



Sunstone Technology Ventures Fund I K/S

Frederiksgade 7, 3.
1265 Copenhagen
CVR No. 30589408

Annual report 2024

The Annual General Meeting adopted the annual report on 27.02.2025

Signe Marie Sveinbjørnsson
Chairwoman of the General Meeting

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Entity details

Entity

Sunstone Technology Ventures Fund I K/S

Frederiksgade 7, 3.

1265 Copenhagen

Business Registration No.: 30589408

Registered office: København

Financial year: 01.01.2024 - 31.12.2024

Board of Directors in Sunstone TV General Partner I ApS

Signe Marie Sveinbjørnsson

Jimmy Fussing Nielsen

Christian Lindegaard Jepsen

Executive Board in Sunstone TV General Partner I ApS

Jimmy Fussing Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Sunstone Technology Ventures Fund I K/S for the financial year 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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, 30.01.2025

Executive Board

Jimmy Fussing Nielsen

Board of Directors

Signe Marie Sveinbjørnsson

Jimmy Fussing Nielsen

Christian Lindegaard Jepsen

Independent auditor's report

To the shareholders of Sunstone Technology Ventures Fund I K/S

Opinion

We have audited the financial statements of Sunstone Technology Ventures Fund I K/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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, 30.01.2025

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Michael Thorø Larsen

State Authorised Public Accountant

Identification No (MNE) mne35823

Management commentary

Primary activities

Sunstone Technology Ventures Fund I K/S invests in early-stage technology companies mainly located in the Nordic countries. A team of investment professionals is responsible for the investment management.

Development in activities and finances

The Fund was established 8 May 2007 as a spinout of 14 portfolio companies in EIFO. At the end of 2024, the Fund holds 1 active portfolio enterprise.

The result for the year showed a loss of DKK 13 million, primarily related to fair value loss from the investments in the portfolio companies.

Forthcoming results of Sunstone Technology Ventures Fund I K/S depend on the development in the value of the Fund's investment in portfolio companies.

Development in selected portfolio enterprises

FlatFrog Laboratories AB: Located in Lund, Sweden, with offices in Taipei, Taiwan and Cupertino, California. FlatFrog develops multi-touch systems and sub-systems targeting the multi-billion-dollar market for touchbased interactivity. The company continued its development of the multi-touch performance technology for large displays for education, digital signage and corporate collaboration segments and has proven to have excellent capabilities scaling the production.

Uncertainty relating to recognition and measurement

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

These accounting judgement and estimates are described in note 1 "Uncertainty relating to recognition and measurement" to which we refer. The estimates are primarily related to the measurement of investments in portfolio enterprises made based on assumptions which the General Partner consider reasonable and realistic, but uncertain by nature.

For the current year, the General Partner has among others also considered the effects of current macroeconomic conditions, such as development during 2024 in interest rates, stock markets and the effect of the wars between Ukraine and Russia, and Hamas and Israel have been reflected upon.

The Fund itself has not been affected by the above factors. However, they have affected – both positively and negatively - the operations of many of the Fund's portfolio enterprises, which have been regarded in resolving the fair value of investments in portfolio enterprises.

As the Fund invests in unlisted equity investments within the venture environment, the valuation may be uncertain because of the industry and current macroeconomic conditions. The valuation also depends on execution of strategy by the individual companies; furthermore, in times of high economic uncertainty, valuation will also be more precarious.

Unusual circumstances affecting recognition and measurement

Except for the fair value adjustment on investments, the annual report is not influenced by unusual circumstances.

Periodic disclosure for Article 6 financial product

The investment underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Information according to the Alternative Investment Fund Managers Directive

According to Article 22 of the Alternative Investment Fund Managers Directive, Alternative Investment Funds (AIF) must make certain disclosures to investors in connection with the presentation of financial statements. During the financial period covered by the financial statements, there have been no significant changes in the matters below:

- The Fund's Investment strategy;
- Valuation principles of the Fund's investments;
- New arrangements for managing the Fund's liquidity;
- The Fund's risk profile and the risk management systems implemented by the Fund Manager used to manage the Fund's risks;
- There have been no amendments to the maximum level of leverage which the Fund Manager can use on behalf of the Fund. Nor has there been any changes in the right to use collateral or any guarantee in accordance with the agreement allowing for the leverage.

