



MicroShade A/S

Ejby Industrivej 70
2600 Glostrup
CVR No. 27492207

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.05.2022

Sten Larsen

Chairman of the General Meeting

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Entity details

Entity

MicroShade A/S

Ejby Industrivej 70

2600 Glostrup

Business Registration No.: 27492207

Registered office: Glostrup

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Thomas Broe-Andersen, chairman

Jacob Kildegaard Larsen

Tonni Bülow-Nielsen

Reinier Gerardus Maria Savelsberg

Nicolaas Wouterus Antonius Stokman

Executive Board

Henrik Theisler

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

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.

Glostrup, 06.05.2022

Executive Board

Henrik Theisler

Board of Directors

Thomas Broe-Andersen
chairman

Jacob Kildegaard Larsen

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 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 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, 06.05.2022

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.

Development in activities and finances

MicroShade is a Greentech company focusing on solar shading. The company is on the edge of launching a new and advanced 2nd generation Integrated solar shading product, called MicroShade Film®, creating high value for both building users, operators and building owners.

The MicroShade Film® is a unique product within solar shading. It acts as an efficient solar shading system, and at the same time, it is securing both an unobstructed view to the outside at all times and natural daylight flowing into the buildings, thereby providing a great experience for users.

The environmental impact is both reducing the high CO2 in commercial buildings as well as reducing costs for the owners, as MicroShade Film® has no maintenance.

The gross loss of the year is DKK 8,497 thousand against DKK 7,871 thousand last year. The loss from ordinary activities after tax is DKK 19,204 thousand against DKK 16,233 thousand last year.

Management considers the performance unsatisfactory but in line with the forecast for the year.

In September 2021 MicroShade moved into a new Head Quarter in Glostrup, Denmark. MicroShade decided also to take home the part of the outsourced production where most know-how are involved. Therefore, MicroShade have invested heavily in a new production site at the same premises. This factory will be ready to manufacture saleable products from Q2-2022

With the new product, MicroShade Film® ready and the funding in place cf. below, the company is ready to take over the fast-growing market of advanced solar shading for facades and roof applications.

MicroShade Film® has received very positive feedback in the market. A strong project pipeline for Norway, Denmark and Germany is in place for delivery in 2022 and 2023.

Events after the balance sheet date

After the Balance Sheet date, the company closed a financing round withj new investment round DKK 61m among current investors. The investment is fully committed and is tranchd in 3 instalments in 2022. With a 2nd installment during May 2022 all outstanding convertible loans will be converted into share capital. The 3rd instalment can be called by the board of directors during Q4-2022. With this investment round, the company is fully funded. The Company had lost more than half of the contributed capital as of December 31, 2021. The above funding rounds will reestablish the contributed capital.

All production equipment to the factory has been delivered.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(8,547,136)	(7,871,428)
Staff costs	1	(11,327,707)	(9,547,215)
Depreciation, amortisation and impairment losses	2	(467,435)	(457,913)
Operating profit/loss		(20,342,278)	(17,876,556)
Other financial income		23,472	2,984
Other financial expenses		(1,107,385)	(313,807)
Profit/loss before tax		(21,426,191)	(18,187,379)
Tax on profit/loss for the year	3	2,172,240	1,954,464
Profit/loss for the year		(19,253,951)	(16,232,915)
Proposed distribution of profit and loss			
Retained earnings		(19,253,951)	(16,232,915)
Proposed distribution of profit and loss		(19,253,951)	(16,232,915)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects		0	0
Acquired intangible assets		150,000	175,000
Acquired patents		97,144	131,428
Intangible assets	4	247,144	306,428
Plant and machinery		356,717	0
Other fixtures and fittings, tools and equipment		1,361,113	1,586,469
Leasehold improvements		3,975,268	0
Prepayments for property, plant and equipment		9,068,414	0
Property, plant and equipment	5	14,761,512	1,586,469
Other receivables		506,875	131,141
Financial assets		506,875	131,141
Fixed assets		15,515,531	2,024,038
Trade receivables		66,742	488,488
Other receivables		1,181,140	418,173
Income tax receivable		2,182,240	1,950,234
Prepayments		40,235	196,771
Receivables		3,470,357	3,053,666
Cash		9,805,795	27,167,524
Current assets		13,276,152	30,221,190
Assets		28,791,683	32,245,228

