LED iBond International A/S

Agern Allé 5A, 2970 Hørsholm

CVR no. 36 04 16 09

Annual report for 2021

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Group information etc.

The company

LED iBond International A/S
Agern Allé 5A
2970 Hørsholm
Registered office: Hørsholm
CVR no.: 36 04 16 09
Financial year: 01.01 - 31.12

Executive Board

Pia Stangerup

Board of Directors

Michael Brag
Frederik Bruhn-Petersen
Lars Frederiksen
Stig Poulsen
Jan Dall Christensen
Martin Kjær Hansen

Auditors

PKF Munkebo Vindelev
State Authorised Public Accountants

Bank

Nykredit Bank A/S

Group information etc.

Subsidiaries

LED iBond A/S, Hørsholm
LED iBond Spain SL, Spanien
LED VirusKill A/S, Hørsholm

Associates

LED Livestock ApS, Odense
LED Aviation A/S, Roskilde
Baldr Light ApS, Hørsholm

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for LED iBond International A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.21 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Hørsholm, April 1, 2022

Executive Board

Pia Stangerup

Board of Directors

Michael Brag Chairman	Frederik Bruhn-Petersen	Lars Frederiksen
Stig Poulsen	Jan Dall Christensen	Martin Kjær Hansen

Independent auditor's report

To the Shareholders of LED iBond International A/S

Opinion

We have audited the consolidated financial statements and parent company financial statements of LED iBond International A/S for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

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 "Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements" section of our report. We are independent of the group and the company 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 responsibility for the consolidated financial statements and parent company financial statements

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

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

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

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

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and per-formance of the group audit. We remain solely responsible for our audit opinion.

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

Statement regarding the management's review

Management is responsible for management's review.

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

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

Moreover, it is our responsibility to consider whether management’s review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management’s review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Glostrup, April 1, 2022

PKF Munkebo Vindelev

State Authorised Public Accountants
CVR no. 14 11 92 99

Hans Munkebo Christiansen

State Authorized Public Accountant
MNE-no. mne3644

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2021	2020	2019	2018
Profit/loss				
Revenue	5,380	7,362	11,788	6,549
EBITDA	-14,189	-8,110	-6,952	-9,258
Operating loss	-26,094	-18,834	-19,264	-16,056
Loss for the year	-21,066	-17,430	-18,241	-14,757
Balance				
Total assets	94,927	67,742	58,023	66,480
Equity	71,090	43,486	58,073	66,480
Cashflow				
Net cash flow:				
Operating activities	-12,670	-9,409	-363	-11,221
Investing activities	-14,448	-11,154	-10,280	-18,340
Financing activities	42,992	24,068	4,000	21,718
Cash flows for the year	15,874	3,505	-6,643	-7,843

Ratios

	2021	2020	2019	2018
Profitability				
Retained profit	-21,066	-18,148	-16,861	-14,757
Result per share	-1.42	-1.73	-2.53	-2.73
Diluted earnings per share	-1.42	-1.73	-2.53	-2.73
Average amount of shares	14,807,170	10,467,781	6,656,700	5,397,040

Ratios definitions

Earnings per share: $\dfrac{\text{Net profit/loss for the year - prefered dividends}}{\text{Average amount of outstanding common shares}}$

Gross margin: $\dfrac{\text{Gross result x 100}}{\text{Revenue}}$

Diluted result per share: $\dfrac{\text{Net profit/loss for the year - prefered dividends}}{\text{Average amount of outstanding common shares + average number of diluted shares}}$

Company overview

Market interest for LED iBond's products and innovative solutions is still growing even though the COVID19 pandemic has had greater and more farreaching consequences than originally anticipated. Consequently, restrained by extensive lockdowns and rigorous travel restrictions, LED iBond did not achieve its ambitions for growth and business development in 2021. Instead, 2021 was characterized by important product development initiatives and substantial changes of the organisation and management to further strengthen the competencies and execution power of the company.

Technology and market focus

LED iBond's patented technology enables innovative LED lighting solutions with strong emphasis on sustainability, recyclable components, and minimal power consumption while still providing total design flexibility. All of LED iBond's products are designed, developed, and manufactured in Denmark.

