



MicroShade A/S

Gregersensvej 1
2630 Taastrup
CVR No. 27492207

Annual report 2019

The Annual General Meeting adopted the
annual report on 31.08.2020

Sten Larsen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2019	8
Balance sheet at 31.12.2019	9
Statement of changes in equity for 2019	11
Notes	12
Accounting policies	15

Entity details

Entity

MicroShade A/S
Gregersensvej 1
2630 Taastrup

CVR No.: 27492207

Registered office: Høje Taastrup

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jacob Kildegaard Larsen, Chairman
Tonni Bülow-Nielsen
Reinier Gerardus Maria Savelsberg
Nicolaas Wouterus Antonius Stokman

Executive Board

Eik Bezzel Hansen, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of MicroShade A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Taastrup, 31.08.2020

Executive Board

Eik Bezzel Hansen
direktør

Board of Directors

Jacob Kildegaard Larsen
Chairman

Tonni Bülow-Nielsen

Reinier Gerardus Maria Savelsberg

Nicolaas Wouterus Antonius Stokman

Independent auditor's report

To the shareholders of MicroShade A/S

Opinion

We have audited the financial statements of MicroShade A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Sanderhage

State Authorised Public Accountant
Identification No (MNE) mne23347

Management commentary

Primary activities

The Company's core activities are sale and manufacturing of solar shading solutions and thus related activities.

Description of material changes in activities and finances

The gross loss of the year is DKK 10,381 thousand against DKK 10,276 thousand last year. The loss from ordinary activities after tax is DKK 17,544 thousand against DKK 17,570 thousand last year.

Management considers the performance unsatisfactory.

Events after the balance sheet date

After the balance sheet date, the world has been impacted by the Covid-19 pandemic.

Besides some smaller delays at some of our partners, MicroShade has not short term been impacted by Covid-19 directly.

We have obtained a Syndication loan of DKK 8,8 m as part of the Danish relief package for Covid-19.

Besides obtaining the Syndication loan we do not expect any serious impact from Covid-19 on the companies financially position or future development in 2020.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		(10,380,658)	(10,276,479)
Staff costs	1	(8,757,080)	(8,735,244)
Depreciation, amortisation and impairment losses	2	(431,981)	(438,831)
Operating profit/loss		(19,569,719)	(19,450,554)
Other financial income		2,291	335
Other financial expenses		(59,918)	(70,332)
Profit/loss before tax		(19,627,346)	(19,520,551)
Tax on profit/loss for the year	3	2,082,922	1,950,357
Profit/loss for the year		(17,544,424)	(17,570,194)
Proposed distribution of profit and loss			
Retained earnings		(17,544,424)	(17,570,194)
Proposed distribution of profit and loss		(17,544,424)	(17,570,194)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	5	4,193	12,579
Acquired patents		165,714	200,000
Intangible assets	4	169,907	212,579
Other fixtures and fittings, tools and equipment		2,005,903	2,304,837
Property, plant and equipment	6	2,005,903	2,304,837
Other receivables		110,392	0
Other financial assets		110,392	0
Fixed assets		2,286,202	2,517,416
Raw materials and consumables		298,912	300,669
Manufactured goods and goods for resale		4,905,892	8,171,440
Inventories		5,204,804	8,472,109
Trade receivables		49,336	574,122
Other receivables		587,907	646,597
Income tax receivable		2,017,890	2,667,284
Prepayments		87,283	55,087
Receivables		2,742,416	3,943,090
Cash		6,498,496	4,735,415
Current assets		14,445,716	17,150,614
Assets		16,731,918	19,668,030

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	7	60,087,306	52,873,381
Retained earnings		(46,333,179)	(37,360,908)
Equity		13,754,127	15,512,473
Other payables		318,230	0
Non-current liabilities other than provisions	8	318,230	0
Trade payables		1,670,975	2,665,503
Other payables		988,586	1,490,054
Current liabilities other than provisions		2,659,561	4,155,557
Liabilities other than provisions		2,977,791	4,155,557
Equity and liabilities		16,731,918	19,668,030
Unrecognised rental and lease commitments	9		
Contingent assets	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2019

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	52,873,381	0	(37,360,908)	15,512,473
Increase of capital	7,213,925	8,572,153	0	15,786,078
Transfer to reserves	0	(8,572,153)	8,572,153	0
Profit/loss for the year	0	0	(17,544,424)	(17,544,424)
Equity end of year	60,087,306	0	(46,333,179)	13,754,127

Notes

1 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	7,937,911	7,915,624
Pension costs	707,155	712,538
Other social security costs	112,014	107,082
	8,757,080	8,735,244
Average number of full-time employees	12	11

2 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	42,672	46,622
Depreciation of property, plant and equipment	389,309	392,209
	431,981	438,831

3 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(2,016,890)	(1,950,357)
Adjustment concerning previous years	(66,032)	0
	(2,082,922)	(1,950,357)

4 Intangible assets

	Completed development projects DKK	Acquired patents DKK
Cost beginning of year	9,562,955	1,591,254
Cost end of year	9,562,955	1,591,254
Amortisation and impairment losses beginning of year	(9,550,376)	(1,391,254)
Amortisation for the year	(8,386)	(34,286)
Amortisation and impairment losses end of year	(9,558,762)	(1,425,540)
Carrying amount end of year	4,193	165,714

5 Development projects

The recognized "Completed development projects" relate to the development of the company's product MS 1. MS 1 has been developed back in time, in connection with the start-up of the company. MS 1 is still the product that the company sells, and thus the core performance. MS 1 will be fully depreciated during 2020.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	4,122,013
Additions	90,375
Cost end of year	4,212,388
Depreciation and impairment losses beginning of year	(1,817,176)
Depreciation for the year	(389,309)
Depreciation and impairment losses end of year	(2,206,485)
Carrying amount end of year	2,005,903

7 Share capital

	Number	Par value DKK	Nominal value DKK
A shares	2	1	2
C1 shares	29,119,462	1	29,119,462
D shares	2,651,491	1	2,651,491
E shares	9,198,834	1	9,198,834
F shares	15,734,601	1	15,734,601
G shares	3,382,916	1	3,382,916
	60,087,306		60,087,306

The Entity has established a warrant program for its employees. Total committed and planned warrants amount to nominal shares of 1.896.708. The warrants allow employees the option to purchase shares at a fixed price. The vesting period ranges from 3 to 4 years and the strike price is set at DKK 100 per share.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	318,230
	318,230

9 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	110,392	107,117

10 Contingent assets

A deferred tax asset of DKK 26,381 thousand has not been recognised as the time frame for use hereof is difficult to estimate.

11 Contingent liabilities

	2019 DKK	2018 DKK
Recourse and non-recourse guarantee commitments	109,900	109,900
Contingent liabilities	109,900	109,900

12 Assets charged and collateral

Bank debt and bank guarantees are secured by way of a company charge of DKK 3,000 thousand nominal provided by the Company and by way of a guarantee cover account. Bank debt and loan are secured by way of a company charge of DKK 9,000 thousand nominal provided by the Company. The company charges include the below assets with the following carrying amounts at the balance sheet date.

Inventories	5.205 DKK '000
Trade receivables	49 DKK '000
Patents	166 DKK '000
Cash	6.498 DKK '000

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

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.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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 salaries and wages, 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 financial income

Other financial income comprises interest income, including interest income on tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on, 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**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.

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 of 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 7 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights.

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 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

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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:

Other fixtures and fittings, tools and equipment	3-10 years
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Estimated useful lives and residual values are reassessed annually.

Items of plant and equipment 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.

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

Income 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 bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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