



# **NX Filtration Semi-annual Report 2021**

# Condensed interim consolidated financial statements for the six months ended 30 June 2021

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# Report of the Management Board

This semi-annual report of NX Filtration N.V. (hereafter "NX Filtration" or the "Company") for the six months ended 30 June 2021 consists of the semi-annual report of the management board of the Company (the "Management Board"), including the responsibility statement by the Management Board, and the Condensed Interim Consolidated Financial Statements and the accompanying notes. All information included in this report is unaudited.

The Management Board hereby declares that to the best of its knowledge, the semi-annual report of the Management Board gives a fair view of the information required pursuant to section 5:25d sub 8-9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht") and the Condensed Interim Consolidated Financial Statements as at and for the six months ended 30 June 2021, which have been prepared in accordance with IAS 34 - Interim Financial Reporting as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.

NX Filtration is listed on the regulated market of Euronext Amsterdam.

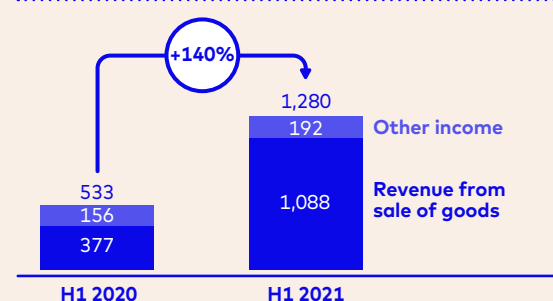




## Financial performance

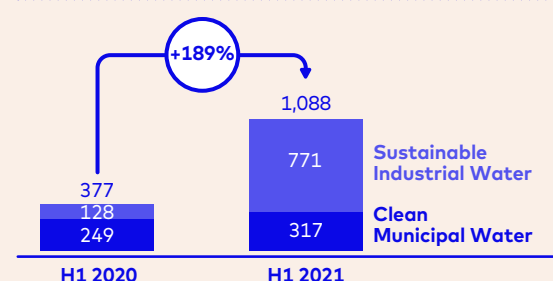
Gross income increased by 140% from €533k in the first half-year of 2020 to €1,280k in the first half-year of 2021.

### Gross income (€ '000)



Revenues from the sale of goods increased by 189% from €377k in the first half-year of 2020 to €1,088k in the first half-year of 2021. Key drivers for this growth were an increase in the number of pilot projects, an increase in the number of demo- and full-scale projects, the start of the contract with Hydranautics to produce and supply HYDRAcap ultrafiltration (UF) modules per January 2021 (with a gradual ramp-up in volumes during H1 2021), the expansion of NX Filtration's sales force to new countries (Canada, India and Singapore) and a growing number of OEM relationships.

### Revenue from sale of goods by business line (€ '000)



In the Clean Municipal Water business line, revenues from the sale of goods in the first half-year of 2021 were €317k, a growth of 27% compared to €249k in the first half-year of 2020. NX Filtration benefitted from various projects in Asia, amongst which a project to

supply 140 dNF80 modules to PT. Bayu for the production of drinking water based on local river water for the city of Dumai in Indonesia. NX Filtration recently secured a repeat project for Aquarius H2O Dynamics to supply 102 dNF40 modules for caustic clarification at the CETP (common effluent treatment plant) in Jetpur, India. In the European market, where the conversion time from pilot to demo or full-scale project typically takes longer, NX Filtration started various new pilot projects, amongst others with Dutch drinking water company PWN, water board Aa & Maas and various municipal customers in France and Spain.

In the Sustainable Industrial Water business line, revenues from the sale of goods in the first half-year of 2021 were €771k, a growth of 503% compared to €128k in the first half-year of 2020. NX Filtration benefitted from the pilots it had initiated since mid-2020 and the relatively short pilot to full-scale conversion lead-time. Key projects included a repeat project for PT. Bayu to supply 4 dNF40 modules for potable water production for Indonesia's biggest state owned hospital in Jakarta, a project for Aquarius H2O Dynamics to supply 32 dNF40 modules for the reuse of wastewater at a denim jeans company in India and a project for Beijing SEPLM Environmental Technology to supply 20 dNF80 modules for industrial wastewater treatment to meet discharge standards and to enable reuse. In addition, NX Filtration signed a research contract with PepsiCo to investigate additional opportunities for deployment of dNF membranes at PepsiCo's facilities, following previous use of dNF technology at two PepsiCo facilities in North America.

