
PKA Private Funds III K/S

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

Annual Report for 2024 (Financial year 1 January – 31 December)

Penneo dokumentnøgle: OQPTY-CT3QW-4IGRY-IR367-JPILL-KQ68L

CVR No 40 60 09 57

The Annual Report is
presented and adopted at the
annual general meeting on
27 March 2025

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 Private Funds III K/S for the financial year 1 January – 31 December 2024.

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 2024 and of the results of the Limited Partnership's operations and cash flows for the financial year 1 January – 31 December 2024.

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, 27 March 2025

Executive Board

Maria Helene Hjorth
CEO

Board of Directors

Michael Nellemann Pedersen
(chairman)

Nicolai Ørnstrup Pilehave

Michael Flycht

Independent Auditor's Report

To the Limited Partners of PKA Private Funds 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 2024, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PKA Private Funds III K/S for the financial year 1 January - 31 December 2024, 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, 27 March 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Per Rolf Larssen
State Authorised Public Accountant
mne24822

Limited Partnership information

The Limited Partnership

PKA Private Funds III K/S (FT-ID 24587)
Nørre Voldgade 90, 1st floor
DK-1358 Copenhagen K

CVR No 40 60 09 57
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

Maria Helene Hjorth

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Depositary

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)	2024	2023	2022	2021	2020
<i>Income statement</i>					
Income from investments in portfolio funds etc.	1,264	1,892	2,703	2,754	167
Profit before financial items	1,249	1,877	2,691	2,742	142
Profit for the year	1,255	1,877	2,698	2,747	136
<i>Balance sheet</i>					
Investments in portfolio funds etc.	16,335	16,000	14,222	9,650	3,995
Total assets	16,350	16,002	14,250	9,657	3,998
Total equity	16,225	15,943	14,222	9,654	3,992
<i>Capital resources</i>					
Cash and cash equivalents	1	2	28	1	3
Undrawn commitment	2,648	3,220	4,694	7,193	10,949
Total capital resources	2,649	3,222	4,722	7,194	10,952
<i>Cash flows</i>					
Cash flows from operating activities	(118)	16	27	(16)	1
Cash flows from investing activities	1,090	114	(1,869)	(2,901)	(2,548)
Cash flows from financing activities	(973)	(156)	1,869	2,915	2,478
Change in cash and cash equivalents for the year	(1)	(26)	27	(2)	(70)
Financial ratios					
Solvency ratio (%)	99.2	99.6	99.8	100.0	99.8
Return on equity (%)	7.8	12.4	22.6	40.3	5.1

Reference is made to definitions in accounting policies.

Management's Review

Main activities

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

Development in activities and financial position

The financial year 1 January – 31 December 2024 resulted in a profit of DKK 1,255 million (against a profit of DKK 1,877 million in 2023) and the balance sheet reflected equity of DKK 16,225 million as of 31 December 2024.

The result is positively affected by income from investments in portfolio funds and co-investments of DKK 1,264 million. This income mainly consists of net fair value adjustments of DKK 758 million, primarily driven by good performance in most of the underlying portfolio investments, however at a somewhat lower level compared to 2023.

The result is positively affected by net exchange rate adjustments of investments of DKK 666 million, primarily due to the increase in the USD exchange rate during the financial year.

Furthermore, the valuation of investments in portfolio funds etc. is also to some extent still negatively impacted by significant market uncertainties from macro conditions and policy.

PKA Private Funds III K/S has made a total of 31 capital commitments to underlying portfolio funds and co-investments. There have been 12 full exits and five partial exits in portfolio funds during the financial year. All exits were completed with satisfactory results.

The limited partnership has since inception invested DKK 13,698 million in underlying portfolio investments, of which DKK 998 million was invested in 2024. During the year, the limited partnership has received distributions from portfolio investments totaling DKK 2,087 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 2024 is considered unsatisfactory.

Uncertainty relating to recognition and measurement

Investments in portfolio funds and 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 Private Funds III K/S' currency risks are related to investments in foreign portfolio funds and 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 portfolio investment.

Management's Review

Interest rate risk

PKA Private Funds III 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 portfolio funds/companies and co-investments to some extent are using external funding, which may impact future investment results.

Capital structure

PKA Private Funds III K/S has a total capital commitment of DKK 15,105 million. Investors have contributed DKK 13,910 million as of 31 December 2024, equivalent to 92.1% of the total capital commitment.

Outstanding commitments amount to DKK 2,648 million as of 31 December 2024.

Events after the balance sheet date

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

Outlook

Despite good performance in most of the portfolio investments and successful exits, expectations for 2024 of DKK 2,400-2,600 million were not met due to lower growth in the portfolio than expected.

