K III Denmark K/S

c/o Apex Fund Service (Denmark) ApS

Hørmarken 2, 2nd floor, 3520 Farum

CVR no. 32 07 44 72

Annual report 2022

Approved at the Company's annual general meeting on 29 June 2023

Chairman:

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Peter Toyberg

Contents

Statement by the Board of Directors

The Board of Directors has today considered and approved the annual report of K III Denmark K/S for the financial year 1 January – 31 December 2022.

The annual report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the general meeting.

Copenhagen, 29 June 2023

Board of Directors:

Hans Eric Karlander	Peter Toyberg

Independent auditor's report

To the shareholders of K III Denmark K/S

Opinion

We have audited the financial statements of K III Denmark K/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting 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 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' 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.

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 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

Independent auditor's report

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.

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.

Independent auditor's report

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

Copenhagen, 29 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorised
Public Accountant
mne35503

Management's review

Company details

Name	K III Denmark K/S
Address, zip code, city	Apex Fund Service (Denmark) ApS, Hørmarken 2 2nd floor DK-3520 Farum
CVR no.	32 07 44 72
Registered office	Farum, Denmark
Financial year	1 January – 31 December
Limited partners	European Investment Fund Nordea Bank Danmark A/S Cubera VIII LP. KGJ Partnership I AS HAKA Norway AS PARI Norway AS
General partner	Karnell ApS
Board of Directors	Hans Eric Karlander Peter Toyberg
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Alle 36, 2000 Frederiksberg, Denmark
Bank	Nordea Danmark

Management's review

Principal activities of the Company

The Company's objective is – directly or indirectly – to make investments and carry-on related activities.

Operational and financial review

The statement of comprehensive income for 2022 showed a profit for the year of EUR 2,244,204 against a profit of EUR 5,612,839 for 2021, and the statement of financial position showed equity of EUR 7,348,665 on 31 December 2022.

Investments

K III Denmark K/S invests in private equity companies, which are not quoted in an active market.

The investment period is over and during 2021 and 2022, the focus has been on the existing portfolio.

The Company supports the portfolio financially from time to time with further investments, but all potential investments are carefully reviewed from an industrial and financial perspective on an individual basis.

By the end of 2022, the Companys investment portfolio comprised the following investment:

Kasthall Group AB

Kasthall is a designer and manufacturer of contemporary high-end carpets and rugs. The product range includes woven rugs, hand tufted rugs, wall to wall carpets and wooden floors. The woven and tufted rugs are produced at the company's own factory, which since the company's inception is located in Kinna, in western Sweden. The production is industrial, with a strong touch of handcraft and care. Kasthall's largest market is Sweden, but the company is also targeting Western Europe and the US.

Recognition and measurement uncertainties

The Company's equity and loan receivable investments in private equity companies are measured at fair value.

The fair value of investments is determined using commonly applied valuation techniques and is based on the IPEV (International Private Equity and Venture Capital) valuation guidelines, according to which Management applies EBITA multiple, Discounted Cash Flow (DCF), and Net Asset valuation methods as applicable. The respective valuation methods are based on a number of assumptions regarding unobservable input and future events for which historical data is scarce as a result of which the measurement is subject to inherent uncertainties.

Reference is made to note 7 Investments in subsidiaries and note 9 Fair value of assets and liabilities in the financial statements.

Events after the financial year end

In March 2023, a resolution was passed in the Company to extend the expiry date of the Company by one year until 6 March 2024.

No other events have occurred after the financial year end, which could significantly affect the Company's financial position.

