



Capidea Kapital II K/S

Store Kongensgade 118, 1. th
1264 København K
CVR No. 34453934

Annual report 2023

The Annual General Meeting adopted the annual report on 25.04.2024

Gert Eg
Chairman of the General Meeting

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Fund details

Fund

Capidea Kapital II K/S

Store Kongensgade 118, 1. th

1264 København K

Business Registration No.: 34453934

Registered office: København

Financial period: 01.01.2023 – 31.12.2023

General Partner

Capidea Komplementar II ApS

Fund Manager

Capidea Management ApS

Registered Manager of Alternative Investment Funds (Danish FTID number: 23135)

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by the Management on the annual report

The Executive board has today considered and approved the annual report of (the "Fund") for the financial period 01.01.2023 - 31.12.2023 Capidea Kapital II K/S

The annual report is presented in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Fund's financial position at 31.12.2023 and of the results of its operations and the cash flows for the financial period 01.01.2023 - 31.12.2023

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 06.02.2024

On behalf of Capidea Komplementar II ApS

Ulrik Nicolai Jungersen

Erik Balleby Jensen

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Operating profit/(loss) (EBIT)	(21,955)	(56,080)	281,542	60,127	31,658
Profit/(loss) for the period	(21,780)	(55,841)	282,026	60,739	32,406
Net Assets attributable to Limited Partners	121,172	141,862	399,289	514,302	473,325
Total Assets	122,125	142,229	399,518	514,360	473,556
Ratios					
Solvency ratio (%)	99.22	99.74	99.94	99.99	99.95
Distributed to Paid in	161.80	162.00	130.00	66.00	63.00

Primary activity

The objective of Capidea Kapital II K/S (the Fund) is to perform long-term investments in small and mid-sized Danish enterprises, either directly or through wholly or partially owned holding companies, with focus on trade, service and industry and related areas.

Decisions made to invest in a portfolio enterprise is made by the Investment Committee based on recommendations prepared by Management of Capidea Management ApS.

Investments

From establishment to December 31, 2023, the fund has acquired 8 companies, of which one was sold in 2017, two were sold in 2019, two were sold in 2021 and two were sold in 2022. The fund is in the realisation period and no new platform investments will be made.

The Fund has acquired the majority of voting rights in its portfolio company.

Presentation of the current portfolio company:

TopCap Creativ Company ApS (Creativ Company-Group)

Creative Company develops, purchases, and sells hobby materials. The customer base includes schools and institutions, wholesale customers, as well as private customers primarily through the internet, but also through its own stores. The product range is broad and includes classic hobby items such as modeling clay, papier-mâché articles, paint, beads, jewelry parts, textiles, and yarns. The Danish market accounts for approximately 40% of the revenue, while export revenue accounts for approximately 60% with sales to 14 countries in Europe. Creative Company's headquarters are located in Holstebro, and the company has 282 employees.

Development in activities and finances

Profit/loss for the year showed a loss of DKK 21.780 thousand, primarily reflecting the development in the portfolio companies and the market for unlisted companies in general.

Uncertainty relating to recognition and measurement

The objective of the Fund is to contribute capital to competitive enterprises. The most significant risk factor is thus changes to the values of the investments made.

As described under accounting policies, investments in portfolio companies are measured at fair value.

As the portfolio companies are medium-sized unlisted companies, determining fair value is naturally associated with uncertainty. It is Management's assessment that the fair value measurement at 31.12.2023 is well founded and based on reasonable and realistic assumptions.

Unusual circumstances affecting recognition and measurement

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

Information according to the Alternative Investment Fund Managers Directive

According to Article 22 of the Alternative Investment Fund Managers Directive, Alternative Investment Funds (AIF) must make certain disclosures to investors in connection with the presentation of financial statements.

During the financial period covered by the financial statements, there have been no significant changes in the matters below:

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

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Outlook

Increases in values of the Fund's enterprises partly depend on their financial results and partly on the share market utilised to determine the price for unlisted shares.

Due to uncertainty on the share market, it is difficult to list well-founded expectations to the results for 2024.

