

Company announcement

No. 09/2022

Aquaporin A/S

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Company registration no.: DK28315694

Aquaporin announces results for first half 2022

Copenhagen, Denmark, August 25, 2022 – Aquaporin A/S (ticker: AQP) (“Aquaporin” or the “Company”), an innovative water technology company dedicated to natural water treatment, today announced its Half-Year Interim Report for the period January 1 – June 30, 2022.

“Entering the second half of 2022 and looking back at our first year as a Nasdaq-listed company, I am pleased with Aquaporin’s commercial and technical progress. Our overall commercial traction has been strong throughout the first half of this year, underlining that our unique technology, anchored in the Aquaporin Inside® formulation, has great potential and represents a differentiated value proposition for our customers. We made great strides in product development that will enable us to offer innovative products and solutions to our customers for years to come. We remain committed to becoming one of the world’s leading water filtration companies, utilizing our wide-reaching innovative core technology: Aquaporin Inside®”, says Matt Boczkowski, Chief Executive Officer at Aquaporin.

Business highlights

- Launched water purifier with Turkish home appliance manufacturer, Vestel, scaling up Aquaporin’s commercial activities in Turkey
- Grew sales orders significantly with Philips Water Solutions in China with multiple repeat orders
- Sold first small Forward Osmosis (FO) system to the Food & Beverage industry to one of the most prominent global players in the alcoholic beverage industry
- Sold first FO system for the treatment of waste collection leachate in China
- Entered into a strategic alliance with Wafilin Systems and Berghof Membranes, strengthening Aquaporin’s ability to deliver tailored solutions to the Food & Beverage industry
- Announced strategic partnership for North America with Forward Water Technologies to sell Aquaporin’s unique Aquaporin Inside® biomimetic Forward Osmosis membranes for applications associated with lithium mining and extraction as well as water management in the oil and gas industry
- Initiated partnership with Flavourtech to deliver high-quality natural aromas in the aroma and coffee extraction segments, utilizing Aquaporin’s unique technology to push the boundaries of aroma and flavor retention
- Reinforced Aquaporin’s Executive Management team with the appointment Klaus Juhl Wulff as Chief Financial Officer

Financial highlights

- Revenue grew 360% to DKK 13.1 million in the first six months of 2022 (2.9 million in the first six months of 2021); Drinking Water (60%) was the primary revenue driver with the remaining 40% being split between Food & Beverage and Industrial Water. Drinking Water revenue growth was driven by sales in both Point-of-Use (“PoU”) systems (purifiers, systems) and non-PoUs (membranes, flat sheets)
- Year-to-date EBITDA amounted to a loss of DKK 44.4 million, compared to a loss of DKK 37.7 million in the same period in 2021
- Cash & cash equivalents at the end of the period amounted to DKK 79.6 million (219.9 million at the end of the same period in 2021)
- To support the continued growth of the Company in 2023 and beyond, we plan to investigate options to raise additional capital in the second half of 2022

Subsequent events

- In a joint venture with the Danish Aerospace Company, Aquaporin Space Alliance – a subsidiary of Aquaporin A/S – will be heading into space again in 2023, with Danish Astronaut, Andreas Mogensen, who will be testing the Company’s innovative Aquaporin Inside® technology in both Forward Osmosis and membrane distillation equipment at the International Space Station
- Announced collaboration on novel desalination and wastewater project with University of Las Palmas de Gran Canaria to develop an innovative forward osmosis pilot

Outlook

The company maintains its outlook for 2022, as published on March 29, 2022. Revenue is anticipated to be in the range of DKK 20-30 million by year-end 2022; EBITDA (before special items) is expected to be a loss in the range of DKK 90-100 million; EBIT (before special items) is expected to be a loss in the range of DKK 105-115 million.

Conference call

Aquaporin will host an investor call during which Management will present the Half-Year Interim Report 2022. The presentation will be followed by a Question & Answer session.

The call will be held in English on **Thursday, August 25, 2022, at 3.00 PM CET** and a replay will subsequently be available on Aquaporin’s website.

