



MVEST WATER



2022

3rd QUARTER REPORT

Webcast

Webcast presentation for M Vest Water 3rd Quarter Report is held on 15 November 2022 at 11:00 AM, Central European Time (CET).

Register here:

https://us06web.zoom.us/webinar/register/WN_M_0LX01YRYCCY2S6APr8xQ



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MVEST WATER AS - 3RD QUARTER 2022 REPORT

BERGEN, NORWAY, 15 NOVEMBER 2022.

M VEST WATER AS (MVW) TODAY ANNOUNCED ITS Q3 2022 REPORT AND FINANCIAL RESULTS FOR THE THIRD QUARTER, ENDING 30 SEPTEMBER 2022.

M Vest Water is a Greentech company with operating activities in Norway and Germany. We develop products and technologies enabling environmentally responsible and highly efficient water treatment for a wide array of industries worldwide. We have a singular and clear-cut mission: to realize a zero-discharge future. With our disruptive technology, we are already making significant strides towards achieving this goal. Our technology is well protected under a family of patents in applicable states and regions. With solid progress during Q3 2022, the company is now entering into the commercial phase in several market segments.

Q3 Highlights

Project highlights per reporting date:

Proof of MVW technology, resulting from successful full-scale verifications:

Norwapol and Norwafloc® field proven to the Oil & Gas industry in Norway for treatment of produced water at an oil terminal.

Norwapol and Norwafloc® field proven to the US Oil & Gas industry in pilot program at a major global Oil & Gas operator for treatment of onshore produced water.

Norwafloc® field proven to the Aquaculture industry, for treatment of bloodwater at a salmon slaughterhouse.

Subsequent events:

Proof of technology - Norwafloc®

Successfully field proven to the dredging/sludge dewatering industry in full scale at the by far largest mechanical dredging sludge dewatering plant in Germany (2000 m³/h treated).

MVW is executing 3 full-scale qualification programs with Norwafloc® in Q4 2022 at:

- 1) a large treatment plant for Municipal sewage in Norway.
- 2) a treatment plant for Municipal sewage in Germany.
- 3) a fish farm RAS facility conditioning the water for the fish and treating the water to meet the discharge limits.

Strengthening position and the organization for scale-up in Germany:

- Foundation of M Vest Water GmbH in July 2022.
- Strengthen the team with employment of Director of Operations in Germany, joining from 1 November.
- Outsourcing and local production gives cost savings and efficient delivery to customers in Central Europe.

Financial key figures

Key figures

All figures in NOK 1000	3Q 2022 (IFRS)	YTD 2022 (IFRS)	3Q 2021 (NGAAP)	FY 2021 (NGAAP)
Revenues	172	1 112	-	436
EBIT	(7 331)	(20 951)	(14 812)	(26 891)
EBITDA	(6 850)	(19 603)	(14 779)	(26 705)
Profit/(loss) before tax	(7 587)	(21 504)	(14 891)	(27 176)
Cash flow operating activities	(7 127)	(28 651)	(4 400)	(19 242)
Total assets	79 363	79 363	110 548	97 801
Interest bearing debt (excl. leasing)	3 385	3 385	4 770	4 424
Cash and cash equivalents	43 824	43 824	95 490	80 369
Equity ratio	86%	86%	82%	85%

Company Update Q3 2022

MVW has made significant technological advances in 2022. MVW's verification and pilot programs have in the third quarter of 2022 resulted in further technological advancements and breakthrough in several targeted market segments. The company is now entering into the commercial phase in Norway and Germany. The pilot project in the USA with a major global oil operator is in an early commercial stage, however with significant business potential hence the Norwapol showed disruptive efficiency towards the established treatment method in the industry.

Business establishment in Central Europe:

Through the newly established subsidiary in Germany, M Vest Water GmbH, we are 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 to secure:

- a centralized sales organization and distribution network in Europe
- access to important raw materials
- efficient logistics
- large scale production of Norwafloc®

Norwafloc®, MVW'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.