Periodic disclosure for Article 6 financial product

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

Independent auditor's report

To the limited of Capidea Kapital II K/S

Opinion

We have audited the financial statements of Capidea Kapital II K/S for the financial period 01.01.2023 - 31.12.2023 which comprise the statement of comprehensive income, balance sheet, statement of changes in net assets, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the 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 Fund's financial position at 31.12.2023 and of the results of its operations and cash flows for the financial period 01.01.2023 - 31.12.2023 in accordance with the 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 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.

General Partner's responsibilities for the financial statements

The General Partner is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as the General Partner 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, the General Partner is responsible for assessing the Fund'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 the General Partner either intends to liquidate the Fund 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

General Partner 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, 06.02.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Bjørn Winkler Jakobsen

State Authorised Public Accountant

Identification No (MNE) mne32127

Rikke Frydkjær Hansen

State Authorised Public Accountant

Identification No (MNE) mne46616

Statement of comprehensive income

	Notes	2023 DKK'000	2022 DKK'000
Realised gains/(losses) from financial assets at fair value	3	(979)	4,614
Net increase/(decrease) in unrealised gains/(losses) from financial assets at fair value	3	(19,107)	(57,862)
Operating income/(loss)		(20,086)	(53,248)
Administrative expenses	4	(1,347)	(2,832)
Other operating expenses	5	(522)	0
Operating expenses		(1,869)	(2,832)
Operating profit/(loss) (EBIT)		(21,955)	(56,080)
Financial income	6	858	496
Financial expenses	7	(683)	(257)
Profit/(loss) for the period		(21,780)	(55,841)
Comprehensive income		(21,780)	(55,841)

Statement of financial position at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Equity investments	8	500	1,479
Investments in portfolio companies	8	117,422	136,476
Investments		117,922	137,955
Non-current assets		117,922	137,955
Other receivables	9	1,518	2,040
Cash and cash equivalents		2,685	2,234
Current assets		4,203	4,274
Total assets		122,125	142,229

Net assets and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Limited partnership capital	10	(390,027)	(391,117)
Retained earnings		511,199	532,979
Net assets attributable to Limited Partners		121,172	141,862
Other payables	11	953	367
Current liabilities		953	367
Total liabilities		953	367
Total liabilities and net assets attributable to Limited Partners		122,125	142,229

Statement of changes in net assets attributable to the Limited Partners' Capital

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Net assets 01.01.2023	(391,117)	532,979	141,862
Contributions from Limited Partners	1,090	0	1,090
Profit/(loss) for the period	0	(21,780)	(21,780)
Net assets 31.12.2023	(390,027)	511,199	121,172

	Limited partnership capital DKK'000	Retained earnings DKK'000	Total DKK'000
Net assets 01.01.2022	(189,531)	588,820	399,289
Contributions from Limited Partners	2,537	0	2,537
Distributions to Limited Partners	(204,123)	0	(204,123)
Profit/(loss) for the period	0	(55,841)	(55,841)
Net assets 31.12.2022	(391,117)	532,979	141,862

The Partners have committed themselves to contributing up to DKK 717,245 thousand into the Fund, as and when new capital is required for making investments, paying fund costs etc. Of the total committed capital, the Partners have paid-in net DKK 629.137 thousand at 31.12.2023. The remaining contribution balance is DKK 89.197 thousand. Distributions to Partners comprise return of capital and realized gains.

Statement of cash flows for 2023

	Notes	2023 DKK'000	2022 DKK'000
Operating profit/(loss) (EBIT)		(21,955)	(56,080)
Net increase/(decrease) in unrealised gains/(losses) from financial assets at fair value through profit or loss		19,107	57,862
Realised gains/(losses) from financial assets at fair value		979	(4,614)
Working capital changes		1,055	3,672
		(814)	840
Received financial income	6	858	496
Paid financial expenses	7	(683)	(257)
Cash flows from operating activities		(639)	1,079
Income from sale of portfolio enterprises		0	200,533
Cash flows from investing activities		0	200,533
Cash flows from operating and investing activities		(639)	201,612
Contributions from Limited Partners		1,090	2,537
Distributions to Limited Partners		0	(204,123)
Cash flows from financing activities		1,090	(201,586)
Increase/decrease in cash and cash equivalents		451	26
Cash beginning of year		2,234	2,208
Cash end of year		2,685	2,234

