Fearnley Securities

MVW NO

Initiating Coverage

16 June 2021

M Vest Water

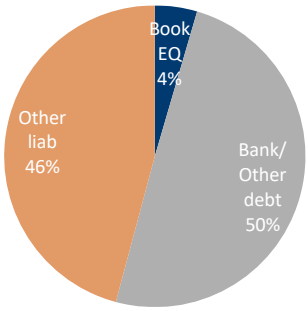
MVW NO / Energy / Norway

Renewables

Equity rating

BUY / TP NOK 32

Capital structure - Last reported



Enterprise value	
MCap (NOKm)	635
Net debt FQ0 (NOK)	5
EV FQ0 (NOKm)	640
Shares outst. (m)	28

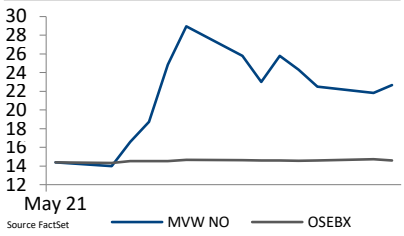
Share data	(price at 15 Jun 21)
Price (NOK)	23
Target (NOK)	32
Upside/Downside	41%
52 wk range (NOK)	14- 29
12m perf/OSEBX	58%/ 40%

Valuation	
NAV/sh (NOK)	-
EV/GAV	-
P/NAV	-

Credit Metrics	2021e	2022e	2023e
Equity ratio	86%	80%	75%
NIBD / EBITDA	2.9	0.5	-0.6
OCF/NIBD	52%	302%	-111%
EBITDA/Int.	-56.4	-77.1	116.6
Current ratio	14.3	3.3	3.2

Stock information	
Free float	28%
3 mth avg vol ('000)	542
Beta 1 yr	-
Spread 1 yr	12.11%
Velocity 1 yr	25%
Volatility 90 days	200%
Risk	High

Share price last 12 mth (NOK)



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Making Zero Discharge a Reality

What's new: Initiation of Coverage – NOK 32/sh, Buy.
Our take: A superior, field-tested product that is compliant with future regulation firmly positions MVW to make noise in a USD 20bn market.

MVW has developed a superior product portfolio for the global wastewater market and are beginning their journey from start-up to scale-up following the NOK 100m placement in May. The company's flagship product is an organic and bio-degradable flocculant that is superior to competing products in terms of achieving zero liquid discharge. Further, with a low OPEX MVW is able to compete on price with conventional polymer-based products. Many commercial flocculants contain microplastics and are set to be phased out over the coming years, driven by expected EU regulations.

In our modelling we assume that MVW will serve 64k m3/hr by 2025 distributed across the municipal, oil & gas and industrial segment. From our blended valuation (*DCF and relative valuation*) we arrive at a TP of 32/sh. With standout products, a huge market and new regulations looming MVW screens like an attractive bet. Buy.

A massive market growing steadily at their feet

MVW will target the global wastewater market with their wastewater treatment products, and it's difficult not to get excited about what's to come if the company is able to penetrate the current market. Today, the size of the global wastewater market stands at USD +100bn – with appx. USD 20bn of the market related to MVW's current product offering. Further, several megatrends such as population growth, urbanization, water scarcity and legislations will drive growth in the wastewater market (*USD 20bn to 30bn in 2027*) – setting the scene for MVW to build a significant recurring revenue base. The market is there – time to pounce.

Valuation – Potential is "endless", with modest market share yielding upside

We assume 64k m3/hr under management by 2025, yielding sales of 17k m3 of flocculants sales and NOK 437m in revenues in 2025. On top, we model rollout of its filter product offering to the same industries with varying market shares. Our valuation is a blended average of our DCF *(12% WACC)* and relative valuation at NOK 34/sh and NOK 30/sh respectively, yielding a TP of NOK 32/sh. Buy.

Note: Fearnley Securities acted as placement agent in recent private placement of MVW

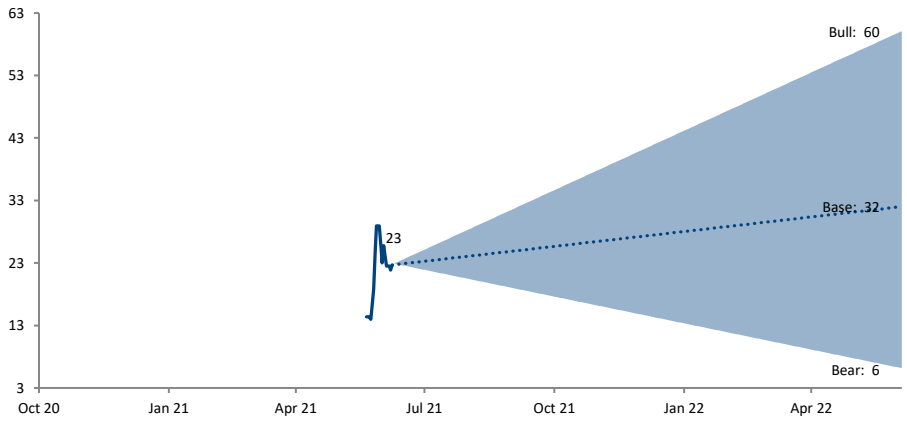
Key figures (NOKm)	3Q20	4Q20	1Q21E	2Q21E	2020	2021E	2022E
Revenue	0	0	0	2	4	6	70
EBITDA	0	0	-4	-4	0	-20	-18
EBIT	0	0	-4	-4	0	-20	-19
Pre-tax profit	0	0	-4	-11	0	-26	-19
EPS adj.	-	-	-0.20	-0.19	-	-0.71	-0.68
DPS	-	-	-	-	0.00	0.00	0.00
P/E adj.	-	-	-	-	-	-	-
EV/EBITDA (incl. wc)	-	-	-	-	-	-	-
EV/EBITDA	-	-	-	-	-	-	-
EV/EBIT (incl. wc)	-	-	-	-	-	-	-
EV/EBITDAX	-	-	-	-	-	-	-
P/B	-	-	-	-	-	8.5	11.4
Dividend yield	-	-	-	-	-	0.0%	0.0%
ROE	-	0.0%	649.2%	-	-	-	-

Valuation and risk assessment

Our NOK 32/sh target price is derived from a blended average of DCF *(NOK 34/sh)* and relative valuation *(NOK 30/sh)*.

We estimate NOK 437m of revenues in 2025, and a growth period of 6% to 2030. TV growth of 2.5% and a WACC of 12%.

Main risks relate to product commercialization, sales price and margins.



Equity rating: BUY / TP NOK32

Target	Valuation	Assumptions
Bull Case NOK60	DCF	**Assumes 8% sales growth from 2025-2030, 3.5% TV growth rate and a NOK 25/litre sales price for NorwaFloc sales.**
Base Case NOK32	DCF and relative valuation	**Assumes 64k m3/hr under management in 2025 and 17k m3 of NorwaFloc sales.**
Bear Case NOK6	Relative Valuation	**Delays in market adoption and lower-than-expected sales price results in significantly lower value captured.**

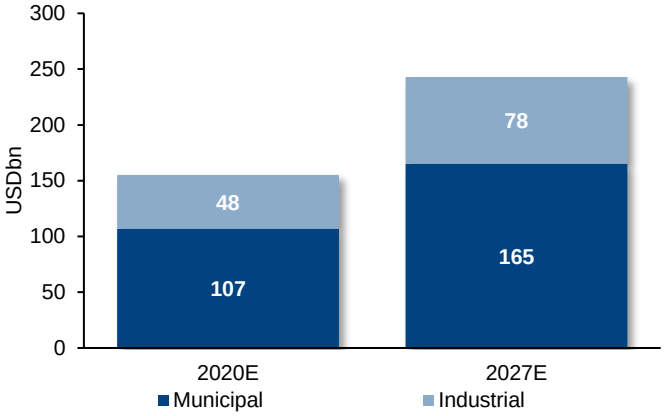
Key figures	2019	2020	2021E	2022E	2023E
P/E adj.			nm	nm	33.1
EV/Sales, incl. wc			nm	8.8	2.9
EV/EBIT, incl. wc			nm	nm	23.4
P/B			8.5	11.4	8.5
FCF yield			-6.2%	-7.4%	1.1%
Dividend yield			0.0%	0.0%	0.0%
Return on equity (ROE)	nm	nm	nm	nm	29.3%
Return on capital employed (ROCE)	nm	4.2%	nm	nm	56.3%
NorwaFloc Sold (m3), Slop Water	0	0	43	130	217
NorwaFloc Sold (m3), Other Industries	0	0	0	1,626	4,775
NorwaFloc Sales Price/Liter (NOK), Slop		60	60	60	60
NorwaFloc Sales Price/Liter (NOK), Other		17.0	17.0	17.0	17.0

Peer Comparison	2019	2020	2021E	2022E	2023E
P/E	81.1	83.4	44.7	28.2	316.0
EV/EBITDA	33.1	54.7	28.3	21.9	78.1
P/B	3.0	8.1	7.2	6.8	nm

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Investment Thesis

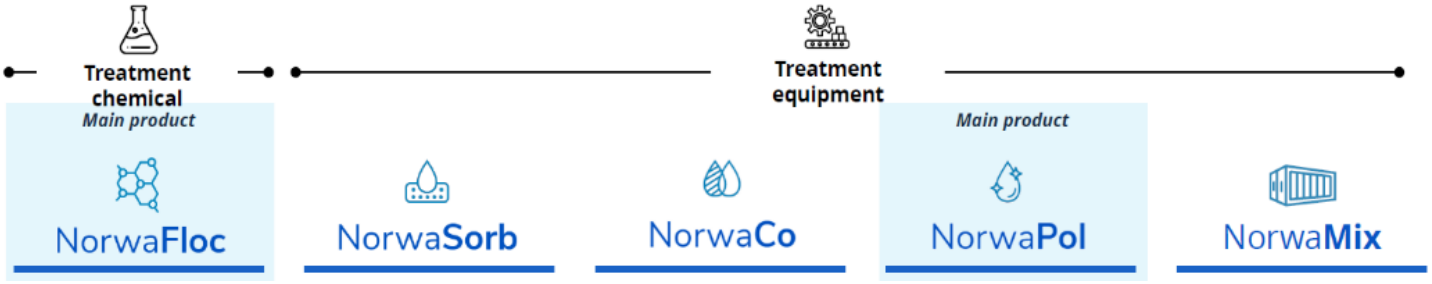
The Global Wastewater Market is truly vast



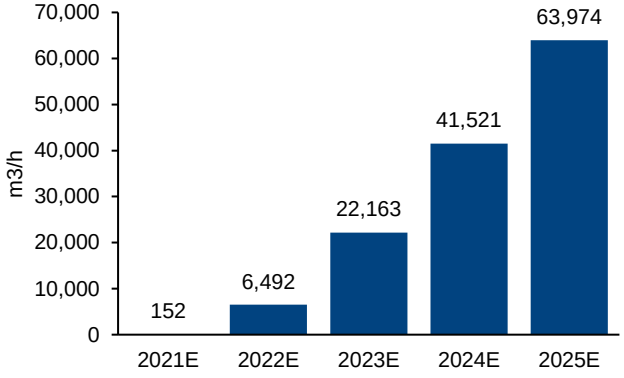
…and is set to grow more and more

- Population Growth
- Water Scarcity
- Public Health
- Growing Regulatory Constraints

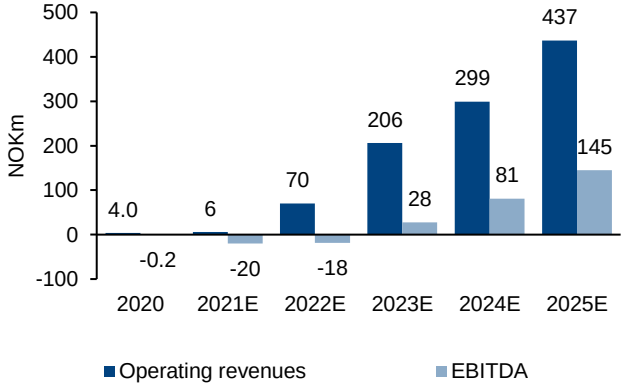
MVW offers a solution for this market, offering suite of products spearheaded by its natural and high-performing NorwaFloc product



