

**29 September 2023**

**i(x) Net Zero PLC**

("i(x) Net Zero" or the "Company")

### **Half Year Results for the Six Months Ended 30 June 2023**

i(x) Net Zero PLC (AIM: IX.), the investing company which focuses on the Energy Transition, is pleased to announce its half year results for the six months ended 30 June 2023 ("HY 2023", "H1 2023"). All amounts are in USD unless otherwise stated.

#### **Financial and Investment Highlights**

- Fair value of investments in i(x)'s portfolio companies ("Portfolio NAV") as at 30 June 2023 increased by 133.56% to \$149.11 million (31 December 2022: \$63.84 million), largely driven by WasteFuel Global Inc. ("WasteFuel") investment from bp;
- Portfolio NAV per share at 30 June 2023, including cash of \$4.35 million (£3.43 million), of \$1.79 per share (£1.41 per share) (31 December 2022: \$0.90 per share (£0.75 per share));
- \$81.05 million profit before non-cash deferred tax provision and share-based compensation (H1 2022: \$0.50 million);
- As at 30 June 2023, the Company had \$0.8 million borrowings and cash of \$4.35 million (31 December 2022: no borrowings and cash of \$7.48 million); and
- In the first six months of the year, i(x) made portfolio investments of \$0.55 million (H1 2022: \$0.50 million).

#### **Corporate and Portfolio Highlights**

- Pär Lindström, the Company's Chief Investment Officer, appointed as CEO; Jonathan Carpenter Stearns appointed as CFO
- Strategic refresh to focus firmly on growing the Net Asset Value ("NAV") of the Company's investments, by sourcing high growth investment opportunities and identifying and executing profitable investment realisations from the existing investment companies in the short term and
- Set near term target of reducing operating expenditure to 2% of NAV, down more than 50% from the 2022 operating expenditure
- Entered into new secured \$7.5 million 2 year term loan facility with European Depositary Bank S.A.
- WasteFuel secured a \$10 million investment from bp, to further assist WasteFuel's plans to develop a global network of plants to convert municipal and agricultural waste into bio-methanol, a biofuel which could play a significant role in decarbonising hard-to-abate sectors like shipping. Pre money valuation was \$400 million and conservatively

valued through i(x) Net Zero's third party valuation group at \$387 million which increased the NAV of the Company's holding in WasteFuel by \$84.78 million

- Sustainable Living Innovations, Inc. ("SLI"), the building technology and product development company, entered into a non-binding letter of intent in relation to a proposed business combination with NYSE listed Churchill Capital Corp V, in a potentially transformative combination for SLI that, if completed, will provide the ideal platform to execute the next stage of SLI's growth strategy and significantly improve access to capital

- Made \$0.55 million follow on investments, including \$0.4 million into EMC and an additional \$0.15 million into SLI via an Unsecured Convertible Promissory Note

#### Events subsequent to HY 2023

The following are key developments subsequent to the six-month period end:

- Commitment to invest an additional US\$2.5 million into Enphys Management Company ("EMC"), for budgeted working capital, certain other approved costs and investments into new assets as it initially progresses towards a merger opportunity for its SPAC, Enphys Acquisition Corp, with the intention of forming a major renewables energy group that can be a regional champion for sustainability
- Conditional agreement reached for the sale of Carbon Engineering Ltd. ("Carbon Engineering"), to Occidental Petroleum Corporation ("Occidental"), the international energy company
  - Enphys signed a non-binding letter of intent for a business combination with a leading and well-established advanced biofuels company in Latin America
  - The Company added an additional company to its portfolio via a \$0.6 million investment into Citron Energy Inc ("Citron Energy"), a US based alternative fuels business. This investment will result in i(x) Net Zero owning approximately 34% of Citron Energy

**Pär Lindström, CEO, commented:**

*"The first six months of the year have seen us make significant progress towards our aim of growing our NAV and creating a more streamlined business. In the six months to June 2023 and in the months since, we have seen exciting developments in our portfolio companies, with WasteFuel securing a meaningful investment from bp and Enphys signing a letter of intent ("LoI") for a business combination with a leading and well-established advanced biofuels company in Latin America. SLI has signed a LoI for a business combination and we have reached a conditional agreement for the sale of Carbon Engineering and we recently made an investment in a new company, Citron, that continues our focus on opportunities in energy transition.*

*"As policy-makers in the US and the Americas advance their plans for achieving net zero, i(x) is perfectly positioned to grant shareholders exposure to the exciting and growing companies which are engaged in the journey towards a more sustainable future. We continue to streamline and sharpen the business, and we look forward to reporting further progress for the year as a whole."*

For further information visit <https://ixnetzero.com/> or contact:

**i(x) Net Zero**  
Pär Lindström - Chief Executive Officer

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**Notes to Editors**

**About i(x) Net Zero PLC**

i(x) Net Zero PLC is an AIM quoted investing company that seeks to provide its shareholders with the opportunity to create long-term capital growth with positive, scalable, measurable and sustainable impact on the environment and on the communities it serves.

In accordance with its belief that the world's biggest problems are also the biggest market opportunities, i(x) Net Zero focuses on two critical areas in which it aims to make a positive impact: (i) Energy Transition and (ii) Sustainability in the Built Environment.

The Company uses a multi-strategy investment approach, providing the companies in which it invests with the expertise and catalytic capital to help them grow. To date, i(x) Net Zero has invested in biofuels, direct air capture (carbon removal), renewable energy, sustainable workforce housing and net zero construction technology.

i(x) Net Zero is a signatory to the UN Principles for Responsible Investing.

The Company has received the London Stock Exchange's Green Economy Mark.

**Operational Review**

**NAV Update**

Investee Company	Equity interest (30/6/2023)	\$m	\$m	\$m
		Unaudited Portfolio NAV as at (30/6/2023)	Audited Portfolio NAV as at (31/12/2022)	Increase/ (Decrease) during H1 2023
WasteFuel Global, Inc.	34.8%	131.69	46.91	84.78
Enphys Management Company, LLC	14.5%	10.92	10.34	0.58
MultiGreen Properties, LLC	10.0%	2.19	2.26	-0.07
Sustainable Living Innovations ("SLI")	0.1%	0.77	0.74	0.03
Carbon Engineering Ltd	0.5%	2.64	2.58	0.06
Context Labs B.V.	0.5%	0.50	0.51	-0.01
Simple Agreement For Future Equity (SAFE) with WasteFuel Global, Inc.		-	0.25	-0.25
Convertible note of MultiGreen Properties, LLC		0.25	0.25	-
Unsecured Convertible Promissory Note of SLI		0.15	-	0.15
<b>Total</b>		<b>149.11</b>	<b>63.84</b>	<b>85.26</b>

## Portfolio Review

**WasteFuel Global, Inc. ("WasteFuel")** is focused on developing renewable, non-fossil fuels to help reduce the carbon emissions of the transportation sector with a particular focus on waste to energy for trucks, planes and ships.

In July 2023, WasteFuel announced that it had secured a \$10 million investment from bp, the multi-national energy company, as part of the first close of a Series B fundraise. The investment will further assist WasteFuel's plans to develop a global network of plants to convert municipal and agricultural waste into bio-methanol, a biofuel which could play a significant role in decarbonizing hard-to-abate sectors like shipping.

bp's \$10 million investment, leading the Series B investment round, resulted in a material uplift in the NAV attributable to the Company's holding in WasteFuel. Following bp's investment, the unaudited NAV of the Company's equity interest in WasteFuel is \$131.69 million, a 181% uplift from the last reported audited NAV (\$46.91 million as at 31 December 2022). This NAV uplift is included in the Company's H1 2023 results.

Also, WasteFuel announced that it entered a partnership including a memorandum of understanding with bp for the offtake of WasteFuel's bio-methanol and a technical collaboration to improve bio-methanol production efficiency, yields and economics. As part of this agreement, the business will be able to leverage bp's proprietary technology to help optimise and improve its low-carbon, bio-methanol production.

