

Saga VII Combined K/S

c/o Plesner Advokatpartnerselskab

Amerika Plads 37

2100 Copenhagen Ø

Registration no. 40 31 97 43

AIF-no. 24515

Annual Report

1 October 2021 – 30 September 2022

Approved at the partnership's annual general meeting

on 27 January 2023

Chairman

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Fund summary

Name	Saga VII Combined K/S
Adress, Zip code, city	c/o Plesner Advokatpartnerselskab Amerika Plads 37 2100 Copenhagen Ø
Registration no.	40 31 97 43
AIF-no.	24515
Established	6 March 2019
Registered office	Copenhagen
Financial year	1 October - 30 September
Management	General Partner: Saga VII GP ApS with Karsten Sivebæk Knudsen Simon Krogh
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg Denmark
Depositary	PEA Depositary Services ApS (FT-no. 25701)
Manager	Saga Private Equity ApS (FT-no. 23133) Website: www.saga-pe.com

Management's statement on the annual report

The Management have today discussed and approved the annual report of Saga VII Combined K/S for the financial year 1 October 2021 - 30 September 2022.

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 partnership's financial position at 30 September 2022 and of the results of its operations for the financial year 1 October 2021 - 30 September 2022.

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

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 19 December 2022

Management:

General Partner, Saga VII GP ApS

Karsten Sivebæk Knudsen

Simon Krogh

Independent auditor's report

To the limited partners of Saga VII Combined K/S

Opinion

We have audited the financial statements of Saga VII Combined K/S for the financial year 1 October 2021 - 30 September 2022, 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 partnership at 30 September 2022, and of the results of the partnership's operations for the financial year 1 October 2021 – 30 September 2022, 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 partnership 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.

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 partnership'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 partnership 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 partnership'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 partnership'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 partnership 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 December 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised Public Accountant
mne33748

Bjørn Würtz Rosendal
State Authorised Public Accountant
mne40039

Management's review

Main activity of the partnership

Saga VII Combined K/S is a feeder fund-of-funds with a geographical focus on investments in Western Europe and North America. Investments in underlying portfolio funds are mainly made in micro, small and mid market buy-out funds.

Performance in the financial year

The financial year resulted in a profit of EUR 14.3 million, corresponding to an IRR of 31.9%. Gains on investments in portfolio funds amounted to EUR 14.3 million.

This year's result is influenced by positive value adjustments. The result exceeds the management's expectations.

In the financial year an aggregate amount of EUR 16.9 million was paid-in by the limited partners, bringing the accumulated paid-in capital to EUR 48.3 million, corresponding to 53.5% of the limited partners' committed capital. An aggregate amount of EUR 18.1 million was contributed to the portfolio funds during the financial year, bringing total contributions to the portfolio funds to EUR 49.0 million, corresponding to 53.1% of the commitments to the portfolio funds.

In the financial year an amount of EUR 3.7 million was distributed to the limited partners, bringing total distributions to limited partners to EUR 6.8 million, corresponding to 14.2% of the limited partners' paid-in capital. An aggregate amount of EUR 4.7 million was distributed from portfolio funds during the financial year, bringing total distributions from portfolio funds to EUR 7.9 million, corresponding to 16.1% of the capital contributed to portfolio funds.

Recognition and measurement uncertainties

Investments in portfolio funds are measured at fair value. The measurement includes accounting estimates and is, therefore, subject to uncertainty. Reference is made to note 1 for further information on measurement of portfolio funds.

Special risk

Financial risk

The objective of Saga VII Combined is to supply risk capital to the portfolio funds, and also to their investments in competitive companies in the European small and mid market. The highest factor of risk is therefore the changes in the value of the companies in which Saga VII Combined's 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.

Interest rate risk

Saga VII Combined is less sensitive to the changes in interest rate levels.

Foreign exchange currency risk

Saga VII Combined's investments in portfolio funds etc. have been made in EUR and USD. As the capital in Saga VII Combined is in EUR, Saga VII Combined is influenced by currency fluctuations in USD. The currency risk is therefore considered as material. In accordance with Saga VII Combined's investment policy Saga VII Combined does not hedge its exposure toward currency rate fluctuations.

Investment activity

Saga VII Combined is fully committed to Saga VII EUR and Saga VII USD.

Since inception the portfolio funds have in general performed above expectations.

Cash resources

Saga VII Combined's cash resources as of 30 September 2022, include cash and cash equivalents, undrawn credit facilities and outstanding commitments from the limited partners and are estimated as satisfactory to cover Saga VII Combined's liabilities.

