# Financial Report 2023

Ekopak

Ekopak Sustainable Water

Together towards a sustainable future.

**FINANCIAL REPORT 2023**

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# IFRS Consolidated Financial Statements

## 1. Consolidated statement of profit or loss

| | | for the year ending December 31 | |
|---|---|---|---|
| **in 000€** | **Notes** | **2023** | **2022** |
| Revenue | 5 | 36.033 | 17.710 |
| Other operating income | 5 | 1.530 | 1.135 |
| **Operating income** | | **37.563** | **18.845** |
| | | | |
| Purchases of materials | 7 | -18.545 | -8.921 |
| Services and other goods | 7 | -6.244 | -4.555 |
| Employee benefit expense | 7 | -9.452 | -5.660 |
| Depreciation and amortisation expense | 9, 11, 12 | -6.592 | -1.835 |
| Other operating charges | 7 | -131 | -168 |
| **Operating loss** | | **-3.401** | **-2.294** |
| | | | |
| Financial expenses | 7 | -880 | -277 |
| Financial income | 7 | 284 | 50 |
| **Loss before taxes** | | **-3.997** | **-2.521** |
| | | | |
| Income taxes | 8 | 921 | 535 |
| **Net loss for the year *** | | **-3.076** | **-1.986** |
| | | | |
| | | | |
| Earnings per share attributable to the owners of the parent | | | |
| Basic | 18 | -0,21 | -0,13 |
| Diluted | 18 | -0,21 | -0,13 |

** The net loss for the year is full attributable to the owners of the parent*

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Consolidated Financial Statements.*

## 2. Consolidated statement of comprehensive income

| in 000€ | Notes | for the year ending December 31 2023 | 2022 |
|---|---|---|---|
| **Net loss for the year** | | **-3.076** | **-1.986** |
| **Other comprehensive (loss)/income** | | | |
| ***Items that may be reclassified to profit or loss*** | | | |
| Cashflow hedge reserve, net of tax | 24 | -34 | – |
| Cumulative translation differences | | -26 | – |
| ***Items that will not be reclassified to profit or loss*** | | | |
| Remeasurements of post-employment benefit obligations, net of tax | **19** | **10** | **35** |
| **Other comprehensive income, net of tax** | | **-50** | **35** |
| **Total comprehensive loss for the year, net of tax *** | | **-3.126** | **-1.951** |

** The total comprehensive loss for the year is full attributable to the owners of the parent*

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Consolidated Financial Statements.*

## 3. Consolidated statement of financial position

| in 000€ | Notes | At December 31<br>2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Goodwill | 9 | 20.443 | 2.135 |
| Intangible assets | 10 | 32.121 | 4.592 |
| Property, plant and equipment | 11, 12 | 30.589 | 25.349 |
| Deferred tax assets | 8 | 3.193 | 1.547 |
| Other financial assets | | 117 | 99 |
| **Total non-current assets** | | **86.463** | **33.722** |
| | | | |
| **Current assets** | | | |
| Contract assets | 15 | 9.836 | 4.016 |
| Inventories | 13 | 8.421 | 4.837 |
| Trade receivables | 14 | 7.668 | 4.951 |
| Other current assets | 14 | 4.325 | 865 |
| Cash and cash equivalents | 16 | 12.679 | 32.508 |
| **Total current assets** | | **42.929** | **47.177** |
| **Total assets** | | **129.392** | **80.899** |

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Consolidated Financial Statements.*

| | | At December 31 | |
|---|---|---|---|
| **in 000€** | **Notes** | **2022** | **2021** |
| **Equity** | | | |
| Share capital | 17 | 6.671 | 6.671 |
| Share premium | 17 | 55.116 | 55.116 |
| Other reserves | 17 | -2.309 | -2.274 |
| Accumulated loss | | -5.961 | -2.845 |
| **Equity attributable to the owners of the parent** | | **53.517** | **56.668** |
| **Total equity** | | **53.517** | **56.668** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 21 | 34.127 | 10.785 |
| Lease liabilities | 12, 21 | 2.394 | 999 |
| Deferred tax liabilities | 8 | 7.542 | 1.244 |
| Provisions | 19 | 1.158 | 539 |
| **Total non-current liabilities** | | **45.221** | **13.567** |
| **Current liabilities** | | | |
| Borrowings | 21 | 5.348 | 1.926 |
| Lease liabilities | 12, 21 | 1.088 | 522 |
| Trade and other payables* | 22 | 12.543 | 7.199 |
| Tax payables | 8 | 665 | 242 |
| Contract liabilities | 15 | 10.912 | 231 |
| Other current liabilities* | 22 | 98 | 544 |
| **Total current liabilities** | | **30.654** | **10.664** |
| **Total liabilities** | | **75.875** | **24.231** |
| **Total equity and liabilities** | | **129.392** | **80.899** |

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Financial Statements.*

** We note that the trade and other payables and other current liabilities have been restated in the comparative figures to have a more consistent presentation. An amount of KEUR 403 relating to deferred income and accrued charges has been reclassified from other current liabilities to trade and other payables. We refer to note 22 for details.*

## 4. Consolidated statement of changes in equity

| in 000€ | Share capital | Share premium | Other reserves | Accumulated (loss)/profit | Total equity attributable to the owners of the parent | Total equity |
|---|---|---|---|---|---|---|
| **At January 1, 2022** | **6.671** | **55.116** | **-2.345** | **-859** | **58.583** | **58.583** |
| Net loss | – | – | – | -1.986 | -1.986 | -1.986 |
| Other comprehensive income | – | – | 35 | – | 35 | 35 |
| **Total comprehensive loss** | **–** | **–** | **35** | **-1.986** | **-1.951** | **-1.951** |
| Share based payment expense | – | – | 36 | – | 36 | 36 |
| **At December 31, 2022** | **6.671** | **55.116** | **-2.274** | **-2.845** | **56.668** | **56.668** |

| in 000€ | Share capital | Share premium | Other reserves | Accumulated (loss)/profit | Total equity attributable to the owners of the parent | Total equity |
|---|---|---|---|---|---|---|
| **At January 1, 2023** | **6.671** | **55.116** | **-2.274** | **-2.845** | **56.668** | **56.668** |
| Net loss | – | – | – | -3.076 | -3.076 | -3.076 |
| Other comprehensive loss | – | – | -50 | – | -50 | -50 |
| **Total comprehensive loss** | **–** | **–** | **-50** | **-3.076** | **-3.126** | **-3.126** |
| Share based payment expense | – | – | 15 | – | 15 | 15 |
| Other movement | – | – | – | -40 | -40 | -40 |
| **At December 31, 2023** | **6.671** | **55.116** | **-2.309** | **-5.961** | **53.517** | **53.517** |

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Consolidated Financial Statements.*

## 5. Consolidated statement of cash flows

| | | For year ending December 31 | |
|---|---|---|---|
| **in 000€** | **Notes** | **2023** | **2022** |
| **Operating activities** | | | |
| (Loss)/profit before tax from continuing operations | | **-3 076** | **-1 986** |
| **Net (loss)/profit** | | **-3 076** | **-1 986** |
| *Non-cash and operational adjustments* | | | |
| Depreciation of property, plant & equipment and ROU assets | 11, 12 | 5 345 | 1 616 |
| Amortization of intangible assets | 10 | 1 244 | 248 |
| Gain on disposal of property, plant & equipment | 11 | -11 | -11 |
| Increase in provisions | 18 | 76 | 44 |
| Impairments on receivables | 7 | 94 | 22 |
| Interest and other finance income | 7 | -284 | -50 |
| Interest and other finance expense | 7 | 880 | 277 |
| Deferred tax expense | 8 | -1 330 | -613 |
| Tax expense | 8 | 409 | 78 |
| Equity settled share based payment expense | 17.1 | 15 | 36 |
| Gain from IFRS 16 lease modification | | -7 | -3 |
| **Net cash flow from/(used in) operating activities before working capital movements** | | **3 355** | **-342** |
| *Movements in working capital* | | | |
| Increase in trade and other receivables | 14 | -934 | -1 046 |
| Increase in inventories | 13 | -2 608 | -2 086 |
| Increase in trade and other payables | 22 | 322 | 2 142 |
| Increase / (decrease) in contract assets | 15 | 699 | -2 283 |
| Increase in contract liabilities | 15 | 205 | – |
| Increase/(decrease) in cash guarantees | | 13 | -65 |
| Income tax received | 8 | – | 12 |
| Interests paid | 7 | -680 | -212 |
| Interests received | 7 | 203 | 1 |
| **Net cash flow from / (used in) operating activities** | | **575** | **-3 879** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 11 | -12.247 | -9.459 |
| Proceeds from the sale of property, plant and equipment | 11 | 652 | 22 |
| Purchase of intangible assets | 10 | -772 | -824 |
| Receipt of asset related government grants | | 95 | 489 |
| Acquisition of subsidiary, less the acquired cash | 6 | -32.791 | -4.919 |
| Payment of contingent consideration from previous acquisitions | | -500 | – |
| **Net cash flow used in investing activities** | | **-45.563** | **-14.691** |

| **Financing activities** | | | |
|---|---|---|---|
| Proceeds from borrowings | 21 | 28 346 | 10 321 |
| Repayment of borrowings | 21 | -2 064 | -884 |
| Repayment of leases | 12, 21 | -954 | -441 |
| Other financial expense, net | | -139 | -18 |
| **Net cash flow from financing activities** | | **25 189** | **8 978** |
| **Net cash flow** | | **-19 799** | **-9 592** |
| Cash and cash equivalents at beginning of year | 16 | 32 508 | 42 100 |
| Exchange rate differences on cash & cash equivalents | | -30 | – |
| **Cash & cash equivalents at end of year** | **16** | **12 679** | **32 508** |

*The accompanying notes on pages 100 to 159 form an integral part of these IFRS Consolidated Financial Statements.*

# Notes to the IFRS Consolidated Financial Statements

## 1. Corporate information

Ekopak NV (further referred to „Ekopak“ or „the Company“) is a limited company incorporated and domiciled in Belgium quoted on Euronext. The registered office is located at 13 Careelstraat, 8700 Tielt in Belgium.

Ekopak is a responsible and sustainable supplier of mission-critical industrial process water to its customers worldwide. The company offers a specialised range of industrial water treatment and wastewater treatment solutions.

Information on other related party relationships of the Company is provided in note 25.

The IFRS Consolidated Financial Statements (further referred as „the Consolidated Financial Statements“) of Ekopak NV for the year ended December 31, 2023 were authorised for issue in accordance with a resolution of the directors on March 20, 2024.

## 2. Material accounting policies

### 2.1. Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards („IFRS“) and as adopted by the European Union („adopted IFRS“) and interpretations issued by the IFRS interpretation committee applicable to companies reporting under IFRS.

The Consolidated Financial Statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

The preparation of Consolidated Financial Statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company’s accounting policies. The areas where significant judgements and estimates have been made in preparing the Consolidated Financial Statements and their effect are disclosed in note **4**. The accounting policies have been applied consistently.

The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and the fulfillment of liabilities in the normal course of business.

Considering the company's growth trajectory and the acquisition of GWE, which was funded by 1/3rd of the company's cash, the cash and cash equivalents decreased from 32.5 million EUR as of December 31, 2022, to 12.7 million EUR as of December 31, 2023.

Management has meticulously developed a comprehensive business plan and cash flow forecast that aligns with the company's strategy. This plan takes into account existing financing facilities, framework agreements, loans, as well as the renewal of a framework agreement and additional financing agreements, assessed as being very likely to be achieved. The latter assessment is based o.a. on the solid balance sheet structure of the company at year-end 2023 with a consolidated solvency ratio of 41%, a consolidated annualized leverage of 2,4 (excluding leases and excluding capex of premises) and sufficient headroom with respect to the loan covenants; covenants which are based on a minimum equity value and on solvency ratios.

Based on the business plan, the company is confident that it possesses adequate liquidity to roll out the company’s strategy. Therefore, the preparation of the financial statements in accordance with the going concern principle is supported.

### 2.2. Principles of consolidation

#### 2.2.1. Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The subsidiaries Covalente, $H_2O$ Production and SCI-du Cèdre Bleu were acquired through a business combination on September 16, 2022, we refer to note 6 for more information. For consolidation purposes, the figures are included as of September 1, 2022. The impact of the difference between moment of completion of the acquisition (September 16) and the moment of inclusion of the figures (September 1) is considered immaterial with respect to the Consolidated Financial Statements.

Global Water Engineering BV and its subsidiaries, further referred to as GWE, were acquired through a business combination on September 14, 2023. We refer to note 6 for more information.

### 2.2.2. Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

We refer to note 4.1 for the significant judgements on the Company's classification of its joint venture. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are adjusted to recognise the company's share of the post-acquisition profits or losses of the investee in profit or loss, and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.3.11.

## 2.3. Summary of material accounting policies

### 2.3.1. Foreign currency translation

The Company's Consolidated Financial Statements are presented in euros. The Company's functional currency is euro.

*Foreign currency transactions*

Transactions denominated in foreign currencies are translated into euro at the exchange rate at the end of the previous month-end. Monetary items in the consolidated statement of financial position are translated at the closing rate at each reporting date and the relevant translation adjustments are recognized in financial result.

### 2.3.2. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decisionmaker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. Operating segments have similar economic characteristics and are determined based on:

- the nature of the products and services.
- the type and characteristics of the contract (one off sales model, sales of consumables, services model, DBMO and DBFMO model). The DBFMO model and the operational part of the DBMO model are also commercially known as Water-as-a-Service (WaaS).
- whether the customer controls the water process installation or not.

### 2.3.3. Revenue

The Company is in the business of designing, building, financing and operating industrial water processing installations. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The normal credit term is 30 days net of invoice.

The Company has 3 revenue streams, being the traditional sales model, the DBMO (Design, Build, Maintain and Operate) model and the DBFMO (Design, Build, Finance, Maintain and Operate) model. The DBFMO model and the operational part of the DBMO model are also commercially known as Water-as-a-Service (WaaS). In addition, the Company sells consumables to customers operating a sold process water or disinfection installation as well as servicing such installations.

*Sale of consumables*

Contracts under this type of revenue stream have one single performance obligation which is the sale of consumables. Revenue is recognized at a point in time, being usually when the control over the products is transferred to the customer upon shipment.

*Services*

Service contracts have one single performance obligation which is the service of process water and disinfection installations. Revenue is recognized over time, being proportionate of the services performed. The sale of spare parts is also reported as service turnover with recognition at a point in time, i.e. when the control over the products is transferred to the customer.

*One off sales of process water, disinfection installations and wastewater treatment plants*

Contracts under this type of revenue stream have one single performance obligation which is the design, build and delivery of the installation with a fixed transaction price.

Revenue is recognized over time, which is the period of the development and construction of the process water installation until delivery and installation at the customer premises for the process water and disinfection installations as the installation has no alternative use for the Company and an enforceable right to payment exist for the performance to date. For the wastewater treatment plants revenue is recognized over time which is the period of design, engineering, procurement, delivery of equipment, civil and electromechanical works, commissioning and start-up of the plant as the installation has no alternative use for the Company and an enforceable right to payment exist for the performance to date.

Revenue for the process water and disinfection installations is recognized based on the actual progress and expected margin at the end of the reporting period. Revenue for the wastewater treatment plans is recognized based on the milestone reached and expected margin at the end of the reporting period.

The assumptions regarding the new revenue of wastewater treatment plants is described in note 4.

