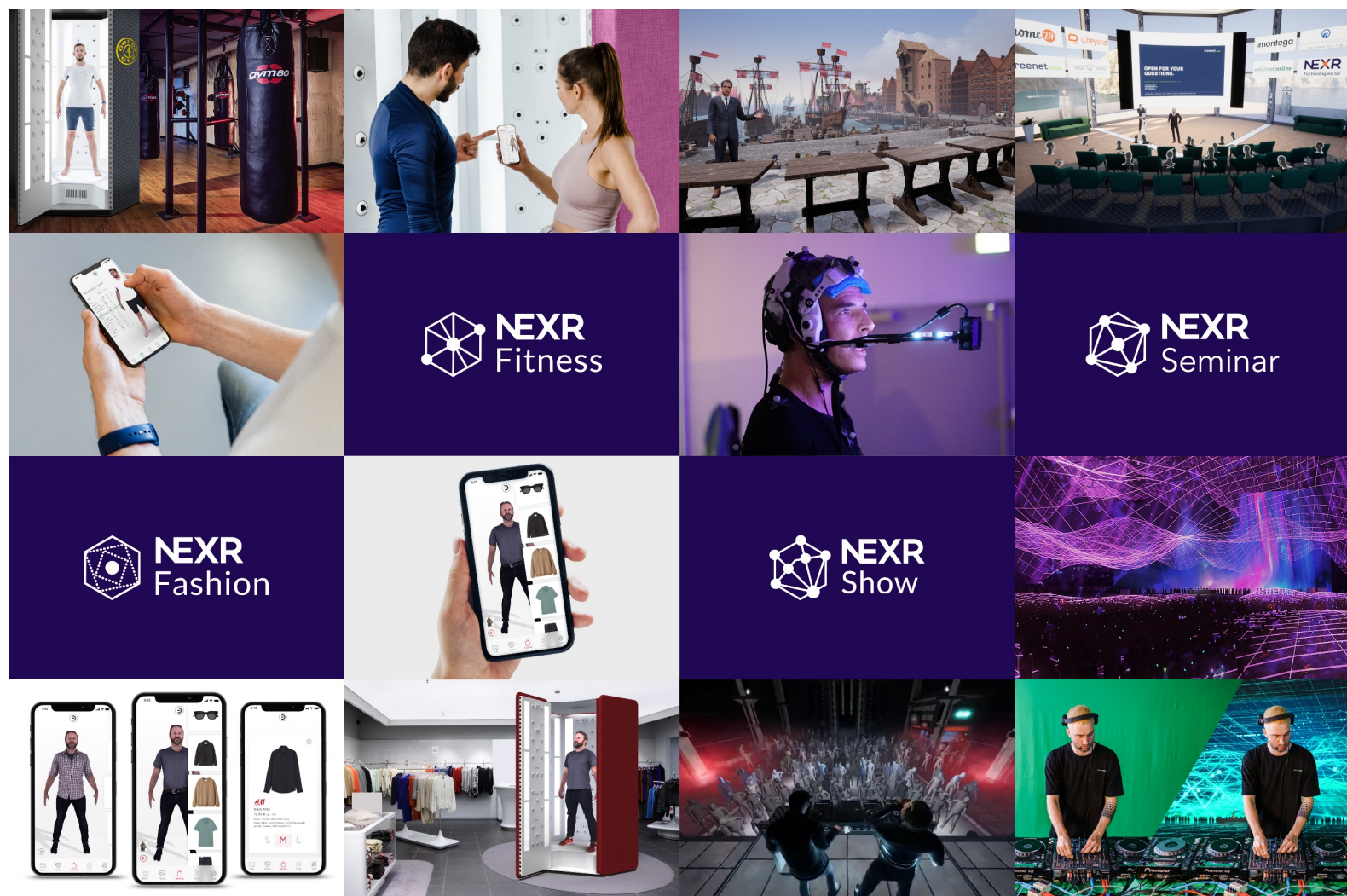


Half-year financial report 2021



IN FIGURES AT A GLANCE

in EUR '000	1H 2021	1H 2020	Delta %
Total operating performance	321	188	71 %
EBITDA	-4,761	-4,455	-7 %
Result after tax	-7,406	-6,694	-11 %
Earnings per share (in EUR)	-1.80	-2.87	-37 %
Employees	62	50	24 %

COMPANY PROFILE

NeXR Technologies SE from Berlin (XETRA: NXR) is a listed virtual reality company that combines state-of-the-art technologies to develop avatar-based products and solutions. The focus is on the vision of an everyday life in which everyone uses their avatar to do things better in their daily lives.

NeXR Technologies' core expertise is in the areas of 3D scanner development, motion capture, virtual reality and virtual production, with broad experience in the areas of gaming and data-based business models.

Based on this core expertise, the company caters to the increased demand for virtual solutions for companies and private customers with its self-developed multi-use and multi-purpose platforms:

1. Avatar Cloud

The Avatar Cloud is a platform for the automated creation, storage and provision of avatars for various applications. Avatars are created with the help of specially developed scanner technology.

2. Event Cloud

The platform is based on the use of the Unreal Engine developed by Epic Games and is used for the display of live events in VR, on the web and on mobile devices using avatars.

