

LED iBond International A/S

Agern Allé 5A, 2970 Hørsholm

Company reg. no. 36 04 16 09

Consolidated annual statements

2020

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the consolidated annual statements of LED iBond International A/S for the financial year 2020.

The consolidated annual statements have been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the consolidated annual statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated at 31 December 2020, and of the result of the activities, consolidated during the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

Hørsholm,

CEO

Rolf H. Sprunk-Jansen

Board of directors

Bjarne Henning Jensen

Stig Poulsen

Flemming Bent Lindeløv

Frederik Bruhn-Petersen

Lars Frederiksen

Claus Østergaard Pedersen

Independent auditor's report

To the shareholders of LED iBond International A/S

Opinion

We have audited the consolidated financial statements of LED iBond International A/S for the financial year 1 January to 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated. The consolidated financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated at 31 December 2020 and of the results of the group's activities, consolidated for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

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

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group'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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the consolidated financial statements, including disclosures in notes, and whether the consolidated financial statements reflect the underlying transactions and events in a manner that presents a fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Independent auditor's report

Our opinion on the consolidated financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the consolidated financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Glostrup,

PKF Munkebo Vindelev

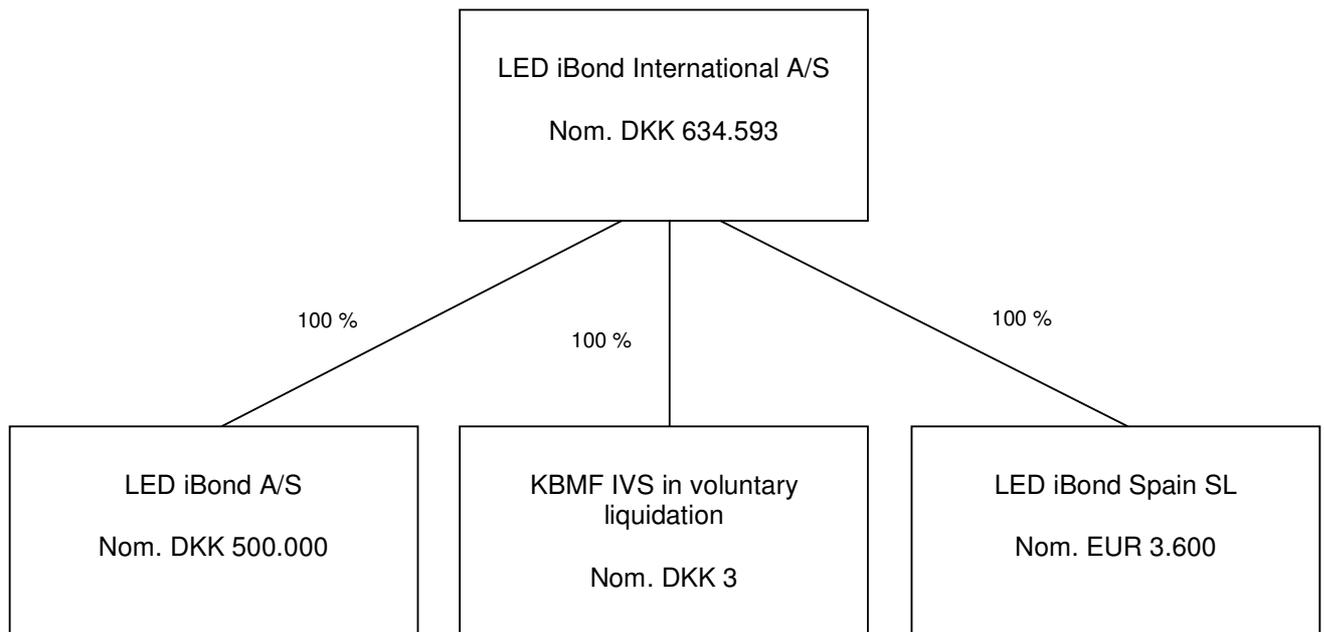
State Authorised Public Accountants
Company reg. no. 14 11 92 99

