



NX Filtration Semi-annual Report 2023

Condensed interim consolidated financial statements for the six months ended 30 June 2023

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Report of the Management Board

This semi-annual report of NX Filtration N.V. (hereafter "NX Filtration" or the "Company") for the six months ended 30 June 2023 consists of the semi-annual report of the management board of the Company (the "Management Board"), including the responsibility statement by the Management Board, and the Condensed Interim Consolidated Financial Statements and the accompanying notes. All information included in this report is unaudited.

The Management Board hereby declares that to the best of its knowledge, the semi-annual report of the Management Board gives a fair view of the information required pursuant to section 5:25d sub 8-9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") and the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2023, which have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.

NX Filtration is listed on the regulated market of Euronext Amsterdam.



Financial performance

Gross income was €3,737k in the first half year of 2023 compared to €3,692k in the first half year of 2022, representing a delay in revenue growth that is caused by longer lead times to convert pilot projects into large full-scale projects. This accounts for both pilot trajectories taking longer than anticipated, as well as longer lead times towards larger projects after the pilot phase amongst others caused by permitting lead times, decision making and engineering.

In our Clean Municipal Water business line, revenues were €1,427k in the first half year of 2023, compared to €1,180k in the first half year of 2022. This business line benefitted from various drinking water projects in Asia. In Europe major steps forward were made with several key OEMs (e.g. Veolia, Aqualia, Suez and Nijhuis Saur) who further intensified their pilot programs, entered into cooperation agreements with NX Filtration, and started offering NX Filtration's products in full-scale projects.

In our Sustainable Industrial Water business line, revenues were €1,934k in the first half year of 2023, compared to €2,073k in the first half year of 2022. The focus in this business line remains on industries looking to reduce their water footprint and optimize their water systems in a sustainable way. The majority of revenues in this business line is currently coming from various OEMs across Europe.

Other income slightly declined from €439k in the first half year of 2022 to €376k in the first half year of 2023. This decline was driven by reduced government grants for innovation projects, partly offset by rental income from pilots growing from €231k in the first half year of 2022 to €271k in the first half year of 2023.

Gross margin, EBITDA and net profit

Gross margin increased to 58.9% in the first half year of 2023 compared to 55.3% in the first half year of 2022, reflecting our strong technology position.

EBITDA loss was €5,310k in the first half year of 2023 compared to a loss of €3,936k in the first half-year of 2022. The EBITDA loss of the Company is mainly driven by investing in the organization ahead-of-the-curve to facilitate future business. Net loss amounted to €4,872k compared to a net loss of €3,989k in the first half year of 2022.

NX Filtration's medium-term objective is to realise a positive EBITDA margin by reaching a larger scale of operations and realizing purchasing benefits based on increasing volumes and optimising product design. NX Filtration's long-term objective is to realise an industry leading EBITDA margin based on benefitting from economies of scale, leveraging its fixed cost base as it realises its revenue growth and realising an increasing share of revenue from module replacements.

Finance and investments

Net cash position at 30 June 2023 amounted to €82.2 million, compared to €104.3 million at 31 December 2022. Net cash at 30 June 2022 decreased because of capital expenditures for the amount of €12.9 million and a negative operational cashflow for the amount of €9.6 million. The negative operational cashflow is mainly caused by the operating loss and increased inventories to support future growth of the business.

Capital expenditure amounted to €12.9 million as compared to €8.1 million in the same period of 2022. Capital expenditures included investments in the ongoing construction of our new megafactory and further additions to NX Filtration's fleet of pilot systems. Solvency (equity divided by total assets) is 94% at the end of June 2023 compared to 95% at the end of December 2022. The high solvency rate is the result of the equity that NX Filtration raised at its IPO in June 2021 for, amongst others, investing in the further commercial rollout, innovation and expanding the production capacity with a new manufacturing facility.

The NX Filtration organization grew from 104 FTEs at 30 June 2022 (135 FTEs at 31 December 2022) to 159 FTEs at 30 June 2023.

Related party transactions

Transactions with related parties are disclosed in Note 14 of the condensed interim consolidated financial statements.

