

25 August 2022

LED iBond International A/S

Agern Allé 5A  
2970 Hørsholm  
Denmark

CVR 36041609

+45 7070 7855  
info@ledibond.com  
www.ledibond.com

## INTERIM FINANCIAL REPORT

### SECOND QUARTER AND FIRST HALF OF 2022

#### FINANCIAL KEY FIGURES, Q2 AND H1 2022

TDKK	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change
<b>Profit &amp; Loss</b>						
Revenue	910	1,134	-20%	1,724	4,295	-60%
Grants & compensation	0	0	0%	0	1,001	-100%
<b>EBITDA</b>	<b>-4,452</b>	<b>-3,912</b>	<b>-14%</b>	<b>-7,847</b>	<b>-5,300</b>	<b>-48%</b>
<b>EBIT</b>	<b>-6,693</b>	<b>-6,942</b>	<b>4%</b>	<b>-12,323</b>	<b>-11,362</b>	<b>-8%</b>
Net financial expenses	-303	-379	20%	-816	-891	8%
<b>Profit before tax</b>	<b>-6,996</b>	<b>-7,321</b>	<b>4%</b>	<b>-13,139</b>	<b>-12,253</b>	<b>-7%</b>
<b>Net profit</b>	<b>-5,457</b>	<b>-5,710</b>	<b>4%</b>	<b>-10,248</b>	<b>-9,554</b>	<b>-7%</b>
<b>Balance Sheet</b>						
Total assets				83,826	104,288	
Total equity				60,842	83,010	
Net working capital				25,338	49,957	
Net interest-bearing debt				8,540	11,605	
Cash				11,392	43,022	
<b>Cash flow statement</b>						
Cash flow from operations	-3,345	-4,691	29%	-8,397	-4,842	-73%
Cash flow from investments	-2,310	-3,549	35%	-4,901	-8,416	42%
Cash flow from financing	-516	47,327	-	-1,044	46,422	-
Cash flow for the period	-6,171	39,087	-	-14,342	33,164	-

## OPERATIONAL REVIEW, Q2 and H1 2022

### Smart building market

In Q2, the smart building market once again contributed the larger part of company revenue, driven by steady sales of Tracy for the kitchen segment, for solar carports and canopy panels for industrial use. After the reporting period, LED iBond received additional Tracy orders for a larger indoor public area project and the first ever indoor parking facility.

### Vertical farming

LED iBond still anticipates a significant global potential within the emerging *vertical farming market*. In general however, vertical farming operators are still working to specify the exact farm specifications before committing to larger orders for smart grow lighting. Nevertheless, LED iBond received a small, but fully paid pilot order during Q2 for the company's vertical farming lighting technology.

### UV disinfection market

As previously announced, LED iBond is looking into the possibility of supplying *UV disinfection* components to third-party manufacturers of disinfection equipment. The company has engaged in dialogue with a US-based equipment manufacturer, who has expressed interest the unique form factor and other features of LED iBond's UV-elements.

### Grants

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

### Strategic review

To accelerate top-line growth, LED iBond carried out a strategic review of its product offering, market focus and go-to-market approach towards the end of Q2 (see announcement no. 57, 13 July 2022). As a result, the company will in the short term focus its sales efforts on selected smart building market segments to boost short-term revenue growth and on vertical farming projects for longer-term growth. In addition, the company will unwind parts of its spin-off activities, reduce cost and reorganize to maximize internal focus on sales execution.

## OUTLOOK 2022

Following a strategic and commercial review, as announced 13 July 2022, the executive management of LED iBond concluded that:

- Currently, most of LED iBond's revenue originates from the Tracy and Gracy product lines for the kitchen, carport and gas & service station segments, where current sales efforts will be focused to boost short-term revenue growth,
- Prospects of strong growth in vertical farming over the long term, albeit limited here and now,

- Large vertical farming orders depend on customers' final requirements, which are unlikely to materialize in the short term due to the current developing state of the market.

In addition, the company's short-term revenue generation ability is challenged by the continued international shortage of certain key parts and driver electronics. For some components, the delivery time is 3-6 months or more.

For these reasons, LED iBond maintains its revenue guidance for 2022 of DKK 5-10 million as communicated in company announcement no. 57 of 13 July 2022.

