

Danske Private Equity Partners III (EUR-A) K/S

CVR-no. 29 13 76 84

c/o Gorrissen Federspiel
Axeltorv 2
1609 Copenhagen V

The Annual Report has been presented
and approved at the Limited Partner-
ship's Annual General Meeting:

28/2
_____ 2019



Chairman

Annual Report

October 1, 2017 - September 30, 2018

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Management's statement on the annual report

The management has today discussed and approved the annual report for Danske Private Equity Partners III (EUR-A) K/S for the financial year October 1, 2017 - September 30, 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position as of September 30, 2018, as well as of the result of the Limited Partnership's activities for the financial year October 1, 2017 - September 30, 2018.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Limited Partnership's operations and financial matters and the results of the Limited Partnership's operations and financial position as a whole.

The annual report is recommended to be approved at the Annual General Meeting.

Copenhagen, December 21, 2018

Management:



General Partner
DPE Partners III ApS
Erik Fosgrau
Chief Executive Officer

Independent auditor's report

To the Limited Partners of Danske Private Equity Partners III (EUR-A) K/S

Opinion

We have audited the financial statements of Danske Private Equity Partners III (EUR-A) K/S for the financial year October 1, 2017 - September 30, 2018, which comprise accounting policies, income statement, balance sheet and notes. 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 financial position of the Company at September 30, 2018 and of the results of the Company's operations for the financial year October 1, 2017 - September 30, 2018 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, December 21, 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Ole Karstensen
State Authorised
Public Accountant
MNE no.: mne16615


Rasmus Berntsen
State Authorised
Public Accountant
MNE no.: mne35461

Management's review

Fund summary

Company: Danske Private Equity Partners III (EUR-A) K/S
c/o Gorrissen Federspiel
Axeltorv 2
1609 Copenhagen V, Denmark

CVR-no.: 29 13 76 84
Established: September 22, 2005
Registered office: Copenhagen
Financial year: October 1 - September 30

Management: General Partner
DPE Partners III ApS with Chief Executive Officer Erik Fosgrau

Auditor: Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuhs Vej 4
Postboks 250
2000 Frederiksberg

Manager (FAIF): Danske Private Equity A/S (FT-no. 23026)
Website: www.danskeprivateequity.com

Main and key figures

EUR 1,000	2017/18	2016/17	2015/16	2014/15	2013/14
Gains/losses on investments in portfolio funds	-1,533	8,646	12,581	513	19,684
Operating profit	-1,774	8,284	12,127	-53	19,113
Net financial income and expenses	-18	-20	-24	0	2
Profit/loss	-1,792	8,264	12,103	-53	19,115
Total assets	35,444	57,853	65,324	112,408	135,176
Total Limited Partners' capital	35,435	57,844	65,315	112,399	135,163
Investments in portfolio funds	34,796	54,951	61,857	108,280	131,753
Performance ratio *	1.41	1.41	1.38	1.32	1.33

* Accumulated distributions and capital account end period (reduced by unpaid capital)/accumulated paid-up capital.

Management's review

Main activity

Danske Private Equity Partners III (EUR-A) K/S ("Danske PEP III (EUR-A)") is a fund-of-funds with a geographical focus on investments in Western Europe. Investments are mainly made in small and mid market buy-out funds.

Development in the financial year

The financial year resulted in a loss of EUR 1.8 million corresponding to an annual IRR of -4.1%. Losses on investments in portfolio funds amounted to EUR 1.5 million. Administrative costs in the form of management fee to Danske Private Equity A/S amounted to EUR 0.2 million.

The result is below our expectations.

An aggregate amount of EUR 0.2 million was contributed to the portfolio funds during the financial year, bringing total contributions to EUR 204.7 million, corresponding to 96.0% of the commitments to portfolio funds.

An aggregate amount of EUR 18.8 million was distributed from portfolio funds during the financial year, bringing total distributions from portfolio funds to EUR 267.2 million, corresponding to 130.6% of the capital contributed to portfolio funds. In the financial year an aggregate amount of EUR 20.6 million was distributed to the Limited Partners', bringing total distributions to USD 264.8 million corresponding to 123.9% of the Limited Partners' paid-up capital.

Special risks

Financial risks

The objective of Danske PEP III (EUR-A) is to supply risk capital to the portfolio funds, and also to their investments in competitive companies in the Western European Small and Mid Market. The highest factor of risk is therefore the changes in the value of the companies in which Danske PEP III (EUR-A)'s portfolio funds invest in, which to a significant extent depend on the valuations of comparable listed companies on the quoted market. The valuation of investments in portfolio funds is an accounting estimate and could be connected with some uncertainty.

Interest rate risks

Danske PEP III (EUR-A) is less sensitive to the changes in interest rate levels.

