Nordic Eye K/S

Havnegade 55, st. th
1058 Copenhagen
CVR No. 38155326

Annual report 2023

The Annual General Meeting adopted the annual report on 04.07.2024

Anders Karlskov Kaasgaard
Chairman of the general meeting

Contents

Entity details

Entity

Nordic Eye K/S
Havnegade 55, st. th
1058 Copenhagen
Denmark

Business Registration No.: 38155326
Date of foundation: 01.11.2017
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Anders Karlskov Kaasgaard, On behalf of Nordic Eye General Partner ApS

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Nordic Eye K/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Copenhagen, 04.07.2024

Executive Board

Anders Karlskov Kaasgaard
On behalf of Nordic Eye General Partner ApS

Independent auditor's report

To the shareholders of Nordic Eye K/S

Opinion

We have audited the financial statements of Nordic Eye K/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity’s financial position at 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 - 31.12.2023 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 this auditor’s report. We are independent of the Entity 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.07.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bjørn Winkler Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne32127

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Financial highlights

	2023 EUR'000	2022 EUR'000	2021 EUR'000	2020 EUR'000	2019 EUR'000
Key figures					
Gross profit/loss	(1,851)	(1,212)	(1,436)	(1,773)	(1,956)
Net financials	(295,145)	(22,898)	293,824	57,722	20,482
Profit/loss for the year	(296,996)	(24,109)	292,388	55,949	18,526
Total assets	120,089	408,833	432,544	140,167	84,689
Equity	111,291	408,286	432,396	140,008	84,367
Cash flows from (used in) financing activities	7,015	0	0	0	0
Ratios					
Equity ratio (%)	92.67	99.87	99.97	99.89	99.62

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):
Equity * 100
Total assets

Primary activities

The fund 's objective is to invest in tech Companies within lifestyle and SaaS solutions. The fund is fully invested, and does not carry out new investments.

Development in activities and finances

The fund's income statement for 2023 shows a loss of EUR 297m and as of December 31, 2023, a Net Asset Value (NAV) of EUR 111 with Assets under Management (AUM) of EUR 120m. The primary reason for the development in the income statement is due to negative fair value adjustments of one of the portfolio investments.

The result for the year is also negatively affected by the fact that a call option due to unforeseen lack of funds during second half of the financial year were not exercised in the financial year and consequently the call option expired with a negative impact on the fair value adjustments. In accordance with accounting practice, the call option were previously recognized at fair value of underlying investment minus strike price for the options.

In 2023 the fund made a follow-on investment in existing portfolio companies. As the fund has passed its investment period, no new investments have been made.

In addition, the fund made three minor exits during the financial year, as well as prepared for further future exits. The exits made in 2023 did not have any material impact on the income statement for the financial year.

Profit/loss for the year in relation to expected developments

The negative development in the value of the fund's assets have been significantly higher than expected, even in a very challenging venture market in 2023. Please see explanation above.

Uncertainty relating to recognition and measurement

When preparing the fund's annual report, the General Partner, in accordance with legislative provisions, makes accounting judgements and estimates forming the basis of the annual report. These accounting judgement and estimates are described in note 3 “Uncertainty relating to recognition and measurement" to which we refer.

The estimates are primarily related to the fair value measurement of investments in portfolio enterprises made based on assumptions which the General Partner consider reasonable and realistic but are by nature uncertain. As the fund invests in unlisted equity investments within venture capital, the valuation may be uncertain due to several factors, including: i) current macroeconomic conditions and outlook, ii) industry specific factors, and iii) company specific factors. The individual company valuation depends to a large degree on execution of strategy by the individual companies. Furthermore, in times of elevated economic uncertainty and volatility, valuations should be viewed with further caution.

The fund's largest investment makes up 55% of the investments, and operates within the health-tech space, mainly in North America. The portfolio company has experienced a decline in valuation during the financial year of approximately 70%, which can be attributed to the conditions outlined below. The fund's result for the year is therefore significantly affected by this unrealized negative value adjustment of this portfolio company.