LED iBond focuses on three distinct business lines:

- The ***Smart Building*** market – A huge market in transition as changing building codes and regulatory mandates gradually eliminate inefficient lighting. Sustainability and recyclability are strong growth drivers in this market along with IoT enabled energy saving features and other "smart" digital functionality. Many of LED iBond's products include options for embedding sensors and other devices and controls for integration in digital lighting networks. LED iBond is currently focussing on smart lighting for kitchens and living spaces, for offices, and for special applications such as elevator ceilings, gas stations, carports, garages and more.
- The ***Vertical Farming*** market – the emerging market for equipment for indoor crop production in vertically stacked layers is expected to deliver strong growth in the years to come. LED iBond is offering several mobile and stationary grow light solutions, providing significant competitive advantages due to its minimalistic formfactor and long service life.
- The ***UV Disinfection*** market – a market that saw a major upswing in 2020 due to the COVID19 pandemic. The sudden market interest, however, has not resulted in a breakthrough for UV disinfection technology as anticipated since antivirus measures have generally concentrated on vaccination and testing. LED iBond is currently exploring new niche market opportunities for the company's highly efficient disinfection technology.
- LED iBond is currently exploring new and more nichefocussed application areas for the handheld disinfection tool PuriZap. As part of this exploration, the company took over full ownership of LED VirusKill in 2021.

Spinoffs

To leverage the use of LED iBond´s technology and patent portfolio, the company has made a strategic decision to address certain highgrowth market niches in collaboration with carefully selected partners. Based on coownership and license agreements for the use of LED iBond’s technology, the company is currently cooperating with three such spinoffs:

- LED Aviation A/S, UVC LED systems for disinfection in the aviation industry.
- LED Livestock ApS, lighting equipment to improve productivity and animal health in parts of the farming industry, including coloured light for improved growth and health of poultry.
- Baldr Light ApS, researching and developing a new kind of lighting technology and owner of an international patent application for this technology.

Operational Overview 2021

Smart building market

Lockdown restrictions related to the COVID19 pandemic, supply chain bottlenecks and general uncertainties among customers and sales leads dominated the smart building segment in 2021. This resulted in delays in ongoing smart building projects and deferment of new orders.

However, sales of LED panels to Nobia continued throughout the year. Sales of upgrade panels for gas stations lighting renovation projects are gradually improving up as well even if the widespread lack of thirdparty installers is slowing down completion of orders. In partnership with Bluetop Solar Parking ApS, LED iBond received orders for lighting equipment for several charging stations for Gridserve's "Electric Highway" in Britain. The company expects to expand all of these sales activities in the coming years.

Even with the severe travelling restrictions in 2021, LED iBond managed to onboard new distribution partners in Europe and Asia, including B2, a leading Korean lighting management and architectural lighting company. Using Tracy and The Plane, B2 has developed a range of innovative lighting solutions which are now being introduced to the Korean market.

LED iBond will continue signing up leading distribution partners all over the world to increase the company's commercial reach for smart building lighting projects as well as smart architectural lighting solutions.

Vertical farming market

To accommodate the growing interest for LED iBond's vertical farming solutions, the company finalised the design, development, and production setup for four different vertical farming solutions during 2021, featuring different combinations of grow lights and a mobility option. In Q3, LED iBond demonstrated that its vertical farming solution provides bestinclass lighting coverage of lettuce and other microgreen cultures, securing consistent production yields and optimal growth control

The company has sold four pilots projects, i.e., smallscale vertical farming setups, to various customers in Denmark and North America, testing the four different product variations on offer. Based on these pilot installations, LED iBond foresees significant sales in the vertical farming market – via the already established cooperation regarding the Unitroll trolley with onboard light as well as via individual contracts for stationary vertical farming projects in Europe and North America.

UV disinfection market

In 2021, the Institute of Clinical Research at the University of Southern Denmark confirmed that puriZAP, LED iBond's handheld disinfection unit inactivates coronavirus (SARSCoV2) with an effectiveness of up to 99.97 %, making it a powerful tool for disinfection of objects and surfaces.

