



LD EQUITY 3 K/S  
UNDER VOLUNTARY  
LIQUIDATION

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Annual report 2021

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# STATEMENTS

## STATEMENT BY LIQUIDATOR

The liquidator has today discussed and approved the annual report for the financial year 1 January – 31 December 2021 for LD Equity 3 K/S under voluntary liquidation.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the limited partnership's assets, liabilities and financial position at 31 December 2021 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2021.

I believe that the commentary includes a fair review of the affairs and conditions referred to therein.

I recommend the annual report 2021 for adoption at the annual general meeting.

Copenhagen, 26 April 2022

Liquidator:

*Tina Øster Larsen*

The annual report is presented and approved at the annual general meeting.

on \_\_\_\_\_ / \_\_\_\_\_ 2022

Chairman: \_\_\_\_\_

# STATEMENTS

## Independent auditor's report

### To the limited partners in LD Equity 3 K/S under voluntary liquidation

#### **Opinion**

We have audited the financial statements of LD Equity 3 K/S under voluntary liquidation for the financial year 1 January – 31 December 2021, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement 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 Limited Partnership at 31 December 2021 and of the results of the Limited Partnership's operations for the financial year 1 January – 31 December 2021 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 Limited 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.

#### **Liquidator's responsibilities for the financial statements**

Liquidator 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 Liquidator 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, Liquidator is responsible for assessing the Limited 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 Liquidator either intends to liquidate the Limited Partnership or to cease operations, or has no realistic alternative but to do so.

# STATEMENTS

## Independent auditor's report

### **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.
- 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 Limited Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Liquidator.
- Conclude on the appropriateness of Liquidator'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 Limited 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 Limited 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.

# STATEMENTS

## Independent auditor's report

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 Liquidator's Business review**

Liquidator is responsible for the business review.

Our opinion on the financial statements does not cover the business 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 business review and, in doing so, consider whether the business 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 business review provides the information required under the Danish Financial Statements Act.

Copenhagen, 26 April 2022

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised  
Public Accountant  
mne28632

Rasmus Berntsen  
State Authorised  
Public Accountant  
mne35461



# COMMENTARY

## Fund information

The limited partnership	LD Equity 3 K/S under voluntary liquidation c/o Advokat Tina Øster Larsen Langelinie Allé 35 DK-2100 Copenhagen Ø Denmark
Contact information	E-mail: <a href="mailto:kontakt@majinvest.com">kontakt@majinvest.com</a> Website: <a href="http://majinvest.com">majinvest.com</a>
CVR no.	29 81 00 36
Financial year	1 January – 31 December
Registered office	Copenhagen
General partner	Fonden LDE 3 GP
Liquidator	Bech-Bruun Tina Øster Larsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg Denmark

# COMMENTARY

## KEY FIGURES AND RATIOS

'000 DKK	2021	2020	2019	2018	2017
<b>Key figures</b>					
<b>Profit/loss</b>					
Value adjustment of investments in portfolio companies	417	4,886	4,135	1,450	74,937
Operating profit/loss	357	4,861	4,107	1,273	72,269
Profit/loss for the year	67	4,781	3,660	533	71,237
<b>Balance sheet</b>					
Investments in portfolio companies	150	7,300	2,900	13,700	32,900
Total assets	5,170	12,455	7,682	18,657	43,459
Equity	4,969	12,255	7,474	18,452	43,247
<b>Financial resources</b>					
Cash	5,020	5,155	4,782	4,957	10,559
Remaining commitment	103,615	103,615	103,615	103,615	108,761
Total financial resources	108,635	108,770	108,397	108,572	119,320
<b>Cash flow</b>					
Cash flows from operating activities	6,551	(113)	10,433	19,726	29,530
Cash flows from investing activities	667	486	4,030	-	165,969
Cash flows from financing activities	(7,353)	-	(14,638)	(25,328)	(185,296)
Net change in cash	(135)	373	(175)	(5,602)	10,203
<b>Ratios</b>					
Equity ratio	96%	98%	97%	99%	100%
Paid-in capital to committed capital (%)	85%	85%	85%	85%	84%



# COMMENTARY

## BUSINESS REVIEW

The private equity fund LD Equity 3 K/S under voluntary liquidation (LD Equity 3) was established as a limited partnership in January 2007 and has invested in Danish business entities with growth potential and expansion possibilities, primarily in entities with revenues between DKK 10 million and DKK 100 million at the time of investment, first and foremost in trade, industry and various service trades. LD Equity 3 has invested both as minority and majority owner.

The objective of LD Equity 3 has been to create and realise value in the portfolio companies. The fund has invested in 11 portfolio companies since its establishment and in 2018 the last portfolio company was exited. No new investments will be made and LD Equity 3's activity has ended. On June 2, 2021 the general partner decided to start a voluntary liquidation process for LD Equity 3 and a liquidator was appointed by the general partner. The liquidation process is on-going.

