

Biowater Technology AS

Group Accounts 2022

INCOME STATEMENT BY NATURE OF EXPENSE
01.01 - 31.12

Biowater Technology AS			Biowater Technology Group		
2022	2021	Amount in NOK 1000	Notes	2022	2021
REVENUE					
173 485 003	114 970 869	Revenue	1	173 850 109	116 551 369
256 729	572 206	Other income		256 729	
173 741 732	115 543 075	Revenue		174 106 838	116 551 369
OPERATING EXPENSES					
119 684 766	80 465 784	Raw materials and consumables used		119 934 476	80 544 575
25 377 165	18 261 804	Employee benefits expense	2	25 377 165	18 261 804
2 467 856	2 971 120	Depreciation and amortisation expenses	6,7	2 467 856	2 971 120
13 118 136	7 491 088	Other operating expenses	2,3	13 308 784	7 491 088
160 647 923	109 189 796	Total operating expenses		161 088 281	109 268 587
13 093 809	6 353 279	OPERATING PROFIT/ (LOSS)		13 018 557	7 282 782
FINANCIAL INCOME AND EXPENSE					
20 056	18 028	Other finance income		20 056	18 028
3 481 382	2 494 624	Finance Income	4	3 481 382	2 494 624
1 826 273	993 473	Other finance expense		1 826 273	993 473
4 256 910	2 441 311	Finance expense	4	4 256 910	2 441 311
-2 581 745	-922 132	Net finance		-2 581 745	-922 132
10 512 064	5 431 147	PROFIT/ (LOSS) BEFORE INCOME TAX		10 436 812	6 360 650
2 179 733	-8 364 952	Income tax expense	5	2 179 733	-8 364 952
8 332 331	13 796 099	NET PROFIT/ (LOSS)		8 257 079	14 725 602
Attributable to:					
8 332 331	13 796 099	Other equity			
8 332 331	13 796 099	Total			

ASSETS 31.12

Biowater Technology AS		Biowater Technology Group			
2022	2021	Amount in NOK 1000	Note	2022	2021
NON CURRENT ASSETS					
Intangible assets					
10 329 803	8 822 525	Development	6	10 329 803	8 822 525
1 815 054	2 552 879	Trademarks and similar rights	6	1 815 054	2 552 879
6 185 220	8 364 952	Deferred tax asset	5	6 185 220	8 364 952
18 330 077	19 740 356	Total intangible assets		18 330 077	19 740 356
Tangible assets					
866 825	-	Equipment	7,12	866 825	-
1 822 473	1 441 246	Fixtures and fittings, tools, etc	7,12	1 822 473	1 441 246
2 689 298	1 441 246	Total tangible assets		2 689 298	1 441 246
Financial assets					
631 450	631 450	Investments in subsidiaries	8	-	-
55 000	-	Other receivables		55 000	-
686 450	631 450	Total financial assets		55 000	-
21 705 825	21 813 052	Total non current assets		21 074 375	21 181 601
CURRENT ASSETS					
3 811	4 838	Inventories		3 811	4 838
Receivables					
24 203 347	16 636 596	Accounts receivable	12	24 423 398	17 078 107
92 080 889	51 131 255	Earned not invoiced	10,12	92 080 889	51 131 255
1 711 877	2 242 428	Group receivables	9	-	-
4 818 160	4 614 955	Other receivables		5 223 238	4 926 175
122 814 273	74 625 234	Total receivables		121 727 525	73 135 537
6 087 307	5 961 710	Cash and cash equivalents	11	6 294 186	6 604 289
128 905 391	80 591 782	Total current assets		128 025 522	79 744 664
150 611 216	102 404 834	TOTAL ASSETS		149 099 897	100 926 265