H. Munkebo Christiansen
State Authorised Public Accountant
mne3644

Company information

The company	<p>LED iBond International A/S Agern Allé 5A 2970 Hørsholm</p> <p>Company reg. no. 36 04 16 09 Financial year: 1 January - 31 December</p>
Board of directors	<p>Bjarne Henning Jensen Stig Poulsen Flemming Bent Lindeløv Frederik Bruhn-Petersen Lars Frederiksen Claus Østergaard Pedersen</p>
CEO	Rolf H. Sprunk-Jansen
Auditors	<p>PKF Munkebo Vindelev, State Authorised Public Accountants Hovedvejen 56 2600 Glostrup</p>
Bankers	Nykredit Bank, Kalvebod Brygge 1-3, 1780 København V
Subsidiaries	<p>KBMF IVS in voluntary liquidation, Odsherred LED iBond Spain SL, Spain</p>
Associated enterprises	<p>LED VirusKill A/S, Hørsholm LED Livestock ApS, Odense LED Aviation A/S, Roskilde</p>

Group overview



Consolidated financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>
Profit and loss account:			
Revenue	7.362	11.788	6.549
EBITDA	-7.809	-5.170	-9.258
Results from operating activities	-18.533	-17.482	-16.056
Net loss for the year	-17.623	-16.861	-14.757
Balance sheet:			
Balance sheet sum	66.365	58.023	66.480
Equity	44.193	32.656	19.600
Cash flow:			
Operating activities	-9.409	-363	-11.221
Investment activities	-11.154	-10.280	-18.340
Financing activities	24.068	4.000	21.718
Cash flow in total	3.505	-6.643	-7.843
Proposed distribution of loss:			
Retained profit	-17.623	-16.861	-14.757
Result per share	-1,68	-2,53	-2,73
Diluted result per share	-1,68	-2,53	-2,73
Average amount of shares	10.467.781	6.656.700	5.397.040

Management commentary

2020 was a remarkable transition year for LED iBond International A/S. The company went public, finalized several important projects, launched a range of new products and entered new promising markets – all under the constraints of the extensive lockdowns and rigorous travel restrictions of the global pandemic.

Company overview

Technology and market focus

LED iBond's patented technology offers an innovative digital infrastructure merging LED lighting and Internet of Things (IoT) functionality on an integrated technology platform, allowing for full design flexibility. The company focuses on three distinct markets, projected to exhibit significant growth over the coming years, driven by global mega-trends.

- The **Smart Building** market is in a phase of major transition where changing building codes and regulatory mandates will gradually eliminate inefficient lighting. A strong growth driver in this market is the added functionality of digitally connected lighting systems, where embedded sensors and digital communications, LED lighting and controls are converging towards integrated digital lighting networks.
- The **UV Disinfection** market has seen a major upswing in 2020 as the COVID-19 pandemic has initiated a global search for new measures for preventing the spread of the virus. As LED iBond's technology platform enables the incorporation of specialty LEDs for specific purposes, including UV-C LEDs, the company is in a strong position to introduce new products for disinfection of surfaces, components, air and water by means of UV-C irradiation.
- In the **Vertical Farming** market, LED iBond has engaged in several development and pilot projects, where the company's technology platform offers competitive advantages due to its minimalistic form-factor and long service life. With an innovative integrated ventilation option, LED iBond offers a highly efficient 's solution for industrial vertical farming.

Spin-offs

To leverage the use of LED iBond's technology and patent portfolio, the company has made a strategic decision to address certain high-growth market niches in collaboration with carefully selected partners. Spin-offs are based on license agreements with LED iBond. Over the past 18 months, LED iBond has established three spin-offs:

- **LED VirusKill A/S**, handheld light-weight UV-C LED disinfection products for bacteria and virus disinfection of surfaces and objects.
- **LED Aviation A/S**, UV-C LED systems for disinfection in the aviation industry.
- **LED Livestock ApS**, lighting equipment to improve productivity and animal health in the farming industry, including coloured light for improved growth and health of poultry.

