



VPK Fond III K/S

Klostervej 28, st., DK-8680 Ry

Annual Report for 14 March – 31 December 2023

CVR No 43 91 97 84

The Annual Report was
Presented and adopted at
The Annual General
Meeting of the Company on
21 March 2024

Klaus Bülow Davidsen
Chairman of the General
Meeting

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Management's Statement

The General Partner have today considered and adopted the Annual Report of VPK Fond III K/S for the financial year 14 March – 31 December 2023.

The Annual Report has been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion the Company Financial Statements give a true and fair view of the financial position at 31 December 2023 the Company and of the results of the Company operations and cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ry, 21 March 2024

On behalf of the General Partner: VPK Komplementar III ApS

Brian Vahlun Jørgensen

Jon Erik Risvig

Klaus Bülow Davidsen

Independent Auditor's Report

To the General Partner of VPK Fond III 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 14 March - 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of VPK Fond III K/S for the financial year 14 March - 31 December 2023, which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes, including summary of significant accounting policies material accounting policy information ("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.

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. 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 IFRS Accounting Standards as adopted by the EU and further requirements in 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.

Aarhus, 21 March 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 77 12 31

Christian Roding
State Authorised Public Accountant
mne33714

Christian Reumert Hedetoft
State Authorised Public Accountant
mne50596

Company Information

Company name

VPK Fond III K/S
Klostervej 28, st.
DK-8680 Ry

CVR No: 43 91 97 84

Financial period: 14 March – 31 December

Municipality of reg. office: Skanderborg

On behalf of the General

Brian Vahlun Jørgensen

Partner:

Jon Erik Risvig

VPK Komplementar III ApS

Klaus Bülow Davidsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Management Review

Business activities

VækstPartner Kapital (“VPK”) established its first fund 2016 and VPK Fond III K/S was established in 2023.

VækstPartner Kapital aims to be a strong and active co-owner of small sized Danish B2B businesses, and through contributions to strategic initiatives, helps the companies expand and realize their market potential and become attractive investment objects for future owners. The VPK funds aim to generate profits by conducting, monitoring, developing and realizing investments in companies, either directly or through wholly or partly owned holding companies for the investors of the funds. See more about VækstPartner Kapital on www.vpkapital.dk.

Investment Strategy

VPK Fond III K/S invests in Danish B2B companies with revenues between 10 – 100 MDKK at the time of entering the partnership. The fund seeks to enter partnerships with companies that have reached commercial maturity and a proven track record of product-market fit and a solid business foundation. The partnerships aim to further develop the companies and typically over a 3-7 year period double or triple the revenues of the companies while also strengthening the strategic profile and foundation of the companies. This is expected to enable value realization to happen at higher multiples driven by larger scale and solid operations. The fund can be either significant minority or a majority investor in the companies, and VækstPartner Kapital contributes through both active board work as well as weekly interactions and project deliverables.

Social Impact

The funds managed by VækstPartner Kapital overall aim to catalyze positive developments to the economy and business activities, and thereby represent a significant positive social impact by developing and realizing the potential of a segment of Danish businesses that historically has enjoyed fewer investment opportunities.

Other social, environmental and governance responsibility policies

VækstPartner Kapital assesses investment opportunities for their long term sustainable potential and generally seeks to make a positive contribution to society, the environment and conduct activities properly. The investment mandate stated in the Limited Partnership Agreements of the funds include a negative list of activities blocking the funds from investments in certain unsustainable activities. VækstPartner Kapital on a continuous basis seeks inspiration from a broad set of recommendations, guidelines and principles, and works actively with portfolio companies to adopt methods and processes that develop the companies soundly.

Organization and Governance of VPK Fond III K/S

Vækstpartner Kapital ApS is the management company for VPK Fond III K/S.

Vækstpartner Kapital ApS is led by the three partners Klaus Bülow Davidsen, Jon Risvig and Brian Jørgensen who also form the management, as well as serving as Investment Manager, which recommends investments to the General Partner of the fund.

For a presentation of the management team, please go to www.vpkapital.dk.