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 2024

	Notes	2024 DKK'000	2023 DKK '000
Other external expenses	2	(70)	(62)
Gross profit/loss		(70)	(62)
Other operating expenses	3	(20)	(20)
Operating profit/loss		(90)	(82)
Income from financial assets		(13,389)	(47,776)
Other financial income		9	9
Other financial expenses		(1)	(2)
Profit/loss for the year		(13,471)	(47,851)
Proposed distribution of profit and loss:			
Retained earnings		(13,471)	(47,851)
Proposed distribution of profit and loss		(13,471)	(47,851)

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Other investments		30,303	44,862
Financial assets	4	30,303	44,862
Fixed assets		30,303	44,862
Cash		1,461	403
Current assets		1,461	403
Assets		31,764	45,265

Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital		612,240	612,240
Retained earnings		(580,490)	(567,019)
Equity		31,750	45,221
Other payables		14	44
Current liabilities other than provisions		14	44
Liabilities other than provisions		14	44
Equity and liabilities		31,764	45,265
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	5		
Related parties with controlling interest	6		

Statement of changes in equity for 2024

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	612,240	(567,019)	45,221
Profit/loss for the year	0	(13,471)	(13,471)
Equity end of year	612,240	(580,490)	31,750

The Partners have committed themselves to contributing up to DKK 671,200 thousand into the Fund, as and when new capital is required for making investments, paying fund costs etc. Of the total committed capital, the Partners have paid-in net DKK 612,240 thousand, and the remaining contribution balance is DKK 58,960 thousand.

Notes

1 Uncertainty relating to recognition and measurement

Sunstone Technology Ventures Fund I K/S invests in portfolio enterprises, which primarily includes equity investments and to a smaller extent contribution of loans to development oriented enterprises, and which may require continuous contribution of capital. The investments are accounted for at a fair value through profit or loss.

When measuring the fair value of the unlisted investments, the General Partner assesses the development stage of the portfolio enterprises compared to the initial plans at the time of making the initial investments, future financing requirements, commercialisation possibilities, timing of exit and possible exit values.

The fair value of each unlisted portfolio enterprise is determined in accordance with commonly used valuation principles based on the IPEV Valuation Guidelines, taking into account the assessment of the development stage of the enterprise as well as its market potential and expected cash flows in order to reflect the fair value of the portfolio enterprise in the best way possible.

As the Fund invests in unlisted equity investments within the venture environment, the valuation is characterised by uncertainty as a result of the industry in general and current macroeconomic conditions. 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.

Methods and assumptions for determining the fair value of investments in unlisted portfolio enterprises are further described in note 4.

2 Other external expenses

Other external expenses cover cost for investments that did not materialize, regulatory costs, cost for the fund's advisory and investment board and fees to other advisors.

3 Other operating expenses

The Fund had no employees during the financial year.

Administrative expenses cover management fee to General Partner of DKK 20 thousand (2023: DKK 20 thousand).

According to Article 107 of the AIFMD Level 2 Regulation and paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed.

The Fund Manager must also disclose the information necessary to provide an understanding of the risk profile of the Fund and the measures that the Fund Manager takes to avoid or manage conflicts of interest between the Fund Manager and the Limited Partners. The Board of Directors has adopted a remuneration policy in order to ensure that the employees and Management are remunerated according to the Danish Executive Order on remuneration policy and disclosure requirements on remuneration for managers of alternative investment funds. The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at

the Fund Manager:

- Promoting of sound and effective risk management, which does not encourage excessive risk-taking.
- Consistency with the principles regarding the protection of the Limited Partners and measures in order to avoid conflicts of interest.

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for 2024 for Heartcore Capital A/S (CVR no. 33858663).

4 Financial assets

	Other investments DKK'000
Cost beginning of year	165,286
Disposals	(30,151)
Cost end of year	135,135
Revaluations beginning of year	(120,424)
Exchange rate adjustments	1,036
Fair value adjustments	(14,425)
Reversal regarding disposals	28,981
Revaluations end of year	(104,832)
Carrying amount end of year	30,303

Methods applied in and assumptions underlying the determination of fair values of investments

At the balance sheet date, the fund holds 1 investment in an unlisted portfolio company. The General Partner has determined the fair value of the investment using a peer multiple methodology.

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

In general, the fair value is determined following the IPEV Valuation Guidelines which prescribe the use of accepted valuation methods, such as price of recent investments, multiple analysis/benchmarking, most recent transaction multiple and other relevant methods. The Fund invests venture capital primarily in development stage companies without any or with only limited revenue entailing that the fair value measurement of each of the investments is inherently subject to considerable uncertainty.

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

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

lower fair value based on the General Partner's best estimate.

In cases where the portfolio company is performing in line with its original business case, and there have been no significant market movements as reflected by the CAPM (Capital Asset Pricing Model), the General Partner considers that cost remains the best estimate for fair value. This is based on the assessment that there are no factors indicating a material change in the underlying value of the portfolio company.

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

Peer group multiple

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

The calculated EV /revenue is then capitalised on the basis of a normalised revenue for the individual portfolio companies which, by adjustment for net interest-bearing debt, yield the value of the investments. In using the method, the Fund assesses which multiples can be used and assesses the determination of normal earnings in the portfolio companies, including assessing the sensitivity of the values when changing the model's variables.

