NX Filtration N.V.

(*a public company with limited liability (naamloze vennootschap) incorporated under Dutch law, with its statutory seat (statutaire zetel) in Amsterdam, the Netherlands*)

Initial public offering of 15,000,000 ordinary shares and admission to listing and trading of all ordinary shares on Euronext Amsterdam

This prospectus (the **Prospectus**) has been prepared in connection with the admission to listing and trading of all of the ordinary shares in the capital of NX Filtration N.V. (the **Company** or **NX Filtration**) with a nominal value of €0.01 each (the **Ordinary Shares**, and any holder of Ordinary Shares, the **Ordinary Shareholder**) on Euronext Amsterdam (**Euronext Amsterdam**), a regulated market operated by Euronext Amsterdam N.V. (the **Admission**).

The Company is offering for subscription such number of newly issued Ordinary Shares (the **Offer Shares**) as will raise gross proceeds of between €150 million and €165 million. The number of Offer Shares, excluding the Over-Allotment Shares (as defined below), will be 15,000,000 Ordinary Shares and will constitute 30% of the issued share capital of the Company. Assuming the Over-Allotment Option (as defined below) is exercised in full and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than approximately 34.5% of the issued share capital of the Company.

The offering of Offer Shares (the **Offer**) comprises: (i) a public offering to certain retail and certain institutional investors in the Netherlands; and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered and sold within the United States of America to persons reasonably believed to be qualified institutional buyers (**QIBs**), as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), pursuant to Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States in accordance with Regulation S under the U.S. Securities Act (**Regulation S**).

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "NXFIL". Trading on an "as-if-and-when-issued/delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence at 09:00 (Central European Time (**CET**)) on or around 11 June 2021 (the **First Trading Date**).

Investing in Ordinary Shares involves risks. See "*Risk Factors*" for a description of the risk factors that should be carefully considered before investing in the Ordinary Shares.

The price per Offer Share (the Offer Price) is expected to be in the range of €10 to €11 (inclusive) (the Offer Price Range)

The Offer will take place from 9:00 CET on 8 June 2021, until 17:30 CET on 10 June 2021 (the **Offer Period**), subject to acceleration or extension of the timetable for the Offer. The Offer Price Range is indicative. The Offer Price (in euro) and the exact number of Offer Shares offered will be determined by the Company, in agreement with the Joint Global Coordinators (as defined below), after the end of the Offer Period on the basis of the book-building process and taking into account the conditions and factors described in "*The Offer*". The Offer Price and the exact number of Offer Shares offered in the Offer will be set out in a pricing statement (the **Pricing Statement**) that will be filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), and announced through a press release published and placed on the Company's website (www.nxfiltration.com).

The Company, in consultation with the Joint Global Coordinators, reserves the right to increase or decrease the number of Offer Shares and to change the Offer Price Range prior to allocation of the Offer Shares. Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days; any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. Any change in the number of Offer Shares, the Offer Price Range and/or the Offer Period will be announced in a press release published and placed on the Company's website (www.nxfiltration.com).

M&G Investments, Teslin Capital Management B.V. through its investment fund Teslin Participaties Coöperatief U.A. (**Teslin**) and Infestos Holding E B.V. (**Infestos**, together with M&G Investments and Teslin, the **Cornerstone Investors**) have irrevocably agreed to purchase Offer Shares in the aggregate amount of €66 million at the Offer Price on the Settlement Date as part of the Offer (the **Cornerstone Investments**). The Cornerstone Investments will be for the following amounts and numbers of Ordinary Shares (assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares): (i) M&G Investments: €28 million, comprising 2,545,454 Ordinary Shares; (ii) Teslin: €28 million, comprising 2,545,454 Ordinary Shares; and (iii) Infestos: €10 million (the **Infestos Cornerstone Investment**), comprising 909,090 Ordinary Shares (the **Infestos Cornerstone Investment Shares**). Assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares, the Cornerstone Investments comprise an aggregate of 5,999,998 Ordinary Shares or 12.0% of the total issued share capital of the Company immediately following Settlement, regardless of whether the Over-Allotment Option is exercised (the shares to be purchased in the Cornerstone Investments, the **Cornerstone Investments Shares**). For further information on the Cornerstone Investment, see "*The Offer—Cornerstone Investments*". The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer. Allocation of any such additional Ordinary Shares shall be determined by the Company, after consultation with the Joint Global Coordinators, as described in "*The Offer—Application and Allocation—Allocation*".

Each of ABN AMRO Bank N.V. (**ABN AMRO**) and Joh. Berenberg, Gossler & Co. KG (**Berenberg**) is acting as joint global coordinator (in such and any other capacity, the **Joint Global Coordinators** or the **Underwriters**).

Infestos has granted ABN AMRO in its capacity as stabilisation manager (the **Stabilisation Manager**) (on behalf of the Underwriters), an option (the **Over-Allotment Option**), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require Infestos to sell at the Offer Price up to 2,250,000 additional Ordinary Shares (the **Over-Allotment Shares**), comprising up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding the Over-Allotment Shares), to cover over-allotments, if any, in connection with the Offer or to facilitate stabilisation transactions, if any.

Subject to acceleration or extension of the timetable for the Offer, payment (in euro) for, and delivery of, the Offer Shares (**Settlement**) is expected to take place on 15 June 2021 (the **Settlement Date**) through the book-entry systems of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland (**Euroclear Nederland**).

If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors for Offer Shares will be returned (in euro) without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in Ordinary Shares on Euronext Amsterdam prior to Settlement are at the sole risk of the parties concerned. None of the Company, Infestos, the Underwriters, ABN AMRO, in its capacity as the Company's listing and paying agent (the **Listing and Paying Agent**), or Euronext Amsterdam N.V. accepts any responsibility or liability towards any person as a result of the withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares. For more information regarding the conditions to the Offer and the consequences of any termination or withdrawal of the Offer, see "*The Offer*".

At the date of this Prospectus, the Company is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) named NX Filtration Holding B.V. with its statutory seat in Enschede, the Netherlands. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat in Amsterdam, the Netherlands, and to be renamed to NX Filtration N.V. with effect as of the First Trading Date.

The Offer is only made in those jurisdictions in which, and only to those persons to whom, offers, issuances and sales of the Offer Shares may lawfully be made. The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions other than the Netherlands and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A under the U.S. Securities Act or pursuant to another exemption from the registration requirements of the U.S. Securities Act and applicable state and other securities laws, and to certain persons outside the United States in reliance on Regulation S under the U.S. Securities Act. There will be no public offer of the Offer Shares in the United States. Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. Each purchaser of, and subscriber for, Offer Shares, in making a purchase or subscription, will be deemed to have made the acknowledgements, representations and agreements as set out in "*Selling and Transfer Restrictions*". Prospective investors in the Offer Shares should carefully read the restrictions described under "*Important Information—Notice to Prospective Investors*" and "*Selling and Transfer Restrictions*". Neither the Company nor any Underwriter is taking any action to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands.

In the Offer, any investor may only acquire Offer Shares for a total consideration of at least €100,000.

This Prospectus constitutes a prospectus for the purposes of, and has been prepared in accordance with, Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**). This Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

Joint Global Coordinators

ABN AMRO **Berenberg**

This Prospectus is dated 8 June 2021

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SUMMARY

Introduction and Warnings

This summary should be read as an introduction to the prospectus (the **Prospectus**) prepared in connection with the admission to listing and trading of all the ordinary shares in the capital of NX Filtration N.V. (the **Company**) with a nominal value of €0.01 each (**Ordinary Shares**) on Euronext Amsterdam (**Euronext Amsterdam**), a regulated market operated by Euronext Amsterdam N.V. (the **Admission**). The Company is offering (the **Offer**) newly issued Ordinary Shares (the **Offer Shares**) to raise gross proceeds of between €150 million and €165 million.

The Company's statutory seat (*statutaire zetel*) will, as from conversion into a public company with limited liability (*naamloze vennootschap*), be in Amsterdam, the Netherlands, and its registered office is at Josink Esweg 44, 7545 PN Enschede, the Netherlands. The Company is registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 64951030. The Company's telephone number is +31 85 047 9900. The Company's Legal Entity Identifier (**LEI**) is 254900YF0PQV9APMA050. The International Security Identification Number (**ISIN**) for the Ordinary Shares is NL0015000D50.

The Prospectus was approved on 8 June 2021 as a prospectus for the purposes of Article 3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations, the **Prospectus Regulation**) by, and filed with, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**), as a competent authority under the Prospectus Regulation. The AFM's registered office is at Vijzelgracht 50, 1017 HS Amsterdam, the Netherlands, and its telephone number is +31 (0)20 797 2000 and its website is www.afm.nl.

Any decision to invest in any Ordinary Shares should be based on a consideration of the Prospectus as a whole by the investor and not just the summary. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under national law of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference in it before the legal proceedings can be initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

Key Information on the Company

Who is the issuer of the Ordinary Shares?

Domicile and Legal Form. NX Filtration N.V. (which at the date of the Prospectus is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) named NX Filtration Holding B.V.) with its statutory seat (*statutaire zetel*) in Enschede, the Netherlands, and operating under Dutch law. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and to be renamed to NX Filtration N.V. with effect as of the First Trading Date (as defined below). The Company's LEI is 254900YF0PQV9APMA050.

Principal Activities. The Company and its subsidiary (together the **Group**) are specialised in innovative hollow fiber membrane solutions for treating water and other liquids. The Group's unique direct nanofiltration technology removes bacteria, viruses, micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour, nanoplastics and selective salts from water in one single step: without pre-treatment and without the use of chemicals. Together with a production method based on green chemistry and significant energy savings during operation, this provides a unique and sustainable solution.

Share Capital. As at the date of this Prospectus, the Company's share capital comprises Ordinary Shares, which will be admitted to listing and trading on Euronext Amsterdam and preference shares (the **Preference Shares**), which will have been repurchased (including payment of the cumulative interest accrued thereon) and cancelled prior to Settlement. As at the Settlement Date (as defined below), the Company's authorised share capital will comprise Ordinary Shares with a nominal value of €0.01 each.

Major Shareholders. As at the date of this Prospectus, Infestos Holding E B.V. (**Infestos**) (directly holding 28,000,000 Ordinary Shares and 44,245 Preference Shares) and the Stichting Administratiekantoor NX Filtration Holding (the **STAK**) (directly holding 7,000,000 Ordinary Shares and 2,657 Preference Shares) together hold all the issued Ordinary Shares and Preference Shares and voting rights in such Ordinary Shares and Preference Shares. Such entities are ultimately controlled by Mr B.H.F. ten Doeschot. Mr B.H.F. ten Doeschot, Mr H.D.W. (Erik) Roesink, M&G Investments and Teslin Capital Management B.V. through its investment fund Teslin Participaties Coöperatief U.A. (**Teslin**) are the only parties that have a substantial shareholding in the Company within the meaning of Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) that will apply as from the First Trading Date.

Anti-takeover Measures. The Company has no anti-takeover measures in place and does not intend to adopt any such measures.

Managing Directors. Mr M.A. (Michiel) Staatsen is the CEO (Chief Executive Officer) and COO (Chief Operations Officer) and Mr H.D.W. (Erik) Roesink is the CTO (Chief Technology Officer) of the Company and they constitute the entire management board (*bestuur*) of the Company (the **Management Board**).

Independent Auditor. PricewaterhouseCoopers Accountants N.V. is the independent auditor of the Company.

What is the key financial information regarding the Company?

Selected Financial Information. The following tables set out the Group's income statement, statement of financial position, statement of cash flows and other financial data as at the dates and for the periods indicated. The selected financial information set forth below has been derived from the audited consolidated financial statements of the Group comprising: (a) the consolidated statement of financial position as at 31 December 2020 and 31 December 2019; (b) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended 31 December 2020 and 31 December 2019; and (c) the notes, comprising a summary of significant accounting policies and other explanatory information (the **Consolidated Financial Statements**). The financial information as at and for the years ended 31 December 2019 and 31 December 2018 in the audited annual financial statements (*jaarrekening*) has been prepared on the basis of the Dutch GAAP. These audited financial statements as at and for the years ended 31 December 2019 and 31 December 2018 do not contain a statement of cash flows.

Consolidated Income Statement

	Financial Year			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Revenue from sale of goods……	671	453	457	314
Other income……	398	333	773	620
Gross income	**1,069**	**786**	**1,230**	**934**
Costs of raw materials and consumables ……	(289)	(247)	(247)	(182)
Changes in inventories of finished goods and work in progress...	357	297	-	-
Personnel expenses ……	(1,781)	(1,336)	(1,662)	(1,111)
Amortisation of intangible assets ……	(211)	(114)	(114)	(22)
Depreciation of property, plant and equipment ……	(592)	(445)	(364)	(270)
Operating costs……	(967)	(739)	(763)	(579)
Research & development costs……	(361)	(154)	(345)	(314)
Operating Expenses	**(3,844)**	**(2,738)**	**(3,495)**	**(2,478)**
Operating loss	**(2,775)**	**(1,952)**	**(2,265)**	**(1,544)**
Finance income……	-	-	-	-
Finance costs……	(208)	(47)	(20)	(14)
Financial costs – net	**(208)**	**(47)**	**(20)**	**(14)**
Net loss before income tax	**(2,983)**	**(1,999)**	**(2,285)**	**(1,558)**
Income tax benefit……	891	410	468	253
Net loss for the period	**(2,092)**	**(1,589)**	**(1,817)**	**(1,305)**
Weighted average number of Ordinary Shares in issue (x1)	1,158,333	830,537	830,537	489,308
Dividend attributable to Preference Shares	908	569	569	332
Nett loss attributable to Ordinary Shareholders	(3,000)	(2,158)	(2,386)	(1,637)
Basic earnings per Share	(2.59)	(2.60)	(2.87)	(3.34)
Diluted earnings per Share	(2.59)	(2.60)	(2.87)	(3.34)

Consolidated Balance Sheet

	Financial Year			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Assets				
Non-current assets				
Intangible assets ……	1,300	987	987	587
Property, plant and equipment ……	2,246	1,801	1,801	1,741
Right-of-use assets……	1,164	576	-	-
Deferred tax assets……	1,921	1,030	1,088	620
Total non-current assets	**6,631**	**4,394**	**3,876**	**2,948**
Current assets				
Inventories……	2,077	1,058	707	400
Trade and other receivables……	626	347	264	311
Current tax receivables……	-	-	83	84
Cash and cash equivalents……	6,599	78	78	13

Total current assets	**9,302**	**1,483**	**1,132**	**808**
Total assets	**15,933**	**5,877**	**5,008**	**3,756**
Group Equity				
Share capital…………………………………………………………………	5,997	997	997	686
Share premium………………………………………………………………	13,378	7,478	7,478	4,889
Legal reserves………………………………………………………………	-	-	821	473
Retained earnings……………………………………………………………	(6,031)	(3,939)	(5,043)	(2,878)
Total equity	**13,344**	**4,536**	**4,253**	**3,170**
Liabilities				
Non-current liabilities				
Lease liabilities………………………………………………………………	979	513	-	-
Total non-current liabilities	**979**	**513**	**-**	**-**
Current Liabilities				
Trade and other payables…………………………………………………	1.403	753	711	561
Lease liabilities………………………………………………………………	207	75	-	-
Current tax payables………………………………………………………	-	-	44	25
Total current liabilities	**1,610**	**828**	**755**	**586**
Total liabilities	**2,589**	**1,341**	**755**	**586**
Total equity and liabilities	**15,933**	**5,877**	**5,008**	**3,756**

Statement of Cash Flows

	Financial Year	
	2020 (IFRS)	**2019 (IFRS)**
	(EUR '000)	**(EUR '000)**
Cash flows from operating activities		
Operating Loss………………………………………………………………	(2,775)	(1,952)
Adjustments to reconcile profit before taxation to net cash flows:		
Depreciation, amortisation and impairment expenses………………	803	559
Increase/(decrease) provisions…………………………………………	-	-
Income taxes (paid)/received……………………………………………	-	-
Share-based payment expenses…………………………………………	-	-
(Increase)/Decrease in working capital:		
- Increase inventories………………………………………………………	(1,019)	(603)
- (Increase)/decrease trade and other receivables………………………	(279)	48
- Increase trade and other payables………………………………………	650	168
Net cash outflow from operating activities	**(2,620)**	**(1,780)**
Cash flows from investing activities		
Payment for property, plant and equipment………………………………	(930)	(424)
Payment for intangible assets………………………………………………	(524)	(514)
Net cash outflow from investing activities	**(1,454)**	**(938)**
Cash flows from financing activities		
Proceeds from share premium contribution and issuance of shares	7,000	2,900
Proceeds from borrowings[(1)]……………………………………………	4,000	-
Payments for shares bought back…………………………………………	(100)	-
Principal elements of lease payments……………………………………	(123)	(96)
Interest paid…………………………………………………………………	(181)	(21)
Net cash inflow from financing activities	**10,595**	**2,783**
Net increase/(decrease) in cash and cash equivalents	6,521	65
Cash and cash equivalents at the beginning of the financial year	78	13
Cash and cash equivalents at the end of the financial year	**6,599**	**78**

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Notes:
(1) The proceeds from borrowings related to a loan from the shareholder that subsequently is converted into equity.

Medium- to Long-term Objectives. The Company has established the objectives set out below to measure its operational and managerial performance on a Group-wide level. The Company's ability to achieve these objectives is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and upon assumptions with respect to future business decisions that are subject to change. As a result, the Company's actual results will vary from these objectives, and those variations may be material. The Company does not intend to publish revised objectives to reflect events or circumstances existing or arising after the date of the Prospectus or to reflect the occurrence of unanticipated events. The objectives should not be regarded as a representation by the Company or any other person that it will achieve these objectives in any time period. Readers are cautioned not to place undue reliance on these objectives. Subject to the above the Group has set the following medium-term objectives:
Revenue: achieving hypergrowth in revenue based on increasing the number of pilot systems to approximately 200 and aiming to convert these pilot systems into demo and/or full-scale projects;
Production capacity: expanding production capacity with a new manufacturing facility that can, on a modular basis and over time, house up to 10 spinning lines with a targeted total capacity of approximately 80,000 modules per year (based on production in five shifts and depending on the product mix);
EBITDA margin: realising a positive EBITDA margin by reaching a larger scale of operations and realising purchasing benefits based on increasing volumes and optimising product designs.

Subject to the above, the Group has set the following long-term objectives:
Market penetration: reaching a market share of at least 10% of NX Filtration's addressable market, based on converting pilot systems into demo and/or full-scale projects (with an expected increasing average project size), realising repeat projects from existing customers and realising recurring revenue from replacing membrane modules in existing installations;
Production capacity: further expanding production plants and/or adding additional production plants in global demand centers;
EBITDA margin: realising an industry-leading EBITDA margin based on benefitting from economies of scale, leveraging the Company's fixed cost base as it realises its revenue growth and realising an increasing share of revenue from module replacements.

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Medium- to long-term: the Group has not defined, and does not intend to define, medium- to long-term and these objectives should not be read as indicating that the Company is targeting such metrics for any particular financial year.

Revenue outlook for the financial year 2021

The Group has estimated its gross income for the financial year 2021 by adding the following components: (i) realised revenue in the first quarter of 2021, (ii) expected revenue from order backlog, (iii) expected other income such as grants and pilot rentals, (iv) a weighted pipeline of orders and (v) additional opportunities from new leads such as expanding the Group's sales force and sales network and the ramp-up of the HYDRAcap business. In aggregate, as at 31 March 2021, the Group estimates that its gross income will increase to above €3.7 million in 2021. A substantial portion of the orders included in the Group's revenue estimates are subject to decisions ultimately made by the Group's customers. The Group's revenue estimates, its order backlog and weighted pipeline figures, are not audited and should not be read as forecasts or projections for any particular year, but are management estimates resulting from the Group's pursuit of its strategy. The Group can provide no assurance that the estimated future revenue will be realised and the actual revenue for the financial year 2021 could differ materially. The levels of the Group's order backlog are not necessarily indicative of its future revenue related to the performance of such work or of the Group's future levels of order backlog. Cancellations or delays may occur, from time to time. The expected gross income has been determined based on assumptions and estimates that the Group considered reasonable at the date these were made, 31 March 2021. These estimates and assumptions are inherently uncertain and reflect management's views that are also based on its experience of historic success of being assigned projects, which may materially differ from the success rates for any future orders or projects. Given that the Group has a limited operating history, there is limited historic information on which management's views can be based. The Group regularly monitors the estimates and assumptions made since 31 March 2021 and believes the applied methodology for its revenue projections for the financial year 2021 is still accurate on the date of this Prospectus; however, these estimates and assumptions have not been updated and may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of the Group or its customers, such as cancellations or delays. Investors are therefore urged not to place undue reliance on the revenue estimate for the financial year 2021 set out above.
Other Key Financial Information. No *pro forma* financial information or profit forecast has been included in the Prospectus. There is no qualification in the auditor's report provided by the independent auditor on the Consolidated Financial Statements for the year ended 31 December 2020. There are no qualifications in the auditor's reports for the years ended 31 December 2019 and 31 December 2018 in the audited financial statements (*jaarrekening*) that have been prepared on the basis of the Dutch GAAP.

What are the key risks that are specific to the Company?

Any investment in the Ordinary Shares is associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered relevant to the future development of the Group and the Ordinary Shares. The following is a summary of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's business, financial condition, results of operations and prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise:

- The Group has a limited operating history and the Group's nascent technology makes evaluating its business and future prospects difficult.
- The Group experienced losses in the past and it does not expect to be profitable in the next few years.
- Competition in the water treatment solution market may materially adversely affect the Group's ability to gain market share and its margins and results of operations.
- The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business.
- Technology is constantly evolving and the Group must successfully develop, manufacture and market products that improve upon existing technologies in order to achieve acceptance and remain competitive.
- An unsuccessful pilot system or demo-phase or inconsistent performance of the Group's products, or of products similar to or in the same categories as those of the Group, could harm the integrity of, or customer support for, the Group's products and materially adversely affect the Group's sales.
- Demand for the Group's products depends on the continuation of market trends towards greater sustainability, including trends to address global water issues and decarbonisation.
- If the Group experiences significant delays in the planned scale-up of its production and the build of its planned manufacturing facility, or if such facility were to become inoperable, the Group would be unable to produce sufficient products and its business would be harmed.
- The Group's business and strategy depends, in part, on significant customers and its relationship with OEMs.
- The Group'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.

Key Information on the Ordinary Shares

What are the main features of the Ordinary Shares?

Type, Class and ISIN. The Ordinary Shares are ordinary shares in the share capital of the Company with a nominal value of €0.01 each. The Ordinary Shares are denominated in and will trade in euro on Euronext Amsterdam. The ISIN for the Ordinary Shares is NL0015000D50.

Rights attached to the Ordinary Shares. The Ordinary Shares will rank *pari passu* with each other and holders of Ordinary Shares will be entitled to dividends and other distributions declared and paid on them. Each Ordinary Share carries distribution rights and entitles its holder the right to attend and to cast one vote at the general meeting (*algemene vergadering*) of the Company (the **General Meeting**). There are no restrictions on voting rights attaching to the Ordinary Shares. Each holder of Ordinary Shares shall, subject to exceptions, have a pre-emptive right in respect of the Ordinary Shares to be issued in proportion to the number of Ordinary Shares already held by it. Such a pre-emptive right may, however, be excluded or limited. Exceptions to pre-emptive rights include: (i) the issue of Ordinary Shares against a contribution in kind, (ii) the issue of Ordinary Shares to the Company's employees pursuant to an employee share scheme or as an employee benefit, and (iii) the issue of Ordinary Shares to persons exercising a previously granted right to subscribe for Ordinary Shares. Pursuant to the Articles of Association, the pre-emptive right may be restricted or excluded by a resolution of the General Meeting. The proposal to this effect must explain in writing the reasons for the proposal and the intended issue price. Pursuant to a resolution adopted by the General Meeting, the board (*bestuur*) of the Company (the **Management Board**) has been authorised, for a period of three years following Settlement Date, subject to the approval of the supervisory board (*raad van commissarissen*) of the Company (the **Supervisory Board**), to resolve to issue Ordinary Shares (either in the form of stock dividend or otherwise) and/or grant rights to acquire Ordinary Shares up to a maximum of 20% of the number of Ordinary Shares issued immediately following the Settlement Date, and to exclude pre-emptive rights in relation thereto.

Dissolution and Liquidation. If the Company is dissolved or liquidated, the Company's assets will be paid to secured creditors, preferential creditors (including tax and social security authorities) and unsecured creditors, in that order. The balance of the Company's assets remaining after all liabilities have been paid, if any, will be transferred to the holders of Ordinary Shares in proportion to the nominal value of each shareholder's holding in Ordinary Shares.

Restrictions on Free Transferability of the Ordinary Shares. There are no restrictions under the Company's articles of association, including as they will become effective on the First Trading Date (the **Articles of Association**), or under Dutch law that limit the right of shareholders to hold Ordinary Shares. The transfer of Ordinary Shares to persons who are located or resident in, citizens of, or have a registered address in jurisdictions other than the Netherlands may, however, be subject to specific regulations or restrictions according to the securities laws of such jurisdictions.

Dividend Policy. The Company does not intend to declare or pay dividends for the financial year 2021 or in the medium term.

Where will the Ordinary Shares be traded?

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "NXFIL". Subject to acceleration or extension of the timetable for the Offer, trading on an "as-if-and-when-issued/delivered" basis in the Ordinary Shares on Euronext Amsterdam is expected to commence at 09:00 (Central European Time (**CET**)) on or around 11 June 2021 (the **First Trading Date**). Prior to being admitted to trading on Euronext Amsterdam, there has been no public trading market for the Ordinary Shares.

What are the key risks that are specific to the Ordinary Shares?

The main risks relating to the Offer and the Ordinary Shares include, among others:

- Immediately after Settlement, Infestos will continue to be in a position to exert substantial influence on the Company and the interests pursued by Infestos could differ from the interests of the Company's other shareholders.
- Future offerings of debt or equity securities by the Company, or the perception thereof, may adversely affect the market price of the Ordinary Shares and any future issuances of Ordinary Shares may dilute investors' shareholdings.

- Future sales or the possibility of future sales of a substantial number of Ordinary Shares by Infestos, members of the Management Board or other key managers of the Company may adversely affect the market price of the Ordinary Shares.

Key Information on the Offer and the Admission

Under which conditions and timetable can I invest in the Ordinary Shares?

Offer. The Company is offering such number of Offer Shares as will raise gross proceeds of between €150 million and €165 million. Infestos has granted ABN AMRO in its capacity as Stabilisation Manager (as defined below), on behalf of the Underwriters (as defined below), an option (the **Over-Allotment Option**), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require Infestos to sell up to 2,250,000 Ordinary Shares (the **Over-Allotment Shares**) at the offer price per Offer Share (the **Offer Price**), comprising up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding the Over-Allotment Shares), to cover over-allotments or short positions, if any, in connection with the Offer.

Assuming no exercise of the Over-Allotment Option and an Offer Price at the bottom of the Offer Price Range (as defined below), the Offer Shares will constitute not more than 30% of the issued Ordinary Shares. Assuming the Over-Allotment Option is fully exercised and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than 34.5% of the issued Ordinary Shares. In the Offer, any investor may only acquire Offer Shares for a total consideration of at least €100,000.

Jurisdictions. The Offer comprises: (i) a public offering to certain retail and certain institutional investors in the Netherlands; and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered and sold within the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), pursuant to Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States in accordance with Regulation S under the U.S. Securities Act. The Offer is made only in those jurisdictions in which, and only to those persons to whom, the Offer may be lawfully made. There will be no public offering in any jurisdiction outside the Netherlands.

Timetable. Subject to acceleration or extension of the timetable by the Company, in consultation with the Joint Global Coordinators for, or withdrawal of, the Offer, the timetable below lists the expected key dates for the Offer.

Event	Date (2021) (Time (CET))
Start of offer period (the **Offer Period**)	8 June (9:00)
End of Offer Period	10 June (17:30)
Expected pricing and allocation	10 June
Publication of results of the Offer	11 June
First Trading Date (trading on an 'as-if-and-when-issued/delivered' basis) on Euronext Amsterdam	11 June
Settlement Date (payment and delivery)	15 June

The Company, in consultation with the Joint Global Coordinators, reserves the right to accelerate or extend the Offer Period. In the event of an acceleration or extension of the Offer Period, pricing, allocation, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly. If the Company should decide to do so, it will make this public in a timely manner through a press release, which will also be posted on the Company's website (www.nxfiltration.com)

Offer Price, Offer Price Range and number of Offer Shares. The Offer Price is expected to be in the range of €10 to €11 (inclusive) per Offer Share (the **Offer Price Range**). The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range is indicative and may be changed. The number of Offer Shares may be increased or decreased prior to the allocation of the Offer Shares. The Offer Price and the exact number of Offer Shares (including the maximum number of Over-Allotment Shares) will be determined after the end of the Offer Period by the Company, in agreement with the Joint Global Coordinators and on the basis of a book building process, and will be stated in a pricing statement that will be published through a press release that will also be posted on the Company's website (www.nxfiltration.com) and filed with the AFM (the **Pricing Statement**).

Allocation. Allocation of the Offer Shares to investors is expected to take place after the closing of the Offer Period on or about 10 June 2021, subject to acceleration or extension of the timetable for the Offer. Full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no maximum or minimum number of Offer Shares for which prospective investors may apply and multiple applications to purchase, or subscribe for, Offer Shares are permitted. In the event that the Offer is over-subscribed, investors may receive fewer Offer Shares than they applied for.

Payment and Delivery. Payment (in euro) for and delivery of the Offer Shares (**Settlement**) will take place on the date of settlement, which is expected to be 15 June 2021 (the **Settlement Date**). Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement). The Offer Shares will be delivered in book-entry form through the facilities of Netherlands Central Institute for Giro Securities Transactions (Euroclear Nederland). If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any payments made will be returned without interest or other compensation. Any dealings in Ordinary Shares prior to Settlement are at the sole risk of the parties concerned.

Cornerstone Investors. M&G Investments, Teslin and Infestos (together, the **Cornerstone Investors**) have irrevocably agreed to purchase Offer Shares in the aggregate amount of €66 million at the Offer Price on the Settlement Date as part of the Offer (the **Cornerstone Investments**). The Cornerstone Investments will be for the following amounts: (i) M&G Investments: €28 million; (ii) Teslin: €28 million; and (iii) Infestos: €10 million. Assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares, the Cornerstone Investments comprise an aggregate of 5,999,998

Ordinary Shares or 12.0% of the total issued share capital of the Company immediately following Settlement, regardless of whether the Over-Allotment Option is exercised (the shares to be purchased in the Cornerstone Investments, the **Cornerstone Investments Shares**). The Cornerstone Investments of M&G Investments and Teslin are conditional on (i) the Admission occurring prior to or substantially simultaneously with the delivery of the respective Cornerstone Investment Shares, (ii) no breach of customary warranties from the Company that could have a material adverse effect on the interests of the respective Cornerstone Investor, and (iii) the Company issuing the Pricing Statement. M&G and Teslin are not subject to any lock-up undertaking with respect to their Cornerstone Investment Shares. The Cornerstone Investment of Infestos is conditional on the Company issuing the Pricing Statement. If the Settlement Date has not occurred on or before 31 August 2021, each Cornerstone Investor is entitled to terminate its respective Cornerstone Investment. The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer.

Joint Global Coordinators. ABN AMRO and Berenberg are the joint global coordinators for the Offer (the **Joint Global Coordinators**).

Listing and Paying Agent. ABN AMRO is the listing and paying agent for the Admission and the Ordinary Shares (the **Listing and Paying Agent**).

Stabilisation Manager. ABN AMRO is the stabilisation manager for the Offer (the **Stabilisation Manager**).

Dilution. The issue of the Offer Shares will result in a maximum dilution of voting interest of existing shareholders of the Company of 30% regardless of whether the Over-Allotment Option is exercised.

Estimated Expenses. Based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option, the expenses related to the Offer payable by the Company are estimated at approximately €10.1 million.

Who is the offeror and/or the person asking for Admission?

The Company is offering the Offer Shares. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and to be renamed to NX Filtration N.V. with effect as of the First Trading Date. The Company's LEI is 254900YF0PQV9APMA050 and its trade register number is 64951030. The Company operates under Dutch law.

Why is the Prospectus being produced?

Reasons for the Offer and Admission. The Company believes that the Offer will strengthen its financial position. The Admission further provides the Company with access to capital markets, which it may use to support and develop further growth of the Group and to finance mergers and acquisitions, as they may become available.

Net Proceeds. The commissions due to the Underwriters, and expenses (including their legal fees and documented out-of-pocket expenses up to an agreed cap of €480,000 in aggregate, excluding VAT), will be borne by the Company. The Company expects the net proceeds from the Offer, after deduction of expenses, commissions and taxes payable by the Company (estimated to amount to approximately €10.1 million), to amount to approximately €147.4 million (based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares and full exercise of the Over-Allotment Option). The Company intends to use the expected net proceeds of the issue of the Offer Shares mainly to advance and increase the Company's pilot systems; to scale-up the production of the Company's products; for research and development, and expanding the capacity in terms of equipment and personnel; for mergers and acquisitions if and when they become available; and for the repurchase (including payment of the cumulative interest accrued thereon) and the cancellation of all outstanding Preference Shares.

Underwriting Agreement. The Company and the Underwriters entered into an Underwriting Agreement on the date of this Prospectus with respect to the Offer (the **Underwriting Agreement**). The Underwriting Agreement is conditional on, among others, the entry into of a pricing agreement between the Company and the Underwriters setting the Offer Price and the final number of Offer Shares. On the terms, and subject to the conditions, of the Underwriting Agreement and such agreement not being terminated, the Company has agreed to issue the Offer Shares at the Offer Price to the Cornerstone Investors and, in the case of Offer Shares other than the Cornerstone Investment Shares, to subscribers and purchasers procured by the Underwriters or, failing subscription or purchase by such procured purchasers, to the Underwriters themselves.

Most Material Conflicts of Interest Pertaining to the Offer and the Admission. The Underwriters and/or their affiliates are, or have been, engaged and may in the future engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Group or any parties related to or competing with any of them, in respect of which they have received, and may in the future receive, customary fees and commissions. Additionally, the Underwriters may, in the ordinary course of their business, in the future hold the Company's securities for investment. As a result of acting in the capacities described above, the Underwriters and their affiliates may have interests that may not be aligned, or could potentially conflict, with the interests of investors or with the interests of the Company or the Group.

RISK FACTORS

Before investing in the Ordinary Shares, prospective investors should consider carefully the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, may have a significant negative impact on the business, financial condition, results of operations and prospects of the Company and its consolidated subsidiary (together, the ***Group****). The price of the Ordinary Shares could decline and an investor might lose part or all of its investment upon the occurrence of any such event.*

All of these risk factors and events are contingencies that may or may not occur. The Group may face a number of these risks described below simultaneously and some risks described below may be interdependent, in which case the description of such risk factor will contain a reference and description of how it is affected by another risk factor. Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Group's business, financial condition, results of operations and prospects. The risk factors below have been divided into the most appropriate category, but, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

Although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and industry, and the Ordinary Shares, they are not the only risks and uncertainties relating to the Group and the Ordinary Shares. Other risks, events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Group's business, financial condition, results of operations and prospects.

Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any Ordinary Shares. Furthermore, before making an investment decision with respect to any Ordinary Shares, prospective investors should consult their own professional adviser and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of their personal circumstances.

Risks relating to the Group's business and industry

The Group has a limited operating history and the Group's nascent technology makes evaluating its business and future prospects difficult.

The Group was incorporated in 2016 and it began delivering its first commercial products in 2019 which have been installed in the first full-scale nanofiltration installation in the Philippines. As such, companies within the Group are essentially start-up companies with limited operating history. The Group may not achieve commercial viability or profitability through its membrane products and its existing (or to be developed) technology, through the implementation of its business plan or otherwise. Until the Group is able to realise substantial revenue from the sale of its products, it is likely to incur ongoing operating losses in the next few years, see also "*—The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business*", as the Group will not achieve profitability if its new technology is not accepted by customers and future partners, and if the Group cannot achieve and maintain market acceptance.

From the incorporation of the Group in 2016 to date, the Group has focused primarily on research and development activities relating to its technology. Although the Group has realised limited revenue for its more conventional membrane products, the Group did not recognise any revenue from full-scale dNF (as defined below) products until 2019 and has recognised limited revenue since then. The Group's gross income was €786,000 for the year ended 31 December 2019 and €1,069,000 for the year ended 31 December 2020. As a result, the Group has a limited history upon which investors in the Offer can base an evaluation of its business, financial condition, results of operations and prospects.

Furthermore, the Group's hollow fiber dNF (as defined below) membranes are a new type of product in the conventional water treatment industry. Predicting the Group's future revenue and appropriately budgeting for its expenses is therefore difficult, and the Group may not accurately predict trends that may emerge and affect the Group's business. If actual results differ from the Group's estimates or the Group adjusts its estimates in future periods, its business, financial condition (including the valuation of deferred tax assets, see also "*—If the Group does not generate sufficient taxable income to utilise its net operating losses, the Group may need to (partly) derecognise its deferred tax assets relating to these net operating losses. As a consequence, the Group's financial position could be materially and adversely affected.*") results of operations and prospects could be materially and adversely affected.

The Group experienced losses in the past and it does not expect to be profitable in the next few years.

The Group has incurred net losses and has used significant cash in its business. As of December 31, 2020, the Group had negative retained earnings of €6.0 million. The Group expects to continue to expand its operations, including by investing in production facilities, pilot systems, sales and marketing, research and development, staffing, infrastructure and mergers and acquisitions (**M&A**) to support the Group's anticipated growth. The Group expects to incur net losses on an IFRS basis in the next few years. The ability of the Group to achieve profitability will depend on a number of factors, including:

- growing the Group's sales volume;
- realising anticipated prices for its products;
- increasing sales to existing customers and attracting new customers;
- the ability to convert pilot systems into demo plants or full-scale installations;
- improving the effectiveness of the Group's sales and marketing activities;
- realising economies of scale in its operations; and
- attracting and retaining key talent in a competitive marketplace (see also "*—The Group depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel*").

Even if the Group does achieve profitability, the Group may be unable to sustain or increase its profitability in the future. This will depend, among other things, on the competitive pressure in the water treatment solution market (see also "*—Competition in the water treatment solution market may materially adversely affect the Group's ability to gain market share and its margins and results of operations*"), the quality of the Group's membrane products (see also "*—If the Group's products contain manufacturing defects, its business and financial results could be significantly harmed*") the ability of the Group to maintain market acceptance and the Group's dependency upon the acceptance of its new technology and approach by customers and future partners (see also "*—The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business*").

Competition in the water treatment solution market may materially adversely affect the Group's ability to gain market share and its margins and results of operations.

The water treatment solution market is highly competitive, and the Group faces significant competition from large international competitors as well as smaller regional competitors in certain markets, see "*Industry Overview—Competitive landscape*"). The Group faces competition in countries across the globe and the products of the Group's competitors are typically sold globally. The Group primarily competes with organisations that offer conventional water treatment solutions (such as reverse osmosis, adsorption and oxidation processes), organisations that develop products similar to those offered by the Group and organisations that offer alternative technologies. The Group's competitors generally have global distribution networks, a global sales force and have therefore already achieved economies of scale, as opposed to the Group. In addition, industry players that do not currently compete with the Group but may have greater financial resources, may enter the market and disrupt the competitive environment, which may influence the Group's ability to grow its market share from the current limited market share of approximately 0.015% of the Group's addressable market[1] because of its early stage of operation. Such existing or new industry players may have longer operating histories, customer incumbency advantages, stronger relationships with industrial companies, more access to and influence on municipal governments and more capital resources than the Group does.

The Group competes primarily on the basis of, among other things, price, product technology and performance, delivery times, ease of operation, sustainability benefits, flexibility, design and innovation, reputation, brand recognition and customer access as well as the scope and quality of the products and the suitability of the products as components in systems built by original equipment manufacturers (**OEMs**). The Group's ability to compete may be adversely affected by a number of factors, such as the following:

- new products or product improvements by competitors, including product substitution of the Group's products for new or alternative technologies;
- greater financial and technical resources available to other competitors specialising in water treatment;
- larger players in the industry investing in research and development relating to hollow fiber direct nanofiltration (**dNF**), ultrafiltration (**UF**) or microfiltration (**MF**) technology;
- competitors having lower production costs (due to geographic location, currency fluctuations or other advantages), larger production and assembly capacity or larger spending budgets, more buying power with respect to raw materials, which may enable competitors to compete more aggressively in offering discounts and lowering prices;
- consolidation among competitors in the water treatment industry;
- raw material suppliers seeking opportunities to forward integrate membrane spinning capabilities; and
- competitors temporarily offering their products and services at significant discounts in order to enter the market or to increase their market share, thereby impacting profitability throughout the sector.

If the Group is unable to compete successfully for any of the above reasons, its business, financial condition, results of operations and prospects could be materially adversely affected.

The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business.

The Group's ability to succeed is mainly dependent upon achieving and maintaining the acceptance by customers and future partners of its innovative inside-out hollow fiber membranes that are based on patented production methods. Historically, governments and municipal and industrial companies have fully relied on water filtration activities using conventional membrane technology. In order for the Group to achieve its business objectives, the Group must convince these governments and companies that its technology and capabilities justify the switch to its products. Whether the Group will be able to successfully convince governments and companies will depend, among other things, on the Group's ability to attract and retain sufficiently qualified and skilled (sales) personnel (see also "*—The Group depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel*"). Moreover, the Group's products must meet mandatory legislation-tests by governmental authorities and water federations. If the Group cannot convince governments and companies of the effectiveness of the Group's dNF membranes or if the Group is unable to obtain the necessary approvals, the Group is unlikely to keep existing customers or attract additional customers and future partners on acceptable terms or to develop a sustainable, profitable business.

The market for dNF is at a relatively early stage of operation and customers may not recognise the need for, or the benefits of, the Group's dNF products. Therefore, the extent to which the Group's dNF products will be able to meet its customers' requirements and achieve significant market acceptance is uncertain. By contrast, the markets for UF, traditional nanofiltration

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[1] The Group's current market share of the addressable market is calculated based on its revenue from sale of goods in 2020 (EUR 671 thousand) and the total addressable market for dNF amounting to USD 5.1 billion in 2020, see also "*Industry Overview—Addressable market for NX Filtration's dNF technology*".

and reverse osmosis treatment technologies are large and well established, which may make the commercialisation of new water treatment technologies longer than foreseen and ultimately unsuccessful, including the Group's dNF membrane technology or other future technology developments.

The Group cannot predict whether municipal and industrial companies will determine that the products developed by the Group for the treatment of water are advantageous over current or then-current production methods. The use of a new type of water filtration depends on compatibility with existing infrastructures, installations and equipment, as well as the manner in which such technique may be used by a manufacturer. Manufacturers may elect not to use, distribute or install the Group's products due to regulatory and political considerations, including but not limited to tax exemptions, subsidies, trade barriers, handling and safety requirements, and for a variety of other reasons, including:

- product and process safety considerations;
- advantages of alternative water filtration methods;
- lack of cost-effectiveness;
- timing of market introduction of competitive products;
- process economics in realising economies of scale;
- incompatibility with required product specifications;
- lack of fit with existing infrastructure; and
- the fact that the Group is in an early stage of operation and potential uncertainty around its future development and ability to deliver its products in the future.

The Group's commercial model is based on technology adoption targeting a large installed base with recurring revenue. Initially, the business model is based on pilot systems to allow prospective customers to test dNF technology for their applications. Subsequently these pilot systems can convert into either demo plants or directly into full-scale installations. Thereafter, the Group seeks to obtain repeat orders from end-customers (e.g. drinking water utilities companies rolling out to multiple plants) and OEMs rolling out technology across their customer base that could facilitate further growth. As a result, the Group's success will depend significantly on the outcome of these pilot systems with customers and its ability to convert such projects into scalable business opportunities. See also "*—An unsuccessful pilot system or demo-phase or inconsistent performance of the Group's products, or of products similar to or in the same categories as those of the Group, could harm the integrity of, or customer support for, the Group's products and materially adversely affect the Group's sales*". Any unsuccessful pilot system or demo-phase may therefore adverserly affect the Group's commercial model.

If the Group fails to achieve market acceptance for its products to replace or compete with current UF, traditional nanofiltration and reverse osmosis treatment technologies (see also "*—Competition in the water treatment solution market may materially adversely affect its market shares, margins and results of operations*"), or if the Group is not able to successfully commercialise the membrane technology that it develops, the Group may not be able to generate significant revenue, if any, which could have a material adverse effect on Group's business, financial condition, results of operations and prospects.

Technology is constantly evolving and the Group must successfully develop, manufacture and market products that improve upon existing technologies in order to achieve acceptance and remain competitive.

Disruptive changes in technology and product standards could render the Group's products less competitive, or even obsolete. In some instances, this may lead to write-offs of parts of the Group's inventory. Other companies that seek to enhance traditional technologies have recently introduced or are currently developing products based on emerging and potential technologies. These competitors are engaged in significant research and development work on products that may be similar to the Group's products. New products could be introduced that are in direct competition with, or superior to, the Group's products. Competing technologies that outperform the Group's technology could be developed and successfully introduced and, as a result, the Group's existing or future products may not be able to compete effectively in its current or future target markets. If the Group's technology is not adopted by its customers, or if its technology does not meet industry requirements, the Group's existing or future products may not gain or maintain market acceptance. See also "—*The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business*", as the acceptance of the Group's new technology is a key factor to become competitive in an environment where technology is constantly evolving.

If the Group cannot adapt to changing market conditions should customer behaviour change, or if the Group fails to develop, manufacture and market products that improve upon existing technologies, its business, financial condition, results of operations and prospects could be materially adversely affected.

An unsuccessful pilot system or demo-phase or inconsistent performance of the Group's products, or of products similar to or in the same categories as those of the Group, could harm the integrity of, or customer support for, the Group's products and materially adversely affect the Group's sales.

Developing and maintaining the Group's reputation as a reliable supplier of innovative, high-quality water filtration products (the membrane modules) is critical to the Group's success. Currently, in relation to its new dNF technology, nearly all of the Group's projects are at the pilot system phase, the timeframe of which varies considerably (from several months to multiple years), during which customers test the Group's dNF technology before making a decision whether to proceed with a full-scale installation investment. During a pilot system phase with a customer, the Group does not generate any significant revenue. Some or all of such pilot systems may not ultimately lead to full-scale installations, including for reasons beyond the Group's control, such as where third parties would not adequately integrate the Group's products into a pilot system or a pilot system may be delayed, including problems relating to the non-performance, default or bankruptcy of third parties that the Group works with, unexpected issues related to site conditions, weather conditions or unforeseen accidents. Its products may not be functional, may be faulty or may not meet customers' expectations. This may lead to requirements for the Group to repair or improve its products after sale and/or installation, which may diminish operating margins or lead to actual losses. In respect of water filtration systems that are built together with OEMs, the Group may be made responsible if such systems are faulty or not functional. Furthermore, there could be unwillingness by OEMs to roll-out the Group's technology across their customer base if its products do not display the promised performance. Any of the above events could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Demand for the Group's products depends on the continuation of market trends towards greater sustainability, including trends to address global water issues and decarbonisation.

The present and projected demand for the Group's products is driven by the need to address global and structural water scarcity and water quality issues. Such issues include, but are not limited to, people not having daily access to clean, drinkable water, the fact that 80% of global wastewater flows back in nature without being treated,[2] the fact that 95% of medicine waste reaches nature through sewerage systems,[3] limited reuse of treated wastewater globally, and micro-plastics ending up in any water environment and eventually the food- and waterchain. Additionally, pollution is a major concern in many emerging countries due to the lack of adequate wastewater treatment facilities where wastewater is discharged untreated, directly into the sea or rivers. The key drivers of demand for the Group's products include climate change/droughts, regulations, universal access to clean water, corporate responsbility, discharge surcharges, and health awareness. The regulations mainly relate to requirements for discharging micropollutants and requirements for the quality of drinking water (e.g. permitted levels of pharmaceuticals, medicines, PFAS and insecticides). As from 26 June 2023, a new EU Regulation on minimum requirements for water reuse for agricultural irrigation will apply, which is expected to stimulate and facilitate water reuse within the EU.

More generally, climate change is the foundational issue confronting society in the 21st century. In response, society is shifting towards a dramatically more decarbonised and efficient energy ecosystem, including the manner in which water is treated and (re-)used. The impact of climate change poses an increasing burden to how drinking water and wastewater utilities maintain the security of their supply and the operational performance of its water infrastructure. At the same time, the supply of water and the treatment of used water leads to substantial greenhouse gas emissions, caused e.g. by water loss and inefficiencies in the urban water systems. An important aspect of fighting climate change is dramatically reducing or eliminating new carbon emissions into the atmosphere (avoided carbon). Increasingly, consumers are demanding the use of products and technologies

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2 *Source:* European Commission, https://ec.europa.eu/environment/circular-economy/pdf/leading_way_global_circular_economy.pdf.

3 *Source:* http://www.unesco.org/new/en/natural-sciences/environment/water/wwap/wwdr/.

that contribute to decarbonisation and governments globally and locally are enacting pro-climate environmental standards and regulations.

These current and expected trends could change due to a number of factors which are outside of the Group's control, including the modification or elimination of economic incentives encouraging decarbonisation, the use of alternative forms of water treatment and the public perception moving away from the idea that CO_2 emissions negatively impacts the environment. If any of these or other changes were to occur, demand for the Group's products could be reduced significantly, which could, in turn, have a material adverse effect on Group's business, financial condition, results of operations and prospects.

Demand for the Group's products depends on the continuation of trends towards lowering the corporate water footprint.

Water plays an integral part in the production process of companies in a wide variety of sectors, such as within the agricultural, food and beverage, textile, power generation, mining, high tech, datacenter, semi-conductor, and pulp and paper sectors. Such sectors heavily depend on water that is used as an ingredient or for operational purposes such as for cleaning, heating, cooling and transport, and many companies are reliant on water supply and exposed to the risk of water scarcity through their supply chains, since they rely on energy and input from water-dependent agricultural and industrial sectors. Companies are becoming increasingly aware of the severity of water scarcity issues and its eventual impact on their businesses and seek to strategically address these by setting goals to reduce their corporate water footprint, such as treating the water they use so it goes back into the environment in a clean state and is used efficiently throughout the production process (see also "*Industry Overview—Global water market*" for various initiatives by municipal water companies and industrial companies that are prioritising water challenges).[4] The corporate water footprint can be viewed as the total volume of water that is used directly or indirectly to run and support a business.

Demand for the products offered by the Group, which aim to address some of these challenges, is affected by macroeconomic, social and regulatory trends and assumptions. These trends and assumptions relate to, among others, population growth, increased government spending in sustainable industries, increased regulatory initiatives and requirements at the European, national and local level and increased focus on water treatment and business models more broadly. Regulations that restrict water use support the Group's technology solutions that seek to address water scarcity issues and re-using water. The rapid growth in the Group's industry will be partly based on regulatory favourable framework conditions in various countries. Additionally, increasing public scrutiny on water challenges expose companies to reputational risks. No assurance can be given that these trends and assumptions, or that the Group's expectations surrounding sustainable industries, will be accurate. Further, unanticipated events and circumstances may occur which could change the outlook surrounding sustainable industries in material ways. Accordingly, the Group's expectations for growth in the water treatment industry may occur to a different extent or at a different time, or may not occur at all. If the Group's expectations regarding these trends and changes in the water treatment industry do not occur to the degree that the Group expects, or at all, the Group may not be able to commercialise its products. Furthermore, if expectations regarding the water treatment industry do not occur to the degree or within the timeframe that the Group expects, or at all, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group experiences significant delays in the planned scale-up of its production and the build of its planned manufacturing facility, or if such facility were to become inoperable, the Group would be unable to produce sufficient products and its business would be harmed.

The Group intends to use approximately €40-50 million of the net proceeds of the Offer to scale-up the production of its products. An important part of such scale-up is the intended addition of a new manufacturing facility in the Netherlands in the next two to three years that will primarily focus on the increased production of the Group's products. It may take considerable time to scale-up production and commence operations at the Group's manufacturing facility before the Group is able to meet any increase in the commercial demand for its products. The new manufacturing facility could expose the Group to product comparability issues meaning that the products could not immediately have similar quality attributes before and after the manufacturing process changes. That may further delay the introduction of additional capacity to manufacture its products, as the facility and the equipment that will be used to manufacture its products will be costly to install and could require substantial lead time to install and qualify for use. Any substantial delay in bringing the new manufacturing facility up to full production

4 *Source:* Frost and Sullivan, Digitalization Powering the Global Water Market, 2020; Frost and Sullivan, Sustainable Solutions Create Growth Opportunities in the Global Food & Beverage Water and Wastewater Treatment Market.

may hinder the Group's ability to produce all of the products needed to meet orders, which, in turn, could materially damage the Group's business, financial condition and operating results. Any delay in the scale-up of its production could also materially adversely affect the Group's growth prospects as the Group may fail to grow its market share. The Group may also face unexpected delays in obtaining the required permits and approvals in connection with its planned manufacturing facility, which could require significant time and financial resources and delay the Group's ability to operate the facility (see also "*—The Group does business with municipal governments and agencies and, as a result, it faces risks related to the procurement process, budget decisions driven by statutory and regulatory determinations, termination of contracts and compliance with government contracting requirements*"). This is particularly relevant to the Group as it will heavily rely on this new manufacturing facility to achieve its growth strategy. A significant delay in the scale-up of the Group's production could also mean that the approximate €40-50 million of the net proceeds of the Offer that the Group intends to use for this scale-up is not sufficient to commence operations, in which case the Group may need additional financing (see also "*—The Group may need additional financing in the future, and such financing may not be available on favourable terms, or at all, and may be dilutive to shareholders*").

Opening the new manufacturing facility will require the efforts and attention of the Group's management and other personnel, which will divert resources from the existing business or operations and, in the longer term, additional capital expenditures will be required as the Group will likely seek further expansion. In addition, the Group will need to hire and retain more skilled employees to develop and operate the expanded facility. Even if the Group's new manufacturing facility is brought up to full production, it may not provide the Group with all of the operational and financial benefits it expects to receive. Furthermore, the costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Lastly, the new manufacturing facility may be harmed or rendered inoperable by man-made disasters, including fire and power outages, or by health epidemics or pandemics, such as the recent COVID-19 pandemic (see also "*—The COVID-19 pandemic has had and may continue to have an adverse impact on the Group's business and operations and the markets in which the Group, its partners and its customers operate*"), which may render it difficult or impossible for the Group to manufacture its products for some period of time. The Group's inability to produce its products or the backlog that could develop if the Group's manufacturing facility is inoperable for even a short period of time may result in the loss of customers or harm to the Group's reputation. The Group's insurance may not be sufficient to cover all of the Group's potential losses and may not continue to be available to the Group on acceptable terms, if at all (see also "*—The Group's insurance coverage may be inadequate, may increase in cost and may not cover all risks or unexpected events*"). As a result, any of the above, individually or in aggregate, could have a material adverse effect on the Group's business, financial condition, results of operation or prospects.

The Group's business and strategy depends, in part, on significant customers and its relationship with OEMs.

The Group's business and strategy depends, in part, on significant customers and its relationship with OEMs, which have the potential to roll-out the Group's technology across their customer base. Generally, the Group would have to cooperate with a third party to integrate its products in a system or installation. If the OEMs are unable to adequately integrate the Group's product into their system design such roll-out may adversely affect the Group's commercialisation efforts. Although the Group seeks to penetrate a market in which a wide and diversified number of companies could become customers, in any particular period and most notably within the current early-stage of the Group, a substantial amount of the Group's revenue from sale of goods currently comes from and in the coming years could come from a relatively small number of customers and the impact of such customer concentration is unpredictable. For the financial year 2020, the top five projects, from five different customers, in terms of revenue of sale of goods accounted for approximately 50% of the revenue of the sale of goods, and one customer accounted for approximately 28.5% of the revenue of the sale of goods. While the Group's initial commercial model is based on pilot systems, which allow prospective customers to test the Group's technology for their application, the Group aims to convert these pilot systems into full-scale installations. The Group may not be successful in converting pilot systems into full-scale installations or, once installed, win repeat projects from such end-customers or may only be able to do so on less favourable terms. If the Group is unable to win, renew or extend such contracts on favourable terms, it could have a negative impact on the Group's revenue and profits or the Group's ability to realise its business objectives. More generally, the Group's inability to maintain relationships with key customers or OEMs could have a negative impact on the Group's sales and profits. Failure by the Group to win, renew or extend larger customer contracts could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group's products contain manufacturing defects, its business and financial results could be significantly harmed.

The Group's membrane products are complex, and they may contain undetected or latent errors or defects. In the past, generally during the research and development phase of a product and the initial commercialisation phase, the Group has experienced and may in the future experience latent defects, such as issues related to mechanical integrity and leakage. While the Group has not experienced any material defects in its limited full-scale installations to date, the Group cannot offer any assurance that full-scale installations or pilot systems will not face any such defects in the future. Additionally, changes in the supply chain of the Group or the failure of the Group's suppliers to otherwise provide the Group with components or materials that meet the Group's specifications could also introduce defects into its products. In addition, as the Group increases its manufacturing volume or changes its manufacturing process, the chance of manufacturing defects could increase. Any manufacturing defects or other failures of the Group's products to perform as expected could cause the Group to incur significant re-engineering costs, divert the attention of the Group's engineering personnel from product development efforts and significantly and adversely affect customer satisfaction, market acceptance and the Group's business reputation, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Furthermore, any manufacturing defects or other failures of the Group's products to perform as expected which occur in the pilot system or demo-phase increase the likelihood of such pilot system being unsuccessful, which could adversely affect the Group's sales (see also "*—An unsuccessful pilot system or demo-phase or inconsistent performance of the Group's products, or of products similar to or in the same categories as those of the Group, could harm the integrity of, or customer support for, the Group's products and materially adversely affect the Group's sales*").

Adverse publicity, whether or not justified, may tarnish the Group's reputation and cause customers to choose products offered by its competitors.

Positive publicity is key for the success of the Group's products as they are based on a new technology that is yet to be widely accepted by municipal and industrial companies. The success of the Group's products mainly depends upon the benefits that its customers realise from using those products and the manner in which they outperform conventional water treatment solutions. If the Group fails to maintain high-quality standards for its products, the products fail to offer the benefits that are intended to realise therewith, or accidents with respect to the products lead to health and safety issues, the reputation of the Group could be jeopardised, which could have a material adverse effect on its business, financial condition, results of operations and prospects. Any inconsistency in the quality of the Group's products, whether occurring accidentally or through deliberate third party action, or a perceived issue with the quality of the Group's products, could harm the integrity of, or customer support for, those products and could adversely affect the product sales. Further, a lack of consistency in the quality of products similar to the Group's products or in the same categories as the Group's products could, by association, harm the integrity of, or customer support for, the Group's brands and/or products, and could adversely affect the Group's sales. On the other hand, quality and consitent performance of conventional water treatment solutions compared to the Group's new products could also harm customer support for, the Group's brands and/or products, and could adversely affect the Group's sales. See also "*—The Group is exposed to risks associated with product liability, warranties, recall claims or other lawsuits or claims that may be brought against it*", because any failure or alleged failure of the Group's products to perform as expected or otherwise do not conform to the product's specifications or the expectations of its customers exposes the Group to (public) reputational damage.

The Group may voluntarily recall or withhold from sale, or be required to recall or withhold from sale, products in the event of improper functioning or damage. If the Group's products do not comply with the legal, regulatory or customer requirements, the Group may have to recall its products. Furthermore, litigation, a significant product liability judgment or a widespread product recall may negatively impact the reputation of the affected products or the Group as a whole for a period of time depending on product availability, competitive reaction and customer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the resulting negative publicity could adversely affect the Group's reputation and image, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The success of the Group is to a large extent dependent on the success of a limited number of product types.

The Group's primary short-term goal is to commercialise membrane products, to increase the number of pilot systems that allow prospective customers to test dNF technology for their applications and to convert pilot systems into full-scale installations. The timeframe in which these pilot systems are run vary considerably, but generally do not generate meaningful revenue for the Group. In limited instances, a single pilot system could have a positive effect on the Group's profitability, but considering all pilot systems together, these pilot systems, in aggregate, are not profitable and the Company believes would unlikely become profitable. This means that the Group will unlikely be able to build a profitable business if the Group's pilot systems would not eventually convert either into demo plants or directly into full-scale installations. The Group cannot give any assurance that this conversion will occur and the Group sees the roll-out of pilot systems mainly as a business development tool, which could lead to future profits if the Group is succesful in converting such pilot systems into demo plants or full-scale installations.

In 2020, the Group launched 27 commercial pilot projects (14 in the Clean Municipal Water business line and 13 in the Sustainable Industrial Water business line). Of these 27 pilot projects, 4 have been converted into demo plants or directly into full-scale installations in 2020, 3 have been converted into demo plants or directly into full-scale installations in 2021 (2 in the first quarter of 2021 and 1 in the second quarter of 2021), 12 are still running, 2 have ended and 6 have been put on hold. All customers that put pilot systems on hold, are in the process to either switch to a larger pilot project, or are in the process to design or plan a demo plant or full-scale installation. The 2 pilot projects that have ended are believed by the Group to be a result of one customer that has postponed the entering into of a demo-phase or full-scale installation phase after a pilot project due to budget constraints and another customer that had developed a complex niche installation that as a whole was, according to the Group, not economically viable. In total, in 2020, the Group converted 4 pilot projects into demo plants and converted 3 pilot projects directly into full-scale installations. Of these 4 new demo plants and 3 new full-scale installations, 3 were preceded by pilot projects launched in 2019 and 4 were preceded by pilot projects launched earlier in 2020 (these 4 pilot projects are thus part of the total 27 commercial pilot projects launched in 2020). In total, in the first quarter of 2021, the Group converted 2 pilot projects directly into full-scale installations. Both full-scale installations were preceded by pilot projects launched in 2020 (these 2 pilot projects are thus part of the total 27 commercial pilot projects launched in 2020). In the first quarter of 2021, the Group launched 15 commercial pilot projects (7 in the Clean Municipal Water business line and 8 in the Sustainable Industrial Water business line). Of these 15 pilot projects, 1 has been converted directly into a full-scale installation in the second quarter of 2021 and 14 are still running as pilot projects. The Group cannot give assurance that any of the running pilots would ultimately convert into a demo plant or full-scale installation.

The UF and MF products in the Group's portfolio are less distinctive to conventional water treatment and filtration products as dNF products. Therefore, if the Group fails to successfully commercialise its dNF products, then its business, financial condition, results of operations and prospects would be materially adversely affected. Furthermore, if the Group fails to successfully commercialise dNF products, the Group may need to raise new funds in order to further develop dNF products and other products in the Group's portfolio. As a result, the Group's business, financial condition, results of operations and prospects in the immediate term is, to a large extent, dependent on the success of a limited number of products.

The Group's customers are, in part, dependent on governmental initiatives, financial support programs and legislation that support the industry.

Demand for the products offered by the Group is, in part, dependent on continuing governmental and financial support for its customers' water treatment projects and initiatives, such as subsidies and tax exemptions or deductions. Such businesses may also benefit from subsidies related to research and development and various sustainable initiatives, such as in relation to clean water, wastewater management and the amount of water that they may use. The rapid growth in sustainable industries in recent years has been partly based on regulatory framework conditions in various countries.

Current support programs or other financial benefits may expire, be suspended or be phased out over time, cease upon the exhaustion of allocated funding or be subject to cancellation, non-renewal or change. This may lead to uncertainty regarding the support level for individual business projects in the future. If the governments in the jurisdictions in which the Group's customers operate, or plan to operate, were to decrease or abandon their support for research and development and sustainability projects, these projects could become less profitable than anticipated or cease to be economically viable. Such a development could negatively impact the demand for the Group's products and may lead the Group's customers to modify or reduce their development plans, which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

Furthermore, legislative changes can come into effect at very short notice without any ongoing protection for investments that have already been made, or on the contrary planned legislation aimed at supporting sustainable industries may not be implemented. Any of the aforementioned factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group does business with municipal governments and agencies and, as a result, it faces risks related to the procurement process, budget decisions driven by statutory and regulatory determinations, termination of contracts and compliance with government contracting requirements.

Doing business with public sector customers presents a variety of risks. The procurement process for municipal governments and their agencies can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. In addition, demand for the Group's products may be adversely impacted by public sector budgetary cycles and funding availability that, in any given fiscal cycle, may be reduced or delayed.

Public sector customers may also have contractual, statutory, or regulatory rights to terminate current contracts with the Group for convenience or due to a default, and any such termination may adversely affect the Group's future results of operations. If a contract is terminated due to a default, the Group may be liable for excess costs incurred by the customer for procuring alternative products or services or be precluded from doing further business with government entities. Further, entities providing services to governments are required to comply with a variety of complex laws, regulations, and contractual provisions relating to the formation, administration or performance of government contracts that give public sector customers substantial rights and remedies, many of which are not typically found in commercial contracts. These may include rights with respect to price protection, the accuracy of information provided to the government, contractor compliance with supplier diversity policies and other terms that are particular to government contracts, such as termination rights. The Group's non-compliance with such terms could result in repercussions with respect to contractual and customer satisfaction issues.

The Group depends on its ability to hire and retain management, key employees and other qualified and skilled employees and may not be able to attract and retain such personnel.

The Group's future performance and its ability to reach its strategic objectives depends in significant part on the continued service of the senior management of the Company and other key personnel, including employees involved in research and development, operations, marketing and sales personnel and employees with critical know-how and expertise. In particular, the Group is highly dependent on the services of Mr Erik Roesink, the founder, Chief Technology Officer and a part-time Professor of Advanced Membranes for Aqueous Applications at the University of Twente with over 45 years of membrane development experience; Mr Michiel Staatsen, the Chief Executive Officer (**CEO**) and Chief Operations Officer (**COO**), with over 25 years of growth management experience in water and technology industries; Annemie Mattheeuws, technology director with over 25 years membrane development and production experience; Robert Gerard, commercial director with 30 years of membrane experience at GE and Hydranautics; and other leading membrane specialists including Joris de Grooth, an assistant professor membrane technology and a leading expert in layer-by-layer membrane technology, with over 15 years membrane development experience. None of the Group's key employees is bound by an employment agreement for any specific term. In addition, the Group does not have "key person" life insurance policies covering any of its officers or other key employees. The loss of the services of one or more members of senior management or other key personnel, or the inability to hire (additional) members of the senior management, could disrupt its operations, delay the development and introduction of the Group's products and anticipated expansion projects, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's success also depends on its continuing ability to attract, retain and develop qualified and skilled personnel, including financial personnel, sales personnel, scientists, designers, technical employees and engineers with the requisite technical background. Competition for such personnel is intense, in particular for technical and industrial employees, and there is significant competition for talented individuals with the specialised knowledge of water filtration and membrane technology. This is particularly relevant in the Netherlands, as the country where the Group has its headquarters, significant business operations and research and development activities. The Group's efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future may not be successful. A failure to attract and retain key personnel may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Significant increases in the cost of raw materials, components and finished goods may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group uses various raw materials, components and finished goods in its operations, including polymers such as polyethersulfone (**PES**), polyvinyl chloride (**PVC**) and epoxy. The prices for these raw materials, components and finished goods fluctuate depending on market conditions and global demand for these materials and could adversely affect the Group's business and operating results. During 2020 and in the first quarter of 2021, PVC in particular experienced a significant price increase that amounted to approximately 100% over this period,[5] largely attributable to persistent supply-side issues globally. See also "*—The Group is dependent on third-party suppliers to deliver raw materials and components for its products*", as the Group's dependency on third-party suppliers to deliver raw materials may make it difficult to limit the Group's price exposure on raw materials.

The Group's ability to achieve profitability is, and will continue to be, dependent in part upon its ability to reduce production costs and costs of materials required to make these products (including raw materials). In particular, the Group's business plan is dependent upon the successful reduction of raw material prices, for example due to volume-discounts. The cost of processed raw materials, components and finished goods historically has represented a significant portion of the Group's cost of raw materials and consumables used. For example, in the year ended 31 December 2020, the cost of raw materials and consumables amounted to €289 thousand, or 43.1% of the Group's revenue from sale of goods. As a consequence, sudden and significant increases in the prices of raw materials or similar volatility with respect to the currency exchange rates between the euro and the currency of such goods may lead to corresponding price increases in components and finished goods used in the assembly of the Group's products. The Group is also indirectly exposed to fluctuations of labour costs, commodity prices and energy costs as the prices of raw materials and components it orders from third-party suppliers and manufacturers will likely increase if the costs of the Group's suppliers increase. The Group does not hedge the price exposure for its raw materials. Increases in the costs of raw materials and components and as a result in finished goods may therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects, particularly because it is generally not able to pass on such price increases or reduce other costs to offset the higher commodity prices. Furthermore, the price of commodities could become so high that there is a decline in the demand of the products provided by the Group.

The Group is dependent on third-party suppliers to deliver raw materials and components for its products.

The Group's production process depends on the availability, quality and timely supply of raw materials, components and finished goods from third-party suppliers. The Group obtains a significant portion of its processed raw materials from key suppliers BASF, Solvay, Henkel, SABIC and Wavin. With respect to a few raw materials and/or the processing thereof, the Group has sourced and may in the future source from one of these suppliers or other single suppliers from time to time due to specific quality or other requirements or because the small volumes required may not justify the cost of sourcing from multiple suppliers or other suppliers may not be available to provide necessary quantities. This is particularly relevant for the use of sulfonated polyether sulfone, a modified PES including sulfonic acid groups located orthogonally to the ether on the aryl groups, which involves specialised processing. On the date of this Prospectus, the Group believes it is currently not dependent on a single supplier. However, if any of the Group's suppliers is unable to meet their obligations under purchase orders or supply agreements, including due to their own production capacity limitations or otherwise limited supply of materials as a result of their obligations to other customers, or does not deliver the quality that is necessary to meet the raw material standards applied by the Group, the Group may be forced to pay higher prices to obtain the necessary raw materials from other suppliers, may be faced with increased lead times, may need to change suppliers, or may not be able to locate suitable alternatives at all. Changing suppliers can be time-consuming and costly, as resources are required to qualify new suppliers and ensure the quality, approval and consistency of the raw materials. Supply interruption could lead to interruption of the Group's own production at one or more production facilities. Furthermore, if the Group experiences significant increased demand for its products, there can be no assurance that additional supplies of raw materials, components and finished goods will be available when required on terms that are acceptable to the Group, or at all, or that any supplier would allocate sufficient supplies to the Group in order to meet its requirements or fill its orders in a timely manner.

The Group may experience supply problems in the future or be unable to extend current or enter into new supply agreements, especially agreements for raw materials with relatively low volume requirements, where the Group's negotiating power is limited. If the Group fails to maintain its relationships with current suppliers, if suppliers offer pricing and other terms that are not satisfactory, or if a supplier fails to supply raw materials that meet the Group's quality, quantity and cost requirements, the Group may be unable to fill customers' orders on a timely and cost-effective basis or in the required quantities, which could result in production disruptions, damage claims, order cancellations, decreased sales or loss of market share and damage to the Group's reputation. These factors could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

[5] *Source:* Bloomberg: Plastic Prices Hit Record High to Stoke Inflation Concerns, 2021.

The Group is exposed to operational risks of disruption associated with its manufacturing facilities and business operations.

The Group operates two manufacturing facilities in the Netherlands and engages with OEMs to install its products (including the installation of its products as components in larger installations) and sales engineers that offer solutions at the Group's customers' premises in various countries. The Group's business is therefore exposed to the various hazards and risks of disruption associated with industrial operations. These risks of disruptions include, but are not limited to the following: production or machinery equipment failures (included due to unexpected downtime for maintenance); workforce actions; disruption to supplies of materials or services; chemical spills and other discharges or releases of toxic or hazardous substances; explosions and fires; pandemics or outbreaks of contagious diseases; and natural disasters such as floods and earthquakes.

These risks, in particular risks of machinery equipment failures, could result in the Group not being able to accept orders or deliver its products in a timely manner and a loss of market share if current customers decide to place orders from the Group's competitors. These risks could also expose employees or third parties (such as customers, partners or contractors) to toxic chemicals and other hazards, contaminate the environment, damage property, result in personal injury or death, lead to an interruption or suspension of operations, reputational damage and adversely affect the productivity and profitability of a particular production or assembly facility or the Group's business operations as a whole, and result in the need for remediation, governmental enforcement, regulatory shutdowns, the imposition of government fines and penalties and claims brought by governmental entities or third parties.

If disruptions at manufacturing facilities occur, alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to commence operations. Because of the significant variation in the manufacturing stages of its products, the Group has consolidated its production into two manufacturing sites. The Group has one primary facility that manufactures the membranes and one primary facility that manufactures the modules. Therefore, a disruption in service at such facilities would likely have a significant impact on the sale of its products almost immediately. If either of the Group's manufacturing facilities is unable to operate, or if any project is delayed or cancelled, for an extended period of time, the Group's sales may decline due to the disruption and it may not be able to meet customers' needs, which could cause them to seek other suppliers. As the Group's membrane production capacity at the Institutenweg is currently being expanded with an additional spinning line and the implementation of various process improvements and expansions, it may experience unexpected delays or difficulties in executing this expansion. Any difficulties the Group encounters while it expands or transitions its manufacturing operations in-house, now or in the future, could materially and adversely affect the Group's ability to manufacture and deliver its products to customers.

If any of the risks described above arise, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Disruptions of the Group's information technology systems could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group depends on its information technology (**IT**) systems to, among other things, conduct operations, to interface with customers, to maintain financial records and accuracy, and all of the Group's internal data is stored at Microsoft cloud services. The Group's production process specifically depends on the use of custom-made processing software based upon standardised internationally accepted software platforms such as Siemens S7 and others. IT systems or such custom-made processing software failures, including risks associated with upgrading systems, network disruptions and breaches of security could disrupt operations by impeding the Group's cyber security, its protection of customer or Group information and its financial reporting, leading to increased costs. In addition, the Group's computer systems, including its back-up systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, ransom software, internal or external security breaches, events such as fires, earthquakes, floods and/or errors by the Group's employees. Disruptions, security breaches or failures of the Group's IT systems could impair its ability to effectively and timely produce and provide products, which could damage the Group's reputation and have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's products may involve a lengthy sales and installation cycle, including the pilot system phase, and, if the Group fails to close sales on a regular and timely basis, it could harm the Group's business.

The Group's sales cycle varies considerably and, given the limited operating history of the Group, it is difficult to present a typical sales cycle, but generally a sales cycle in the Group's Sustainable Industrial Water business line could last less than 12 months. In the Group's Clean Municipal Water business line, the Group has experienced sales cycles of 12 months or substantially more as municipal customers in Europe (and North America) generally require longer testing periods to test seasonal influences on performance, and that would require a longer period between pilot testing and adoption in large plants, often involving an intermediate step of a demo plant.

In order to make a sale, the Group must typically provide pilot systems and education to prospective customers regarding the use and benefits of the Group's product and its technology. Prospective customers often undertake a significant evaluation process, which may further extend the sales cycle. Once a customer makes a formal decision to purchase the Group's product, the fulfilment of the sales order by the Group requires a substantial amount of time. Currently, the Group believes the time between the entry into a sales contract with a customer and the supply of its products for a (new) full-scale installation can range from 2 to 6 months or more. Because of both the long sales and installation cycles, the Group may expend significant resources without having certainty of generating a sale.

The Group's operating expenses are based on anticipated sales levels, and many of the Group's expenses, other than those related to raw materials, are fixed. If the Group is unsuccessful in closing sales after expending significant resources, or if the Group experiences delays or cancellations, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's current operations are international in scope, and it plans further geographic expansion, creating a variety of operational challenges.

A component of the Group's growth strategy involves the further expansion of its operations and customer base internationally. In 2020, the Group launched 27 commercial pilot projects (14 in the Clean Municipal Water business line and 13 in the Sustainable Industrial Water business line). In the first quarter of 2021, the Group launched 15 pilot projects (7 in the Clean Municipal Water business line and 8 in the Sustainable Industrial Water business line). The countries in which the Group has launched pilot projects include Canada, Hungary, India, Indonesia, the Netherlands, Philippines, Spain, Sweden, Switzerland, Turkey and the United States. The Group's growth strategy includes the anticipated expansion of its sales in existing and new markets, such as India, Singapore and North America. The Group is continuing to adapt to and develop strategies to address international markets, but there can be no guarantee that such efforts will have the desired effect. For example, the Group anticipates that it will need to expand its international sales force and establish relationships with new partners in order to expand into the countries where the Group wants to conduct its business, and if the Group fails to identify, establish and maintain such relationships, it may be unable to execute its expansion plans. The Group expects that its international activities will continue to grow in the next few years as it continues to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources.

The Group's current and future international business and operations involve a variety of risks, some of which are outside of the Group's control, including:

- slower than anticipated dNF membrane technology adoption by international businesses and municipalities;
- difficulty controlling the application of the Group's solutions and the installation of pilot systems in distant or remote jurisdictions;
- changes in a specific country's or region's political, economic, or legal and regulatory environment, including pandemics, tariffs, trade wars or long-term environmental risks;
- the need to adapt and localise the Group's products and service offerings for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;

- unexpected changes in trade relations, regulations or laws;
- differing and potentially more onerous labour regulations;
- challenges relating to underdeveloped infrastructure or lack of qualified management or adequately trained customers and personnel in certain jurisdictions;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- increased travel, real estate, infrastructure and legal compliance costs associated with international operations;
- currency exchange rate fluctuations and the resulting effect on the Group's revenue and expenses, and the cost and risk of entering into hedging transactions if the Group choses to do so in the future;
- limitations on the Group's ability to reinvest earnings from operations in one country to fund the capital needs of its operations in other countries;
- laws and business practices favouring local competitors or general market preferences for local vendors;
- limited or insufficient intellectual property protection or difficulties obtaining, maintaining, protecting, or enforcing the Group's intellectual property rights, including trademarks and patents;
- difficulty enforcing contracts and ensuring adherence to the Group's compliance and ethical standards;
- political instability or terrorist activities;
- COVID-19 or any other pandemics or epidemics that could result in decreased economic activity in certain markets or in the Group's decreased ability to deliver and install its products, or otherwise to provide services, to existing or new customers in international markets;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the Foreign Corrupt Practices Act of 1977, as amended (FCPA), U.S. bribery laws, the UK Bribery Act and similar laws and regulations in other jurisdictions; and
- burdens of complying with laws and regulations related to taxation.

Moreover, there is no assurance that the Group will be able to accurately anticipate the level of demand for its products in new markets where the Group may seek to expand operations. The Group's expansion of operations in certain countries may also be limited for a period of time as a result of licensing or other commercial arrangements entered into by the Group. If the Group invests substantial time and resources to further expand its international operations and is unable to do so successfully and in a timely manner, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's international growth strategy may also make it more difficult for the Group to manage its growth effectively (see also "*—The Group may fail to manage its anticipated growth effectively, which could have a material adverse effect on its business, financial condition, results of operations and prospects*"), as conducting business on various continents generally imposes more challenges to effective growth management than conducting business in one country or a limited number of (neigbouring) countries.

The Group may fail to manage its anticipated growth effectively, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's current growth and future growth plans may make it difficult for the Group to efficiently operate its business, challenging the Group to effectively manage its capital expenditures and control its costs while it expands its operations to increases its revenue. If the Group experiences significant growth in orders, without improvements in automation and efficiency, it will require additional production capacity and the Group and some of its suppliers may need additional and capital intensive equipment. Any increase in production must include a scaling of quality control as the increase in production increases the possible impact of manufacturing defects. In addition, any growth in the volume of sales may outpace the Group's ability to engage sufficient and experienced personnel to manage the higher number of installations and to engage contractors to complete installations on a timely basis and in accordance with the Group's expectations and standards. Any failure by the Group to manage its growth effectively could materially adversely affect its business, financial condition, results of operations and prospects.

Any merger and acquisition activity may be unsuccessful.

The Group intends to use more than €40 million of the net proceeds of the Offer for M&A, if and when they become available. The Group targets a select number of regional or industry-specific platforms that may facilitate access to customers for its dNF technology in new regions or markets. This may include platforms that predominantly rely on conventional water treatment technologies, such as UF or RO. Suitable M&A candidates include, but are not limited to, targets that (i) offer new distribution opportunities for dNF; and/or (ii) are complementary with the Group from a geographical or market perspective; and/or (iii) have embedded ESG in their products and throughout their organisations, similar to the Group. M&A activity could necessarily leave the Group exposed, at least to some degree, to any operational failings of the target and potentially to overpaying for any such target. M&A, including the difficulties involved in integrating companies, businesses or assets, may divert financial and management resources from the Group's core business, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, the identification of suitable acquisition candidates is difficult, and the Group may not be able to complete such acquisitions on favourable terms, if at all. M&A may also involve regulatory approvals or require external financing on terms that are not acceptable to the Group, both of which may impact the ability to complete an M&A transaction. There can also be no assurance that acquired businesses will be fully integrated into the Group or that expected cost savings and revenue generation opportunities will be realised on time or at all. Furthermore, if the Group does complete future acquisitions, it may be subject to claims or liabilities assumed from an acquired target, product or technology, and any acquisitions the Group completes could be viewed negatively by customers, partners or investors. The Group has not historically engaged in complex transactions such as M&A, and may not have the required experience to successfully execute and implement such complex transactions. Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may need additional financing in the future, and such financing may not be available on favourable terms, or at all, and may be dilutive to shareholders.

Completion of the Offer provides the Group with immediately available equity capital for the medium-term to mainly advance and increase the Group's pilot systems, to scale-up the production of the Group's products, for research and development and expanding the capacity in terms of equipment and personnel, and for M&A if and when they become available. However, particularly given the early-stage character of the Group, it may need to seek additional financing in the future for general corporate purposes, and to implement its growth strategy for the longer-term. For example, additional funding may be needed to increase investment in product development activities or to make selective acquisitions and cooperation agreements. Furthermore, a significant delay in the intended addition of a new manufacturing facility in the Netherlands in the next two to three years could also mean that the approximate €40-50 million of the net proceeds of the Offer that the Group intends to use for this purpose is not sufficient to commence operations, in which case the Group may need additional financing, see also "—*If the Group experiences significant delays in the planned scale-up of its production and the build of its planned manufacturing facility, or if such facility were to become inoperable, the Group would be unable to produce sufficient products and its business would be harmed.*".

The Group may be unable to obtain desired additional financing on favourable terms or at all, including accessing the capital markets when it may be necessary or beneficial to do so, which could negatively impact its flexibility to react to changing economic and business conditions. For example, during periods when credit markets are volatile, lenders may fail or refuse to honour credit commitments and obligations, including but not limited to, extending credit up to the maximum permitted by a credit facility and otherwise accessing capital or honouring loan commitments. If lenders are unable to fund under loan commitments or the Group is otherwise unable to borrow, it could be difficult to replace such loan commitments on similar terms or at all. If adequate funds are not available on acceptable terms, the Group may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures, any of which could negatively affect the Group's business, financial condition and results of operation. In addition, if the Group raises additional funds through the issuance of equity securities, the Group's shareholders may experience dilution of their ownership interest. If the Group raises additional funds by issuing debt, it may become subject to additional limitations on its operations and ability to pay dividends due to additional restrictive covenants.

The Group's insurance coverage may be inadequate, may increase in cost and may not cover all risks or unexpected events.

The Group maintains insurance coverage for a number of risks, including product and environmental liability, property damage, intellectual property theft or infringement and business interruption. There is no guarantee that the Group's insurance policies will adequately cover these and other risks it may face. Some risks generally cannot be insured by the Group, such as (i) reputational risks because there are too many factors and variables involved for an insurer to value the reputation of the Group, (ii) regulatory risks because an insurer generally cannot predict the probability of regulatory changes and assigning a monetary value to the damage caused to the Group (if any) as a result of that change, or (iii) natural disasters, and for potential political instability risks of countries into which the Group may expand its international business, which are outside of the Group's control, insurance will not be available or may be available only at costs that are not economically viable. Some risks may, if these materialise, result in damages that cannot easily be measured or compensated, such as reputational harm. In addition, following a significant insurance claim or a history of claims, insurance premiums may increase or the terms and conditions of insurance coverage may become less favourable. Unfavourable policy changes may also occur as a result of general change in the insurance markets. There is no guarantee that the Group will be able to continue to obtain sufficient levels of insurance on economically viable terms. The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The deterioration of general macroeconomic conditions in the markets in which the Group is active may materially adversely affect the Group's business, financial condition, results of operations and prospects.

In addition to the operational impact that the COVID-19 pandemic has had and still has on global macroeconomic conditions which could expose the Group to changes in employment rates, inflation rates, interest rates, exchange rates and energy prices, increasing the Group's cost base or reducing revenue and adversely affecting the Group's financial performance, the Group's business and results of operation are affected by changes in the general macroeconomic conditions of the industries and markets in which its products are sold. See "*—The COVID-19 pandemic has had and may continue to have an adverse impact on the Group's business and operations and the markets in which the Group, its partners and its customers operate*".

Changes in general macroeconomic conditions, including constraints on the supply of credit, uncertainty and weakness in the labour market and general consumer fears of an economic downturn, directly impact consumer confidence and consumer spending as well as the general business climate and levels of business investment. It is difficult to predict changes in general macroeconomic conditions and how such changes may impact customer demand for the Group's products or those of its customers.

Fluctuations in global economic conditions have significantly affected economic markets in a wide variety of industries, including the industries in which the Group operates, in recent years. Similarly, negative economic factors could adversely impact levels of discretionary investments by industrial and commercial customers. In addition to overall reduced demand for the Group's products, an economic downturn or worsening of global economic conditions could result in disruptions in the supply of raw materials and components and customers delaying or even cancelling orders. Any such weakening of or deterioration in economic conditions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The COVID-19 pandemic has had and may continue to have an adverse impact on the Group's business and operations and the markets in which the Group, its partners and its customers operate.

A novel strain of coronavirus causing a disease referred to as COVID-19, identified in China in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 resulted in authorities, including those in the Netherlands and other countries in which the Group operates, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility in financial markets and significant worsening of the global, European and Dutch macroeconomic outlook.