Full details on how to join the event is available at <https://events.q4inc.com/attendee/123834365>

For further information, please contact:

Matt Boczkowski, Chief Executive Officer

Klaus Juhl Wulff, Chief Financial Officer

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Financial Highlights and Key Figures

<i>DKK thousand</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Income statement				
Revenue	5,997	636	13,140	2,857
Sales and distribution costs	6,533	7,100	12,617	13,826
Research and development costs	16,342	13,492	33,616	26,970
Administrative costs	5,601	3,400	12,000	6,447
EBITDA before special items	(21,530)	(19,397)	(44,407)	(37,703)
EBIT before special items	(26,266)	(23,624)	(53,680)	(46,262)
Special items	-	(36,369)	-	(36,369)
EBIT	(26,266)	(59,993)	(53,680)	(82,631)
Net financial items	(209)	(894)	(1,398)	(2,022)
Earnings for the period	(25,107)	(60,893)	(52,337)	(84,660)
Balance sheet				
Total non-current assets			202,090	209,490
Total current assets			123,471	244,340
Total assets			325,561	453,830
Equity			217,597	313,264
Total liabilities			107,964	140,566
Cash flow				
Cash flow from operating activities	(26,590)	(25,605)	(55,488)	(43,656)
Cash flow from investment activities	(3,069)	(2,482)	(5,097)	(5,035)
- Investments in intangible assets	(2,804)	(2,785)	(4,744)	(4,416)
- Investments in tangible assets	(257)	(16)	(257)	(618)
Cash flow from financing activities	(989)	247,412	(3,095)	267,102
Key ratios				
Equity share ¹			67%	69%
Earnings per share ²	(2)	(7)	(5)	(9)
Diluted earnings per share ³	(2)	(7)	(5)	(9)
Average number of FTE's	86	78	86	76

Key figures and ratios are defined and calculated in accordance with applied accounting policies as described in the Annual Report for 2021.

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

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

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

Business Review

Aquaporin is a water technology company delivering innovative water filtration technology rooted in biotechnology through the means of the aquaporin protein and the Aquaporin Inside® formulation. We aim to unlock sustainable growth for our customers, partners, and investors by commercializing our products and providing customer-centered solutions in three core business areas: Drinking Water, Industrial Water, and Food & Beverage. Our strategy is to operate an asset-light business model, leverage our core Aquaporin Inside® technology, and build a strong commercial organization to target each of our markets. Our go-to-market strategy is specifically tailored to each market, partnering with system integrators and distributors when needed.

Drinking Water is and will be the main driver of revenue in the near term (2021/2022), both within purifier sales to private households and with membrane and flat sheet sales into larger partnerships or systems. In contrast to Drinking Water, sales cycles within Industrial Water and Food & Beverage are longer as the products are typically part of a larger setup/project and there is no existing Forward Osmosis installed base. Given the novelty of the FO technology, a pilot/test phase is necessary and typically runs for an extended period to demonstrate application feasibility and product fit. We expect sales cycles to decrease as we increase the number of references with well-known partners and customers, which in turn will increase the revenue contribution from these business areas.

When looking at production, we have chosen to focus our in-house efforts on the core value-adding manufacturing steps only. These primarily relates to components (aquaporin protein) and formulation (coating), which are less capital intensive and for which we have the capacity to meet demand in the foreseeable future. Other steps within manufacturing, which are more capital intensive, are outsourced to CMOs (Contract Manufacturing Organizations or Joint Development Partners). Working with CMOs enables greater scalability as they have larger production capabilities with greater flexibility.

Drinking Water

Drinking Water made up 60% of total revenue in the first six months of 2022, of which Point-of-Use (“PoU”) systems contributed 45% and non-PoUs (membranes, flat sheets) contributed 55%. Drinking Water continues to show market traction through increased sales of PoU systems. The company is on track with product development for the kitchen segment and the next generation of PoU systems, including IoT technology (IoT chip and platform) in all new PoU products, to strengthen our value proposition and support our business partners. We believe that our drinking water offering is well aligned with market tendencies in Drinking Water where more people are turning to home filtration units to address health concerns as it pertains to their drinking water.

We commercialize our products both as individual Aquaporin-branded drinking water systems for private households and through membrane product sales to major distributors and original equipment manufacturers. Our strategy aims at branding or co-branding all our products with “Aquaporin Inside®”. The short-term focus is on adding commercial resources in Europe, Asia, and the United States. We are also adding warehouse capacity in the United States to serve the North American market.