However, rather than focussing on disinfection, the fight against COVID19 in general has concentrated on vaccination and testing. Therefore – despite early customer commitments LED iBond did not receive the expected orders for UV disinfection equipment in 2021, neither directly, nor via its spinoff companies LED VirusKill and LED Aviation. The company is currently exploring new and more nichefocussed application areas for PuriZap. As part of this exploration, the company took over full ownership of LED VirusKill in 2021.

Technology and product development

During 2021, most of LED iBond's R&D resources were allocated to finalising the company's vertical farming product portfolio, which now includes 4 different types of shelve panels with builtin smart lighting. LED iBond's vertical farming offering is based on the company's signature 6 mm ACP panel and the proprietary Tracy concept. The vertical farming solutions offer two colours of grow light and a special mobility option for vertical farming during transportation. All vertical farming products are prepared for integration with a thirdparty control system.

The R&D activities in 2021 also comprised several product improvements, including new versions of the patented replaceable LED plug, the canopy solution for EV charging stations and "the Plane" from LED iBond's architectural lighting portfolio.

For LED iBond, the EUDP development project for intelligent infrastructure solutions progressed as planned in 2021. Managed by the Danish Energy Agency, the project is centred around the Tracy product line with integration of various sensors. The combined solution will serve as the base for energy and environments optimisation in green and smart buildings of the future. The demonstration project will serve as proof of concept for both smart buildings and vertical farming solutions. During the year, the company decided to take over full project responsibility, while the projects partners agreed to continue as sub suppliers to the project.

Patents

During 2021, LED iBond has maintained its extensive patent portfolio to secure continued broad international coverage of its intellectual property rights. The company has secured and publicly announced additional patent approvals on a regular basis throughout the year.

Organisation

In 2021, LED iBond implemented an organisational change to refocus commercial activities on sales and sales lead generation, resulting in several staff replacements with specialists who are now concentrating on expanding the company's international network of resellers and distributors. The company also strengthened the marketing department with additional staff

In addition, the company implemented several substitutions and additions to the executive management team and board of directors during the year, including creating and filling the CTO position from January 2022.

Revision of the financial outlook

As already publicly announced, following a strategic review in March 2022, the board of directors and the executive management decided to revise the financial outlook of LED iBond as follows:

- Revenue of DKK 10-30 million for 2022 (reduced from DKK 70 million)
- Positive cash flow from operations in 2023 (a oneyear delay relative to the previous outlook),
- Longterm EBITDAmargin above 30 % (unchanged)

Development in activities and financial affairs

Revenue

Total 2021 revenue amounted to TDKK 5,380, compared to TDKK 7,362 in 2020, a decrease of TDKK 1,983 or 27 %.

Expenses

Total expenses amounted to TDKK 6,424 in 2021, an decrease of TDKK 123 or 2 % relative to 2020.

Profit & loss

2021 operating loss came to TDKK 26,094 against TDKK 18,834 in 2020.

Total financial expenses amounted to TDKK 2,144 in 2021 against TDKK 4,819 in the year earlier.

For 2021, the result before tax is a loss of TDKK 27,909 against a loss of TDKK 23,227 in 2020.

Cash flow and investments

The total cash flow for 2021 showed an inflow of TDKK 15,873 due to the proceeds from the emmission in April 2021, against an inflow of TDKK 3,506 in 2020.

In 2021, cash flow from operations amounted to an outflow of TDKK 12,670 against an outflow of TDKK 9,408 in 2020. The increase in the cash outflow is mainly due to the operating result.

Cash flow from investments in 2021 was an outflow of TDKK 14,448 against an outflow of TDKK 11,154 in 2020.

Cash flow from financing in 2021 show an inflow of TDKK 42,992, which is mainly due to capitalincrease. The cash flow from financing in 2020 was TDKK 24,068, which was also impacted from capitalincrease.

Equity and net cash

As of December 31, 2021, the company equity amounted to TDKK 70,090 against TDKK 43,486 on December 31, 2020. This mainly relates to the proceeds from the emmission of shares in April 2021. On December 31, 2021, net cash amounted to TDKK 25,734, compared to TDKK 9,862 on December 31, 2020.

Numbers of Shares

On December 31, 2021, the number of outstanding shares in LED iBond International A/S was 15,864,825, against 12,691,860 on December 31, 2020.