Management commentary

Operational review, 2020

Smart building market

During 2020, LED iBond finalized the delivery to ThyssenKrupp Elevator of more than 100 elevator LED ceilings, ordered by the national rail operator Banedanmark for upgrading station elevators. The elevators feature integrated emergency light and are prepared for two-way communication.

The company also completed delivery of 3.600 smart shelves for Oslo's new municipal library, the Deichman Bjørvika, and a number of lighting solutions for Bluetop Solar, the international supplier of solar-powered carports.

Deliveries to Nobia continued throughout the Nordic region despite the obstacles created by the pandemic. Sales of LED iBond Kitchen increased by 80 % during 2020.

However, many of LED iBond's smart building customers were affected by corona-related delays during 2020 and most of the company's smart building projects, including a few large ones, are expected to be postponed to 2021, subject to the corona situation.

UV disinfection market

The LED iBond spin-off LED Aviation A/S achieved a breakthrough in Q3 of 2020 with an order for 50 UV-C LED-based disinfection systems to Vanderlande, a global leader in the market for security checkpoints in international airports. Vanderlande's systems are active in 600 airports including 12 of the world's top 20. The collaboration with Vanderlande is expected to increase over the coming years.

In Q2, the spin-off LED Viruskill A/S was established with a focus to commercialise the company's mercury-free UV-C LED disinfection technology. Introduced in Q4, the spin-off's first product, puriZAP, a handheld disinfection stick, has been well received internationally, and LED VirusKill has initiated distribution in Europe (Denmark and Germany), and in Asia (South Korea).

Vertical farming market

LED iBond entered a strategic partnership with Senmatic A/S for OEM delivery of shelves with built-in grow light for industrial vertical farming solutions. When fully phased in over the course of a few years, LED iBond expects the new partnership to generate annual revenues in excess of DKK 10 million for the company.

Manufacturing

In 2019, LED iBond established an in-house manufacturing facility for the company's flagship product, Tracy®. During 2020, the assembly of aluminium composite panel products was also in-sourced to achieve more flexibility and ensure full control of product quality.

Management commentary

Technology

LED iBond's technology platform is based on 8 patent families. In 2020, the primary patent for Tracy® also obtained Chinese approval, thus ensuring protection of LED iBond's Tracy®-related IP in the Chinese market.

In partnership with two other Danish companies, LED iBond was granted DKK 9.6 million for a technology development project entitled "LED Light as IoT infrastructure for buildings and industrial applications". The project is managed by the Danish Energy Agency and runs for a period of two years. The project is centered around the Tracy® product line, which will serve as the base for a new smart LED infrastructure system for the green and smart buildings of the future. The new system will support monitoring and real-time management of building energy consumption, temperature, ventilation, humidity, heating and a wide range of other building functions, forming the foundation for LED iBond's Smart Building product strategy.

As the continued mutation of the COVID-19 virus is driving a strong global demand for new technical solutions for virus inactivation, LED iBond's contribution to the fight against virus and bacteria in 2020 was focused on two specific R&D activities:

- The innovative handheld UV-C disinfection stick puriZAP, marketed by LED Viruskill A/S, was developed and put into production in record time.
- Development of a UV-C LED-based disinfection solution for the special requirements of the market for airport security checkpoint equipment.

In addition, in the latter part of 2020, a great deal of R&D focus has been put into the development of special shelves for the vertical farming market, combining highly specific grow light with ventilation to optimize growth of various plants and herbs in a fully controllable environment.

A novelty in the market, LED iBond also introduced and patented the concept of the replaceable LED during 2020. With LED iBond's replaceable LED 'Everly', individual LEDs can be replaced either on a like-for-like basis or to upgrade the lighting properties of existing fixtures and lighting panels – a first in the industry.