Description of the valuation process

The valuation process is carried out in connection with the preparation of internal reporting to investors and in connection with the preparation of the Fund's annual report. The valuation assesses the portfolio investments at the end of the accounting period and must reflect the fair value of each portfolio company, based on reasonable valuation methods and assumptions.

Individual investments are assessed separately at the end of the accounting period and are in most cases assessed on the basis of the market situation as follows: (i) determination of the Enterprise Value (EV) estimated on the basis of a hypothetical sale of the investment at the time of the balance sheet date, based on one or more of the valuation methods mentioned above, and (ii) calculation of the value of the equity investment by adjusting EV for net debt and NWC adjustments as well as any equity related waterfall structures, including dilution effect where relevant.

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

When applicable the fair value of investments, which are traded on a stock exchange, is based on the quoted market prices at the reporting date. The fair value is determined in the functional currency of the portfolio enterprise, which is then translated to DKK at the exchange rate at the balance sheet date, and any exchange rate adjustment is included in the fair value adjustment of the investment in profit or loss.

Material unobservable inputs

Unlisted companies that are measured at fair value in the balance sheet are based on valuation methods that include significant unobservable inputs.

A significant unobservable assumption in connection with the valuation is the revenue-multiples used, just as expectations for the future earnings of the portfolio companies are included in the valuation. The multiples used

in the valuation, are on level with peer groups and comparable companies. In addition, net interest-bearing debt in the portfolio companies is also taken into account in connection with the valuation.

	2024	2023
Range of revenue-multiples used	3.59	3.41
Range of revenue-multiples used (after illiquidity, size, spread)	2.16	2.05

Sensitivity analysis

The fair value of the Fund's investments is affected by developments in the applied revenue multiples, future earnings expectations for these investments and debt level within the portfolio companies. A decrease or increase in the above significant non-observable inputs will have a direct impact on the valuation of portfolio companies.

In addition, the fair value of the Fund's portfolio companies is affected by the development in a number of macroeconomic conditions in which reliable sensitivity analyses cannot be prepared.

A change in the non-observable inputs used will have the following effects on the fair value of portfolio companies.

Portfolio sensitivity	Variable change in input	Approximately impact on Fund
A reduction in the applied valuation multiples	(+ / - 10%)	T.DKK 3.030 (2023: T.DKK 3.868)

The inputs above are considered the most material unobservable input due to the nature of the investments.

5 Contingent liabilities

At the balance sheet date, the Fund has not assumed obligations to make further investments in portfolio companies or any other contingent liabilities.

6 Related parties with controlling interest

The General Partner is Sunstone TV General Partner I ApS, Copenhagen.

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.

Material uncertainty related to recognition and measurement

When preparing the Fund's annual report, Management makes accounting judgments and estimates which form the basis for presentation, recognition and measurement of the Fund's assets and liabilities. In particular, the accounting judgments and estimates made by Management concern the Fund's investment in unlisted portfolio companies which consists of contribution of equity into and loans to development-oriented enterprises whose values essentially consist of intangible value and which can require continuous contribution of capital. At the measurement of the value of these investments, Management has assessed the portfolio enterprises' stage of development concerning the development process and the expected future development, future financing requirements, commercialisation possibilities, and Management also assesses that a significant part of the portfolio enterprises has reached a maturity which entitles to expectation of impending exit.

As the portfolio enterprises goes through the different stages of development and get closer to an exit date, management has an expectation that the values of the portfolio companies are increasing. The enterprise values are tested for impairment in accordance with commonly used valuation principles including updated data from areas such as sectors, development stage, market potential and expected cash flows in order to reflect fair value of the portfolio company in the best way possible.

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 one 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. Exchange rate adjustments relating to other investments are recognised in the income statement together with fair value adjustments concerning the investments.

Income statement

Other external expenses

Other external expenses include administration costs.

Other operating expenses

Other operating expenses comprise management fee to the management company, Heartcore Capital A/S.

Income from other fixed asset investments

Income from other fixed asset investments (shares and loans) comprises realised gains/losses from divestments as well as unrealised value adjustments from revaluation of the investments

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses and currency losses, which do not relate to, realised and unrealised capital losses on transactions in foreign currencies which do not relate to value adjustments of investments in portfolio companies.

Balance sheet

Other investments

Other investments included as fixed asset investments comprise investments in portfolio companies and convertible loans to portfolio companies. Investments in portfolio companies made in the financial year are recognised at cost at the time of investment. The cost includes expenses incurred in connection with acquisition of portfolio companies. Unlisted investments in portfolio companies are subsequently measured in accordance with IPEV's Valuation Guidelines, under which investments are recognised at fair value at the balance sheet date. Also convertible loans to portfolio companies are recognised at fair value at the balance sheet date. For investments in portfolio companies listed on a stock exchange, fair value is determined as the stock price at the balance sheet date. Value adjustments are recognised in the income statement.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities, are measured at amortised cost and comprises other payables.