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LED iBond International A/S

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INTERIM FINANCIAL REPORT

FIRST QUARTER OF 2022

FINANCIAL KEY FIGURES, Q1 2022

TDKK	Q1 2022	Q1 2021	Change	Full year 2021
<i>Profit & Loss</i>				
Revenue of goods sold	813	3,161	-74%	5,380
Grants	0	1,001	-100%	0
EBITDA	-3,394	-1,387	145%	-14,189
EBIT	-5,629	-4,419	27%	-26,094
Net financial expenses (Ex. IPO Costs)	-513	-512	0%	-2,143
Profit/loss before tax	-6,141	-4,931	25%	-27,909
Profit/loss	-4,790	-3,846	25%	-21,066
<i>Balance Sheet</i>				
Total assets	87,822	62,299	41%	94,927
Total equity	66,300	40,346	64%	71,090
Net Working Capital	31,142	9,152	240%	36,683
Net interest-bearing debt.	8,816	13,523	-35%	9,203
Cash balance	17,562	3,935	346%	25,738
<i>Cash flow statement</i>				
Cash flow from operating activity	-5,052	-179	2722%	-12,670
Cash flow from investing activity	-2,592	-4,840	-46%	-14,448
Cash flow from financing activity	-528	-905	-42%	42,992
Change in cash and cash equivalents	-8,172	-5,924	38%	15,874

OPERATIONAL REVIEW, Q1 2022

Smart building market

In the smart building market, LED iBond's business is still dominated by sales of LED panels to Nobia and upgrade panels for gas stations. Sales opportunities in this segment still include a number of projects for EV charging stations, indoor car parks, and the company's sales pipeline is developing satisfactorily, subject to the continued alleviation of supply chain bottlenecks and COVID-19 related travelling and market restraints.

Vertical farming

LED iBond is continuously developing the market position of its offering for the emerging vertical farming market. During Q1, the company recognised revenue from two vertical farming pilots that are both demonstrating the value proposition of LED iBond's vertical farming solution.

UV disinfection market

Customer dialogues confirm that a compact LED-based UV light source is an interesting alternative to traditional UV lamps in a number of UV disinfection applications. For these applications, LED iBond's LED packaging technology represent a promising platform for some manufacturers of UV disinfection equipment. LED iBond continues to explore such market opportunities in the UV disinfection area.

Grants

Ongoing development projects qualifying for grants are progressing according to plans.

Executive management change

On 30 April 2022, the company announced the appointment of Martin Løbel as new CEO, replacing Pia Stangerup. Martin Løbel started in his new position on 2 May 2022.

Strategic review

With a view to accelerating top-line growth, the newly appointed CEO will head up a strategic review of the company's product offering, product definitions, market focus and go-to-market approach during the coming months.

FINANCIAL REVIEW, Q1 2022

Revenue

In Q1 2022, LED iBond generated revenues of TDKK 813, a decrease of TDK 2,348 relative to Q1 of 2021. This change is mainly due to lower a reduction in sales to spin-off companies of TDKK 2,097.

Grants and Compensation.

In line with the change in accounting principles announced in the consolidated financial statement for 2021, grants and compensations have been reclassified as income to be recognized in coming years along with the depreciation of the assets relating to the grants. At the end of Q1, an amount of TDKK 5,156 is carried in the balance sheet as deferred income relating to grants received prior to 2022.

No grants were received during Q1 2022, but additional grants are expected during the remaining part of 2022.

Expenses

Other external expenses amounted to TDKK 1,522 in Q1, an increase of TDKK 149 relative to Q1 of 2021. This change is caused by an increase in the cost of premises, including overall increases in cost of utilities and services.

Profit & loss

EBITDA came to TDKK -3,394 in Q1, a deterioration of TDKK 2.007 relative to the year-earlier quarter. The decline in EBITDA mainly follows from the reduced sales to spin-off companies, from the absence of grant income compared to Q1 2021 and from inventory write-downs of TDKK 564 related to inventory items that have been rendered obsolete as a result of product upgrades.

Q1 operating loss (EBIT) came to TDKK 5,629 against TDKK 4,419 in Q1 of 2021.

Total net financial expenses amounted to TDKK 513 in Q1 against TDKK 512 in the year earlier Q1.

For Q1, the result before tax is a loss of TDKK 6.141 against a loss of TDKK 4,931 in Q1 of 2021.

Cash flow and investments

The total net outflow of cash during Q1 2022 amounted to TDKK 8,172. The cash outflow is expected to be reduced during the remaining three quarters of the year as grants are expected to be received and revenue of goods sold is expected to increase.

