GRO Fund II K/S

Amaliegade 49, 1., DK-1256 Copenhagen

CVR no. 39 82 67 71

Annual Report 2021

Lars Dybkjær,
Chairman

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The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on 25 / 3 - 2022

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MANAGEMENT'S STATEMENT

The Executive Board has today discussed and approved the Annual Report of GRO Fund II K/S for the financial year 1 January 2021 - 31 December 2021.

The Annual Report has been prepared in accordance with the International Financial Reporting Standards, which is approved by EU and further Danish disclosure requirements according to the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations and cash flow for the financial year 1 January 2021 - 31 December 2021.

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

The Executive Board recommends that the Annual Report be approved at the Annual General meeting.

Copenhagen, 25 March 2022

Executive Board

Karsten Holst Bork Kristoffersen GRO Fund II GP ApS	Torben Carlsen GRO Fund II GP ApS

INDEPENDENT AUDITOR'S REPORT

To the General Partner and Limited Partners of GRO Fund II K/S.

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of GRO Fund II K/S for the financial year 1 January - 31 December 2021, which comprise statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

INDEPENDENT AUDITOR'S REPORT

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Copenhagen, 25 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
Mne33226

COMPANY INFORMATION

The Company	GRO Fund II K/S Amaliegade 49, 1. DK-1256 Copenhagen CVR No: 39 82 67 71 Financial period: 1 January – 31 December Municipality of reg. office: Copenhagen
General Partner (authorised to sign for the Company)	GRO Fund II GP ApS Amaliegade 49, 1. DK-1256 Copenhagen
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

MANAGEMENT'S REVIEW

Principal activities of the Company
The object of the limited partnership is to generate returns on the limited partnership's capital by making investments in primarily small and medium-sized unlisted Danish, Nordic and Northern European companies.

Business model
GRO Fund II K/S is a limited partnership with the intention of being the owner of various portfolio companies. It is a Private Equity fund with the investment mandate to own primarily privately-owned portfolio companies and the ownership stakes may be small or large, minority or majority. GRO Fund II K/S has no employees and no activities other than holding investments made in portfolio companies. Investments are managed and controlled by the General Partner and an Investment Professionals is elected to give investment advice and monitor the investments. GRO Fund II GP ApS act as the General Partner and Fund Manager for the fund.

The limited partnership's purpose is to generate returns on the limited partnership's capital by making investments in primarily small and medium-sized unlisted Danish, Nordic and Northern European companies, with an expected exit after 3-6 years. When all the investments are exited the Company will be liquidated.

The General Partner is aware and concerned about the importance of social corporate responsibility and the sustainability aspects of business. The responsibility for this lies not with the Fund its self, but with the portfolio companies and supported by the focus of the Investment Professionals.

Corporate Responsibility
The Company's business model reflects the fact that each of the portfolio companies are independent companies which operates in different industries and countries and therefore face different corporate responsibility risks. As a holding company, the Company is responsible for setting the overall corporate responsibility priorities and providing the appropriate risk management framework through active ownership. In turn, each portfolio company is responsible for defining their own corporate responsibility strategy with relevant activities and actions, and where necessary, supporting policies.

Within the corporate responsibility efforts, the Company is focused on the environmental, social and governance areas that build financial and non-financial value in the portfolio companies. Also, by creating value and return to the Company's investors the Company build value to universities and pension funds among others and by that affecting the society at large.

Environment and climate
The Company's activities usually do not cause detectable harm or damage to the environment. The Company through its ownership in the portfolio companies strives to contribute to environmental improvements. The Company believes that strengthening sustainability practices will benefit companies both in the short and long term. The direct positive impact on the environment also translates into economic gains.

Risk analysis
For an investment fund such as GRO Fund II K/S, the risks are related to making the right investment decisions, being good active owners and managing the investments and transactions properly from a commercial and compliance perspective. Under the above business model, these risk factors are managed by the GRO Fund II GP ApS, and Investment Professionals.

Risks of potential negative effects on environmental, social aspects, work conditions, human rights or anti-corruption factors will occur in the portfolio companies and not directly in the Fund. Thus, risk analysis needs to be done at a portfolio company level and relating to the business activities of the portfolio company. This is supported by the focus of the Investment Professionals.