In response to COVID-19, the Group implemented additional protective procedures, including equipping employees with sanitising equipment (e.g. disinfectants and hand sanitisers), implementing social distancing, staggering employees working hours as required to comply with restrictions and increasing the frequency of cleaning in the facilities. Any interruptions at the Group's manufacturing facilities as a result of COVID-19 in the future could result in interruptions to the Group's supply chains, its ability to conduct production activities and ultimately reduce the amount of products available for the Group to offer to its customers. The outbreak of COVID-19 has impacted and may impact the Group mainly due to (i) limitations in sales and marketing activities as there are generally no trade fairs, which are important to further commercialise the Group's products, (ii) the inability to be present at the start-up of pilot systems and full-scale projects, and (iii) customers facing cost savings and budget constraints, especially with regard to new technology, and as a consequence may choose to postpone a year or more. The Group believes that it has experienced one customer that has postponed the entering into of a demo-phase or full-scale installation phase after a pilot project due to such budget constraints and the Group has also rented some pilot systems free of charge due to customers' budget constraints or to speed up the implementation process of the pilot. Between 2019 and 2020, the global water and wastewater market declined by approximately 11.6% as a result of COVID-19 which led to budgetary constraints in the market for municipal applications (which declined by approximately 9.7% between 2019 and 2020) and partial shutdowns and cost saving programs in the industrial markets (which declined by approximately 17.8% between 2019 and 2020).[6]

The COVID-19 pandemic is ongoing and there is a risk of recurring outbreaks in affected countries, including the Netherlands and other countries in which the Group operates, and further mutations in the virus, which may prove difficult to contain. The long-term effects of the COVID-19 pandemic on the global economy are still unclear. The degree to which COVID-19 continues to impact the Group, its partners and customers will depend on future developments, including, but not limited to, further actions taken to contain the virus or treat its impact, the effectiveness and rate of deployment of vaccines, the extent and effectiveness of economic stimulus and the speed at which and to what extent normal economic and business activity can resume globally. If the Group's existing or potential customers experience slowdowns in their businesses or if governments and municipality companies face stringent budget constraints due to the consequences of COVID-19, or if they are otherwise negatively impacted by the COVID-19 pandemic or any resulting economic downturn, they may have reduced capital expenditure available, which may lead them to delay their projects to employ the Group's products. As a result, the Group may experience a lengthening of pilot system cycles or the loss of existing or potential customers. The Group may also experience disruptions to its growth objectives, including with respect to international expansion, or disruptions to its supply chain as a result of the ongoing COVID-19 pandemic.

Any of the foregoing factors, individually or in aggregate, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The medium- to long-term objectives included in this Prospectus may differ materially from the Group's actual results and investors should not place undue reliance on them.

The medium- to long-term objectives included in this Prospectus may differ materially from the Group's actual results and investors should not place undue reliance on them. The medium- to long-term objectives set forth in this Prospectus under "*Business—Medium- to Long-term Objectives*" and elsewhere are management's objectives for medium- to long-term revenue, production capacity, EBITDA and market penetration. These objectives are based upon a number of assumptions (including the success of the Group's business strategies), which are inherently subject to significant business, operational, economic and other risks, many of which are outside of the Group's control. Accordingly, such assumptions may change or may not

6 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.

materialise at all. The Group having a limited operating history and the fact that the Group is dependent upon the acceptance of its new technology and approach by customers and future partners increases the risk of the medium- to long-term objectives deviating materially from the Group's actual future results (see also "*—The Group has a limited operating history and the Group's nascent technology makes evaluating its business and future prospects difficult*" and "*—The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business*"). In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions relating to the medium- to long-term otherwise prove to be correct. As a result, the Group's actual results may vary materially from these objectives and investors should not place undue reliance on them.

The estimates of market opportunity and forecasts of market growth included in this Prospectus may prove to be inaccurate and, even if the market in which the Group competes achieves the forecasted growth, the Group's business could fail to grow at similar rates, if at all.

This Prospectus includes several estimates by the Group and third parties of the potential addressable market for water treatment and for the Group's products. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. In particular, estimates and forecasts relating to the size and expected growth of the market for alternative membrane products and the Group's ability to replace these products in certain applications may prove to be inaccurate. In addition, third-party estimates of the addressable market for filtration membranes reflect the opportunity available from all participants and potential participants in the market. Furthermore, unfavourable changes to laws and regulations in any jurisdiction in which the Group operates may prove the estimates of market opportunity and forecasts of market growth to be inaccurate (see also "*—The Group is subject to laws and regulations in the Netherlands and other jurisdictions in which it operates, and unfavourable changes or failure by the Group to comply with these regulations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*").

Any inaccuracies or errors in third-party estimates of market opportunity may cause the Group to misallocate capital and other business resources, which could divert resources from more valuable alternative projects and harm the Group's business.

The addressable market the Group estimates may not materialise for many years, if ever, and even if the markets in which it competes meet the size estimates and growth forecasts set out in this Prospectus, the Group business could fail to grow at similar rates, if at all. The Group's growth is subject to many factors, including its success in implementing its business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market size or growth included in this Prospectus should not be taken as indicative of the Group's future growth.

The Group is subject to the credit risk of its customers, suppliers and distributors.

The Group engages in sales and procurement transactions with its customers, suppliers and distributors and is therefore subject to the risk that one or more of these counterparties becomes insolvent or otherwise becomes unable to discharge its obligations to the Group. In particular, if one of the Group's customers were to experience financial difficulties or even insolvency, the Group may be unable to collect outstanding amounts payable to it, resulting in write-offs of such receivables. If the Group is unable to collect outstanding amounts of one of the Group's customers it is likely that resulting write-offs have a significant effect, as a substantial amount of the Group's gross income currently comes from and in the coming years could come from a relatively small number of customers (see also "*—The Group's business and strategy depends, in part, on significant customers and its relationship with OEMs*"). The Group does not maintain an allowance for doubtful accounts. As such, significant or recurring delays in receipt of payments, or incidents of bad debts, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group does not generate sufficient taxable income to utilise its net operating losses, the Group may need to (partly) derecognise its deferred tax assets relating to these net operating losses. As a consequence, the Group's financial position could be materially and adversely affected.

The Group's deferred tax assets are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. The Group's deferred tax assets mainly relate to net operating losses (tax losses) in the Netherlands.

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. The Management Board considered both negative and positive evidence in its evaluation of the probability that sufficient taxable profits will be available within the required period under Dutch enacted tax laws, see "*Operating and Financial Review—Critical Accounting Policies and Estimates and Forthcoming Changes—Deferred tax assets*". However, this evaluation requires significant management judgements and assumptions and are inherently uncertain. Although the Group believes its estimates are reasonable and form an appropriate basis for the recognition and measurement of its deferred tax assets, there is no assurance that this determination will not be materially different from what is reflected in the Group's statement of financial position. See also the risks reflected in "*The Group has a limited operating history and the Group's nascent technology makes evaluating its business and future prospects difficult*" because the Group is likely to incur ongoing operating losses if it would not be able to realise substantial revenue from the sale of its products and the risks reflected in "*The Group experienced losses in the past and it does not expect to be profitable in the next few years*" that sets out the number of factors on which the ability of the Group to achieve profitability will be dependent. If the Group would have to derecognise its deferred tax asset relating to its net operating losses because the Group does not generate sufficient taxable profit to utilise its net operating losses within the required period under Dutch enacted tax laws, the Group's financial position could be materially and adversely affected.

Legal, Regulatory and Environmental Risks

The Group'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.

Intellectual property rights are vital to the Group's business. Although the Group has taken many protective measures to protect its technologies and know-how, including patents, trade secrets, employee and third-party nondisclosure agreements, trademarks, copyright, limited access, segregation of knowledge (including on the particular set-up of the supply-chain and production process), password protections and other measures, policing the unauthorised use of proprietary technology can be difficult and expensive. Also, litigation may be necessary to enforce the Group's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others. Such litigation may result in the Group's intellectual property rights being challenged, limited in scope or declared invalid or unenforceable. The Group cannot be certain that the outcome of any litigation will be in its favor, and an adverse determination in any such litigation could impair its intellectual property rights and may harm the Group's business, prospects and reputation.

The Group relies on (i) multiple patents relating to the Group's dNF technology, (ii) trade secrets and trademark rights, and (iii) non-disclosure, confidentiality and other types of contractual restrictions to establish, maintain and enforce its intellectual property and proprietary rights. However, the rights of the Group under these laws and agreements may not fully protect the Group, and the actions the Group takes to establish, maintain and enforce its intellectual property rights may not be adequate. For example, the Group's trade secrets and other confidential information could be disclosed in an unauthorised manner to third parties, the Group's owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated or the intellectual property rights of the Group may not be sufficient to provide it with a competitive advantage. Any successful challenge to any of the Group's intellectual property rights could deprive the Group of rights necessary for the successful commercialisation of its products or any technology relating thereto (including the dNF technology). Patent prosecution process is expensive and time consuming, and the Group may not file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions where protection may be commercially advantageous. It is also possible that the Group fails to identify patentable aspects of its research and development output before it is too late to obtain patent protection. In addition, the laws of some countries do not protect proprietary rights as fully as Dutch law does. As a result, the Group may not be able to protect its proprietary rights adequately abroad. Furthermore, intellectual property rights can be limited in time. Each of the Group's current patents provide protection against infringement of the technology patented by such patent for 20 years after the filing date of the respective patent application with the relevant patent office. Any of the above, individually or in aggregate, could have a material adverse effect on the Group's business, financial condition, results of operation or prospects.

The Group's pending or future patent applications may not result in granted patents, which may have a material adverse effect on the ability of the Group to prevent others from commercially exploiting products similar to the products of the Group.

The Group cannot be certain that its pending or future patent applications will result in granted patents. If another party has filed a patent application pertaining to the same subject matter as the Group has, the Group may not be entitled to the protection sought by its patent application. Patent applications in the Netherlands and many other European jurisdictions are typically not published until several months after filing and the Group cannot be certain that it was the first to make the inventions claimed in any of the Group's owned granted patents or pending patent applications, or that the Group was the first to file for protection of the inventions set forth in its patents or patent applications. As a result, the Group may not be able to obtain or maintain protection for all of its inventions and may face similar risks in other jurisdictions should the Group expand its operations.

Furthermore, the status of patents involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, the Group cannot be certain that the patent applications that it files will result in patents being issued, or that any patents that may be issued to the Group in the future will afford protection against competitors with similar technology. In addition, patent applications filed in foreign countries are subject to laws, rules, and procedures that differ from those of the Netherlands, and thus the Group cannot be certain that foreign patent applications related to issued Dutch patents will be issued in other regions. Furthermore, even if these patent applications are accepted and the associated patents issued, some foreign countries provide significantly less effective patent enforcement than in the Netherlands.

In addition, patents issued to the Group may be infringed upon or designed around by others and others may obtain patents that the Group needs to license or design around, either of which would increase costs and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be unsuccessful in adequately protecting its technological know-how that is not covered by intellectual property registration.

The Group relies on technology, know-how, and business and trade secrets, some of which the Group believes cannot be adequately protected through registered intellectual property rights. Consequently, there is a risk that third parties, in particular competitors, may copy such technology and know-how or develop it independently and later challenge the Group's use of it, especially considering that technology is constantly evolving and that the Group's competitors are engaged in significant research and development work on products that are aimed at competing with the Group's products (see also "*—Technology is constantly evolving and the Group must successfully develop, manufacture and market products that improve upon existing technologies in order to achieve acceptance and remain competitive*"). In addition, employees who, in the course of their employment with the Group, have access to important proprietary information which may or may not be protected by intellectual property rights may leave to go work for a competitor. Although the Group relies on various confidentiality agreements and technical precautions to protect its technology, know-how and other proprietary information, there is no guarantee that these agreements and precautions or the Group's ability to enforce its contractual rights, will provide sufficient protection in the case of any unauthorised access or use, misappropriation or disclosure of such information. Defending against any unauthorised access or use, misappropriation or disclosure of the Group's technology, knowhow, and other proprietary information may result in lengthy and costly litigation or administrative proceedings and may cause significant disruption to the business and operations of the Group. If the Group is unable to protect or effectively enforce its proprietary technology and information, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may need to defend itself against claims that the Group infringes, has misappropriated or otherwise violates the intellectual property rights of others, which may be time-consuming and would cause the Group to incur substantial costs.

Companies, organisations, or individuals, including the Group's competitors, may hold or obtain patents, trademarks, or other proprietary rights that they may in the future believe are infringed by the Group's products. Although the Group is not currently subject to any claims related to intellectual property, these companies holding patents or other intellectual property rights (including know-how) allegedly relating to the Group's technologies could, in the future, make claims or bring suits alleging infringement, misappropriation, or other violations of such rights, or otherwise asserting their rights and seeking licenses or injunctions. The Group also generally indemnifies its customers against claims that the products it supplies infringe, misappropriate, or otherwise violate third party intellectual property rights, and the Group may therefore be required to defend its customers against such claims. If a claim is successfully brought in the future and the Group or the Group's products are determined to have infringed, misappropriated, or otherwise violated a third party's intellectual property rights, the Group may be required to do one or more of the following:

- cease selling or using the Group's products that incorporate the asserted intellectual property;
- pay substantial damages (including treble damages and attorneys' fees if the Group's infringement is determined to be wilful);
- obtain a license from the holder of the intellectual property right, which license may not be available on reasonable terms or at all; or
- redesign one or more aspects of its products or means of production, which may not be possible or cost-effective.

Any of the foregoing could adversely affect the Group's business, prospects, operating results and financial condition. In addition, any litigation or claims, whether or not valid, could harm the Group's reputation, result in substantial costs, and divert resources and management attention.

The Group also licenses technology from third parties, and incorporate components and raw materials supplied by third parties into its products. The Group may face claims that the use of such technology or components infringes or otherwise violates the rights of others, which would subject the Group to the risks described above. The Group may seek indemnification from its licensors or suppliers under its contracts with them, but its rights to indemnification or its suppliers' resources may be unavailable or insufficient to cover its costs and losses.

The Group is exposed to risks associated with product liability, warranties, recall claims or other lawsuits or claims that may be brought against it.

The Group is exposed to product liability and warranty claims, as well as reputational damage, in the normal course of business in the event that (i) its products fail or allegedly fail to perform as expected or otherwise do not conform to the product's specifications or the expectations of its customers or (ii) the use of the Group's products results, or is alleged to result, in property damage.

Furthermore, the Group may become subject to other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contract (such as delivery delays) or fines imposed by government or regulatory authorities in relation to its products and its operations. Any such lawsuits, proceedings and other claims could result in significant increased costs, including costs to defend against these claims and/or make payments to compensate for damages. In addition, under certain circumstances, any such issues could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a recall requiring the repair or replacement of the Group's products or even a prohibition of future sales. The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured to the extent the Group considers economically reasonable, but the insurance coverage could prove insufficient in individual cases (see also "*—The Group's insurance coverage may be inadequate, may increase in cost and may not cover all risks or unexpected events*"). Any such product liability or warranty issues may damage the Group's reputation as a provider of high quality, technologically advanced and safe products and place a significant strain on management and divert management's attention from other business concerns. Any litigation or complaints and any adverse publicity surrounding such allegations or actions could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The success of the Group is dependent on approvals of its products.

The Group's products and the quality of the treated water at a particular site are generally subject to oversight and regulation in accordance with national and local laws relating to safety, environmental protection and related matters, and typically requires various local and other governmental approvals and permits, including environmental approvals, certificates and permits, that vary by jurisdiction. For example, in the Netherlands, the Group has a certificate from Kiwa, which has introduced a new quality mark for products in direct contact with drinking water and in other jurisdictions in which the Group operates, the Group has similar certifications, namely NSF61 (an international certificate) and KTW (for Germany) see also "*Business—Certificates for drinking water*". Furthermore, although the Group has no reason to believe that such certificates will not be granted, the Group believes that the ACS (for France) and DWI (for the United Kingdom) certificates are necessary to roll-out part of its current business plan, which includes potential opportunities relating to drinking water applications in France and the United Kingdom. The Group also uses raw materials, including polymers such as PES, PVC and epoxy, that are in direct contact with water and need to be certified. Generally, these approvals, certificates and permits require periodic renewal. It is difficult and costly to track the requirements of every individual authority having jurisdiction over the Group's products, to design the Group's products to comply with these varying standards and to obtain all applicable approvals and permits. The Group cannot predict whether or when all permits required for a given project will be granted or whether the conditions associated with the permits will be achievable. The denial of a permit essential to a project or the imposition of impractical conditions would impair the Group's ability to develop the project. In addition, the Group cannot predict whether the permitting process will be lengthened due to complexities and appeals. Delay in the review and permitting process for a project can impair or delay the Group's and customers' abilities to develop that project or increase the cost so substantially that the project is no longer attractive to the Group or its customers. Furthermore, unforeseen delays in the review and permitting process could delay the timing of the installation of the Group's products and could therefore adversely affect the timing of the recognition of revenue related to the installation, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be subject to risks from future legal, administrative and arbitration proceedings.

The Group could be involved from time to time in various legal, administrative and arbitration proceedings related to products, patents, trademarks and other matters incidental to its business and could become involved in additional legal, administrative and arbitration proceedings in the future. For example, suppliers, customers, business partners or employees may claim ownership of certain intellectual property rights developed by the Group based on the Group's contractual relationship with such party. These proceedings or potential proceedings could involve claims for damages in substantial amounts or other payments. Litigation costs could also be significant. Based on a judgment or a settlement agreement, the Group could be obligated to pay substantial damages and contractual penalties. In addition, such judgments or settlement agreements could lead to injunctions against the Group or one of its subsidiaries, which may result in significant restriction and disruption to the Group's business operations and lost sales revenue. Although historically the Group has not been involved in any legal proceedings that had a significant impact on its business in recent years, the Group cannot guarantee that there will be no such proceedings in the future. Further, litigation proceedings may be more commonly initiated in other countries. Claims and allegations in relation to the Group's products and systems, should they become public, could also lead to adverse publicity and need not be well founded, true or successful to have a negative impact on the Group's reputation. In addition, any claims or proceedings may place significant strain on management and divert management's attention from other business concerns. If any of these factors were to materialise, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to laws and regulations in the Netherlands and other jurisdictions in which it operates, and unfavourable changes or failure by the Group to comply with these regulations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group and its products and business operations are subject to a broad range of local, national and multi-national laws and regulations in the Netherlands and other jurisdictions in which it operates and markets its products. For instance, extensive environmental and product stewardship legislation applies to the Group's products and the components and parts used in manufacturing these products. Such legislation includes, inter alia, safety requirements, information requirements and requirements relating to the hazardous properties of substances used. The Group is particularly subject to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (**REACH**), a regulation of the European Union adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals. Under REACH, the Group has to demonstrate to the European Chemicals Agency how the substances used by the Group can be safely used. Furthermore, the Group's production facilities each qualify as a facility (*inrichting*) under the Dutch Environmental Management Act (*Wet milieubeheer*) and need to comply with strict environmental rules in the Activities Decree (*Activiteitenbesluit*).

The Group's business operations must therefore comply with laws and regulations relating to, inter alia, the protection of natural resources, the management of hazardous substances and wastes, air emissions, water discharges, the use, management, storage, treatment, transportation and disposal of waste and by-products, the protection and restoration of plants, wildlife and natural resources, the investigation and remediation of contaminated property, public and workplace health and safety (such as rules regarding the handling of carcinogenic substances or rules governing the use of protection equipment) and data protection. Many new laws and amendments, as well as amendments to existing ones, have become more stringent, particularly in the European Union. The Group may incur additional costs to ensure that it operates its business and supplies products and systems that comply with applicable laws and regulations, and any failure to comply with such laws and regulations may lead to fines, penalties or claims, injunctions which may lead to disruptions of the Group's business, or harm the Group's reputation, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A failure to comply with data protection and privacy laws could harm the Group's reputation and give rise to fines.

The Group is subject to a number of evolving laws and regulations relating to privacy and data protection, including, in particular, the General Data Protection Regulation (Regulation (EU) 2016/679) (**GDPR**) and the European Directive 2002/58/EC, also known as the "e-privacy Directive", as implemented into local Dutch laws. Such laws govern the Group's ability to collect, use and transfer personal data, including relating to its customers and third-party suppliers, as well as any such data relating to its employees and others. GDPR contains, among other things, high accountability standards for data controllers, strict requirements for providing information notices to individuals, restrictions on the collection and use of sensitive personal data, compulsory data protection impact assessments of certain processing operations, and maintaining an internal register and mandatory notification of data security breaches. Additional requirements on the content of data processing agreements could require updating current arrangements.

Any failure to comply with data protection laws may lead to fines for non-compliance of up to 4 percent of an organisation's worldwide annual turnover or €20 million (whichever is higher) or harm the Group's reputation. In addition, data security breaches may lead to unlawful use of personal data for which the Group may be responsible and consequently to notification obligations towards data protection authorities or affected individuals which may result in damage to the Group's reputation, fines from data protection authorities and claims from individuals. Evolving laws and regulations in the Netherlands and other countries in which the Group operates may result in more stringent data protection obligations and a higher compliance burden. Any failure to comply with these laws and regulations may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Changes in tax treaties, laws, rules or interpretations or the outcome of tax audits could have a material adverse effect on the Group.

The tax laws and regulations in the jurisdictions in which the Group operates may be subject to change. New tax laws or regulations may be introduced by competent authorities with or without retrospective effect and there may be changes in the interpretation and enforcement of such tax laws or regulations. As a result, the Group may face increases in taxes payable, for example, if tax rates increase, if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities, with or without retrospective effect.

In addition, tax authorities in the relevant jurisdictions may periodically examine the Group. Tax audits for periods not yet reviewed may consequently lead to higher tax assessments (plus accrued interest and penalties). Any additional taxes or other sums that become due may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks Relating to the Structure of the Company

Immediately after Settlement, Infestos will continue to be in a position to exert substantial influence on the Company, and the interests pursued by Infestos could differ from the interests of the Company's other Ordinary Shareholders.

Immediately after Settlement, Infestos will be the Company's largest Shareholder with a holding of approximately 56.6% of the Company's issued and outstanding share capital (assuming an Offer Price at the bottom of the Offer Price Range, completion of the Infestos Cornerstone Investment and full placement of the Offer Shares and full exercise of the Over-Allotment Option). As a result, Infestos will continue to be able to exert substantial influence or potentially control matters requiring approval by the general meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the physical meeting of the holders of Ordinary Shares (the **Ordinary Shareholders**) of the Company (the **General Meeting**), and may vote their Ordinary Shares in a way with which other Ordinary Shareholders do not agree.

Moreover, pursuant to the relationship agreement between Infestos, the STAK and the Company dated 8 June 2021 (the **Relationship Agreement**), which will become effective as of the First Trading Date, Infestos will have the right to designate for nomination, and propose replacements for, two Supervisory Directors on the Supervisory Board (the **Supervisory Board** and each member thereof, a **Supervisory Director**). Initially, one out of three Supervisory Directors will be a representative of Infestos: Mr John Glorie. For more information on the Relationship Agreement, see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement*". In addition, these Supervisory Directors may, from time to time, hold investments in Infestos or other members of their group of companies (other than the Group). Since the interests of Infestos do not have to be aligned with the interests of the Company, a conflict of interest might arise with respect to such Supervisory Directors. In their capacity as Supervisory Director their primary duty is to supervise the Management Board's policy and the general course of affairs in the Company and the business affiliated with the Company. A conflict of interest between the Company and a Supervisory Director could arise where a decision that aims to contribute to the long-term and sustainable success of the Group would impact the (short-term) share price of the Ordinary Shares and thus the (indirect) shareholding of the Supervisory Director. Also, they may be more inclined to agree or express themselves in a positive manner in relation to advice or consultancy services provided by Infestos than the other, independent, Supervisory Directors that are not affiliated with Infestos. For more information on such potential conflicts, see "*Management, Employees and Corporate Governance—Supervisory Board—Conflict of Interest*" and "*Management, Employees and Corporate Governance—Potential Conflicts of Interest and Other Information*".

Therefore, in combination with their large shareholding, Infestos will continue to be in a position to exert substantial influence on the General Meeting and, consequently, on matters decided by the General Meeting pursuant to the Company's articles of association as they will become effective on the First Trading Date (the **Articles of Association**), including the appointment of Supervisory Directors, the distribution of dividends, the amendment of the Articles of Association or any proposed capital increase. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of the Group that might otherwise be in the interest of the other Ordinary Shareholders, or otherwise result in an opportunity for the other Ordinary Shareholders to sell the Ordinary Shares at a premium to the then prevailing market price. Furthermore, the concentration of ownership could materially adversely affect the trading volume and market price of the Ordinary Shares. This could be the case if investors determine that the Ordinary Shares are not as attractive due to high concentration of ownership and degree of influence by Infestos, as a result of which demand for the Ordinary Shares may go down.

In addition, Infestos and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete with the Group. That may lead to a conflict of interest, because Infestos and its affiliates may also pursue acquisition opportunities that could be complementary to the Group's business and, as a result, such acquisition opportunities may not be available to the Group.

If the Company is classified as a passive foreign investment company for U.S. federal income tax purposes, U.S. investors that hold the Company's shares could be subject to potentially significant adverse tax consequences.

If the Company is classified as a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes in any taxable year, U.S. investors holding the Ordinary Shares generally will be subject, in that taxable year and all subsequent taxable years (whether or not the Company continued to be a PFIC), to certain adverse U.S. federal income tax consequences, which could be significant, including increased tax liability on gains from dispositions of the Ordinary Shares and certain distributions and a requirement to file annual reports with the U.S. Internal Revenue Service (the **IRS**). The Company will be classified as a PFIC in respect of any taxable year in which, after taking into account its income and gross assets, including the income and assets of 25% or more owned subsidiaries, either (i) 75% or more of its gross income consists of certain types of "passive income" or (ii) 50% or more of the average quarterly value of its assets is attributable to "passive assets" (assets that produce or are held for the production of passive income). Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Cash, for this purpose, is characterised as a passive income-producing asset. PFIC status is a factual determination that needs to be made annually after the close of each taxable year, on the basis of the composition of the Company's income, the relative value of its active and passive assets, and its market capitalization. For this purpose, the Company's PFIC status depends in part on the application of complex rules, which may be subject to differing interpretations, relating to the classification of the Company's income and assets. Based on the Company's interpretation of the law, its recent financial statements, and taking into account expectations about its income, assets and activities, the Company believes that it was not a PFIC for the taxable year ended 31 December 2020 and does not expect that it will be a PFIC for the current year or for any future taxable year, but there is a risk that the Company could, and no assurance can be given that the Company will not, be a PFIC for any taxable year.

In particular, because (i) the Company currently owns, and will own after the completion of the Settlement, a substantial amount of passive assets, including cash, (ii) the values of the Company's assets, including intangible assets, are uncertain and may vary substantially over time, and (iii) the interpretation of the law relating to PFIC status is not clear in all respects, the Company cannot provide assurances as to whether it will be classified as a PFIC. See "*Taxation—Certain United States Federal Income Tax Consequences—PFIC Status of the Company*".

Risks Relating to the Ordinary Shares

Future offerings of debt or equity securities by the Company, or the perception thereof, may adversely affect the market price of the Ordinary Shares and any future issuances of Ordinary Shares may dilute investors' shareholdings.

Pursuant to a resolution adopted by the General Meeting, the Board has been authorised to issue Ordinary Shares or grant rights to subscribe for Ordinary Shares for a period of three years following the Settlement Date and to limit or exclude the pre-emptive rights pertaining to such Ordinary Shares and rights. This authorisation of the Board has been limited to a maximum of 20% of the number of Ordinary Shares issued immediately following the Settlement Date.

The Company may in the future, subject to the lock-up arrangements in the Underwriting Agreement (as defined below), seek to raise capital through public or private debt or equity financings by issuing additional Ordinary Shares, debt or equity securities convertible into Ordinary Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding Ordinary Shares. In addition, the Company may in the future seek to issue additional Ordinary Shares as stock dividend or as consideration for or otherwise in connection with the acquisition of new businesses. Furthermore, the Company may issue new Ordinary Shares or grant rights to subscribe for Ordinary Shares in connection with the establishment of employee share participation or stock option plans. The issuance of any additional Ordinary Shares may dilute an investor's shareholding interest in the Company.

Furthermore, any additional debt or equity financing the Company may need may not be available on terms favourable to the Company or at all, especially within the current early-stage of the Group (see also "*—The Group may need additional financing in the future, and such financing may not be available on favourable terms, or at all, and may be dilutive to shareholders*"), which could materially adversely affect its future plans and the market price of the Ordinary Shares. Any additional offering or issuance of Ordinary Shares by the Company, or the perception that an offering or issuance may occur, could also have a negative impact on the market price of the Ordinary Shares and could increase the volatility in the market price of the Ordinary Shares.

Future sales or the possibility of future sales of a substantial number of Ordinary Shares by Infestos may adversely affect the market price of the Ordinary Shares.

The Company and Infestos have agreed with the Underwriters, pursuant to an underwriting agreement entered into on the date of this Prospectus (the **Underwriting Agreement**), to restrictions on their ability to issue, sell or transfer Ordinary Shares or interests therein for a period ending 180 days after the Settlement Date. In addition, each of the managing directors of the Company (the **Managing Directors**) and the Company's Financial Manager (as defined below) has agreed to a lock-up in respect of the depository receipts for Ordinary Shares that they hold for a period ending three years after the Settlement Date (where every year one-third will be released from the lock-up restrictions as set out in "*Plan of Distribution—Lock-up Arrangements—Senior Management Lock-up*". After the expiration of the applicable lock-up period, Infestos and the Managing Directors may sell or effect a sale, as the case may be, their Ordinary Shares or their depository receipts, or the Company may issue Ordinary Shares or securities linked to them. In addition, the Joint Global Coordinators have full discretion to waive the lock-up in connection with Infestos and the Company at any time before its expiry. This could also result in Infestos or the Company selling or issuing Ordinary Shares before expiry of the applicable lock-up periods. In addition, there could also be a perception in the market that such sales could occur due to the expiry of the relevant lock-up period or its waiver. For further information on such lock-up arrangements, see "*Plan of Distribution—Lock-up Arrangements*".

The market price of the Ordinary Shares could decline if, following the Offer and after the expiration of the lock-up period, a substantial number of Ordinary Shares are sold by Infestos, in the public market or if there is a perception that such sales could occur. Furthermore, a sale of depository receipts for Ordinary Shares by any Managing Director could be perceived as a lack of confidence in the performance and prospects of the Group and could cause the market price of the Ordinary Shares to decline. In addition, any such sales could make it more difficult for the Company to raise capital through the issuance of equity securities in the future.

Ordinary Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.

In the event of an increase in the Company's share capital, Ordinary Shareholders are generally entitled to full pre-emptive rights unless these rights are limited or excluded either by virtue of Dutch law, by a resolution of the General Meeting or by a resolution of the Management Board (if the Management Board has been designated by the General Meeting or the Articles of Association for this purpose). The Management Board will be designated by the General Meeting prior to Settlement for a period of three years following Settlement to limit or exclude pre-emptive rights subject to limits as set out in this Prospectus. However, certain Ordinary Shareholders outside the Netherlands may not be able to exercise pre-emptive rights, and therefore could suffer dilution, unless local securities laws have been complied with.

In particular, Ordinary Shareholders in certain other countries, including the United States, may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless the Company complies with local requirements, or in the case of the United States, unless a registration statement under the U.S. Securities Act is effective with respect to such rights and the Ordinary Shares or an exemption from the registration requirements is available. In such cases, Ordinary Shareholders resident in such non-Dutch jurisdictions may experience a dilution of their holding of Ordinary Shares, possibly without such dilution being offset by any compensation received in exchange for subscription rights. The Company will evaluate at the time of any issue of Ordinary Shares subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with compliance with any such local laws or any such registration statement, as well as the indirect benefits to it of enabling the exercise of such holders of their pre-emptive rights to Ordinary Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to comply with such local laws or file a registration statement. The Company cannot assure investors that any steps will be taken to enable the exercise of such holders' pre-emptive rights or participation in a rights offer.

If securities or industry analysts do not publish research or reports about the Company's business or industry, or if such analysts (if any) change their recommendations regarding the Ordinary Shares adversely, the market price and trading volumes of the Ordinary Shares could decline.

The trading market for the Ordinary Shares will be influenced by the research and reports that securities or industry analysts publish about the Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the Group's business or industry, the Group could lose visibility in the financial markets, which could cause the market price or trading volume of the Ordinary Shares to decline. Also, if one or more of the analysts covering the Group's business or industry recommends selling Ordinary Shares, or if negative research is published on the industry or geographic markets the Group serves, the market price of the Ordinary Shares could decline.

Risks Relating to the Offer and the Offer Shares

There is currently no public trading market for the Ordinary Shares and there is a risk that no active and liquid market for the Ordinary Shares will develop and that the price of the Ordinary Shares may be volatile.

Until trading on Euronext Amsterdam commences on an "as-if-and-when-issued/delivered" basis, which is expected on 11 June 2021, but is subject to acceleration, extension and pricing and Settlement taking place, there is no public trading market for the Ordinary Shares. There can be no assurance that an active trading market for the Ordinary Shares will develop after the Offer or, if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could negatively affect the liquidity and price of the Ordinary Shares, as well as increase their price volatility. Investors may not be in a position to sell their Ordinary Shares quickly or at the market price if there is no active trading in Ordinary Shares. In addition, an illiquid market for the Ordinary Shares may result in lower market prices and increased volatility, which could materially adversely affect the value of an investment in the Ordinary Shares.

The Offer Price may not be indicative of the market price for the Ordinary Shares after the Offer has completed. The market price of the Ordinary Shares could also fluctuate substantially due to various factors, some of which could be specific to the Company and its operations and some of which could be related to the industry in which the Company operates or equity markets generally. As a result of these and other factors mentioned in this "*Risk Factors*" section, the Ordinary Shares may trade at prices significantly below the Offer Price. The Company cannot assure that the market price of the Ordinary Shares will not decline, or that the Ordinary Shares will not trade at prices significantly below the Offer Price, regardless of the Company's actual performance.

IMPORTANT INFORMATION

General

This Prospectus has been approved by the AFM, as competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the issuer or the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares. This Prospectus is dated 8 June 2021.

This Prospectus shall be valid for admissions to trading on a regulated market only by the Company for a period of up to 12 months after its approval by the AFM, provided that it is completed by any supplement if required pursuant to Article 23 of the Prospectus Regulation, and shall expire on 8 June 2022, at the latest. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies (see "—*Supplements*") shall cease to apply upon the earlier of: (i) the First Trading Date; or (ii) the expiry of the validity period of this Prospectus.

The AFM has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus and the Company. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

Prospective investors should only rely on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the Prospectus Regulation, and therefore prospective investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Admission and/or the Offer, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, Infestos, the Underwriters, the Listing and Paying Agent or any of their respective affiliates or representatives. Neither the delivery of this Prospectus nor any issuance or sale of Ordinary Shares made under it at any time after the date of this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time since such date.

Prospective investors are expressly advised that an investment in Ordinary Shares entails risks and that they should therefore carefully read and review the entire Prospectus. Prospective investors should not just rely on key information or information summarised within this Prospectus. Prospective investors should, in particular, read the section entitled "*Risk Factors*" when considering an investment in the Ordinary Shares. A prospective investor should not invest in Ordinary Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Ordinary Shares will perform under changing conditions, the resulting effects on the value of the Ordinary Shares and the impact this investment will have on the prospective investor's overall investment portfolio. Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, subscription, ownership and disposal of the Ordinary Shares.

The content of this Prospectus should not be construed or interpreted as business, legal or tax advice. This Prospectus should not be considered as a recommendation by any of the Company, Infestos, the Senior Management, the Supervisory Directors, the Underwriters, the Listing and Paying Agent or any of their respective representatives that any recipient of this Prospectus should purchase, or subscribe for, any Ordinary Shares. None of the Company, Infestos, the Underwriters, the Listing and Paying Agent or any of their respective representatives is making any representation to any prospective investor regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws and regulations applicable to such prospective investor. Prospective investors should consult their own professional advisers before making any investment decision with regard to the Ordinary Shares to, among other things, consider such investment decision in light of their personal circumstances and in order to determine whether or not such prospective investor is eligible to purchase, or subscribe for, Ordinary Shares. In making an investment decision, prospective investors must rely on their own analysis, enquiry and examination of the Company, the Ordinary Shares and the Offer, including the merits and risks involved.

No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by, or on behalf of, any of the Underwriters, the Listing and Paying Agent or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person, as to the accuracy, fairness, verification or completeness of the information or opinions contained in this Prospectus, or incorporated by reference in it, and nothing in this Prospectus, or incorporated by reference in it, is, or shall be relied upon as, a promise or representation by any of the Underwriters, the Listing and Paying Agent or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person, as to the past or future. None of the Underwriters, the Listing and Paying Agent or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person in any of their respective capacities in connection with the Admission and/or the Offer, accepts any responsibility whatsoever for the contents of this Prospectus or for any other statements made or purported to be made by either itself, or on its behalf, in connection with the Company, the Group, the Admission, the Offer or the Ordinary Shares. Accordingly, each of the Underwriters, the Listing and Paying Agent and their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person disclaim, to the fullest extent permitted by applicable laws and regulations, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offer and each of the Underwriters has or might enter into a financing or other arrangement with the Company, this should not be considered as a recommendation by any of them to invest in Ordinary Shares.

Each of the Underwriters, the Listing and Paying Agent is acting exclusively for the Company and no one else in connection with the Admission and/or the Offer. None of them will regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Admission or the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for giving advice in relation to the Admission, the Offer or any transaction or arrangement referred to in this Prospectus.

The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions other than the Netherlands and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions.

This Prospectus may not be used for, or in connection with, and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. No action has been taken or will be taken in any jurisdiction outside of the Netherlands by the Company or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any other jurisdiction than the Netherlands where action for that purpose is required. None of the Company, Infestos, the Management Board, any of the Underwriters, the Listing and Paying Agent accepts any responsibility for any violation by any person, whether or not such person is a prospective investor in the Offer Shares, of any of these restrictions. See "*Selling and Transfer Restrictions*" for further information on these restrictions.

Each of the Company and the Underwriters reserves the right in their own absolute discretion to reject any application to purchase, or subscribe for, Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

Each person receiving this Prospectus acknowledges that: (i) such person has not relied on an Underwriter or any person affiliated with an Underwriter in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; (ii) it has relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Underwriters.

In connection with the Offer, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Offer as a principal position and, in that capacity, may retain, purchase, subscribe for, or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, each of the Underwriters and any of their affiliates may enter into financing arrangements (including contracts for differences, swaps or warrants) with investors in connection with which each of the Underwriters and any of their affiliates may from time to time acquire, hold or dispose of Offer Shares. None of the Underwriters or their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Responsibility Statement

This Prospectus is made available by the Company, and the Company accepts full responsibility for the accuracy of the information contained in this Prospectus. The Company declares that to the best of its knowledge the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Presentation of Financial and Other Information

Historical Financial Data

Unless otherwise indicated, the financial information contained in this Prospectus has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS**) for the financial years 2020 and 2019 and in accordance with Dutch Generally Accepted Accounting Principles (**Dutch GAAP**) for the financial years 2019 and 2018.

This Prospectus contains (a) the consolidated statement of financial position as at 31 December 2020 and 31 December 2019; (b) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended 31 December 2020 and 31 December 2019 and (c) the notes, comprising a summary of significant accounting policies and other explanatory information (the **Consolidated Financial Statements**), which are included on page F-1 and following of this Prospectus.

The Consolidated Financial Statements should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The Consolidated Financial Statements are prepared for the purposes of the Offer and present the historical financial information of the Group in the format that it intends to report its financial results in the future beginning with the publication of the Group's statutory consolidated financial statements for the financial year 2021.

The financial information as at and for the year ended 31 December 2019 and 31 December 2018 in the audited financial statements (*jaarrekening*) has been prepared on the basis of the Dutch GAAP (the **Dutch GAAP Financial Statements**).

The Consolidated Financial Statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers Accountants N.V., an independent registered public audit firm located at Thomas R. Malthusstraat 5, 1066 JR, Amsterdam, the Netherlands (**PwC**). The auditor signing the auditor's report on behalf of PwC is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The Consolidated Financial Statements should be read in conjunction with the accompanying notes thereto and PwC's auditor's report thereon.

The Dutch GAAP Financial Statements have been audited by Eshuis Registeraccountants B.V., an independent registered audit firm located at Twentepoort Oost 14 A 7609 RG Almelo, the Netherlands (**Eshuis**). The auditor signing the auditor's report on behalf of Eshuis is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

Non-IFRS Measures

This Prospectus contains non-IFRS financial measures (**Non-IFRS Measures**), which are not recognised, liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures. These Non-IFRS Measures are presented in addition to the figures that are prepared in accordance with IFRS and include EBITDA, EBITDA margin and net debt (each as defined below).

The Group provides Non-IFRS Measures and other information because the Group believes that they provide investors with additional information to measure the operating performance of the Group. The Group's use of Non-IFRS Measures may vary significantly from the use of other companies in its industry. The measures used should not be considered as an alternative to profit (loss), revenue or any other performance measure derived in accordance with IFRS or to net cash provided by operating activities as a measure of liquidity. Non-IFRS Measures have limitations as analytical tools over and above the limitations of any IFRS performance measures and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under IFRS. Such Non-IFRS Measures may include or exclude amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. In particular, other companies in the industry may define Non-IFRS Measures, used herein, differently, which may make it difficult to compare the performance of those entities to the Group's performance based on similarly named measures. In addition, the exclusion of certain items from Non-IFRS Measures does not imply that these items are necessarily non-recurring. From time to time, the Group may exclude additional items if it believes doing so would result in a more transparent and comparable disclosure.

Non-IFRS Measures should be considered in conjunction with the Consolidated Financial Statements prepared in accordance with IFRS. Although certain of these measures have been extracted or derived from the Consolidated Financial Statements, this data has not been audited or reviewed by the Group's independent auditors. The following discussion provides definitions of Non-IFRS Measures. For reconciliations of these Non-IFRS Measures to their most directly comparable IFRS measures, see "*Selected Financial and Other Information—Non-IFRS Financial Information*".

EBITDA

The Group defines EBITDA as earnings before interest, taxes, depreciation and amortisation.

EBITDA margin

The Group defines EBITDA margin as EBITDA as a percentage of revenue for the relevant period.

Net debt

The Group defines net debt as the sum of lease liabilities and bank overdraft less cash and cash equivalents.

Working capital

The Group defines working capital as "Inventories" plus "Trade and other receivables" less "Trade and other payables" less "current lease liabilities", each as shown in the Consolidated Financial Statements.

Rounding and Negative Amounts

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

In preparing the financial information included in this Prospectus, most numerical figures are presented in millions or thousands of euro. For the convenience of the reader of this Prospectus, certain numerical figures in this Prospectus are rounded to the nearest million. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

The percentages (as a percentage of revenue and period-on-period percentage changes) presented in the textual financial disclosure in this Prospectus are derived directly from the financial information included elsewhere in this Prospectus. Such percentages may be computed on the numerical figures expressed in millions or thousands of euro. Therefore, such percentages are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Prospectus.

In tables, negative amounts are shown in parentheses. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

Currency

In this Prospectus, unless otherwise indicated, all references to:

- **euro** or **€** are references to the single currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 on 3 May 1998 on the introduction of the euro, as amended; and
- **USD**, **U.S. dollar** or **US$** are references to the lawful currency of the United States.

Market and Industry Data

All references to industry forecasts, industry statistics, market data and market share in this Prospectus comprise estimates compiled by analysts, competitors, industry professionals and organisations, of publicly available information or of the Group's own assessment of its markets and sales.

The market, economic and industry data have primarily been derived and extrapolated from reports provided by Frost & Sullivan, BCC Research and Global Water Intelligence. The data included in this Prospectus relating to the World Health Organization, World Wildlife Fund, RIVM (*Rijksinstituut voor Volksgezondheid en Milieu*) and European Commission have been derived from their publicly available information. Information in this Prospectus regarding the Group's addressable market and competition are derived from the Group's independent market research using the sources referenced, and such information should not be relied upon in making, or refraining from making, any investment decision.

Statements based on the Company's own estimates, insights, opinions or proprietary information contain words such as "believe", "expect" and "see" and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

This Prospectus contains statistics, data and other information relating to markets, market positions, market shares, market sizes and other industry data pertaining to the Group's business and markets. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information provided inaccurate or misleading.

Industry publications and market studies generally state that their information is obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections that they contain are based on a number of significant assumptions. Where third-party information has been sourced in this Prospectus, the source of such information has been identified.

In this Prospectus, certain statements are made regarding the Group's competitive and market position. These statements are based on industry statistics and market data. The Company believes that such industry statistics and market data are true, but the Company has not independently verified the information. The Company cannot guarantee that a third-party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner that makes such figures incomparable with the Group's figures.

Supplements

If a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the final closing of the Offer Period or the time when trading on a regulated market begins, whichever occurs later, a supplement to this Prospectus will be published in accordance with relevant provisions under the Prospectus Regulation. Such a supplement will be subject to approval by the AFM in accordance with article 23 of the Prospectus Regulation, and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Save in relation to an extension of the Offer Period in respect of an increase in the top end of the Offer Price Range on the last full day of the Offer Period or the determination of an Offer Price above the Offer Price Range, investors are not allowed to withdraw their applications in any other circumstances.

Statements contained in any supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any supplement shall specify which statement is so modified or superseded and shall specify that such statement shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Notice to Prospective Investors

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFER DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Ordinary Shares.

This Prospectus may not be used for, or in connection with, and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The Offer and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in, Ordinary Shares may be restricted by law in jurisdictions other than the Netherlands and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell, or subscribe for or issue, Offer Shares. None of the Company, Infestos, the Management Board, any of the Underwriters, the Listing and Paying Agent accepts any responsibility for any violation by any person, whether or not such person is a prospective investor in the Offer Shares, of any of these restrictions. Each of the Company and the Underwriters reserves the right in their own absolute discretion to reject any application to purchase, or subscribe for, Offer Shares that the Company, the Underwriters or their respective agents believe may give rise to a breach or violation of any laws, rules or regulations.

No action has been taken or will be taken in any jurisdiction outside of the Netherlands by the Company or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any other jurisdiction than the Netherlands where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction.

Subject to the exceptions set out in "*Selling and Transfer Restrictions*", this Prospectus should not be forwarded or transmitted in or into the United States, the European Economic Area (other than the Netherlands), the United Kingdom, Australia, Canada and Japan.

United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States for offer or sale as part of their distribution and may not be offered or sold in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities

Act and in compliance with applicable state securities laws. The Offer Shares will be offered and sold inside the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions, as defined in and in reliance on, Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Offer Shares are not transferable except in accordance with the restrictions described in the section titled "*Selling and Transfer Restrictions*".

The Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

For so long as any of the Offer Shares are "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**) nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant Rule 144A(d)(4) under the U.S. Securities Act. In addition, until the end of the 40th calendar day after commencement of the Offer, an offering or sale of Ordinary Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements under the U.S. Securities Act.

European Economic Area (other than the Netherlands)

In relation to each member state of the European Economic Area (**EEA**) (other than the Netherlands) (each a **Relevant State**), an offer to the public of any Offer Shares which are the subject of the Offer contemplated by this Prospectus may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Coordinators; or

(iii) in any other circumstances falling under the scope of Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Underwriters that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company and the Underwriters that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company and the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an **offer to the public** in relation to any Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (iii) local implementing measures (together the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in delict, tort, contract or otherwise, which any "*manufacturer*" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, "*distributors*" (for purposes of the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer, including the selling restrictions described in "*Selling and Transfer Restrictions*".

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) a recommendation to any investor or group of investors to invest in, purchase, subscribe for, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

Enforceability of Civil Liabilities

The ability of certain persons in jurisdictions other than the Netherlands, in particular the United States, to bring an action against the Company may be limited under applicable laws and regulations. At the date of this Prospectus, the Company is incorporated under Dutch law and all of the Managing Directors, the Supervisory Directors and all of the Group's employees, are citizens or residents of countries other than the United States. All of the assets of such persons and all of the assets of the Group are located outside the United States. As a result, it may be impossible or difficult for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in U.S. courts a judgment obtained in such courts. In addition, in the Netherlands, there is doubt as to the enforceability of original actions or actions for enforcement based solely on the federal or state securities laws of the United States or judgments of U.S. courts, including judgments based on the civil liability provisions of the U.S. federal or state securities laws.

As at the date of this Prospectus, the United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a judgment rendered by a court in the United States, whether or not predicated solely upon U.S. securities law, will not automatically be recognised and enforced by Dutch courts. However, if a person has obtained a final judgment without possibility of appeal rendered by a court in the United States which is enforceable in the United States and files their claim with the competent Dutch court, the Dutch court will generally recognise and give effect to such foreign judgment without substantive re-examination or re-litigation on the merits insofar as it finds that: (i) the jurisdiction of the U.S. court has been based on a ground of jurisdiction that is generally acceptable according to international standards; (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the Dutch standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*); (iii) the judgment by the U.S. court does not contravene Dutch public policy (*openbare orde*); and (iv) the judgment by the U.S. court is not irreconcilable with a judgment of a Dutch court or an earlier judgment of a foreign court between the same parties that is capable of being recognised in the Netherlands. Even if such foreign judgment is given binding effect, a claim based thereon may, however, still be rejected if the foreign judgment is not or no longer formally enforceable in the country of origin.

Enforcement of any foreign judgment in the Netherlands will be subject to the rules of Dutch civil procedure (*Wetboek van Burgerlijke Rechtsvordering*). Judgments may be rendered in a foreign currency but enforcement is executed in euro at the applicable rate of exchange. Under certain circumstances, a Dutch court has the power to stay proceedings (*aanhouden*) or to declare that it has no jurisdiction if concurrent proceedings are being brought elsewhere.

A Dutch court may reduce the amount of damages granted by a U.S. court and recognise damages only to the extent that they are necessary to compensate actual losses and damages.

Information Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "aim", "annualised", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "goal", "hope", "intend", "may", "objective", "plan", "position", "potential", "predict", "project", "risk", "seek", "should", "target", "will" or "would" or the highlights or the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements that reflect the Company's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Group operates. In particular, the statements under the headings "*Summary*", "*Risk Factors*", "*Reasons for the Offer and Use of Proceeds*", "*Dividends and Dividend Policy*" and "*Operating and Financial Review*" regarding the Group's strategy, targets, expectations, objectives, future plans and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved and actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to vary include, but are not limited to:

- competition in the water treatment solution market;
- the acceptance of its new technology and the ability to achieve and maintain market acceptance;
- continuation of trends towards sustainability, including trends to address global water issues and decarbonisation;
- global and regional economic and financial conditions, as well as political and business conditions or other developments;
- interruption in the Group's manufacturing and distribution facilities;
- difficulties associated with successfully completing acquisitions and integrating acquired businesses;
- the loss of Senior Management (as defined below) and other key personnel; and
- changes in applicable environmental laws or regulations.

Forward-looking statements in this Prospectus speak only as of the date of this Prospectus. Except as required by applicable laws and regulations, the Group expressly disclaims any obligation or undertaking to update or revise the forward-looking statements contained in this Prospectus to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based.

Defined Terms

Defined terms used in this Prospectus are defined in "*Defined Terms*".

This Prospectus is published in the English language only.

REASONS FOR THE OFFER AND USE OF PROCEEDS

Background to, and Reasons for, the Offer and the Admission

The Company believes that the Admission and the Offer are a significant step for the Group. The Company believes that the Admission and the Offer are a logical next step in its development and that their timing is appropriate, given its current profile and need for equity capital. The Admission further creates a public market for the Ordinary Shares and provides the Company with access to the public equity capital markets for potential future equity capital raises, which the Company may use to support and develop further growth of the Group and to finance strategic regional or industry-specific M&A transactions, if and when they become available. The Company also believes that the Admission and the Offer increase the Group's brand recognition and further contribute to professionalising its organisation.

The Company expects the Admission and the Offer to create a new long-term Ordinary Shareholder base as well as liquidity for the existing and future Ordinary Shareholders, which accentuates the Group's independence. It is the intention of the Company to create a meaningful free float in the Ordinary Shares on Admission. The Admission also aims to permit the Group to incentivise the existing and future management team and senior staff, and to continue to attract high calibre individuals to join its management team in the future, by way of (indirect) awards of listed Ordinary Shares, aligning their interests with the interests of Ordinary Shareholders.

Use of Proceeds

The Company will receive proceeds from the sale of the Offer Shares. The Company expects the net proceeds from the Offer, after deduction of expenses, commissions and taxes payable by the Company (estimated to amount to approximately €10.1 million, based on an Offer Price at the mid-point of the Offer Price Range and assuming 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option), to amount to approximately €147.4 million. The Company will use approximately €16 million of the expected net proceeds of the issue of the Offer Shares for repurchase (including payment of the cumulative interest accrued thereon) and cancellation of all Preference Shares.

As of the date of this Prospectus, the Company cannot specify with certainty all of the particular uses for the net proceeds from the Offer and the Company will have broad discretion over how to use the net proceeds from the Offer and some of the net proceeds will likely be used for general corporate purposes, including working capital. However, the Company currently intends to use the estimated net proceeds it receives from the Offer broadly as follows:

- €20-25 million advancing and increasing the Company's pilot systems, by investing in additional pilot systems, expanding the number of pilot system engineers for the roll-out and commissioning of pilot systems, and expanding the Company's (international) sales force and sales offices, predominantly relating to dNF products, but also to the Group's UF and MF products;

- €40-50 million to scale-up the production of predominantly dNF products, but also the Group's UF and MF products to be prepared for the targeted increase in the commercial demand for the Group's products, by acquiring land for the anticipated capacity expansion, constructing a large-scale modular production plant and investing in production equipment and utilities;

- €20-25 million for research and development to fast-track innovations, further improve performance and unlock new product-market combinations, penetrate additional markets, and expand research and development capacity in terms of equipment and personnel; and

- more than €40 million for M&A, if and when they become available, with the aim to accelerate the Company's growth plan through regional or industry-specific distribution platforms.

The Company will have broad discretion over how to use any proceeds from the Offer above the estimated net proceeds from the Offer, but, on the date of this Prospectus, it expects to use such proceeds for M&A, if and when they become available. The Company will not receive any proceeds from the sale of the Over-Allotment Shares, the proceeds of which will be received by Infestos. The commissions due to the Underwriters, and expenses (including their legal fees and documented out-of-pocket expenses up to an agreed cap of €480,000 in aggregate, excluding VAT), will be borne by the Company.

DIVIDENDS AND DIVIDEND POLICY

Dividend history

The Company did not pay any dividend in respect of the financial years 2020, 2019 and 2018.

Dividend Policy

The Company does not intend to declare or pay dividends for the year ending 31 December 2021 or in the medium term. Cash generation will in the medium term most likely be used to fund growth opportunities.

Since the Company conducts a substantial part of its operations through its direct subsidiary NX Filtration B.V., its ability to pay dividends depends significantly on NX Filtration B.V. generating profits and distributing them to the Company.

The ability and intention of the Company to pay dividends in the future will depend on its financial position, results of operations, capital requirements, investment alternatives, the existence of distributable reserves, available liquidity, market developments, industry peers and other factors that the Management Board and Supervisory Board may deem relevant. The Company's intentions in relation to dividends are subject to numerous assumptions, risks and uncertainties, many of which may be beyond the Company's control. Please see "*Important Information—Information Regarding Forward-Looking Statements*".

Manner and Time of Dividend Payments

Payment of any dividend in cash will in principle be made in euro. Any dividends that are paid to shareholders through Euroclear Nederland will be automatically credited to the relevant shareholders' accounts without the need for the shareholders to present documentation proving their ownership of the Ordinary Shares. Payment of dividends on the Ordinary Shares not held through Euroclear Nederland will be made directly to the relevant shareholder using the information contained in the Company's shareholders' register and records. Dividends become eligible and payable with effect from the date established by the Management Board.

Uncollected Dividends

A claim for any declared dividend and other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to the Company.

Taxation

The tax legislation of the Ordinary Shareholders' member states or other relevant jurisdictions and of the Company's country of incorporation may have an impact on the income received from the Ordinary Shares. See "*Taxation*" for: (i) an overview of the material Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares; and (ii) certain United States federal income tax consequences of the ownership and disposal of the Ordinary Shares acquired in the Offer to United States Holders and Non-United States Holders (each as defined below).

Dividend payments are generally subject to withholding tax in the Netherlands. See "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*".

INDUSTRY OVERVIEW

The information presented in this section is taken or derived from the sources identified in this section. In addition, certain statements below are based on NX Filtration's own proprietary information, insights, opinions or estimates and not on any third party or independent source. These statements contain words such as 'believe', 'expect', 'see', and as such do not purport to cite, refer to or summarise any third party or independent source and should not be so read. For further information on the treatment of third-party information and statements based on the Group's own estimates, insights, opinions or proprietary information, see "Important Information—Market and Industry Data".

NX Filtration is a provider of dNF membrane modules. With these products, it is active in the markets of municipal and industrial drinking water and wastewater. Its dNF membranes have been designed to remove micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour and selective salts from water in one single step and also removes bacteria, viruse and nanoplastics, whereby the Company believes it offers substantial sustainability benefits compared to conventional water treatment technologies with regards to reduced energy consumption and avoidance of chemicals in pre-treatment processes. In addition to its core dNF product line, NX Filtration also offers products based on UF and MF membranes. In these product categories, NX Filtration focuses on high value niche applications as well as cross-selling opportunities for its dNF products. Although the majority of NX Filtration's revenue is currently derived from Europe, the Company's products are delivered to its customers globally, including the United States, Canada, Indonesia, Vietnam and China, and considers the market for its products to be global.

This section provides an overview of the industry developments relevant for NX Filtration. It describes the global water market, the global market for membrane filtration and the addressable market for NX Filtration's dNF product (for these purposes an estimate of the market size that could theoretically be served with NX Filtration's products). This section also describes the competitive landscape in which NX Filtration operates.

Global water market

Water scarcity and water quality are major global and structural issues and key drivers of the water market. For example, it is estimated that 1.1 billion people worldwide lack access to water, and a total of 2.7 billion people experience water scarcity for at least one month of the year.[7] According to the World Health Organization, 2 out of 7 people do not have daily access to clean, drinkable water.[8] By 2025, approximately two-thirds of the world's population may face water shortages.[9] In addition, the discharge of wastewater increasingly poses challenges for the environment (for example the presence of antibiotic resistant bacteria resulting in potential health issues) and for the production of drinking water (for example increased requirements on the removal of micropollutants). For example, in the Netherlands, over 190 tonnes of medicinal waste reaches the environment through the sewerage systems and wastewater treatment plants per year.[10] The European Commission estimates that only 2% of treated wastewater in the EU is reused.[11]

NX Filtration believes that these challenges are increasingly prioritised at various international organisations and governments, as well as at municipal water companies and industrial companies. Examples include:

- the United Nations commits to universal access to safe drinking water, improving water quality and decreasing water pollution by 2030 with the United Nations' Sustainable Development Goals (**SDGs**);[12]
- the European Commission aims to prevent and reduce pollution, promote sustainable water use, protect and improve the aquatic environment;[13]
- US president Biden commits to ensure safe drinking water for all communities and pledged to prioritise water infrastructure, including investments amounting to USD 111 billion;[14]

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7 *Source:* World Wildlife Fund, https://www.worldwildlife.org/threats/water-scarcity.
8 *Source:* WHO, https://www.who.int/en/news-room/fact-sheets/detail/drinking-water.
9 *Source:* World Wildlife Fund, https://www.worldwildlife.org/threats/water-scarcity.
10 *Source:* RIVM, Medicijnresten en waterkwaliteit: een update, 2020.
11 *Source:* European Commission, https://ec.europa.eu/environment/water/pdf/water_reuse_factsheet_en.pdf.
12 *Source:* https://sdgs.un.org/goals.
13 *Source:* https://www.europarl.europa.eu/factsheets/en/sheet/74/water-protection-and-management.
14 *Source:* https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/.

- the World Economic Forum initiated the 2030 Water Resources Group, a network of more than 900 partners from the private sector, government and civil society, and facilitated over USD 893 million for water related programs;[15]
- Veolia expresses its commitment to carry out diagnosis of water resources and develop solutions to optimise water management by 2023;[16]
- American Water aims to preserve critical resources through efficient water use while ensuring the highest quality standards;[17]
- Aqualia states that achieving 100% circular water management is an essential objective in the current context of water scarcity;[18]
- Severn Trent targets a reduction of pollutants in water and water leakage by 50% by 2045;[19]
- Pepsi issued USD 1 billion in green bonds, partially to fund installations to replenish 100% of the water it consumes in manufacturing;[20]
- Amazon commits to reduce water for data center cooling and avoid using drinking water sources;[21]
- Danone commits to reduce water usage in high water-stressed areas by 50% by 2030;[22]
- Heineken pledges to reduce overall water usage and to treat 100% of the water used for brewing by 2030;[23] and
- in a survey under 2,000 Americans, Suez found that 69% of the respondents agreed that water scarcity is a major environmental concern, and microplastics, pharmaceuticals and pesticides are viewed as the biggest threats to local water supplies.[24]

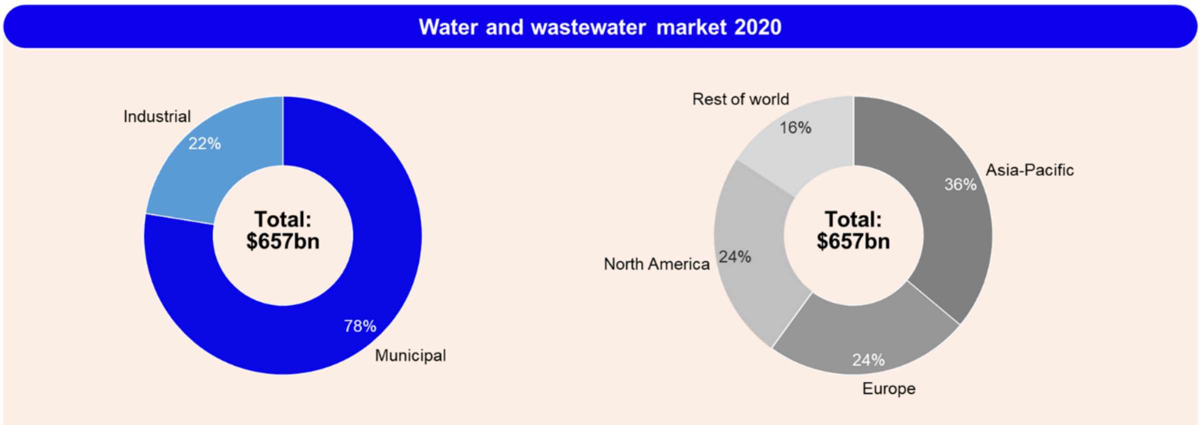

Figure 1: Water and wastewater market 2020, source Frost & Sullivan

Frost & Sullivan estimates the total global market for water and wastewater in 2020 was approximately USD 657 billion.[25] This market size encompasses the total expenditure (capital expenditure and operational expenditure) of solutions and services, design, engineering and construction, operation and maintenance, water treatment technology (including membrane filtration), process control and management, municipal smart water and chemicals. The global water and wastewater market consists of municipal applications, representing approximately 78% (USD 510 billion) of the total market, and industrial applications, representing approximately 22% (USD 148 billion) of the total market.[26] Asia-Pacific represents approximately 36% (USD 237 billion) of the total market, North America represents approximately 24% (USD 159 billion), Europe represents

15 *Source:* World Economic Forum.
16 *Source:* https://www.veolia.com/en/veolia-group/corporate-social-responsibility/biodiversity/act4nature-international.
17 *Source:*https://s26.q4cdn.com/750150140/files/doc_downloads/esg_docs/American_Water_2017-018_Sustainability_Report.pdf.
18 *Source:* Aqualia Sustainability Report 2019.
19 *Source:* https://www.severntrent.com/sustainability-strategy/environment/water-management/leakage-reduction/.
20 *Source:* https://www.pepsico.com/news/press-release/pepsico-provides-update-on-us1-billion-green-bond10132020.
21 *Source:* https://www.aboutamazon.com/news/aws/reducing-water-usage-in-aws-data-centers.
22 *Source:* https://www.danone.com/impact/planet/protecting-water-cycles.html.
23 *Source:* https://www.theheinekencompany.com/newsroom/heineken-announces-every-drop-water-ambition-for-2030/.
24 *Source:* Suez Climate Change Anxiety survey of 2,000 Americans.
25 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.
26 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.

approximately 24% (USD 157 billion) and the rest of the world represents approximately 16% (USD 104 billion).[27] The global water and wastewater market has been growing at an average compound annual growth rate (**CAGR**) of approximately 5.5% between 2015 and 2019.[28] Between 2019 and 2020, the global water and wastewater market declined by approximately 11.6% as a result of COVID-19 which led to budgetary constraints in the market for municipal applications (which declined by approximately 9.7% between 2019 and 2020) and partial shutdowns and cost saving programs in the industrial markets (which declined by approximately 17.8% between 2019 and 2020).[29]

Water treatment technology, which includes membrane filtration, represents approximately 12% (USD 77 billion) of the total market for water and wastewater in 2020.[30]

Global Water Intelligence (**GWI**) also provides estimates for the global market for water and wastewater,[31] estimating this market to total USD 843 billion in 2020, consisting of approximately 74% for the municipal market (USD 621 billion) and approximately 26% (USD 222 billion) for the industrial market.

According to GWI, the largest segment of the global market for water and wastewater, the municipal water market, totals USD 621 billion in 2020 and consists of the following segments: drinking water (53%) and wastewater (47%).

According to GWI, the industrial water market consists of the following segments: oil & gas (representing approximately 16% of the total industrial water market), power generation (representing approximately 15% of the total industrial water market), food & beverage (representing approximately 14% of the total industrial water market), refining & petrochemicals (representing approximately 10% of the total industrial water market), mining (representing approximately 7% of the total industrial water market), pulp & paper (representing approximately 6% of the total industrial water market), micro-electronics (representing approximately 6% of the total industrial water market), pharmaceuticals (representing approximately 4% of the total industrial water market) and other (representing approximately 22% of the total industrial water market).

Important water consuming sectors in the industrial water market include food & beverage, power plants and the textile industry.

- *Food & beverage*: approximately 70% of global fresh water supplies are used in the food sector,[32] the demand for food is projected to grow with approximately 70% between 2016 and 2050[33] and the CAPEX on water technology in the food & beverage sector increased with a CAGR of 6.7% between 2011 and 2020;[34]

- *Power plants:* power plants are responsible for approximately 12% of global water withdrawals,[35] the water withdrawals for power generation are projected to grow with approximately 55% between 2015 and 2040[36] and approximately 62% of fossil-fuel and nuclear power plants in the continental United States are located in water stressed areas;[37]

- *Textile industry*: the textile industry is responsible for approximately 4% of global water withdrawals,[38] the water consumption for the textile industry is projected to grow with approximately 50% between 2017 and 2030[39] and approximately 20% of global clean water pollution is generated by the textile industry.[40]

GWI estimates that East Asia and Pacific represent approximately 35% (USD 297 billion) of the total water and wastewater market, North America approximately 25% (USD 211 billion), Europe and Central Asia approximately 24% (USD 200 billion)

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27 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.
28 *Source:* Frost & Sullivan, Global Water and Wastewater Market Outlook, 2016; Global Outlook of the Water Industry, 2018; Outlook of the Global Water and Wastewater Market, 2019.
29 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.
30 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.
31 *Source:* GWI, Waterdata.
32 *Source:* Veolia WAVE Food & Beverage 2016.
33 *Source:* Veolia WAVE Food & Beverage 2016.
34 *Source:* Veolia WAVE Food & Beverage 2016.
35 *Source:* MDPI – Water Demand Scenarios for Electricity Generation at the Global and Regional Levels 2020.
36 *Source:* MDPI – Water Demand Scenarios for Electricity Generation at the Global and Regional Levels 2020.
37 *Source:* S&P Global Market Intelligence – Climate change poses big water risks for nuclear, fossil-fuelled plants 2020.
38 *Source:* Ellen Macarthur Foundation – A New Textiles Economy: Redesigning Fashion's Future 2017 .
39 *Source:* Environmental Sciences Europe - Analysis of the polyester clothing value chain to identify key intervention points for sustainability 2021.
40 *Source:* European Parliament - The impact of textile production and waste on the environment (infographic) 2020.

and the rest of the world represents approximately 16% (USD 135 billion). GWI estimates capital expenditure to represent approximately 35% (USD 291 billion) of this total market and operating expenditure to represent approximately 65% (USD 552 billion) of this total market. Of this operating expenditure, approximately 23% (USD 126 billion) was spent on energy and approximately 4% (USD 23 billion) on chemicals. Key advantages of NX Filtration's dNF technology address these two expenditure categories, as its technology enables the reduction of energy usage in operation and the avoidance of chemicals in pre-treatment, see also "*Business—Competitive strengths*".

GWI estimates the global market for water and wastewater will grow with a CAGR of approximately 3.1% from USD 843 billion in 2020 to USD 981 billion in 2025 (approximately 16% growth in aggregate). Growth is attributable, amongst others, to major water quality and infrastructure investment plans across various regions globally. Considering the aforementioned, NX Filtration believes the global water and wastewater market to be large and structurally growing.

Market for membrane filtration

With an estimated market value of USD 11.5 billion in 2020, membrane filtration plays an important role in the treatment of water. The membrane filtration market consists of the following segments: MF (approximately 30% of the total market), UF (approximately 39% of the total market), reverse osmosis (**RO**) (approximately 24% of the total market) and nanofiltration (**NF**) (approximately 7% of the total market). The global membrane filtration market is projected to reach USD 29.5 billion by 2030, at a CAGR of approximately 10% from 2020 to 2030.[41] NX Filtration also believes that membrane filtration will play an important role in addressing some of the ongoing and emerging structural market drivers in the water sector, including addressing climate change, increasing regulation (such as relating to quality standards for drinking water, requirements under the Urban Wastewater Treatment Directive, requirements to address PFAS in wastewater discharges, drinking water, spills and releases, and the new EU Regulation on minimum requirements for water reuse for agricultural irrigation), a drive towards universal access to clean water, a focus on corporate responsibility (more than 50% of companies are exposed to medium to high water risks)[42], surcharges for wastewater discharge and increasing health awareness (9% of global gross domestic product being spent on health, which is the highest percentage in the past 15 years)[43].

There are generally four membrane types used in water filtration and other applications: MF, UF, NF and RO. As depicted in figure 2, the smaller the pore size of the membrane, the more contaminants can be removed with the membrane.

Membrane type	Particle capture size	Typical contaminants removed	Key applications	2020 market size
Microfiltration (MF)	0.1-10 micrometer	Suspended solids, bacteria, protozoa	Water treatment plants, pre-treatment in desalination plants, preparation of sterile water for industries	USD 3.4 billion
Ultrafiltration (UF)	Ca. 0.003-0.1 micrometer	Colloids, proteins, polysaccharides, most bacteria, viruses (partially)	Hemodialysis, drinking water treatment, pre-treatment process in desalination, membrane bioreactors	USD 4.5 billion
Nanofiltration (NF)	Ca. 0.001 micrometer	Viruses, natural organic matter, multivalent ions (including hardness in water)	Treatment of fresh, process and wastewaters	USD 0.8 billion
Reverse Osmosis (RO)	Ca. 0.001 micrometer	Almost all impurities, including monovalent ions	Treatment of fresh, process and wastewaters, desalination of sea water	USD 2.8 billion

Figure 2: Key membrane types with typical contaminants removed and key applications, source Frost & Sullivan, BCC Research

41 *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030.
42 *Source:* Ceres Case Study: Water Footprinting Analysis of Major Global Indices, via https://www.ceres.org/.
43 *Source:* OECD Health Statistics 2020.

The NF membranes mentioned in figure 2 predominantly refer to spiral-wound membrane configurations (also referred to as traditional nanofiltration), which, according to NX Filtration, do not display the same benefits as NX Filtration's hollow fiber dNF membranes.

Spiral-wound modules have a sandwich-like structure with an interposed porous spacer, whereby one side is attached to a central perforated tube, which collects the permeate. The other three sides of the sandwich are sealed and the sandwich is wrapped around the perforated tube. This configuration makes spiral-wound modules susceptible to fouling, and chemical and biological attack, resulting in the need for frequent cleaning and a shorter useful life compared to other configurations. Spiral-wound configurations typically need various pre-treatment steps, including sand filtration, coagulation and flocculation and UF, often including significant use of chemicals. Spiral-wound configurations have relatively high membrane resistance which requires relatively high pressures to operate, resulting in relatively high energy cost.

Hollow fiber membrane configurations, which are the configurations of NX Filtration's dNF products, consist of thousands of fibers that are encased in a housing tube, also referred to as a module, see "*Business—Technology—The hollow fiber membrane principle*". The pressurised feed water flows inside each fiber and water permeates to the outside of the fibers. The design maximises membrane surface area and offers the advantages of very high packing density, high permeate or recovery rates and relatively easy cleaning by back-flushing. Other advantages of hollow fiber membranes are that they are less energy-consumptive, avoid the use of chemicals and their relative low cost, physical strength, light weight and antifouling properties. See "*Business—Competitive strengths*" for specific advantages of NX Filtration's dNF membranes.

Other configurations of nanofiltration membranes include 'Plate-and-frame', which is the most traditional configuration where the membranes are framed, as single sheets, onto holding plates and mounted onto a filter press, and 'Tubular', which consists of cylindrical, parallel membranes inserted into a circular plate on either side of a larger housing tube. Jointly, these two configurations represent less than 2% of the current NF membrane market.[44]

The total market for the four membrane types as displayed in figure 2 was estimated to be approximately USD 11.5 billion in 2020.[45] MF and UF are the largest market segments, whereas RO and NF have experienced the largest growth over the past 10 years, with a CAGR of approximately 16% and 15%, respectively, as compared to approximately 11% for MF and approximately 5% for UF.[46] Asia-Pacific and North America are the two largest markets for membrane filtration, representing approximately 37% and 36%, respectively, of the total market, followed by Europe with approximately 17% of the total market and the rest of the world with approximately 10% of the total market.[47]

The market for membrane filtration is expected to grow, driven by various developments,[48] including the following:

- *Greater degree of water scarcity:* Water scarcity has been affecting large parts of the world and is increasingly spreading to areas that previously had adequate water resources. For example, according to the EU, water scarcity and droughts are likely to increase in severity and frequency due to global climate change and increasing population. In the last thirty years, droughts have increased globally both in number and intensity. Approximately 11% of the population in Europe and approximately 17% of its territory had been affected by water scarcity in 2017.

- *Higher focus on water recycling rates:* Wastewater reuse is considered a reliable source of water supply as this method is independent from drought and weather changes. The water reuse system is also useful during peak periods of water demand. Wastewater reuse is a key component in the eco-industrial segment. Currently, close to 1 billion cubic meters of treated wastewater is reused annually, which accounts for approximately 2.4% of the treated urban wastewater effluents and comprises less than 0.5% of the annual EU freshwater withdrawals. It is estimated that approximately 6 billion cubic meters of wastewater can be reused in the EU.

- *Regulation on drinking water*: For example, the EU has laid down essential quality standards for drinking water, under which a total of 48 microbes, chemical and indicator parameters are to be monitored and tested regularly. The World Health Organization guidelines and the opinion of the EU Commission's Scientific Advisory Committee are

[44] *Source:* BCC Research.
[45] *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030.
[46] *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030.
[47] *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030.
[48] *Source:* Frost & Sullivan, European Total Membrane Systems Market, Forecast to 2021.

used as a scientific basis for drinking water quality standards. While translating the directive into their own national legislation, member states can also include additional requirements i.e., regulate substances that are relevant to the given territory or even set higher standards. No member states are allowed to set standards lower than the prescribed guidelines to ensure protection of human health.

- *Regulation on wastewater*: The Urban Wastewater Treatment Directive requires the collection and treatment, including secondary treatment, of wastewater in all agglomerations >2000 population equivalents (**PEs**)[49] and advanced treatment for agglomerations >10,000 PE, especially in designated sensitive and catchment areas. Pre-authorisation is required for discharges from the food processing industry and other industrial discharges into urban wastewater collection systems.

- *Development of innovative membrane solutions with high energy efficiency:* There is also an increasing focus on reducing energy consumption globally. This is expected to further unlock opportunities for innovative membrane solutions that, with a focus on reducing energy consumption, can address an increasing part of the USD 77 billion[50] global water treatment market.

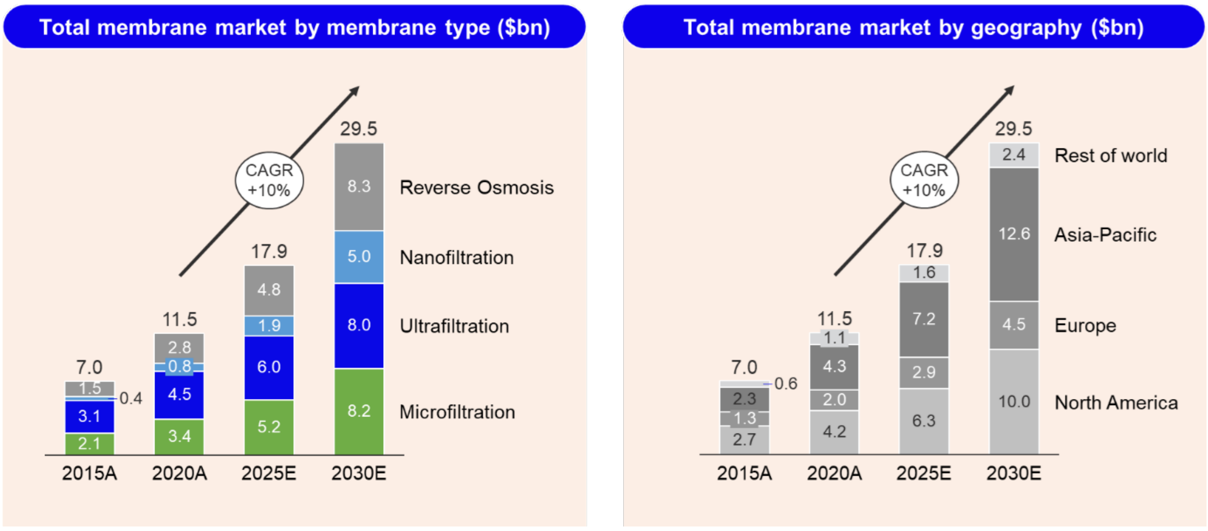

Figure 3: Total projected membrane market by membrane type and by region, source BCC Research

As a result of, amongst others, the above-mentioned drivers, the market for membranes is forecasted to grow at a CAGR of 10% from USD 11.5 billion in 2020 to USD 29.5 billion in 2030. Within the different membrane types, the market for NF membranes is forecasted to display the fastest growth, growing at a CAGR of 20% from USD 0.8 billion in 2020 to USD 5.0 billion in 2030. The market for RO membranes is forecasted to grow at a CAGR of 11% from USD 2.8 billion in 2020 to USD 8.3 billion in 2030. The market for UF membranes is forecasted to grow at a CAGR of 6% from USD 4.5 billion in 2020 to USD 8.0 billion in 2030. The market for MF membranes is forecasted to grow at a CAGR of 9% from USD 3.4 billion in 2020 to USD 8.2 billion in 2030.

Addressable market for NX Filtration's dNF technology

NX Filtration believes that, with its dNF technology, it can provide an attractive alternative to large parts of the UF, NF and RO markets. According to NX Filtration, the market has seen limited disruptive innovations in these technologies over the past decade, whilst at the same time the underlying water challenges have evolved, such as water scarcity and quality, as well as the demands from membranes, such as an increasing focus on performance, sustainability, footprint and total cost of ownership. NX Filtration believes it can target the addressable market with a disruptive dNF technology that addresses the water challenges of today and tomorrow. NX Filtration furthermore believes that its dNF membranes can replace large parts

49 PE refers to population equivalent or unit per capita loading. In wastewater treatment, this number expresses the ratio of the sum of the pollution load produced during 24 hours by industrial facilities and services to the individual pollution load in household sewage produced by one person in the same time. It measures the amount of oxygen-demanding substances in wastewater which will consume oxygen as it bio-degrades, usually as a result of bacterial activity.

50 *Source:* Frost & Sullivan, Digitization Powering the Global Water Market, 2020.

of these conventional membrane technologies, as well as unlock new potential applications, see also "*Business—Competitive strengths*".

However, certain subsegments of these membrane markets are currently not viewed as target markets by NX Filtration. Markets that NX Filtration does not currently address with its dNF product include the RO subsegment for seawater desalination, which requires a smaller particle capture size than dNF currently facilitates (with a market size of approximately USD 0.5 billion in 2020 and a forecasted market size of approximately USD 1.2 billion in 2030) and, because NX Filtration believes its products to be less relevant in the following subsegments of the membrane markets, medical applications (with a market size of approximately USD 0.1 billion in 2020 and a forecasted market size of approximately USD 0.4 billion in 2030), the UF subsegments for hemodialysis (with a market size of approximately USD 2.0 billion in 2020 and a forecasted market size of approximately USD 3.5 billion in 2030) and biopharmaceuticals (with a market size of approximately USD 0.5 billion in 2020 and a forecasted market size of approximately USD 1.2 billion in 2030).[51] Figure 4 shows the total addressable market for NX Filtration's dNF products, excluding these subsegments.

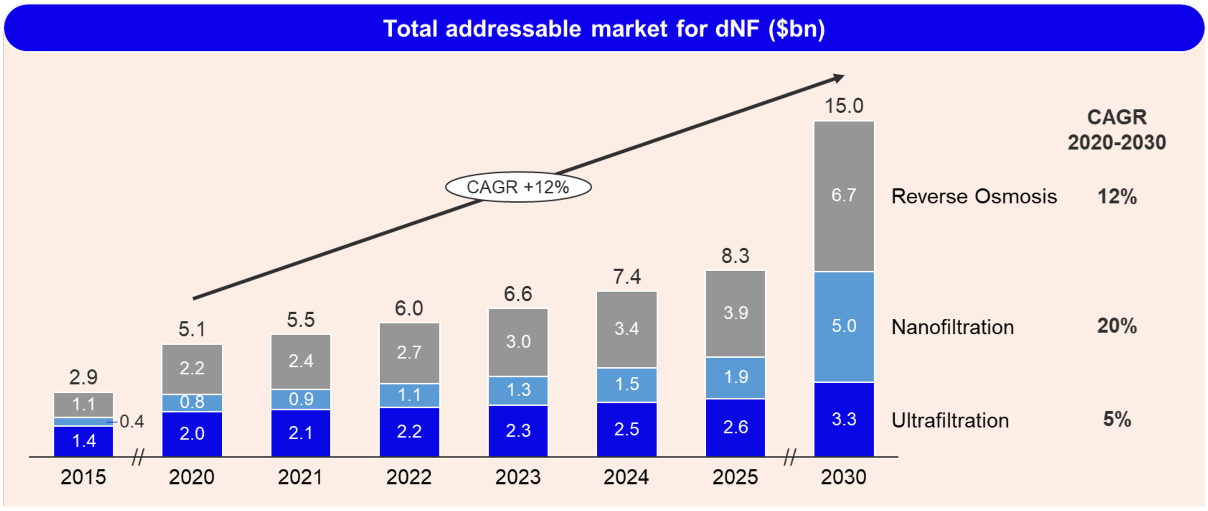

Figure 4: Total projected addressable market for dNF, source BCC Research and NX Filtration analysis

NX Filtration believes it targets large and growing membrane filtration markets which provide a significant opportunity for dNF. The total addressable market for dNF is expected to grow at a CAGR of 12% from USD 5.1 billion in 2020 to more than USD 15.0 billion in 2030 (approximately 198% growth in aggregate).[52] Furthermore, NX Filtration believes that, on top of this addressable market from existing technologies, its dNF technology may unlock additional market potential from applications that are currently not addressed by these existing technologies.

Competitive landscape

In order to assess the competitive landscape of the membrane filtration market, it is relevant to outline the value chain. A membrane-based water treatment system consists of tens, hundreds or thousands of membrane modules that are part of a total installation. Such installation is typically delivered to an end-customer by an original equipment manufacturer (**OEM**). These OEMs may source the membrane modules from third parties or have their own membrane business as part of their company.

NX Filtration is an independent membrane module supplier, with a strategy to work with many OEMs globally. There are situations in which an end-customer that is interested in a membrane filtration system has an existing working relationship with an OEM with whom it may work to find the most appropriate membrane supplier for its project. There are also situations in which an end-customer seeks to implement a membrane-based filtration system and seeks an OEM to deliver such project. To cater to the latter situation, NX Filtration has developed an extensive OEM network, which includes relationships with over 50 local, regional and global OEMs.

[51] *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030.
[52] *Source:* BCC Research and NX Filtration analysis.

With its dNF product, NX Filtration believes it is operating in three different competitive environments, in all of which NX Filtration currently operates and, with respect to the first and second competitive environment, seeks to grow its current limited market share given its early stage of operation. The *first competitive environment* consists of applications that could not be fulfilled with existing technologies, such as applications that can treat feedwater that is otherwise difficult to remove micropollutants from. Because these applications would likely not be commercially developed without its dNF product, NX Filtration believes that it faces no or limited competition in this environment.

The *second competitive environment*, which NX Filtration believes to be the most relevant competitive environment for its dNF product consists of applications that are currently being addressed by conventional technologies, including (a combination of) UF, NF and RO. Many competitors are active in this space. In the market for UF membranes, the Company views its main competitors as 3M, AsahiKasei, DowDuPont, Evoqua, Suez (previously General Electric Water), Koch, Pall Corporation and Pentair. In the market for NF membranes, the Company views its main competitors as DowDuPont, Hydranautics, Koch and Pall Corporation. In the market for RO membranes, the Company views its main competitors as 3M, DowDuPont, Entegris, Evoqua, Hydranautics, Koch, LG Chem, Pall Corporation and Toray. A number of these competitors offer more than one membrane technology. Often, players in the filtration membrane market are part of a larger conglomerate that may also act as OEM company and, as such, has a different competitive position than NX Filtration, which works independent from any specific OEM company.

