



Financial Statement  
2020

for

CrayoNano AS

Organization number 998682525

English Translation

## **Board of directors report 2020**

### **About the company and its business**

The company was founded on June 27, 2012 and develop and commercialize applications of hybrid nano material systems. CrayoNano specializes in UVC LED packaged chips for disinfection of water, surface and air based on a breakthrough, patented technology and know-how combining Graphene and nanostructures.

The company is headquartered in Trondheim, Norway developing a fab-lite model with a global supply-chain aiming to provide our OEM customers semiconductor devices that replace traditional UVC lamps as well as enabling new industrial and consumer product solutions. Outside the headquarter CrayoNano has currently employees located in Germany, Switzerland and Taiwan.

### **2020 has been an eventful and exciting year for CrayoNano:**

- Early in the year the world was hit by the Corona pandemic. Although CrayoNano has been focusing on disinfection for quite some time, with the pandemic, this represented a growing opportunity for CrayoNano's business model as the world in general became interested in this topic.
- For CrayoNano as most other companies, the pandemic situation introduced new practical challenges as working from home, securing supply chain, implementing risk reducing measures on our lab etc. For us this has worked quite well even though we have seen some delays.
- Before summer we met a major milestone manufacturing our first batch of demo sample packaged UVC LED chips.
- In July Jo Uthus came onboard and succeeded the CEO role from Michael Peil, who had to relocate to Germany due to family matters and continued in a role as SEVP of Marketing and Sales, located closer to the large European market. Further additions to the management team was made in August/September with the onboarding of CFO and COO.
- In September we ran a process for raising capital securing close to 130 MNOK in fresh capital to fund execution of our strategy.
- Registration of CrayoNano on the NOTC registry ([www.notc.no](http://www.notc.no) ticker: CNANO) with strong interest from investors
- On top of the capital raise CrayoNano in December was chosen as one of 4,200 applicants (less than 1% of applications received funding) for EU funding and received a grant of 2.4 million EUR from the EIC Accelerator (EU Horizon 2020) program. The project will run from early 2021 and into 2022.
- With effect January 2021 CrayoNano under current license agreement with NTNU TTO acquired the full patent portfolio consisting of 110+ patents in 14 patent families. By this the company secured full ownership rights to all IP under the agreement.

### **Financial results and position**

CrayoNano is not in the market with its products yet, hence the 2.1 MNOK reported revenue for 2020 mainly relate to project funding. This is down from 5.3 MNOK in 2019 and represent project funding fluctuations.

CrayoNano capitalize development expenses to the extent they are expected to represent an asset with future profitable value. Capitalized development expenses in 2020 net of funding adds up to 8.4 MNOK up from 6.2 MNOK in 2019.

Total operating expenses ended on 27.3 MNOK which is up from 18.4 MNOK the year before. The increase is related to planned increase in number of employees and increased activity.

This year result is a loss of 19.8 MNOK compared to a 10.0 MNOK loss in 2019. This is in line with expectations and due to increased number of employees and costs related to preparing the company for a commercial phase.

CrayoNano's financial position has been considerably strengthened during 2020 as existing shareholders provided a 11.0 MNOK convertible loan in May/June and the company received close to 130 MNOK in fresh equity in second half of the year. Together with the newly awarded EU grant of 2.4 MEUR this represents a strong base for implementing the business plan and going to market with UVC LED products.

Equity in CrayoNano increased from 64.4 MNOK in 2019 to 174.4 MNOK at the end of 2020. The increase is due to the above mentioned capital increase in combination with booking this year's negative result of 19.8 MNOK against equity. Equity adds up to 84.3% of total capital at end of 2020 compared to 88,1% the year before.

Cash and cash equivalents amount to 131.6 MNOK at year end, representing 63.6% of the total capital. Corresponding numbers for 2019 were 8.4 MNOK and 11.5%. The liquidity at year end is considered very good.

The company reports in Norwegian kroner and has most of its cost in Norwegian kroner. However there are some degree of currency exchange exposure, mainly towards Euro, related to sourcing goods and services internationally. The board considers the risk limited and has not found reason to implement and currency hedging actions. The company has a strong cash position and as long as one is not in the market with a product, the credit risk is limited.

In the boards view the financial statement is a true and fair representation of the financial position at the end of the year as well as the financial results throughout the year.

The Board confirms the going concern assumption and that the financial statement is based on this.