*Design, Build, Maintain and Operate installations - DBMO*

Contracts under this type of revenue typically consist of two distinct performance obligations, being the Design, Build and Maintain ("DBM") of the installation and the Operating of the installation. Revenue will be allocated to each distinct performance obligation based on its relative stand-alone selling price over the transaction price. In general, the contractual price for each distinct performance obligation is similar to its relative stand-alone selling price over the transaction price, i.e. any discounts are already allocated in the contract to each distinct performance obligation.

Revenue for the DBM is recognized over time, which is the period of the development and construction of the process water installation until delivery and installation at the customer premises. Revenue is recognized based on the actual progress and expected margin at the end of the reporting period.

Revenue from the operating of the process water installation is recognized over time, being monthly, when the services are performed. The price consists of a monthly fixed fee and a variable fee based on the output. The operating agreement is cancellable by the customer without reason at any time without significant financial penalty and long notice period.

*Design, Build, Finance, Maintain and Operate installations – DBFMO - WaaS*

Contracts under this type of revenue typically consist of a single separate performance obligation, being the operating of the installation as the customer does not control the water process installation during the non-cancellable term of the contract (10 up to 15 years).

Revenue from the operating of the process water installation is recognized over time, which is the contractual non-cancellable term of the Operating agreement (10 up to 15 years). The services are invoiced monthly. The price mainly consists of a monthly fixed fee and a variable fee based on the output.

Contract costs related to the design and build of the water installation process are recognized as a DBFMO installation in property, plant and equipment.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale and operating of the process water installations, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

*Variable consideration*
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Most of the contracts which include operating of the process water installations, contain a variable price based on the volume output of water. The variable fee is invoiced monthly based on the actual volume output of water of the month, together with the monthly fixed fee.

Some contracts for the operating of the process water installations include considerations payable to the customer, i.e. in case tap water used in excess of a certain threshold. The variable price components and considerations payable to the customer give rise to variable consideration.

*Considerations payable to the customer*
Some contracts contain clauses whereby there is a consideration payable to the customer in case the delivery of water is not coming from the process water installation but from tap water and when in excess of a certain threshold. The Company applies the most likely amount method to estimate this variable consideration in the contract. The Company then applies the requirements on constraining estimates of variable consideration (highly probable that no significant revenue reversal will occur) in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue.

*Significant financing component*
The Company receives advance payments from customers for the sale of process water installations with a manufacturing lead time of three to six months after signing the contract and receipt of payment. There is not a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the asset.

The Company applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

*Contract balances*
*Contract assets*
Contract assets are initially recognized for revenue earned from the design and build of the water process installation in the one off sales model and from the DBM part of a DBMO transaction, but which are not billed. Upon completion of the building and installation of the water process installation, the amount recognized as contract assets is reclassified to trade receivables. Contract assets are presented as a separate line in the consolidated statement of financial position.

*Contract liabilities*
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. Contract liabilities are presented as a separate line in the consolidated statement of financial position.

*Costs to fulfill a contract*
The Company does incur costs to fulfill a contract which, when they are not in scope of another standard, are accounted for as contract asset. For the DBFMO contracts, the Company may incur costs to fulfill a

non-distinct performance obligation which are accounted for as a DBFMO installation within property, plant and equipment. The Company evaluates whether those costs meet the recognition criteria for property, plant and equipment and when criteria are not met, expenses those costs as incurred.

### 2.3.4. Financing costs

Financing costs relate to interests and other costs incurred by the Company related to the borrowing of funds. Such costs mostly relate to interest charges on short and long-term borrowings and lease liabilities as well as the amortization of additional costs incurred on the issuance of the related debt. Financing costs are recognized in profit and loss for the year or capitalized in case they are related to a qualifying asset.

### 2.3.5. Other financial income and expenses

Other financial income and expenses include mainly foreign currency gains or losses on financial transactions and bank related expenses.

### 2.3.6. Income tax

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.3.7. Intangible assets other than goodwill

Intangible assets comprise primarily software, design components of containers used for the water process installations, technology and customer lists.

We refer to note 10 for more information.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized straight-line over the useful life, which is:

- Software & cloud platform related assets: 3 to 5 years
- Customer list: 13 - 15 years
- Design components: 3 years
- Technology: 9 years

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets is recognized in the consolidated statement of profit or loss in the expense category „depreciation and amortization expense“.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

### 2.3.8. Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date,

allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 2.3.9. Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses. Construction in progress is stated at cost, net of accumulated impairment losses, if any. The cost comprises the initial purchase price plus other direct purchase costs (such as non-refundable tax, transport). The cost of self-constructed equipment (primarily water process installations under the DBMFO revenue model) comprises the cost of materials, direct labour costs and a proportional part of the production overheads and borrowing costs in case the construction would be more than 12 months.

A master agreement exists with several financial institutions which allows the financing of operational WaaS installations through a sale and leaseback transaction. Although legal ownership of these assets has been transferred to the financial institution, these assets are presented in Property, Plant and Equipment as the performance obligation to recognize the transaction as a sale is not satisfied.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Major spare parts that fulfill the definition of property, plant and equipment are capitalized as machinery and equipment. These spare parts will be used to replace malfunctioning or expired components. These spare parts are, unlike the spare parts included in inventories, not sold to the customers.

*Depreciation and useful life*

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Buildings | 10 to 33 years* |
| Plant, machinery and equipment | 5 to 10 years |
| Computer equipment | 2 to 3 years |
| DBMFO installations | 10 to 15 years |
| Vehicles | 3 to 5 years |
| Office furniture and equipment | 3 to 10 years |
| Membranes in DBMFO installations | 4 years |
| Leased assets | Shorter of the useful life or the duration of the lease or useful life in case the Company will obtain ownership of the asset at the end of the lease |

*Derecognition*

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

### 2.3.10. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company leases office buildings and vehicles. Rental contracts are typically made for fixed periods of 36 months to 5 years but may have extension options as described below. Contracts may contain both lease and non-lease components. The Company has applied the practical expedient not to separate non-lease components for all lease categories.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.

*Lease liabilities*
Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. The Company has applied the portfolio approach to determine the interest rate implicit in the lease for similar lease assets with similar characteristics. The interest rate applied for the portfolio is determined based on the average interest rate implicit in each lease of the portfolio.

The lease payments do generally not include variable lease payments (e.g. based on an index or rate).

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Right-of-use assets*
Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs,
- and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

*Short-term and low value assets*
The Company applies the short-term lease recognition exemption to its short-term leases of vehicles (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company has no payments associated with low-value assets.

*Residual value guarantees*
The Company sometimes provides residual value guarantees in relation to vehicle leases. The Company initially estimates the amounts payable under the residual value guarantees to be zero.

### 2.3.11. Impairments of assets

Non-financial assets and goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

### 2.3.12. Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to the acquisition of tangible or intangible assets are deducted from the asset and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

### 2.3.13. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Spare-parts and servicing materials: purchase cost on a first-in/first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.3.14. Financial assets

The Company has only financial assets measured at amortized cost. Those include trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional. Those financial assets do generally not include a significant financing component.

*Derecognition*

A financial asset is primarily derecognized when

(i) the rights to receive cash flows from the asset have expired, or

(ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

   a. the Company has transferred substantially all the risks and rewards of the asset, or

   b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### 2.3.15. Financial liabilities

The Company has financial liabilities measured at amortized cost which include loans and borrowings, lease liabilities, trade payables and other current liabilities. Other current liabilities include the payable towards the customer for the packaging guarantee paid and deferred income relating to prepayments of service contracts. The Company adjusted the liability for all payables which have an origination date of 24 months or later, consistent with the impairment on the receivable on the vendor in relation to the packaging guarantee paid by the Company.

Those financial liabilities are recognized initially at fair value plus directly attributable transaction costs and are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

*Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### 2.3.16. Derivatives

The Company uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk and foreign currency swaps to hedge its foreign currency risks. Such derivative financial instrument

are initially recognized at fair value on the date on which the derivative contract is entered and are subsequently remeasured at fair value at the end of each reporting period. The swaps are derivatives that hedge a particular risk associated with the cashflows of recognised assets and liabilities (cash flow hedge). As per December 31, 2023 the Company has no foreign currency swaps outstanding.

The Company applies hedge accounting for the interest rate swaps.

At inception of the hedge relationship, the Company documents the economic relationship between the hedging instruments and hedged items, including whether changes in the cash flows of hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

*Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity (other comprehensive income). The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. The interest rate swaps are effective (100%).

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Derivatives are carried as a financial asset when the fair value is positive and a financial liability when the fair value is negative.

### 2.3.17. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 2.3.18. Provisions

*Provisions for litigations*

The Company has only provision for disputes and litigations. A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

If the Company expects that some or all of the expenditure required settling a provision will be reimbursed, a separate asset is recognized once it is virtually certain that the reimbursement will be received.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

*Onerous contracts*

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

### 2.3.19. Employee benefits

*Pension commitments*
The Company has two active Belgian "branche 23" pension plans (for executive and for the employees). Those plans provide a retirement lump sum and a death in service coverage with employer's contribution is expressed as a percentage of a reference salary. There are no employee contributions to the plans.

The company has also two dormant Belgian "branche 21" pension plans (for executive and for the employees). As of July 1, 2021 employer contributions for new and existing employees are made with respect to the active "branche 23" pensions plans.

Due to the acquisition of GWE, the company has two new Belgian pension plans. The plans include a life insurance for death coverage, supplementary health insurance for medical expenses and a pension capital for retirement benefits. The employer contribution is a fixed amount. There are also employee contributions to the plans.

Under Belgian law, defined contribution pension plans are subject to minimum guaranteed rates of return which are based on an average of 10-year government bond yields with a minimum of 1,75% and a maximum of 3,75% (currently, equal to 1,75%) for all contributions. Because of these minimum guaranteed rates of return, those pension plans are considered as a defined benefit plan under IFRS. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The Company also has an active French pension plan resulting from the acquisition of $H_2O$ Production which is a defined contribution plan.

The Company also has an active Philippian and Thai pension plan resulting from the acquisition of GWE, which are defined benefit plans.

*Short-term obligations*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other current payables in the consolidated statement of financial position.

*Share-based payments*
Share-based compensation benefits are provided to employees via an employee stock ownership plan (ESOP). Information relating to these plans is set out in note 17. The plans are equity-settled plans as they will be settled by issuing new shares of the Company and there is no obligation for the Company to deliver cash or another financial asset.

The fair value of warrants granted under the ESOP plan is recognized as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to

the fair value of the options granted. The ESOP plan only has a service performance vesting conditions which are further detailed in note 17.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### 2.3.20. Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares incurred before the equity contribution is presented as other current assets and reclassified as a deduction in equity, net of tax, from the proceeds upon the equity contribution.

### 2.3.21. Dividends

Dividends paid are recognized within the consolidated statement of changes in equity only when an obligation to pay the dividends arises prior to the year end.

### 2.3.22. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 3. New and revised standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The following new standard and amendments are mandatory for the first time for the financial year beginning 1 January 2023 and have been endorsed by the European Union:

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023).** The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023).** The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023**). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The above amendments to the standards do not have a material impact on the entity.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2023 and have not been endorsed by the European Union:

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective 1 January 2024).** The amendment describes the characteristics for which reporters will have to provide additional disclosures regarding the impact of supplier finance arrangements on liabilities, cash flows and exposure to liquidity risk.

- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective 1 January 2025).** IAS 21 previously did not cover how to determine exchange rates in case there is long-term lack of exchangeability and the spot rate to be applied by the company is not observable. The narrow scope amendments add specific requirements on:
    - Determining when a currency is exchangeable into another and when it is not;
    - Determining the exchange rate to apply in case a currency is not exchangeable;
    - Additional disclosures to provide when a currency is not exchangeable.

The above amendments to the standards are not expected to have a material impact on the entity.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2023 and have been endorsed by the European Union:

- **Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 1 January 2024),** affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
    - Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
    - Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
    - Clarify how conditions with which an entity must comply within 12 months after the reporting period, such as covenants, affect the corresponding liability's classification.

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024)**. The amendments explain how an entity accounts for a sale and leaseback after the date of the transaction, specifically where some or all the lease payments are variable lease payments that do not depend on an index or rate. They state that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does

not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur as these relate to the right of use terminated and not the right of use retained.

The above amendments to the standards are not expected to have a material impact on the entity.

# 4. Material accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities for future periods.

On an ongoing basis, the Company evaluates its estimates, assumptions and judgments, including those related to revenue recognition – work in progress and assumptions applied when measuring the defined benefit obligation for the Company insurance plan.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## 4.1. Classification of joint arrangements with more than 50% ownership

The Company has a joint arrangement, called Circeaulair I, as described in note 29.

The joint venture agreements in relation to the Circeaulair partnership contain 3 phases.

- Phase 1 runs from the incorporation date until the financial close of the underlying projects. During this phase all decisions require unanimous consent form all parties for all relevant activities.
- Phase 2 runs from financial close until the last final acceptance of the underlying projects. During this phase there is an extended list of reserved matters defined that are more than protective rights where consensus from the board of directors is necessary to take decisions.
- Phase 3 runs as from the first day following the last final acceptance of the underling projects. During this phase there is a limited list of reserved matters, rather protective rights, where consensus from the board of directors is necessary to take decisions. As from this phase 3, Ekopak NV has a call option, meaning that Ekopak NV has the right, not the obligation, to acquire a share that gives the right to appoint an additional director from the JV partner.

The Company has determined that currently in Phase 1, it does not control Circeaulair I even though it owns 51% of the shares, but it determined to have joint control based upon the following elements in favor of joint control:

- Each shareholder has two directors in the board of directors, none of them have a casting vote;
- Decisions are taken with unanimous consent from all parties for all relevant activities, there is no casting vote in case of deadlock;
- The joint venture has foreseen in a conflict of interest procedure with respect to the supplier agreement of Ekopak, whereby the decision on modification or termination of the contract is taken by the board of directors of Circeaulair without Ekopak joining the decision making; and

Circeaulair I is constructed as a separate vehicle in the legal form of a BV. The two partners have rights to the net assets of the arrangement. This entity is therefore classified as a joint venture and the Company recognises its interest in the joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28, Investments in associates and joint ventures as described in note 29.

## 4.2. DBFMO arrangements – assessment whether these contracts contain a lease

The Company has contracts with customers in place for sales under the DBFMO model as explained in the accounting policies. The assessment of whether a contract is or contains a lease may require

judgement in applying the definition of a lease to those DBFMO arrangements. A DBFMO arrangement include significant services, so determining whether the contract conveys the right to direct the use of an identified asset may be judgmental.

At inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has judged that the DBFMO arrangements do not contain a lease, although the customer obtains all of the economic benefits of the water process installation, because:

- There is no identified asset. Substantive substitution rights are in place for the Company throughout the period of use as the Company may, at its own discretion, replace the assets with another asset that produces the same volume and quality of water. In a DBFMO contract, the Company performance obligation is the delivery of a minimum volume of water, which meet the contractual quality requirements, during the contract term. In addition, the process water installation is built in a removal container which is easily to transport and connect to the customer installations and water tank. This substitution right is considered substantive by the Company as due to changing technology, the Company does want to optimise and improve, from a cost benefit, its manufacturing process of the required volume and quality water to be delivered to the customer.

- The customer is not able to direct the use of the asset as the responsibility to operate and maintain the water process installation is only with the Company and are only permitted to have access to observe the water process installation. The installation delivers the volume of water in a buffer tank owned by the customer. The contractual delivery of a minimum volume of water is the combination of the output of the water process installation and tap water. The Company can decide, at its own discretion and for a time decided by the Company, to stop the water process production for maintenance or other reasons.