Order backlog at the end of the first half-year of 2021 was €702k, an increase of 703% compared to the end of the first half-year of 2020, especially driven by a strong order intake in the second quarter of 2021.

## EBITDA and net profit

EBITDA in the first half-year of 2021 amounted to negative €10.8 million compared to negative €0.7 million in the first half-year of 2020. EBITDA in the first half-year of 2021 include €9.6 million of costs related to the IPO. EBITDA in the first half-year of 2021 excluding these IPO costs amounted to negative €1.2 million. Net loss in the first half-year of 2021 amounted to €11.0 million compared to a net loss of €0.9 million in the first half-year of 2020. NX Filtration's medium-term objective is to realise a positive EBITDA margin by reaching a larger scale of operations and realising purchasing benefits based on increasing volumes and optimising product designs. NX Filtration's long-term objective is to realise an industry-leading EBITDA margin based on benefitting from economies of scale, leveraging its fixed cost base as it realises its revenue growth and realising an increasing share of revenue from module replacements.

## Finance and investments

Net cash position at 30 June 2021 amounted to €145.6 million, compared to €6.6 million at 31 December 2020. Net cash at 30 June 2021 was positively impacted by the proceeds from a share issuance through its IPO in June 2021 for an amount of €155.4 million (net of directly attributable IPO costs). The increased cash position is also affected by the repayment of preference shares amounting to €15.8 million.

Capital expenditure amounted to €2.4 million as compared to €0.5 million in the same period of 2020. Capex included investments in the ongoing capacity expansion and the expansion of NX Filtration's fleet of pilot systems. Additionally, NX Filtration capitalised €0.5 million of development costs which demonstrates the company's continued efforts to invest in innovations for the future.

Solvency (equity divided by total assets) stood at 96% at the end of June 2021 compared to 84% at the end of December 2020 as a result of the capital that NX Filtration raised at its IPO in June 2021. The proceeds are intended for investing in the further commercial roll-out of NX Filtration, expanding the production capacity with a new manufacturing facility, innovation and M&A as a platform for accelerated growth.

The NX Filtration organisation grew from 34 FTEs at 31 December 2020 (32 FTEs at 30 June 2020) to 43 FTEs at 30 June 2021.

## Related party transactions

Transactions with the most important related parties are disclosed in Note 15 of the condensed interim consolidated financial statements.

## Principle risks and uncertainties

In the prospectus dated 8 June 2021 related to our IPO (which can be downloaded at [www.nxfiltration.com/investors](http://www.nxfiltration.com/investors)), we have extensively described certain risks and uncertainties, which could have a material adverse effect on our financial position and results. We believe that the risks identified for the second half of 2021 remain in line with the risks that were presented in the aforementioned prospectus.

Progress against strategy

NX Filtration's key strategic themes center around the roll-out of pilot projects, the expansion of its production capacity and further innovation.

Pilot roll-out

Pilots play an important role in NX Filtration's commercial roll-out strategy. Pilots range from lab-scale Mexplorer pilots to full-scale (containerized) Mexpert pilots. In the first half-year of 2021, NX Filtration initiated 32 pilot projects compared to 7 in the first half-year of 2020<sup>1</sup>. On 30 June 2021, NX Filtration had 31 pilots in its fleet, all of which were deployed in various pilot projects. To accommodate the further ramp-up of its pilot program, NX Filtration placed orders for an additional 49 pilot systems, including 4 Mexpert pilot systems specifically developed for the North American market.