Foreign exchange currency risks

Danske PEP III (EUR - A)'s investments in portfolio funds have been made in EUR and GBP. As the capital in Danske PEP III (EUR - A) is in EUR, Danske PEP III (EUR - A) is influenced by currency fluctuations in GBP and the currency risk is therefore considered as material. Under Danske PEP III (EUR - A)'s investment policy, Danske PEP III (EUR - A) does not hedge its exposure toward currency rate fluctuations.

Investment activity

In the period from inception to September 30, 2018 Danske PEP III (EUR-A) has invested in seven portfolio funds.

Since inception portfolio funds have in general performed below expectations.

Management's review

Cash resources

Danske PEP III EUR-A's cash resources as of September 30, 2018, include cash and cash equivalents, undrawn credit facilities and outstanding commitments from the Limited Partners, and are estimated as satisfactory to cover Danske PEP III EUR-A's liabilities including investment obligations, management fees etc.

Expectations for 2018/19

The European LBO markets are still characterized by high levels of fundraising, increasing earnings and relatively strong exit markets, following most than 5 years of expansion since the Euro crisis of 2011/12. However, total purchase multiples have expanded from around 9x EBITDA in the early 2010's to about 10.5x as of mid-2018. The region is also struggling with a seemingly unsustainable debt load in Italy, Brexit negotiations that must finish by March 2019 and an upcoming change of leadership in the largest EU nation, Germany. In particular, unsuccessful Brexit negotiations could affect the GBP negatively.

The development in the valuation of the portfolio fund's investments will still be influenced mainly by the individual company results/cash generating ability as well as the valuations of comparable, listed companies.

The above-mentioned development along with the general economic development as well as the development in EUR/GBP will affect the result for 2018/19.

On balance, the result is thus expected to be better than the current year.

Post balance sheet events

No events have occurred, after the balance sheet date and to the signing of the annual report which is considered of significance to the annual report.

On October 16, 2018, an extraordinary general meeting of the Partnership resolved to:

- 1) Replace Danske Private Equity A/S as Manager with Saga Private Equity ApS and
- 2) Replace DPE Partners III ApS as General Partner with Saga III GP ApS

both effective January 1, 2019.

Financial statements October 1 – September 30

Accounting policies

The annual report of Danske Private Equity Partners III (EUR-A) K/S has been prepared in accordance with the provision of the Danish Financial Statements Act for a reporting class B entity and elective choice of certain provisions applying to reporting class C entities.

The presentation of the income statement, the balance sheet and the description of entries has been adjusted according to the Limited Partnership's activities as an investment company in private equity.

The financial statements have been prepared in accordance with the same accounting policies as last year.

The annual report is in EUR. (EUR/DKK: 30/9 2018: 745.64 and 30/9 2017: 744.23)

Income statement

Gains/losses on investments in portfolio funds

Gains/Losses on Investments in portfolio Funds includes income from investments (dividend, interest and FX), realised revaluations at realisation and unrealised revaluations of potential increases and depreciations of investments in portfolio funds. Exchange gains and losses is also included.

Management fee

The management fee includes management fee and performance fee for the period to the Manager, Danske Private Equity A/S.

Other administrative expenses

Other administrative expenses include costs paid by the Limited Partnership.

Financial income and expenses

Financial income and expenses include interest income and expenses.

Tax

The Limited Partnership is not independently liable to pay tax, consequently no tax is charged to the profit and loss account.

Financial statements October 1 – September 30

Accounting policies

Balance sheet

Investment assets

Investments in portfolio funds are measured in accordance with the IPEV Valuation Guidelines or similar guidelines depending on the country of origin of the portfolio funds according to which investments are measured at the fair value. Revaluations are included in the profit and loss account.

Investments in unlisted private equity funds are valued on the basis of the latest reporting received from the respective sub-funds. The reports from the funds contain a valuation of the private equity fund, including a valuation of each individual portfolio company. The value of a private equity fund consists of the sum of the values of the portfolio companies in which the fund has invested in, and the value of other net assets.

Other debtors

Other debtors are measured at amortised cost after deduction of write-downs for anticipated losses.

Prepayments and accrued income

Prepayments and accrued income included in assets primarily comprise prepaid management fee to Manager, Danske Private Equity A/S.

Other liabilities

Other payables include a performance fee to Manager, Danske Private Equity A/S and administration costs due. Liabilities are measured at net realised value.

Foreign currency translation

Transactions in foreign currency are translated into EUR according to the currency rate ruling on the transaction day.

Accounts receivable and accounts payable in foreign currency are translated into EUR according to currency rate rulings on the balance sheet day.