In August 2023, WasteFuel announced the strengthening of its management team with the appointment of Peter Votkjaer Jorgensen, former Partner in Maersk Growth, the venture arm of the A.P. Moller - Maersk Group, as Chief Financial Officer (CFO) effective October 1, 2023.

**Enphys Management Company, LLC ("EMC")** is i(x) Net Zero's partnership with the Latin America Investment Group, a business development and investment group. EMC pursues private and public opportunities focused on renewables and energy transition in Latin America and has a direct ownership in Enphys Acquisition Sponsor, LLC ("EAS"), the sponsor company of Enphys Acquisition Corp. ("EAC"), a NYSE-listed SPAC targeting renewable energy businesses in Latin America, in which EMC also has an ownership. Its strategy is to create a regional champion in the Americas for alternative energy

through the aggregation of existing, cash-flow positive wind and solar assets. Latin America provides a rapidly growing energy market where alternative energy production is often the lowest cost source. This provides Enphys the opportunity to execute at scale and become a significant publicly traded leader in energy transition.

In August 2023, the Company announced that it had committed to invest an additional \$2.5 million into EMC and that its wholly owned subsidiary i(x) Investments LLC had entered into a revised EMC LLC Agreement with LAIG Investments.

The investment, the cost of which will be spread over the next four years and immediately took the Company's ownership in Enphys from its previous level of 14.5% to 30.0%. The additional cash investment, together with the increased valuation at which the investment was agreed generated an uplift in the Net Asset Value of the Company's total holding in EMC from \$10.3 million to \$16.7 million, based on the valuation as at 31 December 2022.

The new funding will provide additional support to EMC for budgeted working capital, certain other approved costs and investments into new assets as it initially progresses towards a merger opportunity for its SPAC, Enphys Acquisition Corp, with the intention of forming a major renewables energy group that can be a regional champion for sustainability in the Americas and later expanding its assets under management with new assets and new investment structures.

Enphys Acquisition Corp. (NYSE: NFYS, "EAS", EMC is the sponsor of EAS and has a direct ownership in EAS) filed its initial preliminary proxy statement in August 2023 in connection with an extraordinary general meeting of shareholders of EAS for the purpose of, among other things, extending the time by which it has to consummate an initial business combination from October 8, 2023 to February 8, 2024 (the "Extension"), as well as other documents filed by EAS with the U.S. Securities and Exchange Commission. The Extension is subject to approval by EAS shareholders and a further announcement will be made in due course.

EAS has also signed a non-binding letter of intent for a business combination with a leading and well-established advanced biofuels company in Latin America.

**Carbon Engineering Ltd. ("Carbon Engineering")** has developed a proprietary Direct Air Capture ("DAC") technology that removes carbon dioxide directly from the atmosphere for sequestration and storage. With its DAC and carbon-to-value proposition, it represents the next generation of industrial scale decarbonisation. The company has a clear path to global growth and is focused on licensing its technology to industrial partners to build and operate.

In August 2023, the Company announced that a conditional agreement had been reached for the sale of Carbon Engineering, to Occidental Petroleum Corporation ("Occidental"), the international energy company.

Occidental is an existing strategic partner of Carbon Engineering. The acquisition would see Occidental acquire the outstanding shares in Carbon Engineering for a total cash consideration of \$1.1 billion, payable in three approximately equal annual payments with the first to be made at closing.

i(x) Net Zero holds an indirect circa 0.45% interest in Carbon Engineering through two special purpose vehicles. If the sale completes on the agreed terms, the Company's indirect interest would equate to approximately \$7.2 million, and subject to the distribution of the proceeds over the three years following completion by those SPVs, this would generate a 7.2x return on the Company's initial investment of \$1 million before any costs of the SPVs. On this basis the sale price would also represent a 2.8x multiple on the current holding value of the Company's investment in Carbon Engineering, of \$2.6 million.

**Context Labs B.V. ("Context Labs")** is an impact software company whose blockchain technology platform enables the harvesting and processing of data to help businesses track their carbon emissions and their compliance with regulatory frameworks.

In April 2023, Context Labs and EQT Corporation ("EQT") announced the establishment of a strategic partnership to advance the commercialisation of verified low carbon intensity natural gas products and carbon credits. The partnership will bring together EQT, the largest natural gas producer in the U.S., and Context Labs, an expert in distributed ledger technology, advanced climate data and analytics, machine learning and AI-capabilities. EQT is a leading independent natural gas production company with operations focused in the cores of the Marcellus and Utica Shales in the Appalachian Basin.

Through tracking, reporting and verification of critical emissions data, the strategic partnership will support EQT in achieving its industry-leading emissions reduction targets, which include a commitment to reach net-zero greenhouse gas (GHG) emissions by 2025. With a focus on emissions quantification, operational analysis, and the certification of natural gas production, the companies will work to scale emissions mitigation across the full energy value chain.

Context Labs' enterprise data fabric platform, DaaS™, will enable certification and verification of the carbon intensity of EQT's operating assets, with certificates registered in Context Labs' CLEAR Path™ Repository. Additionally, the relationship will afford EQT the opportunity to integrate carbon credit projects into CLEAR Path™ in support of generating asset-grade data-backed carbon credits.

In September 2023, [Context Labs](#) and [Viridios AI](#) announced a strategic partnership to de-risk and re-build carbon markets. Viridios AI, a Viridios Group company and leader in global carbon market analytics through data and technology, to create the safest, most trusted platform for environmental attribute discovery, evaluation, and pricing.

Context Labs joins Viridios AI's solutions development and deployment ecosystem as a key strategic partner focusing on data integrity, transparency, and scalability. Sharing a vision for how to re-build and de-risk the emerging and ongoing needs of the global carbon markets, the companies will help organizations meet their climate and net-zero targets with the world's safest carbon credits available to offset residual emissions. Each company will collaborate with a select group of partners from their respective networks to identify specific opportunities to provide data-driven, more effective decarbonisation and monetisation methods.

**Sustainable Living Innovations ("SLI")** is a construction technology and product development company producing panelised buildings to address housing affordability, while delivering a new standard in sustainable living. SLI continues to capture market share as a leader in delivering net zero buildings at scale. Its factory-assembled and cost-effective steel panel technology addresses both the inflationary pressure on material costs and supply chain issues.

In March 2023, SLI signed a non-binding letter of Intent in relation to a proposed business combination with NYSE listed Churchill Capital Corp V ("Churchill V"). With the signing of this LOI, i(x) made a follow on investment of \$0.15 million that will allow SLI to complete the combination and cover the costs associated with its underlying projects development.

**MultiGreen Properties, LLC ("MultiGreen")** is a developer of sustainable, multi-family properties that aims to supply affordable workforce rental housing by reducing construction costs and duration. MultiGreen intends to become the first net zero energy operator of multi-family projects in the US by 2025. The company is delivering on its mission to provide attainable, tech-enabled rental apartments in supply-constrained US markets. We will continue to monitor this investment closely as it weathers these turbulent real estate markets.

#### **Citron Energy Inc ("Citron Energy")**

In September 2023, the Company added an additional company to its portfolio via a \$0.6 million investment into Citron Energy Inc ("Citron Energy"), a US based alternative fuels business.

Citron Energy aims to replace the use of fossil fuels by processing non-recyclable municipal and commercial waste into a combustible fuel. The use of CitronFuel will allow the replacement of coal as well as helping to reduce landfill usage and significantly lower CO2 emissions. The \$0.6 million investment will be in the form of a subscription for new shares in Citron Energy and will result in i(x) Net Zero owning approximately 34% of Citron Energy. Jonathan Stearns, the Company's Chief Financial Officer, has a non-controlling holding in Citron Energy and is the chairman of Citron Energy.

## Financial Review

The Company continued delivering an improvement in the fair value of investments in its portfolio companies ("Portfolio NAV") which increased by 133.55% or, \$85.26 million to \$149.11 million as at 30 June 2023 (31 December 2022: \$63.84 million).