## FINANCIAL REVIEW, Q2 and H1 2022

### Revenue

In Q2 2022, LED iBond generated revenues of TDKK 910, a decrease of TDKK 224 relative to Q2 of 2021. For the half-year, the revenues declined from TDKK 4,295 in H1 2021 to TDKK 1,724 in H1 2022. Most revenue in H1 of 2021 was generated by sales to spin-off companies while almost all revenue generated in H1 of 2022 are sales to independent partners and clients.

Compared to Q1 of 2022 revenues were up by TDKK 97 corresponding to an increase of 12%.

### 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 recognised in coming years along with the depreciation of the assets relating to the grants.

During Q2 of 2022 an amount of TDKK 2,787 was received from the EUDP project managed by the Danish Energy Agency. The amount was received in month of June upon successful completion of an obligatory external audit of the project.

At the end of H1 2022, an amount of TDKK 7,943 is carried in the balance sheet as deferred income relating to grants received. Of this amount TDKK 5,156 relates to grants received prior to 2022.

Additional grants are expected during the remaining part of 2022.

### Other External Expenses

Other external expenses amounted to TDKK 1,812 in Q2 of 2022, an increase of TDKK 391 relative to Q2 of 2021. The costs increased from TDKK 2,795 in H1 2021 to TDKK 3,335 in H1 2022 (TDKK 540). This increase is primarily related to higher administration costs due to greater use of external consultants including interim positions.

**Staff costs**

Staff costs amounted to TDKK 4,473 in Q2 of 2022, an increase of TDKK 108 or 2.5% relative to Q2 of 2021. For the half-year the staff costs declined from TDKK 8,360 in H1 2021 to 8,070 in H2 2022 (3.5%).

Compared to Q1 of 2022 staff costs were up by TDKK 876. A large part of this increase included a one-time cost in relation to the search and hiring of both a new CEO and CFO. Staff costs will therefore decline in H2 2022.

**Profit & loss**

EBITDA came to TDKK -4,452 in Q2 2022, a deterioration of TDKK 540 relative to the year-earlier quarter. For the half-year EBITDA declined from TDKK -5,300 in H1 2021 to TDKK -7,847 in H1 2022. The decline in EBITDA mainly follows from the reduced sales to spin-off companies and higher administration costs.

Q2 operating result (EBIT) came to TDKK -6,693 against TDKK -6,942 in Q2 of 2021, i.e., an improvement of TDKK 249 since the above mentioned deterioration in EBIT was offset by a reduction in depreciations of TDKK 789. For the half-year EBIT declined from TDKK -11,362 in H1 2021 to TDKK -12,323 in H1 2022. The reason for the decline was the same as for the EBITDA development.

Costs of certain development projects were fully depreciated at the end of 2021.

For Q2, profit before tax was a loss of TDKK 6,996 against a loss of TDKK 7,321 in Q2 of 2021 and for H1 2022 profit before tax was TDKK -13,139 against a loss in H1 2021 of TDKK 12,253.

**Cash flow and investments**

The net outflow of cash during Q2 2022 amount to TDKK 6,171 compared to TDKK 8,172 during the previous quarter. The improvement in cash outflow is due to the receipt of the above mentioned EUDP grant in June.

The net outflow of cash is expected to be reduced during the second half year of 2022 due to the expected positive impact of the operational and organizational changes agreed upon following the strategic review. Please refer to Company Announcement No. 57 dated 13 July 2022.

**Equity**

At the end of Q2 2022, total equity amounted to TDKK 60,842 (corresponding to a solvency ratio of 73%) compared to TDKK 71,090 (corresponding to a solvency ratio of 75%) at 31 December 2021.

The cash balance stood at TDKK 11,392 at the end of Q2 2022, as compared to TDKK 43,022 at the end of Q2 2021 when the capital increase in April 2021 had happened.

The cash balance at the end of Q1 2022 was TDKK 17,562, i.e., the net cash outflow during Q2 of 2022 was TDKK 6,171 representing an improvement of TDKK 2,001 compared to Q1 of 2022. In addition, TDKK 900 were paid in government bailouts in Q2 2022.