In Q1, cash flow from operations amounted to an outflow of TDKK 5,052 against an outflow of TDKK 179 in Q1 of 2021. The increase in the cash outflow is mainly caused by the reduction in EBITDA and a reduction in short term liabilities of TDKK 766.

Cash flow from investment activities in Q1 2022 was an outflow of TDKK 2,592 against an outflow of TDKK 4,840 in Q1 of 2021. The decrease in the outflow is mainly due to the absence of equity investments in Q1 2022 while investments in equity amounted to TDKK 2,020 during Q1 2021.

Cash flow from financing activities in Q1 shows an outflow of TDKK 528, against an outflow of TDKK 905 in Q1 of 2021. This change is due to less loan repayments in Q1 2022.

Equity and net cash

At the end of Q1, total equity amounted to TDKK 66,300 (corresponding to a solvency ratio of 75 %) compared to TDKK 40,346 (corresponding to a solvency ratio of 65 %) at the end of Q1 2021. This improvement mainly relates to the proceeds from the capital increase in April 2021.

The cash balance stood at TDKK 17,562 at the end of Q1 2022, as compared to TDKK 3,935 at the end of Q1 2021. The improved cash position is primarily related to the capital increase in April 2021.

The net outflow of cash during Q1 2022 amount to TDKK 8,172. The net outflow of cash is expected to be reduced during the remaining three quarters of 2022 when grants are expected to be received and revenue of goods sold is expected to increase.

Number of Shares

On March 31, 2022, the number of outstanding shares in LED iBond International A/S was 15,864,825, unchanged from the beginning of the quarter.

Financial calendar

- Interim report H1 2022 25 August 2022
- Interim report Q3 2022 29 November 2022

INCOME STATEMENT

TDKK	Note	Q1 2022	Q1 2021	Full year 2021
Net revenue		813	3,161	5,380
Other operating income		0	1,001	188
Work performed for own account and capitalized		2,007	1,632	8,156
Cost of sales		-1,096	-2,420	-5,245
Other external expenses		-1,522	-1,373	-6,424
GROSS PROFIT/LOSS		203	2,001	2,055
Staff costs		-3,597	-3,388	-16,244
Depreciations, amortization, impairment		-2,234	-3,032	-11,906
OPERATING PROFIT/LOSS (EBIT)		-5,629	-4,419	-26,095
Income from equity investments in associates		0	0	329
Other financial expenses		-513	-512	-2,143
PROFIT/LOSS BEFORE TAX		-6,141	-4,931	-27,909
Tax on profit/loss for the period		1,351	1,085	6,843
PROFIT/LOSS FOR THE PERIOD		-4,790	-3,846	-21,066
PROPOSED DISTRIBUTION				
OF PROFIT/LOSS				
Retained profit		-4,790	-3,846	-21,066
Result per share		-0,30	-0,30	-1,42
Diluted result per share		-0,30	-0,30	-1,42
Average amount of shares		15,864,825	12,691,860	14,807,170

COMPREHENSIVE INCOME

TDKK	Q1 2022	Q1 2021	Full year 2021
Profit/loss for the period	-4,790	-3,846	-21,066
Other comprehensive income	0	0	0
Comprehensive income in total	-4,790	-3,846	-21,066
Distribution of comprehensive income			
Retained profit/loss	-4,790	-3,846	-21,066

BALANCE SHEET**Assets**

TDKK	Note	31 Mar 2022	31 Dec 2021
Development projects		30,826	29,770
Software		38	41
Patents and other rights		3,748	3,953
Intangible fixed assets		34,612	33,764
Production plant and machinery		3,491	3,980
Other plants, fixtures and furniture		51	54
Tangible fixed assets		3,542	4,034
Equity in associated enterprises		3,531	3,531
Deposits		469	459
Financial fixed assets		4,000	3,990
Total fixed assets		42,154	41,788
Stocks		3,616	3,902
Inventories in total		3,616	3,902
Account receivable		2,289	2,485
Deferred tax assets		14,488	14,488
Tax receivable		3,826	2,475
Other receivables		3,071	3,073
Accrued expenses		816	978
Total receivables		24,490	23,499
Cash		17,562	25,738
Total current assets		45,668	53,139
Total assets		87,822	94,927

BALANCE SHEET**Liabilities**

TDKK	Note	31 Mar 2022	31 Dec 2021
Share capital		793	793
Reserve for development expenditures		24,044	23,221
Reserve for net revaluation according to the equity method		1,247	1,247
Results brought forward		40,216	45,829
Equity in total		66,300	71,090
Loan		6,996	7,381
Long-term liabilities		6,996	7,381
Short-term part of long-term liabilities		1,820	1,818
Bank debt		0	4
Account payables		5,219	3,985
Other debt		2,331	5,493
Deferred income		5,156	5,156
Short-term liabilities		14,526	16,456
Total liabilities		21,522	23,837
Total liabilities and equity		87,822	94,927

