projects and verification testing, where several of these projects now are entering the commercial phase within the industries of Oil & Gas, Aquaculture, Municipal wastewaters and Dredging.

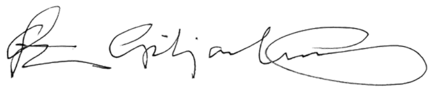
We are particularly proud of having achieved an average treatment efficiency of 99,99 % removal of oil in produced water at a major US onshore oilfield using our NORWAFLOC® in conjunction with NORWAPOL®, providing a sustainable water treatment solution with better technical results, less operational downtime while also being fully compliant with the new strict environmental regulations that US oil and gas operators will have to comply with in the future. The achievement gives significant value for reuse of produced water for the operators.

In Germany, the largest water and sludge treatment market in Europe, we have established M Vest Water GmbH providing our new generation of technology to the European market. An important milestone was the successful treatment of sludge water during a full-scale test at one of Europe's largest dredging sludge treatment plants where the use of NORWAFLOC® provided better sludge dewatering performance compared to the existing solutions.

In Norway, we have successfully commercialized our technology for the aquaculture industry. Of note is the contract awarded in February 2023 for the delivery of NORWAPOL® to Erko Settefisk AS, where we treat intake water to the RAS plant and ensure optimal fish health and living conditions during breeding.

Going forward, we have now proven that our solutions are more environmentally friendly, cost-efficient and provide better technical purification than incumbent solutions. We are fast gaining a reputation as a disruptive and highly competitive alternative solution which in turn is leading to an increase in demand for our technology.

The confidence in our technology is strong and our belief in the uniqueness and demand for our solutions is higher than ever. We look forward to 2023 being a year of continued expansion in key markets and further commercialization.

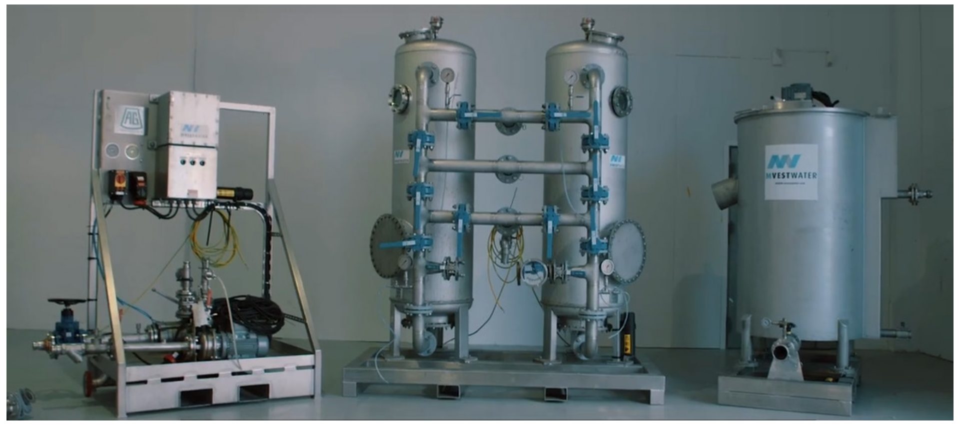


Stein Edvard Giljarhus, CEO

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 locations

MVW staffed the organization significantly up in the second half of 2021. Training, competence building and adaptation of the company's technology to new industrial areas have had a high focus throughout 2022. At the same time, the company has made investments in production equipment and mobile test equipment that are essential for further growth. In addition, considerable resources have been invested in marketing and securing the company's intellectual property rights.

MVW has made important technological advances in 2022. The company's verification and pilot programs in 2022 have resulted in technological advancements and breakthroughs in the targeted market segments Oil & Gas, Aquaculture, Municipal- and Dredging sludge treatment.

In July 2022, the company founded the German subsidiary, M Vest Water GmbH, expanding our operations in Germany and Europe. Germany represents the largest market in Europe for wastewater and sludge treatment. The strategy is aimed at establishing a closer relationship to customers, suppliers, and manufacturers.

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

MVW currently has 14 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 is planned via outsourcing of production as we see synergies providing significant cost savings.

Comments related to the financial statements

The below information describes the operations of the consolidated group in 2022. The differences between the parent company and the group are immaterial, and thus only figures for the group are presented in the following.

The revenues increased from NOK 436 000 last year to NOK 1 818 000 in 2022. Loss for 2022 was – 28 903 000, as last year, NOK – 27 248 000.

During 2022 development costs amounted to NOK 3 477 000, whilst costs related to patents and trademarks amounted to NOK 1 698 000.

Total assets at year-end amounted to NOK 67 221 000, compared to NOK 102 763 000 last year. The equity ratio was 81 % as of 31.12.2022, compared to 85 % the year before.

Total net cash flow from operating activities was NOK -34 872 000 in 2022. The capital investments during 2022 amounted to NOK 10 309 000.

The liquidity reserve as of 31.12.2022 amounts to NOK 34 823 000.

Throughout 2022, MVW has invested significantly in building up the organization and qualifying the company's technology towards several industry segments. This has reduced the liquidity reserves. During 2022 the company has prepared the basis for commercialization of technology and products within Oil & Gas, Aquaculture, Municipal- and Dredging sludge treatment. Based on the successful technological advancements and market acceptance in 2022 and Q1 2023, and the subsequent business plan the Board deems the company's liquidity and financing to be satisfactory and views the Annual Financial Statements and the company's performance as a basis for the company to continue as a going concern. In the opinion of the Board, the Annual Financial Statements provide a true and fair view of the company's financial position at the end of the year.

The net loss ended at NOK 28 903 000. The allocation of the net loss for the year is shown in the Annual Financial Statement.