MANAGEMENT'S REVIEW

Development in activities and financial matters
The Company's financial position and the result of the year will be shown in the following income statement of the financial year 1 January 2021 - 31 December 2021 and the balance sheet as per 31 December 2021.

The Company has invested in following portfolio companies:

Omada (2018) is a market leading provider of Software solutions and services for Identity Management and Access Governance. Omada Identity delivers comprehensive identity and access management functionality on-premises or as-a-service.

Adform (2019) is a global leader of ad tech software. Adform is a global, independent and fully integrated advertising platform built for modern marketing, which automate and optimize the effectiveness of digital advertising processes.

Queue-IT (2020) is a global leader virtual waiting room software. A virtual waiting room is a cloud-based service for websites or mobile commerce solutions to control traffic surges.

Ipoint (2020) offers product compliance and sustainability software. Ipoint empowers companies to collect, analyze and report all necessary data to assess the environmental, social, and economic impacts of their products and related processes.

The Company has in 2021 invested in following portfolio companies:

Luxion (2021) specializes in advancing state of the art technology in rendering and computer-based lighting simulations. Luxion has expert knowledge in areas related to rendering technology, daylighting (atmospheric scattering), light scattering by materials, light transport algorithms such as photon mapping, and spectral simulations.

Secomea (2021) is a leading provider of remote maintenance Industrial Internet of Things solutions used by Machine Builders, Integrators and Manufacturers worldwide.

The Company invested in Promon in January 2022, the Management Company GRO Capital A/S considers with this last platform investment Gro Fund II to be fully deployed. For additional information, please refer to note 10.

Development in the year
The income statement of the Company for 2021 shows a profit of TEUR 63,079, and at 31 December 2021 the balance sheet of the Company shows equity of TEUR 252,866.

The Company's investment activities are handled by the Management Company GRO Capital A/S, which is paid a management fee for this according to the management agreement.

The Management confirms that the Company is a going concern and that the 2021 financial statements have been prepared on a going concern basis.

Uncertainty relating to recognition and measurement
Investments in portfolio companies consist of shares in unlisted companies where no exact trading value exists. The Company is using recognized valuation methods to measure the portfolio companies at fair value. The valuation is as far as possible based on comparable external market data, but also on estimates and judgements made by Management. As a result, significant uncertainty is associated with this. For additional information, please refer to sensitivity analysis under note 4.

MANAGEMENT'S REVIEW

Expectations to next year
Management expects expenses to be at a level similar to 2021. The level of costs depends on impact of management fee from sale of investments, but is expected to be M.EUR 5.5 – 5.6. The expectations to next year do not include expectations to value adjustments of investments.

Financial risks
Financial and other risks material to the financial statements is presented in section "Notes to the financial statements". Please refer to note 3. For information about the methods and assumptions used in determining fair value please refer to note 2 and 4.

Change of accounting policy
GRO Fund II K/S has in 2021 changed the accounting policy from filling the Financial Statements according to Danish Financial Statements Act to file the Financial Statements according to International Financial Reporting Standards (IFRS) as adopted by EU. Refer to note 11 for further information.

Consolidated financial statements
The Company meets the conditions of being an investment entity and is exempt from preparing consolidated financial statements for 2021. For further explanation, please refer to note 1.

Subsequent events
At the end of January 2022, GRO Fund II K/S invested in the Oslo based company Promon. No other subsequent events have occurred after the balance sheet date.

