

# SEED Capital Management I/S

## Annual Report

For the year ended 31 December 2015

11<sup>th</sup> financial year

## Table of contents

Statement by the Management on the Annual Report	1
Auditors' report	2
Information about the Company	4
Management's Review	5
 <b>Financial statements</b>	
 Accounting policies	 7
Profit and loss account for the year ended 31 December 2015	10
Balance sheet at 31 December 2015	11
Notes to the financial statements	13

## Management's statement

The Management have today discussed and approved the annual report of SEED Capital Management I/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January – 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

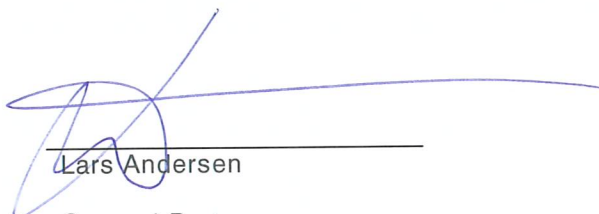
Copenhagen, 8 March 2016

Management:



Ulla Brockenhuus-Schack

Managing Partner og  
General Partner



Lars Andersen

General Partner



Carsten Schou

General Partner

Adopted at the Meeting on 8 March 2016

Chairman



## Auditors' Report

To the Limited Partners of SEED Capital Management I/S

### Independent auditors' report on the financial statements

We have audited the financial statements of SEED Capital Management I/S for the financial year 1 January – 31 December 2015. The financial statements comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility for the financial statements

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

### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

## Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2015 and of the results of its operations for the financial year 1 January – 31 December 2015 in accordance with the Danish Financial Statements Act.

## Statement on the Management's review

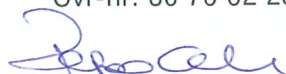
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the financial statements.

Copenhagen, 8 March 2016

**Ernst & Young**

Godkendt Revisionspartnerselskab

Cvr-nr. 30 70 02 28



**Peter Gath**

State Authorized Public Accountant

## Information about the Company

SEED Capital Management I/S  
Diplomvej 381  
2800 Kgs. Lyngby  
Phone: +45 77 34 07 55  
Fax: +45 77 14 15 15  
[www.seedcapital.dk](http://www.seedcapital.dk)  
Registration nr. (Cvr.nr.): 28 29 30 89

### Registered office

Lyngby-Taarbæk Kommune

### Management

Ulla Brockenhuus-Schack (Managing Partner)  
Lars Andersen  
Carsten Schou

### Auditors

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
Postboks 250  
2000 Frederiksberg

### Bankers

Nykredit Bank A/S

## Management's Review

This annual report relates to the tenth financial year of SEED Capital Management I/S for the period 1 January – 31 December 2015.

### The Company's activities

SEED Capital Management I/S advise and invest in knowledge-intensive start-ups. The principal activity of SEED Capital Management is to act as a management company to the venture funds SEED Capital Denmark K/S and SEED Capital Denmark II K/S, and resumed the management of DTU Invest K/S. The duration of the fund SEED Capital Denmark K/S has been prolonged by two years until end of 2016. The assets in DTU Invest K/S has been realized in 2015 and a liquidation of the fund will be made during the first half of 2016.

The funds invest venture capital in high-technology, research-based and knowledge-intensive companies focusing on biotechnology/medical technology, IT and telecommunication, cleantech and other high-technology areas.

Reference is made to the annual reports of the individual investment companies.

Venture companies	Capital commitment	Formation	End of investment period	Duration	Number of active portfolio companies
SEED Capital Denmark II K/S	DKK 682 million	1 February 2010	31 December 2014	31 January 2020	12
SEED Capital Denmark K/S	DKK 531 million	1 December 2004	30 November 2009	30 November 2016	2
DTU Invest K/S	DKK 37 million	2001	1 December 2004	1 May 2016	0

### Activities in 2015

As management company for the funds SEED Capital Management I/S has made follow-up investments in 7 of the large portfolio company investments in 2015. A total amount of DKK 89 million has been invested in the combined portfolio companies during the year.

Also, the exit of 3 portfolio companies was completed during the year with successful returns to the investors in the funds. As per end of the year the active portfolio managed in the 2 active funds is consisting of 14 portfolio companies.



