

## Company announcement

No. 27/2023

### Aquaporin A/S

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Company registration no.: DK28315694

# Aquaporin announces results for first half 2023 – strong revenue growth and improved EBIT

**Kongens Lyngby, Denmark, August 25, 2023** – Aquaporin A/S (ticker: AQP) (“Aquaporin” or the “Company”), an innovative water technology company dedicated to rethinking water filtration with biotechnology, today announces the Company's Half-Year Interim Report for the period January 1 – June 30, 2023.

*“I am very pleased with the progress we made in the first half of the year. We continued our journey towards profitability and saw a significant increase in revenue compared to the same period last year. We continue our growth trajectory, providing energy-efficient solutions to a growing number of customers,”* says Matt Boczkowski, Chief Executive Officer at Aquaporin.

*“Our order book has grown and our half-year results are in line with expectations. We are confident that we can deliver on our guidance for 2023,”* says Klaus Juhl Wulff, Chief Financial Officer at Aquaporin.

## Financial highlights

- Revenue grew 54% to DKK 20.2 million (DKK 13.1 million) in the first six months of 2023.
- Year-to-date EBIT before special items improved by DKK 8.6 million compared to 2022, with a loss of DKK 45.1 million (loss of DKK 53.7 million).
- Cash & cash equivalents at the end of the period amounted to DKK 52.3 million (DKK 79.6 million).
- Gross margin and capital expenditure (CAPEX) in tangible assets for the first six months of 2023 were in line with our target for the year.

## Business highlights

- Signed an exclusive supply agreement with Philips Water Solutions for supply of membrane to all Philips-branded purifiers in China, with a doubling of sales compared to 2022.
- Signed a global Joint Development Agreement with E. & J. Gallo Winery to create sustainable solutions, utilizing the unique Aquaporin Inside® concentration methods.
- Demonstrated the energy efficiency of Aquaporin Inside® CLEAR membranes by achieving up to 60% energy consumption reduction in a water recycling application.
- Secured milestone collaboration with Aqualia, the fourth largest water management company in Europe, to promote Aquaporin’s biomimetic membrane elements at municipal water treatment plants.
- Launched the A2O Series with the A2O Pure under-the-sink water purifier and a distribution agreement for Scandinavia with renowned Danish kitchen reseller Andersen & Nielsen.

- Signed distribution agreement with EARTHY to expand water purification business in India.
- Approval of Forward Osmosis modules for use in Food Contact Applications in Japan.
- Raised gross proceeds of DKK 74 million in private placement.
- Strengthened our sales organization in June with the recruitment of Executive Vice President for Global Market Solutions, Raman Venkatesh.

### **Subsequent events**

- Partnered with national Singaporean water agency, PUB, to develop the world's first large-scale low-energy reverse osmosis biomimetic membrane demonstration.
- Received largest industrial Reverse Osmosis membrane element order to date from an Israeli customer, consisting of 1,000 elements.
- Space project with ESA and NASA where Aquaporin will be going into space with Danish astronaut, Andreas Mogensen, to test Forward Osmosis technology, expected on August 25, 2023.
- Go live marketing campaign launched for A2O Pure in Denmark, addressing residential drinking water issues, including PFAS removal.

### **Outlook**

We maintain the outlook for 2023, as published on March 23, 2023. Revenue is anticipated to be in the range of DKK 50-70 million by year-end 2023; gross profit is expected to be >30%; EBIT (before special items) is expected to be a loss in the range of DKK 105-95 million; CAPEX for the year is expected to be in the range of DKK 10-15 million.

### **Conference call**

Aquaporin will host an investor call during which Management will present the Half-Year Interim Report 2023. The presentation will be followed by a Q&A session.

The call will be held in English on **Friday, August 25, 2023, at 10.00 AM CET** and a replay will subsequently be available on Aquaporin's website.

Full details on how to join the event is available at <https://events.q4inc.com/attendee/540996395>

Dial in to ask a question: Denmark: +45 32740710 | Germany: +49 69 589964217 | United Kingdom: +44 20 3481 4247 | United States: +1 (646) 307 1963. Conference ID: 9814723.

