



## byFounders VC Fund II K/S

Kanonbaadsvej 2  
1437 Copenhagen  
CVR No. 41832290

## Annual report 2023

The Annual General Meeting adopted the annual report on 14.03.2024

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**Frederik Hasling**  
Chairman of the General Meeting

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# Entity details

## Entity

byFounders VC Fund II K/S

Kanonbaadsvej 2

1437 Copenhagen

Business Registration No.: 41832290

Date of foundation: 04.11.2020

Registered office: Copenhagen

Financial year: 01.01.2023 - 31.12.2023

## Executive Board

Eric Lagier

Tommy Andersen

byFounders VC General Partner II ApS, Director

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Executive Board has today considered and approved the annual report of byFounders VC Fund II 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 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 for the financial year 01.01.2023 - 31.12.2023.

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

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.03.2024

## Executive Board

**Eric Lagier**

**Tommy Andersen**

**byFounders VC General Partner II ApS**

Director

# Independent auditor's report

## To the shareholders of byFounders VC Fund II K/S

### Opinion

We have audited the financial statements of byFounders VC Fund II K/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity 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 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, as well as for the supplementary report on disclosures in accordance with the SFDR etc., hereinafter referred to as "the supplementary report".

Our opinion on the financial statements does not cover the management commentary or the supplementary report 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 the supplementary report, in doing so, consider whether the management commentary and the supplementary report 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary and the supplementary report 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 commentary or the supplementary report.

Copenhagen, 14.03.2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Bill Haudal Pedersen**

State Authorised Public Accountant  
Identification No (MNE) mne30131

# Management commentary

## Primary activities

The object of byFounders VC Fund II K/S ("the Fund") is to generate returns by making, monitoring, developing and realising investments in small and medium-sized, innovative technology and impact startups, either directly or through wholly-owned or partially owned holding companies. It is the Fund's second financial year.

## Development in activities and finances

The Company's income statement for 2023 shows a loss of DKK 56.304 thousand and at December 31, 2023, the balance sheet of the Company shows an equity of DKK 283,583 thousand.

From the establishment and until 31 December 2023 the Fund has made 24 investments in portfolio companies, of which 23 remain active investments. Increases in the value of the Fund's portfolio companies partly depend on their financial results and partly on the share market utilized to determine the price for the unlisted shares. Forthcoming results of the Fund thus depends on the development in the value of the Fund's investments in current portfolio companies.

The executive board considers the result satisfactory.

## 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.



# Supplementary reports

Please refer to page 17 for byFounders Fund II K/S' periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph of Regulation (EU) 2020/852 for the period 01.01.2023-31.12.2023.

# Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Other external expenses	1	(18,714)	(22,528)
<b>Gross profit/loss</b>		<b>(18,714)</b>	<b>(22,528)</b>
Income from financial assets		(35,081)	0
Other financial income		0	1
Other financial expenses		(2,509)	(8,823)
<b>Profit/loss for the year</b>		<b>(56,304)</b>	<b>(31,350)</b>
<b>Proposed distribution of profit and loss:</b>			
Retained earnings		(56,304)	(31,350)
<b>Proposed distribution of profit and loss</b>		<b>(56,304)</b>	<b>(31,350)</b>

# Balance sheet at 31.12.2023

## Assets

	Notes	2023 DKK'000	2022 DKK'000
Other investments		279,442	241,651
<b>Financial assets</b>	2	<b>279,442</b>	<b>241,651</b>
<b>Fixed assets</b>		<b>279,442</b>	<b>241,651</b>
Other receivables		3,919	260
<b>Receivables</b>		<b>3,919</b>	<b>260</b>
<b>Cash</b>		<b>7,554</b>	<b>0</b>
<b>Current assets</b>		<b>11,473</b>	<b>260</b>
<b>Assets</b>		<b>290,915</b>	<b>241,911</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2023</b> <b>DKK'000</b>	<b>2022</b> <b>DKK'000</b>
Contributed capital		382,207	264,518
Retained earnings		(98,624)	(42,320)
<b>Equity</b>		<b>283,583</b>	<b>222,198</b>
Bank loans		0	10,476
Payables to group enterprises		64	64
Other payables		0	188
<b>Non-current liabilities other than provisions</b>		<b>64</b>	<b>10,728</b>
Other payables		7,268	8,985
<b>Current liabilities other than provisions</b>		<b>7,268</b>	<b>8,985</b>
<b>Liabilities other than provisions</b>		<b>7,332</b>	<b>19,713</b>
<b>Equity and liabilities</b>		<b>290,915</b>	<b>241,911</b>
Employees	3		
Fair value information	4		
Contingent liabilities	5		