## **People**

One of CrayoNano's most valuable assets are the people and we work hard to develop and maintain our sound and health-promoting working environment. Zero occupational sickness absence was registered in 2020. Employee absence was 1,5% in 2020, the corresponding figure for 2019 was 1,1%.

CrayoNano work internationally and consider it a great strength having employees from many nations and with different backgrounds. The company and its board are conscious to prevent discrimination based on gender, sexual preference, ethnicity, national origin, ancestry, color, language, religion or belief.

At year end 2020 the company had 18 employees up from 12 in the beginning of year. The team consists of 4 female and 14 male from 8 nationalities. Focus has been on strengthening our technical team and sourcing international operational competence. We plan to further strengthen the team in the time to come and have been off to a good start in 2021 with contracting new team members within technology, operations and marketing & sales internationally, with an increased female representation.

## **Environment**

The company is responsible of managing release of gases to the atmosphere and handling potentially hazardous waste as a part of our laboratory activity. This activity is subject to general national provisions regulating the discharge of materials into the environment and otherwise protection of the environment. We have established processes for safety- and risk assessment, occupational hazard management, professional waste handling, employee training and monitoring of regulations. The company will, with the support of third parties, develop this further in 2021.

Traditional Mercury-based UVC lamps are toxic, bulky and have short lifetimes, causing environmental concerns and drives regulations to replace UVC lamps. UVC LEDs solve these issues, as they are non-toxic with long lifetimes. UVC LEDs also have the potential to replace harmful non-UVC-based

disinfecting alternatives such as cleaning with ozone, chlorine and other chemicals. CrayoNano expects to represent a positive environmental footprint introducing its solid-state UVC LEDs.

### **Outlook**

CrayoNano is positive about the UVC LED market. Independent analysts increased the estimates of the Total Available Market (TAM) for 2025 to USD 2.5 Billion. Annual growth rates (CAGR) are higher than 50% over the next 4-5 years. Even though there are uncertainties in the estimates there is little reason to question substantial growth in the coming years. This growth is based on both environmental factors as well as awareness of and demand for disinfection solutions driven by the covid-19 pandemic.

The company is positioned with funds and competency to implement the fab-lite business plan, onboarding manufacturing partners for scalability and large volume manufacturing of CrayoNano UVC LED products. CrayoNano has also been very successful in attracting industry experts world-wide and experience a continued strong interest in the company from both industry, future customers and investors.

The Board has a positive outlook on the opportunities for CrayoNano. The highest risk for the company is to realize its nanotechnology for the application in the high-volume UVC LED market.

Trondheim, 3.3.2021

Rune Rinnan  
Chairman

Jan-Eyvin Wang

William B Cortelyou

Torkjell Johan Nilsen

John Raaum

Sign.

## Income statement

	Note	2020	2019
<b>OPERATING REVENUE AND EXPENCES</b>		<b>NOK</b>	<b>NOK</b>
<b>Operating revenue</b>			
Revenue		75 519	0
Other operating income	1	1 979 125	5 300 366
<b>Total operating revenue</b>		<b>2 054 644</b>	<b>5 300 366</b>
<b>Operating expenses</b>			
Employee benefits expense	2	12 121 842	7 319 380
Depreciation and amortisation expenses	3	4 953 263	4 501 571
Other operating expenses	2	10 205 437	6 594 680
<b>Total operating expenses</b>		<b>27 280 542</b>	<b>18 415 631</b>
<b>OPERATING PROFIT OR LOSS</b>		<b>-25 225 899</b>	<b>-13 115 265</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
<b>Financial income</b>			
Other interests		105 956	13 556
Other financial income		112 952	37 851
<b>Total financial income</b>		<b>218 908</b>	<b>51 407</b>
<b>Financial expenses</b>			
Other interests	4	902 338	41 922
Other financial expense		160 201	54 040
<b>Total financial expenses</b>		<b>1 062 540</b>	<b>95 962</b>
<b>NET FINANCIAL INCOME AND EXPENCES</b>		<b>-843 632</b>	<b>-44 554</b>
<b>ORDINARY RESULT BEFORE TAXES</b>		<b>-26 069 530</b>	<b>-13 159 819</b>
Tax on ordinary result	5,6,7	-6 230 343	-3 133 135
<b>ORDINARY RESULT</b>		<b>-19 839 187</b>	<b>-10 026 684</b>
<b>TO MAJORITY INTERESTS</b>		<b>-19 839 187</b>	<b>-10 026 684</b>
<b>APPLICATION AND ALLOCATION</b>			
To/from other equity	8	-19 839 187	-10 026 684
<b>TOTAL APPLICATION AND ALLOC.</b>		<b>-19 839 187</b>	<b>-10 026 684</b>

