



NIL Technology ApS

Haldor Topsøes Allé 1
2800 Kongens Lyngby
CVR No. 29310203

Annual report 2023

The Annual General Meeting adopted the annual report on 20.06.2024

Olaf Carl Ehrenskjöld

Chairman of the General Meeting

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Entity details

Entity

NIL Technology ApS
Haldor Topsøes Allé 1
2800 Kongens Lyngby
Denmark

Business Registration No.: 29310203
Date of foundation: 13.01.2006
Registered office: Lyngby-Taarbæk
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

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

Executive Board

Theodor Nielsen, CEO
Thomas Haals Løndorf
Brian Bilenberg

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NIL Technology ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kongens Lyngby, 13.06.2024

Executive Board

Theodor Nielsen
CEO

Thomas Haals Løndorf

Brian Bilenberg

Board of Directors

Jens Peter Due Olsen
chairman

Ali Abdulwahab Ali Abdulwaheb Alhasan

Bo Ilsøe

Christian René Tang-Jespersen

Jean Adolphe Schmitt

Theodor Nielsen

Jesper Lilledal Holmgaard

Independent auditor's report

To the shareholders of NIL Technology ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of NIL Technology ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 13.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Key figures					
Gross profit/loss	1,069	(3,102)	(324)	(884)	729
R&D expenses included in gross profit/loss	(246)	(3,790)	(2,534)	(998)	(644)
Gross profit/loss excluding R&D	1,316	688	2,210	114	1,373
Operating profit/loss	(9,022)	(13,136)	(8,580)	(4,828)	(1,739)
Net financials	(933)	(115)	(92)	(85)	(13)
Profit/loss for the year	(9,238)	(12,099)	(8,231)	(4,631)	(1,752)
Balance sheet total	22,557	24,390	29,434	9,452	9,115
Investments in property, plant and equipment	2,541	3,718	4,351	345	1,639
Equity	684	9,938	21,978	5,268	6,489
Cash flows from operating activities	(7,237)	(11,373)	(9,054)	(2,580)	(2,473)
Cash flows from investing activities	(5,898)	(4,213)	(4,706)	(3,385)	(838)
Cash flows from financing activities	6,997	6,988	27,647	4,957	733
Ratios					
Return on equity (%)	(173.94)	(75.82)	(60.42)	(78.78)	(24.14)
Equity ratio (%)	3.03	40.75	74.67	55.73	71.19

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

NIL Technology is a vertically integrated optical solutions company designing, developing, and mass-producing optical elements and components using high-precision nanoscale features.

Development in activities and finances

The Group has in 2023 made major advances with maturing its products for mass-production, and brought new products to market. Furthermore, the company has strengthened its IP significantly.

Profit/loss for the year in relation to expected developments

Profit for the year amounts to a loss EUR 9.2 million compared to a loss on EUR 12.1 million in 2022. The Groups Equity as of December 31, 2023 is EUR 684 thousand compared to EUR 10 million December 31, 2022. The result is in line with management's expectations and a result of the Group's growth strategy.

For further information, reference is made to the following income statement, cash flow statement and balance sheet with related notes.

Uncertainty relating to recognition and measurement

As the group is investing significantly into technology development, there is a natural uncertainty associated with the measurement of the Group's activities and future earnings. At 31 December 2023, the Group has recognized EUR 10.8 million regarding property, plant and equipment which mainly relates to production facilities, and development costs of EUR 2.4 million related to development of the Groups products and technology. The value of the investments depends on the Group's ability to develop, market and attracting enough customers that generate positive earnings that could yield the total investment. Accordingly, Management has deemed the valuation sound. If the Group's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition and measurement.

Outlook

In 2024 the company expects to grow the topline, resulting in an improved net result for 2024. 2024 is expected to result in a loss due to continued investments.

Use of financial instruments

The company is mainly impacted by FX risk on CHF, USD and SEK. The FX risk is hedged through forward contracts or committing the FX up front. All active contracts are accounted for in the balance sheet.

The company is, compared to the general industry, not impacted extraordinarily by price increases or other general risks.