# Statement of changes in equity for 2023

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	264,518	(42,320)	222,198
Increase of capital	117,689	0	117,689
Profit/loss for the year	0	(56,304)	(56,304)
<b>Equity end of year</b>	<b>382,207</b>	<b>(98,624)</b>	<b>283,583</b>

The total committed capital of the company is 822,242,346 DKK and consists of 822,242,346 limited partnership shares, of which 822,077,898 are Class A shares and 164,448 are Class B shares.

Total outstanding commitment is 440.035.469 DKK.

# Notes

## 1 Other external expenses

The fund has no employees.

As stated in the Limited Partnership Agreement, the Company is required to include a specification of the Start-up Costs for the first and second audited annual report.

## 2 Financial assets

	<b>Other investments DKK'000</b>
Cost beginning of year	249,091
Disposals on divestments etc.	(11,439)
Additions	74,409
<b>Cost end of year</b>	<b>312,061</b>
Revaluations beginning of year	(7,440)
Exchange rate adjustments	5,211
Revaluations for the year	(30,390)
<b>Revaluations end of year</b>	<b>(32,619)</b>
<b>Carrying amount end of year</b>	<b>279,442</b>

Pr. 31.12.2023 the fund had 23 active investments.

Other investments consists of shares in byFounders VC Fund II K/S, where other investments are measured at fair value.

Other investments in byFounders VC II K/S comprise the following:

- 1) Equity investments in non-listed companies
- 2) SAFE notes (Simple Agreement for Future Equity)
- 3) Convertible debt instruments

The recognition and measurement of other investments are associated with some uncertainty due to investments in portfolio companies are unlisted investments in venture companies. The Company has assets in both DKK, EUR, GBP and USD. As the fund is nominated in DKK, changes in currency rates can have significant effect on the value of the companies in DKK and hence the P/L effect.

The Fund makes investments in non-listed companies, where the ability to divest and the companies' earnings are influenced by various factors, and the fair market valuation includes judgements and estimates. The fair market valuation of the investments in portfolio companies is therefore subject to uncertainties and the investments will not at all times be liquid as different market conditions may influence liquidity.

The fund invests in unlisted equity investments within the venture environment. The investments are made through the above mentioned instruments, and as a result, the valuation is associated with uncertainty, just as the valuation is dependent on the future execution of the strategy by the individual companies. In periods of high

economic uncertainty, the uncertainty surrounding the valuation will also be greater.

The fair values of the individual portfolio companies are calculated on the basis of methods that best reflect individual investment risks, life cycle, and industry conditions. Generally applicable, the fair value is calculated in accordance with IPEV valuation guidelines and accepted valuation methods.

The fair value of the investments are measured on a quarterly basis, or more frequently if significant changes occur.

The Fund Manager has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments

Investments in portfolio companies made in the financial year are recorded at fair value based on the cost price. Taking into account the timing of the investment, as well as the fact that these are unlisted smaller companies, the cost price is considered to be the best estimate of the fair value.

This can be particularly justified by the fact that the investments in these portfolio companies were made between independent parties within the last 12 months at the end of the accounting period. Since the time of investment, no significant internal or external events have occurred which are considered to have changed the fair value.

Investments in portfolio companies made more than 12 months ago are recorded at fair value based upon latest capital increase round or part sale based on the value of comparable companies as well as by applying traditional measurement methods.

