

NIL Technology ApS

Haldor Topsøes Allé 1
2800 Kongens Lyngby

CVR no. 29 31 02 03

Annual report for 2020

(15th Financial year)

Adopted at the annual general meeting
on 27 May 2021

Olaf Carl Ehrenskjöld
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of NIL Technology ApS for the financial year 1 January - 31 December 2020.

The annual report is 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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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

Management recommends that the annual report should be approved by the company in general meeting.

Kongens Lyngby, 27 April 2021

Executive board

Theodor Nielsen
CEO

Brian Bilenberg

Thomas Haals Løndorf

Supervisory board

Jens Peter Due Olsen
Chairman

Ali Abdulwahab Alhasan

Jean Adolphe Schmitt

Bo Ilsøe

Henrik Nielsen

Theodor Nielsen

Christian René Tang-Jespersen

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 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 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 the 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 judgement and maintain professional scepticism 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.

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of management's review.

Hellerup, 27 April 2021
CVR no. 33 25 68 76



Søren Jonassen
State Authorized Public Accountant
MNE no. mne18488

Company details

The company

NIL Technology ApS
Haldor Topsøes Allé 1
2800 Kongens Lyngby

CVR no.: 29 31 02 03

Reporting period: 1 January - 31 December 2020

Incorporated: 13 January 2006

Domicile: Lyngby-Taarbæk

Supervisory board

Jens Peter Due Olsen, chairman
Ali Abdulwahab Alhasan
Jean Adolphe Schmitt
Bo Ilsøe
Henrik Nielsen
Theodor Nielsen
Christian René Tang-Jespersen

Executive board

Theodor Nielsen
Brian Bilenberg
Thomas Haals Løndorf

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
Rygårds Allé 104
2900 Hellerup

Management's review

Business review

NIL Technology ApS is an IP heavy company with key competences in nanofabrication, producing advanced optical components.

Financial review

By end of 2020, the company employed 48 people. The company has in 2020 worked with development of its products and has thereby strengthened its IP significantly, and it has participated in several research projects. 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.

The result of the year is considered satisfactory

For the year 2021, the company expects growth in revenues and will launch new products and services that will contribute to increased future growth and a strengthened competitive position. The required capital is in place to continue the growth of the company.

Significant events occurring after the end of the financial year

After the balance sheet date, we have completed a financing round, securing more than €26m.

Foreign branches

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 management's 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 2020.

Shareholders with more than 5% ownership at date of approval of this annual report:

- Invision Company Limited
- Jolt Capital III FPCI
- Nokia Growth Partners IV L.P.
- EIC Fund
- Swisscanto (CH) Private Equity Switzerland Growth I KmGK
- Vækstfonden Growth K/S
- Bilenberg Invest ApS
- Theodor Invest ApS
- HNI Trading ApS

Accounting policies

The annual report of NIL Technology ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

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

The annual report for 2020 is presented in DKK.

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 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 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 installments 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 is 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 profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Profit/loss from investments in subsidiaries

Dividend from investments is recognised in the reporting year in which the dividend is declared.

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, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 5 years.

Tangible assets

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 components have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment 3-8 years

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Investments in subsidiaries

Investment in subsidiaries is measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Impairment of non-current assets

The carrying amount of intangible assets, items of equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Stocks

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

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

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

Receivables

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

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Accounting policies

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

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 respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
Gross profit		-6,577,265	5,424
Staff costs	1	-28,726,093	-17,961
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-597,804</u>	<u>-392</u>
Profit/loss before net financials		-35,901,162	-12,929
Financial income		384,762	114
Financial costs		<u>-1,018,032</u>	<u>-213</u>
Profit/loss before tax		-36,534,432	-13,028
Tax on profit/loss for the year	2	<u>2,092,312</u>	<u>0</u>
Profit/loss for the year		<u>-34,442,120</u>	<u>-13,028</u>
Recommended appropriation of profit/loss			
Retained earnings		<u>-34,442,120</u>	<u>-13,028</u>
		<u>-34,442,120</u>	<u>-13,028</u>

Balance sheet at 31 December 2020

	Note	2020 DKK	2019 TDKK
Assets			
Acquired patents		1,110,867	658
Intangible assets	3	1,110,867	658
Other fixtures and fittings, tools and equipment		13,911,055	12,399
Tangible assets	4	13,911,055	12,399
Investments in subsidiaries	5	141,498	142
Deposits		351,806	6
Fixed asset investments		493,304	148
Total non-current assets		15,515,226	13,205
Finished goods and goods for resale		931,856	774
Stocks		931,856	774
Trade receivables		2,628,568	5,735
Receivables from subsidiaries		11,723,597	490
Other receivables		2,329,439	1,608
Deferred tax asset		2,163,557	2,164
Prepayments		2,958,417	745
Receivables		21,803,578	10,742
Cash at bank and in hand		32,039,433	43,065
Total current assets		54,774,867	54,581
Total assets		70,290,093	67,786