Financial statements 1 January – 31 December

Statement of comprehensive income

Note	EUR	2022	2021
	Other external costs	-15,602	-15,067
	Gross loss	-15,602	-15,067
4	Net profit or loss on financial assets	2,288,192	5,632,049
	Operating profit	2,272,590	5,616,982
5	Financial income	2,160	-
6	Financial expenses	-30,546	-4,143
	Profit for the year	2,244,204	5,612,839
	Other comprehensive income	-	-
	Total comprehensive income for the year	2,244,204	5,612,839
	Attributable to the partners of K III Denmark K/S	2,244,204	5,612,839

Financial statements 1 January – 31 December

Statement of financial position

Note	EUR	2022	2021
	ASSETS		
	Non-current assets		
	Financial assets		
7, 8	Investments in subsidiaries	5,251,494	3,199,849
7, 8	Receivables from subsidiaries	1,371,239	2,058,037
7, 8	**Total non-current assets**	6,622,733	5,257,886
	Current assets		
7	**Receivables**		
	Receivables from sale of investments	281,782	2,190,839
	Other receivables	104,768	-
		386,550	2,190,839
	Cash	429,925	234,966
	Total current assets	816,475	2,425,805
	TOTAL ASSETS	7,439,208	7,683,691
	EQUITY AND LIABILITIES		
	Equity		
10	Limited partnership capital	34,453,899	34,453,899
	Retained earnings	-27.105.234	-26,856,193
	Total equity	7,348,665	7,597,706
	Current liabilities		
	Trade and other payables	90,543	85,985
	Total liabilities	90,543	85,985
	TOTAL EQUITY AND LIABILITIES	7,439,208	7,683,691

Financial statements 1 January – 31 December

Statement of changes in equity

EUR	Limited partnership capital	Retained earnings	Total
Equity at 1 January 2021	34,453,899	-23,599,911	10,853,988
Comprehensive income			
Profit for the year	-	5,612,839	5,612,839
Other comprehensive income	-	-	-
Transactions with owners			
Distribution of proceeds	-	-8,869,121	-8,869,121
Equity at 1 January 2022	34,453,899	-26,856,193	7,597,706
Comprehensive income			
Profit for the year	-	2,244,204	2,244,204
Other comprehensive income	-	-	-
Transactions with owners			
Distribution of proceeds	-	-2,493,245	-2,493,245
Equity at 31 December 2022	34,453,899	-27.105.234	7,348,485

Financial statements 1 January – 31 December

Statement of cash flow

Note	EUR	2022	2021
	Profit/loss for the year	2,244,204	5,612,839
	Adjustments to reconcile profit for the year to net cash flows		
	Fair value adjustment of investment assets	-2,288,192	-5,632,049
5	Financial income	-2,160	-
6	Financial expenses	30,546	-4,143
	Foreign currency adjustments	1,945	-2,718
	Changes in working capital		
	Changes in receivables	-104,769	4,972
	Changes in accounts payables	4,558	4
		113,868	-12,809
6	Interest paid	-30,546	-1,623
5	Interest received	2,160	-
	Cash flows from operating activities	-144,414	-14,432
	Proceeds from the sale of investments in - and settlement of loans to - subsidiaries	2.200.000	8,869,121
	Proceeds from the sale of shares in subsidiaries	-	28,600
	Cash flows from investing activities	2.200.000	8,897,721
	Paid distribution of proceeds	-2.493.245	-8,869,121
	Cash flows from financing activities	-2.493.245	-8,869,121
	Net cash flows for the year	194.959	14,168
	Cash in banks at 1 January	234,966	220,798
	Cash in banks at 31 December	429.925	234,966

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Note summary

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1 Accounting policies

Corporate information

K III Denmark K/S is a limited liability partnership incorporated and domiciled in Denmark and whose shares are privately held. The Company is governed by its Limited Partnership Agreement and Articles of Associations.

The Company's investment policy details its objective to make controlling equity investments and equity-related investments in the Nordic region.

The Company's investment period is over, and a decision has been taken to extend the fund by one year until 6 March 2024.

The registered office is located at c/o Apex Fund Service (Denmark) ApS, Hørrmarken 2, 2nd floor, 3520 Farum, Denmark.

Basis of preparation

The financial statements of K III Denmark K/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for reporting class B enterprises. All approved, mandatory standards and bases for conclusion, having become effective at 31 December 2022, have been applied in the financial year.