### 3 Employees

The company has no employees.

### 4 Fair value information

	<b>Unlisted investments DKK'000</b>
Fair value end of year	279,442
Unrealised fair value adjustments recognised in the income statement	(23,642)

### 5 Contingent liabilities

The Company has no guarantees or contingent liabilities.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Reporting currency is Danish kroner (DKK).

## 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Income statement

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including start up expenses.

### Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

### Other financial income

Other financial income comprises net capital or exchange gains on securities and transactions in foreign currencies.



**Other financial expenses**

Other financial expenses comprise interest expense and net capital or exchange losses on securities.

**Balance sheet****Other investments**

Other investments comprise investments in portfolio companies, which are measured at fair value at the balance sheet date in accordance with the Danish Financial Statement Act § 37. Value adjustments are recognized in the income statement. The valuation is based on the price of recent investment, including currency adjustments consistent, with the IPEV Valuation Guidelines.

**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.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: byFounders VC Fund II K/S    Legal entity identifier: 894500N8IVFBHHR7UC11

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> ___%	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

Our focus is to generate positive and measurable social and/or environmental impact alongside financial growth. Thus, we pursue investments that address major challenges to the planet and society with a high degree of intentionality and preferably address one of the UN Sustainable Development Goals. Most impact investments that we target will meet one or more of the following environmental and/or social characteristics of the Fund:

1. Climate change mitigation
2. Improved quality of life
3. Improved quality of healthcare offered to the public

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The target is to have more than 50% of such investments in the portfolio. In the reporting period, 50% of our new investments addressed either climate change or public health, meeting the promoted environmental and/or social characteristics in accordance with the binding elements of the investment strategy.

The total percentage of E/S promoting investments in the Fund is 35% to date and we will continue our efforts to increase the proportion throughout the active investment period.

***Investments that met environmental characteristics in 2023:***

Ento Labs ApS uses machine learning architecture and smart meter data to help energy managers identify, prioritize, and verify energy and climate optimizations without additional hardware or manual inspection. In 2023, their solution reduced 9000 tons of CO2 and saved 40,000 GWh.

DREM (Newren AB) is building a marketplace for, and simplifying the deployment of distributed renewable energy for households. In 2023, they generated 130 tons of annual CO2 savings from converting other heat sources to heat pumps for private homes.

Meine Erde's is developing a new burial technology that transforms the body into fertile soil in just 40 days with the help of natural microorganisms and plant materials, binding the carbon contained in the body and enriching the soil with its nutrients. In 2023, they reduced 2.17 tons of CO2. They are still in the early pilot stages and we see great potential for further reductions in both energy use and avoidance of CO2 emissions.

Jellatech specializes in creating high-quality, pure, animal-free complex proteins, by genetically engineering mammalian cells to produce them, starting with collagen. We expect this technology to have a significant positive effect on the environment, as their technology is expected to significantly reduce Co2 emissions compared to legacy solutions, such as gelatin processing.

***Investments that met social characteristics in 2023:***

Aumio is building a holistic support universe for parents, covering both babies and kids with two apps: AumioBaby and AumioKids. AumioBaby is a companion for healthy baby sleep and gives parents the precious rest they need. On the other hand, AumioKids provides daily therapeutic audio exercises and sleep stories in a playful and child-centered way. Their solutions address SDG 3, "Good Health and Well-being", measured through the improvement in children's quality of life and quality of sleep. In 2023, AumioKids improved the \*sleep quality and overall \*\*quality of life of 90,940 children. Specifically, children using Aumio for 12 weeks or more reported a 27% improvement in sleep quality and a 5% increase in their overall quality of life. \*Sleep quality was assessed through children's and parental evaluations, considering factors like ease of sleeping, physical symptoms, daytime functioning, and sleep environment. \*\*Quality of life is based on a child's subjective assessment of their physical, emotional, mental, social, and behavioral well-being and functioning.

