

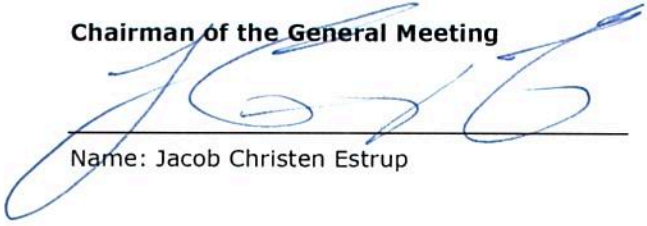
Nordea Private Equity II - European Middle Market Buyout K/S

Strandgade 3
1401 København K
Business Registration No
28332793

**Annual report 01.10.2016
- 30.09.2017**

The Annual General Meeting adopted the annual report on 20.02.2018

Chairman of the General Meeting



Name: Jacob Christen Estrup

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016/17	8
Balance sheet at 30.09.2017	9
Statement of changes in equity for 2016/17	11
Notes	12
Accounting policies	13

Entity details

Entity

Nordea Private Equity II - European Middle Market Buyout K/S
Strandgade 3
1401 København K

Central Business Registration No (CVR): 28332793
Registered in: København
Financial year: 01.10.2016 - 30.09.2017

Board of Directors

Alf Richard Wanamo
Jacob Christen Estrup
Jakob Jessen

Executive Board

Jacob Christen Estrup

General Partner

Nordea Private Equity II - EU MM Buyout A/S
Strandgade 3
1401 København K

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordea Private Equity II - European Middle Market Buyout K/S for the financial year 01.10.2016 - 30.09.2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017.

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, 26.01.2018

Executive Board



Jacob Christen Estrup

Board of Directors



Alf Richard Wanamo



Jacob Christen Estrup



Jakob Jessen

Independent auditor's report

To the shareholders of Nordea Private Equity II - European Middle Market Buyout K/S

Opinion

We have audited the financial statements of Nordea Private Equity II - European Middle Market Buyout K/S for the financial year 01.10.2016 - 30.09.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2017 and of the results of its operations for the financial year 01.10.2016 - 30.09.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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:

Independent auditor's report

- 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.

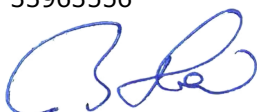
Independent auditor's report

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, 26.01.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556



Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) 30131



Rasmus Ørskov

State Authorised Public Accountant
Identification No (MNE) 42777

Management commentary

Primary activities

Nordea Private Equity II – European Middle Market Buyout K/S was established on 22 December 2004 with aggregate capital commitments of EUR 50 million. In the period until the Final Closing on 3 May 2007, the Partnership received further commitments of EUR 71 million, bringing the total committed capital up to EUR 121 million.

Development in activities and finances

Macroeconomic view

The global equity markets continued the trend of solid gains in 2017 as stable expansion and benign inflation continue to back positive earnings releases. The global economic growth estimate for 2017 remains around 3.0% and is forecasted at 3.1% for 2018 as the recovery in investment, manufacturing and trade continues across economies.

The euro-zone is growing buoyantly with an estimate of 2.4% in 2017 as a result of a stronger labour market and continued accommodative monetary policy. Despite the continued political shakes, the prospects remain in positive territories for 2018 at forecast of 2.1% due to an upward revision across the region that was stronger than expected. According to the most recent year-end forecast, US GDP growth will be at 2.5% in 2018 as the economy continued its modest but positive pace. Retail sales rebounded strongly in September as reconstruction efforts boosted sales of vehicles and building supplies, and industrial production returned to growth following two months of contraction. Yet, with domestic demand being only part of the growth equation and export at its lowest, US GDP growth is projected to decrease and is estimated at 2.1% in 2019 and 2.0% in 2020, having taken into account the current government's policies. China's economic performance remains solid in 2017 with GDP rising by 6.8% annually. A slight moderation is estimated for 2018 and 2019 as the economy is transitioning towards a more sustainable growth trajectory driven by robust retail sales and consumer spending. For Latin America, the leading data for 2017 suggests that the region is pointing towards a steadily improving economy with an annual GDP expansion of 0.9% in 2017. While both business and consumer confidence are rising, the region is yet to address its macroeconomic imbalances in order to continue its economic recovery.

Private equity

In 2017, global private equity fundraising activity reached an estimated 926 funds reaching final closing at a combined capital raised of over USD 454 billion. This is largely driven by the increase in the number of large cap funds (larger than USD 5 billion). Over half of the private equity vehicles closed in 2017 spent 12 months or less on fundraising.

Aggregate buyout reached a total deal value of USD 347 billion in 2017, which is 2.3% higher than the preceding year. North American buyout deal value closed around USD 175 billion during the twelve-month period, which is 7% lower than prior year, while the number of deals remained largely unchanged. Aggregate buyout value in Europe experienced another strong year, closing north of USD 98 billion for three years in a row.

The US price multiple continues to increase, reaching an estimated 10.4x on all 2017 LBOs, fuelled by investors' appetite for yield and the continued rise of private equity 'dry powder'. In Europe, the purchase price multiple for the LTM to Q3 2017 landed on 10.6x driven by the improving economy in the region.

Management commentary

European LBOs' average debt level landed at 49% with debt/EBITDA multiple around 5.1x in 2017 YTD; leverage on large US LBOs increased to 6.1x debt/EBITDA, which is the highest since 2007.

The PE-backed exit value closed at an estimate of USD 254 billion, down from USD 360 billion in 2016. IPO exits were largely in line with the previous year's total value of listings, closing at just above USD 40 billion. Sales to GPs closed at USD 65 billion, which is equivalent to a 19% decline in the average deal size since 2016. Trade sales continue to be the most preferred exit route with a total value of USD 145 billion according to 31 December 2016 market data.