Exception to the consolidation rule

These financial statements are separate financial statements. K III Denmark K/S meets the definition of an investment entity required to measure all of its subsidiaries at fair value through profit or loss. Accordingly, the Company is subject to the exemption to the consolidation rule and hence exempted from consolidating its subsidiaries and from preparing consolidated financial statements.

The war and conflict in Ukraine

While the Company has not experienced a material adverse impact on the financial statements for 2022 from the war and conflict in Ukraine, the Company is closely monitoring any potential impact on its investment and financial reporting for 2023 and beyond, as the war and conflict in Ukraine continues to unfold.

Applied materiality

The financial statements are based on the concept of materiality and the Company focuses on information that is considered material and relevant to the users of the financial statements. The financial statements are a result of processing numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of similar nature in the financial statements or in the notes. The disclosure requirements are substantial in IFRS and the Danish Financial Statement Act. Management provides specific disclosures required unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

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1 **Accounting policies (continued)**

Changes in accounting policies and disclosures

New accounting policies and disclosures for 2022

K III Denmark K/S has, with effect from 1 January 2022, implemented the following standards and amendments for the first time for the annual reporting period commencing 1 January 2022:

- Onerous contracts – Cost of fulfilling a contract – amendments to IAS 37
- Reference to the conceptual framework – amendments to IFRS 3
- Property, Plant and Equipment – Proceeds before intended use – amendments to IAS 16

The implementation of the amendments listed above did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

New accounting policies and disclosures effective in 2023 or later

The IASB has issued, and the EU has endorsed, a number of new standards, and updated some existing standards, which are effective for accounting periods beginning on 1 January 2023 or later. Therefore, they are not incorporated in the financial statements. KIII Denmark expects to adopt these standards, updates and interpretations when they become mandatory. There are no standards that are not yet effective and that would be expected to have a material impact on K III Denmark K/S in the current or future reporting periods and on foreseeable future transactions.

Foreign currency

The Company's functional currency is EUR because this is the currency that best reflects the economic substance of the underlying events and circumstances for the Company.

The Company's financial statements are presented in EUR.

Transactions and balances

Transactions denominated in foreign currencies are translated into EUR at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into EUR at the exchange rate at the date of the financial year end. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Statement of comprehensive income

Other external expenses

Other external expenses include the year's expenses, including expenses relating to management fees, investment advisor fees, administration, accounting, etc.

Net profit or loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets designated upon initial recognition at fair value through profit or loss and excludes interest and dividend income.

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1 **Accounting policies (continued)**

Unrealised profits and losses comprise changes in the fair value of financial instruments for the period and reversal of previous period's unrealised gains and losses on financial instruments which were realised in the reporting period.

Realised profits and losses on disposals of financial instruments classified at fair value through profit or loss are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Dividend income

Dividend income is recognised on the date at which the Company's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes.

Financial income

Interest income for all interest-bearing financial instruments is included on an accrual basis using the effective interest method. When there is reasonable doubt that due financial income will actually be received, such income is accrued until it is clear that its receipt is probable.

Financial expenses

Financial expenses are recognised in the statement of comprehensive income using the effective interest rate method.

Income tax

The financial statements do not include tax because the individual limited partners take their profits and/or losses from the Company into their own respective taxable income statement.

Statement of financial position

Financial instruments

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset.

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1 **Accounting policies (continued)**

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, including loans to subsidiaries, other receivables and cash.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category:

- Equity instruments in the form of investments in subsidiaries: in accordance with the exception under IFRS 10, the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are to provide services that relate to the Company's investment activities. The Company has no consolidated subsidiaries. The Company measures unconsolidated subsidiaries (including loans to subsidiaries) at FVPL.
- Debt instruments in the form of loans to subsidiaries. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Derecognition
A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has: (a) Transferred substantially all of the risks and rewards of the asset Or (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. The transferred asset is measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category account payables and other short-term payables.

Impairment of financial assets

The Company holds receivables with no financing component, and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting

Fair value measurement

The Company measures its investments in subsidiaries at fair value at each reporting date.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company's financial instruments, measured at fair value in the balance sheet, are based on valuation techniques that include material unobservable inputs (level 3).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

Other receivables

Other receivables are initially measured at fair value and subsequently measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by impairment losses.