The increase in Portfolio NAV over the period of \$85.26 million (H1 2022: \$5.20 million) comprises unrealised gains of \$84.72 million (H1 2022: \$4.70 million) due to the change in fair value of portfolio investments and \$0.55 million of additions to investments (H1 2022: \$0.50 million). The majority of unrealised gains relates to an increase in fair value of WasteFuel as a result of bp's investment entered into on 30 June 2023. As at 30 June 2023, Portfolio NAV per share, including cash of \$4.35 million (£3.43 million), was \$1.79 per share (£1.41 per share) based on the issued number of shares at 30 June 2023 (31 December 2022: \$0.90 per share (£0.75 per share) based on the issued number of shares at 31 December 2022).

Profit before non-cash deferred tax provision and share-based compensation was \$81.05 million in H1 2023 (H1 2022: \$0.50 million) (\$81.05 million is derived as profit before tax of \$82.09 million (H1 2022: loss \$0.28 million) minus share-based compensation credit of \$1.04 million (H1 2022: expense \$0.78 million)).

During H1 2023, stock options were granted to management employees under the Company's Equity Incentive Plan while stock options issued in 2022 were forfeited and surrendered resulting in non-cash share-based compensation credit of \$1.04 million being recognised (H1 2022: share-based compensation expense \$0.78 million).

General and administrative costs decreased by \$2.36 million to \$2.61 million (H1 2022: \$4.96 million), largely due to non-cash share-based compensation credit, lower compensation costs as a result of a smaller team and cost reductions.

As a result of the corporate inversion and resulting IPO transaction, i(x) Net Zero PLC is being treated as a U.S. domestic corporation for all purposes of the U.S. tax code as of the date of the transaction and there will be non-cash deferred tax implications related to the Company's temporary difference in the book and tax basis of its assets, the most material of which is the difference between the tax basis and the fair value of the Company's investments. For the period ended June 30, 2023, non-cash deferred tax expense of \$20.64 million (H1 2022: \$12.69 million) was recognised in the consolidated statement of comprehensive income.

Profit after tax amounted to \$61.45 million in H1 2023 (H1 2022: loss after tax of \$12.97 million) primarily as a result of unrealised gains due to the change in fair value of portfolio investments and lower general and administrative costs offset by non-cash deferred tax provision.

In April 2023, the Company issued of 6,820,618 new ordinary shares to Mr. Lindström in lieu of cash payment of his CEO and incentive bonuses payable of \$0.7 million. Following this transaction the Company has 85,877,429 Ordinary Shares in issue.

The Company continues to be in a strong financial position and as at 30 June 2023 had cash of \$4.35 million and new \$7.5 million 2-year term loans facility (\$0.8 million loan was drawn) (31 December 2022: no borrowings and cash of \$7.48 million) and net current assets of \$3.98 million (31 December 2022: \$6.68 million).

## Outlook

With the achievement of a significant increase in NAV and rationalisation of its operating expenses by new management, i(x) Net Zero is now well positioned to selectively add to its investment portfolio.

In order to achieve this stated ambition, the Company has identified a number of accretive opportunities for its existing portfolio. These may include near-term opportunities to participate in capital raises or add-on investments. In addition, building on its successes to date, i(x) will look to replicate its strategy of using its operational expertise and catalytic capital via new platforms in the energy transition and built environment to scale proven technology and accelerate new and existing market penetration.

The Company also remains open to exploring an investment in, or other potential alliance with, a renewables and circular economy platform that has a mission and purpose that is similar to the Company's; namely to build profitable businesses that support the achievement of the UN Sustainable Development Goals.

At the beginning of 2023 the Board of Directors set ambitious NAV and profitability targets for the executive management team, including a near term target of reducing operating expenditure to 2% of NAV and growing NAV by more than 50% over the course of 2023. The business has already started to make good progress towards achieving these challenging targets and is confident of delivering further tangible results in the second half in support of enhancing shareholder value over the near and longer term.

Pär Lindström

Chief Executive Officer and Chief Investment Officer  
29 September 2023

**(x) Net Zero Plc**  
**Consolidated Statement of Comprehensive Income**  
**For the Six Months Ended 30 June 2023**

*(Expressed in US dollars)*

<u>(Unaudited)</u>	<u>(Audited)</u>
For the Six Months Ended 30 June	Year Ended 31 December



	Notes	2023	2022	2022
Net changes in fair value on financial assets at fair value through profit or loss	3	\$84,717,302	\$4,695,431	\$1,413,805
Divided, interest and other income		24,145	156	2,645
General and administrative expenses		(2,606,696)	(4,964,208)	(8,246,839)
<b>OPERATING PROFIT/(LOSS) BEFORE FINANCING ACTIVITIES</b>		<b>82,134,751</b>	<b>(268,621)</b>	<b>(6,830,389)</b>
Finance cost		(41,327)	(15,839)	(27,495)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>82,093,424</b>	<b>(284,460)</b>	<b>(6,857,884)</b>
Tax provision - deferred tax expenses		(20,639,572)	(12,685,897)	(11,271,318)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>\$61,453,852</b>	<b>\$(12,970,357)</b>	<b>\$(18,129,202)</b>
<b>Earnings/(loss) per share:</b>				
<b>Basic and diluted</b>	5	\$0.76	\$(0.16)	\$(0.23)

Notes:

- There is no comprehensive income or loss for the periods ended 30 June 2023 and 2022 and the year ended 31 December 2022.
- As a result of the corporate inversion and resulting IPO on AIM, i(x) Net Zero PLC is being treated as a U.S. domestic corporation for all purposes of the U.S. tax code as of the date of the IPO and there will be non-cash deferred tax implications related to the Company's temporary difference in the book and tax basis of its assets, the most material of which is the difference between the tax basis and the fair value of the Company's investments. For the period ended 30 June 2023, deferred tax expense of \$20,639,572 was recognised in the consolidated statement of comprehensive income.

**i(x) Net Zero Plc**  
**Consolidated Statement of Financial Position**  
**30 June 2023**

*(Expressed in US dollars)*

ASSETS	Notes	(Unaudited)		(Audited)
		30 June 2023	30 June 2022	31 December 2022
Non-Current assets				
Investments, at fair value	3	\$149,108,024	\$65,936,183	\$63,840,722
Right-of-use asset		190,727	503,443	349,277
Furniture and equipment, net of accumulated depreciation		-	8,567	1,839
Loan origination costs, net		148,500	-	-
Security deposit		82,942	82,942	82,942
Member tax advance		-	11,500	-

Total Non-Current Assets		149,530,193	66,542,635	64,274,780
Current assets				
Cash and cash equivalents	7	4,349,236	11,178,604	7,479,832
Accounts receivable		26,585	-	66,838
Interest receivable		24,145	-	-
Prepaid expenses and other current assets		107,356	225,620	135,806
Cash advances for future investments		-	86,165	-
Total Current Assets		4,507,322	11,490,389	7,682,476
Total Assets		\$154,037,515	\$78,033,024	\$71,957,256
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses		\$283,545	\$890,348	\$612,788
Lease liability		184,902	349,950	364,336
Interest payable		34,055	-	-
Security deposit payable		24,601	49,202	24,601
Total Current Liabilities		527,103	1,289,500	1,001,725
Non-current liabilities				
Deferred tax liability		31,910,889	12,685,897	11,271,318
Loan payable	7	800,000	-	-
Lease liability		32,051	216,954	32,051
Total Non-Current Liabilities		32,742,940	12,902,851	11,303,369
Total Liabilities		33,270,043	14,192,351	12,305,094
<b>EQUITY</b>				
Share Capital, no par value (authorized, issued and outstanding - 85,877,429 as of 30 June 2023 and 79,056,811 as of 30 June 2022 and 31 December 2022)				
ordinary shares	4	77,333,361	76,701,569	77,671,903
Retained earnings		43,434,111	(12,860,896)	(18,019,741)
Total Equity		120,767,472	63,840,673	59,652,162
Total Liabilities and Equity		\$154,037,515	\$78,033,024	\$71,957,256

