

# Seed Capital Denmark II K/S

## Annual Report

1 January 2023 – 31 December 2023

14th financial year

Seed Capital Denmark II K/S  
Registration No. 32 76 50 76  
Address: c/o Matrikel1, Højbro Plads 10, 1200 Copenhagen K

Approved at the annual general meeting of shareholders on 29 April 2024  
Chairman: Anne Cathrine Wilhjelm

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## Management's statement

The Management have today discussed and approved the annual report of Seed Capital Denmark II K/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023, statement of cashflow and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 29 April 2024

Management:

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Ulla Brockenhuus-Schack

General Partner and  
Managing Partner

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Lars Andersen

General Partner

Adopted at the Meeting on 29 April 2024

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Chairman

# Independent auditor's report

To the Limited Partners of Seed Capital Denmark II K/S

## Opinion

We have audited the financial statements of Seed Capital Denmark II K/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 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.

## 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 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 our procedures, 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 Statements Act. We did not identify any material misstatement of the Management's review.

### **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 IFRS Accounting Standards as adopted by the EU and additional requirements of 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 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.

As part of an audit conducted in accordance with ISAs and 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.

Frederiksberg, 29 April 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Henrik Pedersen  
State Authorized  
Public Accountant  
mne35456

## Information about the Company

Seed Capital Denmark II K/S  
c/o Matrikel1  
Højbro Plads 10  
1200 København K  
www.seedcapital.dk  
Registration no. (cvr.nr.): 32 76 50 76

### Registered Office

Københavns Kommune

### Management Company

Seed Capital Management I/S

### Limited Partners

ATP Private Equity K/S  
Dansk Vækstkapital K/S  
EIFO (previous Vækstfonden)  
Fonden Realdania (Foreningen Realdanmark)  
C.L.Davids Fond og Samling  
Chr. Augustinus Fabrikker A/S  
PreSeed Ventures A/S

### Auditors

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg

### Bankers

Nykredit Bank A/S  
Danske Bank A/S

## Management's Review

This annual report relates to the fourteenth financial year of Seed Capital Denmark II K/S for the period 1 January – 31 December 2023.

### Objective

Seed Capital Denmark II K/S' objective is to invest in technology, research-based and knowledge-intensive companies focusing on biotechnology/medical technology, information and communication technologies and other high-technology areas, including cleantech, either in the form of share capital or the granting of subordinate, convertible loans and other related investment activities.

### Capital

Seed Capital Denmark II K/S has a total capital base of DKK 682 million. On 31 December 2023, the limited partners and the general partners had paid-in DKK 647 million - 95% of total commitment. On 31 December 2023, DKK 1,327 million has been distributed to the limited partners and the general partners.

### The management of the Company

Seed Capital Denmark II K/S has no employees. A management agreement has been entered into between Seed Capital Denmark II K/S and Seed Capital Management I/S under which Seed Capital Management I/S (hereinafter referred to as the management company) will oversee operations in Seed Capital Denmark II K/S.

### Investments

Seed Capital Denmark II K/S initially invests in the pre-seed and seed stages of a company's life cycle. Investments in these stages are inherently subject to risk. Follow-up investments will be made in the most promising companies all the way to exit.

Seed Capital Denmark II K/S' individual companies need a high level of involvement to ensure correct strategic focus, competencies and financial resources, follow-up on business strategy and a continued active development of the company.

The Fund's investment period expired on 31 December 2014. Hereafter, only follow-up investments in the existing companies in the portfolio have been made to further building value in the companies and eventually maturing them for an exit.



## Uncertainty relating to recognition and measurement

In accordance with legislative provisions, the Management Company makes accounting judgements and estimates when preparing the annual report. These judgements and estimates include determination of the fair value of portfolio companies, please refer to note 9. The Entity invests venture capital in early stages companies with limited revenue. The fair value measurement is therefore subject to high uncertainty.