Cash

Cash in the statement of financial position comprises cash in banks.

Equity

Distribution of proceeds

Distributions to the Company's shareholders are accounted for as a deduction from retained earnings. A final and interim dividend is recognised as a liability in the period in which it is approved by the general meeting of shareholders.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Other liabilities

On initial recognition other liabilities are measured at the proceeds received net of transaction costs paid. On subsequent recognition, liabilities are measured at amortised cost corresponding to the nominal unpaid debt.

Cash flows from financing activities comprise dividends paid to shareholders and capital increases and reductions.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant.

2 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, Management makes various accounting judgements and estimates and define assumptions, which form the basis of recognition, measurement and presentation of the Company's assets and liabilities.

The estimates and assumptions applied are based on historical experience, the most recent information available at the reporting date, and other factors that Management considers reasonable under the circumstances.

The basis for judgement and information can by nature be inaccurate or incomplete, and the Company is subject to uncertainties, which can result in an actual outcome that deviates from the estimates and defined assumptions. In the future, it may be necessary to change previous estimates and judgements as a result of supplementary information, additional knowledge and experience of subsequent events.

In applying the Company's accounting policies described in note 1, Management has exercised the following critical accounting judgements and estimates, which significantly influence on the amounts recognised in the financial statements:

Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than being consolidated. The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services
- An entity that commits to its investors that its business purpose is to invest solely for the returns from capital appreciation, investment income or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's investment policy details its objective to make controlling equity investments and equity-related investments in the Nordic region.

The Company reports to its investors via quarterly investor information and to Management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's financial statements.

The Board of Directors has also concluded that the Company meets the additional characteristics of an investment entity, in that it has more than one investment; the investment is predominantly in the form of equities and similar securities; it has more than one investor and its investors are not related parties.

Financial statements 1 January – 31 December

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2 **Significant accounting judgements, estimates and assumptions (continued)**

The Board of Directors has concluded that the Company meets the characteristics of an investment entity. These conclusions will be reassessed on an annual basis if any of these characteristic changes.

Fair value of investments at fair value through profit and loss

The Company's investments in subsidiaries and receivables from subsidiaries are classified as fair value through profit and loss and valued accordingly as disclosed in note 1 – accounting policies.

The key source of estimation uncertainty is on the valuation of unquoted equity investments. In reaching its valuation of the unquoted equities, the key judgements which the Board of Directors must make relate to the selection of the multiples and the discount factors used in the valuation models as well as estimations over forecasted earnings of the respective investments.

Reference is made to note 9.

Loans and receivables

Certain investments are classified as loans and receivables, and valued accordingly, as disclosed in note 1 – accounting policies. The key estimations which the Board of Directors must make relate to the impairment review.

Reference is made to note 9 and note 11.

3 **Events after the financial year-end**

In March 2023, a decision has been taken to extend the fund by one year until 6 March 2024.

No other events have occurred after the financial year end, which could significantly affect the Company's financial position.

4 **Net profit or loss on financial assets at fair value through profit or loss**

EUR	2022			2021		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Investments in equity and loan receivables from subsidiaries	236,547	2,051,645	2,288,192	3,004,437	3,627,611	5,632,049
	236,547	2,051,645	2,288,192	3,004,437	3,627,611	5,632,049

EUR	2022	2021
5 **Financial income**		
Other financial income	2,160	-
	2,160	-
6 **Financial expenses**		
Other financial expenses	30,546	4,143
	30,546	4,143

Financial statements 1 January – 31 December

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7 Investments in and receivables from subsidiaries