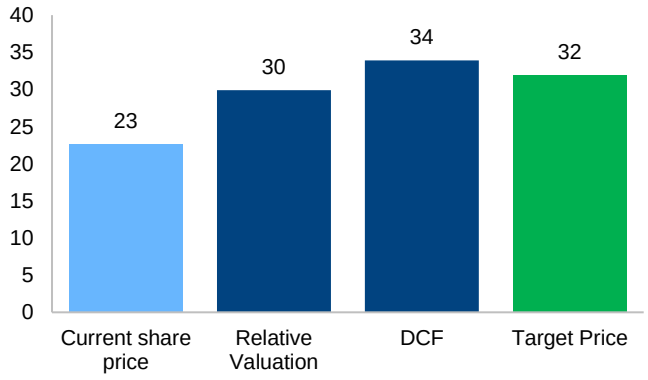
MVW rollout ahead - facilities Under mgmt (m3/h)



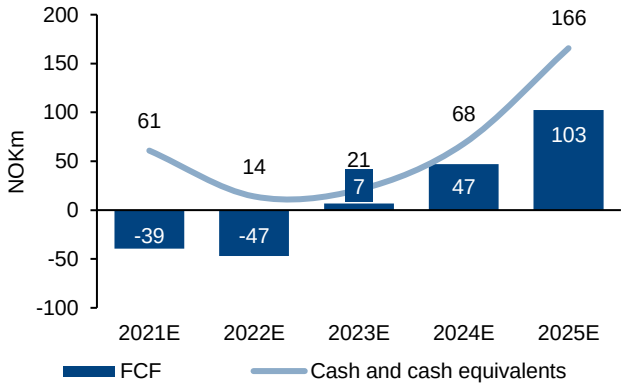
Driving strong revenues and EBITDA



Warranting upside to the current share price



Attractive FSest, Free Cash Flow and Cash Position



Source: Meticulous Research, Company data, Fearnley

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

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United Nations goals for sustainable development

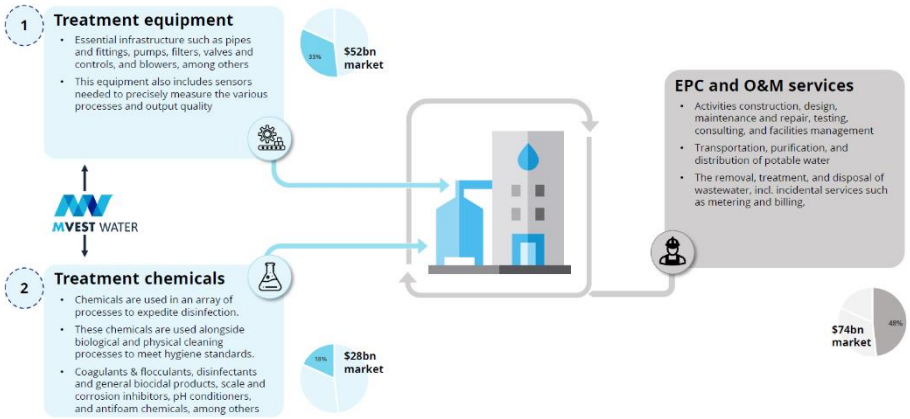
Source: United Nations, Company, Fearnley Securities

M Vest Water – In a Nutshell

M Vest Water has developed and patented unique products that are proven to significantly improve water treatment productivity and quality

M Vest Water is a Norwegian-based Cleantech company providing solutions for the global wastewater treatment industry. The company has developed a suite of unique chemicals and equipment required for wastewater treatment, resulting in superior removal of pollutants and contaminants compared to conventional methods. On 28th May 2021, the company's shares were admitted to trading on Euronext Growth, following a NOK 100m private placement earlier in May.

M Vest Water – supplying treatment equipment and chemicals to the vast water treatment market



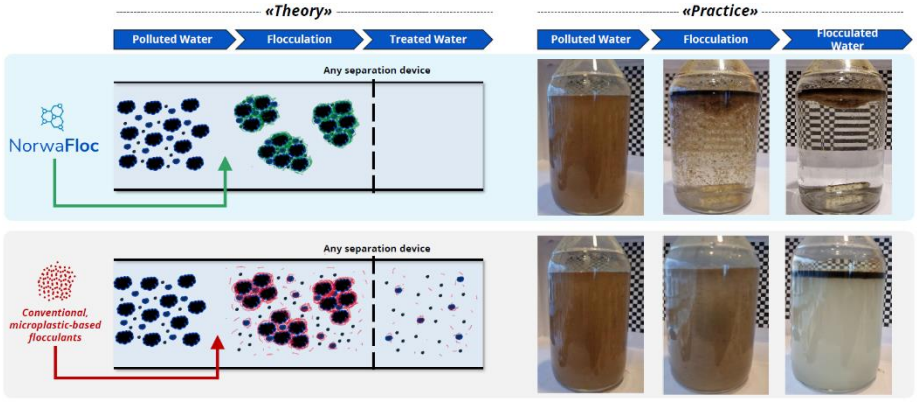
Source: Company Data

The company's primary product is an organic, bio-degradable and non-toxic additive to wastewater with superior performance metrics…

MVW's primary product, a flocculant known as NorwaFloc, is an additive mixed into wastewater streams to aid the separation of the contaminants present. The product consists of natural, bio-degradable and non-toxic constituents that offers key advantages from both a performance and environmental standpoint. As it is bio-degradable, it will not be impacted by the ECHA-proposed ban on products with intentionally added microplastics.

…these factors set the company apart in a truly vast market that is expecting significant regulatory shifts in the short to medium term

The company's primary product is a game-changer for the wastewater treatment market



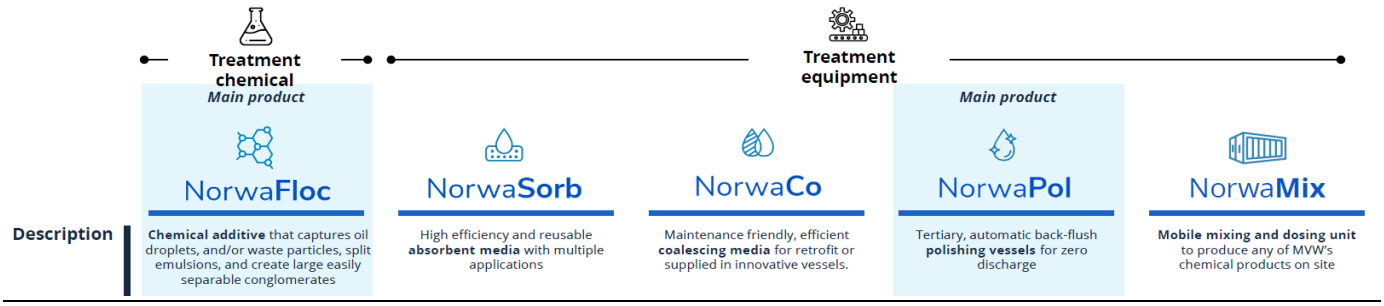
Source: Company Data

In addition to NorwaFloc, MVW has developed equipment to complement their primary product. The most advanced of these is NorwaPol, a unique filter medium able to remove pollutants of sizes below 1 nanometer. MVW has also developed a solution for mixing & dosing on client site *(NorwaMix)*, as well as systems designed specifically for the oil & gas industry *(NorwaSorb*

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

and NorwaCo). The latter two technologies are niche products directed towards the Oil & Gas industry and although they offer exciting opportunities the TAM is considerably less than for NorwaFloc and NorwaPol.

M Vest is developing a suite of solutions for the market, built around its NorwaFloc product



Source: Company Data

MVW's NorwaFloc has already been field-tested, with verified tests and full-scale operations providing better technical results than offered by competitors. Examples include the partnership with Equinor, whereby MVW has supplied NorwFloc to the Sture oil terminal since 2018.

Market opportunities

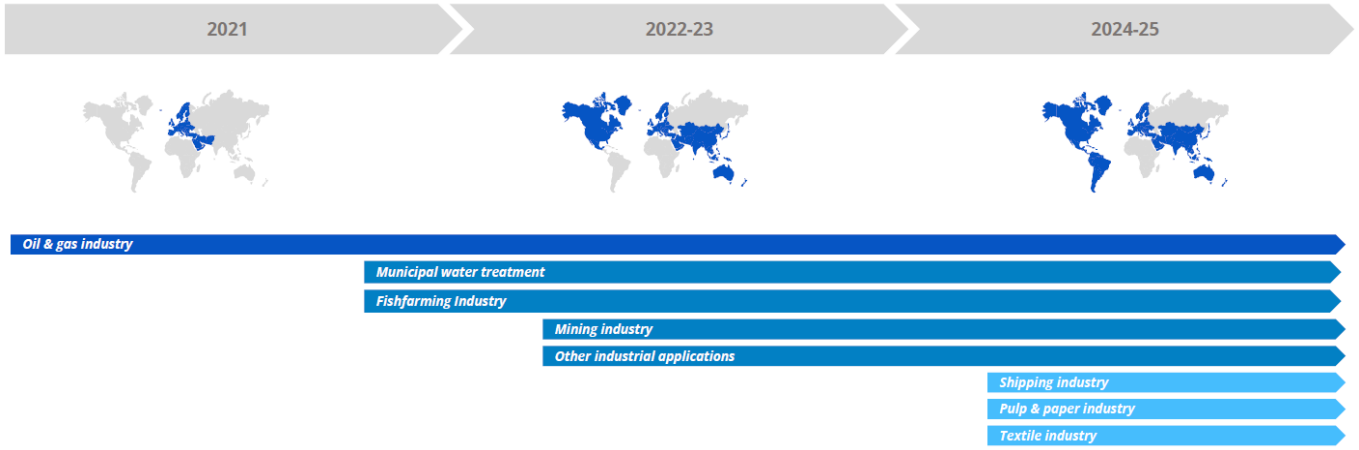
Going forward, the company is targeting expansion through various market verticals. Initially, MVW is targeting Oil & Gas given the industry's close ties to Norway – not to mention the several trials done in cooperation with Oil & Gas companies.

The real value potential is however the municipal wastewater industry. Municipal wastewater today represents a market of USD +100bn p.a. (*c. USD USD 20bn market for MVW's products in 2020, including treatment equipment and chemicals*) and represents the largest market opportunity for MVW by far.

MVW expects roughly ¾ of their estimated 2025 revenues of NOK 500m to stem from these two industries. The other 25% would come from other industries such as mining, fish farming, pulp and paper – to mention a few.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

MVW – Commercial Roll-Out Plan



Source: Company Data

As wastewater is used across several industries the market potential is essentially endless. Though, in our view MVW's success depends on penetrating the Oil & Gas and Municipal markets, where a marginal market share in the latter would see the company's NOK 510m 2025 revenue target quickly exceeded.

Geographically, MVW will begin the product roll-out in Norway and Europe (*primarily Germany*) and establish a tangible footprint in both markets. Beyond that, the Middle East and South East Asia / China seems the most likely candidates for further rollouts.

