

Seed Capital Denmark III K/S

Annual Report

1 January 2022 – 31 December 2022

8th financial year

Seed Capital Denmark III K/S
Registration No. 36 98 86 65
Address: c/o Matrikel1, Højbro Plads 10, 1200 Copenhagen K

Approved at the annual general meeting of shareholders on 22 March 2023
Chairman: Anne Cathrine Wilhjelm

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Management's statement

The Management have today discussed and approved the annual report of Seed Capital Denmark III K/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 2022, statement of cashflow and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 22 March 2023

Management:

Ulla Brockenhuus-Schack

General Partner and
Managing Partner

Lars Andersen

General Partner

Niels Vejrup Carlsen

General Partner

Adopted at the Meeting on 22 March 2023

Chairman

Independent auditor's report

To the Limited Partners of Seed Capital Denmark III K/S

Opinion

We have audited the financial statements of SEED Capital Denmark III K/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the

requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 ISAs and 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the 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 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 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 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 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 Company to cease to continue as a going concern.

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

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.

Frederiksberg, 22 March 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Pedersen
State Authorized
Public Accountant
mne35456

Information about the Company

Seed Capital Denmark III K/S
c/o Matrikel1
Højbro Plads 10
1200 Copenhagen K
www.seedcapital.dk
Registration no. (cvr.no.): 36 98 86 65

Registered Office

Københavns Kommune

Management Company

Seed Capital Management III I/S

Limited Partners

ATP Private Equity K/S
Vækstfonden
Dansk Vækstkapital
C.L. Davids Fond og Samling
Chr. Augustinus Fabrikker A/S
PreSeed Ventures A/S
Sampension
Niels Peter Louis-Hansen
VV Private Equity
Novo A/S
PFA Pension, Forsikringsaktieselskab

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg

Bankers

Nykredit Bank A/S

Management's Review

This annual report relates to the eight financial year of Seed Capital Denmark III K/S for the period 1 January – 31 December 2022.

Objective

Seed Capital Denmark III K/S' objective is to invest in technology, research-based and knowledge-intensive companies focusing on medical technology, information and communication technologies and other high-technology areas, either in the form of share capital or the granting of subordinate, convertible loans and other related investment activities.

Capital

Seed Capital Denmark III K/S has a total capital base of DKK 819 million. At 31 December 2022, the limited partners and the general partners had paid in DKK 785 million – 96% of total commitment. At 31 December 2022, DKK 67 million had been distributed to the limited partners and the general partners.

The management of the Company

Seed Capital Denmark III K/S has no employees. A management agreement has been entered into between Seed Capital Denmark III K/S and Seed Capital Management III I/S under which Seed Capital Management III I/S (hereinafter referred to as the management company) will be in charge of operations in Seed Capital Denmark III K/S.

Investments

Seed Capital Denmark III K/S invests in the seed stage of a company's life cycle. Investments in these stages are inherently subject to risk. Follow-up investments will be made in the most promising companies all the way to exit.

Seed Capital Denmark III K/S' individual companies need a high level of involvement to ensure correct strategic focus, competencies and financial resources as well as follow-up on the strategy and continued active development of the company.

Uncertainty relating to recognition and measurement

In accordance with legislative provisions, the Management Company makes accounting judgements and estimates when preparing the annual report. These judgements and estimates include determination of the fair value of portfolio companies, please refer to note 7. The entity invests venture capital in early stages companies with limited revenue. The fair value measurement is therefore subject to high uncertainty.

Activities in 2022

In 2020 the investment period ended and only follow-up investments in existing companies in the portfolio are made.

At the end of 2022, the active portfolio comprised of 10 companies. In total, DKK 581 million has been invested in these companies.

In 2021 several of the portfolio companies attracting new equity funding at high valuation multiples. During 2022 the both the public and private markets have lowered these multiples significantly. While only two portfolio companies needed to raise funding during 2022, a reassessment of the fair value of the companies have resulted in selected write downs.

A positive contribution to the fund performance in 2022 was a new equity funding round in the company VEO attracting DKK 0.5 billion mid-2022 with ATP as new investor.