### **For further information, please contact:**

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## Financial Highlights and Key Figures

<i>DKK thousand</i>	Q2 2023	Q2 2022	HY 2023	HY 2022	FY 2022
<b>Consolidated Income Statement</b>					
Revenue	9,334	5,997	20,186	13,140	30,554
Distribution costs	2,323	4,945	5,675	9,363	16,376
Sales and marketing costs	7,554	6,533	15,048	12,617	26,220
Research and development costs	10,068	11,397	21,926	24,253	49,862
Administrative costs	6,421	5,601	11,681	12,000	21,461
EBITDA before special items	(18,275)	(21,530)	(37,542)	(44,407)	(89,918)
EBIT before special items	(21,400)	(26,266)	(45,077)	(53,680)	(108,384)
Special items	-	-	-	-	(5,007)
EBIT	(21,400)	(26,266)	(45,077)	(53,680)	(113,391)
Net financial items	(239)	(209)	(687)	(1,398)	(4,087)
Earnings for the period	(18,903)	(25,107)	(43,030)	(52,337)	(112,119)
<b>Consolidated Balance Sheet</b>					
Total non-current assets			200,358	202,090	203,263
Total current assets			95,680	123,471	67,283
Total assets			296,038	325,561	270,546
Equity			187,262	217,597	159,135
Total liabilities			108,776	107,964	111,411
<b>Consolidated Cash Flow</b>					
Cash flow from operating activities	(21,123)	(26,590)	(38,890)	(55,488)	(94,942)
Cash flow from investment activities	(3,149)	(3,069)	(5,961)	(5,097)	(11,404)
- Investments in intangible assets	(2,746)	(2,804)	(5,223)	(4,744)	(9,728)
- Investments in tangible assets	(401)	(257)	(702)	(257)	(1,403)
Cash flow from financing activities	(1,487)	(989)	67,734	(3,095)	(7,562)
<b>Key ratios</b>					
Equity share <sup>1</sup>			63%	67%	59%
Earnings per share <sup>2</sup>	(2)	(2)	(4)	(5)	(11)
Diluted earnings per share <sup>3</sup>	(2)	(2)	(4)	(5)	(11)
Average number of FTE's	80	86	80	86	86

Key figures and ratios are defined and calculated in accordance with applied accounting policies as described in the Annual Report for 2022.

<sup>1</sup> Equity share is calculated as the equity divided by the total assets as of the balance sheet date.

<sup>2</sup> Earnings per share is calculated as the net result for the period divided by the weighted-average number of ordinary shares outstanding during the period.

<sup>3</sup> Diluted earnings per share is calculated as the net result for the period divided by the weighted-average number of ordinary shares outstanding during the period adjusted by the dilutive effect of warrants.

## Business Review

Aquaporin is rethinking water filtration with biotechnology. Our solutions are anchored in nature and inspired by the aquaporin protein – nature’s own water filter. As we strive to create a healthier environment for the future, we focus on three core business areas: Drinking Water, Industrial Water, and Food & Beverage. To enable our strategy of providing clean water, we leverage our core Aquaporin Inside® technology, continually building our commercial organization to drive traction in each market.

Drinking Water is the main revenue driver, with purifier, membrane, and flat sheet sales as we grow our business with new partnerships and systems. Industrial Water and Food & Beverage fall into the category of Forward Osmosis and are driven by longer-term market development in collaboration with key customers. Our go-to-market strategy is specifically tailored to each market, partnering with system integrators and distributors as needed. We expect sales cycles to decrease as we increase the number of references with well-known partners and customers, which in turn will increase the revenue contribution from these business areas.

We have chosen to focus our in-house production efforts on the core value-adding manufacturing steps. These primarily relate to components (aquaporin protein) and formulation (coating), which are less capital intensive and for which we have the capacity to meet demand in the foreseeable future. Other steps within manufacturing, which are more capital intensive, are outsourced to Contract Manufacturing Organizations or Joint Development Partners enabling scalability due to larger production capacity with greater flexibility.

### Drinking Water

For the first six months of 2023, Drinking Water contributed 54% of total revenue for the period, of which Point-of-Use (PoU) systems contributed 6% and non-PoUs (membranes, flat sheets) contributed 48%. Our Drinking Water products are commercialized through our own range as well as via co-branding with major players. In the beginning of 2023, we launched our A2O Series with the A2O Pure under-the-sink purifier and expect to launch the A2O Bar kitchen unit in Q4 2023. The series is built on our unique Aquaporin Inside® technology, which is a cornerstone in our entire product range. Our short-term focus is on adding commercial resources in Europe, Asia, and the United States. We are also adding warehouse capacity in the United States to serve the North American market.

