

Nil Technology ApS

Diplomvej 381
2800 Kgs.Lyngby

CVR no 29 31 02 03

Annual report for 2016

(11th Financial year)

Adopted at the annual general meeting
on 31 May 2017

Theodor Nielsen
Chairman

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Statement by Management on the annual report

The Executive and Supervisory Boards have today discussed and approved the annual report of Nil Technology ApS for the financial year 1 January - 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the the Company's operations for the financial year 1 January - 31 December 2016.

In our opinion, Management's review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Kgs. Lyngby, 9 May 2017

Executive Board

Brian Bilenberg Olsen

Theodor Nielsen

Karl Niklas Hansson

Supervisory Board

Henrik Nielsen
formand

Ali Abdulwaheb Alhasan

Gabi Grützner

Brian Bilenberg Olsen

Theodor Nielsen

Independent auditor's report

To the shareholders of Nil Technology ApS

Opinion

We have audited the financial statements of Nil Technology ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the financial statements

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 level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.


Independent auditor's report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hellerup, 9 May 2017

CVR-nr. 33 25 68 76

 Crowe Horwath.

Søren Jonassen
Statsautoriseret revisor

Company details

The Company

Nil Technology ApS
Diplomvej 381
2800 Kgs.Lyngby

CVR no.: 29 31 02 03
Reporting period: 1 January - 31 December
Incorporated: 13. January 2006
Domicile: Lyngby-Taarbæk

Supervisory Board

Henrik Nielsen, Chairman, Chairman
Ali Abdulwaheb Alhasan, General partner, General partner
Gabi Grützner, General partner
Brian Bilenberg Olsen, General partner
Theodor Nielsen, General partner

Executive Board

Brian Bilenberg Olsen
Theodor Nielsen
Karl Niklas Hansson

Auditors

Crowe Horwath
Statsautoriseret Revisionsinteressentskab
Rygårds Allé 104
2900 Hellerup

Management's review

Business activities

NIL Technology ApS is a knowledge-based company that develops and sells advanced nano lithography solutions with a special focus on nanoimprint lithography (NIL). The mission of NIL Technology is: “We develop and deliver micro and nanostructures to the world’s high tech companies – meeting demands at the highest level”. Key competences are within nanoimprint lithography, DUV lithography and electron beam lithography. The company’s products include stamps to be used for nanoimprint lithography, nanoimprint lithography service, processing of micro- and nanostructures as well as research and development within different applications using said structures. The company service mainly companies with R&D projects aiming at developing products benefiting from the implementation of nano-scale structures, as well as educational institutions with activities requiring use of nanostructures. The company sees a very interesting trend toward inclusion of nanostructures in various products and especially by use of injection moulding. NIL Technology’s vision is: “To implement nanostructuring production solutions for better health and sustainable living”.

The financial year is outline

In 2016, the company employed 12 people in average, of which 11 are engineers. The company has in 2016 worked with development of its products and has thereby strengthened its IP significantly, and it has participated in research projects POLYNANO (DK), NEMI (EC), IZADI (EC), SUPERLENS (EC/DK), and META-REFLECTOR (EC). EMPIR (EC), and QUBIZ (DK). By participation in various research and development projects the company has gained large IP value that secures a substantial value base for the future of the company, especially within the area where the company’s competences is used in combination with injection moulding.

In general, it is observed that dissemination of nanoimprint (NIL) advances globally and the number of companies using the NIL technology or is in a dedicated development phase based on NIL is increasing.

For the year 2017, the company expects further growth in revenues and launch of new products that will contribute to increased growth and a strengthened competitive position.

Shareholder information:

Dividend distribution: It is the NIL Technology’s dividend distribution policy that the shareholders decide the size of the dividend distribution if any at the ordinary general assembly based on the managements annual review. Distribution of dividend has to be made under consideration to the needed consolidation of the equity needed for the company’s further operations.

NIL Technology ApS does not expect to distribute any dividend based on the annual result of 2016.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

Accounting policies

The annual report of Nil Technology ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross earnings include revenue deducted with cost of goods sold and other external expenses.

Revenue is recognised in the income statement, if delivery is made and risk has been passed to the buyer before the end of the year.

Financial income and expenses

Financial income and expenses include interest income and expenses, debt and transactions in foreign currencies as well as tax surcharges and repayments in accordance with the Danish Tax Prepayment Scheme.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Tangible assets

Items of Tangible assets are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful life of the asset based on the following expected useful lives:

Other fixtures and fittings, tools and equipment	3-8	years
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Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Stocks

Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of consumables comprises the purchase price plus delivery costs.