Both platforms form the basis of various products and solutions developed together with customers for different industries and applications.

PRODUCTS

NeXR Fashion is a solution for the fashion industry developed on the basis of the 3D body scanner. The online shopping experience is simplified with the help of the personal avatar, which shows the exact body measurements of the customer, and an app for virtual try-ons. From the retailer's perspective, targeted purchases reduce the return rate and logistics effort. In this way, NeXR Fashion contributes to more sustainability in online retail.

With **NeXR Fitness**, training success can be displayed using personalised avatars of the customer. At the same time, the user can buy new training clothing from affiliated retailers through their avatar.

NeXR Show brings artists back together with their fans in times of social distancing. Using the Unreal Engine, NeXR Show offers immersive live events, such as concerts and DJ sets with tailor-made reactive stages and streams them to the well-known streaming platforms such as YouTube or Twitch. Thanks to the hybrid technology, the well-known and widely used green screen technology can be combined with the motion capture technology in the virtual production studio, allowing artists to appear either real or as animated avatars.

NeXR Seminar is a virtual reality solution for remote presentations, seminars and training. Users benefit from the fact that presenters themselves are avatars in a virtual space. Presenters can interact live with the participants and provide an immersive learning experience through the closed virtual environment.

NeXR Avatar bundles all services related to the creation of avatars across all quality levels from low to high with realistic gestures and facial expressions under one product.

The core of the **NeXR Experience** product is the creation of virtual reality-based applications on behalf of individual customers for a wide variety of purposes. The deep immersion of the user within virtual worlds creates a deeper connection between the user and the company's products and brands.

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INTRODUCTION BY THE MANAGING DIRECTOR

Dear shareholders,

The first half of 2021 continued to be shaped by the effects of the global pandemic. As in the previous year, we as a company have faced these special challenges, but we did not let them divert us from the path we have chosen. This is why we continue to believe in a future in which everyone uses their own avatar to do things better in their private everyday lives. Your own sphere of influence is broadened by the great potential of virtual reality. The pilot projects that we are carrying out together with our partners H&M and RSG this year underscore this vision.

The pilot run of the Avatar Cloud training application, albeit delayed due to the coronavirus pandemic, was successfully launched in the course of the opening of the fitness studios in the JOHN REED Fitness Music Club in June: Members can have themselves scanned on location using the Fusion III body scanner developed by NeXR in order to have their personal avatar created with their exact body measurements. Since the start of the pilot project alone, more than 1,500 avatars have already been generated. Since 03 September, a second scanner has been available at the JOHN REED FITNESS Club Berlin Gesundbrunnen. A survey of the users carried out as part of the pilot run gives us reason to be optimistic: More than 75% of the avatar users surveyed would also use their avatar for other things, e.g. to try on new clothes, health applications or to participate in virtual live events. In addition to this fitness-related application for our avatars, we are implementing a virtual fitting solution with our partner H&M this year, which we will present in the fourth quarter of 2021. Our avatars will help H&M customers find fitting clothes online. In this way, we are not only creating a new kind of online shopping experience for H&M customers, but also reducing the volume of returns through the use of avatars in online shops. As a by-product, we are making a contribution to more sustainability in the fashion industry.

As part of the further implementation of NeXR Show, there are several virtual concerts still in the pipeline for the current year. The first virtual concert, together with the Berlin DJ duo PanPot, took place in July, which successfully demonstrated to a select audience the technical and innovative possibilities of a virtual and interactive live show. The same applies to our product NeXR Seminar, which was used as part of the first real Virtual Reality Investors Day organised by Montega and Donner&Reuschel: Five participating companies were able to present their strategy live to a total of 450 VR and Twitch participants at the virtual event using NeXR technology. This event attracted a lot of positive attention.

These four use cases of our Avatar Cloud (NeXR Fashion and Fitness) and Event Cloud (NeXR Show and NeXR Seminar) platforms show that our products can solve real-world problems faced by businesses and consumers due to changing conditions caused by the coronavirus pandemic. But even beyond that, our products are not "pandemic" products, but create new applications and formats for a constantly evolving future and will be used in emerging markets. This means that our vision described at the beginning is already being turned into reality.

We have fulfilled our promise to take the next step in our corporate development in 2021 and to launch our products on the market. At the same time, depending on the further development of the pandemic, the scanners will be rolled out in H&M stores and the John Reed fitness studios. The publication of further milestones and the finalised version of the FCB Experience in the form of FC Bayern VR Experience is also progressing according to plan.

I would like to take this opportunity to thank the entire NeXR team for their tireless commitment during these challenging times. I would also like to thank you, dear shareholders, very much for your interest and continued support. I am very proud of what we have already achieved this year despite all the obstacles. On this basis, we look forward to the remainder of the financial year with optimism.

