

# Design Impact Fund I K/ S

Wildersgade 60C, 3. tv, 1408 Copenhagen K

CVR no. 40 01 89 21

## Annual report 2022

Approved at the Company's annual general meeting on 27 June 2023

Chair of the meeting:

.....  
Liza Chong

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## Statement by the Board of Directors and the Executive Board

Today, the Management has discussed and approved the annual report of Design Impact Fund I K/S for the financial year 1 January - 31 December 2022.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 June 2023  
Management, Design Impact Fund I Komplementar ApS:

.....  
Liza Chong

## Independent auditor's report

To the limited partners of Design Impact Fund I K/S

### Opinion

We have audited the financial statements of Design Impact Fund I K/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

## Independent auditor's report

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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 June 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Kaare K. Lendorf  
State Authorised Public Accountant  
mne33819

## Management's review

### Company details

|                            |                                                                                                            |
|----------------------------|------------------------------------------------------------------------------------------------------------|
| Name                       | Design Impact Fund I K/S                                                                                   |
| Address, Postal code, City | Wildersgade 60C, 3. tv, 1408 Copenhagen K                                                                  |
| CVR no.                    | 40 01 89 21                                                                                                |
| Established                | 30 October 2018                                                                                            |
| Registered office          | Copenhagen                                                                                                 |
| Financial year             | 1 January - 31 December                                                                                    |
| Executive Board            | Liza Chong                                                                                                 |
| General Partner            | Design Impact Fund I Komplementar ApS                                                                      |
| Auditors                   | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,<br>Denmark |

### Management commentary

#### Business review

The limited partnership's purpose is, directly or indirectly, to invest in companies selected from INDEX: Award pipeline.

#### Financial review

The income statement for 2022 shows a profit of DKK 1,340,242 against a profit of DKK 236,541 last year, and the balance sheet at 31 December 2022 shows equity of DKK 14,096,923. Management considers the Company's financial performance in the year satisfactory.

#### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements 1 January - 31 December

### Income statement

| DKK                                              | 2022      | 2021    |
|--------------------------------------------------|-----------|---------|
| <b>Gross profit/ loss</b>                        | -35,810   | -9,501  |
| Fair value adjustment of other investment assets | 1,381,986 | 251,924 |
| <b>Profit before net financials</b>              | 1,346,176 | 242,423 |
| Financial expenses                               | -5,934    | -5,882  |
| <b>Profit for the year</b>                       | 1,340,242 | 236,541 |

### Recommended appropriation of profit

|                   |           |         |
|-------------------|-----------|---------|
| Retained earnings | 1,340,242 | 236,541 |
|                   | 1,340,242 | 236,541 |

## Financial statements 1 January - 31 December

### Balance sheet

| Note | DKK                                              | 2022              | 2021              |
|------|--------------------------------------------------|-------------------|-------------------|
|      | <b>ASSETS</b>                                    |                   |                   |
|      | <b>Fixed assets</b>                              |                   |                   |
| 4    | <b>Investments</b>                               |                   |                   |
|      | Other securities and investments                 | 14,150,827        | 12,683,741        |
|      |                                                  | <u>14,150,827</u> | <u>12,683,741</u> |
|      | <b>Total fixed assets</b>                        | <u>14,150,827</u> | <u>12,683,741</u> |
|      | <b>Non-fixed assets</b>                          |                   |                   |
|      | <b>Receivables</b>                               |                   |                   |
|      | Other receivables                                | 0                 | 90,940            |
|      |                                                  | <u>0</u>          | <u>90,940</u>     |
|      | <b>Cash</b>                                      | <u>1,047</u>      | <u>0</u>          |
|      | <b>Total non-fixed assets</b>                    | <u>1,047</u>      | <u>90,940</u>     |
|      | <b>TOTAL ASSETS</b>                              | <u>14,151,874</u> | <u>12,774,681</u> |
|      | <b>EQUITY AND LIABILITIES</b>                    |                   |                   |
|      | <b>Equity</b>                                    |                   |                   |
| 5    | Investments by limited partners                  | 8,191,610         | 8,191,610         |
|      | Retained earnings                                | 5,905,313         | 4,565,071         |
|      | <b>Total equity</b>                              | <u>14,096,923</u> | <u>12,756,681</u> |
|      | <b>Liabilities other than provisions</b>         |                   |                   |
|      | <b>Current liabilities other than provisions</b> |                   |                   |
|      | Bank debt                                        | 0                 | 1,622             |
|      | Trade payables                                   | 17,462            | 0                 |
|      | Other payables                                   | 37,489            | 16,378            |
|      |                                                  | <u>54,951</u>     | <u>18,000</u>     |
|      | <b>Total liabilities other than provisions</b>   | <u>54,951</u>     | <u>18,000</u>     |
|      | <b>TOTAL EQUITY AND LIABILITIES</b>              | <u>14,151,874</u> | <u>12,774,681</u> |