Financial review, 2020

Revenue

Total 2020 revenue amounted to TDKK 7.362, compared to TDKK 11.788 in 2019, a decline of TDKK 4.426 or -38 %.

Grants and Compensation

In Q3, the company received COVID-19 compensation of TDKK 1.664.

During 2020, LED iBond received grants of TDKK 301. In the same period of 2019, the company received grants of TDKK 1.782.

Management commentary

Expenses

Total expenses amounted to TDKK 6.547 in 2020, an increase of TDKK 1.540 or 30.8 % relative to 2019. The expense increase is due to an increase in Premises cost of TDKK 46, a decrease in travel cost of TDKK 175, an increase in sales and marketing costs of TDKK 641 and an increase in administrative expenses of TDKK 1.028.

Expenses related to the IPO are booked under financial expenses.

Profit & loss

2020 operating loss came to TDKK 18.533 against TDKK 17.482 in 2019.

Total financial expenses amounted to TDKK 4.819 in 2020 against TDKK 3.757 in the year earlier period, of which IPO costs amounted to TDKK 3.460.

For 2020, the result before tax is a loss of TDKK 23.352 against a loss of TDKK 21.239 in 2019. In addition to the increased expenses and the IPO costs, the result is negatively impacted by the decline in sales.

Comprehensive income

TDKK	2020	2019
Profit/loss for the period	-17.623	-16.861
Other comprehensive income	0	0
Comprehensive income in total	-17.623	-16.861

Distribution of comprehensive income

Retained profit/loss	-17.623	-16.861
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Cash flow and investments

The total cash flow for 2020 showed an inflow of TDKK 3.505 due to the proceeds from the IPO in June 2020, against an outflow of TDKK 6.643 in 2019.

In 2020, cash flow from operations amounted to an outflow of TDKK 9.409 against an outflow of TDKK 363 in 2019. The increase in the cash outflow is mainly due to costs related to the IPO and changes in receivables and liabilities.

Cash flow from investments in 2020 was an outflow of TDKK 11.154 against an outflow of TDKK 10.280 in 2019.

Cash flow from financing in 2020 show an inflow of TDKK 24.068, which is mainly due to the IPO. The cash flow from financing in 2019 was TDKK 4.000.

Management commentary

Financial outlook

Even though the COVID-19 pandemic has slowed down LED iBond's smart building activities in 2020 and can be expected to continue to hold back these activities for the duration of the pandemic, the strong growth in the disinfection and vertical farming markets can be expected to compensate – at least partially - for the adverse effects of the pandemic. Therefore, LED iBond maintains its financial outlook:

- Full year positive cash flow from operations in 2021
- Revenue of DKK 100 million in 2022
- Long-term EBITDA-margin above 30 %

Equity and net cash

As of December 31, 2020, the company equity amounted to TDKK 44.193 against TDKK 32.656 on December 31, 2019. This mainly relates to the proceeds from the initial public offering of shares in June 2020. On December 31, 2020, net cash amounted to TDKK 9.861, compared to TDKK 6.356 on December 31, 2019.

Numbers of Shares

On December 31, 2020, the number of outstanding shares in LED iBond International A/S was 12.691.860, against 6.656.700 on December 31, 2019.

Management commentary

Financial calendar

- Annual report 2020 12 March 2021
- Extraordinary General Meeting 16 March 2021
- Annual General Meeting 26 April 2021
- Interim report Q1 2021 26 May 2021
- Interim report H1 2021 26 August 2021
- Interim report Q3 2021 30 November 2021

IPO / Equity

In connection with LED iBond International A/S listing on Nasdaq First North, a capital increase of TDKK 29.766 has been made, of which the increase in share capital amounts to TDKK 302. Costs related to the listing on Nasdaq First North amount to a total of TDKK 4.300, of which approx. 20 %, equivalent to TDKK 841, is booked directly on the equity. The remaining part of the cost is booked in the profit and loss as a financial cost.