Knowledge resources

The company is relying on its knowledge resources due to the nature of the business. This is managed through process descriptions and documentation as well as a focus on key talent attraction and retention.

Environmental performance

The company is operating in an industry with a high level of competition and is relying on the leading market parties to push the environmental agenda. Where possible, the company is requiring environmental focus from its business partners. In 2021 the company had an analysis made of the environmental impact, leading to an

increased focus on the areas within the company's control.

Research and development activities

In 2023, as also presented in note 3, the company has spent significant efforts on commercializing existing products as well as maturing the products in the development pipeline.

Events after the balance sheet date

After the balance sheet date, the company has completed a funding round of EUR 25 million through issuance of shares. Through this funding round, a convertible loan (entered into in 2022) was converted to equity.

Parent treasury shares

	Number	Nominal value EUR
Treasury shares	1,850	1,850
Investments acquired	1,850	1,850

The purchase of own share where conducted due to a change in the group of shareholders. The total number of treasury shares at 31. December 2023 amount to 1,850 equaling 0.2 % of the total shareholding.

Consolidated income statement for 2023

	Notes	2023 EUR	2022 EUR
Gross profit/loss	3	1,069,388	(3,101,542)
Staff costs	4	(7,813,214)	(8,905,621)
Depreciation, amortisation and impairment losses	5	(2,178,182)	(1,128,447)
Other operating expenses		(99,888)	0
Operating profit/loss		(9,021,896)	(13,135,610)
Other financial income		222,897	298,633
Other financial expenses		(1,155,872)	(413,732)
Profit/loss before tax		(9,954,871)	(13,250,709)
Tax on profit/loss for the year	6	716,963	1,151,402
Profit/loss for the year	7	(9,237,908)	(12,099,307)

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Completed development projects	9	2,361,634	0
Acquired patents		1,074,556	703,873
Goodwill		0	0
Intangible assets	8	3,436,190	703,873
Other fixtures and fittings, tools and equipment		10,755,476	7,952,526
Property, plant and equipment in progress		0	1,851,037
Property, plant and equipment	10	10,755,476	9,803,563
Deposits		246,317	211,196
Financial assets	11	246,317	211,196
Fixed assets		14,437,983	10,718,632
Raw materials and consumables		426,356	360,458
Inventories		426,356	360,458
Trade receivables		942,487	927,418
Contract work in progress	12	647,144	0
Other receivables	13	249,074	319,826
Tax receivable	14	737,373	739,000
Contributed capital in arrears		80,290	80,469
Prepayments	15	360,733	431,705
Receivables		3,017,101	2,498,418
Cash		4,675,385	10,812,580
Current assets		8,118,842	13,671,456
Assets		22,556,825	24,390,088

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital	16	111,098	111,098
Unpaid contributed capital		80,467	80,467
Translation reserve		48,617	64,601
Retained earnings		443,562	9,681,470
Equity		683,744	9,937,636
Other provisions	17	220,000	0
Provisions		220,000	0
Lease liabilities		961,961	886,681
Debt to other credit institutions		8,676,565	1,493,376
Convertible and profit-sharing debt instruments		7,601,428	7,028,207
Other payables		229,026	221,770
Non-current liabilities other than provisions	19	17,468,980	9,630,034
Current portion of non-current liabilities other than provisions	19	834,164	955,284
Bank loans		965,764	967,895
Prepayments received from customers		204,449	0
Trade payables		1,347,413	2,215,505
Other payables		832,311	683,734
Current liabilities other than provisions		4,184,101	4,822,418
Liabilities other than provisions		21,653,081	14,452,452
Equity and liabilities		22,556,825	24,390,088
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	21		
Assets charged and collateral	22		
Non-arm's length related party transactions	23		
Subsidiaries	24		

Consolidated statement of changes in equity for 2023

	Contributed capital EUR	Unpaid contributed capital EUR	Translation reserve EUR	Retained earnings EUR	Total EUR
Equity beginning of year	111,098	80,467	64,601	9,681,470	9,937,636
Exchange rate adjustments	0	0	(15,984)	0	(15,984)
Profit/loss for the year	0	0	0	(9,237,908)	(9,237,908)
Equity end of year	111,098	80,467	48,617	443,562	683,744