FINANCIAL HIGHLIGHTS

Financial Highlights

The financial highlights and ratios for the Fund per December 31, 2021, were as follows:

	2021	2020	2019*	2018*
	TEUR	TEUR	TEUR	TEUR
Financial highlights				
Key figures				
Value adjustments of investments	68,656	33,784	6,160	-
Net profit/loss for the year	63,079	28,316	-5,845	-1,544
Total assets	253,107	142,832	74,090	34,381
Equity	252,866	142,641	73,960	33,729
Ratios				
Solvency ratio (%)	100%	100%	100%	98%
Return on average equity (%)	19%	13%	-6%	-5%

*Financial Statements for 2019 and 2018 have been prepared in accordance with Danish Financial Statements Act.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Jan. 1 – Dec. 31 2021 TEUR	Jan. 1 – Dec. 31 2020 TEUR
Value adjustment of investments	4	68,656	33,783
Other external costs	7	-5,448	-5,340
Operating profit/(loss) (EBIT)		**63,208**	**28,443**
Financial income		0	0
Financial expenses		-129	-128
Profit/(loss) before tax		**63,079**	**28,315**
Tax on net profit/(loss) for the year		0	0
Net profit/(loss) for the year		**63,079**	**28,315**
Other comprehensive income		0	0
Comprehensive income		**63,079**	**28,315**
Equity postings:			
Retained earnings		-5,576	-5,467
Revaluation reserve		68,656	33,783
Comprehensive income		**63,079**	**28,315**

BALANCE SHEET 31 DECEMBER

	Note	31 December 2021 TEUR	31 December 2020 TEUR	1 January 2020 TEUR
ASSETS				
Investments in portfolio companies	4 & 5	250,368	140,139	71,479
Total non-current assets		**250,368**	**140,139**	**71,479**
Other receivables		1,053	-	-
Cash and cash equivalents		1,686	2,693	2,611
Total current assets		**2,739**	**2,693**	**2,611**
Total assets		**253,107**	**142,832**	**74,090**
EQUITY AND LIABILITIES				
Capital contribution		251,470	251,470	251,470
Unpaid capital contribution		-88,368	-135,513	-175,877
Revaluation reserve		108,599	39,943	6,160
Retained earnings/(losses)		-18,835	-13,259	-7,791
Total equity		**252,866**	**142,641**	**73,960**
Other payables		241	191	130
Total short-term liabilities		**241**	**191**	**130**
Total liabilities		**241**	**191**	**130**
Total liabilities and equity		**253,107**	**142,832**	**74,090**

STATEMENT OF CHANGES IN EQUITY

	Contributed capital	Unpaid share capital	Revaluation reserve	Retained earnings	Equity
	TEUR	TEUR	TEUR	TEUR	TEUR
Balance 1 January 2020	251,470	-175,878	6,160	-7,791	**73,960**
Payment of unpaid capital contribution	-	40,365	-	-	**40,365**
Revaluation for the year	-	-	33,783	-	**33,783**
Result of the year	-	-	-	-5,468	**-5,468**
Limited partners equity total 31 December 2020	**251,470**	**-135,513**	**39,943**	**-13,259**	**142,641**

	Contributed capital	Unpaid share capital	Revaluation reserve	Retained earnings	Equity
	TEUR	TEUR	TEUR	TEUR	TEUR
Balance 1 January 2021	251,470	-135,513	39,943	-13,259	**142,641**
Payment of unpaid capital contribution	-	47,145	-	-	**47,145**
Revaluation for the year	-	-	68,656		**68,656**
Result of the year	-	-	-	-5,576	**-5,576**
Limited partners equity total 31 December 2021	**251,470**	**-88,368**	**108,599**	**-18,835**	**252,866**

CASH FLOW STATEMENT

	2021	2020
	TEUR	TEUR
Operating profit/(loss) (EBIT)	**63,208**	**28,443**
Purchase of financial investments (portfolio Companies)	-41,573	-34,879
Value adjustment of investments (unrealized)	-68,656	-33,783
Change in working capital	-1,003	61
Financial expense paid	-129	-128
Cash flow from operating activities	**-48,152**	**-40,286**
Payment of unpaid capital contribution	47,145	40,365
Cash flow from financing activities	**47,145**	**40,365**
Net increase in cash and cash equivalents	**-1,007**	**82**
Cash and cash equivalents at the beginning of the year	2,693	2,611
Cash and cash equivalents at the end of the year	**1,686**	**2,693**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

General information
The Annual Report of the Company has been prepared in accordance with the provisions of the International Financial Reporting Standard which is approved by the EU and further disclosure requirements according to the Danish Financial Statements Act for Class C (medium size entities).

The Annual Report is prepared in TEUR.