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Notes to the financial statements

1 Accounting policies

Reporting class

The financial statements are prepared in accordance with the IFRS Accounting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The expected lifetime of the Limited Partnership is 10 years from the date of commence as set out in the Limited Partnership Agreement. The Limited Partnership qualifies as an unregulated alternative investment fund in compliance with the AIFMD.

The financial period runs from 1 January to 31 December each year. The accounting policies applied to these financial statements are consistent with those applied last year.

The comparison figures in the Cash flow statement has been changed due to a mistake in the presentation of "Income from sale of portfolio enterprises" and "Working capital changes".

The financial statements are presented in ~~DKK~~, ~~DKK~~ is the functional currency of the Fund.

The Fund is determined to be an investment entity in accordance with IFRS 10, Consolidated Financial Statements, and has therefore accounted for subsidiaries as well as investments in associates and joint ventures as investments designated at fair value through profit or loss where the relevant criteria under IFRS 10 are met.

The financial statements are presented on the basis of going concern.

The Fund's investments are portfolio companies which are not subject to IFRS 9, Financial Instruments. The Fund has no material assets or liabilities subject to IFRS 9, Financial Instruments.

The Fund's has not entered into any leasing agreements subject to IFRS 16, Leases.

The financial statements are presented on the basis of historical cost, except for the investments and receivables from investments, which are measured at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets.

All amounts in the financial statements are presented in whole ~~thousand DKK~~ Every figure is rounded off separately and, for that reason, minor differences between the stated totals and the sum of underlying figures may occur.

Judgements made by Management in the application of the IFRS Accounting Standards that have had significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements

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 the IFRS Accounting Standards. Disclosures required by the IFRS Accounting Standards are provided unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

The most significant accounting policies are set out below.

Report on the exemption of preparation of consolidated financial statements

Capidea Kapital II K/S has omitted to prepare consolidated financial statements under the provisions of IFRS 10, Consolidated Financial Statements, as the Limited Partnership qualifies as an investment entity. The definition of an investment entity is an entity that:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all its investments on a fair value basis.

In view of the circumstances described below, the General Partner believes that the Fund satisfies the typical criteria of an investment entity that:

- The Fund has more than one investment.
- The Fund has more than one investor and its investors are not related parties. Please refer to the description in ~~note~~ to the financial statements.
- The Fund's investments take the form of equity instrument or similar investments (portfolio companies).

As a result, the General Partner has decided to apply the exemption rule in IFRS 10 not to prepare consolidated financial statements where the controlled subsidiaries are consolidated, and instead the controlled subsidiaries are accounted for at fair value through profit or loss.

Standards and Interpretations not yet in force

All of the new and amended Standards and Interpretations which are relevant to the Fund, and which came into force with effect for financial years beginning 01.01.2023 have been applied when preparing the financial statements.

These Standards have not had an impact on the Fund's Annual Accounts.

There are no other Standards, Interpretations or amendments to existing Standards that are not yet effective that would be expected to have an impact on the Fund.

Significant accounting judgment and estimates

When preparing the financial statements, the General Partner makes several accounting estimates forming the basis for the presentation, recognition and measurement of the Fund's assets and liabilities. The most significant accounting estimates and assessments are presented in to the financial statements.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Fund, and the value of the asset can be measured reliably. Assets are derecognised in the balance sheet when it is no longer probable that future economic benefits will flow to the Fund.

Liabilities are recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of an event prior to or on the balance sheet date, and it is probable that future economic benefits will flow out of the Fund, and the value of the liability can be measured reliably. Liabilities are derecognised in the balance sheet when it is no longer probable that economic benefits will have to be given up to settle the liability.

