

# **Saga VII GP III ApS**

c/o Bruun & Hjejle

Nørregade 21

1165 Copenhagen K

Registration no. 40 08 28 75

## **Annual Report**

**1 October 2019 – 30 September 2020**

Approved at the Company's Annual General Meeting on

Chairman

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## Company details

Name	Saga VII GP III ApS
Address, Zip code, city	c/o Bruun & Hjejle Nørregade 21 DK-1165 Copenhagen K
Registration no.	40 08 28 75
Established	11 December 2018
Registered office	Copenhagen
Financial year	1 October – 30 September
Telephone	+45 33 34 50 00
Management Board	John Danielsen Peter Thellufsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg Denmark

## Statement by the Management Board

The Management Board have today discussed and approved the Annual Report of Saga VII GP III ApS for the financial year 1 October 2019 – 30 September 2020.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2020 and of the results of its operations for the financial year 1 October 2019 – 30 September 2020.

Furthermore, in our opinion, the Management's review includes a fair review of the developments in the Company's activities and financial matters.

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

Copenhagen, xx xxxx 2020

Management Board:

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John Danielsen

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Peter Thellufsen

# Independent auditor's report

To the shareholder of Saga VII GP III ApS

## Opinion

We have audited the financial statements of Saga VII GP III ApS for the financial year 1 October 2019 – 30 September 2020, which comprise accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2020, and of the results of the Company's operations for the financial year 1 October 2019 – 30 September 2020, in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

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

## Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Alternative Investment Fund Managers, etc. Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

- As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, xx xxxx 2020

Ernst & Young

Godkendt revisionspartnerselskab

CVR no. 30 70 02 28

Thomas Hjortkjær Petersen

State Authorised

Public Accountant

mne33748

## **Management's review**

### **Operating review**

#### **Principal activities of the company**

Saga VII GP III ApS main activity is to invest in a fund-of-funds with a geographical focus on investments in Northern America. Investments are mainly made in micro, small and mid-market buy-out funds.

#### **Performance in the financial year**

In 2019/20 Saga VII GP III ApS realised a loss of DKK 10,591, which is in line with management's expectations.

At 30 September 2020, the equity amounted to DKK 498,759, of total assets of DKK 514,634.

The company has assumed the general partner obligation in one limited partnerships. The obligation as of 30 September 2020 amounts to DKK 1.1 billion. As the limited partners in the partnerships are well reputable investors, the general partner obligation is not considered a significant risk.

### **Special risk**

#### **Financial risk**

The objective of Saga VII GP III ApS is to supply risk capital to the portfolio fund, and also to its investments in competitive companies in Northern America micro, small and mid-market. The highest factor of risk is therefore the changes in the value of the companies in which Saga VII GP III ApS portfolio funds invest in, which to a significant extent depend on the valuations of comparable listed companies on the quoted market. The valuation of investments in portfolio funds is based on estimates and could therefore be connected with some degree of uncertainty.

#### **Foreign exchange currency risk**

Saga VII GP III ApS investments have been made in USD. As the capital in Saga VII GP III ApS is in DKK, Saga VII GP III ApS is influenced by currency fluctuations in USD. The currency risk is therefore considered as material. Saga VII GP III ApS does not hedge its exposure toward currency rate fluctuations.

### **Events after the end of the accounting period**

There have been no events after the end of the financial year that are considered of significance to the annual report.

## **Financial statement for the period 1 October 2019 – 30 September 2020**

### **Accounting policies**

The Annual Report of Saga VII GP III ApS has been prepared in accordance with the Danish Financial Act for a reporting class B entity.

The accounting policies applied are consistent with those of last year.

The annual report has been prepared in DKK.

### **Income Statement**

#### **Gains/losses on portfolio funds' investments etc.**

Gains/losses in portfolio fund investments include income from investments (dividend and interest), realised and unrealised revaluations or depreciations of investments in portfolio funds as well as realised and unrealised exchange rate profit margins and losses related to the investment in portfolio funds etc..

#### **External administration expenses**

External administration expenses include expenses relating to the administration of the company including expenses to auditor and legal services.

#### **Tax for the year**

Tax for the year comprises current tax for the year, changes in deferred tax and adjustment to tax relating to previous years.



# Financial statement for the period 1 October 2019 – 30 September 2020

## Accounting policies

### Balance sheet

#### Investments assets

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

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

Outstanding investment commitments at the balance sheet date are disclosed as contingent liabilities in the notes.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is recognised using the current tax rate on all temporary differences between the carrying amount and the tax value of assets and liabilities. Deferred tax assets are recognised if they can in all probability be utilised.

#### Liabilities

Liabilities are measured at amortised cost which is usually equivalent to nominal value.

#### Foreign currency translation

Transactions in foreign currency are translated into DKK according to the currency exchange rate at the transaction date.

Investments, accounts receivable and accounts payable in foreign currency are translated into DKK according to the currency rate at the balance sheet date.

