

Den Sociale Kapitalfond Invest Management ApS

**Vester Voldgade 108, 1.,
DK-1552 Copenhagen**

CVR no. 38 42 80 47

Annual report for 2018

Adopted at the annual general meeting

on *3 April 2019*



Adis Cosovic
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Den Sociale Kapitalfond Invest Management ApS for the financial year 1 January - 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

The executive board recommends that the annual report should be approved at the annual general meeting.

Copenhagen,

Executive board

Lars Jannick Johansen
Managing director

Jeanette Hangaard Thielholdt
Director

Torben Agerup
Director

Independent auditor's report

To the shareholder of Den Sociale Kapitalfond Invest Management ApS

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Den Sociale Kapitalfond Invest Management ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent auditor's report

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 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 judgment and maintain professional skepticism 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.

Independent auditor's report

- 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 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.

Copenhagen,

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
MNE no. mne16675

Company details

The company

Den Sociale Kapitalfond Invest Management ApS
Vester Voldgade 108, 1.
DK-1552 Copenhagen

CVR no.: 38 42 80 47

Reporting period: 1 January - 31 December 2018

Domicile: Copenhagen

Executive board

Lars Jannick Johansen
Jeanette Hangaard Thielholdt
Torben Agerup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

For more information about Den Sociale Kapitalfond Invest
and the activities performed, please visit:
www.socialkapitalfond.dk.

Management's review

Business activities

Den Sociale Kapitalfond Invest I K/S is Denmark's first social impact investment fund focusing on SMEs creating new opportunities for marginalized persons.

The fund originates from Den Sociale Kapitalfond, which since its establishment in 2011 by TrygFonden and Lars Jannick Johansen, has collaborated with approx. 110 socially responsible companies on investment and business development on a venture philanthropic basis. Den Sociale Kapitalfond, and the management company, Den Sociale Kapitalfond Management ApS, develop and test new social impact investment solutions, of which the most successful are scaled on a financially sustainable basis in new separate entities. Den Sociale Kapitalfond Invest I K/S is the first example this.

Den Sociale Kapitalfond Invest I K/S was established as a Limited Partnership in 2017, with the purpose to generate social impact and financial returns on the capital by investing in small and medium sized companies with economic growth potential and positive social impact on people and society, that are established and have headquarter in Denmark or Southern Sweden. The Limited Partnership had final closing on 12 October 2018 with a total commitment of DKK 289.3 million. The Fund is owned by Danish and international professional investors. The investors have entered into a limited partnership agreement.

Den Sociale Kapitalfond Invest Management ApS is the management company of the Fund. The purpose of the Management company is to provide management services in relation to investment, development and following exit in Portfolio Companies.

Management's review

Organization & governance

Den Sociale Kapitalfond Invest Management ApS is led by the three partners Lars Jannick Johansen (Managing Partner), Jeanette Hangaard Thielfoldt (Partner) and Torben Agerup (Partner), who also form the management company's Board of Directors. The remuneration of the three partners totaled 3.267.749 kr in 2018.

Reference is made to www.socialkapitalfond.dk for a presentation of the management team.

The management company is owned 26% by Social First Holding ApS (Lars Jannick Johansen), 26% by Rigmor Holding IvS (Jeanette Hangaard Thielfoldt), 26% by W&F Holding ApS (Torben Agerup) and 22% by Den Sociale Kapitalfond Management ApS.

Den Sociale Kapitalfond Invest Management ApS is registered by the Danish Financial Supervisory Authority as manager of alternative investment funds pursuant to § 9 section 1, cf. § 4 section 1, in the Act on managers of alternative investment funds (the AIFM Act), etc. The company is only to a limited extent subject to the AIFM Act and has thus not been affiliated with a depositary.

An Investor Advisory Board with representatives from the 7 largest investors among others validate the social impact targets of the fund's portfolio investments.

The management team collaborates with Jeppe Christiansen, Mads Øvlisen, Per Agger Nielsen and Peter Nørgaard as Senior Advisors on advice in relation to investments. The management company also has a cooperation agreement with the Den Sociale Kapitalfond Management on, among other things, shared office facilities, at arms' length principles.

The company acts responsibly and with respect for relevant guidelines and good practice. The management has, among other things, policies for conflict of interest management, risk management, and related party cooperation.

The management also seek to follow the UN principles for responsible investment (PRI) in its work, as well as the DVCA's guidelines for responsible ownership and good corporate governance for private equity funds. Reference is made to www.socialkapitalfond.dk for a compliance overview.