## Activities in 2023

Following a 2022, with major decline in the valuation of public stock markets, especially within the Tech industry, also resulting in a large drop in the value of the remaining shares held in Trustpilot, the share price has regained some of the value in 2023. The year 2023 started with a continued decline in the share price, but in the second half of 2023 the share price almost doubled. This positively impacted the fund's performance.

Overall, the result for the year is a gain of DKK 18 million.

At the end of 2023 the active portfolio comprised of 5 companies, including the three listed companies Trustpilot, Galecto Biotech and Acarix.

Investment	Business concept
Acarix	Acoustic coronary artery disease diagnostics
Galecto Biotech	Drug for the treatment of idiopathic pulmonary fibrosis
Reaplix	Advanced wound treatment
Trustpilot	Online service for consumer evaluation of web shops and services
Vivino	Mobile app for rating, storing and sharing wine experiences

## Statutory reporting on corporate responsibility and gender distribution in management cf. § 99a and § 99b

### Corporate responsibility cf. § 99a

The business model of Seed Capital Denmark II K/S is investing in the pre-seed and seed stages of a company's lifecycle and solely invest in companies without having a controlling influence (less than 20%).

The fund has a strong commitment to operating and investing in responsible businesses. The limited partnership always strives to respect and safeguard human rights, the environment, social and employee conditions (including the effects of Covid-19), and ethical business practices (including anti-corruption). In 2022 a new monitoring and tracking system starting with gender diversity at all levels in the portfolio companies as well as within the team at Seed Capital was introduced. In 2023 this was evaluated, and improvements and expansions will be implemented over the coming years to strive towards monitoring relevant environmental impact indicators, e.g. carbon emission. As the fund no longer is

active in investing in new portfolio companies, the efforts will be on improving this in the existing portfolio companies.

Based on a risk assessment, Seed Capital Denmark II K/S has not identified significant risks with regard to human rights, climate impact, environmental, social and employee conditions as well as anti-corruption in 2023. As a result, no policies have been developed for the respective areas.

**Gender distribution in management cf. § 99b**

The limited partnership has no members of the Board of Directors elected at the general assembly and has no employees. The management consists of two people in 2023. The management are two directors.

	2023
Number of people in management	2

In the management we have an equal gender distribution cf. §99b.

**Policy for data ethics**

Seed Capital Denmark II K/S has not adopted a policy for data ethics, because the fund does not process large amounts of data itself or make use of algorithms for data analysis. The portfolio companies in the fund have different business areas and can therefore process data to an extent where it can be advisable to adopt a policy for data ethics. The data policies in the portfolio companies, if any, are published either in these companies' financial accounts or on their website.

**Business development and outlook**

In general, the development in the portfolio companies has been satisfactory over recent years. With the remaining available commitments in the fund the level of new investments in the portfolio companies will remain very low over the next years when compared to previous years.

Plans for a liquidation of Seed Capital Denmark II K/S will be started once the remaining active portfolio companies is sold over the next years. A solvent liquidation is expected to take place in the next 2-4 years.

<b>Key numbers for Seed Capital Denmark II K/S</b>					
<i>Financial highlights</i>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Key figures (000 DKK)</b>					
Operating Profit	7,316	400,148	836,793	-664,517	18,403
Comprehensive income/loss for the year	7,187	400,091	835,805	-665,214	18,021
Equity	838,995	1,247,427	1,166,576	501,362	514,989
Balance sheet total	839,228	1,247,737	1,181,899	510,607	519,802
<b>Ratios</b>					
Solvency ratio (%)	99.97	99.98	98.70	98.19	99.07
Return on average equity (%)	0.84	38.35	69.25	-79.76	3.55