Related parties

The following parties have controlling influence on LED iBond International A/S

Name	Based	Basis for influence	Ownership
NLR Invest ApS	Hørsholm	Parent company	26,60%
Laromini ApS	Hørsholm	Parent company	21,74%
Green Technology Investment ApS	Hørsholm	Parent company	15,63%

There have been no changes to agreements or the classification of transactions with related parties since 31 December 2019. There are no significant transactions with related parties in the third quarter of 2020.

Events occurring after the end of the financial year

After the end of the financial year, no events have occurred that could significantly affect the Group's financial position.

Accounting policies

The consolidated annual statements for LED iBond International A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

The consolidated financial statements

The consolidated annual accounts comprise the parent company LED iBond International A/S and those group enterprises of which LED iBond International A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest and which are included in the Group's business plans in the longer term.

Accounting policies

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for sales, administration, premises, auto operation and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation and amortisation for impairment

Depreciation and amortisation for impairment comprise depreciation on and amortisation of impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses.

Results from equity investments in associates

Dividend from equity investments in associates is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedown for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Accounting policies

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Production plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with a cost price of less than DKK 14.100 are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Equity investments in associates

Equity investments in associates are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods comprise the cost of raw materials and consumables. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities

Loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables.

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

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Accounting policies

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Income statement 1 January - 31 December

All amounts in DKK.

Note	Group	
	2020	2019
Revenue	7.362.257	11.788.168
Other operating income	1.965.004	1.781.881
Raw materials and consumables used	-4.327.157	-7.317.807
Other external costs	-6.546.513	-5.006.506
Gross profit or loss	-1.546.409	1.245.736
3 Staff costs	-6.262.662	-6.415.782
EBITDA	-7.809.071	-5.170.046
Depreciation and writedown relating to fixed assets	-10.699.017	-10.960.749
Writedown of current assets exceeding usual writedown	-25.000	-1.350.849
Operating loss	-18.533.088	-17.481.644
Other financial income	0	27.384
Other financial costs	-4.819.385	-3.784.329
Pre-tax net loss	-23.352.473	-21.238.589
4 Tax on net loss for the year	5.729.854	4.377.346
Net loss for the year	-17.622.619	-16.861.243
Break-down of the consolidated loss:		
Shareholders in LED iBond International A/S	-17.622.619	-16.861.243
	-17.622.619	-16.861.243

Statement of financial position at 31 December

All amounts in DKK.

Note	Group		
	2020	2019	
Assets			
Non-current assets			
5	Completed development projects	26.614.368	25.255.977
6	Patents and similar rights	1.184.882	585.751
7	Software	5.701	17.885
8	Rights	2.511.059	3.012.639
	Total intangible assets	<u>30.316.010</u>	<u>28.872.252</u>
9	Production plant and machinery	5.820.793	7.591.290
10	Other fixtures and fittings, tools and equipment	7.780	115.854
11	Decoration of rented premises	12.760	11.276
	Total property, plant, and equipment	<u>5.841.333</u>	<u>7.718.420</u>
12	Equity investments in group enterprises	26.691	0
13	Equity investments in associates	863.001	27.001
14	Deposits	267.690	225.095
	Total investments	<u>1.157.382</u>	<u>252.096</u>
	Total non-current assets	<u>37.314.725</u>	<u>36.842.768</u>

Statement of financial position at 31 December

All amounts in DKK.

Note	Group	
	2020	2019
Assets		
Current assets		
	1.979.771	2.505.548
	2.089.696	1.914.315
	14.557	144.389
	<u>4.084.024</u>	<u>4.564.252</u>
	1.923.242	816.593
	70.506	0
15	9.848.165	6.178.980
16	2.060.669	2.341.735
	547.741	308.274
	654.794	614.613
	<u>15.105.117</u>	<u>10.260.195</u>
	9.861.339	6.356.229
	<u>29.050.480</u>	<u>21.180.676</u>
	<u>66.365.205</u>	<u>58.023.444</u>

Statement of financial position at 31 December

All amounts in DKK.