Company Timeline

2014	• M Vest Water (previously named Buena Nieta AS) incorporated
2017	• M Vest Invest AS and Norwegian Water Technologies AS purchased shares in M Vest Water
2017	• 5 patents transferred to M Vest Water
2017	• M Vest Water entered into development agreement with Schlumberger PC in Norway
2018	• Initial offshore testing and qualification for produced water treatment nationally and internationally
2018	• First commercial contract for supply of NorwaFloc to a Norwegian oil terminal
2019	• Qualified for offshore slop water treatment
2020	• Patents granted in Norway, Europe and USA. Slop water contracts at 2 offshore oil rigs
2021	• Real Zero Discharge (under 0.4 parts per million in water and cannot be detected by measuring devices) obtained at onshore oil terminal in Norway. The technology was launched internationally in several market segments • NOK100m private placement and subsequent listing on the Euronext Growth exchange (Oslo)

Source: Company data, Fearnley Securities

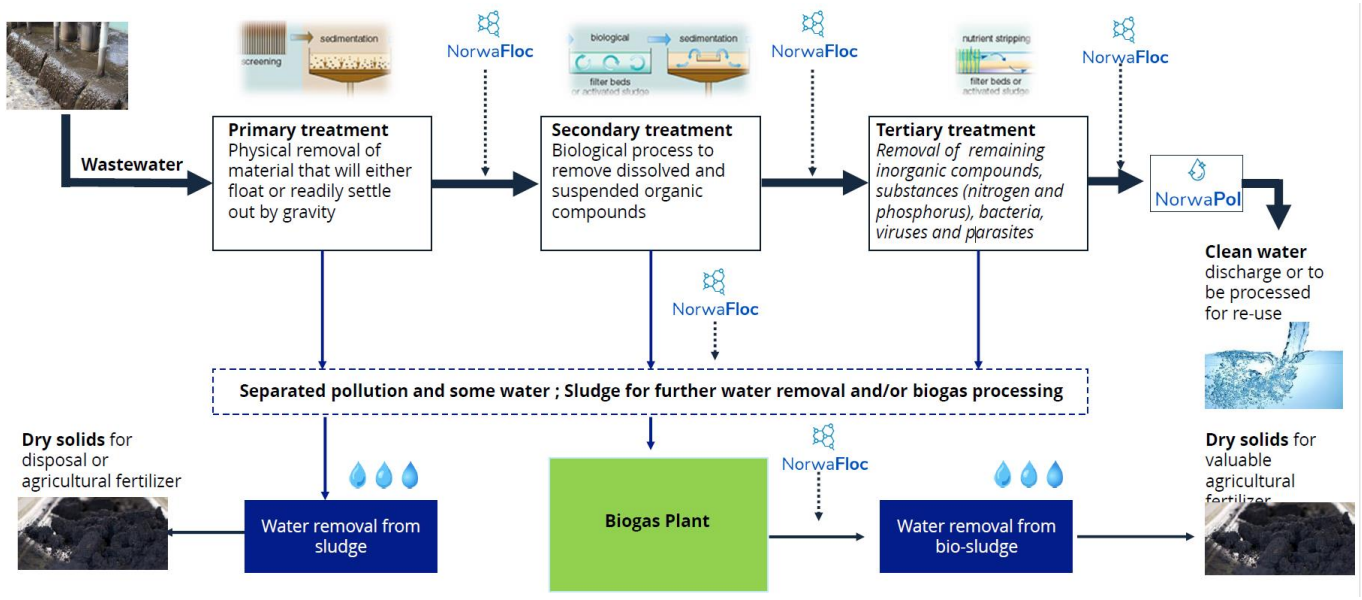
Wastewater – Market Overview

Wastewater Treatment

Wastewater treatment pertains to the entire value chain of treating wastewater (*both municipal and industrial*) for discharge into streams / receiving waters or for reuse.

In general, wastewater treatment is split into three phases: primary, secondary and tertiary treatment. In the primary phase, solids are allowed to settle to remove sludge from the wastewater. In the secondary phase, remaining biological content is degraded through differing biological processes. Further, if the water needs to be of a higher quality for the purpose of reuse, the quality of the water is raised to the level needed for final use in the tertiary phase. This can be done with varying technologies – including the combination of MVW's NorwaFloc and NorwaPol.

Wastewater Treatment Process



Source: Company data

Market segment and size

According to Meticulous Research, the global wastewater market is estimated to a size of USD 155bn in 2020. In the coming years, the market is expected to grow 6.7% p.a. to USD 243bn – with population growth, urbanization, water scarcity and stricter legislation on wastewater emissions being key drivers. As such, MVW does not have to wait for a market to develop before capturing sizable revenues.

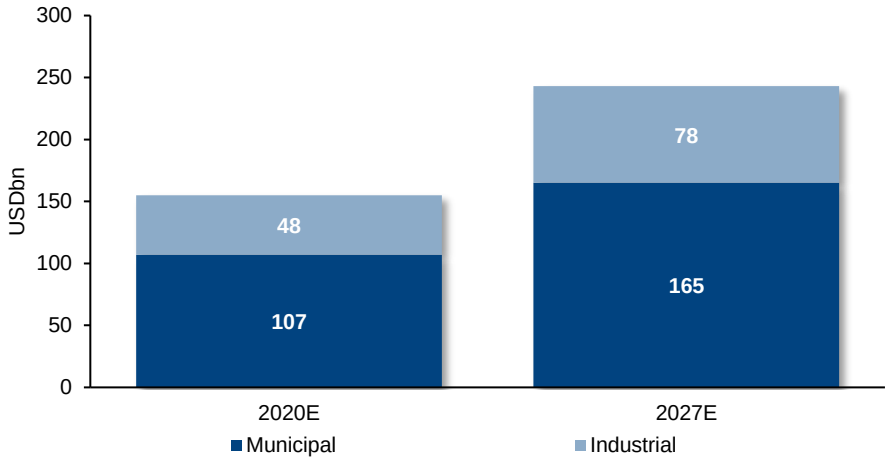
The municipal segment mainly relates to treatment of wastewater stemming from household sewage. Today, roughly 2/3 of the wastewater market relates to the municipal segment and the overall market size is expected to grow by 6.4% p.a. towards 2027 from USD 107bn to USD 165bn – a massive number by any comparison.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

The other segment of the wastewater market is industrial wastewater treatment, which entails treatment of unwanted by-products from commercial activities. This market is currently half the size of the municipality segment but is expected to see a higher average growth over the coming years, primarily driven by new legislation related to wastewater pollution.

Manufacturing, pharmaceuticals & chemicals, power, energy, pulp & paper, mining, petrochemicals and semiconductors are only some of the industries in need of wastewater solutions. As we have it, these different industries are less standardized (*different technologies/solutions applied*) than the municipal wastewater industry and could prove somewhat more difficult to penetrate than the municipal wastewater market.

The Global Wastewater Market



Source: Meticulous Research

Value Chain – Massive names in a massive industry

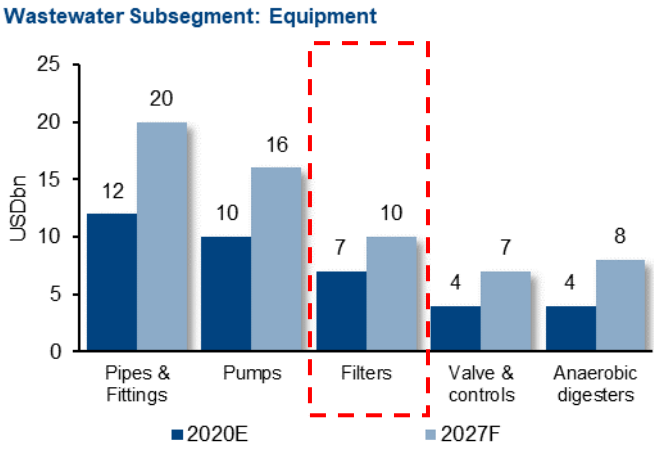
The wastewater value chain can broadly be separated into two different parts: service providers and producers. Service providers typically operate and manage the wastewater treatment plants, with examples of companies being Suez and Accionia. Producers are companies ranging from technology providers producing a plant or component manufacturer but can also relate to engineering services and software. Companies like DuPont, Xylem, Veolia and Dover Corporation are examples of Producer companies. The latter is the category where MVW operates.

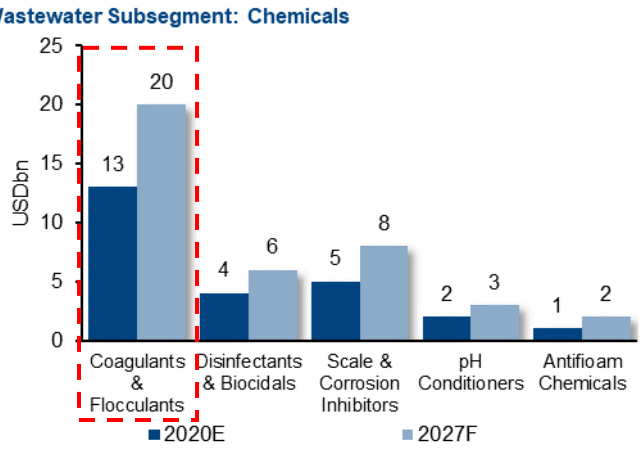
MVW's Product / Market Fit

MVW's product portfolio is directed towards treatment equipment and treatment chemicals, which represents c. USD 70bn or 50% of the global 2020 market. Within these two segments, MVW's initial focus will be on the market for Flocculants & Coagulants and Filters. In 2020 these markets represented a value of USD 20bn and are expected to increase to USD 30bn in 2027. As such, MVW only needs to capture a marginal share of the

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

current wastewater market to reach their revenue target of NOK ~500m in 2025 (*FSest NOK 437m*).





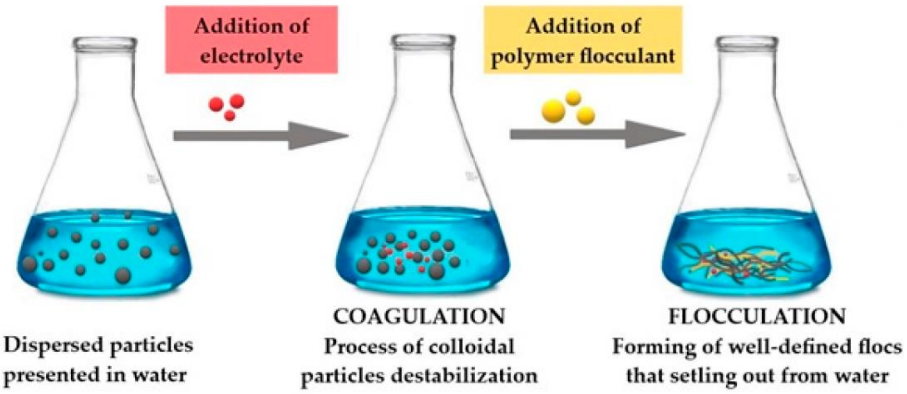
Source: Meticulous Research

Flocculants & Coagulants – an industry in flux

Apart from gravity *(suitable for larger particles)* the main process for the removal of contaminants in wastewater is via coagulation and flocculation, an economically favorable process to other complex methods. Coagulation and flocculation results in the removal of colloidal particles, not visible to the naked eye, from water.

Typically, this is a two-step process *(we re-visit this later on when discussing MVWs offering)*. The process involves a "coagulation" step whereby the coagulant *(i.e. an electrolyte such as aluminum or iron salts)* is added to the wastewater which causes the destabilization and subsequent aggregation of particles within the wastewater, thus forming flocs. Flocculation *(the second step)* essentially joins the destabilized particles together, which increases their size and allows them to be removed by e.g. filtration.

Summary graphic of coagulation and flocculation process



Source: "Recent achievements in polymer bio-based flocculants for water treatment"

In the past, flocculants *(or flocking agents)* have included synthetic substances such as polyacrylamide *(PAM)* which have been effective and

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

economically viable. However, PAMs are in general toxic to humans with the likely outcome being that many of these synthetic polymers actually end up in the environment in finely divided forms, not breaking down. Due to new regulation, the industry will be forced to develop biodegradable, natural and safe alternatives to PAM-based flocculants.

MVW's NorwaFloc is produced from organic material and is bio-degradable, abating the industry's issue with microplastics in its flocculants.

Subsequent filtration of pollutants

Once the wastewater is treated and "transformed" into a suitable size / weight, the pollutant can then be filtered out. In wastewater treatment systems there are several different filters used, with some stages filtering out larger particles than other (*i.e. pre-treatment vs. tertiary treatment*). For the finer particles, the market today contains methods such as activated carbon filtration, membrane filtration etc., which have relatively high operating costs (*maintenance and energy consumption*) attached to them. As we explore below, MVW's NorwaPol filters utilize a glass-sand filter base and can filter out finer particles than comparable filters. It is also more robust and easier to maintain.

Oil & Gas – The starting point

The Oil & Gas industry requires wastewater treatment for several reasons. Treatment of water containing oil, treating chemicals from refineries or sludge treatment offshore all requires some sort of treatment before water is discharged

Apart from MVW's previously mentioned products, the company is developing other systems for oil water treatment. NorwaCo is a product under development that will aid coagulation (*i.e. more concentrated oil droplets*) in the beginning of an oil water treatment system. NorwaSorb will be used for the latter stage in an oil treatment system to absorb microscopic oil droplets for close to zero-liquid discharge.

Finally, NorwaMix is a mixing unit that is designed to mix NorwaFloc from a powdered state rather than liquid. The NorwaMix is not the same product as the units sold to Equinor, as these are smaller and simpler units designed to doze already mixed NorwaFloc. NorwaMix is designed to make plant managers life easier, as they save costs related to transportation (*liquid state requires more volumes than powdered*) – not to mention savings related to emissions from transportation.