## Comprehensive income for the year ended 31 December 2023

	Note	2023 (000 DKK)	2022 (000 DKK)
Income from investments in portfolio companies	2	19,797	-660,040
Administration costs	3	-1,394	-4,477
<b>Operating Profit</b>		<b>18,403</b>	<b>-664,517</b>
Other financial income	4	46	0
Other financial expenses	5	-428	-696
<b>Net profit for the year</b>		<b>18,021</b>	<b>-665,214</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income for the year</b>		<b>18,021</b>	<b>-665,214</b>
The Management recommends that the profit for the year should be appropriated as follows:			
Retained earnings at 1 January		1,176,945	1,842,159
Net profit for the year		18,021	-665,214
<b>Available for appropriation</b>		<b>1,194,966</b>	<b>1,176,945</b>
Recommended appropriation:			
Retained earnings at 31 December		1,194,966	1,176,945
		<b>1,194,966</b>	<b>1,176,945</b>

## Balance sheet at 31 December 2023

	Note	2023 (000 DKK)	2022 (000 DKK)
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Investments</b>			
Investments in portfolio companies	6	514,114	498,419
Convertible debt instruments in portfolio companies	6	<u>0</u>	<u>0</u>
<b>Investments</b>		<b><u>514,114</u></b>	<b><u>498,419</u></b>
<b>Receivables</b>			
Other receivables		<u>0</u>	<u>0</u>
<b>Receivables</b>		<b><u>0</u></b>	<b><u>0</u></b>
<b>Total non-current assets</b>		<b><u>514,114</u></b>	<b><u>498,419</u></b>
<b>Current assets</b>			
Other receivables		0	0
Cash in bank and at hand		<u>5,689</u>	<u>12,189</u>
<b>Total current assets</b>		<b><u>5,689</u></b>	<b><u>12,189</u></b>
<b>TOTAL ASSETS</b>		<b><u>519,802</u></b>	<b><u>510,607</u></b>

## Balance sheet at 31 December 2023

	Note	2023 (000 DKK)	2022 (000 DKK)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Investment capital paid	7	646,616	638,616
Distributions		-1,326,593	-1,314,199
Retained earnings		1,194,966	1,176,945
<b>Total equity</b>		<b>514,989</b>	<b>501,362</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities</b>			
Other payables		4,813	9,245
<b>Total current liabilities</b>		<b>4,813</b>	<b>9,245</b>
<b>Total liabilities</b>		<b>4,813</b>	<b>9,245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>519,802</b>	<b>510,607</b>

## Statement of changes in equity

(000 DKK)	Total committed capital	Subscribed not paid capital	Subscribed and paid capital	Retained earnings	Distributions	Total
Balance 1 January 2023	681,990	-43,374	638,616	1,176,945	-1,314,199	501,362
Draw Downs during the year	0	8,000	8,000	0	0	8,000
Distributions during the year	0	0	0	0	-12,395	-12,395
Distribution of gain/loss	0	0	0	18,021	0	18,021
<b>Balance 31 December 2023</b>	<b>681,990</b>	<b>-35,374</b>	<b>646,616</b>	<b>1,194,967</b>	<b>-1,326,593</b>	<b>514,989</b>

In 2023, the limited partnership has paid distributions of DKK 12.4 million, including DKK 11.5 million to the limited partners and DKK 0.9 million to the general partners.

(000 DKK)	Total committed capital	Subscribed not paid capital	Subscribed and paid capital	Retained earnings	Distributions	Total
Balance 1 January 2022	681,990	-43,374	638,616	1,842,159	-1,314,199	1,166,576
Draw Downs during the year	0	0	0	0	0	0
Distributions during the year	0	0	0	0	0	0
Distribution of gain/loss	0	0	0	-665,214	0	-665,214
<b>Balance 31 December 2022</b>	<b>681,990</b>	<b>-43,374</b>	<b>638,616</b>	<b>1,176,945</b>	<b>-1,314,199</b>	<b>501,362</b>

