

Saga VII GP II ApS

c/o Bruun & Hjejle

Nørregade 21

1165 Copenhagen K

Registration no. 40 10 13 30

Annual Report

11 December 2018 – 30 September 2019

Approved at the Company's Annual General Meeting on
Chairman

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Company details

Name	Saga VII GP II ApS
Address, Zip code, city	c/o Bruun & Højle Nørregade 21 DK-1165 Copenhagen K
Registration no.	40 10 13 30
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	Ernst & Young 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 II ApS for the financial year 11 December 2018 – 30 September 2019.

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 2019 and of the results of its operations for the financial year 11 December 2018 - 30 September 2019.

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, 10 January 2020

Management Board:

John Danielsen

Peter Thellufsen

Independent auditor's report

To the shareholder of Saga VII GP II ApS

Opinion

We have audited the financial statements of Saga VII GP II ApS for the financial year 11 December 2018 – 30 September 2019, 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 2019, and of the results of the Company's operations for the financial year 11 December 2018 – 30 September 2019, 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, 10 January 2020

Ernst & Young

Godkendt revisionspartnerselskab

CVR no. 30 70 02 28

Thomas Hjortkjær Petersen

State Authorised

Public Accountant

MNE no.: mne33748

Management's review

Operating review

Principal activities of the company

Saga VII GP II 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 2018/19 Saga VII GP II ApS realised a loss of DKK 28,386, which is in line with management's expectations.

At 30 September 2019, the equity amounted to DKK 321,564, of total assets of DKK 336,064.

Special risk

Financial risk

The objective of Saga VII GP II 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 II 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 II ApS investments have been made in USD. As the capital in Saga VII GP II ApS is in DKK, Saga VII GP II ApS is influenced by currency fluctuations in USD. The currency risk is therefore considered as material. Saga VII GP II 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 11 December 2018 – 30 September 2019

Accounting policies

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

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 11 December 2018 – 30 September 2019

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 11 December 2018 – 30 September 2019

Income statement

Note	DKK	11/12 2018 - 30/9 2019
1	Gains/losses on portfolio funds' investments	-21,748
	Profit/losses in portfolio funds etc.	-21,748
2	External administration expenses	-14,650
	Operating profit/losses	-36,398
	Tax for the year	8,012
	PROFIT/LOSS	-28,386
 PROPOSED DISTRIBUTION OF THE PROFIT/LOSS		
	Transferred to retained earnings	-28,386
	TOTAL RETAINED EARNINGS	-28,386

Financial statement for the period 11 December 2018 – 30 September 2019

Balance sheet

Note	DKK	30/9/2019
	ASSETS	
	FIXED ASSETS	
	Investment assets	
1	Investments in portfolio funds	45,679
	Total investment assets	<u>45,679</u>
	Total Fixed assets	<u>45,679</u>
	CURRENT ASSETS	
	Deferred tax	8,012
	Cash and cash equivalent	282,373
	Total current assets	<u>290,385</u>
	TOTAL ASSETS	<u><u>336,064</u></u>
	EQUITY AND LIABILITIES	
	EQUITY	
	Share capital	50,001
	Premium at issue	299,949
	Retained earnings	-28,386
	Total equity	<u>321,564</u>
	LIABILITIES	
	SHORT-TERM LIABILITIES	
	Other liabilities	14,500
	Total short-term liabilities	<u>14,500</u>
	Total liabilities	<u>14,500</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>336,064</u></u>
3	Contingent liabilities	

Financial statement for the period 11 December 2018 – 30 September 2019

Notes

1 Investments in portfolio funds

DKK	30/9 2019
Cost at 11 December	0
Additions in the year	67,427
Disposals in the year	0
Cost at 30 September	67,427
Revaluations at 11 December	0
Revaluations on disposals in the year	0
Revaluation in the year	-21,748
Revaluations at 30 September	-21,748
Carrying amount at 30 September	45,679
Specification of revaluations in the year	
Realised gains/losses on investments	-33,639
Unrealised gains/loss on investments	9,620
	-24,019
Exchange gains/losses on investments	2,271
Gains/losses on investments	-21,748

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 11 December 2018 – 30 September 2019

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 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

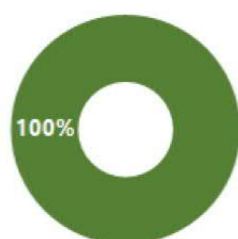
Level 3 – Unobservable input

Fair 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	45,679	45,679
Total	0	0	45,679	45,679

Unrealized FMV by Industry

Health Care



Unrealized FMV by Geography

United States



Financial statement for the period 11 December 2018 – 30 September 2019

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.

Investment obligations

DKK	Commitment		Outstanding commitment	
	USD	DKK	USD	DKK
Commitment, USD	<u>254,127</u>	<u>1,742,447</u>	<u>243,962</u>	<u>1,672,750</u>
Total commitment		<u>1,742,447</u>		<u>1,672,750</u>

The company has no other contingent liabilities as of 30 September 2019.