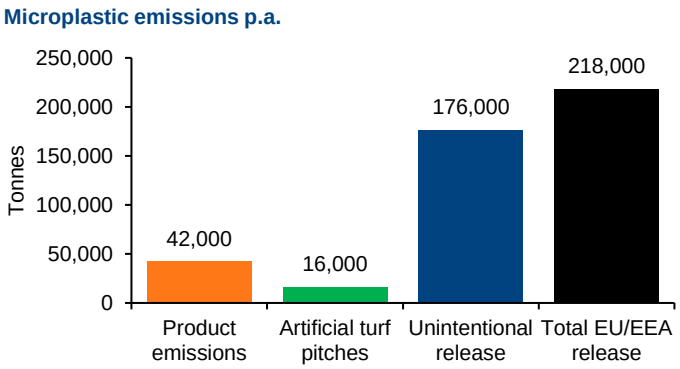
Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

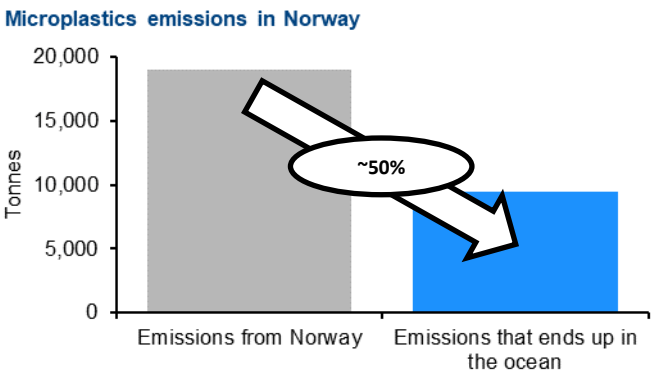
Microplastics – a significant issue set to make waves

Microplastics

Microplastics are smaller pieces of plastics (*smaller than 5mm*) composed of polymers, functional additives and potentially impurities. They are a concern as they may end up in the environment where they stay for centuries and degrade into smaller and smaller pieces. Microplastics can be unintentionally formed through wear and tear of larger pieces of plastics. However, they are also deliberately manufactured and added to products for specific purposes.

As microplastics does not biodegrade, the substance will accumulate in animals and subsequently be consumed by humans. Each year, some 42 000 tonnes of microplastics are released into the environment in the EU/EEA when products containing them are used. The largest single source of pollution is infill material used on artificial turf pitches, releasing some 16 000 tonnes each year. In addition, the release of unintentionally formed microplastics each year is estimated to around 176 000 tonnes.





Source: ECHA, Norwegian Environment Agency

Though, the actual release of microplastics is difficult to estimate. This is highlighted by the Norwegian Environment Agency estimate of microplastic emissions from Norway. Although the Norwegian Environmental Agency's "best guess" is 19 000 tonnes, they estimate a probable range to be between 9 000 – 30 000 tonnes per year. However, what is for certain is that large amounts of microplastics is emitted to the oceans every year – making this a global issue that must be addressed.

Microplastics in commercial products

Microplastics are used for several appliances. This includes, but is not limited to, fertilizers, plant protection products, cosmetics, household and industrial detergents, cleaning products, paints and products used in the oil & gas industry. Microplastic particles are used for several functions, but mainly for abrasive or controlling the thickness, appearance and stability of a product. Each year, 145 000 tonnes of microplastics are estimated to be used for consumer products in the EU (*with 42 000 tonnes being emitted into the environment*).

Potential Ban on Microplastics

Background

In 2017, the European Commission requested ECHA (*European Chemicals Agency*) to assess the scientific evidence for taking regulatory action at the EU level against the use of microplastics intentionally added to products.

The proposal

In January 2019, the ECHA proposed a wide-ranging restriction on microplastics in products placed in the EU/EEA market. The proposal is expected to prevent the release of 500 000 tonnes of microplastics over the next 20 years. The proposal has been reviewed by both the ECHA's Committee for Risk Assessment (*RAC*) and the Committee for Socio-economic Analysis (*SEAC*).

What this means for M Vest Water

While some uncertainties remain in terms of how the final ban will be structured, it will in our view strengthen MVW's value proposition once in place. MVW is able to offer a biodegradable flocculant and will be not impacted by any restrictions of microplastics. The same cannot be said for a significant portion of the current market (*split uncertain, but most likely in the range of 80-90% of the flocculant market*), with the manufacturers of conventional flocculants needing to find an alternative solution once bans are in place.

Assuming that the size of the German market for flocculants remains unchanged in size, the phase-out of flocculants would represent a market potential of USD +450m for MVW's flocculants alone. This is equal to roughly 750% of MVW's estimated revenues in 2025, including all other MVW's product offerings. Assuming that MVW reaches their NOK 510m revenue estimate in 2025, this would represent c. 0.3% of the primary market of USD 20bn in 2020. As such, MVW faces a massive potential for their products

M Vest Water: Product Deep-Dive

In a well-established and growing wastewater treatment industry that is driven by population growth and water scarcity, we have noted the key environmental concerns and incoming regulatory actions requiring a greener solution. To our minds, MVW provides just this. We break down the company's product portfolio below, along with key differentiators.

NorwaFloc – a game-changing flocculant

MVW's flagship product is NorwaFloc, a patented chemical product that can capture and combine particles that are >99% smaller than the smallest particles typically captured by flocculants used in today's market.

Further to its performance, NorwaFloc is a non-toxic and biodegradable flocculant, with MVW having developed several editions of NorwaFloc to enable use of the flocculant in all of the wastewater processes and all wastewater applications. Four versions of the NorHoldswaFloc have been commercialized to date and MVW have 11 editions registered and classified as green in OSPAR's Harmonised Offshore Chemical Notification (*approved for commercial use in all OSPAR associated countries*).

NorwaFloc screens very strong compared to both synthetic and other natural treatment chemicals

	Synthetic treatment chemicals	Natural treatment chemicals		
		Starch	Chitosan	M Vest Water
	• Typical polyacrylamide products that accumulate to microplastic that in turn is hard for nature to decompose	• A type of flocculant made from agriculture products, such as potato and rice	• A type of flocculant made from shrimp shell powder, which is relatively expensive	• A patented flocculant derived from organic, natural and bio-degradable raw materials
Chemical volume requirement *(indexed)*	100	105	80-100	**80**
Output purity *(PPM)*	5-15	n.a.	n.a.	**0-5**
ECHA compliant	✗	✓	✓	✓
Water treatment throughput *(indexed)*	100	50	n.a.	**100**
Sales price	€	€€	€€€	**€**

Source: Company data

NorwaFloc's "green" nature stems from the fact that it is made of natural organic products, mainly polysaccharides *(a chain of simple sugars, such as glucose)*, which are found across a variety of sectors such as the food and pharmacy industry. We feel this is a salient point, as its synthetic competitive counterparts, commonly find their way into the environment and do not break down – leaving themselves susceptible to regulatory

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

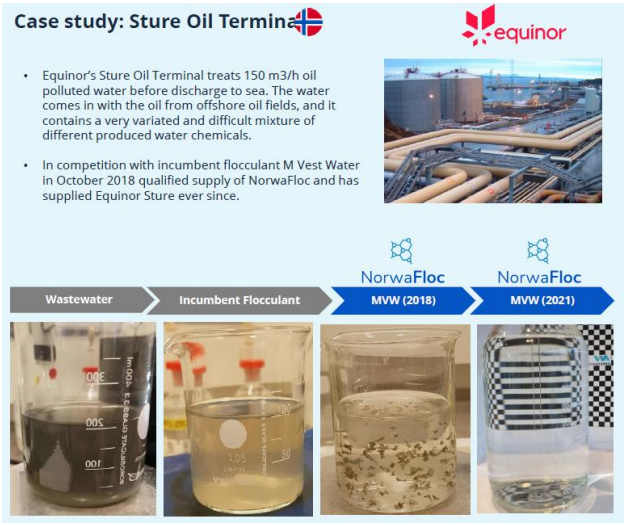
changes which are looming. Flocculants are also widely available and stable in price, leaving limited to no risk in terms of sourcing of raw materials.

NorwaFloc's flocculation process can also be utilized at the same time as the coagulation step. This is different to the commonly used method of first coagulation, then flocculation after. As we have it, MVW patented process makes it one of the (*if not the only*) products whereby plant managers do not have to manage mixing of both the coagulation and flocculation process. We believe this will enhance the value proposition for NorwaFloc as it reduces the period of time where chemical reactions can occur between the two processes, which decreases efficiency, and reduces the on-site footprint (*one mixing station rather than two*).

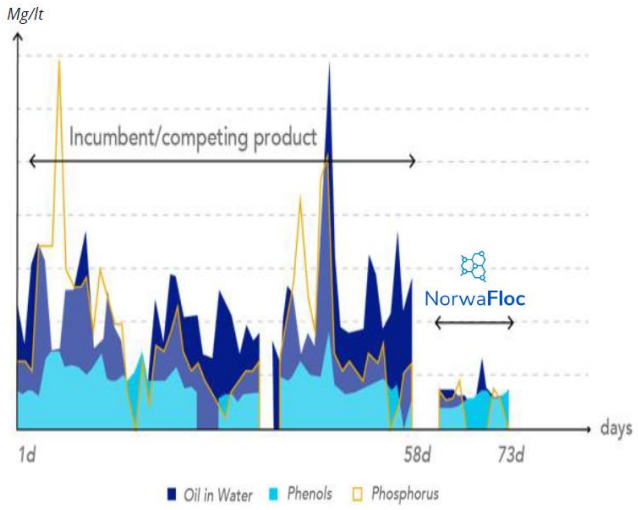
The proof is already out there

Further to the advantages NorwaFloc possesses from a performance and environmental standpoint, the product has already been proven in the field. Since 2018, the company's product has been tested on Equinor's Sture Oil Terminal, which treats 150 m3/hr oil polluted water before discharge to sea. NorwaFloc began their first field trial in 1q18, and by October 2018 it had qualified supply of NorwaFloc and has supplied Equinor Sture terminal ever since.

Proof of product at Equinor Terminal



NorwaFloc showed clear improvements in output purity (mg/lt)



Source: Company data

Further to the Sture plant, MVW is currently installing two mixing units on Equinor's jack-up rigs Askeladden and Askepott. With Equinor looking to improve performance, MVW was called upon and once MVW was able to conduct successful field tests and Equinor approved the systems, sub-supplier Alfa Laval placed an order of NOK 4m in mixing units. The delivery is estimated to include an annual supply of NorwaFloc for NOK 5.2m p.a. By employing MVW's flocculants in a treatment system offshore, operators are

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

able to save 95% of the treatment costs compared with the alternative of transporting the water onshore.

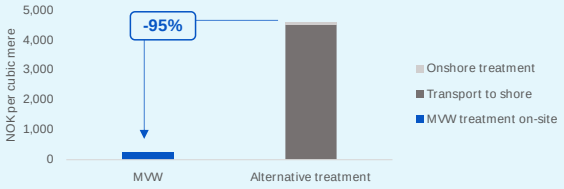
Further proof in place for NorwaFloc

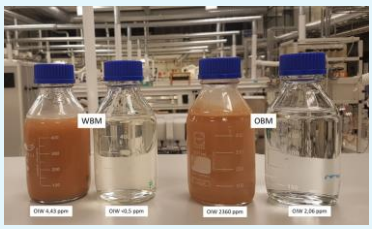
Equinor's Askeladden and Askepott rigs

- Samsung Heavy Industries (SHI) is the main supplier of two state of the art jack-up rigs to Equinor for deployment on two oil fields. Alfa Laval is providing the slop water treatment system, but due lower performance of its own design, Equinor decided to find a new system.
- MVW was called to deliver Norwafloc to the existing system, with minor adjustments. Successful field tests were completed and Equinor approved the system and products to be ordered.
- Any other competing products was not considered as none was able to deliver a system with similar technical results. In addition, Norwfloc is the only known environmentally friendly product.
- MVW has now delivered the tailored-made dosing and mixing system (NorwaMix) on-time and participated in a final commissioning test run by SHI and Alfa Laval completed in Q3 - 2021.