Note	Group	
	2020	2019
Equity and liabilities		
Equity		
	634.593	332.835
Contributed capital		
Share premium	0	0
Reserve for development expenditure	20.759.207	17.293.798
Retained earnings	22.798.932	15.029.232
Equity before non-controlling interest.	44.192.732	32.655.865
Total equity	44.192.732	32.655.865
Liabilities other than provisions		
17 Convertible loans	0	5.000.000
17 Bank debts	1.950.000	3.350.000
17 Loan agreements	5.477.013	7.288.276
17 Other payables	2.484.710	1.271.868
Total long term liabilities other than provisions	9.911.723	16.910.144
17 Current portion of long term payables	4.518.180	1.300.000
Bank loans	2.335	855
Trade payables	3.696.356	4.159.243
Other payables	4.043.879	2.997.337
Total short term liabilities other than provisions	12.260.750	8.457.435
Total liabilities other than provisions	22.172.473	25.367.579
Total equity and liabilities	66.365.205	58.023.444
1 Uncertainties concerning recognition and measurement		
2 Special items		
18 Charges and security		
19 Contingencies		

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Share premium	Reserve for development expenditure	Retained earnings	Total
Equity 1 January 2019	269.852	0	16.762.859	2.567.372	19.600.083
Conversion of debt	62.983	0	0	0	62.983
Provisions of the results for the year	0	0	0	-16.861.244	-16.861.244
Share premium account for the year	0	29.854.043	0	0	29.854.043
Transferred to retained earnings	0	-29.854.043	0	29.854.043	0
Transferred from retained earnings	0	0	530.939	-530.939	0
Equity 1 January 2020	332.835	0	17.293.798	15.029.232	32.655.865
Cash capital increase	135.175	0	0	0	135.175
Provisions of the results for the year	0	0	0	-17.622.618	-17.622.618
Share premium account for the year	0	28.924.892	0	0	28.924.892
Transferred to retained earnings	0	-28.924.892	0	28.924.892	0
Conversion of debt	99.418	0	0	0	99.418
Transferred from retained earnings	67.165	0	0	-67.165	0
Transferred from retained earnings	0	0	3.465.409	-3.465.409	0
	634.593	0	20.759.207	22.798.932	44.192.732

Statement of cash flows 1 January - 31 December

All amounts in thousand DKK.

Note	Group	
	2020	2019
Net loss for the year	-17.623	-16.861
20 Adjustments	9.788	10.341
21 Change in working capital	544	4.660
Cash flows from operating activities before net financials	-7.291	-1.860
Other financial income, received	0	27
Other financial cost, paid	-4.460	-988
Cash flows from ordinary activities	-11.751	-2.821
Tax credit received	2.342	2.458
Cash flows from operating activities	-9.409	-363
Purchase of intangible assets	-10.083	-9.603
Purchase of property, plant, and equipment	-183	-650
Purchase of fixed asset investments	-888	-27
Cash flows from investment activities	-11.154	-10.280
Long-term payables incurred	6.150	5.000
Repayments of long-term payables	0	-1.000
Cash capital increase	17.918	0
Cash flows from investment activities	24.068	4.000
Change in cash and cash equivalents	3.505	-6.643
Cash and cash equivalents at 1 January 2020	6.356	12.999
Cash and cash equivalents at 31 December 2020	9.861	6.356
Cash and cash equivalents		
Cash on hand and demand deposits	9.861	6.356
Cash and cash equivalents at 31 December 2020	9.861	6.356

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

In determining the carrying amount of certain of the company's assets, estimates of how future events affect the value are required. Estimates that are material to the financial statements are made, when calculating depreciation and impairment of fixed assets.