The most significant elements of the accounting principles applied are described below.

Functional currency and presentation currency
Assets, liabilities and transactions of GRO Fund II K/S are measured in the currency of the primary economic environment in which the company operates (functional currency). Transactions in currencies other than the functional currency are transactions in foreign currencies. The functional currency of the company is Danish Kroner (DKK); however due to GRO Fund II K/S international relations the financial statements are presented in Euro (EUR).

First time adoption of IFRS
This annual report is the first annual report that is presented in accordance with IFRS. The comparative figures in the income statement for 1 December to 31 December 2020 and the balance sheet items as at 1 December 2020 and 31 December 2020 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2021. No standards or interpretations which are not yet effective have been adopted.

The disclosures required by IFRS 1 First-time Adoption of International Financial Reporting Standards, concerning the transition from the Danish Financial Statements Act to IFRS, are provided in note 11.

Defining materiality
If a line item is not individually material, it is aggregated with other items and notes of a similar nature in the financial statements or in the notes. There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

Implementation of new standards, amendments, and interpretations
The Company has assessed the effect of the new standards, amendments, and interpretations. The Company has concluded that all standards, amendments, and interpretations effective for financial years beginning on or after 1 January 2021 are either not relevant to the Company or have no significant effect on the Financial Statements of the Company.

The Company further believes that other amended Standards and Interpretations, which have not entered into force, will not have significant impact on the financial statements as well as they have not been implemented before time.

Explanation on omitting consolidated financial statements
GRO Fund II K/S has multiple unrelated investors and holds multiple investments in portfolio companies. The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

NOTES TO THE FINANCIAL STATEMENTS

1) The Limited Partnership has more than one portfolio investment (portfolio companies).
2) The Limited Partnership has more than one investor, and its investors are not related parties
3) The Limited Partnership's investments in portfolio companies take the form of equity instruments or similar investments (portfolio companies).
4) The investments are measured and evaluated on a fair value basis.

As the Company meets the conditions above, it is exempt from consolidating portfolio companies. Instead, it records its controlled investments as financial assets at fair value through profit or loss.

Foreign currency translation
Transactions denominated in foreign currencies are translated at the exchange rates at the date of the transaction.

Receivables, liabilities and other items in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Realised and unrealised exchange rate adjustments are included in the income statement as financial income/expenses.

Balance sheet
Investments in portfolio companies etc.
Investments in subsidiaries, associates, other securities and investments comprise investments in portfolio companies and are measured at fair value on the balance sheet date. Value adjustments of portfolio companies are measured at fair value through profit and loss.

When measuring investments in portfolio companies, the company considers the guidelines of the "International Private Equity and Venture Capital" (IPEV) "Valuation Guidelines" and Ínvest Europe, previously the European Venture Capital Association (EVCA) reporting standards.

Unlisted portfolio companies are valued either by way of capital increase and/or value of comparable companies as well as by applying measurement methods.

Equity
An amount corresponding to net positive unrealised value adjustments of investments in subsidiaries and associated companies is presented as "revaluation reserve" under the equity.

Liabilities
Liabilities are measured at amortized cost, which, in all essentials, corresponds to the net realizable value.

Comprehensive income statement

Value adjustments of investments
Income from investments in portfolio companies comprises gains/losses from divestments, fair value changes and received dividends and other similar types of returns from the investments. Gains/losses from divestment of investments in portfolio companies are stated as the difference between the selling price or disposal consideration and the carrying amount of the portfolio companies at the time of sale or disposal, respectively. Carried interest reduce gain or loss from investments in portfolio companies if the conditions for carried interest are fulfilled.

Other external costs
Management fee comprises of management fee for the period calculated according to the Limited Partnership Agreement. Administrative expenses comprise expenses for establishing the Company and managing the operations of the company, including audit costs, legal advisors and other general expenses.

NOTES TO THE FINANCIAL STATEMENTS

Financial income and expenses
Financial income and expense are recognised in the income statement with the amounts relating to the reporting period. Net financials include interest income and expense and realised and unrealised exchange rate gains and losses on foreign currency transactions.

Tax on profit/loss for the year
The Company is not independently liable to tax and consequently tax has not been recognized.