Consolidated cash flow statement for 2023

	Notes	2023 EUR	2022 EUR
Operating profit/loss		(9,021,896)	(13,135,610)
Amortisation, depreciation and impairment losses		2,178,182	1,128,447
Other provisions		220,000	0
Working capital changes	20	(1,101,278)	46,254
Cash flow from ordinary operating activities		(7,724,992)	(11,960,909)
Financial income received		75,568	298,633
Financial expenses paid		(305,822)	(413,732)
Taxes refunded/(paid)		718,590	703,340
Cash flows from operating activities		(7,236,656)	(11,372,668)
Acquisition etc. of intangible assets		(3,325,073)	(475,150)
Sale of intangible assets		3,553	0
Acquisition etc. of property, plant and equipment		(2,540,893)	(3,717,601)
Acquisition of fixed asset investments		(35,121)	(20,123)
Cash flows from investing activities		(5,897,534)	(4,212,874)
Free cash flows generated from operations and investments before financing		(13,134,190)	(15,585,542)
Loans raised		7,886,064	7,932,466
Repayments of loans etc.		(889,069)	(938,431)
Acquisition of treasury shares		0	(12,102)
Cash capital increase		0	6,244
Cash flows from financing activities		6,996,995	6,988,177

Increase/decrease in cash and cash equivalents	(6,137,195)	(8,597,365)
Cash and cash equivalents beginning of year	10,812,580	19,409,945
Cash and cash equivalents end of year	4,675,385	10,812,580
<hr/>		
Cash and cash equivalents at year-end are composed of:		
Cash	4,675,385	10,812,580
Cash and cash equivalents end of year	4,675,385	10,812,580
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Notes to consolidated financial statements

1 Events after the balance sheet date

After the balance sheet date, the company has completed a funding round of EUR 25 million through issuance of shares. Through this funding round, a convertible loan of EUR 8 million (entered into in 2022) was converted to equity.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Uncertainty relating to recognition and measurement

As the group is investing significantly into technology development, there is a natural uncertainty associated with the measurement of the Group's activities and future earnings. At 31 December 2023, the Group has recognized EUR 10.8 million regarding property, plant and equipment which mainly relates to production facilities, and development costs of EUR 2.4 million related to development of the Groups products and technology. The value of the investments depends on the Group's ability to develop, market and attracting enough customers that generate positive earnings that could yield the total investment. Accordingly, Management has deemed the valuation sound. If the Group's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

3 Gross profit/loss

For 2023, the Group has capitalized EUR 2,612 thousand in development projects. The Group recognised EUR 246 thousand regarding research. Without these research-costs the Group had a Gross profit EUR 1,316 thousand in 2023.

In 2022, the Group recognised EUR 3,790 thousand regarding research. Without these research-costs the Group had a Gross profit EUR 688 thousand in 2022.

4 Staff costs

	2023	2022
	EUR	EUR
Wages and salaries	6,882,717	7,715,546
Pension costs	726,223	959,126
Other social security costs	204,274	230,949
	7,813,214	8,905,621
Average number of full-time employees	69	77

	Remuneration of management 2023 EUR	Remuneration of management 2022 EUR
Executive Board	724,992	731,834
	724,992	731,834

5 Depreciation, amortisation and impairment losses

	2023 EUR	2022 EUR
Amortisation of intangible assets	589,203	165,808
Depreciation on property, plant and equipment	1,588,979	962,639
	2,178,182	1,128,447

6 Tax on profit/loss for the year

	2023 EUR	2022 EUR
Current tax	(716,963)	(739,000)
Change in deferred tax	0	290,938
Adjustment concerning previous years	0	(703,340)
	(716,963)	(1,151,402)