Overall, fundraising reached its all-time high in 2017, surpassing the 2007 record of USD 414 billion. The asset class continues to see strong levels of investor commitment, reflecting a sanguine sentiment about private equity managers' ability for value creation amid low interest rates. Though with increasing entry multiples and rise in the capital competing for accessing the best deals, the pressure on fund managers' ability to deploy all this capital with sustainable value-add will increase in 2018.

Going forward

The outlook for global growth remains in the 3% territories, reflecting the uplifts in the euro-area, EMEA as well as Russia, while UK and US 'tag out' from the growth sentiment. Estimated core EBITDA growth for public companies in 2017 remained around the 10% mark in Europe, while the US earning expectations continued to decline in the second half of 2017, landing close to 8%.

Events after the balance sheet date

The Partnership made no drawdowns nor distributions subsequent to the balance sheet date.

From the balance sheet date till today, no circumstances have occurred which could alter the assessment of the annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Gross profit		10,370,390	5,291,483
Other financial expenses		<u>(40,217)</u>	<u>(30,709)</u>
Profit/loss for the year		<u>10,330,173</u>	<u>5,260,774</u>
Distribution of profit/loss			
Distributions		23,092,824	12,989,848
Retained earnings		<u>(12,762,651)</u>	<u>(7,729,074)</u>
		<u>10,330,173</u>	<u>5,260,774</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Other investments		<u>34,363,052</u>	<u>39,908,142</u>
Fixed asset investments		<u>34,363,052</u>	<u>39,908,142</u>
 Fixed assets		 <u>34,363,052</u>	 <u>39,908,142</u>
 Other receivables		 <u>0</u>	 <u>3,892</u>
Receivables		<u>0</u>	<u>3,892</u>
 Cash		 <u>0</u>	 <u>3,883,284</u>
 Current assets		 <u>0</u>	 <u>3,887,176</u>
 Assets		 <u>34,363,052</u>	 <u>43,795,318</u>

Balance sheet at 30.09.2017

	<u>Notes</u>	<u>2016/17 EUR</u>	<u>2015/16 EUR</u>
Cash flow from/(to) Limited Partners		(12,951,395)	10,141,427
Retained earnings		<u>43,959,192</u>	<u>33,629,020</u>
Equity		<u>31,007,797</u>	<u>43,770,447</u>
Bank loans		3,319,276	0
Other payables		<u>35,979</u>	<u>24,871</u>
Current liabilities other than provisions		<u>3,355,255</u>	<u>24,871</u>
Liabilities other than provisions		<u>3,355,255</u>	<u>24,871</u>
Equity and liabilities		<u>34,363,052</u>	<u>43,795,318</u>
Contingent liabilities	1		

Statement of changes in equity for 2016/17

	Cash flow from/ (to) Limited Partners EUR	Retained earnings EUR	Total EUR
Equity beginning of year	10,141,427	33,629,019	43,770,446
Profit/loss for the year	(23,092,822)	10,330,173	(12,762,649)
Equity end of year	(12,951,395)	43,959,192	31,007,797

Total committed capital at final closing EUR 121,000,000.

Notes

1. Contingent liabilities

The Partnership has total unfunded commitments with respect to its investments of EUR 7,663,594.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Income is recognised in the income statement when realised, comprising adjustments of the value of financial assets and liabilities. In the income statement, all costs are also recognised, including depreciations and write-downs.

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

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

In recognising and measuring assets and liabilities, any anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the rate of exchange on the transaction date. Foreign exchange adjustments arising from the difference between the exchange rates on the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. Ownership interests in portfolio funds, account receivables and other debt denominated in foreign currencies are translated at the exchange rates on the balance sheet date. The differences between the exchange rates on the balance sheet date and the date on which the account receivables or payable arose are recognised in the income statement as financial income or financial expenses.

Foreign exchange adjustments of investments in portfolio funds are recognised in the income statement under profit/loss on investments.

Income statement

Gross profit or loss

Gross profit or loss comprises income from investments and external expenses.

Income from other investments

Income from investments includes income from investments in portfolio funds (dividend and interest), realised gains and losses on sale and unrealised gains and losses relating to possible revaluation or depreciation of investments in portfolio funds.

Accounting policies

Other external expenses

Other external costs include administrator expenses, fees to external consultants and the funds to general partners.

Other financial expenses

Financial expenses are recognised in the income statement by the amount relating to the financial year. Financial expenses comprise interest expenses, realised and unrealised losses in respect of transactions in listed shares, transactions denominated in foreign currencies, etc.

Balance sheet

Other investments

Other investments are stated at their estimated market values (fair value), fixed by the investment manager based on information received from the committed funds.

The investment manager may at its sole discretion choose to write down the investments relative to their market values as reported by the committed funds.

The estimated market value of listed portfolio companies is the quoted closing price at the balance sheet date reduced by up to 30% due to illiquidity of large stakes, lock-up periods, etc., in connection with initial public offerings and other factors constraining liquidity. The estimated market value of unlisted portfolio companies is the cost price, unless relevant information is available indicating that a significant valuation adjustment should be made. Such information could be a new trading price resulting from a capital increase or a partial sale or transactions carried out in peer group companies.

Investments in distressed securities are recognised at cost price as an estimated market value cannot be calculated.

The value at realisation of the investment may differ significantly from the estimated market value due to the uncertainty associated with stating an investment at its estimated market value and cost price.

Unrealised losses and gains as well as realised losses and gains from investments in funds are recognised in the income statement.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in bank deposits and other cash equivalents.

Other financial liabilities

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