Principle risks and uncertainties

In our annual report for the financial year 2022 (which can be downloaded at www.nxfiltration.com/investors), we have extensively described certain risks and uncertainties, which could have a material adverse effect on our financial position and results. We believe that the risks and uncertainties identified for the second half of 2023 remain in line with those that were presented in the aforementioned annual report.

Sustainability and ESG impact

Sustainability and a clear Environmental, Social and Governance (ESG) agenda are at the heart of NX Filtration's business. We passionately believe we have a responsibility to contribute positively to society and the environment.

In the first half year of 2023, Sustainalytics updated its independent ESG risk assessment on NX Filtration, ranking us amongst the 12% best performers in our global subindustry peer group compared to 13% in the previous year.

We continue to use our targeted ESG framework to address and monitor our impact along three pillars:

1. **Clean water for all:** Our membrane sales in the first half year of 2023 could enable the production of 93 billion liter of clean water¹. In the first half year of 2023, NX Filtration enabled access to clean water across 22 countries.
2. **Avoiding emissions at our customers:** With our membrane module sales in the first half year of 2023, we enabled 2,305 ton CO₂e savings during the deployment lifetime of our membrane modules, by avoiding the use of 4.3 million kg of chemicals and saving 53 GWh energy compared to conventional technologies².
3. **Our internal initiatives:** We have implemented various sustainability measures and initiatives around ESG related themes in our own operations, for our employees and our partners.

¹ Based on NX Filtration's sales of 1,092 dNF and UF membrane modules multiplied by the expected capacity and lifetime of such modules

² See Sustainability Chapter in the 2022 Annual Report for details, assumptions and methodologies

Market developments and commercial roll-out

Market developments that benefit our direct nanofiltration technology have developed very favorably in the first half year of 2023. Driven by droughts and pollution, many countries are implementing new regulations and investment plans related to water. For example, in March 2023, France introduced 53 measures to share, reuse and save water. One of the objectives of this plan is to achieve 10% wastewater reuse by 2030, compared to less than 1% today. This represents nearly 1,000 projects in five years to recycle and reuse water. Also in March 2023, the US Biden-Harris Administration proposed the first-ever national drinking water standard related to PFAS. In May 2023 Spain announced a €2.2 billion package to alleviate drought impact, and in June 2023 Germany announced new limit values for PFAS in drinking water.

NX Filtration is actively working with its OEM partners on deploying its direct nanofiltration technology in, amongst others, the above-mentioned market trends. Pilots play an important role in this commercial roll-out strategy, that is based on converting pilot projects into larger demo or full-scale projects, with subsequent repeat orders from existing clients, and periodic module replacements at existing plants. In the first half year of 2023, NX Filtration initiated 104 pilot projects compared to 81 in the first half year of 2022. On 30 June 2023, NX Filtration had 186 pilot systems in its fleet, up from 162 at the end of 2022. Pilot projects continue to generate very positive

outcomes with our customers. In the first half year of 2023 we delivered our dNF modules for 3 demo projects and 8 full-scale projects, of which 4 were repeat orders from customers who had already worked with NX Filtration before.

We are particularly proud that we are making major steps forward with key OEMs across all geographies. In Europe, the largest OEMs (e.g. Veolia, Aqualia, Suez and Nijhuis Saur) further intensified their pilot programs with our technology, entered into cooperation agreements with NX Filtration, and started offering NX Filtration's products in full-scale projects. We also received follow-on orders from Belgian Water-as-a-Service company Ekopak. In Asia, we experience an increasing size of full-scale projects with large orders from e.g. Greentech in China and Hydroflux in Australia, who also entered into cooperation agreements with NX Filtration that form the basis for further roll-out of our technology. In the Americas, our sales team continued to plant the seeds with a focus on industrial and smaller municipal projects across North America, and various larger drinking water projects across Central and South America that have many similarities with the fast commercial roll-out we experience in Asia.

As a result of these favorable market dynamics, our increased pilot program and our traction with key OEMs, we see our pipeline of commercial opportunities further strengthening and growing, being today more than 50% larger than at the end of the first half of 2022.

