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# ***PKA PF III AIV K/S***

Nørre Voldgade 90, 1st floor  
DK-1358 Copenhagen K

## **Annual Report for 2023** (Financial year 1 January – 31 December)

Penneo dokumentnøgle: Q0J40-AXS3K-CAW4K-J0D50-5AUET-BXZPE

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CVR No 40 60 09 65

The Annual Report is  
presented and adopted at the  
annual general meeting on  
17 April 2024

Linda á Dunga Brøndum  
Chairman

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# ***Management's statement on the Annual Report***

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of PKA PF III AIV K/S for the financial year 1 January – 31 December 2023.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act and other relevant legislation.

In our opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position at 31 December 2023 and of the results of the Limited Partnership's operations and cash flows for the financial year 1 January – 31 December 2023.

In our opinion, Management's Review includes a true and fair account of the affairs described.

We recommend that the Annual Report be adopted at the annual general meeting.

Copenhagen, 17 April 2024

## **Executive Board**

Anette Eberhard  
CEO

## **Board of Directors**

Michael Nellemann Pedersen  
(chairman)

Nicolai Ørnstrup Pilehave

Michael Flycht

# ***Independent Auditor's Report***

To the Limited Partners of PKA PF III AIV K/S

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PKA PF III AIV K/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act and other relevant legislation.

Based on the work we have performed, in our view, 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 and the information requirements in other relevant legislation. We did not identify any material misstatement in 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 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Hellerup, 17 April 2024  
**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 77 12 31

Per Rolf Larssen  
State Authorised Public Accountant  
mne24822

## ***Limited Partnership information***

### **The Limited Partnership**

PKA PF III AIV K/S (FT-ID 24586)  
Nørre Voldgade 90, 1st floor  
DK-1358 Copenhagen K

CVR No 40 60 09 65  
Registered office: Copenhagen

### **General Partner**

PKA Private Funds III GP ApS

### **Board of Directors**

Michael Nellemann Pedersen (chairman)  
Nicolai Ørnstrup Pilehave  
Michael Flycht

### **Executive Board**

Anette Eberhard

### **Auditor**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Depository services until 31 December 2023**

Apex (Denmark) ApS (FT-ID 25701)  
Hørmarken 2  
DK-3520 Farum

### **Depository services as of 1 January 2024**

Embankment Depository Services A/S (FT-ID 25715)  
Amagertorv 11, 4.  
DK-1160 Copenhagen K

### **Manager**

IIP Denmark P/S (FT-ID 23187)  
Nørre Voldgade 90, 1st floor  
DK-1358 Copenhagen K

## Financial highlights

Key figures (in million DKK)	2023	2022	2021	2020	2019 <sup>*)</sup>
<i>Income statement</i>					
Income from investments in associates	204	(151)	345	94	(15)
Income from investments in co-investments	1,010	1,725	1,368	790	242
Profit before financial items	1,210	1,571	1,710	878	227
Profit for the year	1,212	1,571	1,710	874	227
<i>Balance sheet</i>					
Investments in associates	1,117	912	1,061	777	399
Investments in co-investments	6,154	5,786	4,009	3,509	2,738
Total assets	7,272	6,699	5,071	4,288	3,152
Total equity	7,271	6,699	5,070	4,287	3,151
<i>Capital resources</i>					
Cash and cash equivalents	1	1	1	1	1
Undrawn commitment	28	60	127	280	839
Total capital resources	29	61	128	281	840
<i>Cash flows</i>					
Cash flows from operating activities	(1)	(4)	(3)	152	135
Cash flows from investing activities	641	(54)	930	(413)	(96)
Cash flows from financing activities	(640)	58	(927)	261	(38)
Change in cash and cash equivalents for the year	0	0	0	0	2
<b>Financial ratios</b>					
Solvency ratio (%)	100.0	100.0	100.0	100.0	100.0
Return on equity (%)	17.4	26.7	36.6	23.5	7.2

Reference is made to definitions in accounting policies.