Adaptyv Biosystems revolutionizes lab data generation with an automated protein foundry, making protein design testing 5x cheaper and faster through an "API" call-like approach. Their technology has the potential to significantly reduce the cost and accelerate the pace of protein binding assays. As a result, protein engineering companies will be able to iterate faster, facilitating the discovery of life-changing proteins. This advancement has wide-ranging

applications, from the development of vaccines and drugs to the creation of novel biological technologies aimed at combating climate change.

Livv is developing an AI companion that enables users to manage their health journey. It aggregates medical records into a single portal, employing AI for PDF processing and GDPR-compliant data ingestion. It further enriches consumer experience by integrating wearable data and offering AI chatbot support, while also providing healthcare providers with efficient data utilization. This technology holds great potential for better patient care by streamlining medical record management, enhancing accessibility, and enabling healthcare providers to make more informed decisions, ultimately leading to improved health outcomes for patients.

● ***How did the sustainability indicators perform?***

We used the following sustainability indicators to measure the attainment of the environmental and social characteristics of the Fund in 2023:

1. Estimated tons of CO2 reduced
2. Estimated tons of CO2 saved
3. Estimated GWh saved
4. Number of children with improved sleep quality & quality of life

During the reporting period, investments in our operational assets yielded the following, aggregated outcomes:

1. 9002.17 estimated tons of CO2 reduced
2. 30 estimated tons of CO2 saved
3. 40,000 estimated GWh saved
4. 90,940 children with improved sleep quality & quality of life

All of the investments that are still under development, and have therefore not reached a state, where the E/S indicators can be reliably measured, have not been included in this reference period.

—

The investments in Ento Labs ApS, DREM (Newren AB) and Meine Erde's, as further described in the section above, all target SDG 13 as part of their solution, which emphasizes climate action. While each of them addresses it uniquely, they all share the goal of combatting climate change by avoiding or reducing CO2 emissions.

—

We invest in early-stage startups, and it is therefore expected that the sustainability indicators grow in parallel with the growth of the portfolio companies. For the more mature portfolio companies, we see overall promising results. Currently, there are no common reporting standards for early-stage startups, and thus it is important to note that the sustainability indicators are based on unaudited voluntary reporting from the portfolio companies.

- **...and compared to previous periods?**

We see a significant improvement in Ento Labs' sustainability indicator, showing a 53% increase in the tons of reduced CO2, climbing from 5900 tons of CO2 reduced in 2022 to 9000 tons in 2023.

Although we have reported Aumio's sustainability indicator in 2022, it has now changed from the number of minutes played in the app (totaling 26,721 minutes in 2022) to the number of children helped with improved sleep quality and quality of life (90,940 children in 2023). Therefore, a direct comparison between the two reporting periods is not suitable for this portfolio company.

**Summary:**

<b>Company &amp; Sustainability Indicator</b>	<b>2022</b>	<b>2023</b>
Ento Labs - tons of reduced CO2	5900 tons	9000 tons
Aumio - number of children helped with improved sleep quality and quality of life	N/A - Indicator Changed	90,940 children

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As there is no previous periodic reporting for the remaining portfolio companies, no comparison has been made for these portfolio companies. Given that we invest in early-stage startups, it's important to note that sustainability indicators may evolve over time as companies mature and gain more resources to enhance their reporting capabilities.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

*N/A - The fund did not make any sustainable investments.*

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective**

*N/A - The fund did not make any sustainable investments.*

*How were the indicators for adverse impacts on sustainability factors taken into account?*

*N/A - The fund did not make any sustainable investments.*

- — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

*N/A - The fund did not make any sustainable investments.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

While the Investment Manager does consider sustainability risks in its investment decisions, it does not currently take into consideration the principal adverse impact indicators set out in Table 1-3 of Annex 1 of the Commission’s delegated regulation supplementing Regulation (EU) 2019/2088 (the Sustainable Finance Disclosure Regulation) in its investment decisions as these currently do not include metrics that are deemed applicable to the early-stage investments that the Fund undertakes.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