In 2015, SEED Capital has been fund-raising for a third SEED Capital fund and a first closing on SEED Capital Denmark III K/S was signed as per 1 June 2015, which is managed under a new structure.

## Events after the balance sheet date

No events have occurred after the balance sheet date, which may materially affect the assessment of the Company's financial position.

## Business development and outlook

SEED Capital Denmark K/S is expiring 30 November 2016. A prolongation is expected to be needed in order to secure successful exits of the two remaining portfolio companies in the fund. This will be evaluated and discussed with the investors during 2016

The development in the portfolio in SEED Capital Denmark II K/S has shown a very strong track over the first five years. SED Capital Management will have a continued strong focus on further successful exits in the fund over the next years.

It is expected that the results of SEED Capital Management I/S for the coming years will decrease due to declining management fees and following the decline in the activities in the funds managed by SEED Capital Management I/S.



## Accounting policies

The Annual Report of SEED Capital Management K/S has been presented in accordance with the provisions in the Danish Financial Statements Act regarding reporting class B enterprises, adjusted to the Company's special activities as a management company for a venture company.

The Company is using the stipulations in ÅRL §48, and payables distribution is included under liabilities other than provisions.

The accounting policies used in the preparation of the Annual Report are consistent with those of last year.

### Reporting currency

The Annual Report has been presented in Danish kroner.

### Foreign currencies

Amounts in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated into Danish kroner at closing rates.

Realised and unrealised exchange gains and losses are recognised in the profit and loss account as financial income and expenses.

### Profit and loss account

#### Turnover

#### Management fee

Management fee comprises administration fee and performance fee for the companies appointed by SEED Capital Management to investment manager.

#### Services

Income from the supply of services is recognized as the services are rendered.

#### Other external costs

Other external costs comprise costs for administration, premises, bad debt losses, operating leases, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

**Financial income and expenses**

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

**Depreciation**

Book depreciation is provided on the basis of regular assessments of the useful life and residual value of the relevant assets. Tangible fixed assets are depreciated on a straight-line basis over the expected useful lives of the individual assets. Depreciation periods and scrap values, calculated by reference to the historical cost, are as follows:

Depreciation period

Fixtures and fittings, tools and equipment 3-5 years

Acquisitions not exceeding DKK 12,800 are charged to the profit and loss account in the year of acquisition.

Losses and profits on the replacement of fixed assets are included in book depreciation. Losses and profits are made up as the difference between the net selling price and the net book value at the time of sale

**Tax**

The Company is not a tax-paying entity, thus no tax has been expensed.

## Balance sheet

### **Tangible fixed assets**

Tangible fixed assets are measured at cost plus revaluations and less accumulated depreciation and write-downs.

### **Investments**

Investments in subsidiaries are measured at the company's share of the equity in the subsidiaries (equity method). If cost exceeds the recoverable amount, a write-down is made to this lower value.

### **Receivables**

Receivables are amortised at the lower of amortised cost and the net realisable value, calculated by reference to individual assessments of the individual accounts receivable.

### **Liabilities**

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

### **Contingent liabilities**

Contingencies are not recognised in the balance sheet, but disclosed in the notes only. Liabilities which exist at the balance sheet date, but which cannot be measured, are considered contingent liabilities.

## Profit and loss account for the year ended 31 December 2015

	Note	2015 (000 DKK)	2014 (000 DKK)
<b>Gross profit</b>		<b>10.841</b>	<b>15.642</b>
Other external expenses		-1.441	-2.808
Staff costs	1	-2.018	-6.343
Depreciation tangible fixed assets		<u>-44</u>	<u>-41</u>
<b>Operating profit</b>		<b>7.338</b>	<b>6.449</b>
Other financial income		<u>-4</u>	<u>8</u>
<b>Profit for the year</b>		<b><u>7.334</u></b>	<b><u>6.458</u></b>

The Management recommends that the profit for the year should be appropriated as follows:

Retained earnings at 1 January 2015	0	0
Net profit for the year	<u>7.334</u>	<u>6.458</u>
<b>Available for appropriation</b>	<b><u>7.334</u></b>	<b><u>6.458</u></b>
<b>Distribution proposed for the year</b>	<b><u>7.334</u></b>	<b><u>6.458</u></b>



