

# Seed Capital Management III I/S

## Annual Report

For the year ended 31 December 2019

5<sup>th</sup> financial year

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Seed Capital Management III I/S

Registration No. 37 14 02 79

Address: c/o Matrikel1, Højbro Pads 8- 10, 1200 København K

Approved at the annual general meeting of shareholders on 31 May 2020

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## Management's statement

Management have today discussed and approved the annual report of Seed Capital Management III I/S for the financial year 1 January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 31 May 2020

Management :

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Ulla Brockenhuus-Schack

Managing Partner og  
General Partner

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Lars Andersen

General Partner

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Ulf Rósen

General Partner

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Niels Vejrup Carlsen

General Partner

Adopted at the Meeting on 31 May 2020

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Chairman

# Auditors' Report

## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Seed Capital Management III I/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### 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 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.

## Independent auditor's report

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.

## 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 form of 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

Copenhagen, 31 May 2020

Ernst & Young  
Godkendt Revisionspartnerselskab  
Cvr. No. 30 70 02 28

Peter Gath  
State Authorized Public Accountant  
mne19718

## Information about the Company

Seed Capital Management III I/S

c/o Matrikel1

Højbro Plads 8-10

1200 København K

[www.seedcapital.dk](http://www.seedcapital.dk)

Registration nr. (Cvr.nr.): 37 14 02 79

### Registered office

Københavns Kommune

### Management

Ulla Brockenhuus-Schack (Managing Partner)

Lars Andersen

Niels Vejrup Carlsen

Ulf Rósen

### Auditors

Ernst & Young

Godkendt Revisionspartnerselskab

Dirch Passers Allé 36

Postboks 250

2000 Frederiksberg

### Bankers

Nykredit Bank A/S

## Management's Review

This annual report relates to the fifth financial year of Seed Capital Management III I/S for the period 1 January 2019 – 31 December 2019.

### The Company's activities

Seed Capital Management III I/S advise and invest in technology-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 819 million	1 June 2015	31 May 2020	31 May 2025	13

### Activities in 2019

During 2019 Seed Capital Denmark III K/S completed investments in two new portfolio companies and participated in follow-up investment in seven existing portfolio companies. One company was sold back to founders.

Thus, the number of active portfolio companies in the fund is 13 as per end of the year.

Total commitments of DKK 134 million were made in the portfolio companies during 2019.



## 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 investment period for Seed Capital Denmark III K/S expires on 31 May 2020 and thus the result of Seed Capital Management III I/S will be lower in the coming years, when the fund is in the realization period where management fees are lower.

The current Covid-19 outbreak have an impact on the global economy and consequently can have an effect on the financial position and results of the fund Seed Capital Denmark II K/S. This will however have no effect or only minor effect of the activity and result in Seed Capital Management I/S. We monitor the development closely and will implement the needed initiatives.

## 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 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.

## Tax

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

## 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:

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### Depreciation period

Fixtures and fittings, tools and equipment 3-5 years

Acquisitions not exceeding DKK 13,800 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.

## 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.

Other Liabilities are measured at realisable value.

## 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 2019

	Note	2019 (000 DKK)	2018 (000 DKK)
<b>Gross profit</b>		<b>12.092</b>	<b>12.161</b>
Other external expenses		-2.900	-2.355
Staff costs	1	-2.102	-2.742
Depreciation tangible fixed assets		<u>-39</u>	<u>-39</u>
<b>Operating profit</b>		<b>7.052</b>	<b>7.027</b>
Other financial expenses		<u>-11</u>	<u>-16</u>
<b>Profit for the year</b>		<b><u>7.040</u></b>	<b><u>7.010</u></b>

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

Retained earnings at 1 January		12	12
Net profit for the year		<u>7.040</u>	<u>7.010</u>
<b>Available for appropriation</b>		<b><u>7.052</u></b>	<b><u>7.022</u></b>
Recommended appropriation		<u>12</u>	<u>12</u>
Distribution proposed for the year		<u>7.040</u>	<u>7.010</u>
		<b><u>7.052</u></b>	<b><u>7.022</u></b>