EQUITY AND LIABILITIES 31.12

Biowater Technology AS		Biowater Technology Group			
2022	2021	Amount in NOK 1000	Note	2022	2021
EQUITY					
Owners equity					
7 125 550	7 125 550	Issued capital	13,14	7 125 550	7 125 550
1 702 081	1 702 081	Share premium	14	1 702 081	1 702 081
8 827 631	8 827 631	Total owners equity		8 827 631	8 827 631
Accumulated profits					
22 341 332	14 009 000	Other equity	14	20 370 353	12 149 859
22 341 332	14 009 000	Total accumulated profits		20 370 353	12 149 859
31 168 963	22 836 631	Total equity	14	29 197 984	20 977 490
LIABILITIES					
Provisions					
6 075 849	2 785 632	Guarantee provision	15	6 075 849	2 785 632
6 075 849	2 785 632	Total provisions		6 075 849	2 785 632
Other non current liabilities					
250 000	750 000	Other long term liabilities	12	250 000	750 000
250 000	750 000	Total other non current liabilities		250 000	750 000
Current liabilities					
3 148 187	4 177 305	Overdraft facility	12	3 148 187	4 177 305
20 742 971	13 449 696	Accounts payable		20 742 971	13 449 696
2 491 806	7 053 300	Public duties payable		2 896 318	7 400 335
6 646 935	2 922 125	Prepaid production	10	6 646 935	2 922 125
75 005 330	44 059 232	Accrued not payed projectcost		75 005 330	44 059 232
5 081 175	4 370 913	Other current liabilities	10	5 136 235	4 404 453
113 116 404	76 032 571	Total current liabilities		113 575 976	76 413 146
119 442 253	79 568 203	Total Liabilities		119 901 825	79 948 778
150 611 216	102 404 834	TOTAL EQUITY AND LIABILITIES		149 099 807	100 926 265

Tønsberg, 17 April 2023

Ilya Mario Savva
General Manager

Tore Schiøtz
Chairman of the Board

Arne Medlien
Member of the Board

Terje Andersen
Member of the Board

Biowater Technology AS

NOTES TO THE ACCOUNTS FOR 2022

ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act 1998 and generally accepted accounting principles. All amounts are specified in NOK.

Basis for consolidation

The Group's consolidated financial statements comprise Biowater Technology AS and companies in which Biowater Technology AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary. The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

Income

Operating income are recognized at the time of delivery.

Balance sheet classification

Assets intended for long term ownership or use have been classified as fixed assets.

Assets relating to the trading cycle have been classified as current assets.

Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Inventories

Inventories are valued at cost price, according to the FIFO method, or at the accepted sales price after a deduction for sales cost, whichever is lowest.

Write-downs are carried out for foreseeable obsolescence.

Foreign currency

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Fixed assets

Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis.

If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.

Research and development

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise such expenses are expensed as and when incurred.

R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

ACCOUNTING PRINCIPLES, continued

Cash and bank deposits

Cash and bank deposits includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Long term contracts

Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

Taxes

Taxes in the Profit and Loss Account include payable tax and changes in deferred tax. Deferred tax is calculated in accordance with the Current Norwegian Accounting Standard on Tax, on basis of temporary differences between accounting values and values for tax purposes and fiscal deficits for presentation at the end of financial year. A nominal tax rate of 22 percent is used in the calculation. Positive and negative temporary differences are assessed against each other within the same time interval.

NOTE 1 REVENUE

Amounts in NOK 1000

Geographical distribution	Parent Company		Group	
	2022	2021	2022	2021
Norway	153 205 779	92 059 685	153 205 779	92 059 685
Other Countries	20 535 953	23 483 390	20 901 059	24 491 684
Total	173 741 732	115 543 075	174 106 838	116 551 369

By business area	Parent company		Group	
	2022	2021	2022	2021
Rental income	158 000	0	158 000	0
Biomedica Sale	32 023 416	28 772 887	32 023 416	28 772 887
Services	10 662 415	1 845 105	10 662 415	1 845 105
Customer projects	130 897 901	84 925 084	131 263 007	85 933 378
Total	173 741 732	115 543 076	174 106 838	116 551 369