## Balance sheet at 31 December 2015

	Note	2015 (000 DKK)	2014 (000 DKK)
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
IT, software, furnitures ao.	2	<u>48</u>	<u>71</u>
<b>Total tangible fixed assets</b>		<u>48</u>	<u>71</u>
<b>Investments</b>			
Investments	3	<u>85</u>	<u>76</u>
Deposits		<u>0</u>	<u>0</u>
<b>Total financial fixed assets</b>		<u>85</u>	<u>76</u>
<b>Total fixed assets</b>		<u>133</u>	<u>147</u>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables		<u>179</u>	<u>729</u>
		<u>179</u>	<u>729</u>
<b>Cash in bank and at hand</b>		<u>3.403</u>	<u>7.645</u>
<b>Total current assets</b>		<u>3.582</u>	<u>8.374</u>
<b>TOTAL ASSETS</b>		<u><u>3.715</u></u>	<u><u>8.521</u></u>

## Balance sheet at 31 December 2015

	Note	2015 (000 DKK)	2014 (000 DKK)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	4		
Investment capital		0	0
Retained earnings		<u>0</u>	<u>0</u>
<b>Total equity</b>		<u>0</u>	<u>0</u>
<b>Provisions</b>			
Provisions, management fee		<u>2.350</u>	<u>5.350</u>
<b>Liabilities other than provisions</b>			
<b>Short-term liabilities other than provisions</b>			
Trade payables		1	0
Other payables		<u>1.364</u>	<u>3.171</u>
Current liabilities		<u>1.365</u>	<u>3.171</u>
<b>Total liabilities other than provisions</b>		<u>1.365</u>	<u>3.171</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3.715</u></u>	<u><u>8.521</u></u>
<b>Related parties</b>	5		

## Notes

	2015 (000 DKK)	2014 (000 DKK)
<b>1 Staff costs</b>		
Analysis of staff costs:		
Wages and salaries	1.835	6.107
Pension costs	169	112
Other social security costs	14	9
Resignment costs	0	0
Recruitment expenses	0	51
Staff costs	<u>0</u>	<u>64</u>
	<u><b>2.018</b></u>	<u><b>6.343</b></u>
Average number of employees	<u><b>2</b></u>	<u><b>2</b></u>
<b>2 Tangible fixed assets (000 DKK)</b>		<u>Other fixed assets</u>
Cost as per 1 January 2015		203
Additions during the year		21
Disposals during the year		<u>0</u>
Cost as per 31 December 2015		224
Depreciations as per 1 January 2015		132
Depreciations during the year		44
Reversed depreciation on disposals		<u>0</u>
Depreciations as per 31 December 2015		<u>176</u>
<b>Value as per 31 December 2015</b>		<u><b>48</b></u>

## Notes

### 3 Investments

	SEED Capital Denmark K/S	SEED Capital Denmark II K/S	Total
	(000 DKK)	(000 DKK)	(000 DKK)
Cost 1 January 2015	77	7	84
Additions in the year	11	1	12
Cost at 31 December 2015	88	8	96
Results and revaluation and write-downs 1 January 2015	-12	4	-8
Revaluation and write-downs in the period	-5	2	-3
Revaluation and write-downs at 31 December 2015	-17	6	-11
<b>Book value at 31 December 2015</b>	<b>71</b>	<b>14</b>	<b>85</b>

### 4 Equity

	Investment capital	Retained earnings	Total
Balance 1 January 2015	0	0	0
Net profit for the year 2015	0	7.334	7.334
Distributed regarding 2015	0	-7.334	-7.334
<b>Balance at 31 December 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Notes

### 5 Related parties

The Company's related parties comprise the following:

- SEED Capital Denmark II K/S (1 general partner is CEO)
- SEED Capital Denmark K/S (1 general partner is CEO)
- DTU Invest K/S (1 general partner is CEO)

The general partners of the Company are partially employees by and functions as CEO's in the following companies, for which the Company provides investment consultation:

- Pre-Seed Innovation A/S (1 general partner is CEO)

All transactions between the parties are based on arm length principle.