The estimates used are based on assumptions that management considers reasonable but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may occur.

2. Special items

There are per definition a risk associated with the recognition of development projects and associated acquired rights (licenses). The value of the assets depends on: 1) that the company achieves sufficient success with the development of the technology and subsequent commercialization of the developed technologies, and 2) that the company can obtain the liquidity needed for the final development and commercialization.

The management has chosen to recognize externally incurred project costs as well as internally incurred labour costs as development projects as well as acquired rights (licenses) in the balance sheet. The total value amounts to DKK 26.614.000 respectively and DKK 2.511.000 per 31 December 2020. The value is based on the management's expectations of the project's market potential and is thus linked to uncertainty as the value is dependent on the company's success in commercialization.

	Group 2020	2019
3. Staff costs		
Salaries and wages	5.222.927	5.205.861
Pension costs	881.373	882.032
Other costs for social security	51.784	48.818
Other staff costs	106.578	279.071
	6.262.662	6.415.782
Average number of employees	15	14
4. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	-2.060.669	-2.341.736
Adjustment for the year of deferred tax	-3.669.185	-2.035.610
	-5.729.854	-4.377.346

Notes

All amounts in DKK.

	Group	
	31/12 2020	31/12 2019
5. Completed development projects		
Cost 1 January 2020	44.568.041	35.551.166
Additions during the year	9.366.679	9.016.875
Cost 31 December 2020	53.934.720	44.568.041
Amortisation and writedown 1 January 2020	-19.312.064	-10.905.975
Amortisation for the year	-8.008.288	-7.413.826
Writedown for the year	0	-992.263
Amortisation and writedown 31 December 2020	-27.320.352	-19.312.064
Carrying amount, 31 December 2020	26.614.368	25.255.977
6. Patents and similar rights		
Cost 1 January 2020	2.285.109	1.699.358
Additions during the year	716.281	585.751
Cost 31 December 2020	3.001.390	2.285.109
Amortisation 1 January 2020	-1.699.358	-1.699.358
Amortisation for the year	-117.150	0
Amortisation 31 December 2020	-1.816.508	-1.699.358
Carrying amount, 31 December 2020	1.184.882	585.751
7. Software		
Cost 1 January 2020	36.725	36.725
Cost 31 December 2020	36.725	36.725
Amortisation 1 January 2020	-18.840	-6.656
Amortisation for the year	-12.184	-12.184
Amortisation 31 December 2020	-31.024	-18.840
Carrying amount, 31 December 2020	5.701	17.885

Notes

All amounts in DKK.

	Group 31/12 2020	31/12 2019
8. Rights		
Cost 1 January 2020	5.015.803	5.015.803
Cost 31 December 2020	5.015.803	5.015.803
Amortisation 1 January 2020	-2.003.164	-1.501.584
Amortisation for the year	-501.580	-501.580
Amortisation 31 December 2020	-2.504.744	-2.003.164
Carrying amount, 31 December 2020	2.511.059	3.012.639
9. Production plant and machinery		
Cost 1 January 2020	9.669.747	9.019.302
Additions during the year	173.905	650.445
Cost 31 December 2020	9.843.652	9.669.747
Depreciation 1 January 2020	-2.078.457	-155.961
Amortisation for the year	-1.944.402	-1.922.496
Depreciation 31 December 2020	-4.022.859	-2.078.457
Carrying amount, 31 December 2020	5.820.793	7.591.290
10. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	393.034	393.034
Cost 31 December 2020	393.034	393.034
Amortisation 1 January 2020	-277.180	-164.663
Amortisation for the year	-108.074	-112.517
Amortisation 31 December 2020	-385.254	-277.180
Carrying amount, 31 December 2020	7.780	115.854

Notes

All amounts in DKK.