**Balance sheet pr. 31.12.2020**

	Note	31.12.2020	31.12.2019
<b>ASSETS</b>		<b>NOK</b>	<b>NOK</b>
<b>FIXED ASSETS</b>			
<b>Intangible assets</b>			
Research and development	1,3	20 694 341	17 075 562
Concessions, patents, licences, trade marks	3	13 617 007	11 103 783
Deferred tax asset	5,6,7	16 172 166	8 535 249
<b>Total intangible assets</b>		<b>50 483 514</b>	<b>36 714 594</b>
<b>Tangible assets</b>			
Machinery and plant	3	14 595 874	16 921 699
Fixtures and fittings, tools, office machinery etc.	3	1 457 617	1 556 791
<b>Total tangible assets</b>		<b>16 053 492</b>	<b>18 478 490</b>
<b>Financial fixed assets</b>			
Other long-term receivables	2	2 060 685	1 502 820
<b>Total financial fixed assets</b>		<b>2 060 685</b>	<b>1 502 820</b>
<b>TOTAL FIXED ASSETS</b>		<b>68 597 691</b>	<b>56 695 904</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Trade receivables		10 663	0
Other short-term receivables	9	6 676 879	7 970 727
<b>Total receivables</b>		<b>6 687 542</b>	<b>7 970 727</b>
Bank deposits, cash in hand, etc.	10	131 582 895	8 404 704
<b>TOTAL CURRENT ASSETS</b>		<b>138 270 437</b>	<b>16 375 431</b>
<b>TOTAL ASSETS</b>		<b>206 868 127</b>	<b>73 071 335</b>

## Balance sheet pr. 31.12.2020

	Note	31.12.2020	31.12.2019
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>NOK</b>	<b>NOK</b>
<b>Paid-in equity</b>			
Share capital	8,11	535 799	346 730
Own shares	8	0	-4 650
Share premium reserve	8	209 156 136	80 630 085
Other paid-in equity	8	2 596 250	1 523 133
<b>Total paid-in equity</b>		<b>212 288 185</b>	<b>82 495 298</b>
<b>Retained earnings</b>			
Uncovered loss	8	-37 860 127	-18 119 623
<b>Total retained earnings</b>		<b>-37 860 127</b>	<b>-18 119 623</b>
<b>TOTAL EQUITY</b>		<b>174 428 059</b>	<b>64 375 676</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
<b>Other non-currents liabilities</b>			
Convertible loans	4	11 649 264	0
Liabilities to financial institutions	12	6 400 000	0
<b>Total other non-currents liabilities</b>		<b>18 049 264</b>	<b>0</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18 049 264</b>	<b>0</b>
<b>CURRENT LIABILITIES</b>			
Liabilities to financial institutions	12	4 000 000	3 700 000
Accounts payable		2 926 500	2 048 794
Public duties payable		1 090 677	661 052
Other current liabilities	13	6 373 627	2 285 813
<b>TOTAL CURRENT LIABILITIES</b>		<b>14 390 804</b>	<b>8 695 660</b>
<b>TOTAL LIABILITIES</b>		<b>32 440 068</b>	<b>8 695 660</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>206 868 127</b>	<b>73 071 335</b>

Trondheim, 3.3.2021

Board of CrayoNano AS

Chairman  
Leif Rune Rinnan

Board member  
Jan Eyvin Wang

Board member  
William B. Cortelyou

Board member  
Torkjell Johan Nilsen

Board member  
John Raaum

CEO  
Jo Uthus

## Notes 2020

### Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act (Regnskapsloven) and NRS 8 – Good Accounting Practice for Small Enterprises (God regnskapsskikk for små foretak).

### Revenue recognition

Revenue from the sale of goods and services is accounted for at the time of transaction.

### Assessment and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as fixed assets. Fixed assets are valued at acquisition cost. Fixed assets are capitalized and depreciated over the economic lifetime of the asset. In case of impairment, not expected to be temporary, the fixed asset is written down to its recoverable amount. Recoverable amount is the highest of fair value less costs of disposal and value in use. Value in use is the present value of future cash flows associated with the asset. The write-down is reversed when the basis for the write-down no longer exists.

Current assets and current liabilities generally include items due for payment within one year after the balance sheet date, as well as items related to the product cycle. Current assets are valued at the lowest of acquisition cost and estimated fair value.