EUR	2022 Equity investments	2022 Receivables	2021 Investments	2021 Receivables
Cost at 1 January	1,341,757	2,058,037	9,544,901	6,781,221
Additions in the year	-	105,416	-	254,352
Conversion of receivables into equity investments	-		-	-
Divestment/settlement in the year	-	-632,618	-8,203,144	-4,977,536
Foreign currency adjustments	-	-159,596		
Cost at 31 December	1,341,757	1,371,239	1,341,757	2,058,037
Fair value adjustment at 1 January	1,858,092	-	-3,872,344	-1,739,580
Adjustment upon divestment	-	-	2,092,320	-
Adjustment in the year	2,051,645	-	3,638,116	1,739,580
Fair value adjustment at 31 December	3,909,737	-	1,858,092	-
Carrying amount at 31 December	5,251,494	1,371,239	3,199,849	2,058,037

Summary of unconsolidated subsidiaries

Name and registered office	Legal form	Domicile	Pct. ownership rights, 2022	Pct. ownership rights, 2021
Kasthall Group AB	AB	Sweden	60	60
Kasthall Mattor och Golv AB	AB	Sweden	60	60
Kasthall Srl	Srl	Italy	60	60
Kasthall USA Inc	Inc	USA	60	60

Receivables from the sale of investments

Receivables from the sale of investments represent receivable earn-out of EUR 281.574 from the sale of Silva Group AB.

Restrictions

The Company may receive income in the form of dividends and interest from its investment in Kasthall Group AB. For subsidiaries with senior debt, approval is needed from the respective credit institutions providing this debt to pay out dividends. There are no other significant restrictions on the transfer of funds from Kasthall Group AB to the Company.

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8 Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss

EUR	2022	2021
Investment in subsidiaries	5,251,494	3,199,849
Receivables from subsidiaries	1,371,239	2,058,037
Total financial assets designated at fair value through profit or loss	6,622,733	5,257,886

9 Fair value of assets

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset.

The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Recurring fair value measurement of assets

Financial assets, EUR	Level 1	Level 2	Level 3	2022 Total
Investments in subsidiaries	-	-	5,251,494	5,251,494
Receivables from subsidiaries	-	-	1,371,239	1,371,239
	-	-	6,622,733	6,622,733

Financial assets, EUR	Level 1	Level 2	Level 3	2021 Total
Investments in subsidiaries	-	-	3,199,849	3,199,849
Receivables from subsidiaries	-	-	2,058,037	2,058,037
	-	-	5,257,886	5,257,886

Valuation techniques for unlisted equity investments

The Company invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses market-based and income-based valuation techniques for these positions. The Company considers the valuation techniques and inputs used in valuing investments to ensure they are reasonable and appropriate. The Company classifies the fair value of these investments as Level 3.

The Company determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified.

When a valuation based on trading multiples deviates too far from a reasonable market value, the investment manager may choose to use a different valuation method.

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9 Fair value of assets (continued)

Valuation process for Level 3 valuations

The fair value of investments is determined using commonly applied valuation techniques and is based on the IPEV (International Private Equity and Venture Capital) valuation guidelines according to which Management applies the EBITA multiple, Discounted Cash Flow, and Net Asset Valuation approach as applicable.

- The EBITA multiple valuation method is based on a number of assumptions regarding future events for which historical data is scarce as a result of which the measurement is subject to inherent uncertainties. EBITA used for valuation by applying a determined average of a "12-month rolling" EBITA and forecasted EBITA for the respective investments. Management's assessment of applied multiples is based on input from peer analysis, traded peers, comparable transactions and historical transactions.
- Under the Discounted Cash flow valuation method, the fair value of an investment is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the investments, including estimated income and an exit of terminal value. This involves projection of a series of cash flows to which an appropriate, market-derived discount rate is applied to establish the present value of the income stream.
- Under the net asset valuation technique, the fair value is derived by reference to the value of the net assets of the investment (on a fair value basis). This valuation approach is appropriate for valuating investments in loss-making companies and companies making only marginal level of profits and companies that are not making adequate return on assets and for which a higher value can be realised by liquidating the business and selling its assets.

The valuation of the Company's unlisted investments is performed on a quarterly basis by the investment manager and reviewed by the Board of Directors. On a quarterly basis, the investment manager will review equity valuations and inputs for significant changes.