Capacity expansion

NX Filtration is making further progress on expanding its production capacity. With the addition of a separate facility (at the Josink Esweg in Enschede, the Netherlands) for the production of its membrane modules in the first half-year of 2021, the original facility (at the Institutenweg in Enschede, the Netherlands) is being expanded to accommodate a second spinning line for the production of membranes. This second spinning line is expected to become operational at the end of 2021 and this addition will result in a targeted combined total capacity

of approximately 10,000 membrane modules per year<sup>2</sup> (compared to the current capacity of approximately 2,500 membrane modules per year<sup>3</sup>).

In parallel, further progress has been made with the development of a new large-scale manufacturing facility, which is expected to be commissioned in the next two to three years. Upon completion, this facility can gradually be expanded to 10 spinning lines with a targeted total capacity of approximately 80,000 membrane modules per year<sup>4</sup>. NX Filtration signed a purchase option for a 24,000 square meters plot of land at the High Tech Systems Park in Hengelo, the Netherlands, approximately 10 kilometres from the current facilities.

Innovation

NX Filtration made further progress on expanding its patent portfolio. Additional patents were granted based on its existing patent families:

- Patent family 'Positively charged membranes': US *patent granted* in March 2021. *Intention to grant* status received for Australia, Japan and South Korea in the first half-year of 2021. *Patent pending* for Europe, China, Singapore and India.
- Patent family 'Hollow-fibre membrane': Brazil *patent granted* in April 2021 in addition to previous patent grants in India, Japan, South Korea, Malaysia, Russia and US. *Patent pending* in Europe.

- Patent family 'PEM membranes': US *patent granted* in June 2021. Intention to grant status received for Australia in the first half-year of 2021. *Patent pending* for China, South Korea, Singapore, Europe and India.

In addition, NX Filtration applied for a new patent in June 2021 ('dNF regeneration') related to further performance improvements on its dNF technology.

Furthermore, NX Filtration expanded its R&D team and made further progress with its innovation roadmap. In addition to various R&D programs focusing on performance and cost optimisation of its existing membranes, NX Filtration is currently testing more open dNF membranes to broaden application possibilities (suitable for waters with no or limited micropollutants).

Outlook

Boosted by the additional equity capital that NX Filtration raised with its IPO in June 2021, NX Filtration continues to invest in its strategic priorities.

A further ramp-up of its pilot program will be enabled by a growing fleet of pilot systems and an increase in the number of pilot engineers. A second spinning line for the production of membranes is expected to become operational at the end of 2021, which aims to enable

production efficiencies and unlock further growth opportunities, and next steps will be taken in the development of NX Filtration's new large-scale production plant. Furthermore, NX Filtration continues to expand its organisation, specifically in the fields of sales, pilot engineering, R&D and production personnel.

Following its Green labelled IPO (over 95% of NX Filtration's revenue and investments have been externally certified by CICERO Green as 'Dark Green'<sup>5</sup>, their highest green ranking corresponding to the long-term vision of a low carbon and climate resilient future), NX Filtration established working groups to translate the UN Sustainable Development Goals it aligns with<sup>6</sup>, into specific KPIs. NX Filtration aims to publicly report on these with its 2021 annual results.

NX Filtration reiterates its 2021 full-year visibility of over €3.7m gross income based on the first half-year performance, order backlog, expected other income for the rest of the year and weighted pipeline of orders for 2021.

Enschede, the Netherlands, 30 August 2021

Management Board

<b>Michiel Staatsen</b> CEO	<b>Erik Roesink</b> Founder and CTO
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<sup>1</sup> Pilot projects comprise of small pilots (typically Mexplorers) and larger pilots (typically Mexperts) based on NX Filtration's own pilot fleet as well as pilots (based on NX Filtration's dNF products) owned (and developed) by NX Filtration's OEM customers

<sup>2</sup> Estimation, based on 5-shift production and depending on product mix

<sup>3</sup> Theoretical capacity (as the current spinning line is incurring downtime with changes in products being produced and because spinning line is also used for R&D activities), estimation based on 3-shift production and depending on product mix

<sup>4</sup> Estimation, based on 5-shift production and depending on product mix

<sup>5</sup> CICERO Green assigned the Dark Green shading to 95% of the Group's annual revenue in 2020 and 98% of the Group's investments in 2020, the Medium Green shading to 5% of the Group's annual revenue in 2020, and the Light Green shading to 2% of the Group's investments in 2020. The terms "annual revenue" and "investments" for these purposes as defined in the report of CICERO Green.