## Statement of cash flow

	2023 (000 DKK)	2022 (000 DKK)
Operating profit/loss (EBIT)	18,403	-664,517
Change in fair value of investments	-19,797	660,040
Working capital changes	-4,432	-5,921
<b>Cash flows from primary activities</b>	<b>-5,826</b>	<b>-10,398</b>
Financial income	46	0
Financial expenses	-428	-696
<b>Cash flows from operating activities</b>	<b>-382</b>	<b>-696</b>
Investments in portfolio companies	0	0
Net proceeds from sale of portfolio companies	4,102	8,660
<b>Cash flows from investment activities</b>	<b>4,102</b>	<b>8,660</b>
Contribution from limited partners	8,000	0
Distribution of share of proceeds from sales of portfolio companies	-12,395	0
<b>Cash flows from financing activities</b>	<b>-4,395</b>	<b>0</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>-6,500</b>	<b>-2,434</b>
Cash and cash equivalents at 1 January	12,189	14,623
<b>Cash and cash equivalents at 31 December</b>	<b>5,689</b>	<b>12,189</b>



## Notes to the financial statement

1. Accounting policies
2. Income from investments in portfolio companies
3. Administration costs
4. Other financial income
5. Other financial expenses
6. Investments in portfolio companies
7. Earn-out receivables
8. Limited partners' contribution
9. Method and assumptions for determining fair value
10. Financial risks
11. Liquidity risks
12. Credit risks
13. Interest risks
14. Currency risks
15. Contingent liabilities
16. Related parties
17. Accounting standards not yet adopted

## Notes to the financial statements

### 1 Accounting policies

The Annual Report of Seed Capital Denmark II K/S has been presented in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act regarding reporting class C (large) enterprises as further outlined in the Danish Executive Order on Adoption of IFRS issued in accordance with the Danish Financial Statement act.

In order to give a fair view of the activities in the Company as a venture company, unrealized and realized gains and losses of portfolio companies has been included in the Operating Profit/Loss.

#### Changes in accounting policies

Seed Capital Denmark II K/S has adopted all new or amended standards (IFRS) as adopted by EU effective for the financial year 1 January 2023 - 31 December 2023. The implementation has not had any material impact on the financial statement for 2023.

#### Significant accounting policies and estimates

When preparing the financial statement, the general partners make several accounting estimates forming the basis for the presentation, recognition and measurement of the Entity's assets and liabilities. The most significant accounting estimates and assessments are presented in note 8.

#### Recognition and measurement

Income is recognized in the profit and loss account as earned, including value adjustments of financial assets and liabilities. Equally, costs incurred to generate the year's earnings are recognized, including depreciation, amortization, impairment and provisions.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost or for financial assets and financial liabilities at fair value. Subsequently, assets and liabilities are measured as described below for each individual item.

#### Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognized in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position.

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as financial income or financial expenses.

Exchange rate adjustments relating to investments in portfolio companies are presented in the statement of comprehensive income together with other fair value adjustments concerning the investments.

## Profit and loss account

### **Unrealized and realized results of investments in portfolio companies**

Unrealized and realized gains or losses from exits, distributions in investments in portfolio companies are included in the Profit and Loss account under Income from investments in portfolio companies.

### **Other financial income and other financial costs**

Interest income and expense and similar items comprise interest income and expense, gains, and losses on securities (excluding income or expenses from portfolio companies) as well as payables and transactions denominated in foreign currencies.

### **Tax**

The Company is not a tax-paying entity thus no tax has been expensed.

## Balance sheet

### **Investments**

Investments in portfolio companies are recognized at fair value according to "International Private Equity and Venture Capital" (IPEV) "Valuation Guidelines", in which investments are recognized at market value at the balance sheet date.

Exchange rate adjustments of investments in portfolio companies are recognized in the profit and loss account under "Income from investments in portfolio companies".

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific measurement. The entity uses the assumptions that the market participants would use for the pricing of the asset based on the current market conditions, including risk assumptions. The entity's purpose of holding the asset is thus not taken into account when the fair value is determined.