### **Result for the year**

The result for 2021 is a profit of DKK 67 thousand (against a profit of DKK 4.8 million in 2020). The result for 2021 is in line with the expectations due to the fact that LD Equity 3 is in the phase of winding-up of the partnership.

### **Capital resources**

LD Equity 3's equity amounted to approx. DKK 5 million at 31 December 2021, corresponding to an equity ratio of 96%.

### **Ownership and legal structure**

LD Equity 3 is owned by a number of professional and institutional investors holding a stake of 99.7%.

LD Equity 3 is a Danish limited partnership with a commercial foundation (in Danish: "Erhvervsdrivende fond") as general partner.

# COMMENTARY

## BUSINESS REVIEW

### **Events after the balance sheet day**

There have been no events after the balance sheet day and to date that materially affect the assessment of the annual report.

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### GENERAL

LD Equity 3 has voluntarily chosen to present the annual report in accordance with the provisions of the Danish Financial Statements Act for reporting class A entities and with the adoption of a statement of changes in equity, a cash flow statement and certain notes. Investments in portfolio companies are recognised in compliance with the International Private Equity and Venture Capital Valuation Guidelines, drawn by the IPEV Board.

As the limited partnership is in proces of voluntary liquidation, the annual report for 2021 is presented at realisation values.

The change has not resulted in any changes in accounting policies, which are unchanged from last year.

### Recognition and measurement

All income and expenses relating to the financial year are recognised in the income statement regardless of time of payment. Value adjustments in respect of investments in portfolio companies, which are measured at fair value, are also recognised in the income statement.

Assets are recognised in the balance sheet, if, in all probability, future economic benefits will flow to the limited partnership, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet, if, in all probability, future economic benefits will flow out of the limited partnership, and the value of such liabilities can be measured reliably.

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

Recognition and measurement of assets and liabilities have taken into account any information available after the balance sheet date but before the presentation of the financial statements, either affirming or not affirming conditions existing on the balance sheet date.

### Foreign currency translation

Transactions in foreign currencies are translated into Danish kroner using the exchange rates applicable on the transaction date. Assets and liabilities in foreign currencies are translated into Danish kroner using the rates on the balance sheet date.

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### INCOME STATEMENT

#### **Value adjustment of investments in portfolio companies**

Gains/losses on investments and value adjustments of investments in and receivables from portfolio companies are recognised in the income statement. Interest received on loans to and dividends received from portfolio companies are also recognised under "Value adjustment of investments in portfolio companies".

#### **Administrative expenses**

Administrative expenses mainly consist of partnership liquidation costs and other administrative costs.

#### **Financial expenses**

Financial expenses include interest on bank deposits, and interest on loan provided by the general partner.

#### **Tax**

LD Equity 3 is a Danish limited partnership. The limited partnership is transparent for tax purposes and taxes are levied on the individual investor in proportion to their shares in the partnership. Consequently, no provisions for tax have been made in the financial statements. However, taxes withheld on the payment of dividends and liquidation proceeds are recognised in the income statement under withholding tax.

### BALANCE SHEET

#### **ASSETS**

#### **Investments in portfolio companies**

On initial recognition, investments in portfolio companies were measured at cost, with the addition of transaction costs. On subsequent recognition, investments are measured at fair value. Value adjustments are recognised in the income statement.

The fair value of investments in portfolio companies are measured at the most recent market price and realisation value.

#### **Cash**

Cash includes deposits with financial institutions.

# FINANCIAL STATEMENTS

## ACCOUNTING POLICIES

### LIABILITIES

#### Financial liabilities

Liabilities are measured at amortised cost, usually corresponding to the nominal value equivalent to realisation value.

### CASH FLOW STATEMENT

#### Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as the year's movements in cash flows and the limited partnership's cash at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities include the net profit or loss for the year, adjusted for changes in working capital and non-cash operating items, such as value adjustments of investments in portfolio companies and provisions. The working capital includes current assets less short-term liabilities, exclusive of items included in cash and bank loans.

#### Cash flows from investing activities

Cash flows from investing activities include payments in respect of acquisitions or divestments of portfolio companies.

#### Cash flows from financing activities

Cash flows from financing activities include payments to and from limited partners as well as any changes in bank loans.