The valuation of the portfolio company is in accordance with generallly accepted methods calculated as a product of primarily budgeted revenue, multiples for peer group companies and adjustments for entity specific circumstances, etc.

First and foremost, the peer group for the portfolio company, which is the basis for the applied valuation multiple, has experienced a decrease of 35% compared to 31 December 2022 and 65% compared to 31 December 2021. The decrease in comparable multiples can be attributed to the increased macroeconomic uncertainty during 2023, which has had a negative effect on especially venture capital and companies with similar business model as the underlying portfolio company. A recent report from Pitchbook shows approx. 65% decline in valuations for the venture-growth segment from 2021 until 2023.

The underlying portfolio company experienced realized revenue growth of 15% percent between 2022 and 2023. However, the company saw a substantial growth in the first half of 2023, and a significant decrease in the last half of 2023. Consequently, the expected 2024 revenues have been adjusted downwards relative to prior expectations due to this decline in the revenues. The decline in revenues in second half of 2023 is for the most parts related to changing legislation regarding personal sensitive data. Resulting actions lead to increased uncertainty around growth, customer retention and marketing strategy within the portfolio company, which affects expectations for 2024 revenues – and therefore affects the valuation negatively relative to last year.

Finally, in accordance with normal practice, the applied multiple is adjusted relative to peers. Attributed to the fact, that the company's budgeted growth and earnings (EBIT) for 2024 are below the expected average development for the peer-group, the adjustment results in a discount compared to peers.

Due to above matters the realization and valuation of the estimated fair market value is subject to material uncertainty.

Outlook

Due to the current market conditions, including the fund's investment strategy, it is difficult to provide a detailed outlook. The fund will focus on exiting more of the current investments in 2024 and do expect a positive development for the fund in 2024. Cost level for the fund in the form of other external expenses, and thereby the gross profit for the year, is expected to be at the same level as in 2023, but income from investments is depending on financial markets, exits and performance of the underlying investments that cannot be foreseen with a reasonable certainty.

Use of financial instruments

Due to the fund's activities and financial instruments, it is exposed to certain financial risks being primarily liquidity risk, credit risk and currency risks.

Liquidity risk

The limited partners have paid in their total commitment why no undrawn commitment are available from limited partners. On balance date, the fund has cash amounting to 1.2 mEUR which is not sufficient to cover the current liabilities. Current liabilities and future costs such as management fee etc. will be paid with cash derived from exiting investments before distributions are made to the limited partners. Due to the cash position, the fund manager has accepted that the management fee only will be paid when underlying investments have been sold and thereby generating liquidity. Management considers that the current cash is sufficient to settle other liabilities when due.

Credit risk

In some cases, the fund provides convertible notes to its investments. No collateral has been received for these convertible notes. These convertible loans often carry conversion rights or are considered as intermediary financing with the expectation to be converted to equity investments, and hence such loans are considered part of the investment and are, therefore, not considered to represent a separate credit risk, but is rather considered being part of the total investment risk and risk relating to determining a fair value of the investments.

Currency risks
The fund's investments are exposed to changes in foreign currencies like USD, EUR and DKK. The fund considers the currency risk as part of the whole investment risk and hence, the fund does not separately hedge the currency risk relating to its investments. In addition, the fund is indirectly exposed to currency risks through investments which trade in other currencies than their functional currencies and hence, development in exchange rates may influence income and thereby their determination of fair value. See note 7 for further description and sensitivity analysis. Apart from the investments, the fund is not subject to significant currency risks.

Statutory report on corporate social responsibility
It is the mission of the fund to generate returns for our investors by investing in, developing, improving, and selling growth companies. Working towards this mission, we believe not only in economic sustainability, but also in responsible investment practices that consider our environmental and social responsibility, and good corporate governance. We invest in tech and lifestyle growth companies. Our ambition is to ensure that our companies have the required foundation for long term sustainable growth, delivering value to investors and society at large. The fund is fully invested. When the investments were made an ESG review was not fully integrated in our investment processes. The fund invests in companies as a minority and can therfore only affect ESG related matter via their ownership. The fund does not have any employees and from an ESG-perspective the fund cannot report on these matters.