Industrial Water

Industrial Water contributed 24% of total revenue in the first six months of 2022, largely driven by income from testing and piloting as well as a commercial system order in China. We had solid traction in the market in the first six months of 2022, a total of 4 new pilot projects launched. Aquaporin was selected to collaborate in the cGanga project in India to be part of the solution to clean up and preserve one of India’s most precious water resources.

We will primarily grow our presence in the Industrial Water market through partnering with large actors specialized in assembling components and subsystems for complete system solutions for end customers. In H1 of 2022, we refined our focus to target FO applications where the added value is the highest. This includes the biogas/digestate industry, landfill leachate, sugar industry, and lithium.

Food & Beverage

Within Food & Beverage, we successfully achieved lab-scale and prototype Proof-of-Concept in the first six months of 2021 and have commenced the next phase of development with partners and customers to scale up solutions.

Our main strategic focus within Food & Beverage is to target the markets where Aquaporin's forward osmosis technology offers a significant value proposition vs. other concentration processes. We focus on strategic partnerships with blue-chip brands around product development and commercialization. Our short-term focus is to enter the flavor segment, coffee, food ingredients, and tea extract segments.

Development pipeline

Aquaporin continues to invest in the research and development of new and existing patented technologies. Our Deep Tech team is responsible for early-stage development of new products and applications whereas the Technology team focuses on final product development and integration into the product portfolio.

Our research teams work in novel technologies and continue to learn about applications and processes for the Aquaporin formulation and membranes. This enables further development of our current product portfolio as well as longer-term advancement of potential new applications and products.

- **Deep Tech:** The team is currently focused on development of future generations of the Aquaporin Inside® technology – this will increase the ability to use the coating on a more membrane-agnostic basis. In addition, we have commenced a partnership with a large-scale CMO on the development of future membranes for Drinking Water
- **Technology:** The Technology team currently focuses efforts on development of an in-house Food & Beverage pilot system which will speed up application assessment and time-to-market of new products
- **Aquaporin Inside® development:** In the first half of 2022, focus has been on further development of the core technology and collaborations supporting development of key components to the development of the core technology. The Deep Tech department is the driver of these developments and collaborations, supported by internal resources both in Denmark and Singapore. Open Innovation is used as a development tool to enter into partnerships and collaborations with partners in other areas of the value chain in order to secure future development is meeting customer demands. So far this year, a strong focus has been on the establishment of new public private partnerships in Denmark and Europe

Environmental, Social, and Governance

At Aquaporin, we work to preserve and encourage responsible consumption of earth's most valuable resource: Water. By combining advanced engineering, biotechnology, and aquaporins, our business is founded on principles of sustainability. We aim to make a positive difference and challenge linear approaches to resource use by minimizing pollution, reducing untreated wastewater, increasing water reuse efficiency, and improving water recycling.

Please refer to our Annual Report 2021 for a more in-depth description of our sustainability approach and key ESG figures.

Risks and assumptions

As of June 30, 2022, Aquaporin held total cash of DKK 79.6 million, which is anticipated to be sufficient to execute the commercial strategy for the coming year. The execution of the commercial strategy continuously depends on the ability to build the commercial infrastructure needed to raise the commercial profile and ensure market acceptance of the products. Furthermore, the revenue outlook for 2022 contains uncertainties related to the ability to convert current partners and leads to customers and orders. In addition, with our decision to stop commercial transactions with Russia, we may be facing a potential minor write-off of membrane material unless we can find other commercial alternatives for this material during the year.

A more extensive description of risk factors can be found in the Annual Report 2021 in the “Risk management” section (subsection “Internal control”) and is furthermore outlined in the Prospectus published on June 14, 2021.

COVID-19

The impact of COVID-19 continues to impact businesses and societies globally, albeit to a lesser extent than previously. The pandemic's effect on Aquaporin's global commercial presence shows in the form of an increase in production and delivery times, raw materials, overall lead times, and logistics and transportation costs.

Management Statement on the Interim Statement

The Board of Directors and the Executive Board have considered and approved the interim financial report of Aquaporin A/S for the period January 1 to June 30, 2022.

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

The accounting policies used in the interim financial report are consistent with those accounting policies used in Aquaporin A/S' 2021 Annual Report.