According to NX Filtration, limited innovation has taken place in these conventional technologies that NX Filtration is seeking to replace. Competitors have, according to NX Filtration, primarily been focusing on building and incrementally improving their conventional technologies. For example, DowDuPont has focused on innovations in RO technology, following DuPont's acquisition of FilmTec Corporation (which held the patent thin film FilmTec RO membranes) in 1985.[53] DuPont continued to expand the FilmTec portfolio and announced two new Filmtec innovations with advanced fouling resistant and cleanability features in 2019.[54] In 2020, DuPont acquired four clean water technology companies (Inge GmbH, Memcor, Desalitech and OxyMem) to increase exposure to UF and RO products.[55] Another example includes Toray, which announced its PVDF HFU (Polyvinylidene fluoride[56] hollow fiber UF membrane) series in 2011 with a MWCO of 150k Dalton.[57] In 2020, Toray installed a thinner hollow fiber UF product resulting in an active membrane area of 90 square meters, a 25% increase compared to models with similar dimensions.[58] In 2021, Toray announced a new PVDF UF membrane with an innovative artificial kidney application to create a thin, uniformly dense structure.[59] This led to a high virus removal rate and water permeability for water treatment.

As a result of the limited innovation that has taken place, these conventional technologies are, according to NX Filtration, not always equipped to cope with the challenges and demands of today's environment. NX Filtration believes its dNF product provides a number of advantages over these technologies, including but not limited to:

- superior filtration characteristics and performance;
- sustainability benefits throughout the lifetime of the product, as it typically reduces energy consumption and avoids the use of pre-treatment chemicals; and
- reduced physical footprint, as it typically reduces the number of treatment steps.

The *third competitive environment* consists of competitors that also offer hollow fiber nanofiltration membranes. Here, NX Filtration experiences no or limited competitive pressure, as NX Filtration believes that there are currently no other proven products in the market with the same characteristics as its dNF product range. Pentair offers a product based on hollow fiber nanofiltration, called HFW1000, which has a molecular weight cut-off (**MWCO**) of 1,000 Dalton, compared to a MWCO of 400 and 800 Dalton for the two key products of NX Filtration's dNF product range. This means the product of Pentair is more 'open' and does not filter out all important contaminants, such as micropollutants, PFAS and medicinal waste, to the same

53 *Source:* https://www.indiantextilemagazine.in/corporate-news/duponts-way-with-water-breaks-new-frontiers/.
54 *Source:* https://www.dupont.com/news/dupont-features-innovative-water-solutions-portfolio-ifat.html.
55 *Source:* https://www.watertechonline.com/wastewater/article/14074717/dupont-acquires-four-water-purification-companies.
56 *Note:* Polyvinylidene fluoride (**PVDF**) is a highly non-reactive thermoplastic fluoropolymer produced by the polymerization of vinylidene difluoride. PVDF is a specialty plastic used in applications requiring the highest purity, as well as resistance to solvents, acids and hydrocarbons.
57 *Source:* https://ww1.prweb.com/prfiles/2011/08/08/8704411/HFUHFS_Brochure_0806.pdf.
58 *Source:* https://cs2.toray.co.jp/news/toray/en/newsrrs02.nsf/0/8F116F3BC16893CA492585B20020FAE5?open.
59 *Source:* https://cs2.toray.co.jp/news/toray/en/newsrrs02.nsf/0/DB1DFBC3DFA1D53549258687000F501F?open.

extent as NX Filtration's product. NX Filtration therefore does not consider this product to qualify as a nanofiltration product. NX Filtration also believes it has a competitive edge with its patent for the design process and quality nanocoatings on its membranes (see "*Business—Technology*").

As of the date of this Prospectus, NX Filtration has not experienced direct competition from Pentair's HFW1000 in any commercial opportunity. In addition to Pentair, NX Filtration is aware of a small number of companies that appear to be pioneering hollow fiber nanofiltration technology, including De.mem and 3E Memtech. To the knowledge of NX Filtration, none of these companies has a fully-developed technology with proven commercial success, and NX Filtration has not experienced direct competition from these companies in any commercial opportunity as of the date of this Prospectus.

NX Filtration experiences greater direct competition for its other products, UF and MF, from competitors offering the same or similar products. For its UF product range, NX Filtration experiences competition from the above-mentioned companies active in UF membranes, although NX Filtration believes its UF product offering is unique with its extra 'tight' UF010 product with a MWCO of 10,000 Dalton, which, for a UF membrane, provides unique separation characteristics of protein and colloidal silica, in addition to the general UF properties of rejecting suspended solids and micro plastics, bacteria and viruses.

Within its MF product range, NX Filtration primarily focuses on beer filtration (with its MF500 product) and wine filtration (with its MF100 product). In beer filtration, NX Filtration believes there is only one other company active in supplying beer filtration membranes, Pentair. NX Filtration also believes another company, Pall Corporation, applies Pentair's membranes in the beer filtration modules it sells to the market. NX Filtration believes it is the second company in the world to have successfully developed beer filtration membranes. The market for wine filtration membranes is also considered to be relatively concentrated. According NX Filtration's estimates, four companies together represent approximately 90% of the hollow fiber membrane market for wine filtration, 3M, Koch, Pentair and Pall Corporation.

BUSINESS

Overview

NX Filtration's vision is to be a leading global provider of breakthrough nanofiltration technology that enables customers to, amongst others, produce pure and affordable water, treat wastewater and reduce their water footprint, and achieve strong sustainability benefits. Water scarcity and water quality are major global and structural issues and key drivers of the water market. For example, it is estimated that 1.1 billion people worldwide lack access to water, and a total of 2.7 billion people find water scarce for at least one month of the year. By 2025, approximately two-thirds of the world's population may face water shortages.[60] In addition, the discharge of wastewater increasingly poses challenges for the environment (for example the presence of antibiotic resistant bacteria resulting in potential health issues) and for the production of drinking water (for example increased requirements on the removal of micropollutants). For example in the Netherlands, over 190 tonnes of medicinal waste reaches the environment through the sewerage systems and wastewater treatment plants per year.[61]

NX Filtration believes that these challenges are increasingly prioritised at both municipal water companies and industrial companies. For example, Veolia is expressing its commitment to carry out diagnosis of water resources and develop solutions to optimise water management by 2023[62] and Procter & Gamble aims to deliver a 35% increase in water efficiency and source at least 5 billion liters of water from circular sources for its production sites.[63]

NX Filtration believes that its breakthrough dNF technology can play a central role in addressing these issues. Its dNF technology was designed to remove micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour and selective salts from water in one single step and also removes bacteria, viruses and nanoplastics. The dNF technology also offers substantial sustainability benefits compared to conventional water treatment methods, as it avoids the use of pre-treatment chemicals in the water treatment process and substantially reduces energy consumption. The dNF technology provides an open, low fouling construction without obstruction by spacers as used in other nanofiltration membranes. The dNF technology was developed at lab-scale at the University of Twente, a prominent technical university in the Netherlands, by NX Filtration's founder Erik Roesink, who is also a part-time Professor of Advanced Membranes for Aqueous Applications at the University of Twente. Since the foundation of NX Filtration in 2016, the Company has brought its technology to industrial scale production and begun commercialisation across multiple applications and geographies. NX Filtration currently holds several patents related to the dNF technology in all countries it believes relevant, see also "—*Technology*".

NX Filtration sells its filtration membranes in the form of modules, which typically contain thousands of individual membrane fibers. NX Filtration sells these modules to customers in its two business lines: Clean Municipal Water and Sustainable Industrial Water, see figure 5.

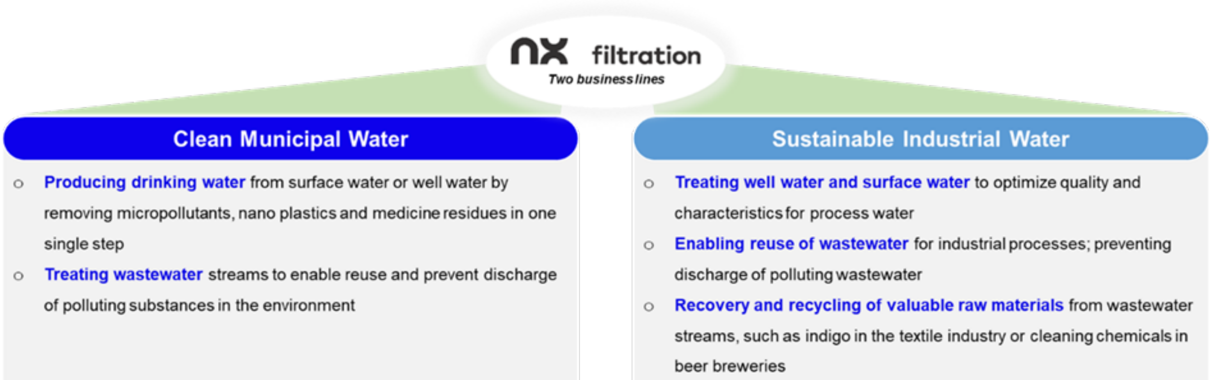

Figure 5: Key applications within NX Filtration's two business lines

NX Filtration's core product line is its dNF membrane modules, which NX Filtration believes to be unique in the world as, according to NX Filtration, it is the only company that is able to produce and commercialise dNF products with a molecular

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[60] *Source*: World Wildlife Fund, https://www.worldwildlife.org/threats/water-scarcity.
[61] *Source*: RIVM, Medicijnresten.
[62] *Source:* https://www.veolia.com/en/veolia-group/corporate-social-responsibility/biodiversity/act4nature-international.
[63] *Source*: P&G, Ambition 2030, Environmental Sustainability Goals.

weight cut-off of 400 and 800 Dalton through its respective products dNF40 and dNF80. Of these two products, the dNF40 product has the highest retention (selectivity) of ions (hardness) and micropollutants, whereas the dNF80 product has a lower selectivity, but still a very high retention for non-organic mater (including colour) with a permeability that is approximately 30% higher than the dNF40 product. Additionally, NX Filtration believes that its dNF membrane modules also offer substantial sustainability benefits compared to conventional water treatment technologies with regards to (i) reduced energy consumption[64] (see *Business—Competitive strengths—NX Filtration offers significant sustainability benefits*) and (ii) the fact that NX Filtration's dNF membrane modules avoid chemicals in pre-treatment processes, whereas such pre-treatment is required for traditional filtration processes. In addition to its core dNF product line, NX Filtration also offers products based on UF and MF. In these market segments, NX Filtration focuses on high-value niche applications and cross-selling opportunities for its dNF products to the same customers it is selling its UF and MF products (e.g. upselling to a higher value product that NX Filtration offers in the same or similar installations, or customers deciding to use dNF in a new or other installation than NX Filtration previously sold its UF/MF products).

See Figure 6 for NX Filtration's core products with distinct separation characteristics, including their respective filtration objectives. Through investments in its research and development department, NX Filtration seeks to continuously work on membrane innovations, geared towards optimising performance, reducing cost and unlocking new product-market combinations.

	Nano		Ultra		Micro	
Filtration objective	**dNF40**	**dNF80**	**UF010**	**UF150**	**MF100**	**MF500**
Suspended solids and micro plastics	o	o	o	o	o	o
Bacteria	o	o	o	o	o	o
Viruses	o	o	o	o		
Protein and colloidal silica	o	o	o			
Micropollutants, color and nano plastics	o	o				
Selective salt, softening and pharmaceuticals	o					

Figure 6: NX Filtration's product portfolio

Furthermore, NX Filtration's core products dNF40 and the dNF80 have a typical flux of 20-40 lmh and 20-50 lmh, respectively, and a rejection of $MgSO_4$ (magnesium sulfite) of 90% and 80%, respectively.

NX Filtration aims to establish a global commercial footprint, based on its own growing sales force as well as its widening network of distribution partners, agents and international OEM customers. NX Filtration is currently active in Canada, Hungary, India, Indonesia, the Netherlands, the Philippines, Singapore, Spain, Sweden, Switzerland, Turkey and the United States (see also "*Business—Clean Municipal Water—Selected Projects*" and "*Business—Sustainable Industrial Water—Selected Projects*"). NX Filtration's pilot systems play an important role in its commercial roll-out strategy, as NX Filtration believes that they are key to convincing customers to adopt NX Filtration's technology and to determining the optimal process conditions for a subsequent larger system. To that extent, NX Filtration has developed various pilot systems that are sold or rented to its customers. At the date of this Prospectus, all ongoing pilots have a clear visibility towards follow-on demo or full-scale projects and, there are no customers that have definitively not been retained after using NX Filtration's technology by way of a pilot system. NX Filtration understands that none of the commercial pilots to date have resulted in customers opting for a different technology than dNF. Based on the proven concept of this pilot-based roll-out model, as all full-scale and demo installations have been preceded by pilot phases, NX Filtration aims to invest in significantly expanding the number and size of its pilot systems. NX Filtration also seeks to accelerate the roll-out of its dNF technology by acquiring regional or industry-specific platforms that can unlock access to new customers.

NX Filtration's production facilities and corporate headquarters as well as its research and development centre are located in Enschede, the Netherlands, utilising 2,725 m^2 of production area and 985 m^2 of laboratories and office area, spread over two locations. NX Filtration's location at the Institutenweg houses the production of membranes and its research and development

64 *Source:* Energie en Grondstoffenfabriek, Water Factory, The New Source, 2019.

center including laboratories, whereas its location at the Josink Esweg, that was added at the beginning of 2021, houses the production of modules and is being used for warehousing and logistics. Currently, activities are ongoing to expand the production capacity of its membranes at the Institutenweg, which are expected to be completed in the second half of 2021. NX Filtration has developed plans to significantly expand its production capacity at a new location. In this respect, negotiations regarding the purchase of the land are ongoing, there are drawings of the premises to be realised and there is a blueprint of the layout and the process and equipment set-up to be used in the premises, and after the land has been purchased the construction process of the premises and required permit processes have to be started. NX Filtration employs 34 people based on a full-time contract as at 31 December 2020.

NX Filtration's gross income for the years ended 31 December 2020, 2019 and 2018 were €1.1 million, €0.8 million and €0.9 million, respectively. NX Filtration is active across the globe. In 2020, 17% of NX Filtration's revenue from sale of goods was generated from customers in the Netherlands, 59% from customers in countries in Europe (including the United Kingdom) other than the Netherlands, 13% from customers in countries in North America, 8% from customers in Asia and 3% from customers in the rest of the world.

History

NX Filtration was founded in 2016 in Enschede, the Netherlands, following a period commencing in 2013 when Erik Roesink conducted prior research and development work on direct hollow fiber nanofiltration technology at the University of Twente in the Netherlands.

Between 2016 and 2018, NX Filtration developed an industrial production facility for the large-scale production of its membrane products. This production facility is being used for research and development activities and production, and has been continuously optimised and de-bottlenecked over the past two years. At the beginning of 2021, an additional facility commenced operations, freeing-up space at the original location to add a second production line for membrane production.

Although the Company sold various products in 2018, its first full-scale project based on its dNF product was delivered in 2019, supplying 31 dNF modules for a decentral municipal drinking water production plant in the Philippines. In 2020, the Company started to expand its sales force in new countries and engaged in a contract with Hydranautics, part of the Nitto Group, to become the sole and exclusive producer and supplier of various HYDRAcap ultrafiltration products from January 2021 onwards. The contract covers the HYDRAcap PES hollow fiber ultrafiltration product line of Hydranautics. NX Filtration is allowed to use the HYDRAcap trademark for a period of six years and has access to the global distributors and end-customers of the installed base of HYDRAcaps globally. The contract contains a fee structure for the period 2021-2024, based on realised revenue from NX Filtration's HYDRAcap products sales. Through this contract, NX filtration thus obtained a significant exposure to the global UF replacement market for HYDRAcap products, as well as to a global customer base that, in the future, may also benefit from NX Filtration's dNF product offering.

Selected significant events and milestones for NX Filtration

Year	Description
2016	NX Filtration is founded, bringing lab developments of dNF technology at the University of Twente to industrial production scale by bringing together leading membrane experts and acquiring, developing and registering IP-rights
2018	Completion of production facility for membrane and module production in Enschede, the Netherlands
2018	Introduction of the 'Mexplorer' that enables customers to perform quick filtration tests with small lab-scale pilot modules
2019	First commercial project: delivery of 31 dNF modules for a decentral municipal drinking water production plant in the Philippines

Selected significant events and milestones for NX Filtration	
Year	**Description**
2020	Introduction of the 'Mexpert', a fully automated containerised pilot system that enables customers to perform on-site testing with NX Filtration's dNF products
2020	Expansion of sales presence in Belgium and Spain
2020	Contract with Hydranautics, part of the Nitto Group, to take over production and global distribution of various HYDRAcap ultrafiltration products as per January 2021
2021	Expansion of production capacity with an additional facility in Enschede, the Netherlands, that frees-up space at the initial production location to add a second spinning line for membrane production (scheduled for H2 2021)
2021	Expansion of sales presence in Asia (India and Singapore) and North America (Canada)

Competitive strengths

NX Filtration's main competitive strengths are the following: 1) NX Filtration is well-positioned to benefit from structural trends impacting the water markets, 2) NX Filtration has proprietary and proven technology with high barriers to entry, 3) NX Filtration offers significant sustainability benefits, and 4) NX Filtration's business model is highly scalable. These competitive strengths are described below.

1) NX Filtration is well-positioned to benefit from structural trends impacting the water markets

NX Filtration believes that it is strategically well-positioned to benefit from current trends impacting the water markets. Water scarcity and quality drives the overall market growth, further supported by, amongst other factors, climate change, regulation, and an increased focus on sustainability. The addressable market for NX Filtration's dNF membranes is forecasted to grow to USD 15.0 billion by 2030 with additional market potential unlocked by its dNF technology,[65] see "*Industry Overview—Addressable market for NX Filtration's dNF technology*". NX Filtration believes large and growing filtration membrane markets provide significant opportunity for its dNF technology. Conventional technologies in this market, including UF, NF and RO are believed by NX Filtration to display various disadvantages. According to NX Filtration, limited innovation has taken place to address today's water challenges. Therefore, typically only a combination of various treatment methodologies can provide desired water qualities, for example a combination of UF plus traditional NF or a combination of UF plus RO. In addition, existing technologies typically have a large environmental footprint in terms of energy consumption and the use of chemicals in pre-treatment. Energy and chemicals represent close to approximately 20% or approximately USD 149 billion of the global annual spent in the water industry.[66]

NX Filtration believes that its dNF product addresses these issues and, as such, it is well-positioned to capture an increasing share of its addressable market. NX Filtration believes that its dNF product offers the following key advantages:

- *Superior filtration characteristics and performance*: NX Filtration manufactures its patented dNF membranes with an innovative layer-by-layer process, where multiple nano-scale layers are deposited on a membrane support. This method enables very precise and controlled rejection and flux properties of the membrane. Therefore, NX Filtration's dNF membranes have the unique ability to reject micropollutants, pharmaceuticals, nanoplastics and other small contaminants whilst being able to tailor the characteristics of product water, e.g. retaining valuable minerals that are desired in drinking water.

  In a research by the *KWR water research institute,*[67] NX Filtration's dNF40 membranes (with a MWCO of 400 Dalton) have been compared to a traditional spiral wound nanofiltration membrane on the rejection of a wide range

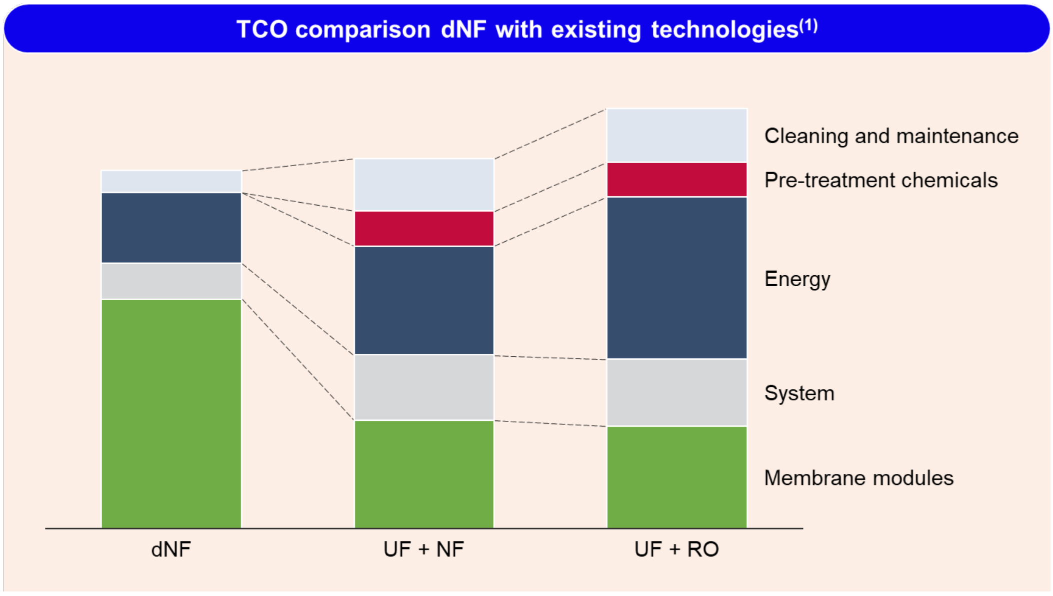
65 *Source:* BCC Research, Filtration Membranes: Global Market Forecast Till 2030; NX Filtration analysis.
66 *Source:* BCC Research; GWI WaterData.
67 *Source:* Mohammad Kazemabad, KWR water research institute, Ghent University, 2019.

of micropollutants and PFAS. The study found that dNF40 membranes displayed comparable rejections as the spiral wound nanofiltration membranes on various micropollutants with a MWCO larger than 400 Dalton, and displayed significantly higher rejections than the spiral wound nanofiltration membranes on various micropollutants with a very small MWCO (between 88 and 130 Dalton). An example is the rejection of PFOA (perfluorooctanoic acid, which is a perfluorinated carboxylic acid produced and used worldwide as an industrial surfactant in chemical processes and as a material feedstock, and is a product of health concern and one of many PFAS compounds), with a MWCO of more than 400 Dalton, of between 95% and 100% by both dNF40 and spiral wound nanofiltration membranes. Another example is the rejection of Guanylurea (the main transformation product of the antidiabetic drug Metformin), with a MWCO between 88 Dalton and 130 Dalton, of close to 100% by dNF40 (as compared to approximately 50% by a spiral wound nanofiltration membrane).

- *Competitive total cost of ownership* (**TCO**): From a cost perspective, dNF can perform in line with, or better than, alternative technologies, although this depends on the exact characteristics of the feed water, desired quality of the product water and process conditions. In figure 7, which is based on NX Filtration's estimates for a specific situation, it can be seen that the TCO (for these purposes the purchase price of the product including its replacements during a 20-year lifetime plus the costs of operation and depreciation of the installation) of dNF is lower than the TCO for a system set-up of UF plus traditional NF or UF plus RO, both of which would result in the same quality of product water.

  In a research by the *Energie en Grondstoffenfabriek,*[68] the costs for an industrial system for water reuse based on hollow fiber nanofiltration membranes has been compared with general drinking water rates in the Netherlands. The system setup in their comparison includes a nitrifying sand filter (to reduce ammonium content in order to comply with the Drinking Water Decree), an optional screening plant (for extra protection), a hollow fiber nanofiltration step (to create particle free water, free from almost all dissolved organic matter and offering a disinfecting function) and treatment with ultra-violet light and hydrogen peroxide (to remove any remaining organic micropollutants). The total cost for this configuration amounts to approximately €0.50 per m^3 to €0.56 per m^3, which is competitive with the lowest drinking water rates in the Netherlands (€0.45 per m^3 to €1.50 per m^3, produced from groundwater, but excluding transportation cost).

The build-up of the cost structure in figure 7 also reflects the key characteristics of the dNF product: lower energy usage, avoidance of pre-treatment chemicals, simpler system set-up and reduced cleaning and maintenance cost. As a consequence of the above cost savings, the price NX Filtration can charge for its membrane modules is significantly higher (figure 7 represents the selling price of NX Filtration's dNF membrane module product, not the cost price) than the price of alternative membrane modules. Furthermore, NX Filtration believes it will experience limited price pressure as its pricing strategy is based on TCO comparisons with alternative technologies that are well-advanced on their cost curve (i.e. these technologies have been existing for several decades and are being produced and delivered by large global players).



68 *Source:* Energie en Grondstoffenfabriek, Water Factory, The New Source, 2019.

Note: Based on NX Filtration estimates, in €/m3 for a 100m3/h installation with a 20 years lifetime (including membrane module replacements for all technologies). Results vary depending on e.g. the quality of the feedwater (i.e. the (polluted) source water that enters a system), process conditions and the desired product water quality. The system costs are non-recurring, whereas the energy, chemicals pre-treatment and cleaning and maintenance costs are yearly costs and the replacement costs for membrane modules for all technologies are incurred every three to five years (depending on the application and operation).

Figure 7: Illustrative comparison of total cost of ownership between dNF and alternative technologies

- *Reduced physical footprint:* Whereas a conventional water treatment process may consist of various steps, including coagulation, clarification, sand filtration, UF, NF or RO and remineralisation, NX Filtration's dNF technology can replace these steps with a simple screen filter and its dNF membrane filtration. In addition to the above-mentioned benefits, this can also significantly reduce the physical footprint of the treatment installation. Especially in existing industrial processes, NX Filtration believes this can be an important additional decision factor for its customers.

2) NX Filtration has proprietary and proven technology with high barriers to entry

With the construction of an industrial-scale production facility, NX Filtration has demonstrated that it can reliably produce its unique and patented dNF technology. Over the past two years, the Company has successfully introduced and proven its technology through a broad range of pilot, demo and full-scale applications for blue-chip customers globally, proving the operational performance and commercial viability of its technology. See "*Business—Clean Municipal Water*" and "*Business—Sustainable Industrial Water*" for a selected impression of the type of work carried out by NX Filtration through its business lines.

NX Filtration believes to operate in the white space of the filtration market with very high barriers to entry, even taking into consideration that some of its competitors are part of large global conglomerates and may have significant research and development budgets that may be used in an attempt to obtain access to the same addressable market that NX Filtration is targeting. These barriers to entry consist of the following:

- *patented products:* NX Filtration has patented the key parts of its dNF technology, including patents related to the method for the production of positively charged membranes, polyelectrolyte multilayer (**PEM**) membranes and hollow-fiber multilayer membranes, see also "*Business—Intellectual property*";
- *in-house developed production:* NX Filtration has developed all its critical production processes in-house based on the extensive industry experience of its team of experts. These processes are protected through strict contractual clauses on confidentiality, intellectual property and exclusivity in NX Filtration's agreements with its suppliers; and
- *technology and production developed by leading experts:* NX Filtration benefits from a strong team of leading membrane technology experts with technical, operational and commercial experience with an extensive background in membrane development, production and commercialisation. In addition to Mr Erik Roesink and Mr Michiel Staatsen, this team consists of Annemie Mattheeuws, technology director with over 25 years membrane development and production experience; Robert Gerard, commercial director with 30 years of membrane experience at GE and Hydranautics; Joris de Grooth, an assistant professor membrane technology and a leading expert in layer-by-layer membrane technology, with over 15 years membrane development experience; Harry Futselaar, professor International Water Technology, module and process expert, with over 40 years of experience in membrane development in industry and academics; and Rick te Lintelo, sales director with 20 years of membrane experience at Norit, Pentair and Berghof Membranes. This team has been instrumental in developing the dNF technology (more than three years of dedicated lab developments preceded by decades of membrane development research), bringing this from lab-scale to industrial-scale, developing the required innovative and patented production methods and processes and reliably producing the dNF membranes and modules (for an additional more than three years). Key unique selling points of NX Filtration's production methods and processes include sustainability (low energy use, no use of chemicals), low opex and small physical footprint. Furthermore, NX Filtration has strict contractual protections on confidentiality and intellectual property in its agreements with key employees.

3) NX Filtration offers significant sustainability benefits

The operation of systems based on NX Filtration's dNF membranes require less energy and therefore realise a significant CO_2 footprint reduction compared to systems based on conventional technologies such as RO, adsorption (activated carbon) and oxidation. In a research by the *Energie en Grondstoffenfabriek,*[69] energy consumption of various technologies for producing drinking water in the Netherlands have been compared. In this research, it can be seen that the gross energy requirements for a system based on hollow fiber nanofiltration are approximately 0.5 kWh/m^3, as compared to approximately 1.7 kWh/m^3 for UF plus RO. In addition, NX Filtration's dNF solution avoids or significantly reduces the use of chemicals in operations, as it avoids the use of flocculants and coagulants in pre-treatment (which is required for traditional filtration processes) and requires a very low cleaning frequency. See "—*Corporate social responsibility*" for a description of the Group's ESG framework.

4) NX Filtration's business model is highly scalable

NX Filtration's business model is highly scalable, both from an operational and a commercial perspective. Operationally, the further development of the business is dependent on scaling-up its production capacity. Over the past five years, NX Filtration has developed and optimised its production process in-house. A central part of this process is the spinning line, where membranes are produced. NX Filtration is currently working on adding a second spinning line in its location at the Institutenweg. As it will further scale-up in the future, it can use the blueprint for this spinning line to further add capacity, see also "—*Production*".

From a commercial perspective, the business of NX Filtration is also highly scalable. In the current phase, many of NX Filtration's customers seek to pilot its technology prior to developing a full-scale installation based on dNF technology, the timeframe of which varies considerably (from several months to multiple years). But as its footprint of installations grows, NX Filtration expects to increasingly rely on repeat projects, both from end-customers rolling-out NX Filtration's technology to multiple plants or production sites and from its OEM customers that can deploy NX Filtration's technology in their projects for end-customers. NX Filtration is already experiencing this effect from both end-customers that have entered into second or third smaller projects with the Company, as well as with OEM customers that are rolling-out second or third smaller projects with NX Filtration. In addition to repeat projects, NX Filtration expects to increasingly benefit from recurring revenue from the replacement of membrane modules, which typically need to be replaced every three to five years (depending on the application and operation).

Strategy

In order to address the strategy of NX Filtration, it is relevant to outline the three stages the Company distinguishes in its development, being 1) technology adoption, 2) platform growth, and 3) sustainable and profitable growth.

The first phase, *technology adoption*, has been the focus of NX Filtration between its foundation in 2016 and 2020. In this phase, the focus has been on establishing a team of membrane experts, setting up the industrial-scale production plant that allowed NX Filtration to reliably produce dNF modules, introducing this technology to the market (including by rolling-out initial pilots with customers), proving the technology across applications, globally and with a broad set of blue-chip customers and preparing for further operational and commercial scale-up.

In this phase, NX Filtration believes it has achieved the following key milestones:

- *Team:* building and expanding its team;
- *Production process:* putting in place a reliable and scalable production process;
- *dNF technology:* introducing its dNF technology at industrial scale;
- *Pilots:* rolling out initial pilots with customers, with approximately 25 pilots systems in 2020;
- *Technology potential:* proving the potential of its technology across multiple applications; and
- *Customer base:* establishing a customer base.

The second phase, *platform growth*, is the key focus of the Company between 2021 and the medium term. The following pillars will play an important role in this second phase:

[69] *Source:* Energie en Grondstoffenfabriek, Water Factory, The New Source, 2019.

Investing in pilot systems

NX Filtration's scalable operational and commercial model is based on investing in pilot systems that, over time, convert into demo or full-scale plants. As such, an increasing installed base is being targeted which provides a strong basis for a high share of recurring revenue from module replacements in the longer term, see figure 8. A pilot system typically consists of one small or full-scale membrane module, whereas a full-scale installation may consist of tens, hundreds or thousands of modules. NX Filtration's largest commercial project to date has been the supply of 140 dNF80 modules for the optimisation of the Dumai City Water Treatment Plant in Indonesia, turning the local Masjid river into a valuable source for the supply of drinking water to the city of Dumai. Through a series of pilot system tests that were conducted during 2019 and 2020, it was demonstrated how a system based on dNF could effectively remove colour and various pollutants from the peat water and as such form the basis for municipal water supply.

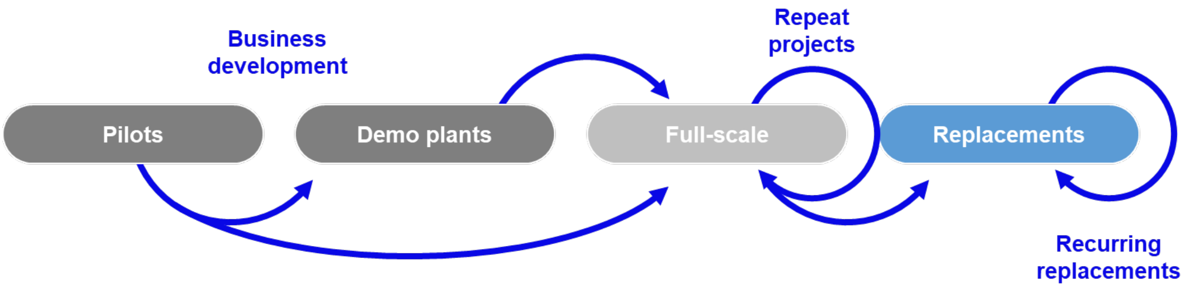


Figure 8: NX Filtration's commercial roll-out strategy

This model around pilot systems has been the focus of NX Filtration since the start of its commercialisation in 2018 and 2019. All commercial successes of NX Filtration to date have been the result of initial pilot system testing. In addition, at the date of this Prospectus, all ongoing pilots have a clear visibility towards follow-on demo or full-scale projects and NX Filtration understands that none of the commercial pilots to date have resulted in customers opting for a different technology than dNF. In 2020, NX Filtration added its full-scale Mexpert pilot system to its range of pilot systems, addressing the need of its customers to perform tests on full-scale modules. A key part of NX Filtration's further roll-out plan is to significantly increase the number and size of its pilot systems in the medium term, as it believes these pilot systems will form the basis for future revenue generation. The Company believes its operational and commercial model is ready for commercial lift-off.

Expanding commercial team globally

NX Filtration's platform growth is based on expanding its commercial team globally. In 2020, NX Filtration added commercial employees in Belgium (also covering France and Switzerland) and Spain, and in 2021 in North America (Canada) and Asia (India and Singapore). The focus of these commercial teams is threefold: (i) engage in pilot systems that form the basis for future revenue, (ii) generate revenue from demo or full-scale projects at end-customers, and (iii) line-up and train OEM customers to use dNF technology in their projects, NX Filtration's strategy is to further expand its sales teams across the world. In addition to commercial teams, it will need to strengthen its local presence of sales support and pilot system and commissioning engineers, which will be needed to support initial pilot systems.

Growing platform of OEM accounts

NX Filtration's platform growth is based on growing its relationships with OEM customers, mainly by the efforts of newly hired commercial staff that targets and trains OEM customers to use dNF technology in their projects. Once these OEM customers have been trained and have worked with NX Filtration's products, they can become an important element in the further commercial roll-out of NX Filtration's product. A key strategic advantage of NX Filtration is that it does not provide filtration systems itself and, as such, is regarded as an independent supplier of membrane modules that can work with multiple OEM companies without creating channel conflicts.

An example of this strategy can be found in NX Filtration's relationship with ProMinent, a German developer and manufacturer of components and systems for metering liquids and solutions for water treatment and water disinfection. In 2019, ProMinent gained experience with NX Filtration's technology for an application in Eastern Europe. When tasked with the challenge to remove bacteria, viruses and organics, including colour, from lake water for a power plant in Sweden, ProMinent understood that NX Filtration's technology could be the solution. After a series of tests with the use of NX Filtration's Mexplorer test unit, ProMinent was able to determine that, compared to other alternatives, dNF technology showed significantly better performance with regards to organics removal. Currently, 74 dNF40 modules have been installed in the water treatment system for this power plant. Other examples include NX Filtration's relationships with Nijhuis Industries and Jotem Waterbehandeling, with both of whom NX Filtration has already conducted multiple projects and pilots over the past years.

Benefiting from cross-selling opportunities

NX Filtration's platform growth is based on cross-selling opportunities. In addition to its core dNF product line, NX Filtration also offers products based on UF and MF. In these market segments, NX Filtration focuses on high-value niche applications and cross-selling opportunities for its dNF products to the same customers it is selling its UF and MF products (e.g. upselling to a higher value product that NX Filtration offers in the same or similar installations, or customers deciding to use dNF in a new or other installation than NX Filtration previously sold its UF/MF products). The sale of MF and UF products can, according to NX Filtration, play an important role in establishing a broad customer base that can become a target market for its dNF product over time. Until today, cross-selling opportunities primarily related to leveraging NX Filtration's position in the brewery industry with its MF products towards selling or renting dNF pilot systems for these breweries' water challenges.

Furthermore, through the contract entered into by NX Filtration and Hydranautics in 2020 (see also "*—History*"), NX Filtration obtained a global distribution channel for its products, significant exposure to an important UF replacement market, as well as to a global customer base that, in the future, may also benefit from NX Filtration's dNF product offering. The Group will for example offer single step filtration dNF products to UF customers that use UF as a pre-treatment step for spiral-wound filtration or reverse osmosis, which are each a two step filtration process.

Innovating products

NX Filtration's platform growth is based on expanding its research and development to fast-track innovations, penetrate additional markets, further improve performance and unlock new product-market combinations.

M&A as platform for accelerated growth

NX Filtration's platform growth is based on inorganic growth to further accelerate the roll-out of NX Filtration's dNF technology. NX Filtration targets a select number of regional or industry-specific platforms that may facilitate access to customers for its dNF technology in new regions or end-markets (e.g. the semi-conductor or the food and beverage industry) to strengthen NX Filtration's international presence. NX Filtration is looking for a select number of acquisitions, which may include platforms that predominantly rely on conventional water treatment technologies, such as UF or RO, or otherwise may provide access to new distribution channels for NX Filtration. Important objectives include building presence close to current and future customers, utilising relationships of target companies to penetrate new markets and strengthening NX Filtration's global sales and services network. In addition, NX Filtration believes a local footprint of engineers can also be beneficial in the years to come, in which pilot projects comprise an important part of NX Filtration's roll-out strategy. NX Filtration believes it has a clear view on potential M&A opportunities that meet its criteria, given its expertise and long track-record of its employees in the water treatment market.

Suitable M&A candidates include, but are not limited to, targets that:

- offer new distribution opportunities for dNF;
- are complementary with NX Filtration from a geographical or market perspective; and
- have embedded ESG in their products and throughout their organisations, similar to NX Filtration.

Following the phase of *platform growth*, the third phase of the strategic plan centers around *sustainable and profitable growth*. In this phase, the Company expects to increasingly benefit from repeat projects, both from end-customers rolling-out NX Filtration's technology to multiple plants or production sites, as well as from its OEM customers that can increasingly deploy

NX Filtration's technology in projects for their end-customers. As membrane modules typically need to be replaced every three to five years (depending on the application and operation), the Company expects to derive a large and increasing share of its revenue from module replacements over time. As typically only the highest value-added parts of NX Filtration's products are being replaced, this may also result in higher gross margins. In addition, the Company expects further expanding production plants and/or adding additional production plants in global demand centers, which it seeks to finance from its business operations at such time, and that larger volumes will enable it to increasingly benefit from economies of scale and to leverage its fixed cost base, with an expected positive effect on profitability.

Medium- to Long-term Objectives

The Group has set the following medium-term objectives, which it aims to achieve by executing its strategy as described in "—*Strategy*" and by which it targets an evolution of a profitable and growing technology leader:

- *Revenue:* achieving hypergrowth in revenue based on increasing the number of pilot systems to approximately 200 and aiming to convert these pilot systems into demo and/or full-scale projects;

- *Production capacity:* expanding production capacity with a new manufacturing facility that can, on a modular basis and over time, house up to 10 spinning lines with a targeted total capacity of approximately 80,000 modules per year (based on production in five shifts and depending on the product mix); and

- *EBITDA margin:* realising a positive EBITDA margin by reaching a larger scale of operations and realising purchasing benefits based on increasing volumes, cost engineering and production efficiencies.

The Group has set the following long-term objectives, which it aims to achieve by executing its strategy "—*Strategy*":

- *Market penetration:* reaching a market share of at least 10% of NX Filtration's addressable market,[70] based on converting pilot systems into demo and/or full-scale projects (with an expected increasing average project size), realising repeat projects, benefitting from existing customers and its OEM platform, and realising recurring revenue from replacing membrane modules in existing installations, while aiming on approximately 100 pilots a year;

- *Production capacity:* further expanding production plants and/or adding additional production plants in global demand centers; and

- *EBITDA margin:* realising an industry-leading EBITDA margin based on benefitting from economies of scale, leveraging the Company's fixed cost base as it realises its revenue growth (operational leverage) and realising an increasing share of revenue from module replacements, benefitting from its installed base.

The Group has not defined, and does not intend to define, "medium-term" and "long-term". These medium- and long-term objectives should not be read as forecasts or projections and should not be read as indicating that the Group is targeting such metrics for any particular year, but are merely objectives that result from the Group's pursuit of its strategy. The Group can provide no assurance that these objectives can be met or that its strategy can be implemented, and the actual results could differ materially. The objectives have been determined based on trends, data, assumptions and estimates that the Group considers reasonable as of the date of this Prospectus but which may change as a result of uncertainties related to its economic, financial or competitive environment and as a result of future business decisions, as well as the occurrence of certain factors, and they are inherently subject to significant business, operational, economic and other risks, including but not limited to those described in "*Risk Factors*", many of which are outside of Group's control. The assumptions upon which the medium- and long-term objectives are based may change or may not materialise at all. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions relating to the medium- to long-term objectives prove to be correct. Investors are urged not to place undue reliance on any of the statements set out above.

The Group does not intend to publish revised objectives to reflect events or circumstances existing or arising after the date of this Prospectus or to reflect the occurrence of unanticipated events. The objectives should not be regarded as a representation by the Group or any other person that it will achieve these objectives in any time period.

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[70] Addressable markets is used for these purposes as an estimate of the market size that could theoretically be served with NX Filtration's products. See "*Industry - Addressable market for NX Filtration's dNF technology*".

Business lines

NX Filtration is organised along two business lines: Clean Municipal Water and Sustainable Industrial Water. In its Clean Municipal Water business line, it serves municipal customers with products that can be used, amongst others, for drinking water and wastewater plants. In its Sustainable Industrial Water business line, it serves industrial customers with products that can be used, amongst others, to reduce their water footprint as well as for the filtration of beverages.

In 2020, the Group launched 27 commercial pilot projects (14 in the Clean Municipal Water business line and 13 in the Sustainable Industrial Water business line). Of these 27 pilot projects, 4 have been converted into demo plants or directly into full-scale installations in 2020, 3 have been converted into demo plants or directly into full-scale installations in 2021 (2 in the first quarter of 2021 and 1 in the second quarter of 2021), 12 are still running, 2 have ended and 6 have been put on hold. All customers that put pilot systems on hold, are in the process to either switch to a larger pilot project, or are in the process to design or plan a demo plant or full-scale installation. The 2 pilot projects that have ended are believed by the Group to be a result of one customer that has postponed the entering into of a demo-phase or full-scale installation phase after a pilot project due to budget constraints and another customer that had developed a complex niche installation that as a whole was, according to the Group, not economically viable.

In total, in 2020, the Group converted 4 pilot projects into demo plants and converted 3 pilot projects directly into full-scale installations. Of these 4 new demo plants and 3 new full-scale installations, 3 were preceded by pilot projects launched in 2019 and 4 were preceded by pilot projects launched earlier in 2020 (these 4 pilot projects are thus part of the total 27 commercial pilot projects launched in 2020).

In total, in the first quarter of 2021, the Group converted 2 pilot projects directly into full-scale installations. Both full-scale installations were preceded by pilot projects launched in 2020 (these 2 pilot projects are thus part of the total 27 commercial pilot projects launched in 2020).

In the first quarter of 2021, the Group launched 15 commercial pilot projects (7 in the Clean Municipal Water business line and 8 in the Sustainable Industrial Water business line). Of these 15 pilot projects, 1 has been converted directly into a full-scale installation in the second quarter of 2021 and 14 are still running as pilot projects.

Figure 9 illustrates the contribution to the revenue of NX Filtration in 2020 from its business lines and from each geographical destination of the products and location of the projects. In 2020, dNF products accounted for the vast majority of the revenue from sale of goods (approximately 75%) and the remaining revenue from sale of goods was generated from UF (approximately 7%) and MF products (approximately 18%). All the revenue from sale of goods was generated by the sale of membranes and membrane modules.

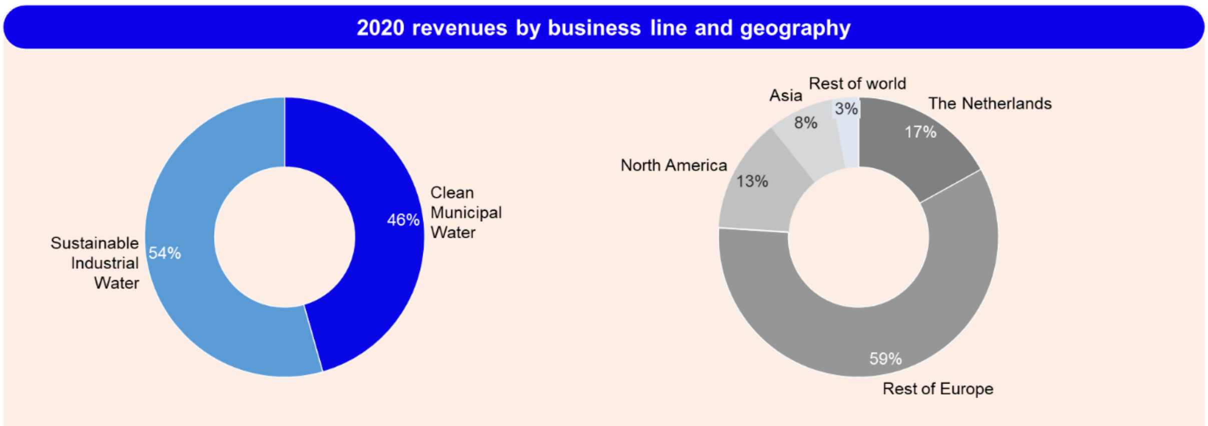

Figure 9: NX Filtration's 2020 revenue of sale of goods by business line and by geographical area [71]

[71] *Rest of Europe*: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom; *North America*: Canada and the United States; *Asia*: China, India, Indonesia, Philippines, Singapore, Taiwan, Thailand, Vietnam; *Rest of World*: Colombia, Israel, Mexico, Morocco, Republic of Korea, United Arab Emirates.

Clean Municipal Water

Overview of operations

In its Clean Municipal Water business line, NX Filtration's membrane technology enables its customers to produce drinking water from surface water by removing, amongst others, micropollutants, nanoplastics and medicine residues in one single step and to treat wastewater streams to prevent discharge of polluting substances in the environment, and to reuse wastewater for purposes that also include the production of drinking water.

NX Filtration's primary products in its Clean Municipal Water business line are dNF40 and dNF80. In addition, it supplies its UF products (including HYDRAcap products) in certain high-value niches and as cross-selling opportunity towards its dNF product. NX Filtration seeks to establish a broad customer base that currently relies on UF technology, but is expected to shift over time towards dNF as a result of, for example, an increased focus on water shortage, a drive towards sustainability and increasingly stringent regulation on micropollutants.

Business development

The municipal market for drinking water and wastewater is characterised by relatively large central plants in locations with existing infrastructure and a tendency to develop smaller decentral plants in greenfield situations. Key drivers for the market and NX Filtration's approach differ substantially between different geographical regions. Generally, sustainability and circular economy are significantly impacting the selection of treatment solutions for municipal water companies.[72] In its approach to the market, NX Filtration aims to cater to both shorter-term revenue opportunities that can be derived from decentral greenfield situations in Asia, as well as to invest in pilot systems with European and North American customers to introduce its dNF technology which may lead to future revenue related to large central drinking water or wastewater treatment plants.

Asia

The Asian market provides, in the view of the Company, immediate opportunities to supply dNF modules for full-scale municipal applications. These applications typically relate to greenfield situations for the production of drinking water, where NX Filtration's technology can transform a polluted surface water, such as a local river, into a source of drinking water. In addition, water stress has pushed most Asia-Pacific countries, especially China and India, to invest in the advanced treatment of wastewater, which can be reused for industrial and agricultural purposes.[73] Key drivers for customers include, according to NX Filtration, filtration characteristics and TCO. According to NX Filtration, a typical project size may require hundreds of membrane modules, and NX Filtration experiences a relatively quick conversion process from pilot system testing to implementing a full-scale project. In China however, a typical municipal project size may, according to NX Filtration, require thousands of membrane modules. NX Filtration has its own sales person in India (added in Q1 2021) and in Singapore (added in Q2 2021), developed various project references in Indonesia and the Philippines, established relationships with OEM companies, distributors and agents in Indonesia, the Philippines, India, China and South Korea, and aims to further develop relationships in, amongst others, Singapore, India, Vietnam and China.

Europe

The European municipal water market is characterised by large central plants for drinking water production or wastewater treatment. The key growth driver is rehabilitation projects, which combine factors that mitigate climate change and implement the sustainable use of water resources.[74] Regulation is driving further improvements to water treatment. For example, Switzerland is the first country in the world with legislation around micropollutants in wastewater streams to protect sensitive waters and drinking water resources, and it has implemented a program to upgrade wastewater treatment plants by 2040. Furthermore, countries across Europe are considering new requirements to address PFAS in wastewater discharges, drinking water, spills and releases, and a variety of (water) products and as from 26 June 2023 a new EU Regulation on minimum requirements for water reuse for agricultural irrigation will apply, which is expected to stimulate and facilitate water reuse in the EU. Key drivers for customers include filtration characteristics and sustainability. According to NX Filtration, the commercial development process is typically longer, starting with extensive pilot system testing, followed by a demonstration

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72 *Source:* Frost and Sullivan, Digitalization Powering the Global Water Market, 2020.
73 *Source:* Frost and Sullivan, Outlook of the Global Water and Wastewater Market, 2019.
74 *Source:* Frost and Sullivan, Outlook of the Global Water and Wastewater Market, 2019.

plant and subsequent roll-out in a full-scale installation. Such full-scale installation may require thousands of membrane modules. NX Filtration has its own sales force in the Netherlands, Belgium (also covering France and Switzerland) and Spain, and started to develop relationships with municipal water companies in the Netherlands, Belgium, France, Switzerland and Spain, established relationships with OEM companies, distributors and agents in the Netherlands, United Kingdom, Germany, Spain, Italy and Turkey, and aims to further develop relationships across Europe.

North America

The North American municipal water market is characterised by both large central and smaller decentral plants for drinking water production or wastewater treatment. Several states are already accustomed to the practice of reusing wastewater, which may facilitate the adoption and time-to-market of NX Filtration's technology. The constant rehabilitation of aging infrastructure, especially in the northern states, is a growth opportunity in this region. In addition, the presence of polyfluoroalkyl (**PFAS**) substances in drinking water has resulted in the need for stringent standards for PFAS removal. Local regulatory agencies have already implemented strict regulations for PFAS elimination,[75] providing opportunities for the deployment of NX Filtration's technology. Similar to Europe, key drivers for customers include filtration characteristics and sustainability. The commercial development is expected to display similar characteristics as in Europe, possibly with shorter lead times given more decentral plants and the familiarity with wastewater reuse practices. Full-scale installations may require hundreds to thousands of membrane modules. NX Filtration already conducted various small pilot projects in the United States and Canada, has a relationship with an agent in the United States and recently (in Q1 2021) hired a sales person in Canada to further develop the North American municipal market.

Selected projects

The following projects are examples chosen to give an impression of the type of work carried out by NX Filtration through its Clean Municipal Water business line, but have not been selected on the basis of their size by revenue or profit contribution.

Supply of dNF80 modules for the optimisation of the Dumai City Water Treatment Plant in Indonesia

This project, for the Ministry of Public Works and Human Settlement of the Republic of Indonesia, the World Bank's National Urban Water Supply Program and the Local Government of Dumai City, contributes to the goal of providing access to improved water sources. The system has a capacity of 50 liters per second (180m3/h) and consists of 140 NX Filtration dNF80 membrane modules. With this system, the local Masjid river can be turned into a valuable source for the supply of drinking water to the city of Dumai. This river contains high amounts of colour and various pollutants, which are accumulated in the river during its flow through the rainforest.

The project was initiated by PT Bayu Surya Bakti Konstruksi, an Indonesian specialist in constructing water and wastewater treatment plants, in collaboration with PT. Bumi Kirana Asri, Indonesia's local distributor for NX Filtration's products. Through a series of pilot system tests that were conducted during 2019 and 2020, these parties demonstrated how the dNF system could effectively remove colour and various pollutants from the peat water and, as such, form the basis for municipal water supply.

Pilot systems with NX Filtration's hollow fiber nanofiltration membranes to enable autonomous drinking water production at the fortress island of Pampus in the Netherlands

This pilot system focused on demonstrating how dNF technology could enable a simple and sustainable process of producing drinking water at the fortress island Pampus in the IJmeer near Amsterdam, the Netherlands. The pilot system installation (involving 1 module) consists of three steps. First, the water passes through a sand filter to remove larger particles such as algae. As a second step, the dNF membranes remove the majority of bacteria, viruses, antibiotics, microplastics and other micropollutants as well as colour from the water. As a result, a very clear water enters the third step of the process, ultra violet (**UV**) treatment, providing optimal conditions to remove traces of the micropollutants. Compared to traditional methods, the number of filtration steps was reduced and the use of chemicals in the pre-treatment of the water was avoided. In addition, because the dNF membranes are able to remove colour from the water, the efficiency of the UV treatment is much improved, which significantly reduces energy use.

[75] *Source:* Frost and Sullivan, Outlook of the Global Water and Wastewater Market, 2019.

The pilot system was developed by a consortium of three parties. Jotem Waterbehandeling developed the overall system, NX Filtration delivered its dNF membranes and Van Remmen UV Technology was responsible for the validated UV post treatment. Holland Nauta Maritime Watermakers, advised by Blue Wave Water, was responsible for the project management and Waternet, the water company for Amsterdam and surrounding area, advised on drinking water systems and regulations. A subsequent pilot project for drinking water company PWN started in 2021, based on the same water source.

Various pilot systems for major European water company on drinking and wastewater applications

In 2020, the customer, a major European water company, had been gaining experience with NX Filtration's dNF technology for various applications on lab-scale at its research and testing location before it decided to invest in two larger, full-scale Mexpert pilot systems in 2021, each involving 1 module. In these two new pilot systems, NX Filtration's nanofiltration membranes are being tested for the reuse of effluent from a municipal wastewater treatment plant as well as for the treatment of surface water.

The first pilot system seeks to test the use of dNF membranes for the reuse of wastewater treatment plant effluent. dNF can serve as an alternative for the classic combination of biological treatment, UF and RO to produce high quality water. The nanofiltration technology could be deployed to address water scarcity issues in regions challenged by summer droughts in combination with high water consumption.

The second pilot system focuses on the production of drinking water from surface water. Here, the customer is looking for an alternative technology to produce drinking water, avoiding the traditional multistage process and avoiding the use of chemicals.

The longer term potential of this customer is estimated by NX Filtration based on the potential projects following the abovementioned pilot systems. These follow-on projects are expected to materialise in the period between 2022 and 2024 and are expected to initially comprise of demo-projects containing approximately 100 modules each, followed by full-scale projects containing approximately 600 modules each. Looking at the total installed base of projects in Europe owned or operated by this customer, NX Filtration estimates it could assist this customer with a potential roll-out across approximately 30 plants across Europe (and more globally), requiring approximately 5,000 modules per plant. NX Filtration estimates a total theoretical potential of 150,000 modules for this customer in Europe. Assuming a replacement cycle of four to five years, this could result in a theoretical annual volume of approximately 30,000 to 37,500 modules.[76]

RECO LAB: demo project to recover nutrients from an innovative urban waste stream in Sweden

The project, concerning a municipal wastewater application, was done for the City of Helsingborg together with NSVA (Northwest Skåne Water and Wastewater) and NSR (Nordvästra Skånes Renhållnings) and entailed the recovery of nutrients from separated urban waste streams (grey and black water) from the new residential area Oceanhamnen (the Ocean Harbour) in Helsingborg, Sweden. NX Filtration delivered 12 dNF40 modules for the removal of micropollutants (pharmaceuticals, estrogens, microplastics, antibiotics and personal care products) from wastewater. For this project, NX Filtration partnered with OEM company Jotem (responsible for the installation), and DeSaH (responsible for the process design).

Other projects

Other projects in NX Filtration's Clean Municipal Water business line include a project in the Philippines contributing to the removal of color from well water for drinking water production (involving 31 modules), a pilot project in the US (Texas, Mississippi and Louisiana) for drinking water production in rural communities (involving 1 module), a pilot project in Canada facilitating drinking water production from rainwater for a utility (involving 1 module), and a pilot project in Switzerland to remove pesticides from ground and surface water (involving 1 module).

Sustainable Industrial Water

Overview of operations

In its Sustainable Industrial Water business line, NX Filtration's membrane technology enables its customers to treat surface or well water to optimise quality and characteristics for process water, prevent discharge of polluting wastewater and reuse

[76] *Source:* NX Filtration estimates based on GWI Waterdata.

wastewater for industrial processes and recover and recycle valuable raw materials from wastewater streams, such as indigo in the textile industry or cleaning chemicals in beer breweries.

NX Filtration's primary products in its Sustainable Industrial Water business line are dNF40 and dNF80. Industries across the globe are gradually adopting sustainable technologies to reduce their water footprint. In addition, policy makers and regulators are adopting stringent measures to control pollution. This has led to industries increasingly adopting technologies that enable the efficient reuse of water.[77] According to NX Filtration, a typical project size may require tens of membrane modules, and NX Filtration experiences a relatively quick conversion process, directly from pilot system testing to implementing a full-scale project.

In addition to its dNF product, NX Filtration also supplies its MF products in its Sustainable Industrial Water business line, primarily in the food and beverage segment. Particularly in the beer filtration market, it has a unique value proposition, offering its customers a second source for their membrane and modules supplies as the only independent player globally. With its MF product, NX Filtration is also active in the markets for wine, dairy and sugar filtration, where it aims to distinguish itself based on its strong innovation power and extensive in-house expertise of membrane filtration. NX Filtration also supplies its UF products (including HYDRAcap products) in certain high-value niches and as cross-selling opportunity towards its dNF product.

Business development

The route-to-market in the Sustainable Industrial Water business line is both direct to the end-customer and through NX Filtration's OEM partners. With respect to its direct approach to the end-customer, NX Filtration leverages its knowledge of, and connections within, a certain industry to introduce its dNF technology. For example, in the beer brewing industry, NX Filtration has a strong network and a unique angle to discuss its MF membranes for beer filtration as it acts as one of the two players globally offering this product. With respect to its sale through OEM customers, NX Filtration seeks to use its network of OEM companies to identify and access commercial opportunities.

A key market in the Sustainable Industrial Water business line is the food and beverage industry, in which NX Filtration established references across beer, wine, dairy and soft drink manufacturers. The food and beverage industry includes some of the largest water and resource consumers and, as such, is well positioned to take the global lead in promoting a circular economy, innovations, off-grid operation, water security, corporate water stewardship and water sustainability. In this market, turning water challenges into business opportunities is seen not only as a chance to improve water efficiency and save money but, more significantly, as a powerful marketing tool so consumers see a brand as sustainable and concerned about the environment. Increasing numbers of food and beverage companies are making investments to reduce their water footprint, understanding that saving water means saving money. Forward-thinking food and beverage companies incorporate sustainability into business models for long-term economic success, environmental balance, and social prosperity.[78]

In addition to the food and beverage industry, NX Filtration has already applied its membranes in the industrial markets for textile (initial references in Europe and Asia), power generation (initial references in Europe and North America), aerospace and artificial blood. In its further commercial roll-out, NX Filtration seeks to leverage these existing references and in parallel develop new product-market combinations, such as the semi-conductor industry and datacenters, both sectors that rely on large quantities and high quality of water.

From a geographical perspective, NX Filtration has built various project references in its Sustainable Industrial Water business line throughout Europe, as well as selected project references in North America and Asia. NX Filtration has a dedicated sales staff for the food & beverage industry in the Netherlands and further serves the Sustainable Industrial Water business line through its wider network of sales employees, OEM companies, distributors and agents. NX Filtration seeks to expand its activities in its Sustainable Industrial Water business line throughout North-Western Europe (Benelux, Germany, France, Switzerland, the United Kingdom and the Nordics) as well as in those locations where NX Filtration has its own sales organisations or works with distributors, agents and OEM partners.

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77 *Source:* Frost and Sullivan, Digitalization Powering the Global Water Market, 2020.

78 *Source:* Frost and Sullivan, Sustainable Solutions Create Growth Opportunities in the Global Food & Beverage Water and Wastewater Treatment Market.

Selected projects

The following projects are examples chosen to give an impression of the type of work carried out by NX Filtration through its Sustainable Industrial Water business line, but have not been selected on the basis of their size by revenue or profit contribution.

Supply of dNF40 modules for an innovative water treatment system at the Forsmark power plant in Sweden

This project for ProMinent, a multinational water treatment systems supplier, was addressing the water requirements for the local production of drinking and process water for the Forsmark power plant in Sweden.

The feed water is taken from a local, highly coloured lake with temperatures close to zero degrees Celsius in the winter. This feed water goes through a simple one-step process consisting of 74 dNF40 modules of NX Filtration. This system removes bacteria, viruses and organics, including colour, from the lake water. Compared to the existing system, which was based on coagulant injection, dissolved air flotation and sand filtration, the new dNF setup offers various benefits. It ensures better removal of organics, micropollutants and other contaminations, it avoids the use of chemicals in pre-treatment and it reduces the number of process steps, which also results in a smaller physical footprint of the system.

The project was the second project NX Filtration performed with its OEM customer ProMinent and was implemented after pilot system testing of dNF technology in comparison with other technologies.

Pilot system to reduce the water footprint of La Zaragozana brewery in Spain with approximately 25%

NX Filtration applied its dNF40 membranes (involving 1 module) for optimal reuse of wastewater streams at the La Zaragozana brewery in Spain. NX Filtration's dNF membranes have been used to treat the concentrate from the RO treatment of process water at the brewery, thereby significantly reducing the water footprint of the brewery. This project is an example of leveraging NX Filtration's strong MF proposition with breweries towards selling dNF products for water treatment.

The project was a demonstration project as part of VIDA (Value-added Innovation in fooD chAins), stimulating innovation and cutting-edge development in the agrifood chain, financed by the European Commission. Together with NX Filtration, the project was conducted with two engineering companies and water solutions integrators, Jotem Waterbehandeling and Adiego Hermanos.

Various projects for a multinational soft drink manufacturer

Aiming to reduce its water footprint, NX Filtration's customer performed laboratory testing with NX Filtration's dNF technology in 2019, after which this customer implemented NX Filtration's modules at two of its facilities in North America. In the first project, in 2019, NX Filtration supplied 10 dNF40 modules for the treatment of RO concentrate treatment to minimise water consumption at one of the company's plants. In the second project, in 2020, NX Filtration supplied 15 dNF40 modules for the treatment of wastewater at another plant, reducing the discharge of wastewater and enabling the reuse of wastewater.

During the implementation of these projects, an array of other potentially valuable applications were identified, ranging from water reuse, brine treatment, rainwater treatment, recycling of cleaning agents and the removal of micropollutants. Inspired by these possibilities, both companies decided to join forces and accelerate their research efforts on these topics together, which has recently been formalised in a research collaboration on water treatment technology in 2021.

The longer term potential supply of modules to this industrial customer is estimated by NX Filtration based on the number of facilities owned or operated by this customer (estimated to be more than 200 globally) and the potential supply of modules to each of these facilities (estimated to be approximately 25 on average). This results in the theoretical potential supply of approximately 5,000 modules to this customer. Assuming a replacement cycle of three to four years, this could result in a theoretical annual volume of approximately 1,250 to 1,667 modules.[79]

Pilot with NX Filtration's nanofiltration membranes for textile industry's wastewater reuse in Turkey

[79] *Source:* NX Filtration estimates based on GWI Waterdata.

Ökotek, NX Filtration's distributor in Turkey, installed a pilot system (involving 1 module) for the recycling of both industrial and municipal wastewater in Turkey. The system, based on NX Filtration's nanofiltration technology, removes micropollutants and other organic matter from the municipal wastewater stream and colour from the industrial, mainly textile, wastewater stream. The treated water is being reused in the textile factories, therewith contributing to their sustainability goals and reducing the pressure on municipal drinking water availability. Ökotek selected NX Filtration's technology by comparing different technologies in their in-house laboratories.

Other projects

Other projects in NX Filtration's Sustainable Industrial Water business line include a project in Hungary facilitating the pre-treatment for an RO process for an aerospace multinational (involving 10 modules), and a pilot project in India for indigo and caustic recovery for a denim producer (involving 1 module).

Technology

The hollow fiber membrane principle

All of NX Filtration's products are based on hollow fiber membranes. A hollow fiber membrane can be compared with a porous straw, with the skin of the straw consisting of small pores that allow fluids (in most cases water) to permeate to the outside of the fibers whilst rejecting contaminations. Thousands of such fibers are bundled and potted (glued) in a cylindrical membrane module as visualised in figure 10.

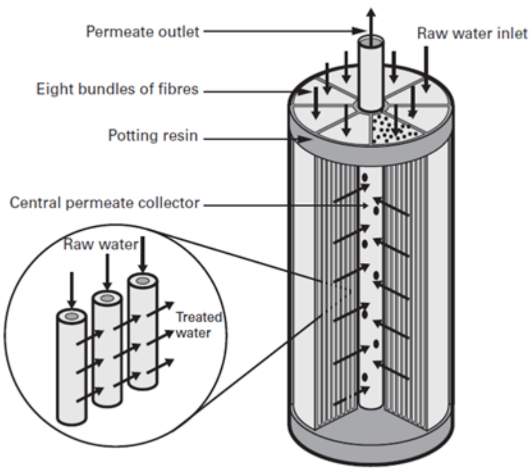


Figure 10: Concept of hollow fiber membranes encased in a module

The most important property of a membrane is its ability to separate different components from each other. In order to do this efficiently, a high selectivity (the ability of a membrane to reject certain particles) is key. For water treatment membranes, the typical requirements relate to a high transport of water (high permeability) and a low passage of ions, micropollutants or other contaminants (high selectivity).

The past few decades, the concentration of industrial chemicals, hormones, PFAS, pesticides, antibiotics and endocrine disrupting chemicals in water has increased. These emerging contaminants, together referred to as micropollutants, include industrial, medicinal and agricultural compounds and waste products such as nonylphenols, sulfamethoxazole, atenolol and atrazine. These contaminants typically have molecular weights ranging between 100 and 1,000 Dalton, and have the potential to cause long-term harm to humans and the environment.

NX Filtration believes other existing membrane types face significant disadvantages in removing these micropollutants. UF membranes are not designed to remove these micropollutants. The alternative is the use of RO membranes or spiral wound NF membranes. However, these technologies have relatively high operating costs as a result of their relatively high membrane resistance and the need for additional pre-treatment steps. Modules with these membrane configurations are often prone to (bio)fouling as a result of their spacer-based configuration and because of their limited chemical and hydraulic cleaning possibilities. Different strategies are being applied to overcome these challenges, typically involving various pre-treatment steps, including sand filtration, coagulation and flocculation and UF, often including significant use of chemicals. RO and spiral wound NF configurations work at relative high pressure and as such have a high energy consumption.

In contrast to spiral wound NF configurations, the hollow fiber membrane configuration allows for a much higher foulant load, since clogging is less likely and these membranes can be backwashed at high pressures to remove most of the fouling. Therefore, NX Filtration believes that such hollow fiber membranes are better suited for the removal of micropollutants.

NX Filtration's dNF technology

NX Filtration succeeded in developing a unique and patented technology that allows it to produce dense hollow fiber nanofiltration membranes that are able to remove small organic contaminants. With this technology, NX Filtration's innovative and patented products can remove pollutants with a MWCO as small as 400 Dalton, which enables to remove most of the pesticides, herbicides or medicines. NX Filtration's technology and patents also allow for further development to a MWCO of smaller than 200 Dalton, approaching seawater desalination properties of RO technology.

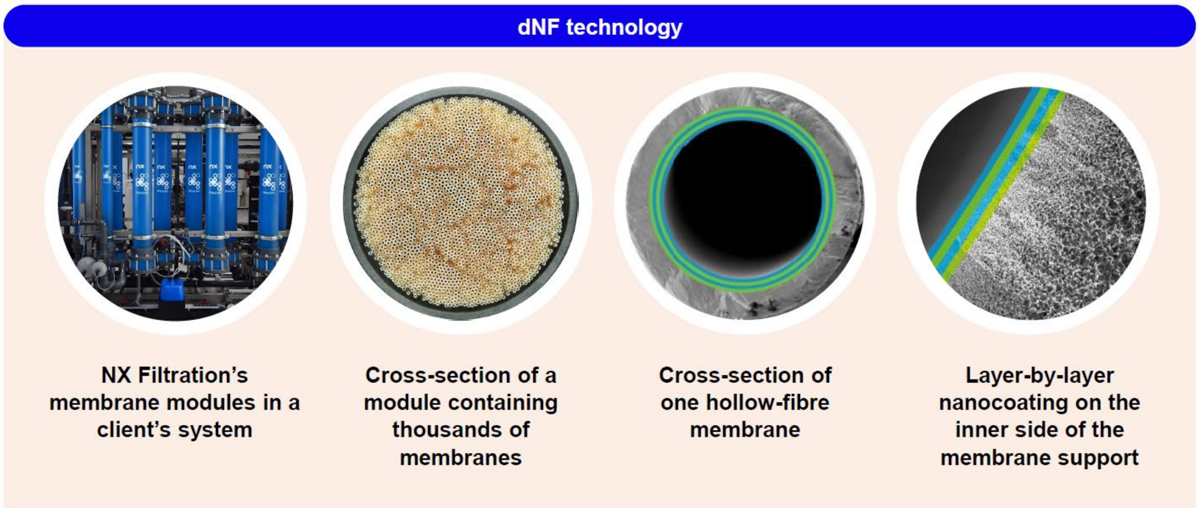


Figure 11: NX Filtration's unique patented dNF technology

The technology consists of dense layers of specific polymers (polyelectrolytes) that are coated on a membrane support, using a layer-by-layer nanocoating approach, as illustrated in figure 11.

- *Membrane support:* The membrane support is produced using an extrusion process under controlled conditions in combination with a coagulation bath. This membrane support has excellent capabilities to apply coating layers combined with high permeability of the membranes, and has high mechanical strength properties.

- *Layer-by-layer nanocoating:* Subsequently, an ultra-thin separation layer is applied on the inner side of the hollow fiber membrane support using a layer-by-layer approach. Excellent control of such layers to a single-nanometer scale enables NX Filtration to control the selectivity of the membranes. NX Filtration has developed technology to change e.g. acidity, ionic strength, type of polyelectrolyte and the number of coating steps to influence thickness, pore size and charge of the membrane. This process is based on *green chemistry* avoiding the use *of* toxic solvents or reactants.

The benefits and commercial advantages of the dNF technology (see also *'Business - Competitive strengths'*) are deeply embedded in the technical characteristics of NX Filtration's dNF products, see figure 12.

dNF technical product feature	Benefits	Commercial advantages
Selective layer material property	Chlorine, pH resistant	Easy cleaning, exceptional filtration characteristics
Super hydrophilic selective layer	Low fouling	Energy efficiency, no chemicals
Super smooth membrane surface	Low fouling and scaling	No chemicals, hydraulic cleaning, energy efficient
Strong bonding strength of the selective layer	Backwash reliability	Easy cleaning and operations
Hollow-fibre membrane	No spacers with fouling issues	No pre-treatment with chemicals like coagulant or flocculant
High rejection for low molecular weight with high passage of monovalent ions	High retention, lower osmotic pressure	Exceptional filtration characteristics, low energy, OPEX
High membrane packing density	High membrane area surface ratio	CAPEX and small footprint
Charged and physical strong membrane support	Reliability, robustness and pressure resistance	Low maintenance, OPEX
No pre-filtration required	Reduced system complexity	One step process, small footprint and CAPEX

Figure 12: Technical product features of dNF and resulting benefits and commercial advantages

Although the Group believes that its dNF technology has multiple benefits and commercial advantages compared to conventional technologies, UF may be more suitable than dNF from a cost efficiency perspective if the water that needs to be treated is already relatively clean (e.g. in case only bacteria have to be removed). A prospective customer may also prefer conventional technologies over dNF because it would likely be less dependent from one supplier as compared to dNF, that is only offered by the Group. The Group cannot predict whether municipal and industrial companies will determine that the products developed by the Group for the treatment of water are advantageous over current or then-current production methods. The use of a new type of water filtration depends on compatibility with existing infrastructures, installations and equipment, as well as the manner in which such technique may be used by a manufacturer. OEMs may elect not to use, distribute or install the Group's products due to the fact that the Group is in an early stage of operation and potential uncertainty around its future development and ability to deliver its products in the future, see also "*Risk Factors - The Group is dependent upon acceptance of its new technology and approach by customers and future partners, and if the Group cannot achieve and maintain market acceptance, the Group will be unable to build a sustainable or profitable business*."

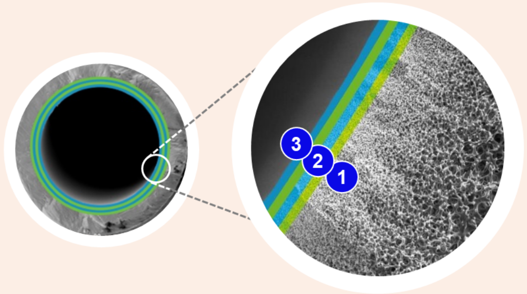
Intellectual property

NX Filtration's intellectual property and know-how, resulting from the in-house development of its technology and production equipment, is primarily protected through a series of patents, in-house available and developed proprietary knowledge on and craftsmanship related to membrane technology and production processes, and strict contractual protections on confidentiality, intellectual property and exclusivity (limitations in use) in NX Filtration's agreements with its employees and suppliers.

Patents

NX Filtration owns a series of patent families, which in NX Filtration's opinion strongly protects its unique technology of producing ultra-dense hollow fiber nanofiltration membranes. In the view of NX Filtration, these patents protect its dNF technology in a comprehensive way, see figure 13 below.

Key patent families protecting NX Filtration's dNF technology



1. Family of patents around **dense membrane support structure** to ensure optimal selective layer adhesion (*'Method for the production of positively charged membrane'* patent)
2. Family of patents around the in-line application of a **first selective charged layer** (*hollow-fiber membrane* patent)
3. Family of patents around the **layer-by-layer** application of positively and negatively charged nanolayers, offering precise control of the membrane selectivity properties (*'Polyelectrolyte multilayer (PEM) membranes and their use'* patent)

Figure 13: Key patent families protecting NX Filtration's dNF technology

Each of the Group's current patents provide protection against infringement of the technology patented by such patent for 20 years after the filing date of the respective patent application with the relevant patent office. In most jurisdictions, a patent application is published 1.5 year after the earliest filing date (or earlier based on the request of the applicant) and provides for provisional protection as of the date of publication. The time needed until the patent is finally granted depends very much on the number of rounds of comments and clarifications necessary with the examinator of the respective patent offices, the complexity and broadness of scope of the patent and the general availability of examinators within the regulated time table for a patent application. In general, on average, an international patent application filed under the Patent Cooperation Treaty (**PCT**) takes 4-5 years, where the international phase takes approximately 2.5 years under the PCT and then another 2-3 years for the national patent application process to obtain a granted patent. A national patent application takes on average 2-3 years before it is granted, however if a patent is pursued for multiple jurisdictions typically an international patent application is filed first, such that all applications obtain the identical effective date, i.e. the same filing date. In certain jurisdictions, including in Europe and the US, there is also a 9 month objection period wherein any third party may object to the granted patent, on the grounds of patentability. In addition thereto, in certain jurisdictions the granted patent may still be objected to in national court invalidation proceedings at any time.

In the following, the Company's patents are described in more detail:

- *Method for the production of positively charged membranes:* This patent describes the use of a specific solvent and polymer mixture that enables the production of positively charged membranes (contrary to the conventional negatively charged membranes) with the desired pore structure, without the use of further pore forming additives. The positively charged membranes based on this patent can be used as a basis for applying the hollow fiber layer-by-layer nanocoating.

  The patent application was filed in August 2016 through an international patent application and subsequently filed in Australia, China, Europe, India, Japan, South Korea, Singapore and the United States. On 30 March 2021, the patent was granted in the United States. NX Filtration expects that the patent will be granted in the other countries in the short term and until that time has provisional protection under the patent filed. However, NX Filtration is not able to specify the exact timing hereof, because this depends on the number of review rounds needed with the patent examinators.

- *Hollow-fiber membrane:* This patent protects NX Filtration's technology to produce a hollow fiber multilayer membrane consisting of a support layer and an inner separation layer in one step, whereas conventional technologies are based on multi-step processes, impacting both cost and quality. The process can be performed by using different spinnerets, enabling the production of hollow fiber membranes having an inner support layer and an outer separating layer, with different materials for the support layers and the separating layers.

  The patent application was filed in March 2010 and is granted in April 2021 in Brazil, January 2019 in India, May 2016 in Japan, November 2017 in South Korea, July 2017 in Malaysia, October 2015 in Russia and June 2015 in the United States. The European application is in the process of finalization and NX Filtration expects this to be finalised resulting in a grant in the short term. However, NX Filtration is not able to specify the exact timing hereof, because this depends on the number of review rounds needed with the patent examinators.

- *PEM membranes and their use:* This patent enables NX Filtration to produce a PEM membrane consisting of at least one bilayer with both a high flux and high selectivity, by applying an ultra-thin separation layer on top of a highly permeable and mechanically robust membrane support without the use of toxic solvents or reactants and the need for an additional pre-treatment step.

  The patent application was filed in May 2017 through an international patent application and subsequently filed in Australia, China, Europe, India, Japan, South Korea, Singapore and the United States. NX Filtration believes the rounds of comments with the different patent agencies is nearing completion and expects the first grants in the short term specifically in Europe and the United States. However, NX Filtration is not able to specify the exact timing hereof, because this depends on the number of review rounds needed with the patent examinators.

NX Filtration also holds various other patents that, in combination with its patents related to its dNF technology, further support its general strong technological position. These patents are:

- *Membrane Holder:* This patent relates to a module design and production method that allows for a high packaging density and an optimal flow in the membrane module.

  The patent application was filed in October 2008 and granted on May 2019 in the Netherlands, May 2011 in Singapore, December 2012 in Belgium, Germany and the UK, September 2012 in Japan and December 2017 in India.

- *Method for forming a membrane holder and membrane holder thus formed:* This patent is a further development and refinement on the abovementioned "Membrane Holder" patent, with improved packaging density and flow in the membrane module.

  The patent application was filed in November 2009 and granted in March 2016 in the United States, April 2019 in Belgium, Switzerland, Germany, Denmark, Spain, France, the UK, the Netherlands and Sweden and April 2021 in Brazil.

Contractual Protection

NX Filtration's dNF membrane technology has been developed in-house, including the main production equipment needed to produce these membranes at industrial scale. The Company invested significant time and money in developing the production equipment including training and education of employees to work with this equipment and to produce consistent quality hollow fiber nanofiltration membranes. For the construction of its production equipment, NX Filtration works with different suppliers, see also "—*Suppliers*". These suppliers are contracted under strict protection clauses related to confidentiality and intellectual property, where NX Filtration holds the intellectual property rights of the main production equipment in its membrane production process. Furthermore, different suppliers are used for the different production equipment to make sure that no individual supplier has a full picture of the total manufacturing process.

NX Filtration's employees are also bound by strict confidentiality and non-compete clauses as part of their employment contracts. In addition, intellectual property rights developed by NX Filtration's employees based in the Netherlands in the context of their employment are generally owned by the Company.

Trademarks

The Group owns registrations for various trademarks and domain names. The most important trademark is the name "NX Filtration". This trademark is protected in the Benelux and the EU.

Research and development

NX Filtration's technology has been developed at its research and development department, building on scientific lab-scale research activities that were performed at the University of Twente prior to the establishment of NX Filtration, by NX Filtration's founder Erik Roesink and other leading membrane specialists including NX Filtration employee Joris de Grooth, an assistant professor membrane technology and a leading expert in layer-by-layer membrane technology, with over 15 years membrane development experience in industry and academics.

NX Filtration currently has a unique and mature product portfolio based on hollow fiber membranes. Its most innovative products are based on its dNF membranes, which NX Filtration has developed and optimised over the past years, and currently considers to be mature products that can be deployed across all major applications and geographies.

NX Filtration is focused on developing new products and pioneering new technologies to better serve its customers through the work of an in-house innovation team of 6 full-time equivalents (**FTEs**) as at 31 December 2020 in its facilities in Enschede, the Netherlands, where the Group's know-how center is located, and a varying number of (PhD) students and interns. The members of NX Filtration's innovation team have extensive experience in membrane technology, water treatment, process engineering and mechanical engineering. In addition, NX Filtration has a partnership agreement with the University of Twente and Saxion University, both located in Enschede, the Netherlands. In addition to its innovation team, a large part of the NX Filtration workforce, including production, engineering and business development employees, have contributed to developing and optimising its technology and products. Recently completed innovations include a new module housing concept to increase the capacity of NX Filtration's dNF products and a new header concept further supporting the integration of NX Filtration's products in standardised system set-ups. This contributes to the acceptation and integration of NX Filtration's products by OEMs.

NX Filtration is focused on further building its position as a technology leader in its business lines and geographical markets. Research and development are important for NX Filtration to develop new products, to adapt its existing products for new markets and to continuously ensure that its products are equipped with leading technology. NX Filtration expects to further increase its investments in research and development to maintain its position as a front-runner and technology leader in the membrane filtration market. Future investments in innovations are primarily geared towards reducing cost, improving performance, reducing environmental footprint and unlocking new product and market combinations. Ongoing innovation projects relate to, amongst others, further reducing the pore size of dNF membranes to further penetrate the RO market, developing a new membrane for the food and beverage industry that addresses certain health related trends, further optimising NX Filtration's layer-by-layer coating approach to improve quality and performance whilst reducing cost and the development of an integrated rack design enabling customers to tailor the desired membrane module set-up.

NX Filtration's research and development costs include all costs, internal and external, which are spent for research and development. This primarily includes salaries and wages for own staff and external personnel, as well as third-party services for research and development support. Research and development costs accounted for 129% of gross income in the year ended 31 December 2020.

The majority of the amount of the estimated net proceeds the Company intends to use for research and development (see also "*Reasons for the Offer and Use of Proceeds—Use of Proceeds*") is expected to be spent on (i) increasing the FTE of NX Filtration's research and development department and (ii) external research and development (e.g. external research and development expertise on specific topics and certification). A small part of the aforementioned amount relates to capital expenditures (**CAPEX**) in tangible assets for, amongst others, laboratorium equipment. The costs will be allocated to several research and development projects in the field of:

- performance optimisation of the existing products, such as further increase in permeability and optimisation of the cleaning strategy (which is currently also subject of a new patent application);
- development of new PMCs based on dNF technology such as products for the semi-conductor industry, alcohol removal and the ability to treat brackish water;
- cost engineering, such as redesign of components to the molding process significantly reducing cost; and
- production engineering, such as module production automation and shortening membrane drying times.

Corporate social responsibility

Integrated ESG framework

NX Filtration has established an Environmental, Social and Governance (**ESG**) framework to embed ESG in its way of working. This ESG framework consists of three pillars. The first pillar constitutes the impact NX Filtration is aiming to make with its technology in addressing the global challenges around water scarcity and water quality, contributing to SDG 6 relating to clean water and sanitation. NX Filtration seeks to be a leading and global provider of breakthrough technology for producing pure and affordable water to improve quality of life.

The second pillar constitutes the impact NX Filtration is aiming to make on its customers' operations and on its partners. The energy efficient and chemicals free operation of NX Filtration's membranes requires less energy compared to conventional technologies (environmental impact) and NX Filtration's solution avoids the use of flocculants and coagulants in pre-treatment (that is required for traditional filtration processes) and requires a very low cleaning frequency (environmental and social impact), see also "*—Competitive strengths*". NX Filtration has a strong academic network; it partners and cooperates with a broad set of universities and research institutes around the world, including the University of Twente, Saxion University of Applied Sciences and the Universität Hamburg (governance impact).

The third pillar constitutes NX Filtration's own organisation, in which is has implemented various sustainability measures and is deploying various initiatives around ESG related themes, of which some examples are included below.

Environmental:

- NX Filtration's coating process for its dNF membranes is based on water-based chemistry (*green chemistry*), in contrast to conventional solvent-based coating processes; and
- NX Filtration has developed an energy efficient membrane spinning process based on a unique in-line polymer mixing concept.

Social:

- NX Filtration is valuing a diverse workforce. For example, its 34 FTEs at 31 December 2020 represented more than 10 nationalities; and
- NX Filtration is placing strong emphasis on training and development with a focus on innovation. For example, it facilitates internships, research programs and training and teaching partnerships with universities and research institutes.

Governance:

- NX Filtration is valuing a sustainable and responsible supply chain. NX Filtration includes sustainability aspects in its supplier selection and performs supplier audits. NX Filtration is also currently in the process of requiring its suppliers to adhere to its supplier code of conduct to ensure that, as its expands its operations, the partners in its supply chain continue to comply with relevant laws and regulations and best practices relating to conflicts of interest, child labour, health, safety and environmental matters, employee wellbeing, corporate social responsibility, anti-bribery and data protection, privacy and security; and
- NX Filtration's shareholders base consists of shareholders that have been involved since the foundation of NX Filtration and that are supportive to its strategic objectives, and include sustainable investment company Infestos, the University of Twente and key employees of NX Filtration.

UN Sustainable Development Goals

In the fall of 2020, NX Filtration performed a broad stakeholder survey amongst employees, customers, suppliers, communities and partners. The results of this survey provided the Company with input on material topics on environmental, social and economic parameters. These material topics formed the basis for the development of a materiality matrix and the mapping to the SDGs. The SDGs are guiding NX Filtration's ESG agenda, by way of which NX Filtration supports society. NX Filtration has selected five SDGs that today form an integral part of NX Filtration's strategic framework, as shown in figure 8. The SDGs that NX Filtration seeks to contribute to are 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. NX Filtration is currently working on setting key performance indicators (**KPIs**) for each SDG, starting to monitor these KPIs and initiating improvement actions.