As a result, the WaaS arrangements are accounted for in accordance with IFRS 15 contracts with customers.

## 4.3. Revenue recognized over time – performance obligation

### 4.3.1. design and build a process water installation

The Company recognized revenue under the one off sales model and the DBMO model for the construction of the water process installation over time, i.e. over the period when the installation is being designed and build. In determining the revenue to be recognized at the end of the reporting period, the Company has estimate the (i) progress over time and (ii) the margin that will be realized for the project.

The progress over time is estimated based on the direct costs incurred versus the total budgeted costs. The budget costs and the estimated margin on the project for the design and build of the process water installation is reviewed and, if necessary, revised at each reporting period.

### 4.3.2. design and build a wastewater treatment plant

The Company has identified five possible performance obligations (design/engineering, procurement, equipment/transportation, siteworks, commissioning/startup) and assessed whether these performance obligations are capable of being distinct and are distinct within the context of the contract. The Company came to the conclusion that the performance obligations identified are not distinct within the context of the contract based on the interdependency and the interrelation of the services and goods provided. The customer expects to receive a working wastewater treatment plant as final product.

Revenue of this revenue stream is recognized over time as the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In determining the revenue to be recognized at the end of the reporting period, the Company has estimated the (i) progress over time and (ii) the margin that will be realized for the project.

The progress over time is estimated based on the milestones reached and the expected margin at the end of the reporting period. The milestones reached are a relevant indicator of progress over time and the contractual pricing per milestone reflects the revenue to be recognized at each milestone. The Company identified the following milestones and each milestone is allocated a certain percentage of the total estimated margin:

- Basic/detailed engineering & procurement
- Equipment
- Siteworks
- Startup & commissioning

The siteworks can be performed by the Company or by a subcontractor. In case the siteworks are performed by a subcontractor, the Company controls the goods and services before transferring to the customer and has discretion in the price setting of these siteworks. The Company is therefore principal and recognizes revenue on a gross basis.

## 4.4. Defined benefit plan

The Company has active group insurance plans in Belgium with minimum guaranteed return which is based on an average of 10-year government bond yields with a minimum of 1,75% and a maximum of 3,75% (currently, equal to 1,75%) for all contributions which are accounted for as a defined benefit plan. The Company makes use of an expert in performing the actuarial calculations using the project unit credit method. The actuarial calculation requires significant estimate with regards to the discount rate, inflation rate, salary increases and withdrawal rate. In making those estimates, management together with the expert make use of objective sources and historical information. More information on the estimate is provided in note 19.

The company has also two dormant group insurance plans (for executive and for the employees) in Belgium. As of July 1, 2021 employer contributions for new and existing employees are made with respect to the active "branche 23" pension plans.

The Company also has pension obligations in The Philippines, Thailand and France. More information on the estimate is provided in note 19.

## 4.5. Recognition of deferred tax assets over tax losses carried forward

Deferred taxes are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has KEUR 12.501 of tax losses carried forward. These losses do not expire and are not related to structural losses. The Company has recognized deferred tax assets over tax losses carried forward for a total amount of KEUR 3.131. The Company has determined it can recognize deferred tax assets on the tax losses carried forward, since the Company expects these losses within the coming 3 to 5 years. The company expects an increase in revenue and operating profit resulting from the increasing importance of the DBFMO business model in the near future and as such is convinced that the tax losses carried forward will be recovered in the near future.

## 4.6. Identification and valuation of intangible assets in a business combination

The Group has Global Water Engineering (GWE) in September, 2023. The Group recognizes intangible assets acquired in a business combination at their fair value at acquisition date.

The following intangible assets were recognized provisionally:

- Customer relationships KEUR 17.585, and
- Technology KEUR 9.972.

The fair value assessment of customer relationships was based on the multi-period excess earnings method. This method determines the value of an intangible asset by calculating the present value of its earnings, adjusted for a reasonable return on other assets also contributing to those earnings. The valuation of GWE's customer relationships incorporated a churn rate of 5%, derived from an analysis of

the historical data of both old and existing customer contracts. A useful economic life of 10 years was determined for these relationships. Additionally, the discount rate used equals 10,07%.

The fair value assessment of technology was based on the relief from royalty method, which has characteristics of both income and market-based approach thereby classifying it as a hybrid methodology. This method suggests that the value of an intangible asset equals the present value of what a business would be willing to pay to license the asset under a contractual agreement if it didn't own the asset. The information on royalty rates is obtained from market licensing transactions. After thorough analysis, we concluded that a royalty rate of 4,05% on revenues is suitable for GWE's technology. Additionally, we have determined a useful economic lifespan of 10,33 years. The discount rate used equals 10,07%.

## 5. Operating segments

For management purposes, the Company is organized as from 2019 in two business units based on product and service and the related performance obligations. The two reportable operating segments are the following:

- Non-WaaS model (which include the traditional sales, recurring services, consumables and short-term rental sales): the contracts with the customer are to design and build a process water installation and/or a wastewater installation, ownership and control over the process water installation is transferred to customer. $H_2O$ Production is included in the Non-WaaS model as of September 1, 2022. Since September 14, 2023 the Non-WaaS segment contains Global Water Engineering BV and its subsidiaries, further referred to as GWE.

- Water-As-A-Service ("WaaS") model (which include the DBFMO contracts and the operating sales of the DBMO contracts): the contract with the customer is in substance the delivery, during the contractual period, of a guaranteed minimum volume of water which meet the contractual quality requirements under the DBFMO contracts. Under the DBMO contracts, eventually, at the discretion of the customer, a cancellable operating agreement is signed between the Company and the customer to maintain and operate the process water installation.

These segments are reflected in the organization structure and the internal reporting. No operating segments have been aggregated to form the above reportable operating segments. The measurement principles used by the Company in preparing this segment reporting are also the basis for segment performance assessment and are in conformity with IFRS. The Chief Executive Officer of the Company acts as the chief operating decision maker. As a performance indicator, the chief operating decision maker controls the performance by the Company's revenue, adjusted EBITDA and EBITDA. The line item expenses from claims can be reconciled to note 7.3.

The following table summarizes the segment reporting for the year ending December 31, 2023.

| in 000€ | NON-WAAS | WAAS | TOTAL SEGMENTS | CORP-ORATE | TOTAL CONSO-LIDATED |
|---|---|---|---|---|---|
| Revenue | 32.717 | 3.316 | 36.033 | – | 36.033 |
| Other operating income | 760 | 770 | 1.530 | – | 1.530 |
| Purchases of materials | -18.087 | -458 | -18.545 | – | -18.545 |
| Services and other goods | -3.283 | -898 | -4.181 | -1.825 | -6.006 |
| Employee benefit expense | -8.092 | -566 | -8.658 | -686 | -9.344 |
| Other operating charges, net | -106 | -11 | -117 | – | -117 |
| **Adjusted EBITDA** | **3.909** | **2.153** | **6.062** | **-2.511** | **3.551** |
| EBITDA adjustments | -360 | – | -360 | – | -360 |
| **EBITDA** | **3.549** | **2.153** | **5.702** | **-2.511** | **3.191** |
| Depreciation charges | -3.086 | -3.506 | -6.592 | – | -6.592 |
| **Operating profit / (loss)** | **463** | **-1.353** | **-890** | **-2.511** | **-3.401** |
| Financial expenses | – | -179 | -179 | -701 | -880 |
| Financial income | – | – | – | 284 | 284 |
| **Profit (loss) before tax** | **463** | **-1.532** | **-1.069** | **-2.928** | **-3.997** |
| Segment assets | 116.373 | 13.019 | 129.392 | – | 129.392 |
| Segment liabilities | 70.224 | 5.651 | 75.875 | – | 75.875 |

The column 'Corporate' included in the line items 'Services and Other goods' and 'Employee benefit expense' relate to group charges. Within the 'Services and Other goods' the corporate expenses are mainly related to marketing, management fees, IT related costs and consultants. The corporate expenses within 'Employee benefit expense' consists of salary costs of management and other employees who work at Corporate level.

The WaaS segment contains the project start-up expenses of the projects Circeaulair and Waterkracht, in 2023 amounting to KEUR 771, this is included in the Services and other goods.

The project start-up expenses are 100% offset with an equal amount recorded within other operating income.

The following table summarizes the segment reporting for the year ending December 31, 2022.

| in 000€ | NON-WAAS | WAAS | TOTAL SEGMENTS | CORPORATE | TOTAL CONSO-LIDATED |
|---|---|---|---|---|---|
| Revenue | 15.193 | 2.517 | 17.710 | – | 17.710 |
| Other operating income* | 77 | 1.058 | 1.135 | – | 1.135 |
| Purchases of materials* | -8.483 | -438 | -8.921 | – | -8.921 |
| Services and other goods* | -1.833 | -424 | -2.257 | -2.298 | -4.555 |
| Employee benefit expense* | -4.091 | -1.026 | -5.117 | -543 | -5.660 |
| Other operating charges, net | -160 | -5 | -165 | – | -165 |
| **Adjusted EBITDA** | **703** | **1.682** | **2.385** | **-2.841** | **-456** |
| EBITDA adjustments | -3 | – | -3 | – | -3 |
| **EBITDA** | **700** | **1.682** | **2.382** | **-2.841** | **-459** |
| Depreciation charges | -1.182 | -653 | -1.835 | – | -1.835 |
| **Operating profit / (loss)** | **-482** | **1.029** | **547** | **-2.841** | **-2.294** |
| Financial expenses | – | -94 | -94 | -183 | -277 |
| Financial income | – | – | – | 50 | 50 |
| **Profit (loss) before tax** | **-482** | **935** | **453** | **-2.974** | **-2.521** |
| Segment assets | 66.437 | 14.462 | 80.899 | – | 80.899 |
| Segment liabilities | 18.337 | 5.894 | 24.231 | – | 24.231 |

*The split between non-WaaS and Waas have been restated to match with the actual start-up expenses of Waterkracht that should have been included in the WaaS segment, KEUR 623 compared to reported in 2022 KEUR 121.

Since 2022 the WaaS segment contains the project start-up expenses of the projects Circeaulair and Waterkracht, in 2022 amounting respectively to KEUR 435 and KEUR 623. KEUR 550 is included in the employee benefit expenses, KEUR 390 is included in the Services and other goods and KEUR 118 is included in the Purchases of materials.

The project start-up expenses are 100% offset with an equal amount recorded within other operating income (for Circeaulair a government grant and an invoice to be issued for Waterkracht).

The revenue by product and service can be presented by product as follows:

| in 000€ | 2023 | 2022 |
|---|---|---|
| Consumables | 2.179 | 2.024 |
| Services | 6.383 | 4.627 |
| WaaS revenue | 3.316 | 2.517 |
| One off sales of water process and wastewater installations | 24.155 | 8.542 |
| **Total revenue by product type** | **36.033** | **17.710** |

Revenue of mainly all products and services is satisfied over time for the WaaS revenue and services performed under a service contract. Also revenue of one off sales of water process installations and water treatment plants is recognized over time. The increase in the one off sales is related to the acquisition of GWE. Revenue related to consumables and single services is satisfied at a certain point in time.

The revenue can be presented by geographical area, based on the country in which the customer is domiciled, as follows:

| in 000€ | 2023 | 2022 |
|---|---|---|
| Belgium | 10.723 | 17.674 |
| APAC | 355 | 16 |
| Africa | 853 | 20 |
| America | 4.941 | – |
| Rest of Europe | 19.161 | – |
| **Total revenue by geography** | **36.033** | **17.710** |

The sales in America are related to the acquisition of GWE with a subsidiary in US.

Most non-current assets less deferred tax assets are located in Europe, as is shown in the table below:

| in 000€ | 2023 | 2022 |
|---|---|---|
| Europe | 83.177 | 32.173 |
| Asia | 89 | – |
| United States | 3 | – |
| **Total non-current assets** | **83.269** | **32.173** |

The Company has no customers which revenue present more than 10% of total revenues of one of the segments in the year 2023 and 2022.

## 6. Business combinations

### Global Water & Energy (GWE) - 2023

The Group acquired on September 14, 2023 100% of the shares in **Global Water Engineering BV,** a privately held company headquartered in Bruges (Belgium), with subsidiaries in Europe, Southeast Asia and North America (further referred to as GWE). GWE and its subsidiaries are active in the Asian, European and American market. GWE specializes in solutions for industrial wastewater treatment, water reuse and production of green energy. Acquisition-related costs amount to KEUR 238 and are included in services and other goods.

The enterprise value of GWE in the transaction amounts to KEUR 34.532.

The provisional identification and valuation of the fair value of the assets and liabilities of GWE are presented below:

| in 000€ | Fair value |
|---|---|
| Tangible assets | |
| Intangible assets | 1.965 |
| Working capital | 27.557 |
| Cash and cash equivalents | -7.332 |
| Financial debt | 3.533 |
| Other assets and liabilities | -1.742 |
| **Total identified assets and liabilities** | **-5.941** |
| Goodwill | 18.040 |
| **Fair value consideration** | **18.283** |
| Of which consideration paid in cash | 36.323 |
| Tangible assets | 36.323 |

The provisional fair value adjustments relate to

- intangible assets for the recognition of
  - the customer relationships for an amount of KEUR 17.585, and
  - the technology for an amount of KEUR 9.972.
- buildings for an amount of KEUR 322,
- the deferred tax liability recognized resulting from the fair value adjustments amounts to KEUR 6.970.

The transaction resulted in the recognition of goodwill for an amount of KEUR 18.283, which mainly represent the expected synergies with other Group entities. The goodwill is non-deductible for tax purposes.

If the acquisition had taken place on January 1, 2023, the contribution to turnover is estimated at MEUR 29,9 and the contribution to the net result at MEUR 2,9 profit. The contribution to the net result before the result impact of the fair value adjustments is estimated at MEUR 4,4 profit. Since the acquisition date, the contribution to turnover amounted to KEUR 8.720 and the contribution to the net result was KEUR 1.271 (excluding fair value adjustments estimated at KEUR 2.031). These are estimated figures not based on a detailed closing.

The reconciliation with the consolidated statement of cash flows is presented below:

| | |
|---|---|
| Of which consideration paid in cash | 36.323 |
| Cash acquired | -3.533 |
| **Acquisition of subsidiaries, net of cash** | **32.790** |

## $H_2O$ Production - 2022

The Group acquired on September 16, 2022 100% of the shares in **Covalente SAS, $H_2O$ Production SAS and SCI du Cèdre Bleu**. Covalente is the holding company of the operational entity $H_2O$ Production and SCI du Cèdre Bleu is a real estate company. $H_2O$ Production is an expert in various technologies for the production of demineralized water. The acquisition creates opportunities to further strengthen the Ekopak portfolio in the French market.

The enterprise value of Covalente, $H_2O$ Production and SCI du Cèdre Bleu, in the transaction amounts to KEUR 5.911.

The identification and valuation of the fair value of the assets and liabilities of Covalente, $H_2O$ Production and SCI du Cèdre Bleu are presented below:

| in 000€ | Fair value |
|---|---|
| Non-current assets | 5.673 |
| Working capital | 460 |
| Cash and cash equivalents | 255 |
| Financial debt | -517 |
| Other assets and liabilities | -1.321 |
| Total identified assets and liabilities | 4.550 |
| Goodwill | 1.099 |
| **Fair value compensation** | **5.649** |
| Contingent consideration | 475 |
| **Consideration paid in cash** | **5.174** |

The fair value adjustments relate to

- intangible assets for the recognition of
  - the customer relationships for an amount of KEUR 4.229,
  - the order backlog for an amount of KEUR 30 and
  - the reversal of the pre-acquisition intangibles for an amount of KEUR 170.
- buildings for an amount of KEUR 911
- inventory step-up for KEUR 212
- the deferred tax liability recognized resulting from the fair value adjustments amounts to KEUR 1.303.