Mr. Bernhard Niemczyk is hired as Director of Operations for MVW's business activities in Germany, joining the team on 1 November 2022. Mr. Niemczyk brings solid experience and high technical expertise into the MVW team.



Update business segment: Oil & Gas

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

A highlight of our investment in the Oil & Gas Industry is a strategic important project involving one of the major global US oil operators. Our Norwapol technology has been successfully field proven at a heavy oil producing field in the US. Norwapol is now proven to be a more efficient replacement for current filter solutions such as walnut shell filters. This is globally the most widely used method of polishing oily produced water. This breakthrough brings our Norwapol and Norwafloc® technology into commercial phase in the global onshore Oil & Gas market.

Update business segment: Aquaculture

The company has entered into an agreement with one of the major salmon farming companies for pilot testing of Norwapol technology at a RAS plant in Norway. The test program is started and will be executed through Q4 2022, where upon MVW will be ready to enter commercial phase for fish farm RAS treatment systems.

MVW has full-scale successfully field proven best in class (BAT) Norwafloc® performance at large salmon slaughterhouses, removing pollution below the new strict regulations imposed on the industry. This is a breakthrough for our cooperation with Downstream Marine, who has supplied and service complete methode approved treatment systems to approximately 70% of the Norwegian market. MVW will supply sludge dewatering equipment, chemical dosing systems and Norwafloc®. We are now in the commercial phase in this segment, and we are tendering for several new build and retrofit.



Update business segment: Municipal wastewater and sludge dewatering

MVW is executing full-scale qualification programme of Norwafloc® in Q4 2022 at a major treatment plant for Municipal sewage in Norway. MVW are in Q4 processing approximately 4000 m³/h at a municipal water treatment plant in Norway. In Q1 we are also going to process the sludge for thickening and dewatering in various process step at the plant.

We see from our qualification tests that we can substantially reduce the chemical need compared to their existing process, and we get better result on treated water and also drier treated sludge. By implementation of Norwafloc® the plant will reduce the consumption of syntetic chemicals up to 40% with MVW's environmental solution.

Project ends in Q1 2023 where upon MVW will be able to enter the largest water treatment market in the world - the municipal water treatment market.

A parallel a full-scale project is running in Germany at a smaller municipal treatment plant to further document the savings and benefits by using Norwafloc®.

Update business segment: Dredging water treatment and sludge dewatering

MVW has, at one of the very largest European mechanical dredging sludge dewatering sites, in a full-scale qualification, successfully treated 2000 m³/h dredging sludge for dewatering. Currently used flocculants in sludge dewatering are synthetic. These are targeted and set to be reduced in general by legislation and operators, due to negative environmental impact.

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

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

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



Outlook

We receive an increasing number of inquiries, paid projects, and firm requests from larger corporations in Aquaculture and Municipal Wastewater.

MVW has a stable and solid portfolio of commercial projects within a wide range of regions and industries. As of November 2022, we have approximately 20 ongoing projects aimed at specific markets and industries. Several of these projects are now entering the commercial phase. Important milestones have been reached within MVW's targeted markets:

Oil & Gas

The Norwegian market for oil and gas has been particularly important in the development phase where MVW's technology has been tested, further developed and commercialized in order to be introduced internationally with the US and the Middle East as two major and targeted markets for Norwafloc® and Norwapol.

Aquaculture

It is well known that the salmon industry in Norway has a strong position internationally and that this industry faces new environmental requirements that impose investments to secure sustainability within present operations and for further growth.

As an example, these changes result in that salmon slaughterhouses now must implement chemical treatment to reduce organic discharges, again resulting in need of sludge dewatering previously not relevant for the industry. This is a new market segment within the Aquaculture industry, especially in Norway.