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Staff costs
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

| DKK                                      | Investments by<br>limited partners | Retained<br>earnings | Total             |
|------------------------------------------|------------------------------------|----------------------|-------------------|
| <b>Equity at 1 January 2022</b>          | 8,191,610                          | 4,565,071            | 12,756,681        |
| Transfer through appropriation of profit | 0                                  | 1,340,242            | 1,340,242         |
| <b>Equity at 31 December 2022</b>        | <u>8,191,610</u>                   | <u>5,905,313</u>     | <u>14,096,923</u> |

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Design Impact Fund I K/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

Income is recognised in the profit and loss account concurrently with the realisation, including the recognition of the value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, write-down, provisions, and reversals which are due to changes in estimated amounts are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the Company is liable to achieve future, financial benefits and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at costs. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into considerations, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Income statement

##### Gross profit/ loss

The items net operating income from properties and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

##### External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration etc.

##### Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Design Impact Fund I K/S is not a separate entity subject to taxation. The tax liability in respect of the Fund's earnings is incumbent on the individual investors of the Fund. For this reason, no tax is calculated on the Fund's earnings, and withholding of foreign tax on dividends from investments is charged directly to the Fund's investors.

##### Balance sheet

##### Investments

Other securities and investments

On initial recognition, other securities and investments are determined at the exchange rates at the transaction date and are subsequently measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on most recent equity raise of the fund.

The fair value measurement is based on recognised valuation methods on the basis of observable market information (fair value hierarchy 3).

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are recognised in the balance sheet at amortised cost, which is equivalent to nominal value less write-down for bad debt losses. Write-downs are made for bad debt losses based on an individual assessment of receivables.

Receivables from limited partners regarding cash calls receivable, etc. are recognised at nominal value.

##### Cash

Cash comprise cash.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

#### 2 Recognition and measurement uncertainties

The determination of the carrying amount of other securities and investments requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are based on the investment's most recent equity raise as an indicator of market value, which are associated with uncertainty and unpredictability due to the investment's early stage business. There are often no current, short-term, future earnings or positive cash flows, which can make it difficult to gauge the probability of the investment's future success.

The assumptions made may prove incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Fund is subject to risks and uncertainties, which may lead to actual results differing from the estimates.

It may be necessary to change previously made estimates as a consequence of changes in the circumstances on which the previous estimates were based or due to new knowledge or subsequent events.

Estimates essential to the financial reporting may for example comprise determination of the value of the underlying investments. Because of the measurement principles used, the calculation of fair value will be subject to uncertainty.

#### 3 Staff costs

The Company has no employees.

#### 4 Investments

| DKK                                        | Other securities<br>and investments |
|--------------------------------------------|-------------------------------------|
| Cost at 1 January 2022                     | 8,078,304                           |
| Additions                                  | 85,100                              |
| Cost at 31 December 2022                   | 8,163,404                           |
| Value adjustments at 1 January 2022        | 4,605,437                           |
| Revaluations for the year                  | 1,381,986                           |
| Value adjustments at 31 December 2022      | 5,987,423                           |
| <b>Carrying amount at 31 December 2022</b> | <b>14,150,827</b>                   |

## Financial statement 1 January – 31 December

### Notes to the financial statements

#### 4 Investments (continued)

On initial recognition, investments are measured at cost translated at the exchange rates at the transaction date. Subsequently investments are measured at fair value translated at the exchange rate at the balance sheet date. The fair value is determined by each fund based on most recent equity raise.