Risk and risk management

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

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

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

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

Liquidity risk
Managing liquidity risk is a high priority. The company will have negative cash flow into the year 2023. According to the company's business plans the cash burn for 2023 compared to 2022 will be significantly lower. It is expected to be cash positive by the end of 2023.

Working environment and equality

Number of employees is currently 14. The company is satisfied with the working environment, and continuously strives to further improve the working environment. Leave of absence due to illness in 2022 is insignificant. MVW offers occupational health service to the employees in addition to offers of physical treatment through health insurance.

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

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.

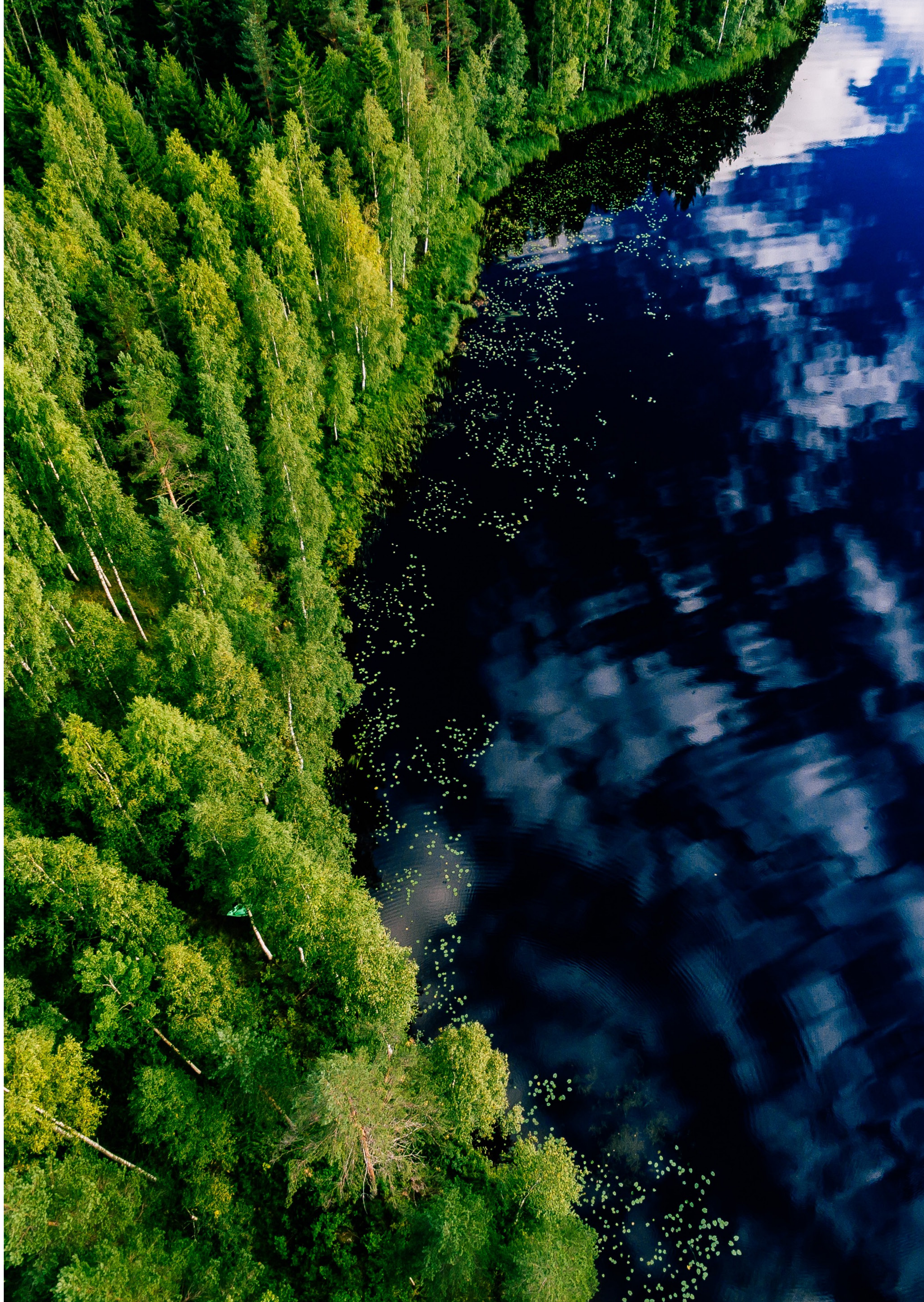
Corporate governance

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 products and technologies provide environmental benefits and support at least 8 of the 17 SDGs.
- Using biodegradable materials instead of polymer-based coagulants and flocculants helps eliminate microplastic pollution. 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, 2022, 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 10 May 2021, the Board of Directors of MVW has on January 31, 2023, awarded a total of 400,000 options to executive management and key employees. Following the grant, the total number of outstanding options in the company is 400,000.

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. We are faced with considerable restrictions in legislation in USA and Europe within various industries. Increasing investments in research and development to generate more efficient water treatment technology is expected to drive the demand for the industry.

The company has a good project portfolio of potential customers internationally, within a wide range of businesses and regions. Important milestones have been reached within targeted markets, and the company is now experiencing an increasing number of inquiries, paid projects, and firm requests from larger corporations. Several projects have entered the commercial phase.

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

MVW enters 2023 with commercial solutions in place for several industrial areas. The board expects the company to win contracts within the 4 main focus areas in 2023. The board of directors would like to extend our appreciation to the MVW workforce for their contributions during 2022.

Johan Kristian Mikkelsen (Chairman)

Tor Olav Gabrielsen (Board member)

Atle Mundheim (Board member)

Stein Edvard Giljarhus (CEO)

Bergen, March 20th, 2023

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, 2022 (Annual Report 2022).