Financial assets and liabilities are recognised at fair value through profit or loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date when the Fund purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

Financial assets and liabilities are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

On initial recognition, assets and liabilities are measured at cost, however, investment assets are measured at fair value on initial recognition, typically equalling cost exclusive of directly incurred expenses (direct transaction costs). Subsequent to initial recognition, all financial assets, and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net increase/(decrease) in unrealised gains/(losses) from financial assets and liabilities at fair value at fair value in the period in which they arise.

Income is recognised in the statement of comprehensive income when earned, whereas costs are recognised by the amounts attributable to this financial period.

Foreign currency translation

The functional currency reflects the currency in which the Limited Partners have committed themselves to the Fund as well as the currency in which the Fund pays the Fund Manager for carrying out investment related services. Investments and loans are carried out in different currencies and hence considered less relevant in terms of influencing the choice of functional currency. The financial statements of the Fund are presented in the currency unit DKK, which is the Fund's functional and presentation currency.

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the balance sheet date are recognised in the statement of comprehensive income as financial income or financial expenses.

Statement of comprehensive income

Revenue recognition

Income from investments in portfolio enterprises 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 enterprises are stated as the difference between the selling price or disposal consideration and the carrying amount of the portfolio enterprises at the time of sale or disposal, respectively.

Dividends from investments in portfolio enterprises are recognised as income when final entitlement to the dividends is obtained, which is usually at the time of the approval of the declaring dividends by the portfolio enterprise.

Operating income

Operating income from receivables and investments consists of un- and realised fair value adjustments, dividends, accrued interest, net foreign exchange gains or losses related to receivables and investments and profit or loss from the disposal of portfolio investments or receivables.

Income realised from the disposal of investments is calculated as the difference between net selling price and the fair value at the beginning of the financial period.

Administrative expenses and other operating expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

Administrative expenses and other operating expenses comprise expenses incurred during the reporting period not directly related to the Fund's investment activities. The Fund pays the Fund Manager an annual fee for carrying out investment related activities and administration. The fee is calculated in accordance with the criteria set out in the Limited Partnership Agreement.

Administrative expenses and other operating expenses which can be directly allocated to specific investments are recognised in the underlying project companies when the investment structure is formally in place.

Administrative expenses and other operating expenses that do not relate to the Fund's investment activities or is investment specific are recognised as expense by the Fund. Such costs comprise among others financial, legal and tax advisory, audit, bookkeeping, travel costs and General Partner fee.

Financial income and expenses

Financial income and expenses comprise interest income and various expenses, and net exchange rate adjustments on transactions in foreign currencies.

Interest income and interest expenses are recognised on an accrual basis.

Taxation

Under current Danish law governing the Fund, it is not independently taxable because the Fund's profit/loss for the year is included in the Limited Partners' taxable income.

The annual report does not include current or deferred tax due to the corporate form of the Fund.

Balance sheet

Investments

Financial assets and liabilities are recognised at fair value through profit or loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date when the Fund purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

On initial recognition, investments and receivables from investments are measured at fair value and subsequently measured at fair value with recognition of fair value adjustments through profit or loss.

Financial assets and liabilities are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Investments consist of equity investments and receivables from investments consist of loans. On initial recognition the investments are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss. Receivables from investments are measured at fair value through profit or loss under IFRS 9, Financial Instruments.

The fair value is calculated equivalent to an estimated fair value that is determined based on market information, IPEV Valuation Guidelines and generally accepted valuation techniques, including benchmarking, multiple, DCF or other relevant methods, which are considered to provide the best estimate of the fair value.

For further information about the measurement of fair values, please refer to note 8.

Carried interest

Holders of carried interest (Limited Partnership capital) receive a return on their investment that is dependent on the yield of the underlying investments throughout the lifecycle of the Fund. The amount allocated to carried interest is based on the principle that the investments are realized at the balance date at a price corresponding to the estimated fair value of the assets.

The specific commitment classes in Capidea Kapital II K/S does not participate in the Limited Partnership itself however, they perform co-invest in any Investments (including Investments in the form of provision of debt) made by the Limited Partnership as if they invested directly through the Fund.