New megafactory

We are fully on track with the construction of our new large-scale manufacturing facility. Last year, NX Filtration decided to upsize the design of this megafactory with a higher initial capacity and allowing more space for future capacity additions. Initial capacity is expected to be approximately 50k³ membrane modules per year, compared to approximately 10k⁴ membrane modules in our current facilities. We also anticipated for further capacity additions within the same facility, with a total targeted annual capacity of >120k⁵ membrane modules in addition to the existing capacity at the current locations.

ESG is strongly embedded in the design of this factory, with more than 400 solar panels for electricity generation, an extensive heat energy management and reuse system, and an inhouse water treatment facility. We are making strong progress on the construction, with completion of the new megafactory being anticipated by the first quarter of 2024, and start-up during the first half-year of 2024 within the anticipated Capex budget.

Outlook

Our commercial roll-out strategy remains top priority in the second half year of 2023. We will continue our existing approach in which our global sales teams work with OEMs to roll-out pilot projects and convert these pilots into demo- and full-scale projects.

NX Filtration will increasingly be able to benefit from the ahead-of-the-curve investments it has made. For example, over the past 1.5 years, we have expanded our global commercial organization from 18 to 42 FTEs, who are increasingly becoming effective in onboarding new OEMs, rolling out pilot projects and working towards converting these pilots into larger projects. Also in terms of our fleet of pilot systems, we have made ahead-of-the-curve investments, growing this fleet from 85 systems at the beginning of 2022 to 186 systems at the end of the first half year of 2023. Therewith we are nearing closely to our medium-term objective of 200 pilot systems, and therewith gradually shifting our focus from rapid expansion of our pilot fleet towards optimal deployment for near, medium and long-term commercial opportunities

2023 is a key year for the construction of our new megafactory. We are fully on track and completion of this megafactory is anticipated by the first quarter of 2024 and start-up during the first half-year of 2024. By then, we expect the additional capacity is needed to meet expected demand from our rapidly growing overall pipeline of opportunities for the medium term.

Our outlook on total revenues for 2023 is €10m to €14m, a substantial increase from €8.4 million in 2022. We are reiterating our medium- and long term objectives on revenue growth and profitability. The growth for the years to come is further substantiated by strong building blocks that are in place: e.g. benefiting

³ Estimation, based on 5-shift production and depending on product mix

⁴ Estimation, based on 5-shift production and depending on product mix

⁵ Estimation, based on 5-shift production and depending on product mix

from stronger than ever market trends, making major steps forward with key OEMs, and seeing a rapidly growing pipeline of commercial opportunities.

We remain fully committed to making an impact based on our mission *'clean and affordable water for all'*, whilst offering strong sustainability benefits to our customers and providing an inspiring working environment for our employees.

Enschede, the Netherlands, 29 August 2023

Management Board

Jeroen Pynenburg
CEO

Marc Luttkhuis
CFO

Michiel Staatsen
COO

Erik Roesink
Founder and CTO



Construction of new megafactory on track



Condensed interim consolidated financial statements for the six months ended 30 June 2023

(i) Condensed interim consolidated statement of comprehensive income

In EUR '000	Notes	30 June 2023	30 June 2022
Revenue from sale of goods	4	3,361	3,253
Other income	5	376	439
		3,737	3,692
Operating expenses			
Costs of raw materials and consumables		(1,380)	(1,455)
Changes in inventories of finished goods and work in progress		2,517	219
Personnel expenses		(6,293)	(3,797)
Amortization on intangible assets		(333)	(358)
Depreciation on property, plant and equipment		(1,807)	(911)
Operating costs	6	(3,643)	(2,427)
Research & development costs		(248)	(168)
Operating expenses		(11,187)	(8,897)
Operating Loss		(7,450)	(5,205)
Finance benefits/(expenses)		884	(303)
Finance expenses		884	(303)
Loss before income tax		(6,566)	(5,508)
Income tax benefit	7	1,694	1,519
Net loss for the period		(4,872)	(3,989)
Other comprehensive result for the period		-	-
Total comprehensive loss for the period		(4,872)	(3,989)
Total comprehensive loss for the period (attributable to the owners of the Company)		(4,872)	(3,989)