<sup>6</sup> Being SDG 6 – Clean water and sanitation, SDG 8 – Decent work and economic growth, SDG 9 – Industry, innovation and infrastructure, SDG 12 – Responsible consumption and production and SDG 17 – Partnership for the goals







# Condensed interim consolidated financial statements for the six months ended 30 June 2021

## Condensed interim consolidated statement of comprehensive income

In EUR '000	Notes	30 June 2021	30 June 2020
Revenue from sale of goods	4	1,088	377
Other income	5	192	156
<b>Gross Income</b>		<b>1,280</b>	<b>533</b>
Costs of raw materials and consumables		(567)	(182)
Changes in inventories of finished goods and work in progress		472	227
Personnel expenses		(1,497)	(858)
Amortization of intangible assets		(156)	(105)
Depreciation on property, plant and equipment		(451)	(249)
Operating costs	6	(10,323)	(355)
Research & development costs		(126)	(69)
<b>Operating expenses</b>		<b>(12,648)</b>	<b>(1,591)</b>
<b>Operating Loss</b>		<b>(11,368)</b>	<b>(1,058)</b>
Finance income		-	-
Finance costs		(62)	(13)
<b>Finance costs - net</b>		<b>(62)</b>	<b>(13)</b>
<b>Net loss before income tax</b>		<b>(11,430)</b>	<b>(1,071)</b>
Income tax benefit	7	468	219
<b>Net loss for the period</b>		<b>(10,962)</b>	<b>(852)</b>
Other comprehensive result for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(10,962)</b>	<b>(852)</b>
<b>Total comprehensive loss for the period (attributable to the owners of the Company)</b>		<b>(10,962)</b>	<b>(852)</b>

## Condensed interim consolidated statement of financial position

In EUR '000	Notes	30 June 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		1,599	1,300
Property, plant and equipment	9	3,895	2,246
Right-of-use assets		1,090	1,164
Deferred tax assets		2,389	1,921
<b>Total non-current assets</b>		<b>8,973</b>	<b>6,631</b>
<b>Current assets</b>			
Inventories		2,789	2,077
Trade and other receivables	11	956	626
Current tax receivables		-	-
Cash and cash equivalents	8	145,616	6,599
<b>Total current assets</b>		<b>149,361</b>	<b>9,302</b>
<b>Total assets</b>		<b>158,334</b>	<b>15,933</b>
<b>Group equity</b>			
Share capital	10	500	5,997
Share premium	10	170,450	13,378
Retained earnings		(19,414)	(6,031)
<b>Total equity</b>		<b>151,536</b>	<b>13,344</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	12	905	979
<b>Total non-current liabilities</b>		<b>905</b>	<b>979</b>
<b>Current liabilities</b>			
Trade and other payables	13	5,678	1,403
Lease liabilities	12	215	207
Current tax payables		-	-
<b>Total current liabilities</b>		<b>5,893</b>	<b>1,610</b>
<b>Total liabilities</b>		<b>6,798</b>	<b>2,589</b>
<b>Total equity and liabilities</b>		<b>158,334</b>	<b>15,933</b>