To the best of our knowledge:

- The consolidated financial statements for 2022 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, 2022.

- The Directors' 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, 20 March 2023
The Board of Directors and CEO – M Vest Water AS

Johan Kristian Mikkelsen (Chairman)	Tor Olav Gabrielsen (Board member)
Atle Mundheim (Board member)	Stein Edvard Giljarhus (CEO)

Annual Financial Statement

Consolidated income statement and other comprehensive income

M Vest Water Group

Operating income and expenses (all figures in NOK)	**Note**	**2022**	**2021**
Sales revenue	1	1 817 590	436 436
Total revenue		**1 817 590**	**436 436**
Cost of goods sold	7	755 403	488 786
Change in inventory	7	-380 191	68 499
Employee benefits expense	2	17 980 600	19 217 934
Capitalized employee benefits expense	2	-3 556 426	-1 869 255
Depreciation	4, 5	1 896 583	1 062 280
Other operating expenses	2	13 738 361	7 833 958
Total expenses		**30 434 330**	**26 802 202**
Operating profit		**-28 616 740**	**-26 365 766**
Financial income and expenses			
Other interest income		300 759	67 352
Other financial income		27 391	55 292
Other interest expenses	5	355 503	480 754
Other financial expenses		259 306	523 888
Net financial items		**-286 659**	**-881 998**
Net profit before tax		-28 903 399	-27 247 764
Income tax expense	3	0	0
Net profit after tax		**-28 903 399**	**-27 247 764**
Net profit or loss	**10**	**-28 903 399**	**-27 247 764**
Other comprehensive income			
Component of OCI			
Exchange differences on translation	10	12 585	0
Total comprehensive income		**-28 890 814**	**-27 247 764**
Attributable to			
Uncovered loss against share premium	10	-28 890 814	-27 247 764
Total		**-28 890 814**	**-27 247 764**
Earnings per share (diluted and basis):		-0.9894	-1.1603

Consolidated balance sheet

M Vest Water Group

Assets	**Note**	**2022**	**2021**
Non-current assets			
Intangible assets			
Capitalized development costs	4	7 527 900	4 050 819
Patents and trademarks	4	5 914 081	4 335 971
Total intangible assets		**13 441 981**	**8 386 790**
Machinery and equipment	4	6 396 066	5 562 954
Equipment and other movables	4	5 531 577	1 839 920
Office facilities (Right of use Asset)	4, 5	3 794 542	4 962 094
Total property, plant and equipment		**15 722 185**	**12 364 968**
Total non-current assets		**29 164 166**	**20 751 758**
Current assets			
Inventories	7	1 250 559	531 508
Debtors			
Accounts receivables	13, 14	595 742	1 022
Other short-term receivables		1 388 084	1 109 733
Total receivables		**1 983 826**	**1 110 755**
Cash and cash equivalents	9	34 822 667	80 368 933
Total current assets		**38 057 052**	**82 011 196**
Total assets		**67 221 218**	**102 762 954**

Consolidated balance sheet

M Vest Water Group

Equity and liabilities	Note	2022	2021
Equity			
Paid-in capital			
Share capital	10, 11	66 475	66 475
Share premium reserve	10	54 435 065	83 338 464
Total paid-up equity		**54 501 540**	**83 404 939**
Total equity	**15**	**54 501 540**	**83 404 939**
Liabilities			
Liabilities to financial institutions	13, 14	1 750 017	3 038 752
Other non-current liabilities	5, 14	2 770 021	3 924 280
Total non-current liabilities		**4 520 038**	**6 963 032**
Current liabilities			
Liabilities to financial institutions	13, 14	1 288 743	1 385 000
Trade payables		2 216 812	3 152 839
Public duties payable		1 092 947	4 396 336
Other current liabilities	5	3 601 138	3 460 808
Total current liabilities		**8 199 640**	**12 394 983**
Total liabilities		**12 719 678**	**19 358 015**
Total equity and liabilities		**67 221 218**	**102 762 954**

Bergen, 20.03.2023

The board of M Vest Water Group

Johan Kristian Mikkelsen
Chairman of the board

Atle Mundheim
Member of the board

Tor Olav Gabrielsen
Member of the board

Stein Edvard Giljarhus
General Manager

M Vest Water Group

Consolidated cash flow statement

		2022	2021
	Cash flow from operating activities		
	Profit/(loss) before income tax	-28 890 219	-27 247 764
+	Depreciation, amortization	1 896 583	1 062 200
+/-	(Increase)/decrease in inventories	-719 051	-321 786
+/-	(Increase)/decrease in trade receivables	-594 720	1 850 991
+/-	(Increase)/decrease in other short-term receivables	-206 584	1 011 792
+/-	Increase/(decrease) in short term liabilities	-2 033 930	1 532 441
+/-	Increase/(decrease) in trade and other payables	-4 239 416	2 870 024
+/-	Other	-84 947	0
=	**Net cash flow from operating activities**	-34 872 284	-19 242 102
	Cash flow from investment activities		
+	Capital expentitures PPE	-5 133 590	-5 213 957
-	Capital expentitures patents, R&D	-5 175 401	-1 977 343
=	**Net cash flow from investment activities**	-10 308 991	-7 191 300
	Cash flow from financing activities		
+	Increase/(decrease) in other non-current liabilities	0	-6 563 559
-	Installments borrowings credit institutions	-1 384 992	-346 248
+	Increase in paid-in share capital	0	115 000 000
-	Transaction costs on share capital increase	0	-5 108 780
+	Grants from Innovation Norway	1 020 000	0
=	**Net cash flow from financing activities**	-364 992	102 981 413
=	**Net (decrease)/increase in cash and cash equivalents**	-45 546 267	76 548 011
+	Cash and equivalents at beginning of the period	80 368 933	3 820 922
=	**Cash and equivalents at end of the period**	34 822 667	80 368 933