The valuation manager verifies the major inputs applied in the latest valuation by aligning the information in the valuation computation to relevant documents and market information. The latest valuation is also compared with the valuations in the preceding quarters as well as with the valuations of preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the valuation manager and the Board of Directors.

On a quarterly basis, the valuation manager presents the valuation results to the Board of Directors. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds. The Board of Directors considers the appropriateness of the valuation methods and inputs and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

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9 Fair value of assets and liabilities (continued)

Material unobservable inputs for Level 3 hierarchy

Financial instruments measured at fair value in the statement of financial position are based on valuation techniques that include material unobservable inputs.

	2022			2021		
Description	Valuation technique	Unobservable input	Range	Valuation technique	Unobservable input	Range
Kasthall Group AB	EBITA multiple	Weighted actual 2022 and budgeted EBITA for 2023 and estimated EBITA multiple based on peer, internal financial reporting, and indicative sales prices	8.0X	EBITA multiple	Weighted actual 2021 and budgeted EBITA for 2022 and EBITA multiple based on peer group analysis and internal financial reporting	8.0X

Sensitivity analysis to changes in unobservable inputs within Level 3 hierarchy

The sensitivity analysis concerning fair value measurement using EBITA multiple model and categorised within Level 3 of the fair value hierarchy are as shown below:

EUR	2022	2021
1 percent-point increase in EBITA multiple	74,900	57,740
1 percent-point decrease EBITA multiple	-74,900	-57,740

An increase (decrease) in the EBITA multiple for comparable companies in isolation would result in a higher (lower) fair value measurement.

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10 Limited partnership capital

The Company's capital is represented by these interests:

EUR	2022	2021
Authorised and issued class A partnership interests of EUR 1.00 each, of which 16,000 were fully paid on 31 December	16,000	16,000
Authorised and issued class B partnership interests of EUR 1.00 each*	36,676,920	39,145,000
	36,692,920	39,160,000
Limited partnership capital called at 31 December	34,453,899	34,453,899
Limited partnership capital uncalled at 31 December*	2,239,021	4,706,101
	36,692,920	39,160,000

*In 2020, the investors' total commitments towards KIII Denmark K/S were reduced by EUR 4,840,000. Thereafter, the total commitment at 31 December 2021 and 2020 amounted to EUR 39,160,000. Consequently, undrawn commitments (limited partnership capital uncalled) were reduced from EUR 9,546,101 at 1 January 2020 to EUR 4,706,101 at 31 December 2021 and 2020. In March 2022, the total commitments towards KIII Denmark K/S were further reduced by EUR 2,467,080 to EUR 36,692,920.

Preferences of the A and B Shares

The A and B partnership interest is owned by the general partner and the limited partners, respectively.

The general partner assumes unlimited liability for all obligations of the Company. The liability of a limited partner is limited to the limited partner's share of the Company's capital.

The limited partners and the general partner are entitled to a share of all distributions from the Company, including distributions in case of liquidation of the Company in accordance with directions set forth in the Company's articles of association. As such, all proceeds shall be allocated to the partners as follows:

Firstly, 100% to the Limited Partners holding B Partnership Interests pro rata to their Commitment until: (a) the Limited Partners holding B Partnership Interests have received an amount equal to 100% of the Commitment Drawn Down; (b) the Limited Partners holding B Partnership Interests have received an amount equal to the Preferred Return on the item in (a).

Secondly, of any amounts remaining for allocation, only in any allocation performed in connection with a liquidation of the Partnership, 100% to the General Partner holding A Partnership Interests until it has received an amount equal to its Commitment of EUR 16,000.

Thirdly, of any amounts remaining for allocation, 80% to the Limited Partners holding B Partnership Interests and 20% to the General Partner holding A Partnership Interests until the Limited Partners holding B Partnership Interests have in aggregate received an amount equal to the Extraordinary Return.

Fourthly of any amounts remaining for allocation, 75% to the Limited Partners holding B Partnership Interests and 25% to the General Partner holding A Partnership Interests.

