

NX Filtration more than doubles revenues in 2022 and reports strong strategic progress

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ENSCHDEDE, THE NETHERLANDS – NX Filtration N.V. (Euronext Amsterdam: NXFIL), the global provider of breakthrough direct nanofiltration (dNF) technology for pure and affordable water with strong sustainability benefits, today reports its consolidated financial statements for 2022.

2022 highlights

- **Total revenues¹ of €8.4m, an increase of 105%** compared to 2021
- **Gross margin of 57.2%** (55.0% in 2021), reflecting our strong technology position
- **Increasing commercial traction with a global blue-chip customer base**, including Acciona, Aqualia, Carlsberg, Ekopak, Evoqua, Hydroflux, PepsiCo, Suez and Veolia
- **Successful roll-out of pilot strategy:** increasing number of pilot projects (167 in 2022 vs. 87 in 2021) based on an expanding pilot fleet (162 pilot systems at the end of 2022 vs. 85 at the end of 2021)
- **Further shaped our global organization** with hires of high-profile industry leaders, positioning us well for the substantial growth ahead of us
- **Started the construction of our new megafactory** with completion anticipated by Q1 2024 and start-up in H1 2024, needed to meet expected demand from our **rapidly growing pipeline** of opportunities for the medium-term
- **Strong ESG profile and impact** underpinned by Sustainalytics rating (ranked best 13% of our global subindustry peer group) and science-based (SBTi) verified CO₂ reduction targets. Our 2022 membrane sales could enable the production of **263 billion liter of clean water** and contribute to **3,578 ton CO₂e savings²**
- **Outlook on total revenues of €18m to €22m for 2023**, driven by strong market demand for our dNF technology with various recent breakthrough orders in, amongst others, Australia, China and Indonesia, our expanding global sales presence, pilot projects that are converting into larger scale projects and by repeat business with our existing (OEM) partners

Michiel Staatsen, CEO of NX Filtration, states:

“In 2022 NX Filtration created strong impact on many fronts. Our revenues more than doubled, we successfully converted many pilot projects into full-scale projects, expanded our production

¹ Total revenues (defined as Gross income in the Annual Report) includes revenues from sale of goods in the Clean Municipal Water and Sustainable Industrial water business lines and other income

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

capacity at our current facilities and started the construction of our new megafactory. We are also proud that we attracted strong new talent to our company and, most importantly, realized real and measurable ESG impact for our growing global blue-chip customer base.

Encouraged by our strong traction in the market and increasing market opportunities, we continued to invest in our strategic priorities. We further shaped our global organization by attracting various high-profile industry leaders in commercial and technical roles. Our ability to attract such personnel is a great testimony to the breakthrough technology we provide, the impact we make with our products and the great place to work and sustainable mission we offer to our employees. I am also very excited that we have started the construction of our new megafactory combining ultra-modern production techniques in a state-of-the-art facility, which will be needed to meet the expected demand from our rapidly growing pipeline of opportunities.

NX Filtration is globally active in one of the major challenges of our planet, the availability of clean and affordable water. With our breakthrough membrane technology we can remove contaminations, such as antibiotics, PFAS, viruses and bacteria from polluted water. Every day we are working to help our partners to improve water quality and make clean water available to millions of people worldwide. With our membrane module sales in 2022 alone, we enabled the production of 263 billion liter of clean water.

We have made a strong start to 2023, with various recent breakthrough orders based on our dNF technology in, amongst others, Australia, China and Indonesia. For 2023, we have an outlook on total revenues of €18m to €22m, driven by strong market demand and expanding global sales presence, pilot projects that are converting into larger scale projects and by repeat business with our existing (OEM) partners.”

Financial and segmental review

Total revenues increased by 105% to €8,354k in 2022 compared to €4,069k in 2021. Revenues from the sale of goods increased by 138% to €7,546k in 2022 compared to €3,173k in 2021. Key drivers for the growth in gross income were a strong market demand, an increase in the number of full-scale projects that resulted from preceding pilot projects, as well as global sales force expansions and a growing number of OEM relationships, that are increasingly resulting in repeat projects for existing blue-chip clients.