**Number of Shares**

On June 30, 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 Q3 2022                   | 29 November 2022 |
| ▪ Interim report Q4 and Annual Report 2022 | 24 March 2023    |
| ▪ Annual General Meeting                   | 24 April 2023    |

**INCOME STATEMENT**

TDKK	Note	Q2 2022	Q2 2021	H1 2022	H1 2021
<b>Revenue</b>		<b>910</b>	<b>1,134</b>	<b>1,724</b>	<b>4,295</b>
Other operating income		0	0	0	1,001
Work performed for own account and capitalized		1,773	1,632	3,780	3,871
Cost of sales		-850	-892	-1,946	-3,312
Other external expenses	2	-1,812	-1,421	-3,335	-2,795
<b>GROSS PROFIT</b>		<b>21</b>	<b>453</b>	<b>223</b>	<b>3,060</b>
Staff costs		-4,473	-4,365	-8,070	-8,360
<b>EBITDA</b>		<b>-4,452</b>	<b>-3,912</b>	<b>-7,847</b>	<b>-5,300</b>
Depreciations, amortisation, impairments		-2,241	-3,030	-4,476	-6,062
<b>OPERATING PROFIT (EBIT)</b>		<b>-6,693</b>	<b>-6,942</b>	<b>-12,323</b>	<b>-11,362</b>
Income from equity investments in associates		0	0	0	0
Net financial expenses		-303	-379	-816	-891
<b>PROFIT BEFORE TAX</b>		<b>-6,996</b>	<b>-7,321</b>	<b>-13,139</b>	<b>-12,253</b>
Tax on profit for the period	3	1,539	1,611	2,891	2,698
<b>NET PROFIT FOR THE PERIOD</b>		<b>-5,457</b>	<b>-5,710</b>	<b>-10,248</b>	<b>-9,554</b>
<b>PROPOSED DISTRIBUTION</b>					
<b>OF PROFIT/LOSS</b>					
Retained profit		-5,457	-5,710	-10,248	-9,554
Earnings per share (EPS)		-0,34	-0,38	-0,65	-0,69
Earnings per share, diluted (EPS-D)		-0,34	-0,38	-0,65	-0,69
Average amount of shares		15,864,825	14,948,191	15,864,825	13,821,025
Related parties	4				
Events after the closing date	5				

---

**COMPREHENSIVE INCOME**

<b>TDKK</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>H1 2022</b>	<b>H1 2021</b>
Profit for the period	-5,457	-5,710	-10,248	-9,554
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>-5,457</b>	<b>-5,710</b>	<b>-10,248</b>	<b>-9,554</b>
<b>Distribution of comprehensive income</b>				
Retained profit	-5,457	-5,710	-10,248	-9,554

**BALANCE SHEET****Assets**

<b>TDKK</b>	<b>Note</b>	<b>30 June 2022</b>	<b>31 Dec 2021</b>
Development projects		31,529	29,770
Software		35	41
Patents		3,593	3,953
<b>Total intangible assets</b>		<b>35,157</b>	<b>33,764</b>
Production plant and machinery		3,002	3,980
Other plants, fixtures and furniture		65	54
<b>Total tangible assets</b>		<b>3,067</b>	<b>4,034</b>
Equity in associated enterprises		3,531	3,531
Deposits		469	459
<b>Total financial assets</b>		<b>4,000</b>	<b>3,990</b>
<b>Total non-current assets</b>		<b>42,224</b>	<b>41,788</b>
Inventories		4,168	3,902
<b>Total inventories</b>		<b>4,168</b>	<b>3,902</b>
Trade receivables		2,231	2,485
Deferred tax asset		14,488	14,488
Income tax receivable		5,366	2,475
Other receivables		3,147	3,073
Prepayments		811	978
<b>Total receivables</b>		<b>26,043</b>	<b>23,499</b>
<b>Cash</b>		<b>11,392</b>	<b>25,738</b>
<b>Total current assets</b>		<b>41,602</b>	<b>53,139</b>
<b>Total assets</b>		<b>83,826</b>	<b>94,927</b>



**BALANCE SHEET****Equity and liabilities**

<b>TDKK</b>	<b>Note</b>	<b>30 June 2022</b>	<b>31 Dec 2021</b>
Share capital		793	793
Reserve for development costs		24,593	23,221
Reserve for net revaluation according to the equity method		1,247	1,247
Retained earnings		34,209	45,829
<b>Total equity</b>		<b>60,842</b>	<b>71,090</b>
Loan		6,720	7,381
<b>Long-term liabilities</b>		<b>6,720</b>	<b>7,381</b>
Short-term part of long-term liabilities		1,820	1,818
Credit institutions		0	4
Trade payables		5,812	3,985
Other debt		689	5,493
Deferred income		7,943	5,156
<b>Total short-term liabilities</b>		<b>16,264</b>	<b>16,456</b>
<b>Total liabilities</b>		<b>22,984</b>	<b>23,837</b>
<b>Total equity and liabilities</b>		<b>83,826</b>	<b>94,927</b>