Financial calendar

- Annual General Meeting 25 April 2022
- Interim report Q1 2022 25 May 2022
- Interim report H1 2022 25 August 2022
- Interim report Q3 2022 29 November 2022

Related parties

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

NLR Invest ApS, Hørsholm on basis of parent company, 21,28% ownership.

Laromini ApS, Hørsholm on basis of parent company, 17,39% ownership.

Green Technology Investment, Hørsholm on basis of parent company, 12,5% ownership.

Market interest for LED iBond's products and innovative solutions is still growing even though the COVID19 pandemic has had greater and more farreaching consequences than originally anticipated. Consequently, restrained by extensive lockdowns and rigorous travel restrictions, LED iBond did not achieve its ambitions for growth and business development in 2021. Instead, 2021 was characterized by important product development initiatives and substantial changes of the organisation and management to further strengthen the competencies and execution power of the company.

Under the circumstances the management of the company considers the net profit of the year to be satisfactory.

Subsequent events

As communicated on 28th Febuary 2022 in announcement number 48 the CEO of the company has resigned. The company has iniciated a search for a new CEO.

Income statement

Note		Group 2021 DKK	Group 2020 DKK	Parent 2021 DKK	Parent 2020 DKK
	Revenue	**5,379,562**	**7,362,257**	**440,637**	**1,109,459**
	Change in inventories of finished goods and work in progress	-1,012,354	0	0	0
	Work performed for own account and capitalised	8,156,000	5,434,163	1,260,000	1,484,663
	Other operating income	187,976	1,664,000	840,000	840,000
	Costs of raw materials and consumables	-3,888,474	-4,327,153	0	0
	Cost of sales	-343,588	0	0	0
	Other external expenses	-6,423,746	-6,546,513	-1,107,036	-903,296
	Gross profit	**2,055,376**	**3,586,754**	**1,433,601**	**2,530,826**
3	Staff costs	-16,244,075	-11,696,825	-3,917,791	-2,549,199
	Loss before depreciation, amortisation, write-downs and impairment losses	**-14,188,699**	**-8,110,071**	**-2,484,190**	**-18,373**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-11,905,578	-10,699,017	-1,868,406	-1,688,392
	Write-downs of current assets exceeding normal write-downs	0	-25,000	0	-25,000
	Operating loss	**-26,094,277**	**-18,834,088**	**-4,352,596**	**-1,731,765**
4	Income from equity investments in group enterprises	0	0	-18,738,883	-17,352,267
5	Income from equity investments in associates	328,742	426,992	328,742	426,992
6	Financial income	0	0	2,323,714	2,556,357
	Financial expenses	-2,143,467	-4,819,385	-1,299,310	-1,238,808
	Loss before tax	**-27,909,002**	**-23,226,481**	**-21,738,333**	**-17,339,491**
	Tax on loss for the year	6,842,646	5,796,075	671,997	-90,915
	Loss for the year	**-21,066,356**	**-17,430,406**	**-21,066,336**	**-17,430,406**

Proposed appropriation account

	Group 2021 DKK	Group 2020 DKK	Parent 2021 DKK	Parent 2020 DKK
Reserve for net revaluation according to the equity method	328,742	426,992	328,742	426,992
Retained earnings	-21,395,098	-17,857,398	-21,395,098	-17,857,398
Total	**-21,066,356**	**-17,430,406**	**-21,066,356**	**-17,430,406**