NOTE 2 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, LOAN EMPLOYEES

Payroll expense	2022	2021
Salaries/wages	21 013 137	14 905 980
Social security fee	3 665 250	2 414 410
Pension expenses	2 166 433	1 434 238
aktivated hour cost	-1 467 655	-492 824
Total	25 377 165	18 261 804

Average number of employees for the year 27 17

Payroll expenses and remuneration to leading personnel	CEO	Board
Salaries/wages/remunerations	2 169 077	0
Pension expenses	182 627	0
Other remuneration	25 212	25 000
Total	2 376 916	25 000

There is a bonus agreement for the CEO that is dependent on the EBITDA. There is no share based remuneration or special agreement related to compensation upon temination.

Biowater Technology AS has provided a loan to CEO at NOK 55.000. The loan mature after three years in 2025. Interest on the loan is calculated at standard interest rate. The lender har the right to offset the loan towards the salary of the CEO.

The company has a pension plan in accordance with the Norwegian law.

Auditor

Total audit fees for 2022 for parent comany was NOK 97 800. Fees for other assistance has been NOK 285 646. Total audit fee for 2022 for Grop was NOK 97 800. Fees for other services was NOK 285 646.

NOTE 3 RENATAL AGREEMENTS AND LEASING

Biowater Technology AS have rental agreements for offices, storage and parking
Expensed rent 2 978 942
The rental agreements have different terms.

NOTE 4 FINANCIAL INCOME AND EXPENSES

Financial income	2022	2021
Interest income	20 055	18 028
Currency gains	3 481 381	2 494 624
Total	3 501 436	2 512 652

Financial expenses	2022	2021
Interest expences	1 826 273	993 473
Currency loss	4 256 910	2 441 311
Total	6 083 183	3 434 784

NOTE 8 SHARES IN OTHER COMPANIES

Comapny	Office	Ownership	Voting share	Booked value	Result	Equity
Biowater Env. Pro.Ltd	China	100 %	100 %	631 450	-75 252	-1 323 883

The subsidiary is booked by the cost method int the parent company financial stetemets

NOTE 9 INTERCOMPANY BALANCES WITH GROUP COMPANIES

	Parent company	
	2022	2021
Receivables	1 711 877	2 242 428

Loans and receivables are converted to NOK as of 31.12 and interest is not calculated.

It's the board's opinion that the subsidiary in China will be able to service the recivable in the future based on specific action taken, which is expected to have continued positive effects in the future.

NOTE 10 CONSTRUCTION CONTRACTS

The companys constructions contracts are treated in accordance with NRS 2, Constuction Contracts.

	Group	
	2022	2021
Prepaid productions	-6 646 935	-2 922 125
Project in work, not invoiced	92 080 889	51 131 255
Total	85 433 954	48 209 130

As of 31.12.2022 there are nine projects running.

The stage of completion varies.

The increase in earned not invoiced production is due to that suppliers have not invoiced the company.

Therefore it's periodized for missing supplierinvoices equal to 75 MNOK pr. 31.12.22.

The stage of completion in the contracts are measured separately.

Progress of the projects are now measured based on accrued materials separately, in relation to budget costs for the project.

In the board's opinion there are no losses in the recorded amount.

NOTE 11 CASH

Of the total cash at bank, NOK 1 1138 917 is restricted to meet payroll taxes withheld.