In our opinion, the interim condensed consolidated financial statements for the six months ended June 30, 2022, give a true and fair view of Aquaporin A/S' assets, liabilities, and financial position at June 30, 2022 and of the results of its operations and cash flows for the period January 1 to June 30, 2022.

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

Copenhagen, August 25, 2022

Executive Management

Matt Boczkowski
Chief Executive Officer
(CEO)

Klaus Juhl Wulff
Chief Financial Officer
(CFO)

Joerg Hess
Chief Operating Officer
(COO)

Peter Holme Jensen
Chief Innovation Officer
(CIO)

Board of Directors

Niels Heering
Chair

Søren Bjørn Hansen
Deputy Chair

Anne Broeng

Lars Christian Hansen

Anupam Bhargava

Weiming Jiang

Jianlong Zhuang

Please note that comparative figures for 2021 are shown in brackets throughout the report.

Financial Review

The financial review is based on the Group's consolidated financial information for the first six months of 2022, with comparative figures for the same period in 2021.

Income statement

Revenue

Revenue amounted to DKK 13.1 million for the first six months of 2021 (2.9 million). The main driver for the increase was product sales in the Drinking Water market, primarily Point-of-Use ("PoU") systems (purifiers, systems) and non-PoUs (membranes, flat sheets).

Costs

Our fixed cost base increased 23% to DKK 58.2 million (DKK 47.2 million), driven by increased administrative costs related to being a listed company. Furthermore, rotation in the organization and in Executive Management with an increase in FTEs adds to the increasing costs.

Sales and marketing costs amounted to DKK 12.6 million for the first six months of 2022 (13.8 million). The decrease of DKK 1.2 million was primarily due to a changed organization.

Research and development costs amounted to DKK 33.6 million for the first six months of 2022 (27.0 million). The increase is again impacted by the changed organization that strengthened the focus on Open Innovation. Additionally, the R&D division has been strengthened within commercial engineering to support the development and service of the new systems sold within Industrial Water and Food & Beverage.

Administrative costs amounted to DKK 12.0 million for the first six months of 2022 (6.4 million). The increase was partly driven by organizational changes. Further, the increase in costs derives from the administrative requirements and activities of being a listed company.

Earnings

EBIT before special items was a loss of DKK 53.7 million for the first six months of 2022, compared to a loss of DKK 46.3 million in the first half of 2021. Net result amounted to a loss of DKK 52.3 million, compared to a loss of DKK 84.7 million in the first half of 2021. The main driver for the decreased earnings is the cost elements described above.

Special items

No special items were recorded for the first six months of 2022. Special items in 2021 consisted of costs related to the listing on Nasdaq Copenhagen in June 2021.

Liquidity and capital resources

Cash position

As of June 30, 2022, Aquaporin A/S held cash of DKK 79.6 million (219.9 million). The decrease is in accordance with the guidelines.

To support the continued growth of the Company in 2023 and beyond, we plan to investigate options to raise additional capital in the second half of 2022.

Equity

The Group's equity as of June 30, 2022 amounted to DKK 217.6 million (313.3 million). The decrease is in line with the published guidelines.

Cash flow

Cash flow from operating activities

The cash flow generated by operating activities amounted to an outflow of DKK 55.5 million in the six-month period ending June 30, 2022 (43.7 million). The increased cash outflow was partly driven by the additional expenses related to being a listed company, the expansion of the organization, and partly due to a one-time positive cash-inflow in the first half of 2021 generated by the sale of a tax receivable of DKK 5.5 million.

Cash flow from investing activities

The cash flow from investing activities amounted to an outflow of DKK 5.1 million for the six-month period ending June 30, 2022 (outflow of DKK 5.0 million). Investments are primarily driven by development projects.

Cash flow from financing activities

The cash flow from financing activities contributed to an outflow of DKK 3.1 million in the six-month period ending June 30, 2022 (inflow of DKK 267.1 million). The outflow for the period relates to leasing and repayment of a COVID-19 support loan, whereas the inflow in 2021 relates to proceeds from the Initial Public Offering and exercise of warrants.