### R&D

R&D expenses are capitalized to the extent that they represent probable future economic benefit associated with the development of an identifiable intangible asset and the expenses can be measured reliably. R&D is netted so that both costs and associated income are included in the balance sheet. This applies to all the company's EU projects and tax incentive scheme SkatteFUNN.

### Short-term receivables

Short-term receivables are valued at nominal value. To the extent deemed necessary, provision has been set aside as allowance to cover possible losses.

### Taxes

The tax expense in the income statement includes both the taxes payable for the period and changes in deferred taxes. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are settled and netted.



## Notes 2020

### Note 1 - Patents, licenses etc.

The company has capitalized costs for its own patents and immaterial rights related to product development on semiconductor/graphene hybrid devices for energy applications.

Costs for R&D are partially capitalized in the balance sheet to the extent they are considered to represent a lasting value and are depreciated over 15 years. Grants associated with R&D costs are netted against capitalized costs. The company has earned a public grant of NOK 8.079.900,- in during the year. NOK 4.039.950,- of these are capitalized in the balance sheet.

Of the earned public grants, NOK 4.271.650,- is related to Skattefunn. This has been entered as a cost reduction, respectively NOK 2.439.765,- towards a reduction of wage costs and NOK 1.831.885,- towards a reduction of other costs.

### Note 2 – Payroll Costs and No of Employees

The company had 11 FTE during 2020.

	I år	I fjor
Salary	14 477 307	9 932 928
National Insurance Contributions	2 013 763	1 400 613
Pension Costs	195 143	211 260
Other Payroll Related Benefits	2 133 957	706 912
R&D/SkatteFunn	-6 698 326	-4 932 333
<b>Total</b>	<b>12 121 842</b>	<b>7 319 380</b>

The company is obligated to have a mandatory occupational pension scheme and has such an arrangement in accordance with regulations.

The pension scheme is a defined contribution scheme. The premium payments to this scheme are expensed on an ongoing basis. The pension scheme is therefore not capitalized.

## Notes 2020

### Remuneration to Senior Executives and Auditor

	Salary	Other remuneration	Total
CEO (1)*	1 526 153	737 128	2 263 281
CEO (2)**	715 909	2 412	718 321
Board members		120 000	120 000

\*Other remuneration to the CEO includes a bonus payment of NOK 733.333,-

\*\*As of July 2020, the company has a new CEO.

The company has also entered into an agreement to sell 4 650 shares to the new CEO. 10% has been paid in advance and the company has a receivable of 90% - NOK 1.058.805,- which is due no later than 3 years. The receivable shall be interest calculated in accordance with the current standard interest rate. The sale of shares is based on the Kruse-Smith model. The CEO has an agreement on a bonus corresponding to one year salary. A provision of NOK 632.000,- has been made for earned, unpaid bonus as of 31.12.20 in accordance with expected earnings.

A provision of NOK 277.500,- has been made for earned, unpaid board fees as of 31.12.20.

Audit Fees consists of:

Audit	32 000
Attestation tasks	10 500
Tax advisory	3 500
Other services	23 750
<b>Total remuneration to the Auditor</b>	<b>69 750</b>

The company has granted share options to employees and related parties as follows:

Navn	Opsjoner (#)	Tegningskurs (NOK)	Utløpsdato
Torkjell Nilsen (Board member)	90 000	12,96	31.12.2020
Jan Eyvin Wang (Board member)	90 000	12,96	31.12.2020
Ida Marie Høiaas (CTO)	173 350	12,96	17.09.2021
Leidulv Vigen (Employee)	50 000	12,96	01.04.2022
Jo Uthus CEO	300 000	12,96	07.11.2023
William B. Cortelyou (Board member)	105 000	16,00	01.12.2023
Michael Peil (SEVP)	220 000	12,96	31.12.2023
John Raaum (Board member)	90 000	16,00	15.12.2023
Sveinung Ryen (COO)	90 000	16,00	29.05.2023
Bård Skogstad (CFO)	105 000	16,00	04.06.2023
<b>Sum</b>	<b>1 313 350</b>		

Options with an expiration date of 31.12.20 have been notified for exercise in their entirety. Payment of capital and registration will take place in 2021.