Management's review

Social and environmental responsibility and impact

The company actively strives to act responsibly in all matters and have a good working environment, where reasonable consideration is given to the needs and wishes of the employees, with flexibility, openness, development and contribution to the purpose at the forefront. Where appropriate, the company also strives to the greatest extent possible to trade with socially responsible companies.

The company follows the 10 principles of the UN Global Compact.

The company has adopted an environmental and climate policy, seeking to minimize its negative impact on our common environment and climate - and maximize its positive impact on society in general. The policy among others entails conscious purchase and use of subcontractors, a conscious choice of transport, and annual measurement of CO2 emissions, for 2018 of emissions related to car and air transport, of which we have bought CO2 compensation (off-setting) - not as a substitute for our personal and collective efforts to reduce our greenhouse gas emissions, but as a supplement, using www.myclimate.org In 2019, the company expect to increase coverage of CO2 emission calculations and compensation to more areas of its operations.

Business review

Development in activities and financial position

In 2018, the Fund has had a successful final closing, very close to its hard cap. Also, the management company greatly strengthened the deal flow network and number of company referrals and meetings for potential investments. In 2018, the Fund made its first investment - in HITSA A/S. The management team among others also prepared for the Fund's second investment, which was made in February 2019, in Koatek A/S.

Profit/loss for the year

The company's income statement for the year ended 31. december shows a profit of TDKK 1.749, and the balance sheet at 31 December 2018 shows equity of TDKK 2.079. The result for the year is in line with the management budget as the Fund is in the establishment phase and the profit will be used for management over the coming years. Accordingly, the management expects a significantly lower profit in 2019, in line with the budget.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The company's financial position at 31 December 2018 and the results of its operations for

Management's review

the financial year ended 31 December 2018 are not affected by any unusual matters.

Significant events occurring after end of reporting period

The management team among others also prepared for the Fund's second investment, which was made in February 2019, in Koatek A/S.

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Revenue		8.725	1.381
Other external expenses		-2.438	-269
Gross profit		6.287	1.112
Staff expenses	1	-4.126	-752
Profit/loss before net financials		2.161	360
Financial expenses	2	-9	0
Profit/loss before tax		2.152	360
Tax on profit/loss for the year		-403	-80
Profit/loss for the year		1.749	280
 Distribution of profit			
Retained earnings		1.749	280
		1.749	280

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Assets			
Other fixed asset investments		14	0
Fixed asset investments		14	0
Total non-current assets		14	0
Trade receivables		189	0
Receivables from subsidiaries		195	0
Corporation tax		229	0
Prepayments		372	61
Receivables		985	61
Cash at bank and in hand		2.425	622
Total current assets		3.410	683
Total assets		3.424	683

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Equity and liabilities			
Share capital		50	50
Retained earnings		2.029	280
Equity	3	2.079	330
Provision for deferred tax		82	0
Total provisions		82	0
Trade payables		1.011	48
Payables to subsidiaries		0	51
Corporation tax		0	80
Other payables		252	174
Short-term debt		1.263	353
Debt total		1.263	353
Total equity and liabilities		3.424	683

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	50	280	330
Net profit/loss for the year	0	1.749	1.749
Equity at 31 December 2018	50	2.029	2.079

Notes

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	3.444	644
Other social security costs	46	16
Other staff costs	<u>636</u>	<u>92</u>
	<u>4.126</u>	<u>752</u>
Average number of employees	<u>3</u>	<u>1</u>

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
2 Financial expenses		
Financial expenses, group entities	-1	0
Other financial costs	<u>10</u>	<u>0</u>
	<u>9</u>	<u>0</u>

3 Equity

The share capital consists of 50.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

Accounting policies

The annual report of Den Sociale Kapitalfond Invest Management ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The annual report for 2018 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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 measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Revenue from semiannually management fee is recognized in the income statement in the financial period.

Other external expenses

Other external expenses include expenses related to administration etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Balance sheet

Other securities and investments, fixed assets

Investments are measured at fair value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Liabilities

Liabilities, which include trade payables, payables to subsidiaries and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

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Torben Agerup

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Torben Agerup

Bestyrelsesmedlem

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NEM ID 

Jeanette Hangaard Thielholdt

Direktionsmedlem

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Lars Jannick Johansen

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Statsautoriseret revisor

På vegne af: PricewaterhouseCoopers Statsautoriseret

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