The transaction resulted in the recognition of goodwill for an amount of KEUR 1.099, which mainly represent the expected synergies with other Group entities. The goodwill is non-deductible for tax purposes.

The contingent consideration as per December 31, 2022 was based on EBITDA thresholds. If the combined EBITDA for the period between September 1, 2022 and August 31, 2023 under French GAAP for Covalente, $H_2O$ Production and SCI du Cèdre Bleu was between KEUR 925 and KEUR 1.000, the earn-out would amount to KEUR 250. For an EBITDA between KEUR 1.000 and 1.300, the earn-out would be the amount of KEUR 500. If the EBITDA is equal to or higher than KEUR 1.300, an earn-out of KEUR 750 would be payable. The fair value of the earn-out was calculated as the probability weighted amount of the estimated EBITDA based on the budget. The highest probability was given to the scenario where the EBITDA is between KEUR 1.000 and KEUR 1.300. As the earn-out was payable within one year from the acquisition date, there was no impact of discounting.

The reconciliation with the consolidated statement of cash flows is presented below:

| | |
|---|---|
| Consideration paid in cash | 5.174 |
| Cash acquired | -255 |
| **Acquisition of subsidiaries, net of cash** | **4.919** |

# 7. Income and expenses

## 7.1. Purchases, services and other goods

| in 000€ | 2023 | 2022 |
|---|---|---|
| Purchase of materials | -13.454 | -7.021 |
| Other purchases | -5.091 | -1.900 |
| **Total purchases of materials** | **-18.545** | **-8.921** |
| | | |
| Fleet charges | -639 | -660 |
| Housing | -489 | -182 |
| Fees for recruitment and interim personnel | -232 | -553 |
| IT charges | -382 | -333 |
| Office charges | -262 | -128 |
| Professional fees | -2.663 | -1.461 |
| Sales and promotion charges | -1.464 | -1.085 |
| Small material charges | -113 | -153 |
| **Total Services and other goods** | **-6.244** | **-4.555** |

The purchase of equipment materials relates to the materials purchased for the building of the water process installations, wastewater treatment plants, as well as the purchase of consumables. The other purchases are related to outsourced production capacity. Purchases of materials increased due to the acquisition of GWE.

The housing increased due to the increasing number of offices related to the acquisition of GWE and full year housing expense for the office of Ekopak France.

The decline in fees for recruitment and interim personnel can be attributed to a reduced reliance on recruitment agencies and the growth of the HR department.

The professional fees include the fees paid to the accountants, lawyer, design agencies, recruitment agencies, other service providers to the Company and management fees. Management fees include the directors remunerations and fees for management active through a management company. In 2023 the professional fees increased due to legal fees and consultant fees linked to the acquisition of GWE.

Sales and promotion charges increased due to the acquisition of GWE and an increase in sponsoring costs for the Soudal-Quick Step woman cycling team.

## 7.2. Employee benefits expenses

| in 000€ | 2023 | 2022 |
|---|---|---|
| Gross Salaries | -6.828 | -4.288 |
| Social Security charges | -1.600 | -735 |
| Group Insurance | -286 | -177 |
| Share based payment costs | -15 | -36 |
| Other Insurance | -113 | -66 |
| Other payroll charges | -610 | -358 |
| **Total employee benefit expenses** | **-9.452** | **-5.660** |

The Company had an average of 154,4 FTE during 2023 (94,2 FTE during 2022) which explains the overall increase of employee benefit expenses and increase in other operating income due to the benefits in kind recuperation. The gross salaries in 2023 were decreased with the capitalized labour cost amounting to 2.287 KEUR (2022: KEUR 2.210). These costs are capitalized in the context of the production of WaaS installations.

When also considering the people working through a management company and interim labour (costs recorded as „services and other goods“), the total average FTE for 2023 amounts to 168,5.

## 7.3. Other operating charges

| in 000€ | 2023 | 2022 |
|---|---|---|
| Non deductible taxes & contributions | -69 | -75 |
| Traffic loads | -25 | -23 |
| Penalties | -9 | – |
| Loss on receivables | -20 | -55 |
| Other operating charges | -8 | -15 |
| **Total other operating charges** | **-131** | **-168** |

## 7.4. Financial expenses and income

| in 000€ | 2023 | 2022 |
|---|---|---|
| Interest charges - borrowings | -569 | -186 |
| Interest charges - lease liabilities | -102 | -25 |
| Bank charges | -133 | -52 |
| Other financial expenses | -76 | -14 |
| **Financial expenses** | **-880** | **-277** |
| Exchange differences | 57 | 4 |
| Payment discounts and differences | 3 | 45 |
| Hedging FX | 21 | – |
| Interest income | 203 | 1 |
| **Financial income** | **284** | **50** |
| **Net financial result** | **-596** | **-227** |

## 8. Income and deferred taxes

The major components of income tax expense are:

| | for the year ending 31st December | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| **Consolidated statement of profit or loss** | | |
| *Current income tax:* | | |
| Estimated tax liability for the year | 409 | 78 |
| *Deferred income tax:* | | |
| Relating to origination and reversal of temporary differences | -594 | -77 |
| Relating to tax loss carried forward | -736 | -536 |
| of which has been recorded directly in equity (other reserves) | – | – |
| **Income tax credit reported in the consolidated statement of profit or loss** | **-921** | **-535** |
| | | |
| **Consolidated statement of other comprehensive income** | | |
| *Deferred tax related to items recognized in OCI during the year:* | | |
| Tax expense/(income) on actuarial gains and losses | -8 | 12 |
| **Deferred tax (credited) / charged to OCI** | **-8** | **12** |

Reconciliation of tax expense and the accounting loss multiplied by Ekopak's domestic tax rate is as follows:

| **in 000€** | **2023** | **2022** |
|---|---|---|
| | | |
| **Loss from continuing operations before income tax expense** | **-3.997** | -2.521 |
| Loss before tax | -3.997 | **-2.521** |
| | | |
| Tax expense/(income) at the statutory tax rate of 25% | -1.000 | -630 |
| Disallowed expenses | 110 | 86 |
| Untaxed income | – | -6 |
| Difference in foreign tax rates | -89 | – |
| Tax losses for which no DTA is recognized | 16 | 11 |
| Other | -3 | 4 |
| Other local tax | 64 | – |
| **Income tax credit** | **-921** | **-535** |

The domestic tax rate is 25% for both 2023 and 2022. The pillar 2 minimum tax rate is not applicable.

The deferred taxes by nature are explained as follows:

| | Consolidated statement of financial position | | Consolidated statement of profit or loss & OCI | Acquisition of subsidiary |
|---|---|---|---|---|
| | At December 31 | | For the year-ending December 31 | |
| **in 000€** | **2023** | **2022** | **2023** | **2023** |
| Tax losses | 3.131 | 1.482 | 778 | 871 |
| Circeaulair profit elimination | 113 | – | 113 | – |
| Pension liabilities | 187 | 72 | 6 | 109 |
| Leases | 14 | 11 | 3 | – |
| tax credit | 103 | – | 103 | – |
| Hedge accounting | 11 | – | 11 | – |
| Offsetting of deferred tax | -366 | -18 | -348 | – |
| **Total deferred tax assets** | **3.193** | **1.547** | **666** | **980** |
| Property, plant & equipment | -299 | -234 | 16 | -81 |
| Intangible assets | -7.609 | -996 | 276 | -6.889 |
| Inventory valuation | – | -32 | 32 | – |
| Hedge accounting | – | – | – | – |
| Offsetting of deferred tax | 366 | 18 | 348 | – |
| **Total deferred tax liabilities** | **-7.542** | **-1.244** | **672** | **-6.970** |
| **Net deferred tax asset** | **-4.349** | **303** | | |
| **Total deferred tax (expense)/income in P&L** | | | **1.330** | |
| **Total deferred tax (expense)/income in OCI** | | | **8** | **–** |
| **Total deferred tax (expense)/income in other reserves** | | | **–** | **–** |

The Company has a total of KEUR 12.501 tax loss carryforwards for which a deferred tax assets has been recognized amounting to KEUR 3.131. These tax losses mainly originate from Belgium (KEUR°12.092) and can be carried forward indefinitely, considering a basket limitation of MEUR 1. They have no expiry date.

The tax loss carryforwards will be utilized in the coming years when taxable profits are generated. The Company has concluded that the deferred tax assets will be recoverable within a period of 2,5 years using the estimated future taxable income based on approved business plans and budgets. If the budgetted turnover would be decreased by 10%, the deferred tax assets will be recoverable within 3,5 years. If the budgetted EBITDA would be decreased by 10%, deferred tax assets will be recoverable within 2,5 years. If the budgetted projects would be delayed with 1 year,the deferred tax assets would be recovered within 3,5 years.

## 9. Goodwill

The changes in the carrying value of goodwill at December 31, 2022 and 2021 can be presented as follows:

| | Goodwill |
|---|---|
| | |
| **Acquisition value** | |
| **At 1st January 2022** | **1.035** |
| Business combinations | 1.100 |
| **At December 31, 2022** | **2.135** |
| Business combinations | 18.308 |
| **At 31st December 2023** | **20.443** |

The group distinguishes three cash generating units (CGUs): WaaS, $H_2O$ and GWE. The goodwill at December 31, 2023 relates to the acquisitions of iServ BV that has been allocated to the CGU WaaS (KEUR 1.035), to the acquisition of Covalente, $H_2O$ Production and SCI du Cèdre Bleu that has been allocated to the CGU $H_2O$ (KEUR 1.125) and to the acquisition of GWE that has been allocated to the CGU GWE (KEUR 18.283).

CGU WaaS:

As per December 31, 2023 and 2022 the Group performed an impairment analysis on the WaaS goodwill based upon a discounted cash flow method that contains cash flows for the following five years and a residual value as of year six. The value retrieved from the valuation model is fully related to the terminal value. The estimates in the valuation method are based on experience from the past, existing agreements and forecast looking information of existing customers and partners, supplemented where relevant with market evolutions.

The assumptions used in the model are the pre-tax discount rate (pre-tax WACC) of 11,4% (2022: 12,5%), a perpetual growth rate of 2% (2022: 2%) and EBITDA as a percentage of sales of 65% (2022: between 60% and 67%). There is significant headroom between the recoverable amount and the carrying value of the CGU. Also an increase of the pre-tax WACC to 12,4%, a decrease of the perpetual growth rate to 0% or a decrease of the EBITDA by 10% does not lead to any impairment losses.

Based on the above information, management concluded that no impairment losses need to be recorded.

CGU $H^2O$

As per December 31, 2023 the Group performed an impairment analysis on the $H^2O$ goodwill based upon a discounted cash flow method that contains cash flows for the following five years and a residual value as of year six. The value retrieved from the valuation model is for 75% related to the terminal value. The estimates in the valuation method are based on experience from the past, existing agreements and forecast looking information of existing customers and partners, supplemented where relevant with market evolutions.

The assumptions used in the model are the pre-tax discount rate (pre-tax WACC) of 11,9%, a perpetual growth rate of 2% and EBITDA as a percentage of sales of 27%. There is significant headroom between the recoverable amount and the carrying value of the CGU. Also an increase of the pre-tax WACC to 12,9%, a decrease of the perpetual growth rate to 0% or a decrease of the EBITDA by 10% does not lead to any impairment losses.

As per December 31, 2022 the recoverable amount of the Non-WaaS goodwill resulting from the Covalente, $H_2O$ Production and SCI du Cèdre Bleu acquisition on September 16, 2022 was based on the fair value less costs of disposal. The fair value was based on the at arm's length market transaction for the acquisition as the fair value would not be materially different at the reporting date compared to the acquisition date.

Based on the above information, management concluded that no impairment losses need to be recorded.

CGU GWE:

As per December 31, 2023 the Group performed an impairment analysis on the GWE goodwill based upon a discounted cash flow method that contains cash flows for the following five years and a residual value as of year six. The value retrieved from the valuation model is for 77% related to the terminal value. The estimates in the valuation method are based on experience from the past, existing agreements and forecast looking information of existing customers and partners, supplemented where relevant with market evolutions.

The assumptions used in the model are the pre-tax discount rate (pre-tax WACC) of 12,1%, a perpetual growth rate of 2% and EBITDA as a percentage of sales varying between 19 and 23%. There is significant headroom between the recoverable amount and the carrying value of the CGU. An increase of the pre-tax WACC to 13,1%, a decrease of the perpetual growth rate to 0% or a decrease of the EBITDA by 10% does not lead to any impairment losses.

Based on the above information, management concluded that no impairment losses need to be recorded.

## 10. Intangible assets

The intangible assets as per December 31, 2023 consist of customer list, software, technology and other intangible assets.

The software relates to capitalized standard software purchased or licensed from third parties and the cloudplatform used for monitoring of the service activities. The other intangible assets are mainly consisting of an electronic 3D design components library for which external expenses of technical designers have been capitalized.

The customer list results from the business combination of iServ BV and $H_2O$ Production and GWE group which is disclosed in note 6. The customer list is depreciated straight line between 13 and 15 years.

The technology results from the business combination of GWE group which is disclosed in note 6. and is depreciated straight line over 9 years.

The total net increase in intangibles resulting from the business combination of GWE amounts to KEUR 27 557(2022: $H_2O$ Production KEUR 4.259) and is presented in the line item non-current assets as disclosed in note 6.

The changes in the carrying value of the intangible assets at December 31, 2023 and 2022 can be presented as follows:

| in 000€ | Intangible assets under construction | Customer list | Software | Technology | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| **Acquisition value** | | | | | | |
| **At January 1, 2022** | **–** | **81** | **254** | **–** | **38** | **373** |
| Additions | 488 | – | 336 | – | – | 824 |
| Government grant | (488) | – | – | – | – | -488 |
| Business combinations | – | 4.258 | 9 | – | – | 4.267 |
| Disposals | – | – | -2 | – | – | -2 |
| **At December 31, 2022** | **–** | **4.339** | **597** | **–** | **38** | **4.974** |
| Additions | – | **–** | 314 | **–** | 903 | 1.217 |
| Business combinations | **–** | 17.585 | – | 9.972 | – | 27.557 |
| **At 31st December 2023** | **–** | **21.924** | **911** | **9.972** | **941** | **33.748** |
| | | | | | | |
| **Amortization** | | | | | | |
| **At January 1, 2022** | **–** | **-22** | **-68** | **–** | **-38** | **-128** |
| Additions | – | -166 | -82 | – | – | -248 |
| Business combinations | – | – | -8 | – | – | -8 |
| Disposals | – | – | 2 | – | – | 2 |
| **At December 31, 2022** | **–** | **-188** | **-156** | **–** | **-38** | **-382** |
| Additions | **–** | -730 | -145 | -369 | – | -1.244 |
| Business combinations | **–** | **–** | – | **–** | **–** | – |
| **At December 31, 2023** | **–** | **-918** | **-301** | **-369** | **-38** | **-1.626** |
| | | | | | | |
| **Net carrying value** | | | | | | |
| At January 1, 2022 | – | 59 | 186 | – | – | 245 |
| At December 31, 2022 | – | 4.151 | 441 | – | – | 4.592 |
| At December 31, 2023 | **–** | **21.006** | **610** | **9.603** | **903** | **32.121** |

## 11. Property, Plant and Equipment

The land and buildings relate to the owned properties of Ekopak that are used as production and administrative facilities. The additions during 2023 mainly relate to an increase in land and buildings through the acquisition of the GWE group KEUR 1.428 and investments for the building of its new business premises on the De Prijkels site in Deinze KEUR 3.198. KEUR 2.946 is included in the assets under construction related to this building.