## Condensed interim consolidated statements of changes in equity

In EUR '000	Notes	Attributable to equity owners of NX Filtration Holding N.V.			
		Share capital	Share premium	Retained earnings	Total equity
<b>Balance - 1 January 2020</b>		<b>997</b>	<b>7,478</b>	<b>(3,939)</b>	<b>4,536</b>
Loss for the period		-	-	(852)	(852)
Other comprehensive result		-	-	-	-
<b>Total comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>(852)</b>	<b>(852)</b>
<b>Transactions with owners in their capacity as owners</b>					
Issuance of ordinary shares		-	-	-	-
Share premium contribution on preference shares		-	-	-	-
Dividend		-	-	-	-
<b>Balance - 30 June 2020</b>		<b>997</b>	<b>7,478</b>	<b>(4,791)</b>	<b>3,684</b>
<b>Balance - 1 January 2021</b>		<b>5,997</b>	<b>13,378</b>	<b>(6,031)</b>	<b>13,344</b>
Loss for the period		-	-	(10,962)	(10,962)
Other comprehensive result		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>(10,962)</b>	<b>(10,962)</b>
<b>Transactions with owners in their capacity as owners</b>					
Stock split transaction	10	(5,600)	5,600	-	-
Repayment of preference share capital	10	(47)	(13,378)	(2,421)	(15,846)
Issuance of ordinary shares	10	150	164,850	-	165,000
Dividend		-	-	-	-
<b>Balance - 30 June 2021</b>		<b>500</b>	<b>170,450</b>	<b>(19,414)</b>	<b>151,536</b>



## Condensed interim consolidated statement of cash flows

In EUR '000	Notes	30 June 2021	30 June 2020
<b>Cash flows from operating activities</b>			
Operating loss		(11,368)	(1,058)
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Depreciation, amortisation and impairment expenses		607	354
Increase/(decrease) provisions		-	-
Income taxes (paid)/received		-	-
Share-based payment expenses		-	-
(Increase)/Decrease in working capital:			
- Increase inventories		(712)	(469)
- Increase trade and other receivables		(330)	(272)
- Increase trade and other payables		4,243	107
<b>Net cash outflow from operating activities</b>		<b>(7,560)</b>	<b>(1,338)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	9	(1,988)	(293)
Payment for intangible assets		(455)	(195)
<b>Net cash outflow from investing activities</b>		<b>(2,443)</b>	<b>(488)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		165,000	-
Repayment and cancellation of preference shares		(15,846)	-
Proceeds from borrowings		-	1,900
Payments for shares bought back		-	-
Principal elements of lease payments		(126)	(56)
Interest paid		(8)	-
<b>Net cash inflow from financing activities</b>		<b>149,020</b>	<b>1,844</b>
<b>Net increase in cash and cash equivalents</b>		<b>139,017</b>	<b>18</b>
Cash and cash equivalents at the beginning of the financial year	8	6,599	78
Effects of exchange rate changes on cash and cash equivalents		-	-
<b>Cash and cash equivalents at the end of the financial year</b>		<b>145,616</b>	<b>96</b>

## Notes

### General information

NX Filtration N.V. (hereafter "NX Filtration" or the "Company") is a public company (N.V.) and the leading provider of hollow fiber nanofiltration membrane technology for producing pure and affordable water to improve quality of life.

NX Filtration developed a breakthrough direct nanofiltration (dNF) membrane module designed to remove micropollutants, colour, nano plastics, selective salts and pharmaceuticals from water in one single step. This results in a very sustainable process with relatively low energy consumption and no or very limited need of chemicals.

NX Filtration's market approach is aimed at "Clean Municipal Water" and "Sustainable Industry Water" in which markets NX Filtration delivers products (membrane modules) that can be used to:

1. Produce drinking water from surface water by removing amongst others micropollutants, nano plastics and medicine residues in one single step
2. Treat wastewater streams to enable reuse and prevent discharge of polluting substances in the environment
3. Treat well water to optimise quality and characteristics for process water
4. Enable reuse of wastewater for industrial processes
5. Recover and recycle valuable raw materials from wastewater streams, such as indigo in the textile industry or cleaning chemicals in beer breweries

NX Filtration is the holding company of the Group. The operating company included in the group consolidated financial statements is:

Company name	<b>NX Filtration B.V.</b>
Location and country of incorporation	<b>Enschede, the Netherlands</b>
Shareholding in %	<b>100%</b>

NX Filtration is registered in the Chamber of Commerce under number 64951030 and has it registered offices at Enschede, the Netherlands. The group is controlled by Infestos Holding E B.V. the immediate parent entity and B.V. Infestos S.à r.l. in Luxembourg the ultimate parent entity and controlling party.