(ii) Condensed interim consolidated statement of financial position

In EUR '000	Notes	30 June 2023	31 December 2022
Assets			
Non-current assets			
Intangible assets		2,653	2,353
Property, plant and equipment	8	28,801	18,535
Right-of-use assets		1,592	1,753
Deferred tax assets		10,654	8,960
Total non-current assets		43,700	31,601
Current assets			
Inventories		12,853	6,305
Trade and other receivables	10	6,976	7,154
Cash and cash equivalents		82,201	104,274
Total current assets		102,030	117,733
Total assets		145,730	149,334
Group equity			
Share capital	9	500	500
Share premium	9	170,450	170,450
Retained earnings	9	(33,248)	(28,412)
Total equity		137,702	142,538
Liabilities			
Non-current liabilities			
Lease liabilities	11	1,128	1,311
Total non-current liabilities		1,128	1,311
Current liabilities			
Trade and other payables	12	6,374	4,988
Lease liabilities	11	526	497
Current tax payables		-	-
Total current liabilities		6,900	5,485
Total liabilities		8,028	6,796
Total equity and liabilities		145,730	149,334

(iii) Condensed interim consolidated statements of changes in equity

In EUR '000	Notes	Attributable to equity owners of NX Filtration N.V.			
		Share capital	Share premium	Retained earnings	Total equity
Balance - 1 January 2022		500	170,450	(19,806)	151,144
Loss for the period		-	-	(3,989)	(3,989)
Other comprehensive result		-	-	-	-
Total comprehensive loss for the period		-	-	(3,989)	(3,989)
Transactions with owners in their capacity as owners					
Share-based payment transactions		-	-	-	-
Dividend		-	-	-	-
Balance - 30 June 2022		500	170,450	(23,795)	147,155
Balance - 1 January 2023		500	170,450	(28,412)	142,538
Loss for the period		-	-	(4,872)	(4,872)
Other comprehensive income (loss)		-	-	-	-
Total comprehensive loss for the period		-	-	(4,872)	(4,872)
Transactions with owners in their capacity as owners					
Issuance of ordinary shares		-	-	-	-
Share-based payment transactions		-	-	36	36
Dividend		-	-	-	-
Balance - 30 June 2023		500	170,450	(33,248)	137,702

(iv) Condensed interim consolidated statement of cash flows

In EUR '000	Notes	30 June 2023	30 June 2022
Cash flows from operating activities			
Operating loss		(7,450)	(5,205)
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Depreciation, amortisation and impairment expenses		2,140	1,269
Income taxes (paid)/received		-	-
Share-based payment expenses		36	-
Changes in working capital:			
- Increase inventories		(6,051)	(869)
- Decrease/(Increase) trade and other receivables		288	(2,006)
- Increase/(Decrease) trade and other payables		1,452	(1,627)
Net cash inflow/(outflow) from operating activities		(9,585)	(8,438)
Cash flows from investing activities			
Payment for property, plant and equipment	8	(12,309)	(7,549)
Payment for intangible assets		(633)	(511)
Net cash inflow/(outflow) from investing activities		(12,942)	(8,060)
Cash flows from financing activities			
Principal elements of lease payments		(287)	(199)
Interest received/(paid)		741	(147)
Net cash inflow/(outflow) from financing activities		454	(346)
Net decrease in cash and cash equivalents		(22,073)	(16,844)
Cash and cash equivalents at the beginning of the financial year		104,274	133,433
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year		82,201	116,589

Notes

General information

NX Filtration N.V. ("NX Filtration" or the "Company") is a public company (N.V.) and the leading provider of hollow fiber nanofiltration membrane technology for producing pure and affordable water to improve quality of life.

NX Filtration developed a revolutionary direct nanofiltration (dNF) membrane technology designed to remove micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour and selective salts, but also bacteria, viruses and nanoplastics, from water whilst offering strong sustainability benefits.