As per December 31, 2023 WaaS and Pilot installations under construction decreased for a net amount of KEUR 4.261. The additions of WaaS and Pilot installations under construction amounts to KEUR 5.657. A total amount of KEUR 7.193 is transferred and consists of capitalizations of Rentals and WaaS amounting to KEUR 1.971 EUR and transfers of containers to inventory amounting to KEUR 5.222 EUR. Furthermore a commercial settlement was reached with a WaaS client resulting in an exceptional depreciation of KEUR 2.102. The WaaS asset is allocated to other projects.

In 2023, several WaaS-installations entered into a sale and leaseback transaction with a financial institution. The carrying value of these financed WaaS installations amounts to KEUR 580 as per December 2023. Legal ownership of these assets is transferred to the financial institution. Ekopak has a repurchase option.

The machinery and equipment consists of warehouse equipment, computer equipment and diverse tools, equipment and machinery used for the production of installations. The machinery and equipment also contains rent containers that are held as spare containers to be able to do replacements or repairs of active installations, as well as consumables that are parts that will be necessary to replace in active installations after a period of time.

The right-of-use assets mainly relate to leased vehicles and buildings, we refer to note 12 for further information on the right-of-use assets and related liabilities.

The land and buildings have a mortgage in favour of a bank for a total amount of KEUR 105 and mortgage mandates for a total amount of KEUR 2.560. There are no other restrictions or pledges on the property, plant and equipment. We refer to note 21 for further information on the pledges and guarantees.

The total net increase in property, plant and equipment resulting from the business combination of GWE amounts to KEUR 1.968 (2022: $H_2O$ Production KEUR 1.385) and is presented in the line item non-current assets as disclosed in note 6.

The changes in the carrying value of the property, plant and equipment at December 31, 2023 and 2022 can be presented as follows:

| | Land and buildings | DBFMO Installations | Machinery and Equipment | Office furniture and equipment | Vehicles | Right-of-use assets | Construction in progress buildings | Construction in progress - DBFMO | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Acquisition value (in 000€)** | | | | | | | | | |
| **At 1st January 2022** | **2.447** | **6.616** | **1.358** | **198** | **477** | **1.066** | **-** | **5.283** | **17.446** |
| Additions * | 3.388 | 414 | 480 | 50 | 80 | 1.286 | 812 | 4.235 | 10.746 |
| Business combinations | 1.657 | 369 | 157 | 20 | 7 | - | - | - | 2.210 |
| Disposals | - | - | -18 | -3 | -82 | -205 | - | - | -308 |
| Lease modifications | - | - | - | - | - | -6 | - | - | -6 |
| Transfers | 115 | 3.019 | -107 | -8 | - | - | - | -3.019 | - |
| **At December 31, 2022** | **7.607** | **10.418** | **1.870** | **257** | **482** | **2.141** | **812** | **6.499** | **30.086** |
| Additions * | 55 | 765 | 303 | 23 | 93 | 2.252 | 5.351 | 5.657 | 14.499 |
| Business combinations | 1.428 | - | 147 | 242 | 273 | 797 | - | - | 2.887 |
| Disposals | - | -527 | -7 | -15 | -71 | -240 | - | -622 | -1.482 |
| Lease modifications | - | - | - | - | - | -43 | - | - | -43 |
| Transfers | 3.198 | -411 | 2.382 | - | 18 | - | -3.217 | -7.193 | -5.223 |
| **At December 31, 2023** | **12.288** | **10.245** | **4.695** | **507** | **795** | **4.907** | **2.946** | **4.341** | **40.724** |
| **Depreciation (in 000€)** | | | | | | | | | |
| **At 1st January 2022** | **-883** | **-515** | **-479** | **-112** | **-171** | **-445** | **-** | **-** | **-2.605** |
| Additions | -184 | -672 | -209 | -33 | -91 | -427 | - | - | -1.616 |
| Business combinations | -325 | -333 | -141 | -19 | -7 | - | - | - | -825 |
| Disposals | - | - | 17 | 4 | 72 | 205 | - | - | 298 |
| Transfers | -42 | - | 40 | 2 | - | 9 | - | - | 9 |
| **At December 31, 2022** | **-1.434** | **-1.520** | **-772** | **-158** | **-197** | **-657** | **-** | **-** | **-4.739** |
| Additions | -264 | -1.477 | -368 | -46 | -115 | -972 | - | -2.103 | -5.345 |
| Business combinations | -339 | - | -94 | -185 | -192 | -109 | - | - | -919 |
| Disposals | - | 527 | 36 | 15 | 30 | 232 | - | - | 840 |
| Lease modifications | - | - | - | - | - | 26 | - | - | 26 |
| Transfers | - | 34 | -34 | - | - | - | - | - | - |

| | Land and buildings | DBFMO Installations | Machinery and Equipment | Office furniture and equipment | Vehicles | Right-of-use assets | Construction in progress buildings | Construction in progress - DBFMO | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2023** | **-2.037** | **-2.436** | **-1.232** | **-374** | **-474** | **-1.480** | **-** | **-2.103** | **-10.137** |
| **Net book value** | | | | | | | | | |
| At January 1, 2022 | 1.564 | 6.102 | 879 | 86 | 306 | 621 | - | 5.283 | **14.842** |
| At December 31, 2022 | 6.173 | 8.899 | 1.098 | 99 | 285 | 1.484 | 812 | 6.499 | **25.349** |
| **At December 31, 2023** | **10.251** | **7.810** | **3.463** | **133** | **321** | **3.427** | **2.946** | **2.238** | **30.589** |

* The additions include an amount of KEUR 89 (2022: KEUR 86) depreciations of other assets activated as part of the cost of DBFMO installations and construction in progress.

## 12. Leases

This note provides information for leases where the Company is a lessee. There are no leases where the Company is a lessor. The Company leases office buildings and vehicles. Rental contracts are made for fixed periods of 3 to 5 years. Contracts may contain both lease and non-lease components.

Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

A number of contracts have a lease term of less than 12 months. Ekopak applies the short-term exemption for these contracts.

The consolidated statement of financial positions presents the following amounts relating to leases:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| **Right-of-use assets** | | |
| Land and buildings | 614 | 391 |
| Vehicles | 2.813 | 1.093 |
| **Total right-of-use assets** | **3.427** | **1.484** |
| | | |
| **Lease liabilities** | | |
| Current | 1.088 | 522 |
| Non-current | 2.394 | 999 |
| **Total lease liabilities** | **3.482** | **1.521** |

Below are the carrying amounts of right-of-use assets recognized and the movements during the years:

| in 000€ | Land and buildings | Vehicles | Total |
|---|---|---|---|
| **Acquisition value** | | | |
| **At January 1, 2022** | **259** | **807** | **1.066** |
| Additions | 344 | 942 | 1.286 |
| Lease modifications | 7 | -13 | -6 |
| Disposals | – | -205 | -205 |
| **At December 31, 2022** | **610** | **1.531** | **2.141** |
| Additions | – | 2.252 | 2.252 |
| Lease modifications | 60 | -104 | -44 |
| Business combinations | 402 | 396 | 798 |
| Disposals | – | -240 | -240 |
| Transfers | – | – | – |
| **At December 31, 2023** | **1.072** | **3.835** | **4.907** |
| | | | |
| **Depreciation** | | | |
| **At January 1, 2022** | **-53** | **-392** | **-445** |
| Depreciation charge for the year | -166 | -251 | -417 |
| Disposals | – | 205 | 205 |
| Transfers | – | – | – |
| **At December 31, 2022** | **-219** | **-438** | **-657** |
| Depreciation charge for the year | -239 | -734 | -973 |
| Lease modifications | – | 27 | 27 |
| Business combinations | – | -109 | -109 |
| Disposals | – | 232 | 232 |
| **At December 31, 2023** | **-458** | **-1.022** | **-1.480** |
| | | | |
| **Net book value** | | | |
| At January 1, 2022 | 206 | 415 | 621 |
| At December 31, 2022 | 391 | 1.093 | 1.484 |
| At December 31, 2023 | 614 | 2.813 | 3.427 |

The disposals and early termination is combined as disposals in the right-of-use assets category of note 11.

Below are the values for the movements in lease liability during the years:

| in 000€ | Lease Liability |
|---|---|
| **At January 1, 2022** | **675** |
| Additions | 1.286 |
| Business combinations | 1 |
| Early termination | – |
| Payments | -441 |
| **At December 31, 2022** | **1.521** |
| **At January 1st 2023** | **1.521** |
| Additions | 2.252 |
| Lease modifications | -26 |
| Business combinations | 689 |
| Payments | -954 |
| **At December 31, 2023** | **3.482** |

The following amounts are recognized in the consolidated income statement:

| in 000€ | 2023 | 2022 |
|---|---|---|
| Depreciation expense of right-of-use assets | -973 | -417 |
| Interest expense on lease liabilities | -99 | -23 |
| Gain on disposal of IFRS16 assets | 7 | 3 |
| Expense relating to short-term leases and low-value assets | -355 | -268 |
| **Total amount recognized in the consolidated income statement** | **-1.420** | **-705** |

Cash-flows relating to leases are presented as follows:

- Cash payments for the principal portion of the lease liabilities as cash flows from financing activities,
- Cash payments for the interest portion as cash flows from operating activities, and,
- Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

The future cash outflows to which the entity is potentially exposed that are not reflected in the measurement of lease liabilities (from extension option) amounts to KEUR 779.

## 13. Inventory

The inventory consists only of goods held for resale which include spare parts and consumables that are being used as part of the agreements with customers to operate the installation. The inventory is stated at its cost as no impairments have been recorded.

| | At December 31 | |
|---|---|---|
| in 000€ | 2023 | 2022 |
| Consumables | 146 | 171 |
| Spare parts | 8.275 | 4.666 |
| **Total inventories** | **8.421** | **4.837** |

## 14. Trade and other receivables

### Trade and other receivables

Trade and other receivables include the following:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Trade receivables | 7.668 | 4.951 |
| Receivable on vendor - packaging guarantee | 102 | 74 |
| VAT receivable | 704 | 398 |
| Deferred charges | 1.354 | 205 |
| Other current assets | 2.165 | 178 |
| **Total trade receivables and other current assets** | **11.993** | **5.806** |

The Company applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets based on historical losses. The historical losses have been very limited because the Company only works with customers active in the chemical, pharmaceutical and food industry with outstanding credit ratings. As such the expected credit loss provision is not material. Trade receivables are non-interest-bearing and are generally on payment terms of 30 days net of invoice.

The receivable on vendor – packaging guarantee relates to the price paid to the vendors for the packaging that will be reimbursed upon return of the packaging. At the same time, the Company has a payable towards the customers for the packaging delivered to and paid by the customers. The receivable is being reviewed regularly for expected credit losses and all receivables outstanding more than 24 months are being fully impaired.

The increase in deferred charges is due to the elimination of unrealized profits relating to the water process installation that will be sold to the joint venture Circeaulair I. Circeaulair I is accounted in the consolidation as equity accounted investee. As the unrealized profits to be eliminated exceed the carrying value of the joint venture, the surplus is accounted for on the contract assets for the turnover and on the deferred charges for the related costs. The installation is still under construction and included in the contract assets of Ekopak NV.

The increase in the other current assets relate to soft and direct engineering costs for the Circeaulair project. These costs will be recharged towards the JV Circeaulair I as part of the total project cost.

## 15. Contract assets and contract liabilities

### Contract assets

Contract assets are initially recognized for revenue earned from the design and building of the water process installation, the design and building of the wastewater treatment plants in the one off sales model and from the DBM part of a DBMO transaction but which are not billed.

The contract assets amount to KEUR 9.836 and KEUR 4.016 as per December 31, 2023 and 2022. There is a loss allowance amounting to KEUR 50 as per December 31, 2023. The contract assets are related to several open projects. The increase is due to the acquisition of GWE and an increase in the number of open projects at reporting date compared to December 31, 2022 as well as the completion status of the projects.

### Contract liabilities

Contract liabilities are mainly recognized for the design and building of the wastewater treatment plants in the one off sales model for which revenue is recognized but the work associated with that revenue has not yet been completed.

The contract liabilities amount to KEUR 10 912 and KEUR 231 as per December 31, 2023 and December 2022. In 2022 the contract liability relates to prepayments for one off water process installations contracted by Ekopak France.

The following table shows how much of revenue recognized in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 399 | 145 |
| Revenue recognised from performance obligations satisfied in previous periods | – | – |

The transaction price allocated to the unsatisfied or partially unsatisfied performance obligations as per December 31 2023 are as follows:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Within one year | 28.915 | 3.514 |
| More than one year | 4.080 | 327 |
| **Total** | **32.995** | **3.841** |

## 16. Cash and cash equivalents

The cash and cash equivalents can be presented as follows:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Cash at banks and on hand | 12.679 | 24.508 |
| Term accounts | – | 8.000 |
| **Cash and cash equivalents** | **12.679** | **32.508** |

Cash and cash equivalent consists solely of cash at banks. In 2022, there was also cash on term accounts with an original maturity less than 3 months.

The cash and cash equivalents as disclosed above do not contain restrictions.

## 17. Equity

The Company has issued ordinary shares with no nominal value. The following share transactions have taken place during the period between December 31, 2022 and December 31, 2023:

| | Total number of ordinary shares adjusted for share split (in 000 shares) | Total share capital in €000 | Total share premium in €000 | Restricted reserves in €000 | Par value per ordinary share adjusted for share split (per share) |
|---|---|---|---|---|---|
| **Outstanding at January 1, 2022** | **14.824** | **6.671** | **55.116** | **–** | **0,45** |
| **Outstanding on December 31, 2022** | **14.824** | **6.671** | **55.116** | **–** | **0,45** |
| **Outstanding on December 31, 2023** | **14.824** | **6.671** | **55.116** | **–** | **0,45** |

The other reserves consist of the following:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Restricted reserve - legal reserve | 6 | 6 |
| Other reserves | -2.213 | -2.213 |
| Share based payment reserve | 111 | 96 |
| **Other comprehensive income:** | | |
| Actuarial gains (losses) on defined benefit plans | -153 | -163 |
| Currency translation adjustment | -26 | – |
| Cashflow hedge reserve | -34 | – |
| **Total other reserves** | **-2.309** | **-2.274** |

The negative other reserves are for EUR 2.3 million explained by the portion of the IPO costs (net of tax) which was recorded directly through equity.

### 17.1. Share-based payments

On December 30, 2020, the Company has approved and issued 30,000 warrants in the context of an employee stock ownership plan (the ESOP Warrants) to certain members of the Executive Management. The ESOP Warrants have been granted free of charge. On December 16, 2021, the Company approved and issued an additional 5,000 warrants.

Each ESOP Warrant entitles its holder to subscribe for one new Share at an exercise price of EUR 16.20 per warrant under the 2020 plan and EUR 17.63 per warrant under the 2021 plan. The new Shares that will be issued pursuant to the exercise of the ESOP Warrants, will be ordinary shares representing the capital, of the same class as the then existing Shares, fully paid up, with voting rights and without nominal value. They will have the same rights as the then existing Shares and will be profit sharing as from any distribution in respect of which the relevant ex-dividend date falls after the date of their issuance.