The General Partner and its management are responsible for the decisions on any investment in the fund, based on the recommendations from the Investment Manager.

An Investor Advisory Board oversees the investment strategy including investments and exits.

VPK Fond III K/S is owned by several professional investors holding a total stake of 92.2%. The remaining stake is owned by the partners of the management company, Vækstpartner Kapital ApS, and the fund's investment professionals Nadia Bentzen, Nikolai Feldfos Hedelund, Stine Nørbo Sørensen and Jakob Staael.

Reporting

The reporting is governed by the Limited Partnership Agreement. The Fund ensures quarterly and annual reports providing transparency on the main development in the portfolio companies and on the overall fund economics.

The past year and follow-up on development expectation from last year

2023 was the founding year for VPK Fond III K/S formally being established in April 2023. The fund was established with an aim of achieving DKK 400 million in commitments, and in December 2023 final closing for the fund was successfully executed with a total commitment of DKK 405.6 million from 115 investors (Limited Partners). During 2023, VPK Fond III K/S executed the first two portfolio company investments in By ACRE and Multi:IT – both investments have so far met expectations and continue their solid developments as sound, growing companies. As such, the fund had a solid 2023 achieving main objectives.

Expectations to the next year

The main focus for 2024 will be further developing the existing portfolio companies and expand the portfolio with new investments in strong Danish B2B companies.

Valuations principles

The Fund's valuation principles are in accordance with the Europe Investor Valuation Guidelines.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements are not subject to any uncertainty.

Unusual matters

The Fund's financial position on 31 December 2023 and the results of its operations for the financial year ended 31 December 2023 are not affected by any unusual matters.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the Fund's financial position.

Financial risks

Financial and other risks material to the financial statements is presented in section "Notes to the financial statements". Please refer to note 3. For information about the methods and assumptions used in determining fair value please refer to note 4.

Consolidated financial statements

The Company meets the conditions for being an investment entity and is exempt from preparing consolidated financial statements for 2023. For further explanation, please refer to the disclosures.

Management Review

Portfolio company status: Active investment

By ACRE ApS

Sector:	Mobility Aids - development and manufacturing of mobility devices
Number of employees:	13
Location:	HQ in Lyngby, Denmark
Fund's ownership:	60% of By ACRE Holding ApS, which owns 100% of By ACRE ApS
Investment year:	2023
Website:	www.byacre.com
Responsible partner(s)	Jon Erik Risvig (board member)

About the company

By ACRE designs, develops and provides high-end rollators to people with mobility challenges. The rollators combine a unique design, high quality, user-friendliness and dignity within one innovative solution for “people, not patients”.

The rollators are sold globally through distributors and retailers as well as directly to end-consumers through By ACRE's own online channels.

Developments in 2023

In Q4 2023, By ACRE launched a new rollator model made of recycled materials, which has never been seen before in the industry.

Financially, 2023 showed significant positive development in both revenue and EBITDA, mainly driven by increased sales in existing markets.

Management Review

Portfolio company status: Active investment

Multi:IT A/S

Sector:	Software - Transport Management Systems
Number of employees:	27 (15 in Denmark)
Location:	Kokbjerg 14, 6000 Kolding
Fund's ownership:	47%
Investment year:	2023
Website:	www.multi-it.dk
Responsible partner(s)	Klaus Davidsen (Chairman of the board)

About the company

Multi:IT is a software company specialised in solutions to small and medium sized transport companies. The company has built a Transport Management System (TMS), named Truckplanner, that helps hauliers, transport firms and freight forwarders in their daily operations. In detail, the system enables the customers to handle fleet management, GPS tracking, route planning, orders, salaries and more.

Developments in 2023

Multi:IT experienced strong growth in both the license base (annual recurring revenue, ARR), revenue and operating profits during 2023.

Financial Highlights

The financial highlights for the Fund per 31 December 2023:

Financial highlights <i>In TDKK</i>	2023 9 months
Value adjustments of investments	13,726
Financial income/expense	0
Net profit/loss for the year	5,727
Total non-current assets	42,500
Total assets	43,576
Equity	34,702

For definitions of financial key figures and ratios, please refer to note 1.