NX Filtration targets the "Clean Municipal Water" and "Sustainable Industrial Water" markets, for which NX Filtration delivers products (membrane modules) that can be used to:

1. Produce drinking water from surface water by removing amongst others micropollutants, nano plastics and medicine residues
2. Treat wastewater streams to enable reuse and prevent discharge of polluting substances in the environment
3. Treat well water to optimize quality and characteristics for process water
4. Enable reuse of wastewater for industrial processes
5. Recover and recycle valuable raw materials from wastewater streams, such as indigo in the textile industry

The group has reviewed its exposure to climate related and other emerging business risks, but has not identified any risks that could impact the financial performance or position of the group as at 30 June 2023.

NX Filtration is the holding company of the group. The operating companies included in the group consolidated financial statements are:

Company name	Location and country of incorporation	Shareholding in % (direct or indirectly)
NX Filtration B.V.	Enschede, the Netherlands	100%
NX Filtration International B.V.	Enschede, the Netherlands	100%
NX Filtration Real Estate B.V.	Enschede, the Netherlands	100%
NX Filtration Americas, LLC	Delaware, the United States	100%
NX Filtration (Beijing) Membrane Technology Co., Ltd.	Beijing, People's Republic of China	100%

NX Filtration is registered in the Chamber of Commerce under number 64951030 and has its registered offices at Enschede, the Netherlands.

These condensed interim consolidated financial statements were approved for issue on 29 August 2023.

The information in these condensed interim consolidated financial statements is unaudited.

1 Summary of accounting policies

Basis of preparation

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for a complete set of International Financial Reporting Standards (IFRS) financials Statements and should be read in conjunction with NX Filtration's Annual Report 2022.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The Company is in a stage of growth and the cash outflow is high due to significant top line growth scenario and net working capital investments as well as cash outflow from investing activities. The Company received significant funding in June 2021 by the proceeds received through the issuance of ordinary shares at its IPO on the Amsterdam Euronext stock exchange. The proceeds raised by the Company through its IPO are expected to be sufficient to cover its cash requirements in the medium term.

Basis of measurement

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the year ended 31 December 2022.

2 Significant judgements & estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3 Changes in accounting policies and disclosures

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

New standards and interpretations not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods starting on or after 1 January 2023 and have not been early adopted by the Company. For none of these standards that are not yet effective it is expected that they have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

4 Revenue from sale of goods

The Company's revenue originates from sale of products. The Company recognizes all its revenue at a point in time, when control over the asset is transferred to the customer.

Set out below is the disaggregation of the Company's revenue from sales of goods per market segment:

In EUR '000	30 June 2023	30 June 2022
Type of markets		
Sustainable Industrial Water	1,934	2,073
Clean Municipal Water	1,427	1,180
Total revenues from sale of goods	3,361	3,253

Revenue from sales of goods by region based on the destination of products and location of projects:

In EUR '000	30 June 2023	30 June 2022
Geographical split		
Netherlands	119	46
Europe (excluding Netherlands)	1,776	1,150
North America	163	452
Asia	1,228	1,120
Rest of World	75	485
Total revenues from sale of goods	3,361	3,253

5 Other income

Set out below is the disaggregation of the Company's other income:

In EUR '000	30 June 2023	30 June 2022
Government grants	105	192
Pilot income	271	231
Other	0	16
Total other income	376	439

Government grants comprises of the several government grants received for the Company's research & development activities in the field of water filtration. NX Filtration has fulfilled all conditions relating to grants at time of recognition.

Pilot income relates to rental income from NX Filtration's pilot equipment. Note that related module sales as part of pilot projects are included in revenue from sale of goods.

6 Operating cost

In EUR '000	30 June 2023	30 June 2022
Housing expenses	746	458
Other personnel expenses	626	473
Administrative expenses	880	550
Selling expenses	819	647
Operating expenses	572	299
Total operating costs	3,643	2,427

7 Income tax benefit

This note provides an analysis of the Company's income tax expense.