Cash Flow Statement
The cash flow statement shows the Company's cash flows for the year broken down by operating and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items. Working capital comprises current assets less short-term excluding items included in cash and cash equivalents.

Cash flows from financing activities comprise cash flows from payments/distributions and contributions to and from shareholders/limited partners.

Cash and cash equivalents comprise "Cash at bank and in hand" as well as balances in "Credit institutions". The cash flow statement cannot be immediately derived from the published financial records.

2. Critical accounting estimates and judgments

GRO Fund II K/S makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

Fair value of investments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for unlisted equity securities is determined by the General Partner using valuation techniques. Such valuation techniques may include earnings multiples and discounted cash flows. The Partnership adjust the valuation model as deemed necessary for factors such considerations as illiquidity and other differences, advantages and disadvantages between the Partnership's portfolio company and the comparable public companies based in company specific facts and circumstances.

In determining fair value, the General Partner relies on the financial data of investee portfolio companies and on estimates by the management of the investee portfolio companies as to the effect of future developments. Although the General Partner uses its best judgement, and cross-references results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Partnership could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The fair value of securities that are not quoted in an active market are determined by using valuation techniques described below. The Company's general partner seeks to adhere both to Invest Europe reporting standards and to the IPEV Valuation Guidelines.

Valuation is based on a market-based method if possible. Unlisted portfolio companies are valued on the basis of the latest share-based or external capital injection made between independent parties through the use of earnings multiples and/or by comparison to relevant benchmark companies. Please refer to note 4 for further details on the valuation models and processes.

Methods and assumptions for determining fair values in unlisted portfolio companies
The fair value for each unlisted portfolio companies is determined based on methods which best reflect the individual investment's potential and risk.

In general, the fair value is determined following the guidelines which prescribe the use of accepted valuation methods, such as multiple analysis/benchmarking, most recent transaction multiple and other relevant methods. Upon initial investment, cost of the investment is generally determined to represent the fair value. In connection with the use of this method, the Company 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.

The fair value is determined in the functional currency of the portfolio companies, which is then translated to Euro 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.

Each portfolio company is owned through a holding structure. The equity interest represents the Company's ownership before dilution of incentive programmes provided to management in the respective portfolio companies and before any effect of different share classes which may be present in the holding structures, such as preference shares.

3. Financial risks and financial instruments

The objective of the Company is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies operating mainly in the Nordic market.

The Company's activities expose it to a variety of financial risks: market risk, foreign exchange risk, liquidity risk and credit risk.

Market risks
The Partnership's Investment Professionals provides the General Partner and Partnership with investment recommendations. The Investment Professionals recommendations are reviewed and approved by the General Partner before the investment decisions are implemented. To manage the market price risk, the Investment Professionals, as engaged by the General Partner, reviews the performance of the portfolio companies on a quarterly basis and is often in contact with the management of the portfolio companies for business and operational matters. Any relevant results of these reviews are communicated to the General Partner.

The portfolio of investments is well diversified among various industries within the IT sector. However, the majority of the investments are still in the Nordics and a negative event in the Nordic capital markets would most likely affect the financing and/or exit possibilities in general.

Foreign exchange risks
The Partnership holds investments denominated in currencies other than the functional currency (DKK). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. Management monitors the exposure on all foreign currency denominated investments.

NOTES TO THE FINANCIAL STATEMENTS

Foreign exchange sensitivity
The Company's portfolio companies are affected by the development in foreign exchange rates. The fair value of the Company's investments will be affected by changes in local currency compared to the Company's chosen currency (EUR). The impact of the changes in local currency is symmetric for the statement of profit and loss and equity.

The calculation below shows the Company's sensitivity for changes in chosen currency, all other variables kept unchanged. The calculation is based on equal changes in all relevant currencies. The effect on the fair value is as follows, with a change in foreign exchange rates of 5% as per Q4 2021 and 2020, respectively:

	2021	2020
	MEUR	MEUR
DKK/EUR	5.2	4.1

Liquidity risks
The investors in the Company have made unconditional commitments to the Company, of which undrawn commitment amounts to EUR 88 million.