The fair value measurement is based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e., the market that maximizes the price of the asset less transaction and transport costs.

All assets measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- ▶ Level I: Value in an active market for similar assets/liabilities
- ▶ Level II: Value based on recognized valuation methods on the basis of observable market information
- ▶ Level III: Value based on recognized valuation methods and reasonable estimates (non-observable market information).

### **Receivables**

Earn-out receivables are measured at fair value.

Other receivables are measured at amortized cost. The simplified expected credit loss is applied to measure the lifetime expected loss for receivables measured at amortized cost.

### **Liabilities**

Liabilities are measured at amortized cost.

### **Contingent liabilities**

Contingencies are not recognized in the balance sheet but disclosed in the notes only. Liabilities which exist at the balance sheet date, but which cannot be measured reliably, are considered contingent liabilities.

## **Statement of cash flows**

The cash flow statement shows the cash flows from operating, investing, and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss adjusted for non-cash operating items, changes in working capital, interest income and expenses and dividends received.

Cash flows from operations activities comprise payments in connection with investments, including follow-up investments and disposals of portfolio companies.

Cash flows from financing activities comprise changes in the limited partners' contribution and distribution.

Cash flows in currencies other than the functional currency are translated using exchange rates per transaction date.

## Financial highlights

Financial highlights are defined and calculated in accordance with “Recommendations & Ratios” issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Solvency ratio (%) =	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The entity's financial strength
Return on equity (%) =	$\frac{\text{Profit for the year} \times 100}{\text{Average Equity}}$	The entity's profitability

	2023 (000 DKK)	2022 (000 DKK)
<b>2 Income from investments in portfolio companies</b>		
Realised gains/losses	2,974	-9,890
Adjustments regarding realised gain/losses	800	-3,561
Write-ups of portfolio companies	109,606	0
Write-downs of portfolio companies	-93,583	-646,590
	<b>19,797</b>	<b>-660,040</b>
<b>3 Administration costs</b>		
Management Fee	1,394	4,325
Fee Investment Committee	0	150
Administration costs etc.	0	2
	<b>1,394</b>	<b>4,477</b>
Fee to appointed auditors for the statutory audit services is DKK 55 thousand excl. VAT in 2023 (2022: DKK 50 thousand)		
<b>4 Other financial income</b>		
Realized gains on securities	0	0
Interest Income, other	46	0
	<b>46</b>	<b>0</b>
<b>5 Other financial expenses</b>		
Interest expenses, other	428	696
	<b>428</b>	<b>696</b>

**6 Investments in portfolio companies**

	<u>Convertible debt instruments in portfolio companies</u> (000 DKK)	<u>Investments in portfolio companies</u> (000 DKK)
<b>Cost:</b>		
Balance at 1 January 2023	0	204,196
Additions in the year	0	0
Disposals in the year	0	-1,128
<b>Cost at 31 December 2023</b>	<b>0</b>	<b>203,068</b>
<b>Write-ups/write-downs</b>		
Balance at 1 January 2023	0	294,223
Write-downs in the period	0	-93,583
Reversed write-ups/write-downs	0	800
Write-ups in the period	0	109,606
<b>Write-ups/write-downs at 31 December 2023</b>	<b>0</b>	<b>311,046</b>
<b>Fair value at 31 December 2023</b>	<b>0</b>	<b>514,114</b>
	<u>Convertible debt instruments in portfolio companies</u> (000 DKK)	<u>Investments in portfolio companies</u> (000 DKK)
<b>Cost:</b>		
Balance at 1 January 2022	0	222,746
Additions in the year	0	0
Disposals in the year	0	-18,550
<b>Cost at 31 December 2022</b>	<b>0</b>	<b>204,196</b>
<b>Write-ups/write-downs</b>		
Balance at 1 January 2022	0	944,373
Write-downs in the period	0	-646,590
Reversed write-ups/write-downs	0	-3,561
Write-ups in the period	0	0
<b>Write-ups/write-downs at 31 December 2022</b>	<b>0</b>	<b>294,223</b>
<b>Fair value at 31 December 2022</b>	<b>0</b>	<b>498,419</b>