Business case for Equinor

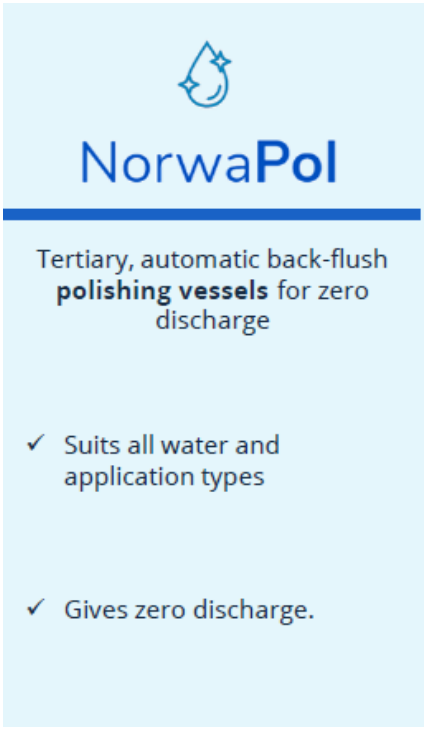
- Scope of MVW's delivery includes NOK 4 million mixing/dosing units and annual supply of NorwaFloc for NOK 5.2 million p.a.
- Equinor effectively incurs a treatment cost of NOK 240 per m^3, compared to the alternative onshore involving NOK 4,500 per m^3 in transport alone





Source: Company data

A superior suite of products for water treatment



Further to the company's flagship offering NorwaFloc, MVW also develops complimentary equipment for the wastewater treatment industry.

NorwaPol

At the forefront of this is NorwaPol, a special filter designed to reduce pollution from wastewater streams, essentially providing zero liquid discharge. The NorwaPol filtration system can be introduced to all industries applying wastewater treatment, and requires limited maintenance, is produced out of glass sand and is easy to maintain. The product has a patent granted in Norway and patents pending across a range of countries around the world.

The key advantage of the NorwaPol system is that it is able to filter out pollutants down to below 1nm in size. Usually, one would have to utilize advanced and expensive technologies such as membrane filtration or activated carbon, which require high pressures to push the substance through and/or high degree of maintenance *(thus higher operating costs)*. NorwaPol is easily back-washed and quickly ready for service again, limiting maintenance.

NorwaSorb

Similar to NorwaPol, NorwaSorb is also a filtration system (*housed in a very similar way*) targeted for the oil & gas industry. The product contains an oil-absorbing medium that is able to absorb 86% of its volume in oil – 2x more

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

than competing products. In terms of competition, this is primarily walnut shell filters, but clay filters are also used today.

The primary advantage of NorwaSorb over the incumbent methods is that these technologies are more quickly saturated than MVW's NorwaSorb, which results in an increase of OPEX through higher frequency of media replacement. The product is also expected to offer lower CAPEX for clients.

The NorwaSorb is still a product in development but represents an exciting opportunity for MWV. The company estimates the annual market for oil sorbents today to be around USD 4.3bn p.a., which is a sizable amount but somewhat fades vs. the backdrop of e.g. the municipal wastewater market.

NorwaCo

NorwaCo is a coalescing media designed to convert small oil droplets into larger oil droplets to easier separate water from oil. The technology is superior to other mediums as it does not get contaminated by wax, sticky deposits and scale deposits. It also serves superior uptime with lower maintenance frequency than competing products.

The NorwaCo is also a technology that is yet to be commercialized and will be directed towards a more niche part of the Oil & Gas market than NorwaFloc and NorwaPol.

NorwaMix

NorwaMix is a unique, mobile containerized mixing and dosing unit. The unit is developed by MVW to produce NorwaFloc on-site, through powdered raw materials. The product has been approved for O&G usage, is explosion-proof, and is able to save customers sizeable costs in terms of transportation, cost of logistics, space and weight.

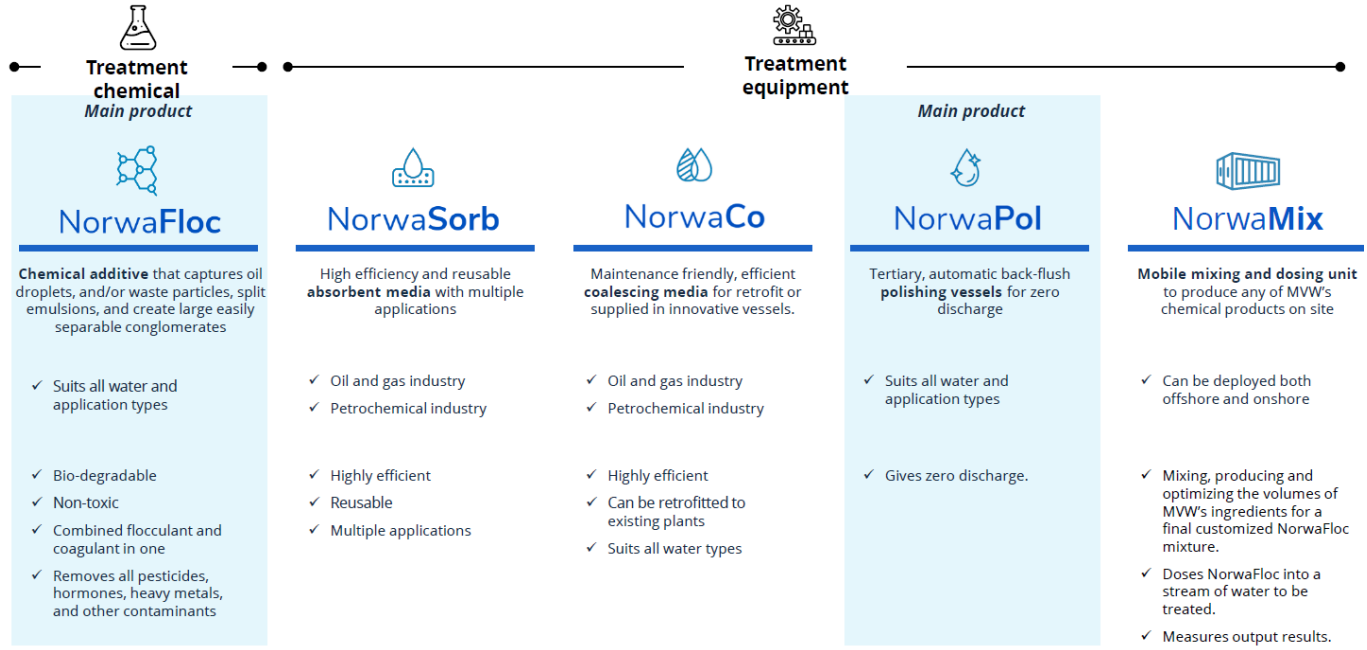
The system can also alter dosing configurations, depending on the variance of waste in the wastewater stream *(this changing nature is a common occurrence)*.

MVW estimates that the relief of transportation also results in CO2 emissions savings for customers of up to 30% .Whilst still yet to be commercialized the company believes that there is potential for sales of NorwaMix in 2022.

In our modeling, we only add sales of NorwaFloc and NorwaPol, seeing upside risk to our estimates should the company be able to commercialize any of the other abovementioned products.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

MVWs product suite



Source: Company data, Fearnley

With the above suite of products, we see MVW well placed to become a go-to player in the wastewater industry.

Plans in place to service production rollout

In order to service the rollout, the company plans to set up a production facility in Bergen *(Norway)* in 2021. Total capex for this facility is approximated to be in the region of NOK 5- 6m, with final design concluding end of June 2021. The flocculant production for this facility is expected to be around 50 m3/day.

Moving forward in time, the company intends to build another facility in 2022. The second facility is expected to be in Germany or Eastern Europe and a similar size *(and cost)* of the facility in Bergen. The European plant is scheduled to be completed by mid-2022. Further facilities could be constructed in the Middle East and/or in Asia should there be significant deliveries to these regions. These facilities could be owned and operated by MVW, but there are also options to outsource the production.

As such, MVW offers a very capital light business model. While we do not model out any other CAPEX apart from some investments into R&D and IP.

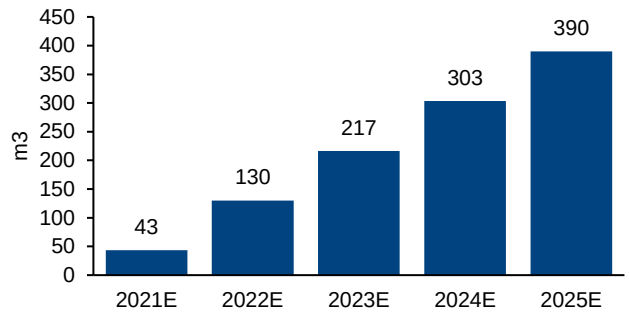
Estimates

Roll-out and prices

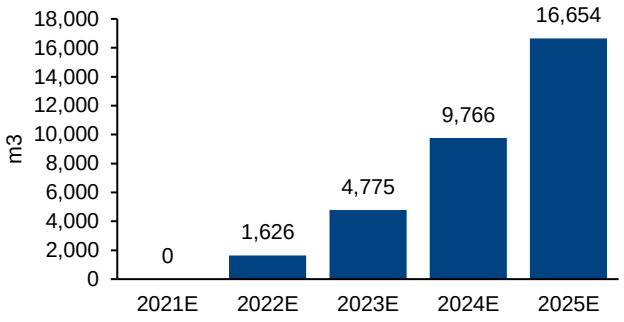
In our assumed roll-out schedule we model a gradual ramp-up for MVW in the years to come within sales of NorwaFloc. We assume that the company continues to be awarded contracts in the Oil & Gas industry related to slop-water projects (*higher concentration of flocculant per m3*), similar to the contracts awarded by EQNR. Further, we see sales of flocculants and filters to the municipal wastewater segment hitting the P&L from 2022 and onwards and represent 78% of our modeled revenues for 2025 (*NOK 437m*). We also assume some contract awards from other Oil & Gas activities (*e.g. refineries*) and other Industrial segments.

In sum, we expect MVW to serve wastewater facilities with a capacity of c. 64k m3/h by 2025 and sell 17k m3 of flocculants.

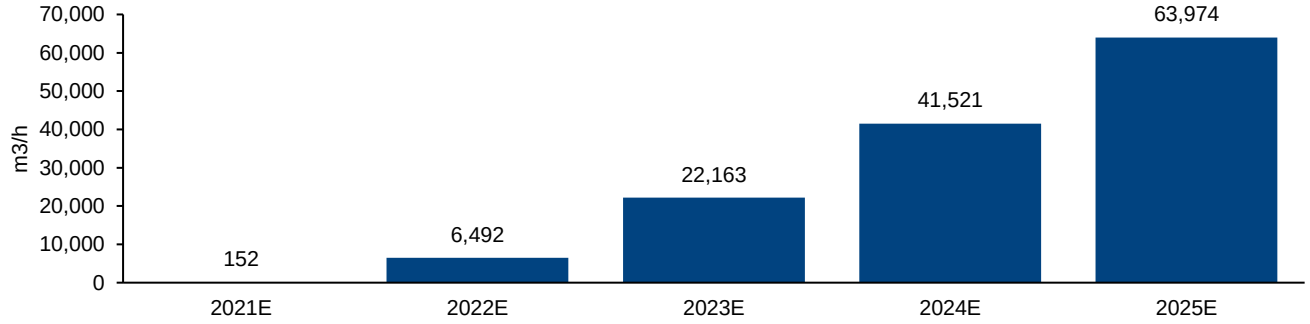
NorwaFloc Sales, Slop Water



NorwaFloc Sales, Other Industries



Facilities Under Management (m3/h)



Source: Fearnley

Other than MWVs primary products *(NorwaFloc (flocculant) and NorwaPol (filters)),* we do not assume commercialization of any other MWV products. As such, commercialization of these products could lead to upside to our estimates.

Going forward, we model a sales price of NOK 60/liter for all contracts related to slop-water as this is a more concentrated product. For all other sales of flocculants (*municipal, refineries, industrial*) we model a sales price of NOK 17/liter. As we have it, this level represents today's price point for

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

NorwaPol Estimates		
NOK per m3/hr, Municipal	10k	
Facility awards	50%	win rate
NOK per m3/hr, Slopwater	22.5k	
Facility awards	100%	win rate
NOK per m3/hr, refineries	22.5k	
Facility awards	50%	win rate
NOK per m3/hr, industrial	10k	
Facility awards	50%	win rate

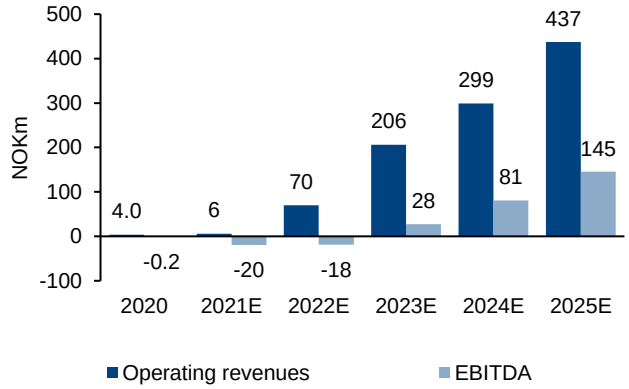
the combined commercially available flocculant and coagulant. As such, we do not expect MVW to achieve a significantly higher price than polymer-based flocculants, despite offering a non-toxic and bio-degradable product. On the NorwaPol front, we assume a variable win rate on each contract in place, ranging from 50-100% depending on the segment, with the price *(NOK)* per m3/hr also varying from NOK 10,000-22,500 per m3/hr.