Statement of comprehensive income

<i>In TDKK</i>	Notes	2023 9 months
	4	
Value adjustment of investment		13,726
Other external expenses		<u>-7,998</u>
Operating profit (loss) financial income and expenses		<u>5,727</u>
Financial income		-
Financial expenses		-
Profit (loss) before tax		<u>5,727</u>
Tax on profit/loss for the year		<u>-</u>
Net profit (loss) for the year		<u><u>5,727</u></u>
Other comprehensive income		-
Comprehensive income		<u><u>5,727</u></u>

Balance sheet 31 December

Assets

<i>In TDKK</i>	Notes	2023 9 months
Assets		
Non-current assets		
Investments in subsidiaries	4, 5, 6	31,100
Investments in associates	4, 5, 6	11,400
Other investments		-
Total non-current assets		<u>42,500</u>
Current assets		
Cash and cash equivalents		<u>1,076</u>
Total current assets		<u>1,076</u>
Total assets		<u><u>43,576</u></u>

Equity and Liabilities

<i>In TDKK</i>	Notes	2023 9 months
Equity		
Contributed capital		28,975
Retained earnings		5,727
Total equity	7	<u>34,702</u>
Liabilities		
Current liabilities		
Trade payables		7,163
Other liabilities		<u>1,711</u>
Total current liabilities		<u>8,874</u>
Total liabilities		<u>8,874</u>
Total liabilities and equity		<u><u>43,576</u></u>

Statement of changes in equity for the year 2023

For the year ended at 31 December 2023

<i>In TDKK</i>	Contributed capital	Retained earnings	Total equity
As at 14 March 2023	_____ -	_____ -	_____ -
Profit for the period	-	5,727	5,727
Capital increase	28,975	-	28,975
Capital reduction	_____ -	_____ -	_____ -
Limited partners equity total			
31 December 2023	_____ 28,975	_____ 5,727	_____ 34,702

Cash flow statement

Statement of cash flows for the year ended 31 December 2023

<i>In TDKK</i>	Notes	2023 9 months
Cash flows from operating activities		
Operating profit/(loss) (EBIT)		5,727
Purchase of financial investments (portfolio Companies)		-28,774
Sale of financial investments (portfolio Companies)		-
Proceeds from financial investments		-
Value adjustment of investments (unrealized)		-13,726
Realized gain/loss from financial investments		-
Change in working capital		8,874
Financial income received		-
Financial expense paid		-
Net cash inflow (outflow) from operating activities		<u>-27,899</u>
Cash flows from financing activities		
Paid in contributed capital		28,975
Distributions paid to limited partners		-
Proceeds from borrowings		-
Net cash inflow (outflow) from financing activities		<u>28,975</u>
Net increase (decrease) in cash and cash equivalents		<u>1,076</u>
Cash and cash equivalents at the beginning of the financial year		-
Cash and cash equivalents at end of year		<u>1,076</u>

Notes to the financial statement – overview

Number	Content
Note 1	Summary of significant accounting policies
Note 2	Significant estimates and judgments
Note 3	Financial risk and financial instruments
Note 4	Fair Value adjustments
Note 5	Financial assets at fair value through profit or loss
Note 6	Investments in subsidiaries and associates
Note 7	Limited partners equity
Note 8	Personnel expenses
Note 9	Related party transactions
Note 10	Contingent liabilities
Note 11	Subsequent events

Note 1 – Summary of significant accounting policies

The financial statements of VPK Fond III K/S for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 21 March 2024.

This note provides a list of the significant accounting policies adopted in the preparation of the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class B as well as selected rules applying to reporting class C.

The financial statements are presented in Danish Kroner (DKK) and all values are rounded to the nearest thousand, except when otherwise indicated.

New standards and interpretations not yet adopted

The Company has assessed the effect of the new standards, amendments and interpretations. The Company has concluded that all standards, amendments and interpretations effective for financial years beginning on or after 1 January 2024 are either not relevant to the Company or have no significant effect on the Financial Statements of the Company.