## 6 Investments in portfolio companies (continued)

2023							
Company name	Type of investment	Valuation technique	Registration	Ownership	Equity (000 DKK)	Profit/loss (000 DKK)	Annual report (year)
Reaplix ApS	Fund investment	Market Approach / Price of recent investment	Denmark	10.00-14.99%	26,028	-47,399	2022
Galecto Biotech AB	Fund investment	Listed	USA	0.00-4.99%	430,554	-429,125	2022
Trustpilot plc	Fund investment	Listed	United Kingdom	5.00-9.99%	319,578	-102,101	2022
Acarix AB	Fund investment	Listed	Sweden	0.00-4.99%	34,650	-51,472	2022
Vivino Ltd	Fund investment	Market Approach / Price of recent investment	USA	10.00-14.99%	160,693	-239,071	2022

The fair value of investment in associated companies is zero as per end of 2023

2022							
Company name	Type of investment	Valuation technique	Registration	Ownership	Equity (000 DKK)	Profit/loss (000 DKK)	Annual report (year)
Reaplix ApS	Fund investment	Market Approach / Price of recent investment	Denmark	15.00-19.99%	72,740	-34,382	2021
Galecto Biotech AB	Fund investment	Listed	USA	0.00-4.99%	817,302	-360,825	2021
Trustpilot plc	Fund investment	Listed	United Kingdom	5.00-9.99%	414,656	-173,566	2021
Acarix AB	Fund investment	Listed	Sweden	0.00-4.99%	67,224	-34,587	2021
Vivino Ltd	Fund investment	Market Approach / Price of recent investment	USA	10.00-14.99%	356,447	-180,587	2021

The fair value of investment in associated companies is zero as per end of 2022

## 7 Earn-out receivables

Net changes in fair value of financial assets and financial liabilities through profit or loss is specified as:

(000 DKK)	2023	2022
Realised value adjustments for the year	2,974	-9,890
Unrealised value adjustments for the year	16,823	-650,151
<b>Value adjustment of investments</b>	<b>19,797</b>	<b>-660,040</b>

Earn-out receivables is measured on a risk-weighted and discounted basis and is prepared in accordance with IFRS fair value hierarchy level III.

## 8 Limited partners' contribution

The entity's shares are paid successively and pro rate. One of the share classes has a dividend preference attached when the realized return in the Entity exceeds a fixed minimum rate of return p.a. (hurdle rate) of the investors' contributed capital.

## 9 Method and assumptions for determining fair value

Fair value for each unlisted portfolio company is determined based on the method, which best reflect the individual investment.

Fair value is determined following the IPEV Valuation Guidelines. Because the Entity invests venture capital in early stages companies with limited revenue the fair value measurement is subject to high uncertainty.

The fair value is determined in functional currency of the portfolio company, and then translated to DKK at the exchange rate at the balance sheet date.



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

The entity's Management Company reviews the investment for potential value adjustments several times during a financial year. If the Management Company reviews lead to value adjustments, the fair value of the portfolio company is determined by the Management Company best estimate.

The Entity uses the following methods to determine fair value:

**Cost:**

Cost is assessed to reflect fair value when no new investors has provided equity to the portfolio company. Furthermore, investments are measured at cost when the uncertainty is too high to determine a fair value.

**Market approach / Price of recent Investment:**

If new investors provide equity to the portfolio company and receive more than just an insignificant ownership share, the price of the recent investment is normally deemed to be the best represent of the fair value representing the fair market price. This correspond to a specific and relevant valuation multiple, that combined with observable market multiple at any time can be applied to calibrate the fair value, when the last equity funding round was completed more than 12-18 months before the time of estimating the fair value.