The ESOP Warrants shall only be acquired in a final manner ("vested") in cumulative tranches over a period of three years as of the starting date (determined for each beneficiary separately): i.e., a first tranche of one third vests on the first anniversary of the starting date and subsequently one third vest each next anniversary. ESOP Warrants can only be exercised by the relevant holder of such ESOP Warrants, provided that they have effectively vested, as of the beginning of the fourth calendar year following the year in which the Issuer granted the ESOP Warrants to the holders thereof. As of that time, the ESOP Warrants can be exercised during the first fifteen days of each quarter. However, the terms and conditions of the ESOP Warrants provide that the ESOP Warrants can or must also be exercised, regardless of whether they have vested or not, in a number of specified cases of accelerated vesting set out in the issue and exercise conditions.

The terms and conditions of the ESOP Warrants contain customary good leaver and bad leaver provisions in the event of termination of the professional relationship between the beneficiary and Ekopak. The terms and conditions of the ESOP Warrants also provide that all ESOP Warrants (whether or not vested) will become exercisable during a special exercise period to be organized by the Board in the event of certain liquidity events. These liquidity events include (i) the dissolution and liquidation of the Issuer; (ii) a transfer of all or substantially all assets or Shares of the Issuer; (iii) a merger, demerger or other corporate restructuring of the Issuer resulting in the shareholders holding the majority of the voting rights in the Issuer prior to the transaction not holding the majority of the voting rights in the surviving entity after the transaction; (iv) the launch of a public takeover bid on the Shares; and (v) any other transaction with substantially the same economic effect as determined by the Board of Directors.

The outstanding warrants as per December 31, 2023 is presented in the table below:

| | 2023 | 2022 |
|---|---|---|
| Outstanding at January 1 | 35.000 | 35.000 |
| Granted | – | – |
| Forfeited / Cancelled | – | – |
| **Outstanding at December 31** | **35.000** | **35.000** |
| Exercisable at December 31 | – | – |

None of the warrants have forfeited or are currently exercisable. 30.000 warrants are exercisable as per January 1, 2024 and 5.000 warrants are exercisable as per January 1, 2025. 33.333 warrants have vested. The weighted average fair value of the warrants amount to € 3,21. The weighted average remaining contractual life is 2,14 years.

The fair value of the warrants are presented below per warrant plan based on a Black-Scholes Merton valuation model with the following assumptions:

| | ESOP 2021 | ESOP 2020 |
|---|---|---|
| Share price | 17,70 | 16,20 |
| Exercise price | 17,63 | 16,20 |
| Volatility | 20 % | 24 % |
| Risk-free interest rate | -0,53 | -0,66 |
| Contractual term | 5,00 | 5,00 |
| Dividend yield | – | – |
| **Fair value warrants per share** | **€ 3,01** | **€ 3,24** |

The volatility of the ESOP 2020 has been determined based on the average volatility of similar European peers in the „waterwaste services" sector. For ESOP 2021, the volatility was based on both the average volatility of similar European peers as well as Ekopak's volatility since listing.

The share-based payment expense per December 31, 2023 and 2022 is as follows:

| **in 000€** | **2023** | **2022** |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | 15 | 36 |
| **Total expense arising from share-based payment transactions** | **15** | **36** |

## 18. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit (loss) for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. The Company has 35,000 diluted potentially ordinary shares of the ESOP Warrants. The Company is in a loss-making position during 2022 and 2023 and as such the potential ordinary shares would decrease the loss per share, resulting in a non-dilutive effect. As such the basic earnings per share equal the diluted earnings per share.

The following income and share data was used in the earnings per share computations:

| **in 000€, except per share data in '000** | **2023** | **2022** |
|---|---|---|
| Net profit / (loss) attributable to ordinary equity holders of the parent for basic earnings and diluted earnings per share | -3.076 | -1.986 |
| Weighted average number of ordinary shares for basic and diluted earnings per share | 14.825 | 14.825 |

## 19. Provisions and defined benefit obligations

Provisions include the following:

| | **At December 31** | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Provision legal claim from customers | -267 | -251 |
| Net defined benefit liability | -891 | -288 |
| **Total provisions and defined benefit obligations** | **-1.158** | **-539** |

Movements in the provision legal claim from customers during the financial year are set out below:

| in 000€ | 2023 | 2022 |
|---|---|---|
| **At January 1** | **-251** | **-248** |
| Additions | -16 | -3 |
| Reversals | – | – |
| **At December 31** | **-267** | **-251** |

The increase in provisions for KEUR 76 in the consolidated statement of cash flows includes the additions from the table above for the amount of KEUR 16 and KEUR 65 from the increase in defined benefit liability for the amount included in the statement of profit and loss.

*Provisions for legal claims from customers*

The Company has a legal claim from a customer for which it has recognized the expected indemnities to be paid and the related professional fees and interests, in case the Company would not be able to successfully defend the case against court or in appeal.

The claim relates to a project realized before 2018 where the customer claims that the water quality and volume produced do not meet the contractual requirements.

The claim has not yet been settled as per year-end 2023 and is currently in expertise for the court. The Company does not expect a judgment before 2024. Ekopak lost in first instance during 2018, but filed an appeal. Yearly interests are accrued on the claim.

*Contingent liabilities and unrecognized contractual commitments*

The Company does not have contingent liabilities and material unrecognized contractual commitments.

*Defined benefit obligations*

The company has defined benefit obligations in several countries:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Net defined benefit liability per country | | |
| Belgium | -346 | -288 |
| France | -39 | – |
| Philippines | -424 | – |
| Thailand | -82 | – |
| **Total net defined benefit liability** | **-891** | **-288** |

- *Belgium: The plans in Belgian are either Branch 21 or Branch 23 group insurance schemes. We refer to the IAS 19 disclosures below for Ekopak NV and GWE.*
- *The Philippines: The existing regulatory framework in The Philippines, Act 7641, requires a provision for retirement pay to qualified private sector employees in the absence of any formal retirement plan in the Company. We refer to the IAS 19 disclosures below.*
- *France: The provision in France is a statutory pension provision.*
- *Thailand: The provision in Thailand is also a provision in accordance with the regulatory framework in Thailand.*

*Belgium - Ekopak NV*

The Company Ekopak NV has two active Belgian Branch 23 group insurance schemes for management and employees whereby the monthly employer contribution in the plan is equal to a percentage over a reference salary. The percentage is variable and based on the number of years the person is working for the Company.

The company has also two dormant Belgian Branch 21 group insurance plans (for management and for the employees). As of July 1, 2021 employer contributions for new and existing employees are made with respect to the active Belgian Branch 23 group insurance schemes.

There are no employee contributions into the plans. The Company insurance builds up a retirement capital and covers death-in-service benefits for the members.

The employer contribution are subject to a minimum guaranteed return which is based on an average of 10-year government bond yields with a minimum of 1,75% and a maximum of 3,75% (currently, equal to 1,75%) for all contributions which lead to the Company insurance schemes to be classified as a defined benefit plan.

The number of the members and the average age of the members in the plans is as follows:

| | At December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Number of active members | 105 | 85 |
| Number of inactive members | 23 | 9 |
| Average age | 37 | 37 |

The net defined benefit liability is as follows:

| | At December 31 | |
|---|---|---|
| **in €000** | **2023** | **2022** |
| **Net defined benefit liability at the beginning of the year** | **288** | **294** |
| Defined benefit cost included in profit & loss | 243 | 186 |
| Total remeasurement included in other comprehensive income | -22 | -47 |
| Employer contributions | -202 | -145 |
| **Net defined benefit liability at the end of the year** | **307** | **288** |

The gross defined benefit liability is as follows:

| | At December 31 | |
|---|---|---|
| **in €000** | **2023** | **2022** |
| **Defined benefit liability at the beginning of the year** | **556** | **468** |
| Current service cost | 235 | 184 |
| Interest cost | 21 | 4 |
| Benefit payments | – | -7 |
| Taxes on contributions | -24 | -17 |
| Insurance premiums on risk coverages | -19 | -9 |
| Actuarial loss / (gain) on DBO due to change in financial assumptions | 46 | -437 |
| Actuarial loss / on DBO due to change in demographic assumptions | -140 | 125 |
| Actuarial loss (gain) on DBO due to experience adjustments | 86 | 245 |
| **Defined benefit liability at the end of the year** | **761** | **556** |

The fair value of the plan assets is as follows:

| | At December 31 | |
|---|---|---|
| **in €000** | **2023** | **2022** |
| **Fair value of plan assets at the beginning of the period** | **268** | **174** |
| Interest income | 13 | 2 |
| Employer contributions | 202 | 145 |
| Benefit payments | – | -7 |
| Taxes on contributions | -24 | -17 |
| Insurance premiums on risk coverages | -19 | -9 |
| Changes in return of plan assets | 14 | -20 |
| **Fair value of plan assets at the end of the period** | **454** | **268** |

All plan assets are invested in an insurance contract (branch 23 product).

The defined benefit calculation has been performed based on the below assumptions:

| | At December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Discount rate | 3,17 % | 3,80 % |
| Duration of liabilities Ekopak (years) | 23 | 24 |
| Inflation rate | 2,10 % | 2,20 % |
| Salary increase (excluding inflation) | 3,00 % | 3,30 % |
| Withdrawal rate (annual) | 5,00 % | 3,20 % |

The discount rate was derived from the index iBoxx EUR Corporate AA on each valuation date, considering the weighted average duration of liabilities. The inflation rate is based on the long-term objective of the European Central Bank. Retirement age assumption is in line with current legal requirements. The withdrawal rate and the salary increase rate reflect the expectations of the company on a long-term basis.

A sensitivity with reasonable possible changes on the discount rate and the inflation rate will impact the net defined benefit liability as follows (positive = increase net defined benefit liability / negative = decrease of net defined benefit liability):

| | At December 31 | |
|---|---|---|
| **in €000** | **2023** | **2022** |
| Increase of 0,50% (2021: 0,25%) in the discount rate | -85 | -66 |
| Decrease of 0,50% (2021: 0,25%) in the discount rate | 99 | 77 |
| Increase of 0,50% (2021: 0,25%) in the inflation rate | -43 | 41 |
| Decrease of 0,50% (2021: 0,25%) in the inflation rate | 29 | -37 |

The expected employer contributions for the year 2024 amounts to KEUR 231.

*Belgium - GWE*

GWE has two Belgian Branch 21 pension plans. The plans include a life insurance for death coverage, supplementary health insurance for medical expenses and a pension capital for retirement benefits. The employer contribution is a fixed amount. There are also employee contributions for one of the two plans.

The employer contribution are subject to a minimum guaranteed return which is based on an average of 10-year government bond yields with a minimum of 1,75% and a maximum of 3,75% (currently, equal to 1,75%) for all contributions which lead to the Company insurance schemes to be classified as a defined benefit plan.

The number of the members and the average age of the members in the plans is as follows:

| | At December 31 |
|---|---|
| | **2023** |
| Number of active members | 27 |
| Number of inactive members | 42 |
| Average age | 41 |

The net defined benefit liability is as follows:

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| **Net defined benefit liability at date of acquisition** | **36** |
| Defined benefit cost included in profit & loss | – |
| Total remeasurement included in other comprehensive income | 3 |
| Employer contributions | – |
| **Net defined benefit liability at the end of the year** | **39** |

The gross defined benefit liability is as follows:

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| **Defined benefit obligation at date of acquisition** | **806** |
| Current service cost | – |
| Interest cost | – |
| Benefit payments | – |
| Taxes on contributions | – |
| Insurance premiums on risk coverages | – |
| Actuarial loss/(gain) on DBO due to change in financial assumptions | 3 |
| Actuarial loss on DBO due to change in demographic assumptions | – |
| Actuarial loss (gain) on DBO due to experience adjustments | – |
| **Defined benefit liability at the end of the year** | **809** |

The fair value of the plan assets is as follows:

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| **Fair value of plan assets at date of acquisition** | **770** |
| Interest income | – |
| Employer contributions | – |
| Benefit payments | – |
| Taxes on contributions | – |
| Insurance premiums on risk coverages | – |
| Changes in return of plan assets | – |
| **Fair value of plan assets at the end of the period** | **770** |

All plan assets are invested in an insurance contract (branch 21 product).

The defined benefit calculation has been performed based on the below assumptions:

| | At December 31 |
|---|---|
| | **2023** |
| Discount rate | 3,17 % |
| Duration of liabilities GWE and DWS (years) | 24 |
| Inflation rate | 2,10 % |
| Salary increase (excluding inflation) | 2,00 % |
| Withdrawal rate (annual) | 5,00 % |

The discount rate was derived from the index iBoxx EUR Corporate AA on each valuation date, considering the weighted average duration of liabilities. The inflation rate is based on the long-term objective of the European Central Bank. Retirement age assumption is in line with current legal requirements. The withdrawal rate and the salary increase rate reflect the expectations of the company on a long-term basis.

A sensitivity with reasonable possible changes on the discount rate and the inflation rate will impact the net defined benefit liability as follows (positive = increase net defined benefit liability / negative = decrease of net defined benefit liability):

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| Increase of 0,50% (2021: 0,25%) in the discount rate | -4 |
| Decrease of 0,50% (2021: 0,25%) in the discount rate | 11 |
| Increase of 0,50% (2021: 0,25%) in the inflation rate | 4 |
| Decrease of 0,50% (2021: 0,25%) in the inflation rate | -3 |

The expected employer contributions for the year 2024 amounts to KEUR 87.

*Philippines - GWE*

| | At December 31 |
|---|---|
| | 2023 |
| Number of active members | 37 |
| Number of inactive members | – |
| Average age | 40 |

The net defined benefit liability is as follows:

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| **Net defined benefit liability at date of acquisition** | **399** |
| Defined benefit cost included in profit & loss | 19 |
| Total remeasurement included in other comprehensive income | 6 |
| Employer contributions | – |
| **Net defined benefit liability at the end of the year** | **424** |

The gross defined benefit liability is as follows:

| | At December 31 |
|---|---|
| **in €000** | **2023** |
| **Defined benefit liability at date of acquisition** | **399** |
| Current service cost | 10 |
| Interest cost | 9 |
| Benefit payments | – |
| Taxes on contributions | – |
| Insurance premiums on risk coverages | – |
| Actuarial loss/(gain) on DBO due to change in financial assumptions | 16 |
| Actuarial loss on DBO due to change in demographic assumptions | – |
| Actuarial loss (gain) on DBO due to experience adjustments | -10 |
| **Defined benefit liability at the end of the year** | **424** |

The fair value of the plan assets is as follows:

| in €000 | At December 31<br>2023 |
|---|---|
| **Fair value of plan assets at date of acquisition** | **–** |
| Business combinations | – |
| Interest income | – |
| Employer contributions | – |
| Benefit payments | – |
| Taxes on contributions | – |
| Insurance premiums on risk coverages | – |
| Changes in return of plan assets | – |
| **Fair value of plan assets at the end of the period** | **–** |

The defined benefit calculation has been performed based on the below assumptions:

| | At December 31<br>2023 |
|---|---|
| Discount rate | 6,10% |
| Duration of liabilities Glowateng (years) | 14,2 |
| Salary increase rate | 8,00% |
| Withdrawal rate (annual) | 7,00% |

A sensitivity with reasonable possible changes on the discount rate and the inflation rate will impact the net defined benefit liability as follows (positive = increase net defined benefit liability / negative = decrease of net defined benefit liability):

| in €000 | At December 31<br>2023 |
|---|---|
| Increase of 1% in the discount rate | -32 |
| Decrease of 1% in the discount rate | 34 |
| Increase of 1% in the salary rate | 33 |
| Decrease of 1% in the salary rate | -32 |

## 20. Fair value

The carrying value of the financial assets and the financial liabilities can be presented as follows:

| | Carrying value | |
|---|---|---|
| | At December 31 | |
| **in 000€** | **2023** | **2022** |
| **Financial assets** | | |
| **Debt instruments measured at amortized cost** | | |
| Trade receivables | 7.668 | 4.951 |
| Other current receivables | 1.887 | 74 |
| Cash & cash equivalents | 12.679 | 32.508 |
| **Total debt instruments** | **22.234** | **37.533** |
| | | |
| **Financial liabilities measured at amortized cost** | | |
| Borrowings | 39.475 | 12.711 |
| Lease liabilities | 3.482 | 1.521 |
| Trade payables | 10.131 | 5.643 |
| Other current liabilities | 98 | 472 |
| **Total financial liabilities measured at amortized cost** | **53.186** | **20.347** |
| **Financial liabilities measured at fair value** | | |
| Contingent consideration | – | 475 |
| Derivatives | 46 | – |
| **Total financial liability measured at fair value** | **46** | **475** |
| Total non-current | 34.127 | 10.785 |
| Total current | 19.105 | 10.037 |

We refer to note 6 business combinations for more information on the contingent consideration in 2022. It related to the earn-out payable accounted at fair value regarding the business combination of $H_2O$ Production.

