

ANNUAL REPORT

2021

Signed at the company's annual general meeting, / 2022

Conductor Martin Rudbæk Nielsen
Legal Director

Innovation Investment II K/S
c/o Strandvejen 104B, 2900 Hellerup
CVR 41 97 14 87

Annual report for the period 19 December 2020 – 31 December 2021

Table of contents

Information about the company	2
Statement by the Management	3
Independent auditor's report.....	4
Management's Review	7
Accounting policies.....	9
Income Statement	12
Balance sheet	13
Statement of cash flows	14
Notes	15

Information about the company

Innovation Investment II K/S	Registration No. 41 97 14 87
Registered office	c/o Vækstfonden Strandvejen 104B 2900 Hellerup Denmark
General Partner	Innovation Investment Komplementar ApS
Investment Manager	Vækstfonden Strandvejen 104B 2900 Hellerup Denmark
Auditor	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København Denmark
Bank	Nordea Bank Danmark A/S Grønjordsvej 10 2300 København S Denmark

Statement by the Management

The Management has today discussed and approved the annual report of Innovation Investment II K/S for the period 19 December 2020 – 31 December 2021.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act with respect to recognition and measurement.

We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of Innovation Investment II K/S's assets, liabilities and financial position at 31 December 2021 as well as of the results of Innovation Investment II K/S's activities and cash flows for the financial period 19 December 2020 – 31 December 2021.

Copenhagen, 21 April 2022

Rolf Hauge Kjærgaard
On behalf of Innovation Investment Komplementar ApS

Mikkel Hesselgren
On behalf of Innovation Investment Komplementar ApS

Independent auditor's report

To the Limited Partners of Innovation Investment II K/S

Opinion

We have audited the financial statements of Innovation Investment II K/S for the financial year 19 December 2020 – 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 December 2021 and of the results of its operations and cash flows for the financial year 19 December 2020 – 31 December 2021 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 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.

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 under the Danish Financial Statements Act.

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, 21 April 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33 96 35 56

Kasper Bruhn Udam

State Authorised Public Accountant

Identification No (MNE) mne29421

Jakob Lindberg

State Authorised Public Accountant

Identification No (MNE) mne40824

Management's Review

Objective

Innovation Investment II K/S' objective is to generate income and capital appreciation by investing in the portfolio fund Innovation Endeavors IV L.P.

Events during the financial period

The financial period shows a negative result of USD 268,516 and the balance statement as of 31 December 2021 shows a capital account of USD 4,984,017.

Management of the company

Innovation Investment II K/S has no employees. Innovation Investment II K/S is managed by Vækstfonden.

Events after the balance sheet date

After the balance sheet date the fund has closed commitments of USD10m in ACME IV and USD7m in Root Ventures III.

In February 2022, Russia launched a military invasion of Ukraine. On that occasion, EU has imposed severe economic sanctions on Russia, which will cause considerable volatility in the stock market and generally create economic uncertainty. At the time of release of the annual report it is not possible to assess the negative significance of the events.

Innovation Investment II K/S

Financial Statements

Accounting policies

Basis of Preparation

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities with additional provisions applying to reporting class C entities with respect to recognition and measurement.

The Financial Statements are presented in USD.

Currency exchange rate 31 December 2021 (USD/DKK): 6,5612

Recognition and measurement

Value adjustments of financial assets and liabilities measured at fair value or amortized costs are recognized in the income statement. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement. This includes depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to Innovation Investment II K/S and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out from Innovation Investment II K/S and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Financial Statements, which confirm or invalidate affairs and conditions existing on the balance sheet date.

USD are used as the measurement currency. All other currencies are regarded as foreign currencies.

Conversion policies

Transactions in foreign currencies are converted at the exchange rates at the transaction date. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized as financial income and expenses in the income statement.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are converted at the exchange rates on the balance sheet date. Any differences between the exchange rates on the balance sheet date and the transaction date rates are recognized in financial income and expenses in the income statement.

Income Statement

Result from investments in funds

The item "Profit (loss) on investments" in the income statement includes the proportionate share of the profit for the year in Innovation Investment II K/S' investment (fund) which includes realized and unrealized profit and loss on investments in the portfolio companies.

Administrative expenses

Administrative expenses are composed of audit and legal fees as well as other costs related to the administration of Innovation Investment II K/S.

Finance income and expenses

Finance income and expenses are composed of interest and other financial costs related to Innovation Investment II K/S' bank facilities etc.

Tax on profit/loss for the period/year

Innovation Investment II K/S is not an independent tax entity and consequently no tax on the profit for the period/year is recognized in the income statement.

Balance Sheet

Investments in funds

Investments in funds are measured at fair value based on Innovation Investment II K/S' proportionate share of the investment in the portfolio fund.

The investment is recognized at fair value at the balance sheet date in accordance with the Danish Financial Statements Act § 37 and § 41.