These condensed interim consolidated financial statements were approved for issue on 30 August 2021.

All information in these condensed interim consolidated financial statements is unaudited.

### 1 Summary of significant accounting policies

#### Basis of preparation

The condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for a

complete set of IFRS financial statements and should be read in conjunction with NX Filtration's Annual Report 2020.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### Going concern

The Company is in a stage of growth and the cash outflow is high due to organisation expansion and NWC investments as well as cash outflow from investing activities and IPO costs. The Company received significant funding in June 2021 by the proceeds received through the issuance of ordinary shares at its IPO on the regulated market of Euronext Amsterdam. The proceeds are intended for investing in the further commercial roll-out of NX Filtration, expanding the production capacity with a new manufacturing facility, innovation and M&A as a platform for accelerated growth. The proceeds raised by the Company through its IPO are expected to be sufficient to cover its cash requirements in the medium term.

#### Basis of measurement

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements as at and for the year ended 31 December 2020.

## 2 Critical accounting policies

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed

to be reasonable under the circumstances. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

## 3 Changes in accounting policies and disclosures

A number of new amendments to standards are effective from 1 January 2021 but they do not have a material effect on the Company's condensed interim consolidated financial statements.

#### New standards and interpretations not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods starting on or after 1 January 2021 and have not been early adopted by the Company. For none of these standards that are not yet effective it is expected that they have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## 4 Revenue from sale of goods

The Company's revenue originates from sale of products. The Company recognises all its revenue at a point in time, when control over the asset is transferred to the customer.

Set out below is the disaggregation of the Company's revenue per market segment:

In EUR '000	30 June 2021	30 June 2020
<b>Type of markets</b>		
Sale of products to industries	771	128
Sale of products to municipalities	317	249
<b>Total</b>	<b>1,088</b>	<b>377</b>

Revenue and other income by region based on the destination of products and location of projects:

In EUR '000	30 June 2021	30 June 2020
<b>Geographical split</b>		
The Netherlands	127	75
Europe	242	234
North America	306	43
Asia	372	17
Rest of the World	41	8
<b>Total</b>	<b>1,088</b>	<b>377</b>

## 5 Other income

Set out below is the disaggregation of the Company's other income:

In EUR '000	30 June 2021	30 June 2020
Government grants	154	143
Pilot income	38	13
<b>Total</b>	<b>192</b>	<b>156</b>

Government grants comprises of the several government grants received for the Company's research & development activities in the field of water filtration. NX Filtration has fulfilled all conditions relating to grants at time of recognition.

Pilot income relates to rental income from pilot equipment. Note that the related module sale is included in revenue from sale of goods.

## 6 Operating costs

In EUR '000	30 June 2021	30 June 2020
Housing expenses	208	133
Other personnel expenses	73	26
Administrative expenses	9,761	70
Selling expenses	156	51
Operating expenses	125	75
<b>Total</b>	<b>10,323</b>	<b>355</b>

Administrative expenses include €9.6m IPO related costs.

## 7 Income tax benefit

This note provides an analysis of the Company's income tax expense.

In EUR '000	30 June 2021	30 June 2020
<b>Current tax</b>		
Current tax on profits for the year	-	-
Adjustments for previous years	-	-
<b>Total current tax benefit</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax</b>		
Income tax on operations	468	219
Change in tax rates	-	-
<b>Total deferred tax benefit</b>	<b>468</b>	<b>219</b>
<b>Total income tax benefit</b>	<b>468</b>	<b>219</b>



The tax on the Company's profit before tax differs from the statutory amount that would arise using the tax rate applicable to profits of the entity.