Municipal wastewater and sludge dewatering

This market accounts for 60% of the total flocculants and coagulants market globally. MVW is involved in municipal wastewater projects in both Norway and Germany. MVW sees strong synergies working with Norway and Germany in parallel with ongoing projects in both countries and are working towards commercialization in this major industry segment throughout 2022 and into 1H 2023.



Dredging water treatment and sludge dewatering (River-, lake- and harbour sludge)

Dredging is a large market internationally, where our establishment in Germany is strategically necessary both in terms of access to the market and access to resources such as expertise and technological solutions for water treatment and sludge dewatering. MVW has an important and final full-scale qualification to be completed in Q1 2023 under the harshest winter conditions before commercial phase with this client. In parallel the commercialization phase now starts towards other dredging companies in Germany.

The major disruptions in chemical supply in Europe are also affecting Norway, and MVW finds that this is now the end users' main driver for securing alternative products in the water treatment markets for substitutes for the traditional used products.

Our competitors market is facing challenges with sharply increasing prices for syntetic polyacrylamide flocculants and significant supply problems. Supply chain disruptions have led to polyacrylamide becoming a scarce resource in Europe with rising prices and limited supplies. In addition, Europe is facing increasingly stringent regulations for depositing sludge containing synthetic polymers.

Also users of competitive coagulants, such as Ferric Chloride, now faces severe supply problems. Reason is that the most important product to manufacture such, hydrochloric acid, is allmost impossible to buy. Price has sky rocketed, and large consumers are shutting down in Europe in different industries.

MVW see, and experience, this as a unique opportunity in the work of breaking into the market with our products. We have secured access and good logistics to raw material for our Norwafloc® products.

Stein Edvard Giljarhus (CEO)
M Vest Water

Environmental, social and governance statement

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 bio-degradable materials instead of polymer-based coagulants and flocculants helps eliminate microplastic pollution. MVW's products meet ECHA's restriction on intentional use of microplastics. MVW's products also help reduce final discharge levels, contributing to lower CO2 emissions and greater reuse of water.



Corporate governance statement

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.

Interim financial statement

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Consolidated Interim Income statement

All figures in NOK 1000	3Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	3Q 2022 (NGAAP) (Unaudited)
Sales revenue	172	1 112	-
Total income	172	1 112	-
Cost of goods sold	(213)	177	88
Change in inventory	(48)	(48)	-
Employee benefits expense	4 896	12 435	12 958
Capitalized employee expense	(563)	(2 192)	(536)
Depreciation	2 189	473	58
Amortization ROA	2 292	876	-
Other operating expenses	2 949	10 343	2 244
Total expenses	7 503	22 063	14 812
Operating profit (loss) / EBIT	(7 331)	(20 951)	(14 812)
Other interest income	77	177	-
Other financial income	4	13	35
Other interest expenses	74	267	-
Other financial expenses	264	476	114
Net financials	(256)	(553)	(79)
Profit/(loss) before income tax	(7 587)	(21 504)	(14 892)
	-	-	-
Profit/(loss)	(7 587)	(21 504)	(14 892)
Earnings per share (basic)	(0,26)	(0,74)	(0,74)