Outlook

Based on the financial performance in the first six months of the fiscal year 2022, along with a strong start to the order book for the second half of 2022, we maintain the full-year outlook published in the annual report for 2021:

- Revenue is expected to be in the range of DKK 20-30 million
- EBITDA (before special items) is expected to be a loss in the range of DKK 90-100 million
- EBIT (before special items) is expected to be a loss in the range of DKK 105-115 million

The medium-term aspirations published in relation to Aquaporin's Initial Public Offering (IPO) were based on a global macroeconomic setting which significantly differs from what we see today. Despite this new context, Aquaporin has achieved strong commercial traction and revenue growth as supported by this half-year statement. In this new reality, we also see some potential challenges ahead: A stressed global supply chain, logistical complications, and more difficult market access. We will strive to overcome these, but now foresee a higher degree of uncertainty in the aspirations that were communicated at the time of the IPO. We will build on our recent success and aim to achieve profitability within a few years by managing our resources efficiently. We also see that the overall DKK 200+ billion global market segments in which we operate is growing, with customers looking for new and innovative solutions. Due to the abovementioned factors, we will only be using our annual guidance numbers to communicate financial expectations to the market going forward.

Condensed Consolidated Interim Financial Statements H1 2022

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Consolidated Interim Statement of Profit and Loss

<i>DKK thousand</i>	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net revenue	4	5,997	636	13,140	2,857
Cost of goods sold		(3,787)	(268)	(8,587)	(1,876)
Gross profit		2,210	368	4,553	981
Sales and marketing costs		(6,533)	(7,100)	(12,617)	(13,826)
Research and development costs		(16,342)	(13,492)	(33,616)	(26,970)
Administrative costs		(5,601)	(3,400)	(12,000)	(6,447)
Operating profit before special items		(26,266)	(23,624)	(53,680)	(46,262)
Special items	5	-	(36,369)	-	(36,369)
Operating profit (EBIT)		(26,266)	(59,993)	(53,680)	(82,631)
Finance income		415	201	564	327
Finance costs		(624)	(1,095)	(1,962)	(2,349)
Earnings before income tax		(26,475)	(60,887)	(55,078)	(84,653)
Income tax		1,368	(6)	2,741	(7)
Earnings for the period		(25,107)	(60,893)	(52,337)	(84,660)
Earnings per share in DKK					
Earnings per share		(2)	(7)	(5)	(9)
Diluted earnings per share		(2)	(7)	(5)	(9)

Consolidated Statement of Comprehensive Income

<i>DKK thousand</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Earnings for the period	(25,107)	(60,893)	(52,337)	(84,660)
Other comprehensive income				
Items that can be reclassified to profit and loss:				
Exchange differences regarding foreign operations	(218)	(119)	144	123
Other comprehensive income for the period, net of tax	(218)	(119)	144	123
Total comprehensive income (loss) for the period	(25,325)	(61,012)	(52,193)	(84,537)

Consolidated Interim Balance Sheet

<i>DKK thousand</i>	Notes	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Know-how		2,899	2,899	2,899
Development projects		88,031	84,814	86,255
Other intangible assets		293	-	313
Intangible assets		91,223	87,713	89,467
Plant and machinery		40,165	45,229	42,547
Right-of-use assets		48,533	50,420	49,209
Other equipment		2,295	3,185	2,772
Leasehold improvements		17,568	19,103	18,336
Tangible assets		108,560	117,937	124,031
Investments in associates		47	1,719	47
Deposits		2,260	2,121	2,164
Financial assets		2,307	3,840	2,211
Total non-current assets		202,090	209,490	214,542
Prepayments		1,603	679	2,901
Inventories		16,878	17,432	17,593
Trade receivables		11,690	862	5,152
Other receivables		5,410	5,433	6,396
Income tax receivables		8,255	4	5,505
Cash and cash equivalents		79,635	219,930	143,257
Total current assets		123,471	244,340	180,804
Total assets		325,561	453,830	385,346

Consolidated Interim Balance Sheet (continued)

<i>DKK thousand</i>	Notes	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Share capital	7	10,131	10,079	10,131
Retained earnings		111,457	261,770	192,275
Reserve for exchange rate transactions		934	547	790
Reserve on development projects		95,075	40,868	67,279
Total equity		217,597	313,264	270,475
Borrowings		-	1,337	-
Lease liability		51,571	52,373	51,739
Other payables		3,947	3,483	5,284
Total non-current liabilities		55,518	57,193	57,023
Provision		111	-	111
Lease liability		3,077	3,074	3,077
Trade payables		4,465	2,850	7,214
Other payables		11,026	39,668	12,319
Other liabilities		33,767	35,447	35,127
Borrowings		-	2,334	-
Total current liabilities		52,446	83,373	57,848
Total liabilities		107,964	140,566	114,871
Total equity and liabilities		325,561	453,830	385,346