### Market Development

Aquaporin remains committed to select applications in Industrial Water and Food & Beverage, focusing on a customer-centric approach to create targeted value. In the first half of 2023, we have seen continued traction within Market Development as we continue to grow our portfolios in both Industrial Water and Food & Beverage. Market Development contributed 46% of the total revenue for the period, highlighting the positive outcome of a more focused approach to high value segments.

We secured a number of important collaborations during the past six months, including the ones with E. & J. Gallo Winery and Aqualia. Both partnerships work to utilize our unique Aquaporin Inside® technology, focusing on sustainable and efficient solutions to the respective needs of the customers.

### Research & development

At Aquaporin, we are committed to research & development to fully utilizing the unique properties of our Aquaporin Inside® technology. We continue to prioritize investments in our research to ensure the further development and refinement of our core technology, supporting the development of improved products and differentiation from competitors.

Our Deep Tech team is focusing on developing the next generation of the Aquaporin Inside® formulation, to create higher energy efficiency, water flux, and rejection rates.

We made significant progress in the first half of 2023 by developing new methods to identify how and where the proteins are located on membrane surfaces. This is key in enhancing the performance of our biomimetic membranes and opening up new high-value applications for Forward and Reverse Osmosis.

We also launched a polymer lab project where we will be establishing a lab at Aquaporin that will allow us to test new polymer-based structures to stabilize the Aquaporin protein in standard membrane chemistry.

Using Open Innovation and Public Private Partnerships as a toolbox, we currently have 8 active projects, co-funded by governments in Europe and Asia, where we in collaboration with other industrial partners and universities, utilize Aquaporin Inside® products to create full application solutions in drinking water and industrial water treatment solutions.

### **Environmental, Social, and Governance**

We strive to minimize the impact we have on the environment and climate and work to integrate the same thinking across all our operations. With innovation and R&D, we continue to improve the performance of our membranes, extending the operational lifetime and driving energy-efficient solutions. We work to decrease our overall energy consumption and are transitioning to renewable energy sources. We believe in the power of diversity and aspire to provide equal opportunity by implementing various initiatives to encourage diversity throughout the organization as defined by gender, age, religion, ethnicity, and sexual orientation. Please refer to our Annual Report 2022 for a more in-depth description of our sustainability targets and key ESG figures.

### **Risks and assumptions**

As of June 30, 2023, Aquaporin held total cash of DKK 52.3 million, which we consider sufficient to facilitate our commercial strategy until Q2 2024. We continually work to build our commercial profile, building our infrastructure to achieve increased market acceptance for our product portfolio. The revenue outlook for 2023 includes uncertainties related to the ability to convert current partners and opportunities into customers and orders.

An extensive description of risk factors can be found in the Aquaporin Annual Report 2022, which is available on our website, in the section “Risk management”.

## Management Statement on the Interim Report

The Board of Directors and the Executive Board have considered and approved the interim financial report of Aquaporin A/S for the period January 1 to June 30, 2023.

The interim report, which is unaudited and has not been reviewed by the company's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further requirements in accordance with the Danish Financial Statement Act.

The accounting policies used in the interim financial report are consistent with those accounting policies used in Aquaporin A/S' 2022 Annual Report.

In our opinion, the interim condensed consolidated financial statements for the six months ended June 30, 2023, give a true and fair view of the Group's assets, liabilities, and financial position at June 30, 2023 and of the results of the Group's operations and cash flows for the period January 1 to June 30, 2023.

We further consider that the Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, together with a description of the principal risks and uncertainties that the Group faces, in accordance with Danish disclosure requirements for listed companies.

Copenhagen, August 25, 2023

### Executive Management

Matt Boczkowski  
Chief Executive Officer

Klaus Juhl Wulff  
Chief Financial Officer

Joerg Hess  
Chief Operating Officer

Peter Holme Jensen  
Chief Innovation Officer

### Board of Directors

Niels Heering  
Chair

Søren Bjørn Hansen  
Deputy Chair

Anne Broeng

Lars Hansen

Anupam Bhargava

Weiming Jiang

Jianlong Zhuang

Please note that comparative figures for 2022 are shown in brackets throughout the report.