The fair value of the financial assets and the financial liabilities can be presented as follows:

| | Fair value | |
|---|---|---|
| | At December 31 | |
| **in 000€** | **2023** | **2022** |
| **Financial assets** | | |
| **Debt instruments measured at amortized cost** | | |
| Trade receivables | 7 668 | 4 951 |
| Other current receivables | 1 887 | 74 |
| Cash & cash equivalents | 12 679 | 32 508 |
| **Total debt instruments** | **22 234** | **37 533** |
| | | |
| **Financial liabilities measured at amortized cost** | | |
| Borrowings | 40 249 | 12 201 |
| Lease liabilities | 3 482 | 1 521 |
| Trade payables | 10 131 | 5 643 |
| Other current liabilities | 98 | 472 |
| **Total financial liabilities measured at amortized cost** | **53 960** | **19 837** |
| **Financial liabilities measured at fair value** | | |
| Contingent consideration | – | 475 |
| Derivatives | 46 | – |
| **Total financial liability measured at fair value** | **46** | **475** |
| Total non-current | 34 734 | 9 387 |
| Total current | 19 272 | 10 925 |

The fair value of the financial assets and financial liabilities has been determined based on the following methods and assumptions:

- The carrying value of the cash and cash equivalents, the trade receivables and the other current receivables approximate their fair value due to their short-term character.
- The carrying value of trade payables and other liabilities approximate their fair value due to the short-term character of these instruments.
- Loans and borrowings are evaluated based on their interest rates and maturity dates. Interest-bearing debts that have a variable interest rate are an approximate of the fair value. Interest-bearing debts that have a fixed interest rate, have a different fair value. We have estimated the fair value by discounting the future payments including interest with the current interest rate with similar maturity.

  The fair value for the borrowings is classified as a level 2 in the fair value hierarchy. The Company has used public interest rates based on Euribor adjusted with an estimated debt margin in each contract to estimate fair value.
- The derivative financial instruments consist of interest rate swaps which are measured at fair value through other comprehensive income. The fair value is classified as a level 2 and is determined by the financial institution and is based on the interest forward rates and the maturity of the instrument.

The contingent consideration was classified as a level 3 in the fair value hierarchy and remeasured through profit and loss at each reporting period.

## 21. Borrowing and lease liabilities

The short and long term liabilities include the following:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| Leasing liabilities | 3 482 | 1 521 |
| Investment borrowings | 32 454 | 6 747 |
| Government loan | – | 72 |
| Investment borrowing for specific customer project | 7 021 | 5 892 |
| **Total borrowings and lease liabilities** | **42 957** | **14 232** |
| of which current | 6 436 | 2 448 |
| of which non-current | 36 521 | 11 784 |
| | | |
| **Total borrowings and lease liabilities** | **42 957** | **14 232** |
| with a fixed interest rate (between 0,7% and 4,7%) | 19 645 | 13 604 |
| with a variable interest rate (euribor + 0,85%) | 22 761 | – |
| with an interest rate subject to a 5 yearly revision (3,77%) | 551 | 628 |

The investment credits are collateralized by means of the following:

- Mortgage for the investment credit in relation to the building in Ekopak NV of KEUR 55.
- Proxy for a mortgage in relation to the building in Ekopak NV of KEUR 1.925.
- Mortgage for the investment credit in relation to the building in GWE BV of KEUR 25.
- Proxy for a mortgage in relation to the building in GWE BV of KEUR 635.

The engaged but partly drawn investment borrowings are collateralized by means of the following:

- Mortgage for the investment credit in relation to the future building at Deinze for an amount of KEUR 50 and KEUR 5 appurtenances.
- Proxy for a mortgage in relation to the future building at Deinze for an amount of KEUR 20.950 and KEUR 2.095 appurtenances.

The investment borrowings for specific customer projects (WaaS-installations) are collateralized by a pledge on all current and future receivables resulting from the agreement between Ekopak and the customer (for one loan limited to KEUR 1.500). The carrying value of this receivables per 31 December 2023 amounts to KEUR 232.

The Company is meeting all requirements of the loan covenants on its available credit facilities.

*Cashflows from financing activities*

The cashflow from the financing activities can be presented as follows:

| in 000€ | 2023 | 2022 |
|---|---|---|
| **At January 1** | **14.232** | **3.429** |
| Proceeds from loans & borrowings | 28.346 | 10.321 |
| Repayment of loans & borrowings | -2.084 | -884 |
| New loans and borrowings through business combinations | 502 | 517 |
| New leases (non-cash) | 2.252 | 1.286 |
| Lease modifications | -26 | – |
| New leases through business combinations | 689 | – |
| Repayment of leases | -954 | -441 |
| Early termination of leases (non-cash) | – | 4 |
| **At December 31** | **42.957** | **14.232** |

## 22. Short term liabilities

The short term liabilities are the following:

| | At December 31 | |
|---|---|---|
| **in 000€** | **2023** | **2022*** |
| **Trade and other payables** | | |
| Trade payables | -10 131 | -5 643 |
| Payroll-related liabilities | -1 866 | -1 153 |
| Deferred income and accrued charges* | -546 | -403 |
| **Total trade and other payables*** | **-12 543** | **-7 199** |
| | | |
| **Other current liabilities** | | |
| Payable towards customer for packaging guarantees | -98 | -69 |
| Contingent consideration | – | -475 |
| **Total other current liabilities*** | **-98** | **-544** |

The payable towards the customers for packaging guarantees is the expected reimbursement of the price paid by each customer for the packaging materials delivered by the Company to the customer when returned by the customer to the Company. This payable is related to the receivable towards the suppliers for packaging guarantee. There are no other material obligations for other returns, refunds or warranties.

The decrease in other current liabilities is mainly due to the contingent consideration in 2022 resulting from the acquisition of $H_2O$ Production as described in note 6 Business combinations (KEUR 475).

* We note that the trade and other payables and other current liabilities have been restated in the comparative figures to have a more consistent presentation. An amount of KEUR 403 relating to deferred income and accrued charges has been reclassified from other current liabilities to trade and other payables.

## 23. Capital management

The primary objective of the Company's shareholders' capital management strategy is to ensure it maintains healthy capital ratios to support its business and maximize shareholder value. Capital is defined as the Company's shareholder's equity. The shareholder's equity totals KEUR 53.517 and KEUR 56.668 as per December 31, 2023 and 2022 respectively. The ratio shareholder's equity to the total liabilities and equity (solvability ratio) is 41% and 70% as per December 31, 2023 and 2022 respectively.

The Company consistently reviews its capital structure and makes adjustments in light of changing economic conditions, expected business growth and cash requirements to fund the growth.

## 24. Financial risk management

*Market risks*
*Interest rate risk*

The In the current international financial environment, Ekopak is confronted with increased interest rates. This situation is leading to higher financing cost and/or (more) restrictive covenants and/or more securities (pledges, collaterals). In addition to the risk of less attractive funding options, this may also lead to the unavailability of funding for potential M&A projects.

Mitigating factors: Ekopak's covenants relate to minimum equity thresholds and minimum solvency ratio's. These is still an important headroom in that respect. Net debt is closely monitored and actions to reduce working capital are implemented, along with cost reduction actions and the application of strict capex conditions . Furthermore, hedging of interest rate is applied on loans with floating interest. Ekopak is closely monitoring key economic indicators, thus permanently analyzing the group's funding capabilities.

*Derivatives*

The Company has the following derivative financial instruments in the following line items in the statement of financial position:

| | for the year ending 31st December | |
|---|---|---|
| **in 000€** | **2023** | **2022** |
| **Current liabilities** | | |
| Interest rate Swaps - cash flow hedges | -46 | – |
| **Total non current derivative financial instrument liabilities** | **-46** | **–** |

The Company's hedging reserve relate to the following hedging instrument:

| **in 000€** | **Interest rate swaps** | **Total hedge reserve** |
|---|---|---|
| **Closing balance 31 December 2023** | | |
| Add: Change in fair value of hedging instrument recognised in OCI | -46 | -46 |
| Less: Deferred tax | 12 | 12 |
| **Closing balance 31 December 2023** | **-34** | **-34** |

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in the consolidated statement of profit or loss:

| in 000€ | for the year ending 31st December 2023 | 2022 |
|---|---|---|
| Net gain on foreign currency swaps not qualifying as hedges included in financial income | 21 | 0 |

The impact in the consolidated statement of profit or loss relates to the unwinding of a foreign currency swap. As per December 31, 2023 and 2022 there are no outstanding foreign currency swaps accounted for on the consolidated balance sheet.

*Hedge effectiveness*

Hedge effectiveness is determined at inception of the hedge relationship and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship. These cash flow hedges have 100% effectiveness.

*Foreign exchange risk*

With the acquisition of GWE, Ekopak's assets, income, earnings and cash flows are influenced by fluctuations of then exchange rates - predominantly USD versus EUR. The group's currency risk can be split into 2 categories: translational and transactional. A translational currency risk arises when the financial data of foreign subsidiaries are converted into the group's consolidation currency, the euro. The group is also exposed to transactional currency risks resulting from its sales and operating activities.

In the course of 2023 the Company has hedged its FX risk, we refer to the note above for the release of the fair value of the hedge in the consolidated statement of profit or loss.

| | 2023 rates | |
|---|---|---|
| Currency | Closing | Average |
| MAD | 0,090040 | 0,091290 |
| PHP | 0,016320 | 0,016560 |
| THB | 0,026330 | 0,026080 |
| USD | 0,905000 | 0,931600 |

Based on the Company's foreign currency exposures at the level of the consolidated income statement, varying the above foreign exchange rates to reflect positive and negative changes of 5% of the MAD, PHP, THB and YSD would have the following impact:

| in 000€ | 2023 Effect on pretax Equity | 2023 Effect on profit (before tax) |
|---|---|---|
| **Change in foreign exchange rate** | | |
| MAD +5% | -1 | – |
| MAD -5% | 1 | – |
| PHP +5% | 6 | – |
| PHP -5% | -6 | – |
| THB +5% | 3 | – |
| THB -5% | -3 | |
| USD +5% | -19 | -97 |
| USD -5% | 19 | 97 |

*Liquidity risk*

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The Company expects to meet its obligations related to the financing agreements through operating cash flows. This risk is countered by regular liquidity management at the corporate level. The Company has historically entered into financing and lease agreements with financial institutions to finance significant projects and certain working capital requirements. We refer to note 2.1 for the details with regard to the going concern assumption.

The range of contracted obligations is as follows:

| in 000€ | Less than 1 year | 2 to 3 years | 4-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **At December 31, 2023** | | | | | |
| Borrowings | 5.795 | 12.174 | 11.979 | 13.933 | 43.881 |
| Lease liabilities | 1.259 | 2.059 | 582 | 52 | 3.952 |
| Trade payables and other payables | 12.543 | – | – | – | 12.543 |
| Other current liabilities | 98 | – | – | – | 98 |
| **Total** | **19.695** | **14.233** | **12.561** | **13.985** | **60.474** |
| | | | | | |
| **At December 31, 2022** | | | | | |
| Borrowings | 2.291 | 4.306 | 3.768 | 3.760 | 14.125 |
| Lease liabilities | 519 | 716 | 337 | 3 | 1.575 |
| Trade payables and other payables | 7.199 | – | – | – | 7.199 |
| Other current liabilities | 544 | – | – | – | 544 |
| **Total** | **10.553** | **5.022** | **4.105** | **3.763** | **23.443** |

The amounts disclosed in the table above are the contractual undiscounted cash flows. Balances due within one year approximate their carrying balances as the impact of discounting is not significant.

The Company is subject to the covenants described in note 21 on borrowing and lease liabilities.

### *Credit risk*

Ekopak is subject to the risk that commercial counterparties delay or do not pay their liabilities. While close monitoring of outstanding balances is in place, Ekopak cannot fully exclude the credit risk. The risk may impact the cash position and the profitability of the group.   Invoices related to the investment goods of non-WaaS project refer to significant amounts. While the invoice amounts for WaaS-projects are relative low, they, too, would have a material adverse impact on Ekopak's mid- and long-term financial situation. Ekopak has not been confronted in the past years with increased bad debts provisions or customer bankruptcies leading to write-offs of bad debts. If one or more key customers would fail to meet its payment obligations towards Ekopak, this would have a major impact on Ekopak's financial situation. Invoices related to the investment goods of non-WaaS projects refer to significant amounts. While the invoice amounts for WaaS-projects are relative lower, they, too, would have a material adverse impact on Ekopak's mid- and long-term financial situation.

Mitigating factors: Ekopak has developed a sound process for credit collection, including monitoring of receivables with reminders letter (4 levels) and monthly reporting of overdue outstanding receivables to CEO, CSO and COO. Installations abroad either require upfront payment or a letter of credit. Given the risk assessment of management, no credit insurance was undersigned.

#### *Trade receivables and contract assets*

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Historically, the Company had no significant credit losses and currently has accounted for a credit loss allowance only for a limited number of customers for which credit losses are highly probable. The Company is of the opinion that the expected credit losses are not material.

The Company evaluates the concentration of risk with respect to trade receivables and contract assets regularly. The customer only works with customers active in the chemical, pharmaceutical and food industry with outstanding credit ratings. The Company has no customers which revenue present more than 10% of total revenues.

Set out below is the information about the maximum credit risk exposure on the Company's trade receivables:

| in 000€ | Total | Non-due | Less than 30 days | 31-60 days | >61 days |
|---|---|---|---|---|---|
| At December 31, 2023 | 7.668 | 5.571 | 1.824 1 | 112 | 161 |
| At December 31, 2022 | 4.951 | 3.749 | 812 | 211 | 179 |

#### *Cash and cash equivalents*

The credit risk from the cash and cash equivalents held at financial institutions is managed by placing cash at high-creditworthy financial institutions (KBC, BNP Paribas Fortis, ING, Belfius and Beobank). The Company does not invest its excess cash in financial instruments other than cash equivalents. The Company's maximum exposure to credit risk is the carrying value of the cash and cash equivalents in the consolidated statement of financial position.