**Listing price:**

A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

Below is the spilt between the different methods used by the Entity:

<b>Method</b>	<b>2023</b>	<b>2022</b>
Cost	0%	0%
Market approach / Price of recent investment	40%	59%
Listing price	60%	41%
	<b>100%</b>	<b>100%</b>

## Fair value hierarchy for financial instruments measured at fair value in the balance sheet.

Below is shown the classification of financial instruments, organized in accordance with the fair value hierarchy as required by IFRS:

(000 DKK)	Level I	Level II	Level III	Total
Financial instruments measured at fair value	60.2%	0.0%	39.8%	100.0%
<b>31 December 2023</b>	<b>60.2%</b>	<b>0.0%</b>	<b>39.8%</b>	<b>100.0%</b>

(000 DKK)	Level I	Level II	Level III	Total
Financial instruments measured at fair value	40.7%	0.0%	59.3%	100.0%
<b>31 December 2022</b>	<b>40.7%</b>	<b>0.0%</b>	<b>59.3%</b>	<b>100.0%</b>

## Movements in financial instruments measured at fair value based on level III

	Level III - 2023 (000 DKK)	Level III - 2022 (000 DKK)
<b>Cost</b>		
Balance at 1 January	102,841	113,736
Additions in the year	0	0
Disposals in the year	-800	-10,895
Transfers to level I	0	0
<b>Cost level III at 31 December</b>	<b>102,041</b>	<b>102,841</b>
<b>Write-ups/write-downs</b>		
Balance at 1 January	192,702	323,237
Write-downs in the period	-90,784	-129,341
Reversed write-ups/write-downs	800	-1,193
Write-ups in the period	0	0
Transfers to level I	0	0
Write-ups/write-downs at 31 December	102,719	192,702
<b>Fair value level III at 31 December</b>	<b>204,760</b>	<b>295,544</b>

### **Material non-observable input for level III**

The measurement of investment in portfolio companies are based on measurement methods, in which material non-observable inputs are included such as assessment of the performance, determination of future earnings and whether a negative development should lead to the recognition of impairment write-downs.

A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the portfolio companies.

The fair value of the total portfolio is measured at index 2.01 compared to the initial cost. A decrease or increase in the index at 0.05 will change the value of the portfolio with approximately DKK 5.1 million.

### **Uncertainty relating to recognition and measurement**

In accordance with legislative provisions, the Management Company makes accounting judgements and estimates when preparing the annual report. These judgements and estimates include determination of the fair value of portfolio companies. The Entity invests venture capital in early stages companies with limited revenue. The fair value measurement is therefore subject to high uncertainty.

## **10 Financial risks**

The limited partnership's objective in managing risk is the creation and protection of the limited partners' investment and return. The limited partnership calls capital based on the limited partners' commitments for the use of making investments in portfolio companies. The limited partnership is exposed to interest rate risk, liquidity risk and credit risk.

## **11 Liquidity risks**

Liquidity risk is the risk that the limited partnership will not be able to meet its financial obligations as they fall due. The Management Company monitors risk of a shortage of funds on an ongoing basis and reviews the liquidity position on a quarterly basis.

The limited partnership will call capital from the limited partners based on an as-needed basis to enable the limited partnership to make investments, pay expenses incurred by the limited partnership and comply with any obligations undertaken.

Specified below is the financial liabilities of the Entity. The liabilities are divided into timing intervals that represents the amounts due for payment.

(000 DKK)	Within 1 year	Between 1 and 5 years	After 5 years	Total
Other liabilities	4,303	510	0	4,813
<b>31 December 2023</b>	<b>4,303</b>	<b>510</b>	<b>0</b>	<b>4,813</b>

## 12 Credit risks

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the limited partnership by failing to discharge an obligation. The limited partnership is exposed to the risk of credit-related losses that can occur as a result of a counterparty or limited partner being unable or unwilling to honor its contractual obligations. These credit exposures exist for receivables and cash and cash equivalents.