Balance sheet

ASSETS

Note		Group 31.12.21 DKK	Group 31.12.20 DKK	Parent 31.12.21 DKK	Parent 31.12.20 DKK
	Completed development projects	10,399,672	16,073,678	4,295,699	4,643,699
	Acquired rights	2,009,479	2,511,059	0	0
	Patents	1,943,528	1,184,882	1,485,196	1,184,882
	Development projects in progress	19,370,269	10,540,690	0	0
	Software	40,875	5,701	0	0
7	**Total intangible assets**	**33,763,823**	**30,316,010**	**5,780,895**	**5,828,581**
	Leasehold improvements	35,539	12,760	0	0
	Plant and machinery	3,979,973	5,820,793	0	0
	Other fixtures and fittings, tools and equipment	18,482	7,780	0	0
8	**Total property, plant and equipment**	**4,033,994**	**5,841,333**	**0**	**0**
9	Equity investments in group enterprises	11,691	26,691	13,137,240	10,591,049
	Receivables from group enterprises	0	0	26,357,199	16,005,791
9	Equity investments in associated companies	3,518,912	1,781,171	3,518,912	1,781,171
	Deposits	459,547	267,690	0	0
	Total investments	**3,990,150**	**2,075,552**	**43,013,351**	**28,378,011**
	Total non-current assets	**41,787,967**	**38,232,895**	**48,794,246**	**34,206,592**
	Raw materials and consumables	3,331,477	1,979,771	0	0
	Manufactured goods and goods for resale	570,885	2,089,696	0	0
	Prepayments for goods	0	14,557	0	0
	Total inventories	**3,902,362**	**4,084,024**	**0**	**0**
	Trade receivables	2,484,317	1,923,242	0	0
	Receivables from group enterprises	0	0	130,585	424,993
	Receivables from associates	70,506	70,506	70,506	70,506
	Deferred tax asset	14,487,994	10,306,425	1,201,084	806,307
	Income tax receivable	2,475,395	2,060,669	277,200	2,060,669
	Other receivables	3,002,399	547,741	2,741,830	2,058,306
	Prepayments	978,073	654,794	562,232	318,993
	Total receivables	**23,498,684**	**15,563,377**	**4,983,437**	**5,739,774**
	Cash	**25,738,270**	**9,861,339**	**24,515,045**	**9,818,988**
	Total current assets	**53,139,316**	**29,508,740**	**29,498,482**	**15,558,762**
	Total assets	**94,927,283**	**67,741,635**	**78,292,728**	**49,765,354**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.21 DKK	31.12.20 DKK	31.12.21 DKK	31.12.20 DKK
	Share capital	793,241	634,593	793,241	634,593
	Reserve for net revaluation according to the equity method	1,246,910	918,168	1,246,910	918,168
	Reserve for development costs	23,220,533	20,759,207	3,350,625	3,622,065
	Retained earnings	45,829,586	21,174,192	65,699,494	38,311,334
	Total equity	**71,090,270**	**43,486,160**	**71,090,270**	**43,486,160**
10	Payables to participating interests	4,521,979	7,427,013	2,302,576	2,295,193
10	Other payables	2,858,755	2,484,710	2,184,873	1,737,457
	Total long-term payables	**7,380,734**	**9,911,723**	**4,487,449**	**4,032,650**
10	Short-term part of long-term payables	1,818,180	4,518,180	0	0
	Payables to other credit institutions	3,970	2,335	3,970	1,480
	Trade payables	3,984,698	3,696,356	1,613,069	1,787,739
	Other payables	5,493,494	4,043,881	1,097,970	457,325
	Deferred income	5,155,937	2,083,000	0	0
	Total short-term payables	**16,456,279**	**14,343,752**	**2,715,009**	**2,246,544**
	Total payables	**23,837,013**	**24,255,475**	**7,202,458**	**6,279,194**
	Total equity and liabilities	**94,927,283**	**67,741,635**	**78,292,728**	**49,765,354**

11 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total equity
Group:						
Statement of changes in equity for 01.01.20 - 31.12.20						
Balance as at 01.01.20	332,835	0	0	17,293,798	15,029,232	32,655,865
Net effect of changed accounting policies	0	0	491,176	0	-1,389,960	-898,784
Adjusted balance as at 01.01.20	332,835	0	491,176	17,293,798	13,639,272	31,757,081
Capital increase	135,175	18,600,073	0	0	0	18,735,248
Debt conversion	99,418	13,580,506	0	0	0	13,679,924
Cost of changes in capital	0	-3,255,687	0	0	0	-3,255,687
Changes in reserves according to the uniting-of-interests method	0	0	0	3,465,409	-3,465,409	0
Other changes in equity	67,165	0	0	0	-67,165	0
Transfers to/from other reserves	0	-28,924,892	0	0	28,924,892	0
Net profit/loss for the year	0	0	426,992	0	-17,857,398	-17,430,406
Balance as at 31.12.20	634,593	0	918,168	20,759,207	21,174,192	43,486,160
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	634,593	0	918,168	20,759,207	21,174,192	43,486,160
Capital increase	158,648	57,113,370	0	0	0	57,272,018
Cost of changes in capital	0	-8,890,622	0	0	0	-8,890,622
Changes in reserves according to the uniting-of-interests method	0	0	0	2,461,326	-2,461,326	0
Other changes in equity	0	0	0	0	289,070	289,070
Transfers to/from other reserves	0	-48,222,748	0	0	48,222,748	0
Net profit/loss for the year	0	0	328,742	0	-21,395,098	-21,066,356
Balance as at 31.12.21	793,241	0	1,246,910	23,220,533	45,829,586	71,090,270