The reconciliation of the effective tax rate is as follows:

In EUR '000	30 June 2021	30 June 2020
Result from operations	(10,962)	(852)
Total income tax	468	219
Profit (loss) before income tax	(11,430)	(1,071)
Tax calculated based on Dutch tax rate	25.0%	20.5%
<b>Tax effect of:</b>		
Adjustments for previous years	0.0%	0.0%
Effect of tax rates in other countries	0.0%	0.0%
Non-taxable expenses	-20.9%	0.0%
Change in tax rates	0.0%	0.0%
Other differences	0.0%	0.0%
<b>Effective tax rate</b>	<b>4.1%</b>	<b>20.5%</b>

Non-taxable expenses relate to the cost incurred by the Company related to its IPO on the Amsterdam Stock exchange. At the date of this report, it is uncertain if all (or part) of these costs are tax deductible. The Company is in the process of verifying this with the Dutch tax authorities.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilised. This assessment requires significant management judgments and assumptions. In making this assessment, management uses forecasted operating results, based upon approved business plans, including a review of the eligible carry-

forward periods, available tax planning opportunities and other relevant considerations.

## 8 Cash and cash equivalents

All cash and cash equivalents are held in current and deposit accounts at Rabobank and ABN AMRO bank.

## 9 Property, plant and equipment

The movement in property, plant and equipment was as follows:

In EUR '000	Machinery and equipment	Pilot equipment	Total
<b>At 1 January 2020</b>			
Cost	2,624	-	2,624
Accumulated impairments and depreciation	(823)	-	(823)
Netbook value	1,801	-	1,801

<b>Year ended 31 December 2020</b>			
Opening net book value	1,801	-	1,801
Additions	687	243	930
Disposal	(39)	-	(39)
Depreciation for the year	(425)	(43)	(468)
Depreciation of disposal	22	-	22
<b>Closing net book value</b>	<b>2,046</b>	<b>200</b>	<b>2,246</b>

<b>At 1 January 2021</b>			
Cost	3,272	243	3,515
Accumulated impairments and depreciation	(1,226)	(43)	(1,269)
Net book value	2,046	200	2,246

<b>Interim period ended 30 June 2021</b>			
Opening net book value	2,046	200	2,246
Additions	1,254	734	1,988
Disposal	-	-	-
Depreciation for the year	(292)	(47)	(339)
Depreciation of disposal	-	-	-
<b>Closing net book value</b>	<b>3,008</b>	<b>887</b>	<b>3,895</b>

## 10 Equity

### Share capital and share premium

On 26 May 2021 and pursuant to a notarial deed of amendment of the Articles of Association, the Ordinary Shares with a value of €1.00 have been split into an aggregate amount of 35,000,000 Ordinary Shares, each with a nominal value €0.01, as a result of which the Company's issued capital amounted to €350,000 divided into 35,000,000 Ordinary Shares. The difference between the aggregate nominal value of the Ordinary Shares before and after this stock split has been added to the share premium reserve of the Company.

Pursuant to a deed of amendment and conversion executed on 11 June 2021, the authorised capital (maatschappelijk kapitaal) of NX Filtration N.V. amounts to €1,750,000 divided into 175,000,000 ordinary shares.

On 15 June 2021, the Company issued 15,000,000 ordinary shares with a value of €11.00, each with a nominal value of €0.01, as a result of which the Company's issued capital amounts to €500,000 divided into 50,000,000 Ordinary Shares.

On 15 June 2021, the Company repaid and cancelled all of the outstanding preference shares including payment of the cumulative interest accrued thereon. The total repaid and cancelled preference shares amounts to €15.8 million, including €2.4 million of accrued interest.

## 11 Trade and other receivables

In EUR '000	30 June 2021	30 June 2020
Trade receivables	243	255
Less: loss allowance	-	-
Trade receivables - net	243	255
Prepaid expenses	185	174
Other taxes	357	128
Other receivables	171	63
<b>Total</b>	<b>956</b>	<b>620</b>

## 12 Lease liabilities

The Company leases several assets, which can be combined into the asset classes: (i) Buildings and (ii) Vehicles. These contracts are typically entered into for a period between 3 to 5 years, but some leases may include renewal and/or termination options.