Sourcing and Due Diligence
In our sourcing and diligence in other funds, we do review relevant sustainability factors in our general evaluation criteria when screening for future investment options, and we have defined a set of industry exclusion criteria in line with industry standards. We analyze our findings and incorporate them in our risk assessment, valuation processes, and investment committee material.

Active ownership and Governance
We are active in our portfolio companies and strive to ensure that they do not take steps, which are generally not considered to be ESG positive. We receive regular reporting on financial performance including ESG factors from all our portfolio companies and monitor any deviances from agreed business plans, including any new or changed business areas which are generally not considered to be ESG positive.

SFDR-reportering
The fund is classified as article 6 under the SFDR-legislation, and hence the SFDR appendix is not included in the annual report.

Further, the Investments underlying this Financial Product do not take into account the EU criteria for environmentally sustainable economic activities in accordance with article 6.

Statutory report on the underrepresented gender
The company Nordic Eye K/S does not have any employees itself and are therefore not obligated to define policies, setting targets and report on the underrepresented gender in the management commentary. The fund has invested in several companies led and founded by female founders.

Statutory report on data ethics policy

Nordic Eye 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 investments owned by the fund have very different business areas and can therefore process data to an extent where it is advisable to adopt a data policy. The data policies of the investments owned are then published either in these companies' consolidated accounts or on their website, as required.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 EUR	2022 EUR
Other external expenses	4	(1,850,507)	(1,211,804)
Gross profit/loss		**(1,850,507)**	**(1,211,804)**
Other financial income	5	(294,413,645)	(22,889,777)
Other financial expenses		(731,591)	(7,806)
Profit/loss before fair value adjustments and tax		**(296,995,743)**	**(24,109,387)**
Profit/loss for the year	6	**(296,995,743)**	**(24,109,387)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 EUR	2022 EUR
Other investments		118,893,124	408,761,399
Financial assets	7	**118,893,124**	**408,761,399**
Fixed assets		**118,893,124**	**408,761,399**
Other receivables		39,240	39,240
Receivables		**39,240**	**39,240**
Cash		**1,156,979**	**32,789**
Current assets		**1,196,219**	**72,029**
Assets		**120,089,343**	**408,833,428**

Equity and liabilities

	Notes	2023 EUR	2022 EUR
Contributed capital		49,946,892	49,946,892
Retained earnings		61,343,680	358,339,423
Equity		**111,290,572**	**408,286,315**
Other payables		7,299,856	0
Non-current liabilities other than provisions	8	**7,299,856**	**0**
Trade payables		676,523	547,050
Other payables		822,392	63
Current liabilities other than provisions		**1,498,915**	**547,113**
Liabilities other than provisions		**8,798,771**	**547,113**
Equity and liabilities		**120,089,343**	**408,833,428**
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Statement of changes in equity for 2023

	Contributed capital EUR	Retained earnings EUR	Total EUR
Equity beginning of year	49,946,892	358,339,423	408,286,315
Profit/loss for the year	0	(296,995,743)	(296,995,743)
Equity end of year	**49,946,892**	**61,343,680**	**111,290,572**

The Limited Partnership (the fund) is owned by the Limited Partners in proportion to their contributed capital, which is arranged into two different capital classes. One of the classes is tied to a preference return agreement when the return of the fund exceeds a predefined minimum return on investment. The preference return (carried interest) is based on realised investment and is distributed between the two different capital classes as part of distributions to Limited Partners, where the carried interest holders get 20% of the distributions above hurdle rate.