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total equity
Parent:						
Statement of changes in equity for 01.01.20 - 31.12.20						
Balance as at 01.01.20	332,835	0	0	3,121,664	79,830,584	83,285,083
Net effect of changed accounting policies	0	0	491,176	0	-52,019,178	-51,528,002
Adjusted balance as at 01.01.20	332,835	0	491,176	3,121,664	27,811,406	31,757,081
Capital increase	135,175	18,600,073	0	0	0	18,735,248
Debt conversion	99,418	13,580,506	0	0	0	13,679,924
Cost of changes in capital	0	-3,255,687	0	0	0	-3,255,687
Other changes in equity	67,165	-28,924,892	0	0	28,857,727	0
Transfers to/from other reserves	0	0	0	500,401	-500,401	0
Net profit/loss for the year	0	0	426,992	0	-17,857,398	-17,430,406
Balance as at 31.12.20	634,593	0	918,168	3,622,065	38,311,334	43,486,160
Statement of changes in equity for 01.01.21 - 31.12.21						
Balance as at 01.01.21	634,593	0	918,168	3,622,065	38,311,334	43,486,160
Capital increase	158,648	57,113,370	0	0	0	57,272,018
Cost of changes in capital	0	-8,601,552	0	0	0	-8,601,552
Transfers to/from other reserves	0	-48,511,818	0	-271,440	48,783,258	0
Net profit/loss for the year	0	0	328,742	0	-21,395,098	-21,066,356
Balance as at 31.12.21	793,241	0	1,246,910	3,350,625	65,699,494	71,090,270

Consolidated cash flow statement

Note		Group 2021 DKK	Group 2020 DKK
	Loss for the year	**-21,066,356**	**-17,430,000**
12	Adjustments	7,470,626	9,294,000
	Change in working capital:		
	Inventories	-181,662	480,000
	Receivables	-3,620,869	-1,386,000
	Trade payables	1,737,958	1,450,000
	Other payables relating to operating activities	3,072,937	301,000
	Cash flows from operating activities before net financials	**-12,587,366**	**-7,291,000**
	Interest income and similar income received	-2,143,467	-4,460,000
	Interest expenses and similar expenses paid	2,060,699	2,342,000
	Cash flows from operating activities	**-12,670,134**	**-9,409,000**
	Purchase of intangible assets	-11,853,392	-10,083,000
	Purchase of property, plant and equipment	-174,933	-183,000
	Purchase of subsidaries and operations	-2,420,000	-888,000
	Cash flows from investing activities	**-14,448,325**	**-11,154,000**
	Raising of additional capital	48,222,748	17,918,000
	Arrangement of payables to credit institutions	0	6,150,000
	Repayment of payables to credit institutions	-5,230,989	0
	Cash flows from financing activities	**42,991,759**	**24,068,000**
	Total cash flows for the year	**15,873,300**	**3,505,000**
	Cash, beginning of year	9,861,000	6,356,000
	Cash, end of year	**25,734,300**	**9,861,000**
	Cash, end of year, comprises:		
	Cash	25,738,270	9,861,000
	Short-term payables to credit institutions	-3,970	0
	Total	**25,734,300**	**9,861,000**

1. Uncertainty concerning recognition and measurement

In the financial statements for 2021, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

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. 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 in the balance sheet. The value of these assets 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.

The management of the company has chosen to recognize the value of carried forward tax loss as part of the company's deffered tax asset in the balance sheet. The value of the deferred tax asset depends on the use of the carried forward tax loss and thus the company's future earnings. Consequently, there is a risk associated with the valuation of this asset, as future earnings might fail to live up to the management's expectations.