Except for entitlement to carried interest, the investments by the Limited Partners with specific commitment classes are made at the same time and on the same commercial terms as the other Limited Partners, provided that no Management Fee or carried interest are payable by those Limited Partners with specific commitment classes.

Distributions of carried interest to the specific commitment classes are subject to provision as defined in the Limited Partnership Agreement. Carried interest will be allocated to specific commitment classes based on the carrying value of the investments at year end. However, distributions of carried interest are not paid to the specific commitment classes until the sale of investments are realized.

The accumulated carried interest is allocated to equity in note 4 and is accounted for under income from investments in the profit and loss. If the conditions for carried interest are fulfilled the fair value of investments are reduced by carried interest.

Investments in and loans to portfolio companies

Financial assets and liabilities are recognised at fair value through profit or loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date when the Fund purchases or sells an investment under a contract whose terms require delivery of the investment within the time frame established by the market.

On initial recognition, investments and receivables from investments are measured at fair value.

Financial assets and liabilities are derecognised when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Investments consist of equity investments and receivables from investments consist of loans. On initial recognition, investments are measured at fair value, and subsequently measured at fair value with recognition of fair value adjustments through profit or loss. Receivables from investments are measured at fair value through profit or loss under IFRS 9, Financial Instruments.

The fair value is calculated equivalent to an estimated fair value that is determined based on market information, IPEV Valuation Guidelines and generally accepted valuation techniques, including benchmarking, DCF or other relevant methods, which are considered to provide the best estimate of the fair value.

For further information about the measurement of fair values, please refer to note 10.

Other receivables

Other receivables relate to the Fund's ordinary business activities.

Other receivables are measured at amortised cost, usually equaling nominal value.

Cash and cash equivalents

Cash comprises cash in bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement of the Fund is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Fund's cash at the beginning and the end of the financial period.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items and working capital changes attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of investment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and payment of distributions to the Limited Partners as well as the raising of loans and instalments on interest-bearing debt, if any. Cash comprises cash in bank deposits.

Financial highlights

Financial highlights are defined and calculated as below.

Ratios	Calculation formula	Ratios reflect
Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The Fund's financial strength
Distributed To Paid In (DPI)	$\frac{\text{The value of distributions to investors}}{\text{Contributed capital from investors}}$	The Fund's realisation

2 Significant accounting estimates, assumptions, and uncertainties

Capidea Kapital II K/S invests in portfolio enterprises, which primarily includes equity investments and to a smaller extent contribution of loans to development-oriented enterprises, and which may require continuous contribution of capital. The investments are accounted for at fair value through profit or loss. When measuring the fair value of the unlisted investments, the General Partner assesses the development stage of the portfolio enterprises compared to the initial plans at the time of making the initial investments, future financing requirements, commercialisation possibilities, timing of exit and possible exit values.

The fair value of each unlisted portfolio enterprise is determined in accordance with commonly used valuation principles based on IPEV's Valuation Guidelines, taking into account the assessment of the development stage of the enterprise as well as its market potential and expected cash flows in order to reflect the fair value of the portfolio enterprise in the best way possible. Methods and assumptions for determining the fair value of investments in unlisted portfolio enterprises are described in note 14.

3 Fair value adjustments

	2023	2022
	DKK'000	DKK'000
Net increase/(decrease) in realised gains/(losses)	(979)	4,614
Net increase/(decrease) in unrealised gains/(losses)	(19,107)	(57,862)
Fair value adjustment	(20,086)	(53,248)

4 Administrative expenses

The Fund has no employees.

Administrative expenses include management fee for the period to Capidea Management ApS in accordance with the Limited Partnership Agreement and management agreement. For further information about management fee, please refer to note 5. Also administrative expenses include fee to administration, audit, advisors, organisation expenses and other professional fees.