Consolidated Interim Balance Sheet

All figures in NOK 1000	3Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	3Q 2021 (NGAAP) (Unaudited)
ASSETS			
Non - current assets			
Intangible assets			
Research and development	2 6 145	6 145	3 307
Patents and trademarks	2 5 512	5 512	4 104
Deferred tax assets		6 738	-
Total intangible assets		18 395	7 411
Plant and machinery	2 5 584	5 584	3 827
Equipment and other movables	2 4 632	4 632	1 268
Right-of-use asset	2 4 086	4 086	-
Total property, plant and equipment		14 303	5 095
Investment in subsidiaries	6 (0)	(0)	-
Total long-term financial investments		(0)	-
Total non-current assets		32 698	12 506
Current assets			
Inventories		1 869	2 183
Accounts receivables		7	4
Issued non-registered share capital		-	-
Other short-term receivables		964	365
Total receivables		2 839	2 552
Cash and cash equivalents		43 824	95 490
Total current assets		46 663	98 042
Total assets		79 363	110 548
EQUITY			
Issued non-registered share capital			-
Share capital	4 66	66	66
Share premium reserve	4 118 522	118 522	110 586
Accumulated loss	4 (28 445)	(28 445)	-
Profit/(loss) before income tax YTD	4 (21 501)	(21 501)	(19 820)
Total equity		68 649	90 832
LIABILITIES			
Non current liabilities			
Liabilities to financial institutions	3 2 000	2 000	3 385
Other non-current liabilities	3 -	-	-
Financial lease long term	2 2 917	2 917	-
Total non-current liabilities		4 917	3 385
Current liabilities			
Borrowing one year installments	3 1 385	1 385	1 385
Trade payables		1 437	1 753
Public duties payable		123	43
Financial lease one year installments	2 1 289	1 289	-
Other current liabilities		1 563	13 150
Total current liabilities		5 797	16 331
Total liabilities		10 714	19 716
Total equity and liabilities		79 363	110 548

Consolidated Interim Cash flow statement

All figures in NOK 1000	3Q 2022 (IFRS) (Unaudited)	YTD 2022 (IFRS) (Unaudited)	3Q 2021 (NGAAP) (Unaudited)
Cash flows from operating activities			
Profit / (loss) before income tax	(7587)	(21 504)	(14 891)
Adjustments for:			
+Depreciation, amortization and impairment	481	868	58
(Increase)/decrease in inventories	(311)	(1 337)	(92)
(Increase)/decrease in trade receivables	495	(6)	161
(Increase)/decrease in other receivables	75	146	(216)
(Increase)/decrease in short term liabilities	210	(788)	9 811
(Increase)/decrease in trade and other payables	(359)	(5 989)	767
Changes in other operating activities	(132)	(41)	2
Net cash from operating activities	(7 127)	(28 651)	(4 400)
Cash flows from investing activities			
Capital expenditures PPE	(1 862)	(3 199)	(1 497)
Capital expenditures patents, R&D etc.	(799)	(3 358)	(436)
Net cash used in investing activities	(2 661)	(6 557)	(1 933)
Cash flows from financing activities			
Increase in paid-in share capital (non-registered)	-	-	15 000
Transaction cost share capital increase	-	-	(46)
Increase/ (decrease) in long-term liabilities	-	-	-
Increase/ (decrease) in borrowings credit institutions	(346)	(692)	-
Investment in financial assets (leasing)	(279)	(644)	-
Net cash from financing activities	(625)	(1 337)	14 954
Net (decrease)/increase in cash and cash equivalents	(10 414)	(36 545)	8 621
Cash and cash equivalents at beginning of the period	54 238	80 369	86 868
Cash and cash equivalents at end of the period	43 824	43 824	95 490



Notes to the Condensed Interim Financial Statements

1 Organization and basis of preparation

MVW's condensed consolidated interim financial statements for the third quarter of 2022 were authorized for issue by the Board of Directors on the 14th of November 2022.

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

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

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

In the third quarter of 2022 MVW has registered a 100 % owned subsidiary in Germany under the company name M Vest Water GmbH. The financial statements and disclosures as of 30 September 2022 are consolidated and include the activity in the subsidiary in the period.