Financial statements October 1 – September 30

Income statement

Note	EUR 1,000	<u>1/10 2017 - 30/9 2018</u>	<u>1/10 2016 - 30/9 2017</u>
1	Gains/losses on investments in portfolio funds	-1,533	8,646
2	Management fees etc.	-218	-340
3	Other administrative expenses	<u>-23</u>	<u>-22</u>
	Operating profit	-1,774	8,284
4	Financial expenses	<u>-18</u>	<u>-20</u>
	PROFIT/LOSS	<u><u>-1,792</u></u>	<u><u>8,264</u></u>
	PROPOSED DISTRIBUTION OF THE PROFIT/LOSS		
	Transferred to retained earnings	<u>-1,792</u>	<u>8,264</u>
	TOTAL RETAINED EARNINGS	<u><u>-1,792</u></u>	<u><u>8,264</u></u>

Financial statements October 1 – September 30

Balance sheet

Note	EUR 1,000	<u>30/9 2018</u>	<u>30/9 2017</u>
	ASSETS		
	FIXED ASSETS		
	Investment assets		
1	Investments in portfolio funds	<u>34,796</u>	<u>54,951</u>
	Total Fixed Assets	<u>34,796</u>	<u>54,951</u>
	CURRENT ASSETS		
	Cash and Cash equivalent	<u>648</u>	<u>2,902</u>
	Total current assets	<u>648</u>	<u>2,902</u>
	TOTAL ASSETS	<u><u>35,444</u></u>	<u><u>57,853</u></u>
	LIMITED PARTNERS' CAPITAL AND LIABILITIES		
	LIMITED PARTNERS' CAPITAL		
5	Paid-up capital from Limited Partners	213,647	213,647
	Distributed to Limited Partners	-264,805	-244,188
	Retained earnings	<u>86,593</u>	<u>88,385</u>
	Total Limited Partners' capital	<u>35,435</u>	<u>57,844</u>
	LIABILITIES		
	SHORT-TERM LIABILITIES		
	Other payables	<u>9</u>	<u>9</u>
	Total short-term liabilities	<u>9</u>	<u>9</u>
	Total liabilities	<u>9</u>	<u>9</u>
	TOTAL LIMITED PARTNERS' CAPITAL AND LIABILITIES	<u><u>35,444</u></u>	<u><u>57,853</u></u>
6	Related parties		
7	Contingent liabilities, contingent assets and securities		

Financial statements October 1 – September 30

Notes

Note	EUR 1,000	<u>30/9 2018</u>	<u>30/9 2017</u>
1	Investments in portfolio funds		
	Cost October 1	98,542	108,221
	Additions in the year	180	1,599
	Disposals in the year	-7,291	-11,278
	Cost September 30	<u>91,431</u>	<u>98,542</u>
	Revaluations October 1	-43,591	-46,364
	Revaluations on disposals in the year	-11,511	-5,873
	Revaluations in the year	-1,533	8,646
	Revaluations September 30	<u>-56,635</u>	<u>-43,591</u>
	Carrying amount September 30	<u>34,796</u>	<u>54,951</u>
	Specification of revaluations in the year		
	Realised gains/losses on investments in portfolio funds	10,866	7,995
	Unrealised gains/losses on investments in portfolio funds	-12,268	925
		<u>-1,402</u>	<u>8,920</u>
	Exchange rate gains/losses on investments in portfolio funds	-131	-274
	Gains/losses on investments in portfolio funds	<u>-1,533</u>	<u>8,646</u>

Investments in portfolio funds

Through investments in portfolio funds the Company has ownership of mainly unquoted investments. The Company has no controlling or significant influence on the portfolio funds in which the Company has invested.

The portfolio funds in which the Company has invested all use common accepted guidelines for measuring the fair value. The measuring of the fair value of the investments in underlying portfolio companies are made by the managers of the portfolio funds.

The value of a private equity fund is measured as the fair value of each investment in portfolio companies owned by the fund with the addition of other net assets in the fund. The valuation of a portfolio company in a private equity fund is based on the industry, market position and earnings capacity, and the (i) the peer group multiple, i.e. the market value of comparable listed companies, (ii) transaction multiple in recent M&A transactions involving comparable companies, (iii) value indications from potential buyers of the portfolio company, (iv) market value if the portfolio company is publicly traded, and or (v) future expected proceeds, if there is a concluded agreement on the sale of the portfolio company.

Usually the Company has no or very little information about specific methods and assumptions used by the managers of the portfolio funds when measuring the fair value of the underlying portfolio companies. At the assessment of the fair value of the underlying portfolio companies reported by the managers, information about the market conditions, company specific information as well as information received through dialog with the managers of the portfolio funds are used.