We experienced **strongest growth in our Sustainable Industrial Water business line**, with revenues from the sale of goods of €4,977k in 2022, a **growth of 140%** compared to €2,072k in 2021. NX Filtration benefitted from the pilots it had initiated since mid-2020, as well as from repeat projects from existing customers. We experienced strong traction with customers in, amongst others, the food & beverage and textile industries looking to reduce their water footprint and optimize their water systems in a sustainable way.

Key projects in our Sustainable Industrial Water business line included wastewater reuse projects for, amongst others, Aquarius H2O Dynamics in India, Cross Textiles in Turkey and Practical Water Solutions in South Africa. Our commercial roll-out model 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. The year 2022 also marks the first replacement order for NX Filtration, which we supplied to Hidrofilt in Hungary for industrial wastewater treatment at the site of an aerospace multinational, that we first supplied in 2019.

In the **Clean Municipal Water business line**, revenues from the sale of goods in 2022 were €2,569k, a **growth of 133%** compared to €1,101k in 2021. This growth was primarily driven by full-scale projects in Asia, whereas the focus in Europe and North America has been on pilots with leading players, with visibility on future large projects. Although our Sustainable Industrial Water business line is still the largest today, larger municipal projects are constituting an increasing part of our pipeline for future revenues.

In our Clean Municipal Water business line, we realized repeat dNF projects with PT. Bayu for the production of drinking water in Indonesia, supplied our dNF modules to Ekopak for the extension of a water treatment project in Belgium, and received repeat orders from EcoAzur for drinking and wastewater treatment projects in Mexico. In the European and North American market, NX Filtration started various new pilot projects, amongst others with Suez in France related to micropollutants removal with our dNF technology and Vitens in the Netherlands, related to drinking water production from the IJssel river. We also continued our pilot projects with leading players such as Veolia in France, Aqualia and Aigües de Barcelona in Spain and Service de l'Eau de Lausanne in Switzerland.

Other income slightly declined from €896k in 2021 to €808k in 2022. This decline was driven by reduced government grants for innovation projects, partly offset by rental income from pilots growing from €192k in 2021 to €400k in 2022.

Gross margin increased to 57.2% in 2022 from 55.0% in 2021. Gross margin was positively impacted by efficiencies resulting from the second spinning line that started-up during the first half of 2022 and positive product mix effects.

EBITDA loss was €8,549k in 2022 compared to an EBITDA loss of €3,738k in 2021 (excluding IPO transaction costs), reflecting ahead-of-the-curve investments to prepare the organization for the expected growth. Including IPO transaction costs, EBITDA loss for 2021 amounted to €13,323k.

Net loss was €8,642k in 2022 compared to a net loss of €4,103k in 2021 (excluding IPO transaction costs). Net loss including IPO transaction costs for 2021 was €11,354k.

Capex amounted to €12,670k in 2022 compared to €8,616k in 2021. Capex included investments in the ongoing capacity expansion at the existing locations, the purchase of land and development costs for the new megafactory and the expansion of NX Filtration's fleet of pilot systems. Additionally, NX Filtration capitalized €914k of development costs which demonstrates the company's continued efforts to invest in innovations for the future.

Net cash position at 31 December 2022 amounted to €104.3 million, compared to a net cash position of €133.4 million at 31 December 2021.

Operating cash flow was €15,702k negative, compared to €3,630k negative in 2021 (€13,215k negative including IPO transaction costs).

Working capital³ increased to €8,471k at 31 December 2022 versus €1,062k at 31 December 2021, as a result of higher account receivables due to increasing sales volumes as well as increased inventory levels to meet the growing demand in 2023.

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. 2022 marked an important year for NX Filtration in terms of progress on this ESG agenda: we realized externally certified science-based CO₂ reduction targets, we obtained an independent ESG risk rating from Sustainalytics, in which we rank amongst the 13% best performers in our global subindustry peer group, we joined the United Nations Global Compact initiative, and installed a formal ESG Committee comprised of the two independent Supervisory Board members to formalize governance and oversight responsibilities with regard to sustainability, environmental, social, corporate governance and human capital matters.