In EUR '000	30 June 2023	30 June 2022
Current tax		
Current tax on profits for the year	-	-
Adjustments for previous years	-	-
<i>Total current tax (expense) benefit</i>	-	-
Deferred income tax		
Income tax on operations	1,694	1,404
Change in tax rates	-	115
<i>Total deferred tax (expense) benefit</i>	1,694	1,519
Total income tax (expense) benefit	1,694	1,519

The tax on the Company's profit before tax differs from the statutory amount that would arise using the tax rate applicable to profits of the entity. The reconciliation of the effective tax rate is as follows:

In EUR '000	30 June 2023	30 June 2022
Result from operations	(4,872)	(3,989)
Total income tax	1,694	1,519
Profit (loss) before income tax	(6,566)	(5,508)
Tax calculated based on Dutch tax rate	25.8%	25.5%
Tax effect of:		
Non-taxable expenses	0.0%	0.0%
Change in tax rates	0.0%	2.1%
Other differences	0.0%	0.0%
Effective tax rate	25.8%	27.6%

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilized. This assessment requires significant management judgments and assumptions. In making this assessment, management uses forecasted operating results, based upon approved business plans, including a review of the eligible carry-forward periods, available tax planning opportunities and other relevant considerations.

8 Property, plant and equipment

The movement in property, plant and equipment was as follows:

In EUR '000	Land & Buildings	Machinery and equipment	Pilot equipment	Assets under construction	Total
At 1 January 2022					
Cost	223	5,372	2,640	2,985	11,220
Accumulated impairments and depreciation	-	(1,853)	(217)	-	(2,070)
Net book value	223	3,519	2,423	2,985	9,150
Year ended 31 December 2022					
Opening net book value	223	3,519	2,423	2,985	9,150
Additions	-	513	-	11,140	11,653
Reclassification assets under construction	3,825	3,591	4,568	(11,984)	-
Disposal	-	(75)	(177)	-	(252)
Depreciation for the year	(47)	(1,216)	(834)	-	(2,097)
Depreciation of disposal	-	58	23	-	81
Closing net book value	4,001	6,390	6,003	2,141	18,535
At 1 January 2023					
Cost	4,048	9,401	7,031	2,141	22,621
Accumulated impairments and depreciation	(47)	(3,011)	(1,028)	-	(4,086)
Net book value	4,001	6,390	6,003	2,141	18,535
Interim period ended 30 June 2023					
Opening net book value	4,001	6,390	6,003	2,141	18,535
Additions	-	-	-	12,309	12,309
Reclassification assets under construction	8	582	633	(1,223)	-
Reclassification to inventory	-	-	(528)	-	(528)
Disposal	-	-	-	-	-
Depreciation for the year	(28)	(782)	(743)	-	(1,553)
Depreciation for the reclassification	-	-	31	-	31
Depreciation of disposal	(9)	10	6	-	7
Closing net book value	3,972	6,200	5,402	13,227	28,801

9 Equity

Share capital and share premium

On 26 May 2021 and pursuant to a notarial deed of amendment of the Articles of Association, the Ordinary Shares with a value of €1.00 have been split into an aggregate amount of 35,000,000 Ordinary Shares, each with a nominal value €0.01, as a result of which the Company's issued capital amounts to €350,000 divided into 35,000,000 Ordinary Shares. The difference between the aggregate nominal value of the Ordinary Shares before and after this stock split has been added to the share premium reserve of the Company.

Pursuant to a deed of amendment and conversion executed on 11 June 2021, the authorized capital (maatschappelijk kapitaal) of NX Filtration N.V. amounts to €1,750,000 divided into 175,000,000 ordinary shares.

On 15 June 2021, the Company issues 15,000,000 ordinary shares with a value of €11.00, each with a nominal value of €0.01, as a result of which the Company's issued capital amounted to €500,000 divided into 50,000,000 Ordinary Shares.

On 28 June 2023, the Company issued 25,190 ordinary shares to Stichting Bewaarneming Aandelen NX Filtration, for the purposes of a sign bonus for Mr. Pynenburg, as a result of which the Company's issued capital amounts to €500,251.90 divided into 50,025,190 Ordinary Shares.

10 Trade and other receivables

In EUR '000	30 June 2023	31 December 2022
Trade receivables	4,364	3,989
Less: loss allowance	(42)	(42)
Trade receivables - net	4,322	3,947
Prepaid expenses	794	1,013
Other taxes	1,376	1,035
Other receivables	484	1,159
Total	6,976	7,154

11 Lease liabilities

The Company leases several assets, which can be combined into the asset classes: (i) Buildings and (ii) Vehicles. These contracts are typically entered into for a period between 3 to 5 years, but some leases may include renewal and/or termination options.