Financial statements October 1 – September 30

Notes

Note EUR 1,000

1 Investments in portfolio funds (continued)

The Company invests in buy-out funds. The investments made by the portfolio funds are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1 - Inputs based upon quoted prices for identical assets and liabilities in active markets

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active

Level 3 - Unobservable input

Fair value measurements as of September 30, 2018

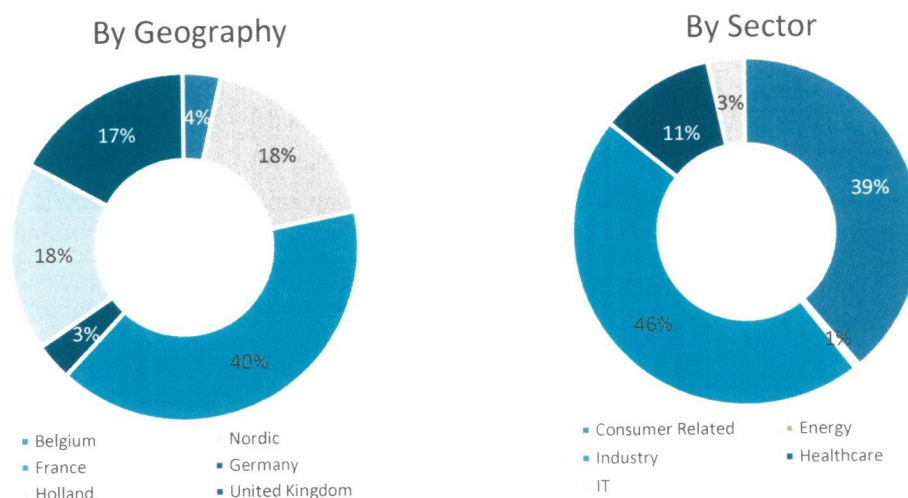
	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	1,103	0	33,693	34,796
Total	1,103	0	33,693	34,796

Fair value measurements as of September 30, 2017

	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	1,280	0	53,671	54,951
Total	1,280	0	53,671	54,951

The above measurement is based on the fair value of the portfolio funds underlying portfolio companies. The value of other net assets is classified as level 3.

The investments divided by Geography and Sector based on fair value September 30, 2018:



Financial statements October 1 – September 30

Notes

Note	EUR 1,000	1/10 2017 - 30/9 2018	1/10 2016 - 30/9 2017
2	Management fees etc.		
	Management fee	218	340
	Management fees etc. in total	218	340
3	Other administrative expenses		
	Fee to auditor elected on the Annual General Meeting (incl. VAT)		
	Statutory audit	9	7
	Tax consultancy	6	6
	Total incl. VAT	15	13
	The fund has not had any employees in the financial year		
4	Financial expenses		
	Interest expenses credit institutions	18	20
	Financial expenses in total	18	20

Financial statements October 1 – September 30

Notes

Note EUR 1,000

5 Limited Partners

	<u>Commitment</u>	<u>Paid-up</u>	<u>Outstanding Commitment</u>
Limited Partners	<u>228,990</u>	<u>213,647</u>	<u>15,343</u>

The Limited Partnership may make distributions to the Limited Partners, which are subject to a redraw option. As of September 30, 2018 the recallable amount is EUR 0 million.

6 Related parties

Manager

Danske Private Equity A/S, Parallelvej 17, 2800 Kgs. Lyngby

Transactions: Annual management fee and possible performance fee

Limited Partnerships administrated by Danske Private Equity A/S

Danske Private Equity Partners III (EUR-B) K/S

Above companies have the following address:
c/o Gorrissen Federspiel, Axeltorv 2, 1609 Copenhagen V

Transactions: The partnerships have syndicated some of the investments in the portfolio funds.

General Partner

DPE Partners III ApS, c/o Gorrissen Federspiel, Axeltorv 2, 1609 Copenhagen V

Transactions: Annual administration fee

Financial statements October 1 – September 30

Notes

Note EUR 1,000

7 **Contingent liabilities, contingent assets and securities**

Investment commitments

	Commitment		Outstanding commitment	
	Currency	EUR	Currency	EUR
Commitment EUR	176,244	176,244	8,404	8,404
Commitment GBP	30,632	37,053	208	234
Total commitment, EUR		213,297		8,638

Calculated as residual commitment in local currency multiplies by exchange rate, end period plus contributed to portfolio funds in EUR (transaction date's currency rate).

The portfolio funds have made distributions to the Limited Partnership, which they have the opportunity to call again at a later time. As of September 30, 2018 the recallable amounts to EUR 21.0 million (GBP 3.9 million and EUR 16.6 million).

The Limited Partnership has no other contingent liabilities, contingent assets or collaterals as of September 30, 2018.