The result for 2025 depends on the performance in the underlying portfolio funds and co-investments. Management expects good performance and also a higher number of exits compared to 2024. However, it is expected that the performance still will be negatively impacted by market uncertainty arising from macro conditions and policy, including trade policy.

Management expects a result for 2025 in the range of DKK 1,200 – 1,500 million.

Statement of corporate social responsibility (CSR)

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

PKA Private Funds III K/S does not have ESG policies specific to the limited partnership as the limited partnership does not have any employees, and its administration is carried out by the Manager. 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 responsible investment approach is based on international conventions, rights, and principles, including the UN's six Principles for Responsible Investment (PRI) and the international norms for responsible business conduct. By aligning the limited partnership's practices with these standards, the Manager strives to foster responsible investing that not only mitigates risks but also drives long-term value creation.

The Manager integrates ESG measures in the investment process to provide better protection against risks during the holding period of portfolio companies. ESG is not viewed as being at the expense of returns; rather, it is a means to contribute to improved long-term, risk-adjusted returns for investors. Therefore, the limited partnership incorporates these principles into the decision-making process for new investments, and seeks to ensure their adherence within the funds and co-investments it invests in.

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

Management's Review

With the investment period for PKA Private Funds III K/S having expired on 30 June 2020, the focus has since shifted to maintaining close dialogue with managers and funds, ongoing monitoring of the portfolio funds' handling of ESG matters, as well as maintaining an annual process for collecting and reporting on ESG KPI's in the underlying portfolio companies in alignment with the ESG Data Convergence Initiative framework.

Looking ahead, the Manager will continue to enhance its ESG capabilities, ensuring the investment processes evolve in step with industry advancements and regulatory developments. As part of this effort, the Manager has published a Policy on the Integration of Sustainability Risks in Q1 2025.

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 Private Funds III K/S is subject to the Manager's "IT-security Policy" and "Personal Data Processing Policy (GDPR)" which aims to ensure adequate data handling processes, and 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, employees 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>2024</u>	<u>2023</u>
Income from investments in portfolio funds etc.	1	1,264	1,892
Administrative expenses		(15)	(15)
Operating profit		1,249	1,877
Financial income		6	1
Financial expenses		0	(1)
Profit for the year		1,255	1,877

Balance sheet at 31 December

(DKK million)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Assets			
Investments in portfolio funds etc.		16,335	16,000
Total fixed assets	1	16,335	16,000
Total non-current assets		16,335	16,000
Prepayments		14	0
Receivables		14	0
Cash and cash equivalents		1	2
Total current assets		15	2
Total assets		16,350	16,002

Balance sheet at 31 December

(DKK million)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Equity and liabilities			
Paid-in capital		13,910	12,746
Distributions to Limited Partners		(6,354)	(4,217)
Retained earnings		8,669	7,414
Total equity		<u>16,225</u>	<u>15,943</u>
Other payables		125	59
Total short-term liabilities		<u>125</u>	<u>59</u>
Total liabilities		<u>125</u>	<u>59</u>
Total equity and liabilities		<u>16,350</u>	<u>16,002</u>

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Statement of changes in equity

(DKK million)

	Paid-in capital	Distributions to Limited Partners	Retained earnings	Total
Equity at 1 January 2024	12,746	(4,217)	7,414	15,943
Paid-in capital	1,164	0	0	1,164
Distributions to Limited Partners	0	(2,137)	0	(2,137)
Profit for the year	0	0	1,255	1,255
Equity at 31 December 2024	13,910	(6,354)	8,669	16,225
Commitment	15,105			
Undrawn commitment	2,648			
	Paid-in capital	Distributions to Limited Partners	Retained earnings	Total
Equity at 1 January 2023	11,091	(2,406)	5,537	14,222
Paid-in capital	1,655	0	0	1,655
Distributions to Limited Partners	0	(1,811)	0	(1,811)
Profit for the year	0	0	1,877	1,877
Equity at 31 December 2023	12,746	(4,217)	7,414	15,943
Commitment	15,105			
Undrawn commitment	3,220			

Cash flow statement

(DKK million)

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Profit for the year		1,255	1,877
Adjustments	2	(1,430)	(1,892)
Change in working capital	3	51	31
Cash flows from operating activities before financial items		(124)	16
Financial income		6	1
Financial expenses		0	(1)
Cash flows from operating activities		(118)	16
Investments in portfolio funds etc.		(998)	(1,675)
Distributions from portfolio funds etc.		2,088	1,789
Cash flows from investing activities		1.090	114
Paid-in capital from Limited Partners		1,164	1,655
Distributions to Limited Partners		(2,137)	(1,811)
Cash flows from financing activities		(973)	(156)
Change in cash and cash equivalents for the year		(1)	(26)
Cash and cash equivalents at 1 January		2	28
Cash and cash equivalents at 31 December		1	2