The financial statements were authorised for issue by the board of directors on 29 September 2023 and were signed on its behalf by:

Pat Lindstrom  
Chief Executive Officer

Jonathan Stearns  
Chief Financial Officer

Company number - 138730

### **i(x) Net Zero Plc**

### **Consolidated Statement of Changes in Shareholders' Equity**

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**For the Six Months Ended 30 June 2023**

*(Expressed in US dollars)*

Number of Shares	Members' Capital	Share Capital and Other Reserves	Retained Earnings	Total
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<b>At 1 January 2023</b>	79,056,811	\$-	\$77,671,903	(18,019,741)	\$59,652,162
Net income for the period (1 January 2023 - 30 June 2023)	-	-	-	61,453,852	61,453,852
Share bonus (Note 4)	6,820,618	-	700,000	-	700,000
Share option credit (Note 6)	-	-	(1,038,542)	-	(1,038,542)
<b>At 30 June 2023</b>	<b>85,877,429</b>	<b>\$-</b>	<b>\$77,333,361</b>	<b>\$43,434,111</b>	<b>\$120,767,472</b>
<b>At 1 January 2022</b>	-	\$63,877,744	\$-	\$-	\$63,877,744
Capital contributions	-	1,644,981	-	-	1,644,981
Distributions of assets held for disposal to i(x) Sustainable Holdings, LLC	-	(1,216,841)	-	-	(1,216,841)
Distribution cash to i(x) Sustainable Holdings, LLC	-	(400,000)	-	-	(400,000)
Net loss for the period (1 January 2022- 8 February 2022)	-	(109,461)	-	-	(109,461)
<b>At 9 February 2022</b>	<b>-</b>	<b>63,796,423</b>	<b>-</b>	<b>-</b>	<b>63,796,423</b>
Conversion from members' capital to shareholders' equity	65,000,000	(63,796,423)	63,796,423	-	-
Subscription for i(x) Net Zero shares net of expenses	14,056,811	-	12,125,421	-	12,125,421
Net loss for the period (9 February 2022 - 30 June 2022)	-	-	-	(12,860,896)	(12,860,896)
Share option expenses	-	-	779,725	-	779,725
<b>At 30 June 2022</b>	<b>79,056,811</b>	<b>\$-</b>	<b>\$76,701,569</b>	<b>\$(12,860,896)</b>	<b>\$63,840,673</b>

### **i(x) Net Zero Plc**

#### **Consolidated Statement of Changes in Shareholders' Equity**

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**For the Year Ended December 31, 2022**

*(Expressed in US dollars)*

Number of Shares	Members' Capital	Share Capital and Other Reserves	Retained Earnings	Total
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<b>At 1 January 2022</b>	-	\$63,877,744	\$-	\$-	\$63,877,744
Capital contributions	-	1,644,981	-	-	1,644,981
Distribution of assets held for disposal to i(x)					
Sustainable Holdings LLC	-	(1,216,841)	-	-	(1,216,841)
Distribution of cash to i(x)					
Sustainable Holdings, LLC	-	(400,000)	-	-	(400,000)
Net loss for the period (1 January 2022 - 8 February 2022)	-	(109,461)	-	-	(109,461)
<b>At 9 February 2022</b>	<u>-</u>	<u>63,796,423</u>	<u>-</u>	<u>-</u>	<u>63,796,423</u>
Conversion from members' capital to shareholders' equity	65,000,000	(63,796,423)	63,796,423	-	-
Subscription for i(x) Net Zero share, net of expenses	14,056,811	-	12,125,421	-	12,125,421
Net loss for the period (9 February 2022 - 31 December 2022)	-	-	-	(18,019,741)	(18,019,741)
Share option expense	-	-	1,750,059	-	1,750,059
<b>At 31 December 2022</b>	<u>79,056,811</u>	<u>\$-</u>	<u>\$77,671,903</u>	<u>\$(18,019,741)</u>	<u>\$59,652,162</u>

The consolidated statement of changes in shareholders' equity is presented as changes in members' capital up to the date of the acquisition of i(x) investments, LLC, accounted for under merger principles.

**i(x) Net Zero Plc**  
**Consolidated Statements of Cash Flows**  
**For the Six Months Ended 30 June 2023**

*Expressed in US dollars)*

	Notes	(Unaudited)		(Audited)
		For the Six Months Ended		Year Ended
		30 June		31 December
		2023	2022	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) attributable to shareholders/members		\$61,453,852	\$(12,970,357)	\$(18,129,202)
Adjustments for:				
Depreciation expense		1,839	6,774	13,472
Amortisation of right-of-use asset		158,550	149,983	304,149
Amortisation of loan facility fees		16,500	-	-
Loss on cash advances for future investments		-	-	86,165
Net changes in fair value on financial assets at fair value through profit or loss	3	(84,717,302)	(4,695,431)	(1,499,970)
Bonus expense paid in shares	4	700,000	1,000,000	1,000,000
Incentive stock option grant expense	6	(1,038,542)	779,725	1,750,059
Increase in deferred tax liability		20,639,571	12,685,897	11,271,318
Changes in operating assets and liabilities				
Decrease/(increase) in accounts receivable		40,253	40,374	(26,464)
Increase in interest receivable		(24,145)	-	-
Decrease in prepaid expenses and other current assets		28,450	1,324,096	1,413,910
Decrease in security deposit payable		-	-	(24,601)
Increase in member tax advance		-	-	11,500
Decrease in accounts payable and accrued expenses		(329,243)	(982,165)	(1,259,725)
Net Cash Used in Operating Activities		<u>(3,070,217)</u>	<u>(2,661,134)</u>	<u>(5,089,389)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of investments		(550,000)	(500,000)	(1,600,000)
Net Cash Used in Investing Activities		<u>(550,000)</u>	<u>(500,000)</u>	<u>(1,600,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
IPO Proceeds, net of expenses		-	12,125,421	12,125,421
Distribution to i(x) Sustainable Holdings, LLC		-	(400,000)	(400,000)
Purchase of i(x) Net Zero shares		-	(1,000,000)	(1,000,000)
Capital contributions		-	1,644,981)	1,644,981)
Proceeds from loan facility borrowings	7	800,000	-	-
Payment of loan facility fees		(165,000)	-	-
Increase in interest payable		34,055	-	-
Decrease in lease liability		(179,434)	(165,428)	(335,945)
Net Cash Provided by Financing activities		<u>489,621</u>	<u>12,204,974</u>	<u>12,034,457</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>(3,130,596)</u>	<u>9,043,840</u>	<u>5,345,068</u>
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of period		7,479,832	2,134,764	2,134,764
End of period		<u>\$4,349,236</u>	<u>\$11,178,604</u>	<u>\$7,479,832</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>				
Non-cash financing activity				
Share-based compensation	6	\$(1,038,542)	\$779,725	\$1,750,059
Distribution of assets held for disposal		-	1,216,841	1,216,841
Bonus expense paid in shares	4	700,000	1,000,000	1,000,000
		<u>\$(338,542)</u>	<u>\$2,996,566</u>	<u>\$3,996,900</u>

**i(x) Net Zero Plc**  
**Notes to Consolidated Financial Statements**  
**30 June 2023**

**1. Organisation and Nature of Business**

i(x) Net Zero, PLC (the "Company") is a company incorporated and domiciled in Jersey, British Isles with Company Number 138730. The Company's shares are admitted to trading on the AIM market of the London Stock Exchange (ticker: IX). The Company is an investment company that provides its shareholders with an opportunity to create long-term capital growth with sustainable impact on the environment and communities it serves. The registered address of the Company is 3<sup>rd</sup> Floor, 44 Esplanade Street, Helier, Jersey JE4 9WG. The Company is governed in accordance with Companies (Jersey) Law 1991.