Consolidated Interim Statement of Changes in Equity

<i>DKK thousand</i>	Share capital	Retained earnings	Reserve for exchange rate translation	Other reserves	Total equity
Balance as of Dec 31, 2020	8,174	59,614	424	39,109	107,322
Profit/loss for the period	-	(86,419)	-	1,759	(84,660)
Other comprehensive income	-	-	(123)	-	(123)
Total comprehensive income for the period	-	(86,419)	(123)	1,759	(84,537)
<i>Transactions with owners in their capacity as owners</i>					
Increase in share capital	1,905	288,545	-	-	290,425
Capital increase costs	-	(3,935)	-	-	(3,935)
Share-based payment	-	3,964	-	-	3,964
Balance as of Jun 30, 2021	10,079	261,769	547	40,868	313,239
Balance as of Dec 31, 2021	10,131	192,274	790	67,279	270,475
Profit/loss for the period	-	(80,133)	-	27,796	(52,337)
Other comprehensive income	-	-	144	-	144
Total comprehensive income for the period	-	(80,133)	144	27,796	(52,193)
<i>Transactions with owners in their capacity as owners</i>					
Share-based payment	-	(685)	-	-	(685)
Balance as of Jun 30, 2022	10,131	111,456	934	95,075	217,597

Consolidated Interim Statement of Cash Flow

<i>DKK thousand</i>	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Operating profit	(26,266)	(59,993)	(53,680)	(82,631)
Non-cash items	3,232	4,546	6,375	9,124
Change in net working capital	(3,340)	30,331	(6,776)	30,927
Cash flow from primary operating activities	(26,374)	(25,116)	(54,081)	(42,580)
Received interests and other financial income	415	-	564	-
Paid interests and other financial expenses	(624)	(489)	(1,962)	(1,076)
Paid tax	(7)	-	(9)	-
Cash flow from operating activities	(26,590)	(25,605)	(55,488)	(43,656)
Investments in non-current assets	(3,061)	(2,482)	(5,001)	(5,035)
Deposits	(8)	-	(96)	-
Cash flow from investing activities	(3,069)	(2,482)	(5,097)	(5,035)
Credit facility	-	(36,104)	-	(28,635)
Borrowings	-	3,671	-	3,671
Non-current liabilities	-	-	(1,337)	-
Repayment of lease liabilities	(989)	(826)	(1,758)	(1,471)
Proceed from sale of tax receivable	-	-	-	5,367
Proceeds from warrant programs exercised	-	32,950	-	40,450
Proceeds from capital increase	-	250,000	-	250,000
Cost related to issue of new shares	-	(2,279)	-	(2,279)
Cash flow from financing activities	(989)	247,412	(3,095)	267,102
Net cash flow for the period	30,648	219,325	(63,680)	218,412
Cash and cash equivalents, beginning of the year	110,238	605	143,257	1,504
Foreign exchange adjustment of cash and cash equivalents	45	-	58	14
Cash and cash equivalents, end of the period	79.635	219,930	79,635	219,930

Notes to the Interim Statement

Note 1 - Basis of preparation of the interim statement

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

The accounting policies used in the interim condensed consolidated financial statements are consistent with those used in the Company’s Annual Report for the year ended December 31, 2021.

Changes of accounting policies

The Company has implemented the latest IFRS amendments, which took effect on January 1, 2022 and have been approved by the EU. None of those amendments have significantly affected recognition and measurement, nor are they expected to have a material effect in the near future.

Note 2 - Changes in accounting estimates

In connection with the preparation of the interim statement, Management makes accounting estimates, assessments, and assumptions which form the basis of the presentation, recognition, and measurement of the Group’s assets and liabilities for accounting purposes. There are no changes in the estimates or assessments reported in the Annual Report for 2021.