7 Proposed distribution of profit/loss

	2023 EUR	2022 EUR
Retained earnings	(9,237,908)	(12,099,307)
	(9,237,908)	(12,099,307)

8 Intangible assets

	Completed development projects EUR	Acquired patents EUR	Goodwill EUR
Cost beginning of year	0	1,226,105	1,661
Additions	2,655,761	669,312	0
Disposals	0	(3,553)	0
Cost end of year	2,655,761	1,891,864	1,661
Amortisation and impairment losses beginning of year	0	(522,232)	(1,661)
Amortisation for the year	(294,127)	(295,076)	0
Amortisation and impairment losses end of year	(294,127)	(817,308)	(1,661)
Carrying amount end of year	2,361,634	1,074,556	0

9 Development projects

The Group works with the design, development, and production of optical components and optical elements for 3D sensing, consumer electronics (mobile phones), autonomous vehicles, VR/AR displays, etc. Products include "diffusers", "fan-outs", "collimators", "focusing lenses", and waveguides, all made of diffractive optical elements and meta lenses. The cost associated with the development of these assets is on a running basis recognised as intangible assets. The amortization period is set to 2-5 years.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR	Property, plant and equipment in progress EUR
Cost beginning of year	9,711,303	1,851,037
Transfers	2,529,645	(2,529,645)
Additions	1,862,284	678,608
Cost end of year	14,103,232	0
Depreciation and impairment losses beginning of year	(1,758,777)	0
Depreciation for the year	(1,588,979)	0
Depreciation and impairment losses end of year	(3,347,756)	0
Carrying amount end of year	10,755,476	0
Recognised assets not owned by Entity	3,273,255	0

11 Financial assets

	Deposits EUR
Cost beginning of year	211,196
Additions	35,121
Cost end of year	246,317
Carrying amount end of year	246,317

12 Contract work in progress

	2023 EUR	2022 EUR
Contract work in progress	819,811	0
Progress billings	(377,116)	0
Transferred to liabilities other than provisions	204,449	0
	647,144	0

13 Other receivables

Other receivables contains fair value on forward exchange contracts with a carrying amount of EUR 50 thousand. The company has signed forward exchange contracts to cover the exchange risk of operations in CHF, SEK, CAD and USD by EUR 3,713 thousand. The forward exchange contracts are due within 1-12 months. All forward exchange contracts are conducted with the Groups bank, and none of them for currency speculation purposes.

14 Tax receivable

Tax receivables of EUR 737 thousand comprise of expected tax credit for development costs for the income year 2023 determined in accordance with Danish Tax Assessment Act (Ligningsloven) section 8X to be settled in November 2024.

15 Prepayments

Prepayments comprises costs related to subsequent financial years.

16 Contributed capital

	Number	Par value EUR	Nominal value EUR
A shares	38,879	1.00	38,879
B shares	72,219	1.00	72,219
	111,098		111,098

17 Other provisions

Provisions for loss-making contracts on contract work in progress are recognized under other provisions amounting to 220,000 EUR based on management's estimation.

18 Convertible and profit-sharing debt instruments

	Amounts outstanding EUR	Interest rate agreed %	Deadline for conversion to equity interests
Convertible debt instruments	7,601,428	8.00	31.05.2025
	7,601,428		

As per 31. December 2023 DKK 0 of the convertible long-term debt is due 5 years after the balance sheet date. Any conversion must be made for the entire Loan (including accrued interest of app. 8 %) and must be made for all Investors at the same time and is expected to be performed prior to 31. May 2025. The Investors are not entitled to convert the Loan excluding in an Exit scenario. The terms and conditions for conversion of the loan depends on various clauses of target revenues, potential new rounds of financing etc.

19 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR
Lease liabilities	595,765	506,416	961,961
Debt to other credit institutions	238,399	448,868	8,676,565
Convertible and profit-sharing debt instruments	0	0	7,601,428
Other payables	0	0	229,026
	834,164	955,284	17,468,980

20 Changes in working capital

	2023 EUR	2022 EUR
Increase/decrease in inventories	(65,898)	(198,398)
Increase/decrease in receivables	(520,314)	666,547
Increase/decrease in trade payables etc.	(515,066)	(421,895)
	(1,101,278)	46,254

21 Unrecognised rental and lease commitments

	2023 EUR	2022 EUR
Total liabilities under rental or lease agreements until maturity	2,028,538	2,406,476

22 Assets charged and collateral

As security for loan the Group has issued corporate mortgage in the Group's assets totalling EUR 2.3 million.