Berlin, September 2021



Markus Peuler
Managing Director
NeXR Technologies SE

Interim management report

BUSINESS REPORT

MACROECONOMIC AND SECTOR-SPECIFIC DEVELOPMENTS

Macroeconomic development

According to the Kiel Institute for the World Economy (IfW), the global economy continued to grow in the first half of 2021. After a historic decline in the past financial year, the global economy is expected to bounce back sharply in 2021. In Europe, the second wave of the pandemic interrupted the economic recovery, according to the IfW, but economic output is expected to increase strongly in the summer months of the year and exceed its pre-crisis level again at the end of 2021.¹

Economic growth in Germany picked up speed again in the second quarter of 2021. Previously, the resurgence of the coronavirus pandemic in the winter months stalled the economic recovery. Accordingly, retail and contact-intensive services, in particular, should benefit from the catch-up effects of pent-up consumer spending by private households. According to the IfW, overall economic production in Germany will grow rapidly in 2021 and will return to pre-pandemic levels.²

Industry trends

The digital gaming industry has benefited from the impact of the coronavirus pandemic and according to industry association Game, Germany's overall market for online games and mobile gaming apps grew 6% year-on-year in 2020, after the market had already risen by 20% in 2019. Sales of VR goggles have continued to grow strongly since 2019.³

In addition, according to Bitcom Research, it is clear to 26% of Germans that their smartphones will be replaced by data glasses by 2030 at the latest.⁴

According to the investment fund ArkInvest, the global demand for augmented, virtual reality, games and augmented reality will continue to increase sharply, also because the (visual) immersion possibilities will continue to develop. Revenue from virtual worlds is expected to grow from USD 180 billion to USD 390 billion by 2025 at the latest.⁵

¹ https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB_79_2021-Q2_Welt_DE.pdf
² https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB_80_2021-Q2_Deutschland_DE.pdf

³ <https://www.game.de/wp-content/uploads/2020/08/game-Jahresreport-2020.pdf>

⁴ <https://www.bitkom.org/Presse/Presseinformation/Datenbrille-statt-Handy-Die-Deutschen-rechnen-bis-2030-mit-zunehmender-Konkurrenz-fuer-Smartphones>

⁵ 2021-2025, ARK Investment Management LLC.

KEY EVENTS AFFECTING BUSINESS PERFORMANCE

In February, the company announced its cooperation with H&Mbeyond and the RSG Group. Both partnerships are proceeding according to plan, but due to the not inconsiderable delay in the opening of the gyms and the retail trade, the dates for both projects had to be postponed.

Furthermore, the use of the products NeXR Seminar and NeXR Show by the customers Montega as part of a Virtual Reality Investors Day and the DJ duo as part of virtual concert series was announced.

In the 2021 financial year, the company's ongoing investments in the further development of technology and customer-specific applications were secured by financing commitments from shareholders, most recently in September 2021 by expanding the financing commitments to EUR 36 million.

RESULTS OF OPERATIONS AND FINANCIAL POSITION

Results of operations

The **operating revenue** (revenue and own work capitalised) increased in the reporting period by around 71% to EUR

321 thousand (1H 2020: EUR 188 thousand) due to own work capitalized in the amount of EUR 175 thousand for scanners shown in fixed assets

Other operating income in the amount of EUR 32 thousand resulted mainly from the reversal of provisions, while the previous year's figure of EUR 629 thousand included a special item from the reversal of impairment losses on receivables.

The **cost of raw materials, consumables and supplies and of purchased goods** increased slightly to EUR 195 thousand (1H 2020: EUR 180 thousand) and include material costs for the development of the scanner.

The **cost of purchased services** increased significantly by 179% to EUR 685 thousand (1H 2020: EUR 246 thousand) due to an increase in external programming orders.

Compared to the same period of the previous year, **personnel expenses** increased by 23% to EUR 2,449 thousand (1H 2020: EUR 1,998 thousand).

Depreciation of fixed assets remained at previous years' level with EUR 1,253 thousand (1H 2020: EUR 1,276 thousand).

Depreciation of current assets amounted to EUR 0 thousand in the 1H 2021 (1H 2020: EUR 149 thousand).

Other operating expenses decreased by 37% compared to the same period of the previous year and amounted to EUR 1,785 thousand (1H 2020: EUR 2,856 thousand). As a result of the coronavirus, advertising and travel costs, in particular, fell by EUR 242

thousand to EUR 421 thousand (1H 2020: EUR 663 thousand). Legal and consulting costs decreased by EUR 773 thousand to EUR 405 thousand (1H 2020: EUR 1,178 thousand) because special projects from the previous year, in particular, a capital increase, did not arise in the 1H 2021 and more services were provided internally.

Interest and similar expenses increased to EUR 1,392 thousand (1H 2020: EUR 1,152 thousand) due to the increased borrowing to finance the expansion of product development and general business activities.

The **operating loss before interest, taxes, depreciation and amortisation (EBITDA)** was EUR -4,761 thousand (1H 2020: EUR -4,455 thousand) and the **result after taxes** (net loss for the year) amounted to EUR -7,407 thousand (1H 2020: EUR -6,694 thousand).

Financial position

Principles and goals of financial management

To cover the necessary liquidity requirements, the company is dependent on ongoing debt and equity financing. In the reporting period, the company mainly covered its financing requirements by taking out loans from shareholders.

Investments

In the period under review, the company invested EUR 283 thousand in intellectual property rights, operating equipment and self-constructed assets

or assets under construction (1H 2020: EUR 29 thousand).

Liquidity

As at 30 June 2021, the company had cash and cash equivalents of EUR 378 thousand (31 December 2020: EUR 631 thousand). The liquidity beyond the reporting period is mainly covered by taking out loans from shareholders.