Financials

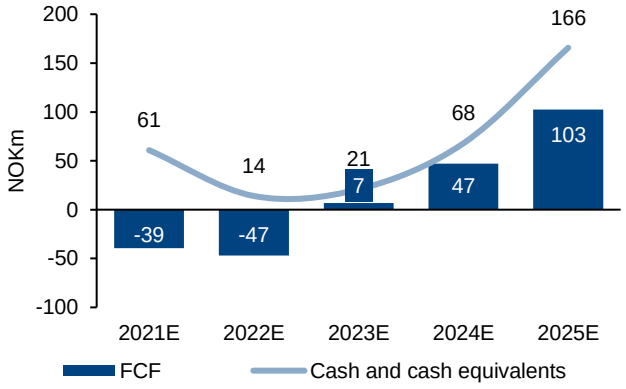
In our modeling, we expect revenues of NOK 70m in 2022 and NOK 437m in 2025. This is slightly below MVW's estimates from when the company raised equity in May. However, we only assume sales from MVW's flocculant and filter products, which leaves upside risk to estimates if other products are commercialized.

Based on our current estimates, we expect MVW to generate free cash flow from 2023 and onwards. As such, the company is fully funded to scale and we do not expect any further equity needs under the current investment plan. Should the company however be in need of additional funding we believe that working capital funding for rather large projects (*e.g. large filter orders of 30-50m*) is available through bank debt or project financing agreements.

FSest, Revenues and EBITDA



FSest, Free Cash Flow and Cash Position



MVW-NO (NOKm)	2021E	2022E	2023E	2024E	2025E
Operating revenues	6	70	206	299	437
EBITDA (adj.)	**-20**	**-18**	**28**	**81**	**145**
EBITDA margin	*-326%*	*-26%*	*13%*	*27%*	*33%*
EBIT (adj.)	-20	-19	26	78	143
Pre-tax profit	-26	-19	26	79	144
Net income, adj.	**-20**	**-19**	**19**	**61**	**112**
EPS (adj.)	-23.38	-24.20	24.15	7.56	4.14
Cash flow estimates					
Net Debt	-56	-9	-16	-63	-166
Cash from Operations	-29	-28	18	51	107
Capex	-10	-19	-11	-4	-4
FCF	**-39**	**-47**	**7**	**47**	**103**

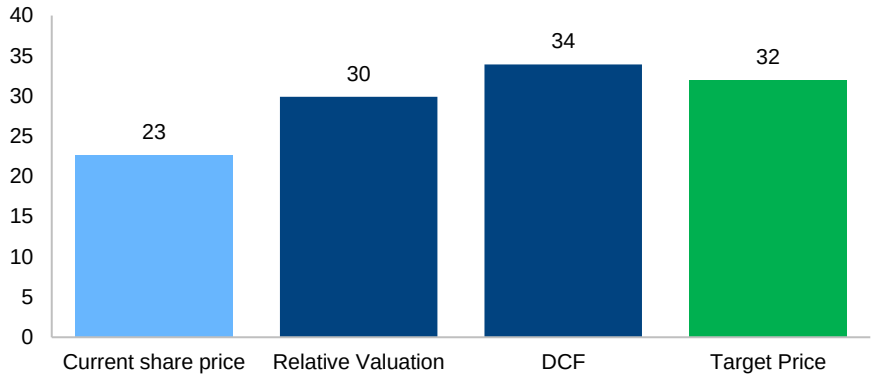
Source: Fearnley

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Valuation

We value MVW through a blend of DCF and relative valuation. Our DCF yields NOK 34/sh and analysis of a broader peer group yields NOK 30/sh, resulting in our blended average target price of NOK 32/sh. As mentioned above, this value is driven through FSest revenues of NOK 437m and EBITDA of NOK 145m generated by 2025, with c. 17k m3 of flocculant sold and 215k m3/hr under management by then.

Target Price and Methodology



Source: FactSet, Fearnley Securities

DCF

For our DCF model, we utilize a WACC of 12% and discount our estimated cash flows until 2025. From there, we model MVW achieving revenue growth in line with the average market until 2030 (*FSest 6%*) at our estimated 33% EBITDA margin in 2025. From 2030 onwards, we apply a terminal value at 2.5% growth rate and assume that MVW achieves a similar margin as they displayed in their 2025 estimates when raising capital in May. Taking into account, we generate a cash flow model estimating positive EBITDA, net income and free cash flow in 2023, resulting in a target equity value of NOK 950m and target price of NOK 34/sh.

FSest MVW DCF valuation

DCF Valuation - NOKm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Operating revenues	4	6	70	206	299	437	463	491	521	552	585	600
COGS	-4	-26	-88	-179	-218	-292	-306	-320	-335	-351	-367	-371
EBITDA	**0**	**-20**	**-18**	**28**	**81**	**145**	**158**	**171**	**186**	**201**	**218**	**228**
Depreciations	0	0	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2
EBIT	0	-20	-19	26	78	143	155	169	183	199	215	226
Pre-Tax profit	0	-26	-19	26	79	144	155	169	183	199	215	226
Taxes	0	0	0	-7	-17	-32	-34	-37	-40	-44	-47	-50
Net earnings (reported)	**0**	**-26**	**-19**	**19**	**61**	**112**	**121**	**132**	**143**	**155**	**168**	**176**
Cash Earnings	0	-19	-17	23	66	116	126	136	148	160	173	181
Change in working capital	0	-4	-10	-3	-13	-8	-2	-2	-2	-2	-3	-1
Net cash from investments	0	-10	-19	-11	-4	-4	-4	-4	-4	-4	-4	-4
FCF	**0**	**-33**	**-46**	**9**	**49**	**104**	**120**	**130**	**142**	**153**	**166**	**176**

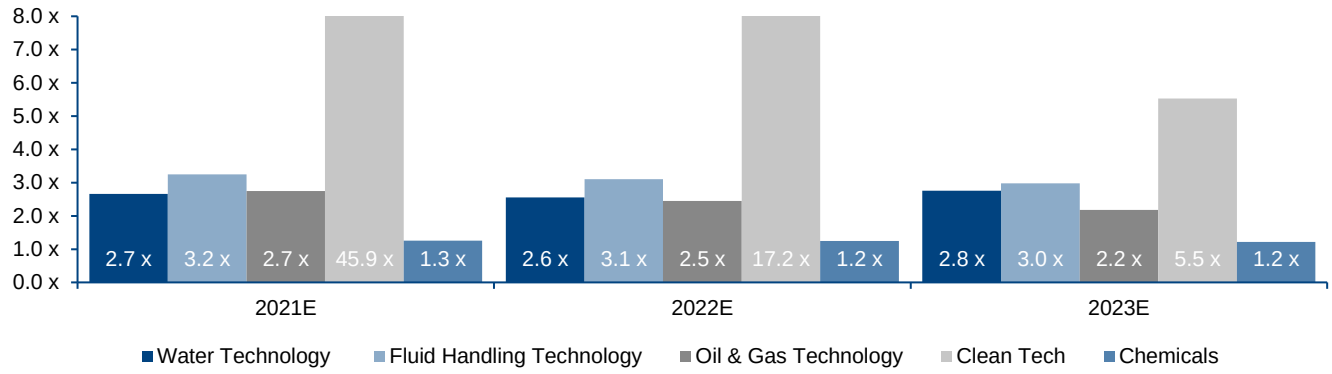
Source: Fearnley

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

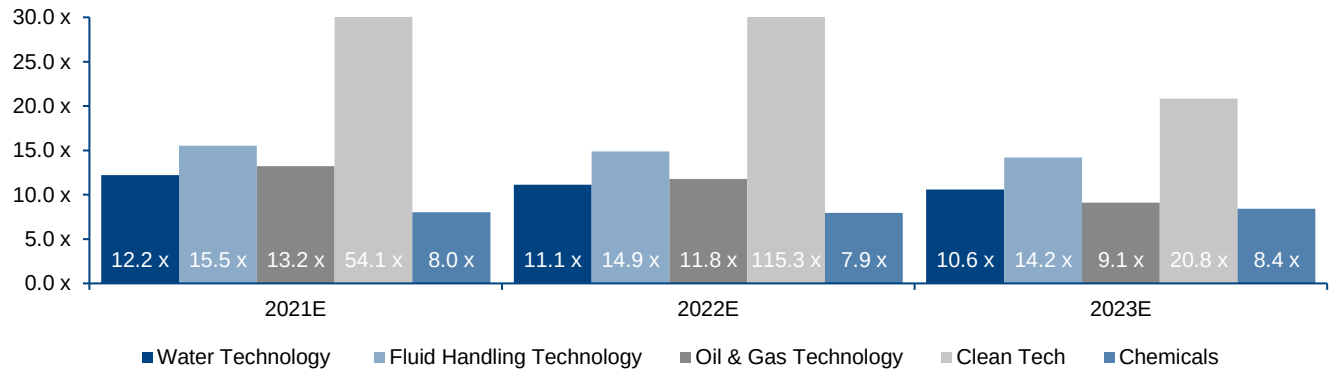
Peer Pricing

The competitive landscape for MVW is characterized by large, established companies, either building & operating wastewater plants or suppling chemicals/equipment to build/operate the plants. Furthermore, we believe MVW's green product offering warrants a review of sustainable clean-tech companies. Finally, given MVW position towards the Oil & Gas market *(cooperation with EQNR and ~25% of company estimated sales in 2025 to the Oil & Gas segment)* we include peers in the Oil Services space.

Peer pricing | EV/Sales



Peer pricing | EV/EBITDA



Source: FactSet

Utilizing the peer analysis above, we first take into account EV/sales, EV/EBITDA and P/E multiples in 2023. Comparing these multiples to FSest MVW 2023 sales, and adding 2021E net cash, we arrive at an equity value range of NOK367-625m. To back this up, we utilize the same methodology but look to 2025 numbers and discount back to today using the same WACC as above *(12%)*, reaching a range of NOK826-1,621m. Taking an average, we arrive at a relative equity value of NOK854m, equaling NOK30/sh *(broadly in line with our DCF calculation)*.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Relative Valuation	Operating revenues	EBITDA	Net Earnings (Reported)
2021E	6	-20	-26
2022E	70	-18	-19
2023E	206	28	19
2024E	299	81	61
2025E	437	145	112
EV, 2023 (using 2023 multiples)	569	298	311
EV, 2025 discounted, '25 multiples	770	1,271	1,565
NIBD, end 2021	-56		
Equity value, 2023	625	354	367
Equity value, 2025 discounted	826	1,328	1,621
	EV/Sales	**EV/EBITDA**	**P/E**
Avg. Relative valuation	726	841	994
Revlative valuation	**854**		
Shares outstanding	28		
NOK/sh	**30**		

Source: FactSet, Fearnley

Key Sensitivity Factors

Going forward, we see several factors going forward that will drive value, with the key factors being the product sales price, commercialization of product into the market, market growth rate and WACC. We also remind the reader that our valuation does not take into consideration commercialization of MVWs other products, such as the NorwaSorb, NorwaCo and NorwaMix.