Cash flow statement for 2023

	Notes	2023 EUR	2022 EUR
Operating profit/loss		(1,850,507)	(1,211,804)
Working capital changes	9	80,865	439,345
Cash flow from ordinary operating activities		**(1,769,642)**	**(772,459)**
Financial income received		65,369	19,160
Financial expenses paid		(32,483)	(7,806)
Cash flows from operating activities		**(1,736,756)**	**(761,105)**
Acquisition of other investments		(6,954,565)	(115,172)
Exit of other investments		2,800,375	0
Other receivables		0	(36,468)
Cash flows from investing activities		**(4,154,190)**	**(151,640)**
Free cash flows generated from operations and investments before financing		**(5,890,946)**	**(912,745)**
Loans raised		7,015,136	0
Cash flows from financing activities		**7,015,136**	**0**
Increase/decrease in cash and cash equivalents		**1,124,190**	**(912,745)**
Cash and cash equivalents beginning of year		32,789	945,534
Cash and cash equivalents end of year		**1,156,979**	**32,789**
Cash and cash equivalents at year-end are composed of:			
Cash		1,156,979	32,789
Cash and cash equivalents end of year		**1,156,979**	**32,789**

Notes

1 Going concern

The limited partners have paid in their total commitment why no undrawn commitment are available from limited partners. On balance date, the fund has cash amounting to 1.2 mEUR which is not sufficient to cover the current liabilities. Current liabilities and future costs such as management fee etc. will be paid with cash derived from exiting investments before distributions are made to the general partners. Due to the cash position, the fund manager has provided a loan to the fund. The loan is due when the fund receives proceeds from sale of investments. Based on this, Management considers that the current cash is sufficient to settle other liabilities when due and that this arrangement and the obtained loans is sufficient to conclude, that the fund is able to continue as a going concern. See also note 8 for an obtained loan during the year.

2 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

3 Uncertainty relating to recognition and measurement

When preparing the fund's annual report, the General Partner, in accordance with legislative provisions, makes accounting judgements and estimates forming the basis of the annual report.

The estimates are primarily related to the fair value measurement of investments in portfolio enterprises made based on assumptions which the General Partner consider reasonable and realistic but are by nature uncertain. As the fund invests in unlisted equity investments within venture capital, the valuation may be uncertain due to several factors, including: i) current macroeconomic conditions and outlook, ii) industry specific factors, and iii) company specific factors. The individual company valuation depends to a large degree on execution of strategy by the individual companies. Furthermore, in times of elevated economic uncertainty and volatility, valuations should be viewed with further caution.

The fund's largest investment makes up 55% of the investments measured at fair value as of the balance sheet date, and operates within the health-tech space, mainly in North America. No transactions with the company's shares have taken place during the year and therefore, the fair value has been measured using an indirect method. The portfolio company has experienced a decline in valuation during the financial year of approximately 70%, which can be attributed to the conditions outlined below. The fund's result for the year is therefore significantly affected by this unrealized negative value adjustment of this portfolio company.

The valuation of the portfolio company is in accordance with generally accepted methods calculated as a product of primarily budgeted revenue, multiples for peer group companies and adjustments for entity specific circumstances, etc. Please refer to note 7 for further information.

First and foremost, the peer group for the portfolio company, which is the basis for the applied valuation multiple, has experienced a decrease of 35% compared to 31 December 2022 and 65% compared to 31 December 2021. The decrease in comparable multiples can be attributed to the increased macroeconomic uncertainty during 2023, which has had a negative effect on especially venture capital and companies with a similar business model as the underlying portfolio company. A recent report from Pitchbook shows approx. 65% decline in valuations for the venture-growth segment from 2021 until 2023.

The underlying portfolio company experienced realized revenue growth of 15% percent between 2022 and 2023 based on audited financial statements. However, the company saw a substantial growth in the first half of 2023, and a significant decrease in the last half of 2023. Consequently, the expected 2024 revenues have been adjusted downwards relative to prior expectations due to this decline in the revenues. The decline in revenues in second half of 2023 is for the most parts related to changing legislation regarding personal sensitive data. Resulting actions lead to increased uncertainty around growth, customer retention and marketing strategy within the portfolio company, which affects expectations for 2024 revenues – and therefore affects the valuation negatively relative to last year.

Finally, in accordance with normal practice, the applied multiple is adjusted relative to peers. Attributed to the fact, that the company's budgeted growth and earnings (EBIT) for 2024 are below the expected average development for the peer-group, the adjustment results in a discount to peers.