Assets and liabilities

As at 30 June 2021, the **balance sheet total** increased to EUR 41,731 thousand (31 December 2020: EUR 35,536 thousand) due to borrowing to finance operating losses.

As of the balance sheet date, the company's **fixed assets** fell to EUR 5,045 thousand (31 December 2020: EUR 6,015 thousand), mainly due to amortisation of goodwill.

The company's **current assets** fell by around 22% to EUR 846 thousand (31 December 2020: EUR 1,090 thousand), which was mainly attributable to the company's cash flow situation.

Losses not covered by equity increased to EUR 35,682 thousand as of 30 June 2021 (31 December 2020: EUR 28,275 thousand) as a result of the operating loss situation.

Provisions increased to EUR 1,455 thousand due to the issue of stock options and outstanding invoices (31 December 2020: EUR 1,251 thousand).

The growth in liabilities is mainly attributable to the substantial increase in shareholder financing to EUR 40,274 thousand (31 December 2020: EUR

34,285 thousand) and consisted mainly of liabilities to shareholders of EUR 29,224 thousand (31 December 2020: EUR 23,432 thousand), and convertible bonds of EUR 23,432 thousand 3,500 (31 December 2020: 3,500) as well as advance payments received from the issue of tokens of EUR 6,523 thousand (31 December 2020: EUR 6,418 thousand). The trade payables increased to EUR 791 thousand (31 December 2020: EUR 695 thousand).

Development costs

In the first half of 2021, as in the same period of the previous year, the company continued to invest significantly in the development of existing technologies and customer applications/products, in the form of personnel costs and third-party services. As at 30 June 2021, the company had 33 employees in development. In addition, the development services purchased in the first half of the year amounted to EUR 606 thousand.

OUTLOOK, OPPORTUNITIES AND RISKS

OPPORTUNITIES AND RISKS

The opportunities and risk situation of NeXR Technologies SE has not changed significantly compared to the information provided on page 13 et seq. of the 2020 annual report.

Risks

Going concern risks

As at 30 June 2021, the company has a loss not covered by equity of EUR 36 million and cash and cash equivalents of EUR 0.38 million. Despite the measures taken to hedge liquidity risks, the balance sheet situation may have a negative impact on the company's reputation, which could lead to a loss of specialist personnel, a reduction in creditworthiness, a deterioration in customer relationships, credit terms and acceleration of loans. In addition, due to the loss, the company's management is required to monitor the leverage status on an ongoing basis and to carry out very short-term liquidity planning, which means that management capacities remain tied up. And last but not least, the continuing viability of the company as a going concern is also based on achieving the operational development targets and marketable products shown in the corporate planning, as described under operational risks. This combination of

risks can lead to a considerable threat to the company's continued existence as a going concern.

With regard to the **impact of the coronavirus pandemic** on business performance in 2020 (overall economic performance and industry development), it needs to be emphasised that it has been considerable despite the development of relevant products and solutions. The company felt the effects of the coronavirus pandemic to a significant extent during the reporting period. The implementation of the pilot projects was delayed and, as a result, the expected increase in sales activity due to the intensification of the aforementioned partnerships.

With regard to the overall going concern risks, the managing director assumes a medium probability of occurrence (2020: medium) and a high impact (2020: unchanged) on the operating results and financial position.

Accounting risks

The German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V.). (FREP) is currently conducting a random audit of the annual financial statements and the management report for the 2019 financial year. It cannot be ruled out that there may be a change in the amounts recognised in the balance sheet as a result of the FREP audit.

Liquidity risks

The central risk of the company is the liquidity risk. The company does not yet generate sufficient free cash flows and is therefore still dependent on debt and equity financing.

The company continues to strive to raise sufficient financing – whether by way of capital increase measures or through short- and long-term committed loans, convertible loans, convertible bonds or by outsourcing business areas.

With regard to the overall going concern risks, the managing director assumes a medium probability of occurrence (2020: medium) and a high impact (2020: unchanged) on the operating results and financial position.

Measures to hedge the liquidity risks

Liquidity is tight at the reporting date, but the company is able to meet its payment obligations due to the continued support from the main shareholder.

In 2020 and 2021, the company initiated the following measures to secure liquidity:

The company implemented the capital increase resolved in July 2019 in August 2020. As part of the subscription offer and the subsequent private placement, a total of 1,789,374 new no-par value bearer shares of the company were acquired by shareholders and investors at a price of EUR 2.10 per new share. The company's

share capital was increased to EUR 4,122,129 against cash contributions and the company generated gross proceeds of approximately EUR 3.758 million.

Since November 2018, the shareholder Hevella Capital GmbH & Co. KGaA has issued various financing commitments, which have been increased to up to EUR 36 million at the time of publication. At the time of publication, the company can still call on around EUR 9.5 million from these financing commitments, which ensures financing for the current and the next year.

The EUR 3.5 million convertible bond due for repayment or conversion on 31 December 2021 from the shareholder Hevella Capital GmbH & Co. KGaA was extended until 31 December 2022 and the interest payment was deferred.

The Board of Directors is constantly examining further corporate financing options. This may also include further issues of convertible bonds, the taking out of convertible loans or capital increases.