## Financial Review

The financial review is based on the Group's consolidated financial information for the first six months of 2023, with comparative figures for the same period in 2022.

### Income statement

#### *Revenue*

Revenue amounted to DKK 20.2 million (DKK 13.1 million) for the first six months of 2023. Revenue grew in both Drinking Water products and within Market Development. For Drinking Water, the increased revenue mainly relates to membrane sales. Market Development grew due to increasing project sales.

#### *Costs*

Our fixed cost base decreased 6.9% to DKK 54.3 million (DKK 58.2 million), driven by lower distribution costs and reduced R&D costs.

Distribution costs amounted to DKK 5.7 million (DKK 9.4 million) for the first six months of 2023. The reduced distribution costs in 2023 are a result of reduced costs to commissions and reorganization.

Sales and marketing costs amounted to DKK 15.0 million (DKK 12.6 million) for the first six months of 2023. The increase of DKK 2.4 million was primarily due to organizational changes to support growth.

Research and development costs amounted to DKK 21.8 million (DKK 24.3 million) for the first six months of 2023. The reduction is led by the strengthened focus on commercial engineering supporting the development and service of the new systems sold within Market Development, where some costs are now recognized as cost of goods sold.

Administrative costs amounted to DKK 11.7 million (DKK 12.0 million) for the first six months of 2023. The administrative costs are in line with last year.

#### *Earnings*

EBIT was a loss of DKK 45.1 million (loss of DKK 53.7 million) for the first six months of 2023. The improved operating profit is a result of increased revenue and reduced costs.

### Liquidity and capital resources

#### *Cash position*

As of June 30, 2023, Aquaporin A/S held cash of DKK 52.3 million (DKK 79.6 million).

#### *Equity*

Equity amounted to DKK 187.3 million (217.6 million) as of June 30, 2023.

### Cash flow

#### *Cash flow from operating activities*

The cash flow generated by operating activities amounted to an outflow of DKK 38.9 million (DKK 55.5 million) in the six-month period ending June 30, 2023. The improved cash flow is a result of the successful execution of our strategy and our path to profitability, including increasing revenue and prudent cost discipline. The improvement in cash flow from operating activities was partly offset by increasing working capital, building up inventory to support the increasing growth.

*Cash flow from investing activities*

The cash flow from investing activities amounted to an outflow of DKK 6.0 million (outflow of DKK 5.1 million) for the six-month period ending June 30, 2023. Investments are primarily driven by development projects.

*Cash flow from financing activities*

The cash flow from financing activities contributed an inflow of DKK 67.7 million (outflow of DKK 3.1 million) in the six-month period ending June 30, 2023. The capital base was strengthened by a private placement completed in February 2023, raising gross proceeds of DKK 73.8 million.

**Outlook**

Based on the financial performance in the first six months of the fiscal year 2023, we maintain the full-year outlook published in the annual report for 2022:

- Revenue is anticipated to be in the range of DKK 50-70 million
- Gross profit is expected to be >30%
- EBIT (before special items) is expected to be a loss in the range of DKK 95-105 million
- CAPEX for the year is expected to be in the range of DKK 10-15 million.



## Condensed Consolidated Interim Financial Statements H1 2023

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## Consolidated Interim Income Statement

<i>DKK thousand</i>	<b>Notes</b>	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>HY 2023</b>	<b>HY 2022</b>
Net revenue	4	9,334	5,997	20,186	13,140
Cost of goods sold		(4,368)	(3,787)	(10,933)	(8,587)
<b>Gross profit</b>		<b>4,966</b>	<b>2,210</b>	<b>9,253</b>	<b>4,553</b>
Distribution costs		(2,323)	(4,945)	(5,675)	(9,363)
Sales and marketing costs		(7,554)	(6,533)	(15,048)	(12,617)
Research and development costs		(10,068)	(11,397)	(21,926)	(24,253)
Administrative costs		(6,421)	(5,601)	(11,681)	(12,000)
<b>Operating profit (EBIT)</b>		<b>(21,400)</b>	<b>(26,266)</b>	<b>(45,077)</b>	<b>(53,680)</b>
Finance income		321	415	645	564
Finance costs		(560)	(624)	(1,332)	(1,962)
<b>Earnings before income tax</b>		<b>(21,639)</b>	<b>(26,475)</b>	<b>(45,764)</b>	<b>(55,078)</b>
Income tax		1,361	1,368	2,734	2,741
<b>Earnings for the period</b>		<b>(20,278)</b>	<b>(25,107)</b>	<b>(43,030)</b>	<b>(52,337)</b>
<b>Earnings per share in DKK</b>					
Earnings per share		(2)	(2)	(4)	(5)
Diluted earnings per share		(2)	(2)	(4)	(5)