**Consolidated statement of changes in equity**

TDKK	Share capital	Share prem.	Reserve for net reval. acc. to the equity method	Reserve for dev. costs	Retained earnings	Total equity
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
<b>Equity, 31 Dec 2021</b>	<b>793</b>	<b>0</b>	<b>1,247</b>	<b>23,220</b>	<b>45,830</b>	<b>71,090</b>
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	-10,248	-10,248
Transferred to retained earning	0	0	0	1,373	-1,373	0
Conversion of debt	0	0	0	0	0	0
<b>Equity, 30 June 2022</b>	<b>793</b>	<b>0</b>	<b>1,247</b>	<b>24,593</b>	<b>34,209</b>	<b>60,842</b>

**CASH FLOW STATEMENT**

TDKK	Q2 2022	Q2 2021	H1 2022	H1 2021
EBITDA	-4,452	-3,912	-7,847	-5,271
Financial costs	-65	-379	-437	-891
<b>Cash flow from P&amp;L</b>	<b>-4,517</b>	<b>-4,291</b>	<b>-8,284</b>	<b>-6,162</b>
Changes in receivables	58	-166	244	-196
Changes in inventories	-552	-286	-266	796
Changes in other receivables	-76	15	-74	11
Changes in accrued expenses	5	-342	167	-374
Changes in payables	1,737	379	-184	1,083
<b>Change in working capital</b>	<b>1.172</b>	<b>-400</b>	<b>-113</b>	<b>1,320</b>
<b>Cash flow from operations</b>	<b>-3,345</b>	<b>-4,691</b>	<b>-8,397</b>	<b>-4,842</b>
Investment in IPR	-2,294	-3,513	-4,885	-6,291
Investments in fixtures and furniture	-16	-36	-16	-102
Investments in equipment	0	0	0	-3
Equity investments	0	0	0	-2,020
<b>Cash flow from investments</b>	<b>-2,310</b>	<b>-3,549</b>	<b>-4,901</b>	<b>-8,416</b>
Cash capital increase	0	159	0	159
Changes in share premium account	0	48,223	0	48,223
Loan proceeds	0	0	0	0
Loan repayments	-516	-1,055	-1,044	-1,960
<b>Cash flow from financing</b>	<b>-516</b>	<b>47,327</b>	<b>-1,044</b>	<b>46,442</b>
<b>Cash flow for the period</b>	<b>-6,171</b>	<b>39,087</b>	<b>-14,342</b>	<b>33,164</b>
Cash, beginning of period	17,562	3,935	25,734	9,858
<b>Cash, end of period</b>	<b>11,392</b>	<b>43,022</b>	<b>11,392</b>	<b>43,022</b>

## NOTES

### 1. Accounting policies

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 policies 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	Q2 2022	Q2 2021	H1 2022	H1 2021
Premises	304	274	736	519
Development & patents	0	0	0	51
Travel	46	21	60	71
Sales & Marketing	165	235	338	417
Administration	1,297	891	2,201	1,737
<b>Other expenses in total</b>	<b>1,812</b>	<b>1,421</b>	<b>3,335</b>	<b>2,795</b>

### 3. Tax

The tax income recognized in the income statement for the second quarter and H1 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	7.43%

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 half year of 2022. Green Technology Investment ApS has reduced its shareholding in H1 2022 from 12.5% 31 December 2021 to 7.43% 30 June 2022.

**5. Events after the closing date**

On 4 July 2022, the company announced the appointment of Bent Faurskov as Chief Financial Officer, CFO. Bent Faurskov started in his new position on 11 August 2022.

On 13 July 2022, the company announced the conclusions from the strategic review conducted by the newly appointed CEO. The conclusions are mentioned earlier in this Interim Financial Report.

On 22 July 2022, LED iBond International A/S has acquired all assets in LED Livestock ApS including the registered patent related to LED Livestock ApS's business and all related patent applications.