

SEED Capital Management III I/S

Annual Report

For the year ended 31 December 2015

1st financial year

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Management's statement

The Management have today discussed and approved the annual report of SEED Capital Management III I/S for the financial year 1 June – 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 June – 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:



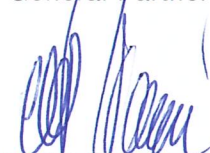
Ulla Brockenhuus-Schack

Managing Partner og
General Partner



Lars Andersen

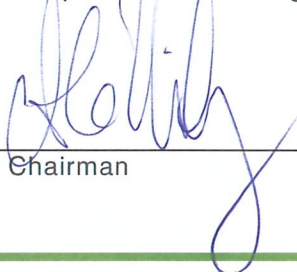
General Partner



Ulf Rösen

General Partner

Adopted at the Meeting on 8 March 2016



Chairman

Auditors' Report

To the Limited Partners of SEED Capital Management III I/S

Independent auditors' report on the financial statements

We have audited the financial statements of SEED Capital Management III I/S for the financial year 1 June – 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 June – 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 III I/S
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www.seedcapital.dk
Registration nr. (Cvr.nr.): 37 14 02 79

Registered office

Lyngby-Taarbæk Kommune

Management

Ulla Brockenhuus-Schack (Managing Partner)
Lars Andersen
Ulf Rósen

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 first financial year of SEED Capital Management III I/S for the period 1 June – 31 December 2015.

The Company's activities

SEED Capital Management III I/S advise and invest in knowledge-based start-ups. The principal activity of SEED Capital Management III I/S is to act as a management company to the venture fund SEED Capital Denmark III K/S.

The fund invests venture capital in technology based companies focusing on medical technology; information and communication technology and other high growth technology based businesses.

Reference is made to the annual report of SEED Capital Denmark III K/S.

Venture companies	Capital commitment	Formation	End of investment period	Duration	Number of active portfolio companies
SEED Capital Denmark III K/S	DKK 469 million	1 June 2015	31 May 2019	31 May 2025	2

Activities in 2015

SEED Capital Management III I/S was established in June 2015 following the successful first closing of the venture fund SEED Capital Denmark III K/S with DKK 469 million in total commitments. Fund raising activities has been ongoing during the second half of 2015 and negotiations with several potential new investors has been held. A second closing in the first part of 2016 is expected aiming at total commitments in SEED Capital Denmark III K/S of DKK 750 million and the negotiations with new investors are in the final stages.

In 2015 SEED Capital Denmark III K/S has completed 2 large investments.

Also, SEED Capital Management III I/S works closely together with Pre-Seed Innovation A/S. During the year, the team received and handled approx. 500 inquiries regarding investments, which resulted in 18 investments by pre-Seed Innovation A/S, in which SEED Capital Denmark III K/S invested a minor amount against an option to invest further.

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

The deal flow to SEED Capital has been strengthened over the years and there is still a large and growing market for technological based innovation.

The cooperation with Pre-Seed Innovation A/S identifying and investing in promising new start-ups will continue in 2016. Pre-Seed Innovation A/S is appointed as one of four innovation environments in Denmark until end of 2017 with an optional 2-year extension. Pre-Seed Innovation A/S has cooperation agreements with most of the universities in Denmark ensuring SEED Capital access to exciting research with commercial potential and thus a strong investment pipeline for SEED Capital Denmark III K/S.

It is expected that the results of SEED Capital Management III I/S for 2016 will be higher than the result for 2015 following a full year of operations and the additional commitments in a second closing in SEED Capital Denmark III K/S expecting to a DKK 750-850 million in total commitments in the fund.

Accounting policies

The Annual Report of SEED Capital Management III I/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.

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.

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.

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)
Gross profit		6.824
Other external expenses		-761
Staff costs	1	-2.511
Depreciation tangible fixed assets		<u>0</u>
Operating profit		3.552
Other financial income		<u>0</u>
Profit for the year		<u>3.552</u>

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

Retained earnings at 1 June 2015	0
Net profit for the year	<u>3.552</u>
Available for appropriation	<u>3.552</u>
Distribution proposed for the year	<u>3.552</u>

Balance sheet at 31 December 2015

	Note	2015 (000 DKK)
ASSETS		
Fixed assets		
Investments		
Investments	2	<u>1</u>
Deposits		<u>0</u>
Total financial fixed assets		<u>1</u>
Total fixed assets		<u>1</u>
Current assets		
Receivables		
Other receivables		<u>2.719</u>
		<u>2.719</u>
Cash in bank and at hand		<u>1.643</u>
Total current assets		<u>4.361</u>
TOTAL ASSETS		<u><u>4.362</u></u>

Balance sheet at 31 December 2015

	Note	2015 (000 DKK)
EQUITY AND LIABILITIES		
Equity	3	
Investment capital		0
Retained earnings		<u>0</u>
Total equity		<u>0</u>
Provisions		
Short-term liabilities other than provisions		
Trade payables		404
Other payables		<u>3.958</u>
Current liabilities		<u>4.362</u>
Total liabilities other than provisions		<u>4.362</u>
TOTAL EQUITY AND LIABILITIES		<u>4.362</u>
Related parties	4	

Notes

	2015 Jun-Dec (000 DKK)
1 Staff costs	
Analysis of staff costs:	
Wages and salaries	2.490
Pension costs	20
Other social security costs	1
	<hr/>
	2.511
	<hr/>
Average number of employees	2
	<hr/>

Notes

2 Investments

	<u>Total</u>
	(000 DKK)
Cost 1 June 2015	0
Additions in the year	<u>1</u>
Cost at 31 December 2015	<u>0</u>
Results and revaluation and write-downs 1 June 2015	0
Revaluation and write-downs in the period	<u>0</u>
Revaluation and write-downs at 31 December 2015	<u>0</u>
Book value at 31 December 2015	<u><u>1</u></u>

3 Equity

	<u>Investment capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance 1 June 2015	0	0	0
Net profit for the year 2015	0	3.552	3.552
Distributed regarding 2015	<u>0</u>	<u>-3.552</u>	<u>-3.552</u>
Balance at 31 December 2015	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Notes

4 Related parties

The Company's related parties comprise the following:

- SEED Capital Denmark III K/S (1 general partner is CEO)

The general partners of the Company are partially employees by and functions as CEOs 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.