## Consolidated Statement of Comprehensive Income

<i>DKK thousand</i>	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>HY 2023</b>	<b>HY 2022</b>
Earnings for the period	(20,278)	(25,107)	(43,030)	(52,337)
<b>Other comprehensive income</b>				
Items that can be reclassified to profit and loss:				
Exchange differences regarding foreign operations	(1,112)	(218)	(750)	144
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,112)</b>	<b>(218)</b>	<b>(750)</b>	<b>144</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(21,390)</b>	<b>(25,325)</b>	<b>(43,780)</b>	<b>(52,193)</b>

## Consolidated Interim Balance Sheet

<i>DKK thousand</i>	Notes	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Know-how		2,899	2,899	2,899
Development projects		91,726	88,031	89,846
Other intangible assets		806	293	452
<b>Intangible assets</b>		<b>95,431</b>	<b>91,223</b>	<b>93,197</b>
Plant and machinery		36,475	40,165	38,547
Right-of-use assets		48,003	48,533	50,233
Other equipment		1,886	2,295	2,026
Leasehold improvements		16,066	17,568	16,799
<b>Tangible assets</b>		<b>102,430</b>	<b>108,560</b>	<b>107,605</b>
Investments in associates		24	47	24
Deposits		2,473	2,260	2,437
<b>Financial assets</b>		<b>2,497</b>	<b>2,307</b>	<b>2,461</b>
<b>Total non-current assets</b>		<b>200,358</b>	<b>202,090</b>	<b>203,263</b>
Prepayments		3,238	1,603	5,066
Inventories		22,672	16,878	10,738
Trade receivables		4,234	11,690	12,430
Work in progress		507	-	-
Receivables from associates		194	-	-
Other receivables		4,263	5,410	4,132
Income tax receivables		8,250	8,255	5,500
Cash and cash equivalents		52,322	79,635	29,417
<b>Total current assets</b>		<b>95,680</b>	<b>123,471</b>	<b>67,283</b>
<b>Total assets</b>		<b>296,038</b>	<b>325,561</b>	<b>270,546</b>

## Consolidated Interim Balance Sheet (continued)

<i>DKK thousand</i>	Notes	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Share capital	6	10,946	10,131	10,131
Retained earnings		174,755	206,532	146,693
Reserve for exchange rate transactions		1,561	934	2,311
<b>Total equity</b>		<b>187,262</b>	<b>217,597</b>	<b>159,135</b>
Lease liability		51,129	51,571	52,774
Other payables		3,596	3,947	3,596
<b>Total non-current liabilities</b>		<b>54,725</b>	<b>55,518</b>	<b>56,370</b>
Provision		3,670	111	3,735
Lease liability		3,893	3,077	4,032
Prepayments from customers		651	-	469
Trade payables		5,202	4,465	3,167
Other payables		8,936	11,026	11,003
Deferred government grants		31,699	33,767	32,635
<b>Total current liabilities</b>		<b>54,051</b>	<b>52,446</b>	<b>55,041</b>
<b>Total liabilities</b>		<b>108,776</b>	<b>107,964</b>	<b>111,411</b>
<b>Total equity and liabilities</b>		<b>296,038</b>	<b>325,561</b>	<b>270,546</b>