23 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

24 Subsidiaries

	Registered in	Corporate form	Ownership %
NILT Switzerland GmbH	Zürich, Switzerland	GmbH	100.00
NILT US Inc.	Delaware, USA	Inc.	100.00
NILT Malaysia Sdn. Bhd.	Malaysia	SDN. BHD.	100.00
NILT Singapore PTE. LTD.	Singapore	Pte. Ltd.	100.00

Parent income statement for 2023

	Notes	2023 EUR	2022 EUR
Gross profit/loss	3	(2,892,578)	(7,717,816)
Staff costs	4	(4,752,409)	(5,420,911)
Depreciation, amortisation and impairment losses	5	(992,905)	(435,460)
Other operating expenses		(3,554)	0
Operating profit/loss		(8,641,446)	(13,574,187)
Other financial income	6	180,229	177,411
Other financial expenses	7	(1,147,099)	(353,471)
Profit/loss before tax		(9,608,316)	(13,750,247)
Tax on profit/loss for the year	8	750,292	1,203,270
Profit/loss for the year	9	(8,858,024)	(12,546,977)

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Completed development projects	11	1,540,860	0
Acquired patents		664,534	462,682
Goodwill		0	0
Intangible assets	10	2,205,394	462,682
Other fixtures and fittings, tools and equipment		5,255,395	4,642,277
Property, plant and equipment	12	5,255,395	4,642,277
Investments in group enterprises		125,173	19,028
Receivables from group enterprises		3,741,571	2,283,924
Deposits		155,912	125,542
Financial assets	13	4,022,656	2,428,494
Fixed assets		11,483,445	7,533,453
Raw materials and consumables		391,171	360,458
Manufactured goods and goods for resale		2,286,752	0
Prepayments for goods		0	1,753,879
Inventories		2,677,923	2,114,337
Trade receivables		942,487	927,418
Contract work in progress	14	647,144	0
Receivables from group enterprises		0	665,061
Other receivables	15	199,648	283,287
Tax receivable	16	737,373	739,000
Contributed capital in arrears		80,290	80,467
Prepayments	17	257,925	228,528
Receivables		2,864,867	2,923,761
Cash		3,587,816	10,025,602
Current assets		9,130,606	15,063,700
Assets		20,614,051	22,597,153

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital	18	111,098	111,098
Unpaid contributed capital		80,467	80,467
Translation reserve		8,970	26,475
Reserve for development costs		1,201,870	0
Retained earnings		(1,291,293)	8,768,601
Equity		111,112	8,986,641
Other provisions	19	220,000	0
Provisions		220,000	0
Lease liabilities		578,567	886,681
Debt to other credit institutions		8,613,465	1,425,685
Convertible and profit-sharing debt instruments	20	7,601,428	7,028,207
Other payables		229,026	221,770
Non-current liabilities other than provisions	21	17,022,486	9,562,343
Current portion of non-current liabilities other than provisions	21	541,019	742,777
Bank loans		965,764	967,895
Prepayments received from customers		204,449	0
Trade payables		774,854	1,543,732
Payables to group enterprises		0	236,874
Other payables		774,367	556,891
Current liabilities other than provisions		3,260,453	4,048,169
Liabilities other than provisions		20,282,939	13,610,512
Equity and liabilities		20,614,051	22,597,153
Events after the balance sheet date	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	22		
Assets charged and collateral	23		
Non-arm's length related party transactions	24		

Parent statement of changes in equity for 2023

	Contributed capital EUR	Unpaid contributed capital EUR	Translation reserve EUR	Reserve for development costs EUR	Retained earnings EUR
Equity beginning of year	111,098	80,467	26,475	0	8,768,601
Exchange rate adjustments	0	0	(17,505)	0	0
Transfer to reserves	0	0	0	1,201,870	(1,201,870)
Profit/loss for the year	0	0	0	0	(8,858,024)
Equity end of year	111,098	80,467	8,970	1,201,870	(1,291,293)
					Total EUR
Equity beginning of year					8,986,641
Exchange rate adjustments					(17,505)
Transfer to reserves					0
Profit/loss for the year					(8,858,024)
Equity end of year					111,112