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

1. **Clean water for all**: Our 2022 membrane sales can enable the production of 263 billion liters of clean water⁴, which is equivalent to the drinking water supply for 48 million persons during one year. In 2022, NX Filtration enabled access to clean water across 30 countries.

³ Working capital defined as Inventories plus trade and other receivables minus trade and other payables

⁴ Based on NX Filtration's sales of dNF and UF membrane modules multiplied by the expected capacity and lifetime of such modules. See Sustainability Report for details, assumptions and methodologies

2. Avoiding emissions at our customers: With our membrane module sales in 2022, we enabled 3,578 ton CO₂e savings during the deployment lifetime of our modules, by avoiding the use of 6.7 million kg of chemicals and saving 82 GWh energy compared to conventional technologies⁵.
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.

In our Sustainability Report, that forms part of our Annual Report, we further elaborate on these and other ESG related aspects, as well as underlying assumptions and methodologies related to the above-mentioned metrics. Furthermore, our Sustainability Report includes our first Communication on Progress (CoP) on human rights in accordance with the UN Global Compact.

Strong strategic progress

NX Filtration made strong progress on all key strategic fronts, positioning us well for the substantial growth ahead of us, based on our rapidly growing pipeline of opportunities for the short, medium and long term.

1. Further shaped our global organization, positioning us well for the substantial growth ahead of us

In our journey of fast growth, strengthening and growing our organization is amongst our top priorities. During 2022, our employee base has grown from 69 FTE to 135 FTE, which includes more than 15 nationalities. We entered various new countries with our own sales and engineering teams, including France, Germany, China, Japan and Indonesia. We established strong regional sales and engineering clusters across all continents headed by experienced industry hires. In April 2022, Tsunenobu Katsura (former Chairman of Hydranautics) joined us as new Sales Director for the Asia Pacific region. In May 2022, Tony Fuhrman (former Commercial Director of LG Water Solutions) joined us as new Sales Director for the Americas. Recently, at the start of 2023, Jelena Flokstra (former sales and business development EMEA at 3D printing company Hubs) joined us as new Sales Director for the EMEA region.

2. Successful roll-out of pilot strategy, fully on track to reach our medium-term objective of 200 pilots

Pilots play an important role in NX Filtration's 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 2022, NX Filtration initiated 167 pilot projects compared to 87 in 2021. On 31 December 2022, NX Filtration had 162 pilot systems in its fleet (85 at 31 December 2021). To facilitate a growing demand for its pilot

⁵ See Sustainability Chapter in the Annual Report for details, assumptions and methodologies

systems, NX Filtration had placed orders to further expand its fleet to 190 pilot systems, therewith nearing closely to our medium-term objective of 200 pilot systems.

We continue to be successful in turning these pilot projects into larger projects: in 2022 we delivered our dNF modules for 5 demo projects and 23 full-scale projects. Of these full-scale projects, 17 were repeat orders from customers who had already worked with NX Filtration before. The year 2022 also marks the first replacement order for NX Filtration, which we supplied to Hidrofilt in Hungary for industrial wastewater treatment at the site of an aerospace multinational, that we first supplied in 2019.

3. Started the construction of our upsized megafactory combining ultra-modern production techniques in a state-of-the-art facility

During 2022, NX Filtration started to benefit from its expanded capacity in its existing facilities. The commissioning of its second spinning line in the first half-year of 2022 resulted in a higher capacity (combined total capacity of approximately 10,000 membrane modules per year⁶, compared to the capacity of approximately 2,500 membrane modules per year in 2021) and production efficiency improvements.

We also started the construction of a new large-scale manufacturing facility. Due to strong anticipated client demand, NX Filtration decided to upsize the design of this megafactory with a higher initial capacity and allowing more space for future capacity additions. Improvements and lessons learned from our second spinning line have resulted in higher capacity estimates per spinning line. In addition, to create optimal flexibility for the future, we have decided to build a larger (more than 26,500 m² production and more than 6,000 m² office space) facility from the outset. These two factors allow us to kick off production with a higher initial capacity (approximately 50k⁷ membrane modules based on 4 spinning lines), whilst leaving space for further capacity additions within the same facility (total targeted annual capacity of >120k⁸ membrane modules), in addition to the existing capacity at the current locations. Total expected capex is higher than foreseen at the time of our IPO as a result of the larger plant design and current views on costs, but estimated capex per module capacity remains in line with previous estimates. Completion of the new megafactory is anticipated by the first quarter of 2024, and start-up during the first half-year of 2024.