## Consolidated Interim Statement of Changes in Equity

<i>DKK thousand</i>	Share capital	Retained earnings	Reserve for exchange rate translation	Total equity
<b>Balance as of Dec 31, 2021</b>	<b>10,131</b>	<b>259,553</b>	<b>790</b>	<b>270,475</b>
Profit/loss for the period	-	(52,337)	-	(52,337)
Other comprehensive income	-	-	144	144
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(52,337)</b>	<b>144</b>	<b>(52,193)</b>
<i>Transactions with owners in their capacity as owners</i>				
Share-based payment	-	(685)	-	(685)
<b>Balance as of Jun 30, 2022</b>	<b>10,131</b>	<b>206,532</b>	<b>934</b>	<b>217,597</b>
<b>Balance as of Dec 31, 2022</b>	<b>10,131</b>	<b>146,693</b>	<b>2,311</b>	<b>159,135</b>
Profit/loss for the period	-	(43,030)	-	(43,030)
Other comprehensive income	-	-	(750)	(750)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(43,030)</b>	<b>(750)</b>	<b>(43,780)</b>
<i>Transactions with owners in their capacity as owners</i>				
Increase in share capital	815	72,974	-	73,789
Share-based payment	-	1,140	-	1,140
Cost related to issue of new shares	-	(3,022)	-	(3,022)
<b>Balance as of Jun 30, 2023</b>	<b>10,946</b>	<b>174,755</b>	<b>1,561</b>	<b>187,262</b>

## Consolidated Interim Statement of Cash Flow

<i>DKK thousand</i>	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>HY 2023</b>	<b>HY 2022</b>
Operating profit	(21,401)	(26,266)	(45,078)	(53,680)
Non-cash items	4,138	3,232	9,483	6,375
Change in net working capital	(3,607)	(3,340)	(2,592)	(6,776)
<b>Cash flow from primary operating activities</b>	<b>(20,870)</b>	<b>(26,374)</b>	<b>(38,187)</b>	<b>(54,081)</b>
Received interests and other financial income	321	415	645	564
Paid interests and other financial expenses	(560)	(624)	(1,332)	(1,962)
Paid/received tax	(14)	(7)	(16)	(9)
<b>Cash flow from operating activities</b>	<b>(21,123)</b>	<b>(26,590)</b>	<b>(38,890)</b>	<b>(55,488)</b>
Investments in non-current assets	(3,147)	(3,061)	(5,925)	(5,001)
Deposits	(2)	(8)	(36)	(96)
<b>Cash flow from investing activities</b>	<b>(3,149)</b>	<b>(3,069)</b>	<b>(5,961)</b>	<b>(5,097)</b>
Non-current liabilities	-	-	-	(1,337)
Repayment of lease liabilities	(1,487)	(989)	(3,033)	(1,758)
Proceeds from capital increase	-	-	73,789	-
Cost related to issue of new shares	-	-	(3,022)	-
<b>Cash flow from financing activities</b>	<b>(1,487)</b>	<b>(989)</b>	<b>67,734</b>	<b>(3,095)</b>
<b>Net cash flow for the period</b>	<b>(25,759)</b>	<b>30,648</b>	<b>22,883</b>	<b>(63,680)</b>
Cash and cash equivalents, beginning of the year	78,072	110,238	29,417	143,257
Foreign exchange adjustment of cash and cash equivalents	9	45	22	58
<b>Cash and cash equivalents, end of the period</b>	<b>52,322</b>	<b>79,635</b>	<b>52,322</b>	<b>79,635</b>

## Notes to the Interim Report

### Note 1 - Basis of preparation of the interim report

The interim condensed consolidated financial statements of Aquaporin A/S (“the Company”) have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB) and as adopted by EU and disclosure requirements for Danish listed companies. The interim condensed consolidated financial statements are presented in Danish kroner (DKK) which is also the functional currency of the parent company.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those used in the Company’s Annual Report for the year ended December 31, 2022.

#### *New and amended standards*

The Company has implemented the latest IFRS amendments, which took effect on January 1, 2023 and have been approved by the EU. None of those amendments have significantly affected recognition and measurement, nor are they expected to have a material effect in the near future.

### Note 2 - Accounting estimates

In connection with the preparation of the interim report, Management makes accounting estimates, assessments, and assumptions which form the basis of the presentation, recognition, and measurement of the Group’s assets and liabilities for accounting purposes. There are no changes in the estimates or assessments reported in the Annual Report for 2022.

Information on the most critical judgments, estimates, and assumptions where a change will significantly impact the consolidated financial statements are included in the following notes in the Annual Report 2022:

- Capitalized development costs (Note 3.1)
- Impairment of intangible assets (Note 3.1)
- Deferred tax (Note 3.8)

### Note 3 - Segment information

Aquaporin is managed and operated as one business unit, which means that no structural or organizational aspects allow for a different division of earnings from individual product candidates or geographical markets due to the fact that sales channels, customer types, and sales organizations are identical for all important markets. Hence, no segment information is currently included in the internal reporting to Management.