If the company does not succeed in implementing further equity-strengthening measures in the medium term and in maintaining or expanding the financing commitments of the main shareholder, the continued existence of the company will be at risk.

With regard to the overall going concern risks, the managing director assumes a medium probability of occurrence (2020: medium) and a high impact (2020: unchanged) on the operating results and financial position.

OUTLOOK

Forecast

The coronavirus pandemic had a significant impact on the company in the first half of the year, which again led to delays in the implementation of pilot projects. The expected increase in revenue due to a boost in activity in connection with the aforementioned partnerships in the 2nd half of 2021 has been delayed.

In its 2020 annual report, the company expected revenue to come in between EUR 1.5 and 3 million in the current financial year. Due to coronavirus-related delays in the market launch of products, the Board of Directors is lowering its forecast for the 2021 financial year. As a result of the delayed start of pilot projects with cooperation partners, especially in contact-intensive business sectors such as fashion retail and the fitness industry, as well as the resulting postponement of expected revenue from increased partnership efforts, the company now expects revenue for 2021 to be EUR 0.4 million to EUR 0.8 million (previously: EUR 1.5 million to EUR 3.0 million) and a net loss for 2021 to be EUR 14.8 million to EUR 15.5 million (previously: EUR 12.5

million to EUR 13.5 million).

The Corona-related delays in market launches had no impact on business performance in the first half of 2021, but rather relate to the second half of 2021.

Nevertheless, the company has been successful in acquiring new customers and the completion of associated pilot projects.

Due to coronavirus-related delays, the product NeXR Fitness and the associated cooperation with the RSG Group is in an extensive testing phase since June with the first scanner. As a result of the delayed opening of fitness studios, the company had to accept that there will be considerable delays. This delayed the actual start of the project by several months. To expand the pilot project, a second scanner was set up in Berlin at the beginning of September.

The preparations for the cooperation with H&M are progressing according to plan and the product NeXR Fashion is expected to be launched in Q4 of 2021, depending on the further development of the coronavirus pandemic.

The company expects the second official virtual concert, performed by the DJ duo PanPot using NeXR Show, to take place in the fourth quarter of 2021. Further concert agreements with renowned artists are currently in promising talks.

The pilot projects have started successfully and, thanks to the positive feedback from the contractual partners, suggest that the testing phases have

been successfully completed. The company, therefore, expects an increase in business activity in the second half of the year as a result of new partnerships, further development of its products, and acquisition of new customers.

Interim financial statements

Profit and loss statement

in EUR	1H 2021	1H 2020
1. Revenue	146,770	188,461
2. Other work performed and capitalised	174,652	0
3. Operating revenue	321,422	188,461
4. Other operating income	31,822	629,092
- of which currency translation expenses EUR 1,210.72 (EUR 2,029,24)		
5. Cost of materials	- 880,422	- 425,657
a) Cost of raw materials, supplies and purchased goods	-195,144	-179,694
b) Cost of purchased services	-685,279	-245,963
6. Personnel expenses	-2,448,977	-1,998,113
a) Wages and salaries	-2,120,603	-1,761,268
b) Social security and pension costs	-328,374	-236,845
- of which pensions: EUR 6,528.60 (EUR 0)		
7. Depreciation and amortisation	-1,252,864	-1,424,794
a) of tangible and intangible assets	-1,252,864	-1,276,227
b) of current assets if they exceed standard depreciation levels of the company	0	-148,568
8. Other operating expenses	-1,785,261	-2,855,542
- of which currency translation expenses EUR 1,331.94- (EUR 7,556,18)		
9. Other interest and similar income	0	6,648
10. Interest payable and similar expenses	-1,392,167	-1,151,665
11. Income tax	0	337,251
- of which income from the addition (-) and release (+) of deferred taxes EUR 0 (EUR 337,251)		
12. Result after tax	-7,406,446	-6,694,319
13. Other taxes	-304	-124
14. Net loss for the year	-7,406,750	-6,694,443
15. Loss carried forward	-45,881,008	-34,172,190
16. Unappropriated loss	-53,287,758	-40,866,633

Balance sheet

ASSETS in EUR '000	30 June 2021	30 Dec. 2020
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	71,136	53,193
2. Goodwill	4,597,525	5,746,906
II. Tangible assets		
1. Plant and machinery	64,494	0
2. Other fixtures and fittings, tools and equipment	205,743	215,111
3. Payments on account and work in progress	106,419	0
III. Financial assets		
1. Investments	101	1
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	41,797	43,803
2. Unfinished goods, unfinished services	21,197	21,197
3. Advance payments	0	60,873
II. Receivables and other assets		
1. Trade receivables	45,272	19,367
2. Other assets	360,129	313,278
– of which with residual maturity of more than one year EUR 128,634 (EUR 128,634)		
III. Cash at bank and in hand	377,667	630,986
C. Prepaid expenses and accrued income	157,745	156,335
D. Deficit not covered by equity	35,681,673	28,274,923
Balance sheet total	41,730,897	35,535,972