	2023	2022
	DKK'000	DKK'000
Management fee	1,090	2,537
Other administrative expenses	257	295
Administrative expenses	1,347	2,832

According to Article 107 of the AIFMD Level 2 Regulation and paragraph 61 section 3 (5 and 6) of the Alternative

Investment Fund Managers etc. Act, alternative investment funds must disclose information about the total remuneration of the entire staff of the Fund Manager and the number of beneficiaries. Furthermore, remuneration to material risk-takers must be disclosed.

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

The remuneration policy ensures, among other matters, that the following is applied in relation to remuneration at the Fund Manager:

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

In accordance with paragraph 61 section 3 (5 and 6) of the Alternative Investment Fund Managers etc. Act, information regarding salaries paid to employees of the fund manager is disclosed in the Annual Report for for Capidea Management ApS and CVR no. 34453934

2023

The profit of the Fund is reallocated between the Limited Partners based on the ownership model. Carried interest is paid out by the Fund during the financial period. Please refer to note 10 for further.

5 Other operating expenses

Other operating expenses for the financial period comprise of write downs on other receivables of TDKK 522.

6 Financial income

	2023	2022
	DKK'000	DKK'000
Interest income	858	496
Financial income	858	496

7 Financial expenses

	2023	2022
	DKK'000	DKK'000
Interest on credit facility	683	257
Interest expenses for financial liabilities	683	257

8 Investments

	Investments in portfolio companies 2023 DKK'000	Investments in portfolio companies 2022 DKK'000
Cost at beginning of period	49,104	147,768
Divestments	0	(98,664)
Cost at end of period	49,104	49,104
Fair value at beginning of period	87,372	232,226
Distributions	53	0
Divestments	0	(90,068)
Fair value	(19,107)	(54,786)
Fair value at end of period	68,318	87,372
Carrying amount at end of period	117,422	136,476

Listed equity investments comprise of shares in TOPCAP X ApS (SeaChange), for which realised losses from the sale of listed shares amounts to TDKK (979).

Investments	Corporate form	Registered in	Equity interest	Profit/(loss) DKK'000	Equity DKK'000
TopCap Creativ Company ApS*	ApS	Denmark	99.00	11,212	65,624

* The Company has not yet presented its annual report for 2023, these financial figures comprise 2022

Consistently with the accounting policies, the Fund regularly adjusts the value of the investments to the best estimate of fair value. This means that the proportionate share of operating profit or loss for the Companies is not recognised in profit or loss of the Fund, but rather a fair value adjustment of the investment.

The methods applied by the Fund to measure investments are evident from ~~note~~ to the financial statements.

9 Other receivables

	2023	2022
	DKK'000	DKK'000
Other receivables	1,518	2,040
	1,518	2,040

The carrying amount of receivables relates to disbursements on behalf of investments.

10 Limited partnership capital

	2023	2022
	DKK'000	DKK'000
Limited Partners' contribution at beginning of year	(391,117)	(189,531)
Contributions from Limited partners	1,090	2,537
Distributions to Limited partners	0	(204,123)
Limited Partners' contribution at end of year	(390,027)	(391,117)

The limited partners' contributions are not divided into classes. Special rights (carried interest rights) are attached to the distribution of dividends from the enterprise when the total realised gains of the enterprise exceed an agreed minimum interest rate of 8% p.a. of the cash injections of the Limited Partners. The calculation is made according to the so-called "European Waterfall" method.

11 Other payables

	2023	2022
	DKK'000	DKK'000
Other payables	775	189
Payable to Fund Manager	178	178
Other payables	953	367

The carrying amount of payables relates to legal fees, auditor's fees, travel costs etc. The amount recognised is equal to the fair value of the liabilities.

Other payables fall due for payment within 12 months.

12 Financial instruments

Categories of financial instruments:

	2023 DKK'000	2022 DKK'000
Equity investments	117,922	137,955
Financial assets measured at fair value through profit or loss	117,922	137,955
Other receivables	1,518	2,040
Receivables measured at amortised cost	1,518	2,040
Other payables	953	367
Financial liabilities measured at amortised cost	953	367

All financial liabilities are due for payment within 12 months.

13 Financial risk management

The General Partner is ultimately responsible for the overall risk management within the Fund but has delegated the responsibility to the Fund Manager.