Figure 14: UN Sustainable Development Goals as integral part of NX Filtration's strategic framework

Green labelled IPO

General

The Offer represents a Green labelled IPO, externally certified by CICERO Green. For purposes of the Offer, CICERO Green has provided a *Shades of Green assessment* that shades NX Filtration's revenue and investments in 2020 and includes an assessment on the governance structure to indicate the *greenness* of NX Filtration. Additionally, NX Filtration has developed a Green IPO Framework for the Offer, which has served as input for the *Shades of Green assessment.*

Shades of Green assessment

CICERO Green assigned its Dark Green shading to 95% of the Group's annual revenue in 2020 and 98% of the Group's investments in 2020, its Medium Green shading to 5% of the Group's annual revenue in 2020, and its Light Green shading to 2% of the Group's investments in 2020. Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Medium Green is allocated to projects and solutions that represent steps towards this long-term vision but do not correspond to such vision yet. Light Green is allocated to transition activities that could have lower emissions, but do not by themselves represent or contribute to this long-term vision.

According to CICERO Green, revenue associated with the Group's dNF and MF membranes has been allocated the Dark Green shade due to its contributions to a climate resilient future by providing clean water solutions and at the same time reducing the need for energy and chemicals during operation of the membranes compared to conventional technologies. Revenue associated with UF membranes have been allocated the Medium Green shade. This shading is based on an increased need for clean water as the effects of climate change are increasing. However, UF is viewed as a bridging technology, presenting improved environmental performance, but not at the same scale as the Company's dNF and MF technology.

According to CICERO Green, all of the Group's investments support NX Filtration's core innovation, the dNF technology. Investments have been screened for fossil fuel usage and, except for those investments that can directly be linked to the use of fossil fuel, all investments have been allocated the Dark Green shading. CICERO Green has allocated a Light Green shading to the purchase of a transport vehicle supporting the Group. NX Filtration does not have revenue or investments shaded Yellow or Red, representing respectively projects and activities that do not contribute to transition (Yellow) and projects and activities that have no role to play in a low-carbon and climate resilient future (Red).

CICERO Green has analysed revenue and investments, however there is typically not an explicit link between sustainability and financial data as most accounting systems do typically not provide a break-down of revenue and investments by environmental impact, and the analysis may therefore include imprecisions and may not be directly comparable with figures in the annual reporting. The assessment by CICERO Green is based on an in-depth review of documentation, policies and processes, as well as information provided to CICERO Green during electronic meetings, teleconferences and email correspondence. The approach is an adaptation of the CICERO Shades of Green methodology that is being applied in the green bond market.

In addition to shading from Dark Green to Red, CICERO Green also includes a governance score to show the robustness of the environmental governance structure (on a scale including the gradings *Fair*, *Good* and *Excellent*). When assessing the governance of the Group, CICERO Green looked at five elements: (i) strategy, policies and governance structure; (ii) lifecycle considerations including supply chain policies and environmental considerations towards customers; (iii) the integration of climate considerations into their business and the handling of resilience issues; (iv) the awareness of social risks and the management of these; and (v) reporting. Based on these aspects, an overall grading of *Good* was given. CICERO Green has provided recommendations around strengthening or improving the Group's environmental governance by actively identifying supply chain improvements, conducting climate risk assessments, finalising and implementing targets towards climate and environment and starting to report on greenhouse gas emissions.

The Shades of Green assessment by CICERO Green has been published on the Company's website (www.nxfiltration.com).

Green IPO Framework

NX Filtration has developed a Green IPO Framework, which has served as input for the *Shades of Green assessment* of CICERO Green. As starting point for the Green IPO Framework, NX Filtration has internally developed criteria to assess whether its business activities qualify as *green* and has determined the manner in which NX Filtration should report in this respect. The Green IPO Framework covers the following topics: (a) Sustainable Eligibility Ratio, (b) Process for evaluation and management (c) Reporting, and (d) External review, each as further described below.

<u>Sustainability Eligibility Ratio</u>

To assess if the proceeds raised in the Offer can be identified as *green*, a minimum percentage of activities has to be aligned with clean water and wastewater solutions, and a low carbon and climate resilient future (such activities, **Eligible Activities**). The Eligible Activities comprises activities within the fields of research, design, development, manufacturing, technologies and production of products and infrastructure for (i) clean drinking water, wastewater treatment and surface water treatment that increases water-use efficiency and quality while reducing pollutants, (ii) that result in significant resource-use efficiency including energy efficiency gains and hence, carbon emission reductions, (iii) enabling the re-use of wastewater and treatment of well water and surface water. The percentage of activities that is aligned with Eligible Activities is assessed by using Sustainable Eligibility Ratios (**SERs**), analysing revenue generated related to Eligible Activities and analysing investments that indicate future alignment and ambitions related to Eligible Activities. The SERs are calculated by dividing the revenue respectively investments generated from or aligned with Eligible Activities, by the Group's total revenue (Sustainable Eligibility Ratio revenue, **SERr**) respectively investments (Sustainable Eligibility Ratio investments, **SERi**) over the same period. In order for the proceeds raised to be identified as *green*, a minimum SERr of 50% and, if investments are made, a minimum SERi of 50%, needs to be achieved.

<u>Process for evaluation and management</u>

The Managing Board has verified the outcome of an internal assessment whether the activities measured in revenue and investments comply with the definitions of the SER. If, in the future, the SER score would no longer meet the threshold, for example due to a significant change in business model, ownership structure, new activities or future investments, NX Filtration will refrain from using the term *green* in relation to potential equity issuances in related communication.

<u>Reporting</u>

Based on the outcome of a stakeholder survey, NX Filtration is currently translating the UN SDGs it uses in its business model (see "*Business—Corporate social responsibility—UN Sustainable Development Goals*") into specific Key Performance Indicators (KPIs). When finalised, NX Filtration will publicly report on alignment to and achievements relating to the SDGs.

<u>External Review</u>

CICERO Shades of Green has provided a green assessment of NX Filtration in respect of the Offer, see "—*Shades of Green assessment*". The Green IPO Framework has served as input for the Shades of Green assessment in combination with an analysis of NX Filtration's business model, revenue and investments.

EU Taxonomy

The EU's Taxonomy Regulation, which entered into force on 12 July 2020, introduces a classification system for sustainable economic activities that will create a common language that investors and businesses can use when investing in projects and economic activities that have a substantial positive impact on the climate and the environment. The EU Taxonomy sets performance thresholds for economic activities which make a substantive contribution to six environmental objectives (while meeting other screening criteria), being 1) climate change mitigation, 2) climate change adaptation, 3) the sustainable use and protection of water and marine resources, 4) the transition to a circular economy, 5) pollution prevention and control and 6) the protection and restoration of biodiversity and ecosystems. Technical screening criteria have currently only been drafted for the first two environmental objectives and are up for approval. The technical screening criteria for environmental objectives 3 to 6 are still in development and expected to be established by the end of 2021. Prior to this date, disclosure on contribution to these objectives is thus voluntary and subject to further validation after the delegated acts will enter into force.

NX Filtration aims to contribute to the objectives of the EU Taxonomy, supporting its strong ESG profile. Although the screening criteria for objectives 3 to 6 are still under development, NX Filtration expects to substantially contribute to the third objective of the EU's Taxonomy Regulation, being 'the sustainable use and protection of water and marine resources', which was confirmed by an external assessment by consultancy firm MJ Hudson. In addition, NX Filtration aims to not significantly harm any of the other environmental objectives.

Production

NX Filtration's production facilities are located in Enschede, the Netherlands, in the proximity of the University of Twente, which has an internationally recognised knowledge centre for membrane technology. NX Filtration's production operations comprise a work force of 16.4 FTE as at 31 December 2020, including production and warehousing workforce, quality controllers and production management.

NX Filtration's production process is highly specialised, in-house developed and based on equipment and machinery that is also to a large extent in-house developed, see also "—*Suppliers*". This in-house developed production process forms an important element in NX Filtration's strong protection for its technology. Together with its patents and access to a highly experienced and specialised team, this poses high barriers to entry for competition. NX Filtration's production requires the strict control of, and extremely limited tolerances in, process conditions of, amongst others, raw material quality, temperature and humidity. The production process is organised along several production steps with quality controls along the process and testing equipment for the final product. NX Filtration has an integral production manual in place with working instructions for every process step and is certified with ISO 9001 standards.

NX Filtration's production process is based on three main parts: membrane production, nanocoating and module production. The production process for membranes consists of the mixing of polymers and other raw materials, extrusion into hollow fiber membranes (spinning), cleaning treatment and drying. NX Filtration's membranes are coated with selective nanolayers based on NX Filtration's patented layer-by-layer method. In the module production, the membranes are inserted in modules, based on a flexible system in which different types of modules can be produced out of standard components and membranes already produced to stock.

NX Filtration has an industrial scale production facility with in-house developed flexible and a scalable production process in place.

Until the end of 2020, membrane production, nanocoating and module production took place at NX Filtration's rented location at the Institutenweg in Enschede, the Netherlands. Theoretical production capacity was estimated at approximately 2,500 modules per year, based on membrane production in three shifts and depending on the product mix. A major limitation in the realisation of this capacity has been the dependence on one membrane production spinning line that is fully utilised for the production of different membrane types as well as for research and development purposes. Each switch to a different membrane type requires cleaning of the production equipment and start-up of a new production batch, which significantly limits the available production up-time.

Therefore, since the end of 2020, additional facilities have been rented at the nearby Josink Esweg, freeing up space at the original location to add a second production line for membrane production. The Josink Esweg location has a production area for modules of approximately 1,375 m^2, a sixfold increase to the production area for modules at the Institutenweg, and an additional 485 m^2 of office space. NX Filtration does not consider the production of modules to be a bottleneck for further expansion, as this can be expanded by adding more labour and by expanding the current one-shift working schedule in its module production. As of the date of this Prospectus, the Josink Esweg location is also NX Filtration's corporate headquarters and houses a warehouse for finished goods. The outside area of approximately 600 m^2 offers space for mobile testing equipment and pilot system plants.

With the transfer of the module production to the Josink Esweg location, the Institutenweg location is now fully dedicated to the production of membranes (approximately 1,350 m^2), as well as research and development and office space (approximately 500 m^2). With the move of the corporate headquarters to the Josink Esweg location, external visitors to the highly sensitive technology center at the Institutenweg can also be better controlled. The membrane production capacity at the Institutenweg is currently being expanded with an additional high-capacity spinning line and the implementation of various process improvements and expansions. NX Filtration anticipates that the cost of such high-capacity spinning line (including related infrastructure) will amount to approximately €2.5 to 3 million, which CAPEX will be mainly incurred in 2021. This expansion is expected to be completed in the second half of 2021. The second spinning line is designed for, and planned to be used for, fully dedicated and continuous production of dNF products. The original spinning line can then be used for the production of NX Filtration's other products as well as for research and development purposes. This setup could, over time, increase the production to a targeted total capacity of approximately 10,000 modules per year, based on production in five shifts and depending on the product mix. The Institutenweg location also houses NX Filtration's research and development center, with laboratories for further product development and product optimisation.

As commercial traction is accelerating and the current locations do not allow for further expansion, NX Filtration is clearly becoming capacity constrained. Therefore, NX Filtration has an expansion roadmap in place for further increasing production capacity going forward. NX Filtration anticipates the construction of a new manufacturing facility, taking into account climate and process conditions for optimal production of its products. The construction plans are based on a highly modular concept that foresee a gradual scale-up of production capacity based on existing blueprints of key process steps, including NX Filtration's spinning line. On a dedicated plot of land for this expansion, NX Filtration aims to develop a new production facility over the next two to three years. This manufacturing facility is expected to be able to, over time, accommodate a flexible set-up of up to ten spinning lines with a targeted total capacity of approximately 80,000 modules per year, based on production in five shifts and depending on the product mix. NX Filtration believes that this new manufacturing facility, with ten spinning lines operating at full capacity, would require approximately 275 direct FTE (with membrane production in five shifts and including module production, quality control, logistics and warehousing). In the longer term, this plant could be further expanded with an additional 40,000 modules per year or additional production plants could be realised in global demand centers for NX Filtration's products. NX Filtration B.V. has signed an option agreement pursuant to which it has the option to purchase 23,920 m^2 plot of land prior to 31 January 2022, on which it intends to build the new manufacturing facility.

Suppliers

NX Filtration uses raw materials, parts and components for its products. Raw materials include, amongst others, polyethersulfone, sulfonated polyethersulfone, polyvinylpyrrolidone, glycerine, epoxies and coating materials. Parts and components include, amongst others, module housings, headers, flanges and end caps for its modules. In addition, NX Filtration sources various pilot systems, as well as equipment and machinery for its production processes, from its suppliers.

NX Filtration sources its standardised raw materials and parts from a few key suppliers worldwide. These include polyethersulfone, polyvinylpyrrolidone, epoxies and module housings, which are sourced from established manufacturers including BASF, Solvay, Henkel, SABIC and Wavin. For its standardised commodity raw materials and parts suppliers, NX Filtration has a multiple supplier strategy in place in order to ensure continuous operations. Tailormade raw materials, parts and components are sourced from long-term and typically local partners.

NX Filtration carries out daily and ongoing thorough quality controls on products it sources from suppliers to ensure the highest quality materials are used for the production of NX Filtration's products. In addition, NX Filtration's products are developed and produced in-house, which makes NX Filtration resilient to new market developments, resulting in short innovation cycles, cross leverage of concepts, modularity of modules and short time to market.

NX Filtration has several (framework) agreements in place with its key suppliers. With some of these, NX Filtration has agreed that they will supply products exclusively to NX Filtration and not to any of its direct competitors. Additionally, terms and conditions concerning lead times, minimum order quantities, pricing, volumes and bonus arrangements are set out in these (framework) agreements.

NX Filtration strongly believes that access to reliable and reputable suppliers will help to ensure NX Filtration's continuous operations. Suppliers are selected based on various principles that are applied and weighted depending on the specific requirements for a particular situation and include product quality, performance (reliability and availability), exclusivity, intellectual property protection and competitive commercial conditions. In addition, NX Filtration carefully selects its suppliers and strives to cooperate with its partners in the supply chain to use sustainable materials. NX Filtration's procurement function, together with research and development, facilitates supplier selection processes with relevant internal stakeholders including the departments for sales, sales engineering and operations. NX Filtration has a supplier code of conduct in place. NX Filtration has strict non-disclosure agreement (**NDA**) processes in place before it begins to explore supplier possibilities and capabilities for which it has to share company information. Depending on the type of raw material or part to be sourced, an NDA is a mandatory step in exploring supplier capabilities.

In addition to the raw materials, parts and components that NX Filtration uses for the production of its products, NX Filtration requires production equipment and machinery for its production processes. Almost all of NX Filtration's production equipment, machinery and facilities are tailormade and exclusively developed for and on behalf of NX Filtration in close cooperation with carefully selected and often long-term partners. This makes NX Filtration's production facilities unique from a technology perspective and difficult to be replicated by competition. Most production steps or pieces of machinery are developed by a different supplier so that no single supplier has the total production overview. NX Filtration also has NDAs, (framework) agreements and intellectual property agreements in place with its most important suppliers of production equipment and machinery.

Sales, marketing and distribution

NX Filtration has its own local sales organisations in the Netherlands, Belgium, Spain, Canada, India and Singapore (the latter three added in 2021) as well as its network of distribution partners, agents and international OEM customers. The Group employs a sales director east and a sales director west.

NX Filtration's sales activities aim to balance short-term revenue opportunities with the aim to generate longer-term revenue potential in both business lines. The revenue potential of its sales activities can be split into short-term and long-term revenue potential:

Short-term revenue potential:

- industrial customers willing to ramp-up quickly after a successful pilot phase, based on a positive business case (including cost and sustainability benefits);
- municipal customers in decentral greenfield situations in South-East Asia willing to ramp-up relatively quickly after a successful pilot phase, based on positive business cases and NX Filtration references in the region.

According to NX Filtration, these situations are characterised by relatively shorter test times and quicker roll-out, with a typical project size of dozens to hundreds of membrane modules.

Long-term revenue potential:

- municipal customers in Europe (and North America), that require longer testing periods (typically lasting at least 12 months) to test seasonal influences on performance, and that would require a longer period between pilot testing and adoption in large plants, often involving an intermediate step of a demo plant;
- new regions, including the Middle East and China, that have currently not been actively addressed by NX Filtration.

According to NX Filtration, these situations are characterised by relatively longer test times and longer roll-out, with a typical project size of hundres to thousands of modules.

At 31 December 2020, NX Filtration had 2.8 FTE in its sales and marketing department, located in the Netherlands, Belgium and Spain. In 2021, additional sales employees have been added in the Netherlands, North America (Canada), India and Singapore. In addition to its own sales force, NX Filtration has developed a network of distribution partners, agents and international OEM customers. Additional countries that are covered through this network include the United States, Mexico, Italy, Germany, Turkey, Israel, Indonesia, China, South Korea and South Africa. None of the parties that form part of this network has exclusivity for the sale or distribution of NX Filtration's product in their respective countries.[80]

NX Filtration's sales force and network of distribution partners, resellers and international OEM customers are supported by NX Filtration's sales support office and technical sales engineering organisation, employing 5.5 FTE at 31 December 2020 (meaning a total of 8.3 FTE for sales and marketing, which includes 1.9 FTE under an independent fee contract). These employees support in (technical) offer preparations, pilot system engineering and commissioning of projects. These employees are currently primarily based at NX Filtration's offices in Enschede, the Netherlands. However, as international sales activities further develop, NX Filtration aims to further align the location of its technical sales engineers with the presence of its sales force.

Pilot systems play an important role in its commercial roll-out strategy, as they are key to convince customers to adopt NX Filtration's technology and to determine the optimal process conditions for a subsequent larger system. To that extent, NX Filtration has developed three types of pilot systems that are sold or rented out to its customers. Its smallest pilot system, the Mexplorer (which was introduced in 2018), is housed in a flight case and allows customers to perform quick filtration tests with small pilot modules. The Mexperience is a semi-automatic long-term testing pilot system (with larger, but not full-scale) modules, offering datalogging for in-depth analysis of test results. In 2020, NX Filtration added the Mexpert to its range of pilot systems. The Mexpert is a fully automated pilot system installation based on one full-scale module that can easily be integrated into a customer's water system. The Mexpert allows for adapting running conditions, hydraulically cleaning and digital monitoring. At the end of Q1 2021, NX Filtration has 10 Mexperts[81] and 13 Mexplorer pilot systems in its rental fleet, that it deploys at various customer sites. As part of NX Filtration's commercial roll-out strategy, it intends to invest in expanding the number of pilot systems and also develop larger pilot systems in order to optimally address its customer's needs. As per 31 March 2021, NX Filtration had placed orders to double its fleet of Mexpert pilot systems from 10 to 20 and its fleet of Mexperience pilot systems from 13 to 18. NX Filtration intends to use a part of the net proceeds of the Offer for further expanding its fleet of pilot systems as well as expanding the number of pilot engineers it employs for the roll-out and commissioning of these pilot systems.

Governmental regulation

NX Filtration is affected by various statutes, regulations and laws in the countries and markets in which it operates. NX Filtration is subject to various national, state and local laws applicable to businesses generally, including, but not limited to, laws affecting tax, land use, the environment, occupational health and safety, product safety, quality and liability, transportation, labour and employment practices (including pensions), competition and other matters. In addition, manufacturing codes may affect the products that NX Filtration is permitted to sell. These laws are administered by various regulatory bodies in the Netherlands and in the other countries in which NX Filtration operates.

NX Filtration's production facilities in the Netherlands include two facilities located in Enschede, at the Institutenweg and the Josink Esweg, respectively, adjacent to each other. Both facilities located in Enschede qualify as a facility (*inrichting*) under the Dutch Environmental Management Act (*Wet milieubeheer*). As their impact onto the environment is limited, both facilities qualify as type B facilities under the Dutch Activities Decree (*Activiteitenbesluit*). Type B facilities are regulated by the general environmental rules laid down in the Activities Decree and do (in principle) not require an environmental operating permit, but an environmental notification (*milieumelding*) for erecting or amending the operation of the facility instead. Environmental notifications have been submitted for both facilities over time. The Company is not aware of any material environmental issues (related to soil and/or groundwater contamination and the presence of asbestos) or a failure to comply with any applicable environmental laws or planning regulations.

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80 Except for a distributor in South Korea that has temporary exclusivity for the municipal market in South Korea (contract expiring by the end of 2021).

81 Including Mexperience pilot systems.

NX Filtration is committed to environmental protection, quality management and control, and safety. NX Filtration's quality management system is ISO 9001 certified and NX Filtration is in the process of implementing ISO 14001 relating to environmental management. NX Filtration's quality control team is responsible for ensuring product quality. NX Filtration regularly holds 'toolbox meetings' during which employees are educated on workplace hazards and safe work practices in accordance with NX Filtration's safety policy. Employees may only operate certain hazardous equipment, such as hoisting equipment, forklifts and waste presses, after having received appropriate instructions and having demonstrated capability of handling the relevant equipment. Part of NX Filtration's business includes the combination of products manufactured by its suppliers. Often, such suppliers are subject to EU-regulations and national legislation governing product safety, which may also apply to NX Filtration's products and their components.

Certificates for drinking water

Currently, the Group needs certificates within its Clean Municipal Water business line to offer its water treatment products in respect of municipal drinking water. Such certificates are not required for municipal wastewater or in respect of its Sustainable Industrial Water business line. The required certificates for the countries where the Group is currently active are: NSF61 (US and internationally, e.g. applicable certificates for the drinking water related projects the Group conducted in Indonesia and Philippines), KIWA (the Netherlands), and KTW (Germany). To support its future business operations in France and the United Kingdom, the Group is currently in the process to obtain the Attestation de Conformité Sanitaire (**ACS**) and the Drinking Water Inspectorate (**DWI**), respectively. The Group has no reason to believe that such certificates will not be granted. The Group believes that, with the inclusion of ACS and DWI, it will have all certificates in place to roll-out its business plan.

- *NSF61:* NSF helps organizations gain access to global water markets with its international product acceptance program. The program helps manufacturers of water treatment, distribution, plumbing and residential water filtration products meet multiple strict and complex requirements to sell and compete in major and emerging global markets. NX Filtration uses the NSF61 certificate for its international operations.

- *KIWA*: For the drinking water sector in the Netherlands, KIWA offers the KIWA quality Water Mark for an extensive range of products. The KIWA Water Mark is commonly recognized in the drinking water sector in the Netherlands. Certificate holders are allowed to use the KIWA Water Mark for and on their products that comply with the requirements in the Evaluation Guidelines. These Evaluation Guidelines include all market and government requirements for products that come in direct contact with drinking water.

- *KTW*: KTW embodies the assessment criteria for a certificate in accordance with the regulations published by the German Environment Agency (*Umwelt Bundesambt*).

- *ACS*: ACS is a certificate issued by the General Directorate of Health in France. It applies both to the materials constituting the equipment in direct contact with drinking water and to the equipment itself (i.e. accessories).

- *DWI*: DWI provides independent reassurance that water supplies in England and Wales are safe and drinking water quality is acceptable to consumers as it aims to ensure that products that come in direct contact with drinking water do not prejudice water quality and consumer safety.

These certificates require periodic review, such as an audit, or a complete renewal procedure. NSF61 (issued on 27 May 2016 and re-issued on 15 January 2020 and 1 November 2020 to certify a broader range of products) and KIWA (issued on 1 July 2017) are valid indefinitely, but require an annual audit or review. KTW (issued on 1 April 2019 and valid until 1 April 2024), ACS (pending) and DWI (pending) are, or would be, valid for five years from the granting date. These certificates have to be renewed thereafter. NX Filtration is also required to notify any changes to the composition of its products, which would require a renewed application for the certificates.

Principal Investments and Capital Expenditure

The Group's principal investments in the financial years 2020, 2019 and 2018 are set out in *Operating and Financial Review—Key Factors Affecting Results of Operations*. As at the date of this Prospectus, the Group does not have any principal investments that are in progress and the Management Board has not made firm commitments for any principal future investments.

The Group's capital expenditure in the financial years 2020, 2019 and 2018 is set out in *Operating and Financial Review—Liquidity and Capital Resources—Capital Expenditures and Investments*.

Property, plant and equipment

NX Filtration's production facilities in the Netherlands include two facilities located in Enschede, at the Institutenweg and the Josink Esweg. The Group believes that its facilities are maintained in good condition and are generally suitable and of sufficient capacity to support its current business operations. However, the Group intends to use approximately €40-50 million of the net proceeds of the Offer to scale-up the production of its products. An important part of such scale-up is the intended addition of a new manufacturing facility in the Netherlands that will primarily focus on the increased production of the Group's modules. NX Filtration B.V. has signed an option agreement pursuant to which it has the option to purchase 23,920 m^2 plot of land prior to 31 January 2022, on which it intends to build the new manufacturing facility.

There are no major encumbrances on any of the Group's material properties.

Material agreements

Other than the agreements referred to in "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement*", "*Shareholder Structure and Related Party Transactions—Related Party Transactions— Consultancy agreement with Infestos*" and "*The Offer—Cornerstone Investments*", there are no agreements (other than the Underwriting Agreement described under "*Plan of Distribution*" and agreements entered into in the ordinary course of business) that have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this Prospectus, which are material or which have been entered into by the Company or any of its subsidiaries at any other time and which contain provisions under which the Company or any of its subsidiaries has an obligation or entitlement that is material to the Group as at the date of this Prospectus.

Information technology

NX Filtration relies on a number of IT systems to support its business operations. It has implemented a combination of standard and custom-made IT systems, including application-specific measures such as market practice virus and access protection and encryption systems as well as standardised IT infrastructure and applications, which are mainly used for enterprise resource planning, finance and human resource management. Custom-made solutions are in place to enable communication and configuration between the various applications used by NX Filtration. All internal data is stored at Microsoft cloud services, providing full redundancy in the event of malfunctions or external events. An external specialised IT service provider regularly tests and updates NX Filtration's IT systems. Risk management related to IT systems and applications is conducted using standardised applications as well as an internal control system. The Group's factory machinery uses custom-made processing software. This software is based upon standardised internationally accepted software platforms such as Siemens S7 and others.

Insurance

NX Filtration maintains insurance cover that is customary for the industry in which it is active. NX Filtration's insurance policies provide cover for claims by third parties for damages as a result of, for example, general civil liability, product liability (which covers damage to properties of third parties caused by NX Filtration's products, but excludes costs related to a recall, repair or replacement), professional liability and environmental liability. Its insurance policies also provide cover for damages incurred by NX Filtration, such as property damage (relating to buildings, equipment, inventory or goods), business interruption and business loss.

NX Filtration has not made any material claims under any of its insurance policies. NX Filtration believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the insurance policies, are appropriate and standard for NX Filtration's industry. NX Filtration cannot, however, guarantee that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings, nor is the Company aware of any such proceedings, which may be threatened or pending, that may have or have had significant effects on the Company's and/or the Group's financial position or profitability in the 12 months before the date of this Prospectus.

Group structure

The Group is organised under the Company, a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it (in)directly holds in its subsidiary. On the Settlement Date, the Company will remain part of Infestos. See "*Shareholder Structure and Related Party Transactions—Shareholder Structure*" for further information on the expected major and controlling Ordinary Shareholders on the Settlement Date.

Significant Subsidiaries

NX Filtration B.V., incorporated in the Netherlands, is the only (significant) subsidiary of the Company. The Company holds 100% of the ownership interest therein as at the Settlement Date.

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 31 March 2021, on an actual basis, and as adjusted to reflect (i) the receipt of the estimated net proceeds from the issue of the Offer Shares (assuming an Offer Price at the mid-point of the Offer Price Range and payment in full of the discretionary commission to the Underwriters (see "*Plan of Distribution*")), (ii) the stock split as set out in "*Description of Share Capital and Corporate Structure – Share Capital – Stock split and amendment of Articles of Association*", and (iii) the repayment and cancellation of the Preference Shares including payment of the cumulative interest accrued thereon.

The information set out in the table below should be read in conjunction with, and is qualified by reference to, "*Operating and Financial Review*" and the Consolidated Financial Statements.

Capitalisation

	As at 31 March 2021 (in EUR '000)[1]	
	(actual)	(adjusted for the issuance)
Total current debt (including current portion of non-current debt)		
Guaranteed ……	-	-
Secured[2]……	208	208
Unguaranteed / Unsecured……	-	-
	208	**208**
Total non-current debt (excluding current portion of long-term debt)		
Guaranteed……	-	-
Secured[3]……	928	928
Unguaranteed / Unsecured……	-	-
	928	**928**
Shareholders' equity		
Share capital……	5,997	500[4]
Legal reserves[5]……	1,193	1,193
Other reserves[6]……	6,154	143,051[7]
	13,344	**144,744**
Total capitalisation	**14,480**	**145,880**

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Notes:

(1) Unaudited.

(2) Relates to the short-term portion of the lease liability that the Company recognised based on the IFRS 16 lease accounting.

(3) Relates to the long-term portion of the lease liability that the Company recognised based on the IFRS 16 lease accounting.

(4) Relates to 50,000,000 outstanding Ordinary Shares with a nominal value of €0.01, which is based on 35,000,000 Ordinary Shares following the stock split as set out in "*Description of Share Capital and Corporate Structure – Share Capital – Stock split and amendment of Articles of Association*", and 15,000,000 Ordinary Shares issued as part of the Offer.

(5) The legal reserve relates to a reserve for the capitalised development cost.

(6) Other reserves does not include the loss for the first quarter of 2021.

(7) The other reserves is adjusted for: (i) a €5.6 million addition from share capital following the stock split as set out in "*Description of Share Capital and Corporate Structure – Share Capital – Stock split and amendment of Articles of Association*"; (ii) €157.5 million gross proceeds of the Offer less share capital of €150 thousand that is recognised as share capital and less costs for the Offer in the amount of €10.1 million (based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option); and (iii) less the repayment and cancellation of the Preference Shares (including payment of the cumulative interest accrued thereon) of €16 million.

There has been no material change in the capitalisation of the Group since 31 March 2021.

The following table shows the Group's indebtedness as at 31 March 2021.

Indebtedness

As at 31 March 2021 (in EUR '000)[1]	
(actual)	(adjusted for the issuance)

Cash[2]	4,796	136,196
Cash equivalents	-	-
Other current financial assets	-	-
Liquidity	**4,796**	**136,196**
Current financial debt[3]	-	-
Current portion of non-current financial debt	208	208
Current financial indebtedness	**208**	**208**
Net current financial indebtedness	**(4,588)**	**(135,988)**
Non current financial debt[4]	928	928
Debt instruments	-	-
Non-current trade and other payables	-	-
Non-current financial indebtedness	**928**	**928**
Net financial indebtedness	**(3,660)**	**(135,060)**

Notes:

(1) Unaudited.

(2) Cash is adjusted for the €157.5 million gross proceeds from the Offer, less €10.1 million costs for the Offer (based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option) and €16 million repayment for the repayment and cancellation of the Preference Shares (including payment of the cumulative interest accrued thereon).

(3) Including debt instruments, but excluding current portion of noncurrent financial debt.

(4) Excluding current portion of debt instruments.

There has been no material change in the Group's indebtedness since 31 March 2021.

SELECTED FINANCIAL AND OTHER INFORMATION

The selected consolidated financial information of the Group has been derived from and should be read together with the audited Consolidated Financial Statements as at, and for the year ended 31 December 2020 and the annual financial statements (jaarrekening) for the years ended 31 December 2019 and 2018 (the ***Dutch GAAP Financial Statements****), which are included elsewhere in this Prospectus. The audited Consolidated Financial Statements have been prepared in accordance with IFRS and have been audited by PwC, an independent registered public audit firm. The Dutch GAAP Statements have been prepared in accordance with Dutch GAAP and have been audited by Eshuis, an independent registered audit firm.*

The selected consolidated financial information presented below should be read in conjunction with the "Operating and Financial Review" and "Important Information" sections of this Prospectus.

The following tables summarise the Group's consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, and certain Non-IFRS Measures for the periods or as of the dates indicated.

Non-IFRS Measures are not recognised measures of financial performance under IFRS and have not been audited or reviewed. These Non-IFRS Measures are presented because they are used by the Group to monitor the performance of the business and operations. These measures also provide additional information to investors to enhance their understanding of its results.

Selected Consolidated Income Statement

	Financial Year			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Revenue from sale of goods	671	453	457	314
Other Income	398	333	773	620
Gross income	**1,069**	**786**	**1,230**	**934**
Costs of raw materials and consumables	(289)	(247)	(247)	(182)
Changes in inventories of finished goods and work in progress	357	297	-	-
Personnel expenses	(1,781)	(1,336)	(1,662)	(1,111)
Amortisation of intangible assets	(211)	(114)	(114)	(22)
Depreciation of property, plant and equipment	(592)	(445)	(364)	(270)
Operating costs	(967)	(739)	(763)	(579)
Research & development costs	(361)	(154)	(345)	(314)
Operating Expenses	**(3,844)**	**(2,738)**	**(3,495)**	**(2,478)**
Operating loss	**(2,775)**	**(1,952)**	**(2,265)**	**(1,544)**
Finance income	-	-	-	-
Finance costs	(208)	(47)	(20)	(14)
Financial costs – net	**(208)**	**(47)**	**(20)**	**(14)**
Net loss before income tax	**(2,983)**	**(1,999)**	**(2,285)**	**(1,558)**
Income tax benefit	891	410	468	253
Net loss for the period	**(2,092)**	**(1,589)**	**(1,817)**	**(1,305)**
Weighted average number of Ordinary Shares in issue (x1)	1,158,333	830,537	830,537	489,308
Dividend attributable to Preference Shares	908	569	569	332
Nett loss attributable to Ordinary Shareholders	(3,000)	(2,158)	(2,386)	(1,637)
Basic earnings per Share	(2.59)	(2.60)	(2.87)	(3.34)
Diluted earnings per Share	(2.59)	(2.60)	(2.87)	(3.34)

Selected Consolidated Balance Sheet

	Financial Year			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Assets				
Non-current assets				
Intangible assets	1,300	987	987	587
Property, plant and equipment	2,246	1,801	1,801	1,741
Right-of-use assets	1,164	576	-	-
Deferred tax assets	1,921	1,030	1,088	620
Total non-current assets	**6,631**	**4,394**	**3,876**	**2,948**
Current assets				
Inventories	2,077	1,058	707	400
Trade and other receivables	626	347	264	311
Current tax receivables	-	-	83	84
Cash and cash equivalents	6,599	78	78	13
Total current assets	**9,302**	**1,483**	**1,132**	**808**
Total assets	**15,933**	**5,877**	**5,008**	**3,756**
Group Equity				
Share capital	5,997	997	997	686
Share premium	13,378	7,478	7,478	4,889
Legal reserves	-	-	821	473
Retained earnings	(6,031)	(3,939)	(5,043)	(2,878)
Total equity	**13,344**	**4,536**	**4,253**	**3,170**
Liabilities				
Non-current liabilities				
Lease liabilities	979	513	-	-
Total non-current liabilities	**979**	**513**	**-**	**-**
Current Liabilities				
Trade and other payables	1,403	753	711	561
Lease liabilities	207	75	-	-
Current tax payables	-	-	44	25
Total current liabilities	**1,610**	**828**	**755**	**586**
Total liabilities	**2,589**	**1,341**	**755**	**586**
Total equity and liabilities	**15,933**	**5,877**	**5,008**	**3,756**

Selected Consolidated Statement of Cash Flows

	Financial Year	
	2020 (IFRS)	2019 (IFRS)
	(EUR '000)	(EUR '000)
Cash flows from operating activities		
Operating Loss……	(2,775)	(1,952)
Adjustments to reconcile profit before taxation to net cash flows:		
Depreciation, amortisation and impairment expenses……	803	559
Increase/(decrease) provisions……	-	-
Income taxes (paid)/received……	-	-
Share-based payment expenses……	-	-
(Increase)/Decrease in working capital:		
- Increase inventories……	(1,019)	(603)
- (Increase)/decrease trade and other receivables……	(279)	48
- Increase trade and other payables……	650	168
Net cash outflow from operating activities	**(2,620)**	**(1,780)**
Cash flows from investing activities		
Payment for property, plant and equipment……	(930)	(424)
Payment for intangible assets……	(524)	(514)
Net cash outflow from investing activities	**(1,454)**	**(938)**
Cash flows from financing activities		
Proceeds from share premium contribution and issuance of shares….	7,000	2,900
Proceeds from borrowings (1)……	4,000	-
Payments for shares bought back……	(100)	-
Principal elements of lease payments……	(123)	(96)
Interest paid……	(181)	(21)
Net cash inflow from financing activities	**10,595**	**2,783**
Net increase/(decrease) in cash and cash equivalents	6,521	65
Cash and cash equivalents at the beginning of the financial year……	78	13
Cash and cash equivalents at the end of the financial year	**6,599**	**78**

Notes:

(1) The proceeds from borrowings related to a loan from the shareholder that subsequently is converted into equity.

Non-IFRS Financial Information

The table below sets out certain Non-IFRS financial information for the periods indicated.

EBITDA

The Group defines EBITDA as earnings before interest, taxes, depreciation and amortisation. This financial measure is disclosed because the Group's management believes that this is a valuable and common measure to evaluate the performance of the business over time.

The most comparable IFRS and Dutch GAAP line item to EBITDA is operating profit, which represents earnings before interest and taxes. The table below reconciles EBITDA to operating profit for 2020, 2019 and 2018.

	Financial Year			
EBITDA[1]	**2020 (IFRS) (EUR '000)**	**2019 (IFRS) (EUR '000)**	**2019 (DGAAP) (EUR '000)**	**2018 (DGAAP) (EUR '000)**
Operating loss…………	(2,775)	(1,952)	(2,265)	(1,544)
Amortisation of intangible fixed assets…………	211	114	114	22
Depreciation of property, plant and equipment…………	592	445	364	270
EBITDA	**(1,972)**	**(1,393)**	**(1,787)**	**(1,252)**

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Notes:
(1) These non-IFRS and non Dutch GAAP financial metrics are unaudited.

Net Debt

The following table sets forth the Group's net debt as of the dates indicated:

	As at 31 December			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Lease liabilities…………	1,186	588	-	-
Plus: bank overdraft…………	-	-	-	-
Less: cash and cash equivalents…………	6,599	78	78	13
Net debt	**(5,413)**	**510**	**(78)**	**(13)**

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the results of operations and financial condition of the Company and its consolidated subsidiary as at and for the years ended 31 December 2020, 2019 and 2018. This discussion should be read in conjunction with the Financial Statements, including the notes thereto, starting on page F-1 of this Prospectus. This discussion should also be read in conjunction with the information relating to the business of NX Filtration included elsewhere in this Prospectus in "Important Information—Presentation of Financial and Other Information", "Industry Overview", "Business" and "Selected Financial Information".

The Consolidated Financial Statements as at and for the years ended 31 December 2020 and 2019 have been prepared in accordance with IFRS as adopted by the European Union. The Company has adopted "First-time Adoption of International Financial Reporting Standards" (**IFRS 1**) in these financial statements. These are the first consolidated financial statements that the Company has prepared in accordance with IFRS, with 1 January 2019 as the date of transition. Information about the use of mandatory exceptions in IFRS 1 applied in the conversion from Dutch GAAP to IFRS and the reconciliation of Dutch GAAP to IFRS required by IFRS 1 are presented in Note 28 to the Consolidated Financial Statements. These 2020 and 2019 financial statements are included in this Prospectus, starting on page F1. As the company transitioned from Dutch GAAP to IFRS accounting from 1 January 2019, no IFRS financial statement information is available for 2018. Therefore, for the years ended 31 December 2018 and 2019, financial statements based on Dutch GAAP have been included in the Prospectus.

Unless otherwise stated, the annual information for 2020 and 2019 included in this operating and financial review is based on the Consolidated Financial Statements for 2020 and 2019 based on IFRS. Annual financial information for 2018 is based on Dutch GAAP. Some tables in this section also present certain Non-IFRS Measures (i.e., figures not defined under IFRS). These Non-IFRS Measures are key figures used by the Management Board to monitor the performance of the Company. Non-IFRS Measures are defined and reconciled to the most comparable IFRS/Dutch GAAP measure below. See "*Important Information—Presentation of Financial and Other Information*".

The following discussion includes forward looking statements that reflect the current views of the Management Board and involves risks and uncertainties. NX Filtration's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in "*Risk Factors*", "*Important Information—Presentation of Financial and Other Information*" and "*Important Information—Information Regarding Forward-Looking Statements*". Prospective investors should read this Prospectus in its entirety and not just rely upon summarised information set forth in this operating and financial review.

All of the financial information presented in the following tables is shown in euro (€). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or subtotals contained in the following tables or mentioned elsewhere in this Prospectus.

References in this Prospectus to 2020, 2019 and 2018 are to the 12-month period ending on 31 December in each such year.

Overview

NX Filtration's vision is to be a leading global provider of breakthrough nanofiltration technology that enables customers to, amongst others, produce pure and affordable water, treat wastewater and reduce their water footprint and achieve strong sustainability benefits. Water scarcity and water quality are major global and structural issues and key drivers of the water market.

NX Filtration believes that its dNF technology can play a central role in addressing these issues. Its dNF technology was designed to remove micropollutants (including pharmaceuticals, medicines, PFAS and insecticides), colour and selective salts from water in one single step and also removes bacteria, viruses and nanoplastics. The dNF technology also offers substantial sustainability benefits compared to conventional water treatment methods, as it avoids the use of pre-treatment chemicals in the water treatment process and substantially reduces energy consumption.

NX Filtration's core product line is its dNF membrane modules, which the Company believes to be unique in the world. In addition to its core dNF product line, NX Filtration also offers products based on UF and MF. In these market segments, NX Filtration focuses on high-value niche applications and cross-selling opportunities for its dNF products to the same customers it is selling its UF and MF products (e.g. upselling to a higher value product that NX Filtration offers in the same or similar installations, or customers deciding to use dNF in a new or other installation than NX Filtration previously sold its UF/MF products).

NX Filtration sells its filtration membranes in the form of modules, which typically contain thousands of hollow fiber membranes. NX Filtration sells these modules to customers in its two business lines: Clean Municipal Water and Sustainable Industrial Water.

NX Filtration's production facilities and corporate headquarters as well as its research and development centre are located in Enschede, the Netherlands, utilising 2,815 m^2 of production area and 500 m^2 of office area, spread over two locations. Furthermore, the outside area of Josink Esweg, Enschede, the Netherlands, of approximately 600 m2 offers space for mobile testing equipment and pilot system plants. NX Filtration's location at the Institutenweg, Enschede, the Netherlands houses the production of membranes and its research and development centre, whereas its location at the Josink Esweg, Enschede, the Netherlands, which was added at the end of 2020, houses the production of modules, is being used for warehousing and logistics and locates the Company's new headquarter offices.

NX Filtration's gross income (including other income) for 2020, 2019 and 2018 were €1.1 million, €0.8 million and €0.9 million, respectively.

Basis of Preparation

NX Filtration Holding B.V. was incorporated on 1 January 2016 as the holding company of the Group. At incorporation of NX Filtration Holding B.V., the issued shares were fully paid. NX Filtration Holding B.V. has one group company, NX Filtration B.V., which was incorporated on the same date and has been fully consolidated since that date.

Key Factors Affecting Results of Operations

NX Filtration's performance and results of operations during the periods covered by this Prospectus have been primarily affected and may continue to be affected by the following factors.

General economic climate

Global economic conditions in general, and the economic climate in the jurisdictions in which NX Filtration operates and sells in particular, have an effect on the Group's performance and results of operations. The economic climate affects levels of global investment and infrastructure spending which can have an impact on NX Filtration's business and that of its customers and can also affect access to and cost of capital. In particular, the general economic climate can affect a customer's willingness to invest in expansion projects and their interest in NX Filtration's products.

Adoption of NX Filtration's dNF products by the market

NX Filtration believes that it is strategically well-positioned to benefit from current trends impacting the water markets. Water scarcity and quality drives the overall market growth for NX Filtration's dNF products, further supported by, amongst others, climate change, regulation and an increased focus on sustainability. Conventional technologies in this market, including UF, NF and RO display various disadvantages compared to dNF technology See "*Industry Overview—Competitive landscape*". Therefore, typically only a combination of various treatment methodologies can provide desired water qualities, for example, a combination of UF plus traditional NF or a combination of UF plus RO. In addition, existing technologies typically have a large environmental footprint in terms of energy consumption and the use of chemicals in pre-treatment.

NX Filtration believes that its dNF product addresses these issues and, as such, it is well-positioned to capture an increasing share of its addressable market, see also see also "*Business—Competitive strenghts*". However, current trends could change, and other or new technologies may evolve, which could cause NX Filtration's business to perform better or less well than expected.

Business development costs

The cost of developing NX Filtration's business has had, and is expected to continue to have, a significant impact on its results of operations. NX Filtration has invested significantly in making the NX Filtration's nanofiltration technology ready for industrial production and commercial roll-out of the technology. Expenses relate to, among others, the start-up of the production location, hiring and training of employees, and the execution of pilot systems. The Company continues to invest to facilitate the anticipated growth in revenue. Currently, the Group's revenue does not cover for these expenses and, as such, the Company is loss making. Management's ability to realise the anticipated strong revenue growth will be a key factor for the Company to be able to become profitable.

Following the Admission, NX Filtration will become a publicly traded company. The transition will require the Company to comply with new regulations and incur new expenses, including those related to corporate governance and compliance. Not all costs related to the transition can be anticipated, and NX Filtration's ability, especially the ability of the Management Board, to successfully accommodate new demands and adapt to its new status as a publicly traded company will be critical to its success going forward.

Product development cost

To maintain its technological leadership position, NX Filtration continuously invests in its research and development activities for further improvement of existing products and development of new products. Gross research and development costs amounted to €1.3 million, €1.2 million, and €1.1 million in 2020, 2019, and 2018, respectively. This includes R&D personnel expenses of €0.9 million, €0.8 million and €0.8 million in 2020, 2019 and 2018, respectively.

Development costs that are directly attributable to the design and testing of identifiable and unique products and systems controlled by the Company are recognised as intangible assets and are capitalised as part of the product. Other research and development expenditures are recognised as an expense as incurred.

During the period under review, NX Filtration's research & development activities primarily focused on the following:

- bringing NX Filtration's dNF technology from laboratory scale to industrial production scale;
- developing a new module housing concept for its dNF modules to allow for greater square meter membrane surface in a similar dimensioned membrane module and also reducing cost of components in this module; and
- developing a new header concept for the dNF modules to allow for standard pipe connections and a smaller environmental footprint.

NX Filtration currently relies on its commercially ready and available product ranges with proven applications. Going forward, the Company's strategy is to build further on this technology and make the technology available towards different applications and markets, which may require additional product development costs in future periods.

Fluctuations in raw material prices and availability

Raw materials, including components, are a significant part of NX Filtration's variable cost structure. The cost of raw materials and consumables accounted for 43.1%, 54.5% and 58.0% of total revenue from sale of goods in 2020, 2019 and 2018, respectively. The raw materials that NX Filtration routinely purchases include different types of polymers to produce the filtration membranes, as well as a number of components to fabricate the membrane modules, including module housing (tubes), endcaps, piping connections and flanges. NX Filtration purchases these raw materials, including components, from reputable international suppliers and selected local suppliers. See "*Business—Suppliers*".

The prices of raw materials can fluctuate considerably depending on market conditions and global demand for these materials. The Company's ability to increase its profitability is, and will continue to be, dependent upon its ability to offset decreases in sales prices and margins of its products by reducing production costs and the costs of the materials required to make these products. In particular, the Company's business plan is dependent upon the successful reduction of raw material prices, for example due to volume-discounts.

As the global economic climate changes, the Company anticipates that its costs of raw materials and consumables may fluctuate. However, NX Filtration currently expects that the cost of raw materials and consumables as percentage of revenue from sale of goods will not increase significantly in the near future and even may decrease as percentage of revenue from sale of goods considering further cost engineering and purchasing- and volume discounts.

Legislation

Current and new legislations are driving acceleration of the markets in which NX Filtration is active. Key drivers for customers include filtration characteristics and sustainability. The EU has laid down essential quality standards for drinking water, under which a total of 48 microbes, chemical and indicator parameters are to be monitored and tested regularly. Furthermore, there are several legislative initiatives relating to the treatment of wastewater, see "*Industry Overview—Market for membrane filtration*". Environmental agencies and legislators in the United States and Europe have taken significant steps in 2020 to expand their PFAS regulation and have adopted or are considering new requirements to address PFAS in wastewater discharges, drinking water, spills and releases, and a variety of (water) products. The continuation and strengthening of such legislation or the implementation of related new policies could have a materially positive impact on NX Filtration's performance and results of operations.

Current Trading and Outlook

Current Trading

Revenue

The Group's total revenue from sale of goods and other income increased 212%, or €460 thousand, to €677 thousand for the first quarter of 2021 as compared to €217 thousand for the first quarter of 2020, and the Group's revenue from sale of goods increased 311%, or €454 thousand, to €600 thousand for the first quarter of 2021 as compared to €146 thousand for the first quarter of 2020, mainly driven by the sale of larger scale orders following successful pilot systems and an increase in the number of pilot systems.

The revenue from sale of goods in the Clean Municipal Water business line amounted to €301 thousand for the first quarter of 2021, an increase of 502% from €50 thousand for the first quarter of 2020. Key project and client wins include a full-scale project consisting of 128 dNF modules for PT Bayu Surya Bakti Konstruksi, turning a local river in Indonesia into a source of drinking water, a pilot system for drinking water company PWN in the Netherlands, a pilot system for drinking water production in Canada and a second pilot system for a major global municipal company to accelerate its testing program.

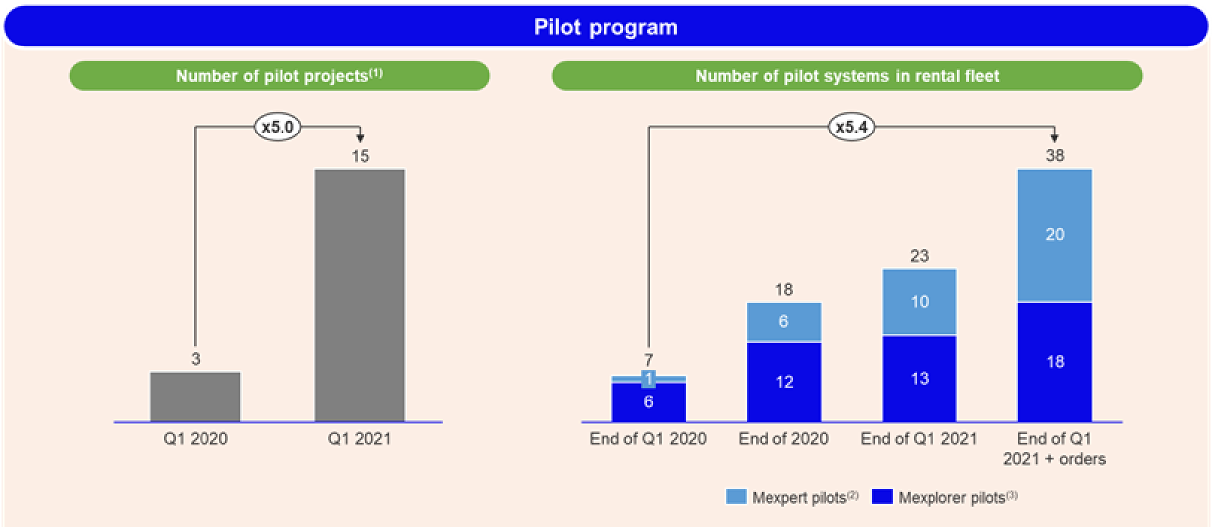
The revenue from sale of goods in the Sustainable Industrial Water business line amounted to €299 thousand for the first quarter of 2021, an increase of 211% from €96 thousand for the first quarter of 2020. Key project and client wins include a research collaboration contract with a US headquartered multinational soft drink producer, as a follow-up of earlier projects with this customer, and a pilot system for the Dutch brewery Royal Grolsch (Asahi) to compare the Group's dNF technology with conventional water treatment solutions on factors including the retention of micropollutants, energy usage and the need for pre-treatment chemicals.

Pilot projects

Pilot projects (excluding academic research pilots), an important element in the commercial roll-out of the Group's dNF technology, increased by 400%, or 12, to 15 pilot projects for the first quarter of 2021 compared to 3 pilot projects for the first quarter of 2020. In the Clean Municipal Water business line, the Group realised 7 pilot projects (of which 6 are located in Europe and 1 is located in North America) in the first quarter of 2021, and in the Sustainable Industrial Water business line, the Group realised 8 pilot projects (of which 7 are located in Europe and 1 is located in North America) in the first quarter of 2021.

Pilot fleet

The Group's fleet of pilots increased 229%, or 16, to 23 at the end of the first quarter of 2021 compared to 7 at the end of the first quarter of 2020. The Group's fleet of pilots consists of lab-scale 'Mexplorer' pilot systems (6 at the end of the first quarter of 2020, 12 at the end of the financial year 2020, and 13 at the end of the first quarter of 2021) and fully automated (containerized) 'Mexpert' (and 'Mexperience') pilot systems that enable customers to perform on-site performance testing with NX Filtration's dNF products (1 at the end of the first quarter of 2020, 6 at the end of the financial year 2020, and 10 at the end of the first quarter of 2021). The Mexpert pilot system was introduced in the course of 2020 and has proven to be an important tool in introducing dNF technology to the Group's customers. Therefore, the Group has placed orders to increase its fleet of Mexpert pilot units from 10 at the end of the first quarter of 2021 to a total of 20 in the short term. The Group has also placed orders to increase its fleet of Mexplorer pilot units from 13 at the end of the first quarter of 2021 to a total of 18 in the short term. The pilot fleet including these additional orders represent an increase of 443% in pilot fleet for the first quarter of 2021 and the short term as compared to the first quarter of 2020.



(1) Only taking into account commercial pilots; (2) Including Mexperience; (3) Including Smartbox

Capital expenditures

The Group's tangible asset capital expenditure was €1,042 thousand for the first quarter of 2021, which represents an increase of €112 thousand as compared to €930 thousand for the full year 2020 and an increase of €965 thousand as compared to €77 thousand for the first quarter of 2020, mainly driven by the ramp-up in production capacity (amongst others, the second spinning line) and investments in pilot systems.

The Group's intangible asset capital expenditure was €139 thousand for the first quarter of 2021, which represents an increase of €74 thousand as compared to €65 thousand for the first quarter of 2020, mainly driven by increased product development activities.

Current trading and medium- to long-term objectives

The Group believes its medium- to long-term objectives (based on the assumptions described in "Business—Medium- to Long-term Objectives") continue to be achievable.

Revenue outlook for the financial year 2021

The Group has estimated its gross income for the financial year 2021 by adding the following components: (i) realised revenue in the first quarter of 2021, (ii) expected revenue from order backlog, (iii) expected other income such as grants and pilot rentals, (iv) a weighted pipeline of orders and (v) additional opportunities from new leads such as expanding the Group's sales force and sales network and the ramp-up of the HYDRAcap business. In aggregate, as at 31 March 2021, the Group estimates that its gross income will increase to above €3.7 million in 2021. As at the date of this Prospectus, the Group believes that this estimate remains a reasonable projection of its expected revenue in 2021; however, it is based on the assumptions described below that may not be realised and the actual revenue for 2021 could differ materially from the estimated figure.

(i) Realised revenue in the first quarter of 2021

The Group's total revenue from sale of goods and other income increased 212%, or €460 thousand, to €677 thousand for the first quarter of 2021 as compared to €217 thousand for the first quarter of 2020, mainly driven by the sale of larger scale orders following successful pilot systems and an increase in the number of pilot systems. The Group's gross income includes other income, which increased 8.5%, or €6 thousand, to €77 thousand for the first quarter of 2021 as compared to €71 thousand for the first quarter of 2020.

(ii) Expected revenue from order backlog

Order backlog as of a given date consists of secured orders which have not been delivered yet and of which it is expected that the delivery date lies within the current financial year and of which the revenue will be recognised within such financial year. Backlog is recognised only with a legally binding document such as a formal purchase order, non-cancellable agreement or any other written commitment. The order backlog is approximately €344 thousand as at 31 March 2021 for the financial year 2021.

(iii) Expected other income

Other income is generated from government grants received in connection with the Group's business operations and from income generated by the rental of pilot systems. The expected other income is build up from a run rate of rental income in the previous financial year (i.e. assuming that the current rental conditions will continue) plus the expected remaining income from current grant agreements. The Group expects other income to be approximately €274 thousand for the financial year 2021.

(iv) Weighted Pipeline of Orders

The weighted pipeline consists of all concrete leads and quotes for expected orders with delivery dates within the current financial year, weighted for probability of converting these orders into a legally binding sales order. Since this pipeline is not based on signed purchase orders, the Group's management uses a bottom-up approach for each specific project to estimate the probability of each potential project being executed in 2021 and of its interaction with the relevant customer. Based on this exercise as at 31 March 2021, the Group estimates that in 2021 it will generate approximately €2,374 thousand in revenue from its pipeline of orders.

Consequently, the aggregate of the realised revenue in the first quarter of 2021 and the estimated revenue from the expected revenue from order backlog, the expected other income such as grants and pilot rentals and a weighted pipeline of orders, for the financial year 2021 amount to a total of approximately €3.7 million as at 31 March 2021.

(v) New leads

In addition, the Group expects to identify additional opportunities from new leads such as expanding the Group's sales force and sales network and the ramp-up of the HYDRAcap business, and enable the Group to generate further revenue.

However, a substantial portion of the orders included in the Group's revenue estimates are subject to decisions ultimately made by the Group's customers. The Group's revenue estimates, including its order backlog and weighted pipeline figures, are not audited and should not be read as forecasts or projections for any particular year, but are management estimates resulting from the Group's pursuit of its strategy. The Group can provide no assurance that the estimated future revenue will be realised and the actual revenue for the financial year 2021 could differ materially. The levels of the Group's order backlog are not necessarily indicative of its future revenue related to the performance of such work or of the Group's future levels of order backlog. Cancellations or delays may occur, from time to time. The expected gross income has been determined based on assumptions and estimates that the Group considered reasonable at the date these were made, 31 March 2021. These estimates and assumptions are inherently uncertain and reflect management's views that are also based on its experience of historic success of being assigned projects, which may materially differ from the success rates for any future orders or projects. Given that the Group has a limited operating history, there is limited historic information on which management's views can be based. The Group regularly monitors the estimates and assumptions made since 31 March 2021 and believes the applied methodology for its revenue projections for the financial year 2021 is still accurate on the date of this Prospectus; however, these estimates and assumptions have not been updated and may change as a result of uncertainties related to the economic, financial or competitive environment and as a result of future business decisions of the Group or its customers, such as cancellations or delays, as well as the occurrence of certain events, including but not limited to, those described in "*Important Information—*

Information Regarding Forward-Looking Statements" and "*Risk Factors*". Investors are therefore urged not to place undue reliance on the revenue estimate for the financial year 2021 set out above.

Total unweighted pipeline of opportunities in the medium-term

As at 31 March 2021, the Group estimates to have a pipeline of opportunites expressed as €98 million in revenue for the medium-term. This amount represents the aggregate revenue that would be generated by the Group in the medium-term if it would succeed in winning all of the potential projects it is currently engaged in and that form part of its pipeline. Unlike the weighted pipeline of orders, this pipeline of opportunities is not based on probability estimates. It should not be understood as a forecast or projection and the actual revenue could differ materially.

Description of Key Statement of Income Line Items

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and related sales taxes and value-added tax.

Revenue from goods sold, reflecting revenue from sale of goods, is recognised at the date of delivery. Revenue from sale of goods is recognised when the most significant risks and benefits of ownership have been transferred to the buyer.

In this Prospectus, the Group's "gross income" also includes "other income" which is included in the consolidated statement of comprehensive income in the Consolidated Financial Statements. This other income is generated from government grants received in connection with NX Filtration's business operations and from income generated by the rental of pilot systems. The sale of pilot systems however is included in the reported revenue from sale of goods.

Costs of raw materials and consumables

Costs of raw materials and consumables relate to the costs incurred for the production of components and the delivery of products. Costs for raw materials and consumables relate directly to production and as such directly correlate to the volume and size as well as the complexity and scope of products.

Personnel expenses

Personnel expenses relate to the costs of personnel employed by NX Filtration such as wages and salaries, social security payments and pension costs. Personnel expenses are related to the products of NX Filtration, either directly, in the form of personnel working in production or indirectly, in the form of support staff and management.

Amortisation of intangible fixed assets

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets. Amortisation is recognised in the income statement on a straight-line basis and commences as soon as the assets are ready for use. The estimated useful economic life is 5 years.

Depreciation on property, plant and equipment

Depreciation on assets is calculated by recognising the difference between historical cost and the estimated residual values using the straight-line method over their estimated useful live. The estimated useful lives of property, plant and equipment for current and comparable periods are as follows:

- Machinery and equipment 5 – 10 years;
- Right of use assets 1 - 9 years; and
- Pilot system equipment 5 years.

Other operating costs

Other operating costs relate to expenses that cannot directly be allocated to NX Filtration's products. As such, these expenses do not correlate directly with the revenue or volumes of NX Filtration's business. These expenses relate to housing expenses, other personnel expenses, development expenses, and other general expenses.

Net financial result

Net financial result reflects financial expenses. Financial expenses include interest expenses.

Non-IFRS Financial Measures

EBITDA

NX Filtration defines EBITDA as earnings before interest, taxes, depreciation and amortisation. This financial measure is disclosed because NX Filtration believes that this is a valuable and common measure to evaluate the performance of the business over time.

The most comparable IFRS and Dutch GAAP line item to EBITDA is operating profit, which represents earnings before interest and taxes. The table below reconciles EBITDA to operating profit for 2020, 2019 and 2018.

	Financial Year			
EBITDA[(1)]	**2020 (IFRS) (EUR '000)**	**2019 (IFRS) (EUR '000)**	**2019 (DGAAP) (EUR '000)**	**2018 (DGAAP) (EUR '000)**
Operating loss	(2,775)	(1,952)	(2,265)	(1,544)
Amortisation of intangible fixed assets	211	114	114	22
Depreciation of property, plant and equipment	592	445	364	270
EBITDA	**(1,972)**	**(1,393)**	**(1,787)**	**(1,252)**

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Notes:

(1) These non-IFRS and non Dutch GAAP financial metrics are unaudited.

Results of Operations

Comparison of Results of Operations for 2020 and 2019 (Based on IFRS)

The table below shows NX Filtration's consolidated results of operations for the periods indicated:

	Financial Year	
	2020 (IFRS)	**2019 (IFRS)**
	(EUR '000)	**(EUR '000)**
Revenue from sale of goods	671	453
Other Income	398	333
Gross income	**1,069**	**786**
Costs of raw materials and consumables	(289)	(247)
Changes in inventories of finished goods and work in progress	357	297
Personnel expenses	(1,781)	(1,336)
Amortisation of intangible assets	(211)	(114)
Depreciation of property, plant and equipment	(592)	(445)

Operating costs..	(967)	(739)
Research & development costs...	(361)	(154)
Operating Expenses	**(3,844)**	**(2,738)**
Operating loss	**(2,775)**	**(1,952)**
Finance income...	-	-
Finance costs..	(208)	(47)
Financial costs – net	**(208)**	**(47)**
Net loss before income tax	(2,983)	(1,999)
Income tax benefit..	891	410
Net loss for the period	**(2,092)**	**(1,589)**

Revenue from sale of goods

Revenue from sale of goods increased by 48.1%, or €218 thousand, to €0.7 million for 2020 as compared to €0.5 million in the prior year, mainly driven by the sale of larger scale orders following successful pilot systems in prior years and an increase in the number of pilot systems. The vast majority of 2020 revenue was derived from dNF products (approximately 75%) and the remaining revenue from sale of goods was generated from UF (approximately 7%) and MF products (approximately 18%). All the revenue from sale of goods was generated by the sale of membranes and membrane modules. In the financial year 2020, one customer accounted for approximately 28.5% of the revenue of the sale of goods. In the financial year 2019, one customer accounted for approximately 42.5% of the revenue of the sale of goods.

Other Income

Other income increased by 19.5%, or €65 thousand, to €0.4 million for 2020 as compared to €0.3 million in the prior year. Other income mainly relates to government grants received in connection with NX Filtration's business operations and to income generated by the rental of pilot systems. The rental income of pilot systems amounted to €66 thousand in 2020.

Costs of raw materials and consumables

Costs of raw materials and consumables increased by 17.0%, or €42 thousand, to €289 thousand in 2020 as compared to €247 thousand in the prior year, principally driven by the growth in revenue from sale of goods. These costs directly correlate to the revenue from sale of goods recognised in the period. Cost of raw materials and consumables amounted to 43.1% of revenue from sale of goods in 2020 as compared to 54.5% in 2019. The resulting gross margin of 56.9% is a strong basis for further improvement through reaching economies of scale in its supply chain and production process. The decrease as percentage of revenue from sale of goods is mainly the result of cost engineering, procurement savings and product mix, where dNF has the strongest margin potential with limited price pressure given high barriers to entry for competition and that alternative products are already at mature price levels and further cost optimisation potential is considered to be limited. For its MF products the Company is currently realising the highest margins given its niche position in the beer and wine sector, where UF products have the lowest margins and are mainly used to enable one stop shop offering and cross-sell opportunity towards dNF.

Changes in inventory of finished goods and work in progress

Changes in inventory of finished goods and work in progress increased by 20.2%, or €60 thousand, to €357 thousand in 2020 as compared to €297 thousand in the prior year. Inventory mainly relates to finished products and increased in 2020 compared to 2019 in anticipation of the Company's expected volume growth in 2021.

Personnel expenses

Personnel expenses can be split between direct personnel costs for production and indirect personnel costs for management, sales, research and development and support staff. Personnel expenses increased by 33.3%, or €445 thousand, to €1.8 million in 2020 as compared to €1.3 million in 2019. This increase mainly relates to an increase in sales employees, pilot system engineers and research and development employees. The number of full-time employees at the end of 2020 and 2019 were as follows:

	Financial Year	
	2020	**2019**
Full-time Employees		
Direct Employees..	15	16
Indirect Employees..	19	12
Total Full-time Employees	**34**	**28**

Amortisation of intangible assets

Amortisation of intangible assets increased by 85.1%, or €97 thousand, to €211 thousand in 2020 as compared to €114 thousand in the prior year. This increase was due to the amortisation of increased capitalised development costs in previous years.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 33.0%, or €147 thousand, to €592 thousand in 2020 as compared to €445 thousand in the prior year, principally driven by the depreciation of the 2018 and 2019 capital expenditures in production equipment.

Operating costs

Other operating costs increased by 30.9%, or €228 thousand, to €967 thousand in 2020 as compared to €739 thousand in the prior year, mainly driven by (i) increased maintenance cost, (ii) external warehousing cost, (iii) increase in auditor fees and (iv) the cost for the IFRS conversion project, partly offset by lower selling expenses as result of restricted travel and the cancellation of trade fairs as result of COVID-19.

Research & development costs

Research and development costs increased by 134.4%, or €207 thousand, to €361 thousand in 2020 as compared to €154 thousand in the prior year. These costs relate to external research and development costs only as the labour cost for research and development employees is included in the personnel cost. R&D personnel expenses amounted to €0.9 million and €0.8 million in 2020 and 2019, respectively. The research and development costs are net of capitalised development costs. Development cost that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are capitalised as intangible assets. The total capitalised development costs amounted to €82 thousand in 2020, compared to €218 thousand in 2019, mainly driven by the fact that a significant part of the 2020 expenses is not directly attributable to a specific product. The total gross research and development costs amounted to €443 thousand in 2020, compared to €372 thousand in 2019, mainly driven by higher volume of testing materials used for several development projects.

Finance costs

Finance costs increased by 342.6%, or €161 thousand, to €208 thousand in 2020 as compared to €47 thousand in the prior year, largely due to a substantially higher shareholder loan provided during 2020 compared to the shareholder loan provided during 2019. The 2020 shareholder loan was repaid after an equity contribution at the end of 2020.

Income tax benefit

Income tax benefit increased by €481 thousand, to €891 thousand in 2020 as compared to €410 thousand in the prior year, principally driven by a higher tax loss compared to the prior year and a revaluation of the deferred tax assets following a change in enacted tax rate.

Segmental Analysis for 2020 and 2019

Revenue from sale of goods

The following table sets forth revenue with respect to each of NX Filtration's business lines for the periods indicated:

	Financial Year	
	2020 (IFRS)	2019 (IFRS)
	(EUR '000)	(EUR '000)
Revenue from sale of goods		
Sustainable Industrial Water	365	397
Clean Municipal Water	306	56
Total revenue from sale of goods	**671**	**453**

Sustainable Industrial Water revenue decreased by 8.1%, or €32 thousand, to €365 thousand in 2020 as compared to €397 thousand in the prior year, principally driven by the timing of some larger scale installations for customers in the industry. Clean Municipal Water revenue increased by 446.4%, or €250 thousand, to €306 thousand in 2020 as compared to €56 thousand in the prior year, principally driven by the first larger scale installations sold to municipal customers.

The following table sets forth revenue by country for the periods indicated, based on the location of the customer:

	Financial Year	
	2020 (IFRS)	2019 (IFRS)
	(EUR '000)	(EUR '000)
Revenue from sale of goods		
The Netherlands	118	233
Europe(1)	393	98
North America	89	64
Asia	52	23
Rest of World	20	35
Total revenue from sale of goods	**671**	**453**

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Notes:
(1) Revenue from sale of goods in Europe for the financial year 2020 includes €191 thousand from Slovakia and €87 thousand from Germany.

Comparison of Results of Operations for 2019 and 2018 (based on Dutch GAAP)

The table below shows NX Filtration's consolidated results of operations for the periods indicated:

	Financial Year	
	2019 (DGAAP)	2018 (DGAAP)
	(EUR '000)	(EUR '000)
Revenue from sale of goods	457	314
Other Income	773	620
Gross income	**1,230**	**934**
Costs of raw materials and consumables	(247)	(182)
Changes in inventories of finished goods and work in progress	-	-

Personnel expenses	(1,662)	(1,111)
Amortisation of intangible assets	(114)	(22)
Depreciation of property, plant and equipment	(364)	(270)
Operating costs	(763)	(579)
Research & development costs	(345)	(314)
Operating Expenses	**(3,495)**	**(2,478)**
Operating loss	**(2,265)**	**(1,544)**
Finance income	-	-
Finance costs	(20)	(14)
Financial costs – net	**(20)**	**(14)**
Net loss before income tax	(2,285)	(1,558)
Income tax benefit	468	253
Net loss for the period	**(1,817)**	**(1,305)**

Revenue from sale of goods

Revenue from sale of goods increased by 45.5%, or €143 thousand, to €0.5 million for 2019 as compared to €0.3 million in the prior year, principally driven by the sale of a few midsized scale installations to industrial customers.

Other income

Other income increased by 24.7%, or €153 thousand, to €0.8 million for 2019 as compared to €0.6 million in the prior year. Other income relates to government grants received in connection with NX Filtration's business operations and to income generated by the rental of pilot systems. Note that other income under Dutch GAAP also includes €418 thousand capitalised development cost in 2019, compared to €439 thousand in 2018.

Costs of raw materials and consumables

Costs of raw materials and consumables increased by 35.7%, or €65 thousand, to €247 thousand in 2019 as compared to €182 thousand in the prior year. These costs directly correlate to the revenue recognised in the period. Costs of raw materials and consumables amounted to 54.0% of revenue in 2019, compared to 58.0% in 2018. The decrease as percentage of revenue from sale of goods is mainly the result of production efficiency, cost engineering and procurement savings.

Personnel expenses

Personnel expenses can be split between direct personnel costs for production and indirect personnel costs for management, sales, research and development and support staff. Personnel expenses increased by 49.6%, or €551 thousand, to €1.7 million in 2019 as compared to €1.1 million in 2018. This increase mainly relates to an increase in production staff. The number of full-time employees at the end of 2019 and 2018 were as follows:

	Financial Year	
	2019	**2018**
Full-time Employees		
Direct Employees	16	11
Indirect Employees	12	11
Total Full-time Employees	**28**	**22**

Amortisation of intangible assets

Amortisation of intangible assets increased by 418.2%, or €92 thousand, to €114 thousand in 2019 as compared to €22 thousand in the prior year. This increase was due to the amortisation of increased capitalised development costs in previous years.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by 34.3%, or €94 thousand, to €364 thousand in 2019 as compared to €270 thousand in the prior year, principally driven by the depreciation of the Company's 2018 capital expenditures in production equipment.

Other operating costs

Other operating costs increased by 31.8%, or €184 thousand, to €763 thousand in 2019 as compared to €579 thousand in the prior year, principally driven by an increase in trade fair expense, sales traveling expenses and utility cost.

Research & development costs

Research and development costs increased by 9.9%, or €31 thousand, to €345 thousand in 2019 as compared to €314 thousand in the prior year, mainly driven by a higher volume of test materials used for several development projects. These costs relate to external research and development costs only as the labour cost for research and development employees is included in the personnel cost. R&D personnel expenses amounted to €0.8 million and €0.8 million in 2019 and 2018, respectively.

Finance costs

Finance costs increased by 42.9%, or €6 thousand, to €20 thousand in 2019 as compared to €14 thousand in the prior year, principally driven by a higher shareholder loan provided during 2019 compared to the shareholder loans provided during 2018. The 2019 shareholder loan was repaid after an equity contribution at the end of 2019.

Income tax benefit

Income tax benefit increased by €215 thousand, to €468 thousand in 2019 as compared to €253 thousand in the prior year, principally driven by a higher tax loss compared to the prior year.

Segmental Analysis for 2019 and 2018

Revenue from sale of goods

The following table sets forth revenue with respect to each of NX Filtration's business lines for the periods indicated:

	Financial Year	
	2019[(1)]	2018[(1)]
	(EUR '000)	(EUR '000)
Revenue from sale of goods		
Sustainable Industrial Water	399	260
Clean Municipal Water	58	54
Total revenue from sale of goods	**457**	**314**

Notes:
(1) Unaudited.

Sustainable Industrial Water revenue increased by 53.5%, or €139 thousand, to €399 thousand in 2019 as compared to €260 thousand in the prior year, principally driven by the sale of a few midsized scale installations to industrial customers.

Clean Municipal Water revenue increased by 6.8%, or €4 thousand, to €58 thousand in 2019 as compared to €54 thousand in the prior year, principally driven by continuous pilot systems with municipal customers.

The following table sets forth revenue by country for the periods indicated, based on the destination of the customer:

	Financial Year

	2019[1]	2018[1]
	(EUR '000)	(EUR '000)
Revenue from sale of goods		
The Netherlands..	237	70
Europe..	98	71
North America..	65	3
Asia..	23	132
Rest of World...	34	38
Total revenue from sale of goods	**457**	**314**

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Notes:
(1) Unaudited.

Liquidity and Capital Resources

General

Liquidity represents NX Filtration's ability to pay its liabilities when they become due, fund business operations, meet its contractual obligations and execute its business plan. NX Filtration's primary liquidity needs are for working capital and capital expenditures. Due to the nature of the business, the use of cash and cash equivalents is not highly sensitive to liquidity risks.

The Company is in an early stage of growth and is currently not generating profits. The Company's funding is provided by its shareholders and the shareholders have provided significant funding in December 2020.

Working Capital

In the Group's opinion, its current cash resources do not provide it with sufficient working capital for its present requirements; that is for at least the next twelve months following the date of this Prospectus. Based on its present requirements, the Group believes its operations will require additional cash resources of up to €8 million to provide it with sufficient working capital for at least the next twelve months following the date of this Prospectus. If the Offer will be withdrawn or otherwise not be completed, the Group has secured funding from Infestos Capital I B.V. up to a maximum of €8 million that enables the Group, together with its current cash resources, to have sufficient working capital for the Group's present requirements, that is for at least the next twelve months following the date of this Prospectus. Notwithstanding the foregoing, if the Company succeeds with the Offer, Infestos Capital I B.V. will not, and is not required to, provide any funds to the Group. The Group expects to receive net proceeds of approximately €147.4 million in the event that the Offer is completed (based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option), which considerably exceeds the working capital shortfall referred to above. Consequently, if the Offer is completed and the expected net proceeds of the Offer are received, these net proceeds together with the Group's current cash resources will provide it with sufficient working capital for the next twelve months following the date of this Prospectus.

Cash Flows

The following table sets out NX Filtration's cash flows and net cash positions for the periods indicated:

	Financial Year	
	2020 (IFRS)	2019 (IFRS)
	(EUR '000)	(EUR '000)
Cash flows from operating activities		
Operating Loss..	(2,775)	(1,952)
Adjustments to reconcile profit before taxation to net cash flows:		
Depreciation, amortisation and impairment expenses.....................	803	559
Increase/(decrease) provisions..	-	-

Income taxes (paid)/received..	-	-
Share-based payment expenses...	-	-
(Increase)/Decrease in working capital:		
- Increase inventories...	(1,019)	(603)
- (Increase)/decrease trade and other receivables..............................	(279)	48
- Increase trade and other payables..	650	168
Net cash outflow from operating activities	**(2,620)**	**(1,780)**
Cash flows from investing activities		
Payment for property, plant and equipment......................................	(930)	(424)
Payment for intangible assets...	(524)	(514)
Net cash outflow from investing activities	**(1,454)**	**(938)**
Cash flows from financing activities		
Proceeds from share premium contribution and issuance of shares....	7,000	2,900
Proceeds from borrowings(1)..	4,000	-
Payments for shares bought back..	(100)	-
Principal elements of lease payments..	(123)	(96)
Interest paid..	(181)	(21)
Net cash inflow from financing activities	**10,595**	**2,783**
Net increase/(decrease) in cash and cash equivalents	6.521	65
Cash and cash equivalents at the beginning of the financial year......	78	13
Cash and cash equivalents at the end of the financial year	**6,599**	**78**

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Notes:
(1) The proceeds from borrowings related to a loan from the shareholder that subsequently is converted into equity.

Net cash flows from operating activities

NX Filtration's total net cash outflow from operating activities was €2.6 million in 2020, compared to a net cash outflow of €1.8 million in 2019. The increase in net cash outflow from operating activities was primarily due to an operating loss of €2.8 million in 2020 compared to €2.0 million in the prior year.

Net cash flows from investing activities

NX Filtration's total net cash outflow from investing activities was €1.5 million in 2020, compared to a net cash outflow of €0.9 million in 2019. Payment for property, plant and equipment accounted for €0.9 million of total net cash outflow from investing activities in 2020, an increase of €0.5 million compared to €0.4 million in 2019. This increase was mainly caused by the investment in a new dope mixing installation and additional pilot system testing equipment. Payments for intangible assets accounted for €0.5 million of total net cash outflow from investing activities in 2020, similar to €0.5 million in 2019.

Net cash flows from financing activities

NX Filtration's total net cash inflow from financing activities was €10.6 million in 2020, compared to a net cash inflow of €2.8 million in 2019. The 2020 and 2019 cash inflows mainly relate to proceeds from share premium contributions on the Company's existing ordinary and preference shares by the shareholders and the issuance of newly issued ordinary and preference shares to fund the further expansion of the Company.

Hedging

NX Filtration mainly operates within the European Union, in those countries that use the euro as a base currency. As such the currency risk is limited and largely concerns positions and (future) transactions in euros. NX Filtration's exposure to other foreign exchange movements is not significant. The Management Board has determined, based on a risk assessment, that these currency risks do not need to be hedged.

Borrowings

The Company has no outstanding borrowings.

Contractual Obligations

The table below analyses NX Filtration's financial liabilities on its contractual maturities for all non-derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows:

	Financial Year 2020 (EUR '000)				
	Less than 3 months	**3 months to 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Trade and other payables...	1,369	34	-	-	1,403
Lease liabilities..	50	157	818	161	1,186
Lease liabilities - Interest component..	12	33	97	7	150
Total non-derivatives	**1,431**	**224**	**915**	**168**	**2,739**

Working Capital

The following table sets forth NX Filtration's working capital position as of the dates indicated:

	As at 31 December			
	2020 (IFRS)	**2019 (IFRS)**	**2019 (DGAAP)**	**2018 (DGAAP)**
	(EUR '000)	**(EUR '000)**	**(EUR '000)**	**(EUR '000)**
Current assets				
Inventories..	2,077	1,058	707	400
Trade and other receivables	626	347	264	311
Current tax receivables	-	-	83	84
Total current assets (excluding cash and cash equivalents)	**2,703**	**1,405**	**1,054**	**795**
Current liabilities				
Trade and other payables	(1,403)	(753)	(711)	(561)
Lease liabilities...	(207)	(75)	-	-
Current tax payables..	-	-	(44)	(25)
Total current liabilities (excluding Bank overdraft)	**(1,610)**	**(828)**	**(755)**	**(586)**
Working capital	**1,093**	**577**	**299**	**209**

NX Filtration has robust working capital management procedures in place. The Company's working capital balances are affected by investments made in the Company's production infrastructure and the start of product commercialisation. Sales and purchases are based on industry accepted standard terms and conditions. The Company has no contract revenue accounting and as such no project invoicing and/or progress billing.

NX Filtration's working capital was €1.1 million in 2020, an increase of €0.5 million as compared to €0.6 million in 2019. This increase was mainly due to higher inventories and trade and other receivables, partially offset by higher trade and other payables.

NX Filtration's working capital was €299 thousand in 2019, an increase of €90 thousand as compared to €209 thousand in 2018. This increase was mainly due to higher inventories, partly offset by higher trade and other payables.

Capital Expenditures and Investments

The following table sets forth NX Filtration's capital expenditures for the periods indicated:

	Financial year			
	2020 (IFRS)	2019 (IFRS)	2019 (DGAAP)	2018 (DGAAP)
	(EUR '000)	(EUR '000)	(EUR '000)	(EUR '000)
Capital Expenditure				
Additions to property, plant and equipment......................	(930)	(424)	(425)	(517)
Additions to intangible assets..	(524)	(514)	(514)	(451)
Total capital expenditure	**(1,454)**	**(938)**	**(939)**	**(968)**

NX Filtration's capital expenditure was €1.5 million in 2020, an increase of €0.6 million as compared to €0.9 million in 2019. Additions to property, plant and equipment accounted for €0.9 million of the Company’s capital expenditure in 2020, an increase of €0.5 million as compared to €0.4 million in 2019 due to the investment in a new dope mixing installation and additional pilot system testing equipment. Additions to intangible assets accounted for €0.5 million of the Company’s capital expenditure in 2020, similar to €0.5 million in 2019.

NX Filtration's capital expenditure was €939 thousand in 2019, a decrease of €29 thousand as compared to €968 thousand in 2018. Additions to property, plant and equipment accounted for €425 thousand of the Company’s capital expenditure in 2019, a decrease of €92 thousand as compared to €517 thousand in 2018 due to significant investment that were made in 2018 in the Company’s coating installation and laboratory equipment. Additions to intangible assets accounted for €514 thousand of the Company’s capital expenditure in 2019, compared to €451 thousand in 2018.

NX Filtration's capital expenditure was €1.2 million from 31 December 2020 through 31 March 2021. Additions to property, plant and equipment accounted for €1.0 million of the Company’s capital expenditure during this period and mainly relate to investments made in the new module production location at Josink Esweg 44 in Enschede, the new second spinning line expected to be fully commissioned in the second half of 2021 and other production-related infrastructure. Additions to intangible assets accounted for €139 thousand of the Company’s capital expenditure during this period.

Off-Balance Sheet Arrangements and Contingent Liabilities

The Company is the head of the fiscal unity for the corporate income tax and value added tax of the Group. As such, the Company is fully liable for any tax liability within the Group.

NX Filtration B.V. has signed a number of purchase contracts related to machinery and equipment capital expenditures, amounting to €1 million as at 31 December 2020 (31 December 2019: €0.3 million; 31 December 2018: €nil).

Net Debt

The following table sets forth NX Filtration's net debt as of the dates indicated:

	As at 31 December			
	2020 (IFRS)	2019 (IFRS)	2019 (DGAAP)	2018 (DGAAP)
	(EUR '000)	(EUR '000)	(EUR '000)	(EUR '000)
Lease liabilities..	1,186	588	-	-
Plus: bank overdraft...	-	-	-	-

Less: cash and cash equivalents..	6,599	78	78	13
Net debt	**(5,413)**	**510**	**(78)**	**(13)**

NX Filtration had a positive net debt balance as of 31 December 2020 of €5.4 million, a €5.9 million change compared to the prior year, principally driven by the cash inflow for the year as explained in the cash flows paragraph above.

NX Filtration has a positive net debt balance as of 31 December 2019 of €78 thousand, a €65 thousand change compared to prior year, principally driven by the cash flow for the year as explained in "—*Cash Flows*" above.

Quantitative and Qualitative Disclosures about Market Risks

For a discussion of quantitative and qualitative disclosures about market risks, see Note 3 to the Consolidated Financial Statements for the periods ended 31 December 2020 and 2019.

Critical Accounting Policies and Estimates and Forthcoming Changes

Critical Accounting Estimates and Judgements

The preparation of the Consolidated Financial Statements requires the Management Board to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue 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.

Development Costs

The capitalised development costs are based on management judgements taking into account:

- the technical feasibility to complete the product or system so that it will be available for use;
- whether management intends to complete the product or system and use or sell it;
- the ability to use or sell the product or system; and
- the availability of adequate technical, financial and other resources to complete the development.

In determining the development costs to be capitalised, the Company estimates the expected future economic benefits of the respective product or system that is the result of a development project. Furthermore, management estimates the useful life of such product or system.

The carrying amount of capitalised development costs was €1.1 million in 2020, as compared to €0.8 million in 2019 and €0.5 million in 2018. The Company estimates the useful life of the development costs to be at 5 years based on the expected lifetime of such assets. However, the actual useful life may be shorter or longer than 5 years, depending on innovations, market developments and competitor actions.

Deferred tax assets

Deferred tax assets are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. The Group's deferred tax assets mainly relate to net operating losses (tax losses) in the Netherlands. 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 judgements and assumptions and are inherently uncertain. The Management Board considered both negative and positive evidence in its evaluation of the probability that sufficient taxable profits will be available in the medium-term. Under *IAS 12 – Income taxes*, the existence of unused tax losses is strong evidence that future taxable profit may not be available. In addition to that the Management Board also considered the fact that the Group does not expect to be profitable for the next few years. However, the Management Board considers the negative evidence for these purposes to be outweighed by the positive evidence. The Management Board considers the following positive evidence on both individual as aggregated level:

1. Based on the Group's business plan (i.e. financial outlook), the Group has the objective to realise a positive EBITDA margin in the medium-term by reaching a larger scale of operations and realising purchasing benefits based on increasing volumes and optimising product designs, see "*Business—Medium- to Long-term Objectives*". Based on the Group's financial outlook and enacted Dutch tax law, it is expected that the Group will utilize all of its tax losses and no tax losses will be lost (evaporated).