## Notes 2020

### Note 3 – Depreciation on Fixed Assets

	Research and development	Concessions, patents, licences, trade marks	Machinery and plant	Fixtures and fittings, tools, office machinery etc	Total
Acquisition cost as of. 1/1	20 744 179	12 856 904	22 516 303	2 010 535	58 127 921
+ Acquisition	5 001 725	3 370 351	151 012	137 179	8 660 267
- Disposal	0	0	0	0	0
Acquisition cost as of 31/12	25 745 904	16 227 255	22 667 316	2 147 714	66 788 188
Acc. Dep./write-down as of 1/	3 668 617	1 753 121	5 594 604	453 744	11 470 086
+ Ordinary depreciation	1 382 945	857 127	2 476 838	236 353	4 953 263
+ Dep. on write up	0	0	0	0	0
- Reversed depreciations	0	0	0	0	0
+ Extraordinary write-down	0	0	0	0	0
Acc. Dep./write-down as of 31/12	5 051 563	2 610 248	8 071 441	690 097	16 423 348
Capitalized value as of 31/12	20 694 341	13 617 007	14 595 874	1 457 617	50 364 840
Percentage rate for ordinary depreciations	7-7	7-7	10-14	10-33	

### Note 4 – Convertible loans

The company has convertible loans totaling NOK 11.649.264 as of 31.12.20. Of this, NOK 663 264,- is accrued interest. The interest rate of the loan is 10%. Demands for the issue of shares must be submitted no later than 17.09.2021.

### Note 5 - Tax

#### Reconciliation of Tax Expense Against Profit Before Tax

	Basis	Tax
Tax in Income Statement		-6 230 343
Profit before tax	-26 069 530	-5 735 297
<b>Differance</b>		<b>-495 046</b>

#### Consisting of

Permanent differences	-10 629 908	-2 338 580
Not capitalized US / USF last year	-2 086 631	-459 059
Not capitalized US / USF this year	4 072 809	896 018
Tax cost of issue cost		1 406 574
<b>Total</b>		<b>-495 046</b>

## Notes 2020

### Note 6 - Tax

#### Tax Base and change in deferred tax and tax asset

Profit before tax	-26 069 530
+/- Changes in diff. not incl. in deferred tax/tax benefit	1 986 178
+/- Permanent differences	-10 629 908
<b>= Tax base</b>	<b>-34 713 260</b>
+/- Changes i diff. Incl. in basis for deferred tax/tax asset	3 218 737
+/- Change in deficit, credit deduction etc to be carried forward	31 494 523
<b>= Basis for tax payable</b>	
<b>= Taxable income (basis for tax payable in te balance sheet)</b>	<b>0</b>

#### Distribution of tax expense

Tax payable (basis for tax payable in profit x rate)	0
+/- Change in deferred tax/tax benefit	-7 636 917
<b>= Tax cost (basis for this year's tax cost x rate)</b>	<b>-7 636 917</b>
+/- Tax effect of issue cost	1 406 574
<b>= Tac cost in the income statement</b>	<b>-6 230 343</b>

#### Tax payable in the balance sheet

Tax payable in the tax cost	0
<b>= Tax payable in the balance sheet</b>	<b>0</b>

### Note 7 – Deferred tax Asset

#### Deferred tax / deferred tax asset

	2020	2019
+ Fixed asset including goodwill	8 555 437	8 499 656
- Unearned income	4 072 809	2 086 631
+ Differences not included in calculation of SF/USF*	4 072 809	2 086 631
- Other provisions for liabilities	3 274 518	0
- Tax carry-forward of losses that are offset	78 790 766	47 296 243
<b>= Basis Deferred Tax Asset</b>	<b>73 509 847</b>	<b>38 796 587</b>
<b>Deferred Tax Asset</b>	<b>16 172 166</b>	<b>8 535 249</b>

\* Consists in its entirety of the capitalized share of Skattefunn retained in the balance sheet as of the balance sheet date.

## Notes 2020

### Note 8 - Reconciliation of Equity

	Share capital	Share	Other paid-in	Uncovered	Total
	Premium fond		Equity	Loss	Equity
Pr 1.1	342 080	80 630 085	1 523 133	-18 119 623	64 375 675
-This year's profit				-19 839 187	-19 839 187
Capital increase	189 069	128 526 051			128 715 120
Own Shares*	4 650		1 073 117	98 683	1 176 450
<b>As of 31.12</b>	<b>535 799</b>	<b>209 156 136</b>	<b>2 596 250</b>	<b>-37 860 127</b>	<b>174 428 058</b>

\*During the fiscal year, the company sold its holding of own shares. As of 01.01.20 the company owned 4 650 own shares at a nominal value of NOK 1. The sale was completed before splitting the shares mentioned in note 11. When selling own shares, the company booked gains on the sale as other paid-in equity of NOK 1 073 117,-. NOK 6 393 520,- are towards issue costs that are recognized in equity at premium.