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	6	2,419,373	6,616,540
Retained earnings		(7,544,326)	7,512,458
Equity		(5,124,953)	14,128,998
Payables to shareholders and management		21,093,399	14,623,116
Other payables		1,409,444	911,672
Non-current liabilities other than provisions	7	22,502,843	15,534,788
Bank loans		111,045	42,631
Convertible and dividend-yielding debt instruments	8	9,054,504	0
Trade payables		1,326,979	1,028,266
Other payables		921,265	1,510,545
Current liabilities other than provisions		11,413,793	2,581,442
Liabilities other than provisions		33,916,636	18,116,230
Equity and liabilities		28,791,683	32,245,228
Unrecognised rental and lease commitments	9		
Contingent assets	10		
Contingent liabilities	11		
Assets charged and collateral	12		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	6,616,540	7,512,458	14,128,998
Decrease of capital	(4,197,167)	4,197,167	0
Profit/loss for the year	0	(19,253,951)	(19,253,951)
Equity end of year	2,419,373	(7,544,326)	(5,124,953)

Notes

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	10,254,263	8,672,703
Pension costs	963,155	761,155
Other social security costs	110,289	113,357
	11,327,707	9,547,215
Average number of full-time employees	14	12

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK	DKK
Amortisation of intangible assets	59,284	38,479
Depreciation of property, plant and equipment	408,151	419,434
	467,435	457,913

3 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	(2,172,240)	(1,954,464)
	(2,172,240)	(1,954,464)

4 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Acquired patents DKK
Cost beginning of year	9,562,955	175,000	1,591,254
Disposals	(9,562,955)	0	0
Cost end of year	0	175,000	1,591,254
Amortisation and impairment losses beginning of year	(9,562,955)	0	(1,459,826)
Amortisation for the year	0	(25,000)	(34,284)
Reversal regarding disposals	9,562,955	0	0
Amortisation and impairment losses end of year	0	(25,000)	(1,494,110)
Carrying amount end of year	0	150,000	97,144

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 and is hence the full depreciation disposed in 2021.

5 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	0	4,212,388	0	0
Additions	356,717	182,795	3,975,268	9,068,414
Cost end of year	356,717	4,395,183	3,975,268	9,068,414
Depreciation and impairment losses beginning of year	0	(2,625,919)	0	0
Depreciation for the year	0	(408,151)	0	0
Depreciation and impairment losses end of year	0	(3,034,070)	0	0
Carrying amount end of year	356,717	1,361,113	3,975,268	9,068,414

6 Share capital

	Number	Par value DKK	Nominal value DKK	Recorded par value DKK
Shares	2,419,373	1	2,419,373	2,419,373
	2,419,373		2,419,373	2,419,373

7 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Payables to shareholders and management	21,093,399	460,175
Other payables	1,409,444	884,475
	22,502,843	1,344,650

8 Convertible and dividend-yielding debt instruments

Convertible debt instruments are presented as short-term liabilities, as they are converted into equity in 2022.

9 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	4,348,338	115,532

10 Contingent assets

A deferred tax asset of DKK 32,580 thousand has not been recognised as the time frame for use hereof is difficult to estimate.

11 Contingent liabilities

	2021 DKK	2020 DKK
Recourse and non-recourse guarantee commitments	179,880	109,900
Contingent liabilities	179,880	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.

Intangible assets	150 DKK '000
Patents	97 DKK '000
Property, plant and equipment	14.762 DKK '000
Trade receivables	67 DKK '000
Cash	9.806 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 a few 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.

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:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

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.

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.