2. The Group's historic losses can clearly be allocated to the scale-up of the Group's production and the development of an innovative and disruptive dNF technology that targets a large addressable market and provides for a sustainable solution for global water quality and scarcity issues, see "*Industry Overview—Addressable market for NX Filtration's dNF technology*".

3. The Group's dNF technology is supported by a number of patents and other layers of intellectual property protection, see "*Business—Intellectual property*".

4. The Group's dNF technology is proven by a broad range of different pilot and full scale projects, see "*Business—Clean Municipal Water—Selected Projects*" and "*Business—Sustainable Industrial Water—Selected Projects*".

5. The Group offers a competitive solution with its dNF technology based on a Total Cost of Ownership (TCO) analysis toward conventional technologies whereby also offering strong sustainability benefits, see "*Business—Competitive strengths—Competitive total cost of ownership (TCO)*".

6. The Group only recently started commercialisation (in the course of 2019) of its technology and has visibility on an unweighted pipeline of EUR 98 million in revenue opportunities (per the end of March 2021). See "*Operating and Financial Review—Current Trading and Outlook—Total unweighted pipeline of opportunities in the medium-term*".

7. The Group realised strong margins on the sale of its products and technology and identified further potential to improve the gross margin, see "*Operating and Financial Review—Results of Operations-Comparison of Results of Operations for 2020 and 2019 (Based on IFRS) —Revenue from sale of goods—Costs of raw materials and consumables*".

8. NX Filtration believes large and growing filtration membrane markets provide significant opportunity for its dNF technology. However, in the scenario that the Group is unable to market its dNF technology, the company has the ability to use is production facilities for UF and MF products. In this scenario the Group would eliminate all business development cost for dNF and become a competitor with existing UF and MF suppliers. The Group believes it has the ability to make these UF and MF products at a comparable cost price as these competitors. It is known that these competitors are profit making and as such support the ability to generate future taxable income.

9. In the 2021 tax plan of the Dutch government (*Belastingplan 2021*) the rules for loss compensation change in such way that tax losses do not expire, including prior year losses.

10. From a tax planning perspective, the Group could as a last resort sell its patents, IP and technology.

The Group expects to utilise its unused tax losses in the medium-term. The Group has no unrecognised deferred tax assets.

Future Accounting Developments

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2020 and have not been early adopted by the Company. On the date of this Prospectus, these standards are not expected to have a material impact on the Company in the current or future reporting periods and on transactions in the next few years.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

General

This section gives an overview of the material information concerning the Management Board, the Supervisory Board, Senior Management (as defined below), the Group's employees and its corporate governance. It is based on and discusses relevant provisions of Dutch law as in effect on the date of this Prospectus, the Articles of Association, the Management Board Rules (as defined below), the Supervisory Board Rules (as defined below) and the rules of the Company's audit committee (the **Audit Committee**) as these will be in effect ultimately on the First Trading Date. The Articles of Association in the Dutch language and in an unofficial English translation are available on the Company's website (www.nxfiltration.com) or during regular business hours at the Company's business address at Josink Esweg 44, 7545 PN Enschede, the Netherlands. The Management Board Rules, the Supervisory Board Rules and the rules of the Audit Committee in the English language are available on the Company's website (www.nxfiltration.com).

Management Structure

The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board together with one senior manager of the Company form the senior management of the Company (the **Senior Management**), which is responsible for the day-to-day management of the Company. In addition to the Management Board and the Supervisory Board, the Company has an Audit Committee, which exercises the duties as prescribed in the Decree on the establishment of audit committees in organisations of public interest (*Besluit instelling auditcommissie bij organisaties van openbaar belang*). The Management Board and the Supervisory Board are jointly responsible for the governance structure of the Company.

As at the date of this Prospectus, the provisions in Dutch law, which are commonly referred to as the "large company regime" (*structuurregime*), do not apply to the Company. The Company does not intend to voluntarily apply the "large company regime".

Management Board

Powers, Responsibilities and Functioning

The Management Board is the executive body and is entrusted with the management of the Company and responsible for the continuity of the Company, under the supervision of the Supervisory Board. The Management Board's responsibilities include, among other things, setting the Company's management agenda, developing a view on long-term value creation by the Company, enhancing the performance of the Company, developing a strategy, identifying, analysing and managing the risks associated with the Company's strategy and activities and establishing and implementing internal procedures, which safeguard that all relevant information is known to the Management Board and the Supervisory Board in a timely manner. The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association (see "*—Management Board Meetings and Decision-making*"). Pursuant to the Management Board Rules, the Management Board may delegate duties and powers to individual Managing Directors and/or committees consisting of one or more Managing Directors whether or not assisted by staff officers. In fulfilling their responsibilities, the Managing Directors must act in the interest of the Company and give specific attention to the relevant interests of the Company's employees, shareholders, lenders, customers, suppliers and other stakeholders of the Company. The Management Board Rules furthermore provide that the Management Board focuses on long-term value creation for the Company.

The Management Board shall timely provide the Supervisory Board with the information necessary for the performance of the Supervisory Board's duties. The Management Board is required to keep the Supervisory Board informed and to consult with the Supervisory Board on important matters. The Management Board shall inform the Supervisory Board, in writing, and at least once a year, of the main outlines of the Company's strategic policy, the general and financial risks, and the risk management and control systems.

Subject to certain statutory exceptions, the Management Board as a whole is authorised to represent the Company. Additionally, two Managing Directors are jointly authorised to represent the Company. Pursuant to the Articles of Association, the Management Board may grant one or more persons, whether or not employed by the Company, a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit.

Management Board Rules

Pursuant to the Articles of Association, the Management Board may adopt rules and regulations, allocating duties to one or more Managing Directors and regulating any such subjects as the Management Board deems necessary or appropriate (the Management Board Rules). The Management Board Rules are expected to become effective as of the First Trading Date and will be published on the Company's website (www.nxfiltration.com).

Composition, Appointment, Dismissal and Suspension

The General Meeting appoints the Managing Directors. The Supervisory Board will nominate one or more candidates for each vacant seat. A resolution of the General Meeting to appoint a Managing Director other than in accordance with a nomination by the Supervisory Board can be adopted by a majority of the votes cast representing at least one third of the Company's issued capital. If such quorum is not met, the Company is entitled to convene a second meeting where no quorum shall apply.

The Articles of Association provide that a Managing Director may be suspended or dismissed by the General Meeting at any time. A resolution of the General Meeting to suspend or dismiss a Managing Director other than pursuant to a proposal by the Supervisory Board can be adopted by a majority of the votes cast, representing at least one third of the Company's issued capital. If such quorum is not met, the Company is entitled to convene a second meeting where no quorum shall apply.

The Articles of Association provide that the number of Managing Directors is determined by the Supervisory Board after consultation with the Management Board, but there will be at least two Managing Directors. The Supervisory Board appoints one of the Managing Directors as CEO.

Term of Appointment

Any new Managing Director that is appointed for a maximum period of four years, provided that, unless a Managing Director resigns earlier, his or her appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his or her appointment. A Managing Director may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The Company's diversity policy drawn up in accordance with the Supervisory Board Rules will be considered in the preparation of the appointment or reappointment.

Management Board Meetings and Decision-making

The Management Board meets monthly in accordance with the Management Board Rules. Furthermore, the Management Board must meet whenever the CEO or two members of the Management Board have called a meeting.

Pursuant to the Management Board Rules, resolutions of the Management Board are adopted by unanimous vote where possible. Where this is not possible, resolutions of the Management Board are adopted by a majority vote of the Managing Directors present or represented. Resolutions can only be adopted if at least half of the members are present or represented. Each Managing Director has one vote. If there will be more than two Managing Directors in office and entitled to vote, the CEO shall have a casting vote in the event of a tie. In other cases, the proposal shall be deemed rejected in case of a tie of votes within the Management Board.

The Management Board may also adopt resolutions without convening a meeting upon a proposal by or on behalf of the CEO, provided that none of the Managing Directors in office have raised an objection to adopt resolutions in this manner and all Managing Directors – with the exception of any Managing Director that are suspended or have reported a conflict of interest – have been consulted.

Dutch law and the Articles of Association provide that resolutions of the Management Board involving major changes in the Company's identity or character are subject to the approval of the General Meeting. Such changes in any event include:

- the transfer of the business, or virtually all of the business, to a third party;

- entering into or cancelling any long-term cooperative relationship between the Company or a subsidiary of the Company and another legal entity or company, or in its capacity as a fully liable partner in a limited partnership or general partnership, if such cooperation or cancellation has a substantial impact on the Company; and
- acquiring or disposing of a participation in the capital of a Company worth at least one-third of the amount of the assets in accordance with the balance sheet and explanation, or if the Company draws up a consolidated balance sheet, in accordance with the consolidated balance sheet and explanation according to the most recently adopted annual accounts of the Company, by the Company or a subsidiary of the Company.

In addition, resolutions of the Management Board identified in the Articles of Association, the Management Board Rules or identified pursuant to a resolution of the Supervisory Board from time to time on the basis of the relevant provisions in the Articles of Association require the prior approval of the Supervisory Board. For some of these resolutions, the approval must include the affirmative vote of (at least) one independent Supervisory Director.

In each of the above-mentioned situations, the absence of approval (whether from the General Meeting or from the Supervisory Board) does not affect the authority of the Management Board or the Managing Directors to represent the Company.

Conflict of Interest

Dutch law provides that a member of the management board of a Dutch public limited liability company, such as the Company (following conversion of the Company to a *naamloze vennootschap*), may not participate in the deliberation or decision-making of a relevant management board resolution if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it. Such a conflict of interest exists if in the situation at hand the Managing Director is deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Articles of Association and the Management Board Rules, each Managing Director shall immediately report any (potential) personal conflict of interest concerning a Managing Director to the chair of the Supervisory Board and to the other Managing Directors and shall provide all information relevant to the conflict. The Supervisory Board must determine whether a reported (potential) conflict of interest qualifies as a conflict of interest, in which case the Managing Director who has a conflict of interest is not permitted to participate in the decision-making and deliberation process on a subject or transaction in relation to which such member has a conflict of interest. Such transaction must be concluded on terms customary in the sector concerned and must be approved by the Supervisory Board.

If as a consequence no resolution can be adopted by the Management Board, the resolution may be referred to the Supervisory Board. In addition, if a Managing Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. As a general rule, the existence of a (potential) conflict of interest does not affect the authority to represent the Company as described under "—*Powers, Responsibilities and Functioning*" above. Furthermore, as a general rule, agreements and transactions entered into by a company based on a decision of its management board that are adopted with the participation of a member of the management board who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

Related Party Transactions Policy

The Management Board Rules provide for a related party transactions policy. According to this policy, no related party transactions shall be undertaken without the approval of the Supervisory Board, which approval includes the affirmative vote of at least one independent Supervisory Director. A related party transaction includes transactions between the Company and its subsidiary on the one hand and certain related parties, including parties holding at least 10% of the Ordinary Shares, on the other hand.

The related party transactions policy provides for certain procedures for members of the Management Board or the Supervisory Board to notify a potential related party transaction. The Supervisory Board shall decide whether a transaction qualifies as a related party transaction. Potential related party transactions shall be subject to review by the Supervisory Board. The Supervisory Board may approve the related party transaction only if it determines in good faith that the related party transaction is fair as to the Company.

The related party transactions policy is an annex to the Management Board Rules and as such is available in full on the Company's website (www.nxfiltration.com).

Managing Directors

As at the date of this Prospectus, the Management Board is composed of the following members:

Name	Age	Position	Member since	Term as of 26 May 2021
Mr M.A. (Michiel) Staatsen	50	CEO and COO	2019	4 years
Mr H.D.W. (Erik) Roesink	68	CTO	2016	4 years

Mr M.A. (Michiel) Staatsen (born 1971, Dutch) is NX Filtration's CEO and COO since May 2019. Mr Michiel Staatsen has over 25 years of growth management experience in water and technology intensive industries. Prior to joining NX Filtration, he held various positions related to the food and water markets. Mr Michiel Staatsen held the position of chief operating officer at Pré Pain (2012-2015), a leading manufacturer of frozen bake off bread in North-West Europe, which was acquired by Aryzta, changing his role to European Deputy Head of Technology Development in 2015. From 2013-2016, Mr Michiel Staatsen was the chief operating officer and chief financial officer of Grand Duet B.V., an industrial bake-off bread bakery. Prior thereto, Mr Michiel Staatsen worked at Euroland Investments (a former investment company of Mr B.H.F. ten Doeschot, who indirectly controls Infestos), where he focused on M&A, strategy development, turn around management, and production processes at *inter alia* Norit X-Flow and Nijhuis Pumps. Prior to joining Euroland Investments, Mr Michiel Staatsen worked at Arthur D. Little, where he also supported companies in the water market on strategic topics. Mr Michiel Staatsen holds a master's degree in civil engineering from Delft University of Technology in Delft, the Netherlands.

Mr H.D.W. (Erik) Roesink (born 1952, Dutch) founded NX Filtration in 2016 and held the position of CEO between 2016 and 2019. Since 2019 he focuses on business and technology development and currently holds the role of chief technology officer (the **CTO**). He is also a part-time professor advanced membranes for aqueous applications in the research cluster membrane science & technology at the University of Twente in Enschede, the Netherlands since 2013. Mr Erik Roesink has over 45 years of membrane development experience and is a leading expert in the field of membrane technology. Prior to joining NX Filtration, Mr Erik Roesink worked in various director roles in research and development, strategic innovation and business development at Pentair (2011-2013) and Norit X-Flow (2008-2011). Before that, he worked for 23 years at X-Flow (1985-2008), where he was the CTO at foundation and where his last role was managing director (1998-2008). He was a member of the supervisory board of rehabilitation center Roessingh in Enschede, the Netherlands (2011-2019) and is a member of the board of International Water Conferences, which organises international conferences on behalf of the Royal Netherlands Water Network (*Koninklijk Nederlands Waternetwerk*) since 2019. Mr Erik Roesink holds a PhD in membrane technology from the University of Twente.

Senior Management

The members of the Management Board comprise the Senior Management of the Company together with the following non-statutory member:

Name	Age	Position	Member since
Mr J.J.G. (Joris) Kooiker	36	Financial Manager	2016

Mr J.J.G. (Joris) Kooiker (born 1985, Dutch) is NX Filtration's financial manager (the **Financial Manager**) since 2016. Prior to joining NX Filtration, Mr Joris Kooiker held the position of controller at Webprint (2011-2016), an online photo service that was part of Infestos Nederland's portfolio and which was sold to Smartphoto Group, a Belgian listed company. He has over 10 years of experience in financial management and controlling. Before Mr Joris Kooiker joined Webprint, he worked at Van der Arend Markslag & Partners (2009-2011), a provider of financial, transactional and administrative services.

Mr Joris Kooiker holds a master's degree in business administration from University of Groningen in Groningen, the Netherlands.

The business address of the Senior Management of the Company is Josink Esweg 44, 7545 PN Enschede, the Netherlands.

Supervisory Board

Powers, Responsibilities and Functioning

The Supervisory Board supervises the policy of the Management Board and the general course of affairs in the Company and the business affiliated with the Company. The Supervisory Board is accountable for these matters to the General Meeting. The Supervisory Board also provides advice to the Management Board. In performing their duties, the Supervisory Directors are required *inter alia* to focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting. The Supervisory Directors assist the Management Board with advice on general policies related to the activities of the Company. In the fulfilment of their duty, the Supervisory Directors shall orient themselves according to the interests of the Company and its related business.

Supervisory Board Rules

Pursuant to the Articles of Association, the Supervisory Board may adopt rules and regulations, allocating duties to one or more Supervisory Directors and regulating any such subjects as the Supervisory Board deems necessary or appropriate (the **Supervisory Board Rules**). The Supervisory Board Rules are expected to become effective as of the First Trading Date.

Composition, Appointment, Dismissal and Suspension

The Supervisory Board Rules provide that the Supervisory Board must consist of a minimum of three members. The exact number of Supervisory Directors shall be determined by the Supervisory Board. As of the First Trading Date, the Supervisory Board will consist of three members. Only natural persons may be appointed as Supervisory Directors.

According to the Articles of Association, the Supervisory Board must prepare a profile (*profielschets*) for its size and composition, taking account of the nature and activities of the business, the desired expertise and background of the Supervisory Directors, the desired mixed composition and the size of the Supervisory Board and the independence of the Supervisory Directors. The Company's diversity policy is also taken into account.

The General Meeting appoints the Supervisory Directors. The Supervisory Board will nominate one or more candidates for each vacant seat. A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination by the Supervisory Board can be adopted by a majority of the votes cast representing at least one third of the Company's issued capital. If such quorum is not met, the Company is entitled to convene a second meeting where no quorum shall apply.

The Articles of Association provide that a Supervisory Director may be suspended or dismissed by the General Meeting at any time. A resolution of the General Meeting to suspend or dismiss a Supervisory Director other than pursuant to a proposal by the Supervisory Board can be adopted by a majority of the votes cast, representing at least one third of the Company's issued capital. If such quorum is not met, the Company is entitled to convene a second meeting where no quorum shall apply.

Term of Appointment

The Supervisory Directors are appointed for a maximum period of four years, provided that, unless a Supervisory Director resigns earlier, his or her appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his or her appointment. Supervisory Directors may be reappointed once more for another four-year period and then subsequently be reappointed again for a period of two years, which reappointment may be extended by at most two years. In the event of a reappointment after an eight-year period, reasons should be given in the report of the Supervisory Board. In any appointment or reappointment, the profile as prepared by the Supervisory Board should be observed. The Supervisory Board will prepare a retirement schedule for the Supervisory Directors.

Supervisory Board Meetings and Decision-Making

The Supervisory Board meets at least four times per year, to the extent possible in accordance with the annually adopted meeting schedule. The Supervisory Board shall also meet earlier than scheduled if this is deemed necessary by the chair, two other members of the Supervisory Board, or the Management Board.

Pursuant to the Articles of Association and the Supervisory Board Rules, resolutions of the Supervisory Board are adopted by majority vote in a meeting of the Supervisory Board, in which at least the majority of the Supervisory Directors are present or represented. In addition, according to the Supervisory Board Rules, certain specified resolutions require the affirmative vote of at least one independent Supervisory Board member. Each Supervisory Board director has one vote. If the vote is tied, the chair of the Supervisory Board will have a deciding vote, but only if more than two Supervisory Directors are present.

The Supervisory Board may also adopt resolutions without convening a meeting, upon a proposal by or on behalf of the chair of the Supervisory Board provided that none of the Supervisory Directors in office have raised an objection to adopt resolutions in this manner and all Supervisory Directors – with the exception of the Supervisory Directors that are suspended or have reported a conflict of interest – have been consulted. If all members are present and agree, the Supervisory Directors may resolve on issues not on the agenda.

Conflict of Interest

Similar to the rules that apply to the Managing Directors as described above, Dutch law also provides that a supervisory director of a Dutch public limited liability company, such as the Company (following conversion of the Company to a *naamloze vennootschap*), may not participate in deliberating or decision-making within the Supervisory Board if he or she has a direct or indirect personal interest conflicting with the interests of the relevant company and the business connected with it.

Pursuant to the Supervisory Board Rules, a Supervisory Director that has a (potential) conflict of interest with respect to a proposed Supervisory Board resolution should immediately report this to the chair of the Supervisory Board and provides all relevant information. If the chair of the Supervisory Board has a (potential) conflict of interest with respect to a proposed Supervisory Board resolution, he or she should immediately report this to the other Supervisory Directors. The Supervisory Board, without the relevant Supervisory Director being present or represented, determines whether a reported (potential) conflict of interest qualifies as a conflict of interest. A Supervisory Director shall not participate in the deliberation and decision-making process if he or she has a conflict of interest.

If as a result of such a conflict of interest a resolution cannot be adopted, the resolution will be adopted by the General Meeting. In addition, if a Supervisory Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. Furthermore, as a general rule, agreements and transactions entered into by a company based on a decision of its supervisory board that are adopted with the participation of a Supervisory Director who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

Supervisory Directors

As from the First Trading Date, the Supervisory Board will be composed of the following members:

Name	Age	Position	Member as of
Ms C. (Carolina) Wielinga	50	Supervisory Director (chair)	First Trading Date
Mr B.A.M. (Benno) van Dongen	56	Supervisory Director	First Trading Date
Mr J.T.P. (John) Glorie	48	Supervisory Director	First Trading Date

Ms C. (Carolina) Wielinga (born 1970, Dutch) will be a Supervisory Director and chair of the Supervisory Board of the Company as of the First Trading Date. Ms Carolina Wielinga is the chief financial officer of BDR Thermea Group, a global manufacturing company in smart thermal heating solutions. She is supervisory board member and chair of the audit committee at Gasunie, supervisory board member at Corbion Netherlands (part of publicly listed Corbion) and has been a supervisory board member of Darlin N.V. (part of Teslin) (2010-2017). Ms Carolina Wielinga is an all-round finance business executive with over 25 years of experience. Prior to joining the BDR Thermea Group, Ms Carolina Wielinga had several functions at Rabobank and its subsidiaries, as head of financial restructuring and recovery at Rabobank Group (2016-2018), chief financial risk officer/chief operating officer at FGH Bank (2015-2016) and chief financial risk officer at Rabo Real Estate Group (2013-2015). In the period 2011-2013, she was senior director finance at Vion Food Group, an international supplier of meat, meat products and plant-based alternatives. Ms Carolina Wielinga started her career at Arthur Andersen (1993-2002), followed by roles as director business advisory services at KPMG (2002-2005) and country market leader and managing director of Protivi in the Netherlands (2005-2010). Ms Carolina Wielinga holds a master's degree in business administration from University of Groningen in Groningen, the Netherlands and is also a chartered accountant.

Mr B.A.M. (Benno) van Dongen (born 1964, Dutch) will be a Supervisory Director of the Company as of the First Trading Date. Mr Benno van Dongen is a senior partner at Roland Berger, for which he co-founded the Amsterdam office in 2002. At Roland Berger, Mr Benno van Dongen is focusing on technology intensive industries and life sciences, public-private partnerships and academia. He supports these groups in innovation management, growth strategy, business model development and creating business plans. Prior to joining Roland Berger, Mr Benno van Dongen was an associate director at Arthur D. Little, where he focused on, amongst others, advising companies in the water markets as head of the engineering, manufacturing and resources practice. Mr Benno van Dongen studied chemical engineering and materials science at Delft University of Technology in Delft, the Netherlands and has an MBA degree from INSEAD in Fontainebleau, France. He is a member of the advisory board of Kalmeijer, a manufacturer of bakery machinery, a selected member of advisory platform AcTI (Netherlands Academy for Technology and Innovation) and a director of academic society Royal Holland Society of Sciences and Humanities (*Koninklijke Hollandsche Maatschappij der Wetenschappen*).

Mr J.T.P. (John) Glorie (born 1973, Dutch) will be a Supervisory Director of the Company as of the First Trading Date. Mr John Glorie works at Infestos Nederland B.V. (**Infestos Nederland**) since 2016, where he currently holds the role of investment director. Mr John Glorie's expertise is in supporting companies on areas including production management, logistics, operational processes and ICT. Mr John Glorie started his career in the water markets as quality manager at Norit Process Technology (1996-1999), followed by a role as logistics manager at Sollas Holland, an international company for packaging machinery (1999-2004). In the period 2004-2010, he was managing director of BOA Recycling Equipment, after which he became chief executive officer of Webprint (2010-2015), an online photo service that was part of Infestos Nederland's portfolio and which was sold to Smartphoto Group, a Belgian listed company. Mr John Glorie holds a master's degree in industrial engineering & management from University of Twente of Technology in Enschede, the Netherlands, with a specialisation in process technology.

The business address of the Supervisory Board of the Company is Josink Esweg 44, 7545 PN Enschede, the Netherlands.

Maximum Number of Supervisory Positions of Managing Directors and Supervisory Directors

Pursuant to Dutch law, there are limitations to the overall number of supervisory positions that a managing director or supervisory director of "large Dutch companies", a Dutch public company, a Dutch private limited liability company or a qualifying Dutch foundation may hold. The term "large Dutch companies" applies to Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that meet at least two of the following three criteria: (i) the value of the company's/foundation's assets according to its balance sheet together with explanatory notes on the basis of the purchase price or manufacturing costs exceeds €20,0 million; (ii) its net turnover in the applicable year exceeds €40,0 million; and (iii) its average number of employees in the applicable year is 250 or more. An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

A person cannot be appointed as a managing or executive director of a "large Dutch company" if he or she already holds a supervisory position at more than two other "large" Dutch public or private companies or "large" Dutch foundations or if he or she is the chair of the supervisory board or one-tier board of another "large" Dutch public or private company or "large" Dutch foundation. Also, a person cannot be appointed as a supervisory director or non-executive director of a "large Dutch company" if he or she already holds a supervisory position or non-executive position at five or more other "large" Dutch public or private companies or Dutch foundations, whereby the position of chair of the supervisory board or one-tier board of another "large" Dutch company is counted twice.

As at the Settlement Date, the Company does not qualify as a large Dutch company for purposes of these provisions.

Remuneration Information for the Management Board

Management Board Remuneration Policy

The remuneration policy applicable to the Management Board was determined by the General Meeting on the date of this Prospectus. Any subsequent amendments to this remuneration policy are subject to adoption by the General Meeting, which resolution can only be adopted by a majority of the votes cast. The Supervisory Board shall make a proposal to this effect. The remuneration of, and other agreements with, the Managing Directors are required to be determined by the Supervisory Board, with due observance of the remuneration policy.

The Company's remuneration policy aims to attract, motivate and retain qualified individuals and reward them with a market competitive remuneration package that focuses on achieving sustainable financial results aligned with the long-term strategy of the Company and fosters alignment of interests of Managing Directors with shareholders.

Based on the remuneration policy, the remuneration of the Managing Directors consists of the following components:

- annual base pay; and
- pension and other benefits.

Annual base pay

This represents a fixed cash remuneration consisting of the base salary including holiday allowance that is set based on the level of responsibility of the Managing Directors.

Pension and other benefits

Managing Directors are eligible to participate in a pension plan at the level of NX Filtration B.V. (a wholly-owned subsidiary of the Company) that is specifically set up for managerial positions. This pension plan expires on 1 August 2021 and a broker has been commissioned to conduct a market research for extension purposes. The Managing Directors contribute to the pension plan (*eigen bijdrage*).

Managing Directors are eligible for a range of other emoluments, such as the use of a company car, an expense allowance reflective of the position of the Managing Director and a collective health insurance. The Company will arrange for and pay a directors and officers liability insurance for the members of the Management Board.

Short-term incentive

The remuneration policy enables the Supervisory Board to determine at its sole discretion that new Managing Directors become entitled to a short-term incentive, which consists of cash only. In setting the performance targets of the future short-term incentives (if any), the Supervisory Board will take into account the Company's strategy and medium- and long-term objectives, amongst which revenue growth, scale-up of production, market penetration and increasing profitability.

Severance

As at the date of this Prospectus, none of the Managing Directors or Supervisory Directors does enjoy contractual severance provisions.

Management Board Remuneration over 2020

The total amount of remuneration of the Managing Directors for the financial year 2020 comprised €215,397. For the financial year 2020, the gross annual base salary of Mr Michiel Staatsen comprised €116,562 (including holiday allowance and social charges) and the total gross annual base salary of Mr Erik Roesink comprised €98,835 (including holiday allowance and social charges). The Company paid €5,000 as pension contribution for Mr Michiel Staatsen. In addition, Infestos Nederland (which is an affiliate of Infestos) paid a bonus of €60,000 (gross) to Mr Michiel Staatsen in the financial year 2020.

Remuneration Information for the Senior Management other than the Management Board

For the financial year 2020, the gross annual base salary of Mr Joris Kooiker comprised €79,431 (including holiday allowance and social charges). The Company provided Mr Kooiker a company car with lease costs of €6,720 on a yearly basis.

Remuneration Information for the Supervisory Board

The Company will have a supervisory board installed on the Settlement Date. The General Meeting determines the remuneration of the Supervisory Directors. The Supervisory Board submits from time to time proposals to the General Meeting in respect of the remuneration of the Supervisory Directors. The remuneration of the Supervisory Board may not be made dependent on the Company's results. Supervisory Directors will not receive Ordinary Shares and/or rights to Ordinary Shares as remuneration.

The compensation for the chair of the Supervisory Board has been set at €50,000 per year and the compensation for Mr Benno van Dongen has been set at €30,000 per year. Mr John Glorie is employed by Infestos Nederland and does not receive compensation for his Supervisory Board activities.

Committees of the Supervisory Board

Audit Committee

The Company shall have an Audit Committee, consisting of a number of individuals, which are all Supervisory Directors. Their number is to be determined by the Supervisory Board. The members of the Audit Committee shall be appointed, suspended and dismissed by the Supervisory Board. Managing Directors shall not be members of the Audit Committee.

Separate rules that govern the Audit Committee have been adopted by the Supervisory Directors and are available on the Company's website (www.nxfiltration.com). The duties of the Audit Committee include:

- informing the Supervisory Board of the results of the statutory audit and explaining how the statutory audit has contributed to the integrity of the financial reporting and the role the Audit Committee has fulfilled this process;
- monitoring the financial reporting process and making proposals to safeguard the integrity of the process;
- monitoring the effectiveness of the internal control systems, the internal audit system and the risk management system with respect to financial reporting;
- monitoring the statutory audit of the annual accounts, and in particular the process of such audit (taking into account the review of the AFM in accordance with Section 26 of EU Regulation 537/2014);
- monitoring the independence of the external auditor; and
- adopting procedures with respect to the selection of the external auditor.

The Audit Committee shall meet as often as required for a proper functioning of the Audit Committee. The Audit Committee may adopt and amend regulations regarding the composition, the powers and duties of the Audit Committee with due consideration of the provisions of the Decree on the establishment of audit committees in organisations of public interest (*Besluit instelling auditcommissie bij organisaties van openbaar belang*), subject to prior approval of the Supervisory Directors. Pursuant to a resolution of the Supervisory Board, Mr Benno van Dongen and Ms Carolina Wielinga will together form the Audit Committee.

Other Committees of the Supervisory Board

Other than the Audit Committee, the Supervisory Board has not installed any standing committees as this is not required under Dutch law or the Dutch Corporate Governance Code based on the current composition of the Supervisory Board. If the

Supervisory Board would in the future consist of more than four members, it should, in addition to the existing Audit Committee, appoint from among its members a remuneration committee and a selection and appointment committee to remain in compliance with the Dutch Corporate Governance Code.

Shareholding Information

As at the date of this Prospectus, all of the Company's outstanding and issued share capital is held by Infestos (80%) and the STAK (20%). Infestos controls the board of the STAK that can exercise 100% of the voting rights on the ordinary shares held by the STAK in the capital of the Company. As at the date of this Prospectus, the Senior Management indirectly participates in the share capital of the Company. These indirect investments are held through the STAK, which has issued depositary receipts of shares (*certificaten van aandelen*) in the capital of the Company for Ordinary Shares (the **DRs**) to the members of the Senior Management (for which these members paid the estimated fair market value). Infestos, the Senior Management and others (such as certain employees of the Company and the University of Twente) respectively hold 22%, 42% and 36% of the DRs issued by the STAK.

In this manner, the participating members of the Senior Management indirectly hold an economic interest of 8.4% in the share capital of the Company. The DRs were issued as from 2016 to offer them and certain other employees the opportunity to participate in the investment of the STAK in the Company.

As from the Settlement Date, the members of the Senior Management will hold an indirect economic interest of 5.9% in the share capital of the Company through DRs (assuming the issued share capital of the Company immediately following Settlement will amount to €500,000 divided into 50,000,000 Ordinary Shares, each with a nominal value of €0.01). Other than Mr Erik Roesink, no individual member of the Senior Management or any other employee will hold a substantial holding equal to or exceeding 3%. The following table sets out the shareholdings of Infestos, the STAK, the members of the Senior Management, and the Supervisory Board as at immediately following Settlement (assuming the issued share capital of the Company immediately following Settlement will amount to €500,000 divided into 50,000,000 Ordinary Shares, each with a nominal value of €0.01 and no exercise of the Over-Allotment Option).

Shareholder	Number of Ordinary Shares	Percentage of the issued share capital of the Company
Infestos (1)	30,556,876	61.1%
STAK(2)	2,153,124	4.3%
Mr Erik Roesink (3)	1,750,000	3.5%
Mr Michiel Staatsen (3)	1,050,000	2.1%
Mr Joris Kooiker (3)	140,000	0.3%
Mr John Glorie (3)	350,000	0.7%

Notes:

(1) Including the indirect interest in the Company through the STAK and assuming an Infestos Cornerstone Investment of 1,000,000 Ordinary Shares. Infestos is ultimately controlled by Mr B.H.F. ten Doeschot.

(2) Excluding Infestos, Mr Roesink, Mr Staatsen, Mr Kooiker and Mr Glorie. The STAK is ultimately controlled by Mr B.H.F. ten Doeschot.

(3) Mr Roesink, Mr Staatsen, Mr Kooiker and Mr Glorie all participate through the STAK.

The DRs of the members of the Senior Management will be subject to lock-up restrictions. The DRs will be released from the lock-up restrictions as follows: one-third of the DRs held by such member at that time (the **Shareholding Reference Date**) will be unconditionally released from the lock-up restrictions on the day that is one year after the First Trading Date, one-third of the DRs held by such member on the Shareholding Reference Date will be unconditionally released from the lock-up restrictions on the day that is two years after the First Trading Date, and the remaining one-third of the DRs held by such member on the Shareholding Reference Date will be unconditionally released from the lock-up restrictions on the day that is three years after the First Trading Date, in each case on the condition that the relevant member of the Senior Management continues to be employed by the Company on these dates.

Long-Term Incentive Plans

Following the Offer, the Company intends to implement an employee participation plan in order to support ownership of Ordinary Shares by key employees (excluding Managing Directors), as selected by the Management Board and subject to the approval of the Supervisory Board. It is anticipated that certain high-performing key employees of the Company will be invited to receive a conditional award of Ordinary Shares under the plan. The award is subject to the achievement of predetermined financial and non-financial performance conditions set by the Management Board. The purpose of the share-based long-term incentive plan is to foster alignment between key employees and the shareholders of the Company and to focus key employees on the delivery of sustainable performance. Conditionally awarded Ordinary Shares will vest at the end of a three-year period subject to continued employment with the Company.

Following the Offer, the Company also intends to implement a participation plan in order to attract and retain the best available personnel to serve as Managing Directors and to align the economic interests of the Managing Directors directly with those of the Company's shareholders. It is anticipated that new Managing Directors will be invited to receive a conditional award of Ordinary Shares under the plan, at the sole discretion of the Supervisory Board. The vesting of an award is subject to the achievement of predetermined financial and non-financial performance conditions set by the Supervisory Board on a yearly basis. Following the vesting of an award the Ordinary Shares subject to the award are subject to a holding period of two years as of the date of vesting (or any different holding period as the Supervisory Board may determine at the time of grant) subject to continued engagement to the Company.

The Company expects the dilutive effects for then existing shareholders following grants of Ordinary Shares to key employees and new Managing Directors under these long-term incentive plans will be less than 0.5%, in aggregate, per year.

Employment Agreements and Service Agreements

As at the date of this Prospectus, the Managing Directors are employed by NX Filtration B.V. (a wholly-owned subsidiary of the Company). The terms and conditions of employment are governed by Dutch employment law and their respective employment agreements. Each of the Managing Directors have entered into a services agreement (*overeenkomst van opdracht*) that will replace their respective existing employment agreements and become effective as of the First Trading Date. The gross annual base salary for Mr Michiel Staatsen will be €170,000 and will be €160,000 for Mr Erik Roesink. The service agreement of Mr Michiel Staatsen contains severance provisions which provide for compensation for the loss of income resulting from a termination of employment at the initiative of the Company, of six months' base compensation, subject to certain conditions such as that the termination is not based on seriously culpable acts or negligence of the Managing Director. The contractual severance amount will replace or be subtracted from any statutory or other severance payments. The service agreement of Mr Erik Roesink does not contain any provisions providing for benefits upon termination of employment.

Each Supervisory Director is expected to enter into a service agreement with the Company, effective as of the First Trading Date. The agreements are governed by Dutch law. The agreements will be entered into for a period of four years. The service agreements of the Supervisory Directors do not contain any provisions providing for benefits upon termination of employment.

Potential Conflicts of Interest and Other Information

Other than the circumstances described below, there are no conflicts of interest between the private interests or other duties of each of the members of the Senior Management (including the Managing Directors) and Supervisory Directors on the one hand and their duties to the Company on the other hand. According to best practice principle 2.7 of the Dutch Corporate Governance Code, the Company will report on conflicts of interest in its management report.

Mr John Glorie has been designated as Supervisory Director by Infestos. He holds indirect investments in Infestos and following Settlement will continue to hold his management position at Infestos Nederland, which is the sole shareholder of Infestos Bestuur B.V., which in turn is the sole managing director of Infestos. Infestos will continue to perform advisory and consulting services (see "*Shareholder Structure and Related Party Transactions—Related Party Transactions—Consultancy agreement with Infestos*"). Since Mr John Glorie has been designated by Infestos, he holds a management position at Infestos

Nederland and holds indirect investments in Infestos, and the interests of Infestos may not be aligned with the interests of the Company (see "*Shareholder Structure and Related Party Transactions—Related Party Transactions*"), a conflict of interest might arise. In his capacity as Supervisory Director, the primary duty of Mr John Glorie is to supervise the Management Board's policy and the general course of affairs in the Company and the business affiliated with the Company. A conflict of interest between the Company and Mr John Glorie could arise where a decision that aims to contribute to the long-term and sustainable success of the Company would impact the (short-term) share price of the Ordinary Shares and thus the (indirect) shareholding of Mr John Glorie. Also, Mr John Glorie may be more inclined to agree or express himself in a positive manner in relation to advice or consultancy services provided by Infestos than the other, independent, Supervisory Directors that are not affiliated with Infestos.

The Supervisory Board does not expect that the circumstances described above will cause any of the Supervisory Directors to have a conflict with the duties they have towards the Company. However, the Supervisory Board Rules include arrangements to ensure that the Supervisory Board will in each relevant situation handle and decide on any (potential) conflict of interest, also in this respect. A Supervisory Director shall not participate in the deliberation and decision-making process if he or she has a conflict of interest. See "*—Supervisory Board—Conflict of Interest*". The Supervisory Board will procure that relevant transactions, in relation to which it has been determined that a conflict of interest exists, are published in the management report. Other than these circumstances, there are no conflicts of interest between the private interests or other duties of Managing Directors and private interests or other duties of Supervisory Directors towards the Company.

Certain mandatory disclosures with respect to Managing Directors and Supervisory Directors

During the five years preceding the date of this Prospectus, none of the members of the Senior Management (including the Managing Directors) and Supervisory Directors: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership, liquidation or administration; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Other than as disclosed in the section *Current Shareholder and Related Party Transactions – Relationship Agreement*, the Company is not aware of any arrangement or understanding with any shareholders, customers, suppliers or others, pursuant to which any person was selected as a member of a corporate body of the Company. It is expected that each Managing Director and Supervisory Director Mr John Glorie will, following Settlement, hold Shares, or is affiliated with an entity holding Ordinary Shares.

Liability of members of the Management Board and Supervisory Board

Under Dutch law, members of the management board and supervisory board may be liable towards the company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the company for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In addition, they may be liable towards third parties for infringement of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil, administrative and criminal liabilities.

Insurance

Managing Directors, Supervisory Directors and certain other officers are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as members or officers.

Indemnification

The Articles of Association include provisions regarding the indemnification, to the extent permissible by the rules and regulations applicable to the Company, of current and former Managing Directors and Supervisory Directors against: (a) the reasonable costs of conducting a defence against claims for damages or of conducting defence in other legal proceedings, (b) any damages payable by them, and (c) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former Managing Directors or Supervisory Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request – in the latter situation only if and to the extent that these costs and damages are not reimbursed on account of these other duties.

However, there shall be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court, or in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness, (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former Managing Directors or Supervisory Directors and the Company, with the exception of legal proceedings that have been brought by one or more shareholders, according to Dutch law or otherwise, on behalf of the Company, or (iii) the costs or financial loss of the person concerned are covered by an insurance and the insurer has paid out the costs or financial loss.

Diversity

On 11 February 2021, a bill (*Wetsvoorstel inzake evenwichtige man vrouw verhouding in de top van het bedrijfsleven*) introducing stricter gender equality requirements was adopted by the Second Chamber of the Dutch House of Representatives (*Tweede Kamer*). The bill is expected to enter into force in 2021. Once the bill enters into force, Dutch companies listed on a European regulated market will have to comply with a quota of at least one-third for both female members and male members on supervisory boards (the one-third requirement is rounded up if the number of members is not divisible by three). For as long as the supervisory board is not 'gender balanced' under this rule, a board nominee from the overrepresented gender cannot be appointed, unless it concerns the reappointment of a supervisory director within the first eight years after the year of that supervisory director's first appointment. A new appointment not in accordance with the one-third quota will be regarded as null and void (*nietig*). As a result, the person in question will not become a supervisory director of the company.

The Company would be compliant with these rules as of the First Trading Date if the bill would be enacted in the form as it currently reads on the date of this Prospectus, as the Supervisory Board would initially be comprised of two male Supervisory Directors and one female Supervisory Director as of the First Trading Date.

Employees

The table below provides an overview of the average number of employees employed by the Group, subdivided per organisational department. These numbers are measured in FTE as at 31 December of each of the years indicated in the table below.

Department	**Financial year**		
	2020	**2019**	**2018**
Production	16.4	17.4	13.4
Sales	6.5	2.5	1.0
Research and development	6.4	4.4	3.2
Other	5.0	4.0	4.0
Total	34.3	28.3	21.6

There has been no significant change in the number of employees of the Group since 31 December 2020. In 2020, NX Filtration hired one sales employee in each of Belgium and Spain, and in 2021, one sales employee in each of Canada, India and Singapore. All other employees of the Group are employed in the Netherlands.

Works Councils

The Group has not installed, nor is it required to install, a formal works council or employee represenation body.

Employees and Pension Obligations Schemes

NX Filtration B.V. (a wholly-owned subsidiary of the Company) participates in two pension plans, one that is specifically set up for managerial positions and one for other employees.

The pension plan that is specifically set up for managerial positions includes a defined contribution scheme, in which the pension contribution is predetermined and based on the gross salary and the age of the manager limiting the Group's legal obligation to the amount it agrees to contribute during the period of employment. The assets of the plans are held separately from those of the Group in funds under the control of pension insurance companies.

The pension plan that is set up for the other employees includes a flat rate in accordance with new pension legislation ("available pension contributions") and is generally lower than the other pension plan, but there is room for the employee to increase its contribution. With available pension contribution, the starting point is not how much pension has been accrued, but how much pension contribution has been deposited for the employee. A pension capital is built up with that contribution. When the employee reaches the retirement date, a pension benefit can be purchased with the pension capital. A fixed percentage of the pension basis is used for the defined contribution. This percentage is the same for all ages.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

The average annual net premium contribution for 2020 was 10.2% (2019: 11.5%). The pension contributions are paid on a monthly basis to the pension fund. The net contribution for 2020 amounts to €61,000 (€55,000 in 2019). The premium payable during the financial year is charged to the income statement and is classified as costs of personnel. Aside from premium payables, the Group does not have any additional obligations in respect to the pension schemes.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code, as amended, entered into force on, and applies to any financial year starting on or after, 1 January 2017, and finds its statutory basis in Book 2 of the Dutch Civil Code (the **Dutch Corporate Governance Code**). The Dutch Corporate Governance Code applies to the Company as the Company has its statutory seat in the Netherlands and its Ordinary Shares will be listed on Euronext Amsterdam.

The Dutch Corporate Governance Code is based on a 'comply or explain' principle. Accordingly, companies are required to disclose in their management report whether or not they are complying with the various best practice principles of the Dutch Corporate Governance Code that are addressed to the management board or, if applicable, the supervisory board of the company. If a company deviates from a best practice principle in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

Deviations from the Best Practice Principles of the Dutch Corporate Governance Code

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and is committed to adhering to the best practices of the Dutch Corporate Governance Code as much as possible. The Company fully complies with the Dutch Corporate Governance Code, except for best practice provision 3.3.3: Shares held by a Supervisory Director in the company on whose supervisory board they serve should be long-term investments. The securities of the Company indirectly held by Supervisory Director Mr John Glorie are not necessarily held on behalf of him as long-term investments as his investment horizon shall be determined following expiration of the lock-up of Infestos.

SHAREHOLDER STRUCTURE AND RELATED PARTY TRANSACTIONS

Shareholder Structure

Major and Controlling Shareholders on the date of this Prospectus

As at the date of this Prospectus, Infestos (directly holding 28,000,000 Ordinary Shares and 44,245 Preference Shares) and the STAK (directly holding 7,000,000 Ordinary Shares and 2,657 Preference Shares) together hold all the issued Ordinary Shares and Preference Shares in the Company and voting rights in such Ordinary Shares and Preference Shares. Such entities are ultimately controlled by Mr B.H.F. ten Doeschot. Mr B.H.F. ten Doeschot and Mr Erik Roesink are the only parties that have a substantial shareholding in the Company within the meaning of Chapter 5.3 of the Dutch FSA that will apply as from the First Trading Date, see "*Management, Employees and Corporate Governance—Shareholding Information*".

Major and Controlling Shareholders on the Settlement Date

Prior to Settlement, the Preference Shares will be repurchased (including payment of the cumulative interest accrued thereon) and cancelled.

Immediately following Settlement, Infestos, the STAK and Mr Erik Roesink will have the following direct or indirect interest in the Company's share capital or voting rights, assuming: (i) that Infestos does not subscribe for Offer Shares other than the Infestos Cornerstone Investment Shares; (ii) an Offer Price at the bottom of the Offer Price Range or at the top of the Offer Price Range; and (iii) the Infestos Cornerstone Investment of €10,000,000 is fully implemented. For further information on the disclosure obligations under the Dutch FSA, see "*Description of Share Capital and Corporate Structure—Obligations to disclose holdings*". Infestos and the STAK are ultimately controlled by Mr B.H.F. ten Doeschot and, therefore, based on his holdings immediatlely following Settlement, Mr B.H.F. ten Doeschot will have notification obligations under the Dutch FSA, as the direct and indirect interests of Infestos in the Company and the direct interests of the STAK in the Company are attributed to Mr B.H.F. ten Doeschot as controlling parent.

Bottom of Offer Price Range

	Without exercise of the Over-Allotment Option			**With full exercise of the Over-Allotment Option**		
Shareholder	**Ordinary Shares**	**Percentage of Ordinary Shares**	**Total Voting Percentage**	**Ordinary Shares**	**Percentage of Ordinary Shares**	**Total Voting Percentage**
Infestos [(1)]	30,556,876	61.1%	61.1%	28,306,876	56.6%	56.6%
STAK [(2)]	3,693,124	7.4%	10.9%	3,693,124	7.4%	10.9%
Mr H.D.W. Roesink [(3)]	1,750,000	3.5%	0.0%	1,750,000	3.5%	0.0%
Total..................	36,000,000	72.0%	72.0%	33,750,000	67.5%	67.5%

Notes:
(1) Including the indirect interest in the Company through the STAK.
(2) Excluding Infestos and Mr Roesink.
(3) Mr Roesink participates through the STAK.

Top of Offer Price Range

	Without exercise of the Over-Allotment Option			**With full exercise of the Over-Allotment Option**		
Shareholder	**Ordinary Shares**	**Percentage of Ordinary Shares**	**Total Voting Percentage**	**Ordinary Shares**	**Percentage of Ordinary Shares**	**Total Voting Percentage**
Infestos [(1)]	30,465,967	60.9%	60.9%	28,215,967	56.4%	56.4%
STAK [(2)]	3,693,124	7.4%	10.9%	3,693,124	7.4%	10.9%
Mr H.D.W. Roesink [(3)]	1,750,000	3.5%	0.0%	1,750,000	3.5%	0.0%
Total..................	35,909,091	71.8%	71.8%	33,659,091	67.3%	67.3%

Notes:
(1) Including the indirect interest in the Company through the STAK.
(2) Excluding Infestos and Mr Roesink.
(3) Mr Roesink participates through the STAK.

Infestos has irrevocably agreed to purchase Offer Shares in the amount of €10 million at the Offer Price on the Settlement Date as a Cornerstone Investor. Infestos is a wholly-owned subsidiary of Infestos Capital I B.V. Assuming an Offer Price at the bottom of the Offer Price Range, completion of the Infestos Cornerstone Investment, and 15,000,000 Offer Shares, Infestos' investment comprises: (i) 30,556,876 Ordinary Shares, which is 61.1% of the total issued share capital of the Company immediately following Settlement, assuming no exercise of the Over-Allotment Option, or (ii) 28,306,876 Ordinary Shares, which is 56.6% of the total issued share capital of the Company following Settlement and assuming the Over-Allotment Option is exercised in full.

Furthermore, M&G Investments and Teslin, severally and not jointly, have irrevocably agreed to purchase Offer Shares in the aggregate amount of €56 million at the Offer Price on the Settlement Date as part of the Offer. These Cornerstone Investments will be for the following amounts and numbers of Ordinary Shares (assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares): (i) M&G Investment Management Limited: €28 million, comprising 2,545,454 Ordinary Shares, which represents 5.1% of the total issued share capital and 5.1% of the total voting rights in the Company; and (ii) Teslin: €28 million, comprising 2,545,454 Ordinary Shares, which represents 5.1% of the total issued share capital and 5.1% of the total voting rights in the Company.

The Company's major and controlling Ordinary Shareholders do not on the date of this Prospectus, and will not on the Settlement Date, have different voting rights than other Ordinary Shareholders.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. The rights and obligations of Ordinary Shareholders, including minority Ordinary Shareholders, are governed by applicable laws and regulations. See, for example, "*Description of Share Capital and Corporate Structure—Related Party Transactions Regime*". The Articles of Association do not provide any specific provisions in addition to the provisions of the applicable laws and regulations that ensure control by the major or controlling Ordinary Shareholders is not abused.

Related Party Transactions

The Company acknowledges the importance of ensuring that related party transactions shall be at arm's length terms and shall be dealt with in accordance with the applicable legal framework.

Relationship Agreement

Infestos, the STAK and the Company entered into the Relationship Agreement, of which the material elements as described below will become effective as of the First Trading Date. The Relationship Agreement contains certain arrangements regarding the relationship between Infestos and the Company as of the First Trading Date. Below is an overview of the material elements of the Relationship Agreement.

Amendment of the Articles of Association

The Relationship Agreement states that Infestos and the STAK shall (and shall procure that its affiliates shall) not exercise any of its voting or other shareholder rights and powers to procure any amendment to the Articles of Association that would contravene or be inconsistent with any of the provisions of the Relationship Agreement.

Related party transactions

The Relationship Agreement provides that the Company shall have a related party transactions policy as from the First Trading Date. See "*Management, Employees and Corporate Governance—Management Board—Related Party Transactions Policy*". An amendment of such related party transactions policy can only be made subject to approval by the Supervisory Board, including the affirmative vote of at least one independent Supervisory Director. No amendment of the related party transactions policy shall be proposed that would contravene, or be contrary to, any provision of the Relationship Agreement.

Composition of the Supervisory Board and Designation Rights

Pursuant to the Relationship Agreement, the Supervisory Board shall consist of three members. The Supervisory Board shall elect and appoint the chair of the Supervisory Board, who shall be an independent Supervisory Director. As from the First

Trading Date, Infestos shall have the right to designate two individuals for nomination by the Supervisory Board to be appointed by the General Meeting as Supervisory Director. Infestos shall only designate individuals that cause the Supervisory Board to be composed in accordance with the profile drawn up by the Supervisory Board. Such individuals will not need to be "independent" within the meaning of the Dutch Corporate Governance Code. Initially, Mr John Glorie will be the only non-independent Supervisory Director. The designation rights of Infestos will expire depending on the percentage of Ordinary Shares they jointly hold, in accordance with the following:

- if Infestos and the STAK, directly or indirectly, jointly hold at least 40% of the Ordinary Shares, Infestos will have the right to designate two Supervisory Directors;
- if Infestos and the STAK, directly or indirectly, jointly hold less than 40% but at least 15% of the Ordinary Shares, Infestos will have the right to designate one Supervisory Director; and
- if Infestos and the STAK, directly or indirectly, jointly hold less than 15% of the Ordinary Shares, the right of Infestos to designate any Supervisory Director will expire.

Infestos shall procure that the Supervisory Board member appointed pursuant to their expired designation right offers his or her resignation effective upon the earlier of (i) the next General Meeting; and (ii) the date as determined by the chair of the Supervisory Board. Any designation right that expires shall not revive, regardless of any subsequent increase of the ownership interest of Infestos.

Orderly Market Arrangements

The Relationship Agreement states that, at any time after its lock-up period, Infestos is entitled to sell all or part of its Ordinary Shares. Infestos may require the Company to provide reasonable assistance to optimise any sale of its Ordinary Shares, including but not limited to (a) providing reasonable access to information required for a due diligence and drafting a prospectus, (b) providing assistance in obtaining regulatory, stock exchange and other approvals required for a sale of their Ordinary Shares and (c) being a party to an underwriting agreement containing customary provisions.

In addition, the Relationship Agreement provides that Infestos may require the Company to provide reasonable assistance with an offering which entails the Company's involvement in the form of a management road show and/or the preparation of a prospectus (a **Fully Marketed Offering**). If Infestos requests the Company to assist on a Fully Marketed Offering of (part of) their Ordinary Shares, the Company and Infestos shall cooperate in executing the Fully Marketed Offering to the highest possible standard. This will require the Company's assistance with documentation (including potentially a prospectus), due diligence, comfort letters, listing requirements, road shows and marketing and any other reasonable requests from any underwriters or advisers in relation to such an offering and the Company agrees to give such full assistance. The Company shall only be required to provide assistance with a Fully Marketed Offering once every four months.

The Relationship Agreement furthermore provides that in the event of a sale of 3% or more of the Ordinary Shares by Infestos other than by way of a Fully Marketed Offering, the Company shall facilitate, upon reasonable request by Infestos, such sale by providing an opportunity to perform a limited due diligence investigation by or on behalf of (a) a bookrunner or coordinator, (b) a reputable investment bank engaged to assist in a sale or (c) a bona fide, creditworthy potential purchaser of 3% or more of the Ordinary Shares. Such due diligence shall include at least: a management interview, customary issuer representations and management representation letters, a review of the minutes of the Management Board and Supervisory Board and a limited documentary review relating to major litigation and acquisitions and disposals.

Other relevant terms

The Relationship Agreement shall terminate with immediate effect on the date on which Infestos ceases to be the holder of, directly or indirectly, at least 15% of the Ordinary Shares. The chair of the Supervisory Board and the other independent members of the Supervisory Board (if any) may jointly enforce the Relationship Agreement on behalf of the Company. The Relationship Agreement is governed by Dutch law and the courts of Amsterdam, the Netherlands, are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Relationship Agreement.

Consultancy agreement with Infestos

Infestos may provide advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, for which a management fee was charged by Infestos and Infestos Management B.V. to the Company of €10,000 (in aggregate) in 2020 (2019: €10,000 and 2018: €10,000). Following the First Trading Date, Infestos will continue to provide advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, all for the benefit of the Company for a consultancy fee of €150,000 per year in aggregate under the consultancy agreement entered into by Infestos and the Company (the **Consultancy Agreement**). The Consultancy Agreement and the advisory and consulting services provided thereunder will be terminated on 30 June 2023, unless otherwise agreed between Infestos and the Company.

Management fee to Infestos

The Group paid a management fee to Infestos of €5,000 in 2020 and 2019.

Management fee to Infestos Management B.V.

The Group paid a management fee to Infestos Management B.V. of €5,000 in 2020 and 2019.

Interest on (temporary) loans provided by Infestos

The Group paid an interest that amounted to €180,000 in 2020 and €20,000 in 2019 on a (temporary) loan provided by Infestos to the Group.

Key management compensation

Management compensation must be disclosed as a related party transaction under IFRS. Accordingly, this has been dislosed as a related party transaction in note 15 to the Consolidated Financial Statements. In addition, information on remuneration for Senior Management (including the Managing Directors) can be found in the sections "*Management, Employees and Corporate Governance—Remuneration Information for the Management Board*" and "*Management, Employees and Corporate Governance—Remuneration Information for the Senior Management other than the Management Board*"

Share investment structures

At the date of this Prospectus, the members of the Senior Management hold DRs as they have been given the opportunity to indirectly participate in the capital of the Company.

Supervisory Board members

Supervisory Board member Mr John Glorie indirectly holds investments in Infestos and following Settlement will continue to hold his management position at Infestos Nederland B.V. (which is an affiliate of Infestos).

Other than as set out above, the Group has not entered into related party transactions during the financial years 2020, 2019 and 2018 and up to the date of this Prospectus.

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

This section gives an overview of the material information concerning the Company's share capital and of certain significant provisions of Dutch law and the Articles of Association. It is based on relevant provisions of Dutch law as in effect on the date of this Prospectus and the Articles of Association as they will read effective as from the First Trading Date. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the relevant provisions of Dutch law and the Articles of Association. The full text of the Articles of Association (in Dutch, and an unofficial English translation) will be available free of charge on the Company's website (www.nxfiltration.com) or at the Company's business address at Josink Esweg 44, 7545 PN Enschede, the Netherlands during regular business hours. See also the section "*Management, Employees and Corporate Governance*" for a summary of the material provisions of the Articles of Association, the Management Board Rules, the Supervisory Board Rules and Dutch law relating to the Management Board and the Supervisory Board.

General

The Company was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) named NX Filtration Holding B.V. under Dutch law on 1 January 2016 by notarial deed. The Articles of Association will be amended and the Company will be converted to a public company with limited liability (*naamloze vennootschap*) with effect as from the First Trading Date pursuant to a notarial deed of amendment and conversion in accordance with a resolution of the General Meeting to be adopted prior to the First Trading Date. The legal and commercial name of the Company will then be NX Filtration N.V.

The statutory seat (*statutaire zetel*) of the Company will, as from the conversion into a public company with limited liability (*naamloze vennootschap*) be in Amsterdam, the Netherlands, and its registered office is at Josink Esweg 44, 7545 PN Enschede, the Netherlands. The Company is registered with the trade register of the Netherlands Chamber of Commerce (*Kamer van Koophandel*) under number 64951030, and its telephone number is +31 85 047 9900. The Company's Legal Entity Identifier (**LEI**) is 254900YF0PQV9APMA050. The International Security Identification Number (**ISIN**) for the Ordinary Shares is NL0015000D50.

Corporate Purpose

Pursuant to article 3 of the Articles of Association, the corporate purposes of the Company are:

- to develop, produce and market products, systems and technology for the broader water treatment industry, including, but not limited to, (innovative) direct hollow fiber nanofiltration technology and other membrane products;
- to participate in, manage or otherwise hold a stake in and to finance other companies, of whatever nature;
- to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
- to render advice and services to businesses and companies with which the Company forms a group and to third parties;
- to grant guarantees, to bind the Company and to pledge its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties;
- to acquire, manage, exploit and alienate registered property and items of property in general;
- to trade in currencies, securities and items of property in general;
- to develop and trade in patents, trademarks, licences, know-how, copyrights, data base rights and other intellectual property rights; and
- to perform any and all activities of an industrial, financial or commercial nature,

as well as everything that can relate to or may be conducive to the foregoing, either individually or in cooperation with third parties and at the Company's own expense or at the expense of third parties, all in the broadest sense.

Share Capital

Authorised and Issued Share Capital

As at the date of this Prospectus, the Company's issued share capital comprises €350,000 divided into 35,000,000 Ordinary Shares with a nominal value of €0.01 each and 46,902 Preference Shares with a nominal value of €1.00 each. As the Company is a company incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, the Company is not required to have, and does not have, an authorised share capital at the date of this Prospectus. The net asset value (total assets minus total liabilities) per Ordinary Share issued and outstanding as at 31 December 2020 is €(0.45).

With effect as of the First Trading Date, pursuant to a notarial deed of conversion and amendment of the Articles of Association, the Company's authorised share capital will amount to €1,750,000 (divided into 175,000,000 Ordinary Shares) and the issued share capital will remain €350,000 divided into 35,000,000 Ordinary Shares, each with a nominal value of €0.01. Immediately following Settlement the issued share capital of the Company will amount to €500,000 divided into 50,000,000 Ordinary Shares, each with a nominal value of €0.01 (assuming an Offer of 15,000,000 Ordinary Shares).

The Ordinary Shares are subject to, and have been created under, Dutch law.

On the Settlement Date, all of the issued Ordinary Shares will be fully paid up. On the Settlement Date, there will be no convertible securities, exchangeable securities or securities with warrants in the Company. There are no acquisition rights and/or obligations over unissued share capital of the Company (or any undertaking to increase the share capital of the Company). All of the Ordinary Shares represent capital in the Company. No share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

On the Settlement Date, no Ordinary Shares will be held by the Company. Other than with respect to the Cornerstone Investments, the Company is not party to any contract or arrangement (or proposed contract or arrangement) whereby any option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

History of Share Capital

Set out below is an overview of the Company's issued shares in its capital for the dates stated in the overview. All of the issued shares have a nominal value of €1.00 each.

	31 December 2020 and 1 January 2021	**31 December 2019 and 1 January 2020**	**31 December 2018 and 1 January 2019**
	Issued share capital	**Issued share capital**	**Issued share capital**
Ordinary Shares	5,950,000	950,000	650,000
Preference Shares	46,902	47,468	35,624
Total	**5,996,902**	**997,468**	**685,624**

The issued share capital of the Company at the beginning of 2018 was 450,000 Ordinary Shares and 11,471 Preference Shares. The issued share capital of the Company significantly increased from 31 December 2019 to 31 December 2020 to fund the Group's activities (including the expansion of production capacity with an additional facility in Enschede, the Netherlands).

At incorporation of the Company, 300,000 Ordinary Shares were issued to Infestos, of which 117,000 Ordinary Shares were transferred to the STAK (of which 10,500 Ordinary Shares were indirectly held by Infestos) and the Company subsequently issued 11,333 Preference Shares to Infestos. The issued share capital of the Company has been increased from incorporation to 31 December 2017 by an issuance of 150,000 Ordinary Shares and 138 Preference Shares and from 31 December 2017 to 31 December 2018 to the issued share capital as set out in the table above.

The Company will use approximately €16 million of the expected net proceeds of the issue of the Offer Shares for the repurchase (including payment of the cumulative interest accrued thereon) and the cancellation of all outstanding Preference Shares. As such, immediately after Settlement the Company will not have any outstanding Preference Shares.

Stock split and amendment of Articles of Association

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 amounts to €350,000 divided into 35,000,000 Ordinary Shares, each with a nominal value of €0.01. 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. Immediately following Settlement the issued share capital of the Company will amount to €500,000 divided into 50,000,000 Ordinary Shares, each with a nominal value of €0.01 (assuming an Offer of 15,000,000 Ordinary Shares).

Form of Ordinary Shares

All Ordinary Shares are in registered form (*op naam*) and are only available in the form of an entry in the Shareholders' Register (as defined below) and not in certificate form and shall at all times remain in dematerialised form. See also "*The Offer—Application and Allocation—Delivery, Clearing and Settlement*" in relation to the delivery, clearing and settlement of Ordinary Shares.

The Company's shareholders' register

Pursuant to Dutch law and the Articles of Association, the Company must keep a register of shareholders (the **Shareholders' Register**). The Shareholders' Register must be kept current and up to date by the Management Board. In the Shareholders' Register, the names and addresses of all shareholders of the Company and other persons holding meeting rights (being the right to be invited to and attend General Meetings and to speak at such meetings and the other rights the Dutch Civil Code grants to persons holding depository receipts for Ordinary Shares issued with the cooperation of the Company, as a Shareholder or as a person to whom these rights have been attributed in accordance with the Articles of Association), as well as the names and addresses of all holders of a right of pledge or usufruct in respect of Ordinary Shares not holding meeting rights. The Shareholders' Register shall also state, with regard to each Shareholder, pledgee or usufructuary, the date on which they acquired the Ordinary Shares, their right of pledge or usufruct as well as the date of acknowledgement or service, as well as the paid-up amount on each Ordinary Share.

If Ordinary Shares, as contemplated in the Dutch Securities Transactions Act, belong to: (i) a collective deposit (*verzameldepot*) as referred to in the Dutch Securities Transactions Act (*Wet giraal effectenverkeer*) (the **Dutch Securities Transactions Act**), of which Ordinary Shares form part, kept by an intermediary, as referred to in the Dutch Securities Transactions Act; or (ii) a giro deposit (*girodepot*) as referred to in the Dutch Securities Transactions Act of which Ordinary Shares form part, as being kept by a central institute as referred to in the Dutch Securities Transactions Act, the name and address of the intermediary or the central institute shall be entered in the Shareholders' Register, stating the date on which those Ordinary Shares became part of a collective deposit or the giro deposit, the date of acknowledgement by or giving of notice to, as well as the paid-up amount on each Ordinary Share.

A person who is entitled to, and wishes to, inspect the Shareholders' Register of dematerialised Ordinary Shares may do so only through the Company and in accordance with Dutch law.

Issue of Ordinary Shares

Resolutions to issue Ordinary Shares are adopted by either the General Meeting or the Management Board, subject to the Supervisory Board's approval, if the General Meeting authorises the Management Board to do so. A resolution of the General Meeting to issue Ordinary Shares or to designate the Management Board as the competent corporate body to issue Ordinary Shares, can only be adopted (i) on a proposal of the Management Board that has been approved by the Supervisory Board and (ii) with an absolute majority of the votes cast.

The foregoing also applies to the granting of rights to subscribe for Ordinary Shares, such as options, but does not apply to the issue of Ordinary Shares to a person exercising a previously acquired right to subscribe for Ordinary Shares. An authorisation by the General Meeting to issue Ordinary Shares must state the term for which it is valid, which term may not be longer than five years. The General Meeting is not authorised to resolve on the issuance of Ordinary Shares or the granting of rights to subscribe for Ordinary Shares to the extent it has authorised the Management Board as the competent body for such purpose. The resolution authorising such authority to the Management Board must specify the number of Ordinary Shares which may be issued (which may be expressed as a percentage of the issued capital). The authorisation may be renewed in each case for another maximum period of five years. Unless provided otherwise in the authorisation, it may not be withdrawn. The Company may not subscribe for its own Ordinary Shares on issue.

Pursuant to a resolution adopted by the General Meeting, the Management Board has been authorised, for a period of three years following the Settlement Date and subject to the approval of the Supervisory Board, to resolve to issue Ordinary Shares (either in the form of stock dividend or otherswise) and/or grant rights to acquire up to a maximum of 20% of the Ordinary Shares issued immediately following Settlement and to exclude pre-emptive rights in relation thereto. This authorisation may be revoked at any time by the General Meeting.

See "*—Obligations to disclose holdings—Obligations of shareholders to disclose holdings*" for information on the Company's notification obligations to the AFM in relation to changes to its issued share capital or voting rights and "*—EU Market Abuse Regime*" for information on the Company's notification obligations to the public of inside information.

Pre-emptive rights

Upon the issue of Ordinary Shares or granting of rights to subscribe for Ordinary Shares, each holder of Ordinary Shares shall have a pro rata pre-emptive right in respect of the Ordinary Shares to be issued, in proportion to the aggregate nominal value of Ordinary Shares already held by it. Exceptions to these pre-emptive rights include: (i) the issue of Ordinary Shares against a contribution in kind, (ii) the issue of Ordinary Shares to the Company's employees pursuant to an employee share scheme or as an employee benefit, and (iii) the issue of Ordinary Shares to persons exercising a previously granted right to subscribe for Ordinary Shares. These pre-emptive rights and such non-applicability of pre-emptive rights also apply in case of the granting of rights to subscribe for Ordinary Shares.

The issue of Ordinary Shares against a contribution in kind could involve the Company issuing new Ordinary Shares to shareholders of an M&A target, which are paid-up in kind by contribution of shares in the capital of such target or assets of such target. As a result, the Company would acquire shares in the capital of the target or of assets of the target, and the former shareholders of the target would become shareholders of the Company.

Pursuant to the Articles of Association, the pre-emptive right may be restricted or excluded by a resolution of the General Meeting. The proposal to this effect must explain in writing the reasons for the proposal and the intended issue price. Subject to the approval of the Supervisory Board, the pre-emptive right may also be restricted or excluded by the Management Board if the Management Board has been authorised by a resolution of the General Meeting for a limited period of time of no longer than five years to restrict or exclude the pre-emptive right. Unless provided otherwise in the authorisation, it may not be withdrawn. A resolution of the General Meeting to restrict or exclude the pre-emptive right to Ordinary Shares or to issue an authorisation to restrict or exclude the pre-emptive right requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued share capital is represented at the General Meeting.

Pursuant to a resolution of the General Meeting to be adopted prior to Settlement, the Management Board is authorised for a period of three years following the Settlement Date, subject to the approval of the Supervisory Board, to resolve, to restrict or exclude the pre-emptive rights of shareholders in relation to the issue of, or grant of rights to subscribe for, Ordinary Shares for which it was authorised by the General Meeting to resolve upon as described above.

Acquisition of own Ordinary Shares

Subject to the approval of the Supervisory Board, the Management Board will be authorised to acquire fully paid-up Ordinary Shares either gratuitously (*om niet*), under universal succession of title, or if: (i) the Company's equity (*eigen vermogen*), less the payment required to make the acquisition, does not fall below the sum of called-up and paid-up share capital and any reserves that must be maintained by Dutch law or the Articles of Association; (ii) the aggregate nominal value of the Ordinary

Shares which the Company acquires, holds or holds as pledge (*pandrecht*) or which are held by a subsidiary does not exceed 50% of the then-current issued share capital; and (iii) the Management Board has been authorised by the General Meeting to repurchase Ordinary Shares. The Company may, without authorisation by the General Meeting, acquire its own Ordinary Shares for the purpose of transferring such Ordinary Shares to its employees under a scheme applicable to such employees, provided such Ordinary Shares are quoted on the price list of a stock exchange.

The General Meeting's authorisation of the Management Board may be valid for a maximum of 18 months. As part of the authorisation, the General Meeting must determine the number of Ordinary Shares that may be acquired, the manner in which the Ordinary Shares may be acquired and the limits within which the price must be set. In addition, the approval of the Supervisory Board is required for any such acquisition.

Pursuant to a resolution of the General Meeting to be adopted prior to Settlement, the Management Board is, authorised for a period of 18 months following the Settlement Date, subject to the approval of the Supervisory Board, to cause the Company to acquire its own Ordinary Shares (including Ordinary Shares issued as stock dividend), subject to the approval of the Supervisory Board, up to a maximum of 10% of the total number of Ordinary Shares issued following the Settlement Date, provided the Company will hold no more Ordinary Shares in treasury than at maximum 50% of the issued share capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Ordinary Shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%. Certain aspects of taxation of the acquisition by the company of its Ordinary Shares are described in See "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*".

The Company may not cast votes on, and is not entitled to dividends paid on, Ordinary Shares held by it nor will such Ordinary Shares be counted for the purpose of calculating a voting quorum. Votes may be cast on Ordinary Shares held by the Company if the Ordinary Shares are encumbered with a right of usufruct that benefits a party other than the Company or a subsidiary, the voting right attached to those Ordinary Shares accrues to another party and the right of usufruct was established by a party other than the Company or a subsidiary before the Ordinary Shares belonged to the Company or the subsidiary.

No dividend shall be paid on the Ordinary Shares held by the Company in its own capital, unless such Ordinary Shares are subject to a right of usufruct or pledge. For the purpose of determining the profit distribution, the Ordinary Shares held by the Company in its own capital shall not be included. The Management Board is authorised, subject to the approval of the Supervisory Board, to dispose of the Company's own Ordinary Shares held by it.

Reduction of share capital

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Management Board after approval by the Supervisory Board, and in compliance with Section 2:99 and 2:100 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by (i) cancelling Ordinary Shares or (ii) reducing the nominal value of the Ordinary Shares by amendment of the Articles of Association. A resolution to cancel Shares may only relate to Ordinary Shares held by the Company. A reduction of the nominal value of Ordinary Shares, whether without redemption or against partial repayment on the Ordinary Shares or upon release from the obligation to pay up the nominal value of the Ordinary Shares, must be made *pro rata* on all Ordinary Shares. This *pro rata* requirement may be waived if all shareholders of the Company concerned so agree. A resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes validly cast if less than 50% of the issued and outstanding share capital is represented at the General Meeting. If 50% or more of the issued and outstanding share capital is represented at the General Meeting, the resolution of the General Meeting requires an absolute majority. In addition, a resolution to reduce the share capital shall require the prior or simultaneous approval of each group of holders of shares of a similar class (if any) whose rights are prejudiced.

In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long as creditors have legal recourse against the resolution.

Material aspects of taxation relating to a reduction of share capital are described in See "*Taxation—Taxation in the Netherlands*".

Transfer of Ordinary Shares

A transfer of an Ordinary Share (not being, for the avoidance of doubt, an Ordinary Share held through Euroclear Nederland) or of a restricted right (*beperkt recht*) thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

If a registered Ordinary Share is transferred for inclusion in a collective deposit (*verzameldepot*), the transfer will be accepted by the intermediary concerned. If a registered Ordinary Share is transferred for inclusion in a giro deposit (*girodepot*), the transfer will be accepted by the central institute, being Euroclear Nederland. Upon issue of a new Ordinary Share to Euroclear Nederland or to an intermediary, the transfer and acceptance in order to include the Ordinary Share in the giro deposit or the collective deposit will be effected without the cooperation of the other participants in the collective deposit, central securities depository or the giro deposit, respectively. Deposit shareholders of the Company are not recorded in the Shareholders' Register.

Ordinary Shares included in the collective deposit or giro deposit can only be delivered from a collective deposit or giro deposit with due observance of the related provisions of the Dutch Securities Transactions Act. The transfer by a deposit Shareholder of its book-entry rights representing such Ordinary Shares shall be effected in accordance with the provisions of the Dutch Securities Transactions Act. The same applies to the establishment of a right of pledge and the establishment or transfer of a right of usufruct on these book-entry rights.

Dividend Distributions

General

The Company may only make distributions to its shareholders to the extent its equity exceeds the amount of the paid-up and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or by Dutch law. The dividend pay-out can be summarised as follows.

Annual profit distribution

A distribution of profits other than an interim distribution is only allowed after the adoption of the Company's annual accounts, and the information in the annual accounts will determine if the distribution of profits is legally permitted for the respective financial year.

Right to reserve

The Management Board, with the approval of the Supervisory Board, may decide that the profits realised during a financial year are to be fully or partially reserved. The profits remaining after being allocated to the reserves shall be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose.

Furthermore, the Management Board may, with the approval of the Supervisory Board, decide that distributions to its shareholders shall be at the expense of reserves.

Interim distribution

Subject to Dutch law and the Articles of Association, the Management Board may, with the approval of the Supervisory Board, resolve to make an interim distribution of profits provided that it appears from an interim statement of assets signed by the Management Board to the extent that the Company's equity (*eigen vermogen*) exceeds the amount of the paid-up and called-up part of the issued capital plus the reserves as required to be maintained by the Articles of Association (if any) or by Dutch law.

Distribution in kind

Under the Articles of Association, the Management Board may, with the approval of the Supervisory Board, decide that a distribution be made not in cash but in Ordinary Shares, or decide that shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Ordinary Shares, provided that the Management Board is authorised by the General Meeting to resolve to issue Ordinary Shares and exclude pre-emptive rights.

Profit ranking of the Ordinary Shares

Each Ordinary Share issued and outstanding on the Settlement Date, including the Offer Shares, will rank equally with, and will be eligible for, any distributions that may be declared on the Ordinary Shares.

Payment

Payment of any distribution on Ordinary Shares to Ordinary Shareholders will be made in euro.

Any dividends on Ordinary Shares that are paid to Ordinary Shareholders through Euroclear Nederland will be automatically credited to the relevant Ordinary Shareholders' accounts, without the need for the Ordinary Shareholders to present documentation proving their ownership of the Ordinary Shares. Payment of dividends on the Ordinary Shares not held through Euroclear Nederland will be made directly to the relevant Shareholder using the information contained in the Shareholders' Register.

There are no restrictions in relation to the payment of distributions under Dutch law in respect of Ordinary Shareholders who are non-residents of the Netherlands. See the section "*Taxation—Taxation in the Netherlands—Dividend Withholding Tax*" for a discussion of the material aspects of taxation of dividends and refund procedures for non-tax residents of the Netherlands.

Payments of distributions are announced in a notice by the Company and will be made payable pursuant to a resolution of the Management Board within four weeks after adoption, unless the Management Board sets another date for payment. A Shareholder's claim to payments of dividends lapses five years after the day on which the claim became payable. Any dividends that are not collected within this period revert to the Company.

Exchange Controls

Under Dutch law, subject to the 1977 Sanction Act (*Sanctiewet 1977*) or otherwise by international sanctions and measures, including those concerning export control, pursuant to European Union regulations, applicable anti-boycott regulations, applicable anti-money-laundering regulations and similar rules, there are no exchange control restrictions on investments in, or payments on, Ordinary Shares, provided that the payment in a foreign currency for any Ordinary Shares issued, or to be issued, by the Company will only result in the performance of the obligation to pay up the Ordinary Shares, to the extent that the Company consents to payment in such foreign currency, the paid-up sum can be converted (exchanged) freely into euro and is equal to at least the euro nominal value of such Ordinary Shares.

There are no special restrictions in the Articles of Association or Dutch law that limit the right of Ordinary Shareholders who are not citizens or residents of the Netherlands to hold or vote Ordinary Shares.

Meetings of shareholders and voting rights

General Meetings

According to the Articles of Association, General Meetings can be held in Amsterdam, in the Netherlands, or any other place in the Netherlands, at the choice of those who call the meeting.

The annual General Meeting must be held at least once a year, within six months after the close of each financial year. An extraordinary General Meeting may be convened, whenever the Company's interests so require, by the Supervisory Board or the Management Board. In addition, shareholders or others with meeting rights under Dutch law representing jointly at least one-tenth of the issued and outstanding share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the shareholders making such request, the shareholders making such request may, upon their request, be authorised by the competent Dutch court in preliminary relief proceedings to convene a General Meeting.

The convocation of the General Meeting must be published through an announcement by electronic means. Notice of a General Meeting must be given by at least such number of days prior to the day of the meeting as required by Dutch law, which, at the date of this Prospectus, is 42 calendar days. The notice convening any General Meeting must include, among other items, the agenda stating the items to be discussed, the venue and time of the General Meeting, the requirements for admittance to the General Meeting, the address of the Company's website, and such other information as may be required by Dutch law. The agenda for the annual General Meeting must contain specific subjects, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profits, insofar as these are at the disposal of the General Meeting. In addition, the agenda must include such items as have been included in it by the Management Board, the Supervisory Board or the shareholders and others with meeting rights under Dutch law (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the Managing Directors and the Supervisory Directors concerning the performance of their duties in the financial year in question, the discharge must be mentioned on the agenda as separate items for the Management Board and the Supervisory Board, respectively.

Shareholders and others with meeting rights under Dutch law representing jointly at least 3% of the Company's issued and outstanding share capital may request, by a motivated request, that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Company at least 60 days before the day of the General Meeting. No resolutions may be adopted on items other than those that have been included in the agenda (unless the resolution would be adopted unanimously during a meeting where the entire issued capital of the Company is present or represented).

Shareholders who, individually or with other shareholders, hold Ordinary Shares that represent at least 1% of the issued and outstanding share capital or a market value of at least €250,000 may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, provided that the Company has done a so-called "identification round" in accordance with the provisions of the Dutch Securities Transactions Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the day of the General Meeting, if the information gives or could give an incorrect or misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by the chair of the Supervisory Board. If the chair of the Supervisory Board wishes another party to chair the General Meeting, or if he or she is absent from the General Meeting, the Supervisory Directors present at the General Meeting shall appoint a chair from their midst. The chair will have all powers necessary to ensure the proper and orderly functioning of the General Meeting. Managing Directors and Supervisory Directors may attend a General Meeting. In these General Meetings, they have an advisory vote. The external auditors of the Company are also authorised to attend the General Meeting. The chair of the General Meeting may decide at its discretion to admit other persons to the General Meeting.

Each Shareholder (as well as other persons with voting rights or meeting rights) may attend the General Meeting, address the General Meeting and, insofar as they have such right, exercise voting rights either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Ordinary Shares on the registration date, which, at the date of this Prospectus, is the 28th day before the day of the General Meeting, and they or their proxy have notified the Company of their intention to attend the meeting in writing at the address and by the date specified in the notice of the meeting.

The Management Board may decide that persons entitled to attend and vote at General Meetings may, or to the extent allowed under Dutch law must, cast their vote electronically or by post in a manner to be decided by the Management Board. Votes validly cast electronically or by post rank as equal to votes validly cast at the General Meeting.

Voting rights

Each Ordinary Share confers the right on the holder to cast one vote at the General Meeting. All Ordinary Shareholders have the same voting rights. The voting rights of the holders of Offer Shares will rank *pari passu* with each other and with all other Ordinary Shares. No votes may be cast at a General Meeting on shares held by the Company or its subsidiaries or on shares for which the Company or its subsidiaries hold depositary receipts. Nonetheless, the holders of a right of usufruct (*vruchtgebruik*) and the holders of a right of pledge (*pandrecht*) in respect of shares held by the Company or its subsidiaries in the Company's share capital are not excluded from the right to vote on such shares, if the right of usufruct or the right of pledge was granted prior to the time such shares were acquired by the Company or any of its subsidiaries. Neither the Company nor any of its subsidiaries may cast votes in respect of a share on which the Company or such subsidiary holds a right of usufruct or a right of pledge. Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a General Meeting.

Decisions of the General Meeting are taken by an absolute majority of votes cast, except where Dutch law or the Articles of Association provide for a qualified majority.

Amendment of Articles of Association

The General Meeting may pass a resolution to amend the Articles of Association with an absolute majority of the votes validly cast in the General Meeting, but only (i) on a proposal of the Management Board that has been approved by the Supervisory Board or (ii) in the absence of such a proposal, with the explicit approval of the Management Board and the Supervisory Board or (iii) on the proposal of a Shareholder, or shareholders acting jointly provided that they belong to the same group, for as long as they solely or jointly represent at least 30% of the issued capital of the Company. Any such proposal must be stated in the notice of the General Meeting.

In the event of a proposal to the General Meeting to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office, for inspection by shareholders and other persons holding meeting rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders and other persons holding meeting rights from the day it was deposited until the day of the meeting. A resolution by the General Meeting to amend the Articles of Association requires an absolute majority of the votes cast. A resolution of the General Meeting to amend the Articles of Association that has the effect of reducing the rights attributable to holders of share of a particular class, is subject to approval of the meeting of holders of shares of that class.

Dissolution and Liquidation

The Company may be dissolved by a resolution of the General Meeting with an absolute majority of the votes cast, but only (i) on a proposal of the Management Board that has been approved by the Supervisory Board or (ii) in the absence of such a proposal, with the explicit approval of the Management Board and the Supervisory Board or (iii) on the proposal of a shareholder, or shareholders acting jointly provided that they belong to the same group, for as long as they solely or jointly represent at least 30% of the issued capital of the Company. If the General Meeting has resolved to dissolve the Company, the Management Board will be charged with the liquidation of the Company under supervision by the Supervisory Board, without prejudice to the provisions of Section 2:23 subsection 2 of the Dutch Civil Code. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

To the extent that any assets remain after all liabilities have been paid, those assets shall be distributed to the Shareholders in proportion to the aggregate nominal value of their Ordinary Shares. Once the liquidation has been completed, the books, records and other data carriers of the dissolved Company will be held by the individual or legal entity appointed for that purpose by the General Meeting for the period prescribed by law (which as at the date of this Prospectus is seven years).

Material tax aspects of liquidation proceeds are described in the section "*Taxation*".

Annual and Semi-Annual Financial Reporting

Annually, within four months after the end of the financial year, the Management Board must prepare the annual accounts. The annual accounts must be accompanied by an independent auditor's statement, a management report and certain other information required under Dutch law. Annually, the Supervisory Board must prepare a report, which will be enclosed with the annual accounts and the management report. All Managing Directors and Supervisory Directors must sign the annual accounts. If the signature of one or more of the Managing Directors and Supervisory Directors is missing, this will be stated and reasons for this omission will be given. The annual accounts shall be adopted by the General Meeting.

The annual accounts, the independent auditor's statement, the management report and the other information required under Dutch law, as well as the supervisory report, must be made available at the offices of the Company to the Shareholders and other persons with meeting rights under Dutch law from the date of the notice convening the annual General Meeting.

The Management Board must send the adopted annual accounts to the AFM within five business days following adoption of the annual accounts by the General Meeting.

After the proposal to adopt the annual accounts has been discussed and voted on, a proposal shall be made to the General Meeting, in connection with the annual accounts and the statements made regarding them at the General Meeting, to discharge the Managing Directors for their management and the Supervisory Directors for their supervision in the last financial year.

Within three months after the end of the first six months of each financial year, the Management Board must prepare semi-annual financial statements and make them publicly available. If the semi-annual financial statements are audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual financial statements. If the semi-annual financial statements are unaudited or unreviewed, they should state so.

The Company does not intend to publish interim financial statements other than financial statements for the six months ended 30 June of each financial year.

Anti-takeover measures

The Company has no anti-takeover measures in place and does not intend to adopt any such measures.

Dutch cooling-off period in face of shareholder activism or hostile take-over

On 1 May 2021, a bill entered into force, which has introduced a statutory cooling-off period of up to 250 days during which the general meeting of shareholders would not be able to dismiss, suspend or appoint members of the management board or supervisory board (or amend the provisions in the articles of association dealing with those matters) unless those matters would be proposed by the management board. This cooling-off period could be invoked by the management board in case:

(i) shareholders, using either their shareholder proposal right or their right to request a general meeting of shareholders, propose an agenda item for the general meeting of shareholders to dismiss, suspend or appoint a member of the management board or supervisory board (or to amend any provision in the articles of association dealing with those matters); or

(ii) a public offer for the Company is made or announced without the Company's support, provided, in each case, that the management board believes that such proposal or offer materially conflicts with the interests of the Company and its business.