Notes

(DKK million)

	<u>2024</u>	<u>2023</u>
1. Fixed assets		
Investment in portfolio funds etc.		
Cost at 1 January	10,960	9,927
Additions in the year	998	1,675
Disposals in the year	(689)	(642)
Cost at 31 December	<u>11,269</u>	<u>10,960</u>
Value adjustments at 1 January	5,040	4,295
Revaluations in the year	1,424	1,892
Revaluations on disposals in the year	(1,398)	(1,147)
Value adjustments at 31 December	<u>5,066</u>	<u>5,040</u>
Carrying amount at 31 December	<u>16,335</u>	<u>16,000</u>
Specification of revaluations in the year		
Realised and unrealised value adjustments	758	2,279
Realised and unrealised exchange rate adjustments	666	(387)
Total	<u>1,424</u>	<u>1,892</u>

For a description regarding valuation measurement, reference is made to "Investments in portfolio funds etc." in the accounting policies.

Investments in private equity funds etc.

PKA Private Funds III K/S holds investments in unlisted portfolio companies structured through Danish and foreign private equity funds (buy-out funds), infrastructure funds as well as unlisted co-investments. The limited partnership does not have controlling or significant influence in the portfolio funds or co-investments in which the limited partnership has invested.

All portfolio investments in underlying portfolio funds are measured at fair value using traditional, recognised valuation methods. The fair value measurement of the underlying portfolio 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 fund consists of the fair value of the individual portfolio company in the fund plus the value of the fund's other net assets.

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

Notes

1. Fixed assets (continued)

potential buyers of the portfolio 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 portfolio funds for determining the fair value of portfolio investments, but has less information about the specific assumptions used for the individual investments.

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

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

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

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

Level 3 – Unobservable input.

Fair value measurement as of 31 December 2024 (DKK million)

	Level 1	Level 2	Level 3	Total
Investments in private equity funds etc.	0	0	16,335	16,335
Total	0	0	16,335	16,335

Fair value measurement as of 31 December 2023 (DKK million)

	Level 1	Level 2	Level 3	Total
Investments in private equity funds etc.	0	0	16,000	16,000
Total	0	0	16,000	16,000

Notes

(DKK million)

	<u>2024</u>	<u>2023</u>
2. Cash flow - Adjustments		
Income from investments in portfolio funds etc.	(1,424)	(1,892)
Financial income	(6)	(1)
Financial expenses	0	1
	<u>(1,430)</u>	<u>(1,892)</u>
3. Cash flow – Change in working capital		
Prepayments	(14)	0
Other payables	65	31
	<u>51</u>	<u>31</u>
4. Number of employees		
Average number of employees	<u>1</u>	<u>1</u>

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.

5. Distribution of profit

Proposed distribution of profit

Retained earnings	<u>1,255</u>	<u>1,877</u>
Profit for the year	<u>1,255</u>	<u>1,877</u>

6. 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 Lægesekretærer, Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale and Pensionskassen for Sundhedsfaglige.

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

Limited Partners comprise:

- 47.94% Pensionskassen for Sygeplejersker og Lægesekretærer
- 27.27% Pensionskassen for Socialrådgivere, Socialpædagoger og Kontorpersonale
- 21.17% Pensionskassen for Sundhedsfaglige
- 3.50% Pensionskassen for Farmakonomer

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

Notes

(DKK million)

6. 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.

7. Contingent liabilities and other financial obligations

The limited partnership has no collaterals or contingent liabilities as of 31 December 2024.

	<u>2024</u>	<u>2023</u>
8. Fees paid to independent auditor appointed at the general meeting		
Fee regarding statutory audit	<u>0.2</u>	<u>0.2</u>
	<u>0.2</u>	<u>0.2</u>

9. Events after the balance sheet date

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

10. Accounting policies

The annual report of PKA Private Funds III K/S for 2024 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 2024 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.

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.

Notes

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 portfolio funds etc.

Income from investments in portfolio funds etc. includes dividends, interests, realised and unrealised value adjustments, as well as realised and unrealised exchange rate adjustments related to transactions in foreign currency etc.

Administrative expenses

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

Financial income and expenses

Financial income and expenses comprise 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 portfolio funds etc.

Investments in portfolio funds etc. pertain to the limited partnership's investments in portfolio companies structured through Danish and foreign private equity funds, infrastructure funds as well as co-investments.

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 underlying portfolio funds. This reporting includes a fair value assessment of each portfolio company based on traditional, recognised valuation methods. The value of a portfolio fund consists of the fair value of the individual portfolio company in the fund plus the value of the fund's other net assets.

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

Notes

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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 portfolio funds etc. 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 private equity funds and 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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Adm. direktør

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