The Fund pursues an investment strategy approved by the Limited Partners and invests in small and mid-sized Danish enterprises.

The Fund's risk management processes include identification, measurement, monitoring, reporting and mitigation of the identified risks to minimise the potential negative effects at fund level.

The Fund continuously manages and reduces risks by:

- in-depth business, technical, financial and legal due diligence before an investment is made;
- the conclusion of shareholder agreements in order to ensure the best possible protection and freedom of action of the Fund;
- continuous close monitoring of portfolio companies and active ownership.

Key financial risk factors and exposure regarding the financial statements ~~2023~~ can be categorised as follows:

Financial risk factors

Liquidity risks

	Less than 1 year DKK'000	Between 1 year and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	953	0	0	953
31.12.2023	953	0	0	953

	Less than 1 year DKK'000	Between 1 year and 5 years DKK'000	After 5 years DKK'000	Total DKK'000
Other payables	367	0	0	367
31.12.2022	367	0	0	367

The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. In addition, the Fund is able to draw on uncalled commitments from its investors to meet its obligations if needed. In addition, no indication of the Limited Partners' inability to contribute the remaining fund commitment exists as well as future income from investments is expected to settle the outstanding amount.

Credit risks

In some cases, the Fund can provide loans to its portfolio enterprises, but has not. These loans are considered part of the investments and are, therefore, not considered to represent a separate credit risk, but are rather considered being part of the total investment risk and risk relating to determining a fair value of the investments.

In some cases, the Fund has receivables from the sale of investments. Typically, the payment is secured by the buyer depositing the receivable on escrow accounts in accepted credit institutions, and, therefore, the credit risk is considered limited. At 31 December 2023, the Fund has not been exposed to any credit risks.

Interest rate risk

The risk related to the interest rate implies that the portfolio enterprises work with loan capital and are thus affected by the interest rate level. An increase in interest rate level constitutes a potential risk for the fair value of the investments.

14 Financial instruments measured at fair value

The fair values of the individual investments are calculated on the basis of methods that best reflect individual investment risks, life cycle, and industry conditions. Generally applicable, the fair value is calculated in accordance with IPEV valuation guidelines and accepted valuation methods, including multiple analysis/benchmarking or other relevant methods

The fair value of the investments is measured on a quarterly basis, or more frequently if significant changes

occur.

The Fund Manager has implemented procedures and methodology to ensure that the valuation is carried out consistently over time and across investments.

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

The fair value of each investment and receivables from investments has been estimated by applying methods that best reflect the risks and the stage of each investment, e.g., assumptions related to power prices, inflation rates, technical availability and discount rate.

In general, the fair value is determined in accordance with IPEV Valuation Guidelines and generally accepted valuation techniques, including DCF models, benchmarking or other relevant methods. However, for projects which are before financial close, cost, including capitalised development costs, is considered the best estimate for fair value. The valuation approach incorporates all of the factors that market participants would take into account in pricing a transaction, such as cash flows, discount rates and yield curves assumptions.

The valuation of equity investments and receivables from investments is based on the same methods, as equity investments and receivables from investments are exposed to the same risks.

Peer group multiple

The peer-group multiple method uses comparable companies where market value and earnings are known. On this basis, a market level for primarily e.g. EV/EBITDA is calculated for the comparable companies.

The calculated EV /EBITDA is then capitalised on the basis of a normalised EBITDA for the individual portfolio companies which, by adjustment for net interest-bearing debt, yield the value of the investments.

In using the method, the Fund assesses which multiples can be used and assesses the determination of normal earnings in the portfolio companies, including assessing the sensitivity of the values when changing the model's variables.

Transaction multiple

At the transaction date, a transaction multiple is calculated based on the transaction value and the earnings at the transaction date (EBITDA). The multiple is only changed when there are significant changes in the surroundings of the companies, for example, industry conditions and micro- and macro-economic conditions, which are expected to be of a long-term nature. The portfolio company's expected earnings are adjusted periodically on the basis of underlying budgets, and an expected increase in future earnings may increase the valuation of the portfolio companies.