Two of the companies in the portfolio, Good Monday and Tattodo was either sold with limited proceeds or restructured without participation by Seed Capital Denmark III K/S.

The result for the year amounted to a loss of DKK -210 million. Despite the loss in 2022, the overall performance for the fund is positive.

The active portfolio of 10 companies as per end 2022 are:

Investment	Business concept
Templafy	Enterprise template management in the cloud
OrderYOYO	E-commerce platform for take-away restaurants
Lunar Way	Mobile based neo-bank for the millennial generation
Tonsser	Utility empowering young football players to unlock their potential
VEO	AI to Record and automatically edit football and other matches
Dixa	Real-time channel-neutral customer service platform
Cardlay	Front to end solutions for payment providers/banks
Forecast	Automated complete resource & project management platform
Grandhood	Innovative low-cost pension solution to SME's
Superb	A guest experience solution for restaurants

Statutory reporting on corporate responsibility and gender distribution in management cf. § 99a and § 99b

The business model of Seed Capital Denmark III K/S is investing in the pre-seed and seed stages of a company's lifecycle and solely invest in companies without having a controlling influence (less than 20%).

The fund has a strong commitment to operating and investing in responsible businesses. The limited partnership always strives to respect and safeguard human rights, the environment, social and employee conditions (including the effects of Covid-19), and ethical business practices (including anti-corruption). During 2022 a new monitoring and tracking system starting with gender diversity at all levels in the portfolio companies as well as within the team at Seed Capital was introduced. This will be expanded over the coming years to strive towards monitoring relevant environmental impact indicators, e.g. carbon emission. As the fund no longer is active in investing in new portfolio companies, the efforts will be on improving this in the existing portfolio companies.

The limited partnership has no members of the Board of Directors elected at the general assembly and has no employees. Therefore, the limited partnership is not subject to the requirements on gender distribution in management.

Policy for data ethics

Seed Capital Denmark III K/S has not adopted a policy for data ethics, because the fund does not process large amounts of data itself or make use of algorithms for data analysis. The portfolio companies in the fund have different business areas and can therefore process data to an extent where it can be advisable to adopt a policy for data ethics. The data policies in the portfolio companies, if any, are published either in these companies' financial accounts or on their website.

Business development and outlook

The financial result can fluctuate from year to year but is expected to be positive in the longer run with new milestones reached in the portfolio companies and with new funding at higher valuations. It is important to add, that investing in early-stage venture companies is riskier compared to other asset classes.

It is expected that the investment activity for the next years will be at a lower level compared to the previous years.

Key numbers for Seed Capital Denmark III K/S

Financial highlights

	2018	2019	2020	2021	2022
Key figures (000 DKK)					
Operating Profit	35,263	121,360	468,873	702,022	-210,406
Comprehensive income/loss for the year	35,182	121,277	468,781	701,918	-210,464
Equity	282,396	588,586	1,165,792	2,015,263	1,818,845
Balance sheet total	282,396	588,586	1,166,092	1,990,550	1,818,845
Ratios					
Solvency ratio (%)	100.00	100.00	99.97	101.24	100.00
Return on average equity (%)	16.50	27.85	53.44	44.13	-10.98

Comprehensive income for the year ended 31 December 2022

		2022	2021
	Note	(000 DKK)	(000 DKK)
Income from investments in portfolio companies	2	-201,273	709,900
Administration costs	3	-9,133	-7,877
Operating Profit		-210,406	702,022
Other financial expenses	4	-58	-104
Net profit for the year		-210,464	701,918
The Management recommends that the profit for the year should be appropriated as follows:			
Retained earnings at 1 January		1,311,502	609,584
Net profit for the year		-210,464	701,918
Available for appropriation		1,101,039	1,311,502
Recommended appropriation:			
Retained earnings at 31 December		1,101,039	1,311,502

Balance sheet at 31 December 2022

	Note	2022 (000 DKK)	2021 (000 DKK)
ASSETS			
Non-current assets			
Investments			
Investments in portfolio companies	5	1,785,927	1,889,887
Convertible debt instruments in portfolio companies	5	3,284	19,697
Total Investments		<u>1,789,212</u>	<u>1,909,583</u>
Total non-current assets		<u>1,789,212</u>	<u>1,909,583</u>
Current assets			
Other receivables		<u>1,464</u>	<u>71,969</u>
Cash in bank and at hand		<u>28,169</u>	<u>33,860</u>
Total current assets		<u>29,634</u>	<u>105,829</u>
TOTAL ASSETS		<u>1,818,845</u>	<u>2,015,413</u>