## **2. Basis of Preparation and Going Concern**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations issued by the International Accounting Standards Board ("IASB") and with those parts of the Companies (Jersey) Law 1991 applicable to companies preparing their financial statements under IFRS. The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. The Company reports cash flows from operating activities using the indirect method.

These half-year abbreviated financial statements are unaudited and do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The results for the year ended 31 December 2022 set out above are abridged. Full accounts for that year reported under IFRS, on which the auditors of the Company made an unqualified report have been delivered to the Registrar of Companies.

The Company's interim condensed consolidated financial statements are presented in accordance with IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Company's annual financial statements as of 31 December 2022. The presentation of these interim condensed consolidated financial statements is consistent with the 2022 financial statements and its accounting policies, but where necessary comparative information has been reclassified or expanded from the 2022 interim financial statements to take into account any presentational changes made in the 2022 financial statements or in these interim financial statements.

### Going Concern

The Company's financial statements have been prepared on a going concern basis. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in these financial statements and related notes.

In order to assess the going concern of the Company, the Directors have prepared cash flow forecasts for the Company. These cash flow forecasts show the Company expects to have sufficient headroom over available banking facilities. The Company has obtained banking facilities sufficient to facilitate the growth forecast in future periods. No matters have come to the attention of the Directors to suggest that future renewals may not be forthcoming on acceptable terms.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly,

they continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustments that would result if the forecast were not achieved.

### 3. Investments in Private Operating Companies

Following are the schedules of investments as of 30 June 2023, 30 June 2022 and 31 December 2022:

#### 30 June 2023

Principal Amounts/Shares/ Units	Description	Percent of Shareholders' Equity	Fair Value
<b>Private Operating Companies</b>			
<b>United States</b>			
<b>Common Shares</b>			
10,404,587	Biofuel Developer Wastefuel Global, Inc.	109.1%	<u>\$131,687,361</u>
	<b>Total Common Shares</b>	109.1%	<u>131,687,361</u>
<b>Limited Liability Company Interests</b>			
1,228,063	Real estate development MultiGreen Properties, LLC	1.8%	<u>2,190,000</u>
	<b>Total Limited Liability Company Interests</b>	1.8%	<u>2,190,000</u>
<b>Limited Partnership Interest</b>			
	Building technology Sustainable Living Innovations (FKA Multigreen SLI Partners, LP)	0.7%	<u>771,000</u>
	<b>Total Limited Partnership Interests</b>	0.7%	<u>771,000</u>
<b>Convertible Note</b>			
150,000	Building technology Sustainable Living Innovations (FKA Multigreen SLI Partners, LP)	0.1%	150,000
250,000	Real estate development MultiGreen Properties, LLC	0.2%	<u>250,000</u>
	<b>Total Convertible Note</b>	0.3%	<u>400,000</u>
	<b>Total United States</b>	111.9%	<u>\$135,048,361</u>
<b>Canada</b>			
<b>Common Shares</b>			
21,763	Carbon Capture Technology Carbon Engineering, Ltd. (1)	2.2%	<u>2,637,710</u>
	<b>Total Common Shares - Canada</b>	2.2%	<u>2,637,710</u>
<b>Cayman Islands</b>			
<b>Limited Liability Company Interest</b>			
	Renewable Energy Enphys Management Company	9.0%	<u>10,919,953</u>
	<b>Total Limited Liability Company Interests - Cayman Islands</b>	9.0%	<u>10,919,953</u>
<b>Netherlands</b>			
<b>Preferred Class B1 Shares</b>			
499,955	Software/Information Technology Context Labs, BV	0.4%	<u>502,000</u>
	<b>Total Convertible Note - Netherlands</b>	0.4%	<u>502,000</u>
	<b>Total Investments</b>	123.5%	<u>\$149,108,024</u>

(1) Shares of Carbon Engineering, Ltd. are held indirectly through investments in RCM Carbon Engineering Partners, LLC (12,490 common shares) and C12 Equity Ltd. (9,273 common shares).

#### 30 June 2022

Principal  
Amounts/Shares/

Percentage of  
Shareholders'

Units	Description	Equity	Fair Value
<b>Private Operating Companies</b>			
<b>United States</b>			
<b>Limited Liability Company Interests</b>			
10,380,581	Biofuel Developer Wastefuel Global, LLC	73.5%	\$46,902,564
1,228,063	Real estate development MultiGreen Properties, LLC	7.8%	5,000,000
	<b>Total Limited Liability Company Interests</b>	81.3%	<u>51,902,564</u>
<b>Limited Partnership Interest</b>			
	Building technology Sustainable Living Innovations (FKA Multigreen SLI Partners, LP)	1.2%	742,000
	<b>Total Limited Partnership Interests</b>	1.2%	<u>742,000</u>
	<b>Total United States</b>	82.5%	<u>\$52,644,564</u>
<b>Canada</b>			
<b>Common Shares</b>			
21,763	Carbon Capture Technology Carbon Engineering, Ltd. (1)	3.7%	2,383,698
	<b>Total Common Shares - Canada</b>	3.7%	<u>2,383,698</u>
<b>Cayman Islands</b>			
<b>Limited Liability Company Interest</b>			
	Renewable Energy Enphys Management Company	16.3%	10,396,921
	<b>Total Limited Liability Company Interests - Cayman Islands</b>	16.3%	<u>10,396,921</u>
<b>Netherlands</b>			
<b>Preferred Class B1 Shares</b>			
499,955	Software/Information Technology Context Labs, BV	0.8%	511,000
	<b>Total Convertible Note - Netherlands</b>	0.8%	<u>511,000</u>
	<b>Total Investments</b>	103.3%	<u>\$65,936,183</u>

(1) Shares of Carbon Engineering, Ltd. are held indirectly through investments in RCM Carbon Engineering Partners, LLC (12,490 common shares) and C12 Equity Ltd. (9,273 common shares).

### 31 December 2022

Principal Amount/Shares/Units	Description	Percent of Shareholders' Equity	Fair Value
<b>Private Operating Companies</b>			
<b>United States</b>			
<b>Limited Liability Company Interests</b>			
10,380,581	Biofuel Developer Wastefuel Global, LLC	78.7%	\$46,908,475
1,228,063	Real estate development MultiGreen Properties, LLC	3.8%	2,260,000
	<b>Total Limited Liability Company Interests</b>	82.5%	<u>49,168,475</u>
<b>Limited Partnership Interest</b>			
	Building technology Sustainable Living Innovations (FKA Multigreen SLI Partners, LP)	1.2%	742,000
	<b>Total Limited Partnership Interests</b>	1.2%	<u>742,000</u>
<b>Simple Agreement for Future Equity (SAFE)</b>			
	Biofuel Developer Wastefuel Global, LLC	0.4%	250,000
	<b>Total SAFE</b>	0.4%	<u>250,000</u>
<b>Convertible Note</b>			



	Real estate development MultiGreen Properties, LLC		0.4%	<u>250,000</u>
	<b>Total Convertible Note</b>		0.4%	<u>250,000</u>
	<b>Total United States</b>		84.5%	<u>\$50,410,475</u>
<b>Canada</b>				
<b>Common Shares</b>				
21,763	Carbon Capture Technology Carbon Engineering, Ltd. (1)		4.3%	<u>2,579,223</u>
	<b>Total Common Shares - Canada</b>		4.3%	<u>2,579,223</u>
<b>Cayman Islands</b>				
<b>Limited Liability Company Interest</b>				
	Renewable Energy Enphys Management Company		17.3%	<u>10,340,024</u>
	<b>Total Limited Liability Company Interests - Cayman Islands</b>		17.3%	<u>10,340,024</u>
<b>Netherlands</b>				
<b>Preferred Class B1 Shares</b>				
499,955	Software/Information Technology Context Labs, BV		0.9%	<u>511,000</u>
	<b>Total Convertible Note - Netherlands</b>		0.9%	<u>511,000</u>
	<b>Total Investments</b>		107.0%	<u>\$63,840,722</u>

(1) Shares of Carbon Engineering, Ltd. are held indirectly through investments in RCM Carbon Engineering Partners, LLC (12,490 common shares) and C12 Equity Ltd. (9,273 common shares).