In certain cases, when applying a transaction multiple analysis, comparable business transactions are also assessed to identify which multiples would be relevant at a hypothetical sale of the Fund's portfolio companies at the end of the accounting period.

Description of the valuation process

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

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

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

Below, financial instruments measured at fair value are classified using the fair value hierarchy:

- Quoted prices in active markets for identical instruments (Level 1)
- 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 2)
- Valuation techniques under which any material inputs are not based on observable market data (Level 3)

All investments are classified as Level 3 investments and there have not been any transfers between the levels during the financial year.

Material unobservable inputs for Level 3

Financial instruments measured at fair value in the balance sheet are based on valuation techniques that include material unobservable input. Material unobservable inputs mean in this context that the valuation is dependent on a return requirement that contains a number of components that cannot be observed on trading markets, for example project-specific risks and illiquidity prices.

	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
2023				
Unlisted shares, equity investments	0	0	117,422	117,422
Financial assets measured at fair value through profit or loss	0	0	117,422	117,422

	Level 1 DKK'000	Level 2 DKK'000	Level 3 DKK'000	Total DKK'000
2022				
Unlisted shares, equity investments	0	0	136,476	136,476
Listed shares, equity investments	1,479	0	0	1,479
Financial assets measured at fair value through profit or loss	1,479	0	136,476	137,955

Material unobservable inputs

Fair value of the assets is determined based on both forward-looking information, current market and geopolitical conditions, actuals e.g., contributions and distributions etc. as well as status on the specific assets.

Valuations are conducted by an independent inhouse valuation expert team and approved quarterly in the

Valuation Committee and subsequently by the Board of Directors as part of the quarterly report. A number of material unobservable input is applied in the valuation and is ongoingly assessed on a on a Fund specific level. An elaboration of the assessed material unobservable inputs is outlined below.

Sensitivity analysis

The fair value of the Fund's investments is affected by developments in the applied discount rate and future earnings expectations for these investments. A decline or increase in the material unobservable inputs stated above and changes in macroeconomic conditions might have a direct effect on the valuation of the investments. Due to the nature of the investments the effects are subject to some uncertainty, as other factors can in some scenarios have a reverse effect. It is the assessment that any reverse effect will be immaterial. The approximately impact on Fund NAV is calculated by altering one input at a time and rerun the model. No sensitivity analysis has been made for investments where management has assessed the cost price as the best estimate of fair value.

Portfolio sensitivity	Variable change in input	Approximately impact on Fund
A reduction in the applied valuation multiples	(- 1x)	(31) MDKK

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

15 Related parties

Related parties with a controlling interest

The Limited Partnership has no investors or related parties with a controlling interest.

Related party transactions

	2023	2022
	DKK'000	DKK'000
The General Partner receives a fee for its obligation towards Capidea Kapital II K/S as per limited partnership agreement		
Payment to the General Partner	70	70
Fund Manager (the Fund Manager) is considered a related party of the Fund due to its role as being Fund Manager		
Management fee	1,020	2,467
Accrued interest on Escrow due to Co-investor, Capidea Invest II		
Investment fee	681	0

Management fee is calculated as a percentage of the total committed capital to the Fund.

16 Contingent liabilities

There are no guarantees or contingent liabilities of the Fund.

No provisions for expected credit loss have been recognised. Please refer to note 3 for further.

17 Investors

The Limited Partnership has registered the following Limited Partner as holding more than 5% of the voting rights or nominal value of the contributed capital:

Limited Partner	Residence	Ownership percentage
Dansk Vækstkapital K/S	Gentofte	49.50
Nordea Bank Danmark A/S	København	13.70
Velliv, Pension & Livsforsikring A/S	Ballerup	10.30

18 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

19 Authorisation of the annual report for issue

At the meeting held on 06 February 2024 the General Partner authorised this annual report for issue on 06 February 2024.

The annual report will be presented to the limited partners of the Fund for approval at the Annual General Meeting on 25 April 2024.