Balance sheet at 31 December 2022

	Note	2022 (000 DKK)	2021 (000 DKK)
EQUITY AND LIABILITIES			
Equity			
Investment capital paid		784,661	724,828
Distributions		-66,854	-21,067
Retained earnings		<u>1,101,039</u>	<u>1,311,502</u>
Total equity		<u>1,818,845</u>	<u>2,015,263</u>
Liabilities other than provisions			
Current liabilities			
Other payables		<u>0</u>	<u>150</u>
Current liabilities		<u>0</u>	<u>150</u>
Total liabilities		<u>0</u>	<u>150</u>
TOTAL EQUITY AND LIABILITIES		<u>1,818,845</u>	<u>2,015,413</u>

Statement of changes in equity

(000 DKK)	Total committed capital	Subscribed not paid capital	Subscribed and paid capital	Retained earnings	Distributions	Total
Balance 1 January 2022	819,020	-94,192	724,828	1,311,503	-21,067	2,015,263
Draw Downs during the year	0	59,833	59,833	0	0	59,833
Distributions during the year	0	0	0	0	-45,787	-45,787
Distribution of gain/loss	0	0	0	-210,464	0	-210,464
Balance 31 December 2022	819,020	-34,359	784,661	1,101,039	-66,854	1,818,845

(000 DKK)	Total committed capital	Subscribed not paid capital	Subscribed and paid capital	Retained earnings	Distributions	Total
Balance 1 January 2021	819,020	-262,812	556,208	609,584	0	1,165,792
Draw Downs during the year	0	168,620	168,620	0	0	168,620
Distributions during the year	0	0	0	0	-21,067	-21,067
Distribution of gain/loss	0	0	0	701,918	0	701,918
Balance 31 December 2021	819,020	-94,192	724,828	1,311,503	-21,067	2,015,263

In 2022, the limited partnership has paid distributions of DKK 46 million, including DKK 43.9 million to the limited partners and DKK 0.9 million to the general partners.

Statement of cash flow

	2022 (000 DKK)	2021 (000 DKK)
Operating profit/loss (EBIT)	-210,406	702,022
Change in fair value of investments	201,273	-709,900
Working capital changes	70,355	-72,119
Cash flows from primary activities	61,222	-79,997
Financial income	0	0
Financial expenses	-58	-104
Cash flows from operating activities	-58	-104
Investments in portfolio companies	-26,888	-161,355
Net proceeds from sale of portfolio companies	-54,013	119,859
Cash flows from investment activities	-80,901	-41,496
Contribution from limited partners	59,833	168,620
Distribution of share of proceeds from sales of portfolio companies	-45,787	-21,067
Cash flows from financing activities	14,046	147,552
Increase/decrease in cash and cash equivalents	-5,691	25,956
Cash and cash equivalents at 1 January	33,860	7,904
Cash and cash equivalents at 31 December	28,169	33,860

Notes to the financial statement

1. Accounting policies
2. Income from investments in portfolio companies
3. Administration costs
4. Other financial expenses
5. Investments in portfolio companies
6. Limited partners' contribution
7. Method and assumptions for determining fair value
8. Financial risks
9. Liquidity risks
10. Credit risks
11. Interest risks
12. Currency risks
13. Contingent liabilities
14. Related parties
15. Accounting standards not yet adopted

Notes to the financial statement

1 Accounting policies

The Annual Report of Seed Capital Denmark III K/S has been presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of the Danish Financial Statements Act regarding reporting class C (large) enterprises as further outlined in the Danish Executive Order on Adoption of IFRS issued in accordance with the Danish Financial Statement act.

In order to give a fair view of the activities in the Company as a venture company, unrealized and realized gains and losses of portfolio companies have been included in the Operating Profit/Loss.