## Balance sheet at 31 December 2019

	Note	2019 (000 DKK)	2018 (000 DKK)
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>			
IT, software, furnitures ao.	2	<u>7</u>	<u>46</u>
<b>Total tangible fixed assets</b>		<u>7</u>	<u>46</u>
<b>Investments</b>			
Investments	3	<u>7</u>	<u>4</u>
<b>Total financial fixed assets</b>		<u>7</u>	<u>4</u>
<b>Total fixed assets</b>		<u>14</u>	<u>49</u>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables		<u>176</u>	<u>257</u>
<b>Total receivables</b>		<u>176</u>	<u>257</u>
Cash in bank and at hand		<u>3.101</u>	<u>3.508</u>
<b>Total current assets</b>		<u>3.277</u>	<u>3.765</u>
<b>TOTAL ASSETS</b>		<u>3.291</u>	<u>3.814</u>

## Balance sheet at 31 December 2019

	Note	2019 (000 DKK)	2018 (000 DKK)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	4		
Investment capital		0	0
<b>Retained earnings</b>		<u>12</u>	<u>12</u>
Total equity		<u>12</u>	<u>12</u>
<b>Provisions</b>			
Provisions, management fee		<u>1.525</u>	<u>1.525</u>
<b>Liabilities other than provisions</b>		<u>1.525</u>	<u>1.525</u>
<b>Short-term liabilities other than provisions</b>			
Trade payables		139	291
Other payables		<u>1.615</u>	<u>1.986</u>
<b>Current liabilities</b>		<u>1.754</u>	<u>2.277</u>
<b>Total liabilities other than provisions</b>		<u>1.754</u>	<u>2.277</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3.291</u>	<u>3.814</u>
Contingent liabilities	5		
Related parties	6		

## Notes

	2019 (000 DKK)	2018 (000 DKK)
<b>1 Staff costs</b>		
Analysis of staff costs:		
Wages and salaries	1.949	2.676
Other social security costs	9	15
Recruitment expenses	0	4
Other staff costs	<u>144</u>	<u>47</u>
	<u><b>2.102</b></u>	<u><b>2.742</b></u>
Average number of employees	<u><b>2</b></u>	<u><b>2</b></u>
<b>2 Tangible fixed assets (000 DKK)</b>		Other fixed assets
Cost as per 1 January 2019		116
Additions during the year		0
Disposals during the year		<u>0</u>
<b>Cost as per 31 December 2019</b>		116
Depreciations as per 1 January 2019		-70
Depreciations during the year		-39
Reversed depreciation on disposals		<u>0</u>
<b>Depreciations as per 31 December 2019</b>		-109
<b>Value as per 31 December 2019</b>		<u><b>7</b></u>



## Notes

### 3 Investments

	Seed Capital Denmark III K/S
	(000 DKK)
Cost 1 January 2019	3
Additions in the year	3
Cost at 31 December 2019	6
Results and revaluation and write-downs 1 January 2019	1
Revaluation and write-downs in the period	0
Revaluation and write-downs at 31 December 2019	1
<b>Book value at 31 December 2019</b>	<b>7</b>

### 4 Equity

	Investment capital	Retained earnings	Total
Balance 1 January 2019	0	12	12
Net profit for the year 2019	0	7.040	7.040
Distributed regarding 2019	0	-7.040	-7.040
<b>Balance at 31 December 2019</b>	<b>0</b>	<b>12</b>	<b>12</b>

## Notes

### 5 Contingent liabilities

The Company has provided a guarantee for company credit cards, amounting to DKK 300,000.

The Company has entered into an office rental agreement committing an amount of DKK 104,000 for the minimum notice period.

### 6 Related parties

The Company's related parties comprise the following:

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

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

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Ulla Brockenhuus-Schack

### Direktion

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Serienummer: PID:9208-2002-2-223335598423  
IP: 80.208.xxx.xxx  
2020-06-02 12:04:16Z

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## Lars Andersen

### Direktion

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Serienummer: PID:9208-2002-2-915926638200  
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2020-06-02 12:04:54Z

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## Carsten Schou

### Direktion

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IP: 90.185.xxx.xxx  
2020-06-03 12:01:08Z

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## Ulf Lennart Rosén

### Direktion

På vegne af: Seed Capital Management III I/S  
Serienummer: 19600602xxxx  
IP: 83.254.xxx.xxx  
2020-06-04 15:00:07Z



## Peter Gath

### Statsautoriseret revisor

På vegne af: Ernst & Young P/S  
Serienummer: CVR:30700228-RID:1268145678673  
IP: 176.20.xxx.xxx  
2020-06-07 08:33:36Z

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## Jakob Fuglede Nielsen

### Dirigent

På vegne af: Seed Capital Management III I/S  
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