# FINANCIAL STATEMENTS

## INCOME STATEMENT

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'000 DKK	Note	2021	2020
Value adjustment of investments in portfolio companies	1	417	4,886
Administrative expenses		(60)	(25)
<b>Operating profit/loss</b>		<b>357</b>	<b>4,861</b>
Financial expenses	2	(94)	(80)
<b>Profit/loss before tax</b>		<b>263</b>	<b>4,781</b>
Withholding tax		(196)	-
<b>Profit/loss for the year</b>		<b>67</b>	<b>4,781</b>
<b>Proposed distribution of net profit/loss</b>			
Retained earnings		67	4,781
		<b>67</b>	<b>4,781</b>

# FINANCIAL STATEMENTS

## BALANCE SHEET

'000 DKK	Note	31/12/2021	31/12/2020
<b>ASSETS</b>			
Investments in portfolio companies	3	150	7,300
<b>Total investments</b>		<b>150</b>	<b>7,300</b>
<b>Total non-current assets</b>		<b>150</b>	<b>7,300</b>
Cash		5,020	5,155
<b>Total current assets</b>		<b>5,020</b>	<b>5,155</b>
<b>Total assets</b>		<b>5,170</b>	<b>12,455</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital		560,877	560,877
Distributions		(672,166)	(664,813)
Retained earnings		116,258	116,191
<b>Total equity</b>		<b>4,969</b>	<b>12,255</b>
Debt to general partner	4	175	175
Other payables		26	25
<b>Total short-term liabilities</b>		<b>201</b>	<b>200</b>
<b>Total liabilities</b>		<b>201</b>	<b>200</b>
<b>Total equity and liabilities</b>		<b>5,170</b>	<b>12,455</b>
Cash flows – adjustments	5		
Cash flows – change in working capital	6		
Contingent liabilities etc.	7		



# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN EQUITY

'000 DKK	Paid-in capital	Distri- butions	Retained earnings	Total
<b>2021</b>				
Equity 01/01	560,877	(664,813)	116,191	12,255
Distributions to limited partners	-	(7,353)	-	(7,353)
Profit for the year	-	-	67	67
<b>Equity 31/12</b>	<b>560,877</b>	<b>(672,166)</b>	<b>116,258</b>	<b>4,969</b>
The limited partners are liable for their share of the remaining commitment 31/12/2021				103,615
<b>2020</b>				
Equity 01/01	560,877	(664,813)	111,410	7,474
Profit for the year	-	-	4,781	4,781
<b>Equity 31/12</b>	<b>560,877</b>	<b>(664,813)</b>	<b>116,191</b>	<b>12,255</b>
The limited partners are liable for their share of the remaining commitment 31/12/2020				103,615

# FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

'000 DKK	Note	2021	2020
Profit/loss for the year		67	4,781
Adjustments	5	6,773	(4,806)
Change in working capital	6	1	(8)
<b>Cash flows from operating activities before net financials</b>		<b>6,841</b>	<b>(33)</b>
Financial expenses		(94)	(80)
Paid dividend tax		(196)	-
<b>Cash flows from operating activities</b>		<b>6,551</b>	<b>(113)</b>
Disposals of portfolio companies		667	486
<b>Cash flows from investing activities</b>		<b>667</b>	<b>486</b>
Distributions to limited partners		(7,353)	-
<b>Cash flows from financing activities</b>		<b>(7,353)</b>	<b>-</b>
<b>Cash flows for the year, net</b>		<b>(135)</b>	<b>373</b>
Cash at the beginning of the year		5,155	4,782
<b>Cash at the end of the year</b>		<b>5,020</b>	<b>5,155</b>

# FINANCIAL STATEMENTS

## NOTES

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'000 DKK	2021	2020
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**NOTE 1 Value adjustment of investments in portfolio companies**

Dividends received from portfolio companies	6,900	-
Realised gain/loss in portfolio companies	667	486
Unrealised value adjustments	(7,150)	4,400
	<b>417</b>	<b>4,886</b>

**NOTE 2 Financial expenses**

Financial expenses, general partner	50	50
Other financial expenses	44	30
	<b>94</b>	<b>80</b>

**NOTE 3 Investments in portfolio companies**

	31/12/2021	31/12/2020
Cost at 01/01	143,865	238,107
Disposals during the year	(98,735)	(94,242)
Cost at 31/12	45,130	143,865
Value adjustments 01/01	(136,565)	(235,207)
Value adjustments during the year	(2,050)	4,400
Disposals during the year	93,635	94,242
Value adjustments at 31/12	(44,980)	(136,565)
<b>Carrying amount at 31/12</b>	<b>150</b>	<b>7,300</b>

**NOTE 4 Debt to general partner**

Debt to general partner is an installment-free loan to LD Equity 3 for the full term of LD Equity 3.

# FINANCIAL STATEMENTS

## NOTES

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'000 DKK	2021	2020
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### NOTE 5 Cash flow statement – adjustments

Financial expenses	94	80
Paid dividend tax	196	–
Realised value adjustments	(667)	(486)
Unrealised value adjustments of investments in portfolio companies	<u>7,150</u>	<u>(4,400)</u>
	<u><b>6,773</b></u>	<u><b>(4,806)</b></u>

### NOTE 6 Cash flow statement – change in working capital

Change in other short-term liabilities	<u>1</u>	<u>(8)</u>
	<u><b>1</b></u>	<u><b>(8)</b></u>

### NOTE 7 Contingent liabilities etc.

#### *Contingent liabilities*

LD Equity 3 has in relation to exits entered into usual representations and warranties for this line of business.