Changes in accounting policies

Seed Capital Denmark III K/S has adopted all new or amended standards (IFRS) as adopted by EU effective for the financial year 1 January 2022 - 31 December 2022. The implementation has not had any material impact on the financial statement for 2022.

Significant accounting policies and estimates

When preparing the financial statement, the Management Company makes several accounting estimates forming the basis for the presentation, recognition, and measurement of the Entity's assets and liabilities. The most significant accounting estimates and assessments are presented in note 7.

Recognition and measurement

Income is recognised in the profit and loss account as earned, including value adjustments of financial assets and liabilities. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment, and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost or for financial assets and financial liabilities at fair value. Subsequently, assets and liabilities are measured as described below for each individual item.

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Exchange rate adjustments relating to investments in portfolio companies are presented in the statement of comprehensive income together with other fair value adjustments concerning the investments.

Profit and loss account

Unrealized and realized results of investments in portfolio companies

Unrealized and realized gains or losses from exits, distributions in investments in portfolio companies are included in the Profit and Loss account under Income from investments in portfolio companies.

Other financial income and other financial costs

Interest income and expense and similar items comprise interest income and expense, gains and losses on securities (excluding income or expenses from portfolio companies) as well as payables and transactions denominated in foreign currencies.

Tax

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

Balance sheet

Investments

Investments in portfolio companies are recognized at fair value according to “International Private Equity and Venture Capital” (IPEV) “Valuation Guidelines”, in which investments are recognized at market value at the balance sheet date.

Exchange rate adjustments of investments in portfolio companies are recognized in the profit and loss account under “Income from investments in portfolio companies”.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset based on the current market conditions, including risk assumptions. The entity's purpose of holding the asset is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e., the market that maximizes the price of the asset less transaction and transport costs.

All assets measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- ▶ Level I: Value in an active market for similar assets/liabilities
- ▶ Level II: Value based on recognized valuation methods on the basis of observable market information
- ▶ Level III: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

Receivables

Earn-out receivables are measured at fair value.

Other receivables are measured at amortized cost. The simplified expected credit loss is applied to measure the lifetime expected loss for receivables measured at amortized cost.

Liabilities

Liabilities are measured at amortized cost.

Contingent liabilities

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

Statement of cash flows

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss adjusted for non-cash operating items, changes in working capital, interest income and expenses and dividends received.

Cash flows from operations activities comprise payments in connection with investments, including follow-up investments and disposals of portfolio companies.

Cash flows from financing activities comprise changes in the limited partners' contribution and distribution.

Cash flows in currencies other than the functional currency are translated using exchange rates per transaction date.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Solvency ratio (%) =	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The entity's financial strength
Return on equity (%) =	$\frac{\text{Profit for the year} \times 100}{\text{Average Equity}}$	The entity's profitability

	2022	2021
	(000 DKK)	(000 DKK)
2 Income from investments in portfolio companies		
Realised gain/losses	-85,969	92,719
Adjustments regarding realised losses	0	0
Write-ups of portfolio companies	356,904	622,046
Write-downs of portfolio companies	<u>-472,208</u>	<u>-4,865</u>
	<u>-201,273</u>	<u>709,900</u>
3 Administration costs		
Management Fee	8,981	7,725
Fee Investment Committee	150	150
Administration costs etc.	<u>2</u>	<u>2</u>
	<u>9,133</u>	<u>7,877</u>
Fee to appointed auditors for the statutory audit services is DKK 80 thousand excl. VAT in 2022 (2021: DKK 66 thousand)		
4 Other financial expenses		
Interest expense, bank	<u>58</u>	<u>103</u>
	<u>58</u>	<u>103</u>