Corresponding figures for 2021 is NOK 885 619

NOTE 12 MORTGAGE

Bonded indebtedness	2022	2021	2022	2021
Liabilities to financial institutions	-3 148 187	-4 177 305	-3 148 187	-4 177 305
Loan Innovasjon Norge	-250 000	-750 000	-250 000	-750 000
Total	-3 398 187	-4 927 305	-3 398 187	-4 927 305

In respect of mortgage debt of security	2022	2021	2022	2021
Inventories	3 811	4 838	3 811	4 838
Accounts receivables	24 203 347	16 636 596	24 423 398	17 078 107
Group receivables	1 711 877	2 242 428	0	0
Net project in work, not invoiced	92 080 889	51 131 255	92 080 889	51 131 255
Plants and equipment	2 689 298	1 441 245	2 689 298	1 441 245
Sum	120 689 222	71 456 362	119 197 396	69 655 445

Biowater has a total warranty and overdraft facility on NOK 30.000.000 whereas the overdraft constitutes NOK 20.000.000, and warranty constitutes NOK 10.000.000. The credit facility is secured with pledge in the company's assets.

The company's equity ratio meet the banks covenants on the balance sheet date.

The equity ratio, must be minimum 20 % of total assets at all times.

Pr. 31.12.22 the wquity ratio is 21,9 %

NOTE 13 SHARE CAPITAL

The share capital comprising 712 555 shares which have a nominal value of NOK 10 each.

All shares have similar voting rights.

The shareholders	Number of shares	Ownership	Vote share	Honorary post
Contango Venture II AS	282 133	39,6 %	39,6 %	Owner is member of the board
Mallin Venture AS	197 837	27,8 %	27,8 %	Owner is member of the board
Jon G. Siljudalen	57 352	8,0 %	8,0 %	
Krus AS	56 416	7,9 %	7,9 %	Owner is member of the board
Trolldalen AS	51 562	7,2 %	7,2 %	
AS Selvaag Invest	20 234	2,8 %	2,8 %	
Granhaug Industrier	20 223	2,8 %	2,8 %	
Jon Gotfredsen	7 832	1,1 %	1,1 %	CFO
Ilya Mario Savva	5 091	0,7 %	0,7 %	CEO
Shares, other	13 875	1,9 %	1,9 %	
Total	712 555	100 %	100 %	

NOTE 14 EQUITY

Parent company	Share capital	Share premium reserve	Other equity	Total
Equity as of 01.01.2022	7 125 550	1 702 081	14 009 000	22 836 631
Result for the year	0	0	8 332 331	8 332 331
Equity as of 31.12.2022	7 125 550	1 702 081	22 341 331	31 168 963

Group	Share capital	Share premium reserve	Other equity	Total
Equity as of 01.01.2022	7 125 550	1 702 081	12 149 859	20 977 490
Result for the year	0	0	8 257 079	8 257 079
Accumulated conversion difference	0	0	-36 586	-36 586
Equity as of 31.12.2022	7 125 550	1 702 081	20 370 352	29 197 984

NOTE 15 WARRANTY PROVISIONS

The company has allocated NOK 6 075 849 for potential future guarantees related to its treatment plant.

CASH FLOW STATEMENT
01.01 - 31.12

Biowater Technology AS		Group	
2022	2021	Amount in NOK 1000	2022
Cash flow from operating activities			
10 512 064	5 431 147	Profit/ (loss) before income taxes	10 436 812
2 467 856	2 971 120	Depreciation and amortisation expenses	2 467 856
-323 469	-6 105 014	Changes in inventories, accounts receivables and accounts payable	-95 455
-6 766 077	4 454 493	Changes in other accruals	-7 354 538
5 890 374	6 751 746	Net cash flow from operating activities	5 454 676
Cash flow from investing activities			
-4 485 660	-5 869 936	Purchase of tangible non current assets	-4 485 660
-4 485 660	-5 869 936	Net cash flow from investing activities	-4 485 660
Cash flow from financing activities			
-250 000	-250 000	Repayment of borrowings	-250 000
-1 029 118	3 354 933	Changes in bank overdraft	-1 029 118
-1 279 118	3 104 933	Net cash flow from financing activities	-1 279 118
125 597	3 986 744	Net change in cash and cash equivalents	-310 102
5 961 710	1 974 966	Cash and cash equivalents at 01.01	6 604 289
6 087 307	5 961 710	Cash and cash equivalents at 31.12	6 294 186