The following tables present the changes in assets classified in Level 3 of the fair value hierarchy for the periods ended 30 June 2023 and 2022 and the year ended 31 December 2022:

### 30 June 2023

	Common Stock	Preferred Stock	Convertible Note	Limited Liability Company Interests	Limited Partnerships	Simple Agreement For Future Equity (SAFE)	Totals
Balance at 31 December 2022	\$2,579,223	\$511,000	\$250,000	\$59,508,499	\$742,000	\$250,000	\$63,840,722
Purchases of investments	-	-	150,000	400,000	-	-	550,000
Unrealised gain/(loss)	58,487	(9,000)	-	84,638,815	29,000	-	84,717,302
Conversion to shares	131,687,361	-	-	(131,437,361)	-	(250,000)	-
Balance at 30 June 2023	<u>\$134,325,071</u>	<u>\$502,000</u>	<u>\$400,000</u>	<u>\$13,109,953</u>	<u>\$771,000</u>	<u>\$-</u>	<u>\$149,108,024</u>

### 30 June 2022

	Common Stock	Preferred Stock	Limited Liability Company Interests	Limited Partnerships	Totals
Balance at 31 December 2021	\$2,383,698	\$499,955	\$57,357,099	\$500,000	\$60,640,752
Purchases of investments	-	-	500,000	-	500,000
Unrealised gain	-	11,045	4,442,386	242,000	4,695,431
Balance at 30 June 2022	<u>\$2,383,698</u>	<u>\$511,000</u>	<u>\$62,299,485</u>	<u>\$742,000</u>	<u>\$65,936,183</u>

### 31 December 2022

	Common Stock	Preferred Stock	Convertible Note	Limited Liability Company Interests	Limited Partnerships	Simple Agreement For Future Equity (SAFE)	Totals
Balance at 31 December 2021	\$2,383,698	\$499,955	\$-	\$57,357,099	\$500,000	\$-	\$60,740,752
Purchases of investments	-	-	250,000	1,100,000	-	250,000	1,600,000
Unrealised gain	195,525	11,045	-	1,051,400	242,000	-	1,499,970
Balance at 31 December 2022	<u>\$2,579,223</u>	<u>\$511,000</u>	<u>\$250,000</u>	<u>\$59,508,499</u>	<u>\$742,000</u>	<u>\$250,000</u>	<u>\$63,840,722</u>

The following tables summarize the methods and significant assumptions used to measure investments categorized in Level 3 of the fair value hierarchy and whose values were determined by management as of 30 June 2023 and 2022, and 31 December 2022:

	Fair Value at 30 June 2023 (in thousands)	Valuation Technique	Unobservable Input	Average
<b>Investments</b>				
<b>Common Stock</b>				
Biofuel Developer (1)	\$131,687	Market Approach	Recent transaction - capital raise (90% weight)	\$12.66/unit
		Option pricing method (backsolve)	Risk free rate - 4.1%, volatility - 120.4%; time to liquidity event - 5 years (10% weight)	
Carbon Capture Technology	2,638	Equity Roll Forward	N/A	\$121.20/share
<b>Total Common Stock</b>	<u>134,325</u>			
<b>Limited Liability Company Interests</b>				
Real Estate Development	2,190	Income Approach - Discounted Cash flow	Discount rate - 85%	\$1.78 unit
Renewable Energy	10,920	Options Pricing Method (Management Company)	Risk free rate - 4.1%, volatility - 4.2%; time to liquidity event - 5 years	N/A
		Monte Carlo Simulation (Founders' shares owned indirectly by management company)	Risk free rate - 4.68%, volatility - 4.24%; term to maturity - 1.3 years (lockup period)	
<b>Total Limited Liability Company Interests</b>	<u>13,110</u>			
<b>Preferred Stock</b>				
Software/Information Technology	502	Equity Roll Forward	N/A	\$45.80/share
<b>Total Preferred Stock</b>	<u>502</u>			
<b>Limited Partnership Interest</b>				
Building technology	771	Equity Roll Forward	N/A	\$241.39/unit
<b>Convertible Notes</b>				
Real Estate Development	250	Transaction cost	Transaction cost	N/A
Building technology	150	Transaction cost	Transaction cost	N/A
<b>Total Convertible Notes</b>	<u>400</u>			
<b>Total</b>	<u><u>\$149,108</u></u>			
	Fair Value at 30 June 2022 (in thousands)	Valuation Technique	Unobservable Input	Average
<b>Investments</b>				
<b>Common Stock</b>				
Carbon Capture Technology	\$2,384	Market Approach	Implied value of equity financing	\$109.53/share
<b>Total Common Stock</b>	<u>2,384</u>			
<b>Limited Liability Company Interests</b>				
Biofuel Developer (1)	46,902	Market Approach	Recent transaction - capital raise (90% weight)	\$4.52/unit

	Fair Value at 30 June 2022 (in thousands)	Valuation Technique	Unobservable Input	Average
		Option pricing method (backsolve)	Risk free rate - 3%, volatility - 138.8%; time to liquidly event - 5 years (10% weight)	
Real Estate Development	5,000	Income Approach - Discounted Cash flow	Discount rate - 55%	\$3.92 unit
Renewable Energy	9,697	Options Pricing Method (Management Company)	Risk free rate - 3%, volatility - 4%; time to liquidity event - 5 years	N/A
		Monte Carlo Simulation (Founders' shares owned indirectly by management company)	Risk free rate - 2.9%, volatility - 4%; term to maturity - 1.8 years (lockup period)	
	700	Transaction cost	Transaction cost	N/A
Total Renewable Energy	<u>10,397</u>			
<b>Total Limited Liability Company Interests</b>	62,299			
<b>Preferred Stock</b>				
Software/Information Technology	511	Market approach	Recent transaction cost - capital raise (50% weight)	\$46.56/share
		Option Pricing Method (backsolve)	Risk free rate - 3%, volatility - 180.0%; time to liquidity event - 5 years (50% weight)	
<b>Total Preferred Stock</b>	<u>511</u>			
<b>Limited Partnership Interest</b>				
Building technology	<u>742</u>	Transaction cost	Transaction cost	\$225/unit
<b>Total</b>	<u><u>\$65,936</u></u>			

	Fair Value at 31 December 2022 (in thousands)	Valuation Technique	Unobservable Input	Average
<b>Investments</b>				
<b>Common Stock</b>				
Carbon Capture Technology	\$2,579	Equity Roll Forward	N/A	\$118.51/share
<b>Total Common Stock</b>	<u>2,579</u>			
<b>Limited Liability Company Interests</b>				
Biofuel Developer (1)	46,909	Market Approach	Recent transaction - capital raise (90% weight)	\$4.52/unit
		Option pricing method (backsolve)	Risk free rate - 3.9%, volatility - 139.2%; time to liquidly event - 5 years (10% weight)	

	Fair Value at 31 December 2022 (in thousands)	Valuation Technique	Unobservable Input	Average
Real Estate Development	2,260	Income Approach - Discounted Cash flow	Discount rate - 75%	\$1.84 /unit
Renewable Energy	9,640	Options Pricing Method (Management Company)	Risk free rate - 4%, volatility - 4.4%; time to liquidity event - 5 years	N/A
	700	Monte Carlo Simulation (Founders' shares owned indirectly by management company)	Risk free rate - 4.32%, volatility - 4.44%; term to maturity - 1.3 years (lockup period)	
	700	Transaction cost	Transaction cost	N/A
Total Renewable Energy	10,340			
<b>Total Limited Liability Company Interests</b>	<b>59,509</b>			
<b>Preferred Stock</b>				
Software/Information Technology	511	Market approach	Recent transaction cost - capital raise (50% weight)	\$46.56/share
		Option Pricing Method (backsolve)	Risk free rate - 4%, volatility - 202.1%; time to liquidity event - 5 years (50% weight)	
<b>Total Preferred Stock</b>	<b>511</b>			
<b>Limited Partnership Interest</b>				
Building technology	742	Transaction cost	Transaction cost	\$225/unit
<b>Simple Agreement For Future Equity (SAFE)</b>				
Biofuel Developer	250	Transaction cost	Transaction cost	N/A
<b>Convertible Note</b>				
Real Estate Development	250	Transaction cost	Transaction cost	N/A
<b>Total</b>	<b>\$63,841</b>			

Note:

The per unit price of WasteFuel Global in the most recent capital raise was given a 90% weight in the 30 June 2023 and 2022 valuations and the 31 December 2022 valuation. A 10% weight was ascribed to the backsolve method, which is a method that derives the equity value for a company from a transaction involving the company's own securities. The rights and preferences of each class of equity, market interest rates, industry sector volatility data, and an estimated time period to a liquidity event are all considered and included in an option pricing model under the backsolve method. The weighting of these two valuation methods and the unobservable inputs used in the valuation were based on management judgment. The unobservable inputs are presented in the Level 3 valuation table as of 30 June 2023 and 2022 and 31 December 2022.