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

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

Fair Value:

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

Use of estimates:

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

2 Intangible assets, plant, equipment and ROA

All figures in NOK 1000

	Research and development	Patents and trademark	Plant and machinery	Equipment and other movables	Right of use assets (IFRS 16)	YTD 2022
						Total
Accumulated cost 31 December 2021	4 051	4 336	5 563	1 839	4 962	20 751
Additions	2 095	1 263	21	3 178	0	6 557
Depreciation	0	-87	0	-386	-876	-1 348
Closing net book amount 30 June 2022	6 145	5 512	5 584	4 630	4 086	25 960
As at January 1 2022						
Acquisition cost	4 051	4 446	5 563	1 977	5 838	21 874
Accumulated depreciation and write downs	0	-110	0	-138	-876	-1 123
Net book amount	4 051	4 336	5 563	1 840	4 962	20 752
As at June 30 2022						
Acquisition cost	6 146	5 708	5 584	5 155	5 838	28 431
Accumulated depreciation and write downs	0	-196	0	-524	-1 751	- 2 471
Net book amount	6 146	5 512	5 584	4 632	4 086	25 960

Economic life	1) 3 year/ 1)/ 2)	3) 3-10years	5 years / 4)
Depreciation method	1) Linear/ 1)/ 2)	3) 3) linear	Linear/ 4)

- 1) Research and development in the company involves several innovative solutions that can be used for water treatment, products, equipment and process development. Variable expenses related to intangible assets (development, patents and trademarks) are capitalized to the extent that a future financial advantage can be identified with the development of an identifiable intangible asset. This includes salaries and other expenses. Fixed costs are treated as period costs, and research costs is valued as an expense on an ongoing basis.
- 2) Capitalized website costs are depreciated on a straight-line basis over 3 years.
- 3) The company has received a total of 5.1 MNOK in grants from Innovation Norway to develop the Norwamix machine. The grants are treated as an advance in the balance sheet and are capitalized on the project under fixed assets in line with the progress of the project. More specifically, the grant (45 % of the investment) is deducted from the carrying amount of the

asset. The investment itself is booked net (gross investment less share of grants corresponding to investment. The Norwamix has been developed and delivered by the supplier, but it has not been fully tested. When the machine is ready for use, it will be depreciated over its expected lifetime.

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

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

3 Loans and borrowings

All figures in NOK 1000

Effective interest rate	Maturity date	YTD 2022	YTD 2021	
		(IFRS)	(NGAAP)	
		As at 30.09.2022	As at 30.09.2021	
Loan credit institutions				
Bank loan (5 years)	4,50%	October 2025	3 000	4 000
Bank loan (3 years)	2,30%	October 2023	386	770
Total secured long-term debt			3 385	4 770
Total other long-term debt			0	0
Total long-term debt			3 385	4 770
1st year's principal repayments on non-current debt			1 385	923
Total long-term debt excluding the 1st year's principal repayments and leasing			2 000	3 847

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

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

The loan is granted against a mortgage with a nominal value of NOK 5 million in accounts receivable.

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

4 Equity

All figures in NOK 1000	YTD 2022 (IFRS) As at 30.09.2022	2021 (IFRS*) As at 31.12.2021
Opening balance	90 143	761
Adjustment opening balance transition IFRS	-	380
Effect of transition to IFRS	-	6 358
Costs share capital increase	-	(5 109)
Increase in share capital and share premium	-	115 000
Translation reserve**	7	-
Net profit for the period	(21 501)	(27 248)
Ending balance	68 649	90 143

* Transition balance from NGAAP FY2021 to IFRS FY2021.

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

5 Shareholders

The total numbers of ordinary shares in MVW at 30 Sept 2022:

	Total	Face value	Entered
Ordinary Shares	29 200 000	0,002277	66 488,40
Owership structure			
Largest shareholders per 30 Sept 2022			
NORWEGIAN WATER TECHNOLOGIES AS		11 100 000	38,0%
M VEST INVEST AS		10 800 000	37,0%
J.P Morgan AG		2 400 000	8,2%
CACEIS Bank		768 934	2,6%
M VEST ENERGY AS		500 000	1,7%
VERDIPAPIRFONDET NORDEA NORGE PLUS		400 000	1,4%
Other shareholders		14 331 066	35,6%
Ending balance		40 300 000	86,5%

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

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