Information on the most critical judgments, estimates, and assumptions where a change will significantly impact the consolidated financial statements are included in the following notes in the Annual Report 2021:

- Impairment of intangible assets (Note 3.1)
- Deferred tax (Note 3.7)

Note 3 - Segment information

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

Note 4 - Net revenue

The group has the revenue divided into three main markets: The Drinking Water market, the Industrial Water market, and the Food & Beverage market, as each of these markets relate to the sale of products and strategic commercial partnerships.

Revenue	YTD 2022	YTD 2021
<i>DKK thousand</i>		
Drinking Water	7,860	1,715
Industrial Water	3,095	1,050
Food & Beverage	2,185	92
Total revenue	13,140	2,857

Note 5 – Special items

Special items are classified as significant non-recurring items, which cannot be attributed to the recurring operations. There have been no special items in the first half of 2022. Special items for the first six months of 2021 include costs for the exercise of warrants and IPO costs, which comprise various consultancy fees as part of the IPO preparation, insurances, bank engagement, and bonuses for a number of employees for a successful transaction. Special items recognized in the income statement for the first six months of 2021 amounted to DKK 36.4 million.

Note 6 - Share-based payments

Aquaporin has established long-term share-based incentive programs based on warrants, which are granted to the Executive Management and certain key employees. The number of warrants granted is determined annually by the Board of Directors in accordance with the Company's Articles of Association.

For the first six months of 2022 the recognized expenses related to share-based payments amount to DKK 0.3 million (DKK 3.9 million). The expense for share-based payments comprises the following warrant programs:

The 2021 IPO warrant program were DKK 10.1 thousand, which was recognized as operating expenses in the first six months of 2022. In the first six months of 2021, the IPO warrant program amounted to DKK 3.6 million and were recognized as special items in 2021.

A new long-term share-based incentive program was established in May 2022, where the total expense for share-based compensations amounted to DKK 0.3 million.

Note 7 - Share capital

No capital increases have been completed during the period January to June 2022.

In the same period in 2021, a number of capital increases were completed as allocated warrants were exercised in the period up until the completion of the Initial Public Offering, raising gross proceeds of DKK 250 million.

<i>Number of shares</i>	Ordinary shares
December 31, 2020	8,174,269
Capital increases related to exercise of warrants in the period March – June 2021	312,945
Capital increase related to exercise of warrants in June 2021	147,000
Capital increase related to Initial Public Offering 2021	1,445,087
June 30, 2021	10,079,301
Capital increase related to exercise of warrants in August 2021	51,500
December 31, 2022	10,130,801
(No activity in H1 2022)	-
June 30, 2022	10,130,801

Following the above activities, the share capital comprises 10,130,801 shares of a nominal value of DKK 1 each as of June 30, 2022. The shares are not divided into share classes, and each share carries one vote. No shares carry any special rights.

Note 8 - Related party transactions

During the first six months of 2022, the Group was not involved in any transactions with the shareholders, members of the Board of Directors, members of the Executive Board, or companies outside the Group in which these parties have significant influence, except for the payment of the Management's remuneration and the transactions listed below.

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

<i>DKK thousand</i>	YTD 2022	YTD 2021
Revenue received from associated companies	4	136
Short-term lease costs to related parties	-	17
Trade payables to related parties	-	3
Finance costs	-	251

No warrants have been exercised by Members of the Board, Management, and other related parties, whereas 405,292 warrants in exchange for DKK 36.1 million were exercised in the first six months of 2021.

Note 9 - Events after the balance sheet date

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

Forward-looking statements

Matters discussed in this report may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and that can be identified by words such as "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should", and similar expressions, as well as other statements regarding future events or prospects. Specifically, this report includes information with respect to projections, estimates and targets that also constitute forward-looking statements. The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties and other important factors include, among others: limited experience in commercialization of the Company's products, failure to successfully implement strategies, dependence on third parties for manufacturing certain product components and the supply of certain raw materials, the ongoing COVID-19 pandemic, manufacturing disruptions, strategic collaboration, protection of the Company's intellectual property rights and other risks disclosed in Aquaporin's annual reports and company announcements. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations, projections, estimates and targets expressed or implied in this report by such forward-looking statements. The information, opinions and forward-looking statements contained in this report speak only as at its date, and are subject to change without notice. Aquaporin expressly disclaims any obligation to update or revise any forward-looking statements, except as required by law.