The cooling-off period, if invoked, ends at occurrence of the earliest of the following events:

(i) the expiration of 250 days from in case of shareholders using their shareholder proposal right, the day after the deadline for making such proposal expired; in case of Shareholders using their right to request a general meeting of shareholders, the day when they obtain court authorization to do so; or in case of a hostile offer being made, the first following day;

(ii) the day after the hostile offer having been declared unconditional; or

(iii) the management board voluntarily terminating the cooling-off period.

In addition, shareholders representing at least 3% of the Company's issued share capital may request the Dutch Enterprise Chamber of the Amsterdam Court of Appeals for early termination of the cooling-off period. The Enterprise Chamber must rule in favour of the request if the shareholders can demonstrate that the management board, in light of the circumstances at hand when the cooling-off period was invoked, could not reasonably have come to the conclusion that the relevant shareholder proposal or hostile offer constituted a material conflict with the interests of the Company and its business; the management board cannot reasonably believe that a continuation of the cooling-off period would contribute to careful policy-making, if other defensive measures have been activated during the cooling-off period and not terminated or suspended at the relevant shareholders' request within a reasonable period following the request (i.e., no 'stacking' of defensive measures).

During the cooling-off period, if invoked, the management board must gather all relevant information necessary for a careful decision-making process. In this context, the management board must at least consult with shareholders representing at least 3% of the Company's issued share capital at the time the cooling-off period was invoked and with the Company's works council. Formal statements expressed by these stakeholders during such consultations must be published on the Company's website to the extent these stakeholders have approved that publication.

Ultimately one week following the last day of the cooling-off period, the management board must publish a report in respect of its policy and conduct of affairs during the cooling-off period on the Company's website. This report must remain available for inspection by shareholders and others with meeting rights under Dutch law at the Company's office and must be tabled for discussion at the next general meeting of shareholders.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the **Dutch FRSA**), the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange, such as the Company.

Pursuant to the Dutch FRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards, and (ii) recommend the Company to make available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the **Enterprise Chamber**) to order the Company to (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

Obligations of shareholders to make a public offer

Pursuant to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) (the **Dutch FSA**), and in accordance with European Directive 2004/25/EC, also known as the Takeover Directive, any shareholder who (individually or jointly with others) directly or indirectly obtains dominant control (*overwegende zeggenschap*) of a Dutch listed company (on a regulated market within the meaning of the Dutch FSA), such as the Company after Settlement, is required to make a public offer for all issued and outstanding shares in that company's share capital. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of the company's initial public offering).

In addition, it is prohibited to launch a public offer to acquire the shares of a listed company, such as the Ordinary Shares, unless an offer document has been approved by the AFM. Such a public offer may only be launched by way of publication of an approved offer document. The Dutch public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information is made available to the holders of the shares, the holders of the shares are treated equally, that there is no abuse of inside information and that there is a proper and timely offer period.

Squeeze-out proceedings

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who holds at least 95% of the issued share capital of a public company with limited liability *(naamloze vennootschap)* incorporated in the Netherlands for his or her own account, alone or together with a group of companies, may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to such shareholders. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to that person, he or she is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out is required to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch Civil Code also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

There are no other specific statutory squeeze-out proceedings at a lower level of control, however, it is not uncommon for the offeror under a public offer and the target to agree on a post-offer restructuring transaction pursuant to which the offeror may require the target to sell its assets to the offeror against payment of a consideration equal to the offering price. Such a transaction is subject to the approval of the general meeting of shareholders of the target. The remaining minority shareholders will receive their relative portion of the purchase price of this sale through a liquidation distribution in cash as part of the liquidation process of the target. Such a transaction can usually be implemented if the offeror has obtained a supermajority acceptance of the offer which is lower than 95%.

Obligations to disclose holdings

Holders of the Ordinary Shares may be subject to notification obligations under the Dutch FSA. Shareholders are advised to seek professional advice on these obligations.

Obligations of shareholders to disclose holdings

Pursuant to the Dutch FSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a Dutch listed company must immediately notify the AFM through a designated portal, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital. The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since its previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing one of the thresholds mentioned above as a consequence of the interest being differently composed due to having acquired shares or voting rights through the exercise of a right to acquire such shares or voting rights, must notify the AFM of the changes within four trading days after the date on which the holder knows or should have known that his or her interest reaches, exceeds or falls below a relevant threshold.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The shareholder notifications referred to in this section should be made electronically through the notification system of the AFM.

Controlled entities, within the meaning of the Dutch FSA, do not have notification obligations under the Dutch FSA, as their direct and indirect interests are attributed to their (ultimate) controlling parent. Any person may qualify as a controlling parent for purposes of the Dutch FSA, including a natural person. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the Dutch FSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third-party for such person's account or by a third-party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third-party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares that determine the value of certain cash-settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as "shares": (a) shares; (b) depositary receipts for shares (or negotiable instruments similar to such receipts); (c) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (d) options for acquiring the instruments under (i) or (b).

Notification of short positions

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10 %, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third-party that the shares have been located. The notification shall be made no later than 15:30pm CET on the following trading day.

Obligations of Managing Directors and Supervisory Directors to disclose holdings

Pursuant to the Dutch FSA, each Managing Director and Supervisory Director must notify the AFM: (i) immediately following the Admission of the number of Ordinary Shares he or she holds and the number of votes he or she is entitled to cast in respect of the Company's issued share capital, and (ii) subsequently of each change in the number of Ordinary Shares he or she holds and of each change in the number of votes he or she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Managing Director or Supervisory Director has notified a transaction to the AFM under the Dutch FSA as described under "—*Obligations of shareholders to disclose holdings*" above, such notification is sufficient for purposes of the Dutch FSA as described in this paragraph.

Furthermore, pursuant to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (including any relevant delegated regulations, the **Market Abuse Regulation**), which entered into force on 3 July 2016 and which is directly applicable in the Netherlands, persons discharging managerial responsibilities (each a **PDMR**) must notify the AFM and the Company of any transactions conducted for his or her own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

PDMRs within the meaning of the Market Abuse Regulation include: (i) Managing Directors and Supervisory Directors; or (ii) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation, certain persons who are closely associated with PDMRs for the purposes of the Market Abuse Regulation, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation covers, *inter alia*, the following categories of persons closely associated to PDMRs: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which is substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). The first transaction reaching or exceeding the threshold must be notified as set out above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date. Notwithstanding the foregoing, Managing Directors and Supervisory Directors need to notify the AFM of each change in the number of Ordinary Shares that they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

Non-compliance

Non-compliance with the notification obligations under the Market Abuse Regulation and the Dutch FSA set out in the paragraphs above is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more shareholders who alone or together with others represent(s) at least 3% or the Company's issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose, include: an order requiring the person violating the disclosure obligations under the Dutch FSA to make appropriate disclosure, suspension of the voting rights in respect of such person's shares for a period of up to three years, as determined by the court, voiding of a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding and an order to the person violating the disclosure obligations under the Dutch FSA to refrain, during a period of up to five years, as determined by the court, from acquiring the shares and/or voting rights in the shares.

Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch FSA on its website (https://www.afm.nl/en/professionals/registers). Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of shareholders

Dutch listed companies may, in accordance with Chapter 3A of the Dutch Securities Transactions Act, request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of their shareholders. Such requests may only be made during a period of 60 days up to the day on which the general meeting of shareholders will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) 42 days before the day on which the general meeting will be held.

Related Party Transactions Regime

Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the **Shareholder Rights Directive II**), establishes requirements in relation to the exercise of certain shareholder rights attached to voting shares in relation to general meetings of companies which have their registered office in a Member State and the shares of which are admitted to trading on a regulated market situated or operating within a Member State. The Dutch Act to implement the Shareholder Rights Directive II (bevordering van de langetermijnbetrokkenheid van aandeelhouders) (the **Dutch SRD Act**) entered into force on 1 December 2019. The Dutch SRD Act, among other things, adds new rules on related party transactions to the Dutch Civil Code and provides that "*material transactions*" with "*related parties*" not entered into within the ordinary course of business or not concluded on normal market terms, will need to be approved by the supervisory board, and be publicly announced at the time that the transaction is entered into. In addition, certain items in respect of any such related party transaction not concluded on normal market terms must be disclosed in the explanatory notes to the Company's annual accounts. If information is required to be published at an earlier stage under the Market Abuse Regulation, that requirement prevails. The supervisory board will be required to establish an internal procedure to periodically assess whether transactions are concluded in the ordinary course of business and on normal market terms. Any director or shareholder that has a, direct or indirect, personal interest in the transaction cannot participate in the deliberations or decision-making with respect to the related party transaction concerned. In this context: a "*related party*" is interpreted in accordance with IFRS (IAS 24 (*Related Party Disclosures*)) and includes a party that has "*control*" or "*significant influence*" over the company or is a member of the company's key management personnel; and a transaction is considered "*material*" if it would constitute inside information within the meaning of the Market Abuse Regulation and is concluded between the company and a related party (which for this purpose, and in line with the Dutch Corporate Governance Code, in any event includes one or more shareholders representing at least 10% of the issued share capital, managing directors and supervisory directors). Not all transactions with a "*related party*" are subject to the approval and disclosure provisions of the Dutch SRD Act (for example, transactions concluded between a company and its subsidiary).

See "*Management, Employees and Corporate Governance—Management Board—Related Party Transactions Policy*" for further information on the Company's related party transactions policy.

EU Market Abuse Regime

Reporting of Insider Transactions

The regulatory framework on market abuse is laid down in the Market Abuse Regulation and the Market Abuse Directive (2014/57/EU) (**MAD II**) as implemented in Dutch law.

Pursuant to the Market Abuse Regulation, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Ordinary Shares, (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (iii) unlawfully disclose inside information relating to the Ordinary Shares or the Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

The Company is required to inform the public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Pursuant to the Market Abuse Regulation, inside information is (i) information, of a precise nature, directly or indirectly relating to the issuer or one or more of its financial instruments, which has not yet been made public and which if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under specific circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

A PDMR is not permitted to (directly or indirectly) conduct any transactions on their own account or for the account of a third-party, relating to Ordinary Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or a management report of the Company.

Non-compliance with Market Abuse Rules

In accordance with the MAD II, as implemented in Dutch law, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense (*economisch delict*) and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the Market Abuse Regulation.

Insider Trading

The Company has adopted insider trading rules in respect of the reporting and regulation of transactions in the Company's securities by Managing Directors and Supervisory Directors and the Company's employees, which will be effective as at the First Trading Date.

The Company and any person acting on its behalf or on its account is obligated to draw up an insider list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing, market manipulation and unlawful disclosure of inside information.

Transparency Directive

The Netherlands will be the Company's home Member State for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU), as a consequence of which the Company will be subject to the Dutch FSA in respect of certain ongoing transparency and disclosure obligations.

THE OFFER

Introduction

The Company is offering such number of Offer Shares as will raise gross proceeds of between €150 million and €165 million. Assuming no exercise of the Over-Allotment Option and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than 30% of the issued Ordinary Shares. Assuming the Over-Allotment Option is fully exercised and an Offer Price at the bottom of the Offer Price Range, the Offer Shares will constitute not more than 34.5% of the issued Ordinary Shares.

The Offer comprises:

(i) a public offering to certain retail and certain institutional investors in the Netherlands; and

(ii) a private placement to certain institutional investors in various other jurisdictions.

The Offer Shares are being offered and sold within the United States, to persons reasonably believed to be QIBs as defined in Rule 144A under the U.S. Securities Act, pursuant to Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state and other securities laws, and outside the United States, in accordance with Regulation S. The Offer is made only in those jurisdictions where, and only to those persons to whom, offer, issuances and sales of the Offer Shares may be lawfully made.

Infestos has granted the Stabilisation Manager (on behalf of the Underwriters) the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Stabilisation Manager (on behalf of the Underwriters) may require Infestos to sell at the Offer Price the Over-Allotment Shares (up to 2,250,000 Ordinary Shares), comprising up to 15% of the aggregate number of Offer Shares (excluding the Over-Allotment Shares) sold in the Offer, to cover over-allotments, if any, in connection with the Offer or facilitate stabilisation transactions, if any.

Infestos (Infestos Holding E B.V.) is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, with its statutory seat (*statutaire zetel*) in Enschede, registered office at Oldenzaalsestraat 500, 7524 AE Enschede, the Netherlands, trade register number 64942651, LEI 254900RQ59AVEP822556 and telephone number: +31 (0)53 30 300 80.

The issue of the Offer Shares will result in a maximum dilution of the voting interest of shareholders of the Company of 30% regardless of whether the Over-Allotment Option is exercised.

Cornerstone Investments

The Cornerstone Investors, severally and not jointly, have irrevocably agreed to purchase Offer Shares in the aggregate amount of €66 million at the Offer Price on the Settlement Date as part of the Offer. The Cornerstone Investments will be for the following amounts and numbers of Ordinary Shares (assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares): (i) M&G Investments: €28 million, comprising 2,545,454 Ordinary Shares; (ii) Teslin: €28 million, comprising 2,545,454 Ordinary Shares; and (iii) Infestos: €10 million, comprising 909,090 Ordinary Shares. Assuming an Offer Price at the top of the Offer Price Range and the sale of 15,000,000 Offer Shares, the Cornerstone Investments comprise an aggregate of 5,999,998 Ordinary Shares and as a consequence 12.0% of the total issued share capital of the Company immediately following Settlement, regardless of whether the Over-Allotment Option is exercised. The Cornerstone Investments of M&G Investments and Teslin are conditional on (i) the Admission occurring prior to or substantially simultaneously with the delivery of the respective Cornerstone Investment Shares, (ii) no breach of customary warranties from the Company that could have a material adverse effect on the interests of the respective Cornerstone Investor, and (iii) the Company issuing the Pricing Statement. M&G and Teslin are not subject to any lock-up undertaking with respect to their Cornerstone Investment Shares. The Cornerstone Investment of Infestos is conditional on the Company issuing the Pricing Statement. If the Settlement Date has not occurred on or before 31 August 2021, each Cornerstone Investor is entitled to terminate its respective Cornerstone Investment. The Cornerstone Investors may also subscribe for or purchase additional Ordinary Shares in the Offer. Allocation of any such additional Ordinary Shares shall be determined by the Company, after consultation with the Joint Global Coordinators, as described in "*The Offer—Application and Allocation—Allocation*".

Timetable

Subject to acceleration or extension of the timetable by the Company, in consultation with the Joint Global Coordinators for, or withdrawal of, the Offer, the timetable below lists the expected key dates for the Offer.

Event	Date (2021) (Time (CET))
Start of Offer Period	8 June (9:00)
End of Offer Period	10 June (17:30)
Expected Pricing and Allocation	10 June
Publication of results of the Offer	11 June
First Trading Date (trading on an 'as-if-and-when-issued/delivered' basis)	11 June
Settlement Date (payment and delivery)	15 June

The Company, in consultation with the Joint Global Coordinators, reserves the right to accelerate or extend the Offer Period (see "*—Acceleration or Extension*").

Offer Period

Subject to acceleration or extension of the timetable for the Offer, prospective investors may apply for Offer Shares during the period commencing at 9:00 CET on 8 June 2021, until 17:30 CET on 10 June 2021. In the event of an acceleration or extension of the Offer Period, pricing, allocation, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares, arises or is noted between the date of this Prospectus and the final closing of the Offer Period, a supplement to this Prospectus will be published in accordance with relevant provisions under the Prospectus Regulation. A supplement will be subject to approval by the AFM in accordance with the Prospectus Regulation, and will be made public in accordance with the relevant provisions under the Prospectus Regulation. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement. See also "*Important Information—Supplements*".

Acceleration or Extension

The Company, after consultation with the Joint Global Coordinators, may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company should decide to do so, it will make this public through a press release, which will also be posted on the Company's website (www.nxfiltration.com). Any other material alterations will also be published through a press release that will be posted on the Company's website and (if required) in a supplement to this Prospectus that is subject to the approval of the AFM.

Any extension of the timetable for the Offer will be published in a press release published and placed on the Company's website (www.nxfiltration.com) at least three hours before the end of the original Offer Period, and will be for at least one full business day. Any acceleration of the timetable for the Offer will be published in a press release published and placed on the Company's website (www.nxfiltration.com) at least three hours before the proposed end of the accelerated Offer Period. In any event, the period between the date of this Prospectus and the end of the Offer Period will be at least six business days.

Offer Price and Number of Offer Shares

The Offer Price Range is expected to be in the range of €10 to €11 (inclusive) per Offer Share. The Offer Price may be set within, above or below the Offer Price Range. The Offer Price Range, which is an indicative price range, may be changed and/or the number of Offer Shares being offered may be increased or decreased. See "*—Change of the Offer Price Range or Number of Offer Shares*" for further information on changes to the Offer Price Range or number of Offer Shares.

The Offer Price and the exact number of Offer Shares offered in the Offer will be determined by the Company, in agreement with the Joint Global Coordinators, after the Offer Period has ended, taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares, and other factors deemed appropriate.

The Offer Price (in euro) and the exact number of Offer Shares offered in the Offer and the maximum number of Over-Allotment Shares will be set out in the Pricing Statement that will be deposited with the AFM and announced in a press release published and placed on the Company's website.

Change of the Offer Price Range or Number of Offer Shares

The Offer Price Range is indicative. The Company, in consultation with the Joint Global Coordinators, reserves the right to change the Offer Price Range and/or increase or decrease the number of Offer Shares being offered prior to the allocation of the Offer Shares. Any increase in the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days; any increase in the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. Any such change in the Offer Price Range and/or the number of Offer Shares being offered will be published in a press release which is placed on the Company's website. In the event that either (i) the Offer Price is set above the Offer Price Range; or (ii) the top end of the Offer Price Range is revised upwards, investors who have already applied to purchase, or subscribe for, Offer Shares may withdraw their applications in their entirety following the publication of the press release announcing such change and before the end of the Offer Period, as extended. Save in these cases, investors are not allowed to withdraw their applications in any other circumstances.

Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-Allotment Shares should be read as referring to the amended number of Over-Allotment Shares.

Application and Allocation

Applications by Appropriate Dutch Retail Investors

Each appropriate retail investor in the Netherlands who wishes to purchase Offer Shares for a total consideration of at least €100,000 (an **Appropriate Dutch Retail Investor**) should instruct its own bank or financial intermediary (each a **Financial Intermediary**). The Company, Infestos, the Underwriters, and the Listing and Paying Agent are not liable for any action or failure to act by a Financial Intermediary in connection with any subscription for or purchase of, or purported subscription for or purchase of, Offer Shares. This means that Appropriate Dutch Retail Investors will be bound to purchase and pay for the Offer Shares indicated in their share subscription, to the extent allocated to them, at the Offer Price. Appropriate Dutch Retail Investors can submit their applications through their own Financial Intermediary. The Financial Intermediary will be responsible for collecting subscriptions from Appropriate Dutch Retail Investors and for submitting their subscriptions to the Listing and Paying Agent. The Listing and Paying Agent will consolidate all subscriptions submitted by Appropriate Dutch Retail Investors to Financial Intermediaries and inform the Underwriters and the Company. Appropriate Dutch Retail Investors are entitled to cancel or amend their subscription, at the Financial Intermediary where their original subscription was submitted, at any time prior to the end of the Offer Period (if applicable, as accelerated or extended). Such cancellations or amendments may be subject to the terms of the Financial Intermediary involved. All questions concerning the timelines, validity and form of instructions to a Financial Intermediary in relation to the purchase of Offer Shares will be determined by the Financial Intermediary in accordance with its usual procedures or as otherwise notified to the Appropriate Dutch Retail Investors. In the Offering, any Appropriate Dutch Retail Investor may only acquire Offer Shares for a total consideration of at least €100,000 and multiple (applications for) subscriptions are permitted. There is no maximum number of Offer Shares for which prospective Appropriate Dutch Retail Investor and qualified investors may subscribe. Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the transfer restrictions in the section *Selling and Transfer Restrictions*. If in doubt, investors should consult their professional advisers.

Allocation

Allocation of the Offer Shares is expected to take place after the closing of the Offer Period on or about 10 June 2021, subject to acceleration or extension of the timetable for the Offer. The Allocation of Offer Shares will be determined by the Company, after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. There is no maximum or minimum number of Offer Shares which prospective investors may purchase or subscribe for and multiple applications to purchase, or subscribe for, Offer Shares are permitted. In the event that the Offer is over-subscribed, investors may receive fewer Offer Shares than they applied for. The Company and the Joint Global

Coordinators may at their own discretion and without stating the grounds therefore, reject any applications wholly or partly. On the day that Allocation occurs, the Joint Global Coordinators (on behalf of the Underwriters) will notify institutional investors or the relevant financial intermediary of any Allocation of Offer Shares made to them or their clients. Any monies received in respect of applications that are not accepted in whole or in part will be returned to the investors without interest or other compensation and at the investor's risk. The Cornerstone Investors will be fully allocated for an aggregate amount of €66 million.

Investors participating in the Offer will be deemed to have checked and confirmed that they meet the selling and transfer restrictions described in "*Selling and Transfer Restrictions*". Each investor should consult its own advisers as to the legal, tax, business, financial and related aspects of a purchase of, or a subscription for, Offer Shares.

Payment

Payment for the Offer Shares will take place on the Settlement Date. The Offer Price must be paid in full in euro and is exclusive of any taxes and expenses, if any, which must be borne by the investor (see "*Taxation*"). Investors may be charged expenses by their financial intermediary. The Offer Price must be paid by investors in cash upon remittance of their share subscription or, alternatively, by authorising their financial intermediary to debit their bank account with such amount for value on or around the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, first trading and payment and delivery).

Delivery, Clearing and Settlement

For purposes of Admission to Euronext Amsterdam, the Ordinary Shares are registered shares, which will be entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities Transactions Act. Application has been made for the Ordinary Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands. Delivery of the Offer Shares, through the book-entry systems of Euroclear Nederland, will take place on the Settlement Date through the book-entry facilities of Euroclear Nederland in accordance with their respective normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

Subject to acceleration or extension of the timetable for the Offer, the Settlement Date is expected to be 15 June 2021, the second business day following the First Trading Date (T+2). The closing of the Offer may not take place on the Settlement Date, or at all, if the conditions referred to in the Underwriting Agreement are not satisfied or, where possible, waived on or prior to such date. See "*Plan of Distribution—Underwriting Arrangements*" for further information on the conditions to the Underwriting Agreement.

If Settlement does not take place on the Settlement Date as planned or at all, the Offer may be withdrawn, in which case all applications for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors for Offer Shares will be returned without interest or other compensation. Any transactions in Ordinary Shares prior to Settlement are at the sole risk of the parties concerned. None of the Company, Infestos, the Underwriters, the Listing and Paying Agent and Euronext Amsterdam N.V. accepts any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares on Euronext Amsterdam.

Restrictions on the transfer of Ordinary Shares are set out in "*Selling and Transfer Restrictions*".

Listing and Trading

Application has been made to admit all of the Ordinary Shares to listing and trading on Euronext Amsterdam, under the symbol "NXFIL". The ISIN for the Ordinary Shares is NL0015000D50.

Subject to acceleration or extension of the timetable for the Offer, trading in the Offer Shares on Euronext Amsterdam is expected to commence at 09:00 CET on the First Trading Date. Trading in the Offer Shares before Settlement will take place on an "as-if-and-when-issued/delivered" basis.

The Ordinary Shares will trade in euro on Euronext Amsterdam.

Subject to acceleration or extension of the timetable for the Offer, unconditional trading in the Offer Shares on Euronext Amsterdam is expected to commence on the Settlement Date. Trading in the Offer Shares before the closing of the Offer will take place on an "as-if-and-when-issued/delivered" basis.

Stabilisation Manager

ABN AMRO is the Stabilisation Manager for the Offer.

Listing Agent and Paying Agent

ABN AMRO is the Listing and Paying Agent for the Admission and the Ordinary Shares.

Fees and Expenses of the Offer and Admission

No expenses or taxes will be charged by the Company in respect of the Offer. Investors may be charged expenses by their financial intermediary.

PLAN OF DISTRIBUTION

Underwriting Arrangements

The Company and the Underwriters entered into the Underwriting Agreement on the date of this Prospectus with respect to the offer and sale of the Offer Shares in the Offer.

The Underwriting Agreement is conditional on, among others, the entry into a pricing agreement (the **Pricing Agreement**) between the Company and the Underwriters setting the Offer Price per Offer Share. Pursuant to, on the terms of, and subject to, the conditions set out in the Underwriting Agreement, the Company has agreed to issue the Offer Shares at the Offer Price to purchasers procured by the Underwriters or, failing subscription or purchase by such procured purchasers, to the Underwriters themselves, and each of the Underwriters has, severally but not jointly, agreed to procure purchasers for the Offer Shares or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, the Offer Shares themselves at the Offer Price. The Offer Shares that are the subject of the Infestos Cornerstone Investment are excluded from the foregoing obligations of the Underwriters.

Subject to the satisfaction of conditions precedent, the proportion of total Offer Shares that each Underwriter may severally but not jointly be required to purchase, or subscribe for, is indicated below.

Underwriters	Underwriting commitment of Offer Shares
ABN AMRO Bank N.V.	50%
Joh. Berenberg, Gossler & Co. KG	50%
Total	**100%**

In the Underwriting Agreement, the Company has made representations and warranties and given undertakings. In addition, the Company will indemnify the Underwriters against certain liabilities in connection with the Offer.

The Underwriting Agreement provides that the obligations of the Underwriters to procure subscribers or purchasers for the Offer Shares (excluding the Infestos Cornerstone Investment Shares) or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, the Offer Shares (excluding the Infestos Cornerstone Investment Shares) themselves are subject to the following conditions precedent: (i) receipt of customary comfort and bring-down letters from PwC, (ii) the launch press announcement having been published in time for release, (iii) receipt of a signed copy relating to the Infestos Cornerstone Investment, (iv) receipt of a certificate from the Company and a certificate of the Financial Manager, (v) receipt of the Pricing Agreement and the Share Lending Agreement, (vi) confirmation from the Company that the Pricing Statement has been delivered for release in accordance with the Prospectus Regulation, (vii) receipt of customary legal opinions from legal counsel on certain legal matters, (viii) receipt of the lock-up letter relating to the Senior Management, (ix) approval of this Prospectus by the AFM and publication of such Prospectus, (x) this Prospectus having been made available to the public in accordance with the Prospectus Regulation, (xi) a supplement which may have been required having been approved by the AFM and published in accordance with the Prospectus Regulation, (xii) each of the documents described in this Prospectus as being available for inspection having been made and is available as desribed, (xiii) the Ordinary Shares having been admitted to trading and listing on Euronext Amsterdam, (xiv) the conversion of the Company to a public company with limited liability (*naamloze vennootschap*) shall have been effected on or prior to the First Trading Date, (xv) the Ordinary Shares being eligible for clearance and settlement through the book-entry systems of Euroclear Nederland, (xvi) no event or circumstance occurred which would authorises the Underwiters to terminate the Underwriting Agreement. The Underwriters have the right to waive any such conditions or part thereof.

The Joint Global Coordinators (acting jointly on behalf of the Underwriters) may terminate the Underwriting Agreement, acting in good faith, and following consultation with the Company and Infestos at any time prior to the Settlement Date, if (i) any statement contained in any of this Prospectus, the Pricing Statement, or certain specific presentations and announcements relating to the Offer, is or has become or has been discovered to be untrue, incorrect or misleading, or any matter has arisen which would, if the Prospectus, the Pricing Statement or such presentations and announcements relating to the Offer were to be issued at that time, constitute an inaccuracy or omission therefrom which the Joint Global Coordinators (acting on behalf of the Underwriters) consider, acting in good faith, to be material in the context of the Offer, the underwriting of the Offer Shares, trading in the Offer Shares or any of the transactions contemplated by the Underwriting Agreement, (ii) there has been a breach of the material obligations of the Company or Infestos under the Underwriting Agreement, (iii) any matter or circumstance arises as a result of which it is reasonable to expect that any of the condition precedents will not be satisfied or have become incapable of satisfaction, (iv) the representations, warranties or undertakings not being or ceased to be true and accurate any time prior to admission to trading of the Ordinary Shares on Euronext Amsterdam, (v) there has been a material adverse change in the Group or its business taken as a whole, whether or not forseeable at the date of the Underwriting Agreement, (vi) there has occurred any material adverse change in the financial markets in the Netherlands, the United Kingdom, the United States, any outbreak of hostilities or escalation thereof or other calamity or crisis or any material adverse change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates, in each case the effect of which is such as to make it, in the good faith judgement of the Joint Global Coordinators, impracticable or inadvisable to proceed with the Offer or the delivery or underwriting of Offer Shares or as contemplated by this Prospectus; or (vii) there has occurred: (A) a material disruption in commercial banking or securities settlement, payment or clearance services in the Netherlands, the United Kingdom, the United States or in any Relevant State; or (B) suspension of, or occurrence of material limitations to, trading in any securities by Euronext Amsterdam or any exchange or over the counter market, or of trading generally on Euronext Amsterdam, the New York Stock Exchange or the London Stock Exchange; or (C) a banking moratorium has been declared by the Netherlands, the United States, the United Kingdom, or New York authorities, or (viii) the admission to listing and trading of the Ordinary Shares has been withdrawn or rejected by the AFM or Euronext Amsterdam. Following termination of the Underwriting Agreement, all applications to purchase, or subscribe for, Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any payments made by investors will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned. See "*The Offer—Application and Allocation—Delivery, Clearing and Settlement*" for further information on a withdrawal of the Offer or the (related) annulment of any transactions in Ordinary Shares on Euronext Amsterdam.

In consideration of the agreement by the Underwriters to use reasonable efforts to procure subscribers or purchasers to purchase, or subscribe for, or, failing subscription or purchase by such procured purchasers, to purchase, or subscribe for, themselves, the Offer Shares (excluding the Infestos Cornerstone Investment Shares) at the Offer Price and subject to the Offer Shares (excluding the Infestos Cornerstone Investment Shares) being sold as provided for in the Underwriting Agreement, the Company has agreed to pay the Joint Global Coordinators (on behalf of the Underwriters) an aggregate commission, including a maximum discretionary commission, of up to 5.0% of the gross proceeds of the Offer (excluding the Infestos Cornerstone Investment Shares). The commissions due to the Underwriters and all expenses (including their legal fees and documented out-of-pocket expenses up to an agreed cap of €480,000 in aggregate, excluding VAT) will be borne by the Company.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to persons reasonably believed to be QIBs pursuant to Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and applicable state and other securities laws. Any offer or sale of Offer Shares in the United States will be made by the Underwriters, their affiliates or agents, who are registered U.S. broker-dealers, pursuant to applicable U.S. securities laws.

Underwriters' Potential Conflicts of Interest

Each of the Underwriters is acting exclusively for the Company and no one else in connection with the Offer. None of them will regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus.

The Underwriters and/or their respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to the Company, in respect of which they have and may in the future, receive customary fees and commissions.

In addition, the Underwriters and/or their respective affiliates may in the ordinary course of their business hold the Company's securities for investment purposes for their own account and for the accounts of their customers. As a result, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors or of the Company or the Group. In respect hereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations.

In connection with the Offer, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offer and, in that capacity, may retain, purchase, subscribe for, or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, the Underwriters and their affiliates may enter into financing arrangements (including swaps) with investors in connection with which they (or their affiliates) may from time to time acquire, hold or dispose of Ordinary Shares.

As a result of these transactions, the Underwriters may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's or Group's interests.

Lock-up Arrangements

The Joint Global Coordinators (on behalf of the Underwriters) may, in their sole discretion and at any time without prior public notice, waive in writing the restrictions, including those on sales, issues or transfers of Ordinary Shares, described below. If the consent of the Joint Global Coordinators (on behalf of the Underwriters) in respect of a lock-up arrangement is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted. As at the date of this Prospectus, the Joint Global Coordinators (on behalf of the Underwriters) have not waived, or agreed to waive, any of the restrictions on sales, issues or transfers of Ordinary Shares, described below.

Company's Lock-up

Pursuant to the Underwriting Agreement, the Company has agreed with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set out below, without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters): (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other securities of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or other securities of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or securities of the Company or otherwise has the same economic effect as (i), whether in the case of (i) and (ii) any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction; or (iv) submit to its shareholders or any other body of the Company a proposal to effect any of the foregoing.

The foregoing restrictions shall not apply to: (i) the granting of conditional awards of Ordinary Shares by the Company pursuant to the long-term incentive plans as disclosed in the section "*Management, Employees and Corporate Governance—Shareholding Information—Long-Term Incentive Plans*" and (ii) accepting a general offer made to all the holders of the issued and allotted Ordinary Shares of the Company on terms which treat all such holders alike and which has become or been declared unconditional in all respects or been recommended for acceptance by the Management Board and Supervisory Board. The Company may at any time after the expiry of the lock-up period offer to sell Ordinary Shares to investors.

Infestos Lock-up

Pursuant to the Underwriting Agreement, Infestos has agreed with the Underwriters that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, except as set out below, without the prior written consent of the Joint Global Coordinators (on behalf of the Underwriters): (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or other securities of the Company or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Ordinary Shares or other securities of the Company or file any registration statement under the U.S. Securities Act or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Ordinary Shares or securities of the Company or otherwise has the same economic effect as (i), whether in the case of (i) and (ii) any such transaction is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise; (iii) publicly announce such an intention to effect any such transaction.

The foregoing restrictions shall not apply to: (i) the sale of the Over-Allotment Shares in the Offer; (ii) the lending of Ordinary Shares to the Joint Global Coordinators pursuant to the Share Lending Agreement (as defined below); (iii) the sale, transfer or disposal of Ordinary Shares following the acceptance of a full or partial takeover offer made in accordance with the Dutch FSA or the provision of an irrevocable undertaking to accept such an offer, provided that the Joint Global Coordinators shall be notified in writing two business days prior to such acceptance or undertaking, (iv) the transfer of all issued Ordinary Shares pursuant to a legal (de)merger or similar business combination with a third party; or (v) the sale or transfer of shares in the capital of Infestos to one or more persons, whether natural or legal, who are the direct or indirect beneficial owners of Infestos at the date of the Underwriting Agreement, provided that prior to any such transfer the transferee shall have agreed to be bound by the foregoing restrictions for the remainder of the lock-up period. Infestos may at any time after the expiry of the lock-up period sell Ordinary Shares to investors.

Senior Management Lock-up

The Senior Management holds DRs in the STAK as they have been given the opportunity to indirectly participate in the capital of the Company. These DRs of the members of the Senior Management will be subject to lock-up restrictions. The DRs will be released from the lock-up restrictions as follows: one-third of the DRs held by such member at that time (the **Shareholding Reference Date**) will be unconditionally released from the lock-up restrictions on the day that is one year after the First Trading Date, one-third of the DRs held by such member on the Shareholding Reference Date will be unconditionally released from the lock-up restrictions on the day that is two years after the First Trading Date, and the remaining one-third of the DRs held by such member on the Shareholding Reference Date will be unconditionally released from the lock-up restrictions on the day that is three years after the First Trading Date, in each case on the condition that the relevant member of the Senior Management or relevant key manager of the Company continues to be employed by the Company on these dates.

Over-Allotment and Stabilisation

In connection with the Offer, the Stabilisation Manager (or any of its agents) on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable laws and regulations, over-allot Ordinary Shares or effect other transactions with a view to supporting the market price of the Ordinary Shares during the stabilisation period at a higher level than that which might otherwise prevail in the open market. The Stabilisation Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilisation Manager or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken. Such stabilising transactions, if commenced, may be discontinued at any time without prior notice and must be discontinued within 30 days after the commencement of conditional dealings in the Offer Shares. Save as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offer. The Underwriting Agreement provides that the Stabilisation Manager may, for purposes of the stabilising transactions, over-allot Ordinary Shares up to 15% of the aggregate number of Offer Shares sold in the Offer (excluding Over-Allotment Shares), or up to 2,250,000 Ordinary Shares assuming 15,000,000 Offer Shares is offered and sold in the Offer.

In connection with the Over-Allotment Option, up to 15% of the aggregate number of Offer Shares (excluding Over-Allotment Shares) will be made available by Infestos to the Stabilisation Manager for the account of the Underwriters, through a securities loan between Infestos and the Underwriters setting the Offer Price per Offer Share (the **Share Lending Agreement**).

None of the Company, Infestos or any of the Underwriters makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Ordinary Shares or any other securities of the Company. In addition, none of the Company, Infestos or any of the Underwriters makes any representation that the Stabilisation Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

No action has been taken or will be taken in any jurisdiction outside of the Netherlands by the Company, Infestos or the Underwriters that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any other jurisdiction than the Netherlands where action for that purpose is required. Accordingly, no Offer Shares may be offered or sold directly or indirectly, and neither this Prospectus nor any other Offer material or advertisements in connection with the Offer Shares may be distributed or published, in or from any jurisdiction except in compliance with any applicable laws and regulations of any such jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdictions.

If an investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other Offer materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other Offer materials or advertisements into any such jurisdictions (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investors' nominees and trustees) wishing to accept, sell, purchase, or subscribe for, Offer Shares must satisfy themselves as to full observance of the applicable laws and regulations of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdictions.

Investors who are in any doubt as to whether they are eligible to purchase, or subscribe for, Offer Shares should consult their professional adviser without delay.

None of the Company, Infestos or the Underwriters accepts any legal responsibility for any violation by any person, whether or not a prospective investor in any of the Offer Shares, of any such restrictions.

United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States for offer or sale as part of their distribution and may not be offered or sold in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Offer Shares will be offered and sold outside the United States in offshore transactions, as defined in and in reliance on, Regulation S. The Underwriting Agreement provides that the Underwriters may directly or through their broker-dealer affiliates, arrange for the offer and resale of Offer Shares within the United States only to QIBs in reliance on Rule 144A. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Offer Shares are not transferable except in accordance with the restrictions described below.

The Offer Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offer or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

For so long as any of the Offer Shares are "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective investor in such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective investor, the information required to be delivered pursuant Rule 144A(d)(4) under the U.S. Securities Act. The Company expects to be exempt from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder.

In addition, until the end of the 40th calendar day after commencement of the Offer, an offering or sale of Ordinary Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of Ordinary Shares in the United States will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(i) the purchaser (a) is and, at the time of its purchase of the Ordinary Shares, will be a qualified institutional buyer, or QIB, as defined in Rule 144A, or a broker-dealer acting for the account of a QIB, with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (b) is acquiring the securities for its own account or for the account of a QIB, and (c) is aware that the securities are "restricted securities" within the meaning of the U.S. Securities Act and may not be deposited into any unrestricted depositary facility, unless at the time of such deposit the securities are no longer restricted;

(ii) the purchaser is aware, and each beneficial owner of the Ordinary Shares has been advised, that such securities have not been and will not be registered under the U.S. Securities Act and are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(iii) the purchaser understands and agrees that such securities may not be offered, sold, pledged or otherwise transferred, except (a) to a person that the seller and any person acting on its behalf reasonably believe is another QIB purchasing for its own account or for the account of a QIB meeting the requirements of Rule 144A, or another exemption from the registration requirements of the U.S. Securities Act, (b) outside the United States in accordance with Regulation S or (c) pursuant to an effective registration statement under the U.S. Securities Act;

(iv) the purchaser understands that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ORDINARY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF ORDINARY SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

(v) it agrees that if, in the future, it offers, resells, pledges or otherwise transfers such Ordinary Shares in the United States while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above;

(vi) it acknowledges that the Company, Infestos, the Underwriters and their respective affiliates will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements; and

(vii) it acknowledges that the Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Ordinary Shares made other than in compliance with the above stated restrictions.

European Economic Area (other than the Netherlands)

In relation to each Member State (other than the Netherlands) of the EEA (each a **Relevant State**), an offer to the public of any Offer Shares which are the subject of the Offer contemplated by this Prospectus may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Coordinators; or

(iii) in any other circumstances falling under the scope of Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, Infestos and the Underwriters that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, Infestos and the Underwriters that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

The Company, Infestos and the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an **offer to the public** in relation to any Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

United Kingdom

An offer to the public of any Offer Shares may not be made, except as follows:

- to any legal entity which is a qualified investor as defined in the UK Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators; or

- in any other circumstances falling under the scope of Section 86 of the Financial Services and Markets Act 2000.

For the purposes of this provision, the expression an **offer to the public** in relation to any Offer Shares means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares, and **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Australia

This Prospectus: (i) does not constitute a prospectus or a product disclosure statement under the Australian Corporations Act 2001 of the Commonwealth of Australia (Cth), as amended (the **Australian Corporations Act**); (ii) does not purport to include the information required of a prospectus under Part 6D.2 of the Australian Corporations Act or a product disclosure statement under Part 7.9 of the Australian Corporations Act; (iii) has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (**ASIC**), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (iv) may not be provided in Australia other than to select investors (**Exempt Investors**) who are able to demonstrate that they: (a) fall within one or more of the categories of investors under Section 708 of the Australian Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Australian Corporations Act; and (b) are "*wholesale clients*" for the purpose of Section 761G of the Australian Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchase or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each prospective investor in Offer Shares represents and warrants to the Company, Infestos, the Underwriters and their affiliates that such prospective investor is an Exempt Investor.

As any offer of Offer Shares under this document, any supplement or the accompanying prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Australian Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Australian Corporations Act, require disclosure to investors if none of the exemptions in the Australian Corporations Act applies to that resale. By applying for the Offer Shares, each subscriber or purchaser of Offer Shares undertakes to the Company, Infestos and the Underwriters that such subscriber or purchaser will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Canada

The Offer Shares may be sold only to persons purchasing or subscribing, or deemed to be purchasing or subscribing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide an investor with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by such investor within the time limit prescribed by the securities legislation of the investor's province or territory. Investors should refer to any applicable provisions of the securities legislation of their province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to Section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, Section 3A.4) of National Instrument 33–105 Underwriting Conflicts (**NI 33–105**), the Underwriters are not required to comply with the disclosure requirements of NI 33–105 regarding underwriter conflicts of interest in connection with this Offer.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No.25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

This document is not intended to constitute an offer or sollicitation to purchase or invest in the Offer Shares. The Offer Shares may not be publicly offered in Switzerland within the meaning of the Swiss Financial Services Act and will not be listed on the Swiss Exchange (the **SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for the issuance of prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Article 27ff of the SIX listing rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Offer Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (**CISA**). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Offer Shares.

DIFC

This prospectus relates to an "*Exempt Offer*" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (**DFSA**). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with "*Exempt Offers*". The DFSA has not approved this Prospectus nor taken steps to verify the information set out in it and has no responsibility for this Prospectus. The shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of, or subscribers for, the Offer Shares should conduct their own due diligence on the Ordinary Shares. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Singapore

This Prospectus or any other material relating to the Offer Shares has not been and will not be registered as a prospectus with the monetary authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offer Shares may not be circulated or distributed, nor may any Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA;

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Shares are purchased, or subscribed for, under Section 275 by a relevant person that is:

(i) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) whose sole business is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

Offer Shares (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except:

(a) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Secutirites and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Hong Kong

No Offer Shares have been offered or sold or will be offered or sold in Hong Kong, by means of any document, other than: (i) to "*professional investors*" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **Hong Kong Securities and Futures Ordinance**) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "*prospectus*" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Offer Shares has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "*professional investors*" as defined in the Hong Kong Securities and Futures Ordinance and any rules made under the Hong Kong Securities and Futures Ordinance.

TAXATION

Taxation in the Netherlands

The following summary gives an overview of the material Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares. For the purposes of Dutch tax law, a holder of Ordinary Shares may include an individual or entity who does not have the legal title of these Ordinary Shares, but to whom nevertheless the Ordinary Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Ordinary Shares or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of Ordinary Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as at the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(iii) corporate shareholders which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate shareholders been resident in the Netherlands or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of 5% or more of the nominal paid-up share capital;

(iv) Shareholders holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and shareholders of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with their partner (statutory defined term), directly or indirectly, holds or is deemed to hold: (a) an interest of 5% or more of the total issued capital of the Company or 5% or more of the issued capital of a certain class of shares of the Company; (b) rights to acquire, directly or indirectly, such interest; or (c) certain profit-sharing rights in the Company;

(v) persons to whom the Ordinary Shares and the income from the Ordinary Shares are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);

(vi) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Ordinary Shares are attributable to such permanent establishment or permanent representative;

(vii) Shareholders which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Ordinary Shares or the benefits derived from or realised in respect of these Ordinary Shares; and

(viii) individuals to whom Ordinary Shares or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the Netherlands and Sint Maarten (*Belastingregeling Nederland Sint Maarten*), the Tax Regulation for the Netherlands and Curacao (*Belastingregeling Nederland Curaçao*), the Tax Regulation for the Country of the Netherlands (*Belastingregeling voor het land Nederland*) and the agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

Dividend Withholding Tax

Withholding Requirement

The Company is required to withhold 15% Dutch dividend withholding tax in respect of dividends paid on the Ordinary Shares. Generally, the Dutch dividend withholding tax will not be borne by the Company, but will be withheld from the gross dividends paid on the Ordinary Shares. In the Dutch Dividend withholding tax Act 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

(i) direct or indirect distributions of profit, regardless of their name or form;

(ii) liquidation proceeds, proceeds on redemption of the Ordinary Shares and, as a rule, the consideration for the repurchase of the Ordinary Shares by the Company in excess of its average paid-up capital recognised for Dutch dividend withholding tax purposes, unless a particular statutory exemption applies;

(iii) the nominal value of Ordinary Shares issued to a holder of the Ordinary Shares or an increase of the nominal value of the Ordinary Shares, insofar as the (increase in the) nominal value of the Ordinary Shares is not funded out of the Company's paid-up capital as recognised for Dutch dividend withholding tax purposes; and

(iv) partial repayments of paid-up capital recognised for Dutch dividend withholding tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-up capital is recognised as capital for Dutch dividend withholding tax purposes. The term "qualifying profits" includes anticipated profits that have yet to be realised.

Reduction of Share Capital

The Company's recognised capital for Dutch dividend withholding tax purposes (*fiscaal erkend kapitaal*) may be used by the Company to repay capital to shareholders free of Dutch dividend withholding tax.

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may, but only if proposed by the Board, and in compliance with Section 2:99 of the Dutch Civil Code, pass resolutions to reduce the issued share capital by: (i) cancelling Ordinary Shares; or (ii) reducing the value of the Ordinary Shares by amendment of the Articles of Association. For Dutch dividend withholding tax purposes, such repayment would not qualify as proceeds from shares and therefore not be subject to Dutch dividend withholding tax, if: (i) the General Meeting has resolved in advance to make such repayment; (ii) the nominal value of the Ordinary Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association; and (iii) the repayment concerns paid-up capital that is recognised as capital for Dutch dividend withholding tax purposes.

Residents of the Netherlands

If a holder of Ordinary Shares is a resident or deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, Dutch dividend withholding tax which is withheld with respect to proceeds from the Ordinary Shares will generally be creditable for Dutch corporate income tax or Dutch individual income tax purposes.

Non-residents of the Netherlands

If a holder of Ordinary Shares is a resident of a country other than the Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax.

A refund of the Dutch dividend withholding tax is available to entities resident in another Member State of the European Union, Norway, Iceland, or Liechtenstein provided: (i) these entities are not subject to corporate income tax there; and (ii) these entities would not be subject to Dutch corporate income tax, if these entities would be tax resident in the Netherlands for corporate income tax purposes; and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to entities resident in other countries, under the additional condition that: (i) the Ordinary Shares are considered portfolio investments for purposes of Article 63 (taking into account Article 64) of the Treaty on the Functioning of the European Union, (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information and (iii) no credit based on a treaty for the avoidance of double taxation with respect to taxes on income is granted in the state in which the holder of Offer Shares is tax resident, for the full amount of Dutch dividend withholding tax withheld. and (iv) this holder of Offer Shares does not have a similar function as an investment institution (fiscale beleggingsinstelling) or exempt investment institution (vrijgestelde beleggingsinstelling).

A (partial) refund of Dutch dividend withholding tax is available to a holder of Ordinary Shares resident in another Member State of the European Union, Norway, Iceland or Liechtenstein if: (i) this holder of Ordinary Shares is not subject to Dutch individual income tax or Dutch corporate income tax with respect to the income from the Ordinary Shares; and (ii) such Dutch dividend withholding tax is higher than the Dutch individual income tax or Dutch corporate income tax would have been had this holder of Ordinary Shares been tax resident in the Netherlands, after taking into account a possible refund based on the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting* 1965) or a refund based on a treaty for the avoidance of double taxation with respect to taxes on income; and (iii) no credit based on a treaty for the avoidance of double taxation with respect to taxes on income is granted in the state in which the holder of Ordinary Shares is tax resident, for the full amount of Dutch dividend withholding tax withheld; and (iv) this holder of Ordinary Shares does not have a similar function as an investment institution (*fiscale beleggingsinstelling*) or exempt investment institution (*vrijgestelde beleggingsinstelling*). Furthermore, a similar refund of Dutch dividend withholding tax may be available to a holder of Ordinary Shares resident in another country, under the additional conditions that: (i) the Ordinary Shares are considered portfolio investments for purposes of Article 63 (taking into account Article 64) of the Treaty on the Functioning of the European Union; and (ii) the Netherlands can exchange information with this other country in line with the international standards for the exchange of information.

U.S. Residents

A holder of Ordinary Shares who is a resident in the United States and is entitled to the benefits of the convention between the United States of America and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (together with the protocol amending the convention between the United States of America and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the **U.S.-NL Treaty**) will be entitled to a refund of the Dutch dividend withholding tax by way of an exemption or refund if the holder of Ordinary Shares is an exempt pension trust as described in Article 35 of the U.S.-NL Treaty, or an exempt organisation as described in Article 36 of the U.S.-NL Treaty and meets the criterion set-out therein.

Beneficial Owner

A recipient of proceeds from the Ordinary Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend withholding tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(i) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

(A) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend withholding tax; or

(B) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend withholding tax; and

(ii) that such person or legal entity has, directly or indirectly, retained or acquired an interest in Ordinary Shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Dutch Dividend Withholding Tax upon Redistribution of Foreign Dividends

The Company must pay to the Dutch tax authorities all Dutch dividend withholding tax it withholds on dividends it distributed with respect to the Ordinary Shares. Provided certain conditions are met, the Company may apply a reduction with respect to the dividend withholding tax that it has to pay to the Dutch tax authorities. This reduction can be applied if the Company distributes dividends that stem from dividends the Company itself has received from certain qualifying non-Dutch subsidiaries, provided that these dividends that the Company has received are exempt from Dutch corporate income tax and were subject to a withholding tax of at least 5% upon distribution to the Company. The reduction is applied to the Dutch dividend withholding tax that the Company must pay to the Dutch tax authorities and not to the amount of the Dutch dividend withholding tax that the Company must withhold. The reduction is equal to the lesser of:

(i) 3% of the amount of the dividends distributed by the Company that are subject to Dutch dividend tax; and

(ii) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Ordinary Shares is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Ordinary Shares are attributable, income derived from the Ordinary Shares and gains realised upon the redemption, settlement or disposal of the Ordinary Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If a holder of Ordinary Shares is an individual and is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Ordinary Shares and gains realised upon the redemption, settlement or disposal of the Ordinary Shares are taxable at the progressive rates (at up to a maximum rate of 49.50%) under the Dutch Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Ordinary Shares are attributable or the individual has, other than as a Shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Ordinary Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Ordinary Shares, taxable income with regard to the Ordinary Shares must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Ordinary Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 31%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate income tax or Dutch individual income tax purposes, such person is not liable for Dutch income tax in respect of income derived from the Ordinary Shares and gains realised upon the redemption or disposal of the Ordinary Shares, unless:

(i) the person is not an individual and such person: (a) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Ordinary Shares are attributable; or (b) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Ordinary Shares are attributable.

    This income is subject to Dutch corporate income tax at up to a maximum rate of 25%;

(ii) the person is an individual and such individual: (a) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Ordinary Shares are attributable; or (b) realises income or gains with respect to the Ordinary Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands which include activities with respect to the Ordinary Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*); or (c) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Ordinary Shares are attributable.

Income derived from the Ordinary Shares as specified under (a) and (b) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 49.50%. Income derived from a share in the profits of an enterprise as specified under (c) that is not already included under (a) or (b) will be taxed on the basis of a deemed return on income from savings and investments (as described under "*—Dividend Withholding Tax—Residents of the Netherlands*").

Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Ordinary Shares by way of gift by, or on the death of, a holder of the Ordinary Shares, unless:

(i) the holder of the Ordinary Shares is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Ordinary Shares or in respect of a cash payment made under the Ordinary Shares, or in respect of a transfer of Ordinary Shares.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Ordinary Shares.

Residence

A holder of Ordinary Shares will not become or be deemed to become a resident of the Netherlands solely by reason of holding these Ordinary Shares.

Certain United States Federal Income Tax Consequences

This disclosure is limited to the United States federal income tax issues addressed in this Prospectus. Additional issues may exist that are not addressed in this disclosure and that could affect the United States federal tax treatment of the Ordinary Shares. Prospective investors should seek their own advice based on their particular circumstances from independent tax advisers.

The following describes certain United States federal income tax consequences of the ownership and disposal of the Ordinary Shares acquired in the Offer to United States Holders and Non-United States Holders (each as defined below). With respect to the ownership and disposal of the Ordinary Shares, this discussion deals only with United States Holders that will hold the Ordinary Shares as capital assets. As used in this Prospectus, the term **United States Holder** means a beneficial owner of Ordinary Shares that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it: (i) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust; or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

A **Non-United States Holder** is a beneficial owner of Ordinary Shares that is neither a partnership nor a United States Holder.

This discussion does not represent a comprehensive detailed description of the United States federal income tax consequences applicable to United States Holders that are subject to special treatment under the United States federal income tax laws, including if a prospective investor is:

- a trader or dealer in stocks, securities or currencies or notional principal contracts;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- an individual retirement account or other tax-deferred account;
- a tax-exempt organisation;
- an entity or arrangement that is treated as a partnership or pass-through entity for United States federal income tax purposes, or a person that holds Ordinary Shares through such entity or arrangement;
- a person holding the Ordinary Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;

- an S corporation or other entity taxed as a financial conduit for United States federal income tax purposes;
- a person who owns or is deemed to own (directly, indirectly or by attribution) 10% or more of the Company's stock by vote or value;
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States;
- a U.S. citizen or a lawful permanent resident living abroad; or
- a United States Holder whose "functional currency" is not the U.S. dollar.

The discussion below is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the **U.S. Tax Code**), its legislative history, and final, temporary, and proposed regulations, published rulings and judicial decisions thereunder as at the date hereof as well as on the U.S.-NL Treaty, and such authorities may be replaced, revoked or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds the Ordinary Shares, the tax treatment of a partner in the entity or arrangement treated as a partnership for United States federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding the Ordinary Shares should consult their own tax advisers.

This discussion does not contain a detailed description of all the United States federal income tax consequences to investors in light of their particular circumstances and does not address the alternative minimum tax or Medicare tax on net investment income, the effects of any state, local or non-United States tax laws, or the possible application of United States estate or gift taxes. Investors should consult their own tax advisers concerning the United States federal income tax consequences of the ownership and disposal of the Ordinary Shares in light of their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Ownership and Disposal of the Ordinary Shares

Taxation of Dividends

Subject to the passive foreign investment company (**PFIC**) rules discussed below, the gross amount of distributions on the Ordinary Shares (including any amounts withheld to reflect Dutch withholding taxes) will be taxable as dividends to the extent paid out of the Company's current or accumulated earnings and profits, as determined under United States federal income tax principles. Such dividends (including any withheld taxes) generally will be includable in gross income as ordinary income on the day actually or constructively received and will not be eligible for the dividends received deduction allowed to corporations under the U.S. Tax Code. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the United States Holder's basis in the Ordinary Shares and thereafter as capital gain.

However, the Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, United States Holders should expect that any distribution by the Company will generally be treated as a dividend (as discussed above).

Dividends received by individuals and certain other non-corporate United States Holders should be taxed at the preferential rate applicable to long-term capital gains if (i) the Company is a "*qualified foreign corporation*" (as defined below), (ii) such dividend is paid on Ordinary Shares that have been held by such United States Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (iii) certain other holding period requirements are met. The Company generally will be a "*qualified foreign corporation*" if it (i) is eligible for the benefits of the U.S.-NL Treaty and (ii) is not a PFIC in the taxable year of the distribution and in the preceding year. The Company expects to be eligible for the benefits of the U.S.-NL Treaty provided the Ordinary Shares are "*regularly traded*". For these purposes, the Ordinary Shares will be "*regularly traded*" in a taxable year if the aggregate number of Ordinary Shares traded on one or more recognised stock exchanges, such as Euronext Amsterdam, during the 12 months ending on the day before the beginning of the taxable year is at least 6% of the average number of Ordinary Shares outstanding during that 12-month period. As discussed below, the

Company does not expect to be a PFIC for the current year or in the next few years. The Company has not determined whether it was a PFIC for the preceding year and therefore, if the Company were to pay a dividend in 2020, there can be no assurance that preferential rates would be available in respect of such dividend. United States Holders should consult their own tax adviser about the application of the PFIC rules.

The amount of any dividend paid in euro will equal the U.S. dollar value of the euro amount received, calculated by reference to the exchange rate in effect on the date the dividend is received, regardless of whether the euro amount is converted into U.S. dollars. If the euro amount received as a dividend is converted into U.S. dollars on the date it is received, a United States Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the euro amount received as a dividend is not converted into U.S. dollars on the date of receipt, a United States Holder will have a basis in the euro amount equal to their U.S. dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the euro amount will be treated as United States source ordinary income or loss.

Subject to certain conditions and limitations, Dutch withholding taxes on dividends may be treated as foreign taxes eligible for credit against, or deduction in computing, United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the Ordinary Shares will be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing foreign tax credits are complex. Investors are urged to consult their own tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, for United States federal income tax purposes, United States Holders generally will recognise taxable gain or loss on any sale or other disposition of the Ordinary Shares in an amount equal to the difference between the amount realised for the Ordinary Shares and their tax basis in the Ordinary Shares. Such gain or loss will generally be capital gain or loss. Capital gains of certain non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised by United States Holders will generally be treated as United States source gain or loss. Accordingly, United States Holders may not be able to use the foreign tax credit arising from any foreign tax imposed on the sale or other disposition of the Ordinary Shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

A United States Holder that receives non-United States currency from a sale or other disposition of Ordinary Shares generally will realise an amount equal to the U.S. dollar value of the non-United States currency on the date of sale or other disposition or, if such United States Holder is a cash basis taxpayer, or an electing accrual basis taxpayer and the Ordinary Shares are treated as being traded on an "*established securities market*" for this purpose, the settlement date. For a United States Holder that is an accrual basis taxpayer that does not so elect, such United States Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date.

If the non-United States currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis United States Holder will not recognise foreign currency gain or loss on the conversion. If the non-United States currency received is not converted into U.S. dollars on the settlement date, the United States Holder will have a basis in the non-United States currency equal to the U.S. dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the non-United States currency generally will be treated as ordinary income or loss to such United States Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Investors should consult their own tax advisers concerning any potential foreign currency gain or loss in connection with the sale or other disposition of the Ordinary Shares for a cash amount paid in euro or other non-United States currency.

PFIC Status of the Company

Generally, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "*look-through rules*", either: (i) at least 75% of its gross income is classified as "*passive income*" or (ii) at least 50% of the average value of its assets (generally determined on a quarterly basis) is attributable to assets that produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Cash, for this purpose, is characterised as a passive income-producing asset.

Based on the present nature of its activities, including the Offer, its market capitalisation, and the present composition of its assets and sources of income, the Company does not believe it was a PFIC for the taxable year ended 31 December 2020, and does not expect to be a PFIC for the current taxable year, but there is a risk that the Company could, and no assurance can be given that the Company will not, be a PFIC for any taxable year. In particular, the Company's PFIC status depends on the Company's amount of passive assets, including cash, and inherent and purchased goodwill, the value of which is subject to change and the characterisation of which is not clear in all respects. PFIC status is factual in nature, is determined annually, and generally cannot be determined until the close of the taxable year in question. If the Company is classified as a PFIC in any year that a United States Holder is a Shareholder, the Company generally will continue to be treated as a PFIC for that United States Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year during a United States Holder's holding period, the United States Holder may be subject to adverse United States federal income tax consequences compared to an investment in a company that is not a PFIC, including being subject to greater amounts of United States tax and being subject to additional United States tax form filing requirements as described further below. United States Holders should consult their own tax adviser about the application of the PFIC rules.

If a United States Holder does not make a valid election as discussed below, and the Company is a PFIC for any taxable year during which an investor is a United States Holder, the investor will be subject to special tax rules with respect to any "excess distribution" received and any gain realised from a sale, exchange or other disposition (including a pledge) of Offer Shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the United States Holder's holding period for the Offer Shares will be treated as excess distributions. Under these special tax rules, (i) the excess distribution or gain will be allocated ratably over the United States Holder's holding period for the Offer Shares; (ii) the amount allocated to the current taxable year and other years before the Company was a PFIC will be treated as ordinary income; and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and an interest charge (at the rate generally applicable to underpayments of tax for the period from such year to the current year) will be imposed on the resulting tax attributable to each such year. A United States Holder will generally be subject to similar rules with respect to the Company by, and dispositions by the Company of the stock of, any direct or indirect subsidiaries of the Company that are also PFICs.

A United States Holder subject to the PFIC rules is required to file IRS Form 8621 with respect to its investment in the Offer Shares in the year such United States Holder receives any distribution upon, or makes any disposition of, such shares. In addition, a United States Holder subject to the PFIC rules may be required to file additional information with the IRS.

Mark-to-Market Election

A United States Holder of Offer Shares may make an election to include gain or loss on the Offer Shares as ordinary income or loss under a mark-to-market method, provided that the Offer Shares are regularly traded on a qualified exchange. If a United States Holder of Offer Shares makes an effective mark-to-market election, the United States Holder will include in each year as ordinary income the excess of the fair market value of its Offer Shares at the end of the year over its adjusted tax basis in the Offer Shares. The United States Holder will be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in the Offer Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A United States Holder of Offer Shares adjusted tax basis in the Offer Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, gains from an actual sale or other disposition of Offer Shares will be treated as ordinary income, and any losses will be treated as ordinary losses to the extent of any mark-to-market gains for prior years. Because a mark-to-market election generally will not be available for equity interests in any lower-tier PFICs, a United States Holder of Offer Shares generally will continue to be subject to the PFIC rules with respect to its indirect interest in such lower-tier PFICs.

If a United States Holder of Offer Shares makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Offer Shares are no longer regularly traded on a qualified exchange or the U.S. Internal Revenue Service consents to the revocation of the election. United States Holders should consult their own tax advisers as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Qualified Electing Fund Election

A United States Holder of Offer Shares may make an election to treat the Company as a qualified electing fund (**QEF**) for United States federal income tax purposes. To make a QEF election, the Company must provide United States Holders of Offer Shares with information compiled according to United States federal income tax principles. The Company currently does not intend to compile such information for United States Holders, and therefore it is expected that this election will be unavailable.

Transfer Reporting Requirements

A United States Holder that exercises its rights may be required to file an IRS Form 926 (or similar form) in certain circumstances. A United States Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the Offer Shares (subject to a maximum penalty of US$100,000, except in cases of intentional disregard). United States Holders should consult their own tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Offer Shares.

Non-United States Holders

Subject to the backup withholding rules described below, a Non-United States Holder generally should not be subject to United States federal income or withholding tax on any payments on the Ordinary Shares or gain from the sale or other disposition of the Ordinary Shares unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States Holder of a trade or business in the United States, and if required by an applicable income tax treaty, that payment and/or gain is attributable to a permanent establishment or fixed base that such Non-United States Holder maintains in the United States; or (ii) in the case of any gain realised on the sale or other disposition of an Ordinary Share by an individual Non-United States Holder, that Non-United States Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met.

Backup Withholding and Information Reporting

In general, information reporting will apply to dividends in respect of the Ordinary Shares and the proceeds from the sale or other disposition of the Ordinary Shares that are paid to holders within the United States (and in certain cases, outside the United States), unless a holder establishes, if required to do so, that it is an exempt recipient. Backup withholding may apply to such payments if a holder fails to provide a taxpayer identification number or certification of other exempt status or fails to otherwise comply with the backup withholding requirements. Non-United States Holders may be required to comply with applicable certification procedures to establish that they are not United States Holders in order to avoid the application of such information reporting requirements and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a credit against a holder's United States federal income tax liability or as a refund provided the required information is timely furnished to the United States Internal Revenue Service. Certain United States Holders that own "*specified foreign financial assets*" that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Ordinary Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Ordinary Shares are held in an account at certain financial institutions. United States Holders are urged to consult their own tax advisers regarding the application of these disclosure requirements to their ownership of the Ordinary Shares.

GENERAL INFORMATION

Domicile, Legal Form and Incorporation

The Company's legal and commercial name is NX Filtration Holding B.V., to be renamed NX Filtration N.V. with effect as of the First Trading Date.

On 1 January 2016, the Company was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law.

With effect as of the First Trading Date, the Company will be converted into a public company with limited liability (*naamloze vennootschap*) under Dutch law. The Company operates under Dutch law.

The Company is domiciled in the Netherlands. The Company's statutory seat (*statutaire zetel*) will, as from conversion into a public company with limited liability, be in Amsterdam, the Netherlands, and its registered office is at Josink Esweg 44, 7545 PN Enschede, the Netherlands. The Company is registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number 64951030. The Company's telephone number is +31 85 047 9900. The Company's LEI is 254900YF0PQV9APMA050. The Company's website is www.nxfiltration.com.

Corporate Authorisations

Pursuant to a resolution adopted by the General Meeting, the Management Board has been authorised, for a period of three years following Settlement Date, subject to the approval of the Supervisory Board, to resolve to issue Ordinary Shares (either in the form of stock dividend or otherwise) and/or grant rights to acquire Ordinary Shares up to a maximum of 20% of the number of Ordinary Shares issued immediately following the Settlement Date, and to exclude pre-emptive rights in relation thereto. In addition, it is expected that the Management Board will, pursuant to a resolution of the General Meeting to be adopted prior to Settlement, be authorised for a period of 18 months following Settlement, to acquire Ordinary Shares, subject to the approval of the Supervisory Board, its own Ordinary Shares (including Ordinary Shares issued as stock dividend), up to a maximum of 10% of the issued capital at the date of acquisition, provided that Company will hold no more Ordinary Shares in stock than a maximum of 50% of the issued capital, either through purchase on a stock exchange or otherwise, at a price, excluding expenses, not lower than the nominal value of the Ordinary Shares and not higher than the opening price on Euronext Amsterdam on the day of the repurchase plus 10%.

Independent Auditors

The Group's Consolidated Financial Statements for the year ended 31 December 2020 have been audited by PwC and the Dutch GAAP Financial Statements for the years ended 31 December 2019 and 31 December 2018 have been audited by Eshuis. Each of the auditors signing the respective auditor's report on behalf of PwC and Eshuis is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

PwC is located at Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands.

PwC has issued an unqualified independent auditor's report on the Consolidated Financial Statements for the year ended 31 December 2020, dated 17 March 2021.

Eshuis is located at Twentepoort Oost 14 A 7609 RG Almelo, the Netherlands.

Eshuis has issued an unqualified independent auditor's report on the Dutch GAAP Financial Statements for the years ended 31 December 2019 and 31 December 2018, dated 21 January 2020 and 18 January 2019, respectively.

No Significant Change

As at the date of this Prospectus, there has been no significant change in the financial performance and the financial position of the Group since 31 December 2020. See "*Operating and Financial Review—Current Trading and Outlook*" for further information on the Group's current trading and recent developments.

Options or Preferential Rights in respect of Ordinary Shares

Other than with respect to the Cornerstone Investments, or in furtherance of, or related to, the Company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in the Company.

Expenses

Based on an Offer Price at the mid-point of the Offer Price Range and assuming the sale of 15,000,000 Offer Shares, full payment of discretionary commission and full exercise of the Over-Allotment Option, the expenses and commissions related to the Offer are estimated at approximately €10.1 million and include, among other items, the fees due to AFM and Euronext Amsterdam N.V., the commission for the Underwriters and legal and administrative expenses, as well as publication costs and applicable taxes, if any. The commissions due to the Underwriters and all expenses (including their legal fees and documented out-of-pocket expenses up to an agreed cap of €480,000 in aggregate, excluding VAT), will be borne by the Company. See also "*Reasons for the Offer and Use of Proceeds*" and "*Plan of Distribution*".

Available Documents

Subject to any applicable securities laws, copies of the following documents will be available and can be obtained free of charge from the Company's website (www.nxfiltration.com) from the date of this Prospectus (save for the Pricing Statement, which will be available after pricing of the Offer) until at least 12 months thereafter:

- this Prospectus;
- the Articles of Association (in Dutch, and an unofficial English translation);
- the Management Board Rules (in English);
- the Supervisory Board Rules (in English); and
- the Pricing Statement.

Incorporation by Reference

The Articles of Association (the official Dutch version and an English translation thereof) are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The Articles of Association can be obtained free of charge through the following hyperlink: www.nxfiltration.com/investors/articles.

No Incorporation of Website

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents of the Company's website (www.nxfiltration.com), or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus. Other than this Prospectus, the Prospectus summary and the Articles of Association, the contents of the Company's website (www.nxfiltration.com), or of websites accessible from hyperlinks on that website, have not been scrutinised or approved by the AFM.

DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of certain of the defined terms used in this Prospectus.

ABN AMRO	ABN AMRO Bank N.V.
Admission	the admission of the Ordinary Shares to listing and trading on Euronext Amsterdam
ACS	Attestation de Conformité Sanitaire
AFM	the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
Allocation	the allocation of the Offer Shares
Appropriate Dutch Retail Investor...	means each appropriate retail investor in the Netherlands who wishes to purchase Offer Shares for a total consideration of at least €100,000
Articles of Association	the articles of association of the Company that will become effective on the First Trading Date, including any further amendments from time to time
ASIC	Australian Securities and Investments Commission
Audit Committee	the audit committee of the Company
Australian Corporations Act	the Australian Corporations Act 2001 of the Commonwealth of Australia (Cth), as amended
Berenberg	Joh. Berenberg, Gossler & Co. KG
Board	the board of directors (*bestuur*) of the Company
CAGR	compound annual growth rate
CET	Central European Time
CEO	the chief executive officer of the Company
COO	the chief operating officer of the Company
Company	NX Filtration Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law with trade register number: 64951030. The Company is expected to be converted into a public company with limited liability (*naamloze vennootschap*) and to be renamed to NX Filtration N.V. immediately prior to Settlement
Consolidated Financial Statements...	(a) the consolidated statement of financial position as at 31 December 2020 and 31 December 2019; (b) the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended 31 December 2020 and 31 December 2019; and (c) the notes, comprising a summary of significant accounting policies and other explanatory information

Consultancy Agreement....................	the consultancy agreement entered into by Infestos and the Company, pursuant to which Infestos provides advisory and consulting services related to strategic decision making, change management projects and processes and various other services, including those related to legal, financial, organisational matters and other relevant expertise, all for the benefit of the Company for a consultancy fee of €150,000 per year in aggregate
Cornerstone Investments..................	irrevocable agreement of each of the Cornerstone Investors, severally and not jointly, to purchase Offer Shares in the aggregate amount of €66 million at the Offer Price on the Settlement Date as part of the Offer
Cornerstone Investors.......................	M&G Investments, Teslin and Infestos
COVID-19...	novel coronavirus
DRs..	depositary receipts of shares (*certificaten van aandelen*) in the capital of the Company
Dutch Civil Code...............................	the Dutch Civil Code (*Burgerlijk Wetboek*)
Dutch Corporate Governance Code .	the Dutch corporate governance code dated 8 December 2016 as established under Section 2:391, subsection 5 of the Dutch Civil Code
Dutch FRSA.......................................	the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
Dutch FSA...	the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)
Dutch GAAP or DGAAP..................	the Generally Accepted Accounting Principles in the Netherlands
Dutch GAAP Financial Statements..	the annual financial statements (*jaarrekening*) for the years ended 31 December 2019 and 2018
Dutch Securities Transactions Act....	the Dutch Act on Securities Transactions by Giro (*Wet giraal effectenverkeer*)
DWI...	Drinking Water Inspectorate
Eligible Activities..............................	activities that are aligned with clean water and wastewater solutions, and a low carbon and climate resilient future
Enterprise Chamber.........................	the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*), the Netherlands
euro or **€**..	the single currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 on 3 May 1998 on the introduction of the euro, as amended
European Union or **EU**......................	the European Union, being the union of countries established by the Treaty on the Functioning of the European Union, originally named the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by: the Treaty on the European Union (signed in Maastricht on 7 February 1992), the Treaty of Amsterdam (signed in Amsterdam on 2 November 1997), the Treaty of Nice (signed in Nice on 26 February 2001) and the Treaty of Lisbon (signed in Lisbon on 13 December 2007)

Euroclear Nederland.........................	the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*), a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law with trade register number: 33149445, trading as Euroclear Nederland
Euronext Amsterdam	Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under Dutch law with trade register number: 34138585
Financial Manager............................	Mr J.J.G. (Joris) Kooiker
Financial Intermediary.....................	means a bank or a financial intermediary
Financial Statements.........................	the Consolidated Financial Statements and the Dutch GAAP Financial Statements
First Trading Date.............................	the date on which trading in the Ordinary Shares on an "as-if-and-when-issued/delivered" basis on Euronext Amsterdam commences which, subject to acceleration or extension of the timetable for the Offer, is expected to be on or around 11 June 2021
FTE...	full-time equivalent
GDPR...	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data
General Meeting	the general meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the physical meeting of shareholders
Group	the Company and its consolidated subsidiary
IFRS	International Financial Reporting Standards as adopted by the European Union
IFRS 1	First-time Adoption of International Financial Reporting Standards
Infestos..	Infestos Holding E B.V.
Infestos Cornerstone Investment......	irrevocable agreement of Infestos to purchase Offer Shares in the amount of €10 million on the Settlement Date as part of the Offer
Infestos Cornerstone Investment Shares	1,000,000 Ordinary Shares, assuming an Offer Price at the bottom of the Offer Price Range, or 909,090 Ordinary Shares, assuming an Offer Price at the top of the Offer Price Range
IP..	intellectual property
IT..	information technology
Joint Global Coordinators................	ABN AMRO and Berenberg
KPIs	key performance indicators

Listing and Paying Agent	ABN AMRO
M&A	mergers and acquisitions
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
Member State	a member state of the EEA
NDA	a non-disclosure agreement
NI 33–105	National Instrument 33–105 Underwriting Conflicts
Non-IFRS Measures	non-IFRS financial measures, which are not liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures
Offer	the public offering of the Offer Shares to certain retail and certain institutional investors in the Netherlands and private placements of the Offer Shares with certain investors in certain other jurisdictions
Offer Period	subject to acceleration or extension of the timetable for the Offer, the period during which the Offer will take place, commencing on 8 June 2021, at 9:00 CET and ending 10 June 2021, at 17:30 CET
Offer Price	the price per Offer Share, which is to be determined after the Offer Period has ended
Offer Price Range	the expected price range of €10 to €11 (inclusive) per Offer Share
Offer Shares	15,000,000 Ordinary Shares to be issued and offered by the Company in the Offer as will raise gross proceeds of between €150 million and €165 million and, 17,250,000 Ordinary Shares if the Over-Allotment Option is exercised in full
Ordinary Shareholders	holders of Ordinary Shares
Ordinary Shares	the ordinary shares in the capital of the Company with a nominal value of €0.01 each
Over-Allotment Option	the option granted to the Stabilisation Manager (on behalf of the Underwriters), exercisable within 30 calendar days after the First Trading Date, pursuant to which Stabilisation Manager (on behalf of the Underwriters) may require Infestos to sell the Over-Allotment Shares at the Offer Price
Over-Allotment Shares	the additional Ordinary Shares that are sold by Infestos upon exercise of the Over-Allotment Option
PDMR	persons discharging managerial responsibilities within the meaning of the Market Abuse Regulation
PE	population equivalent
PFIC	a passive foreign investment company

Pricing Agreement	the pricing agreement to be entered into by the Company and the Underwriters following the bookbuilding
Pricing Statement	the press release in which the offer price, the exact number of Offer Shares offered in the Offer and the maximum number of Over-Allotment Shares will be set out
Prospectus..	this prospectus dated 8 June 2021
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of the European Union of 14 June 2017 and includes any relevant delegated regulations
QIBs	qualified institutional buyers, as defined in Rule 144A
Regulation S.....................................	Regulation S under the U.S. Securities Act
Relevant State..................................	each member state of the EEA
Rule 144A..	Rule 144A under the U.S. Securities Act
SDGs...	United Nations' Sustainable Development Goals
SEC	U.S. Securities and Exchange Commission
Senior Management..........................	the Managing Directors together with one senior manager of the Group
SER	Sustainable Eligibility Ratio
SERi	Sustainable Eligibility Ratio investments
SERr..	Sustainable Eligibility Ratio revenue
Settlement	the payment (in euro) for and delivery of the Ordinary Shares under the Offer
Settlement Date................................	the date on which Settlement occurs, which is expected to be on or around 15 June 2021, subject to acceleration or extension of the timetable for the Offer
Shareholders' Register......................	the Company's register of shareholders
SIX..	the Swiss Exchange
Stabilisation Manager.......................	ABN AMRO
Teslin..	Teslin Capital Management B.V. through its investment fund Teslin Participaties Coöperatief U.A.
USD, U.S. dollar or **US$**	the lawful currency of the United States
U.S. Exchange Act............................	the U.S. Securities Exchange Act of 1934, as amended
U.S.-NL Treaty	the Convention between the United States of America and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (together with the Protocol Amending the Convention between the United States of America and the

	Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income)
U.S. Securities Act............................	the U.S. Securities Act of 1933, as amended
U.S. Tax Code...................................	the U.S. Internal Revenue Code of 1986, as amended
Underwriters....................................	the Joint Global Coordinators
Underwriting Agreement.................	the underwriting agreement between the Company and the Underwriters dated the date of this Prospectus
United Kingdom or **UK**.....................	the United Kingdom of Great Britain and Northern Ireland
United States, **United States of America**, **US** or **U.S.**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

GLOSSARY

Selected industry terms

adsorption	activated carbon
atenolol...	a beta blocker medication, primarily used to treat high blood pressure and heart-associated chest pain
atrazine	a photosynthesis-inhibiting persistent herbicide, especially used to kill weeds and quack grass
Clean Municipal Water	NX Filtration's business line serving the municipal market with products that facilitate (i) producing drinking water from surface water or well water by removing micropollutants, nanoplastics and medicine residues in one single step; and (ii) treating wastewater streams to enable reuse and prevent discharge of polluting substances in the environment
coagulation.......................................	the process of becoming viscous or thickened into a coherent mass
dNF..	direct hollow fiber nanofiltration
dNF40 membranes...........................	NX Filtration's membranes with a MWCO of 400 Dalton
dNF80 membranes...........................	NX Filtration's membranes with a MWCO of 800 Dalton
epoxy	any of a class of adhesives, plastics, or other materials that are polymers of epoxides
flocculation.......................................	the process by which fine particulates are caused to clump together into a floc
GWI..	Global Water Intelligence
hemodialysis.....................................	a treatment to filter wastes and water from blood
in-line polymer mixing concept	a mixture in which at least two polymers are blended together to create a new material with different physical properties, with the preparation of such mixture taking place in a continuous flow
ISO	International Organization for Standardization
Kiwa..	Kiwa Nederland N.V.
KTW..	assessment criteria for a certificate in accordance with the regulations published by the German Environment Agency
kWh..	kilowatt hour
lmh	liter per square meter per hour
Mexperience.....................................	NX Filtration's semi-automatic long-term testing pilot system
Mexpert..	NX Filtration's fully automated containerised pilot system that enables customers to perform on-site testing with NX Filtration's dNF products
Mexplorer	NX Filtration's smallest (lab-scale) pilot system

MF	microfiltration
$MgSO_4$	magnesium sulfate
MWCO	molecular weight cut-off
NF	nanofiltration
nonylphenols	a family of closely related organic compounds composed of phenol bearing a 9 carbon-tail (used in manufacturing antioxidants, lubricating oil additives, laundry and dish detergents, emulsifiers, and solubilizers)
NSF	NSF International
OEM	original equipment manufacturer
PCT	Patent Cooperation Treaty
PE	population equivalent or unit per capita loading. In wastewater treatment, this number expresses the ratio of the sum of the pollution load produced during 24 hours by industrial facilities and services to the individual pollution load in household sewage produced by one person in the same time. It measures the amount of oxygen-demanding substances in wastewater which will consume oxygen as it bio-degrades, usually as a result of bacterial activity
PEM	polyelectrolyte multilayer
PES	polyethersulfone
PFAS	polyfluoroalkyl substances
polyelectrolyte	a polymer which has several ionizable groups along the molecule, especially any of those used for coagulating and flocculating particles during water treatment or for making electrophoretic gels
polyethersulfone	any of a family of thermoplastic polymers that are known for their toughness and stability at high temperatures
polyvinylpyrrolidone	a water-soluble polymer of vinyl pyrrolidone, used as a synthetic blood plasma substitute and in the cosmetic, drug, and food-processing industries
PVC	polyvinyl chloride
PVDF	polyvinylidene fluoride
RO	reverse osmosis
sulfamethoxazole	a sulphonamide antibiotic used to treat respiratory and urinary tract infections
sulfonated	(an organic substance) treated with sulfuric acid
Sustainable Industrial Water	NX Filtration's business line serving the industrial market with products that facilitate (i) treating well water and surface water to optimise quality and characteristics for process water; (ii) enabling reuse of wastewater for industrial processes; preventing discharge of polluting wastewater; and (iii)

recovery and recycling of valuable raw materials from wastewater streams, such as indigo in the textile industry or cleaning chemicals in beer breweries

TCO .... total cost of ownership

UF.. ultrafiltration

UV .... ultra violet

FINANCIAL STATEMENTS

NX Filtration Holding B.V.

Annual Report

For the periods ended 31 December 2020 and 2019

INDEX

About NX

a. Company profile

NX Filtration Holding BV (hereafter, NX or the Company), is a leading provider of nanofiltration membrane technology for producing pure and affordable water to improve quality of life. Since incorporation of the Company in 2016, significant time and effort has been spent in developing our nanofiltration technology and making it ready for industrial scale production. The Company is headquartered in Enschede, the Netherlands, where it resides in two buildings with associated production facilities.

b. Our nanofiltration technology

NX developed a revolutionary direct nanofiltration (dNF) technology, designed to remove micropollutants, colour, nano plastics, selective salts and pharmaceuticals from water in one single step. The technology is energy efficient and has a very limited (and in many cases even no) chemical footprint in operations, both important sustainability differentiators from today's conventional technologies. The dNF technology offers an attractive alternative for situations where single current technologies are insufficient and a combination of various treatment technologies (e.g. sand filtration + ultrafiltration + reverse osmoses) is needed to produce the desired water quality. Key benefits of dNF relate to sustainability (lower energy use, avoidance of chemicals), reduction of footprint (one-step process), filtration performance and operating costs.

Besides our unique nanofiltration membranes, NX also offers ultrafiltration (UF) and microfiltration (MF) membranes, resulting in a well rounded product portfolio as shown in the table below:

	Nano		Ultra		Micro	
Filtration objective	**dNF40**	**dNF80**	**UF010**	**UF150**	**MF100**	**MF500**
Suspended solids and micro plastics	o	o	o	o	o	o
Bacteria	o	o	o	o	o	o
Viruses	o	o	o	o		
Protein and colloidal silica	o	o	o			
Micropollutants, color and nano plastics	o	o				
Selective salt, softening and pharmaceuticals	o					
Cut off	400Da	800Da	10kDa	75kDa	100nm	500nm
Typical flux (lmh)	20-40	20-50	50-100	50-100	25-100	25-100
$MgSO_4$ rejection	90%	80%	n/a	n/a	n/a	n/a

Report of the Management Board

Business review

In 2020 NX sold its biggest full scale dNF projects yet, benefiting from growing acknowledgment from the market of its dNF technology. In addition NX closed a deal for the production and commercialization of HYDRAcap products, the PES (polyethylene sulfone) hollow fiber UF product line from Hydranautics, one of the most renowned membrane companies in the world. In addition, important steps were set with regards to our microfiltration membranes for food & beverage filtration by selling our products for various full scale installations in the beer, wine and dairy markets.

dNF can be applied for both municipal and industrial purposes. Decolorization of ground- or surface water for the production of drinking or process water is an excellent example for a municipal application. These types of water can be found in e.g. South East Asia, Scandinavia, and Canada. For this application we have a strong focus on those regions. Another sweet spot application for dNF is the reuse of wastewater. In many cases wastewater reuse offers a cost benefit over the use of tap water. Especially in geographic areas where water scarcity is an issue. Today mostly industrial customers are interested in this application, but steadily this logical solution for water scarcity challenges is getting spoken of more and more by municipal players also.

The contract for the production and delivery of HYDRAcap products will provide NX with a stable replacement business. With increasing stringent regulations coming in place, access to this UF market through a global network of distributors and OEMs, can also result in interesting cross-sell opportunities for our dNF products.

In 2020, we extended our OEM focused strategy by investing in dNF pilot systems, which enable end-users to test our innovative products in real-life situations. This proved to be a very important step, enabling OEM customers or end-users to swiftly perform representative tests helping them to determine operational insights and design parameters for full-scale systems. Through these pilots we also generate important data and insights about the performance of our products in a wide range of applications.

In 2020 we have started to see various repeat projects for customers, both OEMs and end-users, with whom we have been working before. This is an important part of our strategy going forward. We expect many municipal and industrial customers to roll-out our technology across multiple plants once proven successful at a first location. We also expect OEM customers, once they have been using our technology in various situations, to start functioning as an extended commercial channel.

NX was able to make all this tremendous progress despite of the COVID pandemic which has hindered our plans nonetheless. Travel of (commercial) engineers to our customers who are spread around the globe is an important factor for success, especially in the early adoption phase of our technology for various customers. Trade shows and conferences are important platforms for meeting new customers and creating leads. But we managed NX around these obstacles by developing on-line trainings, sharing online documentation and papers improving our website, investing in remote controlled pilot units and by taking part in online conferences and trade shows. We were also able to get published in globally renowned magazines such as Global Water Intelligence and Brauwelt, both recognizing our disruptive technology. This way NX was able to hold on to the exciting dynamics of introducing our breakthrough technology to the world.