5 Investments in portfolio companies

	Convertible debt instruments in portfolio companies (000 DKK)	Investments in portfolio companies (000 DKK)
Cost		
Balance at 1 January 2022	19,817	570,651
Additions in the year	0	43,142
Disposals in the year	-16,533	-31,676
Cost at 31 December 2022	3,284	582,117
Write-ups/write-downs		
Balance at 1 January 2022	-121	1,319,235
Write-downs in the period	0	-490,105
Reversed write-ups/write-downs	121	17,687
Write-ups in the period	0	356,993
Write-ups/write-downs at 31 December 2022	0	1,203,810
Fair value at 31 December 2022	3,284	1,785,927
Cost		
Balance at 1 January 2021	11,091	445,163
Additions in the year	14,913	146,442
Disposals in the year	-186	-20,954
Cost at 31 December 2021	19,817	570,651
Write-ups/write-downs		
Balance at 1 January 2021	-121	702,055
Write-downs in the period	0	-6,549
Reversed write-ups/write-downs	0	-39,252
Write-ups in the period	0	662,981
Write-ups/write-downs at 31 December 2021	-121	1,319,235
Fair value at 31 December 2021	19,697	1,889,887

5 Investments in portfolio companies (continued)

2022

Company name	Type of investment	Valuation technique	Registration	Ownership	Equity (000 DKK)	Profit/loss (000 DKK)	Annual report (year)
Templafy ApS	Fund investment	Market approach / Price of recent investment	Denmark	15.00-19.99%	254,969	-189,828	2021
OrderYOYO ApS	Fund investment	Listed	Denmark	15.00-19.99%	46,102	-23,123	2021
Lunar Group A/S	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	1,830,559	783,055	2021
Tonsser ApS	Fund investment	Market approach / Price of recent investment	Denmark	5.00-9.99%	27,589	-12,184	2021
VEO Technologies ApS	Fund investment	Market approach / Price of recent investment	Denmark	20.00-33.32%	60,904	-97,617	2021
Dixa ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	577,026	-118,918	2021
Cardlay Holding ApS	Fund investment	Market approach / Price of recent investment	Denmark	5.00-9.99%	58,569	-23,586	2021
Forecast Tech Group Limited	Fund investment	Market approach / Price of recent investment	United Kingdom	15.00-19.99%	45,746	-62,669	2021
Grandhood ApS	Fund investment	Market approach / Price of recent investment	Denmark	5.00-9.99%	-94	-11,866	2021
Superb ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	51,210	-24,872	2021

The fair value of investment in associated companies is DKK 542,435 thousand as per end of 2022

2021

Company name	Type of investment	Valuation technique	Registration	Ownership	Equity (000 DKK)	Profit/loss (000 DKK)	Annual report (year)
Templafy ApS	Fund investment	Market approach / Price of recent investment	Denmark	15.00-19.99%	135,733	-143,943	2020
OrderYOYO ApS	Fund investment	Listed	Denmark	20.00-33.32%	17,374	-1,163	2020
Lunar Group A/S	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	294,803	-254,100	2020
Tonsser ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	11,638	-18,109	2020
VEO Technologies ApS	Fund investment	Market approach / Price of recent investment	Denmark	20.00-33.32%	157,604	-30,430	2020
Dixa ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	143,454	-48,966	2020
Cardlay Holding ApS	Fund investment	Market approach / Price of recent investment	Denmark	5.00-9.99%	46,464	-20,902	2020
Forecast Tech Group Limited	Fund investment	Market approach / Price of recent investment	United Kingdom	15.00-19.99%	7,860	-28,373	2020
Grandhood ApS	Fund investment	Market approach / Price of recent investment	Denmark	5.00-9.99%	6,428	-10,894	2020
GoodMonday ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	20,015	-12,110	2020
Superb ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	-3,925	-8,052	2020
Tatoodo ApS	Fund investment	Market approach / Price of recent investment	Denmark	10.00-14.99%	-7,082	-21,372	2020

The fair value of investment in associated companies is DKK 333,155 thousand as per end of 2021

Net changes in fair value of financial assets and financial liabilities through profit or loss is specified as:

(000 DKK)	2022	2021
Realised value adjustments for the year	-85,969	92,719
Unrealised value adjustments for the year	-115,304	617,181
Value adjustment of investments	-201,273	709,900

6 Limited partners' contribution

The entity's shares are paid successively and pro rate. One of the share classes has a dividend preference attached when the realized return in the Entity exceeds a fixed minimum rate of return p.a. (hurdle rate) of the investors' contributed capital.

7 Method and assumptions for determining fair value

Fair value for each unlisted portfolio company is determined based on the method, which best reflect the individual investment.