Income statement and other comprehensive income

M Vest Water AS

Operating income and expenses (all figures in NOK)	Note	2022	2021
Revenue	1	1 817 157	436 436
Total revenue		**1 817 157**	**436 436**
Cost of goods sold	7	755 403	488 786
Change in inventory	7	-380 191	68 499
Employee benefits expense	2	17 716 058	19 217 934
Capitalized employee benefits expense	2	-3 556 426	-1 869 255
Depreciation and amortization	4, 5	1 892 435	1 062 280
Other operating expenses	2	13 502 378	7 833 958
Total expenses		**29 929 657**	**26 802 201**
Operating profit		**-28 112 500**	**-26 365 765**
Financial income and expenses			
Interest income from group companies	8	2 600	0
Other interest income		287 405	67 352
Other financial income		27 391	55 292
Other interest expenses	5	355 603	480 754
Other financial expenses		259 192	523 888
Net financial items		**-297 399**	**-881 999**
Net profit before tax		-28 409 899	-27 247 764
Income tax expense	3	0	0
Net profit after tax		**-28 409 899**	**-27 247 764**
Net profit or loss	**10, 12**	**-28 409 899**	**-27 247 764**
Other comprehensive income Total			
other comprehensive income		**0**	**0**
Total comprehensive income		**-28 409 899**	**-27 247 764**
Attributable to			
Uncovered loss against share premium	10	28 409 899	27 247 764
Total		**-28 409 899**	**-27 247 764**

Balance sheet

M Vest Water AS

Assets	Note	2022	2021
Non-current assets			
Intangible assets			
Capitalized development costs	4	7 527 900	4 050 819
Patents and trademarks	4	5 914 081	4 335 971
Total intangible assets		**13 441 981**	**8 386 790**
Machinery and equipment	4	6 396 066	5 562 954
Equipment and other movables	4	5 185 676	1 839 920
Office facilities (Right of use Asset)	4, 5	3 794 542	4 962 094
Total property, plant and equipment		**15 376 283**	**12 364 968**
Investments in subsidiaries	6	254 963	0
Total non-current financial assets		**254 963**	**0**
Total non-current assets		**29 073 227**	**20 751 758**
Current assets			
Inventories	7	1 250 559	531 508
Debtors			
Accounts receivables	13	595 742	1 022
Other short-term receivables		1 351 812	1 109 733
Receivables from group companies	8	722 567	0
Total receivables		**2 670 122**	**1 110 755**
Cash and cash equivalents	9	34 485 045	80 368 933
Total current assets		**38 405 726**	**82 011 196**
Total assets		**67 478 952**	**102 762 954**

Balance sheet

M Vest Water AS

Equity and liabilities	Note	2022	2021
Equity			
Paid-in capital			
Share capital	10, 11, 12	66 475	66 475
Share premium reserve	10	54 928 565	83 338 464
Total paid-up equity		**54 995 039**	**83 404 939**
Total equity	**10, 15**	**54 995 039**	**83 404 939**
Liabilities			
Liabilities to financial institutions	13, 14	1 750 017	3 038 752
Other non-current liabilities	5, 8, 14	2 770 021	3 924 280
Total non-current liabilities		**4 520 038**	**6 963 032**
Current liabilities			
Liabilities to financial institutions	13, 14	1 288 743	1 385 000
Trade payables		2 068 329	3 152 839
Public duties payable		1 005 665	4 396 336
Other current liabilities	5	3 601 138	3 460 809
Total current liabilities		**7 963 875**	**12 394 984**
Total liabilities		**12 483 913**	**19 358 015**
Total equity and liabilities		**67 478 952**	**102 762 954**

M Vest Water AS

Standalone cash flow statement

		2022	2021
	Cash flow from operating activities		
	Profit/(loss) before income tax	-28 409 899	-27 247 764
+	Depreciation, amortization	1 892 435	1 062 200
+/-	(Increase)/decrease in inventories	-719 051	-321 786
+/-	(Increase)/decrease in trade receivables	-594 720	1 850 991
+/-	(Increase)/decrease in other short-term receivables	146 827	1 011 792
+/-	(Increase)/decrease in group receivables	-722 567	0
+/-	Increase/(decrease) in short term liabilities	-2 033 930	1 532 441
+/-	Increase/(decrease) in trade and other payables	-4 864 087	2 870 024
=	**Net cash flow from operating activities**	-35 304 992	-19 242 102
	Cash flow from investment activities		
+	Capital expentitures PPE	-4 783 539	-5 213 957
-	Capital expentitures patents, R&D	-5 175 401	-1 977 343
-	Investment in subsidary	-254 963	0
=	**Net cash flow from investment activities**	-10 213 903	-7 191 300
	Cash flow from financing activities		
+	Increase/(decrease) in other non-current liabilities	0	-6 563 559
-	Installments borrowings credit institutions	-1 384 992	-346 248
+	Increase in paid-in share capital	0	115 000 000
-	Transaction costs on share capital increase	0	-5 108 780
+	Grants from Innovation Norway	1 020 000	0
=	**Net cash flow from financing activities**	-364 992	102 981 413
=	**Net (decrease)/increase in cash and cash equivalents**	-45 883 887	76 548 011
+	Cash and equivalents at beginning of the period	80 368 933	3 820 922
=	**Cash and equivalents at end of the period**	34 485 046	80 368 933

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 2022 were authorized for issue by the Board of Directors on the 20th of March 2023.

Changes in accounting policies and disclosures
1st of January 2021 is MVW's date of transition 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 note 15.

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 subsidary 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. The monthly average exchange rates are used as an approximation of the transaction exchange rate.

