



LD EQUITY 3 K/S
UNDER VOLUNTARY
LIQUIDATION

Annual report 2022

CONTENTS

STATEMENTS

Statement by liquidator	3
Independent auditors' report	4

LIQUIDATOR'S COMMENTARY

Fund information	7
Key figures and ratios	8
Business review	9

FINANCIAL STATEMENTS

Accounting policies	11
Income statement	14
Balance sheet	15
Statement of changes in equity	16
Cash flow statement	17
Notes	18-19

STATEMENTS

STATEMENT BY LIQUIDATOR

The liquidator has today discussed and approved the annual report for the financial year 1 January – 31 December 2022 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 2022 and of the results of the limited partnership's operations and cash flows for the financial year 1 January – 31 December 2022.

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

I recommend the annual report 2022 for adoption at the annual general meeting.

Copenhagen, 17 March 2023

Liquidator:

Tina Øster Larsen

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

on _____ / _____ 2023

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 2022, 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 2022 and of the results of the Limited Partnership's operations for the financial year 1 January – 31 December 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 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.

Based on the work we have performed, we conclude that the business 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 Liquidator's review.

Copenhagen, 17 March 2023

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard
State Authorised
Public Accountant
mne28632

Rasmus Berntsen
State Authorised
Public Accountant
mne35461

LIQUIDATOR'S COMMENTARY

Fund information

The limited partnership	LD Equity 3 K/S under voluntary liquidation c/o Bech-Bruun Langelinie Allé 35 DK-2100 Copenhagen Ø Denmark
Contact information	E-mail: kontakt@majinvest.com Website: majinvest.com
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

LIQUIDATOR'S COMMENTARY

KEY FIGURES AND RATIOS

'000 DKK	2022	2021	2020	2019	2018
Key figures					
Profit/loss					
Value adjustment of investments in portfolio companies	-	417	4,886	4,135	1,450
Operating profit/loss	(28)	357	4,861	4,107	1,273
Profit/loss for the year	(110)	67	4,781	3,660	533
Balance sheet					
Investments in portfolio companies	150	150	7,300	2,900	13,700
Total assets	5,061	5,170	12,455	7,682	18,657
Equity	4,859	4,969	12,255	7,474	18,452
Financial resources					
Cash	4,911	5,020	5,155	4,782	4,957
Remaining commitment	103,615	103,615	103,615	103,615	103,615
Total financial resources	108,526	108,635	108,770	108,397	108,572
Cash flow					
Cash flows from operating activities	(109)	6,551	(113)	10,433	19,726
Cash flows from investing activities	-	667	486	4,030	-
Cash flows from financing activities	-	(7,353)	-	(14,638)	(25,328)
Net change in cash	(109)	(135)	373	(175)	(5,602)
Ratios					
Equity ratio	96%	96%	98%	97%	99%
Paid-in capital to committed capital (%)	85%	85%	85%	85%	85%

LIQUIDATOR'S 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 2 June 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 2022 is a loss of DKK 110 thousand (against a profit of DKK 67 thousand in 2021). The result for 2022 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 4,9 million at 31 December 2022, 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.

LIQUIDATOR'S COMMENTARY

BUSINESS REVIEW

The Taxonomy Regulation

According to the taxonomy regulation, information must be given in the liquidator's commentary for Article 6 funds and thus for LD Equity 3. As mentioned above, LD Equity 3's investments were made since establishment in 2007 and all investments were divested by the end of 2018. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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 2022 is presented at realisation values, 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 income and expenses

Financial income and 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

'000 DKK	Note	2022	2021
Value adjustment of investments in portfolio companies	1	-	417
Administrative expenses		(28)	(60)
Operating profit/loss		(28)	357
Financial income		6	-
Financial expenses	2	(88)	(94)
Profit/loss before tax		(110)	263
Withholding tax		-	(196)
Profit/loss for the year		(110)	67
Proposed distribution of net profit/loss			
Retained earnings		(110)	67
		(110)	67

FINANCIAL STATEMENTS

BALANCE SHEET

'000 DKK	Note	31/12/2022	31/12/2021
ASSETS			
Investments in portfolio companies	3	150	150
Total investments		150	150
Total non-current assets		150	150
Cash		4,911	5,020
Total current assets		4,911	5,020
Total assets		5,061	5,170
EQUITY AND LIABILITIES			
Paid-in capital		560,877	560,877
Distributions		(672,166)	(672,166)
Retained earnings		116,148	116,258
Total equity		4,859	4,969
Debt to general partner	4	175	175
Other payables		27	26
Total short-term liabilities		202	201
Total liabilities		202	201
Total equity and liabilities		5,061	5,170
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
2022				
Equity 01/01	560,877	(672,166)	116,258	4,969
Distributions to limited partners	-	-	-	-
Profit for the year	-	-	(110)	(110)
Equity 31/12	560,877	(672,166)	116,148	4,859
The limited partners are liable for their share of the remaining commitment 31/12/2022				103,615
2021				
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
Equity 31/12	560,877	(672,166)	116,258	4,969
The limited partners are liable for their share of the remaining commitment 31/12/2021				103,615

FINANCIAL STATEMENTS

CASH FLOW STATEMENT

'000 DKK	Note	2022	2021
Profit/loss for the year		(110)	67
Adjustments	5	82	6,773
Change in working capital	6	1	1
Cash flows from operating activities before net financials		(27)	6,841
Financial income		6	-
Financial expenses		(88)	(94)
Paid dividend tax		-	(196)
Cash flows from operating activities		(109)	6,551
Disposals of portfolio companies		-	667
Cash flows from investing activities		-	667
Distributions to limited partners		-	(7,353)
Cash flows from financing activities		-	(7,353)
Cash flows for the year, net		(109)	(135)
Cash at the beginning of the year		5,020	5,155
Cash at the end of the year		4,911	5,020

FINANCIAL STATEMENTS

NOTES

'000 DKK	2022	2021
NOTE 1 Value adjustment of investments in portfolio companies		
Dividends received from portfolio companies	-	6,900
Realised gain/loss in portfolio companies	-	667
Unrealised value adjustments	-	(7,150)
	<u>-</u>	<u>417</u>
NOTE 2 Financial expenses		
Financial expenses, general partner	50	50
Other financial expenses	38	44
	<u>88</u>	<u>94</u>
NOTE 3 Investments in portfolio companies		
	<u>31/12/2022</u>	<u>31/12/2021</u>
Cost at 01/01	45,130	143,865
Disposals during the year	-	(98,735)
Cost at 31/12	<u>45,130</u>	<u>45,130</u>
Value adjustments 01/01	(44,980)	(136,565)
Value adjustments during the year	-	(2,050)
Disposals during the year	-	93,635
Value adjustments at 31/12	<u>(44,980)</u>	<u>(44,980)</u>
Carrying amount at 31/12	<u>150</u>	<u>150</u>

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

'000 DKK	2022	2021
NOTE 5 Cash flow statement – adjustments		
Financial income	(6)	–
Financial expenses	88	94
Paid dividend tax	–	196
Realised value adjustments	–	(667)
Unrealised value adjustments of investments in portfolio companies	–	7,150
	<u>82</u>	<u>6,773</u>

NOTE 6 Cash flow statement – change in working capital

Change in other short-term liabilities	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</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.