\*) Key figures and financial ratios cover the period 21 June 2019 – 31 December 2019.



# ***Management's Review***

## **Main activities**

PKA PF III AIV K/S was established in June 2019 with a capital commitment, along with PKA Private Funds III K/S, totaling DKK 19 billion from PKA.

The limited partnership aims to invest in private equity funds, infrastructure funds and co-investments with fund managers in Denmark and abroad.

PKA PF III AIV K/S has entered into a management agreement with IIP Denmark P/S in terms of handling the administration and provide investment advisory to PKA PF III AIV K/S. Consequently, the limited partnership has no employees.

## **Development in activities and financial position**

The financial year 1 January – 31 December 2023 resulted in a profit of DKK 1,212 million and the balance sheet reflected equity of DKK 7,271 million as of 31 December 2023.

The result is positively affected by net income from investments in associates and co-investments of DKK 1,214 million. This income mainly consists of fair value adjustments of DKK 1,413 million, primarily driven by strong performance and growth in most of the underlying portfolio investments. However, the result is also negatively affected by exchange rate adjustments of investments in associates and co-investments of DKK -199 million, primarily due to the decrease in the USD and JPY exchange rates during the financial year.

Furthermore, the valuation of investments in associates and co-investments is also to some extent negatively impacted by significant market uncertainties arising from future interest rate developments and inflation.

PKA PF III AIV K/S has made a total of 14 capital commitments to underlying co-investments. There has been a partial exit in the portfolio during the financial year.

The limited partnership has since inception invested DKK 3.869 million in underlying co-investments, of which DKK 32 million was invested in 2023. During the year, the limited partnership received distributions from co-investments totaling DKK 673 million.

The investment period expired on 30 June 2020, after which no capital commitments will be made to new portfolio funds or co-investments.

The result for 2023 is considered satisfactory.

## **Uncertainty relating to recognition and measurement**

Investments in associates and investments in co-investments are measured at fair value as described in the accounting policies. The measurement includes accounting estimates and is, therefore, subject to uncertainty.

## **Special risk**

### **Foreign exchange currency risk**

PKA PF III AIV K/S' currency risks are related to investments in foreign co-investments. The limited partnership does not hedge this risk, but considers it as an integrated and less significant part of the overall risk in a co-investment.

# Management's Review

## Interest rate risk

PKA PF III AIV K/S is less sensitive to changes in interest rate levels as the limited partnership does not employ leverage for operating and investment activities. However, the limited partnership may indirectly be affected by changes in interest rate levels as the underlying co-investments to some extent are using external funding, which may impact future investment results.

## Capital structure

PKA PF III AIV K/S has a total capital commitment of DKK 3,917 million. Investors have contributed DKK 3,894 million as of 31 December 2023, equivalent to 99.4% of the total capital commitment.

Outstanding commitments amount to DKK 28 million as of 31 December 2023.

## Events after the balance sheet date

In February, CEO and Managing Partner Anette Eberhard announced that she has decided to resign from her position in the General Partner PKA Private Funds III GP ApS and in the Manager IIP Denmark P/S at the end of June 2024.

In February, PKA PF III AIV K/S completed a successful exit of a co-investment.

No other events have occurred after the balance sheet date and to this date that materially affect the assessment of the annual report.

## Outlook

Despite the negative impact from the decrease in the USD and JPY exchange rates and the market uncertainties, expectations for 2023 were met.

Continued high activity and strong performance are expected in most co-investments in 2024. Accordingly, management expects a positive result for the upcoming year at a higher level than realised in 2023. This expectation considers the continued significant market uncertainty in 2024 due to obscurity surrounding future inflation and interest rate levels.

Management expects a result for 2024 in the range of DKK 1,200 – 1,500 million.

## Statement of corporate social responsibility (CSR)

Since its establishment in 2019, PKA PF III AIV K/S has made co-investments with fund managers of private equity funds and infrastructure funds in Denmark and abroad.