Consolidation principles
The Group's consolidated financial statements comprise the parent company and it's subsidiary as of December 31, 2022. 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 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 3 Tax
Note 4 Intangible assets, plant and equipment and right of use assets(/lease liabilities)
Note 5 Leasing

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 ofthe 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.

Property, plant 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 as separate line items in the balance sheet.

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). It is probable that the conditions for the grant will be fulfilled.

Shares in subsidaries
Investment in subsidaries are valued in accordance with the cost method of accounting.

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.

By business area	2022	2021
Oil and Gas	1 251 855	304 724
Aquaculture	217 855	0
Municipal	24 174	131 712
Other	323 628	0
Total	**1 817 512**	**436 436**

Geographic breakdown		
Norway	1 817 157	436 436
Total	**1 817 157**	**436 436**

Note 2 Employee benefits and expenses and auditor fee`s

	2022	2021
Salaries	14 474 919	16 379 837
Payroll tax	2 186 748	2 356 398
Pension	843 240	341 079
Other benefits	211 150	140 620
Total employee expenses	**17 716 057**	**19 217 934**
Capitalized employee expense	-3 556 426	-1 869 255
Man-years	13	5,75

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.

Remuneration to leading personnel	Chief Executive officer	Board
Salaries	2 917 045	1 050 000
Other remuneration	19 053	0
Total	**2 936 098**	**1 050 000**

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.

Early 2023 (31.01.2023) the company has granted share options to executive management and key employees (ref. note 11).

Auditor

Audit fees expensed for 2022 amount to 640 373. In addition there is a fee for other services of NOK 27 167. The amounts are exclusive of VAT.

Note 3 Tax

Parent company

This year's tax expense	2022	2021
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	-28 409 899	-27 247 764
Permanent differences	6 096	1 843
Changes in temporary differences	-455 637	-285 372
Taxable income	**-28 859 440**	**-27 531 292**

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

	2022	2021	Difference
Tangible assets	320 847	-192 781	-513 628
Lease agreements brought to the balance	-129 758	-71 767	57 991
Total	**191 089**	**-264 548**	**-455 637**
Accumulated loss to be brought forward	-57 567 655	-28 708 215	28 859 440
Not included in the deferred tax calculation	57 376 565	28 972 762	-28 403 802
Deferred tax assets (22 %)	**0**	**0**	**0**

Group

This year's tax expense	**2022**	**2021**
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	-28 903 399	-27 247 764
Permanent differences	6 096	1 843
Changes in temporary differences	-455 637	-285 372
Taxable income	**-29 352 940**	**-27 531 292**

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

	2022	2021	Difference
Tangible assets	320 847	-192 781	-513 628
Lease agreements brought to the balance	-129 758	-71 767	57 991
Total	**191 089**	**-264 548**	**-455 637**
Accumulated loss to be brought forward	-58 061 155	-28 708 215	29 352 940
Not included in the deferred tax calculation	57 870 066	28 972 762	-28 897 303
Deferred tax assets (22 %)	**0**	**0**	**0**

Until commencement of sale/agreement has reached a profitable level, the group will not record any deferred tax asset related to its tax loss carried forward and other temporary differences There are no time limitation in Norway for utilization of historical tax losses.

Note 4 Intangible assets, plant and equipment and right of use assets (ROA)

Parent company

	Capitalized development costs	Patents and trademarks	Plant and machinery	Equipment and other movables	Right of use assets (IFRS 16)	Totals
Acquisition cost 01.01.2022	4 050 820	4 445 542	5 562 954	1 977 423	5 749 607	21 786 346
Additions salaries	3 477 080		1 279 494		0	4 756 574
Additions: invoice expenses		1 698 321		3 950 429		5 648 750
Recognized part of investment grant			-446 382			-446 382
Acquisition cost 31.12.2022	7 527 900	6 143 863	6 396 066	5 927 852	5 749 607	31 745 288
Acc. depreciation and amortization 31.12.2022	0	-229 782	0	-742 176	-1 955 065	-2 927 023
Net booked amount 31.12.2022	**7 527 900**	**5 914 081**	**6 396 066**	**5 185 676**	**3 794 542**	**28 818 264**
This year`s depreciation and amortization	-	-120 210	0	-604 673	-1 167 552	-1 892 435
Straight-line depreciation	*)	3 years **)	***)	3-10 years	5 years	

Group

	Capitalized development costs	Patents and trademarks	Plant and machinery	Equipment and other movables	Right of use assets (IFRS 16)	Totals
Acquisition cost 01.01.2022	4 050 820	4 445 542	5 562 954	1 977 423	5 749 607	21 786 346
Additions salaries	3 477 080		1 279 494		0	4 756 574
Additions: invoice expenses		1 698 321		4 300 479		5 998 800
Recognized part of investment grant			-446 382			-446 382
Acquisition cost 31.12.2022	7 527 900	6 143 863	6 396 066	6 277 902	5 749 607	32 095 338
Acc. depreciation and amortization 31.12.2022	0	-229 782	0	-746 324	-1 955 065	-2 931 171
Net booked amount 31.12.2022	**7 527 900**	**5 914 081**	**6 396 066**	**5 531 578**	**3 794 542**	**29 164 166**
This year`s depreciation and amortization	-	-120 210	0	-608 821	-1 167 552	-1 896 583
Straight-line depreciation	*)	3 years **)	***)	3-10 years	5 years	

*) The group`s products have not been fully developed and tested. When they are ready for use, associated R&D will be depreciated in line with expected lifetime.
**) Capitalized website costs is depreciated on a straight-line basis over 3 years.
***) The mobile container Norwamix, is now completely delivered, however modifications needs to be done to consider the unit ready to use. The modifications are expected to be done within 1H2023, thereafter the

unit will be depreciated over its expected life-time has been developed and delivered by the supplier, but technical team at MVW has concluded that there need to be installed a powder mix in the machine to consider it fully ready to use. When this is done (in 2023), it will be depreciated over its expected life-time.