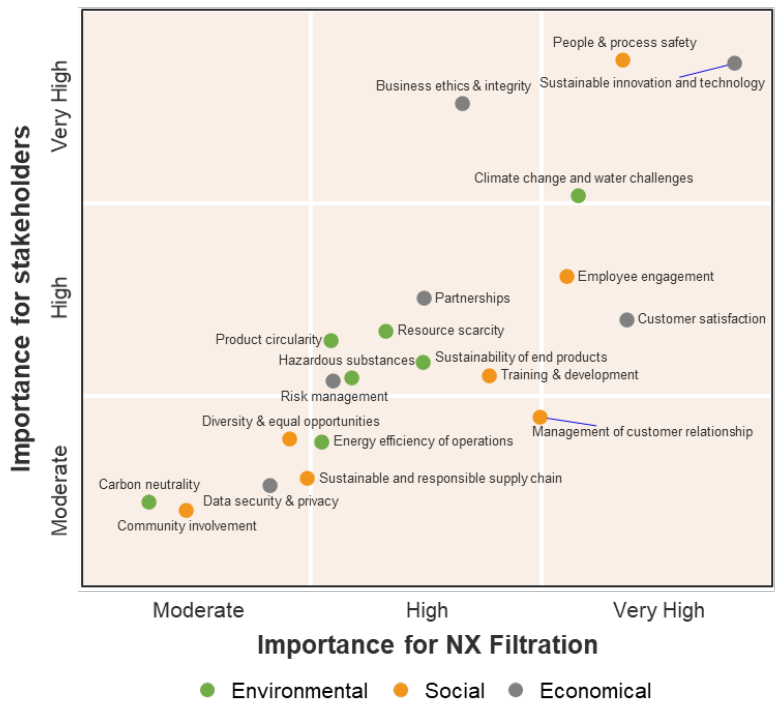
Corporate social responsibility

We have a strong focus on sustainability, both in our production processes as well as during operation of our membranes.

Our membranes require less energy and therefore realize significant CO2 footprint reduction during operation compared to conventional technologies such as RO, adsorption (activated carbon) and oxidation processes. Our membranes also avoid the use of flocculants and coagulants in pre-treatment (that is required for traditional filtration processes) and requires a very low cleaning frequency.

In 2020, we aligned our corporate social responsibility agenda with the UN Sustainability Development Goals (SDGs). During 2020, a materiality assessment was performed in order to understand our stakeholder views of the most important social, environmental and economic factors to NX Filtration's business success.

The materiality assessment was based on the views of stakeholders, including employees, suppliers, customers, local communities, partners and industry associations, to establish and rank the importance of environmental, social and economic materiality topics. The result of this survey is depicted in the figure below. Topics that score high on both axes are a priority to both NX Filtration and its key stakeholders.



Subsequently, the most material topics derived from the assessment have been mapped to the UN SDGs to understand NX Filtration's relevance to the global priorities and aspirations for 2030. The following SDGs have been identified as relevant to NX Filtration's business activities:

1. SDG 6: Clean water and sanitation
2. SDG 8: Decent Work and Economic Growth
3. SDG 9: Industry, Innovation and Infrastructure
4. SDG 12: Responsible Consumption and Production
5. SDG 17: Partnerships for the goals

These SDGs have been incorporated in NX Filtration's strategic framework, including NX Filtration's vision and mission, as depicted in the figure below.

Financial performance

Revenue and other income increased by 36% from € 0.8 million in financial year 2019 to €1.1 million in financial year 2020, driven by an increase in pilot and demo projects and the delivery of products for the full-scale installation, marking the start of commercialization of the Company. As dNF is a new technology, the business model is based on pilots to allow customers to test our dNF technology. Our strategy is aimed at converting these pilots into demo- or full-scale projects and, as such, the number of pilots is the key driver for revenues in the years to come.

Gross margin increased from 45% in 2019 to 57% in 2020, a result of amongst other redesign of our modules by lower cost components and an increase in volume enabling raw material purchase price savings.

EBITDA decreased by 42% from negative €1.4 million in financial year 2019 to negative €2.0 million in financial year 2020. This is mainly the result of investments in (1) sales staff and pilot engineers to accelerate the commercialization of the business plan and (2) research & development to further enhance our products and develop new product market combinations.

Depreciation and amortization charges increased from €0.6 million in 2019 to €0.8 million in 2020, of which €0.1 million relates to the changed lease accounting guidelines under IFRS 16.

Finance costs in financial year 2020 increased with €161 thousand to €208 thousand compared to €47 thousand in financial year 2019, driven by the outstanding shareholders loans during the year. These shareholder loans have been converted to equity in December 2020.

The effective tax rate for the financial year 2020 increased compared to the financial year 2019, mainly caused by revaluation of the capitalized net operating losses due to change in future tax rate percentages. These net operating losses can be compensated with future taxable income.

As a consequence, the net loss of €1.6 million in the financial year 2019 increased to a net loss of €2.1 million in the financial year 2020.

Risks and uncertainties

NX Filtration is set to benefit from the growth in the water market. We believe that the water market will be subject to significant change responding to increasing challenges around water scarcity and water quality. New technologies are needed to address these challenges and NX Filtration is well positioned to disrupt this market with its direct nanofiltration membrane technology. However, the speed of the adoption of this new technology depends largely on how fast and to what extend the key players in the water market are embracing this change, driven by amongst others the public debate and new regulation.

The risk related to the Company's operations relate mainly to the ability to produce constant levels of high quality products. The production of nanofiltration membranes is a highly complex process at nano-scale. This risk is considered to be limited as the Company's production equipment and production procedures are internally developed, the production is operated by highly skilled employees and the Company implemented a strict quality control process based on continuously monitoring.

The financial risks are considered to be limited. The Company has an adequate risk management system. For a description of the policy with regards to financial instruments and financial risk management, see note 3 "Financial risk management".

The risks relating to external reporting are considered to be limited. There are relatively few estimated items, and the Company was not faced with indications and calculations of impairments in 2020. See also note 6 "Critical accounting estimates and judgements".

NX is subject to strict regulation in relation to the safety of its products. This is closely monitored by the Company's Quality Control department. The other risks for NX in relation to legislation and regulation are considered to be limited.

The Company has an adequate risk management system to manage the risks relating to its business operation. The organization has improved in qualitative and quantitative terms in order to prepare for the expected growth in revenue in the short to medium term. Naturally, there is always a trade-off between expanding the organization and realizing actual growth. The management accordingly pays careful attention to the consideration of its investments in the organization. There were no risks or uncertainties that had a material impact in 2020.

Finance and investments

The Company has a positive cash balances at 31 December 2020 of €6.6 million, compared to €78 thousand at 31 December 2019. The Company has no external bank debt outstanding and is financed by its shareholder, through equity contributions. In December 2020, the Company received an equity contribution of €11 million (2019: €2.9 million). With the 2020 equity contribution, the Company has sufficient funds available to cover at least the cashflow for the next 12 months.

The solvency ratio (equity divided by total assets) is 84% at 31 December 2020 compared to 77% at 1 January 2019.

Capital expenditure (excluding IFRS 16) amounts to €1.5 million compared to €0.9 million in 2019. Capex mainly relates to investments in the production facilities, purchase of pilot equipment and capitalization of development cost

Employees and organization

The NX organization as a whole showed strong professional developments and grew from 35 FTE to 45 FTE in 2020.

We were able to attract top-talent in membrane technology from TU Aachen, TU Delft and from Twente University to strengthen and broaden our knowledge base, to support our commercial organization and to speed-up (production) technology development projects. We also extended the sales organization with a commercial director for South East Asia and pilot engineers.

To make sure our growing organization remains effective, focused and well organized we further developed our management systems which we had certified according to the ISO9001 standard.

On top of this an experienced and well networked sales manager will start early 2021 in North. Not only to help us handle the shear volume of customer requests and projects, but also to shorten the distances to our customers. This is especially important with all the current limitations on travelling in place.

Outlook

To ensure we can keep up with the growing volumes a second production location was rented by the end of 2020. This facility is located about 10 minutes from our current location and we are preparing the new location for start-up of production early 2021. The additional space does not only enable volume growth, but will also increase our efficiency due to further streamlining the production process. The effects of these expansions will become effective gradually throughout the year.

All in all NX is set for further growth and development in 2021. The backlog for Q1 2021 is filled and the lead list is ever growing. On the short term we expect the hindrances caused COVID pandemic to remain. Therefore we do our utmost to keep our working circumstances safe, and we will keep exploiting all communication means available to overcome communication issues with customers abroad.

With feet on the ground in South East Asia and North America, and with the HYDRAcap replacement business starting up, 2021 will be a year of accelerated international growth for NX.

NX Filtration Holding B.V

Consolidated Financial statements

(ii) Consolidated statement of comprehensive income for the year ended 31 December 2020

In EUR '000	Notes	2020	2019
Revenue from sale of goods	7	671	453
Other income	8	398	333
Gross Income		**1.069**	**786**
Costs of raw materials and consumables		(289)	(247)
Changes in inventories of finished goods and work in progress		357	297
Personnel expenses	9	(1.781)	(1.336)
Amortization of intangible assets	16	(211)	(114)
Depreciation on property, plant and equipment	17-18	(592)	(445)
Operating costs	10	(967)	(739)
Research & development costs	11	(361)	(154)
Operating expenses		**(3.844)**	**(2.738)**
Operating Loss		**(2.775)**	**(1.952)**
Finance income	13		
Finance costs	13	(208)	(47)
Finance costs - net		**(208)**	**(47)**
Net loss before income tax		**(2.983)**	**(1.999)**
Income tax benefit	14	891	410
Net loss for the period		**(2.092)**	**(1.589)**
Other comprehensive result for the period		-	-
Total comprehensive loss for the period		**(2.092)**	**(1.589)**
Total comprehensive loss for the period (attributable to the owners of the Company)		**(2.092)**	**(1.589)**

(iii) Consolidated statement of financial position as at 31 December 2020

In EUR '000	Notes	31 December 2020	31 December 2019	1 January 2019
Assets				
Non-current assets				
Intangible assets	16	1.300	987	587
Property, plant and equipment	17	2.246	1.801	1.741
Right-of-use assets	18	1.164	576	628
Deferred tax assets	19	1.921	1.030	620
Total non-current assets		6.631	4.394	3.576
Current assets				
Inventories	20	2.077	1.058	455
Trade and other receivables	22	626	347	395
Current tax receivables		-	-	-
Cash and cash equivalents	23	6.599	78	13
Total current assets		9.302	1.483	863
Total assets		15.933	5.877	4.439
Group equity				
Share capital	24	5.997	997	686
Share premium	24	13.378	7.478	4.889
Retained earnings	24	(6.031)	(3.939)	(2.350)
Total equity		13.344	4.536	3.225
Liabilities				
Non-current liabilities				
Lease liabilities	25	979	513	563
Total non-current liabilities		979	513	563
Current liabilities				
Trade and other payables	26	1.403	753	586
Lease liabilities	25	207	75	65
Current tax payables		-	-	-
Total current liabilities		1.610	828	651
Total liabilities		2.589	1.341	1.214
Total equity and liabilities		15.933	5.877	4.439

(iv) Consolidated statements of changes in equity for the year ended 31 December 2020

In EUR '000	Notes	Attributable to equity owners of NX Filtration Holding B.V.			
		Share capital	Share premium	Retained earnings	Total equity
Balance - 1 January 2019		686	4.889	(2.405)	3.170
Correction of error (net of tax)				55	55
Restated total equity at the beginning of the financial year		686	4.889	(2.350)	3.225
Loss for the period (restated *)		-	-	(1.589)	(1.589)
Other comprehensive result		-	-	-	-
Total comprehensive loss for the period		-	-	(1.589)	(1.589)
Transactions with owners in their capacity as owners					
Issuance of ordinary shares		311	2.589	-	2.900
Share-based payment transactions		-	-	-	-
Dividend		-	-	-	-
Balance - 31 December 2019		997	7.478	(3.939)	4.536
Loss for the period		-	-	(2.092)	(2.092)
Other comprehensive result		-	-	-	-
Total comprehensive income (loss) for the period		-	-	(2.092)	(2.092)
Transactions with owners in their capacity as owners					
Issuance of ordinary shares	24	5.000	-	-	5.000
Share premium contribution on preference shares	24	-	6.000	-	6.000
Share premium repayment	24	-	(100)	-	(100)
Share-based payment transactions		-	-	-	-
Dividend		-	-	-	-
Balance - 31 December 2020		5.997	13.378	(6.031)	13.344

*See note 24 for details regarding the restatement as a result of an error.

(v) Consolidated statement of cash flows for te year ended 31 December 2020

In EUR '000	Notes	2020	2019
Cash flows from operating activities			
Operating Loss		(2.775)	(1.952)
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation, amortisation and impairment expenses		803	559
Increase/(decrease) provisions		-	-
Income taxes (paid)/received		-	-
Share-based payment expenses		-	-
(Increase)/Decrease in working capital:			
- Increase inventories		(1.019)	(603)
- (Increase)/decrease trade and other receivables		(279)	48
- Increase trade and other payables		650	168
Net cash outflow from operating activities		(2.620)	(1.780)
Cash flows from investing activities			
Payment for property, plant and equipment	17	(930)	(424)
Payment for intangible assets	16	(524)	(514)
Net cash outflow from investing activities		(1.454)	(938)
Cash flows from financing activities			
Proceeds from share premium contribution and issuance of shares		7.000	2.900
Proceeds from borrowings (1)		4.000	-
Payments for shares bought back		(100)	-
Principal elements of lease payments		(123)	(96)
Interest paid		(181)	(21)
Net cash inflow from financing activities		10.595	2.783
Net increase in cash and cash equivalents		6.521	65
Cash and cash equivalents at the beginning of the financial year		78	13
Effects of exchange rate changes on cash and cash equivalents			
Cash and cash equivalents at the end of the financial year		6.599	78

(1) The proceeds from borrowings related to a loan from the shareholder that subsequently is converted into equity.

General information

NX Filtration Holding B.V. (hereafter “NX Filtration” or “the Company”) is a private company (B.V.) and the leading provider of nanofiltration membrane technology for producing pure and affordable water to improve quality of life.

NX Filtration developed a revolutionary direct nanofiltration (dNF) membrane module designed to remove micropollutants, colour, nano plastics, selective salts and pharmaceuticals from water in one single step. This in a very sustainable way, because of relative 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 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 optimize 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	Location and country of incorporation	Shareholding in %
NX Filtration B.V.	Enschede, the Netherlands	100%

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.a.r.l. in Luxembourg the ultimate parent entity and controlling party.

The Company’s financial year covers the first day of January and ends on the last day of December of each year.

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements 2020 of NX Filtration Holding B.V. have been prepared in accordance, and comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union, where effective, for financial years beginning 1 January 2019 and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The applicable IFRS standards have been applied as from 1 January 2019 and apply for all the years presented in these consolidated financial statements. Furthermore the Company has adopted IFRS 1 'First-time Adoption of International Financial Reporting Standards" (IFRS 1). These are the first consolidated financial statements that the Company has prepared in accordance with IFRS, and 1 January 2019 was the date of transition.

NX Filtration filed financial statements under NL GAAP at and before the financial year ended 31 December 2019. An explanation of the effect of the transition to IFRS on the financial position and results of operations and cash flows are included in note 28 'First time adoption of IFRS'.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 6 'Critical accounting estimates and judgements'.

The consolidated financial statements have been prepared on a going concern basis. See also note 3 'Financial risk management (liquidity risk)'

Basis of measurement

The consolidated financial statements have been prepared on a historical cost convention, unless stated otherwise. The consolidated financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

New and amended standards not adopted by the group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Critical accounting policies

a. Principles for consolidation

Subsidiaries

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

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

Changes in ownership interests in subsidiaries without change of control

Transactions with subsidiaries that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non- controlling interests are also recorded in equity.

Disposal of subsidiaries

If the Company ceases to have control of an entity, any retained interest in the entity is remeasured to fair value at the date when control is lost with the change in carrying amount recognized in the consolidated statement of comprehensive income. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or other financial asset. Amounts previously recognized in other comprehensive income are reclassified to profit or loss. Deconsolidation occurs when the Company no longer controls a subsidiary.

b. Foreign currency translations

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the functional currency of all companies within the Group and the Company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

c. Revenue

The Company manufactures and sells a range of water filtration solutions to industrial companies and municipalities. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the use of the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue is measured based on the consideration specified in a contract with a customer. The Company has no specific obligations for returns, refund clauses nor any other similar obligations specified in the contract with customers. However, standard product compliance warranty is provided to customers, which is not considered a separate performance obligation.

Invoices are usually payable within 30 days. In general, there are no variable consideration clauses, such as volume related discounts, included in the contracts with customers. However, specific discounts can be provided on a customer-by-customer basis.

d. Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

e. Corporate income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge (if applicable) is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

f. Leases

As a lessee

At the inception of an agreement, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company, as a lessee, recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments at the lease commencement date.

However, the Company elected to apply the recognition exemption for both short-term and low value leases – e.g. office equipment. As such, the Company recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Subsequently, the lease liability is increased by the interest costs on the lease liability and decreased by lease payments made.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment whether a purchase or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured as abovementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's right-of-use assets and lease liabilities are presented under Property, plant and equipment and Lease liabilities, respectively.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. The Company has rental income from the lease of pilot equipment. This rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

g. Impairment of non-financial assets

Non-financial assets with a definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

h. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

i. Trade and other receivables

Trade and other receivables are amounts due from customers for products delivered and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement immediately and therefore all classified as current assets.

Trade receivables are recognized initially at their transaction price, the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See note 22 'Trade and other receivables' for further information about the Company's accounting for trade receivables and note o 'Financial instruments' for a description of the Company's impairment policies.

j. Inventories

Inventories mainly relate to raw materials and finished goods and are valued at the lower of cost and net realizable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Costs are determined using the first in first out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

k. Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
Depreciation on assets is calculated by recognizing the difference between historical cost and the estimated residual values using the straight-line method over their estimated useful life in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparable periods are as follows:

Machinery and equipment	5 - 10 years
Right of use assets	1 - 9 years
Pilot equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The costs of future replacement are capitalized based on the component approach. Under this approach the total costs are allocated to the 'component assets'. Government grants on investments, if applicable, are deducted from the purchase price or manufacturing price of the assets to which the government grants relate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognized within the consolidated statement of comprehensive income.

I. Intangible assets

Research and development

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- there is an ability to use or sell the product or system;
- it can be demonstrated how the product or system will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product or system are available; and
- the expenditure attributable to the product or system during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include the development employee costs and other direct costs related to creating or improving the existing product portfolio in the development phase.

Capitalized development costs are recorded as intangible assets and amortized in 5 years from the point at which the asset is ready for use. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Expenditure on research activities is recognized as expense in the period in which it is incurred.

Concessions, licenses and rights to intellectual property

Concessions, licenses and rights to intellectual property are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. These assets are amortized over a period of 10 years.

m. Trade and other payables

These amounts represent liabilities provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value. And subsequent measurement at amortized cost using the effective interest method.

n. Employee benefits

Short-term obligations

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

Salaries, wages and social security contributions are charged to the consolidated statement of comprehensive income based on the terms of employment, when they are due to employees and the tax authorities respectively.

Pension obligations

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

Shared-based payments

Eligible and selected employees and directors have been invited to invest indirectly in the share capital of the Company. These investments are accounted for as equity-settled share-based payment transactions since the Company has no obligation to repurchase the equity instruments or to make any cash payments to the participants.

For accounting purposes, the fair value of an award is equal to the fair value of the underlying ordinary shares less the acquisition price paid by a participant. The impact of any market conditions or non-vesting conditions are incorporated in the fair value of the share-based payment awards. The grant date fair value, if any, is recognized as an expense over the 6 year vesting period with a corresponding increase of equity. The amount recognized as an expense during the vesting period reflects the number of awards for which the related service conditions are expected to be met.

o. Financial instruments

Financial assets – Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets - Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets – Initial recognition

At initial recognition the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets – Subsequent Measurements

Subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments: (i) Amortised cost, (ii) Fair value through profit or loss; and (iii) Fair value through other comprehensive income.

The Company only has financial assets at amortised cost and makes no use of derivative financial instruments. Amortised costs Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Financial assets – Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has no trade receivables nor amounts due from customers for contract work including a significant finance component and is therefore required to apply the simplified approach under IFRS 9, in which the credit losses are measured using a lifetime expected loss allowance for all trade receivables.

Information about the Company's exposure to credit risk and measurement of impairment losses for trade receivables is included in Note 'Financial risk management'

Financial liabilities - Recognition and measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

The Company only has financial liabilities at amortized cost and makes no use of derivative financial instruments.

Financial liabilities at amortized costs

Financial liabilities at amortized cost include trade and other payables. Trade and other payables are initially recognized at fair value equalling the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short- term nature, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Financial liabilities – Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of comprehensive income.

The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. However, when the cash flows of the modified liability are not substantially different, the Company (i) recalculates the amortized cost of the modified financial liability by discounting the modified contractual cash flows using the original effective interest rate and (ii) recognizes any adjustment in the consolidated statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company does not have any legally enforceable right to offset the recognized amounts in the balance sheet.

p. Share capital

Equity

The equity of the Company consists of ordinary and preference shares. Direct additional costs of issuing new shares less tax effects are recognized in equity.

Ordinary shares

An ordinary share entitles its owner to a voting right and, based on the decision of the General Meeting, to dividends.

Preference shares

Preference shares are shares with voting rights which entitle their owners to a fixed 7% dividend per annum for Preference Shares A and a fixed 9% per annum for the other Preference Share classes.

The General Meeting adopts decisions on the dividends at its sessions upon the proposal of the Management Board. Preference shares are considered as a part of equity, since holders of ordinary shares decide at the General Meeting whether dividends will be paid out to preference shareholders or not. Only in case of a dividend distribution, preference shareholders first receive a return on their investment, Subsequently the ordinary shareholders receive a return, therefore the dividend on preference shares are discretionary and non-contractual in nature.

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

q. Expenses

Expenses arising from the Company's business operations are accounted for in the year incurred.

r. Finance income and expenses

Finance income and expenses are recognized using the effective interest method. Financial expenses include interest incurred on borrowings calculated using the effective interest method and interest accruals for provisions that are recognized in the consolidated statement of comprehensive income.

In calculating finance income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit- impaired, then the calculation of interest income reverts to the gross basis.

s. Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Non-cash transactions are not included in the statement of cash flows.

3 Financial risk management

As result of regular business practices, the Company holds positions in a variety of financial instruments. The financial instruments are presented in the balance sheet and consists of cash and cash equivalents, trade receivables and other receivables, trade payables and other payables.

The Company does not use foreign exchange contracts and/or foreign exchange options and does not deal with such financial derivatives. On each balance date, financial instruments are reviewed to see whether or not an objective indication exists for the impairment of a financial asset or a group of financial assets.

If an objective indication for impairment exists, the Company determines the amount of impairment losses and charges this amount to the consolidated statement of comprehensive income. As a result of the use of financial instruments, the Company incurs credit risks, liquidity risks and market risks.

The market risks consist of price risks and interest risks. These risks are in range of the risks expected in the industry the Company operates in. The Company has a strict policy that aims to minimize and control these risks as much as possible.

Credit risk

Credit risk is the risk of a financial loss in case a customer does not comply with the contractual obligations. Credit risks are mainly incurred from receivables to customers. The Company executes a strict policy to minimize credit risks. To control these risks, the Company makes use of information from licensed credit agencies. If necessary, credit risks will be mitigated by the use of credit insurances, bank guarantees, prepayments and other insurances. Cash- and cash equivalents may be placed by a number of banks.

The Company determines the credit risk of cash- and cash equivalents that are placed with these banks, by solely doing business with highly respectable banks. The Company evaluates the concentration risk with respect to trade receivables and amounts due from customers for contract work as low.

Expected credit losses

The Company has the following types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates used at 1 January 2019 (transition date), at 31 December 2019 and at 31 December 2020 are based on the payment profiles of sales over a period of 12 months of the preceding financial year and the corresponding historical credit losses experienced related to these sales. The historical loss rates are adjusted to reflect current and forward-looking information based on macro-economic factors affecting the ability of the customers to settle the receivables. The Company retrieves the latter from externally available information from credit rating agencies. Credit insured amounts are excluded from the determination of the loss allowance.

On that basis, the loss allowance as at 31 December 2020, 31 December 2019 and 1 January 2019 was determined as follows for both trade and other receivables and amounts due from customers for contract work:

In EUR '000	**31 December 2020**				
	Current amount	Overdue < 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue > 90 days
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables and other receivables	617	7	-	-	1
Loss allowance	-	-	-	-	-

	31 December 2019				
	Current amount	Overdue < 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue > 90 days
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables and other receivables	311	14	9	13	-
Loss allowance	-	-	-	-	-

	1 January 2019				
	Current amount	Overdue < 30 days	Overdue 31 - 60 days	Overdue 61 - 90 days	Overdue > 90 days
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables and other receivables	382	-	-	13	-
Loss allowance	-	-	-	-	-

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments.

Impairment losses on trade and other receivables are recognized in the consolidated statement of comprehensive income as a separate line item. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. The Company's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its obligations when they become due, avoiding unacceptable losses or damages to the Company's reputation. The Company monitors its liquidity risk on an ongoing basis.

The Company is in a stage of growth and is currently not making profits. The Company's funding is provided by its Shareholders. As the Shareholders have provided significant funding in December 2020, management believes the current liquidity position of the Company will safeguard the Company's ability to continue as a going concern for at least another 12 months.

The liquidity planning considers the maturity of the financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations. Due to the nature of the business, the use of cash- and cash equivalents is not highly sensitive to liquidity risks.

The tables below analyses the Company's financial liabilities on their contractual maturities for all non- derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows.

In EUR '000	**31 December 2020**				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	1.369	34	-	-	1.403
Lease liabilities	50	157	818	161	1.186
Lease liabilities - Interest component	12	33	97	7	150
Total non-derivatives	1.431	224	915	168	2.739

	31 December 2019				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	753	-	-	-	753
Lease liabilities	18	57	283	229	588
Lease liabilities - Interest component	6	18	65	16	104
Total non-derivatives	778	74	348	245	1.445

	1 January 2019				
	Less than 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	551	35	-	-	586
Lease liabilities	16	50	269	294	628
Lease liabilities - Interest component	7	19	75	27	127
Total non-derivatives	573	104	344	321	1.342

Market risk

Foreign exchange risk

The Company mainly operates in the European Union, in those countries that use the Euro as a basis currency (see Note 22 and 26 for further details). The currency risk is limited and largely concerns positions and (future) transactions in euros. Management has determined, based on a risk assessment, that these currency risks do not need to be hedged. The Company's exposure to other foreign exchange movements is not significant and therefore no sensitivity analysis is included. The concentration risk is therefore considered low.

In case the costs of raw materials and consumables and costs of outsourced work and other external costs prices increase with 2% , the impact on profit before tax is €60 thousand.

Price risk

The Company incurs price risks on the purchase of (raw) materials for the difference between the market price at the time of the purchase and during the actual performance. Price risk is currently managed by agreeing on (long term) framework Agreements with its suppliers. In addition with the expected growing volume of purchase, the Company should be able to negotiate lower prices for raw materials.

Interest risk

The Company is exposed to interest rate risk and cash flow risk on its current accounts. Management has determined, based on a risk assessment, that the interest rate risks and cash flows risk on its borrowings do not need to be hedged. The Company's exposure is not significant and therefore no sensitivity analysis is included.

4 Capital management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the Company's capital structure, The Company may issue new shares or sell assets to maintain an optimal capital structure.

The table below provides an analysis of net debt and the movements in net debt for each of the periods presented.

In EUR '000	Cash and bank overdrafts	Lease Liabilities	Net debt
At 1 January 2019:	13	(628)	(615)
Cash flows	65	-	65
New leases	-	(18)	(18)
Other changes	-	58	58
Net debt - 31 December 2019	78	(588)	(510)
Cash flows	6.521	-	6.521
New leases	-	(680)	(680)
Other changes	-	82	82
Net debt - 31 December 2020	6.599	(1.186)	5.413

Other changes comprise a non-cash movement and relates to effective interest accounting on borrowings and lease liabilities.

5 Fair value estimation

The Company has no financial assets and liabilities measured in accordance with IFRS 9 for instruments classified at fair value through profit & loss.

At 31 December 2020, 31 December 2019 and 1 January 2019 the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

6 Critical accounting estimates and judgements

The preparation of the 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.

Development costs

The capitalized development costs are based on management judgements taken into account:

- the technical feasibility to complete the product or system so that it will be available for use;
- management intends to complete the product or system and use or sell it;
- the ability to use or sell the product or system;
- the availability of adequate technical, financial and other resources to complete the development.

In determining the development costs to be capitalized, the Company estimates the expected future economic benefits of the respective product or system that is the result of a development project. Furthermore, management estimates the useful life of such product or system.

Deferred tax assets

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, unused tax losses and unused tax credits. Deferred tax assets are recognized 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 utilized. 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.

7 Revenue from sale of goods

The Company’s revenue originates from sale of products. The Company recognizes 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 with customers:

In EUR ‘000	2020	2019
Type of markets		
Sale of products to industries	365	397
Sale of products to municipalities	306	56
Total	671	453

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

In EUR '000	2020	2019
Geographical split		
The Netherlands	118	233
Europe	393	98
North America	89	64
Asia	52	23
Rest of World	20	35
Total	671	453

8 Other income

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

In EUR '000	2020	2019
Government grants	332	329
Pilot income	66	4
	398	333

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 government grants at time of recognition.

Pilot income relates to rental income from pilot equipment.

9 Personnel expenses

In EUR '000	2020	2019
Salaries and wages	1.874	1.484
Social security contributions	58	7
Pension contributions	51	45
Hire indirect personnel	188	1
Capitalised personnel expense	(390)	(201)
	1.781	1.336

The number of FTE's per year-end are:

	2020	2019
Direct employees	15	16
Indirect employees	19	12
	34	28

No employees wore working abroad for both 2020 and 2019.

Pensions

The Company has a defined contribution scheme for certain key employees only, in which the pension contribution is predetermined and based on the gross salary and the age of the individual employee limiting the Group's legal obligation to the amount it agrees to contribute during the period of employment. The assets of the plans are held separately from those of the Company in funds under the control of pension insurance companies.

The average annual net premium contribution for 2020 is 10,2% (2019: 11,5%). The pension contributions are paid on a monthly basis to the pension fund. The net contribution for 2020 amounts to €61 thousand (€55 thousand in 2019). The premium payable during the financial year is charged to the consolidated statement of comprehensive income and is classified as costs of personnel.

Aside from premium payables, The Company does not have any additional obligations in respect to the pension schemes.

10 Operating costs

The operating costs can be divided into the following cost categories:

In EUR '000	2020	2019
Housing expenses	313	229
Other personnel expenses	59	100
Administrative expenses	291	121
Selling expenses	130	152
Operating expenses	174	137
	967	739

11 Research & Development costs

In EUR '000	2020	2019
Gross R&D Costs	443	372
Capitalized R&D costs	(82)	(218)
Net R&D costs	361	154

12 Shared based payments

Since the incorporation of the Company in 2016, eligible and selected employees and directors have been provided with the opportunity to invest in ordinary shares in the capital of the Company by acquiring Depositary Receipts ("DRs") issued by a foundation.

The DRs are not freely transferable and, under certain circumstances, the majority shareholder may require a participant to sell DRs to a party designated by the majority shareholder. If a participant voluntarily leaves the Company prior to the end of the Vesting Period, he/she is not entitled to the full fair market value. As a result, the IFRS 2 fair value will have to be allocated to the Vesting tranches.

The share participation arrangement is accounted for as an equity-settled share-based arrangement since the Company and its subsidiaries do not have an obligation to settle or to repurchase any DRs from the participants.

Each DR issued by the foundation represents one ordinary share in the capital of the Company. The number of outstanding DRs held by employees of the Group are as follows:

	2020	2019
Outstanding at 1 January	286.405	204.250
Granted (purchased) during the year	528.401	88.655
Forfeited (repurchased) during the year	(9.500)	(6.500)
Outstanding at 31 December	805.306	286.405

As the Company's shares are not listed, the fair value of the shares has been estimated by the Company and its majority shareholder as of each date a participant indirectly acquired shares in the Company. For accounting purposes, the fair value of an award is equal to the fair market value of the underlying ordinary shares at the grant date less the acquisition price paid by a participant for the DRs.

Given that the participants have paid the estimated fair market value of the underlying shares as of each grant date, the fair value of the share-based payment awards is nil.

For participants being classified as key management personnel based on the definition in IAS 24, Related-party transactions, any expense recognized related to the share investments will have to be disclosed as "share-based payment expense" in the disclosure of key management personnel compensation.

13 Finance costs

In EUR '000	2020	2019
Finance costs		
Interest expenses related to lease liabilities	26	26
Other interest expenses	182	21
Total finance costs	208	47
Finance income		
Other interest income	-	-
Total finance income	-	-
Net finance costs - net	208	47

Interest expense related to lease liabilities is the result of application of IFRS 16.

14 Income tax benefit

This note provides an analysis of the Company's income tax expense, showing how the tax expense is affected by non-deductible items.

In EUR '000	2020	2019
Current tax		
Current tax on profits for the year	-	-
Adjustments for previous years	-	-
Total current tax benefit	-	-
Deferred income tax		
Income tax on operations	716	410
Change in tax rates	175	-
Total deferred tax benefit	891	410
Total income tax benefit	**891**	**410**

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	2020	2019
Result from operations	(2.093)	(1.589)
Total income tax	891	410
Profit (loss) before income tax	(2.984)	(1.999)
Tax calculated based on Dutch tax rate	25,0%	25,0%
Tax effect of:		
Adjustments for previous years	0,0%	0,0%
Effect of tax rates in other countries	0,0%	0,0%
Non-taxable expenses	0,0%	0,0%
Change in tax rates	4,9%	-4,5%
Other differences	0,0%	0,0%
Effective tax rate	29,9%	20,5%

The change in tax rates is driven by change in the enacted Dutch tax rates for the fiscal years 2021 and further.

15 Remuneration of the Management Board

In accordance with the exemption in article 383 Part 9 of Book 2 of the Dutch Civil Code, no disclosure is included about the remuneration of the Management Board as such disclosure would trace back to one specific individual.

No options have been awarded to the Management Board, nor any loans, advances or guarantees.

16 Intangible assets

The movement in intangible assets during the years was as follows:

In EUR '000	Development costs	Concessions and rights of intellectual property	Total
At 1 January 2019			
Cost	481	140	621
Accumulated impairments and amortisation	(9)	(25)	(34)
Net book value	472	115	587
Year ended 31 December 2019			
Opening net book value	472	115	587
Additions	445	69	514
Acquisitions	-	-	-
Amortisation for the year	(97)	(17)	(114)
Consolidation and deconsolidation	-	-	-
Closing net book value	820	167	987
At 1 January 2020			
Cost	926	209	1.135
Accumulated impairments and depreciation	(106)	(42)	(148)
Net book value	820	167	987
Year ended 31 December 2020			
Opening net book value	820	167	987
Additions	500	24	524
Acquisitions	-	-	-
Amortisation for the year	(189)	(22)	(211)
Consolidation and deconsolidation	-	-	-
Closing net book value	1.131	169	1.300
At 31 December 2020			
Cost	1.426	233	1.659
Accumulated impairments and depreciation	(295)	(64)	(359)
Net book value	1.131	169	1.300

Development costs

Additions to intangible fixed assets relate to development projects for new products or systems or development projects for new features to existing products and systems.

Total costs for R&D, including the capitalized development costs amount to €0.8 million and €0.5 million for the years ended 31 December 2020 and 31 December 2019, respectively.

Concessions and rights of intellectual property

Additions for concessions and rights of intellectual property relate to payments made to the patent office for the filing process of the Companies patents and intellectual property rights.

17 Property plant and equipment

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

In EUR '000	Machinery and equipment	Pilot equipment	Total
At 1 January 2019			
Cost	2.200	-	2.200
Accumulated impairments and depreciation	(459)	-	(459)
Net book value	1.741	-	1.741
Year ended 31 December 2019			
Opening net book value	1.741	-	1.741
Additions	424	-	424
Disposal	-	-	-
Depreciation for the year	(364)	-	(364)
Depreciation of disposal	-	-	-
Closing net book value	1.801	-	1.801
At 1 January 2020			
Cost	2.624	-	2.624
Accumulated impairments and depreciation	(823)	-	(823)
Net book value	1.801	-	1.801
Year ended 31 December 2020			
Opening net book value	1.801	-	1.801
Additions	687	243	930
Disposal	(39)	-	(39)
Depreciation for the year	(426)	(43)	(469)
Depreciation of disposal	22	-	22
Closing net book value	2.046	200	2.246

The depreciation accounting policies for PP&E are included in the section accounting policies of the Company.

18 Right-of-use assets

The movement in the right-of-use assets during the years was as follows:

In EUR '000	2020	2019
At 1 January:		
Cost	657	628
Accumulated depreciation	(81)	-
Net book value	576	628
Additions	695	29
Depreciation for the year	(107)	(81)
Net book value at 31 December:	1.164	576

Total gross right-of-use assets:

In EUR '000	31 December 2020	31 December 2019
Buildings	1.161	607
Vehicles	179	37
Fork-life truck	13	13
Total gross right-of-use assets	1.353	657

Total depreciation charge right-of-use-assets:

In EUR '000	2020	2019
Buildings	69	67
Vehicles	33	9
Fork-life truck	5	4
Total depreciation charge	107	81
Interest expense (included in finance cost)	26	26
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	2	-

The total cash outflow for leases in 2020 was €123 thousand (2019: €96 thousand).

19 Deferred tax assets

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Deferred tax assets			
Timing differences	18	(58)	-
Carry forward losses	1.903	1.088	620
Total	1.921	1.030	620
Of which:			
Current (<1 year)	-	(58)	-
Non-current (>1 year)	1.921	1.088	620

As of December 31, 2020, the amount of tax losses that can be offset in the future amounts to € 7.9 million. There are no tax losses for which no deferred tax asset has been recognized.

The losses must be set off in subsequent years at the latest:

- in 2025 for € 2.8 million
- in 2026 for € 3.6 million
- In 2027 for € 1.5 million

A deferred tax asset has been recognized for these tax losses that have been valued at the nominal tax rate of 24% (being the estimated blended rate as from 2021).

20 Inventories

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Raw materials	1.451	785	394
Finished goods	626	273	61
Total	2.077	1.058	455

During 2020 no inventories were written down to net realizable value (31 December 2019: € nil and 1 January 2019: € nil).

21 Financial instruments by category

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Assets	Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at amortised cost
Trade and other receivables	625	347	395
Cash and cash equivalents	6.599	78	13
Total	7.224	425	408

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Liabilities	Financial liabilities at amortised cost	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Lease liabilities	1.186	588	628
Trade and other payables	1.405	755	586
Total	2.591	1.343	1.214

22 Trade and other receivables

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Trade receivables	63	36	65
Less: loss allowance	-	-	-
Trade receivables - net	63	36	65
Prepaid expenses	236	47	63
Other taxes	214	83	84
Other receivables	112	181	183
	625	347	395
Less non-current portion	-	-	-
Current portion	625	347	395

The fair value of the receivables approximates the carrying amounts. No breakdown of the fair values of trade and other receivables and the non-current portion of the receivables has been included as the differences between the carrying amounts and the fair values are insignificant.

As at 31 December 2020, 31 December 2019 and 1 January 2019, all receivables are denominated in EURO currency. Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables is included in section 'Financial risk management.

23 Cash and cash equivalents

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Cash and cash equivalents	6.599	78	13
Cash overdrafts	-	-	-
Total	6.599	78	13

The cash and cash equivalents are freely disposable to the Company.

24 Equity

Share capital

	31 December 2020 Number of Shares	31 December 2019 Number of Shares	31 December 2020 EUR '000	31 December 2019 EUR '000
Issued and fully paid				
Ordinary shares	5.950.000	950.000	5.950	950
Preference shares	46.902	47.468	13.425	7.525
Total share capital and share premium	5.996.902	997.468	19.375	8.475

Share capital at 31 December 2020 of €19.4 million is divided into 5,950,000 ordinary shares (31 December 2019: 950,000 and 1 January 2019: 652,500), fully paid-up, with a par value of €1 each and 46,902 preference shares (31 December 2019: 47,468 and 1 January 2019: 35,624)), fully paid-up, with a par value of €1 each.

Total shares authorized comprise of 5,950,000 ordinary shares (31 December 2019: 950,000).

Ordinary shares

The movement of the ordinary shares in 2020 and 2019 is outlined in the tables below.

	Number of ordinary shares	Par value EUR '000	Share premium EUR '000	Total EUR '000
Opening balance 1 January 2019	652.500	653	-	653
Share issuance	297.500	297	-	297
Balance 31 December 2019	**950.000**	**950**	**-**	**950**
Share issuance	5.000.000	5.000	-	5.000
Balance 31 December 2020	**5.950.000**	**5.950**	**-**	**5.950**

Preference shares

The movement of the preference shares in 2020 and 2019 is outlined in the tables below.

	Number of preference shares	Par value EUR '000	Share premium EUR '000	Total EUR '000
Opening balance 1 January 2019	35.624	35	4.889	4.925
Shares issued to market	11.844	12	2.588	2.600
Shares bought back on-market	-	-	-	-
Buy-back transaction costs	-	-	-	-
Balance 31 December 2019	**47.468**	**47**	**7.478**	**7.525**
Share premium contribution	-	-	6.000	6.000
Shares bought back on-market	(566)	-	(100)	(100)
Buy-back transaction costs	-	-	-	-
Balance 31 December 2020	**46.902**	**47**	**13.378**	**13.425**

Share premium

The share premium reserve relates to contribution on issued shares in excess of the nominal value of the shares (above par value).

Retained earnings

The retained earnings are restricted due to a legal reserve for capitalized development costs of €1.1 million (31 December 2019: €0.8 million and 1 January 2019 €0.5 million) which is not available for distribution.

Loss for the period

Note that the 2019 loss for the period is restated in accordance with IAS 8 - adjustment of a prior year error. In accordance with IAS 2 inventory is measured at historic cost were these cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. In 2019 and the years before the cost allocation did not include all these components.

The proposal to the General Meeting is that the 2020 loss for the period for an amount of €2.1 million will be recognized in retained earnings

25 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.

Right-of-use assets

Right-of-use assets related to leases that do not meet the definition of investment property are presented as property, plant and equipment. The Company has no right-of-use assets that meet the definition of investment property.

Amounts recognized in the statement of comprehensive income and cash flows

Besides the interest expenses related to lease liabilities and depreciation charges on right-of- use assets as disclosed in Note 13 and Note 18, respectively, the Company recognized within the statement of comprehensive income €7 thousand relating to leases of low value leases.

Total cash outflow for leases in 2020 was €123 thousand (in 2019 was €96 thousand)

Extension and termination options

The Company has contracts within the building asset class that include renewal and termination options or a combination of both. At 31 December 2020, 31 December 2019 and 1 January 2019 the renewal options are included in the measurement of the lease liabilities, no termination options are included.

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Buildings	1.043	551	595
Vehicles	143	37	33
Total	1.186	588	628

26 Trade and other payables

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Trade payables	603	208	253
Tax payables	63	44	25
Employee benefits	150	98	37
Payments received in advance	425	299	172
Other liabilities	162	104	99
Total	1.403	753	586

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to its short-term character. The entire amount of payments received in advance has been recognized as income in the subsequent period.

As at 31 December 2020, 31 December 2019 and 1 January 2019, all payables are denominated in EURO currency.

27 Contingencies and commitments

Fiscal Unity

The Company is the head of the fiscal unity for the Corporate Income Tax and Value Added Tax of the Group. As such the Company is fully liable for any tax liability resulting from this.

Capital Expenditure Commitments

NX Filtration B.V. has signed a number of purchase contracts related to machinery and equipment capital expenditures, amounting to €1 million (in 2019 was €0,3 million).

28 First time adoption of IFRS

Statement of compliance

The consolidated financial statements presented herein have been prepared by the Company for the first time in accordance with IFRS.

An explanation of how the transition from Dutch GAAP to IFRS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

IFRS 1 requires full retrospective application of IFRS for first-time adopters. However, it provides some voluntary and mandatory exemptions from full retrospective applications. Adjustments as a result of the first-time adoptions of IFRS and these exemptions are recognized through retained earnings or other components of equity at the date of transition.

IFRS exceptions options

None of the mandatory exceptions in IFRS 1 were applicable to NX Filtration in the conversion from Dutch GAAP to IFRS. NX Filtration applied the following voluntary exception:

Exception IFRS 16

NX Filtration has made use of the approach as provided in IFRS 1 paragraph D9 and D9B-E to measure its lease liabilities and right-of-use assets at the date of transition to IFRS.

Reconciliations of Dutch GAAP to IFRS

Reconciliation of shareholders' equity as at 1 January 2019 and 31 December 2019:

In EUR '000	31 December 2019	1 January 2019
Restated Equity (based on Dutch GAAP)	4.545	3.225
Adjustment IFRS 16 lease accounting	(12)	-
Adjustments tax effect	3	-
Total IFRS adjustments	(9)	-
Equity (based on IFRS)	4.536	3.225

The following changes affected the equity position of NX Filtration:

- Lease contracts in which NX Filtration acts as a lessee are recognized as right-of-use assets, including related lease obligation. The discounting of the liability results in a GAAP timing difference over the period of the lease contract.

Reconciliation of total comprehensive income for the year ended 31 December 2019:

In EUR '000	2019
Restated loss for the period (based on Dutch GAAP)	(1.580)
Adjustment IFRS 16 lease accounting	(12)
Adjustments tax effect	3
Total adjustments	(9)
Profit for the period (based on IFRS)	(1.589)

The reclassification of lease contracts from operating lease to finance lease affects the cash flow from operating lease expense to financing activities. The following reclassifications affected the presentation of the statement of financial position:

- Lease contracts in which NX Filtration acts as a lessee impacts the statement of financial position through recognition of right-of-use assets, see note 18 for details.
- Lease contracts in which NX Filtration acts as a lessee impacts the statement of financial position through recognition of lease liabilities, see note 25 for details.

29 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.

30 Events after the end of the reporting period

No such events to report.

NX Filtration Holding B.V.

Company Financial Statements

(vi) Company balance sheet as at 31 December 2020

Before profit allocation

In EUR '000	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Intangible Assets	3	1.300	987
Financial fixed assets	4	3.956	2.498
Deferred tax asset	5	1.903	1.088
		7.159	4.572
Current assets			
Receivable from group companies		-	-
Receivables	6	7	8
Cash and Cash Equivalents	7	6.329	1
		6.336	8
		13.495	4.581
Equity and liabilities			
Shreholders' equity			
Issued share capital		5.997	997
Share premium		13.378	7.478
Legal and statutory reserves		1.132	821
Other reserves		(1.132)	(821)
Retained earnings		(6.031)	(3.939)
	8	13.344	4.536
Current liabilities			
Trade and other payables	9	12	6
Debt to group companies	9	101	19
Other payables	9	38	21
		151	45
		13.495	4.581

(vii) Company income statement 2020

In EUR '000	Notes	2020	2019
Revenue	10	33	33
Amortization of intangible assets	11	(211)	(114)
General expenses	13	(140)	(65)
Operating loss		(318)	(146)
Finance income	14	136	60
Finance expenses	15	(181)	(20)
Financial (expense) and income		(45)	40
Loss before income tax		(363)	(106)
Income tax expense	16	263	22
Share of net profit of investments in subsidiaries	17	(1.992)	(1.505)
Loss for the period after income tax		(2.092)	(1.589)

General information

The company financial statements are part of the consolidated financial statements of NX Filtration Holding B.V. (hereafter: “the Company”).

1 Basis of preparation

The Company financial statements of NX Filtration Holding B.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the Company financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this Annual report. For an appropriate interpretation, the company financial statements of NX Filtration Holding B.V. should be read in conjunction with the consolidated financial statements.

All amounts are presented in Euros ’000, unless stated otherwise. The balance sheet and income statement include references. These refer to the notes.

The current financial year covers the period 1 January 2020 until 31 December 2020. The previous financial year covers the period 1 January 2019 until 31 December 2019.

2 Critical accounting policies

Investments in subsidiaries

Subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognized from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognized from the date that control ceases.

Investments in subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the consolidated financial statements. In case of a negative net equity value of a subsidiary, the negative value is initially deducted from loans due from the respective subsidiary, if any, and subsequently accounted for as a provision for loss making subsidiaries.

3 Intangible Assets

The movement in intangible assets during the year was as follows:

In EUR '000	Development costs	Concessions and rights of intellectual property	Total
At 1 January 2019:			
Cost	481	140	621
Accumulated impairments and amortisation	(9)	(26)	(35)
Net book value	472	114	586
Movements in 2019:			
Opening net book value	472	114	586
Additions	445	69	514
Disposals	-	-	-
Amortisation for the year	(96)	(17)	(113)
Amortisation of disposals	-	-	-
Closing net book value	821	166	987
At 1 January 2020:			
Cost	926	209	1.135
Accumulated impairment and amortisation	(105)	(43)	(148)
Net book value	821	166	987
Movements in 2020			
Opening net book value	821	166	987
Additions	500	24	524
Acquisitions	-	-	-
Amortisation for the year	(189)	(22)	(211)
Consolidation and deconsolidation	-	-	-
Closing net book value	1.132	168	1.300
At 31 December 2020			
Cost	1.426	233	1.659
Accumulated impairments and depreciation	(295)	(65)	(359)
Net book value	1.132	168	1.300

Amortization rates:

	%
Development costs	20%
Concessions and rights of intellectual property	10%

4 Financial fixed assets

The movement in the financial fixed assets during the years was as follows:

In EUR '000	Investment in subsidiaries	Loans receivable	Total
At 1 January 2019	(2.298)	2.800	502
Investment/ changes		3.500	3.500
Share of profit in participations	(1.505)	-	(1.505)
	(3.802)	6.300	2.498
Provision	3.802	(3.802)	-
At 31 December 2019	-	2.498	2.498
At 1 January 2020	(3.802)	6.300	2.498
Investment/ changes		3.450	3.450
Share of profit in participations	(1.992)	-	(1.992)
Other movements	-	-	-
	(5.794)	9.750	3.956
Provision	5.794	(5.794)	-
At 31 December 2020	-	3.956	3.956

	Share in issued share capital 31 December 2020
NX Filtration B.V.	100%

The Company is wholly and severally liable for the loans of NX Filtration B.V. Consequently, a provision for loss making subsidiaries is recognised related to the negative equity value of NX Filtration B.V.

The loan receivable relates to a loan issued to NX Filtration B.V. The loan is redeemable per 31 December 2022. Earlier repayment is allowed under the loan agreement. The loan receivable accrues interest which is calculated based the interest percentage payable on a 10 year maturity Dutch government bond plus 1,75%. The interest is payable at the end of each year. The fair value of the loan receivable approximate the book value of the loan receivable.

5 Deferred tax assets

In EUR '000	31 December 2020	31 December 2019	1 January 2019
Deferred tax assets			
Timing differences	-	-	-
Carry forward losses	1.903	1.088	620
Total	1.903	1.088	620
Of which:			
Current (<1 year)	-	-	-
Non-current (>1 year)	1.903	1.088	620

In EUR '000	31 December 2020	31 December 2019
Deferred tax assets		
At 1 January:	1.088	620
Movement in loss compensation	815	468
At 31 December:	1.903	1.088

As of December 31, 2020, the amount of tax losses that can be offset to a limited extent in the future amounts to € 7.9 million.

The losses must be set off in subsequent years at the latest:

- in 2025 for € 2.8 million
- in 2026 for € 3.6 million
- In 2027 for € 1.5 million

A deferred tax asset has been recognized for these tax losses that have been valued at the nominal tax rate of 24% (being the estimated blended rate as from 2021).

6 Receivables

In EUR '000	31 December 2020	31 December 2019
Receivables from group companies	0	0
Tax receivable	7	8
	7	8

The fair value of the receivables approximates the carrying amounts. All receivables mature in less than one year.

7 Cash and cash equivalents

The cash and cash equivalents are freely disposable to the Company.

8 Shareholder's equity

Issued share capital

Share capital at 31 December 2020 of €19.4 million is divided into 5,950,000 ordinary shares (31 December 2019: 950,000), fully paid-up, with a par value of €1 each and 46,902 preference shares (31 December 2019: 47,468)), fully paid-up, with a par value of €1 each.

Total shares authorized comprise of 5,950,000 ordinary shares (31 December 2019: 950,000).

Share premium

The share premium reserve comprises the excess received on shares issued above their nominal value.

Legal and statutory reserves

The legal reserve relates to a reserve for capitalized development costs of the subsidiaries

In EUR '000	31 December 2020	31 December 2019
At 1 January:	821	472
Movement in legal reserve	311	349
At 31 December:	1.132	821

Other reserves

The other reserve relates to a reserve for the profit appropriation for the fiscal year.

9 Current liabilities

In EUR ‘000	31 December 2020	31 December 2019
Trade and other payables	12	6
Debt to group companies	101	19
Other payables	38	21
	151	45

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short-term character.

The payables due to affiliated companies bears 1,7% interest.

10 Revenue

In EUR ‘000	2020	2019
Charged patent rights	28	28
Management fee	5	5
	33	33

11 Amortization of intangible assets

In EUR ‘000	2020	2019
Development costs	189	96
Concessions and rights of intellectual property	22	17
	211	113

12 Average numbers of employees

The company had no employees in 2019 and 2020.

13 General expenses

In EUR ‘000	2020	2019
Audit fees	85	17
Consulting costs	17	11
Patent renewal fees	28	27
Management fee Infestos Holding E B.V.	5	5
Management fee Infestos Management B.V.	5	5
Other general costs	0	0
	140	65

The following audit fees were expensed in the income statement in the reporting period.

In EUR ‘000	PwC Accountants N.V.		Other network		Total network	
	2020	2019	2020	2019	2020	2019
Audit of the financial statements	85	-	-	17	85	17
Other audit procedures	-	-	-	-	-	-
Tax services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	85	-	-	17	85	17

The fees listed above relate to the services provided to the Company by accounting firms and external independent auditors as referred to in Section 1(a) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

14 Finance income

In EUR '000	2020	2019
Interest receivables	136	60
	136	60

15 Finance expense

In EUR '000	2020	2019
Interest burden debt Infestos Holding E B.V.	180	20
	180	20

16 Income tax expense

In EUR '000	2020	2019
Movement in deferred tax provision	263	22
Total	263	22

The movement in de deferred tax provision includes an amount of €185 thousand related to the revaluation of the deferred tax assets for Net Operating Losses, following a change in the Dutch tax rates for the fiscal years 2021 and further.

17 Share of net profit of investments in subsidiaries

In EUR '000	2020	2019
Share of result NX Filtration B.V.	(1.992)	(1.505)
Total	(1.992)	(1.505)

18 Events after the reporting period

Nothing to report

Authorisation of the financial statements

Enschede, 17 March 2021

Board of Directors

Michiel Staatsen	**Infestos Management B.V.**	**Infestos Management B.V.**
CEO	By Erwin Riefel	By Hans Slootweg

NX Filtration Holding B.V.

Other Information

Provision in the Articles of Association relating to profit appropriation

Article 18 in the articles of association include the following information concerning profit appropriation:

1. For the calculation of the distribution of profit, the shares held by the Company shall not be counted, unless such shares are encumbered with usufruct or a pledge for the benefit of any party other than the Company.
2. The general meeting shall be authorised to determine the appropriation of the profit as established by the annual accounts and to resolve to make (interim) distributions, insofar as the shareholders' equity exceeds the reserves which the Company is required to maintain by virtue of the law and these Articles of Association.
3. A resolution by the general meeting to distribute profits shall remain without effect, until the Board of Directors has given its approval. The Board of Directors shall withhold its approval on the grounds provided by the law.
4. Reserve accounts shall be maintained for class A preference shares, class B preference shares, class C preference shares, class D preference shares and class E preference shares, respectively, for the benefit of the holders of the relevant class of preference shares, which reserves shall be referred to as "reserve A", "reserve B", "reserve C", "reserve D" and "reserve E", respectively, each of which reserves shall be divided into a share premium reserve and a profit reserve. The Company may also recognise a general profit reserve and a general share premium reserve.
5. Amounts shall be added to the share premium part of reserve account A, reserve account B, reserve account C, reserve account D or reserve account E, respectively, in the event of any payment in excess of the nominal value of the relevant shares up to a sum to be determined by the general meeting.
6. Out of the profit an amount equal to seven per cent (7%) (reserve account A) or nine per cent (9%) (reserve account B, reserve account C, reserve account D and reserve account E) shall first of all be added to reserve account A, reserve account B, reserve account C, reserve account D or reserve account E, respectively, after the adoption of the annual accounts, which percentage shall be calculated on the total of:
    a. the weighted monthly average of the nominal amount paid on the relevant class of preference shares during the relevant year;
    b. the weighted monthly average of the share premium reserve maintained for the relevant class of preference shares during the relevant year; and
    c. the balance of the profit reserve maintained for the relevant class of preference shares during the relevant year as at the date of the most recently adopted balance sheet. If the profit is insufficient for such an addition to the reserves, the addition shall be made pro rata to the relevant claims.
7. Subsequently, out of the profit such amount shall be added to the profit reserve relating to class A preference shares as was added less than the amount pursuant to the provisions of Article 6 in preceding financial years, to be increased by a compensation for loss of interest, the amount of which shall be determined on the basis of seven per cent (7%) compound interest over the period of time lapsed between the close of the relevant financial years and the time when this addition to the reserves took place. Simultaneously with the addition referred to above, such amount shall be added to the profit reserve relating to the class B preference shares, to the profit reserve relating to the class C preference shares, to the profit reserve relating to the class D preference shares and to the profit reserve relating to the class E preference shares, as was added less than the amount pursuant to the provisions of Article 6 in preceding financial years, to be increased by a compensation for loss of interest, the amount of which shall be determined on the basis of nine per cent (9%) compound interest over the period of time lapsed between the close of the relevant financial years and the time when this addition to the reserves took place. If the profit is insufficient for additions to all four (4) profit reserves, the additions shall be made pro rata to the relevant claims. After the additions referred to above have been made, the class A, class B, class C, class D and class E preference shares shall not share in the then remaining profit

8. The profit remaining after the additions referred to in paragraphs 6 and 7 have been made shall be added to the reserve for the holders of ordinary shares.
9. The general meeting may decide to discontinue a reserve account, in full or in part, for the benefit of the holders of shares in that class by making distributions, if the requirements of paragraphs 2 and 3 of this Article have been observed.
   In that event, the amount to which the discontinuation relates shall be distributed to the holders of the shares of the relevant class pro rata to the aggregate nominal amount of their shares in that class. Such distributions shall be made simultaneously for the class A preference shares, the class B preference shares, the class C preference shares, the class D preference shares and the class E preference shares, pro rata to the balances of the reserve accounts A, B, C, D and E.

Independent auditor's report

We refer to the following pages.

Independent auditor's report

To: the general meeting of NX Filtration Holding B.V.

Report on the financial statements 2020

Our opinion

In our opinion:

- the consolidated financial statements of NX Filtration Holding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2020 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of NX Filtration Holding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of NX Filtration Holding B.V., Enschede. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the following statements for 2020: the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020;
- the company income statements for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of NX Filtration Holding B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- about NX;
- the report of the management board; and
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the report of the management board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for

- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Zwolle, 17 March 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by F.S. van der Ploeg RA

Appendix to our auditor's report on the financial statements 2020 of NX Filtration Holding B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NX FILTRATION HOLDING B.V.
TE ENSCHEDE

Jaarrekening 2019

INHOUDSOPGAVE

ACCOUNTANTSRAPPORT

Eshuis

NX Filtration Holding B.V.
Ter attentie van de directie
Oldenzaalsestraat 500
7524 AE Enschede

Kenmerk	*Behandeld door*	*Datum*
1012116.2019.01	MR	21 januari 2020

Geachte directie,

Hierbij brengen wij u verslag uit over boekjaar 2019 met betrekking tot uw besloten vennootschap.

1 OPDRACHT

Ingevolge uw opdracht hebben wij de jaarrekening 2019 van uw besloten vennootschap, waarin begrepen de enkelvoudige balans met tellingen van € 4.298.235, de geconsolideerde balans met tellingen van € 5.008.396 en de geconsolideerde en enkelvoudige winst-en-verliesrekening sluitende met een negatief resultaat na belastingen van € 1.816.686, gecontroleerd.

Voor de controleverklaring verwijzen wij u naar het hoofdstuk "Overige gegevens" op pagina 40 van dit rapport.

2 ALGEMEEN

2.1 Bedrijfsgegevens

De vennootschap heeft ten doel:

- het oprichten van, het op enigerlei wijze deelnemen in, het besturen van en het toezicht houden op ondernemingen en vennootschappen;
- het financieren van ondernemingen en vennootschappen;
- het lenen, uitlenen en bijeenbrengen van gelden daaronder begrepen, het uitgeven van obligaties, schuldbrieven of andere waardepapieren, alsmede het aangaan van daarmee samenhangende overeenkomsten;
- het verstrekken van adviezen en het verlenen van diensten aan ondernemingen en vennootschappen behorende tot de groep en aan derden;
- het verstrekken van garanties, het verbinden van de vennootschap en het bezwaren van activa van de vennootschap ten behoeve van ondernemingen en vennootschappen behorende tot de groep en ten behoeve van derden;
- het verkrijgen, beheren, exploiteren en vervreemden van registergoederen en van vermogenswaarden in het algemeen;
- het verhandelen van valuta, effecten en vermogenswaarden in het algemeen;
- het exploiteren en verhandelen van patenten, merkrechten, vergunningen, know how en andere industriële eigendomsrechten;
- het verrichten van overige handelingen op economisch, financieel of commercieel gebied,

alsmede al hetgeen met een en ander verband houdt of daarvoor bevorderlijk kan zijn, alles in de ruimste zin.

2.2 Bestuur

Per balansdatum wordt de directie gevoerd door Infestos Management B.V.

2.3 Oprichting vennootschap

Bij notariële akte d.d. 1 januari 2016 verleden voor notaris mr. B.F. Wesseling te Enschede is opgericht de vennootschap NX Filtration Holding B.V.. De activiteiten worden met ingang van voornoemde datum gedreven voor rekening en risico van de vennootschap NX Filtration Holding B.V.

2.4 Verwerking van het verlies 2019

Het verlies over 2019 bedraagt € 1.816.686 tegenover een verlies over 2018 van € 1.304.675.
De bespreking van het resultaat is opgenomen op pagina 4.
De voorgestelde resultaatbestemming is opgenomen onder de overige toelichting van het financieel verslag.

2.5 Verwerking van het verlies 2018

Het verlies ad € 1.304.675 is in mindering gebracht op de overige reserves.

3 RESULTAAT

3.1 Vergelijkend overzicht

Het geconsolideerde resultaat na belastingen over 2019 bedraagt negatief € 1.816.686 tegenover negatief € 1.304.675 over 2018. De geconsolideerde resultaten over beide jaren kunnen als volgt worden samengevat:

	2019		2018		Verschil
	€	%	€	%	€
Netto-omzet	456.825	-	314.303	-	142.522
Kostprijs van de omzet	246.582	-	182.105	-	64.477
Bruto-marge	210.243	-	132.198	-	78.045
Overige bedrijfsopbrengsten	772.874	-	620.391	-	152.483
	983.117	-	752.589	-	230.528
Kosten					
Personeelskosten	1.661.894	-	1.111.342	-	550.552
Afschrijvingen immateriële vaste activa	113.878	-	22.175	-	91.703
Afschrijvingen materiële vaste activa	364.025	-	270.785	-	93.240
Huisvestingskosten	310.544	-	233.126	-	77.418
Exploitatiekosten	138.167	-	142.196	-	-4.029
Kantoorkosten	65.815	-	58.080	-	7.735
Verkoopkosten	151.902	-	49.033	-	102.869
Algemene kosten	96.546	-	96.140	-	406
Kosten van onderzoek en ontwikkeling	345.428	-	313.514	-	31.914
	3.248.199	-	2.296.391	-	951.808
Bedrijfsresultaat	-2.265.082	-	-1.543.802	-	-721.280
Financiële baten en lasten					
Rentelasten en soortgelijke kosten	-20.059	-	-14.124	-	-5.935
Resultaat voor belastingen	-2.285.141	-	-1.557.926	-	-727.215
Belastingen	468.455	-	253.251	-	215.204
Resultaat na belastingen	-1.816.686	-	-1.304.675	-	-512.011

3.2 Resultaatanalyse

De ontwikkeling van het geconsolideerde resultaat 2019 ten opzichte van 2018 kan als volgt worden geanalyseerd:

	2019	
	€	€
Factoren waardoor het resultaat toeneemt:		
Toename bruto-omzetresultaat	230.528	
Afname exploitatiekosten	4.029	
Afname belastingen resultaat uit gewone bedrijfsuitoefening	215.204	
		449.761
Factoren waardoor het resultaat afneemt:		
Toename personeelskosten	550.552	
Toename afschrijvingen immateriële vaste activa	91.703	
Toename afschrijvingen materiële vaste activa	93.240	
Toename huisvestingskosten	77.418	
Toename kantoorkosten	7.735	
Toename verkoopkosten	102.869	
Toename algemene kosten	406	
Toename kosten van onderzoek en ontwikkeling	31.914	
Toename rentelasten en soortgelijke kosten	5.935	
		961.772
Afname resultaat na belastingen		-512.011

3.3 Kosten

De kosten stegen in totaliteit met 41,4%.
Per kostensoort geldt het volgende:

	2019		2018		Verschil
	€	%	€	%	€
Personeelskosten	1.661.894	51,2	1.111.342	48,4	550.552
Afschrijvingen immateriële vaste activa	113.878	3,5	22.175	1,0	91.703
Afschrijvingen materiële vaste activa	364.025	11,2	270.785	11,8	93.240
Huisvestingskosten	310.544	9,6	233.126	10,2	77.418
Exploitatiekosten	138.167	4,3	142.196	6,2	-4.029
Kantoorkosten	65.815	2,0	58.080	2,5	7.735
Verkoopkosten	151.902	4,7	49.033	2,1	102.869
Algemene kosten	96.546	3,0	96.140	4,2	406
Kosten van onderzoek en ontwikkeling	345.428	10,5	313.514	13,6	31.914
	3.248.199	100,0	2.296.391	100,0	951.808

4 FINANCIËLE POSITIE

Uit de geconsolideerde balans is de volgende financieringsstructuur af te leiden:

	31-12-2019		31-12-2018	
	€	€	€	€
Beschikbaar op lange termijn:				
Eigen vermogen		4.253.140		3.169.826
Waarvan vastgelegd op lange termijn:				
Immateriële vaste activa	986.814		586.990	
Materiële vaste activa	1.801.229		1.740.574	
Financiële vaste activa	1.088.122		619.666	
		3.876.165		2.947.230
Werkkapitaal		376.975		222.596
Dit bedrag is als volgt aangewend:				
Voorraden	706.922		400.421	
Vorderingen	347.461		395.466	
Liquide middelen	77.848		12.632	
		1.132.231		808.519
Af: kortlopende schulden		755.256		585.923
Werkkapitaal		376.975		222.596

4.1 Mutatie werkkapitaal

De samenstelling en mutatie van het werkkapitaal kunnen als volgt worden geanalyseerd:

	31-12-2019	31-12-2018	Mutatie
	€	€	€
Voorraden	706.922	400.421	306.501
Vorderingen	347.461	395.466	-48.005
Liquide middelen	77.848	12.632	65.216
	1.132.231	808.519	323.712
Kortlopende schulden	755.256	585.923	169.333
	376.975	222.596	154.379

5 FISCALE POSITIE

5.1 Fiscale eenheid

NX Filtration Holding B.V. vormt tezamen met NX Filtration B.V. een fiscale eenheid voor de vennootschapsbelasting.

De vennootschapsbelasting bij de dochtermaatschappij wordt berekend alsof zij zelfstandig belastingplichtig is en verrekening vindt plaats in rekening-courant met NX Filtration Holding B.V.

5.2 Te verrekenen verliezen

Per 31 december 2019 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 5.307.900.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 2.785.535;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

Tot het verstrekken van nadere toelichtingen zijn wij gaarne bereid.

Hoogachtend,
Eshuis Registeraccountants B.V.
namens deze

M.H.J. Roelofs
Accountant-Administratieconsulent

FINANCIEEL VERSLAG

BESTUURSVERSLAG

Ingevolge artikel 2:396 lid 7 BW is afgezien van het opstellen van een bestuursverslag over 2019.

GECONSOLIDEERDE JAARREKENING 2019

1 GECONSOLIDEERDE BALANS PER 31 DECEMBER 2019

		31 december 2019		31 december 2018	
		€	€	€	€
ACTIVA					
Vaste activa					
Immateriële vaste activa	(1)				
Kosten van ontwikkeling		821.005		472.649	
Concessies, vergunningen en rechten van intellectuele eigendom		165.809		114.341	
			986.814		586.990
Materiële vaste activa	(2)				
Machines en installaties		1.564.677		1.507.916	
Inventaris		236.552		232.658	
			1.801.229		1.740.574
Financiële vaste activa	(3)				
Overige vorderingen			1.088.122		619.666
Vlottende activa					
Voorraden	(4)		706.922		400.421
Vorderingen	(5)				
Handelsdebiteuren		35.988		58.101	
Overige belastingen en premies sociale verzekeringen		83.377		84.382	
Overige vorderingen en overlopende activa		228.096		252.983	
			347.461		395.466
Liquide middelen	(6)		77.848		12.632
			5.008.396		3.755.749

		31 december 2019		31 december 2018	
		€	€	€	€
PASSIVA					
Groepsvermogen	(7)		4.253.140		3.169.826
Kortlopende schulden	(8)				
Schulden aan leveranciers en handelskredieten		207.267		251.271	
Overige belastingen en premies sociale verzekeringen		43.895		24.949	
Overige schulden en overlopende passiva		504.094		309.703	
			755.256		585.923
			5.008.396		3.755.749

2 GECONSOLIDEERDE WINST-EN-VERLIESREKENING OVER 2019

		2019		2018	
		€	€	€	€
Netto-omzet	(9)	456.825		314.303	
Kostprijs van de omzet		246.582		182.105	
Bruto-omzetresultaat			210.243		132.198
Overige bedrijfsopbrengsten	(10)		772.874		620.391
Som der bedrijfsopbrengsten			983.117		752.589
Kosten					
Personeelskosten	(11)	1.661.894		1.111.342	
Afschrijvingen immateriële vaste activa	(12)	113.878		22.175	
Afschrijvingen materiële vaste activa	(13)	364.025		270.785	
Huisvestingskosten	(14)	310.544		233.126	
Exploitatiekosten	(15)	138.167		142.196	
Kantoorkosten	(16)	65.815		58.080	
Verkoopkosten	(17)	151.902		49.033	
Algemene kosten	(18)	96.546		96.140	
Kosten van onderzoek en ontwikkeling	(19)	345.428		313.514	
			3.248.199		2.296.391
Bedrijfsresultaat			-2.265.082		-1.543.802
Rentelasten en soortgelijke kosten	(20)		-20.059		-14.124
Resultaat voor belastingen			-2.285.141		-1.557.926
Belastingen	(21)		468.455		253.251
Resultaat na belastingen			-1.816.686		-1.304.675

3 GECONSOLIDEERDE GRONDSLAGEN VOOR WAARDERING EN RESULTAATBEPALING

ALGEMEEN

De jaarrekening is opgesteld in overeenstemming met de richtlijnen voor jaarverslaggeving van kleine rechtspersonen van de Raad voor de Jaarverslaggeving en in overeenstemming met de wettelijke bepalingen zoals opgenomen in Titel 9 Boek 2 BW.

De jaarrekening is opgemaakt op basis van historische kostprijs. De waardering van activa en passiva geschiedt, voorzover niet anders is vermeld, tegen nominale waarde.
Winsten worden toegerekend aan de periode waarin ze zijn gerealiseerd. Verliezen worden verantwoord in het jaar waarin ze voorzienbaar zijn.

Gebruik van schattingen

Bij het opstellen van de jaarrekening dient het bestuur van de vennootschap overeenkomstig algemeen aanvaarde grondslagen voor de financiële verslaggeving bepaalde schattingen en veronderstellingen te doen die mede bepalend zijn voor de opgenomen bedragen. De feitelijke resultaten kunnen van deze schattingen afwijken.

Belastinglatenties

Latente belastingvorderingen en - verplichtingen, veroorzaakt door tijdelijke verschillen tussen de fiscale en nominale bedrijfseconomische waarde van activa en passiva, worden berekend op basis van de geldende tarieven voor de vennootschapsbelasting. Latente belastingvorderingen worden geactiveerd voor zover het meer waarschijnlijk is dan niet dat de verrekening kan plaatsvinden met in komende jaren te betalen belastingen.

Groepsverhoudingen

De vennootschap maakt deel uit van een groep, waarvan B.V. Infestos Sarl te Luxemburg aan het hoofd staat.

Consolidatie

In de jaarrekening van NX Filtration Holding B.V. zijn de financiële gegevens geconsolideerd van NX Filtration Holding B.V. en NX Filtration B.V..

Grondslagen voor de consolidatie

In de geconsolideerde jaarrekening van NX Filtration Holding B.V. zijn de financiële gegevens verwerkt van de tot de groep behorende maatschappijen en andere rechtspersonen waarop een overheersende zeggenschap kan worden uitgeoefend of waarover de centrale leiding wordt gevoerd. De geconsolideerde jaarrekening is opgesteld met toepassing van de grondslagen voor de waardering en de resultaatbepaling van NX Filtration Holding B.V..

De resultaten van nieuw verworven groepsmaatschappijen en de andere in de consolidatie meegenomen rechtspersonen en vennootschappen worden geconsolideerd vanaf de overnamedatum. Op die datum worden de activa, voorzieningen en schulden gewaardeerd tegen de reële waarden. De betaalde goodwill wordt geactiveerd en afgeschreven over de economische levensduur. De resultaten van afgestoten deelnemingen worden in de consolidatie verwerkt tot het tijdstip waarop de groepsband wordt verbroken.

GRONDSLAGEN VOOR DE WAARDERING VAN ACTIVA EN PASSIVA

Immateriële vaste activa

De immateriële vaste activa worden gewaardeerd op het bedrag van de bestede kosten, verminderd met de cumulatieve afschrijvingen en indien van toepassing met bijzondere waardeverminderingen. De jaarlijkse afschrijvingen bedragen een vast percentage van de bestede kosten, zoals nader in de toelichting op de balans is gespecificeerd. De economische levensduur en de afschrijvingsmethode worden aan het einde van elk boekjaar opnieuw beoordeeld.

De uitgaven van onderzoek worden verantwoord in de winst-en-verliesrekening.

Afschrijving

Actief	%
Kosten van ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

Materiële vaste activa

De materiële vaste activa worden gewaardeerd tegen aanschaffingswaarde of vervaardigingskosten verminderd met afschrijvingen bepaald op basis van de geschatte economische levensduur rekening houdend met een eventuele restwaarde. De afschrijvingen bedragen een vast percentage van de aanschaffingswaarde of vervaardigingskosten.

Afschrijving

Actief	%
Machines en installaties	0 - 20
Inventaris	0 - 20

Financiële vaste activa

Deelnemingen waarop invloed van betekenis op het zakelijke en financiële beleid kan worden uitgeoefend, worden gewaardeerd tegen de nettovermogenswaarde. Deelnemingen waarin deze invloed ontbreekt, worden opgenomen tegen verkrijgingsprijs, rekeninghoudend met een voorziening voor waardeverminderingen.

Deelnemingen met een negatieve netto-vermogenswaarde worden op nihil gewaardeerd. Wanneer de vennootschap geheel of ten dele instaat voor de schulden van de betreffende deelneming, wordt een voorziening gevormd, primair ten laste van de vorderingen op deze deelneming en voor het overige onder de voorzieningen ter grootte van het aandeel in de door de deelneming geleden verliezen, danwel voor de verwachte betalingen door de vennootschap ten behoeve van deze deelnemingen.

De latente belastingvordering uit hoofde van het compensabel verlies is gewaardeerd tegen het nominale belastingtarief van 20,50%, zijnde het tarief van 2021.

Voorraden

Voorraden grond- en hulpstoffen worden gewaardeerd tegen verkrijgingsprijs of lagere netto-opbrengstwaarde. Deze lagere netto-opbrengstwaarde wordt bepaald door individuele beoordeling van de voorraden.
Voorraden gereed product worden gewaardeerd tegen vervaardigingsprijs of lagere netto-opbrengstwaarde. Deze lagere netto-opbrengstwaarde wordt bepaald door individuele beoordeling van de voorraden. De vervaardigingsprijs omvat het directe materiaalverbruik.
De netto-opbrengstwaarde is gebaseerd op een verwachte verkoopprijs, onder aftrek van nog te maken kosten voor voltooiing en verkoop.

Vorderingen en overlopende activa

Vorderingen worden gewaardeerd tegen nominale waarde onder aftrek van voorzieningen wegens oninbaarheid.

Liquide middelen

De liquide middelen zijn gewaardeerd tegen de nominale waarde.

Pensioenverplichtingen

De ondernemer heeft voor haar werknemers een pensioenregeling getroffen die kwalificeert als een toegezegde-bijdrageregeling: de verplichtingen van de onderneming gaan niet verder dan het betalen van de jaarlijkse bijdrage aan een verzekeringsmaatschappij. De in de toekomst te betalen bijdragen zullen mede afhankelijk zijn van de ontwikkeling van de arbeidsvoorwaarden en van de rendementen die de verzekeringsmaatschappij behaalt op de belegde bijdragen. De onderneming treft geen voorziening voor eventuele toekomstige verhogingen van de bijdragen.

Langlopende en kortlopende schulden

Langlopende schulden worden bij de eerste verwerking gewaardeerd tegen reële waarde. Transactiekosten die direct zijn toe te rekenen aan de verwerving van de langlopende schulden worden in de waardering bij eerste verwerking opgenomen. Langlopende schulden worden na eerste verwerking gewaardeerd tegen geamortiseerde kostprijs, zijnde het ontvangen bedrag rekening houdend met agio of disagio en onder aftrek van transactiekosten.
Het verschil tussen de bepaalde boekwaarde en de uiteindelijke aflossingswaarde wordt op basis van de effectieve rente gedurende de geschatte looptijd van de langlopende schulden in de winst-en-verliesrekening als interestlast verwerkt.

GRONDSLAGEN VOOR RESULTAATBEPALING

Algemeen

Het resultaat wordt bepaald als het verschil tussen de opbrengstwaarde van de geleverde prestaties en verrichte diensten enerzijds, en anderzijds de kosten en andere lasten van het jaar, gewaardeerd tegen historische kostprijzen.

Resultaatbepaling

Het resultaat wordt bepaald als het verschil tussen de netto-omzet en de kosten en andere lasten van het verslagjaar met inachtneming van de hiervoor vermelde waarderingsgrondslagen.
Winsten zijn verantwoord in het jaar waarin de goederen zijn geleverd c.q. de diensten zijn verricht. Verliezen welke hun oorsprong vinden in het boekjaar zijn in aanmerking genomen zodra deze voorzienbaar zijn.

Netto-omzet

Onder netto-omzet wordt verstaan de opbrengst van de in het verslagjaar geleverde goederen en verleende diensten onder aftrek van kortingen en de over de omzet geheven belastingen.

Opbrengsten voortvloeiend uit de verkoop van goederen worden verantwoord op het moment dat alle belangrijke rechten op economische voordelen alsmede alle belangrijke risico's zijn overgegaan op de koper. De kostprijs van deze goederen wordt aan dezelfde periode toegerekend.

Opbrengsten van diensten worden opgenomen naar rato van de mate waarin de diensten zijn verricht, gebaseerd op de tot balansdatum in het kader van de dienstverlening gemaakte kosten in verhouding tot de geschatte kosten van de totaal te verrichten dienstverlening. De kostprijs van deze diensten wordt aan dezelfde periode toegerekend.

Kostprijs van de omzet

De kostprijs van de omzet omvat de kostprijs van de verkochte en geleverde goederen, bestaande uit het directe materiaalverbruik, de directe loon- en machinekosten en de overige directe en indirecte kosten die aan de vervaardiging kunnen worden toegerekend.

Brutomarge

De brutomarge bestaat uit het verschil tussen de netto-omzet en de kostprijs van de omzet, alsmede uit de overige bedrijfsopbrengsten.

Afschrijvingen

De afschrijvingen op de immateriële vaste activa zijn berekend door middel van vaste percentages van de verkrijgingsprijs respectievelijk de kosten van onderzoek en ontwikkeling.
De afschrijvingen op de materiële vaste activa zijn berekend door middel van vaste percentages van de aanschaffingswaarde, op basis van de verwachte economische levensduur. Boekwinsten en -verliezen bij verkoop van materiële vaste activa zijn begrepen onder de afschrijvingen, boekwinsten echter alleen voor zover de boekwinsten niet in mindering zijn gebracht op vervangende investeringen.

Financiële baten en lasten

De rentebaten en -lasten betreffen de op de verslagperiode betrekking hebbende rente-opbrengsten en -lasten van uitgegeven en ontvangen leningen.

Aandeel in het resultaat van deelnemingen

Resultaten van niet-geconsolideerde deelnemingen zijn verantwoord overeenkomstig de nettovermogenswaardemethode. Voor zover niet op nettovermogenswaarde wordt gewaardeerd betreft het resultaat de in het boekjaar ontvangen dividenden.

Belastingen

De vennootschapsbelasting wordt berekend tegen het geldende tarief over het resultaat van het boekjaar, waarbij rekening wordt gehouden met permanente verschillen tussen de winstberekening volgens de jaarrekening en de fiscale winstberekening, en waarbij actieve belastinglatenties (indien van toepassing) slechts worden gewaardeerd voor zover de realisatie daarvan waarschijnlijk is. Doorbelasting van vennootschapsbelasting aan de in de fiscale eenheid opgenomen vennootschappen vindt plaats als waren de deelnemingen zelfstandig belastingplichtig.

4 TOELICHTING OP DE GECONSOLIDEERDE BALANS PER 31 DECEMBER 2019

ACTIVA

VASTE ACTIVA

1. Immateriële vaste activa

	Kosten van ontwikkeling	Concessies, vergun-ningen en rechten van intellectuele eigendom	Totaal
	€	€	€
Boekwaarde per 1 januari 2019			
Verkrijgingsprijs	481.154	139.990	621.144
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-25.649	-34.154
	472.649	114.341	586.990
Mutaties			
Investeringen	445.340	68.362	513.702
Afschrijvingen	-96.984	-16.894	-113.878
	348.356	51.468	399.824
Boekwaarde per 31 december 2019			
Verkrijgingsprijs	926.494	208.352	1.134.846
Cumulatieve afschrijvingen en overige waardeverminderingen	-105.489	-42.543	-148.032
	821.005	165.809	986.814

Afschrijvingspercentages

	%
Kosten van ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

	2019	2018
	€	€
Kosten van ontwikkeling		
Verkrijgingsprijs	481.154	42.523
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-
Boekwaarde per 1 januari	472.649	42.523
Mutaties		
Investeringen	445.340	438.631
Afschrijvingen	-96.984	-8.505
	348.356	430.126
Verkrijgingsprijs	926.494	481.154
Cumulatieve afschrijvingen en overige waardeverminderingen	-105.489	-8.505
Boekwaarde per 31 december	821.005	472.649

	2019	2018
Concessies, vergunningen en rechten van intellectuele eigendom		
Verkrijgingsprijs	139.990	127.713
Cumulatieve afschrijvingen en overige waardeverminderingen	-25.649	-11.979
Boekwaarde per 1 januari	114.341	115.734
Mutaties		
Investeringen	68.362	12.277
Afschrijvingen	-16.894	-13.670
	51.468	-1.393
Verkrijgingsprijs	208.352	139.990
Cumulatieve afschrijvingen en overige waardeverminderingen	-42.543	-25.649
Boekwaarde per 31 december	165.809	114.341

2. Materiële vaste activa

	Machines en installaties	Inventaris	Totaal
	€	€	€
Boekwaarde per 1 januari 2019			
Aanschaffingswaarde	1.912.483	287.107	2.199.590
Cumulatieve afschrijvingen en waardeverminderingen	-404.567	-54.449	-459.016
	1.507.916	232.658	1.740.574
Mutaties			
Investeringen	353.295	71.385	424.680
Afschrijvingen	-296.534	-67.491	-364.025
	56.761	3.894	60.655
Boekwaarde per 31 december 2019			
Aanschaffingswaarde	2.265.778	358.492	2.624.270
Cumulatieve afschrijvingen en waardeverminderingen	-701.101	-121.940	-823.041
Boekwaarde per 31 december 2019	1.564.677	236.552	1.801.229

Afschrijvingspercentages

	%
Machines en installaties	0 - 20
Inventaris	0 - 20

	2019	2018
	€	€
Machines en installaties		
Aanschaffingswaarde	1.912.483	1.576.735
Cumulatieve afschrijvingen en waardeverminderingen	-404.567	-174.200
Boekwaarde per 1 januari	1.507.916	1.402.535
Mutaties		
Investeringen	353.295	341.380
Desinvesteringen	-	-5.632
Afschrijving desinvesteringen	-	188
Afschrijvingen	-296.534	-230.555
	56.761	105.381
Aanschaffingswaarde	2.265.778	1.912.483
Cumulatieve afschrijvingen en waardeverminderingen	-701.101	-404.567
Boekwaarde per 31 december	1.564.677	1.507.916

	2019	2018
	€	€
Inventaris		
Aanschaffingswaarde	287.107	111.274
Cumulatieve afschrijvingen en waardeverminderingen	-54.449	-19.663
Boekwaarde per 1 januari	232.658	91.611
Mutaties		
Investeringen	71.385	175.833
Afschrijvingen	-67.491	-34.786
	3.894	141.047
Aanschaffingswaarde	358.492	287.107
Cumulatieve afschrijvingen en waardeverminderingen	-121.940	-54.449
Boekwaarde per 31 december	236.552	232.658

3. Financiële vaste activa

	31-12-2019	31-12-2018
	€	€
Overige vorderingen		
Latente belastingvorderingen	1.088.122	619.666

Per 31 december 2019 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 5.307.900.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 2.785.535;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

	2019	2018
	€	€
Latente belastingvorderingen		
Stand per 1 januari	619.666	366.416
Mutatie u.h.v. verliescompensatie	468.456	253.250
Stand per 31 december	1.088.122	619.666

VLOTTENDE ACTIVA

	31-12-2019	31-12-2018
	€	€
4. Voorraden		
Grond- en hulpstoffen	421.276	339.710
Gereed product	285.646	60.711
	706.922	400.421

5. Vorderingen

	31-12-2019	31-12-2018
	€	€
Handelsdebiteuren		
Debiteuren	35.988	58.101

Een voorziening voor vermoedelijke oninbaarheid wordt niet noodzakelijk geacht.