Explanation on exemption Consolidated Financial Statements

VPK Fond III K/S has multiple unrelated investors and holds multiple investments in both subsidiaries and in associates. The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

1. The Company has obtained funds for the purpose of providing investors with professional investment management services,
2. the Company's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income and
3. the investments are measured and evaluated on a fair value basis.

As the Company meets the conditions above, it is exempt from consolidating its subsidiaries. Instead, it records its controlled investments as financial assets at fair value through profit or loss.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Danish Kroner (DKK), which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net foreign currency gains or losses on cash and cash equivalents'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

Balance sheet

Investments in portfolio companies etc.

Investments in subsidiaries, associates, other securities and investments comprise investments in portfolio companies and are recognised when the Company obtains control of the portfolio investment. The control can be partial or full, and is corresponding to the classification of the investments; investments in subsidiaries, associates or other securities and investments. Investments in portfolio companies are measured at fair value on the balance sheet date. Value adjustments are recognised in the income statement.

Investments in portfolio companies are measured according to the guidelines of the "International Private Equity and Venture Capital" (IPEV) "Valuation Guidelines" which is why investments are recognised at fair value at the balance sheet date.

Investments in portfolio companies traded in an active market are measured on the basis of the last market price. Unlisted portfolio companies are valued either by way of a capital increase round or part sale based on the value of comparable companies as well as by applying traditional measurement methods.

Fair value estimation

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 of financial assets traded in active markets (such as publicly traded derivatives and equity securities publicly traded on a stock exchange) are based on quoted market prices at the close of trading on the reporting date.

Fair value for unlisted equity securities are determined by the General Partner using valuation techniques. Such valuation techniques may include earnings multiples and discounted cash flows. The Partnership adjust the valuation model as deemed necessary for factors such as non-maintainable earnings, tax risk, growth stage and cash traps.

In determining fair value, the General Partner in many instances relies on the financial data of investee portfolio companies and on estimates by the management of the investee portfolio companies as to the effect of future developments. Although the General Partner uses its best judgement, and cross-references results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Partnership could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

Receivables

Receivables are recognised initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Equity

An amount corresponding to net positive unrealised value adjustments of investments in subsidiaries and associated companies is presented as “revaluation reserve” under the equity.

Capital commitments from the Limited Partners are recognised when the capital has been called. Uncalled capital commitments are not recognised.

Liabilities

Liabilities are measured at amortised cost equal to normal value.

Comprehensive income statement**Value adjustments of investments**

The value adjustment of investments in portfolio companies comprises value adjustment realized from sale and value adjustments unrealized from any revaluation or impairment of investments in portfolio companies at fair value. Dividend received from investments are included in value adjustments.

Other external expenses

Management fee comprises of management fee for the period calculated according to the Limited Partnership Agreement. Administrative expenses comprise expenses for establishing the Company and managing the operations of the company, including audit costs, legal advisors and other general expenses.

Financial income and expenses

Financial income and expenses (net financial items) include interest income and expenses calculated in accordance with the effective interest method as well as exchange rate gains and losses on foreign currency transactions.

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

The Company is not independently liable to income tax and consequently tax has not been recognized.

Statement of cash flows

The cash flow statement shows the group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from payments/distributions and contributions to and from shareholders/limited partners

Cash and cash equivalents comprise “Cash at bank and in hand” as well as balances in “Credit institutions”. The cash flow statement cannot be immediately derived from the published financial records.

Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Note 2 – Significant estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

VPK Fond III K/S makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below.

Judgements

When assessing that the entity meets the definition of an investment entity, Management has put weight on the following characteristics:

- An exit strategy for the investments is in place
- The entity holds more than one investment
- Multiple unrelated investors have an interest in the fund

Fair value of investments

The Company holds solely investments that are not quoted in an active market. Fair value is determined by using valuation techniques described below. The Company's General Partner seeks to adhere to Invest Europe's IPEV Valuation Guidelines.