### Note 4 - Net revenue

The group operates with one established market division the Drinking Water market with a focus on product sales in the established market, and a Market Development division with focus on project sales in different commercial markets.

<b>Revenue</b>	<b>HY 2023</b>	<b>HY 2022</b>
<i>DKK thousand</i>		
RO Drinking Water	10,904	7,860
FO Market Development	9,282	5,280
<b>Total revenue</b>	<b>20,186</b>	<b>13,140</b>

### Note 5 - Share-based payments

Aquaporin has established incentive plans based on warrant programs for Executive Management and certain key employees. The purpose of these programs is to ensure common goals for management, employees, and shareholders. Allocation of programs is set by the Board of Directors in accordance with the Company's Articles of Association.

The warrant program comprises a total of 270,526 warrants on 30 June 2023 (31 December 2022: 278,159). Each warrant gives the holder the right to buy one ordinary share of nominally 1 DKK in Aquaporin A/S.

For the first six months of 2023 the recognized expenses related to share-based payments amount net to DKK 1.1 million (DKK 0.3 million). The expense for share-based payments comprises the following warrant programs:

Warrants in the "2022 Long-Term Incentive Program (LTIP)" were DKK 48.4 thousand (DKK 10.1 thousand), which was recognized as operating expenses in the first six months of 2023.

The long-term share-based incentive program established in May 2022 was recognized as operating expenses in the first six months of 2023 by DKK 1.2 million (DKK 0.3 million).

A new share-based incentive program was established in February 2023. DKK 0.3 million was recognized as operating expenses in the first six months of 2023.

10,000 warrants from 2018 expired and were forfeited. The previous recognized value amounts to DKK 0.4 million, which is now recognized with a positive impact on the operating expenses in the first six months of 2023.

No warrants have been exercised by Members of the Board, Management, and other related parties for the first six months of 2023.

### Note 6 - Share capital

A capital increase was completed on February 23, 2023. The capital increase was made as a private placement of 815,353 shares representing 8.0% of the registered share capital of the Company prior to the capital increase and 7.4% of the share capital following the share capital increase.

In the same period in 2022, no capital increase was completed.

<i>Number of shares</i>	<b>Ordinary shares</b>
<b>December 31, 2021</b>	<b>10,130,801</b>
(No activity in 2022)	-
<b>December 31, 2022</b>	<b>10,130,801</b>
Capital increase related to private placement in February 2023	815,353
<b>June 30, 2023</b>	<b>10,946,154</b>

Following the above activity, the share capital comprises 10,946,154 shares of a nominal value of DKK 1 each as of June 30, 2023. The shares are not divided into share classes, and each share carries one vote. No shares carry any special rights.



### Note 7 - Related party transactions

During the first six months of 2023, the Group was not involved in any transactions with the shareholders, members of the Board of Directors, members of the Executive Board, or companies outside the Group in which these parties have significant influence, except for the payment of the Management's remuneration and the transactions listed below.

Aquaporin A/S has had the following transactions and balances with related parties:

<i>DKK thousand</i>	HY 2023	HY 2022
Revenue received from associated companies	74	4
Revenue from related parties	169	-
Cost to related parties	6	-
Trade receivables to associated companies	194	-
Trade receivables to related parties	92	-

### Note 8 - Events after the balance sheet date

Management is not aware of any events of importance to the interim report, which have occurred after the balance sheet date.

### Forward-looking statements

Matters discussed in this report may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as "believe", "expect", "anticipate", "intend", "estimate", "will", "may", "continue", "should", and similar expressions, as well as other statements regarding future events or prospects. Specifically, this report includes information with respect to projections, estimates, and targets that also constitute forward-looking statements. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies, and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, and other important factors include, among others: Limited experience in commercialization of the Company's products, failure to successfully implement strategies, dependence on third parties for manufacturing certain product components and the supply of certain raw materials, manufacturing disruptions, strategic collaboration, protection of the Company's intellectual property rights and other risks disclosed in Aquaporin's annual reports and company announcements. Such risks, uncertainties, contingencies, and other important factors could cause actual events to differ materially from the expectations, projections, estimates, and targets expressed or implied in this report by such forward-looking statements. The information, opinions, and forward-looking statements contained in this report speak only as at its date and are subject to change without notice. Aquaporin expressly disclaims any obligation to update or revise any forward-looking statements, except as required by law.