Trade payables and other payables

Trade payables and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables are recognized at amortized cost.

Borrowings

Borrowings relate to Innovation Investment II K/S' line of credit and are recognized at amortized cost.

Cash Flow Statement

The cash flow statement shows Innovation Investment II K/S' cash flows for the period/year broken down into operating, investment and financing activities, changes for the period/year in cash and cash equivalents as well as Innovation Investment II K/S' cash and cash equivalents at the beginning and end of the period/year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the period/year adjusted for changes in working capital and noncash operating items such as provisions. Working capital comprises

current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investment activities

Cash flows from investment activities are composed of cash flows from payments to and distributions from portfolio funds.

Cash flows from financing activities

Cash flows from financing activities are composed of cash flows from payments from and distributions to Limited Partners.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and borrowings.

Income Statement

USD	Note	19.12.2020
		31.12.2021
Profit (loss) on investments		
Value adjustment of investments in portfolio funds	1	(272.460)
Total profit (loss) on investments		(272.460)
Administrative expenses		
Other administrative expenses	2	(3.482)
Total administrative expenses		(3.482)
Operating profit (loss)		(275.942)
Finance costs	3	7.426
Profit (loss) for the period		(268.516)
Recommended appropriation		
Retained earnings at 31 December		(268.516)

Balance sheet

USD	Note	31.12.2021
Assets		
Non-current assets		
Investment in funds	4	4.977.540
Total non-current assets		4.977.540
Current assets		
Cash and cash equivalents		9.917
Total current assets		9.917
Total assets		4.987.457
Capital account and liabilities		
Capital account		
Total committed capital from Limited Partners		30.000.000
Commitment not yet paid-in by Limited Partners		(24.747.466)
Retained earnings		(268.516)
Total capital account		4.984.017
Current liabilities		
Trade and other payables	5	3.440
Total current liabilities		3.440
Total capital account and liabilities		4.987.457
Information on fair value of the investments	6	
Events after the balance sheet date	7	

Statement of cash flows

	19.12.2020
USD	31.12.2021
Operating profit (loss)	(275.942)
Value adjustment of investments in portfolio funds	272.460
Change in working capital	3.440
Interest paid/received	7.426
Cash flow from operations	7.384
Contributions to funds	(5.250.000)
Cash flow from investing activities	(5.250.000)
Contributions by Limited Partners	5.252.534
Cash flow from financing activities	5.252.534
Net increase/decrease in cash	9.917
Cash & cash equivalents at beginning of period	0
Cash & cash equivalents at the end of the periods	9.917

Statement of changes in equity

USD	Total committed capital	Subscribed not paid capital	Retained earnings	Distributions	Total
Balance beginning of period	30.000.000	(30.000.000)	0	0	0
Contributions by Limited Partners	0	5.252.534	0	0	5.252.534
Distributions to Limited Partners	0	0	0	0	0
Profit (loss)	0	0	(268.516)	0	(268.516)
December 31, 2021	30.000.000	(24.747.466)	(268.516)	0	4.984.017

Notes

	19.12.2020
USD	31.12.2021
Note 1 Value adjustments on investments	
Innovation Endeavors IV LP	(272.460)
Total value adjustments on investments	(272.460)
Value adjustments in portfolio investments	0
Management fee and other expenses	(272.460)
Total value adjustments on investments	(272.460)
Note 2 Other administrative expenses	
Lawyer (establishment costs)	0
Lawyer and consultancy, investment related	0
Innovation Investment Komplementar ApS fee	(1.440)
Other administrative expenses	(42)
Total other administrative expenses	(3.482)
Note 3 Finance income & costs	
Interest, equalisation	7.466
Interest expenses, bank overdraft facility	(41)
Total finance income & costs	7.426

USD **31.12.2021**

Note 4 Investments in funds

Cost at beginning of period	0
Additions	5.250.000
Cost at end of period	5.250.000

Distributions at beginning of period	0
Distributions for the period	0
Distributions at end of period	0

Value adjustments at beginning of period	0
Value adjustments for the period	(272.460)
Value adjustments at end of period	(272.460)

Net book value at end of period **4.977.540**

Note 5 Trade and other payables

Trade payables	3.440
Total trade and other payables	3.440

Note 6 Information on fair value of the investments

Fair value 31 December 2021	4.977.540
Unrealised value adjustments recognised through profit or loss	(272.460)
Unrealised value adjustments recognised through equity	0

Note 7 Events after the balance sheet date

After the balance sheet date the fund has closed commitments of USD10m in ACME IV and USD7m in Root Ventures III.

In February 2022, Russia launched a military invasion of Ukraine. On that occasion, EU has imposed severe economic sanctions on Russia, which will cause considerable volatility in the stock market and generally create economic uncertainty. At the time of release of the annual report it is not possible to assess the negative significance of the events.