The limited partnership is subject to the Manager's ESG investment policy and tax principles which contain guidelines for responsible investments, including environmental, social, and governance principles. The Manager's assessment is that companies that act responsibly in the long term achieve better and more stable returns for their investors. Therefore, the limited partnership incorporates these principles into the decision-making process for new investments, and also seeks to ensure that the principles are adhered to by the companies in which the limited partnership invests.

PKA PF III AIV K/S' approach as a responsible investor is based on international conventions, rights, and principles, including the UN's six Principles for Responsible Investment (PRI) and the UN Global Compact.

In addition, the limited partnership continuously monitors compliance with the investment restrictions of the ESG investment policy and collaborates with fund managers to maintain ongoing insight into ESG matters within portfolio companies aiming for timely dialogue and action if any deviations are observed.

## ***Management's Review***

The investment period for PKA PF III AIV K/S expired on 30 June 2020, and the focus is henceforth on maintaining close dialogue with fund managers of each co-investment, as well as ongoing monitoring their handling of ESG matters within the companies.

### **Sustainability update (SFDR)**

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

### **Policy for data ethics**

PKA PF III AIV K/S is subject to the Manager's "Personal Data Processing Policy (GDPR)" which aims to ensure that personal data is processed in accordance with applicable laws and regulations, including securely and confidentially stored. The limited partnership collects and stores personal data for investors and, to a lesser extent, for collaborators.

Furthermore, as part of the data governance, the limited partnership must establish effective management of its data, including controls to ensure the quality and integrity of the data used, as well as appropriate controls to ensure the security of data, including effective protection of sensitive personal information or other confidential information, and proper data backup.

The limited partnership has not adopted other policies for data ethics as the limited partnership does not process large amounts of data itself.

## ***Income statement***

*(DKK million)*

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Income from investments in associates	1	204	(151)
Income from co-investments	2	1,010	1,725
Administrative expenses		<u>(4)</u>	<u>(3)</u>
<b>Operating profit</b>		<b>1,210</b>	<b>1,571</b>
Financial income		<u>2</u>	<u>0</u>
<b>Profit for the year</b>		<b><u>1,212</u></b>	<b><u>1,571</u></b>

## ***Balance sheet at 31 December***

*(DKK million)*

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Investments in associates	1	1,117	912
Investments in co-investments	2	<u>6,154</u>	<u>5,786</u>
<b>Total fixed assets</b>		<u>7,271</u>	<u>6,698</u>
<b>Total non-current assets</b>		<u>7,271</u>	<u>6,698</u>
<b>Cash and cash equivalents</b>		<u>1</u>	<u>1</u>
<b>Total current assets</b>		<u>1</u>	<u>1</u>
<b>Total assets</b>		<u>7,272</u>	<u>6,699</u>

Penneo dokumentnøgle: Q0J40-AXS3K-CAW4K-J0D50-5AUET-BXZPE

## Balance sheet at 31 December

(DKK million)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Equity and liabilities</b>			
Paid-in capital		3,894	3,857
Distributions to Limited Partners		(2,217)	(1,540)
Retained earnings		5,594	4,382
<b>Total equity</b>		<u>7,271</u>	<u>6,699</u>
Other payables		1	0
<b>Total short-term liabilities</b>		<u>1</u>	<u>0</u>
<b>Total liabilities</b>		<u>1</u>	<u>0</u>
<b>Total equity and liabilities</b>		<u>7,272</u>	<u>6,699</u>

	<u>Note</u>
Cash flow – Adjustments	3
Cash flow – Change in working capital	4
Number of employees	5
Distribution of profit	6
Related parties	7
Contingent liabilities and other financial obligations	8
Fees paid to independent auditor appointed at the annual general meeting	9
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## Statement of changes in equity

(DKK million)