EQUITY

TDKK	Share capital	Share prem. account	Reserve for net reval. acc. to the equity method	Reserve for dev. expend.	Result brought forward	Total
Equity, 1 Jan. 2021	635	0	918	20,759	21,174	43,486
Capital increase	158	57,114	0	0	0	57,272
Cost of changes in capital	0	-8,891	0	0	0	-8,891
Provision for the results for the year	0	0	0	0	0	0
Share premium account	0	0	0	0	0	0
Profit or loss for the year brought forward	0	0	329	0	-21,395	-21,066
Transferred to retained earning	0	-48,223	0	2,461	45,762	0
Other changes in equity	0	0	0	0	289	289
Equity, 31 Dec 2021	793	0	1,247	23,220	45,830	71,090
Equity, 1 Jan. 2022	793	0	1,247	23,220	45,830	71,090
Capital increase	0	0	0	0	0	0
Provision for the results for the year	0	0	0	0	0	0
Share premium account	0	0	0	0	0	0
Profit or loss for the year brought forward	0	0	0	0	-4,790	-4,790
Transferred to retained earning	0	0	0	824	-824	0
Conversion of debt	0	0	0	0	0	0
Equity, 31 Mar 2022	793	0	1,247	24,044	40,216	66,300

CASH FLOW STATEMENT

TDKK	Q1 2022	Q1 2021	Full year 2021
EBITDA	-3,395	-1,387	-14,189
Financial cost	-372	-512	-82
Cash flow from P&L	-3,767	-1,899	-14,271
Changes in receivables	186	-30	-3,621
Changes in stocks	286	1,082	-182
Changes in other receivables	2	-4	0
Changes in accrued expenses	162	-32	0
Changes in payables	-1,921	704	5,404
Changes in working capital	-1,285	1,720	1,601
Cash flow from operations	-5,052	-179	-12,670
Investment in IPR	-2,592	-2,751	-11,853
Investments in fixtures and furniture	0	-66	0
Investments in equipment	0	-3	-175
Equity investments	0	-2,020	-2,420
Cash flow from investments	-2,592	-4,840	-14,448
Cash capital increase	0	0	48,223
Loan proceeds	0	0	0
Loan repayments	-528	-905	-5,231
Cash flow from financing	-528	-905	42,992
Change in cash	-8,172	-5,924	15,874
Cash beginning of period	25,734	9,859	9,861
Cash end of period	17,562	3,935	25,735

NOTES

1. Accounting policy

The Interim Financial Statement for LED iBond International A/S is presented as a condensed financial statement in accordance with IAS 34, "Presentation of Interim Financial Statements", approved by the EU and additional disclosure requirements for companies admitted for trading on Nasdaq First North Growth Market Denmark.

The used accounting policy is unchanged compared to the accounting policy used in the Annual Financial Report for 2021, However, the Interim Financial Statement must meet the disclosure requirements for companies listed on Nasdaq First North. Please refer to the Annual Report for 2021 for a more detailed description of the Accounting Policies used.

The Interim Financial Statement for LED iBond International A/S has neither been audited nor reviewed.

2. Other external expenses

TDKK	Q1 2022	Q1 2021	Full year 2021
Premises	432	245	1,206
Development & patents	0	51	0
Travel	14	50	138
Sales & Marketing	173	182	1,104
Administration	904	845	3,976
Other expenses in total	1,522	1,373	6,424

3. Tax

The tax income recognized in the income statement for the first quarter of 2022, is calculated based on the result before tax, and an estimated effective tax rate for the year 2022 on 22%.

The management of the company has chosen to recognize the value of carried forward tax loss as part of the company's deferred 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 value of this asset, as future earnings might fail to live up to the management's expectations.

4. Related parties

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

Name	Based	Basis for influence	Ownership
NLR Invest ApS	Kongens Lyngby	Parent company	21.28%
Laromini ApS	Kongens Lyngby	Parent company	17.39%
Green Technology Investment ApS	Kongens Lyngby	Parent company	10.15%

There have been no changes to agreements or the classification of transactions with related parties since 31 December 2021. There are no significant transactions with related parties in the first quarter of 2022.

5. Events after the closing date

On 30 April 2022, the company announced the appointment of Martin Løbel as new CEO, replacing Pia Stangerup. Martin Løbel started in his new position on 2 May 2022.