The liquidity risk is considered insignificant. No indication of the limited partners ability to contribute the remaining fund commitment occurs.

Credit risks
The Company has no significant receivables, why the credit risk is minimal.

Capital risk management
In order to maintain or adjust the capital structure, the General Partner may call unfunded commitment from the investors or distribute funds.

4. Fair value estimation

The valuations process
The valuations are prepared in cooperation of the Investment Team and the Finance Team and are reviewed on a quarterly basis by the Investment Professionals valuation committee. The Investment Professionals valuation committee considers the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation results using various valuation methods and techniques generally recognized as standard within the industry.

In determining the valuation recommended to the General Partner for Company's investments, the Investment Team and the Finance Team utilizes comparable trading multiples in arriving at the valuation. In accordance with the Company's policy the Investment Team determines appropriate public companies based on industry, size, development stage, revenue generation and strategy. The Investment Team then calculate a trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value (EV) with EBITDA or Sales. The trading multiple or the enterprise value is then adjusted for discounts/premium with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the Partnership's portfolio company and the comparable public companies based in company specific facts and circumstances.

In determining the continued appropriateness of the chosen valuation techniques, the Investment Team may perform back testing to consider the various models' actual results and how they have historically aligned with the market transactions.

Fair value hierarchy for financial instruments

NOTES TO THE FINANCIAL STATEMENTS

International Financial Reporting Standards require GRO Fund II K/S to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices in active markets for identical instruments

Level 2: Quoted prices in active markets for similar assets or liabilities or other valuation methods under which all material inputs are based on observable market data;

Level 3: Valuation techniques under which any material inputs are not based on observable market data.

The measurement of investments in portfolio companies classified according to level 3 is based on measurement methods, in which material non-observable inputs are included such as assessment of which method best reflects fair value, assessment of the performance of each group enterprise, determination of multiples and future earnings, and assessment of whether a pervasive negative development should result in the recognition of impairment write-downs.

The fair value of the Fund's portfolio companies is impacted by the development in applied multiples as well as expected future earnings and development in each group enterprise. A decrease or increase in the above-mentioned material non-observable inputs may have a direct effect on the measurement of the portfolio companies, just as the fair value of the Fund's portfolio companies is impacted by the development in macroeconomic conditions.

The development in the value of investments in portfolio companies classified into level 3 can be summarised as follows:

	Level 3 TEUR	Total TEUR
2021		
Fair value at 1 January 2021	140,139	140,139
Additions	41,573	41,573
Fair value adjustments, unrealized	68,656	68,656
Disposals	0	0
Financial instruments, measured at fair value at 31 December 2021	**250,368**	**250,368**

	Level 3 TEUR	Total TEUR
2020		
Fair value at 1 January 2020	71,479	71,479
Additions	34,877	34,877
Fair value adjustments, unrealized	33,783	33,783
Disposals	0	0
Financial instruments, measured at fair value at 31 December 2020	**140,139**	**140,139**

NOTES TO THE FINANCIAL STATEMENTS

Significant unobservable inputs at level 3

Investments classified within level 3, has been valued based on significant unobservable inputs, as they trade infrequently. As quoted market prices are not available for these investments, the general partner has used valuation techniques to determine fair value. In order to assess the valuation made for investments within level 3, the Investment Professionals reviews the performance of the portfolio companies. Furthermore, the Investment Professionals is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matter which are considered in the valuation process. Where appropriate the Investment Professionals also track peer group company multiples, such as multiples on the expected sales level, recent transaction results and credit ratings for similar companies.

	Multiple Range used
Level of applied multiples, 2021	1.5 – 7.2
Level of applied multiples, 2020	2.6 – 5.5

Sensitivity analysis

The fair value of the Company's portfolio companies is affected by the development in applied multiples. A change in significant unobservable input will have an affect on the valuation of the portfolio companies, as well as the fair value will be affected of development in general macro – economic conditions.

A change of applied multiples of 10 % will have the following effect on the fair value.