Fair value is determined following the IPEV Valuation Guidelines. Because the Entity invests venture capital in early stages companies with limited revenue the fair value measurement is subject to high uncertainty.

The fair value is determined in functional currency of the portfolio company, and then translated to DKK at the exchange rate at the balance sheet date.

Upon initial investment, cost of the investments is normally determined to represent fair value. If new investors join and obtain more than just an insignificant share of the company, then the price of recent investment is used as basis or determining the fair value.

The entity's Management Company reviews the investment for potential value adjustments several times during a financial year. If the Management Company reviews lead to value adjustments, the fair value of the portfolio company is determined by the Management Company best estimate.

The Entity uses the following methods to determine fair value:

Cost:

Cost is assessed to reflect fair value when no new investors has provided equity to the portfolio company. Furthermore, investments are measured at cost when the uncertainty is too high to determine a fair value.

Market approach / Price of recent Investment:

If new investors provide equity to the portfolio company and receive more than just an insignificant ownership share, the price of the recent investment is normally deemed to be the best represent of the fair value representing the fair market price. This correspond to a specific and relevant valuation multiple, that combined with observable market multiple at any time can be applied to calibrate the fair value, when the last equity funding round was completed more than 12-18 months before the time of estimating the fair value.

Listing price:

A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

Below is the spilt between the different methods used by the Entity:

Method	2022	2021
Cost	0%	0%
Market approach / Price of recent investment	97%	91%
Listing price	3%	9%
	100%	100%

Fair value hierarchy for financial instruments measured at fair value in the balance sheet.

Below is shown the classification of financial instruments, organized in accordance with the fair value hierarchy as required by IFRS:

(000 DKK)	Level I	Level II	Level III	Total
Financial instruments measured at fair value	3.0%	0.0%	97.0%	100.0%
31 December 2022	3.0%	0.0%	97.0%	100.0%

(000 DKK)	Level I	Level II	Level III	Total
Financial instruments measured at fair value	8.5%	0.0%	91.5%	100.0%
31 December 2021	8.5%	0.0%	91.5%	100.0%

Movements in financial instruments measured at fair value based on level III

	Level III - 2022 (000 DKK)	Level III - 2021 (000 DKK)
Cost		
Balance at 1 January	563,241	456,254
Additions in the year	31,416	161,355
Disposals in the year	-48,209	-27,140
Transfers to level I	0	-27,228
Cost level III at 31 December	546,448	563,241
Write-ups/write-downs		
Balance at 1 January	1,183,870	701,934
Write-downs in the period	-370,320	-6,549
Reversed write-ups/write-downs	17,808	-39,252
Write-ups in the period	356,993	635,071
Transfers to level I	0	-107,335
Write-ups/write-downs at 31 December	1,188,351	1,183,870
Fair value level III at 31 December	1,734,799	1,747,111

Transfers to level I is due portfolio companies being listed during 2021.

Material non-observable input for level III

The measurement of investment in portfolio companies are based on measurement methods, in which material non-observable inputs are included such as assessment of the performance, determination of future earnings and whether a negative development should lead to the recognition of impairment write-downs.

A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the portfolio companies.

The fair value of the total portfolio is measured at index 3.17 compared to the initial cost. A decrease or increase in the index at 0.05 will change the value of the portfolio with approximately DKK 27.3 million.

Uncertainty relating to recognition and measurement

In accordance with legislative provisions, the Management Company makes accounting judgements and estimates when preparing the annual report. These judgements and estimates include determination of the fair value of portfolio companies. The Entity invests venture capital in early stages companies with limited revenue. The fair value measurement is therefore subject to high uncertainty.

8 Financial risks

The limited partnership's objective in managing risk is the creation and protection of the limited partners' investment and return. The limited partnership calls capital based on the limited partners' commitments for the use of making investments in portfolio companies. The limited partnership is exposed to interest rate risk, liquidity risk and credit risk.

9 Liquidity risks

Liquidity risk is the risk that the limited partnership will not be able to meet its financial obligations as they fall due. The Management Company monitors risk of a shortage of funds on an ongoing basis and reviews the liquidity position on a quarterly basis.