Due to above matters the realization and valuation of the estimated fair market value is subject to material uncertainty, and the valuation is sensitive to realization of budgeted revenue for 2024 and following years.

4 Fees to the auditor appointed by the Annual General Meeting

	2023 EUR	2022 EUR
Statutory audit services	79,007	94,030
Other services	8,302	9,360
	87,309	**103,390**

5 Other financial income

	2023 EUR	2022 EUR
Fair value adjustments	(294,478,992)	(22,908,937)
Other financial income	65,347	19,160
	(294,413,645)	**(22,889,777)**

Fair value adjustments include value and currency adjustments on the fund's holdings of unlisted shares and convertible notes. One portfolio investment, described in note 3, constitutes 95% of the fair value adjustments in 2023.

6 Proposed distribution of profit and loss

	2023 EUR	2022 EUR
Retained earnings	(296,995,743)	(24,109,387)
	(296,995,743)	**(24,109,387)**

7 Financial assets

	Other investments EUR
Cost beginning of year	39,049,304
Additions	6,954,565
Disposals	(2,800,375)
Cost end of year	**43,203,494**
Revaluations beginning of year	369,712,095
Reversal of revaluations	(757,307)
Fair value adjustments	(293,242,736)
Revaluations end of year	**75,712,052**
Reversal regarding disposals	(22,422)
Impairment losses end of year	**(22,422)**
Carrying amount end of year	**118,893,124**

Other investments constitutes of 2% convertible notes and 98% equity investments and all together measured at fair value in accordance with the methods described in the fund's accounting policies.

Currency risk

The fund's investments are exposed to changes in foreign currencies like USD, EUR and DKK. The fund considers the currency risk as part of the whole investment risk and hence, the fund does not separately hedge the currency risk relating to its investments. In addition, the fund is indirectly exposed to currency risks through investments which trade in other currencies than their functional currencies and hence, development in exchange rates may influence income and thereby their determination of fair value.

The fund has assets in both EUR, USD and DKK, and the fair value is therefore affected by fluctuations in currencies. As the fund is nominated in EUR, changes in currency rates can have a significant effect on the value of the companies in EUR and hence the P&L effect.

The effect of a 10% change in EUR and USD respectivly can be described as follows. If the EUR devalue against USD by 10%, the value of other investments will increase by 8.2 mEUR. If the EUR appreciates against USD by 10%, the value of other investments will decrease by 6.7 mEUR. This currency risk is not hedged at fund level.

Applied mutiples and sensitivity

79% of other investments, including the investment described in note 3, are valuated with a peer group revenue multiple in the range of 3.5x-4.5x before company specific adjustments in the range of 0x-1.1x are applied. Furthermore, the valuation is mainly based on budgeted revenue for 2024 according to normal practice.

A development of 20% +/- on the applied revenue multiple will affect the fair value with 19.4 mEUR / -19.8 mEUR.

21% of other investments are valued at recent round of investment as best estimate of fair value, since no material changes in business cases were realised according to IPEV Valuation guidelines and no significant changes in macro economic or market circumstances have taken place. Due to this, no sensitivity analysis have been conducted for these investments.

Liquidity risk

Maturity of financial liabilities is specified below in note 8 divided into timing intervals. The specified amounts represent the amounts due for payment. The limited partners have paid in their total commitment why no undrawn commitment are available from limited partners. On balance date, the fund has cash amounting to 1.2 mEUR which is not sufficient to cover the current liabilities. Current liabilities and future costs such as management fee etc. will be paid with cash derived from exiting investments before distributions are made to the limited partners. Due to the cash position, the fund manager has accepted that the management fee only will be paid when underlying investments have been sold and thereby generating liquidity. Management considers that the current cash is sufficient to settle other liabilities when due.