Accounting policies

The net realisable value of stocks is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value. The value is reduced by provision for bad debts.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Other debts are measured at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 January - 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Gross profit		9,119,928	7,774
Staff costs	1	<u>-7,465,678</u>	<u>-7,252</u>
Earnings Before Interest Taxes Depreciation and Amortization		1,654,250	522
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-135,482</u>	<u>-191</u>
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments		1,518,768	331
Profit/loss before financial income and expenses		1,518,768	331
Financial income	2	14,216	155
Financial costs	3	<u>-26,530</u>	<u>-2</u>
Profit/loss before tax		1,506,454	484
Tax on profit/loss for the year	4	<u>0</u>	<u>0</u>
Net profit/loss for the year		<u>1,506,454</u>	<u>484</u>
Proposed distribution of profit			
Retained earnings		<u>1,506,454</u>	<u>484</u>
		<u>1,506,454</u>	<u>484</u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Assets			
Acquired patents		<u>286,055</u>	<u>286</u>
Intangible assets	5	<u>286,055</u>	<u>286</u>
Other fixtures and fittings, tools and equipment		<u>13,463</u>	<u>16</u>
Tangible assets	6	<u>13,463</u>	<u>16</u>
Deposits		<u>58,515</u>	<u>57</u>
Fixed asset investments		<u>58,515</u>	<u>57</u>
Fixed assets total		<u>358,033</u>	<u>359</u>
Finished goods and goods for resale		<u>215,962</u>	<u>321</u>
Stocks		<u>215,962</u>	<u>321</u>
Trade receivables		1,893,398	1,538
Other receivables		2,494,065	162
Prepayments		<u>80,764</u>	<u>80</u>
Receivables		<u>4,468,227</u>	<u>1,780</u>
Cash at bank and in hand		<u>4,954,098</u>	<u>2,654</u>
Currents assets total		<u>9,638,287</u>	<u>4,755</u>
Assets total		<u><u>9,996,320</u></u>	<u><u>5,114</u></u>

Balance sheet at 31 December 2016

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> TDKK
Liabilities and equity			
Share capital		259,400	213
Retained earnings		<u>5,940,798</u>	<u>-244</u>
Equity	7	<u>6,200,198</u>	<u>-31</u>
Trade payables		<u>304,000</u>	<u>0</u>
Long-term debt	8	<u>304,000</u>	<u>0</u>
Trade payables		945,523	1,047
Other payables		634,731	1,952
Deferred income		<u>1,911,868</u>	<u>2,146</u>
Short-term debt		<u>3,492,122</u>	<u>5,145</u>
Debt total		<u>3,796,122</u>	<u>5,145</u>
Liabilities and equity total		<u>9,996,320</u>	<u>5,114</u>
Contingent assets, liabilities and other financial obligations	9		
Charges and securities	10		

Noter

	2016 DKK	2015 TDKK
1 Staff costs		
Wages and salaries	6,494,012	6,271
Pensions	704,229	692
Other social security costs	267,437	289
	7,465,678	7,252
Average number of employees	12	10
2 Financial income		
Other financial income	14,216	155
	14,216	155
3 Financial costs		
Other financial costs	26,530	2
	26,530	2
4 Tax on profit/loss for the year	0	0

Noter

5 Intangible assets

	Acquired patents
Cost at 1 January 2016	1,634,103
Additions for the year	132,810
Cost at 31 December 2016	1,766,913
Impairment losses and amortisation at 1 January 2016	1,348,813
Depreciation for the year	132,045
Impairment losses and amortisation at 31 December 2016	1,480,858
Carrying amount at 31 December 2016	286,055

6 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2016	17,187
Cost at 31 December 2016	17,187
Impairment losses and depreciation at 1 January 2016	287
Depreciation for the year	3,437
Impairment losses and depreciation at 31 December 2016	3,724
Carrying amount at 31 December 2016	13,463

Noter

7 Equity

	Share capital	Retained earnings	Total
Equity at 1 January 2016	212,922	-244,044	-31,122
Cash capital increase	46,478	4,807,324	4,853,802
Exchange adjustment, foreign	0	-128,936	-128,936
Net profit/loss for the year	0	1,506,454	1,506,454
Equity at 31 December 2016	259,400	5,940,798	6,200,198

8 Long term debt

	Debt at 1 January 2016	Debt at 31 December 2016	Payment within 1 year	Debt after 5 years
Trade payables	0	304,000	0	304,000
	0	304,000	0	304,000

9 Contingent assets, liabilities and other financial obligations

A rental obligation for 3 months equal to TDKK 85 rest upon the company.

10 Charges and securities

None