Management's review

Expectation for 2022/23

Coming out of a strong 2021, 2022 has been characterized by a very negative sentiment with supply chain challenges, high inflation, interest rate hikes, and war. So far, the private equity market has held up relatively well, although exit activity has dropped significantly. Portfolio company growth has generally slowed down, but companies are otherwise still in good shape. On the positive side, there are recently clear signs of supply chain bottlenecks easing, and inflation coming down or at least having peaked. However, returning to normal levels will take time, and the higher interest rates will put pressure on the private equity market. The outlook for 2023 remains highly uncertain and we expect a period of somewhat lower activity.

The above-mentioned will affect the result for 2022/23. The management expects to realise a result for 2022/23 in the range of EUR 0-8 million.

Disclosure requirements in respect of § 61 section 3 stated in the law of managers of alternative investment funds

We can inform, that during the financial year have there been no changes in §§ 62, 64 and 65 regarding the disclosures.

In respect of the requested disclosures of total remunerations paid to the employees and the management of Saga Private Equity ApS, this can be found on www.saga-pe.com. The disclosures are given on manager level and are neither allocated nor shown per individually managed fund.

Events after the end of the accounting period

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

Sustainability update (SFDR)

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

Financial statements for the period 1 October – 30 September

Accounting policies

The annual report of Saga VII Combined K/S has been prepared in accordance with the Danish Financial Statements Act for a reporting class B entity with the adjustments following the legal form and operating activities of the partnership.

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

The annual report has been prepared in the functional currency EUR.

General

Basis of recognition and measurement

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

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortization, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Income Statement

Gains/losses on portfolio funds' investments etc.

Gains/losses on portfolio funds' 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.

Fund operating expenses

Fund operating expenses include cost incurred by the partnership.

Financial income and expenses

Financial income and expenses include interest as well as exchange gains and losses related to accounts receivable and payable.

Tax

The partnership is not independently liable to tax, and therefore no tax is charged to the profit and loss account.

Financial statements for the period 1 October – 30 September

Accounting policies

Balance sheet

Investments assets

Investments in portfolio funds and co-investments 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 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.

Cash and cash equivalents

Cash and cash equivalents include cash funds in open accounts and fixed short term loans.

Other payables

Financial liabilities are recognised at the date of borrowing and are measured at amortised cost, corresponding to the outstanding debt.

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

Foreign currency translation

Transactions in foreign currency are translated into Euro (EUR) according to the currency exchange rate at the transaction date. Investments, accounts receivable and accounts payable in foreign currency are translated into Euro (EUR) according to the currency rate at the balance sheet date.

Financial statements for the period 1 October - 30 September

Income statement

Note	EUR 1,000	1/10 2021 - 30/9 2022	1/10 2020 - 30/9 2021
1	Gains/losses on portfolio funds' investments	14,258	7,698
	Profit/losses in portfolio funds etc.	<u>14,258</u>	<u>7,698</u>
2	Fund operating expenses	-24	-29
	Operating profit/losses	<u>14,234</u>	<u>7,669</u>
	Financial income	36	0
	Financial expenses	-9	-2
	PROFIT/LOSS	<u><u>14,261</u></u>	<u><u>7,667</u></u>
 PROPOSED DISTRIBUTION OF THE PROFIT/LOSS			
	Transferred to retained earnings	<u>14,261</u>	<u>7,667</u>
	TOTAL RETAINED EARNINGS	<u><u>14,261</u></u>	<u><u>7,667</u></u>

Financial statements for the period 1 October - 30 September

Balance sheet

Note	EUR 1,000	<u>30/9 2022</u>	<u>30/9 2021</u>
	ASSETS		
	FIXED ASSETS		
	Investment assets		
1	Investments in portfolio funds	61,609	33,944
	Total investment assets	<u>61,609</u>	<u>33,944</u>
	Total fixed assets	<u>61,609</u>	<u>33,944</u>
	CURRENT ASSETS		
	Receivables		
	Cash and cash equivalents	237	380
	Total current assets	<u>237</u>	<u>380</u>
	TOTAL ASSETS	<u><u>61,846</u></u>	<u><u>34,324</u></u>
	LIMITED PARTNERS' CAPITAL AND LIABILITIES		
	LIMITED PARTNERS' CAPITAL		
3	Limited partners' paid-in capital	48,311	31,379
	Distributions limited partners	-6,848	-3,176
	Retained earnings	20,377	6,115
	Total limited partners' capital	<u>61,840</u>	<u>34,318</u>
	LIABILITIES		
	SHORT-TERM LIABILITIES		
	Other payables	6	6
	Total short-term liabilities	<u>6</u>	<u>6</u>
	Total liabilities	<u>6</u>	<u>6</u>
	TOTAL LIMITED PARTNERS' CAPITAL AND LIABILITIES	<u><u>61,846</u></u>	<u><u>34,324</u></u>
4	Related parties		
5	Contingent liabilities		