## Financial statement for the period 1 October 2019 – 30 September 2020

### Income statement

Note	DKK	1/10 2019 - 30/9 2020	11/12 2018 - 30/9 2019
1	Gains/losses on portfolio funds' investments	-826	-37,792
	<b>Profit/losses in portfolio funds etc.</b>	<b>-826</b>	<b>-37,792</b>
2	External administration expenses	-15,975	-14,600
	<b>Operating profit/losses</b>	<b>-16,801</b>	<b>-52,392</b>
	Tax for the year	6,210	11,742
	<b>PROFIT/LOSS</b>	<b>-10,591</b>	<b>-40,650</b>
 <b>PROPOSED DISTRIBUTION OF THE PROFIT/LOSS</b>			
	Transferred to retained earnings	-10,591	-40,650
	<b>TOTAL RETAINED EARNINGS</b>	<b>-10,591</b>	<b>-40,650</b>

## Financial statement for the period 1 October 2019 – 30 September 2020

### Balance sheet

Note	DKK	<u>30/9/2020</u>	<u>30/9/2019</u>
	<b>ASSETS</b>		
	<b>FIXED ASSETS</b>		
	Investment assets		
1	Investments in portfolio funds	<u>471,269</u>	<u>68,477</u>
	<b>Total investment assets</b>	<u>471,269</u>	<u>68,477</u>
	<b>Total Fixed assets</b>	<u>471,269</u>	<u>68,477</u>
	<b>CURRENT ASSETS</b>		
	Deferred tax	17,952	11,742
	Cash and cash equivalent	<u>25,413</u>	<u>443,631</u>
	<b>Total current assets</b>	<u>43,365</u>	<u>455,373</u>
	<b>TOTAL ASSETS</b>	<u><u>514,634</u></u>	<u><u>523,850</u></u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>EQUITY</b>		
	Share capital	60,000	60,000
	Premium at issue	490,000	490,000
	Retained earnings	<u>-51,241</u>	<u>-40,650</u>
	<b>Total equity</b>	<u>498,759</u>	<u>509,350</u>
	<b>LIABILITIES</b>		
	<b>SHORT-TERM LIABILITIES</b>		
	Other liabilities	<u>15,875</u>	<u>14,500</u>
	<b>Total short-term liabilities</b>	<u>15,875</u>	<u>14,500</u>
	<b>Total liabilities</b>	<u>15,875</u>	<u>14,500</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>514,634</u></u>	<u><u>523,850</u></u>
3	Contingent liabilities		

## Financial statement for the period 1 October 2019 – 30 September 2020

### Notes

#### 1 Investments in portfolio funds

DKK	<u>30/9 2020</u>	<u>30/9 2019</u>
Cost at 1 October	106,269	0
Additions in the year	403,618	106,269
Disposals in the year	<u>0</u>	<u>0</u>
<b>Cost at 30 September</b>	<b><u>509,887</u></b>	<b><u>106,269</u></b>
Revaluations at 1 October	-37,792	0
Revaluations on disposals in the year	0	0
Revaluation in the year	<u>-826</u>	<u>-37,792</u>
<b>Revaluations at 30 September</b>	<b><u>-38,618</u></b>	<b><u>-37,792</u></b>
<b>Carrying amount at 30 September</b>	<b><u><u>471,269</u></u></b>	<b><u><u>68,477</u></u></b>
<b>Specification of revaluations in the year</b>		
Realised gains/losses on investments	-44,857	-54,883
Unrealised gains/loss on investments	<u>64,655</u>	<u>15,126</u>
	19,798	-39,757
Exchange gains/losses on investments	<u>-20,624</u>	<u>1,965</u>
<b>Gains/losses on investments</b>	<b><u><u>-826</u></u></b>	<b><u><u>-37,792</u></u></b>

#### Investments in portfolio funds

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

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

Usually the company has no or very little information about specific methods and assumptions used by the managers of the portfolio funds when measuring the fair value of the underlying portfolio companies.

The manager's valuation committee will assess and if considered necessary adjust the valuation of the underlying portfolio companies. At the assessment of the fair value of the underlying portfolio companies reported by the managers, information about the market conditions, company specific information as well as information received through dialog with the managers of the portfolio funds are used.

The value of a private equity fund is measured as the fair value of each investment in portfolio companies owned by the fund with addition of other net assets in the fund. The valuation of a portfolio company in a private equity fund is based on the industry, market position and earnings capacity, and the (i) the peer group multiple, i.e. the market value of comparable listed companies,

## Financial statement for the period 1 October 2019 – 30 September 2020

### Notes

#### 1 Investments in portfolio funds (continued)

(ii) transaction multiple in recent M&A transactions involving comparable companies, (iii) value indications from potential buyers of the portfolio company, (iv) market value if the portfolio company is publicly traded or (v) future expected proceeds, if there is a concluded agreement on the sale of the portfolio company.

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

Level 1 – Inputs based upon quoted priced 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

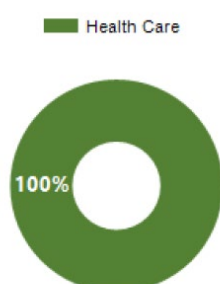
#### Fair market value measurements as of 30 September 2020

DKK	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	0	0	471,269	471,269
Total	0	0	471,269	471,269

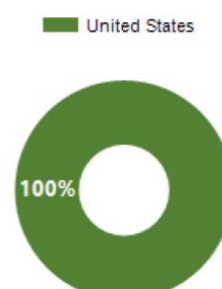
#### Fair market value measurements as of 30 September 2019

DKK	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	0	0	68,477	68,477
Total	0	0	68,477	68,477

#### Unrealized FMV by Industry



#### Unrealized FMV by Geography



## Financial statement for the period 1 October 2019 – 30 September 2020

### Notes

#### 2 External administration expenses

The Management board did not receive salaries. The company has no employees except for the Management board.

#### 3 Contingencies, etc.

The company's contingent liabilities consist of the company's general partner obligation in Saga VII USD K/S. As of 30 September 2020 the obligation amounts to DKK 1.1 billion.

#### Investment obligations

DKK	Commitment		Outstanding commitment	
	USD	DKK	USD	DKK
Commitment, USD	<u>400,000</u>	<u>2,742,640</u>	<u>323,000</u>	<u>2,054,248</u>
<b>Total commitment</b>		<b><u>2,742,640</u></b>		<b><u>2,054,248</u></b>

The company has no other contingent liabilities as of 30 September 2020.