

NX Filtration reports half-year 2023 revenue and increasing lead-time in pilot conversion

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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 half-year 2023 revenue and increasing lead-time in pilot conversion, resulting in an adjusted full-year 2023 revenue outlook.

NX Filtration is experiencing 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.

Half-year 2023 revenues came in at €3.7m (similar as in the first half-year of 2022), lower than anticipated, caused by longer lead times to convert pilot projects into large full-scale projects. **Full-year 2023 revenue** is still expected to increase substantially from full-year 2022, but anticipated to come in **lower than our previous outlook** of €18m to €22m. For the full-year 2023, NX Filtration **revises its outlook** on total revenues to €10 to €14m. **Gross margins remain strong at 58.9%** in the first half-year of 2023, an increase compared to 55.3% in the first half-year of 2022.

All **underlying business drivers continue to develop in a very favorable direction**, and our medium- and long term objectives on revenue growth and profitability remain unchanged.

- **104 pilots projects** in the first half-year of 2023, 28% more than in the first half-year of 2022), with strong results and therewith planting the seeds for future growth.
- **Strong and rapidly growing pipeline** of commercial opportunities that is more than 50% larger than at the end of the first half of 2022.
- **Major steps forward with key OEMs** (e.g. Veolia, Aqualia, Suez, Greentech 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.
- **Stronger than ever market trends** to address global water issues, driven by droughts and pollution, causing many countries to implement regulations and investment plans: e.g. in France (53 new measures to combat droughts in summer period), Spain (recently announced a €2.2bn package amongst others for wastewater reuse), and in the US (proposal for the first-ever national drinking water standard for PFAS).

- **Strong recognition by industry institutions for our technology:** Global Water Intelligence Distinction Awards for Water Technology Company of the Year and Water Project of the Year and Frost & Sullivan award for exceptional performance in the global industrial water and wastewater treatment membrane market.
- **On-track with our new megafactory:** strong progress on the construction, with completion anticipated by Q1 2024 and start-up in H1 2024, within the anticipated Capex budget.

Jeroen Pynenburg, CEO of NX Filtration, states:

“I am thrilled to have joined NX Filtration and am excited to work with a global team that has such a strong drive and competence to make an impact on the water transition. Unfortunately today we have to update the market on the delay in our revenue growth. Although we have to adjust our full-year 2023 revenue outlook, I am highly confident that we are on the right track of our future growth path. The current delay in revenue growth is caused by longer lead times to convert pilots 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.”

We remain closely collaborating with our customers and continue to be positive on the conversion of our pilots. Our major opportunities that we had planned to deliver in the first half of 2023 are still part of our pipeline today. In fact, the underlying drivers for our business are stronger than ever: the market is developing very favorably, our pipeline continues to grow, and we experience great traction with major customers that are clearly entering the next stage of roll-out of our technology. We put our shoulders to the wheel and continue to stick to our medium- and long-term objectives.”

NX Filtration’s 2023 half-year report will be published on 29 August 2023 and will be available on the Investor Relations section of the website www.nxfiltration.com.

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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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.