	<b>Paid-in capital</b>	<b>Distributions to Limited Partners</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2023</b>	3,857	(1,540)	4,382	6,699
Paid-in capital	37	0	0	37
Distributions to Limited Partners	0	(677)	0	(677)
Profit for the year	0	0	1,212	1,212
<b>Equity at 31 December 2023</b>	<b>3,894</b>	<b>(2,217)</b>	<b>5,594</b>	<b>7,271</b>
Commitment	3,917			
Undrawn commitment	28			
	<b>Paid-in capital</b>	<b>Distributions to Limited Partners</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity at 1 January 2022</b>	3,790	(1,531)	2,811	5,070
Paid-in capital	67	0	0	67
Distributions to Limited Partners	0	(9)	0	(9)
Profit for the year	0	0	1,571	1,571
<b>Equity at 31 December 2022</b>	<b>3,857</b>	<b>(1,540)</b>	<b>4,382</b>	<b>6,699</b>
Commitment	3,917			
Undrawn commitment	60			

## Cash flow statement

(DKK million)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit for the year		1,212	1,571
Adjustments	3	(1,216)	(1,574)
Change in working capital	4	1	(1)
<b>Cash flows from operating activities before financial items</b>		<b>(3)</b>	<b>(4)</b>
Financial income		2	0
<b>Cash flows from operating activities</b>		<b>(1)</b>	<b>(4)</b>
Investments in co-investments		(33)	(64)
Distributions from co-investments		674	10
<b>Cash flows from investing activities</b>		<b>641</b>	<b>(54)</b>
Paid-in capital from Limited Partners		37	67
Distributions to Limited Partners		(677)	(9)
<b>Cash flows from financing activities</b>		<b>(640)</b>	<b>58</b>
<b>Change in cash and cash equivalents for the year</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at 1 January		1	1
<b>Cash and cash equivalents at 31 December</b>		<b>1</b>	<b>1</b>



## Notes

(DKK million)

	<u>2023</u>	<u>2022</u>
<b>1. Investments in associates</b>		
Cost at 1 January	624	622
Additions in the year	<u>1</u>	<u>2</u>
Cost at 31 December	<u>625</u>	<u>624</u>
Value adjustments at 1 January	288	439
Revaluations in the year	<u>204</u>	<u>(151)</u>
Value adjustments at 31 December	<u>492</u>	<u>288</u>
<b>Carrying amount at 31 December</b>	<u><b>1,117</b></u>	<u><b>912</b></u>

Investments in associates comprise:

<u>Company</u>	<u>Place of registered office</u>	<u>Interest</u>	<u>Equity<sup>*)</sup></u>	<u>Profit/loss<sup>*)</sup></u>
Hamburg Co-Invest L.P.	Cayman Island	30.4%	10,231	(1,364)
San Francisco Co-Invest L.P.	Cayman Island	20.9%	3,506	(2,679)

\*) cf. Annual report as of 31/12/2022 in JPY million (latest published).

## Notes

(DKK million)

	<u>2023</u>	<u>2022</u>
<b>2. Investments in co-investments</b>		
Cost at 1 January	2,574	2,512
Additions in the year	31	62
Disposals in the year	(204)	0
Cost at 31 December	<u>2,401</u>	<u>2,574</u>
Value adjustments at 1 January	3,212	1,497
Revaluations in the year	1,010	1,725
Revaluations on disposals in the year	(469)	(10)
Value adjustments at 31 December	<u>3,753</u>	<u>3,212</u>
<b>Carrying amount at 31 December</b>	<u><b>6,154</b></u>	<u><b>5,786</b></u>

For a description regarding valuation measurement, reference is made to "Investments in associates and co-investments" in the accounting policies.

### Investments in co-investments

PKA PF III AIV K/S holds investments in unlisted portfolio companies structured as co-investments made together with fund managers. The limited partnership does not have controlling influence in the co-investments in which the limited partnership has invested.