The limited partnership will call capital from the limited partners based on an as-needed basis to enable the limited partnership to make investments, pay expenses incurred by the limited partnership and comply with any obligations undertaken.

A per end of the year the financial liabilities of the Entity is DKK 0 (nil).

10 Credit risks

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the limited partnership by failing to discharge an obligation. The limited partnership is exposed to the risk of credit-related losses that can occur as a result of a counterparty or limited partner being unable or unwilling to honor its contractual obligations. These credit exposures exist for receivables and cash and cash equivalents.

In 2022 and 2021, the limited partnership accounted for an impairment loss of receivables of DKK 0 (nil).

As a part of the investment strategy the limited partnership provide loans to the portfolio companies. These loans are therefore not considered as a separate credit risk.

In some cases, the limited partnership has receivables from sales of portfolio companies. Typically, the payment is secured by the buyer depositing the receivable on escrow account in accepted credit institutions. The credit risk is therefore considered limited.

The carrying value of the limited partnership's financial instruments, as disclosed in the statement of financial position, represents the maximum credit exposure, hence, no separate disclosure is provided. Reference is made to the statement of financial position.

11 Interest risks

The limited partnership is not significantly exposed to any interest risk.

12 Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Some of the Entity's investments are made in foreign currencies such as USD, GBP and EUR. This risk is considered a part of the investment risk thus the Entity does not separately hedge the currency risk.

When exiting a portfolio company, the sale can be made in foreign currencies such as USD, GBP and EUR. Receivables in connection to the sale in foreign currency is not separately hedge.

13 Contingent liabilities

The Company has made a management agreement with Seed Capital Management III I/S until the liquidation of the Company. The Company is obliged every quarter to pay a management fee as a percentage of the Company's investments at the end of the preceding quarter.

The Company has undertaken to pay additional capital contributions and convertible debt instruments to the portfolio companies concurrently with the realization of specific milestones. As of 31 December 2022, this liability amounts to a total of DKK 0.2 million.

14 Related parties

No individual companies or persons exercise control over Seed Capital Denmark III K/S.

The following parties are considered related parties of the limited partnership:

- Seed Capital Denmark III K/S has a management agreement with Seed Capital Management III I/S. The Entity has paid DKK 9.0 million in management fee to Seed Capital Management III I/S.
- The limited partners handle investment of committed capital and receive payments according to agreement made.
- Seed Capital Management III I/S (the Management Company) which has direct and unlimited liability for the limited partnership's debts and liabilities, and its management are considered related parties.

The general partners together with the Investment Committee have sole power and responsibility for all decisions pertaining to the acquisition and realisation of investments, including all final decisions to commit the limited partnership to an investment and any realisations of an investment.

According to the Limited Partnership Agreement, remuneration of the general partner comprises a share of Seed Capital Denmark III K/S ' return on investments, provided that the total return exceeds the limited partners' investment and a predefined minimum rate of return.

Remuneration (carried interest) to the general partner cannot be calculated definitively until upon the final liquidation of Seed Capital Denmark III K/S and – hence – according to the Limited Partnership Agreement, the general partner's carried interest is not considered earned by the general partner until upon the

liquidation of Seed Capital Denmark III K/S subject to and in accordance with the final liquidation accounts of Seed Capital Denmark III K/S.

The limited partnership has in accordance with the Limited Partnership Agreement transferred distributions to the general partners and the Limited Partners in 2022, refer to Statement of changes in Equity.

15 Accounting standards not yet adopted

A number of new standards, amendments to standards and interpretations effective for annual periods beginning after January 1, 2023 have been issued. None of these new issues are expected to have a material impact on the financial statements.

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"By my signature I confirm all dates and content in this document."

Lars Andersen

Management

On behalf of: Seed Capital Denmark III K/S

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Ulla Brockenhuus-Schack

Management

On behalf of: Seed Capital Denmark III K/S

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Management

On behalf of: Seed Capital Denmark III K/S

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Henrik Pedersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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IP: 93.167.xxx.xxx

2023-03-23 10:55:27 UTC



Anne Cathrine Wilhjelms

Chairman

On behalf of: Seed Capital Denmark III K/S

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