For the purpose of offering incentive pay in the form of share options, the Group's Board of Directors is authorised for the period until 31 December 2024 once or several times to increase the Company's share capital with up to nominally 2,814 shares in total without preemption right for the Company's shareholders. The authorisation empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Notes to parent financial statements

1 Events after the balance sheet date

After the balance sheet date, the company has completed a funding round of EUR 25 million through issuance of shares. Through this funding round, a convertible loan of EUR 8 million (entered into in 2022) was converted to equity.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Uncertainty relating to recognition and measurement

As the group is investing significantly into technology development, there is a natural uncertainty associated with the measurement of the Group's activities and future earnings. At 31 December 2023, the Company has recognized EUR 5.3 million (out of EUR 10.8 million for the group) regarding property, plant and equipment which mainly relates to production facilities and development costs of EUR 1.6 million (out of EUR 2.3 million for the group) related to development of products and technology. Furthermore EUR 3.7 million are recognized as a receivable from Group companies. The value of the investments and the receivable depends on the Group's ability to develop, market and attracting enough customers that generate positive earnings that could yield the total investment. Accordingly, Management has deemed the valuation sound. If the Group's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

3 Gross profit/loss

For 2023, the Entity has capitalized EUR 1,725 thousand in development projects.

4 Staff costs

	2023	2022
	EUR	EUR
Wages and salaries	4,091,189	4,669,986
Pension costs	487,847	555,768
Other social security costs	173,373	195,157
	4,752,409	5,420,911

Average number of full-time employees	36	43
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	Remuneration of Manage- ment 2023 EUR	Remuneration of Manage- ment 2022 EUR
Executive Board	724,992	731,834
	724,992	731,834

5 Depreciation, amortisation and impairment losses

	2023	2022
	EUR	EUR
Amortisation of intangible assets	393,129	119,643
Depreciation on property, plant and equipment	599,776	315,817
	992,905	435,460

6 Other financial income

	2023	2022
	EUR	EUR
Financial income from group enterprises	104,663	39,795
Other interest income	75,566	7,489
Exchange rate adjustments	0	130,127
	180,229	177,411

7 Other financial expenses

	2023	2022
	EUR	EUR
Financial expenses from group enterprises	4,377	1,904
Other interest expenses	1,077,119	342,061
Exchange rate adjustments	57,652	0
Other financial expenses	7,951	9,506
	1,147,099	353,471

8 Tax on profit/loss for the year

	2023	2022
	EUR	EUR
Current tax	(750,292)	(739,000)
Change in deferred tax	0	290,938
Adjustment concerning previous years	0	(755,208)
	(750,292)	(1,203,270)

9 Proposed distribution of profit and loss

	2023	2022
	EUR	EUR
Retained earnings	(8,858,024)	(12,546,977)
	(8,858,024)	(12,546,977)

10 Intangible assets

	Completed development projects EUR	Acquired patents EUR	Goodwill EUR
Cost beginning of year	0	926,997	1,661
Additions	1,724,235	415,159	0
Disposals	0	(3,553)	0
Cost end of year	1,724,235	1,338,603	1,661
Amortisation and impairment losses beginning of year	0	(464,315)	(1,661)
Amortisation for the year	(183,375)	(209,754)	0
Amortisation and impairment losses end of year	(183,375)	(674,069)	(1,661)
Carrying amount end of year	1,540,860	664,534	0

11 Development projects

The Group works with the design, development, and production of optical components and optical elements for 3D sensing, consumer electronics (mobile phones), autonomous vehicles, VR/AR displays, etc. Products include "diffusers", "fan-outs", "collimators", "focusing lenses", and waveguides, all made of diffractive optical elements and meta lenses. The cost associated with the development of these assets is on a running basis recognised as intangible assets. The amortization period is set to 5 years.