The general partner has chosen to adopt different valuation techniques depending on the portfolio company. For holdings with substantial and sustainable cash flow or earnings, the general partner has adopted a valuation technique using EBITDA multiples. For investments without significant profits or positive cash flow, the General Partner has adopted a valuation technique using revenue multiples (e.g. annual recurring revenue or revenue). Please refer to note 4 for further details on the valuations models and processes.

Note 3 – Financial risk and financial instruments

The objective of the Partnership is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies operating mainly in the Nordic market.

The Partnership's activities expose it to a variety of financial risks: operating risk, market risk, foreign exchange risk, interest rate risk and credit risk.

Special operating risks, market risks and foreign exchange risks

Risk management

Management has assessed that the most significant financial risk is the market risk that is related to the portfolio companies. The risk is managed as described in the following section.

The Partnership's Investment Manager, Vækstpartner Kapital ApS, provides the General Partner and the Partnership with investment recommendations. The Investment Manager's recommendations are reviewed and endorsed by the Advisory Board before the investment decisions are implemented. To manage the market price risk, the Investment Manager, as engaged by the General Partner to do so, reviews the performance of the portfolio companies on a continuous basis and is often in contact with the management of the portfolio companies for business and operational matters. Any relevant results of these reviews are communicated to the Limited Partners through the quarterly reporting.

The portfolio of investments is well diversified across various industries. However, all of the investments are in Denmark and a negative event in the Danish capital markets would most likely affect the financing and/or exit possibilities in general.

Credit Risk

The Company has no significant receivables, why the credit risk is minimal.

Liquidity risk

Liquidity risk is defined as VPK Fond III K/S' risk of not being able to meet its payment obligations. VPK Fond III K/S is equity financed, and therefore has no liquidity risk.

Foreign exchange risks

The Company has no significant risk to changes in the exchange rate since alle portfolio investments are made ind DKK corresponding to the Company's chosen currency.

Foreign exchange sensitivity

The Company has no significant foreign exchange sensitivity as equity investments are not exposed to foreign exchange sensitivity.

Interest rate risk

The Company has no debt and limited cash at hand, and therefore the interest rate risk is considered insignificant.

Capital risk management

The capital of the Partnership is represented by the net assets attributable to the partners. The Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Partnership. In order to maintain or adjust the capital structure, the General Partner may call unfunded commitment from the Limited Partners or distribute funds to the Limited Partners.

Note 4 – Fair Value adjustments

Methods and assumptions in determining fair value

The valuation process

The valuations are prepared by the relevant team of the Investment Manager and are reviewed on a quarterly basis as well as per year end by the Investment Manager. The quarterly valuations are reported to the investors. The Investment Manager considers the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation results using various valuation methods and techniques generally recognized as standard within the industry. The fair value estimates are measured according to the guidelines of the “International Private Equity and Venture Capital” (IPEV) “Valuation Guidelines” which is why investments are recognized at fair value at the balance sheet date. It is Management's assessment that the valuation process in accordance with IPEV is compliant with the requirements in IFRS 13.

In determining the valuation, the Investment Manager utilizes comparable trading multiples in arriving at the valuation. The Investment Manager determines trading multiples based on their experience, by enquiries from potential buyers of the portfolio companies and based on indications from discussions with consultants and investment professionals. The valuation is based on the relevant valuation metric, such as EBITDA, ARR etc. and the trading multiple. The calculated enterprise value is then adjusted for Net Interest Bearing Debt and other relevant adjustments, which is the basis for the equity value that is considered fair value.

In determining the continued appropriateness of the chosen valuation techniques, the Investment Manager may perform back testing to consider the various models' actual results and how they have historically aligned with the market transactions.

Fair Value hierarchy for financial instruments

International Financial Reporting Standards require VPK Fond III K/S to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: inputs are quoted (unadjusted) in active markets for identical assets or liabilities that VPK Fond III K/S can access at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within level 1 that are observable for the assets or the liability, either direct or indirect;
- Level 3: inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The determination of what constitutes “observable” requires significant judgement by VPK Fond III K/S. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are involved in the relevant market.