Research and development, patents and trademarks

Research and development in the company involves several innovative solutions that can be used for water treatment; products, equipment and process development. 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 are: 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 amortisation of patents and licences that are used to generate the intangible asset. Development costs recognized in the statement of comprehensive income in the period is estimated to 6,3 MNOK.

Plant and machinery

The company has received a total of 5,1 MNOK in grants from Innovation Norway to develop the Norwamix machine. Of the total grant 4,1 MNOK was received as of 31.12.22. However, no grants were received in 2021 or 2022. The grants are treated as an advance payment 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 status of the project is that the machine has been delivered and tested, however modifications is needed to consider it fully ready to use. Expected time frame is mid 2023.

The Innovation Norway project has been successfully completed and reported in the beginning of 2023.

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

As a consequence of implementing simplified IFRS (1st of January 2021) MVW has recognized its office facilities as a leasing contract according to IFRS 16. More info in note 5.

Depreciation, amortization and impairment

The Group's intangible assets, and machinery, have not been fully developed and tested and it is therefore not relevant with depreciation this year. When the products are ready for use, they will be depreciated in line with expected lifetime.

An impairment test (IAS 36) has been preformed to determine the value of the Group`s ongoing capitalized development. The value is estimated based on expected future cash flow covering a 10-year period. Expected cash flows are based on the budget for 2023. The budget identifies expected non-recurring and recurring revenues. The impairment test has assumed that the cash flow increase by the recurring revenues each year (decreasing growth rate). Discount rate is set to 10% post-tax (about 12,8 % pre-tax).

The Group has not identified any impairment indicators related to it`s machinery and equipment.

No impairment, losses or reversals of write downs have been recognized in this or previous years accounts.

Note 5 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.

Right of use assets	Office facilities	Total
Acquisition cost 01.01.2022	5 749 607	5 749 607
Additions	0	0
Acquisition cost 31.12.2022	5 749 607	5 749 607
Acc. amortization 31.12.2022	1 955 065	1 955 065
Net booked amount 31.12.2022	3 794 542	3 794 542
This year`s amortization	1 167 552	1 167 552

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.

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	-2 255 295
Interest expense on lease liability	341 818
Net booked amount 31.12.2022	3 924 300

Lease liabilities maturity	Amount
< 1 year	1 154 279
1- 2 year	1 200 778
2 - 3 year	1 249 150
3 - 4 year	320 072
> 5 years	0

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 6 Investment in subsidaries

Investment in subsidary	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. In 2022 the activity in the subsidiary is still limited, but its expected to increase in 2023.

The annual result of the subsidary in 2022 was NOK -480 320. The book value of equity capital as at 31.12.2022 was NOK -238 537.

Note 7 Inventory

Goods and materials	2022	2021
Raw materials	1 001 242	515 218
Finished self-produced and purchased goods for sale	249 316	16 290
Total	**1 250 559**	**531 508**

Out of the total inventory value of M Vest Water AS as at 31.12.2022 NOK 1 250 559 has been valued at acquisition cost.

Note 8 Intercompany balances

The following internal transactions have taken place in the parent company in 2022:

	Amount	Internal gain
Sale of goods to M Vest GmBH	121 935	0

	2022	2021
Receivables	722 567	0

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

Balances and transactions between the Company and its subsidiary has been eliminated on consolidation.

Note 9 Restricted funds

The item includes restricted bank deposits of NOK 690 603. The amount can be attributed entirety to tax deductions due within 3 months.

Note 10 Equity

Parent company

	Share capital	Share premium	Total equity
As at 31.12.2021*	66 475	83 338 464	83 404 939
As at 01.01.2022	**66 475**	**83 338 464**	**83 404 939**
Total comprehensive income		-28 409 899	-28 409 899
As at 31.12.2022	**66 475**	**54 928 565**	**54 995 039**

Group

	Share capital	Share premium	Translation reserve	Total equity
As at 31.12.2021*	66 475	83 338 464	0	83 404 939
As at 01.01.2022	**66 475**	**83 338 464**	**0**	**83 404 939**
Total comprehensive income		-28 890 814		-28 890 814
Translation reserve **			-12 585	-12 585
As at 31.12.2022	**66 475**	**54 447 650**	**-12 585**	**54 501 540**

* Transition balance from NGAAP FY2021 to simplified IFRS FY2021. More information on the transition in note 15.
** In 3Q22 the company has registered a 100 % owned subsidiary in Germany under the company name M Vest Water GmbH.

Throughout 2022, MVW has invested significantly in building up the organization and qualifying the company's technology towards several industry segments. This has reduced the liquidity reserves. During 2022 the company has prepared the basis for commercialization of technology and products within Oil & Gas, Aquaculture, Municipal- and Dredging sludge treatment. Based on the successful technological advancements and market acceptance in 2022 and Q1 2023.

Liquidity risk

Managing liquidity risk is a high priority. The company will have negative cash flow into the year 2023. According to the company's business plans the cash burn for 2023 compared to 2022 will be significantly lower. It is expected to be cash positive by the end of 2023.

The company has a good project portfolio of potential customers internationally, within a wide range of businesses and regions. Important milestones have been reached within targeted markets, and the company is now experiencing an increasing number of inquiries, paid projects, and firm requests from larger corporations. Several projects have entered the commercial phase. MVW enters 2023 with commercial solutions in place for several industrial areas. The board expects the company to win contracts within the four main focus areas in 2023.