All co-investments are measured at fair value using traditional, recognised valuation methods. The fair value measurement of the co-investments is performed by the fund managers and is based on significant unobservable inputs (level 3 in the fair value hierarchy).

The value of a portfolio company is determined based on industry conditions, market position, and earnings capacity, as well as: 1) peer group multiple, including the market value of comparable listed companies, 2) transaction multiple in recent M&A transactions involving comparable companies, 3) indicative bids from potential buyers of the company, 4) market value if the portfolio company is publicly traded, or 5) future expected sale proceeds if an agreement to sell the portfolio company has been concluded.

The limited partnership has high level of knowledge about the valuation methods and processes used by the fund managers for determining the fair value of the co-investments, but has less information about the specific assumptions used for the individual investments.

## Notes

### 2. Investments in co-investments (continued)

In assessing the fair value reported by fund managers, management continuously monitors the performance of the co-investments, and also includes general market conditions in the assessment. To the extent possible, the limited partnership participates in Advisory Committee meetings, where the valuation is extensively reviewed and discussed. In addition, the limited partnership maintains ongoing dialogue with the management of the fund managers to assess operational and business-related aspects of the co-investments that may have an impact on the valuation. Based on this, adjustments are made to the reported values of the investments.

The co-investments 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 measurement as of 31 December 2023 (DKK million)

	Level 1	Level 2	Level 3	Total
Investments in co-investments	0	0	7,271	7,271
<b>Total</b>	<b>0</b>	<b>0</b>	<b>7,271</b>	<b>7,271</b>

#### Fair value measurement as of 31 December 2022 (DKK million)

	Level 1	Level 2	Level 3	Total
Investments in co-investments	0	0	6,698	6,698
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6,698</b>	<b>6,698</b>

## Notes

(DKK million)

	<b>2023</b>	<b>2022</b>
<b>3. Cash flow - Adjustments</b>		
Income from investments in associates	(204)	151
Income from co-investments	(1,010)	(1,725)
Financial income	(2)	0
	<b>(1,216)</b>	<b>(1,574)</b>
<b>4. Cash flow – Change in working capital</b>		
Other payables	1	(1)
	<b>1</b>	<b>(1)</b>
<b>5. Number of employees</b>		
Average number of employees	0	0

Information according to the Danish Alternative Investment Fund Managers Act (FAIF) section 61 (3) nos. 5 and 6 is disclosed in the annual report (including note 3) of IIP Denmark P/S.

### 6. Distribution of profit

#### Proposed distribution of profit

Retained earnings	1,212	1,571
<b>Profit for the year</b>	<b>1,212</b>	<b>1,571</b>

### 7. Related parties

The General Partner PKA Private Funds III GP ApS is the only related party with a controlling interest.

In addition, related parties consist of Pensionskassen for Sygeplejersker og Lægeseekretærer, Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale, Pensionskassen for Sundhedsfaglige and the co-investments HITOWA (via Hamburg Co-Invest L.P.) and I-Pro (via San Francisco Co-Invest L.P.).

All transactions with related parties were conducted on an arm's length basis.

Limited Partners comprise:

- 49.94% Pensionskassen for Sygeplejersker og Lægeseekretærer
- 27.97% Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale
- 21.97% Pensionskassen for Sundhedsfaglige

All located at Tuborg Boulevard 3, DK-2900 Hellerup.

# Notes

(DKK million)

## 7. Related parties (continued)

0.07% PKA Private Funds III CIV I K/S  
0.05% PKA Private Funds III CIV II K/S

All located at Nørre Voldgade 90, 1st floor, DK-1358 Copenhagen K.

## 8. Contingent liabilities and other financial obligations

The limited partnership has no collaterals or contingent liabilities as of 31 December 2023.

	<u>2023</u>	<u>2022</u>
<b>9. Fees paid to independent auditor appointed at the general meeting</b>		
Fee regarding statutory audit	<u>0.1</u>	<u>0.1</u>
	<u><b>0.1</b></u>	<u><b>0.1</b></u>

## 10. Events after the balance sheet date

In February, CEO and Managing Partner Anette Eberhard announced that she has decided to resign from her position in the General Partner PKA Private Funds III GP ApS and in the Manager IIP Denmark P/S at the end of June 2024.