4. Further strengthened our technology position, with our breakthrough dNF technology continuing to be recognized by the industry

We are convinced that our breakthrough dNF membrane technology will play an important role in addressing global issues which center around water quality and water scarcity. It makes us

⁶ Estimation, based on 5-shift production and depending on product mix

⁷ Estimation, based on 5-shift production and depending on product mix

⁸ Estimation, based on 5-shift production and depending on product mix



proud that the breakthrough character of our membranes is also being recognized by various industry observers. NX Filtration supplied its technology to the Recolab project in Sweden, which received the 2022 Global Water Intelligence award for Wastewater Project of the Year. Recolab is the largest source-separated sanitation plant in the world using circular treatment. Key highlights recognized by the award were the energy-efficiency of the plant and the circular processes that recycle wastewater to drinking water quality.

An important part of our innovation activity is related to the optimal deployment of our membrane modules at our customers. During 2022 we conducted a research project with PepsiCo on additional opportunities for dNF membranes within PepsiCo's facilities. We also participate in the European innovation project LIFE PRISTINE, led by Acciona, to eliminate emerging pollutants (including PFAS) from water sources. The project works on a sustainable alternative for the elimination of emerging pollutants in the water cycle.

In 2022, we also made further progress on our patent portfolio, by adding a new patent family 'Method for creating a porous film through aqueous phase separation' that concerns an innovative application of nanolayers on our membranes.

Priorities and outlook for 2023

Driven by the strong market demand for our technology and supported by the additional equity capital that NX Filtration raised with its IPO in June 2021, we will continue to invest in our strategic priorities in 2023.

In terms of people, we will continue to build on the strong global organization that we further shaped in 2022. We will also continue our strong focus on rolling-out pilot projects and converting these pilots into demo- and full-scale projects. We are fully on track to reach 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. Moreover, we expect to increasingly benefit from repeat business with our existing (OEM) relationships.

In terms of production, we will further benefit from the higher capacity and production efficiencies from our two existing production lines. In addition, 2023 will be a key year for the construction of our new megafactory. Completion of this megafactory is anticipated by the first quarter of 2024 and start-up during the first half-year of 2024. By then, the additional capacity is needed to meet expected demand from our rapidly growing overall pipeline of opportunities for the medium term.

ESG remains a key part of our overall mission while scaling up. NX Filtration considers high ESG standards of great importance for its long-term success, its workforce, its customers, the



environment and society as a whole. The strong growth that NX Filtration is currently experiencing provides many opportunities to organize ESG aspects with the highest standards and impact from the outset.

We are well-positioned for further growth in 2023, with various recent breakthrough orders with our dNF technology in Australia, China and Indonesia. We have an outlook on total revenues of €18m to €22m for 2023, driven by strong market demand and our expanding global sales presence. This targeted growth is largely driven by further roll-out of full-scale projects and by repeat business from our existing (OEM) clients.

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.

The 2022 annual report is available on the Investor Relations section of the website www.nxfiltration.com.

Analyst call / webcast

NX Filtration will host an analyst call and webcast at 9:30 CEST on 10 February 2023 to comment on the 2022 results. Please see www.nxfiltration.com/investors for details to participate.

Financial calendar

H1 2023 results: 29 August 2023

About NX Filtration

NX Filtration is a provider of direct nanofiltration membrane technology for producing pure and affordable water to improve quality of life. Its direct nanofiltration technology removes micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour and selective salts, but also bacteria, viruses and nanoplastics, from water in one step whilst offering strong sustainability benefits. For further information on NX Filtration please visit www.nxfiltration.com

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Notes to the press release

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Use of non-IFRS information

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 standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

Forward looking statements

This press release may include 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, optimizing, 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 revenue outlook estimates are management estimates resulting from NX Filtration's pursuit of its strategy. NX Filtration can provide no assurances that the estimated future revenues will be realized and the actual total revenues for 2023 could differ materially. The expected total revenues 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.