Change in applied multiples of 10%, 2021 – MEUR 7.4
Change in applied multiples of 10%, 2020 – MEUR 3.6

5. Financial assets at fair value through profit or loss

	2021 TEUR	2020 TEUR
Cost at beginning of year	100,196	65,319
Additions	41,573	34,877
Cost at end of year	**141,769**	**100,196**
Revaluations at beginning of year	39,941	6,160
Revaluations	68,656	33,783
Revaluation at end of year	**108,599**	**39,943**
Carrying amount at end of year	**250,368**	**140,139**

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in portfolio companies

Investment (Industry)	Place of registered office	Stage of initial investment	Currency	Share capital	Votes and ownership	Equity at last reporting date	Net profit/loss for the last reported year
				Local Currency		Local Currency	Local Currency
Omada A/S (Cyber Security and IAM solutions)	Copenhagen	Mature	TDKK	1,425	29.5%	10,205	(31,634)
Adform A/S (AdTech)	Copenhagen	Mature	TEUR	93	27.1%	22,774	1,870
QUEUE-IT ApS (Virtual waiting room SaaS solution)	Copenhagen	Growth	TDKK	214	71.6%	21,288	7,951
Ipoint Systems Gmbh (Sustainable Software)	Hamburg	Mature	TEUR	3,000	55.0%	7,376	-322
Luxion Group ApS (3D rendering and engineering software)	Aarhus	Mature	TDKK	6,700	40.0%	-	-
Secomea A/S (Remote access provider)	Copenhagen	Growth	TDKK	556	22.0%	25,150	9,135

7. Other external costs

Other external costs cover cost for management fee (T.EUR 5,209), investments that did not materialize (T.EUR 54), bank charges (T.EUR 108), cost for the fund's advisory and Investment Professionals and fees to other advisors (T.EUR 76).

8. Limited partners equity

The total committed capital is MEUR 251 of which MEUR 88 is not called.

Capital reductions comprise of return of capital and distributions from investment companies.

9. Related party transactions

The following transactions has occurred with other related parties:

	2021	2020
	TEUR	TEUR
Management fee	5,209	5,152
Total expenses	**5,209**	**5,152**

10. Subsequent events

At the end of January 2022, GRO Fund II K/S invested in the Oslo based company Promon. No other subsequent events have occurred after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

11. Transition to IFRS

These financial statements of the Company for the year ended 31 December 2021, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP').

The Company has prepared the financial statements of the Company that comply with IFRS applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2020. As the financial reporting period has changed the comparative figures for the income statement covers the period 1 January - 31 December 2020.

In preparing the financial statements of the Company, the opening statement of financial position was prepared as at 1 January 2020.

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Company in restating Danish GAAP financial statements are provided below:

	As at 1 January 2020 (date of transition to IFRS)				**For December 2020**	**As at 31 December 2020**			
Reconciliation (TEUR)	Assets	Liabilities	Equity (incl. retained earnings)	Equity (revaluation reserve)	Profit for the year	Assets	Liabilities	Equity (incl. retained earnings)	Equity (revaluation reserve)
According to the Danish Financial Statement Act	**74,090**	**130**	**67,800**	**6,160**	**-5,468**	**142,832**	**191**	**108,166**	**39,943**
IFRS adjustments									
Revaluation of investments	0	0	0	0	33,783	0	0	0	0
Total IFRS adjustments	**0**	**130**	**0**	**0**	**33,783**	**0**	**0**	**0**	**0**
Total according to IFRS	74,090	130	67,800	6,160	28,315	142,832	191	108,166	39,943

Notes to the reconciliation from Danish GAAP to IFRS

Revaluation of investments

GRO Fund II K/S has according to the Danish Financial Statement Act recognised the revaluation of investment directly to the equity, as a revaluation reserve, but in accordance with IFRS, revaluation of investment should be recognised in the statement of comprehensive income but will still be presented as revaluation reserve under the equity.

12. Contingent liabilities

As a collateral for credit at Nordea in Omada A/S the company is committed to inject a cash or capital contributions in the underlying subsidiary in relation to the company's indirect ownership of Omada A/S on request from Nordea Denmark. At 31 December 2021 this amounts to TEUR 1,914.

There are no other security and contingent liabilities at 31 December 2021.