2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

		Group		Parent	
Special items:	Recognised in the income statement in:	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Cost relating to IPO	Financial expenses	0	-4,300,000	0	-755,392
Covid-19 kompensation	Other operating income	0	1,664,000	0	0
Total		0	-2,636,000	0	-755,392

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
3. Staff costs				
Wages and salaries	14,668,316	10,657,090	3,738,410	2,415,853
Pensions	1,214,574	881,373	160,075	116,667
Other social security costs	73,180	51,784	8,805	6,816
Other staff costs	288,005	106,578	10,501	9,863
Total	16,244,075	11,696,825	3,917,791	2,549,199
Average number of employees during the year	23	15	4	2

	Group		Parent	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	-18,738,883	-17,352,267
Total	0	0	-18,738,883	-17,352,267

5. Income from equity investments in associated companies

Share of profit or loss of associated companies	0	0	328,742	426,992
Total	0	0	328,742	426,992

6. Financial income

Interest, group enterprises	0	0	2,323,714	2,556,357
Total	0	0	2,323,714	2,556,357

7. Intangible assets

Figures in DKK	Completed development projects	Acquired rights	Patents	Development projects in progress	Software
Group:					
Cost as at 01.01.21	44,380,530	5,015,803	3,612,501	10,540,690	36,725
Additions during the year	0	0	560,720	12,241,505	40,875
Disposals during the year	0	0	0	-989,708	0
Transfers during the year to/from other items	2,422,218	0	0	-2,422,218	0
Cost as at 31.12.21	46,802,748	5,015,803	4,173,221	19,370,269	77,600
Amortisation and impairment losses as at 01.01.21	-27,369,678	-2,504,744	-1,847,065	0	-31,024
Amortisation during the year	-9,033,398	-501,580	-382,628	0	-5,701
Amortisation and impairment losses as at 31.12.21	-36,403,076	-3,006,324	-2,229,693	0	-36,725
Carrying amount as at 31.12.21	10,399,672	2,009,479	1,943,528	19,370,269	40,875
Parent:					
Cost as at 01.01.21	9,340,873	0	3,001,390	0	0
Additions during the year	1,260,000	0	560,720	0	0
Cost as at 31.12.21	10,600,873	0	3,562,110	0	0
Amortisation and impairment losses as at 01.01.21	-4,697,174	0	-1,816,508	0	0
Amortisation during the year	-1,608,000	0	-260,406	0	0
Amortisation and impairment losses as at 31.12.21	-6,305,174	0	-2,076,914	0	0
Carrying amount as at 31.12.21	4,295,699	0	1,485,196	0	0

8. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.01.21	26,472	9,843,652	393,034
Additions during the year	31,084	121,720	22,129
Cost as at 31.12.21	57,556	9,965,372	415,163
Depreciation and impairment losses as at 01.01.21	-13,712	-4,022,859	-385,254
Depreciation during the year	-8,305	-1,962,540	-11,427
Depreciation and impairment losses as at 31.12.21	-22,017	-5,985,399	-396,681
Carrying amount as at 31.12.21	35,539	3,979,973	18,482

9. Equity investments

Figures in DKK	Equity investments in group enterprises	Equity investments in associated companies
Cost as at 01.01.21	0	863,002
Additions during the year	0	2,020,000
Disposals during the year	0	-611,000
Cost as at 31.12.21	0	2,272,002
Depreciation and impairment losses as at 01.01.21	0	918,168
Net profit/loss from equity investments	0	328,742
Depreciation and impairment losses as at 31.12.21	0	1,246,910
Carrying amount as at 31.12.21	0	3,518,912

Parent:

Cost as at 01.01.21	80,226,692	863,002
Additions during the year	21,011,000	2,020,000
Disposals during the year	0	-611,000
Cost as at 31.12.21	101,237,692	2,272,002
Depreciation and impairment losses as at 01.01.21	-69,361,569	918,168
Net profit/loss from equity investments	-18,738,883	328,742
Depreciation and impairment losses as at 31.12.21	-88,100,452	1,246,910
Carrying amount as at 31.12.21	13,137,240	3,518,912