Note 11 Shareholders

The total number of shares in MVW at 31 Dec 2022			
Ordinary shares	29 200 000	0,002277	66 475
Total	**29 200 000**	**0,002277**	**66 475**

Ownership structure

Largest shareholders per 31 Dec 2022

	Number of shares	Owner interest	Share of votes
NORWEGIAN WATER TECHNOLOGIES AS	11 100 000	38,0 %	38,0%
M VESTINVESTAS	10 800 000	36,9 %	36,9 %
J.P. MORGAN BANK LUXEMBOURG S.A.	2 400 000	8,2 %	8,2 %
Pictet & Cie (Europe) S.A.	734 852	2,5 %	2,5 %
M VEST ENERGY AS	500 000	1,7 %	1,7 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	400 000	1,4 %	1,4 %
Other ownership < 1 %	3 265 148	11,1 %	11,1 %
	29 200 000	**100**	**100**

Board member and CTO Atle Mundheim indirectly owns through Norwegian Water Technologies AS 10,82 % of the shares in the company (in January 2023 Atle Mundheim owns shares through Atlichka Holding AS due to a demerger of Norwegian Water Technology).

Early 2023 (31.01.2023) the company has granted a total of 400,000 options to executive management and key employees.

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

Note 12 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 11).

Basic earnings per share continuing operations	2022	2021
Profitt/(loss) attributable to equity holders of the company	-28 890 814	-27 247 764
Weighted average number of ordinary share in issue	29 200 000	23 483 000
Basic earnings per share (NOK per share)	-0,9894	-1,1603

The total outstanding amount of shares in the company was 29,200,000 common shares at 31 December 2022 with a nominal value of 0,002277 per share. There are only one share class.

Note 13 Long-term liabilities and guarantees

	Effective interest rate	Maturity date	31.12.2022	31.12.2021
Debt secured by mortgages and guarantees				
Long-term debt to credit institutions (5 years)	4,5 %	Oct 25	-2 903 755	-3 903 751
Long-term debt to credit institutions (3 years)	2,3 %	Oct 23	-135 005	-520 001
Total long-term debt excl. IFRS lease liability			**-3 038 760**	**-4 423 752**
Debt to credit institutions are secured by the following assets:				
Customer receivables			595 742	1 022
Total			**595 742**	**1 022**

Changes in liabilities to credit institutions from last year consist exclusively of monthly instalments of 83 TNOK and 32 TNOK respectively. One year instalments is reclassified to current liabilities in the annual accounts.

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 5 MNOK in accounts receivable.

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

Note 14 Receivables

The company has no receivables maturing later than one year.

Note 15 Transition to simplified IFRS

MVW implements simplified IFRS from 1 January 2022. Changes in accounting principles, including changes in the language of accounting, must as a general rule be made through a retrospective revision, i.e. that previous years' accounts are revised so that they present the group's financial position as the new rules had always been applied.

In preparing its opening balance the group has reviewed the balance sheet as of 1 January 2021 that has been prepared in accordance with its old basis of accounting (NGAAP) due to the transition to simplified IFRS and IFRS 1 (First-time Adoption of International Financial Reporting Standards). The transition entails certain changes in principles, but no equity adjustments has been identified. When preparing its comparative balance sheet as of 31 January 2021 there was identified an equity adjustment of leasing (IFRS 16). The assessments that have been made are listed below.

Leases (A)

IFRS 16 regulates recognition, measurement, presentation and note requirements related to leases and requires that leases are capitalized in the accounts of the lessee in the form of a lease obligation (obligation to pay rent) and an asset that represents the tenant's right to use the underlying asset.

Leases must be capitalized unless one qualifies for the exceptions for low amounts or useful lives of less than one year. On initial recognition, the liability is measured at the present value of future lease payments during the lease term. The right to use the asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of transition to IFRS. Subsequently depreciated the right to use and interest costs on the obligation are expensed under operating costs and financial costs. Rental payments ("installments") are reduced to the capitalized lease obligation.

MVW`s office rental contract at Espehaugen exceeds one year, and consequently the lease represents a change in the group`s financial reporting relative to NGAAP. However, the lease was entered into in the second quarter of 2021, and therefore it is not adjusted for in the transition balance as of January 1, 2021. As of December 31, 2021, this create a difference in the statement of profit or loss where in IFRS there is a recognition of the right-of-use assets amortization as part of operating expenses (876 TNOK) and the interest expense on the lease liability is recognized as part of financial expenses (163 TNOK). In addition, in the balance statement a lease liability (5034 TNOK) and right-of-use asset (4962 TNOK) are recognized as an IFRS – NGAAP adjustment. Rental payments that fall due within one year are reclassified to short-term (1110 TNOK).

Entry of deferred tax asset (B)

When transitioning to IFRS the group do no longer practice the principle of small enterprises to not enter deferred tax assets in their balance sheets. In the financial statements prepared in accordance with NGAAP as of 31 December 2020 and 31 December 2021, a deferred tax asset was estimated and equal to 380 TNOK and 6358 TNOK. According to IAS 12 an entity should recognize deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. 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. There is no time limitation in Norway for utilization of historical tax losses. In other words, this does not represent an adjustment to the balance sheet as of 1 January 2021 and 31 January 2021.