Any other distributions shall be distributed to the Limited Partners holding B Partnership Interests pro rata to their respective Commitment.

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10 Limited partnership capital (continued)

Capital management

Because of the ability to 'call cash' and draw from the commitments of its investors, the capital of the Company can vary from year to year. The Company is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Company's articles of associations.

The Company's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Company's limited partnership agreement
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio
- To maintain sufficient liquidity to meet the expenses of the Company
- To monitor capital on a quarterly basis.

11 Financial risks

The Group's financial risks are managed by the Board of Directors. The Company has identified financial risks, but follows a policy, where Management continually monitors the following defined risks: liquidity risk, interest rate risk, credit risk.

Liquidity risk

The Company's liquidity resources comprise receivables from investments in subsidiaries, receivables from sale of investments and cash placed in bank accounts.

The Company's liquidity risk is limited to the special case, where the limited partners (LP) are not able to pay the cash calls sent out by the Company. This risk is deemed to be very limited as the LPs all are expected to have the necessary capital and liquidity. Further, reference is made to note 10 – Limited partnership capital.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

EUR	Falling due within 1 year	Falling due between 1-5 years	Total	Carrying amount
2022				
Financial liabilities measured at amortised cost				
Trade and other payables	90,543	-	90,543	90,543
	90,543	-	90,543	90,543
2021				
Financial liabilities measured at amortised cost				
Trade and other payables	85,985	-	85,985	85,985
	85,985	-	85,985	85,985

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11 Financial risks (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The majority of interest rate exposure arises on the Company's investments in receivables from subsidiaries. The Company's investments in receivables from subsidiaries carry fixed interest rates and mature within five years.

The Company's cash position, which comprise of cash in banks are subject to variable interest rates.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations.

There has been no impairment loss on receivables in 2022 and 2021, respectively.

The carrying value of receivables from subsidiaries, other receivables and cash and cash equivalents, as disclosed in the statement of financial position represents the maximum credit exposure, hence, no separate disclosure is provided.

12 Related party disclosures

The following parties are considered other related parties of the Company:

General Partner – Karnell ApS

Karnell ApS operates as K III Denmark K/S' general partner and is compensated with a service fee. The total service fee amounted to EUR 500 and EUR 500 for 2022 and 2021, respectively.

Management fee – KIII Sweden AB

KIII Sweden AB is entitled to receive a management fee for its respective services in terms of the management agreement entered into between the parties. Total management fee amounted to EUR 0 and EUR 0 for 2022 and 2021, respectively.

Board of Directors

The Board of Directors is not remunerated by the Company, but indirectly remunerated via the Company's management fee to K III Sweden AB.

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Notes to the financial statements

12 **Related party disclosures (continued)**

Subsidiaries

Below, the transactions and balances with the Company's subsidiaries are specified:

EUR	2022	2021
Loan receivable and accumulated receivable interest to subsidiaries, at nominal value		
Kasthall Group AB, this loan bears interest of 7%	1,371,239	2,058,037
Receivables from the sale of investments		
KIII Sweden AB	-	1,880,122
Interest income on loan receivables from subsidiaries, at nominal values		
Kasthall Group AB	105,416	132,417
Silva Group AB	-	44,209
Nordic Vehicle AB	-	77,725

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

HANS KARLANDER
Board of Directors
On behalf of: K III Denmark K/S
Serial number: 19530610xxxx
IP: 213.66.xxx.xxx
2023-06-30 14:54:05 UTC

Peter Toyberg
Chairman
On behalf of: K III Denmark K/S
Serial number: 8d688f7c-28c4-447f-8975-46502966a475
IP: 45.90.xxx.xxx
2023-07-03 05:35:22 UTC

Peter Toyberg
Board of Directors
On behalf of: K III Denmark K/S
Serial number: 8d688f7c-28c4-447f-8975-46502966a475
IP: 45.90.xxx.xxx
2023-07-03 05:35:22 UTC

Rasmus Jespersen
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:34311459
IP: 145.62.xxx.xxx
2023-07-03 07:20:45 UTC