## *Operational risks*

### *Risk related to Global climate change and related legislation*

*While the visible impact of climate change leads to a higher awareness for Ekopak's solutions, the climate transition and the environmental footprint in general holds a series of risks for Ekopak. The inability to meet (future) environmental legislation to limit CO2 emissions and increase energy and material efficiency could lead to regulatory fines (such as a carbon tax). While Ekopak promotes circular water use, the company must in the foreseeable future also reduce the use of energy and chemicals in its water treatment facilities, as specified in the EU Sustainable Activities Taxonomy (EU Regulation 2020/852). Should Ekopak fail to do so, it would have a negative impact on its reputation, especially with ESG investment funds. Failure to address environmental concerns could negatively impact Ekopak's reputation with customers and investors, thus leading to loss in sales or even shareholder value. Physical climate change risks include impacts of extreme weather events on production facilities and/or equipment and disruptions in the supply chain due to these events. See also chapter 4. Stresstest of the annual report for more information on laws and regulations and the related risks which have resulted in determining the metrics to be measured.*
*Mitigating factors: Ekopak is mitigating this risk by the initiation of Integrated Reporting. This methodology involves regular stakeholder engagement, annual stress tests and monitoring of related Key Performance Indicators (KPI's). This approach leads to an increased awareness for this risk factor, thus triggering Ekopak to anticipate in an optimal way. This is well illustrated by Ekopak's plan for its new corporate campus, which aims to be carbon neutral. Other illustrations of this approach are Ekopak's decision to electrify its company car fleet and its continuous efforts to reduce the energy consumption and use of chemicals for its water treatment installations. Furthermore, the group maps upcoming or changing legislations (such as the CSRD) to define potential gaps and implements roadmaps to address the gaps. Ekopak reports the environmental footprint for all its operational WaaS installations, even though this is not legally required. These reports covers the use and reduction of Waste, Energy and Chemicals, and also specifies the amount of water saved by its WaaS plants, the delivered production capacity of waste water treatment and one-off installations during the year 2023. As of 2024, Ekopak will also measure the CO² footprint of its installations.*

### *Macroeconomic and geopolitics risks*

Even though Ekopak has no operations in Ukraine and Russia and is not directly impacted, the Company is exposed to the secondary effects of this situation, including the increasing interest rates, cost inflation, potential interruptions in the supply chain etc. The world is recently confronted with serious political and (macro-)economic events and fluctuations that can heavily impact the investment climate as well as the operational activities of Ekopak in specific regions and countries. Even when Ekopak has no direct operations in countries like Ukraine, Russia, Israel and Palestina, were such events are currently taking place, Ekopak is aware that the impact of such events can potentially have a wider geographical scope. Moreover, Ekopak is aware that, in the future, similar events may occur in regions and countries where the group is operational. Such events and tensions could translate into constraints to Ekopak's operations (e.g. export/import and investment restrictions, trade barriers, supply chain breaks, etc.).

Mitigating factors: Ekopak refers in this respect to the mitigation plans for the Risk of Unvailability of Raw Materials, the Risk of Price Increases for Raw Materials, the Funding risk, and the Currency Exchange risk (cf. before). In addition, Ekopak's management has enhanced its monitoring activities of macroeconomic and geopolitical developments, in particular those affecting the regions and countries where Ekopak (including GWE) is active. While the short-term impact on Ekopak's business is assessed in regular business review meetings, the mid- to long-term impact is analysed in the strategic management meetings. With regard to Ekopak's geographical expansion strategy, careful analysis of potential new geographical markets and regions will precede any specific initiative in this regard, while Ekopak will also strive for a balanced spread of activities across different regions, thus absorbing this risk.

## 25. Related party disclosures

This disclosure provides an overview of all transactions with related parties with Pilovan BV and Alychlo NV as shareholder and its representatives in key management.

Key management is employed through management agreements and payroll. In addition, the Company has a group insurance plan in favour of key management.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Short-term employee benefits | 1.450 | 961 |
| Post-employment benefits | 29 | 14 |
| **Total** | **1.479** | **975** |
| | | |
| Warrants granted | 35.000 | 35.000 |
| Warrants outstanding | 35.000 | 35.000 |

The key management consists of 8 persons (including the CEO) as of 2023 (2022: 6).

Key management has been granted 35 000 warrants at December 31, 2023 (2022: 35.000). We refer to note 17 for additional details.

The Company had a current account receivable on Pilovan which is fully owned by one of the shareholders and management member as well as a current account receivable on the management member in person. The current accounts together totals KEUR 0 and KEUR 9 as per December 31, 2022 and 2023 respectively. The current account is interest bearing. Total interest income received from these related parties totals KEUR 0,2 at December 31, 2023 and KEUR 1 at December 31, 2022.

We refer to the remuneration report for more information with respect to remuneration of key management.

## 26. Events after the reporting period

There are no events after the reporting period.

## 27. Auditor fees

The fees for professional services provided by PwC in 2022 and 2023 were as follows:

| in 000€ | 2023 | 2022 |
|---|---|---|
| Audit fees | 218 | 84 |
| Other assurance services | 32 | – |
| Other non-audit services | 190 | – |
| **Total** | **440** | **84** |

## 28. Interests in other entities

The group's principal subsidiaries at 31 December 2023 are set out below.

| | | Ownership interest held by the group | |
|---|---|---|---|
| | | At December 31 | |
| **Name of entity** | **Country of incorporation** | **2023** | **2022** |
| Ekopak NV | Belgium | 100 % | 100 % |
| Ekopak SAS | France | 100 % | 100 % |
| $H_2O$ Production | France | 100 % | 100 % |
| Covalente | France | 100 % | 100 % |
| SCI du Cèdre Bleu | France | 100 % | 100 % |
| Global Water Engineering BV | Belgium | 100 % | 0 % |
| D.W.S. BV | Belgium | 100 % | 0 % |
| GWE Asia BV | Belgium | 100 % | 0 % |
| GWE BV | Nederland | 100 % | 0 % |
| Glowateng Corporation | Philipinnes | 100 % | 0 % |
| GWE (Thailand) Co. Ltd. | Thailand | 100 % | 0 % |
| Global Water&Energy LLC | United States | 100 % | 0 % |
| Circeaulair Maroc SA | Marocco | 100 % | 0 % |

Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Changes in the group's subsidiaries compared to last year, relate to the in note 6 described acquisition of GWE as per 14 September 2023 and to the establishment of the subsidary Circeaulair Maroc SA as per October 30, 2023.

## 29. Joint arrangements

Ekopak NV has a 51% interest in a joint arrangement called Circeaulair I BV, established on June 5, 2023.

| | | Ownership interest held by the group | |
|---|---|---|---|
| | | At December 31 | |
| **Name of entity** | **Country of incorporation** | **2023** | **2022** |
| Circeaulair I BV | Belgium | 100 % | 0 % |

The joint arrangement was set up to provide companies and business parks with circular water. The effluent coming from Aquafin's waste water treatment plant, is converted into process water for industrial purposes, through a water treatment installation installed by Ekopak and transported through a new pipeline network directly to the company or business park.

We refer to note 4 for the description of the significant judgements in relation to the classification of the joint arrangement. The nature of the relationship is a joint venture measured using the equity method.

The principal place of business of the joint arrangement is Belgium.

*Supplier agreement with joint venture*

Ekopak NV has signed an agreement on 5 June 2023 as supplier of the water process installation with the joint venture Circeaulair I. In this agreement Ekopak NV has the following commitments towards the joint ventures:

- Carry out all design and construction works according the specifications within the timing provided in the agreement
- Repair all defects or damage resulting from the design and construction works until final acceptance
- Perform the services and keep the production project available and operational during the maintenance in consideration for a maintance

The table below provides the reconciliation to the carrying amount of the joint venture:

| in € | At December 31 |
|---|---|
| **Net assets** | **10.002** |
| | |
| Group's share in % | 51 % |
| Group's share in EUR | 5.101 |
| **Carrying amount of interest in joint venture** | **5.101** |

## 30. NON-GAAP Measures

Adjusted EBITDA is used as one of the bases of the Segments performance measurement in order to better understand the recurring performance. We calculate adjusted EBITDA as profit (loss) before tax plus financial expenses, minus financial income, plus EBITDA adjustments and depreciation charges. EBITDA adjustments are those items that the company considers not in the ordinary course of business and comprise expenses from claims, restructuring and acquisition costs.

EBITDA is used as one of the bases of the Segments performance measurement. We calculate EBITDA as profit (loss) before tax plus financial expenses, minus financial income, plus depreciation charges.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Profit (loss) before tax (a) | -3.996 | -2.521 |
| Financial income (b) | 284 | 50 |
| Financial expenses (c) | -880 | -277 |
| Depreciation charges (d) | -6.592 | -1.835 |
| **EBITDA = a-b-c-d** | **3.192** | **-459** |
| EBITDA adjustments (e) | -360 | -3 |
| **Adjusted EBITDA = a-b-c-d-e** | **3.552** | **-456** |

Net working capital is calculated as: total current assets, excluding cash and cash equivalents minus total current liabilities, excluding borrowings, leases and other current liabilities.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Current assets (a) | 42.930 | 47.180 |
| Cash and cash equivalents (b) | 12.679 | 32.508 |
| Current liabilities excluding borrowings and leases (c) | 24.120 | 7.672 |
| **Net working capital = a-b-c+d** | **6.131** | **7.000** |

Solvency ratio is defined as equity to equity plus liabilities.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Equity (a) | 53.517 | 56.668 |
| Liabilities (b) | 75.875 | 24.231 |
| **Solvency ratio c = a/(a+b)** | **41 %** | **70 %** |

Net financial debt is defined as current and non-current borrowings, excluding leases minus cash and cash equivalents.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Borrowings (a) | 39.475 | 12.711 |
| Cash (b) | 12.679 | 32.508 |
| **Net financial debt f = a-b-c** | **26.796** | **-19.797** |

Leverage is defined as borrowings (excluding leases and capex from premises) to EBITDA.

| in 000€ | 2023 | 2022 |
|---|---|---|
| Adjusted EBITDA (a) | 3.552 | -456 |
| Normalisation adjusted EBITDA + 8,5 months GWE (b) | 5.457 | – |
| Borrowings (c) | 39.475 | 12.711 |
| Borrowings from capex (d) | 5.204 | – |
| Cash (e) | 12.679 | 32.508 |
| **Leverage = (c-d-e) / (a+b)** | **2,40** | **43,41** |
| **Net financial debt (f) / annualised adjusted EBITDA (a+b)** | **2,97** | **43,41** |

These NON-GAAP measures fluctuate in 2023 due to the acquisition of GWE.

# Supplementary information

The financial statements of the parent company, Ekopak NV, are presented below in a condensed form.

The accounting principles used for the statutory annual accounts of Ekopak NV differ from the accounting principles used for the consolidated annual accounts: the statutory annual accounts follow the Belgian legal requirements, while the consolidated annual accounts follow the International Financial Reporting Standards. Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Ekopak Group.

The annual report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Ekopak NV, as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory periods. These documents are available upon request from Ekopak's Investor Relations department (info@ekopak.be), and at https://ekopaksustainablewater.com/investor-relations/.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of Ekopak NV for the year ended 31 December 2023 give a true and fair view of the financial position and results of the company in accordance with all legal and regulatory dispositions.

## 1. Balance sheet after appropriation

| in 000€ | 2023 | 2022 |
|---|---|---|
| **Fixed assets** | **69.891** | **31.395** |
| Intangible fixed assets | 2.183 | 1.278 |
| Tangible fixed assets | 23.382 | 22.648 |
| Financial assets | 44.326 | 7.469 |
| | | |
| **Current assets** | **30.132** | **43.808** |
| Inventory | 16.946 | 8.308 |
| Amounts receivable within one year | 8.485 | 5.170 |
| Current investments and cash and cash equivalents | 4.429 | 30.162 |
| Deferred charges and accrued income | 272 | 169 |
| | | |
| **Total assets** | **100.023** | **75.202** |
| | | |
| **Capital and reserves** | **49.788** | **55.490** |
| Capital | 6.671 | 6.671 |
| Share premium | 55.116 | 55.116 |
| Reserves | 53 | 53 |
| Accumulated profits | -12.123 | -6.350 |
| Capital grants | 71 | |
| | | |
| **Provisions** | **291** | **251** |
| Provisions for liabilities and charges | 267 | 251 |
| Deferred taxes | 24 | |
| | | |
| **Creditors** | **49.944** | **19.462** |
| Amounts payable after more than one year | 33.490 | 10.486 |
| Amounts payable within one year | 15.940 | 8.463 |
| Accrued costs and deferred income | 515 | 514 |
| | | |
| **Total liabilities** | **100.023** | **75.203** |

The increase in intangible fixed assets is mainly related to the capitalization of software, the intangible fixed assets under construction and research and development costs for Waterkracht.

The increase in tangible fixed assets is mainly related to the new HQ at the Prijkels in Deinze (3,1 million EUR) and new rental installations (2,5 million EUR). This is compensated by 4,3 million EUR depreciations.

Financial assets increased due to acquisition of the GWE Group (36,8 million EUR).

Amounts receivable within one year increased by 3,3 million EUR, this is due to the increase in other receivables (1,7 million EUR) and trade receivables (1,6 million EUR). Other receivables increased mainly due to the receivable related to the Circeaulair project. Trade receivables increased due to the growth of the business. Although receivables increased by 3,3 million EUR, receivables overdue by more than 30 days decreased by 0,3 million EUR.

The cash position of Ekopak NV decreased due to the acquisition of GWE which was partly paid in cash, and due to the increase in working capital and additional investments in fixed assets.

Equity decreased by 5,7 million EUR as a result of the result appropriation of 2023.

Amounts payable after more than one year increased as a consequence of the sale and lease back transactions incurred for WaaS-installations for a total amount of 1,7 million EUR. Furthermore Ekopak NV entered into a loan agreement for the acquisition of GWE group of which 20,2 million EUR is included in the long term payables.

Amounts payable within one year increased by 7,4 million EUR. This is primarily due to the increase in short term borrowings, consisting of 0,3 million EUR related to sale and lease back transactions, 2,5 million EUR related to the acquisition of GWE group and 0,7 million EUR related to the loans for the new building in De Prijkels. Other increase in short term payables relate to trade payables for an amount of 1,8 million EUR and payroll related debts of 0,2 million EUR.

## 2. Income statement

| in 000€ | 2023 | 2022 |
|---|---|---|
| Operating income | 28.843 | 22.319 |
| Operating costs | -34.176 | -24.735 |
| Financial result | -440 | -201 |
| Income taxes | | -12 |
| **Profit/(loss) for the year** | **-5.773** | **-2.628** |

Ekopak NV's operating income in 2023 increased by 29% to 28,8 million EUR. The main increases were in sales and in inventory changes for orders in progress amounting to 4.4 million euros and 5.4 million euros respectively. These increases were partially offset by a decrease in produced fixed assets of 2,8 million EUR.

The operating costs increased with 9,4 million EUR and consists mainly of the increases in goods for resale, raw materials and consumables (2,6 million EUR), an increase in services and other goods (0,7 million EUR), an increase in depreciation by 3,6 million EUR and in employee benefit expenses (2,0 million EUR). The latter increase is a result of the surge in personnel (FTE increased from 87,9 in 2022 to 105,9). This growth in personnel enables Ekopak NV to be well prepared for the future.

## 3. Proposed appropriation of Ekopak NV result

| in 000€ | 2023 | 2022 |
|---|---|---|
| Profit/(loss) for the year for appropriation | -5.773 | -2.628 |
| Profit brought forward | -6.350 | -3.722 |
| **Profit to be appropriated** | **-12.123** | **-6.350** |
| Profit to be carried forward | -12.123 | -6.350 |
| **Total** | **-12.123** | **-6.350** |

The loss of the financial year is carried forward towards 2024.