## What were the top investments of this financial product?

Largest investments in 2023	Sector	% of Assets deployed in 2023	Country
Lovable Labs	Tech	34.2%	Sweden
Jellatech	Tech	18.9%	USA
Rig.Dev	Tech	10.7%	Denmark
Adaptyv Biosystems	Tech	10.7%	Switzerland
Livv	Tech	8.3%	Norway
QA Tech	Tech	8.3%	Sweden
Vibrant	Tech	7.3%	Denmark
Ento Labs	Tech	1.3%	Denmark
Januar	Tech	0.3%	Denmark

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **01/01/2023 - 31/12/2023**

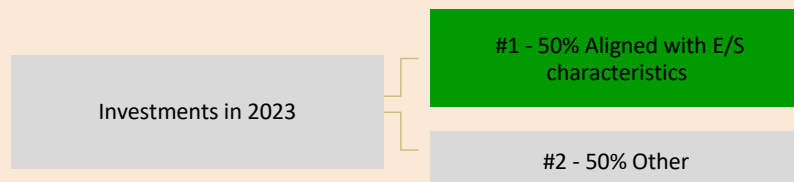


## What was the proportion of sustainability-related investments?

*N/A - The fund did not make any sustainable investments.*

### ● **What was the asset allocation?**

The financial product invested in early-stage technology companies at the pre-seed and seed stages across Europe. During the reference period, 50% of our investments aligned with the E/S characteristics promoted by the fund, while the remaining 50% neither aligned with these characteristics nor qualified as sustainable investments.



*#1 Aligned with E/S characteristics includes the investments of byFounders VC Fund II K/S used to attain the environmental or social characteristics promoted by the financial product.*

*#2 Other includes the remaining investments of byFounders VC Fund II K/S which are neither aligned with the environmental or social characteristics nor are qualified as sustainable investments.*

● **In which economic sectors were the investments made?**

<b>Sector</b>	<b>Sub-sector</b>	<b># of initial investments 2023</b>	<b>% of initial investments 2023</b>
Tech	DevTool	3	50%
Tech	Techbio	2	33%
Tech	Digital Health	1	17%



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

*N/A - The fund did not make any sustainable investments.*

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

- Yes:
- In fossil gas     In nuclear energy
- No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.  
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

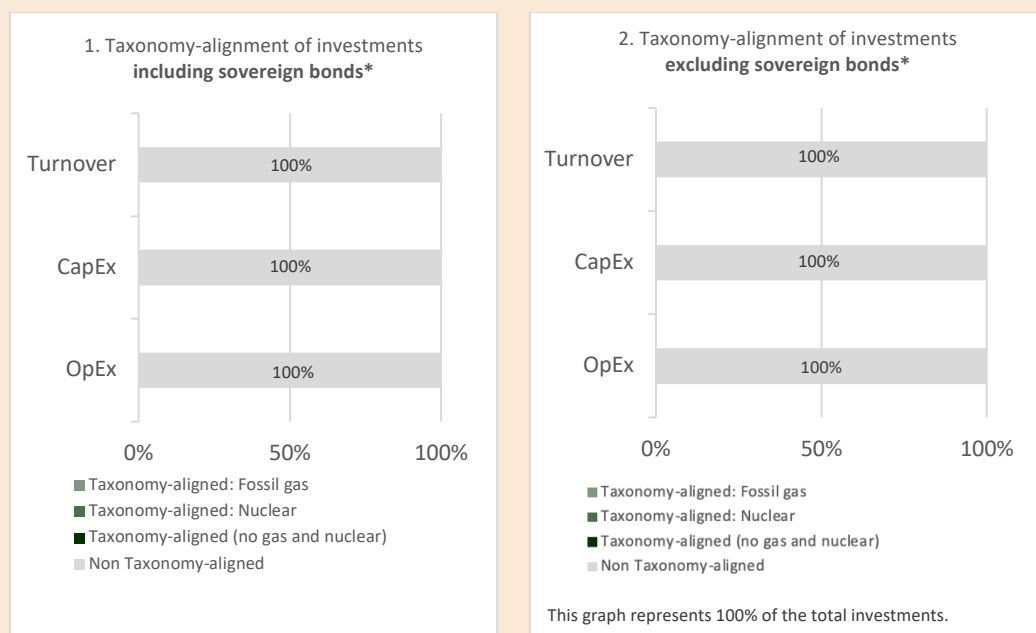
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What was the share of investments made in transitional and enabling activities?**

N/A - The fund did not make any sustainable investments.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A - The fund did not make any sustainable investments.