## 13 Trade and other payables

In EUR '000	30 June 2021	30 June 2020
Trade payables	4,093	474
Tax payables	141	102
Employee benefits	110	53
Payments received in advance	143	153
Other liabilities	1,191	80
<b>Total</b>	<b>5,678</b>	<b>862</b>

At 30 June 2021, trade payables and other liabilities include €3.3 million related to IPO costs.

## 14 Financial Instruments by category

The Company has no financial assets or liabilities measured at fair value.

At 30 June 2021 and 31 December 2020, the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of the long-term debt are not materially different from the carrying amounts as the interest rate is a floating rate plus spread where the spread equals the current market spread.

## 15 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

The following transactions were carried out with related parties:

- Key management compensation
- Management fee to Infestos Holding E B.V.
- Management fee to Infestos Management B.V.
- Interest on (temporary) loans provided by Infestos Holding E B.V.

All these transactions are made on terms equivalent to those that prevail in arm's length transactions.

## 16 Events after the end of the reporting period

No such events to report.



# Colophon

## NX Filtration Semi-annual Report 2021

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# Disclaimer

IMPORTANT: The information set out herein (the Information) does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase securities of NX Filtration.

The Information contains forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms such as guidance, expected, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further, strengthening, implementing, well positioned, roll-out, expanding, improvements, promising, to offer, more, to be or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect NX Filtration's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to NX Filtration's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward looking statements reflect the current views of NX Filtration and assumptions based on information currently available to NX Filtration. Forward-looking statements speak only as of the date they are made, and NX Filtration does not assume any obligation to update such statements, except as required by law. NX Filtration's gross income outlook estimates are management estimates resulting from NX Filtration's pursuit

of its strategy. NX Filtration can provide no assurances that the estimated future gross income will be realised and the actual gross income for 2021 could differ materially. The expected gross income have also been determined based on assumptions and estimates that NX Filtration considered reasonable at the date these were made. These estimates and assumptions are inherently uncertain and reflect management's views which are also based on its historic success of being assigned projects, which may materially differ from the success rates for any future projects. These estimates and assumptions may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of NX Filtration or its clients, such as cancellations or delays, as well as the occurrence of certain other events.

All figures in this report are unaudited and are subject to change. Certain figures contained in this report, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this report may not conform exactly to the total figure given. In presenting and discussing the NX Filtration's financial position, operating results and cash flows, management uses certain non-IFRS financial measures. These non-IFRS financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS financial measures do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

The following is a summary of selected key risks that, alone or in combination with other events or circumstances, may have a significant negative impact on the business, financial condition, results of operations and prospects of NX Filtration and its consolidated subsidiaries: (i) NX Filtration has a limited operating history and NX Filtration's nascent technology makes evaluating its business and future prospects difficult, (ii) NX Filtration experienced losses in the past and it does not expect to be profitable for the foreseeable future, (iii) Competition in the water treatment solution market may materially adversely affect its market shares, margins and results of operations, (iv) NX Filtration is dependent upon acceptance of its new technology and approach by customers and future partners, and if NX Filtration cannot achieve and maintain market acceptance, NX Filtration will be unable to build a sustainable or profitable business, (v) Technology is constantly evolving and NX Filtration must successfully develop, manufacture and market products that improve upon existing technologies in order to achieve acceptance and remain competitive, (vi) An unsuccessful pilot system or demo-phase or inconsistent performance of NX Filtration's products, or of products similar to or in the same categories as those of NX Filtration, could harm the integrity of, or customer support for, NX Filtration's products and materially adversely affect NX Filtration's sales, (vii) Demand for NX Filtration's products depends on the continuation of market trends towards greater sustainability, including trends to address global water issues, decarbonisation and lowering the corporate water footprint, (viii) If NX Filtration experiences significant delays in the planned scale-up of its production and the build of its planned manufacturing facility or such plant would become

inoperable, NX Filtration will be unable to produce sufficient products and its business will be harmed, (ix) NX Filtration's business and strategy depends, in part, on certain significant customers and its relationship with OEMs, (x) NX Filtration's failure to protect its intellectual property rights may undermine its competitive position, and litigation to protect its intellectual property rights may be costly, time consuming and distracting from daily operations.