WasteFuel Global, Inc. ("WasteFuel")

Effective 30 June 2023, WasteFuel finalised an agreement with bp, the multi-national energy company, to secure a \$10 million investment in WasteFuel. The \$10 million investment, which was the lead investment in WasteFuel's Series B investment round, resulted in a material

increase in the fair value attributable to the Company's holding in WasteFuel. Following bp's investment, the unaudited fair value of the Company's equity interest in WasteFuel was \$131.69 million, an increase of 181% from the last reported audited fair value (\$46.91 million as at 31 December 2022). This increase in the fair value of WasteFuel was included in the Company's H1 2023 results. In addition, effective 30 June 2023, WasteFuel was reorganized from a limited liability company to a corporation.

On a semi-annual basis, the Company's management reviews the fair value calculation for each Level 3 security and assesses, among other things, the reasonableness of the pricing models, the inputs to the pricing models and the significant assumptions developed internally or by independent valuation experts.

#### 4. Share Capital

The Company has 85,877,429 ordinary shares, at no par value, authorised, issued and outstanding as of 30 June 2023.

Ordinary shares were issued upon completion of the Company's IPO on 9 February 2022, as disclosed in Note 1, Organisation and Nature of Business.

Following is the equity roll forward schedule for the periods ended 30 June 2023 and 2022 and the year ended 31 December 2022:

	1 January to 30 June 2023		1 January to 30 June 2022		1 January to 31 December 2022	
	Shares	Amount	Shares	Amount	Shares	Amount
Equity, beginning of period	79,056,811	\$59,652,162	-	\$63,877,744	-	\$63,877,744
Conversion of members' capital to shares	-	-	65,000,000	-	65,000,000	-
Subscriptions/ contributions	-	-	14,056,811	13,770,402	14,056,811	13,770,402
Net income/(loss)	-	61,453,852	-	(12,970,357)	-	(18,129,202)
Share bonus	6,820,618	700,000	-	-	-	-
Share option expense (credit)	-	(1,038,542)	-	779,725	-	1,750,059
Distribution of assets	-	-	-	(1,616,841)	-	(1,616,841)
Equity, end of period	<u>85,877,429</u>	<u>\$120,767,472</u>	<u>79,056,811</u>	<u>\$63,840,673</u>	<u>79,058,811</u>	<u>\$59,652,162</u>

#### Total Voting Rights

Following the issuance of 2022 Bonus Shares and CEO Bonus Shares in April 2023, the Company has 85,877,429 Ordinary Shares in issue, each carrying the right to one vote. No Ordinary Shares are held by the Company in treasury. The total number of voting rights in the Company is therefore 85,877,429.

#### CEO Bonuses

In December 2022, the Company agreed to pay to Pär Lindström an incentive bonus of \$200,000 (£160,772) in respect of the year ended 31 December 2022 and, as part of his promotion to CEO in January 2023, the Company agreed to pay Mr. Lindström a promotion bonus based on increased responsibilities as CEO of \$500,000 (£401,929). In total, these bonuses represent approximately 170% of Mr. Lindström's 2023 annual compensation. In order to preserve the Company's cash resources and to demonstrate his commitment to the

Company, Mr. Lindström agreed to apply both of these bonuses to subscriptions of new ordinary shares at the previous day's closing price of 8.25 pence per share. This resulted in the issuance of 6,820,618 new ordinary shares to Mr. Lindström ("Bonus Shares"). The Bonus Shares represent 8.7% of the issued share capital prior to the issuance of these shares. Both of these bonuses were recorded in 2023 and are included in general and administrative expenses for the period from 1 January to 30 June 2023. The shares subscribed for by Mr. Lindström pursuant to each of these bonus schemes were subject to a risk of forfeiture if the Company's Net Asset Value ("NAV") did not meet the hurdle of \$120 million within the 24-month period following their issue ("NAV Hurdle"). The forfeiture risk expired when the Company's Net Asset Value ("NAV") exceeded \$120 million during the period from 1 January to 30 June 2023. The Bonus Shares were admitted to trading on AIM London Stock Exchange on 26 April 2023.

## 5. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of ordinary shares outstanding during the period. The stock options granted to management employees in 2023 have an exercise price which is less than the average market price of the Company's shares during H1 and therefore do not have a dilutive effect on earnings per share.

	30 June 2023	30 June 2022	31 December 2022
	Basic and Diluted	Basic and Diluted	Basic and Diluted
Earnings attributable to the ordinary Shareholders of the Company	\$61,453,852	\$(12,860,896)	\$(18,019,741)
Weighted average number of shares	80,879,324	79,056,811	79,056,811
Earnings/(loss) per share	<u>\$0.76</u>	<u>\$(0.16)</u>	<u>\$(0.23)</u>

## 6. Share Based Compensation

Pursuant to the Company's Equity Incentive Plan for 2022 (the "Incentive Plan"), stock options ("Options") were granted to management employees during 2022. Each management employee was granted the option to purchase shares of the Company's stock in accordance with each employee's Stock Option Grant.

In February 2023, 2,703,967 Options were forfeited, resulting in a reversal of expense previously recorded by the Company for these Options of \$1,145,141. Also, effective 22 April 2023, 2,166,157 Options were surrendered and replaced with new options (the "New Options") and 4,158,388 additional New Options were granted to management employees. The total number of New Options granted during the period from 1 January to 30 June 2023 was 6,324,545. The New Options have an exercise price of 20 pence, being a 142.4 per cent premium to the previous day's closing share price on AIM of 8.25 pence. The New Options vest over a period of three years, with a third vesting on each of the three successive anniversaries of the date of grant. The New Options granted on 22 April 2023 are expected to be fully vested as of 22 April 2026.

The aggregate fair value of the options granted on 22 April 2023 was \$293,360, which was determined using the Black Scholes options pricing model. The expected volatility used to

determine the fair values of the options was 60% and the annual risk-free rate used in the determination of the fair values of the options was 3.57%.

Details of the stock options outstanding during the periods from 1 January to 30 June 2023 and 2022, and the year ended 2022 are as follows:

	Period from 1 January 2023 to 30 June 2023	Period from 1 January 2023 to 30 June 2023	Period from 1 January 2022 to 30 June 2022	Period from 1 January 2022 to 30 June 2022	Period from 1 January 2022 to 31 December 2022	Period from 1 January 2022 to 31 December 2022
	Number of Options	Expense/ Credit Recognised During the Period	Number of Options	Expense/ Credit Recognised During the Period	Number of Options	Expense/ Credit Recognised During the Period
Beginning of period	4,870,124	\$-	-	\$-	-	\$-
2022 Option Granted during the period	-	-	5,779,277	906,915	5,779,227	2,091,220
Forfeited	(2,703,967)	(1,145,141)	(909,153)	(127,190)	(909,153)	(341,161)
Surrendered	(2,166,157)	(604,918)	-	-	-	-
2023 Options Granted during the period	6,324,545	711,571	-	-	-	-
End of period	<u>6,324,545</u>	<u>\$(1,038,542)</u>	<u>4,870,124</u>	<u>\$779,725</u>	<u>4,870,124</u>	<u>\$1,750,059</u>

The (credit)/expense recognised for the periods 1 January to 30 June 2023 and 2022, and the year ended 31 December 2022 was \$(1,038,542), \$779,725 and \$1,750,059, respectively. These amounts are included in general and administrative expenses on the accompanying consolidated statement of comprehensive income.