	Average NorwaFloc Sales Price (NOK per m3/hr)						
WACC	NOK/sh	15	17	19	21	23	25
	6%	107	119	130	142	153	165
	8%	62	69	77	84	92	99
	10%	41	47	52	58	65	69
	12%	29	34	38	43	47	52
	14%	22	26	30	33	37	41
	16%	17	20	24	27	30	33
	NorwaPol municipal Sales Price (NOK per m3/hr)						
WACC	NOK/sh	5,000	10,000	15,000	20,000	25,000	30,000
	6%	105	119	133	146	160	173
	8%	61	69	78	86	94	102
	10%	41	47	52	58	64	70
	12%	29	34	38	43	245	289
	14%	54	89	124	159	194	229
	16%	43	72	101	130	158	187
	2025-2030 growth rate						
WACC	NOK/sh	4%	5%	6%	7%	8%	9%
	1.5%	29	31	32	33	34	36
	2.0%	30	32	33	34	35	37
	2.5%	31	33	34	35	37	38
	3.0%	33	34	35	37	38	39
	3.5%	34	35	37	38	40	41
	4.0%	35	37	38	40	41	43

Source: Fearnley

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Appendix

Peer table

M Vest Water: Peer Table	Market Cap (USDm)	Ent. Value (USDm)	EV/SALES 2021E	EV/SALES 2022E	EV/SALES 2023E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBITDA 2023E
Water Technology			**2.7 x**	**2.6 x**	**2.8 x**	**12.2 x**	**11.1 x**	**10.6 x**
Xylem Inc.	21,113	22,726	4.3 x	4.0 x	3.8 x	23.7 x	21.5 x	20.4 x
Watts Water Technologies, Inc. Class A	4,775	4,780	2.9 x	2.8 x	2.8 x	17.0 x	16.1 x	
Mueller Water Products, Inc. Class A	2,275	2,529	2.4 x	2.3 x	2.2 x	11.9 x	11.1 x	10.6 x
Consolidated Water Co. Ltd.	199	169	2.4 x	2.2 x		12.2 x	9.5 x	
Beijing OriginWater Technology Co., Ltd. C	3,521	7,373	3.8 x	3.3 x	3.0 x			
Evoqua Water Technologies Corp	3,944	4,734	3.2 x	3.1 x	2.9 x	18.8 x	17.4 x	15.4 x
SUEZ SA	15,558	32,433	1.6 x	1.5 x	1.5 x	10.1 x	9.5 x	8.9 x
Veolia Environnement SA	18,376	39,215	1.2 x	1.1 x	1.0 x	8.3 x	6.3 x	4.8 x
Fluid Handling Technology			**3.2 x**	**3.1 x**	**3.0 x**	**15.5 x**	**14.9 x**	**14.2 x**
Pentair plc	11,119	12,140	3.5 x	3.3 x	3.2 x	17.8 x	16.3 x	15.1 x
Dover Corporation	21,638	24,317	3.2 x	3.1 x	3.0 x	15.5 x	14.9 x	14.2 x
Flowserve Corporation	5,510	6,430	1.8 x	1.7 x	1.6 x	14.2 x	12.4 x	11.2 x
SPX Flow, Inc.	2,739	2,762	1.8 x	1.7 x	1.7 x	13.1 x	11.5 x	10.2 x
Badger Meter, Inc.	2,762	2,732	5.7 x	5.4 x	5.1 x	27.3 x	25.5 x	23.5 x
CECO Environmental Corp.	290	330	1.0 x	0.9 x		11.5 x	8.8 x	
Donaldson Company, Inc.	7,728	8,179	2.9 x	2.6 x	2.5 x	16.4 x	14.8 x	13.8 x
Oil & Gas Technology			**2.7 x**	**2.5 x**	**2.2 x**	**13.2 x**	**11.8 x**	**9.1 x**
Core Laboratories NV	2,107	2,347	4.8 x	4.3 x	4.0 x	30.4 x	24.5 x	
Dril-Quip, Inc.	1,342	984	2.8 x	2.6 x	2.3 x	32.1 x	25.4 x	18.1 x
Baker Hughes Company Class A	25,769	25,209	1.2 x	1.1 x	1.0 x	9.1 x	7.7 x	6.9 x
Halliburton Company	20,997	29,153	1.9 x	1.7 x	1.6 x	11.1 x	9.4 x	8.4 x
Schlumberger NV	47,613	62,419	2.7 x	2.5 x	2.2 x	13.2 x	11.8 x	9.8 x
Clean Tech			**45.9 x**	**17.2 x**	**5.5 x**	**54.1 x**	**115.3 x**	**20.8 x**
Vow ASA	503	491	6.1 x	3.1 x	2.9 x	54.1 x	21.4 x	18.3 x
TOMRA Systems ASA	8,093	8,313	6.6 x	6.0 x	5.2 x	29.6 x	26.9 x	23.4 x
PowerCell Sweden AB	1,251	1,209	69.8 x	51.7 x	38.3 x			
Aker Carbon Capture ASA	1,255	987	25.6 x	9.0 x	4.5 x	98.7 x	115.3 x	66.6 x
TECO 2030 ASA	111	106						
ITM Power PLC	2,962	2,536	66.2 x	25.5 x	14.5 x		994.2 x	
Quantafuel ASA	680	1,420	98.7 x	37.5 x	5.8 x		145.3 x	11.8 x
Cambi ASA	304	265						
Chemicals			**1.3 x**	**1.2 x**	**1.2 x**	**8.0 x**	**7.9 x**	**8.4 x**
BASF SE	74,879	94,571	1.2 x	1.1 x	1.1 x	8.0 x	7.7 x	7.3 x
Dow, Inc.	50,018	65,260	1.3 x	1.3 x	1.3 x	6.2 x	7.2 x	7.4 x
Eastman Chemical Company	16,669	22,040	2.3 x	2.3 x	2.2 x	10.1 x	9.9 x	9.8 x
HANWHA SOLUTIONS CORPORATION	7,764	9,565	1.0 x	0.9 x	0.9 x	7.2 x	7.3 x	
Huntsman Corporation	5,839	7,378	1.0 x	1.0 x	1.0 x	6.4 x	6.2 x	6.4 x
Reliance Industries Limited	194,257	226,086	2.5 x	2.3 x	2.2 x	15.3 x	12.9 x	11.6 x
Sumitomo Chemical Co., Ltd.	9,106	22,143	1.0 x	0.9 x	1.0 x	8.1 x	8.1 x	8.5 x
Ecolab Inc.	60,973	67,546	5.4 x	5.1 x	4.8 x	23.5 x	20.9 x	19.7 x
Kemira Oyj	2,513	3,416	1.1 x	1.1 x	1.1 x	6.8 x	6.7 x	6.5 x
Kurita Water Industries Ltd.	5,515	5,276	2.1 x	2.0 x	2.0 x	10.3 x	9.0 x	8.4 x

Source: FactSet

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Management team

Stein E. Giljarhus – CEO

Stein has 40+ years of experience in the Oil & Gas industry in various regions around the world, including EMEA, Canada, Latin America and Asia. He also holds c.4 years of experience within the water treatment industry. He has also held several advisory positions and director roles for oil & gas companies since 2003. Stein holds a BSc in Petroleum Engineering from the University of Stavanger and a BSc in Structural Engineering from Gothenburg

Atle Mundheim - CTO

Atle holds 28 years experience from within the oil & has space, taking senior operational and management roles. He also has around 20 years experience from development and commercialization of green technology and water treatment solutions. Atle is the founder of Norwegian Water Technologies and has held senior positions in several start-up companies. The inventor of numerous patents, including the proprietary technologies of MVW.

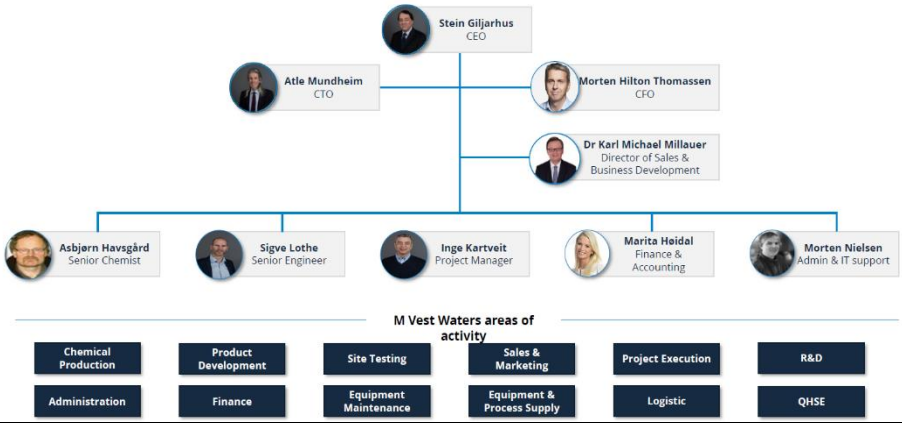
Morten Hilton Thomassen - CFO

Morten holds 20+ years experience in senior positions within financial management, risk management and controlling in Norway. He is the former CFO of Norsildmel AS and Bergen Energi AS, as well as business controller for Vital Forsikring ASA. Morten holds an MSc in Business and Economics from Norwegian School of Economics and a BSc in Business Administration from University of Bergen

Dr. Karl Michael Mullauer – Director of Sales & Business Development

K arl holds 35+ years international business experience, holding several CEO and senior positions for private and public companies within water treatment. He is the former CEO of Aquarion Group, Water Treatment Technology Group, and former SCP of Aquatech International. Dr. Juris from the University of Law in Vienna, and MBA and Ph.D in General Business Administration.

Team structure



Source: Company data

Risk factors

Whilst we see an exciting opportunity ahead for MVW, we look to note the following risks to the company and its business plan going forward:

Risk due to Covid-19

Given the nature of MVW's business, we see the company exposed to the ongoing COVID-19 pandemic. As with many companies and businesses across the globe, a prolonged pandemic throughout 2021 would limit the continuation of the projects currently in place, which will also affect near-term revenues and business focus for the company.

Risk due to market adoption

We see MVW's products lying in a market of great potential growth. However, there is a risk that the wastewater market in question does not take to MVW's products, or any natural, bio-degradable products. If this is the case, we expect delays to MVW revenues which will therefore impact value.

Technology risk

Whilst all testing points towards a differentiated product of stand-out performance, there is a risk that once commercialized the technology does not perform as expected. If this occurs, the company's revenues and value proposition will be impacted negatively.

Foreign exchange risk

The company expects that a significant part of their income will be denominated in currencies other than NOK, including EUR and USD. Given this, any significant currency fluctuations may therefore have an adverse effect on the company's revenues and finances.

Funding risk

Given the early-stage nature of the company, there is a risk that revenue estimates may fall short. If this happens, there is a risk that this may lead to the requirement for further funding through dilutive equity of debt.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Yearly information

Assumptions	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
NorwaFloc Sold (m3), Slop Water			0	0	43	130	217	303	390
NorwaFloc Sold (m3), Other Industries	0	0	0	0	0	1,626	4,775	9,766	16,654
NorwaFloc Sales Price/Liter (NOK), Slop	0			60	60	60	60	60	60
NorwaFloc Sales Price/Liter (NOK), Other	0.0			17.0	17.0	17.0	17.0	17.0	17.0
Facilities Under Management (m3/h)		0	0	0	152	6,492	22,163	41,521	63,974

Sales (NOKm)	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
NorwaFloc	0	0	0	0	3	35	94	184	307
NorwaPol	0	0	0	0	3	34	112	115	131
NorwaSorb	0	0	0	0	0	0	0	0	0
NorwaCo	0	0	0	0	0	0	0	0	0
NorwaMix	0	0	0	0	0	0	0	0	0
SG&A/Other OPEX	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**1**	**4**	**6**	**70**	**206**	**299**	**437**

EBITDA (NOKm)	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
NorwaFloc	0	0	0	0	2	26	67	129	213
NorwaPol	0	0	0	0	0	11	38	39	44
NorwaSorb	0	0	0	0	0	0	0	0	0
NorwaCo	0	0	0	0	0	0	0	0	0
NorwaMix	0	0	0	0	0	0	0	0	0
SG&A/Other OPEX	0	0	0	0	-22	-55	-77	-87	-112
Total	**0**	**-1**	**0**	**0**	**-20**	**-18**	**28**	**81**	**145**

EBITDA margin	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**
NorwaFloc					90.8%	72.7%	70.8%	69.9%	69.4%
NorwaPol					0.0%	31.5%	33.9%	34.0%	34.1%
SG&A/Other OPEX					nm	nm	nm	nm	nm
Total margin		**-208.8%**	**3.0%**	**-4.4%**	**-326.0%**	**-26.3%**	**13.5%**	**27.0%**	**33.2%**