12 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR
Cost beginning of year	5,233,190
Additions	1,212,894
Cost end of year	6,446,084
Depreciation and impairment losses beginning of year	(590,913)
Depreciation for the year	(599,776)
Depreciation and impairment losses end of year	(1,190,689)
Carrying amount end of year	5,255,395
Recognised assets not owned by entity	1,460,537

13 Financial assets

	Investments in group enterprises EUR	Deposits EUR
Cost beginning of year	19,028	125,542
Additions	106,145	30,370
Cost end of year	125,173	155,912
Carrying amount end of year	125,173	155,912

The investments in group entities are recognised in the Parent at cost and therefore, the results and equity of the Parent does not reflect the results of the Group enterprises.

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

14 Contract work in progress

	2023 EUR	2022 EUR
Contract work in progress	819,811	0
Progress billings	(377,116)	0
Transferred to liabilities other than provisions	204,449	0
	647,144	0

15 Other receivables

Other receivables contains fair value on forward exchange contracts with a carrying amount of EUR 50 thousand. The Group has signed forward exchange contracts to partially cover the exchange risk of trade payables in CHF, SEK, CAD and USD by EUR 3,713 thousand. The forward exchange contracts are due within 1-9 months. All forward exchange are conducted with the Groups bank.

16 Tax receivable

Tax receivables of EUR 737 thousand comprise of expected tax credit for development costs for the income year 2023 determined in accordance with Danish Tax Assessment Act (Ligningsloven) section 8X to be settled in November 2024.

17 Prepayments

Prepayments comprises costs related to subsequent financial years.

18 Treasury shares

	Number	Nominal value EUR
Treasury shares	1,850	1,850
Investments acquired	1,850	1,850

In previous years the Company has purchased 550 of it's own shares of nominally 550 to a total value of EUR 12,102 equaling 0.1 % of the total shareholding at the time of purchase. The purchase of own share where conducted due to a change in the group of shareholders. The total number of treasury shares at 31. December 2023 amount to 1,850 equaling 0.2 % of the total shareholding.

19 Other provisions

Provisions for loss-making contracts on contract work in progress are recognized under other provisions amounting to 220,000 EUR based on management's estimation.

20 Convertible and profit-sharing debt instruments

	Amounts outstanding EUR	Interest rate agreed %	Deadline for conversion to equity interests
Convertible debt instruments	7,601,428	8.00	31.05.2025
	7,601,428		

As per 31. December 2023 DKK 0 of the convertible long-term debt is due 5 years after the balance sheet date. Any conversion must be made for the entire Loan (including accrued interest of app. 8 %) and must be made for all Investors at the same time and is expected to be performed prior to 31. May 2025. The Investors are not entitled to convert the Loan excluding in an Exit scenario. The terms and conditions for conversion of the loan depends on various clauses of target revenues, potential new rounds of financing etc.

21 Non-current liabilities other than provisions

	Due within 12 months 2023 EUR	Due within 12 months 2022 EUR	Due after more than 12 months 2023 EUR
Lease liabilities	311,378	301,431	578,567
Debt to other credit institutions	229,641	441,346	8,613,465
Convertible and profit-sharing debt instruments	0	0	7,601,428
Other payables	0	0	229,026
	541,019	742,777	17,022,486

22 Unrecognised rental and lease commitments

	2023	2022
	EUR	EUR
Total liabilities under rental or lease agreements until maturity	884,431	881,733

23 Assets charged and collateral

As security for loan the Company has issued corporate mortgage in the Company's assets totalling EUR 2.3 million.

24 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

The functional currency of the Group and Parent company is Danish Krone(DKK). In view of its activity, the company has chosen Euro as the presentation currency. The exchange rate on the balance sheet date was 745,29 (the exchange rate for the previous financial year's balance sheet date: 743,65)

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority

interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

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

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes normal writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies,

amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 2-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on machinery, factory buildings and equipment used in the manufacturing process, and costs of factory

administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred. However, costs which arise directly from securing contracts and which are expected to be recovered, are recognised over the term of the contract.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity in retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

Other provisions

Other provisions comprise anticipated costs of loss on contract work in progress etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made

for the total loss estimated to result from the relevant contract.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.