### Note 9 – Current receivables

The company has booked a receivable for Skattefunn of NOK 4 271 650,-  
 The company has booked receivables for other taxable public grants of NOK 1 156 000,-.  
 None of the receivables are due more than 1 year after the balance sheet date.

### Note 10 – Bank deposits, cash, etc.

Restricted bank deposits consist of tax deposits of NOK 1 687 663 as of 31.12.20 and 1 403 981 as of 31.12.19.

## Notes 2020

### Note 11 – Share Capital

The company has a share capital of NOK 535 799 divided into 26 789 950 shares, each with a par value of NOK 0,02. There has been a split in shares if 1/50 during the year.

During the year, the company raised capital from new investors and made the share tradeable by registering at the Norwegian OTC. This has increased the shareholder base from 46 to 211 shareholders at the end of the year.

The following table lists 10 largest shareholders:

	Antall aksjer	Eierandel	Navn	Org nummer
1	5 259 200	19,63 %	NORSK INNOVASJONSKAPITAL III AS	997067738
2	1 545 000	5,77 %	SKIPS AS TUDOR	929831357
3	1 125 000	4,20 %	COFOUNDER AS	995363712
3	1 125 000	4,20 %	WEMAN, HELGE	
5	900 000	3,36 %	MIDAS CAPITAL AS	917951845
6	881 300	3,29 %	SPAREBANK 1 SMN INVEST AS	990961867
7	832 051	3,11 %	VERDIPAPIRFONDET DNB MILJØINVEST	971580496
8	731 549	2,73 %	CACEIS Bank	201082668
9	681 250	2,54 %	TVENGE, TORSTEIN INGVALD	
10	675 000	2,52 %	PRO AS	941869424
	13 034 600	48,65 %	Øvrige	
	<b>26 789 950</b>	<b>100,00 %</b>	<b>Sum</b>	

### Note 12 – Debt to Credit Institutions

The company has a debt to a credit institution of NOK 4 000 000 with a 5-year term. The first year is without installments. The first installment is May 2021.

The company has a risk loan from Innovasjon Norge with a total granted amount of NOK 8 000 000. The loan received is NOK 6 400 000 and the remaining grant as of 31 December is NOK 1 600 000. The loan has a 5-year term and the first year is without installment. The first installment period falls due in October 2021. The loan is issued with security in the company's operating assets.

## Notes 2020

### Note 13 – Other short-term Liabilities

	This year	Last year
<b>Liabilities due more than 5 years from balance sheet date</b>		
<b>Total</b>	<b>0</b>	<b>0</b>

### Note 14 – Events after the balance sheet date

An agreement has been entered into with NTNU TTO in January 2021 on the purchase of patents and rights defined as licensed technology to a value of NOK. 19.080.000, - The purchase means that CrayoNano gets ownership of its own technology and can freely build on this and avoid future licensing costs.

The corona epidemic occurred early 2020 and affected the year in several ways. Like most other companies, CrayoNano has been through periods of work from home offices for employees who can work from home. For employees who have not been able to work from home, the company has established routines to reduce the risk of infection and potential closure. We have experienced that this has worked well for the company and the employees. At the same time, we have experienced a more demanding international supply chain and a more demanding situation in relation to upgrading and maintenance of specialized instruments and equipment. This has to some extent affected progress and placed restrictions on what we have been able to do and thus led to delays in relation to planned progress.

On the positive side, it can be noted that as a result of the corona epidemic, interest in disinfection has increased and the market potential for CrayoNano's solutions thus seems greater than previously thought.

When it comes to corona, 2021 has so far been a continuation of the situation in 2020. The company is well organized to handle the current situation further throughout the year.

To the General Meeting of Crayonano AS

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Crayonano AS showing a loss of NOK 19 839 187. The financial statements comprise the balance sheet as at 31 December 2020, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, 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.

#### *Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.



***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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment 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. We 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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.

**Report on Other Legal and Regulatory Requirements*****Opinion on Registration and Documentation***

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (*ISAE*) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 3 March 2021  
Deloitte AS

**Morten Alsos**

State Authorised Public Accountant (Norway)

*Note: This translation from Norwegian has been prepared for information purposes only.*