	Group	
	31/12 2020	31/12 2019
11. Decoration of rented premises		
Cost 1 January 2020	17.649	17.649
Additions during the year	8.823	0
Cost 31 December 2020	26.472	17.649
Depreciation 1 January 2020	-6.373	-489
Depreciation for the year	-7.339	-5.884
Depreciation 31 December 2020	-13.712	-6.373
Carrying amount, 31 December 2020	12.760	11.276
12. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2020	0	0
Additions during the year	26.691	0
Cost 31 December 2020	26.691	0
Carrying amount, 31 December 2020	26.691	0
Group enterprises:		
	Domicile	Equity interest
KBMF IVS in voluntary liquidation	Odsherred	100 %
LED iBond Spain SL	Spain	100 %

Notes

All amounts in DKK.

	Group	
	31/12 2020	31/12 2019
13. Equity investments in associates		
Acquisition sum, opening balance 1 January 2020	27.001	1
Additions during the year	861.000	27.001
Disposals during the year	-25.000	-1
Cost 31 December 2020	863.001	27.001
Carrying amount, 31 December 2020	863.001	27.001

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, LED iBond International A/S
LED VirusKill A/S, Hørsholm	45 %	-	-	611.000
LED Livestock ApS, Odense	41 %	1.197.993	-119.128	1
LED Aviation A/S, Roskilde	41 %	-4.532	-8.532	252.000
				863.001

	Group	
	31/12 2020	31/12 2019
14. Deposits		
Cost 1 January 2020	225.095	186.118
Additions during the year	42.595	38.977
Cost 31 December 2020	267.690	225.095
Carrying amount, 31 December 2020	267.690	225.095

Notes

All amounts in DKK.

	Group			
	31/12 2020	31/12 2019		
15. Deferred tax assets				
Deferred tax assets 1 January 2020	6.178.980	4.143.370		
Deferred tax of the results for the year	3.669.185	2.035.610		
	9.848.165	6.178.980		
The following items are subject to deferred tax:				
Intangible assets	-6.669.522	-6.346.714		
Tangible fixed assets	-322.460	-454.871		
Losses carried forward from previous years	16.840.147	12.980.565		
	9.848.165	6.178.980		
16. Income tax receivables				
Income tax receivables 1 January 2020	2.341.735	2.457.601		
Paid corporate tax concerning last year	-2.341.735	-2.457.601		
Calculated corporate tax for the present year	2.060.669	2.341.735		
	2.060.669	2.341.735		
17. Liabilities other than provision				
	Total payables	Current portion of long term payables	Long term payables	Outstanding payables after 5 years
	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020
Group				
Bank debts	4.650.000	2.700.000	1.950.000	0
Loan agreements	7.295.193	1.818.180	5.477.013	2.190.000
Other payables	2.484.710	0	2.484.710	1.620.153
	14.429.903	4.518.180	9.911.723	3.810.153

Notes

All amounts in DKK.

18. Charges and security

For credit facilities, DKK 5.000.000, a company in the group has provided security in company assets representing a nominal value of DKK 5.000.000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	4.084
Trade receivables	1.923
Production plant and machinery	5.841

19. Contingencies

Contingent liabilities

Rental liabilities:

The company is per. 31 December 2020 included in two leases. One lease with a remaining term of 9 months and an annual rent of DKK 371 thousand, the obligation amounts to DKK 281 thousand, and one rental contract with a remaining term of 21 months and an annual rent of DKK 299 thousand. The obligation amounts to DKK 432 thousand. The total residual rent obligation per. 31 December 2020 is DKK 713 thousand.

20. Adjustments

	Group	
	2020	2019
Depreciation, amortisation, and impairment	10.699	10.961
Other financial income	0	-27
Other financial costs	4.819	3.784
Tax on net profit or loss for the year	-5.730	-4.377
	<u>9.788</u>	<u>10.341</u>

21. Change in working capital

Change in inventories	480	2.502
Change in receivables	-1.386	589
Change in trade payables and other payables	1.450	1.569
	<u>544</u>	<u>4.660</u>