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Yearly estimates

PROFIT & LOSS (NOKm)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Operating revenue	0	0	1	4	6	70	206	299	437
Cost of goods sold	0	0	0	-3	-4	-33	-102	-131	-180
SG&A	0	0	0	-1	-16	-41	-57	-64	-79
Exploration expenses	0	0	0	0	0	0	0	0	0
Other operating expenses	0	0	0	-1	-6	-14	-20	-23	-33
EBITDA	**0**	**-1**	**0**	**0**	**-20**	**-18**	**28**	**81**	**145**
Depr. & Amort.	0	0	0	0	0	-1	-2	-2	-2
EBIT	**0**	**-1**	**0**	**0**	**-20**	**-19**	**26**	**78**	**143**
Income from associates /JV's	0	0	0	0	0	0	0	0	0
Net interest expense	0	0	0	0	0	0	0	0	1
Other net financials	0	0	0	0	0	0	0	0	0
Non-recurring items	0	0	0	0	-6	0	0	0	0
Pre-tax profit	**0**	**-1**	**0**	**0**	**-26**	**-19**	**26**	**79**	**144**
Minority interests	0	0	0	0	0	0	0	0	0
Tax expense	0	0	0	0	0	0	-7	-17	-32
Net earnings	**0**	**-1**	**0**	**0**	**-26**	**-19**	**19**	**61**	**112**
Net earnings adj.	0	-1	0	0	-20	-19	19	61	112
EBITDAX	0	-1	0	0	-20	-18	28	81	145

BALANCE SHEET (NOKm)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Intangibles			4	6	10	16	20	22	24
Tangible fixed assets	0	0	1	2	8	20	25	25	24
Deferred income tax assets	0	0	0	0	0	0	0	0	0
Tax refunds non current	0	0	0	0	0	0	0	0	0
Total non-current assets	**0**	**0**	**5**	**9**	**19**	**37**	**46**	**47**	**49**
Inventory	0	0	0	0	4	11	21	33	41
Receivables			1	4	5	8	13	19	22
Assets held for sale	0	0	0	0	0	0	0	0	0
Tax refunds current	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0
Cash and cash equivalents			1	4	61	14	21	68	166
Total current assets	**0**	**0**	**3**	**8**	**69**	**33**	**54**	**120**	**229**
Total assets	**0**	**0**	**8**	**17**	**88**	**69**	**100**	**167**	**278**
Shareholders equity	0	0	0	1	75	56	75	136	248
Minority interest	0	0	0	0	0	0	0	0	0
Interest-bearing debt				5	5	1	5		
Deferred income tax liability	0	0	0	0	0	0	0	0	0
Other long-term debt	0	0	6	7	3	3	3	3	3
Total non-current debt	**0**	**0**	**6**	**11**	**8**	**4**	**8**	**3**	**3**
Interest-bearing debt						4		5	
Trade payables	0	0	0	0	1	2	13	19	22
Other payables	0	0	0	0	0	0	0	0	0
Liability associated with assets held for sale	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	1	4	4	4	4	4	4
Total current debt	**0**	**0**	**2**	**5**	**5**	**10**	**17**	**28**	**26**
Total liabilities & equity	**0**	**0**	**8**	**17**	**88**	**69**	**100**	**167**	**278**

CASH FLOW (NOKm)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Cash earnings	0	0	0	0	-26	-18	21	64	114
Change in working capital	0	0	0	0	-4	-10	-3	-13	-8
Net cash from operations	**0**	**0**	**0**	**0**	**-29**	**-28**	**18**	**51**	**107**
Investments in fixed assets	0	0	0	0	-6	-13	-7	-2	-2
Proceeds from sale of asset	0	0	0	0	0	0	0	0	0
Other investments					-4	-6	-4	-2	-2
Net cash from investments	**0**	**0**	**0**	**0**	**-10**	**-19**	**-11**	**-4**	**-4**
Free cash flow					**-39**	**-47**	**7**	**47**	**103**
Net change in Equity					100				
Net change in Debt					-4				-5
Other items	0	0	0	0	0	0	0	0	0
Net cash from financials	**0**	**0**	**0**	**0**	**96**	**0**	**0**	**0**	**-5**
Currency effect on cash	0	0	0	0	0	0	0	0	0
Net change in cash	**0**	**0**	**0**	**0**	**57**	**-47**	**7**	**47**	**98**

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

Yearly valuation

PER SHARE DATA (NOK)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Shares outstanding dil.	0	0	0	20	28	28	28	28	28
EPS					-0.92	-0.68	0.69	2.19	4.00
EPS adj.					-0.71	-0.68	0.69	2.19	4.00
CEPS				0.0	-0.9	-0.6	0.8	2.3	4.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS				0.0	2.7	2.0	2.7	4.9	8.9

VALUATION	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Price (NOK)					22.7	22.7	22.7	22.7	22.7
P/E					nm	nm	33.1	10.4	5.7
P/E adj.					nm	nm	33.1	10.4	5.7
P/CE					nm	nm	29.9	10.0	5.5
P/Sales					nm	9.1	3.1	2.1	1.5
EV/Sales, incl. wc					nm	8.8	2.9	1.8	1.0
EV/EBITDA, incl. wc					nm	nm	21.7	6.7	3.0
EV/EBITDA					nm	nm	22.2	7.1	3.2
EV/EBITDAX					nm	nm	22.2	7.1	3.2
P/B					8.5	11.4	8.5	4.7	2.6
FCF yield					-6.2%	-7.4%	1.1%	7.4%	16.1%
Dividend yield					0.0%	0.0%	0.0%	0.0%	0.0%

MARGINS AND GROWTH	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Return on equity (ROE)	nm	nm	nm	nm	nm	nm	29.3%	58.0%	58.3%
Return on capital employed (ROCE)	nm	nm	nm	4.2%	nm	nm	56.3%	137.5%	204.7%
Sales growth YOY		+chg	301.7%	265.3%	49.8%	1,058.7%	195.7%	45.0%	46.0%
EBITDA margin	nm	-208.8%	3.0%	-4.4%	-326.0%	-26.3%	13.5%	27.0%	33.2%
EBIT margin	nm	-208.8%	0.8%	-5.3%	-329.9%	-27.7%	12.5%	26.2%	32.7%
Net margin	nm	-234.9%	-1.7%	-9.7%	-428.5%	-27.4%	9.3%	20.5%	25.6%
Tax rate	nm	0.0%	0.0%	0.0%	0.0%	nm	25.4%	22.0%	22.0%

GEARING AND CREDIT	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Gross interest-bearing debt (GIBD)	0	0	0	5	5	5	5	5	0
Net interest-bearing debt (NIBD)	0	0	-1	1	-56	-9	-16	-63	-166
Equity ratio			2.0%	4.5%	85.6%	80.4%	75.1%	81.5%	89.4%
GIBD / EBITDA	nm	0.0	0.0	-26.9	-0.2	-0.3	0.2	0.1	0.0
NIBD / EBITDA		0.0	-43.9	-5.4	2.9	0.5	-0.6	-0.8	-1.1
GIBD / Total assets	nm	nm	0.0%	28.4%	5.4%	6.9%	4.8%	2.9%	0.0%
NIBD / Total assets	nm	nm	-19.3%	5.7%	-64.1%	-13.3%	-16.2%	-37.8%	-59.7%
OCF / GIBD	nm	nm	nm	0.0	-6.2	-5.8	3.8	10.7	nm
FCF / GIBD	nm	nm	nm	0.0	-8.2	-9.8	1.4	9.8	nm
Interest coverage ratio (EBITDA)					-56.4	-77.1	116.6	339.3	696.1
Current ratio			1.5	1.7	14.3	3.3	3.2	4.3	8.7

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

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Issued by Fearnley Securities on July 8, 2019

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Buy:	When price target is more than 15 % above market price.
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Sell:	When target price is 15 % or more below market price.

Equity recommendations prior to 8 July 2019

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High risk:	beta above	1.2
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Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

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Definitions of Key Terms

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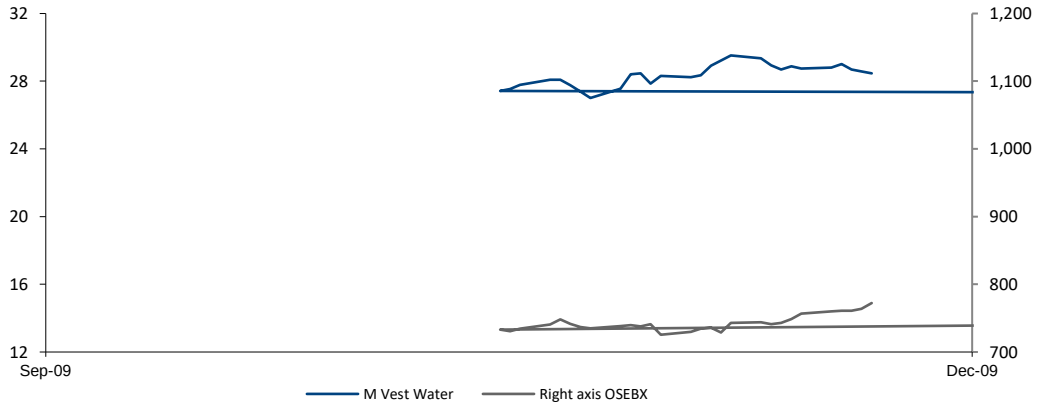
9. Previous Recommendations

M Vest Water - Equity Reco: BUY, Price Target: NOK 32.00



B=Buy, A=Accumulate, R=Reduce, S=Sell, H=Hold

Data source: FactSet/Fearnley Securities

Credit Recommendation changes for M Vest Water

Date	Credit Recommendation

Please contact fondsweb@fearnleys.no to receive additional information about Recommendations in the financial instruments of the issuing company the last 36 months, including data on changes in Recommendations. Please be aware that certain informal Recommendations may be excluded.

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

10. Previous Reports

Date	Title	Reason
16-Jun-21	Making Zero Discharge a Reality	Initiating Coverage

11. Disclosure of Positions

The following table presents holdings in financial instruments under the Norwegian Securities Trading Regulations section 3-10 (2) and section 3-11 (1), as well as Section 13(d) of the U.S. Securities Exchange Act of 1934. Fearnley Securities AS - consolidated with related companies and associated persons – has the following holdings of (a) equities of the Recommendation Subject that exceed 1% of the total share capital of the Recommendation Subject and (b) bonds of the Recommendation Subject in a nominal amount that exceeds 1% of the total outstanding bonds of such Recommendation Subject. The aggregate of all Fearnley analyst holdings are disclosed)

	Analyst's holding		Others		
Company Name	Equities	Bonds	Equities	Bonds	Last updated
Seadrill LTD	350	-	-	-	30.04.2021
Valaris PLC	625	-	-	-	30.04.2021
Fusion Fuel Green Plc[1]	400	-	-	-	30.04.2021

[1] Including 3.900 warrants

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.

12. Disclosure of Assignments and Mandates

The following list presents information regarding any:

(i) participation by any Fearnley party as manager or co-manager of a public offering relating to a Recommendation Subject in the preceding twelve months;

(ii) receipt of compensation by a Fearnley party for investment banking services from a Recommendation Subject in the preceding twelve months;

(iii) expectation that a Fearnley party will receive, or intends to seek, compensation for investment banking services from the Recommendation Subject in the following three months; and

(iv) receipt of compensation by a Fearnley party for products or services other than investment banking services in the preceding twelve months, as well as identification of all categories of services offered (investment banking, non-investment banking securities-related, or non-securities services).

Last updated: 30 April 2021

- Africa Energy Corp
- Avance Gas Holdings Ltd
- Borr Drilling Ltd
- Danaos Corporation
- Eagle Bulk Shipping Inc
- Fusion Fuel Green Plc
- Global Ship Lease, Inc
- Golden Ocean Group ASA
- Hav Group ASA
- Höegh LNG Holdings Ltd
- Horisont Energi AS
- HydrogenPro AS
- Integrated Wind Solutions AS
- Kyoto Group AS
- Magnora ASA
- MPC Energy Solutions N.V
- Ocean Sun AS
- OHT ASA
- Seaspan Corporation
- Teco 2030 ASA
- The Metals Company Inc

13. Statistics

The following table presents information pursuant to Commission Delegated Regulation (EU) 2016/958, including quarterly statistics regarding the ratio of Recommendation categories issued by Fearnley Securities AS, as well as the corresponding ratio of Recommendation categories issued with respect to Recommendation Subjects for which Fearnley Securities AS provided investment banking services during the preceding twelve months.

Last updated 4 May 2021

Rating distribution					**Investment banking relationship**				
Buy	Accumulate	Hold	Reduce	Sell	Buy	Accumulate	Hold	Reduce	Sell
71%	1%	22%	0%	6%	89%	0%	11%	0%	0%

Sources: Fearnleys, Bloomberg, Factset, Companies and other media reports.