Overige belastingen en premies sociale verzekeringen		
Omzetbelasting	83.377	84.382
Overige vorderingen en overlopende activa		
Nog te factureren omzet	-	7.373
Subsidies	166.738	169.000
Vooruitbetaalde kosten	31.478	19.007
Diversen	15.995	43.718
Waarborgsom huur bedrijfsruimte	13.885	13.885
	228.096	252.983

6. Liquide middelen

Rabobank	77.848	12.632

De liquide middelen staan ter vrije beschikking.

PASSIVA

7. Groepsvermogen

Voor een toelichting op het groepsvermogen verwijzen wij u naar de toelichting op het eigen vermogen van de enkelvoudige balans op pagina 35 van dit rapport.

8. Kortlopende schulden

	31-12-2019	31-12-2018
	€	€
Schulden aan leveranciers en handelskredieten		
Crediteuren	207.267	251.271
Overige belastingen en premies sociale verzekeringen		
Loonheffing	43.895	24.949
Overige schulden en overlopende passiva		
Vakantiegeld en vakantiedagen	98.050	36.720
Accountantskosten	17.500	15.000
Vooruitontvangen subsidies	205.581	172.419
Diversen	182.963	85.564
	504.094	309.703

NIET IN DE BALANS OPGENOMEN ACTIVA EN VERPLICHTINGEN

Voorwaardelijke verplichtingen

Fiscale eenheid

De vennootschap staat aan het hoofd van de fiscale eenheid voor de vennootschapsbelasting en omzetbelasting van NX Filtration Holding B.V. Op grond daarvan is de vennootschap hoofdelijk aansprakelijk voor de belastingschuld van de fiscale eenheid als geheel.

Niet verwerkte verplichtingen

Investeringen

Door tot de groep behorende vennootschap zijn investeringsverplichtingen aangegaan in machines en installaties van circa € 287.000, welke naar verwachting in het 1e halfjaar 2020 worden afgewikkeld.

Meerjarige financiële verplichtingen

Leaseverplichtingen

Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 2 februari 2021 terzake van lease van een vervoermiddel. De jaarlijkse verplichting bedraagt circa € 9.500.
Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 24 januari 2022 terzake van lease van een heftruck. De jaarlijkse verplichting bedraagt circa € 4.600.
Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 24 april 2022 terzake van lease van een vervoermiddel. De jaarlijkse verplichting bedraagt circa € 9.200.

Huurverplichtingen onroerende zaken

Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 31 december 2022 terzake van huur van bedrijfsruimte. De jaarlijkse verplichting bedraagt circa € 86.000.

5 TOELICHTING OP DE GECONSOLIDEERDE WINST-EN-VERLIESREKENING OVER 2019

	2019	2018
	€	€
9. Netto-omzet		
Netto-omzet	456.825	314.303
10. Overige bedrijfsopbrengsten		
Subsidie-opbrengsten	329.284	156.760
Detachering personeel	25.375	25.000
Geactiveerde ontwikkelingskosten	418.215	438.631
	772.874	620.391
11. Personeelskosten		
Lonen en salarissen	1.250.188	771.897
Sociale lasten	199.821	141.515
Pensioenlasten	44.832	28.148
Overige personeelskosten	167.053	169.782
	1.661.894	1.111.342
Lonen en salarissen		
Bruto lonen	1.443.916	976.305
Ontvangen ziekengelduitkeringen	-897	-1.612
Ontvangen subsidie WBSO	-192.831	-202.796
	1.250.188	771.897
Sociale lasten		
Premies sociale verzekeringswetten	199.821	141.515
Pensioenlasten		
Pensioenlasten	44.832	28.148
Overige personeelskosten		
Doorbelaste personeelskosten	26.413	101.375
Reis-, verblijf- en kantinekosten	34.751	33.489
Onkostenvergoedingen	9.193	4.251
Bedrijfskleding	10.974	12.529
Opleidingskosten	1.266	-
Werving- en selectiekosten	79.041	-
Overige personeelskosten	5.415	18.138
	167.053	169.782

Personeelsleden

Bij de groep waren in 2019 gemiddeld 26 personeelsleden werkzaam (2018: 21).

Afschrijvingen

	2019	2018
	€	€
12. *Afschrijvingen immateriële vaste activa*		
Kosten van ontwikkeling	96.984	8.505
Concessies, vergunningen en rechten van intellectuele eigendom	16.894	13.670
	113.878	22.175
13. *Afschrijvingen materiële vaste activa*		
Machines en installaties	296.534	230.555
Inventaris	67.491	34.786
Boekresultaat	-	5.444
	364.025	270.785

Overige bedrijfskosten

14. *Huisvestingskosten*

	2019	2018
Huur onroerende zaak	97.508	86.926
Gas water licht	112.251	84.840
Onderhoud onroerende zaak	9.424	8.074
Onroerendezaakbelasting	2.679	3.252
Kosten afvalwater	69.323	39.160
Schoonmaakkosten	10.803	6.508
Overige huisvestingskosten	8.556	4.366
	310.544	233.126

15. *Exploitatiekosten*

	2019	2018
Huur inventaris en gereedschap	5.169	4.957
Reparatie en onderhoud	65.254	49.304
Kleine aanschaffingen	2.878	5.976
Materiaalkosten	59.849	76.820
Overige exploitatiekosten	5.017	5.139
	138.167	142.196

16. *Kantoorkosten*

	2019	2018
Kantoorbenodigdheden	5.170	3.241
Automatiseringskosten	31.391	25.128
Telecommunicatie	3.836	1.977
Porti	4.265	2.011
Contributies en abonnementen	9.087	9.394
Verzekeringen	11.907	16.329
Overige kantoorkosten	159	-
	65.815	58.080

	2019	2018
	€	€
17. *Verkoopkosten*		
Beurskosten	66.638	18.206
Reis- en verblijfkosten	44.847	18.535
Provisies	4.955	7.000
Verpakkingsmaterialen	188	317
Marketingkosten	9.250	-
Approvals & certifications	14.155	-
Overige verkoopkosten	11.869	4.975
	151.902	49.033
18. *Algemene kosten*		
Accountantskosten	21.139	23.402
Advieskosten	23.752	34.131
Kosten verlengingstaks octrooien	26.629	17.764
Managementvergoeding Infestos Holding E B.V.	5.000	5.000
Managementvergoeding Infestos Management B.V.	5.000	5.000
Overige algemene kosten	15.026	10.843
	96.546	96.140
19. *Kosten van onderzoek en ontwikkeling*		
Advieskosten	22.289	62.426
Materiaalkosten	141.460	195.761
Reis- en verblijfkosten	1.954	2.226
Kosten inzake externe samenwerkingen	-	2.886
Overige kosten van onderzoek en ontwikkeling	179.725	50.215
	345.428	313.514

Financiële baten en lasten

	2019	2018
20. *Rentelasten en soortgelijke kosten*		
Rentelast schuld Infestos Holding E B.V.	20.059	14.124
21. Belastingen		
Mutatie voorziening belastingen	-468.455	-253.251

Ondertekening directie voor akkoord

Enschede, 21 januari 2020

Infestos Management B.V.
D.W.E. Riefel

Infestos Management B.V.
J.G. Slootweg

ENKELVOUDIGE JAARREKENING 2019

6 ENKELVOUDIGE BALANS PER 31 DECEMBER 2019
(na verwerking van het verlies)

		31 december 2019		31 december 2018	
		€	€	€	€
ACTIVA					
Vaste activa					
Immateriële vaste activa	(22)				
Kosten van ontwikkeling		821.005		472.649	
Concessies, vergunningen en rechten van intellectuele eigendom		165.809		114.341	
			986.814		586.990
Financiële vaste activa	(23)				
Vorderingen op groepsmaatschappijen		2.214.820		447.310	
Overige vorderingen		1.088.122		619.666	
			3.302.942		1.066.976
Vlottende activa					
Vorderingen	(24)				
Vorderingen op groepsmaatschappijen		-		1.516.404	
Overige belastingen en premies sociale verzekeringen		7.750		25.083	
			7.750		1.541.487
Liquide middelen	(25)		729		237
			4.298.235		3.195.690

		31 december 2019		31 december 2018	
		€	€	€	€
PASSIVA					
Eigen vermogen	(26)				
Geplaatst kapitaal		997.468		685.624	
Agio		7.477.532		4.889.376	
Wettelijke reserves		821.005		472.649	
Overige reserves		-5.042.865		-2.877.823	
			4.253.140		3.169.826
Kortlopende schulden	(27)				
Schulden aan leveranciers en handelskredieten		5.987		7.864	
Schulden aan groepsmaatschappijen		18.608		-	
Overige schulden en overlopende passiva		20.500		18.000	
			45.095		25.864
			4.298.235		3.195.690

7 ENKELVOUDIGE WINST-EN-VERLIESREKENING OVER 2019

		2019		2018	
		€	€	€	€
Netto-omzet	(28)		33.000		25.000
Kosten					
Afschrijvingen immateriële vaste activa	(29)	113.878		22.175	
Algemene kosten	(30)	65.171		53.358	
			179.049		75.533
Bedrijfsresultaat			-146.049		-50.533
Rentebaten en soortgelijke opbrengsten	(31)	60.200		63.000	
Rentelasten en soortgelijke kosten	(32)	-20.059		-14.124	
Financiële baten en lasten			40.141		48.876
Resultaat voor belastingen			-105.908		-1.657
Belastingen	(33)		21.712		369
			-84.196		-1.288
Aandeel in het resultaat van deelnemingen	(34)		-1.732.490		-1.303.387
Resultaat na belastingen			-1.816.686		-1.304.675

8 ALGEMENE GRONDSLAGEN VOOR DE OPSTELLING VAN DE ENKELVOUDIGE JAARREKENING

De enkelvoudige jaarrekening is opgesteld volgens de bepalingen van Titel 9 Boek 2 BW.

Voor de algemene grondslagen voor de opstelling van de jaarrekening, de grondslagen voor de waardering van activa en passiva en de bepaling van het resultaat, alsmede de toelichting op de onderscheidende activa en passiva en de resultaten wordt verwezen naar de toelichting op de geconsolideerde jaarrekening, voor zover hierna niets anders wordt vermeld.

9 TOELICHTING OP DE ENKELVOUDIGE BALANS PER 31 DECEMBER 2019

ACTIVA

VASTE ACTIVA

22. Immateriële vaste activa

	Kosten van ontwikkeling	Concessies, vergunningen en rechten van intellectuele eigendom	Totaal
	€	€	€
Boekwaarde per 1 januari 2019			
Verkrijgingsprijs	481.154	139.990	621.144
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-25.649	-34.154
	472.649	114.341	586.990
Mutaties			
Investeringen	445.340	68.362	513.702
Afschrijvingen	-96.984	-16.894	-113.878
	348.356	51.468	399.824
Boekwaarde per 31 december 2019			
Verkrijgingsprijs	926.494	208.352	1.134.846
Cumulatieve afschrijvingen en overige waardeverminderingen	-105.489	-42.543	-148.032
	821.005	165.809	986.814

Afschrijvingspercentages

	%
Kosten van ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

	2019	2018
	€	€
Kosten van ontwikkeling		
Verkrijgingsprijs	481.154	42.523
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-
Boekwaarde per 1 januari	472.649	42.523
Mutaties		
Investeringen	445.340	438.631
Afschrijvingen	-96.984	-8.505
	348.356	430.126
Verkrijgingsprijs	926.494	481.154
Cumulatieve afschrijvingen en overige waardeverminderingen	-105.489	-8.505
Boekwaarde per 31 december	821.005	472.649
Concessies, vergunningen en rechten van intellectuele eigendom		
Verkrijgingsprijs	139.990	127.713
Cumulatieve afschrijvingen en overige waardeverminderingen	-25.649	-11.979
Boekwaarde per 1 januari	114.341	115.734
Mutaties		
Investeringen	68.362	12.277
Afschrijvingen	-16.894	-13.670
	51.468	-1.393
Verkrijgingsprijs	208.352	139.990
Cumulatieve afschrijvingen en overige waardeverminderingen	-42.543	-25.649
Boekwaarde per 31 december	165.809	114.341

23. Financiële vaste activa

	Deelnemingen in groepsmaatschappijen	Vorderingen op groepsmaatschappijen	Overige vorderingen	Totaal
	€	€	€	€
Stand per 1 januari 2019	-2.352.690	2.800.000	619.666	1.066.976
Investeringen	-	3.500.000	468.456	3.968.456
Aandeel resultaat onderneming waarin wordt deelgenomen	-1.732.490	-	-	-1.732.490
Voorzieningen	4.085.180	-4.085.180	-	-
Stand per 31 december 2019	-	2.214.820	1.088.122	3.302.942

Deelnemingen in groepsmaatschappijen

	2019	2018
	€	€
NX Filtration B.V.		
Stand per 1 januari	-2.352.690	-1.049.303
Aandeel in het resultaat	-1.732.490	-1.303.387
	-4.085.180	-2.352.690
Voorziening	4.085.180	2.352.690
Stand per 31 december	-	-

	31-12-2019	31-12-2018
	€	€
Vorderingen op groepsmaatschappijen		
NX Filtration B.V.	2.214.820	447.310

	2019	2018
	€	€
NX Filtration B.V.		
Stand per 1 januari	2.800.000	2.800.000
Verstrekking	3.500.000	-
Voorziening deelneming	-4.085.180	-2.352.690
Stand per 31 december	2.214.820	447.310

Per 31 december 2017 en per 31 december 2019 is de vordering in rekening-courant op NX Filtration B.V. omgezet in een langlopende lening van respectievelijk € 2.800.000 en € 3.500.000.

De rente over 2019 bedraagt 2,15% (2018: 2,25%).
De rente voor de jaren 2019 en volgende wordt, telkenmale jaarlijks bepaald op basis van het gemiddelde rendement van obligatieleningen met officiele notering van de Staat der Nederlanden met een resterende looptijd van 9 - 10 jaar per de laatste beursdag van het jaar voorafgaande aan het jaar waarvoor deze maatstaf geldt, vermeerderd met 1,75%. De rente zal jaarlijks achteraf worden voldaan, voor het eerst per 31 december 2018.

De lening ad. € 2.800.000 is vanaf 31 december 2019 opeisbaar en vervroegde aflossing is boetevrij mogelijk. De lening ad. € 3.500.000 is vanaf 31 december 2021 opeisbaar en vervroegde aflossing is boetevrij mogelijk.

Leningnemer verbindt zich de aan hem toebehorende roerende en onroerende zaken niet zonder vooraf verkregen schriftelijke toestemming te zullen vervreemden, met hypotheek of met andere zakelijke rechten te zullen bezwaren. Tevens verbindt leningnemer zich om op eerste vordering een hypotheek en/of pandrecht te vestigen op alle alsdan aan hem toebehorende roerende en onroerende zaken.

De lening is verminderd met de voorziening deelneming NX Filtration B.V. per 31 december 2019 van € 4.085.180.

	31-12-2019	31-12-2018
	€	€
Overige vorderingen		
Latente belastingvorderingen	1.088.122	619.666

Per 31 december 2019 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 5.307.900.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 2.785.535;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

	2019	2018
	€	€
Latente belastingvorderingen		
Stand per 1 januari	619.666	366.416
Mutatie u.h.v. verliescompensatie	468.456	253.250
Stand per 31 december	1.088.122	619.666

VLOTTENDE ACTIVA

24. Vorderingen

	31-12-2019	31-12-2018
	€	€
Vorderingen op groepsmaatschappijen		
NX Filtration B.V.	-	1.516.404
Overige belastingen en premies sociale verzekeringen		
Omzetbelasting	7.750	25.083

25. Liquide middelen

Rabobank	729	237

De liquide middelen staan ter vrije beschikking.

PASSIVA

26. Eigen vermogen

	31-12-2019	31-12-2018
	€	€
Geplaatst kapitaal		
Geplaatst en volgestort zijn 950.000 gewone aandelen nominaal € 1,00	950.000	650.000
Geplaatst en volgestort zijn 11.333 cumulatief preferente aandelen A nominaal € 1,00 (Samengestelde rente van 7%)	11.333	11.333
Geplaatst en volgestort zijn 21.606 cumulatief preferente aandelen B nominaal € 1,00 (Samenegstelde rente van 9%)	21.606	21.606
Geplaatst en volgestort zijn 1.132 cumulatief preferente aandelen C nominaal € 1,00 (Samengestelde rente van 9%)	1.132	1.132
Geplaatst en volgestort zijn 1.553 cumulatief preferente aandelen D nominaal € 1,00 (Samengestelde rente 9%)	1.553	1.553
Geplaatst en volgestort zijn 11.844 cumulatief preferente aandelen E nominaal € 1,00 (Samengestelde rente van 9%)	11.844	-
	997.468	685.624

	2019	2018
	€	€
Agio		
Stand per 1 januari	4.889.376	3.302.207
Dotatie	2.588.156	1.587.169
Stand per 31 december	7.477.532	4.889.376

Het gestorte agio per 31 december 2019 heeft betrekking op:
- € 1.988.667 op de cumulatief preferente aandelen A (samengestelde rente van 7%);
- € 2.903.394 op de cumulatief preferente aandelen B (samengestelde rente van 9%);
- € 198.868 op de cumulatief preferente aandelen C (samengestelde rente van 9%);
- € 198.447 op de cumulatief preferente aandelen D (samengestelde rente van 9%); en
- € 2.188.156 op de cumulatief preferente aandelen E (samengestelde rente van 9%).

	31-12-2019	31-12-2018
	€	€
Wettelijke reserves		
Reserve voor kosten van ontwikkeling	821.005	472.649

	2019	2018
	€	€
Reserve voor kosten van ontwikkeling		
Stand per 1 januari	472.649	42.523
Dotatie	348.356	430.126
Stand per 31 december	821.005	472.649

Overige reserves

Stand per 1 januari	-2.877.823	-1.143.022
Resultaatbestemming boekjaar	-1.816.686	-1.304.675
Dotatie wettelijke reserves	-348.356	-430.126
Stand per 31 december	-5.042.865	-2.877.823

27. Kortlopende schulden

	31-12-2019	31-12-2018
	€	€
Schulden aan leveranciers en handelskredieten		
Crediteuren	5.987	7.864
Schulden aan groepsmaatschappijen		
NX Filtration B.V.	18.608	-
Overige schulden en overlopende passiva		
Accountantskosten	17.500	15.000
Diversen	3.000	3.000
	20.500	18.000

NIET IN DE BALANS OPGENOMEN ACTIVA EN VERPLICHTINGEN

Voorwaardelijke verplichtingen

Fiscale eenheid

De vennootschap staat aan het hoofd van de fiscale eenheid voor de vennootschapsbelasting en omzetbelasting van NX Filtration Holding B.V..Op grond daarvan is de vennootschap hoofdelijk aansprakelijk voor de belastingschuld van de fiscale eenheid als geheel.

10 TOELICHTING OP DE ENKELVOUDIGE WINST-EN-VERLIESREKENING OVER 2019

	2019	2018
	€	€
28. Netto-omzet		
Doorbelaste octrooirechten NX Filtration B.V.	28.000	20.000
Managementvergoeding NX Filtration B.V.	5.000	5.000
	33.000	25.000

Personeelsleden

Bij de vennootschap waren in 2019 geen werknemers werkzaam.

Afschrijvingen

29. *Afschrijvingen immateriële vaste activa*

	2019	2018
Kosten van ontwikkeling	96.984	8.505
Concessies, vergunningen en rechten van intellectuele eigendom	16.894	13.670
Totaal	113.878	22.175

Overige bedrijfskosten

30. *Algemene kosten*

	2019	2018
Accountantskosten	17.500	15.000
Advieskosten	10.846	10.454
Kosten verlengingstaks octrooien	26.629	17.764
Managementvergoeding Infestos Holding E B.V.	5.000	5.000
Managementvergoeding Infestos Management B.V.	5.000	5.000
Overige algemene kosten	196	140
	65.171	53.358

Financiële baten en lasten

31. *Rentebaten en soortgelijke opbrengsten*

	2019	2018
Rentebate vordering NX Filtration B.V.	60.200	63.000

32. *Rentelasten en soortgelijke kosten*

	2019	2018
Rentelast schuld Infestos Holding E B.V.	20.059	14.124

33. Belastingen

	2019	2018
Mutatie voorziening belastingen	-21.712	-369

34. Aandeel in het resultaat van deelnemingen

	2019	2018
Aandeel resultaat NX Filtration B.V.	-1.732.490	-1.303.387

Ondertekening van de jaarrekening

Enschede, 21 januari 2020

Infestos Management B.V.
Namens deze,

D.W.E. Riefel

Infestos Management B.V.
Namens deze,

J.G. Slootweg

OVERIGE GEGEVENS

Eshuis

Registeraccountants B.V.

Aan:
NX Filtration Holding B.V.
Ter attentie van de aandeelhouders en directie
Oldenzaalsestraat 500
7524 AE Enschede

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7521 PH Enschede
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1. CONTROLEVERKLARING VAN DE ONAFHANKELIJKE ACCOUNTANT

Verklaring over de in dit rapport opgenomen jaarrekening 2019

Ons oordeel

Wij hebben de jaarrekening 2019 van NX Filtration Holding B.V. te Enschede gecontroleerd. Naar ons oordeel geeft de in dit rapport opgenomen jaarrekening een getrouw beeld van de grootte en de samenstelling van het vermogen van NX Filtration Holding B.V. per 31 december 2019 en van het resultaat over 2019 in overeenstemming met Titel 9 Boek 2 BW.

De jaarrekening bestaat uit:

1. de geconsolideerde en enkelvoudige balans per 31 december 2019;
2. de geconsolideerde en enkelvoudige winst-en-verliesrekening over 2019; en
3. de toelichting met een overzicht van de gehanteerde grondslagen voor financiële verslaggeving en andere toelichtingen.

De basis voor ons oordeel

Wij hebben onze controle uitgevoerd volgens het Nederlands recht, waaronder ook de Nederlandse controlestandaarden vallen. Onze verantwoordelijkheden op grond hiervan zijn beschreven in de sectie 'Onze verantwoordelijkheden voor de controle van de jaarrekening'.

Wij zijn onafhankelijk van NX Filtration Holding B.V. zoals vereist in de Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) en andere voor de opdracht relevante onafhankelijkheidsregels in Nederland. Verder hebben wij voldaan aan de Verordening gedrags- en beroepsregels accountants (VGBA).

Wij vinden dat de door ons verkregen controle-informatie voldoende en geschikt is als basis voor ons oordeel.

Verklaring over de in dit rapport opgenomen andere informatie

Naast de jaarrekening en onze controleverklaring daarbij, omvat dit rapport andere informatie, die bestaat uit de overige gegevens.

Op grond van onderstaande werkzaamheden zijn wij van mening dat de andere informatie:

- met de jaarrekening verenigbaar is en geen materiële afwijkingen bevat;
- alle informatie bevat die op grond van Titel 9 Boek 2 BW is vereist.

Wij hebben de andere informatie gelezen en hebben op basis van onze kennis en ons begrip, verkregen vanuit de jaarrekeningcontrole of anderszins, overwogen of de andere informatie materiële afwijkingen bevat.

Met onze werkzaamheden hebben wij voldaan aan de vereisten in Titel 9 Boek 2 BW en de Nederlandse Standaard 720. Deze werkzaamheden hebben niet dezelfde diepgang als onze controlewerkzaamheden bij de jaarrekening.

Het bestuur is verantwoordelijk voor het opstellen van de overige gegevens in overeenstemming met Titel 9 Boek 2 BW.

Beschrijving van verantwoordelijkheden met betrekking tot de jaarrekening

Verantwoordelijkheden van het bestuur voor de jaarrekening

Het bestuur is verantwoordelijk voor het opmaken en getrouw weergeven van de jaarrekening in overeenstemming met Titel 9 Boek 2 BW. In dit kader is het bestuur verantwoordelijk voor een zodanige interne beheersing die het bestuur noodzakelijk acht om het opmaken van de jaarrekening mogelijk te maken zonder afwijkingen van materieel belang als gevolg van fouten of fraude.

Bij het opmaken van de jaarrekening moet het bestuur afwegen of de onderneming in staat is om haar werkzaamheden in continuïteit voort te zetten. Op grond van genoemd verslaggevingsstelsel moet het bestuur de jaarrekening opmaken op basis van de continuïteitsveronderstelling, tenzij het bestuur het voornemen heeft om de vennootschap te liquideren of de bedrijfsactiviteiten te beëindigen of als beëindiging het enige realistische alternatief is.

Het bestuur moet gebeurtenissen en omstandigheden waardoor gerede twijfel zou kunnen bestaan of de onderneming haar bedrijfsactiviteiten in continuïteit kan voortzetten, toelichten in de jaarrekening.

Onze verantwoordelijkheden voor de controle van de jaarrekening

Onze verantwoordelijkheid is het zodanig plannen en uitvoeren van een controleopdracht dat wij daarmee voldoende en geschikte controle-informatie verkrijgen voor het door ons af te geven oordeel.

Onze controle is uitgevoerd met een hoge mate maar geen absolute mate van zekerheid waardoor het mogelijk is dat wij tijdens onze controle niet alle materiële fouten en fraude ontdekken.

Afwijkingen kunnen ontstaan als gevolg van fraude of fouten en zijn materieel indien redelijkerwijs kan worden verwacht dat deze, afzonderlijk of gezamenlijk, van invloed kunnen zijn op de economische beslissingen die gebruikers op basis van deze jaarrekening nemen. De materialiteit beïnvloedt de aard, timing en omvang van onze controlewerkzaamheden en de evaluatie van het effect van onderkende afwijkingen op ons oordeel.

Wij hebben deze accountantscontrole professioneel kritisch uitgevoerd en hebben waar relevant professionele oordeelsvorming toegepast in overeenstemming met de Nederlandse controlestandaarden, ethische voorschriften en de onafhankelijkheidseisen. Onze controle bestond onder andere uit:

- het identificeren en inschatten van de risico's dat de jaarrekening afwijkingen van materieel belang bevat als gevolg van fouten of fraude, het in reactie op deze risico's bepalen en uitvoeren van controlewerkzaamheden en het verkrijgen van controle-informatie die voldoende en geschikt is als basis voor ons oordeel. Bij fraude is het risico dat een afwijking van materieel belang niet ontdekt wordt groter dan bij fouten. Bij fraude kan sprake zijn van samenspanning, valsheid in geschrifte, het opzettelijk nalaten transacties vast te leggen, het opzettelijk verkeerd voorstellen van zaken of het doorbreken van de interne beheersing.

- het verkrijgen van inzicht in de interne beheersing die relevant is voor de controle met als doel controlewerkzaamheden te selecteren die passend zijn in de omstandigheden. Deze werkzaamheden hebben niet als doel om een oordeel uit te spreken over de effectiviteit van de interne beheersing van de entiteit.
- het evalueren van de geschiktheid van de gebruikte grondslagen voor financiële verslaggeving en het evalueren van de redelijkheid van schattingen door het bestuur en de toelichtingen die daarover in de jaarrekening staan.
- het vaststellen dat de door het bestuur gehanteerde continuïteitsveronderstelling aanvaardbaar is. Tevens het op basis van de verkregen controle-informatie vaststellen of er gebeurtenissen en omstandigheden zijn waardoor gerede twijfel zou kunnen bestaan of de onderneming haar bedrijfsactiviteiten in continuïteit kan voortzetten. Als wij concluderen dat er een onzekerheid van materieel belang bestaat, zijn wij verplicht om aandacht in onze controleverklaring te vestigen op de relevante gerelateerde toelichtingen in de jaarrekening. Als de toelichtingen inadequaat zijn, moeten wij onze verklaring aanpassen. Onze conclusies zijn gebaseerd op de controle-informatie die verkregen is tot de datum van onze controleverklaring. Toekomstige gebeurtenissen of omstandigheden kunnen er echter toe leiden dat een onderneming haar continuïteit niet langer kan handhaven;
- het evalueren van de presentatie, structuur en inhoud van de jaarrekening en de daarin opgenomen toelichtingen; en
- het evalueren of de jaarrekening een getrouw beeld geeft van de onderliggende transacties en gebeurtenissen.

Wij communiceren met de governance belaste personen onder andere over de geplande reikwijdte en timing van de controle en over de significante bevindingen die uit onze controle naar voren zijn gekomen, waaronder eventuele significante tekortkomingen in de interne beheersing.

Enschede, 21 januari 2020

Eshuis Registeraccountants B.V.

M.H.J. Roelofs
Accountant-Administratieconsulent

2 Statutaire regeling winstbestemming

Op grond van artikel 18 van de statuten staat de winst ter beschikking van de Algemene Vergadering van Aandeelhouders.

3 Verwerking van het verlies 2019

Overeenkomstig de wettelijke bepalingen is het verlies ad € 1.816.686 over 2019 in mindering gebracht op de overige reserves. Dit is reeds in de jaarrekening verwerkt.

NX FILTRATION HOLDING B.V.
TE ENSCHEDE

Jaarrekening 2018

INHOUDSOPGAVE

Pagina

ACCOUNTANTSVERSLAG

JAARVERSLAG VAN DE DIRECTIE

JAARREKENING

OVERIGE GEGEVENS

ACCOUNTANTSVERSLAG

Eshuis

NX Filtration Holding B.V.
Ter attentie van de directie
Oldenzaalsestraat 500
7524 AE Enschede

Kenmerk	*Behandeld door*	*Datum*
1012116.2018.01	MR	18 januari 2019

Geachte directie,

Hierbij brengen wij u verslag uit over boekjaar 2018 met betrekking tot uw besloten vennootschap.

1 OPDRACHT

Ingevolge uw opdracht hebben wij de jaarrekening 2018 van uw besloten vennootschap, waarin begrepen de enkelvoudige balans met tellingen van € 3.195.690, de geconsolideerde balans met tellingen van € 3.755.749 en de geconsolideerde en enkelvoudige winst-en-verliesrekening sluitende met een negatief resultaat na belastingen van € 1.304.675, gecontroleerd.

Voor de controleverklaring verwijzen wij u naar het hoofdstuk "Overige gegevens" op pagina 40 van dit rapport.

2 ALGEMEEN

2.1 Bedrijfsgegevens

De vennootschap heeft ten doel:

- het oprichten van, het op enigerlei wijze deelnemen in, het besturen van en het toezicht houden op ondernemingen en vennootschappen;
- het financieren van ondernemingen en vennootschappen;
- het lenen, uitlenen en bijeenbrengen van gelden daaronder begrepen, het uitgeven van obligaties, schuldbrieven of andere waardepapieren, alsmede het aangaan van daarmee samenhangende overeenkomsten;
- het verstrekken van adviezen en het verlenen van diensten aan ondernemingen en vennootschappen behorende tot de groep en aan derden;
- het verstrekken van garanties, het verbinden van de vennootschap en het bezwaren van activa van de vennootschap ten behoeve van ondernemingen en vennootschappen behorende tot de groep en ten behoeve van derden;
- het verkrijgen, beheren, exploiteren en vervreemden van registergoederen en van vermogenswaarden in het algemeen;
- het verhandelen van valuta, effecten en vermogenswaarden in het algemeen;
- het exploiteren en verhandelen van patenten, merkrechten, vergunningen, know how en andere industriële eigendomsrechten;
- het verrichten van overige handelingen op economisch, financieel of commercieel gebied,

alsmede al hetgeen met een en ander verband houdt of daarvoor bevorderlijk kan zijn, alles in de ruimste zin.

2.2 Bestuur

Per balansdatum wordt de directie gevoerd door Infestos Management B.V..

2.3 Oprichting vennootschap

Bij notariële akte d.d. 1 januari 2016 verleden voor notaris mr. B.F. Wesseling te Enschede is opgericht de vennootschap NX Filtration Holding B.V.. De activiteiten worden met ingang van voornoemde datum gedreven voor rekening en risico van de vennootschap NX Filtration Holding B.V..

2.4 Verwerking van het verlies 2018

Het verlies over 2018 bedraagt € 1.304.675 tegenover een verlies over 2017 van € 723.956.
De bespreking van het resultaat is opgenomen op pagina 4.
De voorgestelde resultaatbestemming is opgenomen onder de overige gegevens van het financieel verslag.

2.5 Verwerking van het verlies 2017

Het verlies ad € 723.956 is in mindering gebracht op de overige reserves.

Eshuis

3 RESULTAAT

3.1 Vergelijkend overzicht

Het geconsolideerde resultaat na belastingen over 2018 bedraagt negatief € 1.304.675 tegenover negatief € 723.956 over 2017. De geconsolideerde resultaten over beide jaren kunnen als volgt worden samengevat:

	2018		2017		Verschil
	€	%	€	%	€
Netto-omzet	314.303	-	87.812	-	226.491
Kostprijs van de omzet	182.105	-	71.305	-	110.800
Bruto-marge	132.198	-	16.507	-	115.691
Overige bedrijfsopbrengsten	620.391	-	411.141	-	209.250
	752.589	-	427.648	-	324.941
Kosten					
Lonen en salarissen	771.897	-	498.187	-	273.710
Sociale lasten	141.515	-	84.261	-	57.254
Pensioenlasten	28.148	-	22.813	-	5.335
Overige personeelskosten	169.782	-	64.051	-	105.731
Afschrijvingen immateriële vaste activa	22.175	-	11.979	-	10.196
Afschrijvingen materiële vaste activa	270.785	-	193.135	-	77.650
Huisvestingskosten	233.126	-	129.744	-	103.382
Exploitatiekosten	142.196	-	39.963	-	102.233
Kantoorkosten	58.080	-	37.986	-	20.094
Verkoopkosten	49.033	-	56.666	-	-7.633
Algemene kosten	96.140	-	74.948	-	21.192
Kosten van onderzoek en ontwikkeling	313.514	-	179.188	-	134.326
	2.296.391	-	1.392.921	-	903.470
Bedrijfsresultaat	-1.543.802	-	-965.273	-	-578.529
Financiële baten en lasten					
Rentelasten en soortgelijke kosten	-14.124	-	-	-	-14.124
Resultaat uit gewone bedrijfsuitoefening voor belastingen	-1.557.926	-	-965.273	-	-592.653
Belastingen resultaat uit gewone bedrijfsuitoefening	253.251	-	241.317	-	11.934
Resultaat na belastingen	-1.304.675	-	-723.956	-	-580.719

3.2 Resultaatanalyse

De ontwikkeling van het geconsolideerde resultaat 2018 ten opzichte van 2017 kan als volgt worden geanalyseerd:

	2018	
	€	€
Factoren waardoor het resultaat toeneemt:		
Toename bruto-omzetresultaat	324.941	
Afname verkoopkosten	7.633	
Afname belastingen resultaat uit gewone bedrijfsuitoefening	11.934	
		344.508
Factoren waardoor het resultaat afneemt:		
Toename lonen en salarissen	273.710	
Toename sociale lasten	57.254	
Toename pensioenlasten	5.335	
Toename overige personeelskosten	105.731	
Toename afschrijvingen immateriële vaste activa	10.196	
Toename afschrijvingen materiële vaste activa	77.650	
Toename huisvestingskosten	103.382	
Toename exploitatiekosten	102.233	
Toename kantoorkosten	20.094	
Toename algemene kosten	21.192	
Toename kosten van onderzoek en ontwikkeling	134.326	
Toename rentelasten en soortgelijke kosten	14.124	
		925.227
Afname resultaat na belastingen		-580.719

3.3 Kosten

De kosten stegen in totaliteit met 64,9%.
Per kostensoort geldt het volgende:

	2018		2017		Verschil
	€	%	€	%	€
Lonen en salarissen	771.897	33,6	498.187	35,8	273.710
Sociale lasten	141.515	6,2	84.261	6,1	57.254
Pensioenlasten	28.148	1,2	22.813	1,6	5.335
Overige personeelskosten	169.782	7,4	64.051	4,6	105.731
Afschrijvingen immateriële vaste activa	22.175	1,0	11.979	0,9	10.196
Afschrijvingen materiële vaste activa	270.785	11,8	193.135	13,9	77.650
Huisvestingskosten	233.126	10,2	129.744	9,3	103.382
Exploitatiekosten	142.196	6,2	39.963	2,9	102.233
Kantoorkosten	58.080	2,5	37.986	2,7	20.094
Verkoopkosten	49.033	2,1	56.666	4,1	-7.633
Algemene kosten	96.140	4,2	74.948	5,4	21.192
Kosten van onderzoek en ontwikkeling	313.514	13,6	179.188	12,7	134.326
	2.296.391	100,0	1.392.921	100,0	903.470

4 FINANCIËLE POSITIE

Uit de geconsolideerde balans is de volgende financieringsstructuur af te leiden:

	31-12-2018		31-12-2017	
	€	€	€	€
Beschikbaar op lange termijn:				
Eigen vermogen		3.169.826		2.674.501
Waarvan vastgelegd op lange termijn:				
Immateriële vaste activa	586.990		158.257	
Materiële vaste activa	1.740.574		1.494.146	
Financiële vaste activa	619.666		366.416	
		2.947.230		2.018.819
Werkkapitaal		222.596		655.682

Dit bedrag is als volgt aangewend:

	31-12-2018		31-12-2017	
Voorraden	400.421		176.742	
Vorderingen	395.466		281.469	
Liquide middelen	12.632		448.635	
		808.519		906.846
Af: kortlopende schulden		585.923		251.164
Werkkapitaal		222.596		655.682

4.1 Mutatie werkkapitaal

De samenstelling en mutatie van het werkkapitaal kunnen als volgt worden geanalyseerd:

	31-12-2018	31-12-2017	Mutatie
	€	€	€
Voorraden	400.421	176.742	223.679
Vorderingen	395.466	281.469	113.997
Liquide middelen	12.632	448.635	-436.003
	808.519	906.846	-98.327
Kortlopende schulden	585.923	251.164	334.759
	222.596	655.682	-433.086

5 FISCALE POSITIE

5.1 Fiscale eenheid

NX Filtration Holding B.V. vormt tezamen met NX Filtration B.V. een fiscale eenheid voor de vennootschapsbelasting.

De vennootschapsbelasting bij de dochtermaatschappij wordt berekend alsof zij zelfstandig belastingplichtig is en verrekening vindt plaats in rekening-courant met NX Filtration Holding B.V..

Over het belastbare bedrag is geen vennootschapsbelasting verschuldigd.

5.2 Te verrekenen verliezen

Per 31 december 2018 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 3.022.759.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 500.394;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

Tot het verstrekken van nadere toelichtingen zijn wij gaarne bereid.

Hoogachtend,
Eshuis
Accountants en Belastingadviseurs B.V.
namens deze

M.H.J. Roelofs
Accountant-Administratieconsulent

FINANCIEEL VERSLAG

JAARVERSLAG VAN DE DIRECTIE

Ingevolge artikel 2:396 lid 7 BW is afgezien van het opstellen van een jaarverslag van de directie over 2018.

GECONSOLIDEERDE JAARREKENING 2018

1 GECONSOLIDEERDE BALANS PER 31 DECEMBER 2018

		31 december 2018		31 december 2017	
		€	€	€	€
ACTIVA					
Vaste activa					
Immateriële vaste activa	(1)				
Kosten van onderzoek en ontwikkeling		472.649		42.523	
Concessies, vergunningen en rechten van intellectuele eigendom		114.341		115.734	
			586.990		158.257
Materiële vaste activa	(2)				
Machines en installaties		1.507.916		1.402.535	
Inventaris		232.658		91.611	
			1.740.574		1.494.146
Financiële vaste activa	(3)				
Overige vorderingen			619.666		366.416
Vlottende activa					
Voorraden	(4)		400.421		176.742
Vorderingen	(5)				
Handelsdebiteuren		58.101		2.251	
Overige belastingen en premies sociale verzekeringen		84.382		63.492	
Overige vorderingen en overlopende activa		252.983		215.726	
			395.466		281.469
Liquide middelen	(6)		12.632		448.635
			3.755.749		2.925.665

		31 december 2018		31 december 2017	
		€	€	€	€
PASSIVA					
Groepsvermogen	(7)		3.169.826		2.674.501
Kortlopende schulden	(8)				
Schulden aan leveranciers en handelskredieten		251.271		174.732	
Overige belastingen en premies sociale verzekeringen		24.949		16.908	
Overige schulden en overlopende passiva		309.703		59.524	
			585.923		251.164
			3.755.749		2.925.665

2 GECONSOLIDEERDE WINST-EN-VERLIESREKENING OVER 2018

		2018		2017	
		€	€	€	€
Netto-omzet	(9)	314.303		87.812	
Kostprijs van de omzet		182.105		71.305	
Bruto-marge			132.198		16.507
Overige bedrijfsopbrengsten	(10)		620.391		411.141
			752.589		427.648
Kosten					
Personeelskosten	(11)	1.111.342		669.312	
Afschrijvingen immateriële vaste activa	(12)	22.175		11.979	
Afschrijvingen materiële vaste activa	(13)	270.785		193.135	
Huisvestingskosten	(14)	233.126		129.744	
Exploitatiekosten	(15)	142.196		39.963	
Kantoorkosten	(16)	58.080		37.986	
Verkoopkosten	(17)	49.033		56.666	
Algemene kosten	(18)	96.140		74.948	
Kosten van onderzoek en ontwikkeling	(19)	313.514		179.188	
			2.296.391		1.392.921
Bedrijfsresultaat			-1.543.802		-965.273
Rentelasten en soortgelijke kosten	(20)		-14.124		-
Resultaat uit gewone bedrijfsuitoefening voor belastingen			-1.557.926		-965.273
Belastingen resultaat uit gewone bedrijfsuitoefening	(21)		253.251		241.317
Resultaat na belastingen			-1.304.675		-723.956

3 GECONSOLIDEERDE GRONDSLAGEN VOOR WAARDERING EN RESULTAATBEPALING

ALGEMEEN

De jaarrekening is opgesteld in overeenstemming met de richtlijnen voor jaarverslaggeving van kleine rechtspersonen van de Raad voor de Jaarverslaggeving en in overeenstemming met de wettelijke bepalingen zoals opgenomen in Titel 9 Boek 2 BW.

De jaarrekening is opgemaakt op basis van historische kostprijs. De waardering van activa en passiva geschiedt, voorzover niet anders is vermeld, tegen nominale waarde.
Winsten worden toegerekend aan de periode waarin ze zijn gerealiseerd. Verliezen worden verantwoord in het jaar waarin ze voorzienbaar zijn.

Gebruik van schattingen

Bij het opstellen van de jaarrekening dient het bestuur van de vennootschap overeenkomstig algemeen aanvaarde grondslagen voor de financiële verslaggeving bepaalde schattingen en veronderstellingen te doen die mede bepalend zijn voor de opgenomen bedragen. De feitelijke resultaten kunnen van deze schattingen afwijken.

Belastinglatenties

Latente belastingvorderingen en - verplichtingen, veroorzaakt door tijdelijke verschillen tussen de fiscale en nominale bedrijfseconomische waarde van activa en passiva, worden berekend op basis van de geldende tarieven voor de vennootschapsbelasting. Latente belastingvorderingen worden geactiveerd voor zover het meer waarschijnlijk is dan niet dat de verrekening kan plaatsvinden met in komende jaren te betalen belastingen.

Groepsverhoudingen

De vennootschap maakt deel uit van een groep, waarvan B.V. Infestos Sarl te Luxemburg aan het hoofd staat.

Consolidatie

In de jaarrekening van NX Filtration Holding B.V. zijn de financiële gegevens geconsolideerd van NX Filtration Holding B.V. en NX Filtration B.V..

Grondslagen voor de consolidatie

In de geconsolideerde jaarrekening van NX Filtration Holding B.V. zijn de financiële gegevens verwerkt van de tot de groep behorende maatschappijen en andere rechtspersonen waarop een overheersende zeggenschap kan worden uitgeoefend of waarover de centrale leiding wordt gevoerd. De geconsolideerde jaarrekening is opgesteld met toepassing van de grondslagen voor de waardering en de resultaatbepaling van NX Filtration Holding B.V..

De resultaten van nieuw verworven groepsmaatschappijen en de andere in de consolidatie meegenomen rechtspersonen en vennootschappen worden geconsolideerd vanaf de overnamedatum. Op die datum worden de activa, voorzieningen en schulden gewaardeerd tegen de reële waarden. De betaalde goodwill wordt geactiveerd en afgeschreven over de economische levensduur. De resultaten van afgestoten deelnemingen worden in de consolidatie verwerkt tot het tijdstip waarop de groepsband wordt verbroken.

GRONDSLAGEN VOOR DE WAARDERING VAN ACTIVA EN PASSIVA

Immateriële vaste activa

De immateriële vaste activa worden gewaardeerd op het bedrag van de bestede kosten, verminderd met de cumulatieve afschrijvingen en indien van toepassing met bijzondere waardeverminderingen. De jaarlijkse afschrijvingen bedragen een vast percentage van de bestede kosten, zoals nader in de toelichting op de balans is gespecificeerd. De economische levensduur en de afschrijvingsmethode worden aan het einde van elk boekjaar opnieuw beoordeeld.

De uitgaven van onderzoek worden verantwoord in de winst-en-verliesrekening.

Afschrijving

Actief	%
Kosten van onderzoek en ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

Materiële vaste activa

De materiële vaste activa worden gewaardeerd tegen aanschaffingswaarde of vervaardigingskosten verminderd met afschrijvingen bepaald op basis van de geschatte economische levensduur rekening houdend met een eventuele restwaarde. De afschrijvingen bedragen een vast percentage van de aanschaffingswaarde of vervaardigingskosten.

Afschrijving

Actief	%
Machines en installaties	0 - 20
Inventaris	0 - 20

Financiële vaste activa

Deelnemingen waarop invloed van betekenis op het zakelijke en financiële beleid kan worden uitgeoefend, worden gewaardeerd tegen de nettovermogenswaarde. Deelnemingen waarin deze invloed ontbreekt, worden opgenomen tegen verkrijgingsprijs, rekeninghoudend met een voorziening voor waardeverminderingen.

Deelnemingen met een negatieve netto-vermogenswaarde worden op nihil gewaardeerd. Wanneer de vennootschap geheel of ten dele instaat voor de schulden van de betreffende deelneming, wordt een voorziening gevormd, primair ten laste van de vorderingen op deze deelneming en voor het overige onder de voorzieningen ter grootte van het aandeel in de door de deelneming geleden verliezen, danwel voor de verwachte betalingen door de vennootschap ten behoeve van deze deelnemingen.

De latente belastingvordering uit hoofde van het compensabel verlies is gewaardeerd tegen het nominale belastingtarief van 20,50%, zijnde het tarief van 2021.

Voorraden

Voorraden grond- en hulpstoffen worden gewaardeerd tegen verkrijgingsprijs of lagere netto-opbrengstwaarde. Deze lagere netto-opbrengstwaarde wordt bepaald door individuele beoordeling van de voorraden.
Voorraden gereed product worden gewaardeerd tegen vervaardigingsprijs of lagere netto-opbrengstwaarde. Deze lagere netto-opbrengstwaarde wordt bepaald door individuele beoordeling van de voorraden. De vervaardigingsprijs omvat het directe materiaalverbruik.
De netto-opbrengstwaarde is gebaseerd op een verwachte verkoopprijs, onder aftrek van nog te maken kosten voor voltooiing en verkoop.

Vorderingen en overlopende activa

Vorderingen worden gewaardeerd tegen nominale waarde onder aftrek van voorzieningen wegens oninbaarheid.

Liquide middelen

De liquide middelen zijn gewaardeerd tegen de nominale waarde.

Pensioenverplichtingen

De ondernemer heeft voor haar werknemers een pensioenregeling getroffen die kwalificeert als een toegezegde-bijdrageregeling: de verplichtingen van de onderneming gaan niet verder dan het betalen van de jaarlijkse bijdrage aan een verzekeringsmaatschappij. De in de toekomst te betalen bijdragen zullen mede afhankelijk zijn van de ontwikkeling van de arbeidsvoorwaarden en van de rendementen die de verzekeringsmaatschappij behaalt op de belegde bijdragen. De onderneming treft geen voorziening voor eventuele toekomstige verhogingen van de bijdragen.

Schulden

Schulden worden gewaardeerd tegen nominale waarde tenzij anders is bepaald.

GRONDSLAGEN VOOR RESULTAATBEPALING

Algemeen

Het resultaat wordt bepaald als het verschil tussen de opbrengstwaarde van de geleverde prestaties en verrichte diensten enerzijds, en anderzijds de kosten en andere lasten van het jaar, gewaardeerd tegen historische kostprijzen.

Resultaatbepaling

Het resultaat wordt bepaald als het verschil tussen de netto-omzet en de kosten en andere lasten van het verslagjaar met inachtneming van de hiervoor vermelde waarderingsgrondslagen.
Winsten zijn verantwoord in het jaar waarin de goederen zijn geleverd c.q. de diensten zijn verricht.
Verliezen welke hun oorsprong vinden in het boekjaar zijn in aanmerking genomen zodra deze voorzienbaar zijn.

Netto-omzet

Onder netto-omzet wordt verstaan de opbrengst van de in het verslagjaar geleverde goederen en verleende diensten onder aftrek van kortingen en de over de omzet geheven belastingen.

Opbrengsten voortvloeiend uit de verkoop van goederen worden verantwoord op het moment dat alle belangrijke rechten op economische voordelen alsmede alle belangrijke risico's zijn overgegaan op de koper. De kostprijs van deze goederen wordt aan dezelfde periode toegerekend.

Opbrengsten van diensten worden opgenomen naar rato van de mate waarin de diensten zijn verricht, gebaseerd op de tot balansdatum in het kader van de dienstverlening gemaakte kosten in verhouding tot de geschatte kosten van de totaal te verrichten dienstverlening. De kostprijs van deze diensten wordt aan dezelfde periode toegerekend.

Kostprijs van de omzet

De kostprijs van de omzet omvat de kostprijs van de verkochte en geleverde goederen, bestaande uit het directe materiaalverbruik, de directe loon- en machinekosten en de overige directe en indirecte kosten die aan de vervaardiging kunnen worden toegerekend.

Brutomarge

De brutomarge bestaat uit het verschil tussen de netto-omzet en de kostprijs van de omzet, alsmede uit de overige bedrijfsopbrengsten.

Afschrijvingen

De afschrijvingen op de immateriële vaste activa zijn berekend door middel van vaste percentages van de verkrijgingsprijs respectievelijk de kosten van onderzoek en ontwikkeling.
De afschrijvingen op de materiële vaste activa zijn berekend door middel van vaste percentages van de aanschaffingswaarde, op basis van de verwachte economische levensduur. Boekwinsten en -verliezen bij verkoop van materiële vaste activa zijn begrepen onder de afschrijvingen, boekwinsten echter alleen voor zover de boekwinsten niet in mindering zijn gebracht op vervangende investeringen.

Financiële baten en lasten

De rentebaten en -lasten betreffen de op de verslagperiode betrekking hebbende rente-opbrengsten en -lasten van uitgegeven en ontvangen leningen.

Aandeel in het resultaat van deelnemingen

Resultaten van niet-geconsolideerde deelnemingen zijn verantwoord overeenkomstig de nettovermogenswaardemethode. Voor zover niet op nettovermogenswaarde wordt gewaardeerd betreft het resultaat de in het boekjaar ontvangen dividenden.

Belastingen

De vennootschapsbelasting wordt berekend tegen het geldende tarief over het resultaat van het boekjaar, waarbij rekening wordt gehouden met permanente verschillen tussen de winstberekening volgens de jaarrekening en de fiscale winstberekening, en waarbij actieve belastinglatenties (indien van toepassing) slechts worden gewaardeerd voor zover de realisatie daarvan waarschijnlijk is. Doorbelasting van vennootschapsbelasting aan de in de fiscale eenheid opgenomen vennootschappen vindt plaats als waren de deelnemingen zelfstandig belastingplichtig.

4 TOELICHTING OP DE GECONSOLIDEERDE BALANS PER 31 DECEMBER 2018

ACTIVA

VASTE ACTIVA

1. Immateriële vaste activa

	Kosten van onderzoek en ontwikkeling	Concessies, vergun-ningen en rechten van intellectuele eigendom	Totaal
	€	€	€
Boekwaarde per 1 januari 2018			
Verkrijgingsprijs	42.523	127.713	170.236
Cumulatieve afschrijvingen en overige waardeverminderingen	-	-11.979	-11.979
	42.523	115.734	158.257
Mutaties			
Investeringen	438.631	12.277	450.908
Afschrijvingen	-8.505	-13.670	-22.175
	430.126	-1.393	428.733
Boekwaarde per 31 december 2018			
Verkrijgingsprijs	481.154	139.990	621.144
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-25.649	-34.154
	472.649	114.341	586.990

Afschrijvingspercentages

	%
Kosten van onderzoek en ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

	2018	2017
	€	€
Kosten van onderzoek en ontwikkeling		
Verkrijgingsprijs	42.523	-
Cumulatieve afschrijvingen en overige waardeverminderingen	-	-
Boekwaarde per 1 januari	42.523	-
Mutaties		
Investeringen	438.631	42.523
Afschrijvingen	-8.505	-
	430.126	42.523
Verkrijgingsprijs	481.154	42.523
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-
Boekwaarde per 31 december	472.649	42.523

Concessies, vergunningen en rechten van intellectuele eigendom

	2018	2017
Verkrijgingsprijs	127.713	109.206
Cumulatieve afschrijvingen en overige waardeverminderingen	-11.979	-
Boekwaarde per 1 januari	115.734	109.206
Mutaties		
Investeringen	12.277	18.507
Afschrijvingen	-13.670	-11.979
	-1.393	6.528
Verkrijgingsprijs	139.990	127.713
Cumulatieve afschrijvingen en overige waardeverminderingen	-25.649	-11.979
Boekwaarde per 31 december	114.341	115.734

2. Materiële vaste activa

	Machines en installaties	Inventaris	Totaal
	€	€	€
Boekwaarde per 1 januari 2018			
Aanschaffingswaarde	1.576.735	111.274	1.688.009
Cumulatieve afschrijvingen en waardeverminderingen	-174.200	-19.663	-193.863
	1.402.535	91.611	1.494.146
Mutaties			
Investeringen	341.380	175.833	517.213
Desinvesteringen	-5.632	-	-5.632
Afschrijving desinvesteringen	188	-	188
Afschrijvingen	-230.555	-34.786	-265.341
	105.381	141.047	246.428
Boekwaarde per 31 december 2018			
Aanschaffingswaarde	1.912.483	287.107	2.199.590
Cumulatieve afschrijvingen en waardeverminderingen	-404.567	-54.449	-459.016
Boekwaarde per 31 december 2018	1.507.916	232.658	1.740.574

Afschrijvingspercentages

	%
Machines en installaties	0 - 20
Inventaris	0 - 20

	2018	2017
	€	€
Machines en installaties		
Aanschaffingswaarde	1.576.735	1.359.162
Cumulatieve afschrijvingen en waardeverminderingen	-174.200	-167
Boekwaarde per 1 januari	1.402.535	1.358.995
Mutaties		
Investeringen	341.380	217.573
Desinvesteringen	-5.632	-
Afschrijving desinvesteringen	188	-
Afschrijvingen	-230.555	-174.033
	105.381	43.540
Aanschaffingswaarde	1.912.483	1.576.735
Cumulatieve afschrijvingen en waardeverminderingen	-404.567	-174.200
Boekwaarde per 31 december	1.507.916	1.402.535

	2018	2017
	€	€
Inventaris		
Aanschaffingswaarde	111.274	31.115
Cumulatieve afschrijvingen en waardeverminderingen	-19.663	-561
Boekwaarde per 1 januari	91.611	30.554
Mutaties		
Investeringen	175.833	80.159
Afschrijvingen	-34.786	-19.102
	141.047	61.057
Aanschaffingswaarde	287.107	111.274
Cumulatieve afschrijvingen en waardeverminderingen	-54.449	-19.663
Boekwaarde per 31 december	232.658	91.611

3. Financiële vaste activa

	31-12-2018	31-12-2017
	€	€
Overige vorderingen		
Latente belastingvorderingen	619.666	366.416

Per 31 december 2018 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 3.022.759.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 500.394;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

	2018	2017
	€	€
Latente belastingvorderingen		
Stand per 1 januari	366.416	125.099
Mutatie u.h.v. verliescompensatie	253.250	241.317
Stand per 31 december	619.666	366.416

VLOTTENDE ACTIVA

	31-12-2018	31-12-2017
	€	€
4. Voorraden		
Grond- en hulpstoffen	339.710	146.520
Gereed product	60.711	30.222
	400.421	176.742

5. Vorderingen

	31-12-2018	31-12-2017
	€	€
Handelsdebiteuren		
Debiteuren	58.101	2.251

Een voorziening voor vermoedelijke oninbaarheid wordt niet noodzakelijk geacht.

Overige belastingen en premies sociale verzekeringen		
Omzetbelasting	84.382	63.492
Overige vorderingen en overlopende activa		
Nog te factureren omzet	7.373	-
Subsidies	169.000	170.526
Vooruitbetaalde kosten	19.007	20.940
Diversen	43.718	10.375
Waarborgsom huur bedrijfsruimte	13.885	13.885
	252.983	215.726

6. Liquide middelen

Rabobank	12.632	448.635

De liquide middelen staan ter vrije beschikking.

PASSIVA

7. Groepsvermogen

Voor een toelichting op het groepsvermogen verwijzen wij u naar de toelichting op het eigen vermogen van de enkelvoudige balans op pagina 35 van dit rapport.

8. Kortlopende schulden

	31-12-2018	31-12-2017
	€	€
Schulden aan leveranciers en handelskredieten		
Crediteuren	251.271	174.732
Overige belastingen en premies sociale verzekeringen		
Loonheffing	24.949	16.908
Overige schulden en overlopende passiva		
Vakantiegeld	36.720	25.914
Accountantskosten	15.000	11.000
Vooruitontvangen subsidies	172.419	-
Diversen	85.564	22.610
	309.703	59.524

NIET IN DE BALANS OPGENOMEN VERPLICHTINGEN

Voorwaardelijke verplichtingen

Fiscale eenheid

De vennootschap staat aan het hoofd van de fiscale eenheid voor de vennootschapsbelasting en omzetbelasting van NX Filtration Holding B.V. Op grond daarvan is de vennootschap hoofdelijk aansprakelijk voor de belastingschuld van de fiscale eenheid als geheel.

Niet verwerkte verplichtingen

Investeringen

Door tot de groep behorende vennootschap zijn investeringsverplichtingen aangegaan in machines en installaties van circa € 218.000, welke naar verwachting in het 1e halfjaar 2019 worden afgewikkeld.

Meerjarige financiële verplichtingen

Leaseverplichtingen

Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 2 februari 2021 terzake van lease van een vervoermiddel. De jaarlijkse verplichting bedraagt circa € 9.500.
Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 24 januari 2022 terzake van lease van een heftruck. De jaarlijkse verplichting bedraagt circa € 4.600.

Huurverplichtingen onroerende zaken

Door tot de groep behorende vennootschap is een meerjarige financiële verplichting aangegaan tot en met 31 december 2019 terzake van huur van bedrijfsruimte. De jaarlijkse verplichting bedraagt circa € 83.500.

5 TOELICHTING OP DE GECONSOLIDEERDE WINST-EN-VERLIESREKENING OVER 2018

	2018	2017
	€	€
9. Netto-omzet		
Netto-omzet	314.303	87.812
10. Overige bedrijfsopbrengsten		
Subsidie-opbrengsten	156.760	349.516
Detachering personeel	25.000	19.102
Geactiveerde ontwikkelingskosten	438.631	42.523
	620.391	411.141
11. Personeelskosten		
Lonen en salarissen	771.897	498.187
Sociale lasten	141.515	84.261
Pensioenlasten	28.148	22.813
Overige personeelskosten	169.782	64.051
	1.111.342	669.312
Lonen en salarissen		
Bruto lonen	976.305	654.998
Ontvangen ziekengelduitkeringen	-1.612	-
Ontvangen subsidie WBSO	-202.796	-156.811
	771.897	498.187
Sociale lasten		
Premies sociale verzekeringswetten	141.515	84.261
Pensioenlasten		
Pensioenlasten	28.148	22.813
Overige personeelskosten		
Doorbelaste personeelskosten	101.375	15.348
Reis-, verblijf- en kantinekosten	33.489	23.580
Onkostenvergoedingen	4.251	1.535
Bedrijfskleding	12.529	7.602
Overige personeelskosten	18.138	15.986
	169.782	64.051

Personeelsleden

Bij de vennootschap waren in 2018 gemiddeld 21 personeelsleden werkzaam (2017: 12).

Afschrijvingen

	2018	2017
	€	€
12. *Afschrijvingen immateriële vaste activa*		
Kosten van onderzoek en ontwikkeling	8.505	-
Concessies, vergunningen en rechten van intellectuele eigendom	13.670	11.979
	22.175	11.979
13. *Afschrijvingen materiële vaste activa*		
Machines en installaties	230.555	174.033
Inventaris	34.786	19.102
Boekresultaat	5.444	-
	270.785	193.135

Overige bedrijfskosten

	2018	2017
14. *Huisvestingskosten*		
Huur onroerend goed	86.926	80.800
Gas water licht	84.840	37.117
Onderhoud onroerend goed	8.074	1.358
Onroerendezaakbelasting	3.252	2.201
Kosten afvalwater	39.160	-
Schoonmaakkosten	6.508	5.725
Overige huisvestingskosten	4.366	2.543
	233.126	129.744
15. *Exploitatiekosten*		
Huur inventaris en gereedschap	4.957	6.823
Reparatie en onderhoud	49.304	21.745
Kleine aanschaffingen	5.976	5.619
Materiaalkosten	76.820	5.127
Overige exploitatiekosten	5.139	649
	142.196	39.963
16. *Kantoorkosten*		
Kantoorbenodigdheden	3.241	1.038
Automatiseringskosten	25.128	17.853
Telecommunicatie	1.977	4.286
Porti	2.011	2.283
Contributies en abonnementen	9.394	4.597
Verzekeringen	16.329	7.929
	58.080	37.986

	2018	2017
	€	€
17. *Verkoopkosten*		
Beurskosten	18.206	34.984
Reis- en verblijfkosten	18.535	14.445
Provisies	7.000	4.450
Verpakkingsmaterialen	317	467
Marketingkosten	-	1.847
Overige verkoopkosten	4.975	473
	49.033	56.666
18. *Algemene kosten*		
Accountantskosten	23.402	17.914
Advieskosten	34.131	34.592
Kosten verlengingstaks octrooien	17.764	7.745
Managementvergoeding Infestos Holding E B.V.	5.000	5.000
Managementvergoeding Infestos Management B.V.	5.000	-
Overige algemene kosten	10.843	9.697
	96.140	74.948
19. *Kosten van onderzoek en ontwikkeling*		
Advieskosten	62.426	50.029
Materiaalkosten	195.761	113.920
Reis- en verblijfkosten	2.226	1.162
Kosten inzake externe samenwerkingen	2.886	8.500
Overige kosten van onderzoek en ontwikkeling	50.215	5.577
	313.514	179.188

Financiële baten en lasten

	2018	2017
20. *Rentelasten en soortgelijke kosten*		
Rentelast schuld Infestos Holding E B.V.	14.124	-
21. Belastingen resultaat uit gewone bedrijfsuitoefening		
Mutatie voorziening belastingen	-253.251	-241.317

Ondertekening directie voor akkoord

Enschede, 18 januari 2019

Infestos Management B.V., namens deze:
D.W.E. Riefel

Infestos Management B.V., namens deze
J.G. Slootweg

ENKELVOUDIGE JAARREKENING 2018

6 ENKELVOUDIGE BALANS PER 31 DECEMBER 2018
(na verwerking van het verlies)

		31 december 2018		31 december 2017	
		€	€	€	€
ACTIVA					
Vaste activa					
Immateriële vaste activa	(22)				
Kosten van onderzoek en ontwikkeling		472.649		42.523	
Concessies, vergunningen en rechten van intellectuele eigendom		114.341		115.734	
			586.990		158.257
Financiële vaste activa	(23)				
Vorderingen op groepsmaatschappijen		447.310		1.765.324	
Overige vorderingen		619.666		366.416	
			1.066.976		2.131.740
Vlottende activa					
Vorderingen	(24)				
Vorderingen op groepsmaatschappijen		1.516.404		-	
Overige belastingen en premies sociale verzekeringen		25.083		1.506	
			1.541.487		1.506
Liquide middelen	(25)		237		390.808
			3.195.690		2.682.311

		31 december 2018		31 december 2017	
		€	€	€	€
PASSIVA					
Eigen vermogen	(26)				
Geplaatst kapitaal		685.624		472.793	
Agio		4.889.376		3.302.207	
Wettelijke en statutaire reserves		472.649		42.523	
Overige reserves		-2.877.823		-1.143.022	
			3.169.826		2.674.501
Kortlopende schulden	(27)				
Schulden aan leveranciers en handelskredieten		7.864		810	
Overige schulden en overlopende passiva		18.000		7.000	
			25.864		7.810
			3.195.690		2.682.311

7 ENKELVOUDIGE WINST-EN-VERLIESREKENING OVER 2018

		2018		2017	
		€	€	€	€
Netto-omzet	(28)		25.000		25.000
Kosten					
Afschrijvingen immateriële vaste activa	(29)	22.175		11.979	
Algemene kosten	(30)	53.358		31.444	
			75.533		43.423
Bedrijfsresultaat			-50.533		-18.423
Rentebaten en soortgelijke opbrengsten	(31)	63.000		-	
Rentelasten en soortgelijke kosten	(32)	-14.124		-	
Financiële baten en lasten			48.876		-
Resultaat uit gewone bedrijfsuitoefening voor belastingen			-1.657		-18.423
Belastingen resultaat uit gewone bedrijfsuitoefening	(33)		369		4.605
			-1.288		-13.818
Aandeel in het resultaat van deelnemingen	(34)		-1.303.387		-710.138
Resultaat na belastingen			-1.304.675		-723.956

8 ALGEMENE GRONDSLAGEN VOOR DE OPSTELLING VAN DE ENKELVOUDIGE JAARREKENING

De enkelvoudige jaarrekening is opgesteld volgens de bepalingen van Titel 9 Boek 2 BW.

Voor de algemene grondslagen voor de opstelling van de jaarrekening, de grondslagen voor de waardering van activa en passiva en de bepaling van het resultaat, alsmede de toelichting op de onderscheidende activa en passiva en de resultaten wordt verwezen naar de toelichting op de geconsolideerde jaarrekening, voor zover hierna niets anders wordt vermeld.

9 TOELICHTING OP DE ENKELVOUDIGE BALANS PER 31 DECEMBER 2018

ACTIVA

VASTE ACTIVA

22. Immateriële vaste activa

	Kosten van onderzoek en ontwikkeling	Concessies, vergun-ningen en rechten van intellectuele eigendom	Totaal
	€	€	€
Boekwaarde per 1 januari 2018			
Verkrijgingsprijs	42.523	127.713	170.236
Cumulatieve afschrijvingen en overige waardeverminderingen	-	-11.979	-11.979
	42.523	115.734	158.257
Mutaties			
Investeringen	438.631	12.277	450.908
Afschrijvingen	-8.505	-13.670	-22.175
	430.126	-1.393	428.733
Boekwaarde per 31 december 2018			
Verkrijgingsprijs	481.154	139.990	621.144
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-25.649	-34.154
	472.649	114.341	586.990

Afschrijvingspercentages

	%
Kosten van onderzoek en ontwikkeling	0 - 20
Concessies, vergunningen en rechten van intellectuele eigendom	0 - 20

	2018	2017
	€	€
Kosten van onderzoek en ontwikkeling		
Verkrijgingsprijs	42.523	-
Cumulatieve afschrijvingen en overige waardeverminderingen	-	-
Boekwaarde per 1 januari	42.523	-
Mutaties		
Investeringen	438.631	42.523
Afschrijvingen	-8.505	-
	430.126	42.523
Verkrijgingsprijs	481.154	42.523
Cumulatieve afschrijvingen en overige waardeverminderingen	-8.505	-
Boekwaarde per 31 december	472.649	42.523
Concessies, vergunningen en rechten van intellectuele eigendom		
Verkrijgingsprijs	127.713	109.206
Cumulatieve afschrijvingen en overige waardeverminderingen	-11.979	-
Boekwaarde per 1 januari	115.734	109.206
Mutaties		
Investeringen	12.277	18.507
Afschrijvingen	-13.670	-11.979
	-1.393	6.528
Verkrijgingsprijs	139.990	127.713
Cumulatieve afschrijvingen en overige waardeverminderingen	-25.649	-11.979
Boekwaarde per 31 december	114.341	115.734

23. Financiële vaste activa

	Deelnemingen in groepsmaatschappijen	Vorderingen op groepsmaatschappijen	Overige vorderingen	Totaal
	€	€	€	€
Stand per 1 januari 2018	-1.049.303	2.800.000	366.416	2.117.113
Investeringen	-	-	253.250	253.250
Aandeel resultaat onderneming waarin wordt deelgenomen	-1.303.387	-	-	-1.303.387
Voorzieningen	2.352.690	-2.352.690	-	-
Stand per 31 december 2018	-	447.310	619.666	1.066.976

Deelnemingen in groepsmaatschappijen

	2018	2017
	€	€
NX Filtration B.V.		
Stand per 1 januari	-1.049.303	-339.165
Aandeel in het resultaat	-1.303.387	-710.138
	-2.352.690	-1.049.303
Voorziening	2.352.690	1.049.303
Stand per 31 december	-	-

	31-12-2018	31-12-2017
	€	€
Vorderingen op groepsmaatschappijen		
NX Filtration B.V.	447.310	1.765.324

NX Filtration B.V.

	2018	2017
	€	€
Stand per 1 januari	2.800.000	-
Verstrekking	-	2.800.000
Voorziening deelneming	-2.352.690	-1.034.676
Stand per 31 december	447.310	1.765.324

Per 31 december 2017 is de vordering in rekening-courant op NX Filtration B.V. omgezet in een langlopende lening van € 2.800.000.

De rente over 2018 bedraagt 2,25%.
De rente voor de jaren 2019 en volgende wordt, telkenmale jaarlijks bepaald op basis van het gemiddelde rendement van obligatieleningen met officiele notering van de Staat der Nederlanden met een resterende looptijd van 9 - 10 jaar per de laatste beursdag van het jaar voorafgaande aan het jaar waarvoor deze maatstaf geldt, vermeerderd met 1,75%. De rente zal jaarlijks achteraf worden voldaan, voor het eerst per 31 december 2018.

De lening is vanaf 31 december 2019 opeisbaar en vervroegde aflossing is boetevrij mogelijk.

Leningnemer verbindt zich de aan hem toebehorende roerende en onroerende zaken niet zonder vooraf verkregen schriftelijke toestemming te zullen vervreemden, met hypotheek of met andere zakelijke rechten te zullen bezwaren. Tevens verbindt leningnemer zich om op eerste vordering een hypotheek en/of pandrecht te vestigen op alle alsdan aan hem toebehorende roerende en onroerende zaken.

De lening is verminderd met de voorziening deelneming NX Filtration B.V. per 31 december 2018 van € 2.352.690.

	31-12-2018	31-12-2017
	€	€
Overige vorderingen		
Latente belastingvorderingen	619.666	366.416

Per 31 december 2018 bedraagt de omvang van de in de toekomst fiscaal beperkt compensabele verrekenbare verliezen € 3.022.759.
De verliezen dienen uiterlijk in de navolgende jaren te worden verrekend:
- in 2025 voor € 500.394;
- in 2026 voor € 964.439;
- in 2027 voor € 1.557.926.

Voor deze compensabele verliezen is een latente belastingvordering opgenomen die is gewaardeerd tegen het nominale belastingtarief van 20,50% (zijnde het tarief vanaf 2021).

	2018	2017
	€	€
Latente belastingvorderingen		
Stand per 1 januari	366.416	125.099
Mutatie u.h.v. verliescompensatie	253.250	241.317
Stand per 31 december	619.666	366.416

VLOTTENDE ACTIVA

24. Vorderingen

	31-12-2018	31-12-2017
	€	€
Vorderingen op groepsmaatschappijen		
NX Filtration B.V.	1.516.404	-
Overige belastingen en premies sociale verzekeringen		
Omzetbelasting	25.083	1.506

25. Liquide middelen

Rabobank	237	390.808

De liquide middelen staan ter vrije beschikking.

PASSIVA

26. Eigen vermogen

	31-12-2018	31-12-2017
	€	€
Geplaatst kapitaal		
Geplaatst en volgestort zijn 650.000 gewone aandelen nominaal € 1,00	650.000	450.000
Geplaatst en volgestort zijn 11.333 cumulatief preferente aandelen A nominaal € 1,00 (Samengestelde rente van 7%)	11.333	11.333
Geplaatst en volgestort zijn 21.606 cumulatief preferente aandelen B nominaal € 1,00 (Samenegstelde rente van 9%)	21.606	9.762
Geplaatst en volgestort zijn 1.132 cumulatief preferente aandelen C nominaal € 1,00 (Samengestelde rente van 9%)	1.132	1.132
Geplaatst en volgestort zijn 1.553 cumulatief preferente aandelen D nominaal € 1,00 (Samengestelde rente van 9%)	1.553	566
	685.624	472.793

	Gewone aandelen	Preferente aandelen A	Preferente aandelen B	Preferente aandelen C	Preferente aandelen D	Totaal
	€	€	€	€	€	€
Stand per 1 januari 2018	450.000	11.333	9.762	1.132	566	472.793
Uitgifte van aandelen	200.000	-	11.844	-	987	212.831
Stand per 31 december 2018	650.000	11.333	21.606	1.132	1.553	685.624
Aantal geplaatst	650.000	11.333	21.606	1.132	1.553	685.624
Nominale waarde	1,00	1,00	1,00	1,00	1,00	

	2018	2017
	€	€
Agio		
Stand per 1 januari	3.302.207	1.700.000
Dotatie	1.587.169	1.602.207
Stand per 31 december	4.889.376	3.302.207

Het gestorte agio per 31 december 2018 heeft betrekking op:
- € 1.988.667 op de cumulatief preferente aandelen A (samengestelde rente van 7%);
- € 2.503.394 op de cumulatief preferente aandelen B (samengestelde rente van 9%);
- € 198.868 op de cumulatief preferente aandelen C (samengestelde rente van 9%); en
- € 198.447 op de cumulatief preferente aandelen D (samengestelde rente van 9%).

	31-12-2018	31-12-2017
	€	€
Wettelijke en statutaire reserves		
Reserve voor kosten van onderzoek en ontwikkeling	472.649	42.523

	2018	2017
	€	€
Reserve voor kosten van onderzoek en ontwikkeling		
Stand per 1 januari	42.523	-
Dotatie	430.126	42.523
Stand per 31 december	472.649	42.523
Overige reserves		
Stand per 1 januari	-1.143.022	-376.543
Resultaatbestemming boekjaar	-1.304.675	-723.956
Dotatie wettelijke reserves	-430.126	-42.523
Stand per 31 december	-2.877.823	-1.143.022

27. Kortlopende schulden

	31-12-2018	31-12-2017
	€	€
Schulden aan leveranciers en handelskredieten		
Crediteuren	7.864	810
Overige schulden en overlopende passiva		
Accountantskosten	15.000	1.000
Diversen	3.000	6.000
	18.000	7.000

NIET IN DE BALANS OPGENOMEN VERPLICHTINGEN

Voorwaardelijke verplichtingen

Fiscale eenheid

De vennootschap staat aan het hoofd van de fiscale eenheid voor de vennootschapsbelasting en omzetbelasting van NX Filtration Holding B.V..Op grond daarvan is de vennootschap hoofdelijk aansprakelijk voor de belastingschuld van de fiscale eenheid als geheel.

10 TOELICHTING OP DE ENKELVOUDIGE WINST-EN-VERLIESREKENING OVER 2018

	2018	2017
	€	€
28. Netto-omzet		
Doorbelaste octrooirechten NX Filtration B.V.	20.000	20.000
Managementvergoeding NX Filtration B.V.	5.000	5.000
	25.000	25.000

Personeelsleden

Bij de vennootschap waren in 2018 geen werknemers werkzaam.

Afschrijvingen

29. *Afschrijvingen immateriële vaste activa*

	2018	2017
Kosten van onderzoek en ontwikkeling	8.505	-
Concessies, vergunningen en rechten van intellectuele eigendom	13.670	11.979
	22.175	11.979

Overige bedrijfskosten

30. *Algemene kosten*

	2018	2017
Accountantskosten	15.000	1.959
Advieskosten	10.454	16.773
Kosten verlengingstaks octrooien	17.764	7.745
Managementvergoeding Infestos Holding E B.V.	5.000	5.000
Managementvergoeding Infestos Management B.V.	5.000	-
Overige algemene kosten	140	-33
	53.358	31.444

Financiële baten en lasten

31. *Rentebaten en soortgelijke opbrengsten*

	2018	2017
Rentebate vordering NX Filtration B.V.	63.000	-

32. *Rentelasten en soortgelijke kosten*

	2018	2017
Rentelast schuld Infestos Holding E B.V.	14.124	-

33. Belastingen resultaat uit gewone bedrijfsuitoefening

	2018	2017
Mutatie voorziening belastingen	-369	-4.605

34. Aandeel in het resultaat van deelnemingen

	2018	2017
Aandeel resultaat NX Filtration B.V.	-1.303.387	-710.138

Ondertekening directie voor akkoord

Enschede, 18 januari 2019

Infestos Management B.V., namens deze: D.W.E. Riefel	Infestos Management B.V., namens deze J.G. Slootweg

OVERIGE GEGEVENS

Aan:
NX Filtration Holding B.V.
Ter attentie van de aandeelhouders en directie
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7524 AE Enschede

Twentelaan 5
7609 RE Almelo
Postbus 206
7600 AE Almelo
Tel. (088) 500 95 00
E-mail info@eshuis.com

1. CONTROLEVERKLARING VAN DE ONAFHANKELIJKE ACCOUNTANT

Verklaring over de in dit rapport opgenomen jaarrekening 2018

Ons oordeel

Wij hebben de jaarrekening 2018 van NX Filtration Holding B.V. te Enschede gecontroleerd. Naar ons oordeel geeft de in dit rapport opgenomen jaarrekening een getrouw beeld van de grootte en de samenstelling van het vermogen van NX Filtration Holding B.V. per 31 december 2018 en van het resultaat over 2018 in overeenstemming met Titel 9 Boek 2 BW.

De jaarrekening bestaat uit:

1. de geconsolideerde en enkelvoudige balans per 31 december 2018;
2. de geconsolideerde en enkelvoudige winst-en-verliesrekening over 2018; en
3. de toelichting met een overzicht van de gehanteerde grondslagen voor financiële verslaggeving en andere toelichtingen.

De basis voor ons oordeel

Wij hebben onze controle uitgevoerd volgens het Nederlands recht, waaronder ook de Nederlandse controlestandaarden vallen. Onze verantwoordelijkheden op grond hiervan zijn beschreven in de sectie 'Onze verantwoordelijkheden voor de controle van de jaarrekening'.

Wij zijn onafhankelijk van NX Filtration Holding B.V. zoals vereist in de Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) en andere voor de opdracht relevante onafhankelijkheidsregels in Nederland. Verder hebben wij voldaan aan de Verordening gedrags- en beroepsregels accountants (VGBA).

Wij vinden dat de door ons verkregen controle-informatie voldoende en geschikt is als basis voor ons oordeel.

Verklaring over de in dit rapport opgenomen andere informatie

Naast de jaarrekening en onze controleverklaring daarbij, omvat dit rapport andere informatie, die bestaat uit de overige gegevens.

Op grond van onderstaande werkzaamheden zijn wij van mening dat de andere informatie:

- met de jaarrekening verenigbaar is en geen materiële afwijkingen bevat;
- alle informatie bevat die op grond van Titel 9 Boek 2 BW is vereist.

Wij hebben de andere informatie gelezen en hebben op basis van onze kennis en ons begrip, verkregen vanuit de jaarrekeningcontrole of anderszins, overwogen of de andere informatie materiële afwijkingen bevat.

Met onze werkzaamheden hebben wij voldaan aan de vereisten in Titel 9 Boek 2 BW en de Nederlandse Standaard 720. Deze werkzaamheden hebben niet dezelfde diepgang als onze controlewerkzaamheden bij de jaarrekening.

Het bestuur is verantwoordelijk voor het opstellen van de overige gegevens in overeenstemming met Titel 9 Boek 2 BW.

Beschrijving van verantwoordelijkheden met betrekking tot de jaarrekening

Verantwoordelijkheden van het bestuur voor de jaarrekening

Het bestuur is verantwoordelijk voor het opmaken en getrouw weergeven van de jaarrekening in overeenstemming met Titel 9 Boek 2 BW. In dit kader is het bestuur verantwoordelijk voor een zodanige interne beheersing die het bestuur noodzakelijk acht om het opmaken van de jaarrekening mogelijk te maken zonder afwijkingen van materieel belang als gevolg van fouten of fraude.

Bij het opmaken van de jaarrekening moet het bestuur afwegen of de onderneming in staat is om haar werkzaamheden in continuïteit voort te zetten. Op grond van genoemd verslaggevingsstelsel moet het bestuur de jaarrekening opmaken op basis van de continuïteitsveronderstelling, tenzij het bestuur het voornemen heeft om de vennootschap te liquideren of de bedrijfsactiviteiten te beëindigen of als beëindiging het enige realistische alternatief is.

Het bestuur moet gebeurtenissen en omstandigheden waardoor gerede twijfel zou kunnen bestaan of de onderneming haar bedrijfsactiviteiten in continuïteit kan voortzetten, toelichten in de jaarrekening.

Onze verantwoordelijkheden voor de controle van de jaarrekening

Onze verantwoordelijkheid is het zodanig plannen en uitvoeren van een controleopdracht dat wij daarmee voldoende en geschikte controle-informatie verkrijgen voor het door ons af te geven oordeel.

Onze controle is uitgevoerd met een hoge mate maar geen absolute mate van zekerheid waardoor het mogelijk is dat wij tijdens onze controle niet alle materiële fouten en fraude ontdekken.

Afwijkingen kunnen ontstaan als gevolg van fraude of fouten en zijn materieel indien redelijkerwijs kan worden verwacht dat deze, afzonderlijk of gezamenlijk, van invloed kunnen zijn op de economische beslissingen die gebruikers op basis van deze jaarrekening nemen. De materialiteit beïnvloedt de aard, timing en omvang van onze controlewerkzaamheden en de evaluatie van het effect van onderkende afwijkingen op ons oordeel.

Wij hebben deze accountantscontrole professioneel kritisch uitgevoerd en hebben waar relevant professionele oordeelsvorming toegepast in overeenstemming met de Nederlandse controlestandaarden, ethische voorschriften en de onafhankelijkheidseisen. Onze controle bestond onder andere uit:

- het identificeren en inschatten van de risico's dat de jaarrekening afwijkingen van materieel belang bevat als gevolg van fouten of fraude, het in reactie op deze risico's bepalen en uitvoeren van controlewerkzaamheden en het verkrijgen van controle-informatie die voldoende en geschikt is als basis voor ons oordeel. Bij fraude is het risico dat een afwijking van materieel belang niet ontdekt wordt groter dan bij fouten. Bij fraude kan sprake zijn van samenspanning, valsheid in geschrifte, het opzettelijk nalaten transacties vast te leggen, het opzettelijk verkeerd voorstellen van zaken of het doorbreken van de interne beheersing.

- het verkrijgen van inzicht in de interne beheersing die relevant is voor de controle met als doel controlewerkzaamheden te selecteren die passend zijn in de omstandigheden. Deze werkzaamheden hebben niet als doel om een oordeel uit te spreken over de effectiviteit van de interne beheersing van de entiteit.
- het evalueren van de geschiktheid van de gebruikte grondslagen voor financiële verslaggeving en het evalueren van de redelijkheid van schattingen door het bestuur en de toelichtingen die daarover in de jaarrekening staan.
- het vaststellen dat de door het bestuur gehanteerde continuïteitsveronderstelling aanvaardbaar is. Tevens het op basis van de verkregen controle-informatie vaststellen of er gebeurtenissen en omstandigheden zijn waardoor gerede twijfel zou kunnen bestaan of de onderneming haar bedrijfsactiviteiten in continuïteit kan voortzetten. Als wij concluderen dat er een onzekerheid van materieel belang bestaat, zijn wij verplicht om aandacht in onze controleverklaring te vestigen op de relevante gerelateerde toelichtingen in de jaarrekening. Als de toelichtingen inadequaat zijn, moeten wij onze verklaring aanpassen. Onze conclusies zijn gebaseerd op de controle-informatie die verkregen is tot de datum van onze controleverklaring. Toekomstige gebeurtenissen of omstandigheden kunnen er echter toe leiden dat een onderneming haar continuïteit niet langer kan handhaven;
- het evalueren van de presentatie, structuur en inhoud van de jaarrekening en de daarin opgenomen toelichtingen; en
- het evalueren of de jaarrekening een getrouw beeld geeft van de onderliggende transacties en gebeurtenissen.

Wij communiceren met de governance belaste personen onder andere over de geplande reikwijdte en timing van de controle en over de significante bevindingen die uit onze controle naar voren zijn gekomen, waaronder eventuele significante tekortkomingen in de interne beheersing.

Enschede, 18 januari 2019

Eshuis Accountants en Belastingadviseurs B.V.

M.H.J. Roelofs
Accountant-Administratieconsulent

2 Statutaire regeling winstbestemming

Op grond van artikel 18 van de statuten staat de winst ter beschikking van de Algemene Vergadering van Aandeelhouders.

3 Verwerking van het verlies 2018

Overeenkomstig de wettelijke bepalingen is het verlies ad € 1.304.675 over 2018 in mindering gebracht op de overige reserves. Dit is reeds in de jaarrekening verwerkt.

4 Lijst met kapitaalbelangen

Lijst met kapitaalbelangen

Naam	Statutaire zetel	Aandeel in het geplaatste kapitaal	Opgenomen in consolidatie
		%	
NX Filtration B.V.	Enschede	100,00	Ja

The Company

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