TOTAL EQUITY and LIABILITIES in EUR	30 June 2021	31 Dec. 2020
A. Equity		
I. Subscribed capital	4,122,129	4,122,129
II. Capital reserves	13,483,956	13,483,956
III. Loss carried forward	-53,287,758	-45,881,008
– of which loss carried forward from the previous year EUR 45,881,008 (EUR 34,172,190)		
Deficit not covered by equity	35,681,673	28,274,923
Book equity	0	0
B. Provisions		
1. Other provisions	1,455,314	1,250,521
C. Liabilities		
1. Bonds	3,500,000	3,500,000
– of which convertible EUR 3,500,000 (EUR 3,500,000)		
– of which to shareholders EUR 3,500,000 (EUR 3,500,000)		
– of which with residual maturity of more than one year EUR 3,500,000 (EUR 3,500,000)		
2. Liabilities to credit institutions	38	3
– of which with residual maturity of up to one year EUR 38 (EUR 3)		
3. Payments received on account of orders	6,522,875	6,418,073
– of which with residual maturity of up to one year EUR 90,000 (EUR 0)		
– of which with residual maturity of more than one year EUR 6,432,875 (EUR 6,418,073)		
4. Trade payables	791,075	694,741
– of which with residual maturity of up to one year EUR 791,075 (EUR 694,741)		
5. Other liabilities	29,459,780	23,672,634
– of which to shareholders EUR 29,224,471 (EUR 23,432,305)		
– of which from taxes EUR 75,939 (EUR 72,708)		
– of which social security contributions EUR 0 (EUR 170)		
– of which with residual maturity of up to one year EUR 235,309 (EUR 240,330)		
– of which with residual maturity of more than one year EUR 29,224,471 (EUR 23,432,305)		
D. Accruals and deferred income	1,815	0
Balance sheet total	41,730,897	35,535,972

Abridged notes to the financial statements

Abridged notes to the financial statements for the period ended 30 June 2021

A. BASIS OF PRESENTATION

NeXR Technologies SE is a European company (Societas Europaea) listed on the regulated market (General Standard, stock exchange: XETRA, Frankfurt) with registered office in 10969 Berlin, Charlottenstraße 4, Germany (entered in the commercial register at the Amtsgericht (local court) Berlin-Charlottenburg under HRB158018).

The company is a large corporation within the meaning of the provisions of Article 267 (3) sentence 2 of the German Commercial Code (HGB) in conjunction with Article 264d HGB. The interim financial statements were prepared in accordance with the accounting provisions set out in Article 242 et seq. and Article 264 d et seq. HGB, and the supplementary provisions of the German Stock Corporation Act and Article 61 of EU Regulation 2157/2001.

The profit and loss statement was prepared using the nature of expense method in accordance with Article 275 (1) HGB.

As at 30 June 2021, the company's fully paid-up share capital was divided into 4,122,129 no-par value bearer shares and amounted to EUR 4,122,129.00 on the reporting date.

During the reporting period, the company continued to develop the individual products on behalf of customers, as well as securing financing for product development and business operations through further loan commitments from shareholders.

B. ACCOUNTING POLICIES

The company continued to apply accounting policies used in the previous year.

These interim financial statements do not contain all the information and disclosures necessary for the preparation of annual financial statements. This is why the interim financial statements should be read in conjunction with the 2020 annual financial statements.

Despite the tight liquidity situation at the time, the financial statements were prepared on a going concern basis (Article 252 (1) no. 2 HGB). Due to the tight liquidity situation, the company has taken various measures to ensure its solvency beyond 2021. If, contrary to the expectations of the Managing Director, the updated financial targets are not achieved, and the measures initiated and planned to secure liquidity and strengthen the equity situation cannot be successfully implemented, the continued existence of the company as a going concern will be at risk.

1. FIXED ASSETS

The development of **fixed assets** and the acquisition costs of the individual items are shown in the statement of changes in fixed assets.

Acquired **intangible assets** have a carrying amount of EUR 4,669 thousand (previous year: EUR 5,800 thousand). The main component is goodwill resulting from the 2016 merger at fair value.

In the reporting period, **goodwill** was amortised to EUR 4,598 thousand. The remaining useful life is 2 years.

in EUR	Intangible usage rights	Goodwill	Intangible assets	Tangible assets	Financi al assets	Fixed assets
Historical cost						
Balance as at 01 January 2021	108,379	86,556,147	86,664,527	669,881	2,562	87,336,970
Additions	28,979		28,979	253,992	100	283,071
Disposals				589		589
Reclassifications						
Balance as at 30 June 2021	137,358	86,556,147	86,693,505	923,284	2,662	87,619,451
Accumulated depreciation and amortisation as at 01/01/2020	55,187	80,809,241	80,864,428	454,770	2,561	81,321,759
Amortisation and write-downs during the fiscal year	11,035	1,149,381	1,160,416	92,448		1,252,864
Disposals				589		589
Reclassifications						
Balance as at 30 June 2021	66,222	81,958,622	82,024,844	546,629	2,561	82,574,034
Write-ups for the financial year						
Carrying amount						
30 June 2021	71,136	4,597,525	4,668,661	376,655	101	5,045,417
Carrying amount						
31 December 2020	53,193	5,746,906	5,800,098	215,111	1	6,015,211

2. CURRENT ASSETS

Besides raw materials, consumables, supplies and work in progress, **inventories** include STARAMBA.Token (SST) held by the company as at the reporting date. They continue to measured unchanged at historical cost.