Name and registered office:	Ownership interest
Subsidiaries:	
LED iBond A/S, Hørsholm	100%
LED iBond Spain SL, Spanien	100%
LED VirusKill A/S, Hørsholm	100%
Associated companies:	
LED Livestock ApS, Odense	41%
LED Aviation A/S, Roskilde	41%
Baldr Light ApS, Hørsholm	50%

10. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Group:				
Gældsbreve	1,818,180	140,993	5,566,321	7,295,193
Payables to credit institutions	0	0	0	4,650,000
Other payables	0	0	2,858,755	2,484,710
Total	1,818,180	140,993	8,425,076	14,429,903
Parent:				
Payables to participating interests	0	0	2,302,576	2,295,193
Other payables	0	0	2,184,873	1,737,457
Total	0	0	4,487,449	4,032,650

11. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with average lease payments of TDKK 37, a total of TDKK 545.

12. Adjustments for the cash flow statement

	Group 2021 DKK	Group 2020 DKK
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	11,905,578	10,699,000
Income from equity investments in associates	-328,742	-427,000
Financial expenses	2,143,467	4,819,000
Tax on profit or loss for the year	-6,842,646	-5,797,000
Other adjustments	592,969	0
Total	7,470,626	9,294,000

13. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies of the parent have changed which is stated in the 'Change in accounting policies' section.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Changes of classification
In previous years the company has not presented 'work performed for own account and capitalised under assets' in a seperat line in the income statement according to the Danish Financial Statements Act but as a deduction in staff costs. This is in this annual report corrected together with the presentation of comparative figures. After this change in presentation staff costs in 2020 has gone from DKK 6,262,662 to DKK 11,696,825 for the group. For the parent the change in presentation of staff costs in 2020 has gone from DKK 1,064,536 to DKK 2,549,199. Result and equity are not affected.

In previous years the group has presented development projects under assets in one, and not presented in seperate lines for "Completed development projects" and "Development projects in progress"according to the Danish Financial Statements Act. This is in this annual report changed together with the presentation of comparative figures. After this change in presentation Completed development projects in 2020 have been reduced from DKK 26,614,368 to DKK 16,073,678. Result for the year and equity are not affected.

Grants
In previous years grants have been recognized in the income statement, when the grant was recieved and not amortized together with the cost of the assets relating to the grant. In the annual report this reduces the result for the year 2020 with DKK 234,780 and the equity 31.12.20 with DKK 1,591,824.

Equity investments in subsidiaries and associated companies
Previously, Equity investments in subsidiaries and associated companies were measured at cost. In future Equity investments in subsidiaries and associated companies are measured according to the equity method. For the group the change in accounting policy has had a positive impact of DKK 328,742 on the net profit/loss for the year. As at 31.12.21, equity is increased by DKK 1,246,910 and the balance sheet total is increased by DKK 1,246,910. For the parent the change in accounting policy has a negative impact of DKK 18,041,210 on the net profit or loss for the year. As at 31.12.21, equity is decreased by DKK 66,745,424 and the balance sheet total is decreased by DKK 66,745,424.

13. Accounting policies - continued -

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises in which the group holds participating interests, between 20% and 50% of the voting rights and in which it has significant interest but not control, are considered associates.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet

13. Accounting policies - continued -

items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

13. Accounting policies - continued -

INCOME STATEMENT

Gross profit

Gross profit comprises revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income, raw materials and consumables and cost of sales and other external expenses.

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.

Change in inventories of finished goods and work in progress.

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

13. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to, sales and advertising and administration, premises.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5-10	0
Acquired rights	5-10	0
Leasehold improvements	3-10	0
Plant and machinery	3-10	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

13. Accounting policies - continued -

Income from equity investments in group entreprises and associated companies

For equity investments in equity investments in associated companies and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associated companies only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the

13. Accounting policies - continued -

year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

13. Accounting policies - continued -

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises and associated companies

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a consolidation method, and reference is made to the 'Equity method' section for further details.

Equity investments in associated companies

In the balance sheet, equity investments in associates are recognised and measured according to the equity method. For equity investments in associated companies, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

13. Accounting policies - continued -

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial

13. Accounting policies - continued -

years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management’s intended use of the asset or settlement of the liability.

13. Accounting policies - continued -

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

13. Accounting policies - continued -

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

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Pia Stangerup
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