Tabels to note 15 Transition to IFRS

Income statement

All figures in NOK 1000		NGAAP 2020	IFRS 2020
Sales revenue		4 022	4 022
Total income		**4 022**	**4 022**
			-
Cost of goods sold		3 030	3 030
Change in inventory		(113)	(113)
Employee benefits expense		2 442	2 442
Capitalized employee expense		(1 815)	(1 815)
Depreciation		37	37
Depreciation ROA	A	-	-
Other operating expenses	A	655	655
Total expenses		**4 237**	**4 237**
			-
Operating profit (loss) / EBIT		**(214)**	**(214)**
			-
Other interest income		2	2
Other financial income		55	55
Other interest expenses		92	92
Other financial expenses	A	141	141
Net financial items		**(177)**	**(177)**
Profit/(loss) before income tax		**(391)**	**(391)**
			-
Income tax	B	-	-
Profit/(loss) after income tax		**(391)**	**(391)**
			-
Attributable to			-
Uncovered loss		**391**	**391**
Total		**(391)**	**(391)**

Balance sheet

All figures in NOK 1000		NGAAP 2020	IFRS 2020/1.1.2021
ASSETS			
Non-current assets			
Intabgible assets			
Research and development		3 200	3 200
Patents and trademarks		3 249	3 249
Deferred tax assets	B	-	-
Total intangible assets		**6 449**	**6 449**
			-
Plant and machinery		2 335	2 335
Equipment and other movables		-	-
Right-of-use asset	A	-	-
Total property, plant and equipment		**2 335**	**2 335**
Total non-current assets		**8 785**	**8 785**
			-
Current assets			-
Inventories		210	210
			-
Accounts receivables		1 852	1 852
Other short-term receivables		2 122	2 122
Total recevables		**3 974**	3 974
			-
Cash and cash equivalents		3 821	3 821
Total current assets		**8 004**	**8 004**
			-
Total assets		**16 789**	**16 789**
			-
EQUITY			-
Share capital		46	46
Share premium reserve	A,B	716	716
Accumulated loss		-	-
Total equity		**761**	**761**
			-
LIABILITIES			-
Non current liabilities			-
Liabilities to financial institutions		4 770	4 770
Other non-current liabilities		6 563	6 563
Financial lease long term	A	-	-
Total non-current liabilities		**11 333**	**11 333**
			-
Current liabilities			-
Trade payables		283	283
Public duties payable		176	176
Other current liabilities		4 235	4 235
Financial lease short term	A	-	-
Total current liabilities		**4 694**	**4 694**
			-
Total liabilities		**16 027**	**16 027**
			-
Total equity and liabilities		**16 789**	**16 789**

Balance sheet

All figures in NOK 1000		NGAAP 2021	IFRS effect	IFRS 2021
ASSETS				
Non-current assets				
Intabgible assets				
Research and development		4 051		4 051
Patents and trademarks		4 336		4 336
Deferred tax assets	B	-	-	-
Total intangible assets		**8 387**	**-**	**8 387**
				-
Plant and machinery		5 563		5 563
Equipment and other movables		1 840		1 840
Right-of-use asset	A	-	4 962	4 962
Total property, plant and equipment		**7 403**	**4 962**	**12 365**
Total non-current assets		**15 790**	**4 962**	**20 752**
				-
Current assets				-
Inventories		532		532
				-
Accounts receivables		1		1
Other short-term receivables		1 110		1 110
Total recevables		**1 111**		1 111
				-
Cash and cash equivalents		80 369		80 369
Total current assets		**82 011**	**-**	**82 011**
				-
Total assets		**97 801**	**4 962**	**102 763**
				-
EQUITY				-
Share capital		66		66
Share premium reserve	A,B	83 410	- 72	83 338
Total equity		**83 477**	**- 72**	**83 405**
				-
LIABILITIES				-
Non current liabilities				-
Liabilities to financial institutions		3 039		3 039
Financial lease long term	A		3 924	3 924
Total non-current liabilities		**3 039**	**3 924**	**6 963**
				-
Current liabilities				-
Borrowing one year installments		1 385		1 385
Trade payables		3 153		3 153
Public duties payable		4 396		4 396
Other current liabilities		2 351		2 351
Financial lease short term	A	-	1 110	1 110
Total current liabilities		**11 285**	**1 110**	**12 395**
				-
Total liabilities		**14 324**	**5 034**	**19 358**
				-
Total equity and liabilities		**97 801**	**4 962**	**102 763**

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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 2022, 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 2022, 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 2022, 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 2022, 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.

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.
- 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.

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- 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, 20 March 2023
KPMG AS

Dejan Grahovac
State Authorised Public Accountant
(This document is signed electronically)

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Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Dejan Grahovac
Statsautorisert revisor
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IP: 80.232.xxx.xxx
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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, 2022, 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. NORWEGIAN WATER TECHNOLOGIES AS was the largest share owner with 11 100 000, or 38.0%, of the share capital.

Shareholders	Share	Owership
NORWEGIAN WATER TECHNOLOGIES AS	11 100 000	38,0 %
M VEST INVEST AS	10 800 000	37,0 %
J.P. Morgan SE	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 %
Stathav AS	278 163	1,0 %
Alden AS	211 110	0,7 %
Sulefjell AS	200 000	0,7 %
Nordnet livsforsikring AS	196 247	0,7 %
Silvercoin industries AS	164 349	0,6 %
Six - Seven AS	113 207	0,4 %
Ervik, Stig Tore	101 739	0,3 %
Marinovskaja, Zanna	100 000	0,3 %
M Vest AS	95 714	0,3 %
NH Kapital AS	80 000	0,3 %
Holten, Jonas	68 000	0,2 %
Patagonia Invest AS	40 000	0,1 %
Lomelde, Sigmund	35 000	0,1 %
Hermann eiendomsutvikling AS	35 000	0,1 %
Others	1 546 619	5,3 %
Ending balance	**29 200 000**	**100 %**

Financial Calender	
Quarterly Report Q1 2023	16.05.2023
General Meeting 2023	27.04.2023
Half Yearly Report 2023	12.09.2023
Quarterly Report Q3 2023	14.11.2023

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MVEST WATER