Balance sheet at 31 December 2020

	Note	2020 DKK	2019 TDKK
Equity and liabilities			
Share capital		505,537	435
Reserve for unpaid share capital		598,390	551
Retained earnings		38,070,322	47,269
Equity		39,174,249	48,255
Other credit institutions		7,308,250	0
Lease obligations		9,027,415	9,842
Other payables		1,660,855	476
Total non-current liabilities	6	17,996,520	10,318
Short-term part of long-term debet	6	1,666,778	432
Trade payables		5,930,010	4,961
Payables to subsidiaries		318,280	0
Other payables		4,601,892	1,781
Deferred income		602,364	2,039
Total current liabilities		13,119,324	9,213
Total liabilities		31,115,844	19,531
Total equity and liabilities		70,290,093	67,786
Contingent liabilities	7		
Mortgages and collateral	8		

Statement of changes in equity

	Share capital	Reserve for unpaid share capital	Retained earnings	Total
Equity at 1 January 2020	434,646	551,319	47,268,791	48,254,756
Cash capital increase	70,891	47,071	25,382,076	25,500,038
Exchange adjustment, foreign	0	0	-141,025	-141,025
Purchase of treasury shares	0	0	-153,520	-153,520
Sale of treasury shares	0	0	156,120	156,120
Net profit/loss for the year	0	0	-34,442,120	-34,442,120
Equity at 31 December 2020	505,537	598,390	38,070,322	39,174,249

	Share capital	Reserve for unpaid share capital	Retained earnings	Total
Equity at 1 January 2019	426	551	58,732	59,709
Cash capital increase	9	0	1,608	1,617
Exchange adjustment, foreign	0	0	-43	-43
Net profit/loss for the year	0	0	-13,028	-13,028
Equity at 31 December 2019	435	551	47,269	48,255

Notes

	2020 DKK	2019 TDKK
1 Staff costs		
Wages and salaries	25,016,033	15,385
Pensions	2,877,372	1,861
Other social security costs	832,688	715
	28,726,093	17,961
 Average number of employees	 37	 27
 2 Tax on profit/loss for the year		
Adjustment of tax concerning previous years	-2,092,312	0
	-2,092,312	0

Notes

3 Intangible assets

	Acquired patents
Cost at 1 January 2020	2,358,180
Additions for the year	<u>759,602</u>
Cost at 31 December 2020	<u>3,117,782</u>
Impairment losses and amortisation at 1 January 2020	1,699,337
Depreciation for the year	<u>307,578</u>
Impairment losses and amortisation at 31 December 2020	<u>2,006,915</u>
Carrying amount at 31 December 2020	<u><u>1,110,867</u></u>

4 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	12,575,477
Additions for the year	<u>1,801,541</u>
Cost at 31 December 2020	<u>14,377,018</u>
Impairment losses and depreciation at 1 January 2020	175,738
Depreciation for the year	<u>290,225</u>
Impairment losses and depreciation at 31 December 2020	<u>465,963</u>
Carrying amount at 31 December 2020	<u><u>13,911,055</u></u>
Value of leased assets	<u>11,922,636</u>

Notes

	2020 DKK	2019 TDKK
5 Investments in subsidiaries		
Cost at 1 January 2020	141,498	0
Additions for the year	0	142
Cost at 31 December 2020	141,498	142
Carrying amount at 31 December 2020	141,498	142

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
NILT Switzerland GmbH	Zürich, Switzerland	100%
NILT US, Inc.	Delaware, USA	100%

6 Long term debt

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Other credit institutions	0	7,308,250	0	1,579,325
Lease obligations	10,273,500	10,694,193	1,666,778	1,525,245
Other payables	475,795	1,660,855	0	0
	10,749,295	19,663,298	1,666,778	3,104,570

Notes

7 Contingent liabilities

Two separate rental obligations rest upon the company. A rental obligation for 23 months equal to TDKK 3,073 and a rental obligation for 15 months equal to TDKK 740.

The company has entered into operational lease agreements with a total liability of TDKK 77.

8 Mortgages and collateral

Vækstfonden has a corporate mortgage in the company's assets totalling DKK 7,5 mill.

The company has provided a payment guarantee, TDKK 538 to lessor.