The following table shows the classification of the financial instruments, measured at fair value. The values is classified in respect of the fair value hierarchy.

<i>In TDKK</i>	Level 1	Level 2	Level 3	Total
2023				
Quoted investments (portfolio Companies)	-	-	-	-
Unquoted investments (portfolio Companies)	-	-	<u>42,500</u>	<u>42,500</u>
Financial instruments, measurements at fair value	-	-	<u>42,500</u>	<u>42,500</u>

Significant unobservable inputs at level 3

Investments classified within level 3, has been valued based on significant unobservable inputs, as they trade infrequently. As quoted market prices are not available for these investments, the general partner has used valuation techniques to determine fair value. In order to assess the valuation made for investments within level 3, the Investment Manager reviews the performance of the portfolio companies. Furthermore, the Investment Manager is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matter which are considered in the valuation process. Where appropriate the Investment Manager also track peer group company multiples and recent transaction results for similar companies.

	Range used	Weighted average
Level of applied multiples, 2023	6,0-8,0	7,0

Sensitivity analysis

The fair value of the Company's portfolio companies is affected by the development in applied multiples. A change in significant unobservable input will have an affect on the valuation of the portfolio companies, as well as the fair value will be affected of development in general macro economic conditions.

A change of applied multiples of 10 % will have the following effect on the fair value.

- Change in applied EBITDA multiples of 10%, 2023 –TDKK 7,200

Note 5 – Financial assets at fair value through profit or loss

Industry of investment <i>In TDKK</i>	Stage of initial investment	Geography	2023	
			Cost of investment	Fair value
Software	Growth	Denmark	10,871	11,400
Industrials	Growth	Denmark	17,903	31,100
Total portfolio			<u>28,774</u>	<u>42,500</u>

Industry of investment

The holdings are monitored closely. All companies are categorized within software and industrial.

Note 6 – Investments in subsidiaries and associates

2023 <i>In TDKK</i>	Investments in subsidiaries	Investments in associates	Total
Carrying amount:			
At 1 January	0	0	0
Exchange differences	0	0	0
Additions during the year	17,903	10,871	28,774
Disposals	0	0	0
Fair value adjustments during the year	13,197	529	13,726
Reclassifications	0	0	0
As at 31 December	31,100	11,400	42,500

Of the total fair value adjustment, TDKK 13,726 is related to unrealised fair value adjustments.

Stage of investment

The ownership and business strategy of the portfolio companies takes into consideration the stage of the company and its operations. VPK manages investments in growth stage companies typically with relatively high growth rates and, sometimes, cash negative operations (operating margins below 10%) while strategic initiatives and investments are implemented. In addition, VPK invests into - and as growth stage companies mature - manage companies with solid revenues and profitable operations (operating margins above 10%) building market positions and strategic profiles, enabling next stage of owners to become relevant.

Investment in subsidiaries

Investment	Place of registrered office	Currency	Share capital	Votes and ownership	Equity at last reporting date	Net profit/loss for the last reported year
By ACRE	Kongens Lyngby	DKK	154	60%	9,732	4,037

Investment in associates

Investment	Place of registrered office	Currency	Share capital	Votes and ownership	Equity at last reporting date	Net profit/loss for the last reported year
Multi:IT	Kolding	DKK	1,986	47%	6,306	1,960

Note 7 – Limited partners equity

Limited Partners' and General Partner's total committed capital is TDKK 405,600 of which TDKK 376,625 is not yet called.

Capital reduction comprise of return of capital and distributions from investment companies.

Note 8 – Personnel expenses

The company has no expenses to personnel.

	2023
	9 months
Average number of employees	0

Note 9 – Related party transactions

The following transactions has occurred with other related parties:

<i>In TDKK</i>	2023
	9 months
Management fee	<u>5,750</u>
Total expenses	<u>5,750</u>

Note 10 – Contingent liabilities

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Note 11 – Subsequent events

No significant events have occurred after the balance sheet date, which could have influence on the evaluation of the Annual Report.