In February, PKA PF III AIV K/S completed a successful exit of a co-investment.

No other events have occurred after the balance sheet date and to this date that materially affect the assessment of the annual report.

## 11. Accounting policies

The annual report of PKA PF III AIV K/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The presentation of the income statement deviates from the reporting form shown in schedule 2 of the Danish Financial Statements Act as the presentation has been adapted to the nature of the limited partnership's activity.

The accounting policies applied are unchanged compared to last year.

The financial statements for 2023 are presented in Danish Kroner (DKK).

## Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

## **Notes**

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the limited partnership, and the value of the liability can be measured reliably.

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

### **Foreign currency translation**

Transactions denominated in foreign currencies are translated into DKK using the exchange rates at the date of transaction. Investments, receivables and payables denominated in foreign currencies are translated into DKK using the exchange rate at the balance sheet date. Realised and unrealised exchange rate adjustments are recognised in the income statement.

### **Income statement**

#### **Income from investments in associates and income from co-investments**

Income from investments in associates and income from co-investments include dividends, interests, realised and unrealised value adjustments, as well as realised and unrealised exchange rate adjustments related to transactions in foreign currency.

#### **Administrative expenses**

Administrative expenses include management fees and other costs incurred by the limited partnership.

#### **Financial income**

Financial income comprises interest on bank deposits, realised and unrealised exchange rate adjustments, etc.

#### **Tax**

The limited partnership is not independently liable to tax, and therefore, no tax is recognised in the financial statements.

### **Balance sheet**

#### **Investments in associates and investments in co-investments**

Investments in associates and investments in co-investments pertain to the limited partnership's co-investments in foreign portfolio companies.

Unlisted investment assets are measured at fair value in accordance with the IPEV Valuation Guidelines. The valuation is based on the latest reporting received from fund managers of the individual co-investments. This reporting includes a fair value assessment of the portfolio company based on traditional, recognised valuation methods.

## **Notes**

In assessing the fair value reported by fund managers, management continuously monitors the performance of the co-investments, and also includes general market conditions in the assessment. In addition, the limited partnership maintains ongoing dialogue with the management of the fund managers to assess operational and business-related aspects of the co-investments that may have an impact on the valuation. Based on this, adjustments are made to the reported values of the investments.

### **Receivables**

Receivables are measured at the lower of amortised cost or net realisable value which usually corresponds to nominal value less write-downs for anticipated losses.

### **Cash and cash equivalents**

Cash and cash equivalents include deposits at banks and are measured at fair value.

### **Equity**

Equity includes paid-in capital, distributions to Limited Partners and retained earnings.

### **Financial liabilities**

Financial liabilities are measured at amortised cost, usually corresponding to nominal value.

### **Cash flow statement**

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

### **Cash flows from operating activities**

Cash flows from operating activities are presented as profit for the year adjusted for changes in working capital and non-cash operating items such as income from investments in associates and co-investments. The working capital includes current assets less short-term liabilities, excluding items included in cash and cash equivalents.

### **Cash flows from investing activities**

Cash flows from investing activities include cash flows from investments in and distributions from co-investments.

### **Cash flows from financing activities**

Cash flows from financing activities comprise contributions from and distributions to Limited Partners.

### **Cash and cash equivalents**

Cash and cash equivalents include cash funds in open accounts.

## **Notes**

### **Financial highlights**

The key financial ratios listed in the financial highlights are defined as follows:

$$\text{Solvency ratio (\%)} = \frac{\text{Equity at year end} \times 100\%}{\text{Total assets}}$$

$$\text{Return on equity (\%)} = \frac{\text{Profit for the year} \times 100\%}{\text{Average equity}}$$



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