12 Trade and other payables

In EUR '000	30 June 2023	31 December 2022
Trade payables	4,240	3,029
Tax payables	568	231
Employee benefits	474	449
Payments received in advance	275	159
Other liabilities	817	1,120
Total	6,374	4,988

13 Financial Instruments by category

The Company has no financial assets or liabilities measured at fair value.

At 30 June 2023 and 31 December 2022, the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities.

14 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

The following transactions were carried out with related parties:

- Key management compensation
- Management fee to Infestos Holding E B.V.
- Sign-on bonus Mr. Pynenburg.

All these transactions are made on terms equivalent to those that prevail in arm's length transactions.

15 Events after the end of the reporting period

No such events to report.

Colophon

NX Filtration Semi-annual Report 2023

NX Filtration N.V.

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Disclaimer

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The Information contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms such as guidance, expected, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further, strengthening, implementing, well positioned, roll-out, expanding, improvements, promising, to offer, more, to be or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect NX Filtration's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to NX Filtration's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward looking statements reflect the current views of NX Filtration and assumptions based on information currently available to NX Filtration. Forward-looking statements speak only as of the date they are made, and NX Filtration does not assume any obligation to update such statements, except as required by law. NX Filtration's gross income outlook estimates are management estimates resulting from NX Filtration's pursuit

of its strategy. NX Filtration can provide no assurances that the estimated future gross income will be realised and the actual gross income for 2023 could differ materially. The expected gross income have also been determined based on assumptions and estimates that NX Filtration considered reasonable at the date these were made. These estimates and assumptions are inherently uncertain and reflect management's views which are also based on its historic success of being assigned projects, which may materially differ from the success rates for any future projects. These estimates and assumptions may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of NX Filtration or its clients, such as cancellations or delays, as well as the occurrence of certain other events.

All figures in this report are unaudited and are subject to change. Certain figures contained in this report, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this report may not conform exactly to the total figure given. In presenting and discussing the NX Filtration's financial position, operating results and cash flows, management uses certain non-IFRS financial measures. These non-IFRS financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS financial measures do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

The following is a summary of selected key risks that, alone or in combination with other events or circumstances, may have a significant negative impact on the business, financial condition, results of operations and prospects of NX Filtration and its consolidated subsidiaries: (i) NX Filtration has a limited operating history and NX Filtration's nascent technology makes evaluating its business and future prospects difficult, (ii) NX Filtration experienced losses in the past and it does not expect to be profitable for the foreseeable future, (iii) Competition in the water treatment solution market may materially adversely affect its market shares, margins and results of operations, (iv) NX Filtration is dependent upon acceptance of its new technology and approach by customers and future partners, and if NX Filtration cannot achieve and maintain market acceptance, NX Filtration will be unable to build a sustainable or profitable business, (v) Technology is constantly evolving and NX Filtration must successfully develop, manufacture and market products that improve upon existing technologies in order to achieve acceptance and remain competitive, (vi) An unsuccessful pilot system or demo-phase or inconsistent performance of NX Filtration's products, or of products similar to or in the same categories as those of NX Filtration, could harm the integrity of, or customer support for, NX Filtration's products and materially adversely affect NX Filtration's sales, (vii) Demand for NX Filtration's products depends on the continuation of market trends towards greater sustainability, including trends to address global water issues, decarbonisation and lowering the corporate water footprint, (viii) If NX Filtration experiences significant delays in the planned scale-up of its production and the build of its planned manufacturing facility or such plant would become

inoperable, NX Filtration will be unable to produce sufficient products and its business will be harmed, (ix) NX Filtration's business and strategy depends, in part, on certain significant customers and its relationship with OEMs, (x) NX Filtration's failure to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly, time consuming and distracting from daily operations.



↓ BIOLOGISK RENING
Biological treatment

↓ OZONERING
Ozonation

OZONE SYSTEM BY
Primozone