Credit risk

In some cases, the fund provides convertible notes to its investments. No collateral has been received for these convertible notes. These convertible loans often carry conversion rights or are considered as intermediary financing with the expectation to be converted to equity investments, and hence such loans are considered part of the investment and are, therefore, not considered to represent a separate credit risk, but is rather considered being part of the total investment risk and risk relating to determining a fair value of the investments.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2023 EUR
Other payables	7,299,856
	7,299,856

Other payables consists of a loan of 7,299,856 EUR. The loan will be repaid fully in one term when the due date is mature as of 20 June 2026 unless covenants are breached before. There have been no breaches during the year and as of the balance sheet date. The loan carries interest of 8% p.a.

9 Changes in working capital

	2023 EUR	**2022 EUR**
Increase/decrease in receivables	0	40,368
Increase/decrease in trade payables etc	80,865	398,977
	80,865	**439,345**

10 Employees

The fund has no employees.
Management receive no remuneration.

11 Fair value information

	2023	2022
	EUR	**EUR**
Fair value end of year	118,893,124	408,761,399
Unrealised fair value adjustments recognised in the income statement	(294,478,992)	(22,908,936)

12 Contingent liabilities

There are no contingent liabilities of the fund.

13 Assets charged and collateral

All of the fund's shares in one portfolio investment with a recognised fair value of 14.2 mEUR have been pledged as security for the loan raised of 7.299.856 EUR described in note 8.

14 Related parties with controlling interest

The fund has no related parties with controlling interest.

15 Non-arm’s length related party transactions

There is only one related party which is Nordic Eye General Partners ApS and they receive a general partner fee. Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year with exception that the annual report 2022 is presented in accordance with governing reporting class C (large).

Reporting currency is Euro (EUR).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses include management fee, GP fee, investorboard fee and administration cost relating to the Entity’s ordinary activities.

Other financial income

Other financial income comprises unrealized and realized net gains including transaction cost for unlisted investments.

Other financial expenses

Other financial expenses comprise interest expenses, bank fees and net capital or exchange losses on transactions in foreign currencies.

Balance sheet

Other investments

The fair value for each unlisted portfolio enterprise is determined based on methods which best reflect the individual investment’s potential and risk, life cycle and industry conditions.

In general, the fair value is determined following the IPEV Valuation Guidelines which prescribe the use of accepted valuation methods, such as price of recent investments, multiple analysis/benchmarking, most recent transaction multiple and other relevant methods.

The fund invests in venture capital primarily in development stage companies without any or with only limited revenue entailing that the fair value measurement of each of the investments is inherently subject to considerable uncertainty. The Fund Manager has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments.

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

Throughout the life of the investment, the General Partner reviews its investments for potential fair value adjustment, which may materialize if the portfolio enterprises have been subject to pervasive negative development and/or if the fund decides that it will no longer participate in the further funding and there is a considerable risk that the portfolio enterprise may not be able to continue its operations or it is by other means obvious that there is a pervasive decline in the fair value of the portfolio enterprise. In these cases, the value is written down to a new lower fair value based on the General Partner’s best estimate.

As investments mature, other valuation models for determining the fair value may be more appropriate. Such models are typically based on peer group multiples, which may be discounted depending on an objective assessment of the portfolio enterprise’s growth, cash flows and funding status.

The Peer Group Multiple-method uses comparable entities, in which market value and earnings are known. Based on this, a market level for revenue multiples is determined for the comparable entities. Factors as size, growth rate and liquidity are also taken into consideration when applied these methods.

In connection with the use of this method, the fund assesses which multiples are applicable as well as assesses the determination of the applicable earnings to be used in the calculation of the deemed fair value.

The calculated EV /revenue is then capitalised on the basis of a normalised revenue for the individual portfolio companies which, by adjustment for net interest-bearing debt, yield the value of the investments or similar.

Call options and warrants in portfolio companies are valued at fair value based on the diluted equity valuation of the underlying company minus strike price by executing the instrument.

The fair value is determined in the functional currency of the portfolio enterprise, which is then translated to DKK at the exchange rate at the balance sheet date, and any exchange rate adjustment is included in the fair value adjustment of the investment in profit or loss.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash
Cash comprises bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of equity and financial instruments.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, payment of dividend and other long-term liabilities.

Cash and cash equivalents comprise cash.