



byFounders Collective Invest II K/S

Kanonbaadsvej 2
1437 Copenhagen K
CVR No. 42489514

Annual report 2023

The Annual General Meeting adopted the annual report on 04.04.2024

Tommy Andersen
Chairman of the General Meeting

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Entity details

Entity

byFounders Collective Invest II K/S
Kanonbaadsvej 2
1437 Copenhagen K

Business Registration No.: 42489514
Date of foundation: 24.06.2021
Registered office: Copenhagen
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Tommy Andersen
Eric Lagier
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 Collective Invest 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, 04.04.2024

Executive Board

Tommy Andersen

Eric Lagier

byFounders VC General Partner II ApS

Director

Independent auditor's report

To the shareholders of byFounders Collective Invest II K/S

Opinion

We have audited the financial statements of byFounders Collective Invest 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.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant

Identification No (MNE) mne30131

Management commentary

Primary activities

The fund's main activity is to act as a feeder fund for byFounders VC Fund II K/S

Development in activities and finances

The fund's income statement for 2023 shows a loss of DKK 1,595 thousand and at December 31, 2023, the balance sheet of the fund shows equity of DKK 23,498 thousand.

The executive board considers the result acceptable and in line with expectations.

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 DKK	2022 DKK
Other external expenses		(167,437)	(153,327)
Gross profit/loss		(167,437)	(153,327)
Income from financial assets		(1,427,779)	(507,532)
Other financial income		1,231	11,578
Other financial expenses		(1,100)	(60,238)
Profit/loss for the year		(1,595,085)	(709,519)
Proposed distribution of profit and loss:			
Retained earnings		(1,595,085)	(709,519)
Proposed distribution of profit and loss		(1,595,085)	(709,519)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other investments		10,019,036	7,827,433
Financial assets	1	10,019,036	7,827,433
Fixed assets		10,019,036	7,827,433
Other receivables		0	79,752
Contributed capital in arrears		0	372,500
Receivables		0	452,252
Cash		13,536,263	13,200,949
Current assets		13,536,263	13,653,201
Assets		23,555,299	21,480,634

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		25,996,875	22,360,000
Reserve for non-paid contributed capital		0	372,500
Retained earnings		(2,499,076)	(1,276,491)
Equity		23,497,799	21,456,009
Other payables		57,500	24,625
Current liabilities other than provisions		57,500	24,625
Liabilities other than provisions		57,500	24,625
Equity and liabilities		23,555,299	21,480,634
Employees	2		
Contingent liabilities	3		

Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for non-paid contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	22,360,000	372,500	(1,276,491)	21,456,009
Increase of capital	3,636,875	(372,500)	372,500	3,636,875
Profit/loss for the year	0	0	(1,595,085)	(1,595,085)
Equity end of year	25,996,875	0	(2,499,076)	23,497,799

The Partners have committed themselves to contributing up to DKK 29,448 thousand into the fund, when new capital is required for making investments, paying fund costs etc.

Of the total committed capital, the Partners have paid-in net DKK 25,997 thousand at 31.12.2023, and the remaining contribution balance is DKK 3,451 thousand.

Notes

1 Financial assets

	Other investments DKK
Cost beginning of year	8,471,881
Additions	3,619,382
Cost end of year	12,091,263
Revaluations beginning of year	(644,448)
Fair value adjustments	(1,427,779)
Revaluations end of year	(2,072,227)
Carrying amount end of year	10,019,036

Other investments consists of shares in ByFounders Fund II K/S, where other investments are measured at fair value. Other investments in ByFounders VC Fund II K/S comprise the following instruments:

- 1) Equity investments in non-listed companies
- 2) SAFE-notes (simple agreements for future equity)
- 3) Convertible debt instruments

The Entity has through its investment in a portfolio fund ownership of solely unlisted investments. The Entity does not possess controlling or significant influence on the portfolio fund in which the Entity has invested.

As a part of the compilation of the annual report, Management assesses the fair value principles and accounting estimates of the portfolio fund, and evaluate if the applied principles are fair, based upon management experience and knowledge regarding the specific portfolio fund. Given the nature of the unlisted investments the valuation is inherently associated with uncertainty, and the final valuation or sale price of the investments held by the portfolio fund, will depend on the future developments in market and specific factors, including earnings, interest rates, foreign exchange, etc.

The unrealised fair value adjustments recognized in this annual report is a result of the performance and valuation of the portfolio fund. Annually the Entity receives audited financial statements by an independent auditor from the portfolio fund, which serve as the basis for the year-end valuation.

Neither Management nor the Entity has any influence on the fair value assessments in the portfolio fund, and since the fair value is based upon audited figures, no quantitative inputs can be disclosed. The portfolio fund in which the Entity has invested use common accepted guidelines for measuring the fair value. The fair value measuring of the investments held by the portfolio fund is made by the manager of the portfolio fund. The fair value of all investments held by the Entity are based on level 3 in the fair value hierarchy (unobservable inputs) under IFRS.

For further considerations see accounting policies.

2 Employees

The Fund has no employees.

The Executive Board has not received any remuneration.

3 Contingent liabilities

The Fund has no guarantees or contingent liabilities, but has an outstanding commitment of 17 million.

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.

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 expenses relating to the Entity's ordinary activities.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of fair value adjustment, interest, dividends, etc. on fixed asset investments.

Other financial income

Other financial income comprise interest income.

Other financial expenses

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

Balance sheet

Contributed capital in arrears

Contributed capital in arrears consists of capital subscribed, but not paid up, which is recognised as a separate amount receivable in assets and a separate reserve in equity (gross method). The amount receivable is measured at amortised cost.

Other investments

Other investments recognized under fixed assets solely consist of unlisted investments in an alternative investment fund (AIF) measured at fair value through the income statement.

When measuring the fair value of the investment in the alternative investment fund (AIF), the valuation is based upon the fair value of the assets and liabilities included in the portfolio fund and as shown in the audited annual reports of the portfolio fund. The fair value of the portfolio fund is calculated based on recognized valuation methods, including IPEV valuation guidelines, which essentially correspond to recognition and measurement provisions in IFRS 13. The fair value of the portfolio fund corresponds to the accumulated share of ownership of the total capital of the underlying portfolio fund.

As a result of the investment being made through another alternative investment fund, it is not possible to provide additional information about the used multiple, yield requirements, etc. in the valuation. At Q4 the Entity receives audited financial statements by an independent auditor from the underlying funds which is the basis for the valuation at the balance sheet date.

Since the valuation in the portfolio fund depends on assumptions regarding future earnings in underlying entities owned by the portfolio fund and the development in market multiples, the valuation is linked to natural uncertainty. This uncertainty will naturally be greater in periods of fluctuation in the financial markets, where market multiples, and thus the valuation will be influenced by, among other things, the development of liquidity premiums and the possibility of selling underlying entities in the portfolio fund.

Outstanding investment commitments at the balance sheet date are disclosed as contingent liabilities in the notes.

Receivables

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

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

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