- **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

N/A - The fund did not make any sustainable investments.



- **What was the share of socially sustainable investments?**

N/A - The fund did not make any sustainable investments.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The investments we have made that are not aligned with E/S characteristics are all transformative businesses that we believe will facilitate positive change for businesses and people. Moreover, we've ensured that 100% of these investments are living up to our environmental and social safeguards (ESG criteria), as outlined in the sub-section below.

1. **Environmental factors:** This encompasses climate change mitigation and adaptation, preservation of biodiversity, pollution prevention, and the circular economy.
2. **Social considerations:** This entails addressing issues of inequality, promoting inclusiveness, upholding labor standards in supply chains, nurturing human capital and communities, as well as safeguarding human rights.
3. **Governance factors:** This involves examining management and board structures, executive remuneration, and governing policies, among other factors, with the ultimate goal of effectively integrating social and environmental considerations into the decision-making process of an organization.

Our overarching aim is to effectively integrate social and environmental considerations into the decision-making processes of each organization we invest in.

Initial 2023 Investments included under “Other”
Lovable Labs
Rig.Dev
QA Tech



### What actions have been taken to meet the environmental and/or social characteristics during the reference period?

#### PRE-INVESTMENT:

We employ a three-step assessment process for all potential portfolio companies:

1. **Negative screening** to ensure that ethical standards are being met, including both the product and the industry;
2. **ESG Responsibility screening** to evaluate whether founders are committed to responsible business practices, including the integration of environmental, social, and governance factors into operations; and

3. **Impact screening** to assess the intentional and sustainable addressing of significant global problems.

In Steps 1 (Negative Screening) and 2 (ESG Responsibility Screening), we evaluate all the material ESG risks to ensure we make informed and responsible investment choices that align with our commitment to sustainable and ethical business practices. Step 3 (Impact Screening) is used to determine if the company addresses significant global problems intentionally and sustainably and only applies to companies that promote E/S characteristics.

#### **POST-INVESTMENT:**

During the ownership phase in 2023, byFounders worked together with the relevant portfolio companies (e.g., promoting E/S characteristics) to further develop their ESG and impact strategy to ensure the objectives of the fund are being addressed.

In collaboration with the founders and key management of our portfolio companies, we established one or a maximum of two dedicated impact Key Performance Indicators (KPIs), which are in alignment with the E/S characteristics promoted by the fund. These KPIs are reported annually through our “Annual Responsibility Survey”, once the companies are fully operational (e.g., have sales), as they can otherwise not be measured and reported. In the same survey, we also delved into our portfolio companies' organizational structure and business activities to ensure they are operating their business responsibly.

For the companies that have developed and matured since our initial investments, we revisited these KPIs to ensure their continued relevance and alignment with evolving business objectives and industry standards. This iterative process allows us to adapt and optimize our impact measurement strategies in accordance with the growth and changing dynamics of our portfolio companies.



#### **How did this financial product perform compared to the reference benchmark?**

byFounders has not yet identified any relevant benchmark index for early-stage software businesses. Therefore, we do not use an index as a reference benchmark.

- ***How does the reference benchmark differ from a broad market index?***

*N/A no reference benchmark identified.*

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

*N/A no reference benchmark identified.*

- ***How did this financial product perform compared with the reference benchmark?***

*N/A no reference benchmark identified.*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How did this financial product perform compared with the broad market index?***

*N/A no reference benchmark identified.*