In 2023 and 2022, the limited partnership accounted for an impairment loss of receivables of DKK 0 (nil).

As a part of the investment strategy the Entity provide loans to the portfolio companies. These loans are therefore not considered as a separate credit risk.

In some cases, the Entity has receivables from sales of portfolio companies. Typically, the payment is secured by the buyer depositing the receivable on escrow account in accepted credit institutions. The credit risk is therefore considered limited.

The carrying value of the limited partnership's financial instruments, as disclosed in the statement of financial position, represents the maximum credit exposure, hence, no separate disclosure is provided. Reference is made to the statement of financial position.

## 13 Interest risks

The Entity is not exposed to any interest risk.

## 14 Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Some of the Entity's investments are made in foreign currencies such as USD, GBP, SEK and EUR. This risk is considered a part of the investment risk thus the Entity does not separately hedge the currency risk.

When exiting a portfolio company, the sale can be made in foreign currencies such as USD, GBP, SEK and EUR. Receivables in connection to the sale in foreign currency is not separately hedge.

## 15 Contingent liabilities

The Company has made a management agreement with Seed Capital Management I/S until the liquidation of the Company. The Company is obliged every quarter to pay a management fee as a percentage of the Company's investments at the end of the preceding quarter.

The Company may have undertaken to pay additional capital contributions and convertible debt instruments to the portfolio companies concurrently with the realization of specific milestones. As of 31 December 2023, the Company have no liabilities related to this.

## 16 Related parties

No individual companies or persons exercise control over Seed Capital Denmark II K/S.

The following parties are considered related parties of the limited partnership:

- Seed Capital Denmark II K/S has a management agreement with Seed Capital Management I/S. The Entity has paid DKK 1.4 million in management fee to Seed Capital Management I/S.
- The limited partners handle investment of committed capital and receive payments according to agreement made.
- Seed Capital Management II I/S (the Management Company) which has direct and unlimited liability for the limited partnership's debts and liabilities, and its management are considered related parties.

The general partner and Investment Committee have sole power and responsibility for all decisions pertaining to the acquisition and realisation of investments, including all final decisions to commit the limited partnership to an investment and any realisations of an investment.

According to the Limited Partnership Agreement, remuneration of the general partner comprises a share of Seed Capital Denmark II K/S ' return on investments, provided that the total return exceeds the limited partners' investment and a predefined minimum rate of return.

Remuneration (carried interest) to the general partner cannot be calculated definitively until upon the final liquidation of Seed Capital Denmark II K/S and – hence – according to the Limited Partnership Agreement, the general partner's carried interest is not considered earned by the general partner until upon the liquidation of Seed Capital Denmark II K/S subject to and in accordance with the final liquidation accounts of Seed Capital Denmark II K/S.

The limited partnership has in accordance with the Limited Partnership Agreement transferred distributions to the general partners and the Limited Partners in 2023, refer to Statement of changes in Equity.

## **17 Accounting standards not yet adopted**

A number of new standards, amendments to standards and interpretations effective for annual periods beginning after January 1, 2024 have been issued. None of these new issues are expected to have a material impact on the financial statements.

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

## Lars Andersen

### General Partner

On behalf of: Seed Capital Denmark II K/S

Serial number: 41fcd2d4-838e-454e-b63a-ff76bc9bcd46

IP: 80.160.xxx.xxx

2024-04-29 16:47:32 UTC



## Ulla Brockenhuus-Schack

### General Partner and Managing Partner

On behalf of: Seed Capital Denmark II K/S

Serial number: 737013a5-6553-4365-8dd0-dd15e4a4b2c1

IP: 77.33.xxx.xxx

2024-04-29 18:21:51 UTC



## Henrik West Rohden Pedersen

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: be28c3ef-63c3-4030-ab1f-5b23aee164af

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## Anne Cathrine Wilhjelm

### Chairman

On behalf of: Seed Capital Denmark II K/S

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