Other assets in the amount of EUR 360 thousand (previous year: EUR 313 thousand) mainly include VAT receivables for the current year as well as receivables from deposits.

3. EQUITY

The equity as at 30 June 2021 has been used up. The loss not covered by equity amounts to EUR 35,682 thousand (previous year: EUR 28.275 thousand).

The company launched a virtual **stock option programme** in the 2019 financial year (VSOP 2019). The stock option conditions of 13 December 2019 apply. The stock option program is based on the authorisation of the Board of Directors by the annual general meeting on 27 July 2017. The following number of virtual stock option rights were issued up to 30 June 2021:

Member of management	113,359
Employees	88,477
External partners	350,000

The obligations arising from the stock option programme as at 30 June 2021 are recognised under provisions.

4. FINANCIAL LIABILITIES

The **provisions** of EUR 1,455 thousand (previous year: EUR 1,251 thousand) mainly relate to provisions for outstanding invoices, personnel provisions and provisions for a virtual stock option programme.

The **convertible bonds** remain unchanged at EUR 3,500 thousand. The related interest is reported under other liabilities and amounts to EUR 735 thousand on a cumulative basis.

The **advance payments received** in the amount of EUR 6,523 thousand (previous year: EUR 6,418 thousand) essentially contain the incoming payments from token sales, insofar as these have not yet been redeemed against the provision of services by NeXR Technologies SE (formerly Staramba SE).

Other liabilities in the amount of EUR 29,460 thousand (previous year: EUR 23,673 thousand) mainly include loan and interest liabilities to shareholders in the amount of EUR 29,224 thousand with a term of 1 to 5 years.

As at the balance sheet date, **deferred tax** liabilities in the amount of EUR 1,024 thousand were the result of differences between goodwill recognised in the HGB financial statements at fair value and in the tax balance sheet at carrying amounts. The goodwill is related to the merger between Staramba SE and Staramba GmbH in 2016. These deferred tax liabilities were offset on the balance sheet date by higher deferred tax assets from loss carryforwards in the amount of EUR 6,180 thousand and

deferred tax assets from personnel provisions in the amount of EUR 10 thousand, which were recognised up to the amount of the deferred tax liabilities and set off against the deferred tax liabilities. The company did not make use of the option to capitalise deferred taxes on loss carryforwards (asset surplus after being offset against deferred tax liabilities). The calculations were based on a tax rate of 30.18%.

5. PROFIT AND LOSS STATEMENT

The revenue of EUR 147 thousand (previous year: EUR 188 thousand) is attributable to electronic services in the area of virtual reality and services related to 3D scanning systems.

The **other own work capitalised** in the amount of EUR 175 thousand (previous year: EUR 0) is attributable to self-produced equipment in the area of 3D scanning systems.

Other operating income of EUR 32 thousand (previous year: EUR 629 thousand) is mainly attributable to the reversal of provisions.

Goodwill arising from the merger with Staramba GmbH in 2016 was amortised in the amount of EUR 1,149 thousand.

C. Information about members of the Board of Directors and the Managing Director

The company has opted for a one-tier management system in accordance with Article 38 (b) of the Council Regulation on the Statute for a European company (SE). Since 3 June 2021, the Board of Directors has consisted of the following persons:

1. Mr Rolf Elgeti, businessman, Potsdam (Chairman of the Board of Directors)
2. Mr Achim Betz, auditor and tax consultant, Nürtingen (Deputy Chairman of the Board of Directors, Chairman of the Audit Committee)
3. Mr Axel von Starck, member of the Audit Committee, businessman, Hamburg
4. Prof. Dr. Klemens Skibicki, management consultant, Cologne

Christian Daudert's term of office ended on 03 June 2021. At the annual general meeting held on 3 June 2021, the number of members of the Board of Directors was reduced to four; Article 9 (1) of the articles of association was amended accordingly and can be viewed here: <https://www.nexr-technologies.com/de/satzung/>. Mr Rolf

Elgeti was elected as a member of the Board of Directors at the annual general meeting for a further five years.

NeXR established an Audit Committee on 19 February 2019 pursuant to Article 324 (1) HGB. The members are Mr Achim Betz (Chairman) and Mr Axel von Starck.

The company is represented by its managing directors:

Mr Markus Peuler, businessman, Berlin has been the sole managing director since 16 September 2019.

Mr Markus Peuler was not a member of any other supervisory boards or supervisory bodies during the reporting period.

During the reporting period, Mr Rolf Elgeti was a member of the following supervisory boards and other supervisory bodies:

- Bankhaus Obotritia GmbH, Munich
(Member of the Audit Committee from 26 February 2019)
- Chairman of the supervisory board of TAG Immobilien AG
(since November 2014)
- Chairman of the Supervisory Board of Deutsche Leibrenten Grundbesitz AG
(since July 2015)
- Chairman of the supervisory board of Obotritia Hotel AG
- Member of the advisory board of Laurus Property Partners GmbH
(since July 2016)
- Chairman of the supervisory board of Creditshelf AG
(since May 2018)
- Member of the board of directors of Highlight Event and Entertainment AG
(since June 2018)

During the reporting period, Mr Achim Betz was a member of the following supervisory boards and other supervisory bodies:

- Chairman of the supervisory board of Hevella Capital GmbH & Co KG
- Bankhaus Obotritia GmbH, Munich
(Chairman of the Audit Committee)
- Deputy Chairman of the supervisory board of Deutsche Leibrenten Grundbesitz AG

- First deputy chairman of the supervisory board of Deutsche Konsum REIT-AG
- second deputy chairman of the supervisory board Deutsche Industrie REIT-AG

During the reporting period, Mr Axel von Starck was a member of the following supervisory boards and other supervisory bodies:

- Chairman of the supervisory board of Odeon Venture Capital AG
- Member of the advisory board of Bitbond GmbH
- Member of the advisory board of credi2 GmbH
- Member of the advisory board of Doozer Real Estate Systems GmbH
- Member of the advisory board of Store2be GmbH

D. Events after the reporting period in accordance with Article 285 No. 33 of the new version of HGB. Significant events after the reporting date

By the reporting date of the interim financial statements, the shareholder Hevella Capital GmbH & Co KG had made financing commitments in the form of convertible loans totalling EUR 30 million. On 08 September 2021, these commitments were increased by EUR 6 million to EUR 36 million. This increase secures the financing of investments in product development and the general business operations of the company for 2021 and 2022.

On September 27, 2021, the Board of Directors resolved to carry out a capital increase using the authorized capital in the amount of up to EUR 2,061,064.00 in accordance with Section 6.1a of the Articles of Association. Accordingly, the share capital of EUR 4,122,129.00 divided into 4,122,129 no-par value bearer shares ("Existing Shares") will be increased by up to EUR 2,061,064.00 to up to EUR 6,183,193.00 by issuing up to 2,061,064 new no-par value bearer shares, each with a pro rata amount of the share capital of EUR 1.00 and with dividend rights from January 1, 2021 ("New Shares"), against cash contributions ("Capital Increase").

However, as a result, the company continues to be dependent on ongoing financial support, in the absence of which the company's continued existence would be at risk.

NeXR Technologies SE

Berlin, 30.09.2021

Managing Director

Markus Peuler

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we hereby certify that the interim financial statements give a true and fair view of the financial position, performance and cash flows of the company and the interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company over the remaining months of the financial year.

NeXR Technologies SE

Berlin, 30 September 2021

Managing Director



Markus Peuler

Auditor's review report

Review report

To NeXR Technologies SE, Berlin

We have reviewed the interim financial statements – comprising the balance sheet, profit and loss statement, the abridged notes to the financial statements and the interim management report of NeXR Technologies SE, Berlin, for the period from 1 January to 30 June 2021, which are part of interim financial reporting pursuant to Article 115 of the German Securities Trading Act (WpHG). The preparation of the interim financial statements in accordance with the provisions of the German Commercial Code (HGB) and the interim management report in accordance with the provisions of the Securities Trading Act applicable to interim management reports is the responsibility of the company's statutory representatives. Our responsibility is to issue a review report on the interim financial statements and the interim management report based on our review.

We have reviewed the interim financial statements and the interim management report in accordance with the generally accepted standards for the review of financial statements promulgated by the institute of Public Auditors in Germany (IdW). Those standards require that we plan and perform the review to obtain reasonable assurance through critical assessment that the interim financial statements have been prepared, in all material aspects, in accordance with the provisions of the German Commercial Code (HGB) applicable to interim financial statements and the interim management report

has been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim management reports. An audit review is largely limited to interviews with employees of the company and analytical assessments, and therefore does not offer the level of certainty achievable through an audit of financial statements. As we have not carried out an audit of the financial statements in accordance with the terms of our engagement, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements have not been prepared, in material respects, in accordance with the provisions of the German Commercial Code (HGB) applicable to interim financial statements, or that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act (WpHG) applicable to interim management reports.

We refer to sections B and D of the abridged notes to the financial statements as well as the opportunities and risks section of the interim management report, in which the legal representatives describe that the company's liquidity situation is tight. As described in sections B and D of the abridged notes to the financial statements and the opportunities and risks section of the interim management report, these events and circumstances point towards a material uncertainty with regard to the achievement of business plan targets and any necessary corporate actions, which may cast significant doubt on the viability of the business as a going concern, which presents a risk to the company as a going concern within the meaning of Article 322 (2) sentence 3 of the German Commercial Code (HGB)."

Frankfurt am Main,

30 September 2021

RSM GmbH
Auditing firm
Tax consultants

D. Hanxleden
Auditor

A. Kramer
Auditor

Additional Information

DISCLAIMER:

The interim financial statements prepared by the Managing Director, and the interim management report of NeXR take into account all circumstances that occurred after the end of the 2021 financial year up to the date of preparation.

The interim management report contains forward-looking statements. Actual results may differ considerably from forecasts.

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NeXR Technologies SE

Text & editing:

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CROSS ALLIANCE communication
GmbH

FINANCIAL CALENDAR 2021

30 September 2021	Date of publication of the half-year financial report 2021
03 June 2021	Annual general meeting
30 April 2021	Publication of consolidated/annual financial statements 2020

SHARE INFORMATION

Share capital	EUR 4,122,129.00
Number of shares*	4,122,129
German securities ID number (WKN)	A1K03W
ISIN	DE000A1K03W5
Stock exchanges	XETRA, Frankfurt
Designated sponsor	Bank M AG