The unvested amount of the Company's stock options as of 30 June 2023 was \$1,225,000.

## 7. Loan Facility

In April 2023, the Company's wholly owned subsidiary, i(X) investments, LLC entered into a secured \$7.5 million 2-year term loan facility with European Depository Bank S.A. ("EDB") ("Loan"). Amounts drawn down on the loan facility bear interest at 10.5% (subject to periodic change in line with EDB's USD Base rate) which is payable quarterly. The Loan can be utilised for the purposes of the financing of investments and general working capital purposes. The Loan is guaranteed by the Company.

i(x) investments, LLC has agreed to pay an arrangement fee equal to 2% of the amount of the facility and a commitment fee of 1.75% per annum on any undrawn funds, payable quarterly in arrears.

Drawdown of the Loan is conditional upon there being no event of default and other customary provisions including delivery of documents. The Loan is repayable together with default interest in the event of default which, inter alia, includes a change of control and a reduction of aggregate NAV of the Company below \$50 million.

The Loan is secured by a pledge granted by the Company and its nominee of the shares held by it including those in i(x) investments, LLC and all other proceeds and property and assets owned by it. In addition, as part of the Facility Agreement, i(x) investments, LLC has pledged \$4.0 million as security in a deposit account with EDB. The Company will be able to invest this security deposit in certain money market funds and other financial instruments and generate a

return on deposited funds (currently expected to be approximately 4-5% per annum) thereby mitigating the interest payable. In addition, i(x) investments, LLC has undertaken to maintain a minimum cash balance in an operating account at EDB with an amount varying depending on the remaining time to facility maturity but being zero if drawdowns are below \$4 million.

In connection with the facility, i(x) investments, LLC has also agreed to give customary undertakings, warranties and indemnities to the Lender, the Agent and Security Agent including as to tax and undertakings not to undertake certain corporate transactions without consent.

The amount of the loan drawn down as of 30 June 2023 was \$800,000. This amount is recorded on the consolidated statement of financial condition as Loan Payable. Interest accrued on the amount drawn down was \$34,055 during the period from 1 January to 30 June 2023.

## **8. Commitments and Contingencies**

In January 2022, Lion Point Capital, LP, on behalf of funds managed by it, ("Lion Point") and the Company entered into a strategic relationship to identify and pursue certain transactions together, with an initial focus on opportunities in Energy Transition. At the time of the Company's IPO, Lion Point Master, LP ("Lion Point Master") entered into a subscription agreement and subscribed for \$6.8 million (approximately £5.0 million) in ordinary shares of the Company at the placing price as part of the fundraising. Lion Point Master was granted a put option and pursuant to the put option, the Company is obliged to repurchase 6,672,161 Ordinary Shares of Lion Point Master's Ordinary Shares at the Placing Price (£0.76 per share (\$1.02 per share)) amounting up to \$6.8 million at any time during the three-year term following the Company's admission to trading on AIM. Lion Point has also granted to the Company a call option to purchase \$6.8 million of common shares of Suniva, Inc. Further details are set out in paragraph 5.6 of Part 1 and paragraphs 18.1(j), (k) and (l) of Part 7 of the Company's Admission document dated 4 February 2022, which is available on the Company's website <https://ixnetzero.com/>.

## **9. Subsequent Events**

### Enphys

In August 2023, the Company announced that it has committed to invest an additional \$2.5 million into Enphys Management Company ("EMC") and that its wholly owned subsidiary i(x) Investments LLC has entered into a revised EMC LLC Agreement with LAIG Investments.

The investment, the cost of which will be spread over the next four years and will immediately take the Company's ownership in Enphys from its current level of 14.5% to 30.0%. The additional cash investment, together with the increased valuation at which the investment was agreed generates an uplift in the Net Asset Value of the Company's total holding in EMC from \$10.3 million to \$16.7 million, based on the valuation as at 31 December 2022. 10% of the issued capital in EMC is subject to pro-rata clawback if payments by the Company are either stopped or not made when due in accordance with the revised terms and a further portion subject to additional clawback if a minimum of US \$1 million is not funded in full, provided that the Company will retain at least a 20% interest in EMC. In addition, if before 5 August 2025 EMC's fair market value falls below \$25 million and EMC issues additional equity securities, the Company will benefit from anti dilution provisions to ensure that that the value of its equity interest does not fall below the amount contributed.



The new funding, being made from the Company's existing cash resources, will provide additional support to EMC for budgeted working capital, certain other approved costs and investments into new assets as it initially progresses towards a merger opportunity for its SPAC, Enphys Acquisition Corp, with the intention of forming a major renewables energy group that can be a regional champion for sustainability in the Americas and later expanding its assets under management with new assets and new investment structures.

Following this announcement Enphys Acquisition Corp. (NYSE: NFYS, "EAS", EMC is the sponsor of EAS and has a direct ownership in EAS) has filed a preliminary proxy statement in connection with an extraordinary general meeting of shareholders of EAS for the purpose of, among other things, extending the time by which it has to consummate an initial business combination from 8 October 2023 to 8 July 2024 (the "Extension"), as well as other documents filed by EAS with the U.S. Securities and Exchange Commission. The Extension is subject to approval by EAS shareholders and a further announcement will be made in due course.

EAS has also signed a non-binding letter of intent for a business combination with a leading and well-established advanced biofuels company in Latin America

#### Carbon Engineering

In August 2023, the Company announced that a conditional agreement has been reached for the sale of Carbon Engineering Ltd. ("Carbon Engineering"), to Occidental Petroleum Corporation ("Occidental"), the international energy company.

Occidental is an existing strategic partner of Carbon Engineering. The acquisition would see Occidental acquire the outstanding shares in Carbon Engineering for a total cash consideration of \$1.1 billion, payable in three approximately equal annual payments with the first to be made at closing.

i(x) Net Zero holds an indirect circa 0.45% interest in Carbon Engineering through two special purpose vehicles. If the sale completes on the agreed terms, the Company's indirect interest would equate to approximately \$7.2 million, and subject to the distribution of the proceeds over the three years following completion by those SPVs, this would generate a 7.2x return on the Company's initial investment of \$1 million before any costs of the SPVs. On this basis the sale price would also represent a 2.8x multiple on the current holding value of the Company's investment in Carbon Engineering, of \$2.6 million.

The sale, which remains subject to certain US and Canadian regulatory approvals and Canadian Court reviews along with other customary closing conditions is expected to complete before the end of 2023 at which point Carbon Engineering will become a wholly owned subsidiary of Occidental.

#### Citron Energy Inc.

In September 2023, the Company announced that it has added an additional company to its portfolio via a \$600,000 investment into Citron Energy Inc. ("Citron Energy"), a U.S. based alternative fuels business.

Citron Energy aims to replace the use of fossil fuels by processing non-recyclable municipal and commercial waste into a combustible fuel. The use of CitronFuel will allow the replacement of coal as well as helping to reduce landfill usage and significantly lower CO2 emissions. The

Company's \$600,000 investment will be in the form of a subscription for new shares in Citron Energy and will result in i(x) Net Zero owning approximately 34% of Citron Energy. Jonathan Stearns, the Company's Chief Financial Officer, has a non-controlling holding in Citron Energy and is the chairman of Citron Energy.

There were no other subsequent events identified by the Company's management which would require adjustment to, or disclosure in, the financial statements.

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