Financial statements for the period 1 October - 30 September

Notes

1 Investments in portfolio funds

EUR 1,000	<u>30/9 2022</u>	<u>30/9 2021</u>
Cost at 1 October	29,622	14,918
Additions in the year	18,093	15,707
Disposals in the year	-2,103	-1,003
Cost at 30 September	<u>45,612</u>	<u>29,622</u>
Revaluations at 1 October	4,322	-1,442
Revaluations on disposals in the year	-2,583	-1,934
Revaluation in the year	14,258	7,698
Revaluations at 30 September	<u>15,997</u>	<u>4,322</u>
Carrying amount at 30 September	<u><u>61,609</u></u>	<u><u>33,944</u></u>
Specification of revaluations in the year		
Realised gains/losses on investments	1,192	-221
Unrealised gains/loss on investments	8,197	7,591
	<u>9,389</u>	<u>7,370</u>
Exchange gains/losses on investments	4,869	328
Gains/losses on investments	<u><u>14,258</u></u>	<u><u>7,698</u></u>

Investments in portfolio funds

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

The portfolio funds in which the partnership 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 partnership 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, (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.

Financial statements for the period 1 October - 30 September

Notes

1 Investments in portfolio funds (continued)

The partnership 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 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 2022

EUR 1,000	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	0	0	61,609	61,609
Total	0	0	61,609	61,609

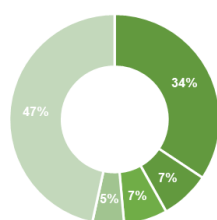
Fair market value measurements as of 30 September 2021

EUR 1,000	Quoted prices Level 1	Observable input Level 2	Unobservable input Level 3	Total
Investments in portfolio funds	0	0	33,944	33,944
Total	0	0	33,944	33,944

The investments divided by Industry and Geography, based on fair market value as of 30 September 2022:

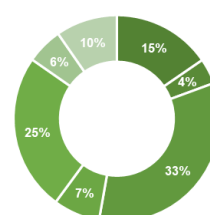
Portfolio funds NAV by Currency

■ EUR ■ GBP ■ NOK ■ CHF ■ USD



Unrealised FMV by Industry

■ Health Care ■ Other
■ Information Technology ■ Financials
■ Industrials ■ Consumer Discretionary



Financial statements for the period 1 October - 30 September

Notes

Note

3 Fund operating expenses

The partnership has no employees.

4 Limited partners

EUR 1,000	Commitment	Paid-in	Outstanding commitment
Limited partners	90,300	48,311	41,990

5 Related parties

Manager

Manager: Saga Private Equity ApS, Amaliegade 24, 1., 1256 Copenhagen K

Transactions: None

General Partner

General Partner: Saga VII GP ApS, c/o Plesner Advokatpartnerselskab, Amerika Plads 37, 2100 Copenhagen Ø

Transactions: Partnership interest and reimbursement of expenses.

Financial statements for the period 1 October - 30 September

Notes

Note

6 Contingent liabilities

Investment obligations

EUR 1,000	Commitment		Outstanding commitment	
	Currency	EUR	Currency	EUR
Commitment, EUR	42,893	42,893	18,980	18,980
Commitment, USD	52,204	49,278	23,623	24,233
Total commitment, EUR		92,171		43,213

Commitment in EUR is calculated as residual commitment in local currency multiplied by exchange rate, end period plus contributed to portfolio funds in EUR (transaction date's currency rate).

The partnership has no contingent liabilities as of 30 September 2022.

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Karsten Sivebæk Knudsen

Executive Board

On behalf of: SAGA VII-VIII

Serial number: f52e8972-34e8-4232-ba4e-f35b850286c3

IP: 109.57.xxx.xxx

2022-12-19 14:44:09 UTC



Simon Krogh

Executive Board

On behalf of: Saga VII-VIII

Serial number: 721b3b0b-bba3-47c3-adab-336bef4f4ac2

IP: 131.164.xxx.xxx

2022-12-19 21:47:20 UTC



Bjørn Würtz Rosendal

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: PID:9208-2002-2-675336025815

IP: 145.62.xxx.xxx

2022-12-20 12:22:39 UTC



Thomas Hjortkjær Petersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 88470239-a9a6-49b5-95ab-0d41bd03fd33

IP: 80.199.xxx.xxx

2022-12-20 12:35:04 UTC



Poul Jagd Mogensen

Chairman

On behalf of: SAGA VII-VIII

Serial number: 9ee45c15-67e5-4c1f-8e6e-f021dd625d54

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