Design Impact Fund I K/S only invests in early stage businesses, which are not quoted on an active market. The investments in these funds will generally be classified as Level 3 in the fair value hierarchy. There are often no current, short-term, future earnings or positive cash flows, which can make it difficult to gauge the probability of the investment's future success. Design Impact Fund I K/S therefore places an emphasis on market indicators. Design Impact Fund I K/S has determined the best indicator of fair value is the most recent equity raise of the fund. In determining the appropriateness of using the most recent equity raise as an indicator of market value the Fund considers whether there are any factors that could indicate that the most recent raise is not reflective of fair value:

- ▶ Different rights attached to new and existing investments;
- ▶ Disproportionate dilution of existing investors arising from a new investor;
- ▶ Whether the new investor is motivated by a strategic consideration; or
- ▶ Whether the transaction is considered to be a forced sale of 'recuse package.'

If any of the above factors apply, then Design Impact Fund I K/S will make an allowance against the valuation or disregard the equity raise due to it not being reflective of market.

If there has not been a recent equity raise Design Impact Fund I K/S will review all information available to it to determine if there are any other factors that might impact the valuation. In the absence of any contradictory information the valuation is left at the value of the last equity.

The review of the valuation process is performed by the Management of Design Impact Fund I K/S. Management bases their ongoing review of the valuation process on the information reported from the invested funds. In Management's review of the valuation process, the obtained reported information is compared to cost and, if the information is not in accordance with cost, Management engages in dialog with the funds' Management in order to clarify any irregularities. At least once every year, Design Impact Fund I K/S ensures that valuation of all the assets in the funds is carried out.

The following table shows information about the funds used unobservable inputs related to the fair value measurement at 31 December 2022:

## Financial statement 1 January – 31 December

### Notes to the financial statements

#### 4 Investments (continued)

| Fund                      | Type               | Valuation                | Unobservable inputs      |
|---------------------------|--------------------|--------------------------|--------------------------|
| Electroninks Incorporated | Investment in fund | Cost                     | N/A                      |
| Iris.ai Inc               | Investment in fund | Most recent equity raise | Price per share          |
| Seaborg ApS               | Investment in fund | Most recent equity raise | Price per share          |
| What3Words Limited        | Investment in fund | Most recent equity raise | Price per share          |
| Transcense Inc            | Investment in fund | Cost                     | N/A                      |
| Zipline International Inc | Investment in fund | Most recent equity raise | Price per share          |
| Ignitia AB                | Investment in fund | Most recent equity raise | Price per share          |
| Agribuddy                 | Investment in fund | Cost                     | N/A                      |
| Destacame                 | Investment in fund | Most recent equity raise | Price per share          |
| Wefarm                    | Investment in fund | Write down to 0          | Bankruptcy               |
| Ananas Anam               | Investment in fund | Cost                     | N/A                      |
| CanopyLAB                 | Investment in fund | Write down to 0          | Under forced dissolution |

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Investments by limited partners

The total subscribed equity capital amounts to DKK 8,191,610, the equity called at year end amounts to DKK 8,191,610.

##### Limited Partners holding more than 5 % of the subscribed capital:

Zaida's Hat Pty Ltd.  
RH Investments (Vic) Pty Ltd.  
Frigast A/S  
Hegelund Invest ApS  
Silja Nyboe Andersen  
Gregers Kronborg ApS  
A/S FRYCO

#### 6 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

There are no contingent liabilities at 31 December 2022.

#### 7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

# PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

**Liza Chong**

**Executive Board**

On behalf of: the company

Serial number: 5dc48f51-1793-406b-965a-6049a1d2877f

IP: 194.62.xxx.xxx

2023-06-27 08:08:33 UTC



**Liza Chong**

**Chairman**

On behalf of: the company

Serial number: 5dc48f51-1793-406b-965a-6049a1d2877f

IP: 194.62.xxx.xxx

2023-06-27 08:08:33 UTC



**Kaare Kristensen**

**State Authorised Public Accountant**

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:73827337

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